H.R. 1291, 21ST CENTURY MONTGOMERY GI BILL ENHANCEMENT ACT

HEARINGS

BEFORE THE

SUBCOMMITTEE ON BENEFITS

OF THE

COMMITTEE ON VETERANS' AFFAIRS
HOUSE OF REPRESENTATIVES

ONE HUNDRED SEVENTH CONGRESS

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H.R. 1291, 21ST CENTURY MONTGOMERY GI BILL ENHANCEMENT ACT

THURSDAY, MAY 24, 2001

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, Honorable J.D. Hayworth (chairman of the subcommittee) presiding.

Present: Representatives Hayworth, Spence, Quinn, Crenshaw, Smith, Reyes, Brown, and Evans.

OPENING STATEMENT OF CHAIRMAN HAYWORTH

Mr. HAYWORTH. The subcommittee will be in order. Good morning. I would like to welcome everyone to the first of two hearings on H.R. 1291, the 21st Century Montgomery GI Bill Enhancement Act, or as we call it, MGIB 21.

The revered American for whom this bill is named is with us this morning. Mr. Chairman, there is no need to get nervous and sweating here. We know you need no introduction, sir, and we are so honored that you join us again this morning. Indeed, in the early 1980s, Chairman Montgomery and the late General Max Thurman of the U.S. Army, an old family friend of mine, provided the vision and foresight that the success of the All-Volunteer Force and a permanent educational incentive were directly linked.

I also especially want to thank Chairman Jim Nussle and Ranking Member John Spratt of the Budget Committee, and Chairman Chris Smith and Ranking Member Lane Evans, who are here as members of this subcommittee, for their exceptional leadership in ensuring that the House conferees included in the funds for fiscal year 2002 a budget resolution to pay for the first-year increase in this bill. To the subcommittee's knowledge, this is the first time the Budget Committee has expressly put money in the budget agreement for the Montgomery GI Bill. We applaud them, and we thank them.

I do so because this bill is about maintaining our national security in a world in which threats and terrorism from rogue nations may indeed reach our shores. We should make no mistake about that.

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 Coast Guard, for their participation.

Aiding in the recruitment of highly qualified personnel is an explicit purpose of the Montgomery GI Bill.

The recruiting environment today is indeed a challenging one. Under the excellent leadership of Chairman Christopher Smith and Ranking Member Lane Evans, each of whom have served on this committee for better than two decades, we believe we have crafted an improved Montgomery GI Bill that is designed to demonstrably help with recruiting, but that would not be an inducement for servicemembers to leave the military solely for the purpose of using it. And this bill indeed is just a starting point.

Let me say as well, the subcommittee is especially grateful to have the Majority Leader, Mr. Armey, as well as the most senior of all House members, our good friend John Dingell of Michigan, as original co-sponsors of this bill.

Before I turn to my good friend Mr. Reyes for his opening statement, a very brief word about the scope of this morning's hearing. This hearing is solely about the basic dollar benefit of the 21st Century Montgomery GI Bill Enhancement Act, as introduced by the 88 House members who have co-sponsored it. Our bill is a clean and unfettered starting point. It is not about other worthwhile issues that involve Department of Defense funds and come primarily under the jurisdiction of the armed forces, including but not limited to, kickers, or repealing the $1,200 pay reduction, or upgrading the Montgomery GI Bill Selected Reserve Program, and the notion of the transferability of MGIB benefits to a military family member.

And now it is my honor to turn to my good friend, today on my right, the gentleman from Texas, the Ranking Democratic Member, Mr. Reyes.

OPENING STATEMENT OF HON. SILVESTRE REYES

Mr. REYES. You are obviously referring to location, not political persuasion, right?

(Laughter.)

Mr. REYES. That would be a scary position for me.

Mr. HAYWORTH. Well, to the audience it is to the left, so it——

Mr. REYES. I want to thank you, Mr. Chairman. I would like to take this opportunity to thank my good friend and colleague on the left, Chairman J.D. Hayworth, for his leadership on such an important issue for all of us veterans. I also want to add my welcome to legendary Chairman Sonny Montgomery, who, I will tell you, Mr. Chairman, one of the most often-asked questions is—at least in my district, and I know similar, probably, to my colleagues—is, they always want to know how you are doing. So we are always pleased to have you back home here, where you are revered and loved by all of us veterans.

I want to also take this opportunity to recognize the strong efforts of my friends and colleagues on the full Committee, Chairman Chris Smith, the chairman of the House Veterans' Affairs Committee, and Lane Evans, the committee's ranking member, for being here and for their support on this very important issue. I commend each of you for your efforts to keep education benefits for America's veterans at the forefront of the debate in the 107th Congress.

I want to thank all of you here this morning for your own contributions to this, the first day of the subcommittee's hearing on H.R. 1291, the 21st Century Montgomery GI Bill Enhancement Act.

We have many witnesses we want to hear from today, and I am anxious to hear their testimony. In anticipation of this, I have a few thoughts to share with the committee and with our guests here today.

In 1985, Congress passed the Montgomery GI Bill with two major policy goals in mind. For years, the GI Bill was enormously successful in providing a meaningful readjustment benefit to discharged servicemembers, while also giving military recruiters an effective tool to support the concept of an All-Volunteer Force.

As we embark into a new millennium, however, today's GI Bill is failing to accomplish either one of these goals. Since the implementation of the GI Bill, there have been significant economic and social changes, resulting in the need for Congress to make improvements to the structure and the benefit level of this very important and vital program to veterans.

As the ranking Democratic member of this subcommittee, I believe strongly that if America's veterans are to compete in the 21st century work force, they must have the ability to obtain the education and the training that is so critical to their success. Although current benefits offered under the GI Bill provide a limited degree of educational assistance, I believe every possible door of educational opportunity has to be opened for our veterans.

Let us not forget that it is in large part due to their courageous service that we as a nation are able to rest safely at home, enjoying these times of economic prosperity. It seems only fair to me that our veterans should have every opportunity to return home and enjoy those same advantages.

I view the Montgomery GI Bill as one of the most important programs administered by the Department of Veterans Affairs. Since 1944, our government has provided education benefits to veterans in order to advance military recruitment and to assist in the veteran's readjustment back to civilian life. These programs have been very effective. They have provided the means for hundreds of thousands of young veterans to further their education, and they have enabled the armed services to attract talented and capable recruits. I myself am a direct beneficiary of the GI Bill program, and I can personally attest to its importance and how it has made a profound and positive impact on my life.

Our current GI Bill remains true to its original purposes. Educational assistance earned through honorable military service is sound national policy. And I know that all of us here agree that those who serve in our armed forces deserve this opportunity to further their education. H.R. 1291, the centerpiece of our hearing today, represents a step in the right direction, towards ensuring that these opportunities for our veterans remain real and truly meaningful opportunities for all.

While I think everyone wishes it could do more, H.R. 1291 would indeed go far towards fulfilling our collective goals. And I am proud to be a co-sponsor of this very important and vital legislation.

Again, I want to thank you, Mr. Chairman, and I look forward to hearing from all our witnesses this morning.

Mr. HAYWORTH. I thank the Ranking Member, the gentleman from Texas. And again, as I mentioned earlier, on the dais as well, as part of the subcommittee, the Chairman of our full Committee, the gentleman from New Jersey, and the Ranking Member of the full Committee, our good friend from Illinois. Chairman Smith, any opening statement?

OPENING STATEMENT OF HON. CHRISTOPHER H. SMITH, CHAIRMAN, FULL COMMITTEE ON VETERANS' AFFAIRS

Mr. SMITH. Just very briefly. And I want to thank you, Mr. Hayworth, Chairman Hayworth, for convening this very important hearing. It is time to act, and you have stepped up to the plate, and are now leading the subcommittee in this very important hearing to establish a clear and cogent record of need.

And I think that is what this is all about—the GI Bill, and to have here the very famous, and really the chairman in perpetuity, Sonny Montgomery, who was my chairman when I first came on this committee back in 1981. He was always fair and honorable, and a tenacious champion of veterans' benefits and health care, and of the GI Bill, after whom it is now named, the Montgomery GI Bill. It is really an honor to have him here, gracing our presence, because of the great work that he has done on behalf of veterans, and this educational benefit in particular.

As you know, Mr. Chairman, under the legislation we are discussing today, H.R. 1291, educational benefits for military veterans under the Montgomery GI Bill will almost double, from $23,400 to $39,600 over the next 3 years. While the Montgomery GI Bill has helped to facilitate the college education of over 21 million veterans since World War II, we have found that this benefit has diminished significantly in value because of rising tuition costs, because of inflation, and other issues.

Let me just say that General Schwarzkopf noted in his book, "It Doesn't Take a Hero," that winning the war in the Gulf was three percent technology and 97 percent brainpower. What Mr. Evans, what you, Mr. Chairman, Mr. Hayworth, and Mr. Reyes and I have in mind in drafting this legislation is to give our service branches a fighting chance to get high-quality young men and women to operate, maintain and deploy that technology. Otherwise, the technology is of little value.

This legislation is a starting point. It is not the ending point. We will hear from General Boyd and Admiral Train of the bipartisan United States Commission on National Security that the role of our armed forces could undergo dramatic changes in the next few years. Our forces traditionally carried out their duties far from home, but in the near future our country may need our defenders to protect us right here at home from international terrorism and other threats.

Serving one's country literally may take on a new and a more urgent meaning. And if I could just note parenthetically that in the last Congress, when I chaired the International Operations Committee, we were able to pass legislation that put some $6 billion into Embassy security in our missions abroad. But what we learned

from all of our hearings was that transnational terrorism is skyrocketing, and every year we are seeing almost a doubling of the threats to American assets both here and abroad. So it is a very real and frightening prospect. We need a military capability that is able to mitigate that threat.

Let me also point out—and this is just, obviously, the basics—today the GI Bill pays $650 per month in exchange for between three and 30 years of service to our country. This is not even enough to send a veteran to a 4-year public college as a commuter student. At least $1,025 per month is needed to do so.

H.R. 1291 would correct this imbalance. It would do so in a phased-in fashion over 3 years. I believe it will make a difference; I know you believe likewise. And we have got to act, and act now.

Let me just finally say and express a very, very deep welcome to Congressman Chip Pickering, who is also one of the co-sponsors of this legislation, and hails from Sonny Montgomery's district formerly—now it is the Pickering district—and just say how delighted we are that he is here to testify on behalf of this very, very important legislation.

And again, I want to thank you for holding this hearing. And hopefully we are on the floor very shortly.

Mr. HAYWORTH. I thank the Chairman of the full Committee, and now we turn to our friend from Illinois. Any opening statement, Mr. Evans?

Mr. EVANS. Thank you, Mr. Chairman. I would, in the interests of time, ask that my entire statement be included in the record.

Mr. HAYWORTH. Without objection, and we thank the Ranking Member for his opening statement.

[The prepared statement of Congressman Evans appears on p. 110.]

Mr. HAYWORTH. Well, we are pleased to have front and center in panel one, as the Chairman of the full Committee mentioned, our friend from Mississippi. Seeing him sitting there, and seeing his predecessor behind him, I am reminded of the story of Thomas Jefferson presenting his credentials as a representative in France to the King of France. The King said, "Oh, you are here to replace Dr. Franklin." To which Mr. Jefferson said, "No, no, I am here to succeed Dr. Franklin. No one could ever replace him." And I am sure that our guest here in the first panel feels the same way.

A personal note: interesting juxtaposition—my wife is a Mississippian who came to Arizona. Our first witness's wife was born in Arizona and moved to Mississippi. It is interesting, the juxtaposition there. We are pleased to have Congressman Chip Pickering here front and center. He has a markup in another committee, but he chose to be here this morning. And Congressman Pickering, of course your full statement will be entered into the record without objection, and we appreciate your comments this morning.

STATEMENT OF HON. CHARLES "CHIP" PICKERING, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSISSIPPI

Mr. PICKERING. Mr. Chairman, thank you. Mr. Reyes, Mr. Chairman, Chairman Smith, and all the members of the committee, I

want to thank you for the opportunity to testify as you consider H.R. 1291.

Before I start, I have letters from three universities and one junior college in Mississippi supporting today's bill, and I would like to ask that they be included in the hearing record with my statement.

It is great to be here with Congressman Sonny Montgomery in the audience. As you can imagine, following Sonny Montgomery is somewhat like following Bear Bryant in SEC football, in congressional history and record. When I was sworn in, in 1997, raised my right hand and swore to uphold the Constitution, Sonny was there. And it was a great day for me and my family, but he said, you know, Chip, I have got some bad news for you. He said, after 30 years of working, serving our country, our district, there is not a building left on which you can put your name. And so, if you have ever been to the 3rd District of Mississippi, his legacy and his example is rich and deep. And so I am very privileged and honored to follow in his footsteps, and his example. And I think we all on this committee and in this Congress feel a strong sense of duty to continue the great legacy of support for our Nation's veterans that Sonny Montgomery set for us.

In Mississippi, we have a proud heritage of supporting our Nation's armed services. In my district alone, I represent 4,763 members of the Army and Air Force National Guard; 1,410 Active Duty Air Force personnel located at Columbus Air Force Base; and 1,646 Active Duty members of the Navy and Marine Corps stationed at the Naval Air Station Meridian. The majority of these service men and women are within the enlisted ranks, and these are the individuals that benefit the most from the Montgomery GI Bill.

As I listed those numbers, just think of the thousands of families that will benefit from the educational opportunity that the GI Bill provides—the difference in the quality of life, the difference in the future, and the difference in the contribution to our country, the military, and the leadership back in our communities. This is one of the great historical legacies, and one of the greatest policies that I believe that our country has ever adopted.

Yesterday, as we adopted the historical piece of education addressing K through 12 in our country, it is appropriate that today that we talk about modernizing and expanding the GI Bill for what is necessary to maintain the recruiting and the retention of service in our military, but to make sure that the GI Bill that was first adopted in 1944 works for the 21st century.

The intent that we have is to provide the former servicemembers a quality education. In its current form, the GI Bill has not kept pace with the dramatic increases in higher education. The increase from $650 to $1,100 over the next 3 years will not cover the entire cost of an education in Mississippi. But it goes from covering 55 percent to approximately 90 percent of educational living expenses for students in my district.

As an original sponsor of the H.R. 1291, I fully support this bill and its effort to restore the power of the Montgomery GI Bill.

Mr. Chairman, I would like to thank you and your committee for taking up this very important piece of legislation, and giving me the opportunity to speak and stand with you on its behalf today.

[The prepared statement of Congressman Pickering, with attachments, appears on p. 75.]

Mr. HAYWORTH. Chip, we would like to thank you for coming by. The Chair would commend you for presenting those letters of support and cost data from the presidents of those four institutions of higher learning in your home state of Mississippi. They are very helpful indeed to us as we continue on.

Also, the Chair would note our friend, the gentleman from Florida, Mr. Crenshaw, is in attendance, and the chairman emeritus, if I may, from the House Armed Services Committee, the gentleman from South Carolina, Floyd Spence, joins us as well.

Are there questions for Mr. Pickering from anyone on the subcommittee?

[No response.]

Mr. HAYWORTH. Well, Chip, we know that you have a markup that awaits. We thank you for your duty here, sir.

Mr. PICKERING. Thank you very much, Mr. Chairman.

Mr. HAYWORTH. Thank you very much. Now, we call the second panel to the witness table, please.

The Chair would welcome the second panel, which includes Mr. G. Kim Wincup, the former vice chairman of the Congressional Commission on Servicemembers and Veterans Transition Assistance; General Chuck Boyd, U.S. Air Force (Retired), the Executive Director of the United States Commission on National Security in the 21st Century; Admiral Harry D. Train II, U.S. Navy (Retired), member of the United States Commission on National Security in the 21st Century. And we welcome you to the witness table. Mr. Wincup, we will begin with your statement, sir.

STATEMENTS OF G. KIM WINCUP, FORMER VICE CHAIRMAN, CONGRESSIONAL COMMISSION ON SERVICEMEMBERS AND VETERANS TRANSITION ASSISTANCE; GENERAL CHARLES BOYD, (U.S. AIR FORCE, RET.), EXECUTIVE DIRECTOR, U.S. COMMISSION ON NATIONAL SECURITY IN THE 21st CENTURY; AND ADMIRAL HARRY D. TRAIN, II, (U.S. NAVY, RET.), MEMBER, U.S. COMMISSION ON NATIONAL SECURITY IN THE 21st CENTURY

STATEMENT OF G. KIM WINCUP

Mr. WINCUP. Thank you, Mr. Chairman. It is a privilege to have a chance to represent the Commission on Servicemembers and Veterans Transition Assistance before you this morning.

As you recall, this commission, which was appointed by the Congress, completed its work in January of '99. And its principal recommendation was with respect to the GI Bill. We spent a long time looking at a number of the programs that involved readjustment for veterans as well as for servicemembers, and felt strongly that the most important thing that could be done would be to bring the GI Bill back to its original status in terms of its ability to assist servicemembers and veterans.

The reasons we talked about, you have stated very well this morning about the decline in value of the program. At the time we completed our work, the GI Bill paid 36 percent of expenses at an average 4-year college. We all agree that the servicemembers and

the veterans deserve this for their service. There really is no more fundamental form of national service than serving in the military.

And of course, what often isn't understood is the great benefit to the country that accrues from having these servicemembers having the opportunity to use their talents fully. They are not—that is not the case today because of the decline in the value of the benefit.

And as Mr. Stump has pointed out, this will be terribly important for recruiting. I had the pleasure of serving as the Assistant Secretary of Manpower for the Army during the Persian Gulf, as well as having the pleasure of working for Mr. Spence and Mr. Evans in the Armed Services Committee for a decade before that. And since the All-Volunteer Force has come on, every time recruiting has—and we have had consistent recruiting problems, peaks and valleys—it has been an educational program that has rescued the military. It is a terribly important thing, and what you are considering this morning will have profound impact on servicemembers and veterans, and more importantly, on the country.

So I congratulate you for what you are considering today, and the path that you have embarked on. And I would be glad to take questions at an appropriate time, Mr. Chairman.

[The prepared statement of Mr. Wincup appears on p. 81.]

Mr. HAYWORTH. Mr. Wincup, thank you for your testimony. General Boyd?

STATEMENT OF GENERAL CHARLES BOYD

General BOYD. Sir, thank you. And again, it is a great pleasure and an honor to be here in this august body.

Let me set the stage. We are conscious of time, and we are also conscious of the specific focus of this hearing today on H.R. 1291. But our testimony, I think, ought to be cast in the larger context of the work of the Hart-Rudman Commission, the U.S. Commission on National Security.

As you all know, we were chartered in the fall of 1998 to do the most comprehensive review of how this Nation goes about its national security business that had been done in the last half-century. This was a bipartisan commission, on which 14 nationally prominent Americans served, exactly divided between Republicans and Democrats. They ultimately converged in agreement without exception on what I think are 50 of the most important recommendations that I have seen.

We were tasked to do three things. First, try to understand what kind of a world we are going to live in over the next quarter of a century. We did that, and published a volume called "New World Coming" in the fall of 1999, a 25-year look at in terms of global trends and science technology, and economics, and political, social, and military and security things.

We were asked also to develop a national security strategy relative to that world that we see coming. We did that, and published it in the spring of 2000, "Seeking a National Strategy."

Finally, we were asked to look at the architecture, the apparatus, the structures and the processes by which this Nation formulates and executes its national security policies, to see what we might, in a structural way, change about the way the Nation goes about

its business. That is our most recent work, "Road Map for a National Security." As I say, we made 50 major recommendations in five basic areas.

The most important set of recommendations, we believe, focused on homeland security: threats to our Nation, and how we are ill-organized at this point to deal with them. We made some recommendations on how we might go about solving that problem.

Second, we looked at reinvesting in the science, technology, and education infrastructure of this country, on which our security rests.

Third, we looked at institutional reform, those major pieces of the architecture—the State Department, the Defense Department, the intelligence community, how we are organized for space—and made a significant group of recommendations relative to that.

The subject about which you are talking in a broad sense, in many ways, is the most important, even though it wasn't the first set of recommendations. That is, how do we go about recruiting and retaining quality people to serve in this national security community? If we can't do that and do it effectively, none of the rest matters.

In addition to support for exactly what this committee is meeting about today on H.R. 1291, we have a broader set of recommendations in terms of support for expansion of the National Security Education Act of 1991. We recommend broadening it and bringing a wider range of skills to bear in both undergraduate and graduate level education, with a commitment, then, to serve in the national security community.

We have some significant recommendations with respect to DOPMA, which would ultimately give the armed forces much greater flexibility in managing a personnel system in a much more dynamic environment that we see coming.

Admiral Train will talk to you specifically about our support for the GI Bill. But let me just terminate my introduction by saying that we have before us an opportunity—not just with the work that you are doing, but a much broader opportunity—to alter the way this Nation provides for its security. The work that you are doing, the work that I see all the way across this Congress, is exactly on track.

Of the Commission's 50 major recommendations, 62 percent of them—32 of the 50—are already being acted upon in some way by the Congress or the administration. There is great sensitivity to the need for change, and you all are stepping up to it very effectively.

Americans across the board are interested. Since we have put this document on our web site, 300,000 Americans have gone to the trouble of downloading it, and another 4 million have come to visit to see what it is that we are about. So there is support for what you are doing, and what the Congress is doing, and what the administration is doing.

Thank you, sir.

Mr. HAYWORTH. General Boyd, we thank you for that testimony. Admiral Train, good morning, sir.

[The prepared statement of U.S. Commission on National Security in the 21st Century appears on p. 84.]

STATEMENT OF ADMIRAL HARRY D. TRAIN

Admiral TRAIN. Good morning. Mr. Chairman, I appreciate the opportunity that you have afforded me to appear before your distinguished subcommittee. I speak here on behalf of my colleagues on the U.S. Commission on National Security/21st Century in support of your important work to modernize and expand the GI Bill.

The GI Bill should serve both as an institutional reward for military service, and a substantial tool to recruit and retain the highest quality armed forces.

The following should be included therein. First, the GI Bill should be designed to meet the present and future demographics in the armed services, one that is more likely to earn degrees at 4-year colleges. Second, the GI Bill and education system should encourage full participation, and provide full benefits. Third, to fulfill its vast potential as an institutional recruiting and retention tool for military service, the GI Bill benefit should be adequate to cover real tuition requirements for those in the armed services. Finally, the GI Bill should be substantially enhanced to fulfill its potential as a reward for honorable service. It needs to provide educational benefits above and beyond those commonly available from other education assistance programs that do not require military service.

The GI Bill has proven for nearly 50 years to be an invaluable, strong recruitment tool, and perhaps more importantly, a valuable institutional reward for military service to the Nation. To fulfill its 21st century mission in support of the military and the Nation, the GI Bill needs the following.

GI Bill enhancement should equal at the very least the median educational costs of all 4-year U.S. colleges, and should be indexed to keep pace with annual increases in college costs, which is an approximate five to seven percent annual increase.

The bill should accelerate full-term as opposed to monthly retroactive payments to recipients; extend eligibility from 10 to 20 years; and support expanded technical training alternatives to veterans.

Member payments and cost sharing should be eliminated.

The bill should allow transferability of benefits to qualified dependents of those servicemembers who serve more than 15 years on Active Duty. And the bill should also carry a sliding scale, providing automatic full active-duty benefits for reserve and National Guard personnel who are called to Active Duty for U.S. contingencies.

The Federal Government spends over $50 billion annually on loans and grants for individuals going to college, and no service is required. What we now have is a GI Bill without the GI If only five percent of that money was reallocated to a GI Bill service-connected benefit, then the Commission's recommendations could be funded, and the country would benefit.

The original GI Bill required no servicemember buy-in. We believe that should be the case now.

Funding allocation for the GI Bill should be separated from other budget priorities that are thrust on DOD. The GI Bill is an entitlement, and should be funded accordingly.

We are gratified to see the current efforts of Congress and this subcommittee to enhance the GI Bill, and believe the improvements are certainly a good first step. However, our Commission firmly believes we must go considerably further if this bill is to be as effective as we believe it must.

Current forms of the GI Bill legislation fall short of the Commission's recommendations in several areas. Present legislation only calls for partial indexing of benefits to keep pace with tuition, and does not increase entitlements to equal the median tuition costs of 4-year colleges. Finally, legislation does not allow for transferability of benefits to dependents.

Thank you again, Mr. Chairman, for this opportunity.

Mr. HAYWORTH. Admiral, General, and Mr. Wincup, we thank you for your sobering testimonies.

The Chair would also note and welcome our friend from Florida, Ms. Brown, this morning to our hearing and would just note especially, Admiral Train, mindful not only that we have the father of the modern GI Bill here, our good friend from Mississippi, Sonny Montgomery, but hearkening back to your statement about the original intent of the GI Bill in the postwar era, the post-World War II era, we are reminded that noteworthy Arizonan Ernest McFarland was instrumental in that involvement. We thank you for very sobering, candid testimony. And again, it gives the Chair a chance to reemphasize that we are at a starting point with this legislation, and appreciate your constructive remarks.

I turn to members of the subcommittee, the Ranking Member, for whatever questions he might have this morning.

Mr. REYES. Well, thank you, Mr. Chairman. I want to thank the panel for being here this morning, and let them know that their expertise—that the expertise they bring to today's hearing is valuable and very much appreciated by all of us.

I have a question that deals with one particular aspect. And I was curious to find out why the Hart-Rudman commission chose to use median educational costs for all 4-year schools, as opposed to an averaged figure. I am told that when the committee contacted the College Board to decipher what the figure would be that you are advocating, they said that no such data was available. And I am curious, do you know what the figure would be for academic year 2000–2001?

General BOYD. I don't know that. We have some staff expertise here. We will take that question, sir, and certainly get back to you.

Mr. REYES. Can you tell us what the thinking was, using median costs versus an average cost?

General BOYD. Basically, we were looking for an opportunity to attend to a much broader range of colleges with this particular entitlement. If the elite schools, and those much more costly schools, are always denied to veterans in this way, we think both the veterans suffer, and the Nation suffers, for not having a wider distribution. So, it was an effort to look to a broader distribution of availability of schools for our veterans that drove us in this direction.

Admiral TRAIN. The important point is that the demographics reflect that veterans really want to get the 4-year education, and get their baccalaureate degree at a 4-year college. So with that imperative, it was necessary, we believe, to ensure that the GI Bill pro-

vided appropriate funding level so they could go to colleges that truly represented an incentive for them to carry out their military service, and not limit their college availability to the less expensive colleges in the country.

Mr. REYES. One of the other concerns that I have as chair of the Congressional Hispanic Caucus is that—and I think I mentioned it to you, General Boyd, when we had that session on the bipartisan retreat—and I also mentioned it to Mr. Gingrich and Mr. Hart when they testified before our Armed Services Committee—that one glaring omission here was the Hispanic-serving institutions. Was that an oversight? You know, when I look at the participants, the contractors, consultants, and advisors in here, as well as the panel, from my perspective there is a glaring omission of Hispanic or Latino—with the exception of Admiral Lopez, and I don't know exactly what role he played in that.

But that is a whole segment—I mean, I got my college education at an HSI. And they need the same kind of focus and attention as HBCUs and the traditional colleges as well. And I would hope that as we work through this process, that glaring omission would not be repeated.

General BOYD. Sir, there are a lot of things in my life I wish I could do over again, and that is one. It is an omission, and I am sorry. But certainly it was not intentional.

Mr. REYES. Thank you, Mr. Chairman.

Mr. HAYWORTH. I thank the Ranking Member for his question. Anyone else on the subcommittee have questions? The lady from Florida?

OPENING STATEMENT OF HON. CORRINE BROWN

Ms. BROWN. Mr. Chairman, I don't have a question at this time. I just support the bill. And I understand there is some concern about that it is not enough money, but it is certainly a start. And I am pleased with the start that we are making, and I am happy that my former chairperson, Mr. Sonny Montgomery is here, that used to push us all to do more for the veterans. And I am happy that he is here today.

And thank you for holding this hearing. And I support the bill, and we are going to work to get additional monies, because we know that the cost of education is escalating. And so many of our colleagues here in Congress, they would not be here if they did not have the opportunity to use the GI Bill. Thank you.

Mr. HAYWORTH. I thank the lady from Florida. The Chair would also note that we have an opening statement from our friend, the gentleman from Florida, Mr. Crenshaw, which will be included in the record without objection.

[The prepared statement of Congressman Crenshaw appears on p. 114.]

Mr. HAYWORTH. The Ranking Member of the full Committee, Mr. Evans, any questions for this panel?

[No response.]

Mr. HAYWORTH. I thank you, sir. We are—and I turn to the chairman emeritus. Any questions you have?

OPENING STATEMENT OF HON. FLOYD SPENCE

Mr. SPENCE. Thank you, Mr. Chairman. I don't have any questions. I just want to commend our witnesses here this morning. They are held in high regard by our country. They are great Americans. I know them personally, and their backgrounds. And anything they have to say registers pretty high with me in whatever we are considering.

And of course the father of the GI Bill, Sonny Montgomery, no one should surpass him. And so I take his advice on everything. Thank you for having this hearing.

Mr. HAYWORTH. Mr. Chairman, we thank you for your comments. We would like to thank the panel, and excuse the panel. The Chair would also note there is a journal vote in progress on the floor. Accordingly, to make sure that our votes get in on time, and we get that all done, we will take a recess and resume.

The committee stands in recess.

[Recess.]

Mr. HAYWORTH. The subcommittee will reconvene. We would ask our guests and interested observers to resume their seats, and we will be joined momentarily by other members of the committee.

Now we welcome the Deputy Assistant Secretary of Defense for Personnel, Vice Admiral Patricia Tracey. Vice Admiral Tracey, the Chair would recall at another time, in another room, in another Congress—it appeared to be a scene out of Hitchcock's "The Birds"—we had certain aviary interference here. I don't believe we are going to have to call on the air support this morning; I believe the windows are closed. But we look forward with interest to your testimony, and we welcome you back to the Subcommittee on Benefits.

STATEMENT OF VICE ADM. PATRICIA TRACEY, DEPUTY SECRETARY OF DEFENSE FOR PERSONNEL

Admiral TRACEY. Thank you, Mr. Chairman, and members of the subcommittee. I am really happy to be here this morning, to have an opportunity to discuss the Montgomery GI Bill.

I am sure that even the sponsors of the Montgomery GI Bill did not expect it to have had the leverage it has had in creating the success of the All-Volunteer Force. I have prepared a written statement, and with your permission would ask that it be entered in the record.

Mr. HAYWORTH. Without objection, the complete statement will be entered in the record. Thank you.

Admiral TRACEY. Thank you, sir.

I would like to take a few minutes to share our view of how central education is in the war for talent, both at the recruiting and retention ends of that war for talented and capable military members.

I think there is little doubt that education matters to both young men and women who comprise the recruit-eligible population, and for those men and women who comprise the high-quality experienced force that we enjoy today. Nearly 80 percent of high school students would indicate their intention to go to college, and roughly two-thirds of them actually enroll upon graduation from high school. Earnings for college graduates in technical and professional

occupations have increased by nearly 50 percent since the early 1980s, while high school graduate earnings have increased by only 11 percent.

Most new recruits for military service list money for college as their main reason for joining the military, and 97 percent of recruits enroll in the Montgomery GI Bill, despite the fact that their up-front payment of $100 a month constitutes nearly a 10 percent reduction in pay for them in their first year of service.

Of the men and women who are currently serving, more than half report having completed more than a year of college education. And the demand for access to in-service education opportunities continues to be high among both the deployed and non-deployed members of the force. Access to online education, tuition assistance, and the fiscal year 2001 action to enable use of the full Montgomery GI Bill benefits while still serving, are required to meet the demand for continuing advanced education among the very best, whom we would like to retain.

These are trends that show no sign of diminishing, and are good for both the country and, ultimately, for the military. They suggest that the Montgomery GI Bill will be even more important to sustaining a future force of volunteers of the caliber that we will require in the 21st century.

In the biennial report to the Congress that we submitted last July, we highlighted several aspects of the Montgomery GI Bill that we believe bear attention, in order to ensure that it remains effective in the future recruiting and retention environment. I would like to talk to four of those which I think are key.

Stipend levels must provide potential veterans a realistic opportunity to pursue full-time education upon completion of their military service. As a result of the increases that were authorized this year, today's stipend covers about 68 percent of the total expense of attendance at the average public university. That restores the Montgomery GI Bill to near the 70 percent coverage that was represented when it was first implemented.

If college tuition costs indeed track with the Consumer Price Index growth over the coming years, then the currently authorized indexing will prevent the value of the Montgomery GI Bill from degrading, as it did in the early 1990s. However, there are other sources of college funding; they are numerous, and their quality continues to grow. Most of them are much less rich than the Montgomery GI Bill, but they also do not require a young man or woman to postpone their college education, or to take on the sacrifices and risks of military service in order to earn them.

Enhancements to the benefit that boost high quality recruiting must be achieved in balance with their effect on retention. Today's stipend is well within the limits of those dollar values that we think would affect first-term retention. And I believe that most services would be happy to take on the war for retention of top-quality people once the war for recruiting them was won.

Preserving the channeling effect of the so-called kickers, the college funds that are used by three of the four DOD services that raise the Montgomery GI Bill benefit from $23,400 this year to $50,000, would be one of the things that we would aim at. Those large increases in basic benefits that would require us to re-exam-

ine, or perhaps adjust, the caps on the Montgomery GI Bill kickers, would be among the things that we would look at.

And enrollment costs to servicemembers cannot grow above the levels they are at right now. They are already a fairly large financial hardship on very young sailors, soldiers, airmen and Marines.

H.R. 1291 proposes significant short-term increases in the value of the monthly Montgomery GI Bill stipend, from a maximum of $650 per month now to $1,100 per month by fiscal year 2004. The proposed increase would cover about 103 percent of the forecasted costs of total college education at a public university by 2004. Such an enhanced benefit would constitute a more attractive enlistment incentive. It would increase high quality recruits. But it would be offset by a slight decrease in retention.

Mr. Chairman, today's volunteers stand ready to do what the Nation asks them to do. The Montgomery GI Bill has been very successful in contributing to our improvement in recruit quality, and to our ability to sustain very high recruit quality. But education at the college level is increasingly important to young Americans. We welcome the opportunity to work with this subcommittee and the Veterans' Administration to ensure that those Americans who choose to serve in the armed forces first are not denied the opportunity to participate in that intellectual growth.

Thank you, sir.

[The prepared statement of Admiral Tracey appears on p. 89.]

Mr. HAYWORTH. Admiral, we thank you for the testimony. And I would like to begin the questioning.

Admiral, the most recent Department of Defense biennial report to Congress on the Montgomery GI Bill concludes that the basic benefit would need to be about $1,000 a month for the current academic year, 2000–2001, to meet college costs and have a positive effect on recruiting. May the subcommittee assume that you agree with the $950 figure recommended in the DOD report?

Admiral TRACEY. Yes, sir, that would be about our estimate of 4-year college tuition and living expenses in about the 2004 time frame.

Mr. HAYWORTH. Thank you, Admiral. I turn to my good friend from Texas.

Mr. REYES. Well, thank you, Mr. Chairman, and thank you, Admiral, for your testimony.

I notice that you stated in your testimony that a GI Bill benefit that is too generous would encourage servicemembers to leave at the completion of their initial tour of duty. However, you also stated that the GI Bill benefits should be sufficient to offset the commitment and sacrifice associated with military service. Which—at least in my mind, leaves me somewhat confused.

Does the administration view H.R. 1291 as being too generous?

Admiral TRACEY. I think the administration acknowledges that we need to keep track of what is happening with regard to college tuition costs, and to the size of this benefit, and adjust as required in the future. It is a delicate balance to sustain a benefit that is meaningful, but not upset the retention equation.

We do have lots of tools to use to work retention, which is an event that happens 3 to 4 years after the enlistment decision is made.

Mr. REYES. So your answer is, it is like a good cup of coffee—just right?

Admiral TRACEY. We believe that college tuition costs are rising at a rate faster than the CPI index will cover, so we are sure that adjustments are going to be required to the benefit as it is currently prescribed in law.

Mr. REYES. Okay. In that vein, has the Montgomery GI Bill been a good recruitment tool for the military? Or what has been——

Admiral TRACEY. Absolutely. It is, as I said, among the top reasons that every recruit gives for why they choose to join the military, that is, to achieve money for college, and training and education while in the military.

Mr. REYES. And how can we make it better, in your opinion?

Admiral TRACEY. As I said, sustaining its value and its ability to be a realistic opportunity to pursue a full-time college education when you have completed service. We would like to see some opportunities to reduce the cost to servicemembers for the bill—that is not part of what this subcommittee is working right now. We would like to see college tuition indexing rather that CPI indexing, for at least those portions of the benefit that go to college tuition.

Mr. REYES. Very good, thank you. Thank you, Mr. Chairman.

Mr. HAYWORTH. I thank the gentleman from Texas, and turn to my good friend from South Carolina.

Mr. SPENCE. Thank you, Mr. Chairman. I don't have any questions. Thank you for your testimony.

Mr. HAYWORTH. Thank you, Mr. Chairman. Well, Admiral Tracey, again, we didn't need the air support this morning. We appreciate your testimony; it is a very vital part of our record of this hearing as we begin to move forward on improving the GI Bill for the 21st century. And you are excused. Thank you, ma'am.

Admiral TRACEY. Thank you, sir.

Mr. HAYWORTH. The Chair would now call on our next panel, which includes Lieutenant General Timothy Maude, the Deputy Chief of Staff for Personnel of the U.S. Army; Vice Admiral Norbert Ryan, Chief of Naval Personnel, from the U.S. Navy; Lieutenant General Garry L. Parks, the Deputy Commandant for Manpower and Reserve Affairs of the U.S. Marine Corps; Lieutenant General Donald Peterson, Deputy Chief of Staff for Personnel, the U.S. Air Force; and Rear Admiral R. Dennis Sirois, the Director of Reserve and Training for the U.S. Coast Guard. Gentlemen, we welcome you all. We appreciate the fact that you have joined us today. Let us begin the testimony, please, with Lieutenant General Maude. Welcome, sir.

STATEMENTS OF LT. GEN. TIMOTHY MAUDE, DEPUTY CHIEF OF STAFF FOR PERSONNEL, U.S. ARMY; VICE ADM. NORBERT RYAN, CHIEF OF NAVAL PERSONNEL, U.S. NAVY; LT. GEN. GARRY L. PARKS, DEPUTY COMMANDANT FOR MANPOWER AND RESERVE AFFAIRS, U.S. MARINE CORPS; LT. GEN. DONALD PETERSON, DEPUTY CHIEF OF STAFF FOR PERSONNEL, U.S. AIR FORCE; AND REAR ADM. R. DENNIS SIROIS, DIRECTOR OF RESERVE AND TRAINING, U.S. COAST GUARD

General MAUDE. Good morning, sir, and thank you very much, Mr. Chairman. And thank you for the honor and the privilege to

appear before this committee and speak on behalf of the soldiers of the U.S. Army, and soldier veterans. I am honored to be here today, and I look forward to answering your questions.

Mr. HAYWORTH. I should note for the record, with Admiral Tracey's statement on behalf of the Administration, the subcommittee asked each of the personnel chiefs to appear to respond to questions. So we appreciate the fact you stand ready. And here now are the questions. (Laughter.)

You have to understand, there have been various accusations as to my alleged lack of intellectual acuity here. So it is with trepidation this Chair approaches the questions of academic pursuits. And also the fact that without a TelePrompTer, I essentially operate without a net. But with the wisdom and counsel of our chief counsel here, I am ready to move forward.

Here are the two brief questions. First, General Maude, the subcommittee understands that the universe of 17-year-old to 21-year-old males from which the service branches actually get to recruit is fairly small. Would you please give us some percentages of numbers in this regard, say, out of 100 17-year olds-to 21-year-olds?

General MAUDE. Yes, sir. For many years now, really dating back to the era of General Max Thurman, when he was the commander of our recruiting command, we have understood that the universal population is not eligible or available to serve in the U.S. Army. If you look at a population of 100, we believe that probably only 14 percent, or 14 out of every 100, is our target audience when we go about our recruiting.

The others are eliminated for a number of reasons. We have set in the Department of Defense a goal of 90 percent high school diploma grad; at least 60 percent in the upper middle category on the aptitude test; and no moral or medical disqualifications. After you eliminate those that are below the aptitude, the mental and moral disqualifications, those in jail, those already in the military, those in college, that leaves about 14 percent of the population who meets those qualifications, that you and I would want as part of the armed forces. So out of a pool of 100, we think about 14 out of every 100.

In recent years, we, as I think the other services, have looked differently at the college market, because we understand that while about 50 percent or a greater percentage are now heading to college, they aren't all staying. And so we are now working the college market for those that drop out of college, to provide an opportunity or an option for them in that intervening period. And the opportunity to have the Montgomery GI Bill as a part of that package is, in the early stages, working very well as we work that market.

Mr. HAYWORTH. Thank you, General. Let me turn to each of our panelists on this question. What is your estimate of the value of H.R. 1291 in accessing high quality recruits? For example, if you wanted to classify it as not effective, somewhat effective, effective, or very effective—it's kind of a verbal scale from 1 to 10, or at least 1 to 5. Let me know your evaluation of this, its effectiveness, and your rationale for the evaluation.

Let me begin with Admiral Ryan.

Admiral RYAN. Well, Mr. Chairman, thank you very much for having the hearing and inviting us. And chairman emeritus Spence, thank you for being here.

I would say very effective. And here is my thinking: the Navy needs to bring in 1,000 people a week, over 1,000 people a week, young men and women in the category that General Maude alluded to, top-notch type of people.

This gets their attention. And your bill, I think, would be a first step in putting the wow back into the Montgomery GI Bill. This Congress helped us 2 years ago by getting the retirement benefit restored. Last year, you did wonders with medical. This is what I call the third leg of the triad, of things that tell our men and women that they are indeed special.

And so I think it would help us in recruiting, it would be very effective. It would also help us lower one of the things that we have a problem with, and that is attrition, where people drop out after signing up for 4 years before their obligated service is up. If we can get them to complete their obligated service, we find out that we can re-enlist over 50 percent of them, which would meet our requirements for the future.

So this is not only a help in the recruiting area. It would help us to reduce attrition. And most importantly, I think, for those that serve as the original bill was meant, it sends a signal to those that decide to go back and contribute in their community that their service was valued and appreciated. And guess what? They go back to their community and talk what a great experience it was, and they recommend it to others.

So that is why I say it is very effective.

Mr. HAYWORTH. Admiral, thank you. Word of mouth, in addition to positive experience, is very effective. General Peterson, your evaluation please, sir?

General PETERSON. Yes, sir, and thank you again for the opportunity to appear before the committee. And Mr. Chairman and members, we think it is very effective as well. As you know, as I think most services and certainly in the Air Force, the opportunity to continue your college education, or begin your college education, ranks as number one for our recruits' reasons for coming in, along with the institutional service values that we consider to be so important.

And secondly, I think we have found in the top seven—and this is for a young person—but they are already thinking about the benefits of the GI Bill, the Montgomery GI Bill, when they separate from the service, as we all will at one point or another. And so education is very important to them.

It also has a retention benefit in it, because they see themselves improving themselves as they go. And I think, like in the corporate world, when we invest in our people, they appreciate that. They feel like they are growing, professionally becoming better. And in fact, they are, and they make a better quality Air Force for us.

So it has benefits on both sides, the recruiting and the retention. It is helping us to sustain a quality Air Force, which is important.

I would agree with Admiral Ryan on the benefits of going back home. You become a recruiter yourself when they see that these young people have improved themselves, early in their first enlist-

ment in most cases. In fact, 73 percent of our people say that this is one of the most important things to them, as they come into our service.

Mr. HAYWORTH. Thank you, sir. General Parks.

General PARKS. Mr. Chairman, distinguished members, like my colleagues I would rate this as very effective in its support.

My rationale is that up until 2 days ago, I was responsible for recruiting in the U.S. Marine Corps. And for the past nearly 3 years, I have had the opportunity to speak with hundreds, perhaps thousands, of Americans as I have traveled the country—veterans, parents, and young men and women who are thinking, or are already enlisted in the military. In the course of that, in the veteran's case, routinely they reflect positively on their experience, of the growth that they have had as a result of serving in our military forces. And virtually to an individual, they will attest a value to the Montgomery GI Bill, or the original GI Bill in the case of a lot of these folks.

That was during a time of conscription. Today, as has already been testified, we are in a war for talent. We are in an All-Volunteer Force. To attract the quality of young men and women that we need to man and maintain our equipment, to operate the high technology equipment that we have, we need to attract the right individuals to do that.

In our high schools, those people are routinely exposed to the value of education. College is the gold standard today. So the young men and women that we speak with all are pursuing education. If we can give that to them as a part of their service to their country, it enhances our recruiting, it is beneficial to the service, and certainly it is beneficial to the country, which was fundamental to the inception of the GI Bill originally.

So I cannot say more for the value of the Montgomery GI Bill and the measures that are before us with H.R. 1291. Thank you.

Mr. HAYWORTH. Thank you, sir. Admiral Sirois, we would appreciate your evaluation, sir.

Admiral SIROIS. Mr. Chairman, thank you for including the Coast Guard in your hearings today.

Mr. HAYWORTH. Pardon the interruption, Admiral. Can I have you move the microphone over a bit? Thank you very much, sir.

Admiral SIROIS. Thank you.

I echo the statements of my colleagues here before you. I think the folks that we want to join our services are the folks that are motivated, and they see the value of education. And those are the kind of people that we want in the Coast Guard and the rest of the armed services.

Time and time again, I hear in my travels, and from my Commandant's travels, that training and education are in the top four or five issues that our people are worried about, both for themselves and their colleagues. A recent study I saw showed that for those people that are pursuing college credits while they are on Active Duty, there is a 25 percent increase in retention as they accumulate more college credits.

So we see it as a definite recruiting tool, and a great retention tool also. Thank you, Mr. Chairman.

Mr. HAYWORTH. Thank you, Admiral. Let me turn to my friend from Florida. Any questions for the panel?

Ms. BROWN. I just have one for each member. I understand that the GI Bill is great. As I said before, it is certainly a wonderful beginning. Besides additional monies, how else can we enhance the program? What would you recommend? You indicated some things that we have done—improved the retirement, and now enhancing the educational abilities. What are some of the other areas in education that we could work to improve recruitment and retention of our men and women?

General MAUDE. Yes, ma'am, thank you very much. We believe in the Army the dimensions that are included in this bill that include accelerated payments, besides being administratively easier to do, provides the tuition up front, and takes the burden of either having to get a loan or do some unusual family financing. And we think that is an important dimension, and we are pleased to see that.

In addition, we are pleased to see the elements that expand to technical training and other opportunities for education and development for the members. And we think those are also important benefits to your proposal.

Ms. BROWN. Can you come up with some additional ones that you would like to see included?

General MAUDE. Ma'am, I would have to give that some thought and get back to you for the record, if I may.

(The information follows:)

The Army is in favor of improvements and enhancements to the Montgomery GI Bill as long as Congress fully funds those improvements, and that Army recruiting and retention programs are not negatively affected by those improvements. Additional enhancements to the Montgomery GI Bill that we would like to see included in H.R. 1291 are accelerated payments, expanding the opportunities to more technical training and other opportunities for education and development of the members, and providing opportunities for soldiers who are not currently enrolled in the Montgomery GI Bill to do so.

Allowing the VA to accelerate payments will make the Montgomery GI Bill more customer oriented and provides the flexibility required by our soldiers.

Expanding the educational opportunities to include certain work-study and other emerging technical institutions allows our soldiers to get the education they want and meets the need to stay competitive in today's rapidly changing labor market.

Providing an opportunity for all VEAP-era soldiers to enroll in the Montgomery GI Bill regardless of their participation will provide an educational benefit to those who can use the benefits in the short term.

Providing an opportunity for all solders who have enlisted since July 1985 and elected not to enroll in the Montgomery GI Bill would provide a tremendous education benefits.

Ms. BROWN. Thank you.

Admiral RYAN. Ma'am, I think General Maude has hit on the key issues. I think the important thing is to get started, and certainly the amount of money in this bill would be a significant first step to putting the wow back in the Montgomery GI Bill.

I would leave it up to the members then as to what else is in the art of the possible. I would simply say that in everything that I do with our sailors and their families, I find that if they have more choice in their decision on how they use the benefit, that is a real selling point to them. So if there can be some choice in how they use that benefit, if that is something that could be worked out

here—but I think this is an important first step, and I applaud the initiative.

Ms. BROWN. Just one question on choice. They can take it and take the benefit to any institution that is accredited, isn't that correct?

Admiral RYAN. Yes.

Ms. BROWN. So a choice would be maybe to pass it on to a child or a spouse? Is that the kind of choice you——

Admiral RYAN. Yes. But that is a personal thing for me, in polling my men and women. But it is the same in almost every benefit that they have, ma'am. They want as much choice as they can, because of the specifics of the individual family. And so that is all I would add.

Ms. BROWN. Thank you. Yes, sir?

General PETERSON. I would agree with what has been said before. I think the value of increasing the stipend, as this bill does, is very important to our people. Also, I think the opportunity to pick up those remaining in an open season. For those few that are left well, quite a few had enrolled in the Veterans Education Administration Program (VEAP) program before, it would be helpful as well.

And finally, there's potential, as was mentioned earlier, in reducing the payments—the up front payments to our members. For the committee, and all of us, I think, the emphasis on national service that this committee certainly has made is very important to us when we are out among the public, speaking for helping us sustain our force.

Ms. BROWN. Thank you. Yes, sir?

General PARKS. I would agree particularly with General Peterson, in regard to his comments. Our exit and retention surveys, the most recent one we have taken shows an overwhelming majority of our young enlisted Marines see education as a personal and professional growth opportunity. To standardize across all the programs that the Montgomery GI Bill is an entitlement for which they have earned with an appropriate measure of military service would send a particularly strong signal to those who are on Active Duty today.

To those young people that we are looking to attract—specifically I am referring now to the so-called millennial generation that is coming of age to join the military, who are inclined to look at things such as national service in a much more positive light than perhaps we have seen in the past—it would be a strong signal to them as well.

From internal to what we have right now, in particular, I think removing the requirement for the up front contribution, as was the case when the original GI Bill was instituted, would establish what service to your nation indicates to the importance to young people. Thank you.

Ms. BROWN. Thank you. And quickly, I have a couple of seconds left.

Admiral SIROIS. I would agree with what was just passed. Possibly extending the period of time where the individual has to contribute may lessen the impact on our youngest folks in the service.

Ms. BROWN. Again, thank you. Thank you for your input, and thank you, Mr. Chairman.

Mr. HAYWORTH. I thank the lady from Florida. The gentleman from South Carolina?

Mr. SPENCE. I don't have any questions. Again, Mr. Chairman, you are doing good, keep it up. I would just like to comment that if anyone knows the answers to these questions, it is these gentlemen right here. They deal with it every day, and I take their word for it. Thank you.

Mr. HAYWORTH. Thank you, Mr. Chairman. My good friend, the Ranking Member?

Mr. REYES. Thank you, Mr. Chairman. I want to thank the panel for being here this morning, and also, through you, thank the respective services for the support that you give us. In my district, every year we hold a 1-week recruitment drive for all services, because I find that that is, again, not only effective but important in laying out some options for young people that are finishing up their high school, and perhaps haven't decided whether they want to go to college or what the options are.

And you have always been very supportive in giving us a very good cross-section of military occupational specialties. We have had Navy SEALs, we have had the Golden Knights, we have had astronauts from the different services, we have had good support from individuals there that have graduated from the Coast Guard Academy. And so thank you for that support.

The other thing that I want to comment on is I think in order for young people today to continue to weigh their options in the military, we have to do two very important things. Number one is get them the information on the opportunities. Certainly, paying for an education, a college degree, is very important in that respect.

But the second thing is provide them role models, role models that show them what a military career can do for them. I can't tell you how important it is to have young Latino men and women that talk to members of the armed services that have been promoted and are in exciting jobs and roles.

With that having been said, I can't help but note that in the latest promotion list that the President just put out, there was only one Latino that was recommended for brigadier general. Somewhere that has got to change, and that—because when they look at the potential for a career in the military, they want to know that they can be sitting where you are sitting here this morning. And they want to know that there are those kinds of opportunities, so that to the extent that you are able to advocate for equal opportunity and promotions for minorities within the military, please do so. Because that makes the military an even more attractive opportunity for our young people.

Thank you, Mr. Chairman.

Mr. HAYWORTH. I thank my friend, the Ranking Member. We also welcome, again, our good friend, the gentleman from New York, to the subcommittee. And thank you for stopping by.

We thank all of you for taking time to be here this morning and offer your evaluations. Those recommendations will play a prominent role as we move forward on this legislation. Thanks to you all. You are excused.

Now the Chair would call forth panel number five, which includes Mr. Sidney Daniels, the Deputy Legislative Director of the

Veterans of Foreign Wars of the United States; Mr. Bob Norton, the Deputy Director of Government Relations for The Retired Officers Association; Mr. Mark H. Olanoff, Legislative Director for The Retired Enlisted Association; Mr. John Vitikacs, the Deputy Director for the National Economic Commission of The American Legion; and Mr. Richard Weidman, Director of Government Relations for the Vietnam Veterans of America.

Gentlemen, we welcome you back before the subcommittee. And as we have you situated, we just simply would like to thank you for taking time to be here. You always provide very valuable input and guidance as we take a look at the proposed legislation.

And so, with that word of welcome and the acknowledgment that all of your formal statements will be completely entered into the record, let's recognize first Mr. Daniels. Good morning, sir.

STATEMENTS OF SIDNEY DANIELS, DEPUTY LEGISLATIVE DIRECTOR, VETERANS OF FOREIGN WARS OF THE UNITED STATES; BOB NORTON, DEPUTY DIRECTOR OF GOVERNMENT RELATIONS, THE RETIRED OFFICERS ASSOCIATION; MARK H. OLANOFF, LEGISLATIVE DIRECTOR, THE RETIRED ENLISTED ASSOCIATION; JOHN VITIKACS, DEPUTY DIRECTOR, NATIONAL ECONOMIC COMMISSION OF THE AMERICAN LEGION; AND RICHARD WEIDMAN, DIRECTOR, GOVERNMENT RELATIONS, VIETNAM VETERANS OF AMERICA

STATEMENT OF SIDNEY DANIELS

Mr. DANIELS. Good morning, sir. Mr. Chairman and members of the committee, on behalf of the 2.7 million members of the Veterans of Foreign Wars and our Ladies' Auxiliary, I would like to express our appreciation for the opportunity to participate in today's hearing on H.R. 1291, the 21st Century Montgomery GI Bill Enhancement Act. This legislation would amend title 38 in the United States Code by increasing the amount of educational benefits available for veterans under the Montgomery GI Bill.

Mr. Chairman, for today's testimony you requested that we provide our views on H.R. 1291. To start with, I am pleased to convey the strong support of the VFW. I also wish to recognize the efforts of this committee and the Budget Committee in securing early funding for this most important legislation. We believe it is a major step towards restoring the purchasing power the MGIB had during its early years.

It is our understanding that this legislation, over a 3-year period, would increase the monthly benefits for MGIB users who are enrolled full-time college, and who have an initial service obligation of 4 years, would raise from the 2001 level of $650 to $1,100 by fiscal year 2004. Correspondingly, over the same 3-year period, MGIB users who are enrolled in college full-time and whose initial service obligation is less than 3 years can expect an increase in monthly benefits of $650 in fiscal year 2002, with additional increases each fiscal year, for a total of $894 by fiscal year 2004.

Additionally, H.R. 1291 also stipulates that adjustments in the rate of educational assistance based on the Consumer Price Index should now be paid through the fiscal year 2002 through 2004. If enacted, this measure would provide for an increase in basic edu-

cational assistance of nearly 70 percent by the third year, and would raise the total dollar value of the GI Bill from its current level of $23,400 to $39,600 by fiscal year 2004. Based on data supplied by the College Board and published trends in college pricing, the average cost of attending a 4-year public college, including tuition, books, fees, and room and board, is $9,229 for a commuter student and $11,338 for students who live on campus. Four-year private institutions cost $21,704 and $24,946 respectively.

With the present basic yearly MGIB benefit of $5,850, it is clear that a sizable disparity exists. Provided this information, it is obvious that this legislation would begin the needed process of reducing the gap that now exists between what the GI Bill pays toward expenses and the out-of-pocket costs, such as student loans, that must be paid by the veteran attending a 4-year college.

The widening gap between what the GI Bill pays and the extra cost of college directly impacts the program's usage rate. According to the Department of Veterans Affairs, the usage rate is around 55 percent. That means that a young private who paid out $100 of his net pay for 12 months is not taking advantage of the GI Bill entitlement because he or she cannot afford the out-of-pocket expenses associated with a college education.

It is our belief that as the GI Bill benefit increases, usage will also increase, contributing to the program's overall success as a recruiting and retention tool for the armed forces. The VFW embraces H.R. 1291, and sees it as bringing the GI Bill program one step closer to the true World War II-like GI Bill, that would pay full tuition, fees, and a monthly stipend to any university that the participant is accepted.

This concludes my testimony, Mr. Chairman. I would be happy to take any questions.

[The prepared statement of Mr. Daniels appears on p. 94.]

Mr. HAYWORTH. Thank you very much, Mr. Daniels. Colonel Norton.

STATEMENT OF COLONEL ROBERT F. NORTON

Colonel NORTON. Thank you, Mr. Chairman, and the ranking member and other members of the committee, for the opportunity to represent the 391,000 members of The Retired Officers Association today at this hearing on H.R. 1291.

I would also like to say, Mr. Chairman, at the outset that I benefitted from the GI Bill myself, having used the Vietnam-era GI Bill, and attended graduate school in Mr. Quinn's district at Canisius College. So I benefitted from it, and personally believe in it, and worked on it on Active Duty in the Pentagon.

Mr. QUINN. Colonel, we won't hold that against you. (Laughter.)

Colonel NORTON. Thank you, sir.

Mr. Chairman, TROA commends the subcommittee and the full Committee's leadership for including veterans and servicemembers in the broad national effort to improve educational opportunity for all Americans. We believe that veterans should be a fundamental part of any national plan to improve educational opportunity, and the means to do that is by improving the Montgomery GI Bill.

We also commend the subcommittee for its leadership in supporting increases in the GI Bill over the past 3 years, which raised the

benefit a couple of years ago from $436 a month to the current level of $650 per month. That is almost a 50 percent increase.

We see two challenges ahead. First, there is a need to catch up to the cost of education in the GI Bill. Second, and more importantly, there is a need to establish a new methodology for the Montgomery GI Bill in the 21st century to allow it to keep pace with the cost of education.

TROA strongly supports H.R. 1291, because this legislation is an important next step in restoring the educational buying power of the GI Bill. I would like to offer, Mr. Chairman, a few brief observations on this legislation, and our overall recommendations on the Montgomery GI Bill.

The Defense Department recently reported, as was indicated earlier this morning, to the committee that the current cost of higher education at the average 4-year public institution is $950 per month. That is in the ballpark of the College Board's most recent survey of all postsecondary institutions of higher education, which shows a monthly cost of $1,025.

So, for the sake of discussion, let's say the current cost of the average 4-year public college is $1,000 a month. That contrasts to the current benefit of $650 per month. In other words, under today's Montgomery GI Bill, the veteran student must, in effect, drop out of full-time study after four semesters, a little more than 2 academic years. In this context, H.R. 1291 would take some big steps to restoring the value of the Montgomery GI Bill over the next 3 years beginning in 2002.

But once there, the proposed $1,100 monthly benefit would still lag behind, and there would be no mechanism to ensure the Montgomery GI Bill would catch up to and keep up with the cost of education. That is why, Mr. Chairman, TROA, as an original member of the Partnership for Veterans Education, recommends, that H.R. 1291 be amended to include language that would index the GI Bill to the average cost of a 4-year public college education for veterans who are commuter students.

We would, of course, like to see the catch-up increases proposed in H.R. 1291 accelerated if at all possible. But whatever Congress ultimately agrees to do to increase GI Bill funding over the next 3 years, TROA strongly urges a new methodology to be included as an amendment, to index benefits to the average cost of education. If it is necessary to allow the index to lag slightly behind for the time being, we could accept that, provided that a date certain were established for starting the indexing mechanism.

Briefly, Mr. Chairman, I would like to offer just a few other observations. TROA recommends that Active Duty servicemembers with no education benefits be allowed a one-time open season opportunity to enroll in the Montgomery GI Bill. I believe some of the service personnel chiefs have just mentioned the same recommendation. These are servicemembers who understandably turned down enrollment in the third-class Veterans' Educational Assistance Program (VEAP) program or made a youthful mistake not to enroll in the Montgomery GI Bill. In some cases, young troops entering the service couldn't afford that $1,200 enrollment premium.

We also recommend that any adjustments to the Montgomery GI Bill be correlated proportionately with Reserve GI Bill programs. The National Guard and Reserve are an integral part of the Nation's total force. Any increases to the Montgomery GI Bill should be reflected proportionately in Reserve GI Bill programs. For this reason, TROA also recommends that the leaders of the full Committee meet with the Armed Services Committee to consider transferring the Reserve Montgomery GI Bill authorized under Chapter 1606 of Title 10 to Title 38. I believe former chairman Sonny Montgomery, who was a major champion of Reserve and Guard GI Bill benefits, would understand and support this kind of initiative.

Regarding transferability, Mr. Chairman, TROA has no problem with the basic concept. But we recommend no action at this time on any transferability proposals until the Montgomery GI Bill is indexed to the cost of education.

Finally, Mr. Chairman, TROA recommends that the enrollment fee of $1,200 should not be a part of a 21st century Montgomery GI Bill. Students who apply for federal education loans have no upfront financial commitment. Why therefore should young Americans who volunteer to serve their country in the armed forces be required to pay up front fees for access to the Montgomery GI Bill?

Thank you again, Mr. Chairman, the ranking member, Mr. Reyes, and members of the committee for this opportunity to testify this morning. I would be happy to answer any of your questions.

[The prepared statement of Colonel Norton appears on p. 96.]

Mr. HAYWORTH. We thank you for that testimony, Colonel Norton, and we look forward to having a few questions after we hear from others, including Mr. Olanoff. Welcome.

STATEMENT OF MARK H. OLANOFF

Mr. OLANOFF. Thank you, Mr. Chairman. I would like to congratulate you on your selection to be the subcommittee chairman, and Mr. Reyes. And I would also like to acknowledge Chairman Spence and the former chairman of this committee, Mr. Quinn, who did great things, too.

On behalf of The Retired Enlisted Association and the National Military Veterans Alliance, we would like to thank you very much, Mr. Chairman, for inviting us here. And I would also like to comment, as Mr. Reyes and Bob did, about being a recipient of the GI Bill. I was very fortunate to use the GI Bill for the Vietnam era, and probably wouldn't be sitting here today if it wasn't for the fact that I was able to use that great benefit.

Mr. Chairman, the National Military Veterans Alliance has 3.5 million members. We strongly support H.R. 1291. And I think Mr. Daniels already commented about the increases, so I think it is great that it is going to drastically increase the amount that individuals will have through 2004. It is a more than 50 percent increase, and we really congratulate the subcommittee on doing that.

I realize that today is not the hearing for your other recommendations. However, we will give you some, and hopefully in the future we will have some more hearings and we can talk about some of these things.

The inflation issue was brought up, and our recommendation is that we have automatic increases for education inflation starting in

fiscal year 2004, so we don't have to constantly revisit this and keep having hearings to raise the amount when we know it is going to go up anyway.

The second issue we would ask the committee to consider is the survivor's benefit for the GI Bill should be increased. It is currently $485 a month, and we think that that needs to be updated.

And finally, we also recommend that we eliminate this $1,200 enrollment fee.

So again, Mr. Chairman, thank you very much for inviting us to the hearing. And we stand ready to answer questions and help you. Thank you.

[The prepared statement of Mr. Olanoff appears on p. 102.]

Mr. HAYWORTH. Mr. Olanoff, thank you very much. Mr. Vitikacs.

STATEMENT OF JOHN VITIKACS

Mr. VITIKACS. Good morning, Mr. Chairman, ranking member, members of the subcommittee.

The American Legion supports the provisions of H.R. 1291 as a necessary first step. And we commend Chairman Smith and members of this subcommittee for taking the lead on this important issue.

The rate of increase for education benefits proposed in H.R. 1291 is designed to encourage greater participation by military servicemembers in using their earned education benefit, and to promote improved recruitment goals for the military services. Mr. Chairman, the American Legion believes H.R. 1291 will result in a significantly improved educational program. We also believe there are several very important provisions that are not contained in H.R. 1291, and I will elaborate on these points later in my remarks.

Visit any American military base today, and the reasons for such legislation become crystal clear. Military servicemembers often defer their personal education and other career goals to serve their country and to obtain educational assistance. Servicemembers train hard. They work long hours for essentially minimum wage. They endure personal sacrifice and hardship. And they are often deployed away from loved ones for significant periods.

The military population faces dangers that no other segment of society faces. Consequently, the American Legion views the Montgomery GI Bill as fair and just reparation for service rendered. The Montgomery GI Bill is appropriately a benefit earned in service to the Nation.

The Serviceman's Readjustment Act of 1944, the original GI Bill, authored by the American Legion, enabled 7.8 million World War II veterans to obtain higher education. Many of those individuals, like today, could not attend college or other trade schools without the generous benefits provided by a grateful nation. The Montgomery GI Bill, like the original GI Bill, provides an unmeasured return to the Nation in increased economic activity and increased tax revenues.

World War II veterans received 100 percent payment for tuition, fees, textbooks and supplies. They also received a separate monthly stipend. The American Legion believes that today, service men and women deserve similar treatment.

I would like to bring the committee's attention to an excellent book written by author Michael Bennett, "When Dreams Came True: the GI Bill and the Making of Modern America." It is a book that I would recommend to everybody present. It says in here that of the 7.8 million veterans who took advantage in training of the original GI Bill benefits, which ended on July 25, 1956, the Federal Government estimated the total cost of the World War II GI Bill was $14.5 billion. Subsequently, the Labor Department estimated that the government actually made a profit on this investment, because veterans earned more and therefore paid higher taxes.

That is very interesting. The federal tax on this added income alone—this was at the time that the original GI Bill was passed—the VA commented at that time that the income for additional federal revenues would be several times the cost of the GI Bill. I submit that that is the same today, that by increasing these benefits, the veteran wins, the military wins, and the Nation as a whole wins. And that is one important point I think we all need to keep in mind.

Mr. Chairman, for the past decade the American Legion has advocated an improved Montgomery GI Bill. We are pleased that certain educational benefits have steadily improved. However, the work is not yet finished.

The track record for the usage of today's Montgomery GI Bill is not very impressive. Ninety-six—or, as we heard earlier, 97 percent of all enlisted servicemembers enroll in the Montgomery GI Bill, but fewer than 50 percent even begin to use that benefit. Ultimately, only one in four of those eligible actually earn a 4-year college degree under the current Montgomery GI Bill.

The question we must ask is, what educational benefits do the men and women serving today in the armed forces need? The American Legion recently visited six military installations across the country, and asked that question. Based on input provided by servicemembers and the input provided by members of the American Legion's National Economic Commission, the American Legion supports a comprehensive enactment of the Montgomery GI Bill.

In our written statement, all of our recommendations are included. I won't go into them at this time. But I will say that I don't believe that we can wait a full 3 years for the provisions of this bill to be fully enacted before we begin to address all of the other issues that all of the other individuals today who have testified have commented on. It is very important that a comprehensive approach be taken, and that comprehensive approach needs to being now.

Mr. Chairman, that concludes my remarks.

[The prepared statement of Mr. Vitikacs appears on p. 104.]

Mr. HAYWORTH. Thank you sir, for your testimony. Mr. Weidman.

STATEMENT OF RICHARD WEIDMAN

Mr. WEIDMAN. Mr. Chairman, Ranking Member Reyes, Chairman Spence, Mr. Quinn, thank you very much for inviting us to present our views here today on this most important issue. I would like to ask that our written statement be submitted for the record, Mr. Chairman, if we can do that.

The motto, founding principle, if you will, of Vietnam Veterans of America, is that never again shall one generation of American veterans abandon another generation of American veterans. We are a one generation organization. It is unlikely that very many of our members will ever be able to avail themselves of an improved GI Bill.

It is, however, a central issue to us for a variety of reasons. We recognize the value to the armed services of recruitment and of doing the right thing because it is the right thing.

But there is an additional reason why we need to move forward on this important step on the road toward restoration of a World War II GI Bill for the young men and women who are defending our country, putting life and limb on the line in defense of the Constitution around the world in very dangerous places.

We spend, collectively, our Nation, and due to the great leadership of this committee, and of all of—certainly the four of you, and many others—billions upon billions of dollars for health care, for rehabilitation, to help people get up to a certain point where they are ready to take the step towards the most fulfilling and the most that they are capable of in the civilian sector, after having been lessened in some way by military service. There are four programs beyond that point that can assist, and assist in a material way, both to help the veteran—and, I might add, to help the Nation as much as it helps the veterans.

Those four programs are Veterans Employment and Training Service, which assists with placing veterans in jobs and with finding vocational training—and I hope, Mr. Chairman, that this committee is going to address serious reform to make that program viable again in this session of the 107th Congress—VA Voc Rehab, which once again I hope you are going to look at in terms of enhancing the effectiveness of that program, Small Business Development and Self-Employment, working closely with Mr. Manzullo and the Small Business Committee, and the last is the GI Bill.

We often don't think of the GI Bill as a vocational program, but it doggone sure is. It is a vocational program in that it prepares people for work.

We looked at, back when the 50th anniversary, back in 1994, of the GI Bill, and discovered that well more than the—I say "we"—it was a number of people I had the opportunity to work with back in New York. I am glad Mr. Quinn has joined us.

And what did this actually mean to the work force in terms of work force preparation? Let me just use one quick example here.

All the money that goes from the Department of Labor for work force training into the State of California—and it is a similar proportion in every other State—from the Department of Labor is only seven percent of the work force preparation dollars in that State. Most of it revolves around education of some sort, of junior colleges and many other sources.

The GI Bill will have more impact on whether or not people are going to be able to move up in their professions—which is good for them as individuals, to be able to earn a decent living to take care of their family. But I would suggest to you that there is a higher purpose here: that you also must consider this an investment. It is not an expenditure. It is an investment in the engine of prosperity,

which is every bit as important as maintaining our military at a level to defend us in this dangerous world, particularly with the global economy.

Veterans have the discipline, they have the natural talent. What they need is the preparation, and the GI Bill will do it. Our goal, I would like to associate VVA with the remarks of my distinguished colleagues on my right, because our goal must be to get back to a World War II-style GI Bill.

H.R. 1291, we heartily endorse this as a vital and important first step. The one thing that we would ask is for you to think about this just a little bit differently, if I may suggest. And that is that what you are doing is raising the base rate. And therefore, don't take out the adjustment for inflation. Look at what you are doing as not adjusting for inflation, but changing the base rate back to a more realistic level, off which we will have adjustment for inflation. And we have made suggestions in our written statement, and I hope you will look at that, sir.

When you are dead last as a witness, Mr. Chairman, you better bring something for show and tell. So we brought this along for the committee. And when we have that victory celebration—and I have no doubt that we will, that 1291 is signed into law and enacted—we will make these available, certainly, to all of you for hanging in your office.

This was put together a bit of research, and we went to the Norman Rockwell Museum back in 1994—which is not an easy deal, by the way, to let them give permission to print a Norman Rockwell. The young Marine sitting here, he has just come home, and you can see by the clippings on the wall, et cetera. Which demonstrates the rightness of providing the GI Bill.

But dare I draw it further, and this was as of the 50th anniversary, that by that time, World War II, Korea and Vietnam veterans, 49 percent pursued vocational or on-the-job training, while 46 percent attended college, and the rest had farm education under the GI Bill. My point is this: many of those people who attended college became doctors, became lawyers, became accountants, became Members of Congress and other professions. It was vocational education. It is an investment in the future, in the engine of American democracy and prosperity that I would urge the committee to regard as such. And certainly Vietnam Veterans of America, and I am sure all of the other veterans service organizations, stand ready to work with this committee and whoever else to argue for a greater investment which will bring back a yield three- and fourfold to the Treasury.

Thank you very much, Mr. Chairman.

[The prepared statement of Vietnam Veterans of American appears on p. 107.]

Mr. HAYWORTH. Mr. Weidman, we thank you for your testimony. Also for the compelling visual aid you brought that this morning. We recall, and especially in lieu of the fact that in Phoenix the Rockwell exhibit "Pictures for the American People" has been so prominently displayed at our art museum.

What sticks in my mind's eye is another illustration, I believe, of what was called the Willie Gillis series—I believe it was not Dobie, no confusion with Dwayne Hickman—but what I remember

is seeing the veteran, the illustration of the veteran back home from World War II, on the GI Bill, sitting there at a window, very intently studying. And the Rockwell painting, it may sound trite, was easily worth more than 1,000 words in terms of the GI Bill in action. As one is returned home and working on the fast track, as many of those who sit on this dais and before this subcommittee today have offered their personal acknowledgment, and we thank you for that, and all you gentlemen for your testimony.

The Chair is constrained to point out that in some of the testimony we heard talk about the $1,200 pay reduction. We would point out, mindful of the fact that the Chairman Emeritus of the House Armed Services Committee sits here, and that the Dean of my delegation, Bob Stump, the former Chairman of this committee, now of course is the Chairman of the House Armed Services Committee—it is that committee which has the jurisdiction over that money. And mindful that from time to time, areas of jurisdiction become—shall we say contentious?—we simply want to again articulate that boundary. And obviously that testimony will be fitting for those folks as we deal with DOD money.

The Chair also would like to note that Dr. Steve Sellman, a leader in accession policy at the Pentagon for over 30 years, is with us this morning. Dr. Sellman, the Chair would like to acknowledge your presence, and say that we as a subcommittee very much appreciate your service and leadership in this regard. So Dr. Sellman, thank you for joining us.

Witnesses, again, thank you. Let me turn to the Ranking Member for any questions or comments he might have for this panel.

Mr. REYES. Well, thank you, Mr. Chairman, and thank you for your advocacy and your willingness to take on the issues that are so vital and important to veterans in this country, and really across the world, because as we talk about, as we did earlier, the ability to recruit and the ability to make a difference in people's lives as a result of military service, I think we are very much appreciative of the role that you and your organizations play.

The $1,200 "investment"—I sit on the Armed Services Committee, and I concur with you. There is no justification in my mind why, because you are a veteran, you have to make that "good faith effort" and investment of $1,200. So I will promise you, I will do everything I can to get that thing eliminated.

With that, thank you so much for your testimony, and I appreciate the opportunity, Mr. Chairman.

Mr. HAYWORTH. And I thank my friend from Texas. Let me turn to the chairman emeritus of the House Armed Services Committee, our good friend from South Carolina, Mr. Spence.

Mr. SPENCE. Again, Mr. Chairman, I don't have any questions. I would just like to compliment all of our witnesses this morning for the great job all their organizations are doing supporting veterans, and supporting our bills before the Armed Services Committee.

As you all know, you get together in that room and you help of us to get our bills passed. And any time the veteran's concerns are at stake, you are there. And we appreciate you. And just keep it up, that is the main thing.

Incidentally, Mr. Chairman, I think, looking back on it, I attended college on an athletic scholarship, and went to law school on the GI Bill. So I took advantage of it myself. Thank you.

Mr. HAYWORTH. Mr. Chairman, we thank you. And again, Mr. Chairman, you are far too modest. We should point out that during your time at the University of South Carolina, you were one of the great single-wing quarterbacks of that institution, and a distinguished alumnus. (Laughter.)

And whatever subsequent glory the Gamecocks have gone on to, it was because of your legendary exploits on the gridiron.

Mr. REYES. Single wing? Is that a play?

(Laughter.)

Mr. HAYWORTH. It is a whole other formation. Still used with some effectiveness, along with the Notre Dame box that from time to time is brought out in various prep offenses.

And mindful of that fact, I look down the dais here and I see my good friend who preceded me in the chairmanship of this subcommittee. A noted athlete in his own right, and for purposes of full disclosure, once upon a time on a calendar, I believe described as one of the hunks of the House. (Laughter.)

Mr. HAYWORTH. I am of course one of the chunks of the House. But our good friend from New York, Mr. Quinn.

Mr. QUINN. I am speechless, Mr. Chairman. (Laughter.)

Thank you. I want to thank the witnesses for their testimony, as always. It was a tough decision to leave the subcommittee, for me, for another assignment in this Congress. But I always relied on the help of you gentlemen and others for us to make these decisions.

I will also point out that Mr. Hayworth was a big supporter of ours when he was a member here, and now the chairman. I really appreciate the chance to be with you and to work with you, J.D. And you have my support in every way possible. Thank you.

Mr. HAYWORTH. And Mr. Chairman, we thank you very much, Jack. We appreciate your attendance here. And we would just like to note for the record, for all of our witnesses, we would not really be able to move forward absent your collective leadership and your thoughtful testimony from the various organizations. And again, as a call was made earlier in the testimony to continue hearings in this regard, you will be pleased to note that hearings on this bill will continue. D-day plus one; June 7 of this year.

And with that note, the hearing stands adjourned.

[Whereupon, at 12:05 p.m., the subcommittee was adjourned.]

H.R. 1291, 21st CENTURY MONTGOMERY GI BILL ENHANCEMENT ACT

THURSDAY, JUNE 7, 2001

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

The subcommittee met, pursuant to notice, at 11:30 a.m., in room 334, Cannon House Office Building, Honorable J.D. Hayworth (chairman of the subcommittee) presiding.

Present: Representatives Hayworth, Spence, Smith, Reyes, Evans, and Snyder.

OPENING STATEMENT OF CHAIRMAN HAYWORTH

Mr. HAYWORTH. The committee will come to order. Good morning. I'd like to welcome everyone to the second of two hearings on H.R. 1291, the 21st Century Montgomery GI Bill Enhancement Act, or as we call it, M-G-I-B 21.

I sincerely thank members of this subcommittee, our witnesses, and interested parties for accommodating the time change this morning—schedule changes are never easy. Thank you very, very much.

The revered American for whom the GI Bill is named is once again with us this morning. Mr. Chairman and Mr. Veteran, of course you need no introduction, sir. We thank you again for being in attendance here this week. Indeed, in the early 1980's, Chairman Montgomery and Army Generals Thurman and Meyer provided the vision and foresight to make the All-Volunteer Force a success.

I want to again publicly thank Chairman Jim Nussle and Ranking Member John Spratt of the Budget Committee for their exceptional leadership in ensuring that the House-Senate conferees included the funds to pay for this bill in the mandatory spending category of the fiscal year 2002 House-Senate budget agreement.

In the chair's view, we learned three key things at the subcommittee's hearing last week from the Department of Defense witnesses:

First, as Army Lieutenant General Timothy Maude indicated, out of 100 17-year-old to 21-year-old-males, the service branches get to recruit from a pool of only 14 to 16 such individuals because of the high percentage of youth who go on to post-secondary education and the number that are ineligible for military service due to physical, mental, or moral reasons.

Second, each of the three-star personnel chiefs from the five service branches testified that post-service education is the main reason recruits say they enlist and that in their judgement, the provisions in H.R. 1291 would be "very effective" as a recruiting tool because of the Montgomery GI Bill's increased purchasing power.

And third, as Deputy Assistant Secretary for Defense for Personnel P.A. Tracey testified, the service branches "would be happy to fight the war for retention once the war for recruitment is won" through a meaningful Montgomery GI Bill.

Under the leadership of Chairman Christopher Smith and Ranking Member Lane Evans, we believe we have crafted an improved Montgomery GI Bill that would provide veterans with better access to higher education.

Let me say, too, the subcommittee is especially grateful to have the Majority Leader, Mr. Armey, and the most senior of all House members, Mr. Dingell of Michigan, as original co-sponsors of this bill.

Now, before I turn to my good friend, the gentleman from Texas, Silvestre Reyes, I would like to recognize Mr. Michael Bennett, who is here with us today. Mr. Bennett is the author of the book, *When Dreams Came True: The GI Bill and the Making of Modern America*. Mr. Bennett, we'd like to recognize you, and we thank you, sir, for your attendance here. It is a great book.

The chair also notes that Governor Don Sundquist of Tennessee, formerly a very active member of this body, has submitted testimony for the record, and we welcome Mr. Keith Johnson, Director of Veterans' Affairs of East Tennessee State University, who joins us here this morning.

Lastly, the chair would like to take time to welcome Ms. Celia Dollarhide, who recently retired following over 33 years of service at the Veterans' Administration, and she is here at our subcommittee's request. We'll have a few more words to say about her shortly.

Thanks to those individuals for their attendance, and now I turn to my good friend from Texas, the Ranking Member.

OPENING STATEMENT OF HON. SILVESTRE REYES

Mr. REYES. And thank you very much, Mr. Chairman. I am pleased that the subcommittee is reconvening for the second day of our important hearing on H.R. 1291, the 21st Century Montgomery GI Bill Enhancement Act.

It is particularly fitting that the Memorial Day recess divided the 2 days that we are taking to look at the increases in the Montgomery GI Bill.

As it always has, this past Memorial Day gave me an opportunity to return home to El Paso, and the 16th district of Texas, to contemplate the bravery and the sacrifices of the many men and women who have sacrificed to defend and improve our great country. I hope everyone in this room here today has had a chance to pause for similar reflection over the course of the last few days.

Today, one day after the 57th anniversary of America's D-day invasion during World War II, I am looking forward to resuming our important work towards enhancing the lives of America's heroes with renewed senses of purpose and determination.

I want to take this opportunity to thank you, Mr. Chairman, for your work on this issue of importance to all of America's veterans. In addition, I want to acknowledge the hard work and the leadership of the chairman of the full Committee, Chris Smith, and its ranking Democratic member, Lane Evans.

I would also like to extend a welcome to our most outstanding advocate, and former chairman, our great friend Chairman Sonny Montgomery. Thank you for being with us here this morning.

We are also pleased to receive testimony today from the Secretary of Veterans Affairs, Anthony Principi, and we welcome you, sir. As the former chairman of the Congressional Commission on Servicemembers and Veterans' Transition Assistance, the Secretary has been a leading advocate for a return to a GI Bill reminiscent of post-World War II. And I know that he wants to do all he can in his role as Secretary to work towards this goal.

Similarly, I want to take this opportunity to welcome our good friend, who just now entered, Congressman John Dingell, the dean of the House, who has also been advocating for a post-World War II GI Bill ever since Secretary Principi made his formal recommendations several years ago.

In addition, I am pleased to welcome my friend, with whom I serve on the Veterans' Affairs Committee, Congressman Ronnie Shows, whose leadership on this and other issues of importance to our veterans and to military retirees in Mississippi and across the country is so well known.

During the recess, I directed my staff to review what was out there on the Internet with regard to education benefits for veterans. After we reviewed the results of this search, I was impressed by the overwhelming amount of information that existed to inform our men and women in uniform of the many benefits that are available to them under the Montgomery GI Bill Program.

However, I was also disheartened to find such a large amount of negative commentary and feedback about the inadequacy of the current benefits. There were a great number of sites and personal web pages explaining, through personal details, how the current benefit fails to make higher education a realistic goal for many young men and women who, without our help, do not have sufficient means to pursue their educational aspirations.

This morning I'd like to give you a sample of some of those disturbing comments that we found through the reading of accounts and commentary written by and for veterans and published on the Internet. I want to paraphrase some of the troubling statements that we found.

The first one was, "The government is not interested in helping me further my education, it only cared about recruiting me."

Two, "By the time I finished my tour, my education benefit was worth a quarter less than when I signed up. And because I didn't go to school right after the military, my benefit today is worth even less. If you're hoping that the military can make an unplanned dream come true like it did for your grandfather, wake up. It's not going to happen. There are far easier ways to get educational assistance that are far more generous than the GI Bill."

We even found an online brochure called "How to Finance College Without Joining the Military." The introduction for this bro-

chure states, "Despite what the military's ad campaigns imply, enlisting in the armed services is not the only way to finance college. In fact, it's not even a good one."

And so, Mr. Chairman, while the Montgomery GI Bill's value as a recruiting tool is of vital importance to Congress, the value of the Montgomery GI Bill as a transition benefit for America's finest is of equal importance.

Education is our most enduring legacy. It is vital to everything that we are and to everything that we are to become in the future. The public policy decisions that helped to create the Montgomery GI Bill Program serve as a powerful example of what access to education can and should continue to accomplish for Americans.

Today, our armed forces and our system of higher education remain the envy of the world. I truly hope that the continuation of the subcommittee's hearing today will assist us in our efforts to keep them that way.

And finally, Mr. Chairman, when I advised you that I've got to leave for a previous commitment, this hearing was originally scheduled, as you know, for 1 o'clock, and I had already committed to a caucus event that I cannot break. And so with that, I will tell you and tell all of you in the audience that because I must leave doesn't diminish the interest and the commitment that I personally have to increasing these benefits.

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

[The prepared statement of Congressman Reyes appears on p. 72.]

Mr. HAYWORTH. I thank the gentleman from Texas for his remarks. And time truly becomes a four-letter word here in the House of Representatives. Thank you very much, Mr. Reyes.

I turn to our good friend, the Ranking Member of the full Committee, the gentleman from Illinois, Mr. Evans, for an opening statement.

Mr. EVANS. I appreciate you offering me the opportunity. In trying to move the hearing along, I'll ask that my statement be made part of the record.

Mr. HAYWORTH. Without objection, so noted.

[The statement of Hon. Lane Evans appears on p. 110.]

Mr. HAYWORTH. Turning to this side of the dais, to the gentleman from New York. Any opening statement?

Mr. QUINN. No, thank you.

Mr. HAYWORTH. And chairman emeritus of the House Armed Service Committee, Mr. Spence of South Carolina. Thank you. We look front and center, and here are two colleagues.

For panel one, the chair and the subcommittee are very happy to welcome the dean of the House, our good friend from Michigan, John D. Dingell.

And Chairman Dingell, we'd be happy to take your statement for the record to begin this time together.

STATEMENTS OF JOHN D. DINGELL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN; AND RONNIE SHOWS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSISSIPPI

STATEMENT OF JOHN D. DINGELL

Mr. DINGELL. Mr. Chairman, I thank you for that courtesy. I want to thank you for the opportunity to appear before this distinguished committee. I want to pay tribute to you and Mr. Reyes, and of course, my dear friend, Lane Evans, for your efforts on behalf of this legislation, and I appreciate an opportunity to testify here.

I would also like to express my appreciation to Chairman Smith for his leadership on this issue. I ask unanimous consent to insert my full statement, Mr. Chairman. I will try and summarize, in the interest of saving your time.

Mr. HAYWORTH. Without objection.

Mr. DINGELL. Mr. Chairman, as we all know, recruiting shortfalls are, at this time, a very serious problem. Statistics have grown worse, recruiting budgets have soared.

In addition to an advertising campaign, all manner of gimmicks are being used, including sponsoring drag races, deploying psychedelic Humvees and offering emergency cash give-aways. I do not criticize the armed forces for these efforts, but they do highlight the need for greater and more effective recruiting tools.

The best recruiting tool is clearly education, a decent benefit, and the expectation that the individual can benefit himself by serving. I would note that the Montgomery GI Bill is precisely this kind of device.

Money for college is consistently one of the reasons that fine young men and women choose to serve. College costs, I note, have quadrupled in the past 20 years, but the GI Bill has not.

At the same time, more non-technical financial assistance has become available, and that has benefitted the society, but not the military.

As you know, Mr. Evans and I have worked hard to pass legislation that approves MGIB in a meaningful way. We've always aimed to pass legislation that bolsters military recruiting, assists young men and women who choose to serve our Nation in uniform.

In the 106th Congress, we introduced H.R. 1071, the Montgomery GI Bill Improvements Act, to accomplish these objectives. H.R. 1071 was introduced in January as H.R. 320. It would effectively reverse the military's deteriorating ability to recruit the number and quality of individuals it needs. And it does provide veterans with the means necessary to enter the work force. It also expands higher education for our young men and young women in uniform.

I think we should be quite clear. Our goal should be to have an MGIB benefit that pays for the full cost of attending school. I know that is not going to happen in the immediate future, but I am, nonetheless, pleased to be an original sponsor of H.R. 1291.

As a solid interim measure, this bill would improve military recruiting, increase access to higher education for veterans. It's a sound policy, and it does things that need to be done to recruit our people.

I would not this bill would increase basic MGIB benefits from the currently monthly amount of $650 to $800, increasing to $950 in 2003, $1,100 in 2004. This is a significant, and I believe, meaningful and beneficial change.

I've had personal experience, Mr. Chairman, with the GI Bill, I'm a veteran of World War II, and as my dad used to observe, I was the first Dingell who ever had the privilege of going to college. And that was made possible, in good part, because of the GI Bill, for which I am very grateful, and which I would point out was an enormous benefit to the country, to the veterans, and very frankly, to the economy.

And it has been called by many the greatest social program ever enacted by the Congress, and millions of veterans were significantly benefitted, but the country as a whole was benefitted by the improvement and the quality and the earning power of these people.

Having said that, Mr. Chairman, I thank you for the privilege, I'm delighted to be here with Mr. Shows, for whom I have enormous respect, and also to note that our old friend, Sonny Montgomery, is in the room here today watching to see how we're doing about his bill.

[The prepared statement of Congressman Dingell appears on p. 117.]

Mr. HAYWORTH. Yes, indeed. And Congressman Dingell, we thank you for that, and we appreciate your statement. And indeed, your story and personal testimony of how the GI Bill helped you, I think, is among one of the most compelling pieces of testimony, because personal experience means a great deal.

You mentioned our good friend from Mississippi, Mr. Shows, who joins you alongside, and fellow member of this committee. We thank you, Mr. Shows, and we'd be happy to hear your statement.

STATEMENT OF RONNIE SHOWS

Mr. SHOWS. Thank you, Mr. Chairman, for inviting me to join you to consider H.R. 1291, the 21st Century Montgomery GI Bill Enhancement Act.

I'm proud to be here, as a member of the House Veterans' Affairs Committee, to share my continued support for H.R. 1291 with my colleagues in Congress and distinguished fellow witnesses.

I'm also very pleased that this committee will have the benefit of hearing the valuable testimony of Dr. Horace Fleming, the president of my alma mater, the University of Southern Mississippi.

Furthermore, I am gratified by the continued presence and testimony of Secretary Anthony Principi, who has impressed us all with his outstanding commitment to improving veterans' lives.

As a young man growing up in Mississippi, my life in public service and advocacy for veterans were indisputably inspired by two great men—my dad, and Sonny Montgomery.

Both men, as so many did, put their lives on the line to protect, defend, and advance ideals of democracy in our American way of life. By serving in the U.S. military, both did so honorably and proudly, despite the risks that faced them. Indeed, my father was captured and was a POW.

The valiant service rendered by men like my father and Congressman Montgomery was done, not for any personal reward, just for knowing they had done their part to keep American democracy strong.

And yet our Nation did right by them by enacting the 1944 GI Bill of Rights, one of the landmark pieces of legislation of the 20th century. It transformed America by providing for the education of millions of World War II veterans, as well as thousands of veterans who followed in their selfless path.

In Mississippi, we take great pride that one of our own, the great Sonny Montgomery, provided such visionary leadership in significantly adapting the GI Bill of Rights into the Montgomery GI Bill, passed in 1985. His lifetime of service to our Nation in the military and the U.S. Congress has served us all well.

Mr. Montgomery's legacy remains strong and we must do as he would do; continue to modernize the Montgomery GI Bill to meet the change in needs of our veterans and Nation.

We all know why we must act swiftly on the passage of this legislation for our veterans. Simply put, they have earned it, and they deserve it. Our service men and women accept lower pay and modest living conditions in the military. We must meet their commitment with a promise to invest in their future.

As a country that depends on the volunteer membership of our service men and women to defend our Nation's ideals, we must provide competitive benefits for our veterans. Recruiting is increasingly difficult in a thriving economy. The military services have experienced and continue to experience difficulties in recruiting the number and quality of our new recruits.

We can strengthen the retention of our trained soldiers if we deliver appropriate benefits and support. At the same time, it is critical that the current cost of higher education be reflected. The cost of higher education since the inception of the Montgomery GI Bill in 1985, has increased more than double the rate of increase in the GI Bill benefits.

During the 106th Congress, and again during this Congress, I've introduced H.R. 1280, the Veterans' Higher Education Opportunities Act. This legislation would index education benefits annually to the annual figure published by the college boards, adjusting for the cost of attending a public 4-year university as a commuter student.

This way of determining benefits has received tremendous support from the partnership for veterans' education, made up of 40 organizations of veterans, military members, and higher education officials, as well as Admiral Tracey, the administration's representative from the Pentagon, who testified here on May 24th.

While I maintain my concern that H.R. 1291 should provide indexing to cover the rising costs of veterans' college classes, I cosponsored H.R. 1291 and strongly support the dedicated effort this subcommittee has made to increase educational benefits.

Our Nation's veterans are our heroes. They have shaped and sustained our Nation with courage, sacrifice, and faith. They have earned our respect and deserve our gratitude. Let us join together and do something meaningful by passing legislation to modernize and improve the Montgomery GI Bill. It's the right thing to do.

Thank you, Mr. Chairman.

Mr. HAYWORTH. We thank our friend from Mississippi for those comments. The chair would note and welcome to this subcommittee our good friend from Arkansas, Dr. Snyder, who joins us today, present and accounted for, and ready for duty, and we just turn to the dais here, to see if we have any questions for our colleagues.

We appreciate those opening statements, gentlemen, and thank you for getting us started, getting off on the right foot. Thank you very much.

Mr. SHOWS. Thank you.

Mr. DINGELL. Thank you for your courtesy, Mr. Chairman.

Mr. HAYWORTH. Mr. Shows, we appreciate that, and we thank you.

Well, it's very interesting serving in the House of Representatives. Our friend, the Ranking Member from Texas, pointed out that it is difficult to be in all sorts of different places at the same time, until we come up with meaningful cloning activities, and I think that's highly debatable. I know some political opponents want to actually engage in vivisection, as far as this chairman is concerned, to get me spread out in a lot of places.

But be that as it may, we are going to amend our schedule, and call front and center panel three. Our good friend, the Secretary of the Department of Veterans Affairs, the Honorable Anthony J. Principi, and he is accompanied by the Honorable Joseph Thompson, the Under Secretary for Benefits of the Veterans Benefits Administration, and Mr. Chris Yoder, Counselor to the Secretary.

Gentlemen, thank you. Secretary Principi, it was a high honor indeed to accompany you to my home state of Arizona aboard Air Force One, with our President, and to have your remarks there at Falcon Field in Mesa for Memorial Day.

It was your second trip in a short period of time to Arizona; we were together, of course, with the chairman emeritus of this committee, Bob Stump, in dedicating the veterans' cemetery there in the 6th district, right there close to Phoenix on Cave Creek Road in Pinnacle Peak.

So I welcome you, Mr. Secretary, and those who accompany you, and we'd be pleased to have your testimony, sir.

STATEMENT OF ANTHONY J. PRINCIPI, SECRETARY, DEPARTMENT OF VETERANS AFFAIRS; ACCOMPANIED BY JOSEPH THOMPSON, UNDER SECRETARY FOR BENEFITS, VETERANS BENEFITS ADMINISTRATION; AND CHRIS YODER, COUNSELOR TO THE SECRETARY

Secretary PRINCIPI. Thank you, Mr. Chairman, good morning. Good morning, Mr. Evans, ranking member of the committee, Mr. Spence, Mr. Snyder, it's a pleasure to be with you gentlemen to testify on important legislation. I thank you for the opportunity to provide my views on the Montgomery GI Bill with you this morning.

The GI Bill should be improved, no question about it. On the merits, it's very, very important.

The Montgomery GI Bill is really rooted in World War II, and is one of the most successful programs in the history of our Nation. World War II veterans saved our world when they served on Active

Duty, and when they came home, the GI Bill gave them the means to transform our Nation.

Those 16 million veterans built the modern middle class, and the GI Bill, I believe, propelled a nation of leaders who would transform America in the 20th century.

Chairman Sonny Montgomery, my mentor, had the vision to know that 21st Century America, and America's 21st century veterans, would also need an education benefit. Not only in times of war, but in times of peace, because indeed, we call upon our men and women in uniform today during times of peace to incur extraordinary sacrifices for this Nation.

He also had the legislative skill to transform that vision into a reality with the Montgomery GI Bill, and I count myself honored that, as a Senate staffer back in 1984, I was able to participate and witness history in the making as the MGIB became law.

In my view, the MGIB is good for the Nation. In this 21st century, clearly, employment is the key to success in building a successful civilian life, and education is the key to that door for a successful transition to civilian life, a core VA mission.

Education pays for itself countless times over in successful lives, in increased taxes on increased earnings, in reduced reliance on public services, and in building modern America.

Military service today requires high caliber youth men and women recruits to join the service. High school graduates are focused on college, without question, and an adequate GI Bill is necessary for our military to compete in this world.

It is important to keep faith with America's service members. DOD testified that new recruits cite college funding as a primary reason for enlisting in the armed forces. But when they get out, they discover that the GI Bill is inadequate to cover the cost of schooling they need for success.

In addition, the GI Bill counts in computing other college aid, so veteran students frequently find that there really is no advantage over fellow students who did not serve their Nation in uniform.

If we, as a nation, are to keep faith with the men and women we count upon to protect and preserve our democracy, we must ensure that the benefits we promised them will do the job for them. Just as those men and women did the job for us when they were on Active Duty, and as I indicated, often times under very difficult unpleasant conditions, often with times long periods away from home, and sometimes with grave danger to themselves.

The MGIB needs improvement now. Last month, Admiral Tracey testified that since the MGIB was enacted, college costs have increased 49 percent, while benefit amounts have increased only 24 percent.

Other testimony before this subcommittee will show that today's MGIB will pay for only a small fraction of the tuition and fees for attending a 4-year public institution, not to mention the cost of room and board.

And perhaps it's no surprise, then, that only 50 percent, or approximately 50 percent of the men and women who are eligible for MGIB go on to school, and why only one out of four who are eligible for MGIB use their entire educational benefit. Only one in four gets a 4-year degree. I think that's a tragedy for America.

And I do not believe that I can fulfill my obligations as Secretary of Veterans Affairs to the young men and women who serve our Nation in uniform under these circumstances.

The administration supports the MGIB. Yesterday, I was privileged to accompany President Bush to Bedford, Virginia, for the dedication of a very profound D-day memorial. We briefly discussed veterans' education benefits, and I am pleased to say that he strongly supports them.

I also discussed the legislation now before the subcommittee with the director of the Office of Management and Budget last evening. And as a result of those discussions, I am able to say that I support H.R. 1291.

The only condition that was asked of me was that, given the concurrent budget resolution, the budget that was agreed upon by the Congress and the administration, that we stay within that increase cap. I believe it's $6.5 billion, but there is money in the budget for this, for H.R. 1291, so it should become law.

I believe also that we need to look at accelerated payments to improve the GI Bill. As I noted earlier, I believe the Montgomery GI Bill must be effective in practice, as well in promise.

To achieve that goal, the MGIB must enable veterans to pursue educational opportunities as they are found in the 21st century, not just as they existed as World War II was drawing to a close.

A few years ago, I was on the Korean DMZ, and I spoke with several soldiers who would be returning home from their tour of duty. And I was struck by the words of one young soldier who was looking forward to his return to civilian life, and planning to put his GI Bill to work on a course that would qualify him for a career in computers, a career in networking.

He was dismayed, and I was heartbroken, when I had to tell him that his $25,000 college fund would cover only a small fraction of the cost of the $5,000 course, offering the keys to a career he was counting on to be successful in civilian life. He simply could not understand why benefits should be limited to a few hundred dollars a month, without regard to the length, cost, or value of the course he wanted to take, and I don't understand it, either.

That is why, again, subject to spending limits that Congress has agreed upon with the administration, I would urge the subcommittee to look at accelerated payments so that these young men and women leaving Active Duty who want to pursue a comprehensive, intensive training program would be allowed to use their educational benefits.

Thank you, Mr. Chairman. It's a pleasure to be before you. It's a pleasure to testify in support of this legislation, and I'm very proud. I believe I'm the first Secretary to be able to come before you and support legislation to dramatically improve the MGIB. Thank you.

[The prepared statement of Secretary Principi appears on p. 122.]

Mr. HAYWORTH. Mr. Secretary, we thank you for that statement, and for your support of this legislation. Mr. Secretary, you've proven yourself time and again as a very forceful advocate for veterans within the Administration.

You mentioned the budget. One can only imagine the battles that go on among Cabinet secretaries as we are dealing with this finite

resource of funding. And Mr. Secretary, we thank you for stepping up and fighting those battles.

Mr. Secretary, my colleagues, one of the more compelling statements, I thought, from our hearing last Thursday came from the former vice chairman of the Transition Commission, Mr. Wincup. Here is what Mr. Wincup said should drive public policy decisions regarding the MGIB. Mr. Secretary, I would appreciate your personal opinion regarding Mr. Wincup's words, which I quote for you now:

"Military service is America's most fundamental form of national service. The service of today's personnel is no less valued than those who were conscripted. Service personnel and veterans represent an untapped opportunity for the Nation. The educational attainment and contribution to the Nation of those who have served should only be limited by their own initiative, aptitude, and ability.

"And as Chairman Bob Stump of the Armed Services Committee has stated recently on this subject, 'We are losing the battle for quality recruits, and an enhanced Montgomery GI Bill is needed to make military service the first choice of young men and women graduating from school, rather than the last.'"

Secretary PRINCIPI. Mr. Wincup and I certainly share the same sentiments; I fully concur with his words. I believe what he said about military service, about the opportunity to succeed in civilian life, and that education, limited by one's ability and aspiration, should be the only limitations on getting a good college education.

I think this is a good bill, you know, the transition commission certainly advocated perhaps a little bit of a different direction. I believe this bill is achievable, that we can achieve it this year, and I think it's very important.

Mr. HAYWORTH. Thank you very much, Mr. Secretary. Let me turn to my colleagues on the committee for any questions they might have. Let me go first to my friend from Arkansas, Dr. Snyder. Any questions?

Dr. SNYDER. Thank you, Mr. Chairman, I appreciate being here. I found out about an hour ago I was a new member of this subcommittee. And then they said, "By the way, there is a hearing in an hour." "Okay."

Mr. HAYWORTH. You're like a minuteman of old.

Dr. SNYDER. A minuteman, yes. I appreciate you, Mr. Secretary. In fact, we had such a great visit when you came to Arkansas a few weeks ago, people really enjoyed that and appreciated your spending all day there, from 9 o'clock in the morning until 8 o'clock that night, I think, visiting with veterans and veterans' employees.

Mr. Secretary, I—and as I said, I didn't realize I was going to be on this subcommittee today—but a few days ago I read the summary of your commission on transition. And I noticed that in Mr. Dingell's statement, he states, "Let me be perfectly clear. Our end goal should remain a Montgomery GIB benefit that pays for the full cost of attending school."

And I think one of our speakers is going to come up and tell us in one of the next panels that the average tuition for a private 4-year school is over $16,000. And with the increased benefit, this gets us to $9,600 a year, and the $16,000 doesn't even include living expenses.

I mean, no one in this Congress is not going to support this bill, but we shouldn't probably be having a love fest with our veterans out there about this great thing we're doing. I mean, we are barely going to hold their head above water in terms of getting them where we would like to have them.

I thought your—you know, when I first heard about your commission's conclusion about that a veteran—we should pay the cost of whatever college they attended, at first I thought, wow, that's—I guess the word is breathtaking.

But the more I thought about it, I mean, that seems like the direction that we ought to be going, that we ought not to be, you know, basically holding a very minimal, "Let's keep your head just above water."

And Mr. Dingell, in his statement, goes on to say, "I realize that the road we must travel to get to this point of paying for full costs is longer than we would like." But I mean, I think it's getting increasingly longer. I don't see where it's going to come that we're going to get to where the Principi Commission wanted us to be.

And I don't think I'm asking for a comment, unless you want to make a comment. We talk a lot. I mean, this is what's happening now. We're going to talk about budget constraints. Well, the numbers don't work, this is the best we can do.

These budget numbers, you know, Moses did not come down from Mt. Sinai with these gold plates with budget numbers that say we cannot do these things. We set up these numbers, and I'm just one member here that wishes that when we had set these numbers, we would have paid more attention to the Principi Commission conclusion on veterans' transition, because I think that would have taken us in the direction that we need to go as a country.

It's interesting, too, this chart—I ought to at least acknowledge who I'm—Ms. Kathleen Little, who I think is going to be on our panel coming up—this has been a concern that I've had, Mr. Secretary, and it's not just for veterans, obviously, or military retirees, that the blend between loans and grants—you know, I think a lot of us, when I was in the state senate, and here in the Congress, we thought we were helping a lot of kids by increasing loan funds.

And that does, it helps people get there. But what we do, we end up with kids coming out as these rates keep going up, these tuition fees keep going up, and they're coming out of 4 years of college with a bachelor's degree and it is not uncommon for people to come out with close to six-digit loans that they owe.

And I think that constrains choices down the line, or some youngster coming out of law school or medical school. It is not uncommon at all for them to have total loans in excess of $100,000. And it shapes behaviors, I think, in terms of professional choices they make.

So, I appreciate your comments today. I more than wish, I hope that we will figure out a way that will get us to the Principi veterans transition commission, but I think we ought to be careful how we sell this to veterans out there, because my math is $9,600 a year will be with the increased benefit, and that is a long ways away from giving that veteran that choice that you wanted, which is a veteran comes out after 4 years, if they or their kid wants to go to Harvard, that's it.

So, any comments you want to make, but don't feel that you need to. And once again, I really appreciate your service, and I know the employees and the veterans do, too.

Secretary PRINCIPI. Thank you.

Dr. SNYDER. Thank you, Mr. Chairman.

Mr. HAYWORTH. Thank you, Dr. Snyder, for your remarks. Do you have any response, Mr. Secretary?

Secretary PRINCIPI. No, I—obviously, my personal view is that the commission's report was an important one, and it's a goal worth pursuing. But I do believe that the legislation 1291 will fund the cost of a good public 4-year education in America, and that's an important step.

But I understand your point, of course, it's an earned benefit, it's not a grant or a loan. You earned it, it's there for you. Anything we can do to provide an incentive for people to go to school to get a 4-year college education when they leave the service is what I think we need to do.

Dr. SNYDER. May I make one more comment, Mr. Chairman?

Mr. HAYWORTH. Happy to.

Dr. SNYDER. I recall when—I'm old enough—when I first came back, or first entered college in the late 1960's, I remember talking to one of my professors, who has long been since dead. She was talking about what it was like teaching college right after World War II, when the World War II veterans were in these classes. You know, it was like that golden era right after the war, before Korea broke out.

And she said it was not uncommon to have one of these World War II veterans to stand up in class and say, "What is this BS?" Well, I think that there could be a lot of benefits to our highest—our colleges with the highest tuitions, it wouldn't hurt to have them to have some old grunts from the Gulf War and, you know, sit in their classes with that kind of an attitude. Thank you.

Secretary PRINCIPI. It's interesting, some of the deans of some of the major universities of America were very concerned about those GIs clogging the rolls of the universities, and they soon found out that they were the leaders in those universities, they set the course, and that weren't in for a lot of games, and they were there to learn and become successful. And a lot of opinions would change as a result of that. A very good point.

Dr. SNYDER. Thank you.

Mr. HAYWORTH. Thank you. I thank the gentleman from Arkansas, and the Chair would make, as part of the record, the observation that this committee's Views and Estimates on the 2002 budget and filed with the Budget Committee says that this bill is an interim step toward returning to a World War II-scope GI Bill, and perhaps this is a good place to make that part of the record through these proceedings today, to show that that is our goal.

The other note, even with the challenges we confront, the chair would remind all those assembled that Congress has increased MGIB benefits by 48 percent in the last 3 years. We offer that not for self-congratulations, but for a perspective, that this is a process which continues. And we thank the gentleman from Arkansas for his service, and for his question.

Does the gentleman from South Carolina have any questions?

Mr. SPENCE. No questions, Mr. Chairman, just congratulate the Secretary, and thank you for your contribution.

Secretary PRINCIPI. Thank you, Congressman Spence.

Mr. HAYWORTH. Thank you, Chairman Spence, and we look down the dais, and there is our friend, the Chairman of the full Committee, the gentleman from New Jersey.

Mr. SMITH. Thank you very much, Chairman Hayworth, and thank you for having this hearing, and to our friends on the minority side, for your help in promoting this legislation. And I especially want to thank Secretary Principi.

I know that coming today with support in hand was no small challenge, and you certainly have achieved another very significant victory for the Administration, because I do think—you know, and I do believe Dr. Snyder, and I'm glad J.D. Hayworth made that point—we don't see this as an end game, that this isn't it, but this is a significant, very significant down payment on making sure that this readjustment benefit is as generous as a nation that cares about its veterans can be as we move toward perhaps even going further.

And I want to remind everybody, we're going from a $23,400 total benefit to $39,600. I mean, that's no small number, that's a lot of money. And hopefully, the value of the actual GI benefit will now be increased, because it has been diminished through under utilization, because it wasn't enough to make the difference for so many of our veterans.

So therefore, among competing options in their own life, they would say, "I just can't make do with this amount, so I'm going to have to forego that college education."

So this actually, I think, will trigger and be heavily weighted toward more people opting to utilize the benefits. So we're going to have a higher utilization rate, plus a more generous benefit, and I think that's a good one, too.

Let me also say that Secretary Principi—and I know this because you've worked so hard—this committee is very grateful to you for fighting the inside game on all of the issues that we're dealing with.

I know OMB can be a very tough customer, but you—and I saw Mitch Daniels this morning at the signing ceremony, so I know, you know, he has his perspective, and he's a very honorable person, but I think you bring a unique experience to the table.

I understand our friend on the Senate side, the gentlelady from Maryland, recently was—I was talking to Bob Wallace from the VFW, and she had nothing but high praise for you. And as a Democrat, obviously, someone who now will be in a key strategic position on the Appropriations Committee, to help move the health and the benefits, and all the other important functions for our veterans forward.

So I think, you know, the bipartisanship will continue. Hopefully it's enhanced, going forward, but your support for this bill gives it further wings and we're going to look for an early markup, and floor action, and our hope is by Veterans Day that the President will have signed, sealed and delivered this piece of legislation to help our veterans, and perhaps even before then.

Let me just finally just say Lane Evans and I, on May 15th, did a tribute to Celia Dollarhide, who is our newest retiree. Ms. Dollarhide, we want to thank you for being here today at our invitation, so that we can say thank you for your 34 years of service to veterans as a VA career civil service employee.

As I said, we do have a Congressional Record, and everybody reads the Congressional Record, right? Well, at least you'll read this, and I'm sure other interested parties will—our tribute to you for very, very worthwhile service. In fact, while so few veterans know your name, they certainly know the good work that you have done in facilitating their benefits.

So we just want to say thank you. You know, very often the VA, in its personnel and its leaders, get criticism and scorn from certain quarters. They just don't know how hard individuals do work, and how dedicated they are, and I think you stand out as the quintessential veterans employee, and we're very, very proud of you, and we thank you.

I would like to ask, Mr. Chairman, if we could present this to Celia, perhaps over here with members that are here with us today.

Mr. HAYWORTH. Mr. Chairman, I think that's a tremendous idea, and why don't we call Celia front and center. And friends, you'll find something that's really nice here, no tax requirement, no budgetary impact. If you'd like to applaud Celia for her service here, you're invited to do so as she comes front and center.

[Applause.]

Mr. HAYWORTH. Celia, again we thank you. Mr. Chairman, we thank you for those remarks. It's good our friend, the Ranking Member, came in right on cue for that photograph. It's an innate sense that an experienced Congressman has, like our friend from Illinois, and we tend to have that.

If there are no further questions for the Secretary, sir, we thank you again, and look forward to seeing you again soon with good reports. Thank you very much.

We'll move along now. The chair would invite the panelists for panel four front and center. Included on this panel, Ms. Kathleen Little, executive director of Financial Aid Services of the College Board, Dr. Constantine W. "Deno" Curris, president of the American Association of State Colleges and Universities, Dr. David Warren, president of the National Association of Independent Colleges and Universities, one of my old friends, Dr. Horace Fleming, who is now the president of the University of Southern Mississippi, and Mr. David Guzman, president of the National Association of Veteran Program Administrators.

So they are coming front and center, replete with audio/visual aids which will help us in this day, and in this hearing. We thank you all.

As soon as we get situated, the chair would remind each of our guests that their entire written statements will be included in the record of today's proceedings, and that we have a 5-minute rule.

And knowing, as you do, that brevity is the soul of wit—a lesson that this particular chairman has yet to learn, but tries to learn from time to time—we appreciate your succinct testimony, and we begin with Ms. Little. Welcome.

STATEMENTS OF KATHLEEN LITTLE, EXECUTIVE DIRECTOR OF FINANCIAL AID SERVICES, THE COLLEGE BOARD; CONSTANTINE W. "DENO" CURRIS, PRESIDENT, AMERICAN ASSOCIATION OF STATE COLLEGES AND UNIVERSITIES; DAVID L. WARREN, PRESIDENT, NATIONAL ASSOCIATION OF INDEPENDENT COLLEGES AND UNIVERSITIES; HORACE W. FLEMING, PRESIDENT, THE UNIVERSITY OF SOUTHERN MISSISSIPPI; AND DAVID GUZMAN, PRESIDENT, NATIONAL ASSOCIATION OF VETERANS' PROGRAM ADMINISTRATORS

STATEMENT OF KATHLEEN LITTLE

Ms. LITTLE. Thank you. Good morning, Mr. Chairman, and distinguished members of the House Veterans' Affairs Subcommittee on Benefits. I'm Kathleen Little, the executive director for financial aid services at The College Board.

The College Board, a 100-year-old national, non-profit association, serves more than 3 million students and adults, 22,000 high schools, and 3,500 colleges and universities.

It's a privilege to appear before you this morning to discuss the critical need for enhanced student financial aid, the subject covered in H.R. 1291, the 21st Century Montgomery GI Bill Enhancement Act.

Each fall, The College Board releases information from its annual survey of colleges on how much colleges and universities plan to charge students in the upcoming academic year. Simultaneous to making available the college pricing data, The College Board releases information from a counterpart survey, "Trends in Student Aid." This publication presents annual data on the amount of financial assistance available to help students pay for college.

This testimony excerpts highlights from the Fall 2000 Trends publications, which are available in full at The College Board's website.

As you can see on the chart up here to my left, for the 2000/2001 academic year, the average tuition charged by public 4-year colleges and universities was about $3,500, an increase of about 4 percent over the previous year. Private 4-year college tuition increased by about 5 percent, to more than $16,300.

Two-year public institutions charged an average of about $1,700, an increase of about 3 percent over the previous year.

It's important to keep in mind that students incur costs beyond what is charged for tuition and fees. According to college board data, on-campus room and board charges were between 4 and 5 percent higher than the previous year, and averaged about $5,000 at 4-year public colleges.

Many older students, including veterans, live off campus and commute to classes. The College Board's data about living costs for commuter students attending 4-year public institutions show average costs for housing and food of about $5,700.

In addition to room and board, students must pay for books and supplied, as well as for transportation and miscellaneous personal expenses. According to College Board data, costs for books and supplies averaged just over $700 at 4-year institutions. Transportation costs for commuter students were about $1,000, and miscellaneous expenses totaled about $1,500.

Putting all this together, the average total cost of attendance for students commuting to 4-year public institutions totaled about $12,600 in 2000 and 2001.

As you can see, on this chart to my left, in the 1970's there was little, if any, real growth in college prices. However, since 1980, college prices have been rising at twice and sometimes three times the consumer price index.

The next chart shows that over the 10-year period ending in 1999/2000, after adjusting for inflation, average public 4-year tuition and fees rose 49 percent, compared to 32 percent for private, 4-year colleges. Among 2-year public institutions, average tuition rose 50 percent.

Over the past 20 years, as the same chart shows, student aid has not kept pace with the rise in tuition, although it did increase in total value, and actually exceeded tuition increases during the most recent 10-year period.

However, most growth in aid has been in the form of student borrowing. Available student aid topped $68 billion in 1999/2000. This is an increase of 4 percent over the previous year, after adjusting for inflation.

As the next chart shows, loans comprise 59 percent of total aid available to students, compared to 49 percent 10 years ago. Recent increases in Pell Grant appropriations have helped to stabilize the overall loan/grant balance in the aid system.

Yet the maximum Pell Grant, at $3,125 in 1999/2000, remains far below the purchasing power it had two decades ago. The maximum Pell Grant now covers only 39 percent of the average fixed costs at a 4-year public college.

Included in the $68 billion total in total student aid is about $1.5 billion in aid to veterans. Over the past 10 years, College Board data indicate that aid to veterans has increased by 41 percent, after adjusting for inflation. However, tuition at 2-year and 4-year public institutions during the past 10 years rose about 50 percent. This illustrates clearly that veterans benefits have not kept pace with increases in college prices.

The U.S. Department of Education data on unmet need from 1999 provides further evidence of the degree to which student aid funding has not kept up with increases in college pricing. A recent report from the advisory committee on student financial assistance shows that the lowest income students face an average of $3,200 of unmet financial need at public 2-year institutions, and $3,800 of unmet financial need at public 4-year institutions.

Students whose financial needs are not fully met are often forced to work an excessive number of hours while going to class, to borrow heavily, or to reduce their class loads.

The data we have presented today shows the need for additional student aid resources to cover the rising cost of college. We appreciate your dedication in pursuing additional resources for educational opportunities for the men and women who serve and have served our Nation.

The College Board stands ready to assist you in any possible way as you move forward to increase the benefits in the Montgomery GI Bill. Thank you very much.

[The prepared statement of Ms. Little, with attachment, appears on p. 125.]

Mr. HAYWORTH. Thank you very much, Ms. Little.

Dr. Curris? Your testimony, please, sir. Welcome.

STATEMENT OF CONSTANTINE W. CURRIS

Mr. CURRIS. Thank you, Chairman Hayworth, and members of the committee. I am Deno Curris, president of the American Association of State Colleges and Universities. The Association consists of more than 425 4-year colleges and universities and university systems throughout our Nation.

I come before you today as an advocate for higher education, having served as a public university president for more than 25 years. I also come as father of a captain in the United States Army, and perhaps more importantly, as a citizen vitally interested in preserving and protecting two institutions charged with the Nation's health and welfare, the higher education system and our military.

I am here to lend my voice to a growing call to modernize the educational benefit offered by the Montgomery GI Bill. The current benefit is not keeping pace with higher education costs, and thereby compromises educational opportunity for our men and women in uniform.

As such, I am advocating for legislation that meets two criteria: adequacy and adaptability. Adequacy. Whatever measure would be approved by this committee, and ultimately, by the Congress, should have as its minimum standard, the average price of a public 4-year education for a commuter student, as determined by a nationally-accepted benchmark.

Adaptability. Any measure adopted by the Congress should also keep pace with the contemporary realities of paying for college.

We are here today because the Montgomery GI Bill has just not kept pace. We need to fix that shortcoming, and we in the Association recommend an automatic annual adjustment to the benefit, based upon a nationally-accepted benchmark.

In issuing this call, I speak on behalf of institutions that enroll nearly 3.5 million students, and award more than one-third of all the baccalaureate degrees in the United States.

These colleges and universities vary widely in focus and curriculum, but they all share a deep commitment to access and opportunity. They have a proud heritage of opening their doors to historically under-represented and under-served populations, and to the men and women who have been in our service.

I should also point out that our Association values its relationship with the Servicemen Opportunity College, a consortium of more than 1,500 institutions that has been housed in our office since its inception in 1972. Since that time, SOC has aided thousands of service members in higher education pursuits, demonstrating the important ties between higher education and the Nation's armed services.

Congress, in passing the 1944 GI Bill, created a watershed legislation for the social and economic development of our country. Even by today's standards, the educational impact of the GI Bill is staggering: 450,000 engineers, 91,000 scientists, 238,000 teachers, 67,000 doctors, and so forth.

While we can view the GI Bill in macroeconomic terms, I personally like to view it in terms of what President Abraham Lincoln once described as the right to rise. The fulfilled promise of the GI Bill was to give veterans the opportunity to rise, "To be," as that recent campaign slogan said, "all you can be."

This Memorial Day, President Bush signed a measure that provides for the erection of a visible testament to the heroism of the men and women who fought and died in World War II. In that space on the mall, we will belatedly, but gratefully acknowledge their sacrifices.

This mall may hold a physical memorial to that generation, but the living memorial is found in every city, town, and hamlet across America, as the veterans and their children and grandchildren enjoy good and prosperous lives because of what you, the Congress, made possible.

But the GI Bill in 2001 is different from that of a half-century ago. The true GI Bill covered tuition and living costs for our World War II service men and women. The GI Bill of the 21st century does little more than half. It is half a promise kept. We can do better, and we should. And as such, we ask you to increase that benefit.

The facts are simple. The GI Bill today covers just 63 percent of that baccalaureate degree for a commuter student. Several bills are being considered by this committee. Each has its own merits to improve servicemen, members, and veterans benefits.

One measure before you, H.R. 1280, and it's companion measure in the Senate, 131, is especially helpful. It would restore comprehensive educational benefits by guaranteeing that service members will not lose purchasing power. In addition, the amount of the benefit will be determined annually, by the Secretary, using a nationally-accepted benchmark.

The measure that you are now considering, H.R. 1291, is good legislation, but we think it could be better if it contained legislative provisions that put the benchmark in place.

Throughout history, our Nation has been blessed to have leaders to step forward and do the right thing at the right time, just as those individuals did in 1944. We place our faith in you, the Congress, to be among those who do the right thing at the right time to make real in the 21st century our commitment, our obligation to our veterans. Thank you.

[The prepared statement of Mr. Curris appears on p. 134.]

Mr. HAYWORTH. Dr. Curris, thank you, and we appreciate the compelling testimony. And also, in concert with every great public statement, a challenge at its conclusion, which we take to heart in this subcommittee. Thank you very much, sir.

Dr. Warren, good morning.

STATEMENT OF DAVID L. WARREN

Dr. WARREN. Good morning. Chairman Hayworth, and members of the subcommittee, my name is David Warren, I'm the president of the National Association of Independent Colleges and Universities.

We represent 1,000 colleges, universities, and associations, and about 85 percent of all the private students in this country, and I'm

pleased to be here to join with my colleagues in the support of the concept of a substantial increase in the Montgomery GI Bill.

H.R. 1291, which is before us, would increase, importantly, funds available. And not only would it make possible greater access, but it would also make possible greater choice for those coming out of the military, looking to continue their education.

I want to associate myself with Congressman Snyder's remarks. I think that 1291 is a very good piece of legislation, I think 1280 is even better, but if this congress could work its will, we ought to try to find a way to return to the original intent of the GI Bill, as adopted in 1946. It was an incredibly important piece of work.

Private colleges are doing their very best to make college affordable for all students. Currently, we provide $8 billion in institutional grant aid, which is four times the amount of grant aid that students get from the Pell.

Our intent is to continue to increase those monies, because we believe that if you combine that kind of grant aid with the contemplated increases, either in 1280 or 1291, it will go a considerable distance toward making not only choice possible and access possible, but huge new opportunities for our students.

It might come as a surprise to many that our private college student profile is as diverse as it is. Twenty-four percent of our students are minority, significant percentages of African and Hispanic Americans, Asian, and Native Americans. Thirty percent of our students attend college part-time, 44 percent of our students are 25 years of age or older.

And if you adopt the Department of Education's definition of a non-traditional student, then fully 50 percent of our students are non-traditional. We are proud of the diversity of our students, we are intent, as you are, in finding ways to expand the opportunity for them, and I think 1291 is a very good place to move from.

Our simple conclusion is that it is in our interest and it's in the Nation's interest to increase educational opportunities for members of the military, both while they are in service and beyond.

My colleague indicated the servicemen's organization that has 1,500 members, 500 of those are private colleges, and 4 percent of all of our students are now veterans.

In summary, Mr. Chairman, I would say that what better reward could we provide to our veterans, than a college education choice. When we invest in our veterans, we invest in our collective futures. And I encourage this committee to do everything it can to expand those benefits.

Thank you, Mr. Chairman.

[The prepared statement of Dr. Warren appears on p. 137.]

Mr. HAYWORTH. Dr. Warren, I thank you very much for your testimony.

There are certain things that happen in this institution that remind us all of our educational days. One of those is the ringing of the bells, which does not signal a change in class, but a vote that is being conducted on the House floor. Perhaps it is personal indulgence, but with past association, my dear friend Dr. Fleming on this panel, Dr. Fleming, Mr. Guzman, I'd ask your indulgence as we excuse ourselves and go into a brief recess to go to the House floor and vote, and then to return and conclude the testimony.

So, with the indulgence of the panel, and our guests, this subcommittee will stand in recess until the——

Mr. EVANS. I'd just like to request unanimous consent for my statement concerning Ms. Dollarhide.

Mr. HAYWORTH. The gentleman asked unanimous consent. Without objection, his statement may be included in the record.

[The statement of Hon. Lane Evans appears on pp. 110 and 112.]

Mr. HAYWORTH. We will recess briefly and return, following the vote, which is 10 minutes duration, as these bells ring. Thank you. The committee stands in recess until the House floor vote is concluded.

[Recess.]

Mr. HAYWORTH. The subcommittee will come to order. The recess is over, the vote is done on the House floor, and we continue with panel four.

For purposes of full disclosure, I don't know if in the record today there will be an orange tint to what is said, but I see Dr. Curris has spent time on the Clemson campus, and Dr. Fleming, whom I first got to know when he was executive director of the Strom Thurmond Institute at Clemson University, and he tried to train this Wolfpacker in the ways of the world as an N.C. State alum.

But Dr. Fleming, we welcome you in your role as president of the University of Southern Mississippi now. For all the fine folks in Hattiesburg, your lessons can benefit the Nation, and we look forward to your testimony, sir.

STATEMENT OF HORACE W. FLEMING

Mr. FLEMING. Well, I thank you, Mr. Chairman, and members of the committee, for allowing me to be present today to express my support for the proposed 21st Century Montgomery GI Bill Enhancement Act.

This act appropriately carries the name of our distinguished former Member of Congress from Mississippi, and our friend, the Honorable Sonny Montgomery, a statesman in the truest sense of that word, and a friend to all men and women in uniform and to our armed services.

I want to thank Chairman Smith and Congressman Evans for their work on this bill, and you, Mr. Chairman, for your strong support, and members of this committee, for veterans.

I'm here today as a veteran of the Vietnam War, and an enthusiastic supporter of this bill, and also as a university president, who has seen the personal benefits that flow from this program, and also the benefits for the university, as a whole, which I think can be generalized across our country.

The University of Southern Mississippi is a public university with the main campus in Hattiesburg, Mississippi, and campuses on the Mississippi Gulf coast.

To attend the University of Southern Mississippi for an in-State resident living on our campus, it's about $12,500. For an out-of-State student, it's about $17,500, in line with the escalating costs that we've seen demonstrated this morning.

And in fact, the costs of a college education are rapidly escalating, despite all measures that we may take to control those costs.

But, thanks to the commitment of federal and state agencies, a college education for the vast majority of Americans today is obtainable, but with some struggle, through a combination of loan programs, institutional aid, work study, and some outright grant programs.

I believe that the 21st Century Montgomery GI Bill Enhancement Act reflects a responsible view and realistic view to dealing with current and future educational costs and the challenges that we face with rising costs in our education.

This bill will lessen veterans' dependence on loans. These GI benefits are treated as a resource when we determine the amount of a student's financial need, and we package financial aid in the following way, and I think you're probably familiar with this.

First of all, when a student comes to us with need, we try to meet their total financial need. We begin with institutional scholarships, for which they may qualify. To that, we add work study opportunities for those who need it. We add grant aid for those students who qualify. And then, to meet the balance of their need, we fold in loans. And we're finding today, with the costs going up, that we must depend more and more upon loans.

The repayment of these loans, of course, is delayed, but the repayment comes at a time in the lives of our veterans, in this case, when they need to be planning for their children's educations, instead of having to pay the debts they've incurred for their own.

Now, at the University of Southern Mississippi, we have about 460 students who have returned to school because they have this benefit available to them through the Montgomery GI Bill. And it's an essential element of support for these people.

It is also an added incentive, in my judgement, a very important incentive, for our young people to consider joining our volunteer military service at a time when we have challenges filling the slots in our volunteer military service, and with the comparatively low pay that we provide for these individuals.

Well, there are the personal benefits, but let me speak to the institutional benefits, because this is another very important aspect of the Montgomery GI Bill benefits.

Our veterans are a resource, a group of individuals who, as students, add a level of maturity to our campus, and bring a great breadth of experience to the classroom and to our campus life.

Dr. Snyder and I were talking just a few minutes ago during the break. For instance, we run 32 international studies programs, programs in 32 nations. One of those programs is a Vietnam studies program, which is in its second year.

I can't tell you how much the presence of Vietnam veterans in those study groups returning to Vietnam benefit and enrich the experience in that classroom. And it's true throughout the other classes in which they participate.

In addition, these veterans are valuable resources when they participate in extra-curricular activities, and they do participate in student government, and in other volunteer organizations on our campus. They enrich the entire range of campus life.

Now, to the extent that their concerns about mounting loan repayments can be lessened through these grant programs, they can spend more time engaged in their studies, which means they have

a greater opportunity to be more successful, academically. They will also have a greater opportunity to engage in volunteer work in the community and student government on the campus.

Students need this kind of engagement personally, for their own enrichment, and we benefit immeasurably from it.

I'm hopeful that this bill will pass, and that once we have reached the escalation of benefits to our veterans, that then we can look at a system of indexing which keeps these benefits proportionate to the costs of receiving a higher education.

Again, Mr. Chairman, I want to thank you and the members for allowing me to be here today to voice my support for this bill, and to thank you for your support of all our veterans.

[The prepared statement of Mr. Fleming appears on p. 140.]

Mr. HAYWORTH. Dr. Fleming, we thank you for your statement and appreciate your modesty based on your time in Vietnam, but I think it's worth noting that you are the recipient of the Bronze Star. And those who are here should realize that fact.

So, we thank you for your distinction in uniform, and the distinction you bring to your role at the University of Southern Mississippi.

Also, Mr. Pickering, our dear friend from Mississippi, who succeeded Congressman Montgomery, referenced your great letter to him in support of H.R. 1291 during his testimony last Thursday, and we appreciate you coming so that we could hear your words in person.

Let's turn now to Mr. Guzman. Welcome, sir, and thank you for offering your testimony.

STATEMENT OF DAVID GUZMAN

Mr. GUZMAN. Good morning, Mr. Chairman, members of the House Committee, Subcommittee on Benefits.

In addition to being president of the National Association of Veterans' Program Administrators, I'm also the registrar at Washington State University, and a veteran of 30 years with the U.S. Air Force. And I used some of my GI Bill for my graduate program.

I appreciate the opportunity to address you here this morning on this very important piece of veterans' legislation.

If I may, I would like to quote Wilson Compton, who was president of Washington State University—then Washington State College—from 1945 to 1951, who said in his May 1950 commencement address, and I quote, "You came with—and most of you as part of—that mighty tide of war veterans returning to the schools and colleges of America, seeking opportunity, or perhaps, to be more exact, the road to opportunity in a world at peace."

The World War II GI Bill made this possible. Some of what I say here today may sound redundant, however it's important, I think, our testimonies support each other.

NAVPA fully supports enhancements to the Montgomery GI Bill that would bring the benefit closer to the actual cost of attending college. The current amount of benefit received by a veteran student has not kept pace with the actual cost of attendance, according to The College Board. This necessitates a veteran's need to apply for financial assistance in the form of federal financial aid.

However, veteran students are placed at a disadvantage, when compared with non-veteran students, as they are penalized for having the benefit. Not only is their earned benefit considered a resource, which reduces eligibility for other financial assistance, the initial amount of the contribution is not considered in the financial aid formula.

Veteran students end up paying twice for the privilege of this benefit, first when they buy into the program, in their first year of service, and again, when the amount is discounted as a resource in the financial aid means computation.

Also, veteran students do not receive their VA benefit allowance up front. That is, at the same time, financial aid, it is released and tuition and payment is due at their college or university. They receive their benefit on an irregular monthly basis, but only after they have self-verified their enrollment, and usually 45 to 65 days after the first month in which they qualify for the benefit.

As reported by The College Board, the escalating cost of attending a 4-year institution of higher learning has out-paced inflation at almost double the rate. While many college enrollments are increasing, veteran enrollments are static, due largely to the diminished value of the Montgomery GI Bill because of the financial aid offset, and the lack of adequate funding as a stand-alone benefit.

The average cost of tuition alone at a 4-year public institution has grown to $3,500 a year, a 4.5 percent increase this academic year. Last year's increase was 4.7 percent, and this August we anticipate another hefty increase of 4.5 percent. Again, these costs are tuition alone, and do not include the ever-increasing cost of books, supplies, mandatory fees or subsistence.

When the cost of books, supplies, room and board, transportation, and other traditional costs are factored in, the cost of attending a 4-year public commuter colleges rises to $9,200. These figures are for the 2000–2001 academic year.

This cost increases slightly more for the non-traditional student, the veteran, who is encumbered with additional responsibilities and needs. The average veteran student is an adult, 24 years old, who has served in the U.S. military for 3 or 4 years. Over half of the veteran students are married and have one to two children. These veterans have acquired possessions that must be moved or stored. They have a family, a child and day care needs, child clothing and subsistence needs above those of the traditional 18-year-old student.

A tradition student may only live in the college area for 9 months of the academic year and share rent with a roommate. They can go home for the summer and save 3 months' rent. Most non-traditional veteran students stay in the area until they graduate. They cannot move home for the summer and save 3 months' rent.

We have estimated that the cost of attendance for a veteran student exceeds traditional costs by over $2,000 for a 4-year commuter school, and many veterans simply can't afford to go to school at all.

Some responses to the 1998 Goodrich Study that asked veterans why they are not using their GI Bill include, "I cannot afford to quit my job to meet qualifications to use this program. It is not suf-

ficient for me." And, "I cannot afford to go to school and support my family. The Montgomery GI Bill funds are not sufficient."

So there are serious financial barriers for those veterans who would like to attend college, but simply cannot afford to do so, because of these escalating costs, method of payment, and the financial aid treatment of their benefit. House Bill 1291 would help compensate for some of the financial burden of attending college. Although, in our opinion, a return to a full World War II-like GI Bill would be the appropriate thanks from a grateful nation.

The NAVPA membership is combined of veteran certifying officials from colleges and universities across the Nation. We have daily contact with those veteran students who access their Montgomery GI Bill.

We are the business end of the Montgomery GI Bill, and I can report that the veteran student is disappointed and dissatisfied that their earned benefit dissolves when they apply for college and actually begin to use the program. We, as a Nation, need to do what is right by these veterans, and properly thank them for service to this country.

These are the individuals who endured long family separations, unusual living conditions, 24x7 alert status, and ready to take up arms in defense of this great Nation on a moment's notice. Many have.

On June 13, 1944, Congress passed a law that changed America, that educated and trained 8 million veterans because they heeded their President's challenge, and because it was their moral obligation to do so. H.R. 1291, the 21st Century Montgomery GI Bill Enhancement Act, would certainly help, and it is a great first step in providing the veteran a grateful Nation's thanks and appreciation for a job well done.

It's our duty to, again, open the roads to opportunity in a Nation at peace.

I see the light is red.

Mr. HAYWORTH. If you have a couple of more things to say, the chair will show indulgence.

Mr. GUZMAN. Thank you, sir.

Mr. HAYWORTH. Yes, indeed.

Mr. GUZMAN. But we should not stop there. We see a need not only to enhance the Montgomery GI Bill, but to also enhance the delivery of services within the Department of Veterans Affairs, and to bring the technology of service to a higher level.

The VA education programs are being administered with antiquated laws, rules, and regulations that are inconsistent among and between states and regions that govern the programs, and they are inconsistent with 21st century education.

We feel that it's time to act on the findings of the transition commission to even re-write the GI Bill anew, and include 21st century concepts of lifelong learning and methods of education delivery, such as payment for courses leading to certification, pay for independent study courses, and non-college-degree programs that help a veteran advance in the world of work, and expand the veteran's work study program to allow veteran students to work in academic departments and other areas where they can gain valuable experience for their after-college life.

We also need to recognize the Guard and Reserve members in a renewed light, and provide an expanded program for them, as rewards for their expanded service to this Nation. And finally, we need to allow veterans to use their GI Bill when and how it benefits them, without regard to a delimiting date of 10 years.

This concludes my testimony, sir. Thank you very much for the extra time.

[The prepared statement of Mr. Guzman appears on p. 142.]

Mr. HAYWORTH. Mr. Guzman, happy to offer it to you, and how apropos your words, but we should not stop there. And you continued on, and after your 30 years of service in the Air Force, and your service in Washington State, we're glad to give you that little bit of extra time to complete the statement.

Mr. GUZMAN. Thank you, sir.

Mr. HAYWORTH. And we thank you very much. The chair would note that three of you have mentioned the fact that the MGIB is considered as income in federal student financial computation. Our good friend, the Ranking Member, Mr. Evans, has a bill to fix this, and we also have the staff of the Education and Work Force Committee working with this subcommittee to try and remedy this situation, because it is of great concern.

And speaking of the Ranking Member, I would turn to him if he has any questions or comments at this juncture.

Mr. EVANS. Not at this time.

Mr. HAYWORTH. Thank you very much. Dr. Snyder, any questions for our panel?

Dr. SNYDER. Yes, thank you, Mr. Chairman. I wanted, similar to the themes that we were discussing before, that I hope you, as a panel and individuals will come out swinging after this is signed into law, and keep working with the Congress and with the American public about the importance of continuing to improve these benefits.

I thought, Ms. Little, that this chart was very dramatic, about what has happened with the relationship between loans and grants, and very recently. I mean, this is not a dramatic change that has occurred over—I mean, a slow change over two decades, or something.

It's a very dramatic change, and I run into—we all have—I've got, like, seven interns in my office, or something now, we all work with a lot of young people, and a lot of them are running up these loans, and the same is with our veterans.

I was struck, too, on your other chart, Ms. Little, in which you indicate the public 4-year average tuition fee charge is $3,500. And so I was doing my calculation before, that under the improved benefit of this bill would be $9,600 total in one year and in 2004 it would go up to $13,200.

But when you actually look at the total of what your budget is, that gets you to $12,000. And that is also, I think, you all or somebody is using the phrase, "The average commuter student." And we've also got this issue of, I guess as Mr. Guzman pointed out, that half our veterans have children, veteran students have children.

Well, it's pretty hard to then support a kid on the $1,000 a month that's left over. So I think we've got a lot of work to do, to

continue to look at this, and to see this as part of the solution we have nationally.

I mean, these tuitions have been going up for all students, not just veterans, as you know. But this is the one niche that we can work on, and that the Federal Government, and I know the full committee chairman and subcommittee chairman, that we feel responsible for, and we can at least work on our niche.

I was struck, too, by Mr. Fleming, your comments about greater choice, and if we have to look at what we can give to our veterans, it may be that we don't want to take them just to the same level as other deserving students out there who are not veterans.

And maybe this gets back to the Principi Commission. I think what the Secretary's commission was about was acknowledging our veterans deserve the greatest choice of all, which is for college. They can go to any accredited college in the country, and their tuition and fees will be paid for, plus the stipend. I mean, that, to me, really max that out.

And I think that's a pretty worthwhile goal to think about, particularly, as you point out, with our problems with recruitment and retention, I mean, I think that would be a dramatic improvement in recruitment and retention, if at the end of the 4 years, you knew that you had something that dramatic a benefit.

The comment about—in your written testimony, I think, Mr. Curris—you refer to the phrase, Abraham's Lincoln's phrase, "the right to rise." But you also refer to a promise half kept, and I'm not feeling very proud if what we have created is a right to a promise half kept. That's not exactly the same as a right to rise, meaning giving our veterans every opportunity to go to Harvard or Yale, or one of the universities which I went to on the GI Bill in the late 1960's.

So, I appreciate your service here today, but I really encourage you to continue to work on this, because I think there is a lot of interest, and obviously, we have a Secretary of Veterans Affairs who, if he'd had his d'ruthers, if he was writing the gold tablets on Mount Sinai, would have a much greater benefit than what we're providing here today, and we ought to work with him and see if we can find the money down the line to do that.

Thank you. Thank you, Mr. Chairman, for this hearing.

Mr. HAYWORTH. Thank you, sir. I turn to the chairman of the full Committee, the gentleman from New Jersey.

Mr. SMITH. Thank you, and I want to thank each of our panelists for taking the time to come here, to help us expand our knowledge base with the very specific facts and data that you've provided us. This becomes part of a record that helps catapult this legislation into law, and I'm very, very grateful, we all are grateful for your taking the time.

I do again want to reiterate that a World War II-type bill or law is not something that I'm opposed to, and never have been. The problem is we live in a world of some restraints.

What I've tried to bring to this committee, as its new chairman, is a balanced, sustainable expansion of veterans benefits and health care. We've had significant increases, for example, and it was a major increase that should not go unrecognized, a boost by 12 percent to this year's allocation for veterans over last year.

This bill isn't a bill that, like a Sense of the Congress, will have no real implications. We got—and I worked with Mr. Evans on this, he worked his side of the aisle, I worked Chairman Nussle, who was very accommodating, as well as our leadership, to make sure that this bill was fully accommodated in the Budget Resolution.

Because without that, we're just spinning our wheels, and we end up with something that just looks good. I could introduce a bill that gives you the Brooklyn Bridge. It's not going anywhere, and in a sense, is meaningless.

We were looking at how we can boost veterans health care in the area of mental health. We know we have an Alzheimer's crisis that is growing exponentially, so we're looking in this committee to see how we can boost that. And that takes money.

So it's this balance of saying, "What can we do to make a real difference here? What can make a real difference there?"

I just left a hearing—and I have to go back to chair it, Mr. Chairman, because Henry Hyde has asked me to come back to do it—on AIDS. He is offering a bill today that puts $1 billion into AIDS overseas, and he's getting criticized from here to breakfast that it's not enough. It's $1 billion more than we had before, you know? And I say that because we are trying to make a good faith effort. God willing, we come back and we get a World War II benefit. But it has got to be something that is real, and that we can have the money for, and that we go forward with.

And we're going to see this bill signed into law. I didn't know until today for sure if we were going to get the Administration on board. I know that there are people at OMB who were going the other way in a very real way, and thankfully with other heads at OMB—and with Secretary Principi's leadership—that was turned around.

Now we really have a bill that's going to become law, and you helped that, you gave us, again, that expertise, that knowledge base that we can bring to our colleagues and build a ground swell of support for this, and I know all of us are very, very grateful to you for that. Thank you.

Mr. HAYWORTH. Thank you, Chairman Smith. If there are no other questions for the panel, we want to thank you very much. We know that your schedules are quite busy with travel arrangements and all that.

And again, to Drs. Curris and Fleming, it's good to see our past association down in Tiger Town, and we're glad you're here in Washington to help us out.

Thank you all very much to Ms. Little, Dr. Curris, Dr. Warren, Dr. Fleming, and Mr. Guzman. We thank you.

Using the discretion of the chair in an innovative combination of panels, our good friend, the gentleman from New Jersey, Congressman Jim Saxton, is here as the chairman of the Joint Economic Committee. I would propose that we combine panels two and five, because that gives us the wonderful number seven, which may portend good fortune for our efforts here today.

And so, we will invite not only Congressman Jim Saxton, as chairman of the Joint Economic Committee, but our friends on panel five, Mr. Sigurd Nilsen, the Director of Education Workforce and Income Security Issues of the U.S. General Accounting Office,

and the Honorable Chris Spear, Assistant Secretary for Policy at the Department of Labor, accompanied by Mr. Stanley E. Seidel, the Acting Assistant Secretary for Veterans' Employment and Training at the Department of Labor.

We offer greetings to you all, but especially to Mr. Saxton, our friend, the gentleman from New Jersey. Mr. Chairman, we thank you for making time in your schedule, and we know the commitments that many Members of Congress have during the day, and we are very grateful to see you here, and we look forward to your comments.

STATEMENTS OF JIM SAXTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY; SIGURD R. NILSEN, DIRECTOR OF EDUCATION, WORKFORCE, AND INCOME SECURITIES ISSUES, U.S. GENERAL ACCOUNTING OFFICE; AND CHRIS SPEAR, ASSISTANT SECRETARY FOR POLICY, DEPARTMENT OF LABOR, ACCOMPANIED BY STANLEY E. SEIDEL, ACTING ASSISTANT SECRETARY FOR VETERANS' EMPLOYMENT AND TRAINING, DEPARTMENT OF LABOR

STATEMENT OF JIM SAXTON

Mr. SAXTON. Well, thank you very much, Mr. Chairman, and members of the committee. It is an honor for me to be here today in this room, talking about the GI Bill with our former colleague and our good friend, Sonny Montgomery, sitting so close here. It's great to see him back, and I know how much he's had to do with the welfare of veterans, and so I appreciate having this opportunity.

What I'm going to say to you today, I don't think will be a surprise to anyone. There are certain assumptions that we make about life, and one of those assumptions is that the more education someone has, generally, the better off they are.

And as a matter of fact, at the Joint Economic Committee, we often times look at issues like this and try to prove that our general assumptions are, indeed, correct. And in the case of this assumption, that we make in our society, actually history has proven that there is a strong positive correlation between increasing the years of schooling and the earnings of individuals.

As a matter of fact, over the last two decades, the economy has tended to create jobs that require more skills, more education, and more training. Consequently, the investment one makes in education is critically important, and can open many doors of opportunity, while a lack of education can lead to a lifetime of underemployment and low-income jobs.

For these reasons, I'm pleased to support the increased funding of the GI Bill Enhancement Act. Providing our veterans with educational assistant creates more highly educated, productive work force that spurs the economy, while rewarding the dedication and great sacrifices made by the members of our military.

Highly educated workers have several advantages, relative to less educated workers, such as higher wages, upward economic mobility, and greater employment stability. Last year, a Joint Economic Committee study entitled, "Investment in Education: Private

and Public Returns" reviewed some of the positive relationships between education and the workforce.

For example, the JEC study states that research has shown that in 1998, the average college graduate made $46,285, while the average high school graduate only earned $26,592, a difference of about $20,000.

But the pay gap is not the only difference. This huge gap is actually widening. While good elementary and high school education provide an essential foundation, a college education has become an increasingly important factor leading to high levels of employment and high levels of earnings.

Recent figures clearly show a marked difference between those who have completed college and those who have not. This is further illustrated by the fact that in 1979, each additional year of schooling correlated with a 6.2 percent increase in salary, while in 1993, each year accounted for about 10 percent increase in salary.

These higher earnings not only increase the labor force participation, but also decrease the possibility of under-employment and job turnover in a couple of ways.

First, higher levels of specific training make workers more valuable to their firms, and thereby reduce the probability of involuntary job turnover.

Secondly, educated workers are very specific in their job searches, and are less likely to leave the workforce and forfeit the higher salaries they can command. This need for specifically educated workers is further illustrated by the fact that computer science and engineering students, in 1998, started with salaries that were 36 percent higher than college graduates in other fields.

In fact, according to the Bureau of Labor Statics, BLS, jobs requiring a "fairly high skill level" will account for three out of every five jobs between the years of 1994 and 2005.

This demand for educated workers has become increasingly apparent in our current era of information age, and in growing employment areas, such as the rise in high tech sector have also created a need for workers and work specialized in very specific areas.

Conversely, the majority of the population, who are under-employed, tend to reside in the lower rungs of the education attainment. In 1996, persons who held a college degree were 23 percent more likely to be in the labor force than those who had only a high school certificate.

BLS data, as of January 1999, also shows that the unemployment rate for college students was 1.9 percent, while the unemployment rate for high school graduates with no college education was 4.1 percent.

Similarly, among male workers in their thirties, 2.4 percent of college graduates were out of the workforce, as opposed to 7.9 percent for high school graduates.

In sum, the employment gap between college and high school graduates has been steadily widening, and that is most unfortunate. The value of higher education is becoming increasingly important. More education correlates with higher salaries and economic mobility and lower unemployment.

Supporting the GI Enhancement Act will help our veterans find good jobs and succeed in well-paid lines of work, while in turn,

helping to provide the skilled and educated work force increasingly in demand in the United States. Thank you.

Mr. HAYWORTH. Mr. Chairman, thank you for offering quantification on what people feel instinctively. Very impressive work there, and we thank you for it. It brings great credibility and a good perspective to our deliberations today in this committee hearing.

We now turn to Mr. Nilsen and welcome you, sir.

STATEMENT OF SIGURD R. NILSEN

Mr. NILSEN. Thank you, Mr. Chairman. As you're aware, we're here to speak about a recent report we issued on the Veterans Employment and Training Service, an issue related to the Montgomery bill, in that this is an agency within Labor that helps veterans get jobs and opportunities to get training.

I'm happy to be here today to discuss this report with you and other members of the subcommittee. My comments today will focus on first, VETS-proposed performance measures, second, the data source VETS proposes to use in the new system, and third, measurement issues that may affect the comparability of states' performance data.

First, with regard to VETS-proposed performance measures, in our view, accountability will be improved because they place more emphasis on employment-related outcomes and eliminate process-oriented measures, measures that simply track services provided to veterans, such as the number of veterans referred to counseling, the number placed in training, or the number receiving certain services, such as job referrals.

These process-oriented measures are activity and volume-driven, and focus on the number of services provided, not on the outcomes achieved for veterans.

On the positive side, VETS includes two new outcome-oriented measures. First, the job retention rate after 6 months, and the employment rate following staff-assisted services. It also retains an outcome measure from the current system, the entered employment rate.

However, VETS has added a process-oriented measure related to federal contractor job openings listed with the public labor exchange that we recommend should be eliminated.

Another improvement made by VETS is how it will set the level of performance that states are expected to achieve. The level of services provided to veterans will no longer be compared with those provided to non-veterans.

The use of these relative standards results in states with poor levels of overall performance being held to standards for lower levels of service to veterans, as compared with states having better overall performance. VETS will now negotiate performance levels annually with each State, based on its past performance.

While the proposed performance measures are an improvement over those currently in place, VETS should address several issues. A comparison of the performance measures with the strategic plan indicates that VETS is sending a mixed message to states about what services to provide, and to whom.

The strategic plan suggests that states focus their efforts on providing staff-assisted services, including case management, to veter-

ans. Yet, none of the proposed measures specifically gauges whether more staff-intensive services are helping veterans get jobs.

VETS is also sending a mixed message about which groups of veterans to target for services. VETS has inconsistently identified various target groups of veterans it plans to help. In its strategic plan, VETS identifies two broad groups that should be targeted for special attention: disabled veterans and all veterans and other eligible persons.

Consistent with this, VETS proposes that expected performance levels be negotiated for these two groups. But the strategic plan also suggests that special attention should be given to meeting the needs of certain other target groups which might require more intensive services to become employed, such as those with significant employment barriers, and recently separated veterans.

Because there are no measures associated with these target populations, it is unclear what steps VETS will take to ensure that these populations receive focused attention.

My second point today relates to the data used for these measures. The use of the unemployment insurance wage reports, as a data source for these measures, is an improvement, because states have used a variety of data sources in the past. Using the UI wage data as a single data source will help to standardize the way in which states collect data on veterans, thereby making it easier to compare performance across states.

In addition, states are better able to identify those veterans who get jobs after receiving services, using the UI data. And the use of the UI data requires less staff time, thus allowing more time to provide job-related services to veterans.

Despite these advantages, however, we identified several challenges relating to the use of the UI wage records that will need to be addressed.

States will need to find ways to identify inter-state job placements. Because the UI wage record system resides within each State, States generally do not have access to wage records from other states, making it difficult to track individuals who receive services in one State, but get a job in another State.

Also, states will need to find ways to identify those veterans finding jobs in categories not covered by UI wage records. Employment categories not covered include self-employed persons, most independent contractors, military personnel, Federal Government workers, and some part-time employees of non-profit organizations.

My final point is about standardizing certain aspects of how veterans receiving assistance are counted. For example, how states report veterans who use self-service activity needs to be standardized. Also, the length of time a veteran remains registered after seeking services also needs to be standardized.

This is important because it affects how meaningful state-to-state comparisons are, as well as whether nationwide assessment of performance is possible, more meaningful.

In summary, VETS-proposed performance measures are an improvement over the current performance accountability system, and the data VETS proposes to use to identify veterans who get jobs will greatly improve the comparability and reliability of the new measures.

However, as I noted, the new measures and the data have certain issues that will need to be addressed. Mr. Chairman, this concludes my prepared statement. I will be happy to answer any questions you or members of the subcommittee may have.

[The prepared statement of Mr. Nilsen appears on p. 146.]

Mr. HAYWORTH. And Mr. Nilsen, we thank you very much. Mr. Spear, we'd appreciate your testimony, sir.

STATEMENT OF CHRIS SPEAR

Mr. SPEAR. Thank you, Mr. Chairman, and Congressman Evans. I appreciate the opportunity to be here.

I appear before you today to show the Department's position and future strategy concerning the new performance measures for service to veterans in the public labor exchange, and I ask permission that my full written statement be part of the record.

Mr. HAYWORTH. Without objection.

Mr. SPEAR. On behalf of the administration and Secretary Chao, I want to express our strong commitment to serving our Nation's veterans, and we commend this committee for holding this hearing.

As you're aware, the Department of Labor has a responsibility to administer quality employment and training services to all aspiring workers.

This administration believes that this responsibility will success so long as it includes one essential ingredient, leadership. Our loyal career professionals deserve it, and so do our Nation's veterans.

This is a Department of Labor committed to ensuring that its veterans employment and training service provides its constituency—this committee's constituency—with results, results based on strong performance and accountability measures. It is in this framework that I welcome this opportunity to address the differences that the Department and the GAO might have in certain areas of performance measurement.

We come to this hearing today seeking resolution to any outstanding concerns. The Performance Measures for Service to Veterans, which the Department published last week in the Federal Register for public comment, are the product of 5 years of hard work.

The GAO and this committee were instrumental in helping the Veterans Employment and Training Service change its focus from standards that measure process and volume to ones that accurately quantify the number of veterans getting and retaining jobs.

The four new measures, one, entered employment rate, two, employment rate following receipt of staff-assisted services, three, employment retention rate at 6 months, and four, federal contractor job openings listed with the public labor exchange, all measure what programs achieve, rather than quantify the number of services they provide.

As the GAO report states, and I quote, "Significant improvements have been made" in these performance measures. However, we agree that further work is needed, particularly in three areas where the GAO and VETS continue to have disagreement.

Namely, one, point of registration, two, staff-assisted services, and three, federal contractor job listings. As you know, the passage of the Workforce Investment Act in 1998 has significantly changed

the landscape for service delivery, including those targeted to veterans.

The WIA provides for maximum flexibility for the states to implement programs that best serve local needs. This means that each State can define when a veteran is registered with the public labor exchange, thereby making point of registration measurement theoretically different for all 50 States.

This is not a problem which VETS alone can resolve, as it is clearly driven by the flexibility Congress and the previous administration provided by the WI legislation, States rights, flexibility, and autonomy. We welcome any comments or solutions that this committee or the GAO might have to help resolve this issue.

Regarding issue two, staff-assisted services, although the GAO would like "case management or intensive services" to define staff-assisted services, these are not generally a service of the public labor exchange. Rather, these are the responsibilities of disables veterans outreach programs, DVOPS, and local veterans employment representatives, LVERs.

VETS does, however, need to know how many veterans are entering the public labor exchange system, and the difference between those that use the system's many services without receiving staff-assisted services, and those that receive hands-on assistance.

Furthermore, VETS must be able to evaluate the quantity and quality of services veterans receive in the public labor exchange. Although not for the public labor exchange, VETS will be accommodating the GAO's narrow definition of staff-assisted services in the development of separate prototype-performance standards that will address case management and intensive services for DVOPs and LVERs, since these programs provide a variety of services under the laws, other than Wagner-Peyser of 1933.

Finally, I realize that we differ with the GAO on the value of the performance measure related to the federal contractor program. We agree with the GAO, however, that the measure is more process-oriented, as opposed to outcome-oriented.

We do see merit in measuring the increase in federal contractor job openings for many reasons, not the least of which is to expand the pool of possible job openings for veterans for which they receive priority of service.

It is our plan to revisit this measure, once public comments from the Federal Register have been received. You may have my assurance that those comments will be fully considered in deciding whether or not federal contractor job opening listings should remain a performance measure for VETS.

I trust that the information I've presented today, along with the continuing dialogue with the GAO and this committee, will facilitate a meeting of the minds of these and all other issues related to performance measures where differences remain. We welcome this committee's participation, its suggestions, and how we might resolve these issues to the benefit of our Nation's veterans and our goal of providing all veterans with the training and employment opportunities they so richly deserve.

I'm joined today by Stan Seidel, of VETS, my flak jacket, in case you have any technical questions that exceed my understanding of

the GAO's report and its history prior to my arrival at the Department of Labor.

Thank you, Mr. Chairman, Congressman Evans.

[The prepared statement of Mr. Spear appears on p. 162.]

Mr. HAYWORTH. Mr. Spear, we thank you very much, and Mr. Seidel, I don't know in your career if you've been referred to before as a flak jacket, but——

Mr. SEIDEL. Well, I offered to lend him mine for this particular hearing, in case there were some mines around.

Mr. HAYWORTH. Well, you're among friends, and we're grateful you're here.

Mr. SEIDEL. And since he was willing to take point, which I've already had the privilege of doing, I figured I'd be helpful.

Mr. HAYWORTH. Well, we're glad you're here, and we appreciate it very much. And to my knowledge, Mr. Spear, this is the first time the Department of Labor Assistant Secretary for Policy has appeared before this subcommittee, and we thank you for your appearance, sir.

Mr. SPEAR. Thank you.

Mr. HAYWORTH. The current Veterans' Employment and Training delivery system, as created by the Congress, predates the government's Performance and Results Act, the Workforce Investment Act, and Internet-based services, such as America's Job Bank.

Do you share the chair's view that Congress should update this delivery system to reflect today's labor exchange environment?

Mr. SPEAR. I do, indeed, Congressman. Let me digress for a moment. We have jurisdiction over approximately 181 statutes, many of which date back to the early 1930's. Although we don't advocate any significant changes, particularly in the protections that those acts provide for our Nation's workforce, those laws were primarily written at a time where our workforce was much different than it is today.

We've evolved, we've changed, we've modernized, the relationships between our employers and employees has significantly improved.

The laws and the programs you cited were actually developed in the mid to late-1990's, as it applies to the Department of Labor. In terms of the Workforce Investment Act of 1998, Congress clearly intended that local autonomy and State flexibility be allowed to craft their services around their local workforce.

Services in Wyoming, for instance, are much different than they are in Phoenix, or in Boston. They have a different workforce, and a different way of doing things, and we should accommodate that as their federal advisors.

So, I think that ensuring that the Department keeps pace with its workforce, including its veterans and disabled veterans, is a priority to this administration.

Mr. HAYWORTH. Thank you for that observation. Also, I was listening to your testimony, and perhaps it was because seeing my friends involved in the process of higher education, it seemed to me that an analogy that we could offer, as you talked about folks concentrating on process, rather than performance, would be akin to putting the emphasis on a course syllabus, or a plan outline, as opposed to a final examine or report card.

That just struck me with a special type of poignancy, with what we're talking about today, and we appreciate the testimony.

Let me turn to my friend, the Ranking Member, for his comments, or any questions he might have.

Mr. EVANS. No, I have no questions, Mr. Chairman.

Mr. HAYWORTH. Well, I thank you very much for being here, and of course, the work that you've done, Mr. Evans, in this committee as the Ranking Member of the full Committee, and as a valued member of this subcommittee. And I want to thank our witnesses.

The chair notes the presence of members of the VA staff, who have remained at Secretary Principi's request to hear the testimony of our witnesses. We'd like to thank Ms. Barbara Shea and Mr. William Susling in this regard, the eyes and ears of what is transpiring here, not only the very excellent work done by those who would archive these comments for future reference.

We will continue apace to update the GI Bill. We thank you for your time and your perspective. And with that, the subcommittee stands adjourned.

[Whereupon, at 1:44 p.m., the subcommittee was adjourned.]

APPENDIX

I

107TH CONGRESS
1ST SESSION

H. R. 1291

To amend title 38, United States Code, to increase the amount of educational benefits for veterans under the Montgomery GI Bill.

IN THE HOUSE OF REPRESENTATIVES

MARCH 29, 2001

Mr. SMITH of New Jersey (for himself, Mr. EVANS, Mr. ARMEY, Mr. DINGELL, Mr. HAYWORTH, Mr. REYES, Mr. STUMP, Ms. BROWN of Florida, Mr. BILIRAKIS, Ms. CARSON of Indiana, Mr. SPENCE, Mr. RODRIGUEZ, Mr. BUYER, Mr. SHOWS, Mr. QUINN, Ms. BERKLEY, Mr. MCKEON, Mr. UDALL of New Mexico, Mr. SIMPSON, Mr. SIMMONS, Mr. CRENSHAW, Mr. BROWN of South Carolina, Mr. PICKERING, Mr. EHRLICH, Ms. BALDWIN, Mr. GREEN of Texas, Mr. SANDERS, Mrs. WILSON, Mr. RYUN of Kansas, Mr. SAXTON, Mr. NEAL of Massachusetts, Mr. SMITH of Texas, Mr. HOLT, Mr. DREIER, Mr. GILMAN, Mr. JENKINS, Mr. HANSEN, Mr. LUCAS of Oklahoma, Mr. LANGEVIN, Mr. WHITFIELD, Mr. MALONEY of Connecticut, Mr. PALLONE, Mr. COSTELLO, Mr. ANDREWS, Mr. BRADY of Pennsylvania, Mr. BRADY of Texas, Mr. SCHROCK, Mrs. ROUKEMA, Ms. MCKINNEY, Mr. RANGEL, Mr. TAYLOR of North Carolina, Mr. HILLEARY, Mr. JONES of North Carolina, Mr. KING, Mrs. JO ANN DAVIS of Virginia, Mr. CHAMBLISS, Mrs. TAUSCHER, Mr. LOBIONDO, and Mr. LEWIS of Kentucky) 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

A BILL

To amend title 38, United States Code, to increase the amount of educational benefits for veterans under the Montgomery GI Bill.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "21st Century Montgomery GI Bill Enhancement Act".

SEC. 2. INCREASE IN RATES OF BASIC EDUCATIONAL ASSISTANCE UNDER MONTGOMERY GI BILL.

(a) IN GENERAL.—(1) Section 3015(a)(1) of title 38, United States Code, is amended to read as follows:

"(1) for an approved program of education pursued on a full-time basis, at the monthly rate of—

"(A) for months occurring during fiscal year 2002, $800,

"(B) for months occurring during fiscal year 2003, $950,

"(C) for months occurring during fiscal year 2004, $1,100, and

"(D) for months occurring during a subsequent fiscal year, the amount for months occurring during the previous fiscal year increased under subsection (h); or".

(2) Section 3015(b)(1) of such title is amended to read as follows:

"(1) for an approved program of education pursued on a full-time basis, at the monthly rate of—

1 "(A) for months occurring during fiscal
2 year 2002, $650,
3 "(B) for months occurring during fiscal
4 year 2003, $772,
5 "(C) for months occurring during fiscal
6 year 2004, $894, and
7 "(D) for months occurring during a subse-
8 quent fiscal year, the amount for months occur-
9 ring during the previous fiscal year increased
10 under subsection (h); or".
11 (b) CPI ADJUSTMENT.—No adjustment in rates of
12 educational assistance shall be made under section
13 3015(h) of title 38, United States Code, for fiscal years
14 2002, 2003, and 2004.

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OPENING STATEMENT OF THE HONORABLE SILVESTRE REYES SUBCOMMITTEE ON BENEFITS HEARING ON H.R. 1291

May 24, 2001

Thank you, Mr. Chairman. I would like to take this opportunity to thank my good friend and colleague, Chairman J.D. Hayworth, for his leadership on this important issue. I want to similarly recognize the strong efforts of my friends and colleagues on the Full Committee, Chris Smith, the Chairman of the House Veterans' Affairs Committee, and Lane Evans, the committee's ranking member. I commend each of you for your efforts to keep education benefits for America's veterans at the forefront of debate in the 107th Congress.

I want to thank all of you here this morning for your own contributions to this, the first day of the Subcommittee's hearing on H.R. 1291, the 21st Century Montgomery GI Bill Enhancement Act. We have many witnesses we want to hear from today and I am anxious to hear their testimony. In anticipation of this, I have a few thoughts to share with the Committee and our guests here today.

In 1985, Congress passed the Montgomery GI Bill with two major policy goals in mind. For years, the GI Bill was

enormously successful in providing a meaningful readjustment benefit to discharged service members while also giving military recruiters an effective tool to support the concept of an all-volunteer force. As we embark into the new Millennium, however, today's GI Bill is failing to accomplish either one of these goals. Since the implementation of the GI Bill, there have been significant economic and societal changes resulting in the need for Congress to make improvements to the structure and benefit level of this program.

As the Ranking Democratic Member of this Subcommittee, I believe strongly that if America's veterans are to compete in a 21st Century workforce, they must have the ability to obtain the education and training that is so critical to their success. Although current benefits offered under the GI Bill provide a limited degree of educational assistance, I believe every possible door of educational opportunity has to be open for our veterans. Let us not forget that it is in large part due to their courageous service that we, as a nation, are able to rest safely at home, enjoying these times of economic prosperity. It seems only fair to me that our veterans should have every opportunity to return home and enjoy these same advantages.

I view the Montgomery GI Bill as one of the most important programs administered by the Department of Veterans Affairs. Since 1944, our government has provided education benefits to veterans in order to advance military recruitment and to assist in

the veteran's readjustment to civilian life. These programs have been very effective. They have provided the means for hundreds of thousands of young veterans to further their education and they have enabled the Armed Forces to attract talented and capable recruits. I myself am a direct beneficiary of the GI Bill program, and I can personally attest to how it has had a profound and positive impact on my life.

Our current GI Bill remains true to its traditional purposes. Educational assistance earned through honorable military service is sound national policy, and I know that all of us here agree that those who serve in our Armed Forces deserve this opportunity to further their education. H.R. 1291, the centerpiece of our hearing today, represents a step in the right direction towards ensuring that the opportunities for our veterans remain real and truly meaningful opportunities. While I think everyone wishes it could do more, H.R. 1291 would indeed go far toward fulfilling our collective goals and I am proud to be a cosponsor of this legislation.

I thank you again, Mr. Chairman, and I look forward to hearing from our witnesses today.

Prepared statement of Congressman Pickering

Mr. Chairman, Mr. Reyes, members of the committee, I would like to thank you for this opportunity to testify as you consider HR 1291. Before I begin, Mr. Chairman, I have letters from three universities and one junior college in Mississippi supporting today's bill, and I would like to ask that they be included in the hearing record with my statement.

The 21st Century Montgomery GI Bill Enhancement Act is a critical piece of legislation for our men and women of the Armed Services. It is critical that we pick up the torch that was carried for so long by former Chairman G.V. Sonny Montgomery.

I come before you today as the Representative of Mississippi's Third Congressional District. As most members are aware, this district was represented for 30 years by Representative Sonny Montgomery. His legacy is all over the state and his name adorns numerous military and veterans' buildings. His legacy to the nation takes the form of the GI Bill that now bears his name. As the current representative of Mr. Montgomery's former district, I feel a strong sense of duty to continue the great legacy of support for our nation's veterans.

Mississippians have always had a proud heritage of supporting our nation's armed services. In my district I represent 4,763 members of the Army and Air Force National Guard, 1,410 active duty Air Force personnel located at Columbus Air Force Base, and 1,646 active duty members of the Navy and Marine Corps stationed at Naval Air Station Meridian. The majority of these service men and women are within the enlisted ranks. These are the individuals that benefit the most from the Montgomery GI Bill. These are the personnel that the services are in a desperate battle to recruit and retain. Educational benefits are a key element for recruitment and retention for our nation's All Volunteer force.

HR 1291 serves to provide the benefits originally intended with the GI Bill of 1944. The intent was to provide the means for former service members to get a quality education after having served their nation. In its current form, the GI Bill has not kept pace with the dramatic increases in higher education. The increase from $650 to $1,100 over the next three years will not cover the entire costs of an education in Mississippi, but it goes from covering 55% to approximately 90% of education and living expenses for students in my district.

As an original cosponsor of HR 1291, I fully support this bill in its efforts to restore the power of the Montgomery GI Bill. Mr. Chairman, I would like to thank you and your committee for taking up this very important piece of legislation and affording me the opportunity to speak before you today on its behalf.

Mississippi State UNIVERSITY
Office of the President

May 17, 2001

The Honorable Charles W. Pickering
U. S. House of Representatives
427 Cannon House Office Building
Washington, DC 20515

Dear Rep. Pickering:

Thank you for your support of the Montgomery GI Bill Enhancement Act of 2001 (HR 1291). This important legislation would provide some much-needed financial relief for 120 of our best and hardest-working students at Mississippi State University and for many more future students. The student-veterans currently receiving Montgomery GI Bill assistance at Mississippi State are generally mature students of greater than traditional college age. Most are married and many have children. A large percentage must work at full-time or part-time jobs to help support their families while attending the university.

For the coming academic year, the total cost of attending Mississippi State will be more than $11,300 for the typical in-state student for the nine-month enrollment period from August 20, 2001, to May 8, 2002. The estimated total cost includes tuition and required fees, $3,586; books and supplies, $750; room and board, $5,199; personal expenses, $799; and transportation, $1,000. Current benefits under the Montgomery GI Bill would cover just over half of the total cost of attending next year. With the proposed first-year increase to $800 in place, enhanced benefits would cover about 64 percent of costs. The increased benefit in the second year, to $950, would cover about 75 percent of costs. The final proposed increase, to $1,100 a month, would cover about 87 percent of the total cost of attending MSU, based on 2001-2002 expense levels. Obviously the increases proposed under the Montgomery GI Bill Enhancement Act of 2001 would be of great assistance to veterans attending Mississippi State. Even with the higher benefits in place, however, veterans will continue to need additional resources to cover all of the costs associated with attending Mississippi State.

Veterans attending our university with assistance from the Montgomery GI Bill are serious and committed students. As a group, their typical grade point average is 2.95 on the 4.0 scale. Almost 23 percent have a grade average of 3.5 or higher.

Thank you for your continuing support of adequate educational benefits for our veterans. We very much appreciate your efforts and the foresight and leadership of Chairman Christopher Smith and Ranking Democratic Member Lane Evans in co-authoring this important bill. We are confident that this legislation would make important contributions to armed forces readiness while extending educational opportunity to a highly deserving group of men and women.

Sincerely,

Malcolm Portera
President

Post Office Box 6018 • 610 Allen Hall • Mississippi State, MS 39762-6018 • Phone: 662-325-3221 • Fax: 662-325-3189
e-mail: president@msstate.edu

THE UNIVERSITY OF SOUTHERN MISSISSIPPI

May 17, 2001

Honorable Chip Pickering
U.S. House of Representatives
427 Cannon Office Building
Washington, DC 20515

Dear Congressman Pickering:

On behalf of The University of Southern Mississippi, I would like to thank you for supporting HR 1291, the Montgomery GI Bill Enhancement Act of 2001. We are very appreciative of your efforts as well as those of the authors of the bill, Chairman Chris Smith and Representative Lane Evans. Education benefits for our veterans is a critical issue for the nation. I would like to take this opportunity to illustrate the importance of improving the current Montgomery GI Bill as it pertains to my University.

The University of Southern Mississippi estimated living/educational expenses are currently $12,786 per academic year for a Mississippi resident and an additional $4,518 for an out-of-state student. Although these costs are substantial, the education we offer (and the experience offered by public institutions in general) continues to be a relative bargain and the best investment an individual can make for their future. Still, students and families struggle with these costs. As a state and as a nation, we continue to shift a greater burden of responsibility for higher education back to the user, the student. Through support from families, federal, state and institutional aid and work (often 40 or more hours a week) students must often rely on a variety of sources to pay their way, or more accurately leverage their future.

Interestingly, students who demonstrate financial need find a higher percentage of that need is met through loans, the type of packaging that must be repaid. This leaves students with the interesting dilemma of paying for their college education long after graduation, at a time when they should be saving for their own children's education. The Montgomery GI Bill gives a realistic perspective of current and future educational costs and serves to lessen the dependence on loans. Because veteran's educational benefits are treated as a resource when determining the amount of a student's financial need, a student's annual loan debt could be totally eliminated through enhancement of this bill. This perspective recognizes the importance of planning for the future and not borrowing against it.

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Honorable Chip Pickering
May 17, 2001
Page Two

At our university there are approximately 460 students who have returned to school through support of the Montgomery GI Bill. The MGIB is an essential element of support for this group of citizens who have served our country honorably. We view our student veterans as a resource, a group of individuals who add a level of maturity and bring a great breadth of experience to the classroom and to the campus life. Because of their general profile, we expect these students will succeed and know that they are a wise investment for our government and for our future. They also provide an opportunity for us to create a stronger learning environment. Offering veterans a reasonable level of support allows them to focus on their studies and to benefit from and contribute to the wealth of experience outside the classroom. Their contribution to campus life and their ability to benefit from the experience is directly related to their ability to meet their financial responsibilities. If they have more time to participate in academic and extracurricular activities, there is greater potential to share their experience and to positively impact the campus community. In order to thrive as an institution we need that type of involvement. Students need that type of involvement to reach their fullest potential.

We are a generation that has benefitted from the opportunities provided to our parents and grandparents through the original GI Bill of 1944. The "21st Century" Montgomery GI Bill would help to restore those opportunities to a current generation and to avoid pushing much of the cost for this experience on to the next.

Sincerely,

Horace W. Fleming
President

/jbt

as a Vietnam veteran and benefiting of an earlier GI bill, I thank you for your attention to this and other issues of importance to our military forces and our veterans.

H.

The University of Mississippi
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May 15, 2001

BY FACSIMILE (202) 225-5797

The Honorable Chip Pickering
House of Representatives
427 Cannon House Office Building
Washington, DC 20515

Dear Chip:

An increase in the monthly benefits provided under the Montgomery GI Bill (MGIB) is long overdue. As the costs of higher education have continued to climb, the MGIB benefit of $650 per month has continuously provided a reduced percentage of these costs.

We currently have slightly more than 100 Montgomery GI Bill recipients enrolled. Our estimated cost of attendance for in-state residents is $11,576 for the upcoming academic year. This estimate includes the costs of tuition, books, rent, food, and miscellaneous personal expenses.

The current benefit of $650 per month represents approximately one-half of these costs. Increasing the monthly value from $650 to $1100 would result in the Montgomery GI Bill covering approximately 85% of these costs. This increase would provide a powerful incentive for more MGIB-eligible veterans to enroll in post-secondary education.

We commend Congressmen Smith and Evans for their efforts to enhance the Montgomery GI Bill program by providing benefits that will allow these veterans to pay a greater portion of their costs of attendance. Thank you for your support of this legislation on behalf of the students who will benefit from your efforts and the colleges and universities in which they will enroll.

Please let me know if we can provide any additional information.

Warmest regards,

Robert

Robert C. Khayat
Chancellor

plp

JCJC Jones County Junior College

RONALD E. WHITEHEAD
President

900 SOUTH COURT STREET
ELLISVILLE, MISSISSIPPI 39437

May 11, 2001

The Honorable Charles W. "Chip" Pickering
U.S. House of Representatives
427 Cannon HOB
Washington, D.C. 20515

Dear Congressman Pickering:

Jones County Junior College would like to thank you, Congressman Pickering, and Congressmen Lane Evans and Chris Smith for supporting the Montgomery GI Bill (MGIB) Enhancement Act of 2001, HR 1291. Jones County Junior College (JCJC) currently has 200 students who are supported by the MGIB and the college values their contribution to our campus life. Educational opportunities are valuable assets to any American, but providing educational opportunities for our veterans is evidence that we also value the contributions our veterans have made to our country in terms of time spent and the risk involved in military service.

The current MGIB payment is not adequate to meet the costs of student tuition, registration fee, room and board, books and supplies, transportation, and, if necessary, child care. A JCJC student living in the dorm or with parents would need a minimum of $5400 per year for these expenses; a JCJC student living elsewhere would need a minimum of $7100 per year for the same expenses. Although Ellisville, Mississippi, is not a high-cost area, the MGIB payments do not allow for a "reasonable life style." If a student is in a college parallel program, the cost of their education will greatly increase upon transferring to a four-year institution — by at least three to four thousand dollars. Therefore, I strongly support the proposed increase in the MGIB payments to our distinguished veterans.

The veterans need to further their education in order to be prepared for the 21st Century workforce. We feel we are assisting our veterans to do this at Jones County Junior College. Twenty-six percent (26%) of our students who are veterans are in computer science, computer technologies, engineering, and science majors; fourteen percent (14%) are in allied health majors; thirteen percent (13%) are in business majors; nine percent (9%) are preparing to be educators; twenty-seven percent (27%) are in liberal arts majors; and eleven percent (11%) are in vocational certificate programs. The average ACT score for these students is 18 and their average grade point average is 2.7. These students are productive and will continue to be productive when they enter the professional workforce.

Again, I would like to strongly express my support for the MGIB Enhancement Act of 2001 and thank you, Congressman Pickering, and Congressmen Smith and Evans for your work to enact this legislation. If I can be of any further assistance, please feel free to contact me.

Sincerely,

Ronald E. Whitehead

Ronald E. Whitehead
President

STATEMENT BY

G. KIM WINCUP

PRESENTED TO

SUBCOMMITTEE ON BENEFITS
COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES

May 24, 2001

Mr. Chairman, and distinguished members of the Subcommittee, it is a privilege to appear before you to present the recommendations related to the Montgomery GI Bill of the Commission on Servicemembers and Veterans Transition Assistance, on which I served as Vice Chairman.

As you are aware, the Commission was created by the Congress to review and assess a range of programs affecting currently serving servicemembers and veterans. The Commission issued its report on January 14, 1999. The Commission's recommendations covered a broad array of programs and issues, but in my mind, the most significant was the proposal to enhance the Montgomery GI Bill by returning to a GI Bill that provides full tuition, books and a monthly subsistence allowance for any school a service person or veteran can qualify to attend.

The Commission's recommendation was based on a conviction that

military service is America's most fundamental form of national service,

the service of today's personnel is no less valued than those who were conscripted,

service personnel and veterans represent an untapped opportunity for the nation ,

the educational attainment and contribution to the nation of those who have served should only be limited by their own initiative, aptitude and ability, and

as Chairman Bob Stump of the Armed Services Committee has stated recently on this subject, we are losing the battle for quality recruits and an enhanced Montgomery GI Bill is needed to make military service the first choice of young men and women graduating from school, rather than the last.

Mr. Chairman, I congratulate the Subcommittee for leading the effort to enhance the Montgomery GI Bill in line with current costs of education. The proposal you are considering today deserves the strongest possible support.

I have had the privilege of serving as Assistant Secretary of the Army for Manpower and Reserve Affairs during Desert Storm, and have been intimately involved in military personnel matters for a decade and a half before that on the staff of the House Armed Services Committee. I have watched the US military struggle to recruit the quality personnel that are critical for the nation's security. Every time we have let recruiting reach dangerous levels, it has always been a program offering significant educational opportunities to potential recruits that has turned things around, almost always done through the leadership of the Congress.

What you are considering today will not only be very good for our service personnel and veterans who deserve this opportunity, it is an important step toward re-creating one of the most successful programs in our history.

Thank you for the opportunity to appear before you this morning.

21 May, 2001

To whom it may concern,

In response to the requirement to provide a " . . . statement disclosing the amount and source (by agency and program) of any Federal grant or contract (relevant to the subject matter of their testimony received during the current or previous two fiscal years by the witness or by the organization the witness represents . . .", the following is provided.

I am employed full-time by SAIC, a private corporation with $6B in annual revenues, a large percentage of which are from the Federal Government, for a wide range of services provided by the company. The services are primarily of a technical nature. I am unable to provide a breakdown with the specificity requested, but the company has many existing contracts with the Department of Veterans Affairs and Department of Defense. I hope this statement provides sufficient information.

G. Kim Wincup

Statement of Admiral Harry D. Train (USN, Ret.) and General Charles G. Boyd (USAF, Ret.) for the U.S. Commission on National Security/21st Century, before the Subcommittee on Benefits of the House Committee on Veterans' Affairs May 24, 2001

Mr. Chairman, thank you for inviting us to testify on behalf of the U.S. Commission on National Security/21st Century before this Subcommittee on Benefits of the House Committee on Veterans' Affairs. As you know, the Commission takes very seriously the broader problem with which this hearing is concerned today; namely, effective policy instruments to facilitate the recruitment and retention of high-quality military personnel. Indeed, the Commission's final report concludes: "As it enters the 21st century, the United States finds itself on the brink of a *crisis of competence in government*. The maintenance of American power in the world depends on the quality of U.S. government personnel, civil *and military*, at all levels. We must take immediate action in the personnel area to ensure that the United States can meet future challenges."

It is the Commission's view that fixing personnel problems is an essential *precondition* for fixing virtually everything else that needs repair in the U.S. national security apparatus. The relevant section of the Commission's final Phase III report, "The Human Requirements for National Security," addresses five aspects of the human capital crisis: 1) the need for a national campaign to raise the status of service to the nation; 2) the need to reform the Presidential appointments process; 3) the need to remedy deficiencies in the Foreign Service; 4) the need to maintain the capabilities of the Civil Service; and 5) the pressing need to improve recruitment and retention of the best quality personnel in the Armed Forces.

As to this last matter, the Commission believes that the military's capabilities, professionalism, and unique culture are pillars of America's national strength and leadership in the world. However, without a renewed call to military service and systemic personnel reforms at all levels to recruit and retain quality people, the leadership and professionalism necessary for an effective military will be placed in jeopardy. We must never forget that, as useful as weapons systems and high-tech communications are to future warfare, they pale when compared to the significance of the quality people responsible for all aspects of their employment.

Several of the Commission's key recommendations are focused on military personnel reform. In addition, several other of the Commission's recommendations directly benefit the recruitment and retention of quality government personnel (civilian and military). Of the major recommendations, number 44 deals specifically with the Montgomery GI Bill—the topic before this subcommittee today. We will focus on that recommendation here. However, for the record, the Commission views its recommendations for military personnel reform, taken together, as a comprehensive solution. Therefore, Commission recommendations to revamp and significantly enhance the National Security Education Act (NSEA) to aid recruitment of quality personnel is relevant to this discussion, as is our strong recommendation to decentralize DOPMA and associated systems in order to permit the services new and improved career management paths. In addition, it should be noted that the Commission calls specifically for such measures as targeted pay increases for Senior NCOs (which are long overdue) and the funding of service tests for short-term enlistment options to target the ever growing college-bound youth population (see

attached slide on college attainment in 2025). With the Chairman's permission, however, we will leave for now these latter recommendations and address only the subject at hand.

The Commission believes that Congress should significantly enhance the Montgomery GI Bill. Institutional rewards represented in the current GI Bill are inadequate to recruit and retain the highest quality military personnel.

The current version of the GI Bill is an education program where individuals first perform military service to receive educational benefits. While in the military, service members must authorize deductions from their salaries, to which the government then adds its contribution. To receive benefits while in the service, service men and women must remain on active duty for the length of their enlistment. To receive benefits after service, one must receive an honorable discharge.

The GI Bill is inadequate as an institutional recruitment incentive or reward for service for four reasons.

First, the current GI Bill is not designed to meet the needs of the present and future members of the Armed Services because individuals are far more likely than ever before to seek degrees at four-year colleges. Current benefits cannot cover tuition requirements for those in service; indeed, they do not equal median tuition costs even at two-year institutions.

Second, service members must pay into the system before receiving a single monetary benefit. This discourages widespread participation in the program.

Third, most service members never use their full GI Bill benefits after having paid into the system because of systematic shortcomings. One such obstacle is that students receiving GI Bill benefits are penalized by some projections of GI Bill income from qualifying for other Federal aid programs for higher education. Since the GI Bill is inadequate to cover actual tuition cost, this penalty in many cases provides a disincentive to use it.

Finally, American citizens now access other government-funded aid programs for education (over $50 billion annually) that have no service requirement at all. We have created in essence a second GI Bill, but without the GI. These other programs, though they bear merit, prevent the GI Bill from fulfilling its vast potential as a recruiting and retention reward for military service.

The Commission recommends that the GI Bill should be enhanced on several levels to achieve its potential as a strong recruitment tool and institutional reward for service. GI Bill entitlements should equal median educational costs of all four-year U.S. colleges, and be indexed to keep pace each year with rising costs. This would have the added social utility of seeding veterans among the youth at elite colleges. The Bill should accelerate full-term payment to recipients and extend benefit eligibility from ten to twenty years. It should also support enhanced and expanded technical training alternatives as veterans make the transition to civilian service.

Moreover, the structure of the GI Bill should constitute an institutional benefit that reflects the covenant between the military and the public. It should *not* require payments or cost sharing from service members. But it *should* allow for the transfer of benefits to qualified dependents of those service members who serve more than 15 years of duty. It should also carry a sliding scale providing automatic full benefits for Reserve and National Guard personnel called to active duty in support of U.S. contingency operations.

Funding for GI Bill institutional entitlements is not sufficient and should be separated within the defense budget to allow the Defense Department more budget flexibility. Enhancements to it should include strengthening recently passed and pending legislation that supports enhanced benefits—including transition, medical, and homeownership benefits—for qualified veterans.

The latter is particularly important. Individuals who are older upon entering service than used to be the case, or who gain significant technical expertise while in service, may not wish to pursue further education upon their leaving service. They may need, however, resources to become homeowners, a personal aspiration with a considerable social benefit to communities and to the nation as a whole. While there are other programs that are mindful of this function, there is good reason for the GI Bill to broaden its benefit options to include this elective.

Taken as a whole, such changes will help to bring the best people into the Armed Services and persuade quality personnel to serve longer in order to secure greater rewards for their service. In this light, the Commission recognizes H.R. 1291 before this subcommittee as a step in the right direction. We would be remiss, however, if we reported it sufficient to recruit and retain the quality military force and leadership so crucial to our national security.

As we have noted, the Commission's other recommendations in addressing military personnel reform provide a broader purview. Enhancing the GI Bill is important, but it is not enough to solve the problems we face. The Commission believes that *systemic* reform is needed in complementary forms of quality military recruitment, career management, compensation, and retirement systems. Absent such reform, the military will continue to lose its most talented personnel, and the Services will be left with a cadre unable to handle the technological and leadership tasks necessary for a superior 21st century force.

We know that such issues go beyond the responsibilities of this subcommittee and even of the Veterans' Affairs Committee as a whole, but we would be remiss if we did not address these broader problems here today. Indeed, we would suggest that the compartmentalization of Congressional organization and oversight is part of the reason why the problems we face have proven so difficult to solve.

Some of the current data bearing on recruitment and retention issues are startling and deserve our attention—and this is not to speak of the more acute difficulties we are likely to experience in the future. The Navy is now nine hundred pilots short of necessary levels, while the Air Force reports the largest peacetime pilot shortage in its history: 1,200 pilots short of operational requirements. The Air Force pilot loss rate is projected to double by 2002. Over the past ten years, the Army has experienced a 58 percent increase in the percentage of Captains voluntarily leaving the military before promotion to Major. High-quality junior officers are also leaving military service earlier. For example, in 1987, only *38 percent* of the Army's West Point graduates of the class of 1977 had left military service before ten years of active duty—this was by far the *best* retention rate among all Army commissioning sources. However, by 1999, *68 percent* of West Point graduates of the class of 1989 had left the military before ten years of active duty—giving the Academy the worst retention rate of all Army commissioning sources. High-quality Lieutenant Colonels/Colonels and their Navy equivalents (O-5s and O-6s who have had Department/ Battalion/ Squadron/Ship-level commands in their careers) are leaving early, as well. The Navy reports that both post-department officers and post-squadron Commanders are separating at a rate *three times higher* than a decade ago.

The effect of these trends on our future military are not just "cause for concern," as the stock phrase goes. They are downright terrifying.

Beyond the significant expansion of scholarships, debt relief programs, and significant career management reforms that we call for in other domains—and beyond the substantial enhancements to the Montgomery GI Bill that we have just discussed—we need deeper solutions for what are in fact structural problems.

The essence of the problem is this: The personnel system was set up over a half century ago at a time when large numbers of young men were needed for relatively short periods of time. We now have a military that requires fewer recruits overall, but that needs more experienced technical specialists to stay on for longer periods. Fifty years ago there were only so many officer slots for soldiers who had grown beyond their physical peak. Today, the military needs a much wider array of technical specialists, and it does not matter if their hair is thinning or if their peak physical strength has passed. But the rigidities of the current personnel system work in the opposite direction, leaving the military without the flexibility to engage non-traditional age groups to address current and future human resource needs.

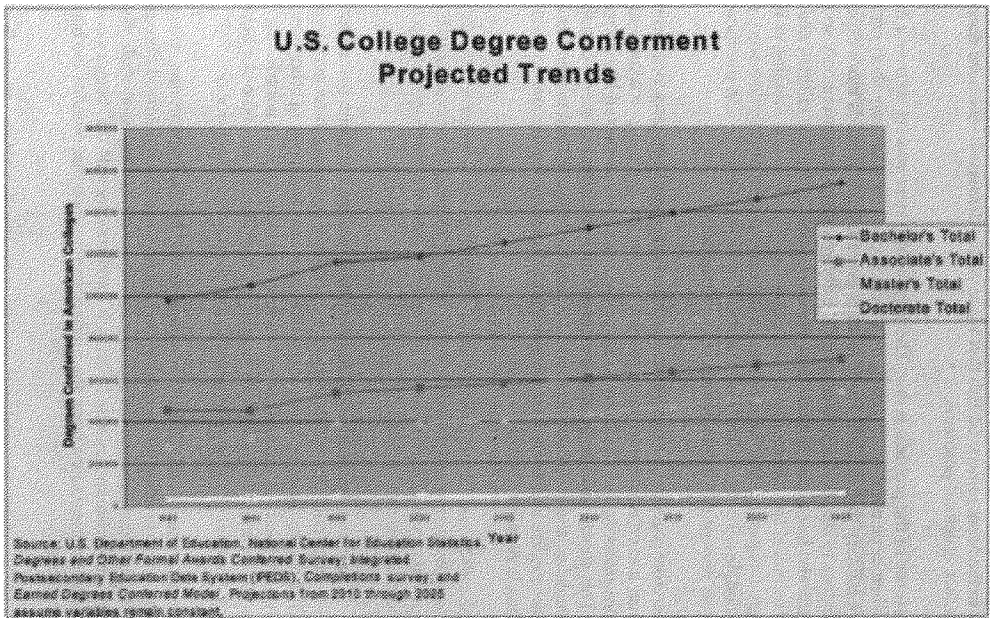
We therefore recommend *significant* modifications to military personnel legislation governing officer and enlisted career management, retirement, and compensation—giving Service Secretaries more authority and flexibility to adapt and manage their overall human resource requirements. This should include flexible compensation and retirement plans, exemption from "up-or-out" mandates, and reform of personnel systems to facilitate fluid movement of personnel. If we do not decentralize and modernize the governing personnel legislation, no military reform or transformation is possible.

We also call for an Executive-Legislative working group to monitor, evaluate, and share information about the testing and implementation of these recommendations. With bipartisan cooperation, our military will remain one of this nation's most treasured institutions and our safeguard in the dynamic world ahead.

Mr. Chairman, let us only add in conclusion that we are aware that many of our recommendations will cost money—certainly including those pertaining to the Montgomery GI Bill. On the other hand, many of our recommendations in other areas will save money. We have not taken an accountant's attitude to our task; we have not tried to "balance the books." Where our recommendations save money, we consider it a second-order benefit. Where they cost money, we consider it an *investment* in a *first*-order national priority.

The enhancements to the GI Bill, as recommended by the Commission, would make a strong contribution to recruiting and retaining the best personnel in the Armed Forces, and to strengthening the covenant between the military and American society as a whole. Systemic reform of the military personnel system to bring it into harmony with 21st century conditions is, if anything, even more critical to ensuring the military competence that remains the best guarantee of American security.

The Commission has undertaken to specify in greater detail than appears in its final Phase III Report the fiscal implications and possible implementation schedules for the recommendations we have made. They are being published in staff addenda. We are ready to share these details with you and your staffs upon request.


U.S. College Degree Conferment
Projected Trends
Degrees Conferred in American Colleges
Year
Bachelor's Total
Associate's Total
Master's Total
Doctorate Total
Source: U.S. Department of Education, National Center for Education Statistics,
Degrees and Other Formal Awards Conferred Survey; Integrated
Postsecondary Education Data System (IPEDS), Completions survey, and
Earned Degrees Conferred Model. Projections from 2010 through 2025
assume variables remain constant.

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

May 24, 2001

NOT FOR PUBLIC RELEASE UNTIL
RELEASED BY THE SUBCOMMITTEE

INTRODUCTION

Good morning Mr. Chairman and members of the Benefits Subcommittee. I am pleased to appear before you today to discuss a cornerstone 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 when it was enacted 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. 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.

Today's Montgomery GI Bill 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 a volunteer force. 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 a legislative proposal: H.R. 1291, "21st Century Montgomery GI Bill Enhancement Act." This bill would increase the monthly stipend from $650 per month to $800 in fiscal year 2002, to $950 in fiscal year 2003 and $1,100 in fiscal year 2004.

Since the basic MGIB benefit, along with the remainder of veterans' programs and benefits, is under cognizance of the Department of Veterans' Affairs for overall policy and funding, the fiscal impact of the proposed legislation would fall mainly on that Department. Accordingly, my comments will focus on the implications of H.R. 1291 for military recruiting and retention. Let me begin by sharing with you the current state of military recruiting and retention and how those requirements might be affected by the proposed enhancements to the MGIB.

RECRUITING

A recent Harris Poll tells us that the military is ranked 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 in 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 our military, we continue to face the most challenging recruiting and retention climate in years. Our Armed Services produce leaders, professionals, technicians, and citizens who are in great demand in the private sector. In addition, the anticipated demands of the 21st century job market put an even higher value on post-secondary education. Young men and women today are presented with many opportunities to attend college, along with strong encouragement to do so, and there is fierce competition for their talents in industry. Military service is not always at the top of the list of careers they consider.

2000 RESULTS

Each year, the Department of Defense must recruit about 200,000 young people for active duty and about 150,000 for the reserves. Due to intense applications of manpower and resources, all active Services achieved their fiscal year 2000 recruiting goals for the first time in 3 years. For the Reserve Components, the Army and Marine Corps Reserve, Army National Guard, and Air National Guard met their fiscal year 2000 recruiting objectives. Quality in both the Active and Reserve Components remained high with 91 percent of new recruits holding high school diplomas and 67 percent scoring above average in aptitude.

2001 YEAR TO DATE

Through April FY 2001, the Army, Marine Corps and Air Force exceeded their year-to-date recruiting missions while the Navy fell slightly behind. Nonetheless, the Navy anticipates that it will be able to make up its shortfall over the summer months. In the Reserve Components, the Army Reserve, Marine Corps Reserve, Air Force Reserve, and Army National Guard were successful through April.

The recruiting successes we achieved in fiscal year 2000 and thus far in fiscal year 2001 have not come easily. The expenditure per recruit is at an all time high and recruiter manning is higher than it was before the drawdown; there are now almost 15,000 production recruiters. Advertising spending has increased 60 percent since 1997, and overall recruiting expenditures are up 30 percent in constant dollars. Among the key incentives offered to attract potential recruits to specific skills is the College Fund. This continues to be an effective tool for filling high priority or hard-to-fill requirements. The FY 2001 budget for the College Fund Program for the Army is $101.6M, the Navy is $28.2M, and the Marine Corps is $29.4M. The Air Force

does not offer a college fund. Despite these sharp increases in recruiting resources, production per recruiter remains at 1993 levels in all Services. The battle for talent goes on.

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 results 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.

2000 RESULTS

The Department's investment in retaining high quality, trained and ready enlisted personnel during fiscal year 2000 yielded promising, yet mixed results. The Army, Navy, and Marine Corps achieved desired levels of aggregate retention. Air Force retention continued to be challenging, and in fiscal year 2000 Air Force retention shortfalls were significant enough to cause a missed end strength. In fiscal year 2000, the Naval Reserve also struggled with both recruiting and retention.

2001 YEAR TO DATE

Active component enlisted retention is on track for fiscal year 2001 in the Army, Navy and Marine Corps. The Air Force, however, faces retention shortfalls, particularly in the career NCO ranks. There are concerns in a number of technical specialties such as: communications/computer science, aviation maintenance, information technology, electronic technicians, intelligence analysts, linguists and air traffic controllers. Future retention success hinges upon continued program commitment, resourcing, and implementation. 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. Enrollment in the active-duty MGIB program has risen from only 50 percent in its first year, fiscal year 1985, to the current 97 percent. A total of 2.5 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.

There is no doubt that the MGIB serves as a key recruiting incentive. Today, the Services are facing stiff challenges to recruiting. The number of graduates who are pursuing post-secondary education right out of high school remains extremely 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, neither do these sources require young men and

women to delay their education for a term of military service. The MGIB benefit should be sufficient to offset the commitment and sacrifices associated with military service.

ENHANCEMENTS TO THE MONTGOMERY GI BILL

The bill under consideration today—H.R. 1291—would increase education benefits and help stimulate military recruiting. It also would help veterans transition from military service to civilian life. Moreover, the Department supports changes that improve recruiting, sustain retention, and are affordable in the long term.

H.R. 1291 proposes significant short-term increases in the value of the monthly MGIB stipend, from $650 per month to $800 in fiscal year 2002, $950 in fiscal year 2003, and $1,100 in fiscal year 2004. There is no doubt that such an enhanced benefit would constitute a more attractive enlistment incentive. However, while the Department recognizes that any increase in the MGIB program would serve to boost recruitment, a benefit that is too generous would encourage Servicemembers to leave at the completion of their term.

Our preliminary analysis predicts that this enhanced education benefit would increase high-quality enlistments. However, those gains could be offset by a potential decrease in retention.

CONCLUSION

Today, the volunteer military stands ready, willing and able to defend our great 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 your Subcommittee for providing military members with the benefits embodied in the MGIB program. Few areas, if any, are more important to the Secretary of Defense and the Services represented here today than recruiting and retention. We recognize our duty to man the All-Volunteer Force with high-quality, motivated, and well-trained men and women. The MGIB education benefit has been a major contributor to recruiting achievements over the past 16 years. As we move into the 21st Century, we must continue to build on the remarkable legacy of the visionaries who crafted preceding versions and improvements in the GI Bill. The President's Budget includes an annual cost of living increase but not additional benefits. The Administration fully supports these benefits and is evaluating how to continue to improve them. I thank this Subcommittee for its dedicated support to the men and women who currently serve, and those who have served, our great nation.

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
H.R. 1291--THE 21ST CENTURY MONTGOMERY GI BILL ENHANCEMENT ACT

10:00 A.M.
Thursday May 24, 2001

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

On behalf of the 2.7 million members of the Veterans of Foreign Wars and our Ladies Auxiliary, I would like to express our appreciation for the opportunity to participate in today's hearing on H.R. 1291, *The 21st Century Montgomery GI Bill Enhancement Act.* This legislation would amend Title 38 United States Code by increasing the amount of educational benefits available for veterans under the Montgomery GI Bill (MGIB). Mr. Chairman, for today's testimony you requested that we provide our views on H.R. 1291. To start with, I am pleased to convey the strong support of the VFW. I also wish to recognize the efforts of this committee and the Budget committee in securing early funding for this most important legislation. We believe it is a major step towards restoring the purchasing power the MGIB had during its early years.

It is our understanding that this legislation would, over a three-year period, increase the monthly benefit for MGIB users, who are enrolled full-time in college and who have an initial service obligation of four years, from the FY 2001 level of $650 to $1,100 by FY 2004. Correspondingly, over the same three-year period, MGIB users who are enrolled in college full-time and whose initial service obligation is less than three years can expect an increase in monthly benefits to $650 in FY 2002, with additional increases each fiscal year for a total of $894 by FY 2004. Additionally, H.R. 1291 also stipulates that

adjustments in the rates of educational assistance based on the consumer price index shall not be paid during fiscal years 2002, 2003, and 2004. If enacted, this measure would provide for an increase in basic educational assistance of nearly 70 percent by the third year and would raise the total dollar value of the GI Bill from its current level of $23,400 to $39,600 by FY 2004.

Based on data supplied by the College Board and published in *Trends in College Pricing*, the average cost of attending a four-year public college, including tuition, books, fees and room and board, is $9,229 for a commuter student and $11,338 for students who live on campus. Four-year private institutions cost $21,704 and $24,946 respectively. With the present basic yearly MGIB benefit of $5,850, it is clear that a sizeable disparity exists. Provided this information, it is obvious that this legislation will begin the needed process of reducing the gap that now exists between what the GI Bill pays toward expenses and the out-of-pocket costs, such as student loans, that must be paid by the veteran attending a four-year college.

The widening gap between what the GI Bill pays and the actual cost of college directly impacts the program's usage rate. According to the Department of Veterans Affairs the usage rate is only 55%. That means that a young private who paid out $100 of his net pay for 12 months is not taking advantage of his GI Bill entitlement because he or she cannot afford the out-of-pocket expenses associated with a college education. It is our belief that as the GI Bill benefit increases; usage will also increase, contributing to the program's overall success as a recruiting and retention tool for the armed forces.

The VFW embraces H.R. 1291 and sees it as bringing the GI Bill program one step closer to a true WWII like GI Bill--a GI Bill that would pay full tuition, fees and a monthly stipend to any university that the participant is accepted.

This concludes my testimony and I would be happy to answer any questions you or the members of this subcommittee may have.

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STATEMENT OF
THE RETIRED OFFICERS ASSOCIATION

on

H.R. 1291

before the

Subcommittee on Benefits
House Veterans' Affairs Committee

May 24, 2001

Presented by

Colonel Robert F. Norton, USA (Ret.)
Deputy Director of Government Relations
The Retired Officers Association

INTRODUCTION

The Retired Officers Association (TROA) is grateful to the Chairman of the House Veterans' Affairs Committee, Rep. Christopher Smith (R-NJ), and the Chairman and distinguished members of the Subcommittee on Benefits of the House Veterans' Affairs Committee for the opportunity to express our views on Chairman Smith's H.R. 1291, a bill to increase educational benefits for veterans under the Montgomery GI Bill (MGIB).

TROA is the fourth largest military veterans organization with more than 391,000 members. Our membership includes active duty, National Guard / Reserve, retired, and former officers of the seven uniformed services and their surviving spouses.

TROA does not receive any grants or contracts from the federal government.

H.R. 1291 – An Important "Next Step" in Restoring the Value of the MGIB

TROA is pleased to support H.R. 1291. Chairman Smith's bill takes an important "next step" in restoring the value of the MGIB. TROA also commends the members of the Subcommittee, full Committee and the House for swift passage of H.R. 801, the Veterans' Opportunities Act, which includes a number of MGIB improvements.

H.R. 1291 would increase the rate of basic educational assistance under the MGIB for full-time study in three steps of $150 each over the next three years beginning in 2002. The benefit would increase from the current $650 per month to $800 in 2002, $950 in 2003 and $1100 per month in 2004. Service entrants must serve for three years and agree to have their pay reduced $100 per month in the first year of service ($1200 total) to receive the maximum monthly rate for full-time study. Rates would be adjusted proportionally for those who complete a two-year service agreement. During the 2002-2004 period, the Consumer Price Index adjustments to the benefit would not be authorized.

It is encouraging to note the full Committee's recommendation in its Views and Estimates to the Budget Committee for fiscal years 2002 – 2006 of a $222 million increase in direct spending for the MGIB above the administration's baseline for 2002 and a total of $1.344 billion from 2002 to 2006. TROA recommends that the Subcommittee work with the VA-HUD Appropriations Subcommittee to ensure that, as a minimum, these increases above the administration's submission are included in the House VA – HUD Appropriation for 2002.

We note, however, that the Views and Estimates points out a Defense Department (DoD) report that estimates a $950 monthly benefit is needed just to meet the current average cost of a four-year education at a public college (academic year 2000 –2001). That year ends this month, May 2001. Thus, the 2002 increase that would be authorized under H.R. 1291, $800, would already be substantially below DoD's own estimate of basic benefit needs for students now, to say nothing of next year. That's why TROA sees this legislation as an important, but not final, "next step" on the road to restoring the MGIB for our nation's 21st century servicemembers and veterans. We would, therefore, like to offer some observations and recommendations about this legislation and the future of the MGIB.

***Partnership for Veterans' Education* Vision of the MGIB**

TROA believes that it is vitally important that the nation continue to invest in the remarkable potential of its veterans. In keeping with the Administration's emphasis on education as an important national priority, we believe that veterans must be a major part of that concern in the 21st century. A key way to unleash the potential of veterans is to provide an education benefit that keeps pace with the cost of education. By sustaining the value of the MGIB, the national security also will benefit through improved military recruitment, especially at a time when the services are struggling to meet their quotas.

In recent years, the Subcommittee on Veterans' Benefits has recommended and Congress has enacted very encouraging improvements to the MGIB, and TROA is grateful for them. In 1998 the basic benefit for full-time study was $436 per month for 36 months, a total benefit of $15,228. Since then, Congress has increased the basic benefit by about 50% to its present value of $650 per month for 36 months, a total benefit of $23,400. But even these generous increases leave the MGIB lagging far behind the average cost of a public college or university education. The long-term solution for the 21st century is to tie education benefits under the GI Bill to the cost of education.

Indexing MGIB benefits to the average cost of higher education at a public college / university is a concept embraced by TROA, The Military Coalition and 20 other military veterans and higher education organizations, known collectively as the *Partnership for Veterans Education.* The *Partnership* now numbers 51 organizations including the VFW, DAV, AMVETS and the major higher education associations in this country. (The *Partnership* is also supported by The American Legion).

The College Board's annual survey of public institutions of higher learning shows that the average cost of a public college or university education for a non-resident student is $9225 per year or a total four-year cost of $36,900. That works out to $1025 per month for 36 months of full-time study. The current $650 benefit only covers about two and a half years of study at the average public college or university. But, by the time the "stair-step" improvements under H.R. 1291 are completed in 2004, the average monthly cost is likely to be higher than the proposed $1100 rate. More importantly, Congress would continuously have to re-visit the same "catch-up" issue that is the main purpose of this legislation.

The Partnership for Veterans' Education proposal would change the methodology for calculating the MGIB benefit in the 21st century. This would be done in two steps. The full-time study benefit would increase to $1025 per month for 36 months. Then each year thereafter, it would be automatically adjusted to reflect the cost of education (for a commuter student) at a four-year public college or university. The benchmark to be used would be The College Board's highly respected annual survey of higher education.

H.R.1291 and the Concept of Indexing the MGIB

Under H.R.1291, the College Board benchmark of $1025 for the current academic year (2000-2001) would be surpassed, but not for another three years. After that, the benefit would fall further behind without a mechanism to keep it on par with the cost of education.

To accomplish H.R. 1291's purpose – raising the MGIB in three stages over three years – and to index the MGIB benefit to the cost of education, an amendment to H.R. 1291 is needed that would authorize an indexing "trigger." If funding for the benchmark ($1025) is not available for FY2002, the index could at least be "deployed" to keep the benefit within range of the benchmark.

TROA strongly recommends amending H.R. 1291 to authorize an automatic annual adjustment of educational assistance under the MGIB on the basis of the average cost of a four-year education for a commuter student at a public college or university.

STRUCTURING THE GI BILL TO MEET 21ST CENTURY NEEDS

There are other MGIB issues that TROA recommends the Subcommittee address. Unlike its post-World War II predecessor, the MGIB is used both as a recruiting / retention tool and as a veterans' transition assistance benefit. The MGIB should therefore be evaluated periodically to ensure its objectives are being met. TROA believes that more research is needed to assess the dynamics of the MGIB on DoD manpower requirements and on its historic purpose as an essential bridge for veterans to achieve their goals following military service.

We do not believe that the dual purposes of the MGIB are mutually exclusive or necessarily compete against each other. For example, the Services program for and expect a substantial number of first term enlistees to separate upon completion of their service obligation. Without a constant intake and outflow of young recruits, the Services would not be able to fill their high number of entry-level positions. Thus, increasing MGIB benefits should help recruiting. On the other hand, reenlistment and retention programs can be aided through other MGIB initiatives.

Congress recognized the need to make the MGIB more accessible to active duty servicemembers by including a provision in the FY01 National Defense Authorization Act (NDAA) to allow payments of MGIB benefits for off-duty training and education not provided by the Service. This change can be beneficial to servicemembers provided it is not used to cut back or eliminate Service off-duty education budgets. The FY01 NDAA also authorized servicemembers to "buy up" additional MGIB benefits up to $5400. TROA also supports this change provided it is not used to justify deferring MGIB upgrades, which would force more of the responsibility to fund education benefits onto servicemembers and veterans.

Active Duty Servicemembers with No Education Benefits

TROA notes that there are a number of active duty career servicemembers who will exit the service with no education benefits. These are career individuals who entered during the era of the fatally flawed Veterans Educational Assistance Program (VEAP), but declined to enroll in it. There are also a number of servicemembers who made a youthful, but irrevocable mistake in declining the MGIB upon entry. Some simply could not afford the $1200 enrollment premium taken out during the first year of their service. Both groups now face the prospect of having no educational benefits at separation (or to use on active duty).

TROA recommends that the Subcommittee sponsor legislation permitting a one-time opportunity for servicemembers who declined VEAP or MGIB to enroll in the MGIB. To be consistent, the fee for such enrollment would be the same as the $2700 fee for the current VEAP conversion program.

Improving the Selected Reserve MGIB

Former Chairman Sonny Montgomery championed inclusion of National Guard and Reserve servicemembers in his landmark legislation for the MGIB because he recognized the need to infuse the reserves with high-quality recruits and active duty veterans. But in recent years, few MGIB improvements have found their way, proportionally, into Reserve GI Bill programs. This results in unequal and, ultimately,

unfair treatment of reservists and is contrary to the DoD's stated policy of "seamless integration of the total force."

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 benefits under Section 3012 of Title 38.
- Individuals who join the Selected Reserve directly (i.e., non-prior service) are authorized educational assistance under Chapter 1606 of Title 10.

TROA encourages the Subcommittee staff to work with the Military Personnel Subcommittee of the House Armed Services Committee to develop proportional increases and access improvements to the Title 10 "SelRes" MGIB.

For the longer term, it may be beneficial to transfer the Selected Reserve MGIB authority under Chapter 1606, Title 10 to Title 38. After all, the VA administers this program. More importantly, proposed upgrades to the MGIB such as H.R. 1291 often do not address appropriate changes to the DoD-funded reserve MGIB. As a result, Guard and Reserve MGIB participants are stuck with inferior education benefits.

TROA recommends authorizing proportional adjustments to Selected Reserve MGIB programs and transferring the Chapter 1606, Title 10 program to Chapter 38. TROA also continues to support changing the delimiting use date for the "SelRes" MGIB as an incentive for continued participation by these servicemembers.

Repeal of $1200 MGIB Enrollment "Tax"

The theory that servicemembers who agree to pay $1200 from their first year's pay would be motivated to use their MGIB benefits has not panned out. To the contrary, even though sign-up rates for the MGIB have held steady at about 98%, MGIB usage averaged only 37.3% between 1987 and 1997. Although the rate has risen in recent years -- averaging about 55% in the last few years -- it still lags behind the Vietnam era GI bill usage rate of 63.6%. Moreover, federal student loan programs do not require enrollment premiums. The 21st century MGIB should not impose an enrollment tax on young citizens who volunteer to serve the nation's interest in the armed forces.

Transferability of MGIB Benefits

TROA has testified in the past in favor of permitting career servicemembers to transfer unused MGIB benefits to their dependents. Today's veteran is different from veteran populations under previous GI Bills. 68% of all separating servicemembers are married. MGIB usage is lower for married than single veterans. One reason is that married veterans have greater financial responsibilities and must focus their attention on post-service employment rather than education or training. Raising MGIB rates to more adequately cover the cost of education might encourage greater usage of the benefit in married veterans. But it seems reasonable that the 21st century veteran, whose spouse and family serve at her / his side, should be able to decide how best to advance the family's education / training goals. Transferability has potential value in this context.

While we believe transferability has merit, TROA believes this initiative should have lower priority than other MGIB improvements discussed earlier in this testimony. TROA believes that transferability may be beneficial as a career incentive for servicemembers with about 15 years of service. At that point, in exchange for an agreement to serve at least 20 years, unused MGIB benefits could be transferred to the servicemember's dependents at the 20th year. TROA has significant reservations regarding Service Secretary discretion to use or not use transferability; and we also have concerns about transferring benefits at the six-year service point, effective at the tenth year. In short, transferability could be a useful career incentive, and should not come at the expense of essential upgrades to the MGIB.

CONCLUSION

TROA deeply appreciates the opportunity to testify before the Chairman and distinguished members of the Subcommittee on Veterans Benefits. The MGIB has proven its value to the nation and to veterans over the past 16 years. We support all proposals that will restore and improve the academic buying power of the MGIB so that it will continue to meet its objectives in the 21st century. H.R. 1291 is a vigorous "next step" in that direction and we are pleased to support its passage. TROA urges the Subcommittee to continue working toward enactment of legislation to index education assistance benefits to the average cost of a four-year public college or university. TROA will do all that it can to advance H.R.1291 and other initiatives that will provide servicemembers and veterans the educational benefits they deserve as a result of their voluntary decision to serve their country.

TESTIMONY OF

NATIONAL MILITARY/VETERANS ALLIANCE (NMVA)

BEFORE THE

THE VETERANS AFFAIRS COMMITTEE

SUBCOMMITTEE ON BENEFITS

UNITED STATES HOUSE OF REPRESENTATIVES

MAY 24, 2001

PRESENTED BY

MARK H. OLANOFF, Command Chief Master Sergeant, USAF (Ret)
CO-DIRECTOR, NMVA
NATIONAL LEGISLATIVE DIRECTOR, THE RETIRED ENLISTED ASSOCIATION

The National Military/Veterans Alliance would like to thank the new subcommittee Chairman, Rep. Hayworth, Ranking Member, Rep. Reyes and distinguished members of the House Veterans Affairs Benefits subcommittee for this opportunity to come before you to discuss HR 1291, the 21st Century Montgomery GI Bill Enhancement Act. Also, a personal note, I am a product of the Vietnam-era GI Bill and am honored to be testifying today.

HR 1291, 21st Century Montgomery GI Bill Enhancement Act

We commend the full committee Chairman, Rep. Smith for introducing this important legislation to increase the amount of educational benefits for veterans' effective fiscal year 2002. We also thank full committee Ranking Member, Rep. Evans and the other 84 co-sponsors of HR 1291 for their continued support. We note that over the three-year period, this legislation will increase benefits by more than 50 percent of the current amount of $528 per month for those under Section 3015 (a), increasing to $1,100 per month in fiscal year 2004 and from $429 per month for those under Section 3015 (b), increasing to $894 per month in fiscal 2004. NMVA strongly supports this increase. Although traditionally considered a transition benefit, the GI Bill is now considered a recruiting and retention tool. The military is now competing with major corporations to keep highly qualified and trained workers. By acting today to substantially increase GI Bill benefits, considerable progress can be made to compete with private employers and keep these highly trained workers in the military.

NMVA GI Bill Goals

We recommend the committee consider increasing the amount for those survivors under Section 3532, who currently receive $485 per month for full-time. We also recommend that the committee consider indexing the GI Bill starting in fiscal year 2005, preserving the purchasing power of education, due to inflation and eliminating the requirement to pass new legislation. Also, NMVA recommends that the committee consider eliminating the time limits to complete education benefits. Today, education continues years after completion of initial educational goals. Further, we recommend the $1200 MGIB enrollment fee be eliminated.

CONCLUSION

Mr. Chairman, the National Military/Veterans Alliance is pleased to be here today to participate in the discussion of enhancement of the GI Bill. Again, NMVA strongly supports HR 1291, the 21st Century Montgomery GI Bill Enhancement Act to substantially increase GI Bill payments to our service members and veterans. By increasing the total amount for tuition, this committee and Congress will have helped guarantee that the Armed Forces of the United States will continue to attract top quality personnel for recruits for today's military. Mr. Chairman, I am very proud to sit here today, as one who has benefited from the GI Bill and will always be grateful to the Congress who provided the benefit to my fellow comrades and me.

STATEMENT OF
JOHN R. VITIKACS, DEPUTY DIRECTOR
NATIONAL ECONOMIC COMMISSION
THE AMERICAN LEGION
BEFORE THE
SUBCOMMITTEE ON BENEFITS
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
ON
H.R. 1291, 21ST CENTURY MONTGOMERY GI BILL ENHANCEMENT ACT

MAY 24, 2001

Mr. Chairman and Members of the Subcommittee:

The American Legion appreciates the opportunity to participate in today's hearing to address H.R. 1291, the "21st Century Montgomery GI Bill Enhancement Act."

The American Legion commends this Subcommittee for its actions, which resulted in improvements to the current Montgomery GI Bill (MGIB) through enactment of Public Law 106-419. In particular, the provision on licensure and credentialing greatly enhances the benefits available under the MGIB. Nonetheless, a stronger MGIB is necessary to provide the nation with the caliber of individuals needed in today's armed forces. H.R. 1291 is a good starting point to address the overall recruitment and retention needs of the armed forces and to focus on current and future educational requirements of the All-Volunteer Force.

Over 96 percent of recruits currently choose to enroll in the MGIB and pay $1,200 out of their first year's pay to guarantee eligibility. However, only one-half of these military personnel use any of the current MGIB benefits. This is due in large part because current MGIB benefits have not kept pace with increased costs of education. Costs for attending the average four-year public institution as a commuter student during the 1999-2000 academic year were nearly $9,000. Public Law 106-419 recently raised the basic monthly rate of reimbursement under MGIB to $650 per month for a successful four-year enlistment and $528 for an individual whose initial active duty obligation was less than three-years. The current educational assistance allowance for persons training full-time under the MGIB – Selected Reserve is $263 per month. Although extremely useful, the MGIB educational allowance improvements enacted under P. L. 106-419 have not addressed the fundamental shortcomings of the program. Data today suggests that one-fourth of all enlistees, who enroll in MGIB, complete a four-year degree of higher education.

The Servicemen's Readjustment Act of 1944, the original GI Bill, provided millions of members of the armed forces an opportunity to seek higher education. Many of these individuals may not have taken advantage of this opportunity without the generous provisions of that law. Consequently, these servicemen and servicewomen made a substantial contribution to not only their own careers but to the well being of the country. Today, a similar concept applies. The educational benefits provided to members of the armed forces must be sufficiently generous to have an impact. The individuals who use MGIB educational benefits are not only taking the necessary steps to enhance their own careers, but also, by doing so, will make a greater contribution to their community, state, and nation.

H.R. 1291 would amend section 3015(a)(1) of title 38, United States Code, to increase the amount of MGIB educational benefits for veterans with four-years of active duty. For an approved program of education pursued on a full-time basis, the monthly rate of educational benefits would increase over three years by $150 per month per year, beginning with Fiscal Year (FY) 2002. When complete in FY 2004, H.R. 1291 would set the monthly MGIB reimbursement rate at $1,100 per month for 36 months. Thereafter, the monthly amount would be adjusted based on the Consumer Price Index.

H.R. 1291 would also amend section 3015(b)(1) of title 38, United States Code, to increase the amount of MGIB educational benefits for veterans with more than two years but less than three years of active duty. Beginning with FY 2002, the monthly benefit would increase from the present $528 per month to $650 per month. The amount of the educational benefit would increase to $894 per month in FY 2004, and would be adjusted thereafter based on the Consumer Price Index.

Mr. Chairman, The American Legion supports the provisions of H.R. 1291. Increasing the educational benefit available through the MGIB will provide a better incentive to veterans to complete a program of higher education. Conversely, several important enhancements are not incorporated into the bill. Among these are eliminating the required $1,200 "buy-in" payment. The American Legion believes that veterans earn this benefit through the risks, sacrifices, and responsibilities associated with military service. Eliminating the "buy-in" provision would automatically enroll veterans' in the MGIB. Veterans would become eligible to receive the earned benefit through meeting the terms of their enlistment contract and by receiving an honorable discharge.

The American Legion is also concerned that H.R. 1291 does not increase the rate of educational benefits earned by members of the Select Reserves. Today, the All-Volunteer military relies on the National Guard and the Reserves to meet its force requirements. Individuals serving in the Select Reserves can be activated to duty at a moment's notice. Oftentimes, these units reinforce the active-duty military around the globe, as is presently the case in the Balkans. The American Legion believes that members of the National Guard and the Reserves should receive a substantial increase in MGIB educational benefits.

The American Legion advocates that the following provisions must become part of any successful overhaul of the current MGIB:

- **The dollar amount of the entitlement should be indexed to the average cost of a college education including tuition, fees, textbooks, and other supplies for a commuter student at an accredited university, college, or trade school for which they qualify;**

The American Legion supports indexing the monthly MGIB payment to the average costs of a college education or trade school tuition. The MGIB would then be adjusted on an annual basis to include tuition, and other associated costs, and includes a separate monthly stipend. With these provisions, veterans would be provided educational benefits on par with the first recipients of the original GI Bill.

- **The educational cost index should be reviewed and adjusted annually;**

The Chronicle of Higher Education Almanac annually publishes the average costs at four-year public and private colleges for commuter students and at two-year colleges.

- **A monthly tax-free subsistence allowance indexed for inflation must be part of the educational assistance package;**

Veterans must receive a monthly income stipend in addition to tuition assistance.

- **Enrollment in the MGIB shall be automatic upon enlistment, however, benefits will not be awarded unless eligibility criteria have been met;**

Servicemembers would no longer have to elect to enroll in the MGIB upon enlistment. Enrollment in the MGIB would become automatic upon commencement of active duty service, or active duty service for training purposes. Veterans would still have to meet the MGIB eligibility criteria in order to receive educational benefits.

- **The current military payroll deduction ($1200) requirement for enrollment in MGIB must be terminated;**

The MGIB would rightly become an earned benefit rather than a participatory benefit.

- **If a veteran enrolled in the MGIB acquired educational loans prior to enlisting in the armed forces, MGIB benefits may be used to repay existing educational loans;**

The American Legion strongly supports this measure.

- **If a veteran enrolled in MGIB becomes eligible for training and rehabilitation under Chapter 31, of Title 38, United States Code, the veteran shall not receive less educational benefits than otherwise eligible to receive under MGIB;**

If a veteran becomes eligible for vocational rehabilitation training, they would not receive less educational assistance than under the provisions of Chapter 30 of Title 38, United States Code.

- **A veteran may request an accelerated payment of all monthly educational benefits upon meeting the criteria for eligibility for MGIB financial payments, with the payment provided directly to the educational institution;**

The American Legion supports providing advanced educational payments, as required, directly to the qualified educational institution.

- **Separating servicemembers and veterans seeking a license or credential must be able to use MGIB educational benefits to pay for the cost of taking any written or practical test or other measuring device;**

The American Legion commends the action taken in P. L. 106-419 that enables veterans to use MGIB eligibility to enroll in certified education courses to obtain state licenses and certification in specialty occupations.

- **Eligible veterans shall have 10 years after discharge to utilize MGIB educational benefits; and**

This provision requires no change in current law.

- **Eligible members of the Select Reserves, who qualify for MGIB educational benefits shall receive not more than half of the tuition assistance and subsistence allowance payable under the MGIB and have up to 5 years from their date of separation to use MGIB educational benefits.**

The American Legion strongly encourages Congress to increase the rate of MGIB payments to members of the National Guard and the Reserves. Today's Total Force Concept places a greater reliance on the National Guard and the Reserves. Citizen soldiers who choose to enlist in the Select Reserves must be provided additional compensation to further their individual education.

The American Legion believes that all of these provisions are equally important to providing the appropriate and necessary enhancements to the current MGIB.

Mr. Chairman, that concludes my statement.

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Statement of

VIETNAM VETERANS OF AMERICA

Submitted by

Leonard J. Selfon, Esq.
Director, Veterans Benefits Program

And

Richard Weidman
Director, Government Relations

Before the

United States House of Representatives
Committee on Veterans' Affairs
Subcommittee on Benefits

Regarding

H.R. 1291 – 21st Century Montgomery GI Bill Enhancement Act

May 24, 2001

Vietnam Veterans of America

H.R. 1291 – 21st Century Montgomery GI Bill Enhancement Act'
May 24, 2001

Mr. Chairman and other distinguished members of the Committee, on behalf of Vietnam Veterans of America (VVA), we are pleased to have this opportunity to present our views with respect to an important piece of veterans-related legislation, H.R. 1291; the "21st Century Montgomery GI Bill Enhancement Act". Its provisions concern well-deserved increases in the rates for basic educational assistance benefits under the Montgomery GI Bill. VVA is most appreciative of your inviting us to provide a statement for the record in this matter, and for your leadership in seeking to improve such a vital VA programs as this one.

VVA wholeheartedly endorses the legislative action reflected in H.R. 1291. The benefit increases and program improvements contained therein will enhance the lives of veterans and their dependents. The current level of benefits is clearly inadequate to allow many young veterans even to consider furthering their education. This low rate also significantly contributes to the high drop out rate prior to finishing a course of study. While VVA is generally very supportive of this Act's provisions, we offer the following comments for your consideration.

Pursuant to the Montgomery GI Bill (MGIB), the Department of Veterans Affairs (VA) pays eligible individuals who are pursuing an approved program of education, a basic educational assistance allowance to help defray the cost of tuition, subsistence, fees, supplies, books, equipment and other educational expenses. Currently, the VA pays a basic educational assistance allowance for an approved educational program that is pursued on a full-time basis at a monthly rate of $528.00. *See* 38 U.S.C. § 3015(a)(1). H.R. 1291 proposes periodic increases to that rate as follows: $800.00 during FY 2002; $950.00 during FY 2003; and $1,100.00 during FY 2004. *See* H.R. 1291, § 2(a)(1).

Further, in the case of an individual who is entitled to an educational assistance allowance and whose initial obligated period of active duty is two years, the current basic educational assistance allowance paid for an approved educational program on a full-time basis is at the monthly rate of $429.00. *See* 38 U.S.C. § 3015(b)(1). H.R. 1291 proposes periodic increases to that rate as follows: $650.00 during FY 2002; $772.00 during FY 2003; and $894.00 during FY 2004. *See* H.R. 1291, § 2(a)(2).

Vietnam Veterans of America (VVA) is strongly supportive of these increases not only because it will benefits the fine young men and women ending their service to Nation in the Armed Forces, but also because it is in the interest of the Nation to ensure that the extraordinary potential and discipline of the men and women is maximized. The way to do that is to ensure that they are able to acquire the higher education that will build off of the solid base they have already acquired in the military.

It is useful to note that as of the 50th anniversary of the GI Bill, more than 20 million veterans had used these benefits to make them more prepared for the challenges of the civilian workplace, and to enable them to become more productive. Since that time

the Montgomery GI Bill continues to provide the same opportunities to the young veterans of today. Early passage and enactment of H.R 1291 will ensure that this tool will be similarly effective in the future of helping to fuel the engine of our Nation's economic success.

Of concern to VVA is § 2(b) of the proposed legislation. That section provides that "[n]o adjustment in rates of educational assistance shall be made under section 3015(h) of title 38, United States Code, for fiscal years 2002, 2003, and 2004." Currently, the Secretary of the VA is authorized to provide a percentage increase (rounded to the nearest dollar) in the rates addressed in the foregoing sections equal to the percentages by which the Consumer Price Index (CPI) (for all items, United states city average) for the 12-month period ending on the June 30 preceding the beginning of the fiscal year for which the increase is made, exceeds such CPI for the 12-month period preceding that 12-month period.

These percentage increases are designed to keep pace with inflation and other economic factors that can drive upward expenses incurred in conjunction with the pursuit of a higher education. By eliminating the Secretary's authority to counteract the detrimental impact of increased educational expenses, eligible MGIB educational assistance beneficiaries will have to bear the increased costs on their own. In the spirit of providing true assistance with these veterans' educational expenses, the VA should be able to authorize periodic increases in the monthly payment rates. Such authority, we believe, is consistent with the purpose underlying the MGIB. It is our belief that the intent of this Act is to increase the base rate to a more realistic level, and not to be the final word on the level of benefits irrespective of inflationary pressures. VVA therefore encourages the revision of subsection (b) to allow for CPI increases.

Vietnam Veterans of America sincerely appreciates the opportunity to present our views on this important legislation. We believe that it addresses matters of vital concern to veterans, their dependents and the American people. We look forward to working with this Committee and Congress on this and other important issues.

Honorable Lane Evans

Subcommittee on Benefits

Hearing on H.R. 1291

June 7, 2001

Thank you, Mr. Chairman. I want to thank you again, Mr. Chairman, and my good friend, the Ranking Member, Mr. Reyes, for your hard work on securing meaningful education benefits for our veterans. I am pleased to be here with you again today as we enter the second day of our hearing on the need to increase the education benefits available to America's veterans under the Montgomery GI Bill program (MGIB).

I also want to welcome my good friend, the Dean of the House, Congressman John Dingell. John Dingell has been an outspoken advocate for the need to increase the MGIB education benefit and, like me, has been working hard for our ultimate goal of restoring the current education benefit under the MGIB program to its post-World War II level and

effectiveness. I am honored that he is here today to provide the subcommittee with his testimony. I am also pleased that we are receiving testimony from yet another leading advocate for veterans' education, and a valued member of the full committee, my friend Congressman Ronnie Shows.

As all of us here well know, substantial MGIB enhancements are long overdue. The 106th Congress passed an important, but modest increase in MGIB benefits late last year. While we supported and were pleased by the MGIB amendments approved last year, those changes were clearly only a first step toward revitalizing one of America's most successful and effective programs.

It is widely known and agreed that the true purchasing power of veterans' education benefits remains inadequate. MGIB benefits today still do not provide our servicemen and women the resources they need to pay for the ever-increasing costs of higher education. We are here today to try and figure out if H.R. 1291 should be our next step in this restorative process.

I am anxious to return to the testimony of our witnesses on this vitally important issue, and I want to thank you all for being here.

Lane Evans' statement

Celia Dollarhide

A longstanding friend of the committee is here with us today; Celia Dollarhide has served for years as the Director of the Education Service for the US Department of Veterans Affairs. Like most people, I don't like telling friends goodbye. But Celia recently announced her retirement and I want to take a moment to say farewell and acknowledge the tremendous impact she has had on the education benefits we are discussing today.

Celia has been an incredibly helpful friend to me and to the Committee over the years. Most importantly however, Celia has been an unwavering friend to the men and women who have served our

Nation in uniform. Above all else, Celia has always believed in the power of higher education. Her life's work has focused on empowering the brave men and women who defend this country to become more and achieve more than they ever could have without education.

Celia, you leave behind you an outstanding record of achievement at VA, and for this we are all grateful. Thank you, Mrs. Dollarhide, and best regards to you in your well-deserved retirement.

Representative Ander Crenshaw
House Veterans' Affairs Subcommittee on Benefits
Hearing on 21st Century Montgomery GI Bill Enhancement Act (H.R. 1291)
June 7, 2001

Thank you, Mr. Chairman and Mr. Reyes for holding a second day of hearings on the 21st Century Montgomery GI Bill Enhancement Act. As an original cosponsor of this bipartisan initiative, I am grateful for your commitment to develop a thorough record for this legislation.

Yesterday, we honored the men who stormed the beaches at Normandy and took part in the D-Day invasion that marked the beginning of the end of World War II. Those men and the other men and women of the Armed Forces who fought for our nation more than 50 years ago came home to a new and exciting world. The GI Bill helped them to transition smoothly into civilian life. Our nation was all the better for it. Thousands of doctors, entrepreneurs, lawyers, and other professionals earned their degrees though that program. Those veterans first saved the nation from tyranny and then helped the nation to rise to responsibilities of world leadership.

Today, we know that men and women in uniform still hold onto the promise of the new GI Bill. But, the skyrocketing costs of attending college have kept full satisfaction of that promise just out of reach. I find this second half of the hearing to be particularly timely. Just this week, the Florida Community College at Jacksonville, which has helped thousands of students to get their associates and bachelors degrees, announced it was raising its tuition. A full-time student will now pay $617.40 per semester for a 12-credit hour courseload. This is an increase of $25, which may seem minimal but combined with other expenses associated with obtaining a college degree can be significant – particularly for those students coming from the military who may already have a family to support in addition to a full course of study.

One of the important efforts that the Florida Community College at Jacksonville makes is to expand its outreach to students who may not have aspirations to a traditional professional course of study. They have programs for people going into vocational trades and other important jobs in our communities. Given these extraordinary efforts FCCJ and other community colleges make, I am pleased to have Assistant Secretary Spear here today to discuss the VETS program. I look forward to working with the Department of Labor and my colleagues to ensure that all students of all sorts of studies can use the full benefits they have earned through service to a grateful nation.

Testimony of Congressman Ronnie Shows
Benefits Subcommittee of House Veterans Affairs Committee
June 7, 2001

Mr. Chairman: Thank you for inviting me to join you as you consider H.R. 1291, the 21st Century Montgomery GI Bill Enhancement Act.

I am so proud to be here, as a member of the House Veterans Affairs Committee, to share my continued support for H.R. 1291 with my colleagues in Congress and distinguished fellow witnesses. I am also very pleased that this committee will have the benefit of hearing the valuable testimony of Dr. Horace Fleming, the President of my alma mater, the University of Southern Mississippi. Furthermore, I am gratified by the continued presence and testimony of Secretary Anthony Principi, who has impressed us all with his outstanding commitment to improving veterans' lives.

As a young man growing up in Mississippi, my life in public service and advocacy for veterans was indisputably inspired by two great men--my father and Sonny Montgomery. Both men--as so many did--put their lives on the line to protect, defend and advance the ideals of democracy and our American way of life, by serving in the United States military. Both did so honorably and proudly, despite the mortal risks that faced them. Indeed, my father was taken as a P.O.W. at the Battle of the Bulge.

The valiant service rendered by men like my father and Congressman Montgomery was not done for any personal reward, just for knowing they had done their part to keep America and democracy strong. And yet, our nation did right by them by enacting the 1944 GI Bill of Rights, one of the landmark pieces of legislation of the 20th Century. It transformed America by providing for the education of millions of World War II veterans, as well as thousands of veterans who followed in their selfless path.

In Mississippi, we take great pride that one of our own, the great Sonny Montgomery, provided such visionary leadership in significantly adapting the GI Bill of Rights into the Montgomery GI Bill, passed in 1985. His lifetime of service to our nation in the military, and the United States Congress has served us all well. Sonny Montgomery's legacy remains strong, and we must do as he would do—continue to modernize the Montgomery GI bill to meet the changing needs of our veterans and nation.

We all know why we must act swiftly on the passage of this legislation for our veterans. Simply put, they have earned it and deserve it. Our servicemen and women accept lower pay and modest living conditions in the military—we must meet their commitment with a promise to invest in their future.

As a country that depends on the volunteer membership of our servicemen and women to defend our nation's ideals, we must provide competitive benefits for our veterans. Recruiting is increasingly difficult in a thriving economy. The military services have experienced and continue to experience difficulties in recruiting the number and quality of our new recruits. We can strengthen the retention of our trained soldiers, if we deliver appropriate benefits and support.

At the same time, it is critical that the current cost of higher education be reflected. The cost of higher education since the inception of the Montgomery GI Bill in 1985 has increased more than double the rate of increase in GI Bill benefits. During the 106th Congress, and again during this Congress I introduced H.R. 1280, the Veterans Higher Education Opportunities Act. This legislation would index education benefits annually to the annual figure published by the College Board, adjusting for the cost of attending a public four-year university as a commuter student. This way of determining benefits has received tremendous support from the Partnership for Veterans Education, made up of 40 organizations of veterans, military members, and higher education officials, as well as Admiral Tracey, the Administration's representative from the Pentagon who testified here on May 24th. While I maintain my concern that H.R. 1291 should provide indexing to cover the rising cost of veterans' college classes, I co-sponsored H.R. 1291 and strongly support the dedicated effort this subcommittee has made to increase education benefits.

Our nation's veterans are our heroes. They have shaped and sustained our nation with courage, sacrifice and faith. They have earned our respect and deserve our gratitude. Let us join together and do something meaningful by passing legislation to modernize and improve the Montgomery GI bill. It is the right thing to do.

Testimony of the Honorable John D. Dingell
Veterans Affairs Subcommittee on Benefits
In Support of H.R. 1291
"21st Century" Montgomery G.I. Bill
Thursday, June 7, 2001

Mr. Chairman (J.D. Hayworth), Mr. Reyes, members of the committee, it is a pleasure to join you here today. I would like to thank you for holding this hearing. I'd also like to express my appreciation to the Chairman of the full committee, Chris Smith (R-NJ) for his leadership on this issue. I'd also like to acknowledge my good friend from Illinois, the committee's Ranking Member, Lane Evans, for his dedication to America's veterans and particularly for his work on behalf of the Montgomery G.I. Bill.

Over the last decade, America has enjoyed a strong economy and more non-service educational benefits are available to young people. Over this same time period, however, the military has had significant difficulty recruiting the quantity and quality of troops it needs to meet today's challenges. Recruiting shortfalls are a serious problem, and as statistics have grown worse, recruiting budgets have soared. In addition to new advertising campaigns, the services have resorted to gimmicks, including sponsoring drag racers, deploying psychedelic humvees, and offering emergency cash giveaways. I do not criticize the armed forces for these efforts, but they highlight the need for a greater, more effective recruiting tool.

The best recruiting tool is education, and we would best help our armed forces by modernizing the military's primary education benefit, the Montgomery G.I. Bill. "Money for college" consistently is the top reason young men and women choose to serve. College costs have quadrupled in the last 20 years, but the G.I. Bill hasn't. At the same time, more non-service financial assistance has become available, which has benefited society but not the military.

As you know, Lane Evans and I have worked hard over the last three years to pass legislation that improves the MGIB in a meaningful way. We have always aimed to pass legislation that: (1) bolsters military recruiting and (2) assists young men and women who choose to serve our nation in uniform. In the 106th Congress, we introduced H.R. 1071, the Montgomery G.I. Bill Improvements Act, to accomplish these objectives. H.R. 1071, which was reintroduced in January as H.R. 320, would effectively reverse

the military's deteriorating ability to recruit the number and quality of individuals it needs; it provides veterans the tools necessary to reenter the workforce; and it expands access to higher education for our young men and women in uniform. Our legislation is not inexpensive, but we must invest to stay the best. The young men and women who will benefit from this legislation will have to earn it through service to our country.

Let me be perfectly clear. Our end goal should remain an MGIB benefit that pays for the full costs of attending school. I realize, however, that the road we must travel to get to that point is longer than we would like. For this reason, I am pleased to be an original cosponsor of H.R. 1291. As a solid interim measure, this bill will improve military recruiting and increase access to higher education for veterans. It is good policy for our country, and represents an important first step in what must be a continuing process of improving the MGIB. H.R. 1291 builds on the modest MGIB increase Congress passed in the waning days of the 106th Congress. This bill would increase the basic MGIB benefit from the current monthly amount of $650 to $800 in FY 2002, increasing to $950 in FY 2003, and to $1,100 in FY 2004. This is a significant increase that will directly benefit those who choose to serve our nation in uniform.

Mr. Chairman, I am not only a supporter of the G.I. Bill, but am also a beneficiary of it. I am proud to be a veteran of World War II, and I can personally attest to the impact this program had not only on myself, but my entire generation. The GI Bill is correctly regarded by many as the greatest social program ever enacted by Congress. Millions of America's veterans who might not have been able to afford a college education received college degrees from some of our country's finest institutions of higher learning.

If our goals are to have a strong military and a strong economy, America must make this investment. I see no better way to do this than by first passing "MGIB 21" (H.R. 1291), and then moving forward to fully restoring the G.I. Bill's purchasing power by passing H.R. 320.

Again, I thank the Committee for having me here today.

"INVESTMENT IN EDUCATION: PRIVATE AND PUBLIC RETURNS"

Statement of

Chairman Jim Saxton
Joint Economic Committee

On the

GI Bill Enhancement Act

Before the

Subcommittee on Benefits
Committee on Veterans' Affairs

On

June 7, 2001

History has proven that there is a strong, positive correlation between increasing the years of schooling and the earnings of individuals. Over the past two decades, the economy has tended to create jobs that require more skills, education and training. Consequently, the investment one makes in education is critically important and can open many doors of opportunity, while a lack of education can lead to a lifetime of underemployment and lower-income jobs. For these reasons I am pleased to support increased funding for the *GI Bill Enhancement Act*. Providing our veterans with educational assistance creates a more highly educated, productive workforce that spurs the economy, while rewarding the dedication and great sacrifices made by the members of our military.

Highly educated workers have several advantages relative to less educated workers, such as higher wages, upward economic mobility, and greater employment stability. Last year a Joint Economic Committee (JEC) study, *Investment in Education: Private and Public Returns*, reviewed some of the positive relationships between education and the workforce. For example, the JEC study states that research has shown that, in 1998, the average college graduate made $46,285 annually, while the average high school graduate earned only $26,592 – a difference of about $20,000.

This pay gap is not only huge, it is widening. While good elementary and high school education provide an essential foundation, a college education has become an increasingly important factor leading to high levels of employment and earnings. Recent figures clearly show a marked difference between those who have completed college and those who have not. This is further illustrated by the fact that, in 1979, each additional year of schooling correlated with a 6.2 percent increase in salary, while in 1993 each year accounted for a 10 percent increase per annum.

These higher earnings not only increase labor force participation, but also decrease the probability of unemployment and job turnover in two ways. First, higher levels of specific training make workers more valuable to their firms and thereby reduce the

probability of involuntary job turnover. Secondly, educated workers are very specific in their job searches and are less likely to leave the workforce and forfeit the high salaries they can command. This need for specially educated workers is further illustrated by the fact that computer science and engineering students in 1998 started with salaries that were 36 percent higher than college graduates in other fields.

In fact, according to the Bureau of Labor Statistics (BLS), jobs requiring a "fairly high skill level" will account for 3 out of every 5 jobs created between 1994 and 2005. This demand for educated workers has become increasingly apparent in our current era of the Information Age, and in growing employment areas – such as the rise of the high tech sector – have also created a need for workers who specialize in very specific areas.

Conversely, the majority of the population who are unemployed tend to reside in the lower rungs of educational attainment. In 1996, persons who held a college degree were 23% more likely to be in the labor force than those who were high school graduates. BLS data, as of January 1999, also show that the unemployment rate for college graduates was 1.9 percent, while the unemployment rate for high school graduates with no-college education was 4.1 percent. Similarly, among male workers in their 30s, 2.4 percent of college graduates were out of the workforce, as opposed to 7.9 percent of high school graduates. In sum, the employment gap between college and high school graduates has been steadily widening.

The value of higher education is becoming increasingly important. More education correlates to higher salaries and economic mobility, and lower unemployment. Supporting the *GI Bill Enhancement Act* will help our veterans find good jobs and succeed in well-paid lines of work, while in turn helping to provide the skilled and educated workforce increasingly in demand by U.S. employers.

STATEMENT OF ANTHONY J. PRINCIPI

SECRETARY

DEPARTMENT OF VETERANS AFFAIRS

BEFORE THE HOUSE COMMITTEE ON VETERANS' AFFAIRS

SUBCOMMITTEE ON BENEFITS

JUNE 7, 2001

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to testify today on H.R. 1291, the "21st Century Montgomery GI Bill Enhancement Act," which would increase the educational assistance allowance payable under the Montgomery GI Bill (MGIB) -- a program that has proven so very effective in reintegrating veterans into civilian life.

More particularly, this bill would provide stepped education benefit rate increases under the MGIB for Fiscal Years 2002 through 2004. Participants whose qualifying obligated period of active duty is three or more years would receive full-time monthly benefits of $800 for 2002, $950 for 2003, and $1,100 for 2004. Participants whose qualifying obligated period of service is less than three years would receive monthly benefits of $650 for 2002, $772 for 2003, and $894 for 2004 while pursuing a full-time program. Proportionately lesser amounts would be payable for less than full-time training.

This measure, further, would suspend the statutory annual adjustment in MGIB rates based on the Consumer Price Index (CPI) beginning in Fiscal Year 2002 and would reinstate that adjustment beginning in Fiscal Year 2005.

The President strongly supports the MGIB benefits program and acknowledges its great importance to veterans and the Nation. The President's FY 2002 Budget includes the annual cost-of-living increase for education benefits

for veterans and service members, but does not include an additional MGIB benefit increase. However, the President would support improvements to the program such as are provided by H.R. 1291 if they can be accommodated within the overall budget limits agreed to by the President and Congress.

Within that budget framework, an improvement we believe also merits consideration would be to incorporate into the MGIB authority to accelerate payment of benefits. For example, many educational and training programs, including technical certification programs such as those offered by Microsoft, Cisco, and others, are of extremely high cost, but short duration. Under the current benefit payment method, an individual may receive $650 to $1300 in monthly MGIB benefits for a program of a few months' duration that costs $5000 to $10,000, or more. Plainly, in such a case, the benefit pay-out is not structured in relation to either course length or costs. Thus, the individual's educational needs when pursuing such short-term, high-cost courses frequently may not be met.

Further, pursuit of a short-term, high-cost course may be essential to secure the individual's employment in his or her chosen vocation or occupation. It also may be the only training he or she intends to pursue. Nevertheless, benefit payment on a monthly basis for such training would deny that individual the full value of his or her earned 36 months of MGIB entitlement for such purpose. This result is inconsistent with the readjustment purposes of the MGIB.

Monthly payment of benefits, too, may often be contrary to the individual's expectations about the accessibility of his or her GI Bill benefits. Despite aggressive advertising and other outreach by both DOD and VA, the misperception unfortunately persists among too many new military recruits that, when they leave service and enroll in school, their

MGIB benefits will be available immediately in a lump sum to cover their tuition and fees. Obviously, when this does not occur, great consternation ensues and both VA and DOD are faced with complaints and claims that the recruits were misled. This clearly has a detrimental effect on the value of the MGIB as a recruitment/retention tool.

Mr. Chairman, enactment of H.R. 1291, as drafted, would result in an increase in benefits cost subject to the pay-as-you-go (PAYGO) requirement of the Omnibus Budget Reconciliation Act of 1990. We estimate the measure would result in a cost of approximately $250 million in FY 2002, a 5-year total of $3.2 billion over the period FYs 2002 – 2006, and a projected 10-year total of $8.3 billion over the period FYs 2002 – 2011.

Mr. Chairman, that concludes my testimony. I would be pleased to reply to any questions you or Members of the Subcommittee may have.

Washington Office

STATEMENT OF

THE COLLEGE BOARD

BEFORE THE

UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON BENEFITS

PRESENTED BY

KATHLEEN LITTLE
EXECUTIVE DIRECTOR
FINANCIAL AID SERVICES
THE COLLEGE BOARD

JUNE 7, 2001

1233 20th Street, NW, Suite 600 Washington, DC 20036-2304 TEL 202 822-5900 FAX 202 822-5920 www.collegeboard.com

Good morning Mr. Chairman and distinguished members of the House Veterans Affairs Subcommittee on Benefits. I am Kathleen Little, the Executive Director for Financial Aid Services of the College Board. As you may know, the College Board is a 100 year old national nonprofit membership association dedicated to preparing, inspiring and connecting students to college and opportunity through major programs and services in college admission, guidance, assessment, financial aid, enrollment, teaching and learning. The College Board is comprised of more than 3,800 schools, colleges, universities, and other educational organizations. It serves more than 3 million students and adults, 22,000 high schools, and 3,500 colleges and universities. The Board's Education Opportunity Center, operated here in the Nation's Capitol, annually provides financial aid counseling as well as other education and career guidance and counseling to more than 3,000 low-income, first generation adults who wish to attend college. A significant number of the Board's EOC clients are veterans.

It is a privilege to appear before you this morning to discuss the critical need for enhanced student financial aid, the subject covered in HR1291, the 21st Century Montgomery GI Bill Enhancement Act.

Introduction

Each fall, the College Board releases information from its *Annual Survey of Colleges (ASC)* on how much colleges and universities plan to charge full-time undergraduate students in the upcoming nine-month academic year. The survey, administered each spring to over 3,200 postsecondary institutions across the country, collects a wealth of data on enrollment, admissions, degrees and majors, tuition, financial aid, and other aspects of undergraduate education. The College Board has conducted the Annual Survey for more than two decades, resulting in an extensive longitudinal data file about two-year, four-year, public and private colleges and universities.

Simultaneous to making available the college pricing data, the College Board releases information from a counterpart survey, *Trends in Student Aid*. This publication presents annual data on the amount of financial assistance—grants, loans, and work-study—available to help students pay for postsecondary education. The College Board began this data series fifteen years ago to track the value of such aid over time from federal, state, and institutional sources.

Taken together, the companion reports, *Trends in College Pricing* and *Trends in Student Aid*, tell much about the financing of postsecondary educational opportunity in America. One provides the latest information on how much college "costs." The other tracks the amount of financial assistance available to help pay these expenses.

This testimony excerpts highlights from the Fall 2000 Trends publications, available in full at the College Board's web site (www.collegeboard.com).

2000-2001 Tuition and Fees

For the 2000-2001 academic year, the average tuition charged by public four-year colleges and universities was $3,510, up from $3,362 in 1999-2000, an increase of 4.4 percent. Private four-year college tuition increased by 5.2 percent, from $15,518 to $16,332. Two-year public and private institutions charged an average of $1,705 and $7,458, respectively, up 3.4 and 7.0 percent respectively. The average surcharge for out-of-state or out-of-district students at public institutions was $3,237 at two-year colleges and $5,510 at four-year colleges.

These tuition and fee charges are enrollment-weighted, reflecting the experience of the average student. (When weights are used in the calculations, fixed charges reported by colleges with larger enrollments are weighted more heavily than institutions with smaller enrollments.) The College Board believes that the weighted averages are generally more helpful to students in planning to meet future education expenses, and should be more helpful to the Committee in understanding expenses incurred by Veterans.

Examining regional differences, the West offered the lowest average tuition rates at public four-year institutions ($2,747) and the Southwest the lowest average rates at private four-year institutions ($11,965). The highest tuition was found in New England, where four-year public tuition averaged $4,748, and four-year private tuition averaged $21,215.

Other Expenses

It is important to keep in mind that students incur costs beyond what is charged for tuition and fees. According to College Board data, the 2000-2001 on-campus room and board charges were between 4.2 and 5.1 percent higher than the previous year. Room and board averaged $6,209 at four-year private colleges and $4,960 at four-year public colleges.

Many older students, including Veterans, live off-campus and commute to classes. The College Board's data about living costs for such students is less complete than for students living on-campus, and therefore, is not included in the *Trends in College Pricing* publication. However, for four-year public institutions providing data (about 51 percent of the survey respondents), the average enrollment-weighted costs for housing and food totaled about $5,700.

In addition to room and board, students must pay for books and supplies, as well as for transportation, and miscellaneous personal expenses. According to *Annual Survey of Colleges* data, average costs for books and supplies ranged from about $660 at two-year institutions to just over $700 at four-year institutions. Transportation costs for commuter students were about $1,000 at all types of institutions, and miscellaneous expenses ranged from about $1,100 at four-year private institutions to about $1,500 at four-year public institutions.

Sample 2000-2001 Undergraduate Budgets

The average enrollment-weighted cost of attendance, including tuition and fees, room and board, books and supplies, transportation, and other expenses, for students living on campus at four-year public institutions totaled $11,338 in 2000-2001. Commuter students attending four-year public institutions incurred an average enrollment-weighted cost of attendance of $12,635. Students attending four-year private institutions faced an average total cost of attendance of $24,946.

Tuition and Fee Trends

In the 1970s there was little, if any, real growth in college prices. Since 1980, however, college prices have been rising at twice and sometimes three times the Consumer Price Index. Over the ten-year period ending in 1999-2000, after adjusting for inflation, average public four-year tuition and fees rose 49 percent compared to 32 percent for private four-year colleges. Public and private four-year tuition increased most steeply in the Southwest during this period, rising 93 percent and 42 percent respectively. Among two-year institutions, average public tuition rose 50 percent, and average private tuition rose 16 percent. Since 1980-81, both public and private four-year college tuitions increased on average more than 114 percent over inflation. Private college tuition rose most sharply in the early and mid-1980s, while public tuition increased the most in the late 1980s and early 1990s.

Affordability

Combined with generally stagnant family income over the past 20 years, trends in college tuition present serious problems for low-and moderate-income families. While average, inflation-adjusted tuition has more than doubled at both public and private four-year institutions, student aid did not keep pace with the rise in tuition, although it did increase in total value. As you are aware, most growth in aid has been in the form of student borrowing.

Trends in Student Aid

Available student aid topped $68 billion in 1999-2000, the most recent academic year for which complete data are available. This is an increase of 4 percent over the preceding year after adjusting for inflation. Over the past decade, total aid has increased by almost 90 percent in constant dollars. However, the growing reliance on loan programs was responsible for two-thirds of this increase.

Loan aid has increased by 125 percent during the past decade in constant dollars, while grant aid has increased by 55 percent. Loans comprise 59 percent of total aid available to students, compared to 49 percent 10 years ago, and 41 percent in 1980-81. Over the past quarter century, federal student aid has drifted from a grant-based to a loan-based system, producing a sea change in the way many students finance postsecondary education.

Unsubsidized Loan Programs

Student use of the unsubsidized loan option, introduced in 1992-1993 and available to students regardless of need, continues to grow while borrowing in the subsidized loan program has leveled off. The latter is subsidized in that the government pays the interest while borrowers are enrolled, while for unsubsidized loans, in-school interest charges are added to the borrower's total cost. Unsubsidized borrowing by students as well as parents now accounts for more than $17 billion, or 48 percent of federal education loan volume.

Non-federal borrowing totaled $3.8 billion in 1999-2000, up 30 percent over the previous year. While the amount of non-federal borrowing is small compared to the $36 billion in federal education loans, large increases over the past four years reflect a growing interest in and reliance on alternative methods of paying for college.

Grant Programs

Recent increases in Pell Grant appropriations have helped to stabilize the overall loan-grant balance in the aid system. Yet the maximum Pell, at $3,125 in 1999-2000, remains far below the purchasing power it had two decades ago. Originally designed as the foundation for student aid packaging, the maximum Pell Grant now covers 39 percent of the average fixed costs (tuition and fees, room and board) at a four-year public college and only 15 percent at a private four-year college.

While providing less than 6 percent of total student aid, state grant funding has increased by 58 percent during the last 10 years after adjusting for inflation. Federal matching through the Leveraging Educational Assistance Partnership program has been cut sharply in recent years, contributing only $22 million to state need-based grant programs in 1999-2000.

Institutional grants account for nearly 20 percent of total available aid. Since 1989-90, the estimated amount of institutional grant assistance has more than doubled in constant-dollar value.

Aid to Veterans

Included in the $68.4 billion in total aid is $1.487 billion in aid to Veterans. Over the past ten years, aid to Veterans has increased by 41 percent after adjusting for inflation. However, tuition at two-year and four-year public institutions during the past ten years rose about 50 percent; this illustrates clearly that Veterans' benefits have not kept pace with increases in college prices.

Unmet Need

U.S. Department of Education data on unmet need from 1999 provides further evidence of the degree to which student aid funding has not kept up with increases in college prices. These data were published in *Access Denied: Restoring the National's*

Commitment to Equal Educational Opportunity, a February 2001 report of the Advisory Committee on Student Financial Assistance. The report shows that the lowest income students face an average of $3,200 of unmet financial need at public two-year institutions and $3,800 of unmet financial need at public four-year institutions. At four-year private institutions, the lowest income students face unmet financial need that averages $6,200. Students whose financial needs are not fully met are often forced to work excessive numbers of hours while going to class, to borrow heavily, or to reduce their class loads.

Again, on behalf the College Board I thank you Mr. Chairman and subcommittee members for this opportunity to share information with you regarding the costs of college and the trends in student financial aid. We appreciate your dedication in pursuing additional resources for educational opportunities for the men and women who serve and have served our nation. The College Board stands ready to assist you in any way possible as you move forward to increase the benefits in the Montgomery GI Bill. Thank you.

Kathleen W. Little
Executive Director, Financial Aid Services
The College Board

Kathleen Little has served as Executive Director, Financial Aid Services at the College Board since June 1986. From 1986 through 1996, she was responsible for the College Scholarship Service's Financial Aid Form (FAF) and related services, as well as for the College Board's Multiple Data Entry contract with the U.S. Department of Education. Since 1996, she has been responsible for the design and development of the CSS/Financial Aid PROFILE Service. Ms. Little provides chief staff support to the CSS Council's Financial Aid Standards and Services Advisory Committee (FASSAC), and has staff responsibility for maintenance of and improvements to the Institutional Methodology (IM).

Prior to joining the College Board, she was the Director of Financial Aid at the University of California, Santa Cruz from 1977 through 1986. During these years, she served as the President of both the California Association of Student Financial Aid Administrators (CASFAA) and the Western Association of Student Financial Aid Administrators (WASFAA).

Prior to 1977, she held positions as Associate Director of Financial Aid at California State University, Long Beach; as Director and Assistant Director of Financial Aid at Bronx Community College of the City University of New York; and Financial Aid Counselor at Bernard Baruch College of the City University of New York.

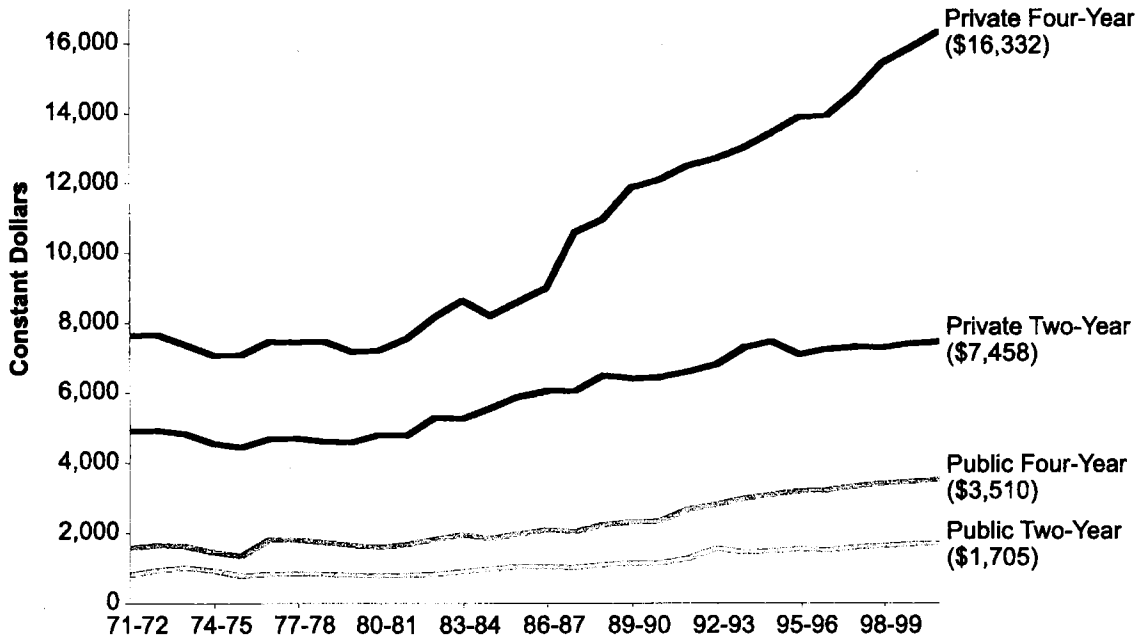
Ms. Little holds a Bachelor's of Arts degree in French from the College of William and Mary and a Masters degree in Higher Education Administration from Teachers College, Columbia University.

Disclosure of Federal Grants or Contracts

The College Board does not currently receive, nor has it received during the previous two years any federal money for grants or contracts relative to the subject matter of this hearing on HR1291.

The College Board

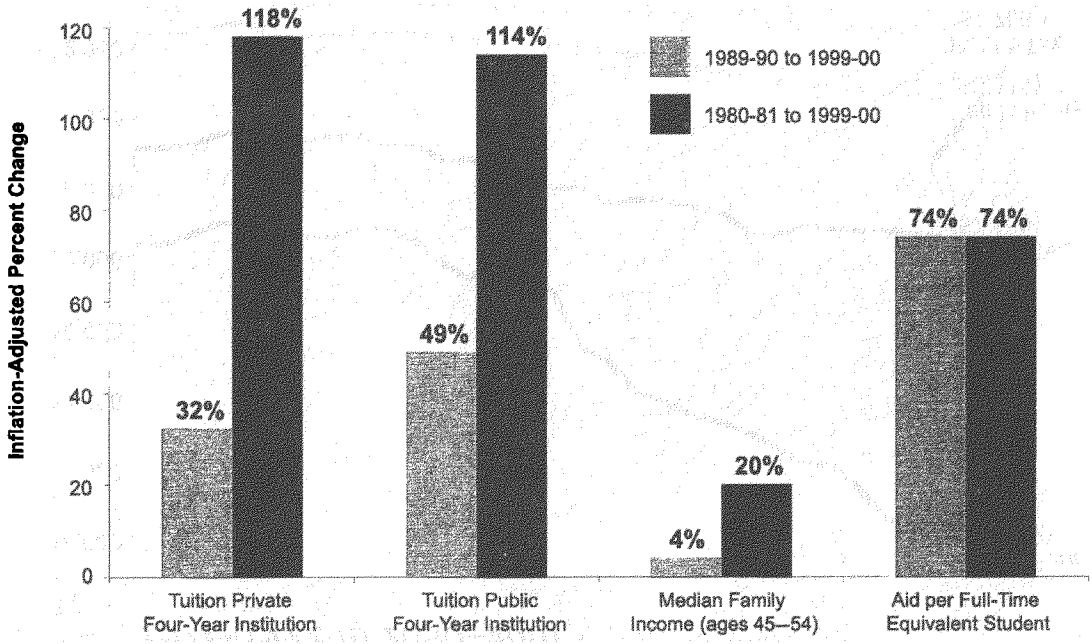
Average Tuition and Fee Charges, in Constant Dollars, 1971–1972 to 2000–2001



SOURCE: 1984–1985 to 2000–2001: enrollment-weighted data from the *Annual Survey of Colleges*, The College Board, New York, NY; 1971–1972 to 1983–1984: non-weighted data from Integrated Postsecondary Education Data System (IPEDS), U.S. Department of Education, National Center for Education Statistics.

The College Board

Inflation-Adjusted Changes in Tuition, Family Income, and Student Aid, 1989–1990 to 1999–2000 and 1980–1981 to 1999–2000

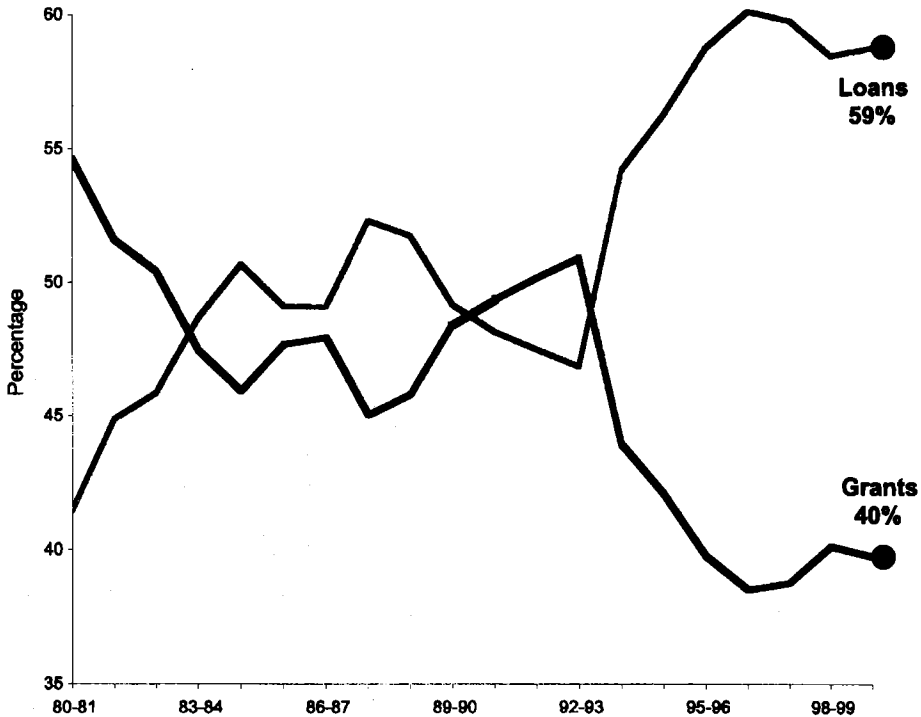


SOURCE: *Annual Survey of Colleges* and *Trends in Student Aid 2000*, The College Board, New York, NY.

NOTE: The end-year for this graphic analysis is 1999–2000 rather than 2000–2001 because family income and financial aid data are not available for the latter year.

The College Board

Percent Share of Grants vs. Loans, 1980–1981 to 1999–2000



House Veterans' Affairs Committee Testimony
by
Constantine W. Curris, President
The American Association of State Colleges and Universities
June 7, 2001

Mr. Chairman, members of the Committee, good morning. I am Deno Curris, President of the American Association of State Colleges and Universities, based here in Washington, D.C. The Association is comprised of more than 425 public four-year colleges and universities and university systems throughout the United States and its territories. On behalf of our member institutions, I am grateful for your invitation and pleased to be with you.

I come before you today as an advocate for public higher education, having served as a public university president for more than 25 years; as the father of a captain in the U.S. Army; and, perhaps most importantly, as a citizen vitally interested in preserving and protecting two institutions charged with the nation's health and welfare—its higher education system and its military.

Specifically, I am here to lend my voice to the growing call to modernize the educational benefit offered by the Montgomery GI Bill. The current benefit is not keeping pace with higher education costs, and thereby compromises educational opportunity for our men and women in uniform. As such, I am advocating for legislation that meets two criteria:

Adequacy—Whatever measure is approved by this committee and ultimately, by the Congress, should have as its minimum standard the average price of a public four-year education for a commuter student, as determined by a nationally accepted benchmark. I believe that this standard is a modest one, and represents the least we can do for those who serve our nation in uniform.

Adaptability—Any measure adopted by the Congress must also keep pace with the contemporary realities of paying for college. We are here today because the Montgomery GI Bill benefit is not keeping up with the average price of a public college education. We need to fix that shortcoming. We recommend an automatic annual adjustment to the benefit, based upon a nationally accepted benchmark.

In issuing this call, I speak on behalf of institutions that enroll nearly three-and-a-half million students and award more than one-third of all the baccalaureate degrees conferred in the United States. The colleges and universities represented by our association vary widely in focus and curriculum, but share a deep commitment to access and opportunity. These institutions have a proud heritage of opening their doors to historically underrepresented and underserved populations. They have maintained solid partnerships with the armed services since the first GI Bill more than a half-century ago. In fact, it was the original GI Bill that helped to transform many of our member institutions into what they are today.

At the national level, the Association values its relationship with the Servicemembers Opportunity Colleges. SOC, a consortium of more than 1,500 colleges and universities that has been housed at AASCU since its inception in 1972, provides an invaluable service for the men and women who serve this nation in uniform. By working with colleges and universities to seamlessly

transfer college credit for active duty servicemembers, SOC helps students who are serving their country to complete a cohesive educational program in a timely fashion. Since 1972, SOC has aided thousands of servicemembers in their higher education pursuits, demonstrating the importance of strong ties between higher education and the nation's armed forces.

The action of the Congress in passing the 1944 Servicemembers Readjustment Act stands as a watershed in the nation's economic and social development. Management expert Peter Drucker points to the implementation of the GI Bill as the starting point for the emergence of a "knowledge economy" in this country. Even by today's standards, the educational impact of the GI Bill is staggering—450,000 engineers, 238,000 teachers, 91,000 scientists, 67,000 doctors, 22,000 dentists, and more than 1,000,000 additional workers. The economic impact has been similarly awe-inspiring, as it has been estimated that every dollar invested in the GI Bill brought between $5.00 and $12.50—a rate of return that is virtually unrivaled in the public sector.

While we can view the GI Bill in macroeconomic terns, I like to view it as the embodiment of what President Abraham Lincoln once described as the "Right to Rise." The fulfilled promise of the GI bill was to give veterans the opportunity to rise, to —as a recent recruiting slogan said—"Be all you can be."

This Memorial Day President Bush signed a measure from Congress that provides for the erection of a visible testament to the heroism of the men and women who fought—and died—in World War II. In that space on the Mall, we will belatedly but gratefully acknowledge the sacrifices made to safeguard the freedom we enjoy today.

The Mall will hold a physical memorial to that generation, but the living memorial is found in every town across America, as the veterans and their children and grandchildren enjoy good and prosperous lives because of what you the Congress made possible through the GI Bill.

But the GI Bill in 2001 is far different from the GI Bill a half-century ago. The true GI Bill covered tuition and living costs for our returning servicemen and women. This GI Bill of the 21st century does half that. It is half a promise kept. We can do better and we should.

As such, I ask you to increase the educational benefit of the Montgomery GI Bill, to ensure that it provides for the servicemembers of the 21st Century the same opportunity that it did for the heroes of the 20th Century. In particular, I am advocating for an educational benefit that keeps up with higher education costs. Our new bill must be both "adequate" and "adaptable."

The facts are simple—the current Montgomery GI Bill benefit covers just 63 percent of the average cost of a baccalaureate degree for a commuter student at a state college or university and no additional expenses. The reason? Increases in benefits have not kept pace with increases in costs. As a former university president, I can assure you that my colleagues are very concerned about rising costs and are actively seeking out ways to contain them; however, the reality is that higher education, as a human resource-intensive enterprise, is a significant public investment. If the GI Bill's educational benefit is to be real, it should bear a closer resemblance to the reality of higher education costs.

Several bills are to be considered by this committee in the 107th Session of Congress. Each has its own merits to improve servicemembers' and veterans'

benefits. One measure before you, HR 1280, and its companion measure in the Senate, S 131—the Veterans' Higher Education Opportunity Act of 2001—is especially helpful for Montgomery GI Bill recipients. It would restore the comprehensive educational benefit by guaranteeing that servicemembers will not lose the purchasing power of their educational investment. In addition, the amount of the benefit will be determined annually by the Secretary using a nationally accepted benchmark that calculates the monthly benefit on the average cost of a four-year public education for a commuter student. The measure that you are now considering, H.R. 1291, is good legislation, but it would be greatly strengthened if it contained language that set this benchmark in place. We stand ready to support this approach and will work with you to consider it in the final bill.

Throughout its history, our nation has been blessed to have leaders step forward to do the right thing at the right time, like those individuals that pushed relentlessly for the adoption of the Servicemembers Readjustment Act of 1944. We place our faith in you the Congress to be among those who do the right thing at the right time and make real in the 21st century our commitment to our veterans.

We thank you for your leadership and support for improving servicemembers' and veterans' benefits.

Statement of
Dr. David L. Warren, President
National Association of Independent Colleges and Universities
before the Subcommittee on Benefits
Committee on Veterans' Affairs
U. S. House of Representatives
June 7, 2001

Mr. Chairman and members of the committee

I am David Warren, president of the National Association of Independent Colleges and Universities. Our association represents almost one thousand independent institutions and higher education associations, located in every state, and offering a great diversity of educational opportunity. Our membership includes America's premier research universities, nationally known liberal arts colleges, comprehensive universities, faith based institutions, colleges for women and colleges for men, historically Black colleges, Hispanic serving institutions, and specialized and professional institutions. That educational diversity allows our member colleges to serve the diversity of America's students. For example, independent colleges enroll about the same percentage of Black and Hispanic students as do public four year colleges (17.9% vs. 18.1%); about the same percentage of our students come from families with incomes under $30,000 a year (26.8% vs. 27.7%). I offer those comparisons to counter the widely held myth that independent institutions serve only wealth families.

I might note too, as we discuss funding levels for the Montgomery G.I. Bill, that half of all independent institutions charged less than $13,688 during this past year, and that all independent institutions, including the handful whose $25,000-plus tuitions catch the public attention, offer large amounts of aid from their own resources, to add to federal and state aid programs, so that the average annual grant total for full-time undergraduates now exceeds $8,500.

We welcome and support this Committee's vision of moving educational benefits for military service back to the standard set by the first GI Bill, which paid the full tuition and living cost for veterans at whatever college or university they chose. The original GI Bill allowed veterans to pursue the educational alternative that best suited their individual talents and ambitions. The results for those individuals, and for the nation, were dramatic and positive.

Intended by its congressional authors primarily as a way for millions of veterans to readjust to civilian life, the GI Bill became a demonstration of the great benefits of opening higher education to students based on their talent and ambition, rather than their family circumstances. The great increases in

economic productivity that resulted from providing higher education to a much larger percentage of the population than ever before, in any country, dramatically demonstrated the value of that kind of basic investment in human talent. The program paid for itself many times over in increased tax revenues based on the higher earnings of those educated veterans. But we also learned that the benefits were not only economic. Higher educational attainment also leads to greater civic involvement, improved health, and increased life expectancy. The broader commitment represented by federal student aid programs, that now encourage a majority of high school graduates to continue to further education, draws on the demonstrated value of such investments that we learned first from the original GI Bill.

The GI Bill also forever changed American higher education. The seriousness and focus of the veterans raised the standards for all students. A few education leaders had feared that a large mass of veterans would dilute educational quality and seriousness, but they quickly learned that the those veterans brought talent and experiences that enhanced education for all students.

Our colleges continue to welcome and value the enrollment of veterans. We know that they bring added maturity and seriousness to their studies. This is true of young people who begin their studies after an initial tour of duty in the military, with greater focus and a variety of experiences and skills. It is also true for veterans who have spent the first half of their working lives in the service, and who seek educational credentials to allow them to enter a second career in teaching or business or some other field.

A number of our colleges have established special programs specifically to serve those mid-career veterans who look for a new career in teaching. Once prepared for the classroom, they make wonderful contributions to our elementary and secondary schools. Military veterans are a particularly important source of minority teachers, highly sought after by urban school districts.

Independent colleges and universities are also well represented among the Servicemembers' Opportunity Colleges (SOC). Those institutions make a special effort to recognize that veterans bring skills and training from their military experience that must be translated into the competencies and course credits of civilian education. Service members also commonly acquire course credits from several institutions as they move about during their years of military service. The SOC institutions work to combine those credits as completely and efficiently as possible. NAICU is pleased to be one of the sponsoring associations for the Servicemembers Opportunity Colleges, and we are proud of the accomplishments of that valued organization.

We share this committee's concern that the Montgomery G.I. Bill has not fully lived up to its original purposes and promise. The fact that only half of our veterans make use of these educational benefits suggests a significant waste of human potential. We can be sure that a much larger percentage of our veterans could enhance their own productivity and achievement, by taking advantage of the opportunities of further education.

Obviously, an important problem has been that the educational benefit levels of the Montgomery G.I. Bill have not kept up with what it costs an institution to provide an advanced education. The increases contemplated in H.R. 1291 would bring those benefits to more realistic levels. The $1,100 a month set for 2004 would cover the full tuition charges at many four year public institutions, and even at a substantial number of private colleges. And, I know that in the private college sector, those amounts would be supplemented by many institutions to make college study possible for the veterans using those Montgomery G.I. Bill benefits.

NAICU has joined other higher education associations, and the major veterans groups, in advocating that Montgomery G.I. Bill benefits be benchmarked at the annually updated tuition and fees for a commuter student at a public four-year college (this year, that would be $9,229). I encourage the committee to press toward a benchmarking concept, to ensure that future Montgomery G.I. Bill benefit levels do not again slip well below the real costs for most veterans seeking higher education.

It may seem surprising for an association of independent colleges to support the average cost of public institutions as a benchmark. But we recognize this as a goal that might be achieved in the near future which would enhance the usefulness of veterans educational benefits at all institutions. And, I would note, that the tuition charges at many private colleges are not far from that benchmark number. This is particularly true for institutions that serve a large percentage of adult students, and which are also the most frequent choices of veterans within the independent college sector.

Benchmarking at that level would not restore veterans benefits to the effective levels of the original GI Bill following World War II. The goal of providing educational benefits for veterans that meet the full expenses of whichever college or university an individual veteran may choose is an important one, and we support that goal. We know that the benefits to our nation of that kind of educational investment would be repaid many times over, as it was with the original GI Bill.

But in this real world of hard choices, we believe that a benchmark that moves to reflect changing educational expenses is a concept that merits your serious consideration.

We also recognize that our nation benefits when our volunteer military force can attract talented young people who would enjoy and benefit from the experience of military service. Educational benefits are obviously an important incentive to recruitment for our military services, and a more talented and representative military enhances the security and well being of all citizens.

But from my perspective as an educator, I see the benefits of increasing our public investment in the education of both our young people and those returning to the civilian workforce after a military career, as the most persuasive and obvious benefit of improvements in the Montgomery G.I. Bill. The pay off for such investments will be large and lasting. I compliment this committee on its commitment to making these Montgomery G.I. Bill improvements a reality.

Statement of Horace W. Fleming, President of
The University of Southern Mississippi
Before the Subcommittee on Benefits,
Committee on Veterans' Affairs,
U. S. House of Representatives
Thursday, June 7, 2001

Mr. Chairman and Members of the Committee:

Thank you for allowing me to be present today to offer my support for the proposed 21st Century Montgomery GI Bill Enhancement Act. This bill appropriately carries the name of our distinguished former member of Congress from Mississippi, The Honorable Sonny Montgomery, a statesman in the truest sense of that term and a strong supporter of our Armed Services and our veterans.

I am here today as a veteran and an enthusiastic supporter of this bill and also as a university president who has seen the immense positive impact that this veterans' benefit has both personally for the student and for the University as a whole.

As you know, the costs of a college education are rapidly escalating, despite our efforts to contain those costs, and we face the constant challenge of keeping higher education within financial reach of all our young people. Thanks to the commitment of Federal and state governments, a college education for the vast majority of Americans today is much more affordable. Still, students struggle to meet the financial demands of a college education. They rely on loan programs, institutional aid, work, and certain grant programs to pay their way.

The proposed 21st Century Montgomery GI Bill Enhancement Act embodies a realistic approach to dealing with current and future educational costs and serves to lessen veterans' dependence on loans. Because veterans' educational benefits are treated as a resource when determining the amount of a student's financial need, that student's annual loan debt could be totally eliminated through enhancement of the current GI Bill. This acknowledges the importance of planning for the future and not borrowing excessively against it.

Students who demonstrate financial need find a high percentage of that need met through loans, the type of financial aid that must be repaid. Packaging of financial aid involves putting together a complete financial aid package for students from different sources of funds. When we have a student in need of financial assistance, we first attempt to meet need with scholarships, work-study, and grant aid for which the student qualifies. Then, to meet the balance of the student's need, we add loans. The repayment of these loans is, of course, delayed and leaves students in the position of having to pay for their own college education at a later time in their lives when they need to be planning for their children's education.

At the University of Southern Mississippi, there are approximately 460 students who have returned to school because of the support available to them through the current Montgomery GI Bill. This program is an essential element of support for those who have served our country honorably. It is also an added incentive for young people to consider joining our volunteer military force. We need such incentives in view of the comparatively low pay we provide.

There is, however, another important aspect of this program from the University's perspective, aside from the financial aspect. We view our student veterans as a resource, a group of individuals who add a level of maturity and bring a great breadth of experience to the classroom and to our campus life. Because of their age and experience, we expect these students to succeed and know that they are a wise investment for our nation and for our future. They help us create a stronger learning environment within our University. Offering veterans a reasonable level of support allows them to focus on their studies and to benefit from and contribute to the wealth of experiences outside the classroom. Their contribution to campus life and their ability to benefit from these additional experiences is directly related to their ability to meet their financial responsibilities. If they have more time to participate in academic and extracurricular activities, there is greater opportunity to share their experience and to impact the campus and our larger community in positive ways. In order to thrive as an institution, we need this kind of

involvement of our students. And students need this type of engagement personally to reach their potential.

Our nation benefits greatly from the talent that we are developing among our most dedicated and promising citizens, our veterans.

I urge the passage of the 21st Century Montgomery GI Bill Enhancement Act and thank you for the opportunity to voice my support for its enactment.

NAVPA

NATIONAL ASSOCIATION OF VETERANS' PROGRAM ADMINISTRATORS

TESTIMONY

ON

H.R. 1291 the
21st Century Montgomery GI Bill Enhancement Act

Good morning Mr. Chairman, members of the House Committee on Veterans Affairs, Sub-Committee on Benefits. I am David Guzman, President of the National Association of Veterans Program Administrators (NAVPA). I appreciate this opportunity to address you here this morning on this very important piece of veterans' legislation.

If I may, I would like to quote Wilson Compton, who was president of Washington State College from 1945 to 1951 who said in his May 1950 commencement address:

"You came with, - and most of you as part of - that mighty tide of War Veterans returning to the Schools and Colleges of America seeking opportunity, - or perhaps to be more exact, - the road to opportunity in a world at peace." (The GI Bill made this possible.)

NAVPA fully supports enhancements to the Montgomery GI Bill (MGIB) that would bring the benefit closer to the actual cost of attending college. The current amount of benefit received by a veteran student has not kept pace with the actual cost of attendance according to The College Board. This necessitates a veteran student's need to apply for financial assistance in the form of Federal Financial Aid (FFA). However, veteran students are placed at a disadvantage when compared with non-veteran students as they are penalized for having the benefit. Not only is their earned benefit considered a resource, which reduces the eligibility for other financial assistance, the initial amount they contribute is not considered in the FFA formula. The veteran students end up paying twice for the privilege of this benefit; first when they buy into the program while in their first year of service and again when the amount is discounted as a resource in the student Federal Financial Aid means computation. Also, veteran students do not receive their VA benefit allowance up-front, that is, at the same time financial aid is released and tuition payment is due at their college or university. They receive their MGIB benefit on an irregular monthly basis but only after they have self-verified their enrollment and

usually 45 to 65 days after the first of the month in which they qualify for this benefit. As reported by the College Board, the escalating cost of attending a four-year institution of higher learning has outpaced inflation at almost double the rate. While many college enrollments are increasing, veteran enrollments are static due largely to the diminished value of the Montgomery GI Bill because of the financial aid offset and the lack of adequate funding as a stand-alone benefit. The average cost of tuition alone at a four-year public institution has grown to $3,510 a year, a 4.5% increase this academic year. Last year's increase was 4.7% and this August we anticipate another hefty increase of around 4.5%. Again, these costs are tuition alone and do not include the ever increasing costs of books and supplies, mandatory fees or subsistence. When the cost of books, supplies, room and board, transportation and other traditional costs are factored in, the cost of attending a four-year public commuter college rises to $9,229. These figures are for this 2000-2001 academic year. This cost increases slightly more for the non-traditional student, the veteran who is encumbered with additional responsibilities and needs. The average veteran student is an adult 24 years old who served in the US military service for three to four years. Over half of the veteran students are married and have one to two children. These veterans have acquired possessions that must be moved or stored; they have a family and child and day care needs, child clothing and subsistence needs above those of the traditional 18-year-old student. A traditional student may only live in the college area for a 9-month academic year and share rent with a roommate or two. They can go home for the summer and save 3 months rent too. Most non-traditional, veteran, students stay in the area until they graduate, they cannot move home for the summer to save 3 months of rent. We have estimated that the cost of attendance for a veteran student exceeds traditional costs by $2,000 and more per year at a 4-year commuter school. Many veterans simply cannot afford to even go to college. Some responses to the 1998 Goodrich study that asks veterans why they are not using their GI Bill includes: "I cannot afford to quit my job to meet qualifications to use this program - it is not sufficient for me." and "I cannot afford to go to school <u>and</u> support my family. The MGIB funds are not sufficient." There are serious financial barriers for those veterans who would like to attend college but simply cannot afford to do so because of these escalating costs, method of payment and the FFA treatment of their benefit. House Bill 1291 would help compensate for some of the financial burden of attending college

although, in our opinion, a return to a full, WW II-like GI Bill would be the appropriate thanks from a grateful nation.

The NAVPA membership is comprised of veteran certifying officials from colleges and universities across this nation. We have daily contact with those veteran students who access their Montgomery GI Bill; we are the business end of the Montgomery GI Bill. And, I can report that the veteran student is disappointed and dissatisfied that their earned benefit dissolves when they apply for college and actually begin to use this program. We, as a nation, need to do what is right by these veterans and properly thank them for their service to our country. These are the individuals who endured long family separations, unusual living conditions and 24/7 alert status, ready to take up arms in defense of this great nation on a moments notice. On June 13, 1944 Congress passed the law that changed America; that educated and trained 8 million veterans, because they heeded their presidents challenge and because it was their moral duty to do so. H.R. 1291, the 21st Century Montgomery GI Bill Enhancement Act, would certainly help, and is a great first step in providing the veteran a grateful nation's thanks and appreciation for a job well done; it is our duty to again open the roads to opportunities in a nation at peace. But we should not stop there, we see a need to not only enhance the Montgomery GI Bill but to also enhance the delivery of services within the Department of Veterans Affairs and to bring the technology of service to a higher level. The VA education programs are being administered with antiquated laws, rules and regulations that are inconsistent among and between the states and regions that govern the programs and they are inconsistent with 21st Century Education. We feel that it is time to act on the findings of the Transition Commission, to even rewrite the GI Bill anew and include 21st Century concepts of life-long learning and methods of educational delivery such as payment for courses leading to certification, pay for independent study courses in non-college degree programs that help a veteran advance in the world-of-work, and expand the veterans work-study program to allow students to work in academic departments and other areas where they can gain valuable experience for their after-college life. We also need to recognize the guard and reserve members in a renewed light and provide an expanded program for them as rewards for their expanded service to this nation. And finally, we need to allow veterans

to use their GI Bill when and how it benefits them without regard to a delimiting date of 10 years.

This concludes my testimony. I am ready to answer any questions you or the members of this sub-committee may have at this time. Thank you.

~ End ~

Goodrich, Chris, *The Montgomery G.I.Bill: Opportunity Wasted or Opportunity Waiting?*

A national survey to learn why eligible veterans are not using their MGIB. March 1998.

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MGIB Entitlement should be indexed to the average cost of a college education to include tuition, fees, books, supplies and a stipend sufficient enough to negate the requirement for veterans to access Federal Financial Aid. The index should be adjusted on an annual basis based on the College Board's assessment of the cost of education.

Enrollment in the MGIB should be an entitlement for service to this great nation and the $1,200 pay reduction eliminated. The educated veteran will pay this country back a thousand fold as a working productive citizen.

Accelerated payment up to one standard term or program should be paid to the veteran student upon application and certification of enrollment by the institution providing the education and or training.

The VA should be funded on a one-time basis to develop a 24/7 web portal for veteran's to access their VA file that would allow them to track the progress of a claim. Firewall protections should be build into this system and nightly downloads to protect against intrusions/hacking to the VA mainframe can easily be included. This would enhance the service to the end user and eliminate the thousands of weekly phone inquiries to the VARPOs that disrupt services and delay claims processing. Hundreds of private corporations, many larger than the VA, now have web portals for enhanced customer service. Web portals are not new and most airlines, banks and international parcel tracking services, to illustrate some examples, have embraced this concept.

NAVPA advocates for an expanded educational opportunity for veterans that embrace all modes of delivers from classroom, to televised, electronic, correspondence, accelerated, independent study and other methods of instructional conveyance that have evolved in this electronic era. We need to bring the GI Bill into the 21st Century.

United States General Accounting Office

GAO

Before the Subcommittee on Benefits, Committee on Veterans' Affairs, House of Representatives

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VETERANS' EMPLOYMENT AND TRAINING SERVICE

Further Changes Needed to Strengthen Its Performance Measurement System

Statement of Sigurd R. Nilsen, Director
Education, Workforce, and Income Security Issues

GAO-01-757T

Mr. Chairman and Members of the Subcommittee:

Thank you for inviting me here today to discuss our recent report on the Veterans' Employment and Training Service's (VETS) performance measurement system. VETS, as part of the Department of Labor, administers programs and activities designed to help veterans obtain employment and training assistance. Recently, policymakers have focused increasing attention on VETS and its programs, advocating changes to the structure and administration of the program and in the way it assesses program performance. This Subcommittee introduced legislation during the 106th Congress that would restructure the program and require a new, comprehensive performance accountability system. In addition, in 1999, the Congressional Commission on Servicemembers and Veterans' Transition Assistance recommended that the Congress establish effective outcome measures for VETS. This focus on reform comes at a time when other federally funded employment and training programs are changing the way they provide services and measure performance. For example, the Workforce Investment Act (WIA), which provides employment and training assistance for youth, adults, and dislocated workers through one-stop centers, recently established outcome measures that are similar to those that VETS now proposes.

In our recently released report, requested by this Subcommittee, we reviewed VETS' efforts to improve its performance measurement system.[1] In that report, we examined VETS' proposed performance measures, the data source VETS proposes to use in the new system and other measurement issues that may affect the comparability of states' performance data. Our work was based on interviews and discussions we had with over 45 officials in 16 states, interviews with VETS officials, and a review of government documents and other relevant reports.

In summary, VETS' proposed performance measures are an improvement over the current performance accountability system because they focus more on what its programs achieve and less on the number of services provided by staff serving veterans. They also no longer require states to compare the level and associated service outcomes provided to veterans with those provided to nonveterans and are more closely aligned with WIA program measures, making it easier for service providers to report on

[1] *Veterans' Employment and Training Service: Proposed Performance Measurement System Improved, But Further Changes Needed* (GAO-01-580, May 15, 2001).

outcomes. However, our work revealed a few areas of concern with the proposed measures. A comparison of the performance measures with the strategic plan indicates that VETS is sending a mixed message to states about what services to provide and to whom. VETS' strategic plan suggests that states focus their efforts on providing staff-assisted services to veterans, including case management, yet none of the proposed measures specifically gauge the success of these services. In addition, VETS' proposal includes one measure—the number of federal contractor jobs listed with local employment offices—that is not only process-oriented but also focuses on outcomes that are beyond the control of staff serving veterans. VETS also proposes that all states use a single data source—Unemployment Insurance (UI) wage records—to identify veterans who get jobs. Using wage record data will greatly improve the comparability and reliability of the new measures, however, these data also present some challenges that states will need to overcome. States generally do not have access to wage records from other states and, therefore, may not be able to track individuals who receive services in one state but get a job in another. In addition, certain employment categories are not included in wage record data. Finally, there are other issues related to how states count veterans for performance-reporting purposes that VETS needs to consider as they finalize their performance-reporting requirements. In our report, we made several recommendations to VETS regarding their proposed performance measurement system that could strengthen VETS' efforts to effectively measure the performance of its programs.

Background

VETS administers national programs intended to (1) ensure that veterans receive priority in employment and training opportunities from the employment service; (2) assist veterans, reservists, and National Guard members in securing employment; and (3) protect veterans' employment rights and benefits. The key elements of VETS' services include enforcing veterans' preference and reemployment rights and securing employment and training services. VETS' programs are among those federal programs whose services have been affected by WIA and other legislative changes aimed at streamlining services and holding programs accountable for their results.

VETS' Programs

VETS carries out its responsibilities through a nationwide network that includes representation in each of Labor's 10 regions and staff in each state. The Office of the Assistant Secretary for Veterans' Employment and Training administers VETS' activities through regional administrators and a VETS director in each state. These VETS staff are the link between VETS

and the states' employment service system, which is overseen by Labor's Employment and Training Administration (ETA). VETS funds two primary veterans' employment assistance grants to states—the Disabled Veterans' Outreach Program (DVOP) and the Local Veterans' Employment Representatives (LVER). Fiscal year 2001 appropriation for VETS was about $212 million, including $81.6 million for DVOP specialists (DVOPS) and $77.2 million for LVER staff.[2] These funds paid for 1,327 DVOP positions and 1,206 LVER positions.

The DVOP and LVER programs provide employment and training opportunities specifically for veterans. A key responsibility of a DVOP is to develop job and job training opportunities for veterans through contacts with employers, especially small- and medium-size private sector employers. LVERs are to provide program oversight of local employment service offices to ensure that veterans receive maximum employment and training opportunities from the entire local office staff.[3] In addition, DVOPS and LVERs traditionally have provided services that include locating veterans who need services and providing case management for those veterans in need of more intensive services. Increasingly, however, veterans are accessing services on their own, through tools such as internet-based job listings or resume writing software.

As part of the DVOP and LVER grant agreements, states must ensure that veterans receive priority at every point where public employment and training services are available. The DVOP and LVER programs give priority to the needs of disabled veterans and veterans who served during the Vietnam era, and state employment service systems are expected to give priority to veterans over nonveterans. To monitor the states' programs, VETS has been using a set of measures that evaluates states' performance in five dimensions: (1) veterans placed in training, (2) those receiving counseling, (3) those receiving services, (4) those entering employment, and (5) those obtaining federal contractor jobs. These measures primarily count the number of services that veterans receive and compare the totals with similar services provided to nonveterans. To ensure priority service

[2]In addition to funds for DVOPS and the LVERs, VETS' fiscal year 2001 appropriation included funds for the Homeless Veteran Program and Veterans Workforce Investment Program.

[3]The roles of the DVOPS and LVERs have been separately defined in two statutes. LVERs were first authorized under the original GI bill (the Servicemen's Readjustment Act of 1944) and DVOP specialists were authorized by the Veterans' Rehabilitation and Education Amendments of 1980.

to veterans, VETS expects levels of performance for services provided to veterans to be higher than levels for nonveterans. For example, veterans and other eligibles must be placed in or obtain employment at a rate 15 percent higher than that achieved by nonveterans.

To report on performance, VETS currently relies on the Employment and Training Administration's 9002 system to aggregate data reported by states on veterans and nonveterans who register with state Employment Services (ES) offices, track the services provided to them (such as counseling or job referral), and gather information on their employment outcomes. The 9002 system also collects information such as the registrants' employment status, level of education (e.g., high school, postsecondary degree/certificate), and basic demographic information, such as age and race.

Legislative and Regulatory Changes Affecting VETS

Over the past several years, the Congress has taken steps to streamline and integrate services provided by federally funded employment and training programs. WIA, which the Congress passed in 1998, requires states and localities to use a one-stop center structure to provide access to most employment and training services in a single location. WIA requires about 17 categories of programs, including VETS and ES programs, to provide services through the one-stop center. While DVOP and LVER staff are required to provide assistance only to veterans, it is unclear how their services will be integrated at the one-stop centers. However, according to VETS officials, agreements made with each state on planned services to veterans now include provisions on how DVOPS and LVERs will be integrated into the one-stop delivery system.

In addition to changing the way services are provided, programs are now increasingly held accountable for their results. Through the Government Performance and Results Act of 1993 (GPRA), the Congress seeks to improve the efficiency, effectiveness, and public accountability of federal agencies as well as improve congressional decision making. GPRA does so, in part, by promoting a focus on what the program achieves rather than tracking program activities. GPRA outlines a series of steps in which agencies are required to identify their goals, measure performance, and report on the degree to which those goals were met.

To address the goals of GPRA and in response to recommendations by us and other groups, such as the Congressional Commission on Servicemembers and Veterans Transition Assistance,[4] VETS is currently developing a new system to measure the performance of its programs. Over the last several years, VETS conducted pilot programs in about eight states that tested some new performance measures and the use of new data to support these measures. VETS officials told us that they anticipate implementing their new performance measurement system in program year 2001.

VETS' Proposed Measures Hold Promise, but Some Concerns Remain

VETS' proposed performance measures include an (1) entered-employment rate, (2) employment rate following staff-assisted services, (3) employment retention rate, and (4) increase in the number of federal contractor job openings listed. These measures are an improvement over current ones, but certain aspects of these measures raise concerns that VETS needs to address.

Proposed Measures Are an Improvement Over the Current Ones

The proposed performance measures improve accountability because they place more emphasis on employment-related outcomes by eliminating process-oriented measures—measures that simply track services provided to veterans. Current process measures that VETS eliminated from the proposed performance system include the number of veterans referred to counseling, the number placed in training, and the number receiving certain other services, such as job referrals. As we noted in past reports, these process-oriented measures are activity- and volume-driven and focus efforts on the number of services provided, not on the outcomes veterans achieve.[5] These measures offer states little incentive to provide services to those veterans who are only marginally prepared for work and who may need more intensive services requiring more staff time. The VETS' proposal still includes one process-oriented measure that simply reflects the percentage increase in the number of federal contractor job openings listed with the public labor exchange but adds two outcome-oriented

[4]See *Report of the Congressional Commission on Servicemembers and Veterans Transition Assistance*, January 14, 1999, Congressional Commission on Servicemembers and Veterans Transition Assistance, Arlington, VA.

[5]See *Veterans' Employment and Training Service: Focusing on Program Results to Improve Agency Performance* (GAO/T-HEHS-97-129, May 7, 1997) and *Veterans' Employment and Training Service: Better Planning Needed to Address Future Needs* (GAO/T-HEHS-00-206, Sept. 27, 2000).

measures—job retention after 6 months and the employment rate following staff-assisted services.[8] The VETS' proposal also retains an outcome measure that is in the current system—the entered-employment rate. (See table 1.)

Table 1: VETS' Current Performance Measures Compared With Proposed Measures

Current measures	Process-oriented	Outcome-oriented
Entered-employment rate: The percentage of all registered veterans who were placed in or obtained employment.		X
Number of veterans placed in training: A count of the veterans placed in training.	X	
Number of veterans receiving counseling: A count of the veterans who received counseling services.	X	
Number of veterans receiving some reportable service: A count of the veterans who received at least one reportable service.	X	
Federal contractor jobs filled by Vietnam and special disabled veterans: A count of the veterans who were placed in jobs listed on the federal contractor job list.		X
Proposed measures	**Process-oriented**	**Outcome-oriented**
Entered-employment rate: The percentage of all registered veterans who were placed in or obtained employment.		X
Employment rate following receipt of staff-assisted services: The percentage of registered veterans who are employed after receiving some form of staff-assisted labor exchange services.		X
Employment retention rate at 6 months: Of the veterans who had entered employment following registration, the percentage of those who continued to earn wages 6 months after entering employment.		X
Federal contractor job openings listed with the public labor exchange: The percentage increase in the number of federal contractor job openings listed annually with the public labor exchange from one program year to the next.	X	

Source: Veterans' Employment and Training Service, Department of Labor.

[8]VETS considers this measure as process-oriented "with an emphasis on outcomes." However, for this report, we classified the measure as outcome-based because it reports an employment rate rather than only reporting a count of services.

The proposed performance measures also improve the way VETS establishes the level of performance that states are expected to achieve. VETS no longer requires states to compare the level of services provided to veterans with those provided to nonveterans.[7] In past reports, we have pointed out that the use of these relative standards results in states with poor levels of service to nonveterans being held to lower standards for service to veterans than states with better overall performance.[8] Under the proposed system, VETS will negotiate performance levels annually with each state based on that state's past performance, using guidelines similar to those used for WIA.[9] VETS will also be able to adjust these levels based on economic conditions within each state, such as the unemployment rate, the rate of job creation or loss, or other factors.

The proposed performance measures are also similar to those established under WIA, making it easier for service providers to achieve WIA's goal of integrating and streamlining employment and training services. In the current environment, many of the programs that provide services through the one-stop centers have their own unique performance measures and program definitions, requiring multiple systems and multiple data collection efforts to track a single client. In the proposed system, VETS is trying to align its performance measures with those of WIA. Two of the five proposed measures—entered-employment rate and employment retention—are nearly identical to WIA's and to those proposed for ES.[10] If VETS aligns the measures with those of WIA and ES, local offices will be more readily able to establish integrated data systems that will minimize the data collection burden on service providers and clients.

[7]While states will no longer be required to compare the level of services given to veterans and nonveterans, VETS is required to report annually to the Congress on the job placement rate of veterans compared with the rate for nonveterans. 38 U.S.C. § 4107.

[8]See GAO/T-HEHS-97-129.

[9]VETS is planning to use WIA's negotiation process to establish expected performance levels for labor exchange services. VETS proposes that states use 2 years of data if possible, but not less than 1 year in determining trends for performance and factors that may influence performance.

[10]See GAO-01-580 for a comparison of VETS, ES, and WIA performance measures.

Concerns Remain That VETS Should Address

While the proposed performance measures are an improvement over those currently in place, there are issues with these measures that VETS should address. First, a comparison of the performance measures with the strategic plan indicates that VETS is sending a mixed message to states about what services to provide and to whom. The strategic plan suggests that states focus their efforts on providing staff-assisted services to veterans, including case management. Yet, none of the proposed measures specifically gauges whether more staff-intensive services are helping veterans get jobs. VETS' proposal includes a measure that tracks employment outcomes following staff-assisted services. However, this measure is broadly defined, and the list of staff-assisted services includes nearly all services provided to veterans.[11] This makes the outcomes achieved for the staff-assisted measure nearly identical to those reported for the more general "entered-employment rate." In addition, as VETS has defined it, staff-assisted services include many services that might not be considered "intensive," such as referral to a job and job search activities. Because the definition is so broadly defined, a veteran who only attended a job search workshop would be counted the same as a veteran who received more intensive services, such as testing and employability planning. Both would be counted in the more general entered-employment rate measure, as well as the staff-assisted service measure. A stricter definition for staff-assisted services that includes only those services that are generally considered staff-intensive would allow VETS to more accurately assess the success of those services and help to clarify the goals of the program.

Second, VETS is sending a mixed message about which groups of veterans to target for services. As we noted in past reports and testimonies, VETS has inconsistently identified various "targeted" groups of veterans it plans to help.[12] In its strategic plan, VETS identifies two broad veterans groups that should be targeted to receive special attention—(1) disabled veterans

[11]VETS uses the ETA definition of staff-assisted services. Staff-assisted services include (a) referral to a job; (b) placement in training; (c) assessment services, including an assessment interview, testing, counseling, and employability planning; (d) career guidance; (e) job search activities, including resume assistance, job search workshops, job finding clubs, providing specific labor market information and job search planning; (f) federal bonding program; (g) job development contacts; (h) tax credit eligibility determination; (i) referral to other services, including skills training, educational services, and supportive services; and (j) any other service requiring expenditure of time. Application taking and/or registration services are not included as staff-assisted services.

[12]See GAO/T-HEHS-00-206.

and (2) all veterans and other eligible persons. And consistent with this, VETS proposes that expected performance levels be negotiated separately for each of these same two groups. Yet, the strategic plan also suggests that, when providing services to all veterans, special attention should be given to meeting the needs of certain other target groups, some of which might require more intensive services to become employed. The groups targeted for special attention include (1) veterans who have significant barriers to employment, (2) veterans who served on active duty during a war (or campaign or expedition in which a campaign badge has been authorized), and (3) veterans recently separated from military service. In reviewing VETS' proposed measures and the plan for negotiating performance levels, it is unclear what steps VETS will take to ensure that DVOPS and LVERs are provided ample opportunity and encouragement to focus attention on the portion of the "all veterans" group who may require more staff time to be successful in getting a job.

Last, VETS' proposal also continues to include a performance measure related to federal contractor job openings listed with the state's ES office. However, in its proposal, VETS has changed the measure. Under the current system, VETS tracks the number of Vietnam-era and special disabled veterans who were placed in jobs listed by federal contractors—an outcome measure. Now, under the proposed system, VETS will track the increase in the number of federal contractor jobs listed with the state's ES office—a process-oriented measure.[13] This new measure ultimately holds DVOPS and LVERs accountable for the number of federal contractors in a given state or local area, not for veteran placements with those contractors. The presence of federal contractors in a given state or local area is unpredictable and is determined by the federal agencies awarding contracts. Furthermore, according to state officials that we talked with, the federal contractor measure should be eliminated altogether because it is the responsibility of contractors to list their job openings. In addition, it is Labor's Office of Federal Contract Compliance

[13]Any contractor or subcontractor with a contract of $25,000 or more with the federal government must take affirmative action to hire and promote qualified special disabled veterans, veterans of the Vietnam-era, or any other veterans who served on active duty during a war or in a campaign or expedition for which a campaign badge has been authorized. Contractors and subcontractors with job openings, other than executive or top management jobs, must list them with the nearest state employment office. Veterans cited above receive priority for referral to federal contractor job openings listed at those offices.

that is responsible for ensuring that all companies conducting business with the federal government list their jobs with state ES offices and take affirmative action to hire qualified veterans.

Proposed Data Source for New Measures Is an Improvement but Will Bring Some Challenges

Consistent with WIA and ES, VETS is proposing that all states use UI wage records, which contain the earnings of each employee reported quarterly to state agencies,[14] to identify veterans who get jobs. While these data will greatly improve the comparability and reliability of the proposed performance measures, they will also bring some challenges that VETS needs to address.

Proposed Data Source Will Help to Ensure Comparability and Reliability Across States

Using a single data source will help to standardize the way in which states collect data on veterans, thereby making it easier to compare performance across states. Currently, states are using various data sources for performance-reporting purposes. While almost all of the states in our review used a combination of data sources to determine whether or not a veteran got a job, most of the states relied substantially on one data source, but that source differed among states. For example, in program year 1999

- 7 of the 15 states that we contacted relied to a large extent on wage record data to determine whether a veteran got a job or not;
- 7 others relied, for the most part, on telephone calls and letters to veterans and employers to determine a veteran's employment status; and
- 1 state relied primarily on its new hire database for employment data.[15]

[14]Each calendar quarter, employers in a state provide wage information on their employees to their state's UI agency or some other state agency. The information contained in wage records varies from state to state. However, all wage records contain at least the following information: the calendar quarter that the wages were reported in, the employee's social security number, wages paid to the employee in that quarter, and employer information.

[15]The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 established the National Directory of New Hires and State Directories of New Hires. The National Directory is maintained by the Social Security Administration on behalf of the Department of Health and Human Services, Office of Child Support Enforcement. States maintain their own State Directories of New Hires and generally supply data for the National Directory. Information in these directories includes: new hire information, such as name, address, and social security number of the employee and the name, address, federal identification number of the employer; in some states, wage information; and UI claim information.

In addition to making state data more comparable, we found evidence that states currently using wage records have been able to better identify those veterans who get jobs after receiving services. A recent study found that UI wage records more accurately identified how many veterans in the state of Maryland got jobs after receiving DVOP, LVER, or ES services.[16] In addition, most states in our review that are now using UI wage records, either as their primary data source or to augment other data sources, reported higher employment rates in program year 1999 for veterans they served than that year's national average of 30 percent.[17] By comparison, all but one of the states that relied either on manual follow-up or the new hire database reported an employment rate below the national average.

Another benefit of using UI wage records is that staff assisting veterans will be relying on data already available rather than collecting additional information from veterans or employers. Relying on these already reported data would require less staff time from DVOP, LVER, and ES staff, freeing them to focus more on providing job-related services to veterans. State officials told us that relying on manual follow-up, such as telephone calls, has been labor-intensive and has diverted staff attention away from providing appropriate assistance to veterans.

UI Data Presents Some Challenges

While UI wage records offer advantages over the current data collection system, some challenges need to be addressed. First, states should find ways to identify interstate job placements. Because the UI wage record system resides within each state, states generally do not have access to wage records from other states, making it difficult to track individuals who receive services in one state but get a job in another. Currently, there is no national system in place that facilitates data sharing among states. However, in response to WIA requirements, states are developing an interstate UI wage record information sharing system, known as the Wage

[16]Using UI wage records, this study tracked veterans who registered with the Maryland Job Service during program year 1997 and found an entered-employment rate that ranged from 65 percent to 82 percent, depending on the way the study defined a registrant. In that same program year, Maryland reported to VETS an entered-employment rate of 31 percent, which was based on staff telephoning veterans and employers to verify employment. See *Proposed New Entered Employment Patterns of Veteran Wagner-Peyser Registrants in the State of Maryland*, by Robert Cook, BETAH Associates; and Edward Davin and Karin Willner, DynCorp (Apr. 12, 2000).

[17]See GAO-01-580 for a list of all states and their respective entered-employment rates for program years 1996-99.

Record Interchange System (WRIS). The system is designed to minimize the burden on state unemployment insurance programs in responding to requests for wage record data, to ensure the security of the transactions involving individual wage records, and to produce the results at a low cost per record. In addition, some states have entered into agreements with neighboring states to share wage information in support of WIA. These efforts should help VETS as well.

Second, states should find ways to identify those veterans finding jobs in categories not covered by UI wage records. According to Labor, UI wage records include data on about 94 percent of workers. Certain employment categories are not included in these data, such as self-employed persons, most independent contractors, military personnel, federal government workers, railroad employees, some part-time employees of nonprofit institutions, and employees of religious orders. Therefore, the UI system will not be able to track and count veterans who get these types of jobs. This is an issue for WIA as well, and states are beginning to assess the extent to which this issue will affect their ability to accurately determine the outcome of WIA-funded programs.

Other Measurement Issues Affect Comparability of States' Performance Data

There are other issues not related to the use of UI wage records that VETS should consider as it finalizes its performance-reporting requirements. VETS' proposed performance system does not standardize how states report veterans or nonveterans who use self-service activities, making it difficult to reliably assess nationwide performance. In an environment in which self-service is becoming more common, we found that states vary in whether they register veteran job seekers who access self-service tools, such as internet-based job listings or resume writing software. For example, some states allow job seekers greater access to job listings without requiring that they register, while others have more restrictions on who can access job lists. Table 2 shows how such differences can affect entered-employment rates. In this example, 100 veterans enter the employment service for assistance. In both cases, 40 veterans ultimately get jobs after receiving identical services. In one case, the placement rate is 40 percent and in the other, 50 percent—a 10-percentage point difference. This difference results from counting all job seekers in one case and only those requiring staff assistance in the other. As a result of the different ways states currently count veterans and report outcomes, the entered-employment rate measure is not consistently calculated across states, and nationwide comparisons are misleading.

Table 2: A Comparison of Entered-Employment Rates by Registration Policy

All veterans required to register				Veterans accessing self-service do not have to register			
	Veterans registered	Number of veterans who get jobs	Number of veterans with jobs counted in entered-employment rate		Veterans registered	Number of veterans who get jobs	Number of veterans with jobs counted in entered-employment rate
40 veterans use self-service	40	10	10	40 veterans use self-service	0	10	0
60 veterans require staff assistance	60	30	30	60 veterans require staff assistance	60	30	30
Total	**100**	**40**	**40**	**Total**	**60**	**40**	**30**
Reported Entered-Employment Rate: 40/100 = 40%				**Reported Entered-Employment Rate: 30/60 = 50%**			

Source: GAO analysis.

VETS' proposed performance system does not standardize how long a veteran or nonveteran remains registered after seeking services for performance-reporting purposes. We found that states differ in how long they keep veterans registered. This difference makes the calculation of the entered-employment rate (i.e., the number of veterans that get jobs) different from state-to- state and nationwide comparisons unreliable. Many of the states we contacted count individuals as registered who have received a service in the last 6 months. However, two states only count those as registered who have received a service in the last 3 months, while two others count only those who received a service in the last 2 months. And in one state, anyone who has received a service from the state's employment office since 1998 is counted as a registrant when determining the entered-employment rate.

Conclusions and Recommendations

VETS has proposed changes to its performance measurement system that will move VETS closer to implementing an effective accountability system. However, additional changes are needed so that VETS can effectively determine whether its programs and services are fulfilling its mission. VETS continues to send a mixed message to states about what services to provide and to whom. In addition, two of the proposed measures—the entered-employment rate and the employment rate following staff-assisted services—may provide nearly identical results, and neither helps VETS to monitor whether more intensive services are being provided to veterans or whether these services are successful. Furthermore, through its planning documents and proposed performance measures, VETS continues to

inconsistently identify the groups of veterans that it wants states to help. Our report recommended that the Secretary of Labor direct VETS to redefine staff-assisted services to include only those that may be considered staff intensive, such as case management, so that VETS can evaluate these services. We also recommended that VETS clearly define its target populations so that staff assisting veterans know where to place their priorities. VETS acknowledged that its current strategic plan sends a mixed message to the states about which groups of veterans staff should target for special attention and noted that it is revising its planning documents to reflect a more consistent message. VETS disagreed, however, with our recommendation for a revised definition of the performance measure related to staff-assisted services.

VETS also maintains a measure related to federal contractors that does not focus on whether veterans get jobs but instead counts how many job openings are listed by federal contractors. In addition, state officials told us that it is the responsibility of the contractors, not DVOPS and LVERs, to list their job openings. Our report recommended that VETS eliminate this measure. While VETS disagreed with this recommendation, it agreed to reconsider the suitability of this specific measure after public comments have been received.

Finally, because VETS allows states to decide which veterans to include in its performance reports, data across states are inconsistent and state-to-state comparisons are unreliable. Our report recommended that VETS establish and communicate guidelines that standardize how to count veterans for performance-reporting purposes so that VETS will be able to assess program performance nationwide. VETS noted that it is working with ETA to determine how states can uniformly report veterans and nonveterans that use self-service activities and that the revised ETA 9002 report will provide instructions on how long individuals remain registered in the system.

Mr. Chairman, this concludes my prepared statement. I will be happy to answer any questions that you or other members of the Subcommittee may have.

GAO Contacts and Acknowledgments

For future contacts regarding this testimony, please contact Sigurd R. Nilsen at (202) 512-7215. Key contributors to this testimony were Dianne Blank, Elizabeth Morrison, and Amanda Ahlstrand.

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STATEMENT OF CHRIS SPEAR
ASSISTANT SECRETARY OF LABOR FOR POLICY
U.S. DEPARTMENT OF LABOR
BEFORE THE
SUBCOMMITTEE ON BENEFITS
VETERANS' AFFAIRS COMMITTEE
U.S. HOUSE OF REPRESENTATIVES

JUNE 7, 2001

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to appear before you to comment on the GAO report entitled "Veterans' Employment and Training Service, Proposed Performance System Improved, But Further Changes Needed."

This Administration understands and deeply appreciates the patriotism, the dedication, and the skills and experiences veterans bring to the civilian labor force. Our Nation's veterans deserve nothing less than access to quality services in both employment and training opportunities. The Labor Department has integrated veterans' issues into its programs and services. That is why these performance measures are so important. We are anxious to work with this Committee, the GAO, our state partners, and all other organizations interested in improving the accountability of our programs for veterans.

Congress had the wisdom almost 20 years ago to create a separate agency within the Department of Labor whose mission is to ensure that veterans get a fair shake in the civilian world of work. The Veterans' Employment and Training Service (VETS) continues today to work diligently to live up to that mandate. Its staffing grants to states provide a network of skilled veterans' employment representatives nationwide, who stand ready to help any veteran navigate the many paths leading to a good career in today's economy. Its investigative and compliance responsibilities ensure that employment and reemployment rights of veterans, Reservists, and National Guard members are understood and honored. Through its grants to states, non-profit and faith-based service delivery organizations, and providers of services to homeless veterans, VETS helps restore dignity and self-sufficiency to veterans who may have fallen away from society's mainstream.

Secretary Chao is committed to strong program performance and accountability across all Labor Department programs and we are pleased to have just published for comment proposed veterans' performance measures for the Public Labor Exchange. Since 1997, we have been working with GAO, our stakeholder partners, and the Congress to better focus performance measures on outcomes instead of processes and activities. The new veterans' performance measures are designed to capture the number of veterans obtaining jobs through the services of the Public Labor Exchange and how long they retain those jobs. With guidance from this Committee, VETS vigorously pursued the development of performance measures that are compatible with the significant changes taking place in the employment and training environment.

We have appreciated the opportunity to work with GAO during this process and we were pleased at the positive tone of its report. As the GAO report states, "...significant improvements have been made." In the spirit of cooperation and partnership that has prevailed to date, I welcome this opportunity to address any differences that may remain between VETS and the GAO regarding improvements in performance measurement. We come to the hearing today fully committed to resolving any remaining problems in order to ensure that our veterans receive nothing but the highest quality services in obtaining the employment they seek.

We believe that the new outcome based measures are a significant improvement over the process driven measures that were in place for more than a decade. The new measures focus on what the programs achieve rather than on the number of services they provide. The four new annual Program Year (July 1-June 30) performance measures are: (1) The entered employment rate for veteran job seekers; (2) the entered employment rate for veteran job seekers after receiving staff assisted services; (3) the employment retention rate for veteran job seekers after six months; and (4) the percentage increase in the number of Federal contractor job openings listed annually with the Public Labor Exchange relative to the number listed in the previous program year. Each of the proposed measures will be calculated and reported quarterly.

In developing these measures, VETS researched the use of unemployment insurance wage records as a means of verifying outcomes -- namely veterans getting jobs-- and tested it in six states. Overall, this approach proved to be an effective and reliable method for verifying employment for veterans using the Public Labor Exchange. The United States Employment Service (USES) and VETS are working together to redefine the data collection and reporting process that will be needed to collect and report activities and performance outcomes using wage record data as a key source of outcome information.

The elimination of measures based upon activity level enables the Department to focus on the quality of outcomes veterans achieve. The new measures no longer compare the level of services delivered to veterans with the level delivered to non-veterans as a standard of performance. In the past, the use of relative standards has enabled states with poor Public Labor Exchange service levels to achieve satisfactory performance in veteran services. The new performance measures level the playing field and improve the way that VETS establishes the performance levels that states are expected to achieve. VETS intends to seek continuous improvement from all states, and particularly those that fail to achieve satisfactory performance.

Satisfactory performance will be determined through annual negotiations between VETS and each state to establish negotiated levels of expected performance. These negotiated levels of performance will take into account the economic conditions existing in each state, such as the unemployment rate, the rate of job creation or loss, and other factors. The guidelines VETS will use in conducting these negotiations are similar to those used for title I of the Workforce Investment Act of 1998 (WIA).

VETS is making every effort to maintain consistency with the Labor Exchange Performance Measures to be implemented by the USES and to align its performance measures with those of the WIA. In fact, two of the new measures are the same as those established by the USES. This makes it easier for service providers to achieve WIA's goal of integrating and streamlining employment and training services through the One-Stop service delivery system. It will also enable local employment offices to establish integrated data systems that will minimize the data collection burden on service providers and clients.

Before elaborating on the Department's response to specific recommendations, I would like to provide the Committee with some background on the environment in which the effort to improve performance measurement has taken place. In the past decade, the world of work and the way people find jobs have changed dramatically. Technology and the power of the Internet have greatly increased the ability of computer-literate people to access a vast amount of information on government programs and services. The Internet revolution has also facilitated the ease with which prospective employers can find, evaluate, and contact potential employees. Self-service is coming to dominate the delivery of employment and training services in the 21st century.

The Workforce Investment Act has dramatically altered the context within which workforce development services are delivered, including those services targeted to veterans. WIA has increased the flexibility for states and local areas to design integrated One-Stop service delivery systems that meet their needs. In the development of policy guidance under WIA, the Department of Labor has worked to maximize flexibility for the states and localities in their implementation processes. The development of performance measurement systems in this new environment must balance this ability to be flexible, with the need to develop performance measures that are consistent and that represent system performance across states in a fair and equitable manner. We believe that the proposed measures do that.

As we discuss the issues raised by the GAO, it is important to note that delivery of employment services to veterans within the publicly funded workforce development system is a shared responsibility of VETS through its funding of state staff (Disabled Veterans Outreach Program (DVOP)/Local Veteran Employment Representative (LVER) grant programs) and the USES with its funding of state Wagner-Peyser staff. The proposed performance measures have been developed with this shared responsibility in mind and focus on performance in both program areas.

There are three areas of the GAO Report that we feel would benefit from additional discussions and clarifications: (1) registration; (2) staff-assisted services; and (3) the Federal

Contractor Program measure. I would like to address each issue in turn.

GAO is correct that the policies governing applicant registration for labor exchange services vary substantially among the states. Clearly, the Department and GAO need to consider how WIA and the One-Stop system has impacted the Public Labor Exchange. The passage of the Workforce Investment Act has significantly changed the landscape for service delivery, including those targeted to veterans. The WIA provides for maximum flexibility for the states to implement programs that best serve local needs. This means that each state can define when a veteran is registered with the Public Labor Exchange, thereby making the point of registration measurement theoretically different for all 50 states. This is not a problem which VETS can resolve, as it is clearly driven by the flexibility provided by the WIA legislation. Although the point of registration is one of the topics currently under consideration by several technical workgroups, with state and local participation, we welcome any suggestions the Committee may have to help resolve this issue.

GAO asserts that staff-assisted service is defined so broadly that outcomes will be nearly identical to those reported for the more general, "entered employment", category. In reality, the staff-assisted service category includes a wide range of procedures requiring different amounts of time and expertise, depending on the needs of the individual veteran. The services include, but are not limited to, skills assessment, career planning and guidance, resume preparation, reviewing training opportunities, employer contact, and follow-up services after placement. Any one of those services, or a combination of them, might be the formula leading a veteran to finding and keeping a job. VETS needs to know how many veterans are entering the Public Labor Exchange. VETS also needs to have the ability to differentiate those who navigate the system's many services themselves and those that need, or want, more "hands on" assistance. Counting staff-assisted services in the Public Labor Exchange will enable VETS to ascertain not only the quantity of services to veterans, but evaluate their quality as well. Although the GAO would like "case management or intensive services" to define staff-assisted services, these are not generally services of the Public Labor Exchange. These are the responsibilities of the DVOPs and LVERs.

We agree with GAO that performance measures are needed that focus more on the case management activities performed by DVOPs. Over the next year, VETS, in partnership with the states, will be developing separate prototype performance standards for DVOPs and LVERs that will measure the effectiveness of case management and the intensive services provided to specific groups of veterans covered under a variety of laws other than Wagner-Peyser. These performance standards will be in addition to those covering Public Labor Exchange activities for veterans.

Finally, VETS has included the Federal Contractor Program in its performance measures, in part, because of Congressional interest, as indicated by the number of amendments made to this section of the law in the last two Congresses. VETS has developed tools to improve the ability of the Public Labor Exchange staff to identify job openings listed by Federal contractors and to refer qualified veterans to these jobs. This should, in turn, increase the number of Federal contractor job openings available to the Public Labor Exchange staff. We agree that it is difficult to develop a true outcome measure for the Federal Contractor Program, since the ultimate decision to employ is made by the employer, who may not find the candidates screened and referred by the Public Labor Exchange to be the best for the job.

The GAO report noted that an increase in the number of job openings listed by Federal contractors is not a true outcome measure. VETS agrees that an increase in job openings listed is not an outcome measurement, but it does place emphasis on the requirement for Local Veterans' Employment Representatives (LVERs) to monitor the listing and referral of covered veterans to Federal Contractors, as stipulated in the law. This performance measurement will assist VETS in the development of new individual performance standards for the LVER program since they will be expected to visit local Federal contractors to explain to the contractors and their subcontractors their responsibility to list their vacant positions. Further, this measurement should increase local office awareness of the number of Federal contractors and use this information to enhance the job development for service-connected disabled veterans and other covered veteran groups by the Disabled Veterans' Outreach Program (DVOP) specialists. VETS also believes

that measuring the number of Federal contractor job openings listed through the Public Labor Exchange will foster increased identification of Federal contractors and their subcontractors, thereby increasing the opportunity for designating veterans groups to be refered and employed. It is our plan to revisit this measure once the public comments from the Federal Register Notice have been received. You have my assurance that those comments will be fully considered in deciding whether or not Federal contractor job opening listings should remain a performance measure for VETS.

The GAO report also raised issues regarding the VETS Strategic Plan. We recognize the need to revise our plan and have consciously chosen to wait to modify our Strategic and Annual Performance Plans for veterans' programs until we receive comments on the new data elements and the new performance measures. The FY 2002 Annual Plan is a transition vehicle reflecting our proposed new performance measures. These proposed performance measures also will be key components of VETS' five-year Strategic Plan and the associated Annual Performance Plans. The integration of the new performance measures in the strategic and annual planning processes will enhance the management and delivery of services to veterans and disabled veterans through the Public Labor Exchange, including the services provided by Local Veterans' Employment Representative (LVER) and Disabled Veterans' Outreach Program (DVOP) staff. VETS will revise its Strategic Plan over the next few months based on the comments received on the new performance measures. This revision is expected to address many of the GAO Report's recommendations and concerns.

Creating and implementing comprehensive and effective performance measures in an evolving Public Labor Exchange environment is an on-going process. I want to assure this Committee that the Department of Labor is committed to this process and we will see it through to a successful outcome. We look forward to working with the GAO, and welcome the Committee's suggestions in addressing these issues, as we all strive to make sure that our Nation's veterans receive the programs and services they so assuredly deserve.

WRITTEN TESTIMONY OF

C. DONALD SWEENEY

LEGISLATIVE DIRECTOR

NATIONAL ASSOCIATION OF STATE APPROVING AGENCIES

FOR THE SUBCOMMITTEE ON BENEFITS

COMMITTEE ON VETERANS' AFFAIRS

UNITED STATES HOUSE OF REPRESENTATIVES

WITH RESPECT TO

H.R. 1291--THE 21ST CENTURY

MONTGOMERY GI BILL ENHANCEMENT ACT

JUNE 4, 2001

Mr. Chairman and distinguished members of the Subcommittee on Benefits, we are pleased to have this opportunity to provide comments on the provisions of H.R. 1291 and to offer suggestions for the further development of a 21st Century GI Bill. We are especially thankful for the leadership that the Subcommittee and the full Committee are providing on this important issue, for it is vital to the defense and well being of our Nation.

We wholeheartedly support the provisions of H.R. 1291 since they bring the current GI Bill for active duty personnel closer to being a truly effective program that fulfills the Nation's promise to those who help to keep our country free. As the Committee knows, Chapter 30 of the Montgomery GI Bill has not kept pace with the cost of education in America. Over the past sixteen years since its inception, the program has eroded to the point where almost half of those who participate in it are unable to use it as the primary means of supporting the pursuit of their educational goals. To complicate matters, the support that is received generally counts against them when they seek other financial assistance such as that provided by the Department of Education through its Title IV, student aid program. We believe that the GI Bill should be the premier program that our Nation offers, bar none. H.R. 1291 is a giant step in that direction.

We would like to offer a couple of suggestions that we believe would strengthen the current and future effectiveness of this legislation.

1. The Montgomery GI Bill is currently indexed to the Consumer Price Index (CPI). It is our understanding that this index would, under the provisions of H.R. 1291, be nullified during fiscal years 2002, 2003 and 2004 and then returns in FY 2005. We strongly believe that the GI Bill should be tied to the cost of education and suggest that there are legitimate cost of education measures in existence (versus CPI) that could be used for the future increases, beginning in 2005. This would be an interim action as the Nation moves closer to providing the kind of GI Bill that was recommended by the Commission on Servicemembers and Veterans Transition Assistance.

2. In today's society the concept of lifelong learning has risen to a new level of importance. Very few occupations or professions remain static; there is the constant requirement for workers to upgrade their knowledge and skills in order to remain competitive. Many times the costs that accompany concentrated, short term, advanced instruction are much greater on a monthly basis than those affiliated with a two or four year degree program. One way to offset this increased cost is to provide the veteran with an opportunity to utilize his or her benefits at an accelerated rate. For example, a veteran could have the option of receiving two months of benefits, with entitlement charged accordingly, for one month of enrollment in an approved short-term education or training program. Another option could be to pay 60 percent of the cost of the program or course as is currently done with flight training.

Mr. Chairman, we applaud the Subcommittee and full Committee's action on H.R. 1291 and stand ready to assist you in obtaining the passage of this important legislation. Thank you for this opportunity to comment on the bill and to offer related recommendations.

DEPARTMENT OF TRANSPORTATION
U.S. COAST GUARD
STATEMENT OF
REAR ADMIRAL R. DENNIS SIROIS
ON THE
21ST CENTURY MONTGOMERY GI BILL ENHANCEMENT ACT
BEFORE THE
SUBCOMMITTEE ON BENEFITS
COMMITTEE ON VETERANS' AFFAIRS

MAY 24, 2001

Good morning, Mr. Chairman and distinguished members of the Subcommittee. I am Rear Admiral Dennis Sirois, Director of Reserve and Training. It is a pleasure to appear before you today to discuss the 21st Century GI Bill Enhancement Act .

The Coast Guard strongly supports Montgomery GI Bill benefits, which enhance our capability to attract personnel. Historically, veterans' educational benefits have been an invaluable source for assisting veterans and serving military personnel to achieve their educational goals. This is extremely important, since our society views education as a must to succeed in today's work environment.

The President's Budget includes the annual cost-of-living increase for education benefits for veterans and service members, but does not include an additional benefit increase. The Administration fully supports these benefits and is evaluating how to continue to improve them. Consistent with MGIB's mission, the Administration will work to strike the appropriate balance between improving veterans' readjustment to civilian life and enhancing military recruitment and retention.

Thank you for your continuing support. I will be happy to answer any questions you may have.

95-1081 E
Updated December 7, 2000

CRS Report for Congress
Received through the CRS Web

Education Matters: Earnings by Highest Year of Schooling Completed

Linda Levine
Specialist in Labor Economics
Domestic Social Policy Division

The amount of education that individuals accumulate has an important influence on their experience in the labor market. For example, those who have completed more years of schooling typically experience less unemployment than other workers. In addition, workers' earnings generally increase as their level of education increases. These relationships have held up over time, and in some instances, have intensified. For example, the wage gap between more and less educated workers widened during the 1980s, which suggests that employers' relatively greater demand for more educated workers began to outpace the growth in supply. The size of this wage gap did not widen as much during the following decade because the rate of wage growth among college graduates slowed much more than among high school graduates, which suggests that the supply of more educated workers may have better matched employer demand during the 1990s compared to the 1980s.

Workers with a bachelor's degree are much better off today, compared to less-educated workers, than they were some two decades ago. As shown in **Table 1**, the average male college graduate earned about 50% more than the average male high school graduate during the latter half of the 1970s. In contrast, the premium paid to males with college degrees in 1999 was 90%. The average wage advantage of female college graduates over female high school graduates roughly doubled, from about 40% to 80%.

The rate of increase in wages among workers without a high school degree (or its equivalent) has lagged behind the increase among high school graduates. In the latter half of the 1970s, men who lacked high school diplomas were paid about 75% as much as high school graduates; in 1999, their relative mean earnings dropped to 62%. Among women, those without high school diplomas went from being paid a little more than 70% of high school graduates' earnings to 67% over the same period.

Workers with the least education generally have been experiencing the slowest wage growth since the 1970s. This has particularly true for men: the average wages of males with high school degrees or less increased much less rapidly than those of comparably educated female workers. Cutbacks or weak growth in highly paid, male-dominated jobs

that typically do not require postsecondary education (e.g., blue-collar factory jobs) likely explain some of the relatively meager wage gains among less educated men during much of the lengthy period.

Table 1. Mean Earnings of Workers 18 Years or Older by Highest Level of Educational Attainment

Year	Not a High School Graduate	High School Graduate (or equiv.)	Some College or Assoc. Degree	Bachelor's Degree Only	Not a High School Graduate	High School Graduate (or equiv.)	Some College or Assoc. Degree	Bachelor's Degree Only
	MALE				FEMALE			
1999	18,855	30,414	35,326	57,706	12,145	18,092	21,644	32,546
1998	19,155	28,742	34,179	55,057	11,353	17,898	21,056	31,452
1997	19,574	28,307	32,641	50,056	10,725	16,906	19,856	30,119
1996	17,826	27,642	31,426	46,702	10,421	16,161	18,933	28,701
1995	16,747	26,333	29,851	46,111	9,790	15,970	17,962	26,841
1994	16,633	25,038	27,636	46,278	9,189	14,955	16,928	26,483
1993	14,946	23,973	26,614	43,499	9,462	14,446	16,555	25,232
1992	14,934	22,978	25,660	40,039	9,311	14,128	16,023	23,991
1991	15,056	22,663	25,345	38,484	8,818	13,523	15,643	22,802
1990	14,991	22,378	26,120	38,901	8,808	12,986	15,002	21,933
1989	14,727	22,508	25,555	38,692	8,268	12,468	14,688	21,089
1988	14,551	21,481	23,827	35,906	7,711	11,857	14,009	19,216
1987	14,544	20,364	22,781	33,677	7,504	11,309	13,158	18,217
1986	13,703	19,453	21,784	33,376	7,109	10,606	12,029	17,623
1985	13,124	18,575	20,698	31,433	6,874	10,115	11,504	16,114
1984	12,775	18,016	18,863	29,203	6,644	9,561	10,614	14,865
1983	12,052	16,728	18,052	27,239	6,292	9,147	9,981	13,808
1982	11,513	16,160	17,108	25,758	5,932	8,715	9,348	12,511
1981	11,668	15,900	16,870	24,353	5,673	8,063	8,811	11,384
1980	11,042	15,002	15,871	23,340	5,263	7,423	8,256	10,628
1979	10,628	14,317	14,716	21,482	4,840	6,741	7,190	9,474
1978	9,894	13,188	13,382	19,861	4,397	6,192	6,441	8,408
1977	8,939	12,092	12,393	18,187	4,032	5,624	5,856	7,923
1976	8,522	11,189	11,376	16,714	3,723	5,240	5,301	7,383
1975	7,843	10,475	10,805	15,758	3,438	4,802	5,109	6,963

Source: Created by the U.S. Congressional Research Service from U.S. Bureau of the Census data.

Note: Prior to 1991, workers with less than 1 year of college were included in the high school graduate category. Since then, they have been included in the some college or associate degree category.

Statement of Linda Levine
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Congressional Research Service

Hearings on H.R. 1291, the 21st Century Montgomery GI Bill Enhancement Act
(May 24 and June 7, 2001)

The labor market payoff from additional years of education can take a variety of forms For example, people with more years of schooling are less likely to experience unemployment. In 2000, the unemployment rate among high school graduates in the civilian labor force was 3.5%.[1] In contrast, the unemployment rate of civilian labor force participants with some postsecondary coursework or an associate degree was 2.7%. The share of college graduates in the labor force who lacked jobs, at 1.7%, was half that of high school graduates. Similarly, as educational attainment increases so does the proportion of persons age 16 or older in the civilian noninstitutional population who are employed (i.e., the employment-to-population ratio). Thus, while 62.3% of high school graduates had jobs in 2000, the same was true for 72.1% of those in the population who had undertaken some postsecondary coursework or had obtained an associate degree. The employment-to-population ratio was even higher among persons with a bachelor's degree (78.2%).

Perhaps the most widely recognized economic benefit to be derived from more education is higher earnings. That is to say, there typically is a direct relationship between someone's educational attainment and that person's earnings level. In 1999, the latest year for which data are available from the U.S. Census Bureau, males age 18 or older with a high school degree earned an average of $30,414. Men with a bachelor's degree earned $57,706 that same year, or 90% more than the average pay of male high school graduates. Although obtaining an associate degree or taking some postsecondary coursework generally does not provide as big a boost to one's paycheck as obtaining a bachelor's degree, the $35,326 earned by the former was nonetheless 16% higher than the average earnings of male high school graduates in 1999. (For additional information by gender and year see the attachment: CRS Report 95-1081, *Education Matters: Earnings by Highest Year of Schooling Completed*, by Linda Levine.)

The direct relationship between educational attainment and earnings level has not only held up over time, but it has intensified in recent years. Bachelor's degree holders are much better off today relative to less-educated workers than they were some two decades ago. During the latter half of the 1970s, men with a bachelor's degree earned about 50% more than men who graduated from high school. The premium paid to males with a 4-year college degree compared to males with a high school diploma grew to 90% in 1999. The premium earned by males with some postsecondary coursework or an associate degree compared to male high school graduates was less than 4% in the second half of the 1970s, but in 1999, the differential quadrupled to 16%.

At the same time that a worker's human capital has become much more valuable in the labor market, the price of a postsecondary education has increased greatly. Between the 1980-1981 and 2000-2001 academic years, average tuition and fees at 4-year private colleges rose by 352%. At 4-year and 2-year public colleges, these costs rose by 336%.

Tuition and fees have escalated even more than the prices of all goods and services on average, with college prices since 1980 having risen "at twice and sometimes three times the Consumer Price Index."[2] More recently (1990-1991 and 2000-2001 academic years), the inflation-adjusted change in average tuition and fees at 4-year private colleges was 35%, and at 4-year and 2-year public colleges, 50%. The inflation-adjusted change in average room and board was much more modest: 16% at 4-year private colleges and 22% at 4-year public colleges.

For the 2000-2001 academic year, average tuition and fees were $16,332 at 4-year private colleges; $3,510 at 4-year public colleges and $1,705 at 2-year public colleges. The average expenses for room and board added $6,209 to the price of attending a 4-year private college and $4,960 in the case of a 4-year public college. Further, the cost of books and supplies averaged $730 at 4-year private colleges, $704 at 4-year public colleges and $663 at 2-year public colleges. These components, taken together, brought

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[1] U.S. Bureau of Labor Statistics (BLS). *Employment and Earnings*, January 2000. The BLS defines the civilian labor force as persons age 16 or older in the civilian noninstitutional population who are either employed or unemployed (i.e., people available for and actively seeking work). The civilian noninstitutional population excludes members of the Armed Forces, persons under 16 years old and inmates of institutions.

[2] The College Board. *Trends in College Pricing 2000*, p. 3.

the average cost of attending an institution of higher education to $23,271 for 4-year private colleges, $9,174 for 4-year public colleges and $2,368 for 2-year public colleges. (The latter figure excludes room and board because community college students do not live in dormitories. Nonetheless, they do incur living expenses while attending school.)

Although student financial aid increased over the past two decades, it failed to keep pace with the rise in tuition and fees. Financial aid per full-time equivalent (FTE) student between the 1980-1981 and 1999-2000 academic years grew by 74% after adjustment for inflation. Over the same period, the inflation-adjusted change in average tuition and fees charged by a 4-year private institution was 118% and by a 4-year public institution, 114%. More recently, the picture improved — although the increased aid has come primarily in the form of loans rather than grants.[3] The change in inflation-adjusted aid per FTE between the 1989-1990 and 1999-2000 academic years was 74% compared to the 32% change in average tuition and fees at 4-year private colleges; 49%, at 4-year public colleges; and 45%, at 2-year public colleges. In the 1999-2000 academic year, student financial aid per FTE averaged $6,423.

The education title of the Servicemen's Readjustment Act of 1944, commonly referred to as the GI Bill, provided veterans with a maximum grant of $500 per person toward tuition, fees, books and supplies for up to 4 years. The legislation also contained a monthly living allowance of $50 for unmarried veterans ($75 for married veterans), which the Congress subsequently increased — to $65 ($90) in 1946 and to $75 ($105, plus $15 for veterans with at least one child) in 1948. The program ended in 1956.[4]

The Act's education title covered all types and all levels of education and training, but it became most closely associated with colleges and universities.[5] It was thought at that time that the amount of the subsidy would enable veterans returning from World War II to obtain a postsecondary education at either of the then most prevalent forms of higher education, namely, 4-year private or public colleges. The education grant of $950 [$500 + ($50 x 9 academic months)] in the original GI Bill would have been worth $9,036 in the 1999-2000 academic year after adjustment for inflation. This benefit is about $2,600 more than the typical 1999-2000 student aid package (which includes loans as well as grants), but well short of the average cost of attending a 4-year private college ($23,271) in the 2000-2001 academic year.[6] If the GI Bill's education grant had remained in effect and had kept pace with inflation (as measured by the Consumer Price Index adjusted to a school-year basis), it would have slightly exceeded the average tuition, fees, room and board as well as books and supplies of attending a 4-year public college ($9,174) and greatly exceeded the average cost — excluding room and board — of attending a 2-year public college ($2,368) in academic year 2000-2001.

H.R. 1291, the 21st Century Montgomery GI Bill Enhancement Act, would increase monthly basic educational assistance at Title 38, Chapter 30, Sections 3015(a)(1) and 3015(b)(1) of the U.S. Code from $528 to $800 in FY2002 and from $429 to $650 in FY2002, respectively. The legislation also specifies the amount of the monthly assistance in both FY2003 and FY2004, with the annual percentage increase in the benefit very likely to exceed the increase in the Consumer Price Index in those years.[7] The amendment of

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[3] The College Board. *Trends in Student Aid 2000*. These figures include aid provided through federal general aid programs, state grants, non-federal loans and institutional/other grants, and specially directed aid to, among others, veterans and their dependents authorized under Chapters 30, 31, 32, 34, 35 and 106 of the U.S. Code and to the military through the F. Edward Hebert Armed Forces Health Profession Scholarship Program; Reserve Officers' Training Corps programs for the Air Force, Army, and Navy/Marines; and higher education tuition assistance for the active duty Armed Forces.

[4] Subsequently, the Congress passed legislation that provided educational assistance for veterans of other conflicts (the Veterans Readjustment Assistance Act of 1952 and the Veterans Readjustment Benefits Act of 1966) and for those who served during peace time (Veterans Educational Assistance Program and the Montgomery GI Bill). The latter, which was enacted in 1984, is still in effect.

[5] Olson, Keith W. The Astonishing Story: Veterans Make Good on the Nation's Promise. *Educational Record*, v. 75, no. 4. Fall 1994.

[6] The 1999-2000 academic year is the latest time period for which student financial aid data are available, while the 2000-2001 academic year is the latest period for which college price data are available. The 1999-2000 academic year also is the latest time frame for which the Consumer Price Index has been adjusted to a school-year (July-June) basis.

[7] The increased educational allowance of $800 in Section 3015(a)(1) would grow to $950 — or by 18.8% — between FY2002 and FY2003, and to $1,1,00 — or by 15.8% — between FY2003 and FY2004. The increased educational allowance of $650 in Section 3015(b)(1) would grow to $772 in FY2003 and to $894

(continued...)

Section 3015(a)(1) would provide a benefit in FY2002 of $7,200 ($800 x 9 academic months), which amounts to 31% of the average cost in academic year 2000-2001 of attending a 4-year private college and 78% of the cost of attending a 4-year public college. In contrast, the FY2002 educational benefit greatly exceeds the average cost in academic year 2000-2001, excluding room and board, of attending a 2-year public college. H.R. 1291's proposal of $7,200 in educational assistance to veterans in FY2002 is slightly more than the average student financial aid per FTE of $6,423 (which includes both grants and loans) in the 1999-2000 academic year. The bill does not provide veterans the level of educational benefits that an inflation-adjusted GI Bill would have awarded them, but it nonetheless considerably increases the benefit available in current law.

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[7] (...continued)
in FY2004, or by identical percentages. The bill does not specify the dollar amount of the educational allowances in subsequent years, but instead, states that it would be determined by reverting to the procedure at Section 3015(h), namely, the change in the Consumer Price Index.

Mr. Thomas J. McKee
Air Force Association
Testimony Prepared for the
House Subcommittee on Benefits
June 4, 2001

Mr. Chairman and members of the Subcommittee:

Thank you for the opportunity to submit testimony to the Subcommittee as you consider H.R. 1291, the 21st Century Montgomery GI Bill Enhancement Act. Enactment of this bill would increase the amount of educational benefits provided to veterans under the Montgomery G.I. Bill (MGIB).

I am the National Chairman of the Air Force Association (AFA), presently in its fifty-fifth year as a 145,000-member independent, nonprofit organization primarily concerned with advocating aerospace power through a well-manned, well-equipped and well-trained Air Force.

For years, the Montgomery G.I. Bill has served as an important recruiting tool for the armed services and as a crucial component of the transition assistance the military offers its veterans to enhance their return to civilian life. Funding for the MGIB, however, has not kept pace with increases in educational costs, which have risen sharply since the program began in 1985. With the enactment of the Veterans Benefits and Health Care Improvement Act of 2000, the GI Bill now provides service members with nine monthly $650.00 stipends a year toward college tuition costs—a total benefit of $23,400 over four years. The average cost of tuition alone at a four-year public commuter college, however, has grown to $3,510 a year. When the cost of room and board, books, supplies, transportation and other traditional costs are factored in, this figure rises to $9,229 a year—or $36,916 over four years. A monthly stipend of $1,025 would have been necessary to cover such costs during academic year 2000-01.

H.R. 1291 would address the diminishing value of the MGIB stipend by increasing the monthly benefit to $800 this year, $950 in 2002, and $1,100 in 2003. This provides a temporary solution to the stipend problem, but the MGIB benefit in 2004 would once again fall short of anticipated increases in higher education costs. A permanent solution is needed. AFA believes that the MGIB *must* be indexed to annually-updated costs for a commuter student attending a four-year public college, as compiled by The College Board (or some other appropriate entity).

In addition, AFA hopes that the Subcommittee will consider other needed reforms to the MGIB, such as:

- *An open MGIB enrollment period for all active duty members.* Many military service members did not enroll in the MGIB or the earlier Veterans Educational Assistance Program because the value of the benefit did not match the investment required, or because they simply could not afford it at a time when their careers were just starting. An open window should be created to give all active duty service members not presently enrolled in the MGIB the opportunity to enroll.

- *An extension of MGIB eligibility for participating Guard and Reserve members.* Currently, beginning on the date of basic eligibility, a member of the reserve component has ten years to receive educational assistance through the MGIB. At the end of that period, all benefits are lost regardless of how much has been used. During the first ten years of their career, these younger members are often just starting a family and trying to balance this responsibility with their civilian careers and reserve commitment. The initial intent of the bill to encourage and sustain membership in the Guard and Reserve, as well as expand recipients' knowledge and career options, would be greatly enhanced if members were allowed to use their benefits as long as they were satisfactory participants in the reserve component.

AFA believes that the MGIB benefit will pay for itself many times over by providing veterans with realistic financial means to improve their education and career prospects. Our nation's experience with the WWII-era GI Bill, which helped to educate and train eight million veterans, proved this time and time again—the "Greatest Generation's" contribution to our country's unprecedented economic growth was too vast to be measured. H.R. 1291 is an important first step in restoring the MGIB program to its former position as a top-notch readjustment benefit and recruiting tool. We appreciate the efforts of Chairman Smith and the other members of the House Veterans' Affairs Committee to highlight this important issue and look forward to working with you during this legislative session to affect positive change.

DISCLOSURE OF FEDERAL GRANTS OR CONTRACTS

The Air Force 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.

PREPARED STATEMENT GOVERNOR DON SUNQUIST

REVISED 5/30/01

21ST CENTURY MONTGOMERY GI BILL ENHANCEMENT ACT

Mr. Chairman and distinguished members of the Committee, thank you for inviting me to testify today. I regret that I am unable to be there to do so in person.

In his second inaugural address in 1865, President Lincoln called upon Congress "to care for him who shall have borne the battle and for his widow, and his orphan." Over the years Congress has responded.

The GI Bill of Rights was officially called the Serviceman's Readjustment Act of 1944. The Congress recognized the difficulties that servicemen had at the conclusion of World War I. The bill was put in place to assist the large number of World War II veterans who were returning to civilian life. It was intended to ease their transition. The GI Bill, rather than become a pension bill like those after previous wars, actually made the veterans less dependent on government. The bill turned the college experience from an elitist opportunity for the few to an opportunity for all Americans. It was a fulfillment of the American dream and a way for a grateful nation to pay back the patriots who had marched into harm's way and saved the world. The GI Bill produced doctors, nurses, lawyers, scholars, engineers, architects and successful entrepreneurs. These returning veterans set about transforming America into a true land of opportunity.

As you know, the cost of education has escalated. Today many of our veterans must devote many hours to part-time jobs in order to supplement their tuition. We must increase the VA payments so that our veterans will not lose their motivation and can rapidly complete their degree or training and move into the full-time workforce. The proposed increases in monthly benefit payments over the next three years will make significant and important progress toward restoring the GI Bill to fulfill the promise of an education to eligible Tennessee veterans. However, Congress must ensure that the GI Bill continues to keep pace with the costs of higher education so that repeated efforts to restore the benefits to adequate levels are not necessary. The bill should also allow benefit payments for emerging professional and technical training leading to certification and licensure.

In Tennessee, the Volunteer State, the home of World War I hero Alvin York, we have prospered because of the skills and the work ethic of our World War II heroes. We also have benefited greatly from the educational opportunities provided to veterans of the Korean War, Vietnam and Desert Storm. Over the last six years, Tennessee veterans have received $107 million in GI Bill benefits.

Tennessee Public Chapter 767, enacted last year, provides certain supplementary education benefits for veterans and certain veterans' dependents. Essentially, the new law provides for an education through a baccalaureate degree for the dependents of veterans who make the ultimate sacrifice. The major provision of the Act established the "Certain Veterans' Dependents Education Benefit Program." Under this program, every dependent child in the state under the age of 21 that meets certain criteria is entitled to a waiver of tuition, or maintenance fees, and shall be admitted without cost to any of the institutions of higher education owned, operated and maintained by the state.

Those criteria are: the child's father or mother was killed or died as a direct result of injuries received; has been officially reported as being a prisoner of war or missing in action while serving honorably as a member of the United Stated armed forces during a qualifying period of military conflict; or the spouse of such veteran,

The second provision of the Act established the "Student Veterans' & Dependents' Tuition & Fee Payment Deferment Program. Any student with eligibility to any of the education benefit programs of the United States Department of Veterans Affairs (USDVA) and other certain military related education benefits, may be granted a deferment of the payment of their tuition and fees at public educational institutions until the end of the term. Under certain circumstances, the law permits deferments into the next term. This state law provides flexible billing that is compatible with the VA payment schedule.

I am pleased to report we are close to the establishment of a new state National Guard tuition-assistance program for members of the Tennessee National Guard. I support the pending state legislation entitled the "*Tennessee National Guard Tuition Assistance Act,*" and, in anticipation of its passage this year, I have authorized $250,000 in my proposed state budget for startup of the program. The Tennessee National Guard experiences the same recruiting and retention issues as the United States Department of Defense. Under this program, the state will pay for the cost of tuition at public higher education institutions or provide the equivalent amount to students desiring to attend private education institutions. I view this program as providing professional development for members of our National Guard and consistent with the higher education and economic goals of the state.

Today at Fort Campbell, the home of the famous 101st Airborne Division, the 160 Special Aviation and 5th Special Forces, we are transitioning soldiers into the job market in Tennessee. Many take advantage of the GI Bill at our State universities. They are excellent, highly motivated students. Each year many move on from their education experiences to productive lives in the Tennessee workforce.

REVISED 5/30/01

Mr. Chairman, today America has a very generous college loan and grant program to help our citizens obtain college degrees. That degree is the key to a successful and productive life. Surely those who stand ready to march into harm's way in the defense of freedom deserve the opportunity and success that come with a college degree.

Mr. Chairman, I urge immediate passage of the 21st Century Montgomery GI Bill Enhancement Act, which is most appropriately named for my dear friend and former colleague, the Honorable Sonny Montgomery. Mr. Chairman, thank you for giving me the opportunity to appear before your committee today. I wish you all the best in assuring this legislation becomes a reality.

May 31, 2001

Chairman J. D. Hayworth
U. S. House of Representatives
Committee on Veterans Affairs
Subcommittee on Benefits
235 Cannon House Office Building
Washington, DC 20515

Dear Chairman Hayworth:

Thank you very much for your kind invitation to testify before your committee on the 21st Century Montgomery GI Bill Enhancement Act. This bill certainly has merit and would be of great value to Tennessee's veterans and Tennessee's economy. I strongly urge passage.

I regret very much that my schedule will not allow me to be there in person but I am forwarding my testimony.

Sincerely,

Don Sundquist

Don Sundquist
Governor of Tennessee
Profile

Governor Don Sundquist was inaugurated as Tennessee's 47th governor in January 1995. He was elected to a second term in 1998 with a record 69 percent of the vote. Since being in office, he has initiated unprecedented reforms in the areas of welfare, crime and government, while placing a special emphasis on Tennessee children.

Under his watch, the growth of state government spending has been cut in half, allowing Governor Sundquist to invest in his administration's priority areas:

- A safe, healthy start for children
- Excellence in education
- Economic opportunity
- Protecting public safety and health and the environment

Governor Sundquist has worked on a bipartisan basis with the Tennessee General Assembly to win approval for a wide array of programs that further the priorities he has set.

In 1996, Governor Sundquist won overwhelming bipartisan approval from the General Assembly for Families First, a statewide welfare reform program designed to move Tennesseans from welfare to work in 18 months. The program offers job training and assistance with transportation and day care needs. Since Families First took effect Sept. 1, 1996, Tennessee has seen a 60 percent reduction in the number of employable adults on welfare.

Along with Families First, Governor Sundquist reformed the way Tennessee cares for its children in need by consolidating all services under one department. The move eliminates duplication of services, saves taxpayers money and, most importantly, provides better care for needy and troubled children.

Governor Sundquist also hosted the first-ever Governor's Summit on Tennessee's Children in June 1998 to bring together families, businesses, churches, schools and volunteers to make a brighter future for Tennessee children. His TNKids initiative, an outcome of the summit, stresses early intervention and prevention services and coordination of services for families and children at the state and local levels.

In education, Governor Sundquist completed a six-year, $1 billion increase in state funding to Tennessee schools through the Basic Education Program. Through his ConnectTen project, Tennessee became the first state in the nation to connect every public school and library to the Internet. To protect school children from pornographic material on the Internet, Tennessee also was the first state to implement software-filtering technology on public school computers.

This year, Governor Sundquist has proposed a statewide reading initiative to ensure that Tennessee children learn to read by the end of the third grade.

Under Governor Sundquist's leadership, Tennessee has experienced five consecutive record years of economic development, topping $7 billion in capital investment in 2000. Since 1994, Tennessee has gained more than 196,000 jobs and personal income has increased by 23.6 percent.

In health care, Tennessee led the nation by offering health insurance to every child who otherwise has no access to coverage. The state's child immunization rate is at an all-time high, while rates of teen pregnancy and infant mortality are at record lows.

A longtime advocate of strong law enforcement, Governor Sundquist promised to work to make Tennessee safe. Keeping his word, he worked with the General Assembly to win approval of four consecutive crime packages that crack down on violent offenders, drunk drivers and juvenile delinquents.

Governor Sundquist's environmental record captured headlines in 1998 when reports showed Tennessee's air, land and water were the cleanest they've been in 25 years. The governor also has made protecting Tennessee's pristine beauty a priority, adding 23 new state natural areas since taking office.

In the new millennium, Governor Sundquist announced that for the first time in over 50 years, Tennessee has a new State Forest, the Gulf Tract in Cocke County.

Governor Sundquist has appointed the most diverse Cabinet in history and has named a record number of women to senior posts. He also has appointed a record number of female judges.

As a small businessman in Memphis, Governor Sundquist first ran for elected office in 1982 after he and his wife, Martha, had raised their three children. Faced with an opponent who came from a famous Tennessee political family and little name recognition of his own, Governor Sundquist defied the odds and won the Seventh District congressional seat. He was re-elected congressman five times by large margins of support from Republicans, Democrats and independents.

During his time in Congress, Governor Sundquist continually fought against higher taxes and inefficient government. After a self-imposed term limit of 12 years in Washington, he returned home to seek the governorship of Tennessee, winning a hard-fought election that brought together Tennesseans from all walks of life to support his "In Touch with Tennessee" campaign.

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Don Sundquist
Governor of Tennessee
Biographical Information

Tennessee's 47th governor was born March 15, 1936. He married Martha Swanson in 1959, and they have three children and two granddaughters: Tania (Mrs. David) Williamson of Montgomery, Alabama; Andrea (Mrs. Art) Jeannet of Phoenix, Arizona; Donald Jr. (Deke) of Nashville; Gabrielle Renee Jeannet of Phoenix; and Alexandra Grace Jeannet of Pheonix. After graduating from Augustana College, he served two years in the U.S. Navy. In 1962, he joined Josten's and rose quickly to plant manager at the scholastic products company's Shelbyville plant. Ten years later, he struck out on his own, becoming president and partner of Graphic Sales of America, a Memphis printing and advertising firm. His political experience includes: National Federation of Young Republicans chairman 1971-1973; Shelby County Republican chairman, 1976-1978; manager, Howard Baker for President, 1979; first elected to U.S. Congress in 1982; member, Ways and Means Committee, Subcommittee on Trade, Subcommittee on Select Revenue Measures; vice chairman, Congressional Technology Assessment Board; past chairman, House Republican Task Force on Trade; former member, House Republican Task Force on Ethics Reform. He has received honorary doctorates from Lincoln Memorial University, Union University and Newberry College. He is a member of the Lutheran church.

March 2001

Statement By Allyson Fairweather, Legislative Assistant, Air Force Sergeants Association

Mr. Chairman, Mr. Filner, and distinguished committee members, on behalf of the 135,000 members of the Air Force Sergeants Association[1], it is my pleasure to address an issue that is of great importance to our members -- the Montgomery G.I. Bill (MGIB), and specifically, H.R. 1291, the "21st Century Montgomery G.I. Bill Enhancement Act."

First, however, we would like to take this opportunity to thank the committee for their hard work and dedication involved in passing legislation during the 106th Congress to allow former Veterans Education Assistance Program (VEAP) participants to convert to the Montgomery G.I. Bill. This conversion has opened the door for many Air Force members to enjoy the educational benefits offered through the MGIB which they had long envied.

We must not forget however, that there are thousands of servicemembers currently on active duty who never, for whatever reason, enrolled in either VEAP or the MGIB. For those who turned down the MGIB in particular, the reason is often because of the $1,200 automatic deduction from their pay beginning in basic training. This one-time decision is posed at a time when they are under tremendous stress and when they are making the least amount of money and can often not afford the $100 monthly deduction. Are the airmen, soldiers, marines and sailors who couldn't afford the pay deduction, or made a poor decision by declining it any less worthy of an education benefit that they have rightfully and dutifully earned?

Legislation has recently been introduced by Rep. Jones, R-NC, that would help alleviate this financial burden by changing the automatic payroll deduction from $100 per month for 12 months to $50 per month for 24 months. The bill (H.R. 2020) would also allow those recruits who decline the MGIB during basic training to have the opportunity to enroll into the program at the end of their first enlistment. We believe this will be a tremendous help to our young recruits, however, to completely alleviate the financial burden, and to make the MGIB a benefit earned solely for serving our country, the Air Force Sergeants Association (AFSA) recommends eliminating the $1,200 enrollment fee or, at the least, allow members to enroll at any time during their careers. We also ask that you provide a one-year open window for any military member not currently enrolled in the MGIB an opportunity to do so, especially with benefit increases such as those that would be provided by H.R. 1291.

For those members who have enrolled in the MGIB, we hear additional comments such as, "Why can't I use my MGIB to pay off student loans?" Some also wonder why, if the MGIB is a benefit that they have paid for and are entitled to, they can't use it when and how they wish. For example, there is currently a time limit of 10 years placed on the benefit. If the member does not use their entire benefit within 10 years of separating from service, they lose

[1] Founded in 1961, the Air Force Sergeants Association is comprised of active duty and retired enlisted members of the Air Force, Air National Guard and Air Force Reserve Command, their families and survivors.

any unused portion. AFSA asks this committee to allow transferability of any unused benefits to the veterans' immediate family members. Another consideration would be to remove the imposed 10-year benefit loss time clock.

AFSA also believes, as does The Military Coalition and the National Military and Veterans Alliance, that the MGIB should be "benchmarked" against the average college costs to provide adequate funding to cover books, tuition and fees toward a higher education for those able to take classes while in the military and/or after leaving active duty. As the costs of higher education continue to rise, so too must the monthly MGIB benefit. According to an October 1999 article from The Chronicle of Higher Education[2] outlining the average costs of tuition for the 1999-2000 school year, it costs commuter students nearly $8,800 a year to attend a public 4-year institution. On the contrary, as of November 2000, the value of the MGIB is $650 per month for full time students ($487.50 for three-quarter time students and $325 for half time students), leaving the military member/veteran to pay close to $3,000 out-of-pocket a year. While H.R. 1291 does not go all the way to benchmarking nor to providing inflationary educational protection, it is a substantial improvement over the current benefit.

In order to recruit and retain quality members, quality benefits and incentives must be offered to our troops. We believe that the "21st Century Montgomery G.I. Bill Enhancement Act" would provide a large step toward such a benefit, providing close to $40,000 by the year 2004 to pursue higher education. We believe that should positively persuade many young men and women that the military is a plausible choice to consider after graduating from high school. H.R. 1291 will significantly close the gap between the actual cost of attaining a college degree and the amount the benefit will pay for. Additionally, it will set a precedent for future increases in the MGIB to keep the gap from continually widening.

AFSA is supportive of legislation that strives to improve the quality of life for our young men and women serving in the Armed Forces. We encourage this committee to build on accomplishments achieved last year to improve accessibility to the MGIB. Also, we ask that you champion H.R. 1291, proving to our troops that the Montgomery G.I. Bill is ready to carry them through the 21st Century.

Thank you, Mr. Chairman, for allowing the Air Force Sergeants Association the opportunity to submit the "voice of the enlisted."

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[2] The Chronicle of Higher Education, from the issue dated October 15, 1999. Available on the internet at http://chronicle.com/free/v46/i08/08a05201.htm.

ASSOCIATION OF THE UNITED STATES ARMY

2425 WILSON BOULEVARD, ARLINGTON, VIRGINIA 22201-3385 (703) 841-4300

17 May 2001

The Honorable J. D. Hayworth
Chairman, Veterans' Affairs Subcommittee
on Benefits
House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Thank you for inviting the Association of the United States Army to submit for the record its views on H.R. 1291, the 21st Century Montgomery GI Bill (MGIB). The Association represents nearly 100,000 members - active duty, Army Reserve, Army National Guard, Department of the Army civilians, retirees and family members.

Our Association supports legislation that will expand access to higher education in very real terms for the men and women who have defended this country. It is imperative that the MGIB remain relevant - that its benefit levels parallel the rising costs of education. We believe the way to achieve that is to index the monthly MGIB stipend to the average annual cost of a four-year public college or university and adjust it automatically each year based on the consumer price index.

H.R. 1291 achieves the indexing goal within three years and gradually increases the monthly stipend in 2002, 2003, and 2004. The Association suggests to the committee that this approach blends the desire for an immediate solution with the reality of fiscal constraints. We also suggest that the committee authorize greater flexibility by amending title 38 to permit use of the MGIB for up to 20 years post-separation or retirement in order to keep pace with market demands and to encourage veterans to acquire lifetime skills and knowledge during their working years.

Again, thank you for offering the Association of the United States Army the opportunity to comment on H.R. 1291. Please place these comments in the official record of the hearing.

Very Respectfully,

Theodore G. Stroup, Jr.
Lieutenant General, USA Retired
Vice President, Education

A great step for our Troops

TGS/JM/djs

Enclosure
Biography of LTG Stroup

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 1st Logistics command; and commander of Company C, 864th Engineer Battalion (Construction). In Germany (1978-80), General Stroup commanded the 293rd 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.

Non Commissioned Officers Association of the United States of America

225 N. Washington Street • Alexandria, Virginia 22314 • Telephone (703) 549-0311

STATEMENT OF

KIMBERLEE D. VOCKEL

DIRECTOR OF LEGISLATIVE AFFAIRS

BEFORE THE

SUBCOMMITTEE ON BENEFITS

COMMITTEE ON VETERANS AFFAIRS

U.S. HOUSE OF REPRESENTATIVES

ON

H.R. 1291

THE 21ST CENTURY MONTGOMERY GI BILL ENHANCEMENT ACT

JUNE 7, 2001

Chartered by the United States Congress

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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.

INTRODUCTION

The Non Commissioned Officers Association (NCOA) is grateful to Chairman Hayworth and the distinguished members of the Subcommittee on Benefits of the House Veterans' Affairs Committee for the opportunity to express our views concerning H.R. 1291—"21st Century Montgomery GI Bill Enhancement Act" sponsored by Chairman of the Veterans' Affairs Committee, Christopher Smith.

The veterans' education benefit is one of NCOA's top legislative priorities because of the impact this issue has on our members and their families. However, this issue has implications that reach beyond this Association. The nation's security rests on the quality and expertise of those individuals who serve in the armed forces. With the technological advancement of military operations, a more educated warfighter is needed. As of December 31, 1998, there were only 40,198 enlisted service members out of 1,153,442, a mere 3.48%, who have a college degree[1]. In addition to the need to provide the means for servicemembers to obtain an education while on active duty, it is imperative that substantive education benefits be provided for those who choose to pursue their educational goals after leaving military service. It is for these reasons that the NCOA is grateful to the Subcommittee for addressing this issue and for allowing this Association to outline several key recommendations for the improvement of H.R. 1291.

RECOMMENDATIONS FOR ENHANCEMENT OF H.R. 1291

The current Montgomery GI Bill (MGIB) falls short of offering a substantive education benefit to active duty service members and veterans. The NCOA strongly supports the enhancements proposed by Chairman Smith and his distinguished colleagues in H.R. 1291. This bill proposes a much needed increase in the rates of the basic educational assistance under the Montgomery GI Bill (MGIB); however, the NCOA believes that there are more deficiencies in the MGIB that need to be addressed to make it a viable source of education funding.

The following is NCOA's list of recommendations for the improvement of the MGIB.

A. There should be an open enrollment period offered to every service member who, for whatever reason, did not enroll in either VEAP or MGIB.

B. The ten-year limitation on drawing from the MGIB benefit should be eliminated.

C. There should be no enrollment fee for service members.

D. There should be accelerated or lump-sum payment options available.

E. Transferability should be offered to those who have bought into the MGIB but have chosen to not pursue further education.

F. The proposed raise in benefits in H.R. 1291 should be designed to close the gap between rising education costs and actual benefits received, and it should continue to keep pace with the education costs in the future.

JUSTIFICATION FOR NCOA RECOMMENDATIONS

A. OFFER OPEN ENROLLMENT

Many members of the active duty force currently serve in the military without any education benefits. There are many servicemembers who entered military service between the period of the Vietnam-era GI Bill and VEAP when there was no education benefit available, thus leaving those servicemembers to retire without an education benefit. However, several other common situations have occurred that have diversely affected enrollment in the MGIB. Numerous members of this Association entered the armed services while the VEAP option was being offered, and they were discouraged from enrolling. In fact, a number of personnel who enrolled in VEAP were encouraged by their leadership to close their accounts, as VEAP was deemed inadequate. When the MGIB was implemented in 1985, personnel already on active duty were denied access to the benefit. In addition, many active duty members were unable to enroll in the

[1] http://www.defenselink.mil/pubs/almanac/

MGIB because of the financial burden of relinquishing ten percent of their first year's salary to sign on to the benefit program. In some cases, servicemembers were too young or overwhelmed to make such a decision while in basic military training, especially when faced with a one-year pay reduction. It is for this reason that the NCOA strongly urges the Committee to include an open-enrollment option to H.R. 1291, as well as an elimination of the first-year enrollment requirement. Servicemembers should have the option to enroll in the MGIB open to them at any point during their military career.

B. ELIMINATE THE DELIMITING DATE

NCOA supports amending the current ten-year delimiting date to authorize veterans indefinite access to their benefits. The ten-year delimiting date, or any finite access window, is a barrier to veterans seeking a higher education. It is unfathomable to the NCOA that a benefit, especially one bought into with one's own money, can simply vanish according to some arbitrary deadline. Due to family obligations and the inadequate benefits offered by the current MGIB, many veterans are unable to financially handle pursuing a college education for many years after leaving the military. Some veterans are not able to pursue their educational goals until their eighth or ninth year following separation from military service. NCOA suggests that the delimiting date be eliminated to enhance the appeal of the MGIB, and that elimination would make the MGIB more inclusive to more veterans.

ELIMINATE THE CONTRIBUTION

The veterans' education benefit has the distinction of being the only federal education program that requires a monetary contribution from the program participant. In its current form, the MGIB simply cannot compete with other financial aid programs available to high-school graduates and their parents. The $1200 contribution is a hardship on new servicemembers, which discourages enrollment. The NCOA strongly believes that those men and women who faithfully serve this great country should not be burdened with a contribution that other government financial aid programs do not require. If the military services wish to use the MGIB as a recruiting tool, the benefit must be enhanced and the $1200 pay reduction must be eliminated. This Association has maintained this position for many years and will continue to work toward the elimination of the contribution. The burden of this fee is excluding too many servicemembers whose service to their country should be payment enough.

C. ACCELERATED AND LUMP SUM PAYMENT OF BENEFITS

NCOA believes that VA should be authorized to pay, and veterans should have the option to elect, an accelerated payment based on educational goals and institutional requirements. A veteran should not be denied admittance to a college or vocational training program because the required up-front costs are too difficult to obtain. Similarly, VA should be authorized to pay, and veterans should have the option to elect, a lump-sum payment at the start of a course or program if required by the institution and consistent with the educational 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.

D. TRANSFERABILITY OF UNUSED BENEFIT

Many career servicemembers are able to achieve their educational goals prior to separating from military service, and as a result they do not use the MGIB benefit into which they contributed $1200. Because of limited income, most are not able to set aside significant savings for their children's education. Consequently, many servicemembers view their MGIB investment as wasted. NCOA advocates the incorporation of the transferability option into H.R. 1291 for all eligible veterans who have entered career status, typically at the end of the second term of enlistment. This Association is strongly opposed to granting discretionary authority to the DOD or the individual military services as a means of selectively allowing only some members the transferability option. The MGIB should have universal appeal, and granting discretionary authority is tantamount to granting the practice of discrimination. Surely there are some career fields within the services that are in desperate need of manning; however, using the MGIB as a tool to retain members in some career fields and not others is a discriminatory tool that alienates those members in other, more manned, career fields. Finally, the NCOA recommends that the

Committee limit control over transferability to veterans as a means of excluding the MGIB from divorce proceedings.

E. BUILT-IN ANNUAL INDEXING OF BENEFITS

The MGIB must reflect the actual cost of education for it to be a substantive benefit. The proposed increase in H.R. 1291 is greatly appreciated; however, by 2004 when the proposed adjustments have been implemented, the MGIB will once again be insufficient to cover the cost of an education. This will require yet another effort to update the benefit. Unless an indexing provision is built into H.R. 1291, the benefit will once again fall short of fulfilling its promise to the veterans of the armed services. The benefit should cover the costs of tuition, books, and fees. The NCOA urges the Committee to tie the value of the benefit to a standard established by the actual cost of education as spelled out in the annual Chronicle of Higher Education Almanac (i.e. the College Board report) which reports average annual college costs for a commuter, non-resident student. This is the only way that the MGIB can fulfill its promise to those who faithfully serve their country.

CONCLUSION

NCOA would like to thank Chairman Hayworth and his distinguished colleagues for the invitation to submit this important statement regarding H.R. 1291. This Association greatly appreciates the Committee's time and interest in this statement. H.R. 1291 is a great first step toward correcting the deficiencies in the current MGIB; however, NCOA would be neglectful if the previously stated suggestions for improvement were not offered. The recommendations made in this statement are both feasible and easily implemented and should be incorporated into H.R. 1291 immediately.

Veterans Make The Best Employees

How The GI Bill Benefited My Career

The Honorable J.D. Hayworth
Congressman of Arizona
Chairman
Subcommittee on Benefits
U.S. House Committee on Veteran Affairs

Congressman Hayworth,

I am very pleased to add my voice in support of increasing the Educational Benefits in H.R. 1291, the 21st Century Montgomery GI Bill Enhancement Act. This is an important benefit that should always be made available to the men and women who defend our country and keep it strong. Service personnel who utilize the GI Bill Educational Benefits while on active duty become stronger performing members of their respective service. And for those personnel who exit the military and join the National Guard or Reserve, or go on to civilian careers, they are better prepared for the transition due to the education they receive through the GI Bill Educational Benefits.

I used my GI Bill Educational Benefits in the late 1970's. From 1975 to 1977, I was a full time student at the University of Southern California's United Kingdom Graduate Program where I earned a Master of Arts in International Relations. This was accomplished while I was on active duty in the Navy and assigned to the London headquarters of Commander-In-Chief, United States Naval Forces, Europe (CINCUSNAVEUR). From 1978 to 1980, I was a full time student at the Emory University Business School where I earned a Master of Business Administration (Today, I am a member of the Robert Goizueta School of Business Alumni Board of Directors).

The GI Bill was important to me, as I would not have been able to complete these degrees without the financial assistance afforded me by the GI Bill. More importantly, the ability to earn these degrees prepared me for my transition from the military to a highly productive civilian career.

Being able to study for an MBA at a top business school has enabled me to matriculate faster into the business world and better prepared me to be a strong performer in my positions as a plant manager, regional sales manager, president and chief executive officer. I am currently the CEO and President of VetJobs.com, Inc. that is partially owned and sponsored by the Veterans of Foreign Wars of the United States (VFW).

VetJobs is an Internet job board for transitioning military, veterans, their spouses and dependents from the Army, Air Force, Coast Guard, Marine Corps, Merchant Marine, National Guard and Navy. I am certain I could never have attained and been successful in the positions I have held without my education. That education would not have been possible without the GI Bill Educational Benefits.

I applaud the Committee's effort to increase the Educational Benefits of the Montgomery GI Bill.

Respectfully,

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STATEMENT for the RECORD

Submitted by
RICHARD JONES
AMVETS NATIONAL LEGISLATIVE DIRECTOR

before the
SUBCOMMITTEE ON BENEFITS
U.S. HOUSE OF REPRESENTATIVES

on

H.R. 1291, the 21st Century Montgomery GI Bill Enhancement Act

Thursday, May 24, 2001

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

AMVETS is pleased to present written testimony in support of H.R. 1291, the 21st Century Montgomery GI Bill Enhancement Act.

AMVETS commends the Subcommittee for its lead in considering H.R. 1291. The bill is a giant step in the right direction. As its title suggests, the bill would enhance the basic Montgomery GI bill benefit on higher education and prepare the way for its improvement into the next century.

H.R. 1291 would increase the rate of basic educational assistance under the Montgomery GI Bill in three steps over the next three years beginning in 2002. From the current $650 monthly benefit, the assistance would increase to $800 per month in 2002, $950 per month in 2003, and $1,100 per month in 2004. In order to be eligible for the maximum 36 months of educational benefits, servicemembers must serve for a minimum of three years and agree to pay $100 per month for the first twelve months ($1,200) of service. Individuals with two-year service agreements would have their rates adjusted proportionally.

AMVETS supports this important legislation. The Montgomery GI bill has served this nation well since its passage in 1985. However, over the past fifteen years it has failed to keep pace with the ever-increasing cost of higher education. Despite last year's efforts, the program is clearly losing its value.

As veterans advocates, AMVETS believes we require a new model for today's GI bill that is worthy of a nation that values both higher education and veterans. We need legislation like H.R. 1291 that would upgrade the Montgomery GI Bill in line with the current costs of education.

AMVETS recommends, however, that the bill be amended to authorize an automatic annual adjustment of assistance based on the average monthly cost of attending a four-year public college for a non-resident student. Such action serves at least two purposes. First, it

would ensure that the benefit remains viable, sufficient to provide veterans the education promised them at recruitment. And, second, it would mean that Congress would avoid having to re-visit this issue every couple years to raise the standard.

In addition, AMVETS recommends the Subcommittee eliminate the $1,200 payment required for our servicemembers to gain eligibility for educational benefits. As a member of the Partnership for Veterans' Education of over 50 military and veterans organizations, AMVETS believes strongly that veterans earn this benefit through their service in the Armed Forces. They should not have to face an enrollment expense: especially considering the fact no other federal student loan program requires a similar up-front payment.

AMVETS sincerely appreciates the opportunity to submit our viewpoint on these issues. We commend your effort to address this matter, and we look forward to working with you to provide our Armed Service men and women the educational benefits they deserve.

STATEMENT OF
BRIAN E. LAWRENCE
ASSOCIATE NATIONAL LEGISLATIVE DIRECTOR
OF THE
DISABLED AMERICAN VETERANS
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON BENEFITS
UNITED STATES HOUSE OF REPRESENTATIVES
JUNE 7, 2001

Mr. Chairman and Members of the Subcommittee:

I am pleased to submit the views of the Disabled American Veterans (DAV) regarding H.R. 1291, the 21st Century Montgomery GI Bill Enhancement Act. As an organization devoted to the welfare of disabled veterans and their families, we embrace the opportunity to support measures that would enhance the lives of those who served our Nation.

The DAV supports H.R. 1291 because it restores the Montgomery GI Bill (MGIB) to its former status as a meaningful readjustment benefit for discharged servicemembers. In its current form, the MGIB is inadequate because it has not kept pace with the significant increases in the costs of higher education. While the cost to attend a four-year public college has escalated to at least $ 1,025 a month, the MGIB pays only $650 per month. As a result, fewer than 55 percent of MGIB recipients are able to afford college.

Such economic ramifications extend well beyond the disservice imposed upon individual veterans. Labor Department statistics indicate that the government profited on the investment cost of the World War II GI Bill, which enabled higher income earnings and a greater amount of money collected through taxes. Certainly, the economy of the entire nation benefited immeasurably as a result of the thousands who utilized the GI Bill. The Nation's economic potential will certainly be damaged if only half of eligible veterans can afford to pursue higher education in the future.

Increasing MGIB benefits will increase usage. If enacted, H.R. 1291 will provide for an increase in the total dollar value of the MGIB from its current level of $23,400 to $39,600 by 2004. This increase will cover approximately ninety percent of education and living expenses at the average 4-year school.

DAV urges Congress to pass the much-needed 21st Century Montgomery GI Bill Enhancement Act, H.R. 1291. Enactment of H.R. 1291 will restore the intent of the original GI Bill to pay the full tuition and fees of higher education.

In addition to enhancing MGIB, it is important to note that higher education costs have also outpaced benefits for training and rehabilitation under Chapter 31 of title 38, United States Code. Chapter 31 should also be enhanced to better assist disabled veterans through their transition from military to civilian life.

On behalf of the more than one million members of the DAV, we thank you for the opportunity to present our views, and we thank the Subcommittee for its continuing support of our nation's veterans.

STATEMENT OF THE

PARALYZED VETERANS OF AMERICA

FOR THE RECORD OF THE

SUBCOMMITTEE ON BENEFITS

OF THE

HOUSE COMMITTEE ON VETERANS' AFFAIRS

CONCERNING

H.R. 1291,

THE "21ST CENTURY MONTGOMERY GI BILL ENHANCEMENT ACT"

JUNE 7, 2001

Chairman Hayworth, Ranking Democratic Member Reyes, Members of the Subcommittee, the Paralyzed Veterans of America (PVA) appreciates this opportunity to testify, for the record, regarding H.R. 1291, the "21st Century Montgomery GI Bill Enhancement Act." PVA would like to thank Chairman Smith for introducing this bill and would also like to thank the Subcommittee for considering this important legislation that will bring long overdue increases to a valuable benefit for our nation's veterans. PVA wholeheartedly supports this legislation.

Following World War II, perhaps the greatest benefit received by returning veterans was the access to a college education. It allowed every veteran the opportunity to advance far beyond any previous hope of change in social or economic position. It also provided America with a highly educated population of motivated and dedicated individuals. It created a fundamental change in society. Indeed, it laid the foundation for our continued prosperity.

When created in the 1980's, the Montgomery GI Bill (MGIB) was a valuable vehicle to attempt to rekindle the educational benefit from World War II, but in a much more limited form. At a time of budget deficits and restrained spending, this modest benefit was still an incentive for a young person to choose military service. As the economy has improved, and as more and more educational scholarships and grants have become available to high school graduates, the value of the MGIB has been seriously eroded.

H.R. 1291 will do a great deal to help correct the erosion that currently hampers the MGIB. While the slated $150 per month increases in FY 2002, 2003 and 2004 will almost double the MGIB benefit in three years, the Department of Defense reports that significantly more is needed just to meet the current average cost of a public college education. The Subcommittee has worked to improve the benefits from the MGIB. PVA asks that these improvements continue with increases in the benefit beyond FY2004.

While the increases outlined in this bill are valuable, PVA would like to see some additional provisions included before final passage. Our primary concern is the limited scope of the bill and its three increases over FY 2002, 2003 and 2004. We fear that once at this level of benefit, we may not see it increase again for a number of years. PVA would like to see the benefit tied to the average cost of tuition at public colleges or universities. This would prevent the erosion of value of the MGIB and PVA asks the Subcommittee to pursue this possibility.

Although we understand the rationale for not including a CPI adjustment on top of planned increases for fiscal years 2002, 2003, and 2004, CPI adjustments are meant to prevent the erosion of benefits due to inflation. Unless the increases scheduled have already accounted for potential inflation, it would be unfair to

require those receiving the benefit to pay the extra inflation costs out-of-pocket when other government benefits provide for inflation increases.

PVA recognizes the desire of the Subcommittee to present a clean bill that can be easily enacted. However, several members of the Subcommittee are members of committees with jurisdiction over other aspects of the MGIB. These committees can tremendously increase the value and recruiting potential of the MGIB. We would like to take an opportunity to address some of these aspects.

There has been some concern on the part of the Department of Defense that if the benefits of the MGIB are made too lucrative, that it will hinder the retention of trained servicemembers and encourage their departure from the military. One method to assuage this fear and improve retention efforts overall is to permit the transferability of MGIB benefits to family members. Giving a servicemember the opportunity to provide an educational benefit for his or her family, a benefit that grows with time in service could be a powerful retention tool.

An additional aspect of the current MGIB that must be removed is the $1,200 pay reduction. Requiring an individual to "pay" for a benefit, when other government educational benefits require no up-front payment, is strikingly unfair. Granted, with the increases proposed by H.R. 1291, the benefit to our fighting men and women is excellent. If the intent of the MGIB is to provide a recruitment benefit that will encourage the highly motivated and trainable high school graduate to enter military service, it seems counterproductive to ask them to pay for it. PVA understands that it can be presented as an investment in their own future, but for many high school seniors, the future is just too far away. Finally, the $100 per month reduction is a reduction to an already low base salary, a salary that barely competes with entry-level positions.

Mr. Chairman, the MGIB is a valuable benefit for our servicemembers. Although it can be made even more valuable by additional changes in the program, the increases to the benefit outlined in this legislation is a tremendous first step toward renewing the spirit of the original GI Bill program.

Thank you for allowing PVA to provide comments on the Montgomery GI Bill Enhancement Act.

WRITTEN COMMITTEE QUESTIONS AND THEIR RESPONSES

CONGRESSMAN REYES TO VICE ADM. PATRICIA TRACEY, DEPUTY SECRETARY OF DEFENSE FOR PERSONNEL

Question 1: Admiral Tracey, as a member of the Armed Services Committee, I am familiar with the current need for improvements in the quality of life for our military. You stated in your testimony that future retention success hinges upon continued program commitment, resourcing, and implementation. I agree with your statements. But why have you made no mention in your testimony of quality of life issues when you speak of retention?

Answer. My testimony focused on the provisions set forth in H.R. 1291; however, quality of life is indeed important.

Question 2: How would the Administration characterize the success and the quality of the MGIB as a military recruitment tool today? Could it be better?

Answer: Education generally, and the MGIB specifically, are among the top reasons recruits give for joining the military. Nearly all recruits (97 percent in FY 2000) enroll in the MGIB program. It is popular, and it is a powerful recruitment incentive.

Question 3: You mentioned in your testimony that expenditures per recruit are at an all-time high and that education benefits are still cited as the number one motivation for enlisting. You mentioned a 60-percent increase in spending on recruitment advertising since 1997. What is the current amount of money that is spent on a new recruit and what does that number include? How much money is now being spent on advertising to reach those new recruits?

Answer: In Fiscal Year 2001, the average investment-per-accession budgeted across the Services for the active forces was $11,471. That figure includes enlistment incentives such as Service College Funds, enlistment bonuses, and loan repayment programs; it also incorporates military and civilian pay for those assigned to recruiting duty, advertising, and recruiting support. All Services combined have budgeted $271.5 million for enlisted recruitment advertising in Fiscal Year 2001.

Question 4: Can you tell me how many Hispanic servicemembers and veterans currently benefit from the Montgomery GI Bill?

Answer: As of Fiscal Year 1999, a total of 79,969 Hispanics have enrolled in the MGIB since the beginning of the program in 1985. Of that number, 43,397 (54 percent) have used some portion of their benefits in pursuit of education.

Congressman Reyes to The Retired Officers Association

Subcommittee on Benefits Hearing
House Committee on Veterans' Affairs
24 May 2001
H.R.1291, the 21st Century Montgomery GI Bill Enhancement Act
Questions for the Record

Questions for Mr. Bob Norton, Deputy Director of Government Relations, The Retired Officers Association (TROA)

1. In Vice Admiral Tracey's testimony she made reference to a threshold whereby the GI Bill Benefit becomes "too generous." Do you think there is ever such a point when it comes to education benefits for veterans?

Answer. Since one of the statutory purposes of the Montgomery GI Bill (MGIB) is to "aid in the recruitment and retention of highly qualified personnel for both the active and reserve components of the Armed Forces" (38 USC, Section 3001(4), it is not unreasonable to consider that there may be some theoretical threshold past which servicemembers might be deterred from reenlisting in the armed forces because of "too generous" educational benefits. But we are unaware of any research that the current initiative poses any such threat, and we believe as a matter of principle that the benefit should have a direct relationship with the college / training expenses it is intended to defray. If such a concern were ever demonstrated through exit surveys or other research, Congress could authorize enhanced educational benefits as an incentive for those who agree to reenlist. Our statement notes that the Services project a significant portion of first-term recruits to turn over so that new recruits can take their place in entry-level positions. Thus, any concern over "too generous" educational benefits is really directed towards the smaller pool of servicemembers targeted for reenlistment. But Congress has already taken steps to increase and enhance the educational benefits for those who continue to serve. For example, the FY 2001 National Defense Authorization Act includes provisions allowing MGIB benefit payments for off-duty training and education (not provided by the individual Services) and authorization for servicemembers to "buy up" additional MGIB benefits of up to $5400. Finally, Congress appropriates significant resources to the Defense Department for cash bonuses for reenlistment in critically short skills. The combination of improved servicemember access to MGIB benefits, Service-provided education allowances, and reenlistment incentives suggest that the concern over a theoretically "too generous" MGIB is unfounded.

2. In your testimony you made reference to the need for indexing the GI Bill benefit to the costs of education and you suggest an amendment. I believe you are speaking of Mr. Shows' bill, H.R. 1280, the Partnership for Veterans' Education had advocated for earlier this year. Is this what you are advocating for? Can you expand on this a little?

Answer. TROA's statement noted that we endorsed H.R.1291 as an important "next step" in restoring the educational buying power of the MGIB. TROA also supports H.R.1280 since that legislation would establish a benchmark from which the MGIB benefit would be annually adjusted, or indexed, to the average cost of education at a four-year public college or university for veterans who commute to college. H.R. 1280 would set in motion this new methodology for determining MGIB rates in 2002. TROA recommends that, if Congressional funding limitations would not allow the near-term increases envisioned in H.R.1280, H.R. 1291 could be amended so that the indexing mechanism could take effect sometime during the 2002-2004 period.

aascu
AMERICAN ASSOCIATION OF STATE COLLEGES AND UNIVERSITIES

June 26, 2001

The Honorable Lane Evans
Ranking Democratic Member
Committee on Veterans' Affairs
U.S. House of Representatives
335 Cannon House Office Building
Washington, DC 20515

Dear Congressman Evans:

I am responding to the question you forwarded to me from Congressman Silvestre Reyes regarding H.R. 1291, the 21st Century Montgomery GI Bill Enhancement Act.

"Mr. Curris, I found your thoughts on the need for an adequate and adaptable GI Bill were well stated. I want to assume for a moment that we would be able to pass a benchmarked version of the bill we are contemplating, indexed to the College Board's figure for public schools. How many of your member schools' full tuition would be covered? What level would the MGIB benefit have to be before tuition at the vast majority of your member schools were fully covered?"

AASCU represents more than 426 public, four-year colleges and universities and state systems of higher education enrolling more than 3.5 million students. AASCU institutions have traditionally charged tuition that is somewhat lower than the national average as determined by the College Board.

Based on College Board data, the total average costs at a public four-year institution in 2000-01 were $11,338 for a student living on campus in institution-owned housing. This amount includes tuition and required fees, books and supplies, room and board, transportation, and other expenses. If the benchmark were to be set according to this measure, charges at virtually all AASCU institutions would be covered.

For a student attending a public four-year college or university on a commuter basis (students not living in campus housing), the average costs for 2000-01 were $9,229. These charges include the same charges as listed above, except that instead of room and board charges, students are assessed a fee for board only. These charges amount to roughly 81.4% of total costs associated with residential status. For commuter students, the benchmark of $9,229 covers the vast majority of MGIB recipients attending AASCU institutions. As such, setting the benchmark at either a commuter level or residential level would be sufficient to assure coverage of costs at the vast majority of our member institutions

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202.293.7070 • 202.296.5819 • WWW.AASCU.ORG

Thank you for the opportunity to provide the Committee additional information about this very important piece of legislation. Please do not hesitate to contact me again if I can be of additional assistance.

With warm regards,

Constantine W. (Deno) Curris
President

cc: The Honorable Silvestre Reyes

Congressman Reyes to David L. Warren, President, National Association of Independent Colleges and Universities

Mr. Reyes: Mr. Warren, I want to applaud those of your member schools whom you mentioned have special programs for mid-career veterans who would like to become teachers. I would like to learn more about this program at another time.

In your statement, you stated that tuition charges at many private colleges are "not far" from the 4-year public college benchmark. How far is "not far"? What percentage of your membership would fall into this category?

Dr. Warren: Thank you for your interest, Representative Reyes. I would be pleased to provide you at an appropriate time with further information about programs to assist veterans to enter the teaching profession. To respond to your question about tuition charges: Twenty percent of the nation's 1,600 independent colleges and universities have undergraduate tuition that is less than $10,000. And that does not take into account financial aid which is available for students who need additional help.

Institutions in the under-$10,000 tuition range include large universities, with more than 30,000 students, as well as many colleges with fewer than 1,000 students. These institutions are located throughout the United States. In your state of Texas, there are 21 independent colleges with tuitions less than $10,000. Those include Dallas Baptist University, Jarvis Christian College, University of Mary Hardin-Baylor, and Wiley College.

NATIONAL ASSOCIATION OF VETERANS PROGRAM ADMINISTRATORS

2020 Pennsylvania Avenue N.W., Suite 1975 • Washington, D.C. 20006

The Honorable Lane Evans
US House of Representatives
335 Cannon House Office Building
Washington, D.C. 20515

June 2, 2001

Dear Representative Evans,

This letter responds to those questions posed by the Honorable Silvestre Reyes of the House Veterans Affairs Committee, Sub-committee on Benefits concerning my testimony of June 7, 2001 regarding HR 1291, the 21st Century Montgomery G.I. Bill (MGIB) Enhancements Act.

Bottom line, our youth are recruited with a promise of financial assistance that would take care of their educational needs. As servicemembers they must bear the cost of enrollment into the MGIB through a $1,200 pay reduction and, as veterans they must pay again for this benefit; losing their initial investment of $1,200 (discounted in the financial aid formula) and their entire MGIB benefit is compromised after enrollment in college.

They do not receive their benefit up front or on time, and their financial aid, which is necessary to supplement the MGIB, does not now pay out enough to cover tuition and fees, books and supplies not to mention rent, food, family care and transportation. It is no wonder veteran students are disillusioned with the MGIB and stop-out or dropout of school. The DVA reports a 59% usage rate for the MGIB but the actual rate is 37% to completion -- and, this is a national shame.

Thank you for your support of MGIB enhancements and legislation in support of making a better program for America's veterans.

Please let me know if I can provide any additional information.

Sincerely,

D. A. GUZMAN
President

NAVPA responses to questions posed by Mr. Evans and Mr. Reyes, House Veterans Affairs Committee, Sub Committee on Benefits with regard to NAVPA testimony of June 7, 2001 on the 21st Century Montgomery GI Bill Enhancements Act (HR 1291):

QUESTION 1. I was interested in finding out from you about the "static" number of college enrollments among veterans that you mentioned in your testimony. Do I understand correctly that this is occurring while non-veteran enrollments are increasing: And do you attribute this to the diminished value of the GI Bill? Can you please supply the committee with any data you have in this regard?

RESPONSE: Both the Goodrich report cited in my testimony and the dissertation of Mr. Ron Atwell, PhD, University of Central Florida, *"Personal and Educational Profiles of Students Drawing the Montgomery GI Bill Education Benefits at the University of Central Florida."* Spring 1999 confirm that veteran students are not enrolling in college and accessing their MGIB in ever increasing numbers, this primarily due to the diminished value of the MGIB and/or the treatment of their earned, albeit, paid into benefit. Simply put, veterans do not have the resources promised and implied at recruitment. Non-veterans receive the same financial aid for no service and other national social programs actually pay more for college than the Montgomery GI Bill.

QUESTION 2. In regard to the estimate you provided in your testimony that the cost of college attendance at a 4-year school for veteran commuter students exceeds traditional costs by $2.000 or more annually, can you expand on this statement? Would you also provide the committee with any data or assumptions that you may have used to make this estimate?

RESPONSE: In October 2000 NAVPA hosted a symposium in San Diego, California titled ***Taking Veterans Education Into the 21st Century.*** Members of the State Approving Agencies, State Departments of Veterans Affairs, NAVPA, members of the Secretary's Veterans Affairs Advisory Committee and student representatives using the MGIB attended this symposium. Data for discussion was collected by Mr. Chris Goodrich, Portland State University, in his study *The Montgomery GI Bill: Opportunity Wasted or Opportunity Waiting?* and the doctoral dissertation of Mr. Ron Atwell; both argue the low usage, high drop-out rate of veteran students is a direct result of the diminished value of the MGIB. This studies coupled with the experiences of the students in attendance at the symposium confirmed our assumptions that the MGIB was a contributing factor in the overall problems discussed in my testimony; low pay, late payment, insufficient benefit benchmark, and the financial aid formula. Veteran program administrators across the nation who deal with the problems presented by students on a daily basis can attest to the ever increasing veteran student stop-out, drop-out rate. The three main contributing factors include, late payment, low benefit amount and the fact that the financial aid "means formula" discounts the MGIB benefit dollar for dollar thereby negating it's value. Add to this the unmet financial needs of a non-traditional student and it is no wonder that veterans are opting to delay school for several years or dropout all together. As I stated in my testimony, the veteran student is married with one to two children. Their financial burden is drastically different from the traditional 18 year old who, whether this is reported or not, receives some supplemental assistance from their parents. Veteran students have needs that the traditional student does not yet bear such as child care from clothing, food, toys, and day-care to other family responsibilities. Veteran students cannot go home for the summer; they are home. They cannot save three months of rent for the summer. And, they cannot cost share an apartment with two, three or four mates, they share an apartment with their family; there is no cost savings or cost sharing for the veteran student. These all add up to expenses above and beyond those of the traditional 18 year-old students. An unofficial survey of veteran students at Washington State University confirmed the findings of the students attending the symposium; a married veteran student pays from $2,000 to $3,000 and more in an academic year than the traditional student. The two studies cited above coupled with the outcomes of the symposium and student a survey confirms these assumptions.

U.S. Department of Labor

Assistant Secretary for Policy
Washington, D.C. 20210

JUL 6 2001

Honorable Lane Evans
Ranking Democratic Member
Committee on Veterans' Affairs
U.S. House of Representatives
335 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Evans,

It was indeed a pleasure to appear before the Subcommittee on Benefits of the Committee on Veterans' Affairs on June 7, 2001. As I stated at the hearing and reiterate now, under Secretary Choa's leadership, the Department's Veterans' Employment and Training Service (VETS) is wholly committed to working with the Committee to serve our Nation's veterans in the best possible manner. It is in that spirit that I respectfully submit responses to the Honorable Silvestre Reyes' questions.

I can assure you that we are eager to work with the Committee to resolve any remaining outstanding issues concerning service to our veterans. If I can be of further assistance please do not hesitate to contact me.

Sincerely,

Chris Spear

Enclosure

Response to Questions from
The Honorable Silvestre Reyes

Question:

1. Mr. Spear, can you give me a timeline for when we can expect the modification of the data collection and reporting processes that will be necessary to use wage record data? Where are you in the process now?

Answer:

The ETA 9002 form and the VETS 200 form are the current vehicles for States to collect and report on performance data. The current system is being revised to include new data reporting elements and performance outcomes using Unemployment Insurance (UI) wage record data. States are expected to begin capturing data on the new reporting elements effective July 1, 2002. It is anticipated that States will provide ETA the first series of reports by November 15, 2002.

Question:

2. In a perfect world scenario, explain how VETS would seek improvement from states that do not achieve satisfactory performance? What tools would best serve VETS for motivating non-performing states?

Answer:

VETS would seek an incentive/sanction process. This process would provide financial rewards to States that have met their negotiated Performance Measures. Those States that have fallen short of their expected performance would be encouraged to improve the level of service provided to veterans. VETS would continue to seek improvement from States that do not achieve satisfactory performance through on-site monitoring reviews, providing technical assistance and requiring States to submit corrective action plans that identify the steps needed to achieve a satisfactory performance. If a State failed to achieve its negotiated performance for two consecutive years, a new grantee or contractor would be sought.

Question:

3. What is the response of VETS to GAO's recommendation to do away with using Federal contractor data as a performance measurement? What are the potential pitfalls of implementing this recommendation?

Answer:

The outcome of this performance measure is more job opportunities for veterans. Elimination of this specific measure could result in less emphasis on Federal contractors listing positions with the Public Labor Exchange as required by law. This could result in fewer employment opportunities for service-connected disabled veterans and other covered veteran groups.

VETS published a Federal Register Notice of the proposed Performance Measures on May 31, 2001 and will consider all comments received from the Notice in deciding whether or not Federal Contractor job opening listings should remain a Performance Measure.

DEPARTMENT OF VETERANS AFFAIRS
Assistant Secretary for Congressional and Legislative Affairs
Washington DC 20420

October 22, 2001

The Honorable Silvestre Reyes
Committee on Veterans' Affairs
U.S. House of Representatives
Washington, DC 20515

Dear Congressman Reyes:

Enclosed are the Department of Veterans Affairs' responses to the post hearing questions you submitted related to the Subcommittee on Benefits, June 7, 2001, hearing on H.R. 1291, the 21st Century Montgomery GI Bill Enhancement Act.

I apologize for the delay in providing this information. You have my assurance that we will continue to explore ways to improve timeliness of replies.

A copy has been sent directly to Ranking Democratic Member Evans for inclusion in the hearing record. If we can be of further assistance, please have a member of your staff contact, Mr. Chris Allen on 202-273-9419. I look forward to working with you and Members of the Committee on education issues.

Sincerely yours,

Gordon H. Mansfield

Enclosure

Post-Hearing Questions
Concerning the June 7, 2001, MGIB Hearing

From
The Honorable Silvestre Reyes

Question 1. Mr. Secretary, an article entitled, "Principi Appointment Bodes Well For Enhanced GI Bill" appeared in the January 11th edition of Stars and Stripes this year.

The article noted the Transition Commission that you chaired recommended Congress pass legislation authorizing a separate benefit for individuals who choose enlistment or re-enlistment for a minimum of 48 months. Qualifying veterans would receive the full cost of tuition, fees, books and supplies at any college or university.

Regarding this benefit, you said this would "truly be a readjustment benefit for military personnel. First and foremost, it would allow them to go to the best schools in America for which they qualify and aspire to. Secondly, it would broaden the military to a far greater group of American youth high-ability high school graduates who are college-bound and will now see the military as a way they can truly be all they can be after four years of military service."

Mr. Secretary, are those your personal views today?

Answer 1. As I recently testified before the House Veterans Affairs Subcommittee on Benefits, I believe paying for all the costs of a 4-year college education is a worthy goal and I view H.R. 1291 as an important step in that direction.

Question 2. Mr. Secretary, there is no doubt that young people enlist in the military to earn money for college. However, I have been continually frustrated by the low number of people who actually end up using the benefits they signed up for and contributed into.

Question 2A. Do you know what the most current usage rates are for the MGIB program?

Answer 2A. The usage rate is 55% through the end of Fiscal Year 2000.

Question 2B. Do you think usage rates would improve if we were to return to a post-World War II GI Bill? Why?

Answer 2B. Yes. I believe they would improve if you are talking about a bill that would pay for tuition and fees and that would include a monthly stipend. Such a bill would simply be more attractive to individuals since it would be very generous.

Question 3. Mr. Secretary, you testified that the President's FY 2002 Budget made no provisions for increasing the GI Bill program except for an annual COLA. Given the fact that the President has repeatedly stated his main priorities include education, a strong military and quality of life issues for our military families; the President's omission leaves me a little confused. Does the Administration feel the current MGIB benefit is adequate? Why didn't the Administration provide any additional funding for the MGIB?

Answer 3. We do not think the MGIB is adequate. As I testified, the President would support MGIB program improvements, to include a reasonable increase in rates, if it can be accommodated within the overall budget limits agreed to by the President and Congress. As for the President's Budget, I believe he made his priorities abundantly clear and the Budget reflected them. The President wanted

to keep the increase in overall spending to a targeted level for the fiscal year while studying needs in various areas. It was understood there would be some give-and-take between the Administration and Congress that would yield agreement on matters such as MGIB improvement within the overall budget framework.

Question 4. Mr. Secretary, you testified that the President would support improvements to the MGIB program such as those provided in H.R. 1291 if Congress can find a way to fit them into the budget. Assuming that Congress could indeed find a way to fund greater increases, I have a couple of questions:

Question 4A. Assuming funding, would the President support indexing the basic MGIB benefit to the annual cost of attending a 4-year public college?

Answer 4A. As I testified, I believe this is a worthwhile goal. Nevertheless, the three-tiered MGIB increases proposed in H.R. 1291 now would be a good first step on which to focus within the current overall budget context.

Question 4B. Assuming funding, would the President support an MGIB program that would provide for the full costs of obtaining a higher education (H.R. 320)?

Answer 4B. Our primary concern with H.R. 320 is its cost and the potential for significant reduction in other veteran programs to offset that cost. Enactment of the bill would result in an increase in benefits costs totaling $37.4 billion over 10 years. These costs would be subject to the pay-as-you-go (PAYGO) requirement of the Omnibus Budget Reconciliation Act of 1990. Since such costs would not be offset in that bill, offsetting savings would have to be found elsewhere to avoid triggering a sequester. No such savings have been identified.

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