H.R. 717, H.R. 745, H.R. 1207

HEARING

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS

HOUSE OF REPRESENTATIVES

SUBCOMMITTEE ON ECONOMIC OPPORTUNITY

ONE HUNDRED NINTH CONGRESS

FIRST SESSION

MAY 25. 2005

Printed for the use of the Committee on Veterans' Affairs

Serial No. 109-10

22-364.PDF

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 2005

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
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HEARING ON H.R. 717, H.R. 745, H.R. 1207

WEDNESDAY, MAY 25, 2005

U.S. House of Representatives,
Subcommittee on Economic Opportunity,
Committee on Veterans' Affairs,
Washington, D.C.

The Subcommittee met, pursuant to notice, at 2:05 p.m., in Room 334, Cannon House Office Building, Hon. John Boozman [Chairman of the Subcommittee] presiding.

Present: Representatives Boozman and Herseth.

Mr. Boozman. Good afternoon. The Subcommittee will come to order. Today we're receiving testimony on several bills affecting GI Bill education benefits.

Our witnesses include members, government agencies and a diverse group of experts representing education and business interests.

We all know the value of the GI Bill, and I'm not just talking about dollars and cents. Its real value is in the opportunity to provide the veterans to gain skills and qualifications that will position them to succeed in life. Is the benefit perfect? No, but we are looking for ways to improve its effectiveness without incurring large costs.

I hope that after CBO costs the bills before us today, we will be able to mark them up and take them to the floor without violating the budget resolution.

Once again, I'm happy to have our Ranking Member here in a few seconds. And as soon as she gets here, we'll go ahead and proceed and begin the testimony.

[Pause.]

Let's go ahead and take your testimony, Mr. Sodrel. We're pleased to have you here, especially in your capacity as a member of Congress and then also in your previous life as somebody that's very, very interested in and was a major part of the trucking industry. So go ahead and proceed.

STATEMENT OF HON. MICHAEL E. SODREL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

MR. SODREL. Thank you, Mr. Chairman. It's my pleasure to be here. I may not be unique, but probably rare, that a member of Congress served seven years in the Indiana Army National Guard and I still have a valid Class A Commercial Driver's License in my pocket with a P endorsement.

I grew up in the business. My family's been in transportation the last 145 years in various modes. In my youth, you could get a -- what was then called a chauffeur's license at age 18 and there were certain exempt commodities that you could drive as a semi driver. A lot of that generation of drivers were educated by riding around with their dad, their uncle, an older cousin, a relative, so they had -- it was more OJT than it was formal training.

Since all drivers now have to be over 21 years old, veterans represent a pool of potential drivers for the industry and a pool of potential jobs for the veteran that's leaving the service. And I believe that H.R. 717 would help precipitate that marriage, if you will, between the folks that need the jobs and the jobs that are available in the industry.

Today, you cannot drive a truck commercially without formal training. It's a different environment, different world both from the standpoint of just the way the insurance companies operate. We've become a more litigious society. On-the-job training doesn't work very well. So I'd like to see these drivers -- you know, right now we have a shortfall of about 20,000 truck drivers nationally.

It was odd. When I left the military, I had a military driver's license for trucks, but you cannot exchange a military license that you acquired in the service for a civilian license for the same vehicle. They're entirely different standards.

So a veteran, even if they spent their military career in transportation and they were actually driving a semi or an 80,000 pound tank retriever, delivering ammo tanker, whatever it was that they were driving, that military experience and that military license is not transferrable into a civilian license without the commensurate training.

So I think this would be a good bill, very beneficial to veterans, beneficial to the trucking industry, and I'm happy to lend my support to it. Thank you for the opportunity to be here today.

MR. BOOZMAN. Thank you. We're joined by our Ranking Member, Ms. Herseth. Would you like to, once you get organized?

MS. HERSETH. I apologize for being late.

MR. BOOZMAN. None needed. I've been around here long enough to understand how it works.

MS. HERSETH. We have the Defense Authorization Bill up, and South Dakota is one of those states that I guess, in my humble opinion, has been treated unfairly in the BRAC process, so that's been what's occupying us mostly today. But clearly it's important, as we deal with other bills that have been introduced, to gain a sense of the support among those that work with our nation's veterans, and what we're trying to do on the Subcommittee with Chairman Boozman, who's demonstrated just exceptional leadership with what we're trying to do and how we've newly structured the Subcommittee in our jurisdiction. And so I want to thank the Chairman for his leadership and for waiting on me here a bit.

I'm pleased to be here today as we receive your testimony and others on these three legislative measures before us.

As I'm sure we all understand, the federal government's fiscal situation is not in good order and, consequently, makes our jobs here in Congress more difficult as we're forced to stretch limited funds over competing interests. However, this isn't an excuse for bureaucratic inertia.

Mr. Chairman, I'm pleased that this Subcommittee continues to review and seek comments on legislation that aims to invest in the economic security of our service members and veterans.

I'm particularly interested in legislation that would provide greater flexibility and enhanced opportunities for our returning service members to acquire the skills and training necessary to compete in this 21st century labor market. I'm confident that proper investment would yield great returns.

I look forward to the testimony of our witnesses. I apologize for missing yours, but I'm sure I'll have some questions for you regardless, based on your written testimony. I appreciate your guidance on crafting effective legislation. Thank you, Mr. Chairman. I look forward to today's testimony and yield back.

MR. BOOZMAN. Thank you. Mr. Sodrel, so you actually drove a truck, then, while you were in the Guard?

MR. SODREL. I did. And I've driven a truck in civilian life as well on my way up. Everybody starts at the bottom in my family.

MR. BOOZMAN. So now, when you're in the Guard, you're driving, you know, you've got the responsibility of driving a big truck and doing as much as you did in civilian life. So the license doesn't transfer?

MR. SODREL. No, it does not. I mean you go through specific training for a military vehicle of a given type and weight. Your license -- and I assume things haven't changed a lot. The military has a lot of inertia. I left many years ago, but your license was for a small vehicle or a two-and-a-half ton or a five ton or larger or tank retriever or semi, but that license was not transferrable to a civilian license for a similar vehicle.

MR. BOOZMAN. And then I guess likewise your experience wouldn't

transfer. If you'd had five years of driving and then got out of the military and then decided to go to work in the trucking industry, then your five years of experience wouldn't --

MR. SODREL. That's kind of to the employer's discretion. I mean some employer may look at that and say if this person has five years experience on this type vehicle and they have met the requirements for a civilian license, then I'm willing to give credit for some of that experience, but that would vary from employer to employer. I'm not aware of any regulation or rule that says you must give or cannot give credit for the experience.

MR. BOOZMAN. But it's not like flying or some of those things where you keep the log book where you can actually translate the experience and --

MR. SODREL. No, it's not.

MR. BOOZMAN. Very good. Well, thank you for being here. Ms. Herseth has some questions, but we really do appreciate it. And again, I think you've got a very unique perspective in the sense of, you know, being in Congress now and also your background. So we do appreciate your testimony.

MR. SODREL. Thank you.

MS. HERSETH. Congressman, my questions are going to be along the same line as this whole credit issue. So given your insights, as the Chairman has reflected upon, we look forward to working with you and addressing precisely this issue and some of the disparities that have occurred to ensure that we're treating service members correctly in dealing with this credit issue in the most appropriate way possible, reaching out to you to offer your insights based on your experience.

MR. SODREL. I think what's really important here is that there are jobs available. I mean this is not jobs that may be available or could be available. These are existing jobs. And as a veteran returns, if they're training, you know you can put them to work. You know, it's not speculative but actual. Thank you for the opportunity to be here today.

MR. BOOZMAN. Thank you. We have another member of Congress that will be drifting in, and we'll get to him when he comes.

Mr. Michaud, a sponsor of H.R. 717 cannot be with us today. He's submitting a statement which we'll enter into the record without objection.

[No response.]

Hearing none, so ordered.

[The statement of Congressman Michaud appears on p. 26]

MR. BOOZMAN. Our next panel is comprised of Mr. Jack McCoy, Director of the VA Education Service, who is accompanied by Mr.

Dean Gallin, Deputy Assistant VA General Counsel and Mr. John Hill, Chief Safety Officer, Federal Motor Carrier Safety Administrative at the Department of Transportation.

Mr. McCoy, if you would be kind enough to lead off for us.

STATEMENT OF JACK MCCOY, DIRECTOR, EDUCATION SERVICE VETERANS BENEFITS ADMINISTRATION; DEAN GALLIN, DEPUTY ASSISTANT GENERAL COUNSEL, DEPARTMENT OF VETERANS AFFAIRS; ALEXANDER KEENAN, DIRECTOR, NATIONAL TRAINING CENTER, FEDERAL MOTOR CARRIER SAFETY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION.

STATEMENT OF JACK MCCOY

MR. MCCOY. Good afternoon, Mr. Chairman and members of the Subcommittee. Thank you for inviting me here today to present the Administration's views on three bills that would affect Department of Veterans' Affairs programs providing veterans benefits and services. Accompanying me today is Mr. Dean Gallin, Deputy Assistant General Counsel.

Mr. Chairman, I will begin by addressing H.R. 717. Under current law, a Montgomery GI Bill student pursuing high cost courses leading to employment at a high technology occupation in a high technology industry has the option of receiving an accelerated benefit payment. This optional lump sum accelerated benefit payment may cover up to 60 percent of the cost of such a course provided the pro-rated course costs exceed 200 percent of the applicable monthly Montgomery GI Bill rate.

Mr. Chairman, this section of the bill would authorize accelerated payment only for one type of training program that does not lead to employment in a high technology industry, a commercial driver's license training program. It is not clear to us why this would be done to the exclusion of other non-high technology, high cost programs.

Thus, because we do not believe such piecemeal change to the current law is appropriate, we cannot support section one of H.R. 717.

Section two of H.R. 717 would exclude educational assistance payments received under Chapter 30 Montgomery GI Bill program from consideration as income when determining the eligibility of a veteran to education grants or loans under other provisions of federal law.

VA supports the concept of appropriately excluding VA educational benefits not only as income but also from consideration as available assets or other monetary resources for the purpose of determining eligibility for or the amount of student assistance under Title IV of the Higher Education Act.

We strongly believe the determination needed for student financial

assistance should not diminish the value of VA education benefits which are earned through service in our nation's armed forces.

In our view, such provisions more appropriately should be included within the Higher Education Act. Accordingly, we look forward to discussing this approach with the Department of Education for consideration as part of the Administration's Higher Education Act reauthorization proposal.

Mr. Chairman, the second bill under consideration today is H.R. 745, which would establish a five-year pilot project to test the feasibility and advisability of allowing the use of educational assistance benefits to pay for training costs associated with the purchase of a franchise enterprise. The measure provides for a lump-sum payment to the individual of the lesser of one-half of the franchise fees or one-third of the benefit amount corresponding to the individual's remaining entitlement.

H.R. 745 would prohibit payment of educational assistance for franchise training unless appropriate training is required and provided in connection with the purchase and operation of a franchise. While we recognize and acknowledge the pilot nature of the proposed project, we believe this measure merits further study and refinement.

For example, as noted above, it would pay training costs equal to one-half of the franchise fees or one-third of the individual's remaining entitlement.

However, this appears to assume that training costs generally comprise half of the franchise fee, yet, we have no evidence to this in the case. Thus, a breakdown of the training costs portion of the franchise fee should be a requirement for approval.

Since, as indicated above, we believe H.R. 745 needs substantial further study and consideration, VA cannot support the bill at this time.

Mr. Chairman, the third and final bill under consideration today is H.R. 1207. Section two would expand the term ``work-study activity" for qualifying individuals to include (a) the provision of Chapter 31 placement services at an educational institution (under the supervision of VA employees); (b) the provision of counseling and assistance in identifying employment and training opportunities, as well as related information and services under the Transition Assistance Program and the Disabled Transition Assistance Program to members of the armed forces being separated from active duty and their spouses (under the supervision of a disabled veterans' outreach program specialist or local veterans' employment representative); and (c) any activity approved by VA in support of Senior Reserve Officers' Training Corps programs at an educational institution or military installation.

With regard to the use of work-study students at educational institutions to provide placement service to disabled veterans, we believe

it is unrealistic to expect students to provide these highly specialized counseling services currently being provided by GS-12 federal employees.

With regard to the work-study students assisting with the Transition Assistance Program and Disabled Transition Assistance Program, we agree with the intent of this provision, but are concerned with some of the functions the student would be expected to perform.

We would, therefore, suggest deleting reference to such functions and, instead, permit the work-study student to assist with the Transition Assistance Program and Disabled Transition Assistance Programs in ways consistent with their abilities. VA does not believe the students need to be supervised solely by Department of Labor employees. We believe in many cases that VA, DoD or contractor personnel would be appropriate supervisors as well.

Finally, with regard to using work-study students to support Senior ROTC programs at educational institutions and military installation, VA supports this portion of section two.

Section three of H.R. 1207 would direct VA, subject to regulations VA would prescribe, to conduct a five-year pilot program to test the feasibility and advisability of expanding the scope of qualifying work-study activities to include work-study positions available on site at educational institutions.

VA supports the intent of the pilot program envisioned in section three. However, we are strongly opposed to some of the administrative restrictions found in the pilot program. For instance, we are opposed to requiring an applicant to demonstrate that no other (non-pilot) qualifying work-study position exists during the applicable agreement period. This requirement imposes an unreasonable verification burden on applicants.

Overall, we suggest that the pilot program have vastly fewer restrictions. We note that the five-year temporary positions already approved for work-study allowances do not have such burdensome restrictions.

Mr. Chairman, this concludes my prepared statement. I would be pleased to answer any questions you or any of the other members of the Subcommittee have. Thank you.

[The statement of Mr. McCoy appears on p. 32]

MR. BOOZMAN. Thank you.

Mr. Keenan, I apologize. We had your counterpart down. So again, like I said, we're pleased that you're here to represent DOT. You're recognized.

STATEMENT OF ALEXANDER KEENAN

MR. KEENAN. Mr. Hill could not be here. I'm Alexander Keenan, Director of the National Training Center for the Federal Motor Carrier Safety Administration. I do not have a prepared statement today.

I would like to thank the Chairman for the invite and praise the Committee for its support of veterans. Having spent 28 years wearing the military uniform and retiring at the rank of Command Master Chief, I'm very supportive of the GI Bill, having been a user of the GI Bill for over 14 years of night school.

I'm also a special editor for The Navy Times retirement section, their bi-weekly newspaper, which really gives me a lot of opportunities to work with veterans, retirees, and talk about issues with the GI Bill.

Today I'm here to represent the Federal Motor Carrier Safety Administration on the national training center as the director, but here to answer any questions the Chairman or the Committee might have.

MR. BOOZMAN. Thank you. On your comments on limiting the accelerated to truck driving schools, you question whether truck driving schools met the Title 38's high tech requirement. Can you describe the types of training approved under the VA regulations for accelerated payment?

MR. MCCOY. Just to name a few, computer specialist, math specialist, engineers, life and physical sciences, just to name a few.

MR. BOOZMAN. Given that today's veteran is often supporting a family and may not be able to perhaps -- be inclined to or be able to pursue a four-year degree, would you agree that some of the restrictions under today's laws and regulations hamper the use of the GI Bill?

MR. MCCOY. No, sir, I don't.

MR. BOOZMAN. Okay. I guess the -- Mr. Sodrel, in his testimony, testified that the jobs were there as far as the trucking industry. I think that the same is true as far as maybe the railroad industry, things like that. Is the GI Bill, as it's written now with the regulations, is it conducive to those individuals getting the training that they need to get into those jobs?

MR. MCCOY. I would say to the extent that someone is entitled, for example, to the Montgomery GI Bill and whatever their training time might be, they would be entitled to that. You know, we have a number -- dozens of truck driving schools now that veterans go to and get paid. Of course, if it was under this regulation, obviously they would get more of a lump-sum payment up front obviously.

MR. BOOZMAN. Ms. Herseth.

MS. HERSETH. Just to continue along this line, in your testimony you state that the VA doesn't support section one of H.R. 717 because the need is not clear, and you don't believe "piecemeal change to the current law is appropriate."

I guess my response there is to be disappointed in perhaps the lack

of creativity and the need for flexibility here. Individuals earn and learn in many different ways now, and the VA shouldn't be stuck in the past or operate under the false impression that all veterans want to use their earned GI Bill benefits by attending a traditional four-year college.

So to clarify, Mr. McCoy, does the VA not support expanding the accelerated benefit payment as described in section one of H.R. 717 because it limits the expansion to CDL schools only, or does VA not support expansion of the benefit generally?

MR. MCCOY. I would say that it's more to the point of one business, and if we're going to do this, then why wouldn't we be looking at other types of training also. So not just to say no, it's just truck driving.

MS. HERSETH. Okay. Do you know how many veterans are currently taking advantage of the GI bill benefits to attend truck driving school or to obtain the CDL certification courses?

MR. MCCOY. I would say right now approximately -- it's approximately 300.

MS. HERSETH. So it's not so much a fiscal issue then?

MR. MCCOY. No, ma'am. I --

MS. HERSETH. You just think it should be broader. It shouldn't be categorizing them one at a time.

MR. MCCOY. And I guess that's my point in the testimony. If we're going to do this, why is it only this one training issue and not others?

MS. HERSETH. So given what we've done for the area of high tech employment, you're just saying we should expand -- we could expand the category to include CDL certification?

MR. MCCOY. We would be glad to look at that if that were the case, yes. If we got legislation or, you know, to expand it. But again, I don't understand why we would only expand it for one, but we would be glad to look at it.

MS. HERSETH. Thank you.

MR. BOOZMAN. I guess I would like, you know, some input as to that and maybe to some others that we need to be looking at, but the most obvious thing is the expense. This will cost the government more money to do this. I guess my reasoning in supporting or tending to support the bill, that's what this is all about is to get the testimony so we can decide what -- but my inclination in tending to support it was that this would be a good start to try and look at maybe expanding the GI Bill in a different way. Again, realizing that this area, and there's probably two or three others that there truly is a ready market for jobs out there that because of the nature of getting back, you know, not having the funds maybe to pursue the education, that you just can't get into it.

But like I said, I think that's the biggest thing is the funds. I would really like -- you know, I would welcome -- I know that all of the Com-

mittee would welcome other areas that we need to be looking at as far as trying to expand it.

Would you describe the DOT requirements for commercial driver's license. And does DOT require any sort of experience verification to qualify for any type of licenses?

MR. KEENAN. Mr. Chairman, I might need to defer to some assistance here. The definition the commercial motor vehicle used, the proposed bill for eligible training refers to 49 U.S. Code 3130. The definition used for the CDL program, the passage of this bill would have no effect on the current CDL program.

The Department of Transportation does not have a regulatory authority over commercial driver training schools nor does it accredit any commercial driver training curriculum.

DOT, through our agency, Federal Motor Carrier Safety Administration, administers the program as created by the Commercial Motor Vehicle Safety Act of 1986.

The Act's goal was to improve highway safety by ensuring that drivers of large trucks and buses are qualified to operate these vehicles through standardized testing.

Our Agency sets the minimum driver's testing standards for the CDL program to promote uniformity in drivers' training. States administer the knowledge of the written test based upon our standards, federal testing standards.

While the department supports modeled driving training curriculum as a means of providing uniform driver training, the school and the driver curriculum oversights is really the jurisdictions of the state's regional, national accredited organizations.

MR. BOOZMAN. Ms. Herseth?

[No response]

Thank you all very much for sharing your testimony. And again, Mr. McCoy, we really would be interested in working with you as far as getting your ideas, getting your perspectives about other avenues that maybe are out there that fall into this category and perhaps expanding this.

MR. MCCOY. Be glad to. Thank you.

MR. BOOZMAN. Thank you very much.

[Pause.]

MR. BOOZMAN. We're really pleased to have with us Mike Simpson. He's going to testify about his bill, 1207. And it really is good to have you back here, Mike, and share your expertise.

MR. SIMPSON. Thank you, Mr. Chairman.

MR. BOOZMAN. Thank you.

STATEMENT OF MICHAEL K. SIMPSON

MR. SIMPSON. It's always nice to be back here. I served four years here and was Chairman of what was then the Benefits Subcommittee and enjoyed it and the staff work here greatly.

I apologize for being a little late. We had a markup and, you know, you just can't get out of those.

Chairman Boozman, Ranking Member Herseth, it's good to be with you today. I appreciate the opportunity to appear before your Subcommittee to discuss the bill H.R. 1207, the Department of Veterans' Affairs Work-Study Act of 2005, which will expand the work-study opportunities for veteran-students.

Mr. Chairman, the work-study program provides veteran-students an opportunity to earn additional funds each semester while gaining valuable work experience. Current law authorizes a work-study program for any student receiving a VA education or vocational rehabilitation benefits; however, the current restrictions for ``acceptable" work-study services are too limiting.

Under current law, the veteran-student may only perform services in support of veterans programs at VA regional offices, medical centers or national cemeteries or college and university veterans' affairs offices or by conducting outreach services under the supervision of a VA employee or a state approving agency. These limiting parameters for acceptable work-study services restrict the number of positions available to eligible veterans and keep veterans from having the opportunity to earn supplemental financial assistance while gaining valuable work experience. Limited work-study opportunities are particularly true at campuses not located near VA facilities.

The VA Work-Study Act would expand the work-study opportunities to include vocational rehabilitation program employment services at an educational institution, Transition Assistance Program and Disabled Transition Assistance Program counseling, training and employment services under the supervision of Disabled Veterans Outreach Program Specialist and Local Veterans Employment Representatives, or services in support of ROTC programs at educational institutions or military installations. Expansion of the VA work-study program complements the intent of previous legislation I introduced, Public Law 107-288, the Jobs for Veterans Act of 2002. Like the Jobs for Veterans Act, this bill would enhance a veteran's opportunity for job placement following college.

This bill also creates a 5-year pilot program to test expanding the scope of the acceptable work-study services a step further. In the pilot program, veterans would be afforded more opportunities for work-study positions at the institution of higher learning where they are pursuing their degree programs. Employment positions in academic

departments and in student services would be eligible, subject to the approval of the Secretary of Veterans Affairs.

While I have the table, Mr. Chairman, I'd like to introduce a constituent of mine that's over here that will be testifying on the third panel, Mr. Dave Guzman. Dave is a legislative director for the National Association of Veterans Programs Administrators, and I've been working closely with him on this legislation, and it's been a pleasure to work with Dave, and I look forward to his testimony.

As, I said, Mr. Chairman, this would expand work-study opportunities for veteran-students and enhance the veteran's opportunity for job placement following college. I appreciate the opportunity to testified before the Committee and your consideration of this legislation.

[The statement of Mr. Simpson appears on p. 40]

MR. BOOZMAN. Thank you very much for being here. As someone -- when I was in optometry school I was on work-study and was a janitor. And some of my constituents might feel like that's probably an appropriate place for me now. But it really was, it was something that was very, very valuable to my wife and I and really did make the difference in really being able to count on.

So, Ms. Herseth?

MS. HERSETH. Thank you for your insights and testimony in support of the bill that you've introduced. Just prior to your testimony we heard from some of the representatives with us today from the VA and the concern was expressed that perhaps when you're dealing with programs, the Transitional Assistance Programs for our disabled veterans, that it's possible that some of the students wouldn't have the skill set necessary to provide that type of assistance or at least that the placement shepherding the veteran who may qualify through that program in the placement services, and suggested perhaps a change to the language that would have something consistent with the abilities of the student, that they would be able to provide certain services. Do you have any thoughts or comments on that concern expressed by the VA and how this might put a student in a position where they couldn't work as effectively as someone employed with a GS-12 rating, I think was referred to?

MR. SIMPSON. I certainly would not want to put any veteran in a position of a job for work-study program that they couldn't handle, and they should not be placed in that position. So certainly that would depend on the individual that you're placing.

Secondly, I'm always open to suggestions from Veterans' Administration on how we can improve the language on this and make it a work-study program available to more students so that they have the ability to earn some money while they're going to college.

MS. HERSETH. I don't have any other questions. I was a work-study

student too. And the more flexibility and type of experience we can offer students, whether they're returning veterans, especially if they're returning veterans. And as we were talking about with another bill, the flexibility needed here to meet the needs, because some of our returning veterans could very well have a skill set that goes above and beyond perhaps what a typical 18 or 19 year old would bring to the table who would qualify. So I appreciate the aim and the objective of your bill today. Thank you.

MR. SIMPSON. Thank you. Thank you, Mr. Chairman.

MR. BOOZMAN. Thank you for being here.

Our third panel includes representatives from private industry and organizations responsible for overseeing the daily operations of the GI Bill. We are pleased to welcome Mr. Matthew Shay from the International Franchise Association, Mr. Ray Kuntz from the American Trucking Association, Mr. Jim Bombard from the National Association of State Approving Agencies, and Mr. David Guzman from the National Association of Veterans Program Administrators.

For those not familiar with these state approving agencies, they are the organizations that actually certify education and training programs as eligible for VA GI Bill benefits.

The Veterans Program Administrators are employees of education and training entities whose job it is to verify veterans enrollment and generally keep the paper moving between the school and the VA.

Welcome to Subcommittee. Let's begin with Mr. Shay.

STATEMENT OF MATTHEW R. SHAY, PRESIDENT, INTERNATIONAL FRANCHISE ASSOCIATION; RAY KUNTZ, VICE CHAIRMAN, AMERICAN TRUCKING ASSOCIATION; JIM BOMBARD, DIRECTOR, PUBLIC RELATIONS, NATIONAL ASSOCIATION OF STATE APPROVING AGENCIES; DAVID GUZMAN, LEGISLATIVE DIRECTOR, NATIONAL ASSOCIATION OF VETERANS PROGRAM ADMINISTRATORS.

STATEMENT OF MATTHEW R. SHAY

MR. SHAY. Mr. Chairman, thank you and the Ranking Member, Ms. Herseth. We appreciate the opportunity to be with you today.

My name is Matthew Shay. I'm President of the International Franchise Association. Since 1960, the IFA has served as the voice of the franchise community here in the United States and around the world. Today we represent more than 1,000 franchisor members, approximately 8,000 franchisee and several hundred supplier members. And we certainly appreciate your taking the time to hold this hearing today. We thank you and your staff for your work on the bill and also thank Mr. Baker and his staff for listening to our concerns and the

concerns of the franchise community and of the veterans community while producing this legislation.

We think this is a very appropriate conversation to be taking place in the Economic Opportunity Subcommittee. We think franchising in many ways is equivalent to economic opportunity, as it provides individuals with an opportunity to get into business for themselves but not by themselves. And we think that the Veterans Self-Employment Act will provide just that kind of an opportunity.

Let me just give you a quick overview of the franchise community here in the United States. Last year our educational foundation conducted an economic impact study of franchising, and determined there are nearly 800,000 franchise establishments operating in the United States. They employ more than 18 million Americans and generate more than one-and-a-half trillion dollars in total economic output. And to put that in perspective, that is approximately 14 percent of the private sector labor force and nearly 10 percent of the total private sector economic output. And just to bring it home with a little more detail, Mr. Chairman, in your district there are more than 2400 franchised establishments that create nearly 40,000 jobs. And in the Ranking Member's home state, there are approximately 2500 franchise businesses that create nearly 55,000 jobs.

We think one of the most wonderful features of franchising is its broad diversity. There are more than 75 different industries that are involved in franchising, and we are not newcomers to the concept that veterans can make wonderful franchisees. In many ways they are ideal candidates because of the skills they've learned while in the military. They include teamwork and a mission oriented focus, and those apply very nicely and very directly to the operation of a franchise business.

For all those reasons, we endorse the Veterans Self-Employment Act because it would provide an opportunity for veterans to apply a portion of their benefits to the initial franchise fee, specifically to the costs of the training associated with becoming involved with a franchise. And as to several of the concerns that were raised by the VA, we think we can very easily work with those. It would not be difficult for our members to make a determination with the high level of specificity about the portion of the franchise fee that is devoted to training costs. We could do that I think fairly easily. And we also think that with regard to the issue raised in the VA's testimony about the election of benefits and either choosing one or the other opportunity to offset some of the training costs for the franchise fee, that would be certainly acceptable to us as well.

So with those initial comments, Mr. Chairman, Ms. Herseth, we certainly appreciate the opportunity and thank you for giving us this time with you.

[The statement of Mr. Shay appears on p. 42]

MR. BOOZMAN. Mr. Kuntz.

STATEMENT OF RAY KUNTZ

MR. KUNTZ. Good afternoon, Chairman Boozman and ranking chairwoman Herseth. My name is Ray Kuntz. I'm Vice Chairman of the American Trucking Association and I'm the CEO of Watkins and Shepard Trucking, based in Montana.

I appreciate the opportunity to appear before the Subcommittee on behalf of ATA to voice our support of H.R. 717, particularly as it relates to training our country's veterans to drive commercial trucks. I believe I have a unique perspective on the issue because I not only run a trucking company but I also run a truck driver training school. I also chair a joint ATA Truckload Carriers Association working group on the driver shortage and driver training issues.

American Trucking Association is the national trade association for the trucking industry. It's a federation of affiliated state trucking associations, conferences and organizations that include 38,000 motor carrier members representing every type of class of motor carrier in the country.

The trucking industry is a $671 billion industry comprised of 3.24 million commercial vehicle drivers. Our nation's economy and business rely heavily on trucks for the transport of goods because no other form of delivery can bring goods door to door regardless of whether such goods have traveled by plane, ship or train. Trucks carry nearly all freight in some point in their journey from producer to consumer.

A significant segment of the trucking industry is facing a serious shortfall of qualified long-haul truck drivers. According to an in-depth study being released today by ATA, there is currently a shortage in this country of approximately 20,000 long-haul truck load drivers.

The study projects a widening imbalance in the potential supply and the demand for long-haul truck drivers during the next 10 years. According to its analysis, the current driver shortfall of 20,000 in the absence of substantial market adjustments could rise to a shortfall of 111,000 by the year 2014.

There are a number of factors involved in the driver shortage issue. Stringent government regulations, insurance carriers standards, and standards of the trucking company themselves all restrict availability of qualified drivers to commercial vehicle industry.

Another critical contributing factor to the driver shortage situation is lack of available funding for students who would like a career in professional truck driving. The national average tuition to attend a truck driver training school for an average of two to four months is $4,000 plus the cost to live while you're in the school.

Driver training is essential and must be taught by a reputable truck driver training school in order for a driver to obtain the knowledge and the skills to successfully pass both the written and the road testing requirements of the commercial drivers' licensing known as the CDL test. A company will not hire a driver without a valid state issued CDL.

Veterans, if they choose, under the Chapter 30 of the Montgomery GI Bill, can use their educational benefits to attend a Veterans Administration approved truck driving school. The maximum tuition benefit a veteran can receive per month is only $1,004. On average, truck driving school tuition costs $4,000. And since most truck driving training schools average two months in duration, the veteran will likely have completed his or her training before the school receives the majority of the tuition reimbursement under the current GI Bill tuition payment system, which means that the school has to foot the bill or the receivable while that student is in school. Since the schools do not control disbursement of the payments, when or whether the remaining tuition fees will get paid creates concern among all parties involved.

H.R. 717, if enacted, would go a long way towards fixing this particular funding problem. By applying accelerated payment program to truck driver training schools, 60 percent of the students' veteran driver tuition may be paid in advance to the veteran and to the school covering his or her tuition expenses. The other 40 percent could come from a variety of sources, including low interest loans and carrier subsidies.

Under H.R. 717, additional funding avenues would potentially be open to veterans by excluding their GI benefits from eligibility determination for other federal financial education grants or loans.

If this bill is enacted, qualified veterans who wish to pursue a professional career in commercial truck driving could do so at little or no cost to them. In as little as two or three months upon the completion of a truck driver training and by successfully passing a commercial driver's license test, a veteran can be gainfully employed as a long-haul truck driver with a high quality trucking company making entry level salary averaging about $40,000 a year. And I add that I know of no other industry with a two-month investment or roughly, what -- we're talking $2400, that can take a veteran and put him in that kind of a salary and the contribution back to the government as far as taxes will cover that in a very short period of time.

Why does the trucking industry need and try to actively recruit veterans? The answer is simple. Former military personnel make the best students and have a higher training graduation rate than their civilian counterparts. From the trucking company's perspective, veterans have a reputation of being outstanding employees. Their military training and background lends itself to leadership, respect

for procedures, integrity and teamwork, ideal characteristics sought by all employers but vital to the success of a professional commercial truck driver.

For veterans as military occupation specialty or MOS involved heavy truck driving, commercial truck driving may be a national career path. Although a military license does not automatically convert to a CDL in most U.S. states, the skills gained driving trucks in the military are certainly at a great value when applying them during the civilian truck driver training.

In closing, Mr. Chairman, I would like to reiterate ATA's support of H.R. 717 and urge the Subcommittee to move the bill forward. This concludes my remarks, and I would be happy to answer any questions that you have at the appropriate time. Thank you.

[The statement of Mr. Kuntz appears on p. 52]

MR. BOOZMAN. Thank you.

Mr. Bombard.

STATEMENT OF JIM BOMBARD

MR. BOMBARD. Chairman Boozman, Ranking Member Herseth and members of the Subcommittee on Economic Opportunity, I am pleased to appear before you today on behalf of the National Association of State Approving Agencies to provide comments on H.R. 717, H.R. 745 and H.R. 1207.

I should mention at the outset that I am also the Vice Chair of the Legislative Committee of the Association and have had the pleasure of working with the members and the staff of the Committee for many years as the Committee has worked to improve the various GI Bills.

The Association is pleased to support the provisions that are presented in the three bills. In general, much has been done in recent years to provide service members, veterans and other eligible persons with greater opportunities to use the education and training benefits for which they are entitled.

Yet, the nature of the today's global economy demands that we continue to strive to help our workforce, especially our veterans, to gain new knowledge and learn new skills in order to maximize their contributions to the Nation. The provisions of H.R. 717, H.R. 745 and H.R. 1207 provide either directly or indirectly for these kinds of learning opportunities.

H.R. 717 expands the accelerated payment provision of law to allow veterans to obtain the kind of financial support necessary for enrollment in commercial driver license training programs. Nationally, truck driving programs are relatively expensive because of the complexities of the today's equipment, the demands of new licensing

requirements for specialized loads. Program cost can reach as high as $6,000 or $7,000 for a 12 week instruction. An opportunity to use the accelerated payment provision of law would allow more veterans to pursue their chosen occupation.

The Association supports H.R. 717 section 2, exclusion of benefit payments under the Montgomery GI Bill from income for eligibility determinations for federal education loans.

GI Bill benefits are intended to be an earned benefit to which all who serve in the armed forces of our nation are eligible. Moreover, it has always been the intent of the Congress that the GI Bill be the premier program in our nation to help our citizens to further their education and training. Inclusion of GI Bill benefits in any formula for determining eligibility for other federal educational assistance is not consistent with these goals nor the sacrifices made by those who protect the freedoms that we all so thoroughly enjoy.

H.R. 745 provides for the creation of a pilot program for veterans to use their VA educational assistance benefits for training associated with the ownership of a franchise, opportunities for veterans to obtain gainful employment in a field of their choosing. The risks associated with this pilot would be few since the rules pertaining to the approval of the programs are almost identical to those currently required for non-accredited, non-degree programs of education and training.

Additionally, most state laws would, as they do now, require a review of the organization offering the training for state licensing purposes. Thus, there is little to no risk by fly by night training.

H.R. 1207 provides a much needed expansion of the kinds of services in which the VA work-study students may be engaged. The first part of the bill allows VA students to assist veterans and their spouses as they work to achieve their education and training and employment goals. In our view, this is an excellent use of VA work-study funds.

The second part of the bill is a pilot program that expands the program of work in which VA students can be involved while they are enrolled at an educational institutions. We believe that this expansion is appropriate as the cost of higher education escalates at a much faster pace than VA educational assistance benefits have risen because of budgetary constraints.

The pilot program also has sufficient limitations to ensure that it will not be abused by an overly ambitious post-secondary educational institution with an eye on cutting its overhead costs and increasing its profit margin.

In closing, Mr. Chairman, I would like to thank you for the opportunity to comment on the three bills. Thank you also for your efforts to make improvements to the education and training assistance programs that have been made available to those who defend the freedoms that we all so thoroughly enjoy. As stated earlier, we sup-

port the provisions of the bills at this time, and I would be happy to respond to any questions that you have.

[The statement of Mr. Bombard appears on p. 61]

MR. BOOZMAN. Thank you.
Mr. Guzman.

STATEMENT OF DAVID GUZMAN

MR. GUZMAN. Good afternoon Mr. Chairman, members of the House Committee on Veterans Affairs, Sub-Committee on Economic Opportunity.

I am David Guzman, Legislative Director for the National Association of Veterans Program Administrators. And with me today is Faith DesLauriers, Chair of the NAVPA Legislative Committee. We appreciate this opportunity to address you today on veterans' educational issues.

Our membership consists of concerned and dedicated veterans program administrators at the business end of the GI Bill, the college and universities across this great land of ours. The Montgomery GI Bill and GI bills before have intended to serve as recruiting and readjustment tools for those who served our country honorably, and we are proud to be a part of the process that serves these dedicated and most deserving Americans.

H.R. 1207 intends to correct some deficiencies in the VA work-study law by removing some of the restrictions that limit veteran students' ability to work at colleges and universities outside of the Office of Veterans Affairs. I conducted a quick survey on our association's website just two days ago and received replies that indicated there is a genuine desire within the academic departments at the colleges and universities for the valued military experience, maturity and work ethic our veterans bring to the workforce. And there is a desire on the part of the veterans to gain hands-on instruction in their academic major while supplementing their GI Bill. Especially at rural colleges, such as Washington State University where I worked in Pullman, Washington, or at the University of Idaho in Moscow, Idaho, and other rural colleges across America where outside work opportunities are limited or at locations at Uba Community College in Arizona where unemployment is high.

Additionally, veteran work-study are needed at Humbolt State University in California where they administer one of the largest veterans upward bound programs in the nation and at large colleges where the veteran student population is larger.

This work-study program helps the Office of Veterans Affairs that has not received an increase in VA funding for processing education

claims since 1976. Expansion of the VA work-study program would complement the Jobs for Veterans Act under PL 107-288 that Mr. Simpson talked about. It would enhance the veterans' opportunity for job placement following graduation and complete the readjustment process.

NAVPA urges this Committee to recommend adoption of this bill that would allow veterans the opportunity to work in the college and university Office of Veterans Affairs or administrative or academic departments at the degree granting institution in which the student is pursuing his or her academic credentials.

Expanding work-study opportunity for veterans would cost very little. In fact, the payback in earnings for the veteran would return seven or more times the investment as proven by the GI Bills of past eras given the expanded knowledge and leg up for employment in their new discipline following graduation.

With regard to H. R. 717, to expand the scope of programs of education for which accelerated payments of educational assistance and to exclude benefits payments under the MGIB from income, and we would like to include "or as a resource for purposes of determining eligibility for education grants or loans under any other provision of law."

The federal methodology used to calculate need for student financial assistance requires institutions to take into account all forms of assistance received by the student to help pay educational costs. The Montgomery GI Bill benefit is considered in the needs assessment as income and, thus, deducted from the total financial award or cost of attendance dollar-for-dollar.

Additionally, not all considered in this formula is the initial $1,200 pay reduction service members had withheld from their basic pay to enroll in the Montgomery GI Bill at the onset of their initial service tour, nor is there any consideration given for the years of military service, personal sacrifices, family separations, irregular duty hours and conditions, for the protections and freedoms afforded this nation.

The Montgomery GI Bill is not like other resources. It is an earned benefit, one that we believe our nation owes the men and women who serve this county for putting their personal aspirations on hold to protect and defend our freedoms and one that should not be dismissed by a standard formula that does not consider these sacrifices. These men and women should be afforded the opportunity to make readjustment, earn an education or otherwise train for gainful employment without further sacrifice. With regard to the truck training, there's a saying, if you have it, a trucker brought it.

NAVPA fully supports the proposed legislation in H. R. 745, Veterans Self-Employment Act of 2005, that will allow veterans more opportunity to use their veterans' educational benefits to better their opportunities in the world of work. We recognize that veterans mirror

the American society and that not all veterans will pursue a college degree. Therefore, expansion of the Montgomery GI Bill, as provided for in these bills, makes good sense and further enhances the readjustment concept and speaks highly of the value we, as Americans, place on those who serve in our military services.

This concludes my remarks, sir.

[The statement of Mr. Guzman appears on p. 66]

MR. BOOZMAN. Thank you very much. I think the -- you know, -- in this Committee we talk about jobs and certainly you all represent jobs. And I was surprised at the amount of franchisees jobs represented in Arkansas and South Dakota. That's pretty amazing.

MR. SHAY. We're happy to surprise you, Mr. Chairman.

MR. BOOZMAN. Very much. Mr. Kuntz, your statistics are good. I think all of us felt like there's a crisis looming. I know on-time delivery, pulling something off the shelf and then that going to a central distribution center through a computer and then the truck instead of sending 100 boxes of tissue only sends what you need. I think in Arkansas they're estimating that the amount of truck traffic by 2020 will be 60 percent greater. And so if you're having the trouble with the drivers, that's not very long off. If you're having driver troubles now, I think if anything your protections maybe short-sighted because the trend is going to be more and more that way.

I think Ms. Herseth really said it best a while ago. What we're looking for is some flexibility in the system. How does the -- Mr. Kuntz, how does the VA's list of occupations eligible for accelerated payment compare to today's job market in your way of thinking? Would you describe the technical side of a trucker's education?

MR. KUNTZ. Well, the second part of that first. The driver today I think the general public doesn't understand that he has a computer in his truck. He has to be able to operate the computer. We're sending him directions and messages and communicating back and forth all by a computer. And the truck itself is a pretty technical instrument compared to what people realize guys were driving 20 or 30 years ago.

As far as -- I was a little surprised when I compared what the VA is considering as a high growth or jobs what the applied the accelerated payment. I was fortunate to take part in the President's high growth job training initiative. And when I got the material, they had set 12 sections aside as industries with high growth opportunities. In these 12 sections, they projected they add substantial numbers of new jobs to the economy or affect growth of other industries. They are existing or emerging businesses being transformed by technology and innovation requiring new skills for workers.

What was interesting, I reviewed the VA's jobs that qualified and

then I reviewed the 12 that the President's high growth initiative identified, and at least from my understanding only three of the 12 identified would quality under advance, and transportation as listed as one of those 12. What that tells me is that the VA definitely needs a little flexibility and maybe to update what they're looking at compared with the reality of where the jobs are today.

MR. BOOZMAN. One of the criticisms of looking at as far as the truck driving aspect of this is that we're piecemealing it, you know, just kind of selecting jobs. Do you all -- and again, I think the reason that we're looking at that in the sense is that we do have some cost -- things we're trying to work with it. And then too, it gives us an opportunity the kind of start in that direction and see what happens.

But Mr. Bombard, Mr. Guzman, do you all, off the top, can you recommend any other things that we need to be looking at? I know the railroad industry, that aspect of transportation is also undergoing the same sort of thing. Have you got any other suggestions as far as places that you can see with training programs that we need to look at maybe expanding, doing the same thing?

MR. BOMBARD. Well, you know if it was a perfect world and we had enough money, it would be better to just allow the veteran to use the benefit as he sees fit and to have it accelerated. I mean the high cost of traditional education also lends itself to the fact that a veteran may be in a circumstance where the veteran needs the money up front rather than at a later date.

Realizing that this isn't a perfect world, I think it would behoove both the Congress and the VA and all concerned to look at the various industries and areas where high tech can be redefined to serve the veteran, the community and to provide job opportunities in the short-term thru the use of the accelerated payment provisions.

In general, as I said, I would prefer to see it carte blanche. As Chairman of the Secretary's Advisory Committee on Education, one of our recommendations to Secretary Prinicipi was that the accelerated payment restrictions be removed. The VA took exception to citing cost as the deciding factor. I think a further study needs to be done. And I think we need to move forward in other areas with regard to accelerated payment.

MR. GUZMAN. I agree with my colleague, Mr. Bombard. I also agree with what you said, sir, and that is it's a good start. I think that we have to start someplace, and we did when we did high cost, high tech. So this is the next step. Although it may look like we're piecemealing, I think we have to be realistic and look at what we can afford at this time as well.

So given what Mr. Bombard said about looking at other areas, that could be the next step down the road.

MR. BOOZMAN. Ms. Herseth.

MS. HERSETH. Thank you, Mr. Chairman. Thanks to each of you

for your testimony today. I do have a couple of questions, but as each of you have addressed the three bills that we are discussing that our colleagues have introduced, we do appreciate you taking the time. I wish I had kept my pin on from yesterday when my South Dakota Trucking Association folks were here and gave me the pin that says "Good Stuff. Trucks Bring It." So I think that it's important --

MR. KUNTZ. We can get you one.

MS. HERSETH. I just didn't wear it today. But let's talk a little bit about H.R. 717 in particular just to continue the line of questioning of the Chairman.

I think, Mr. Kuntz, you had said if we had the accelerated benefits here for the CDL courses which roughly are two to four months, the veteran could pay 60 percent up front for the tuition roughly, right, and then the remaining 40 percent of the tuition could be financed by low interest loans or carrier subsidies. Now when you say ``carrier subsidies," are you talking about the trucking companies themselves?

MR. KUNTZ. Right.

MS. HERSETH. Do they already have an established program for others to help them pay for the certification courses that are required that helps pay for that tuition for non-veteran truck drivers?

MR. KUNTZ. Because of the extreme driver shortage, many carriers, ourself included, will subsidize part of the school in order to help a potential driver, both veteran and non-veteran, bridge the gap. And then the problem that we get into, especially as a trucking company school I can do that. But a private school where most of the truck drivers are trained can't afford to bridge that gap.

So especially with the GI Bill, what happens now is the driver comes to the school and he wants to apply and use his GI Bill and he gets the $1,004 a month. And if the school only takes six weeks, that only like $1,400 towards that entire cost. So it's not adequate. And if he's a veteran who has good credit, they try to bridge that gap with some kind of financing.

The thing to remember is that a lot of veterans -- I think people think that the veteran that's coming to us is the guy that's coming straight out of the service and coming to our school. The reality, and unfortunate in some cases, we get that veteran four, five, six, seven years and maybe after even one, two or three failed other attempts at other careers. And he looks and says, you know, I can make $40,000 driving a truck. This is a chance to get me out of this financial hole and move on with my life, which it is.

Unfortunately, by that time his credit is also no good, the VA funding doesn't allow him to go to school, and we can't get him credit approved. And so in most cases the private truck driving school ends up turning that gentleman away. And I've got some stats that I could show you if you'd like me to expand on that.

Ms. Herseth. That would be helpful if you could submit that for the record in part because I was going to -- I'm glad you clarified that because I think that there is a sense. And Mr. Sodrel from Indiana was here earlier, a colleague, describing his experience. And so if you're getting veterans -- let's say that it's been three, four, five years since their deployment versus those that are coming back from deployments in Iraq or Afghanistan and the types of jobs that they've got over there, combat related but also the service jobs that many of the National Guard and Reserve units are performing, that if we allowed this flexibility in this instance, that it would also allow, as we try to make sure that these new veterans are having that first good experience with how they can apply their GI Bill benefits, that this is one of their options. That they can move into this especially when we've got trucking companies, because of the shortage, that are there to offer some sort of bridge to that an additional incentive. I mean they're putting together not only their benefits but also these private enterprise subsidies to help get this certification. That's why even though I understand the concerns about the piecemeal approach here, it does seem that this particular area is well-suited for the reasons you've described as well as the potential opportunity for men and women returning from Iraq and Afghanistan to take advantage of something that maybe hadn't considered before that would complement some of the services they were performing. And again, I know the Chairman shares this concern of mine with our National Guard and Reservists that are returning home, especially in rural areas if jobs are hard to come by in those smaller communities. So I appreciate if you would submit that additional information. And thank you for your insights as well on your knowledge and familiarity with the President's high demand initiative and how that compares to the VA's categorization. I appreciate it. Thank you.

Mr. Kuntz. Thank you.

Mr. Boozman. Mr. Kuntz, given that experienced drivers are paid more, would ATA would be willing to work with DoD to develop a method to document experience that people received in the military?

Mr. Kuntz. That's a question I don't know if I can handle. Most truck driving companies, the competition itself kind of drives you to that point.

What's happened just in the last six months, driver pay in our own company, we've had to raise it 10 or 12 percent on average in order to compete. So I think it kind of takes care of itself. Like a new driver today is making five or six thousand dollars a year more than he did a couple of years ago. And so if someone comes out of the military, does well in school, shows he has experience and drives the truck well and performs well, just the law of supply and demand today will drive him up to an income level that will take care of that.

If your question is are we -- can we move that guy straight into

the driving force, if that was where your question was coming a little bit, he still needs that training because there are so many different things involved in commercial driving, logging and traffic and things that you can't by-step that process.

MR. BOOZMAN. Have you got any other things?

[No response]

Well, thank you again. We certainly appreciate the panel's testimony, and that was very, very insightful. I note that the VA's comments about some provisions are in question and we certainly will work with them regarding their concerns and try and get things ironed out. We really appreciate your input and look forward to working with you, again to alleviate those concerns.

I also want to thank the Veterans Service Organizations for submitting statements for the record. If there's nothing further, the hearing is adjourned.

[Whereupon at 3:18 p.m., the Subcommittee was adjourned.]

APPENDIX

Statement by

HON. MICHAEL H. MICHAUD

OF Maine

Before the Subcommittee on Economic Opportunity

Committee on Veterans Affairs

May 25th, 2005

Regarding

H.R. 717

Mr. Chairman and Ranking Member Herseth, members of the Subcommittee, I appreciate the initiative shown by your subcommittee in considering my legislation, HR 717 and allowing me the opportunity to appear before your Subcommittee to discuss this important bill.

Mr. Chairman, we owe a great debt to those who put their lives in harm's way protecting our country. When they come home, I believe it is critical that we provide them with an opportunity to live the American dream that they have risked so much to protect.

My legislation would allow accelerated payments of educational assistance under the Montgomery GI Bill to an eligible veteran enrolled in an approved program of education or training that leads to employment as an operator of a commercial motor vehicle. Current law only provides such "accelerated" payment for approved training programs that will lead to employment in high-technology sector. I do not believe we should limit the range of opportunities available to our veterans and my bill takes a step in expanding these opportunities. My provision would expand accelerated payment of MGIB benefits to eligible veterans seeking employment in high demand field of commercial trucking. Many CDL training courses are short-term and require upfront payment of tuition, and thus, do not conform to the current MGIB payment system of $1004 per month over 36 months.

In addition, my bill includes an important provision that would exclude benefits payable under the MGIB from consideration as income for purposes of determining eligibility for education grants or student loans under any other provision of Federal law. Current eligibility rules for receipt of certain student federal financial aid programs include MGIB payments in the calculation of resources. We should not penalize our veterans for taking advantage of this rightfully earned benefit.

Mr. Chairman, easing the successful transition of our military personnel back to civilian life is a responsibility our government must fully embrace. I believe my bill takes a step in that direction.

I would like to thank you and Ranking Member Herseth for your leadership on these issues and for allowing me to appear before your committee.

Testimony
of
Representative Richard H. Baker
6th Congressional District of Louisiana

Before the
United States House of Representatives
Committee on Veterans Affairs' Subcommittee on Economic Opportunity

H.R. 745, the "Veterans Self-Employment Act"

May 25, 2005

Chairman Boozman, Ranking Member Herseth, and distinguished Members of the Subcommittee on Economic Opportunity. I thank you very much for holding this hearing today and for the opportunity to discuss veteran entrepreneurship. More specifically, my legislation, H.R. 745, the "Veterans Self-Employment Act of 2005."

Mr. Chairman, H.R. 745 will establish a five-year pilot program that allows our nation's servicemembers, veterans, national guardsman, reservists, and qualified others to use part of their VA educational assistance programs to defray legitimate training costs associated with obtaining a business franchise.

As some Members of the Subcommittee may know, franchising is an enormous component of the United States economy. According to a study conducted by International Franchise Association Educational Foundation, nearly 760,000 franchised businesses generate jobs for more than 18 million Americans annually, comprising nearly 14 percent of the nation's private-sector employment and accounting for $1.53 trillion in economic output. Over 75 industries utilize the franchise model for distribution of products and services, ranging from familiar restaurants and hotels to home movers, tax preparers, personnel providers and so on. Clearly, franchising is a critical engine of America's economic growth.

When an individual acquires a franchise, the individual must first undergo various types of training, depending on the specific franchise he or she wishes to acquire. Training can include education on specialized knowledge of goods, services, policies and practices of the individual franchise system. Training may also include customer service, daily operational management, business computer systems, inventory control, costing and pricing as well as regulatory obligations.

At the same time, Mr. Chairman, American military members, whether as active duty servicemembers or veterans, possess a wealth of experience and abilities. Their training in the armed forces has provided them with high-end skill sets that employers are looking for in the future workforce. Yet outside of what has been provided during their tenure with the military, statistics show that some of our young military men and women have had no formal education or training beyond their high school years.

The "Veterans Self-Employment Act" will allow more veterans to take advantage of the opportunities in franchising by allowing servicemembers, veterans, national guardsman, reservists, and eligible dependent spouses or children to apply a portion of his or her educational benefit to defray the portion of a franchise purchase cost attributable to training. Specifically, in a one-time lump sum payment, beneficiaries will be able to use the lesser of 1/3 of the remaining Montgomery GI Benefit entitlement or 1/2 the franchise fee.

In addition, the bill provides the Secretary of Veterans Affairs proper authority to oversee and avoid any possible abuse of this program; submit to the Secretary a detailed description of the training program; two year operating rule for franchise businesses; and provide individual progress reports regarding successful completion of individual training, among other things.

I firmly believe that America's veterans bring a unique combination of skill, discipline, character and talent to the American workforce. The Veteran Self-Employment Act recognizes this character while providing a crucial economic opportunity for all American veterans.

Mr. Chairman, thank you holding this hearing today and for the opportunity to testify before you and the Members of the Subcommittee. I look forward to working with you and most importantly, further enhancing economic opportunities for America's veterans.

May 25, 2005

The Honorable John Boozman
Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
335 Cannon House Office Building
Washington, D.C. 20515

Dear Chairman Boozman:

Due to a conflicting Financial Services markup, I was unable to attend this afternoon's Economic Opportunity Subcommittee oversight hearing. Please accept my apologies for being unable to participate in this important discussion. I ask to submit my opening statement for the record.

Sincerely,

Ginny Brown-Waite
Member of Congress

Congresswoman Brown-Waite - Opening Statement for the Record
Economic Opportunity Subcommittee Legislative Hearing
May 25, 2005 / 2 p.m. / 334 CHOB

Thank you Chairman Boozman for holding this important hearing today. I welcome the opportunity to discuss issues important to veterans.

As every Member of this Committee knows, our nation's veterans face a number of challenges upon returning home from service. Education and employment are vital to this transition back to civilian life. It is incumbent upon Members of Congress to ensure that proper services are provided, and that they are of the greatest benefit to our returning veterans.

These bills we are discussing today offer innovative approaches to expanding educational opportunities. In particular, I would like to note the work Congressman Baker has done on the Veterans Self Employment Act.

I am a cosponsor of this bill, which allows servicemembers and veterans to apply a portion of their Montgomery GI Benefit to training costs for obtaining a business franchise. To acquire a franchise, individuals must invest time and money in training, including specialized knowledge of goods and services, customer service, and inventory control.

However, the investment certainly pays off: franchised businesses provide jobs to 18 million Americans each year. These businesses are integral to our economy, and helping veterans enter this area of opportunity is equally important.

I appreciate the Subcommittee's attention to this important issue as well as the other legislation under discussion today. These bills offer opportunities to thousands of young men and women who proudly served our country. I appreciate your attendance here today and I look forward to hearing your testimony.

STATEMENT OF
JACK McCOY
DIRECTOR, EDUCATION SERVICE
DEPARTMENT OF VETERANS AFFAIRS
BEFORE THE HOUSE VETERANS' AFFAIRS
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
May 25, 2005

Good afternoon Mr. Chairman and Members of the Subcommittee:

Thank you for inviting me here today to present the Administration's views on three bills that would affect Department of Veterans Affairs (VA) programs providing veterans' benefits and services. Accompanying me today is Mr. Dean Gallin, Deputy Assistant General Counsel.

H.R. 717

Additional Accelerated Payments of Educational Assistance Under the Montgomery GI Bill

Mr. Chairman, I will begin by addressing H.R. 717. Section 1 of this bill would expand the programs of education for which accelerated payment of educational assistance may be made under the chapter 30 Montgomery GI Bill (MGIB) program. Specifically, this measure would permit accelerated payment of the basic educational assistance allowance to veterans pursuing a commercial driver's license training program.

Under current law, an MGIB participant pursuing high-cost courses leading to employment in a high technology occupation in a high technology industry has the option of receiving an accelerated benefit payment. This optional lump-sum accelerated benefit payment may cover up to 60 percent of

the cost of such a course, provided the pro-rated course costs exceed 200 percent of the applicable monthly MGIB rate. The lump-sum payment is deducted from the veteran's MGIB entitlement balance in the same manner as if paid on a monthly basis.

Mr. Chairman, this section of the bill would authorize accelerated payment only for one type of training program that does not lead to employment in a high technology industry, i.e., a commercial driver's license training program. It is not clear to us why an accelerated payment is appropriate for this type of training, in particular, or to the exclusion of other non-high technology, high-cost programs. Thus, absent a showing of need therefor and because we do not believe such piecemeal change to the current law is appropriate, we cannot support section 1 of H.R. 717.

If enacted, VA estimates section 1 would cost $644 thousand during FY 2006 and $6.6 million over the period FYs 2006-2015.

Exclusion of Chapter 30 MGIB Education Benefits from Income for Eligibility Determinations for Federal Education Loans

Section 2 of H.R. 717 would exclude educational assistance payments received under the chapter 30 MGIB program from consideration as income when determining the eligibility of a veteran for education grants or loans under other provisions of Federal law.

Under the Higher Education Act of 1965 (20 U.S.C. §§1070 *et seq.*)(HEA), VA education benefits are not counted as income when determining eligibility for any type of student aid under Title IV of the HEA. However, the HEA does require that VA education benefits be counted as a resource or estimated financial assistance for the Title IV campus-based programs and for unsubsidized Stafford Loans, respectively. VA education benefits are not included in the determination of eligibility for Pell Grants or subsidized Stafford loans.

VA supports the concept of appropriately excluding VA education benefits not only as income, but also from consideration as available assets or other

monetary resources for the purpose of determining eligibility for, or the amount of, student assistance under Title IV of the HEA. We strongly believe that the determination of need for student financial assistance should not diminish the value of VA education benefits, which are earned through service in our Nation's Armed Forces. Rather, student financial assistance should be made fully available to such VA beneficiaries without regard to their separate VA education benefit entitlement. In our view, such provisions more appropriately should be included within the HEA. Accordingly, we look forward to discussing this approach with the Department of Education for consideration as part of the Administration's HEA reauthorization proposal.

However, we note that this bill's focus only on an exclusion from "income" would not yield the presumably intended effect, since these benefits are not now included as "income"--this bill would not affect the current law provisions requiring that these benefits be considered as "other financial assistance" when determining a veteran's entitlement to unsubsidized Stafford loans and campus-based aid. VA and the Department of Education can provide technical drafting assistance to the HEA authorizing committees if needed.

H.R. 745

Veterans Self-Employment Act of 2005

Mr. Chairman, the second bill under consideration today, H.R. 745, would establish a five-year pilot project, to be implemented no later than 18 months after the date of enactment of the bill, to test the feasibility and advisability of allowing the use of educational assistance benefits under chapters 30, 32, and 35 of title 38 and chapters 1606 and 1607 of title 10, United States Code, to pay for training costs associated with the purchase of a franchise enterprise. The measure provides for a lump-sum payment to the individual of the lesser of one-half of the franchise fees or one-third of the benefit amount corresponding to the individual's remaining program entitlement. The number of months of entitlement charged an individual would be equal to the number determined by dividing the

total amount of educational assistance paid such individual for such training costs by the full-time monthly institutional rate of educational assistance such individual would otherwise be paid under the applicable chapter. H.R. 745 would prohibit payment of educational assistance for franchise training unless appropriate training is required and provided in connection with the purchase and operation of a franchise and unless both the training and the training entity are approved by VA. State approving agencies, in lieu of VA, may approve the training and training entity using the bill's criteria. Not later than the end of the third year of the proposed pilot project, the General Accountability Office would be required to submit a report to Congress containing the results of periodic evaluations of the project conducted by that Agency.

VA appreciates the objective of H.R. 745, but has concerns about its efficacy in that regard, as drafted. While we recognize and acknowledge the pilot nature of the proposed project, we believe this measure merits further study and refinement. For example, as noted above, it would pay training costs equal to one-half of the franchise fees or one-third of the individual's remaining entitlement. However, this appears to assume that training costs generally comprise half of the franchise fee, yet we have no evidence that this is the case. Also, it is our experience that franchise fees usually do not reflect a finite allocation for training expenses. Without the costs associated with the purchase of a franchise enterprise being classified into separate categories such that those associated with required training are disclosed, the pilot project would lack a means of assessing whether the payments to be made would bear a reasonable relationship to the actual training costs the individual would incur. Thus, a breakdown of the training cost portion of the franchise fee should be a requirement for approval.

Further, we note that, pursuant to 38 U.S.C. §3452(e)(2), on-job training benefits are provided to eligible veterans undergoing training required for the purpose of ownership or operation of a franchise that is the objective of the training. Clearly, those individuals should not also receive benefits under the proposed pilot program for the same training. H.R. 745, however, contains no

provisions addressing this issue by, for example, requiring an election of benefits or precluding pilot program benefits when other benefits are available for franchise training.

Since, as indicated above, we believe H.R. 745 needs substantial further study and consideration, VA cannot support the bill at this time.

If enacted, VA estimates H.R. 745 would result in readjustment benefit costs of $7.5 million over the period FYs 2007-2012 with GOE costs estimated at $3 million for computer system upgrades and administration of the pilot project in FY 2006.

H.R. 1207
Department of Veterans Affairs Work-Study Act of 2005

Provision of Additional Areas of Work-Study for Veterans

Under current law, VA makes additional educational assistance allowance payments (so-called work-study allowances) to eligible individuals who agree to perform certain specified services, such as assisting in outreach to service members and veterans regarding available benefits. To participate, the individual must be pursuing a program of rehabilitation, education, or training under chapter 30, 31, 32 or 34 of title 38 or chapter 1606 or 1607 of title 10.

Section 2 of H.R. 1207 would expand the term "work-study activity" for qualifying individuals to include (a) the provision of chapter 31 placement services at an educational institution (under the supervision of a VA employee), (b) the provision of counseling and assistance in identifying employment and training opportunities, as well as related information and services under the Transition Assistance Program (TAP) and the Disabled Transition Assistance (DTAP) Program to members of the Armed Forces being separated from active duty and their spouses (under the supervision of a disabled veterans' outreach program specialist or local veterans' employment representatives); and (c) any activity approved by VA in support of a Senior Reserve Officers' Training Corps

program at an educational institution or military installation (under the supervision of an administrator or instructor as found in section 2111 of title 10).

With regard to the use of work-study students at educational institutions to provide placement services to disabled veterans, we believe it is unrealistic to expect students to provide these highly specialized counseling services currently being provided by GS-12 federal employees. The extensive training necessary for this purpose, even for a student with the requisite background for this work, could not appropriately be included as part of a work-study agreement since the work-study program purpose is primarily to provide work, not training, for the students. Moreover, providing the training for such limited purpose would be an unproductive burden on VA's resources.

With regard to work-study students assisting with the TAP and DTAP programs, we agree with the intent of the provision, but are concerned with some of the functions the student would be expected to perform. Again, we don't believe work-study students, in most cases, could provide the counseling and employment assistance in identifying employment and training opportunities provided for in this section because such assistance requires specialized training. We would, therefore, suggest deleting reference to such functions and, instead, permit the work-study student to assist with the TAP and DTAP programs in ways consistent with their abilities. VA also does not believe the students need be supervised solely by the DOL employees mentioned in this section. We believe in many cases that VA, DOD or contractor personnel would be appropriate supervisors, as well. As written, this section would unnecessarily restrict usage of work-study students in support of the TAP and DTAP programs.

Finally, with regard to using work-study students to support Senior ROTC programs at educational institutions and military installations, VA supports this portion of section 2.

If enacted, VA estimates section 2 of H.R. 1207 would cost $1 million during FY 2006 and $10.7 million over the period FYs 2006-2015.

5-Year Pilot Program for On-Campus Work-Study Positions

Section 3 of H.R. 1207 would direct VA, subject to regulations VA would prescribe, to conduct a five-year pilot project to test the feasibility and advisability of expanding the scope of qualifying work-study activities to include work-study positions available on site at educational institutions. These work-study positions would include positions in academic departments (tutors, lab assistants, etc.) and in student services (financial aid, cashiers, admission and records, etc.). However, such positions would be filled only if an applicant could demonstrate to VA that no other qualifying work-study activity was available. VA would be required to ensure that no more than 10 percent of all work-study agreements at any time were for the type of positions provided under the pilot project. To participate in the pilot work-study program, educational institutions would have to demonstrate that the number and types of work-study positions offered during the pilot would not exceed the number and types of positions offered in the preceding year at that institution. For each of FYs 2006 through 2010, $1 million would be appropriated to VA to carry out this project.

VA supports the intent of the pilot program envisioned in section 3 because we believe it is reasonable to have students perform these services. However, we are strongly opposed to some of the administrative restrictions found in this pilot project. For instance, we are opposed to requiring an applicant to demonstrate that no other (non-pilot) qualifying work-study position exists during the applicable agreement period. This requirement imposes an unreasonable verification burden on applicants. We are also opposed to the requirement that no more than 10 percent of all work-study agreements could be pilot positions "at any time." Under this provision, VA would be required to make a daily computation of the total number of work-study agreements and the number of pilot position agreements. This daily calculation would be an undue administrative burden on VA. The requirement that an educational institution demonstrate that the number and types of work-study positions offered in the pilot not exceed the number and types offered in the preceding year at that institution also is problematic. It is unclear what "types" means in this context.

Further, we are unsure whether institutions maintain a record of the number of positions offered in the previous year, though they may have a record of the number of positions filled. Overall, we suggest that the pilot program have vastly fewer restrictions. We note that the 5-year temporary positions already approved for work-study allowance do not have such burdensome restrictions.

If enacted, VA estimates section 3 of H.R. 1207 would result in readjustment benefit costs of $21.7 million over the period FYs 2006-2010 with GOE costs estimated at $1 million for each year of the pilot.

Technical Corrections

Section 4 contains technical corrections to the work-study program provisions. There are some technical problems with the proposed bill that could make implementation difficult. We note that we will be making some recommendations to committee staff for revising these amendments.

Mr. Chairman, this concludes my prepared statement. I would be pleased to answer any questions you or any of the other members of the Subcommittee may have.

Statement by

HON. MICHAEL K. SIMPSON
OF IDAHO

Before the Subcommittee on Economic Opportunity

Committee on Veterans Affairs

Wednesday, May 25th, 2005

Regarding

H.R. 1207, the Department of Veterans Affairs Work-Study Act of 2005

Good Afternoon, Mr. Chairman and members of the Subcommittee. I appreciate the opportunity to appear before your Subcommittee to discuss my legislation H.R. 1207, the Department of Veterans Affairs Work-Study Act of 2005, which will expand work-study opportunities for veteran-students.

Mr. Chairman, the work-study program provides veteran-students an opportunity to earn additional funds each semester while gaining valuable work experience. Current law authorizes a work-study program for any student receiving VA education or vocational rehabilitation benefits; however, the current restrictions for "acceptable" work-study services are too limiting. Under current law, the veteran-student may only perform services in support of veterans programs at VA regional offices, medical centers, or national cemeteries; at college and university veterans' affairs offices; or by conducting outreach services under the supervision of a VA employee or a state approving agency. These limiting parameters for acceptable work-study services restrict the number of positions available to eligible veterans and keep veterans from having the opportunity to earn supplemental financial assistance while gaining valuable work experience. Limited work-study opportunities are particularly true at campuses not located near VA facilities.

The VA Work-Study Act would expand work-study opportunities to include vocational rehabilitation program employment services at an educational institution, Transition Assistance Program and Disabled Transition Assistance Program counseling, training and employment services under the supervision of Disabled Veterans Outreach Program Specialist and Local Veterans Employment Representatives, or services in support of ROTC programs at educational institutions or military installations. Expansion of the VA work-study program compliments the intent of previous legislation I introduced, Public Law 107-288, the Jobs for Veterans Act of 2002. Like the Jobs for Veterans Act, this bill would enhance a veteran's opportunity for job placement following college.

This bill also creates a 5-year pilot program to test expanding the scope of acceptable work-study services a step further. In the pilot program, veterans would be afforded more opportunities for work-study positions at the institution of higher learning where they are pursuing their degree programs. Employment positions in academic departments and in student services would be eligible, subject to the approval of the Secretary of Veterans Affairs.

Mr. Chairman, this legislation would expand work-study opportunities for veteran-students and enhance the veteran's opportunity for job placement following college. I appreciate the opportunity to appear before the Subcommittee to discuss my legislation and answer any questions you may have.

Testimony of

Matthew R. Shay
President
International Franchise Association

before the

Subcommittee on Economic Opportunity

of the

Committee on Veterans Affairs

United States House of Representatives

May 25, 2005

Executive Summary

My name is Matthew Shay and I am the President of the International Franchise Association (IFA). Established in 1960, the mission of the IFA is to safeguard the business environment for franchising worldwide. IFA is the oldest and largest franchising trade group representing over 1,000 franchisor, 8,000 franchisee and 400 supplier members. The nation's more than 760,000 franchised businesses generate jobs for more than 18 million Americans (nearly 14 percent of the nation's private-sector employment) and account for $1.53 trillion in economic activity (9.5 percent of the private-sector economic output).

One of the wonderful features of franchising is its diversity. Over 75 industries franchise and franchise opportunities come in all shapes and sizes. For an initial investment of under $32,000, one can launch a residential cleaning franchise. That initial investment includes a franchise fee of around $9,000 with the rest being equipment purchases, lease costs, and so forth.

The IFA is not a newcomer to the idea that veterans and franchising can make a great team. Through IFA's Veterans Transition Franchise Initiative, known as "VetFran," 337 franchises have been sold to veterans and another 137 deals are pending. IFA also offers an annual veterans educational advancement scholarship.

IFA endorses the Veterans Self-Employment Act, which would allow more veterans to take advantage of the opportunities in franchising by allowing a veteran to apply a portion of his or her educational benefits to defray the portion of a franchise purchase cost attributable to training.

We understand that this legislation seeks to create a program that is not burdensome, but rather one that allows the greatest number of veterans to have access to the greatest number of franchise opportunities and we applaud that aim. As the process moves forward, we look forward to working with Congress, the Veterans Administration and other agencies to ensure that this legislation make more franchise opportunities available to veteran potential investors in an efficient, effective way for all stakeholders.

Introduction

Chairman Boozman, Ranking Member Herseth, and other members of the Subcommittee, thank you for the opportunity to testify before you on the Veterans Self-Employment Act of 2005. I appreciate you holding this hearing Mr. Chairman and thank you and your staff for your work on this bill. And I would also like to thank Representative Baker and his staff for their work and for listening to our concerns and the concerns of veterans while producing this legislation. It is an innovative way to help veterans enter the world of franchising – to be, as we say, in business for yourself, but not by yourself.

My name is Matthew Shay and I am the President of the International Franchise Association (IFA). Established in 1960, the mission of the IFA is to safeguard the business environment for franchising worldwide. IFA is the oldest and largest franchising trade group representing over 1,000 franchisor, 8,000 franchisee and 400 supplier members.

The Impact of Franchising

Last year, the International Franchise Association Educational Foundation released the results of an unprecedented study of the economic impact of franchising on the economy. What we learned was eye opening: Franchising is an enormous component of the U.S. economy.

This half-million dollar study conducted by PricewaterhouseCoopers found that the nation's more than 760,000 franchised businesses generate jobs for more than 18 million Americans (nearly 14 percent of the nation's private-sector employment) and account for $1.53 trillion in economic activity (9.5 percent of the private-sector economic output).

In the counties that make up the 3rd Congressional District of Arkansas, Mr. Chairman, there are over 2,200 franchised establishments generating jobs for over 37,000 workers. And in the South Dakota, Ms. Herseth, there are nearly 2,500 franchised establishments providing jobs for over 54,000.

The Contribution of 767,483 Franchised Businesses to the US Economy Indirect and Direct

	Because of Franchised Businesses (indirect)	Percent of the Private Sector Economy (indirect)	In Franchised Businesses (direct)	Percent of the Private Sector Economy (direct)
Jobs	18,121,595	13.7%	9,797,117	7.4%
Payroll	$506.6 billion	11.1%	229.1 billion	5.0%
Output	$1.53 trillion	9.5%	624.6 billion	3.9%

Direct Employment by Economic Sector

Information	3,629,000
Construction	6,826,000
Financial Activities	7,807,000
Franchised Businesses	**9,797,000**
Durable Goods Manufacturing	10,335,000

Impact of Franchising in the Counties of the Congressional Districts of Subcommittee Members

Member of Congress	Congressional District	Franchised Establishments	Jobs
Rep. John Boozman	AR-3	2,235	37,401
Rep. Stephanie Herseth	SD-AL	2,500	54,000
Rep. Richard Baker	LA-6	2,323	39,976
Rep. Ginny Brown-Waite	FL-5	4,026	43,789
Rep. Lane Evans	IL-17	3,975	63,590
Rep. Darlene Hooley	OR-5	4,717	80,081

Note on the data: All data are from 2001, the most recent year available.

Clearly, franchising is a critical engine of economic growth. Over 75 industries utilize the franchise model for distribution of products and services: everything from the familiar restaurants and hotels to lawn care, tax preparation, personnel services, movers; the list goes on.

Even in economic downturns, franchising creates jobs. There are countless stories of people downsized from their companies who have chosen franchising as a way of becoming their own boss and controlling their own destiny.

About Franchising

The terms "franchising" and "franchise" are often used interchangeably to mean a business, a type of business, or an industry. Strictly speaking, the "franchise" is the agreement or license between two parties which gives a person or group of people (the franchisee) the rights to market a product or service using the trademark and operating methods of another business (the franchisor). The franchisee has the obligation to pay the franchisor certain fees and royalties in exchange for these rights. In this sense, franchising is not a business or an industry, but it is a way of doing businesses.

There are two main types of franchises – product distribution franchises and business format franchises.

Product distribution franchises sell the franchisor's products and are supplier-dealer relationships. In general, the franchisor licenses the use of its trademark to the franchisee but may not in all cases provide the franchisee with a system for running its business. Examples of product distribution franchises are soft drink distributors, automobile dealerships, and gas stations.

Business format franchises not only sell the franchisor's product or service, with the franchisor's trademark, but operate the business according to a system provided by the franchisor. Among other things, the franchisor also provides training, marketing materials, and an operations manual to the franchisee. There are many examples of business format franchises, including – quick service restaurants, automotive services, lodging, real estate agents, convenience stores, and tax preparation services, to name a few. The International Franchise Association represents business format franchising across this entire spectrum.

The typical franchise company (franchisor) will have establishments that are operated by franchisees as well as establishments that are operated by corporate employees. Over three quarters of franchised establishments are owned by franchisees. The remainder are owned by the franchisor.

One of the wonderful features of franchising is its diversity. As I mentioned earlier, over 75 industries franchise – everything from plumbers to realtors, florists to hoteliers. Likewise, franchisees come from all walks of life.

Franchise opportunities come in all shapes and sizes. For an initial investment of under $32,000, one can launch a residential cleaning franchise. That initial investment includes a franchise fee of around $9,000 with the rest being equipment purchases, lease costs, and so forth.

To open a quick service restaurant, the investment would be in the $300,000 – $2,8000,000 range depending on whether the location was a mall food court facility or a freestanding facility complete with a playground and would include a franchise fee of

$45,000 to $50,000. To start a major, full service hotel, though, might require an investment of over $70,000,000. The franchise fee in this range would be about $85,000.

The training provided by franchisors is as diverse as the lines of business themselves, but can include material such as sales, costing and pricing, customer service, inventory control, regulatory obligations, quality standards, daily operational management, business computer systems. The training also likely will include education on specialized knowledge of the goods, services, policies, and practices of the individual franchise system.

Veterans and Franchising

The IFA is not a newcomer to the idea that veterans and franchising can make a great team. In 1991, during the Gulf War, the IFA – under the leadership of board member Don Dwyer – launched the Veterans Transition Franchise Initiative, known as "VetFran." Through VetFran, the participating franchise companies pledge to help qualified veterans acquire franchise businesses by providing financial incentives not otherwise available to other franchise investors. Veterans will get the "best deal" from these companies.

Through a Memorandum of Understanding with the U.S. Department of Veterans Affairs, with the cooperation the Veterans Corporation and the U.S. Small Business Administration, and with outreach initiatives to our country's military and veteran organizations, the program continues to expand.

When IFA testified last June on the Veterans Self-Employment Act, approximately 100 franchises had been sold through the VetFran program and 75 more agreements were in the pipeline. I am proud to say that a recent survey of our membership revealed that today 337 franchises have been sold through VetFran and another 137 deals are pending.

The number of participating IFA member franchise systems is growing as well. Last year, 139 companies were part of VetFran and today there are 162 participating companies.

Successful franchise agreements have been realized through companies such as Express Personnel Services, Geeks on Call, Glass Doctor, Kabloom Franchising Corp., Meineke Car Care Centers, Merry Maids, Mr. Rooter Plumbing, PostNet Postal & Business Services, and the UPS Store, just to name a few.

In a further effort to assist veterans, the IFA Educational Foundation and Michael H. Seid and Associates, LLC, last year established an annual veterans educational advancement scholarship. The program is designed to help veterans transitioning out of the military to achieve their dreams.

The 2005 award winner is Marine Corps veteran Johnny Fajardo. Fajardo served in Iraq as a Communications Specialist. After completing his tour of duty, he returned to his

family of four in Tucson, AZ, to a full-time job as a cable technician during the day, and to part-time studies at the Pima Community College. Fajardo is continuing his studies at the University of Phoenix, working toward completion of a bachelor's degree in business.

Fajardo plans to become an entrepreneur, to start his own business, and he says that he "is exploring all options, including franchising." Fajardo's parents both dropped out of school to come to the U.S. in search of a better life. Fajardo says, "I realize that if my parents had had a formal education they would have been very successful in their endeavors. I want to complete my education and build a better legacy for my children."

The 2004 recipient was Marine Corps Captain Nathaniel Fick, who is enrolled in a joint MBA program at Harvard University.

The Veterans Self-Employment Act of 2005

The Veterans Self-Employment Act would allow more veterans to take advantage of the opportunities in franchising by allowing a veteran to apply a portion of his or her educational benefits to defray the portion of a franchise purchase cost attributable to training.

We understand that this legislation seeks to create a program that is not burdensome, but rather one that allows the greatest number of veterans to have access to the greatest number of franchise opportunities and we applaud that aim. As the process moves forward, we look forward to working with Congress, the Veterans Administration and other agencies to ensure that this legislation makes more franchise opportunities available to veteran potential investors in an efficient, effective way for all stakeholders.

As with any new proposal, we have some questions and concerns about how the program might function that we would like to note and to work with the Subcommittee and others to address.

As I mentioned earlier, franchising is an astonishingly diverse world, with training curriculum that is tailored to each particular concept. Therefore, due to the scope and diversity of the franchising sector – 75 industries – it would not be possible to create a standard franchise training program. For this reason, we urge that the new program be flexible enough to recognize the legitimate variations that exist in franchise training. We also hope that Congress will make clear its intent that this program is not intended to create a de facto standard for training requirements. While franchisors should be encouraged to participate in this program, that participation should be entirely voluntary.

Many franchise systems conduct centralized or regional training, which may require that prospective franchisees travel to the training location and be housed in hotels. We ask that such expenses be included in the training costs that the program would reimburse.

Another concern is that the program not create an entitlement to a franchise where none exists. We believe that Congress should be clear in its intent that veterans participating in

the program must be otherwise qualified to purchase a franchise according to the participating franchisor's requirements and standards.

We realize that the legislation leaves to the Secretary of Veterans Affairs discretion whether to approve franchisor applications to the program or to delegate such approval to the states. We appreciate that the bill also suggests that the Secretary consult with franchise representatives and we pledge to assist the Secretary in any way we can.

We strongly urge that Congress make its intent clear that these evaluation processes be sufficient to protect veterans and taxpayers while also being clear, simple and efficient enough to attract participation by the greatest number of franchise systems.

To give one example, if the Secretary retains authority to approve training programs, we urge that the process be similar to achieving Small Business Administration approval: that a franchisor can be placed on a VA registry so that approval is not required with respect to each franchisee's individual application. Similarly, should the Secretary choose to delegate evaluation of franchisor training programs to the state approving agencies, a franchisor should be able to satisfy the requirements of one state in order to allow participation by veterans of all other states.

We also would seek an approval process that would ensure that a franchisor's trade secrets and other proprietary information would not become part of the public record.

Another concern raised is the possibility of this program opening the door to federal regulation of franchising, which IFA believes is not only unnecessary, but which IFA believes would be unduly burdensome on an important segment of the private economy. Again, we understand this is not the intent, but Congress should clarify that point.

In conclusion, I would again like to thank you, Mr. Chairman for holding this hearing thank you Representative Baker for writing this bill. America's veterans deserve every opportunity to achieve the dream of business ownership and we believe that franchising will be the right choice for many of them.

Thank you and I would be happy to answer any questions.

May 19, 2005

The Honorable John Boozman
Chairman
Subcommittee on Economic Opportunity
Committee on Veterans Affairs
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Boozman:

Neither the International Franchise Association nor I has received Federal grants or contracts relevant to the subject matter of this testimony during the current fiscal year or during either of the last
two fiscal years.

Sincerely,

Matthew R. Shay
President

Matthew Shay
President
International Franchise Association

Matthew Shay is President of the International Franchise Association. Since joining IFA in 1993, he has also served as Executive Vice President and Chief Operating Officer, Senior Vice President and Chief Counsel, as well as Vice President and Director of Government Relations.

Shay has represented IFA at legislative and regulatory proceedings at the federal and state levels, appeared on television and radio programs on behalf of IFA and been quoted in such publications as the *Wall Street Journal, Washington Post, Nation's Restaurant News, New York Times* and *Restaurant Business,* among others.

Shay is responsible for IFA's management, including finance and operations, membership development and marketing, communications, and legislative, regulatory and legal initiatives. He works closely with IFA's Board of Directors and leadership on strategic and policy issues affecting IFA and on other matters related to governance and structure of the association.

From 1988 until he joined the IFA staff, Shay served as Assistant General Counsel of the Ohio Council of Retail Merchants in Columbus, Ohio. He is a graduate of the Ohio State University College of Law in Columbus, Ohio, where he was a member of the Ohio State Law Review, and received his undergraduate degree at the Wittenberg University. Shay is also a graduate of the U.S. Chamber of Commerce's Institute for Organization Management and holds the designation of Certified Association Executive (CAE), which is conferred by the American Society of Association Executives.

IFA, headquartered in Washington, D.C., is the world's oldest and largest association representing the interests of franchising, with more than 1,000 franchisor members, 8,000 franchisee members and 400 franchise supplier members. The membership of IFA includes franchise systems operating in more than 75 different industries including, among others, the leading franchise systems in the quick service restaurant, hospitality, real estate and automotive industries.

For more information, please contact the IFA Media and Communications Department at (202) 628-8000 or visit IFA's website at www.franchise.org.

Statement of

THE AMERICAN TRUCKING ASSOCIATIONS, INC.

Before the

VETERANS AFFAIRS' SUBCOMMITTEE

ON

ECONOMIC OPPORTUNITY

On

H.R. 717

Ray Kuntz
ATA Vice Chairman and CEO of Watkins Shepard Trucking

May 25, 2005

2200 Mill Road
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EXECUTIVE SUMMARY OF THE AMERICAN TRUCKING ASSOCIATIONS' TESTIMONY ON H.R. 717

Thank you for giving the American Trucking Associations[1] the opportunity to testify in support of H.R. 717. This legislation would add commercial truck driver training schools to the list of programs for which accelerated payments of educational assistance under the Montgomery GI bill may be used. As the national representative of the trucking industry, ATA supports this and other efforts to address a challenge that poses critical implications for our industry and the U.S. economy.

A significant segment of the trucking industry is facing a serious shortage of qualified long-haul truck drivers. These drivers haul a great deal of freight throughout America, including, but not limited to, automobiles, livestock, consumer products, and petroleum. According to a study released today by ATA, there is currently a shortage of approximately 20,000 long-haul heavy-duty truck drivers. The study projects a widening imbalance in the potential *supply* of and *demand* for long-haul heavy-duty truck drivers during the next ten years. According to its analysis, the current driver shortfall of 20,000 "in the absence of substantial market adjustments would rise to [a shortfall of] 111,000 in 2014(i.e., projected demand less supply)."

There are a number of other factors involved in the driver shortage issue which tend to exacerbate it. Government regulations and insurance company standards further restrict the availability of qualified drivers. Another factor is the lack of available funding for prospective students who wish to attend a two to four-week, $4,000 truck driver training school. Credit-worthy students can finance their tuition, the others, who would be otherwise qualified to drive a truck, are often turned away due to poor credit and/or the persistent lack of public education assistance for these programs. Some students may have the opportunity to sign on with a carrier that has its own school and will either pay or subsidize the student's tuition in exchange for a one year commitment of employment with the company.

Veterans, if they choose, under Chapter 30, Active Duty of the Montgomery GI bill can use their education benefits to attend a Veterans Administration-approved commercial truck driving school. The maximum tuition benefit a veteran can receive per month is $1,004. On average, truck driver training school tuition costs $4,000. The VA-approved truck driver training schools report that there is often a significant "lag time," usually 45 days, between when the veteran student enrolls and when the student receives his/her first GI bill benefit check. Since most truck driver training schools average two months in duration, under the current system, halfway through the veteran's training the school will have only received one-forth of the tuition. By the time the second month's benefits are paid to the school, the student veteran may have already graduated and may owe the truck driving school the remaining $2,000. Since the schools do not control the distribution of payments, when and/or whether the remaining tuition fees will be paid can create concern among all parties involved.

H.R. 717, if enacted, would go a long way toward fixing this particular funding problem and could allow a significant number of qualified veterans to enter the demand-driven, high-wage earning labor pool of commercial vehicle truck drivers.

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[1] ATA, the national trade association for the trucking industry, is a federation of affiliated state trucking associations, conferences and organizations that includes nearly 38,000 motor carrier members representing every type and class of motor carrier in the country. ATA serves the interests of more than nine million people and 420,000 companies involved in trucking before Congress, the courts and regulatory agencies.

INTRODUCTION

Good afternoon Chairman Boozman, Ranking Chairwoman Herseth and members of the Subcommittee. My name is Ray Kuntz, Vice Chairman of the American Trucking Associations, Inc. and CEO of Watkins Shepherd Trucking, Inc. I appreciate the opportunity to appear before the Subcommittee on behalf of ATA to voice our support for H.R. 717 and to present the Association's views on the bill, particularly as it relates to training our country's veterans to drive commercial vehicles. ATA would also like to commend Representative Michaud for sponsoring the legislation and Representative Miller for his co-sponsorship.

The American Trucking Associations, the national trade association for the trucking industry, is a federation of affiliated state trucking associations, conferences and organizations that includes nearly 38,000 motor carrier members representing every type and class of motor carrier in the country. ATA serves the interests of more than nine million people and 420,000 companies involved in trucking before Congress, the courts and regulatory departments and agencies.

OVERVIEW OF THE COMMERCIAL VEHICLE INDUSTRY

The truck transportation industry is a $671 billion industry comprised of 3.24 million commercial vehicle drivers among the 8.6 million-person workforce in the U.S.[1] Our nation's economy and business rely heavily on trucks for the transport of goods because no other form of delivery can bring goods door to door, regardless of whether such goods have traveled in part by plane, ship or train. Trucks carry nearly all freight at some point in their journey from producer to consumer.

Within the truck transportation sector, there are different types of truck carriers classified for different purposes. The less-than-truckload (LTL) carrier provides transportation of partial-load shipments or full trailer-load shipments that go to multiple destinations. LTL carriers are comprised of two distinct segments, national LTL and regional LTL. The national LTL participants operate a "hub-and-spoke" network with an average length of haul of 1,200 to 1,400 miles. The regional LTL segment is characterized by numerous carriers, typically nonunion, that operate a modified hub-and-spoke network, with an average length of haul of 200 to 600 miles for most freight. Typically, these truck drivers deliver or pick up merchandise within a dedicated route and are usually home the same day.

The truckload industry by the Department of Transportation (DOT) definition is characterized by shipments of 10,000 pounds or more. Truckload carriers transport trailer-load shipments bound for a single destination and routes tend to be irregular with few terminals (used mainly for maintenance). There are several sub-categories including dry-van, flatbed, temperature-controlled, tanker, regional and expedited. Operations vary depending on length of haul, which falls into three service categories: long-haul (over 1,000 miles), medium-haul (600-1,000 miles) and short-haul (less than 600 miles).

[1] DOL, Bureau of Labor and Statistics, 2004.

These drivers haul a great deal of freight tonnage across America, including, but not limited to, automobiles, livestock, consumer products, gas, oil and other combustibles, including hazardous materials. Unlike the LTL drivers, this type of driver can spend a great amount of time on the road and may not always return home every day after each run. Many long-haul tractor-trailer drivers drive in teams for long runs—one driver sleeps in a "sleeper berth" for a portion of the route while the other drives.

TRUCKLOAD DRIVER SHORTAGE ISSUE

Mr. Chairman, it is this segment of the truck transportation industry—the heavy truckload sector—that is facing a critical shortage of qualified drivers. According to a newly released study by Global Insight Inc., an outside consulting firm retained by ATA to conduct an extensive analysis of the driver shortage issue, over the next ten years, demographics will likely worsen for the trucking industry, primarily affecting the truckload carriers. Their report estimates that between 2004 through 2014, the size of the white male population between the ages of 35 to 54, a demographic group that provides over half of all long haul truck drivers currently, will decline by 3 million[2]. Further, Global Insight's projection of trend growth in the potential *supply* of and *demand* for long-haul heavy-duty truck drivers indicates a widening imbalance during the next ten years. Currently, there is already a shortage of long-haul heavy-duty truck drivers of approximately 20,000 needed to haul freight tonnage across the country.[3] According to Global Insight's analysts, the current driver shortfall of 20,000 "in the absence of substantial market adjustments, would rise to [a shortfall of] 111,000 in 2014(i.e., projected demand less supply)."[4]

In addition to my affiliation with the ATA, I also work with the Truckload Carriers Association (TCA) which is part of the ATA federation and, like ATA, has member carrier companies that are significantly impacted by the shortage of long-haul, truckload truck drivers. Together, ATA and TCA have been working to address the driver shortage on several fronts. TCA is also involved in working with truck driver training schools to provide quality training models and programs.

CHALLENGES TO RECRUITING QUALIFIED TRUCK DRIVERS

Through my involvement with TCA, its affiliated truck driver training schools and, through my own personal involvement with Watkins Shepard's truck driving school, I can tell you that often times, truck driving schools have to reject more applicants than they can actually enroll, despite the severe driver shortage. The reason for this is that truck driving industry is heavily regulated. The Department of Transportation, through the Federal Motor Carriers Safety Administration, places many restrictions on the type of individual that carriers can and cannot hire to drive a truck. Further, insurance companies that underwrite carriers, can place even more restrictions on a company regarding who they can hire as a truck driver.

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[2]Global Insights Inc., *The U.S. Truck Driver Shortage: Analysis and Forecast, May, 2005.*
[3] Ibid.
[4] Global Insights, Inc., *The U.S. Truck Driver Shortage: Analysis and Forecasts, May, 2005*

Under the FMCSA regulations, a "qualified driver" applying for an interstate truck driving job, generally speaking, is a driver who is: at least 21 years old; can successfully pass physical qualifications and examinations; can understand the English language; passes a controlled substances test; and, if carrying hazardous materials, completes a fingerprint/background test as prescribed by the Transportation Security Administration to be declared not to be a national security risk. Stringent government regulation is, by no means, the *only* factor responsible for the driver shortage problem—there are several reasons why it exists. Both ATA and TCA are studying this critical industry issue and are exploring new ways to address it.

Another critical issue is the lack of available funding for students who would like a career in professional truck driving and are otherwise qualified, but cannot afford the cost of tuition to attend a professional truck driving training school. The national average tuition to attend a professional truck driving training school for an average of two to four months is $4,000[5] I emphasize that these are just averages. Driver training is essential and must be taught by a reputable truck driving school in order for the driver to obtain the knowledge and skills to successfully pass both the written and road-testing requirements of the commercial drivers licensing test. A company will not hire a driver, nor will any civilian individuals legally be able to drive a commercial motor vehicle without a valid, state-issued CDL.

For the prospective truck driver student who has the means to finance his/her education at a proprietary (privately-owned) truck driving school, there is no problem. However, for the student who would like to attend truck driving school but does not have the means, financing his/her education can be a daunting, often disappointing task. These students, in many cases, must apply for high interest, personal loans—some of whom are turned away due to poor credit history. Others weed through the web of federal bureaucracy to find an alternative funding source, consisting of either full or partial federal grant funds.

Alternatively, some carriers including my own subsidize or even pay the total amount of a student's truck driver training. In turn, the student agrees to work for the carrier for a specified period of time. Others agree to work for the carrier and repay all or a portion of the tuition back.

Publicly-funded truck driver training programs are often times operated out of the community college or vocational school system. They do not operate on a "for-profit" basis and in most cases, can offer a somewhat lower rate of tuition for truck driver training programs.

For military personnel transitioning out of the armed forces and for retired veterans who are seeking a career in truck driving, the primary, and in many cases, the only source of funding for truck driving schools currently available to them is through the Veteran Administration's Montgomery GI Bill. A transitioning or retired veteran's eligibility for benefits depends on a number of criteria—length of service, type of discharge,

[5] National Association of Publicly-Funded Truck Driver Schools Survey, 2004

completion of high school, etc. The majority of a veteran's educational assistance is currently provided through Chapter 30, Active Duty of the Montgomery G I Bill (MGIB).

CURRENT GI BILL SYSTEM OF EDUCATIONAL ASSISTANCE NOT AN EFFICIENT FUNDING MECHANISM FOR TRUCK DRIVER TRAINING SCHOOL TUITION

Under the current system a veteran who is eligible for full time, active duty MGIB benefits may receive a maximum monthly educational benefit of $1004. Most truck driving schools, through their financial aid offices, submit a veteran student truck driver's DD-214 to the VA for processing. From that point, it can take upward of 45 days before the veteran student receives his or her first $1004 MGIB benefit check to apply toward the school's tuition cost. Schools that work with veterans report that there is a tremendous lag time between payment and services rendered. By the time a veteran receives his or her first $1004 check the student may have completed one-half of his or her $4,000 worth of training, depending upon the school selected.

Public, private or carrier-based truck driving training schools do not typically operate on a traditional semester-based system. More-or-less, they operate on a rolling schedule, with new enrollments/classes beginning every few weeks. For a school that has been qualified by the VA to receive MGIB educational benefits, the current VA funding mechanism through which the school receives payment from the MGIB recipient is far from efficient.

Upon the veteran student's completion of the two to three month truck driver training program, the school may have collected approximately two to three thousand dollars in MGIB benefit monies of the $4,000 tuition fee still owed. Because the truck driver training school has no control over the distribution of MGIB funds, when or whether the school will receive full tuition payment can create concern for all involved parties.

H.R. 717 PROVIDES THE SOLUTION

H.R. 717, if enacted, would go a long way toward fixing this particular funding problem and could potentially add a significant number of qualified veterans to the demand-driven, high-wage earning labor pool of commercial vehicle truck drivers.
As currently written, this legislation would add commercial truck driving schools to the list of educational/training institutions eligible for the accelerated payment program under Chapter 30 of the Montgomery GI bill.

To apply for the accelerated payment program, the student must ask his/her school to apply for the program when the school submits the student's enrollment information to the VA for processing. In addition, the request must also include a student's certification that he or she plans to seek employment from among the categories of industries qualified for accelerated payments. If granted by the VA, sixty percent of the student veteran driver's tuition would be paid in advance to the student veteran to apply toward his or her tuition expenses. The other 40% could come from a variety of sources, including low-

interest loans, and possible carrier subsidies. Under H.R. 717, additional funding avenues would be potentially be opened to veterans. According to the bill's provisions, the veteran's GI benefits would be excluded from eligibility determination for other educational grants or loans.

If this bill is enacted qualified veterans who wish to pursue a professional career in commercial vehicle driving could do so at little or no cost to them. All of the VA-approved truck driving schools that we queried for purposes of this testimony reported that they would likely double their enrollment of veterans if the accelerated payment program, as prescribed by H.R. 717, was applicable to truck driver training.

A CAREER IN LONG HAUL TRUCK DRIVING

In as little as two to three months, upon completion of truck driver training and by successfully passing commercial drivers' license test, a veteran can be gainfully employed as a long haul driver with a high quality trucking company, making an entry-level salary of approximately $40,000 a year. This figure does not include potential "sign-on" or other bonuses that some trucking companies use to attract and recruit new drivers. For those individuals who are willing to work, are careful, safe and responsible, the trucking industry offers them a wonderful opportunity. Where else can an individual with a high school degree enter a profession with only 8 weeks of training, which is unlikely to experience "downsizing" and, offers them an entry-level salary of between $40-45,000 a year?

There are, as is the case with every job, downsides to long-haul truckload truck driving which are usually explained at the outset by the school instructor to every truck driver trainee. For those who chose to leave the truck driving profession, the most oft-cited reason was the lifestyle. Long haul truck driving requires that the driver spend varying degrees of time away from home and a lot of time on the road. Many ATA companies are trying to address the lifestyle issue by seeking ways to allow the driver more "home time."

VETERANS ARE OUTSTANDING CANDIDATES FOR EMPLOYMENT IN THE TRUCKING INDUSTRY

Why does the commercial motor vehicle profession need and try to actively recruit veterans? The answer is quite simple. According to most truck driving school recruiters, former military personnel make the best students and have a higher training graduation rate than their civilian counterparts. From the trucking companies' perspective, veterans have the reputation of being outstanding employees. Their military training and background lends itself to (among other traits) leadership, respect for procedures, integrity and teamwork---ideal characteristics sought by all employers but vital to the success of a professional commercial truck driver. Additionally, most veterans, particularly those who have been recently separated from the armed services, are able to pass the drug and alcohol screening tests; the physical examination process; and, may have a good civilian driving record. For veterans whose military occupational specialty,

or MOS, involved heavy truck driving, professional commercial truck driving may be a natural career path. Although a military license does not automatically convert into a CDL in most U.S. states, the skills gained driving a truck in the military are certainly of great value when applying them to a truck driver training school program. ATA has communicated with the Department of Labor and the Department of Defense in an effort to make the licensing transition less complicated.

CONCLUSION

In closing Mr. Chairman, I would like to reiterate ATA's support of H.R. 717. Providing veterans with accelerated payments for tuition assistance will allow them to enter a two to four month training course. This will assist them in obtaining a well-compensated, demand-driven job. ATA urges the Subcommittee to move H.R. 717 forward and consider other legislative efforts to make additional avenues of funding available to veterans for truck driver training.

ATA looks forward to working with the Subcommittee on these issues in the future. This concludes my remarks Mr. Chairman. Thank you.

BIOGRAPHY

for

RAY KUNTZ

Currently, Mr. Ray Kuntz serves as Chairman of the Board, Chief Executive Officer of Watkins and Shepard Trucking Company located in Helena, Montana. In this capacity, he is responsible for the overall business operations of the company, providing directions for daily operations to include marketing, sales and budgeting as well as policy administration. Mr. Kuntz began his association with Watkins and Shepard Trucking in 1986.

In 2000, Mr. Kuntz began his active involvement with the American Trucking Associations, Inc. Since joining ATA, he has served on and chaired several of the association's public policy committees. Most recently, Mr. Kuntz was appointed by ATA's Chairman to direct the association's efforts at addressing the critical truck driver shortage. Additionally, his leadership and dedication with the association has earned him a seat on ATA's Board of Directors, where he currently serves as ATA Vice Chairman.

Prior to his employment with Watkins and Shepard, Mr. Kuntz began his career with a furniture store while still attending college. In this capacity, Mr. Kuntz was involved in sales, purchasing, pricing, and daily business operations. He later moved on, in 1979, to open and manage the *Floor Show*, a carpet store in Helena, MT. The business, under his management, grew to a sales volume of $2 million per year. In 1986, he began his own freight brokerage business, as well as his business relationship with Watkins and Shepard.

Mr. Kuntz graduated from Carroll College in 1977 with a Bachelor's of Science Degree in Economics. In addition to his leadership within the business community, Mr. Kuntz is involved in many community-development efforts and with a number of educational, non-profit organizations. He resides in Helena, Montana and has three children.

Executive Summary

STATEMENT FOR
THE RECORD BY
JAMES BOMBARD
DIRECTOR, PUBLIC RELATIONS
NATIONAL ASSOCIATION OF STATE APPROVING AGENCIES
BEFORE THE
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
COMMITTEE ON VETERANS AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
MAY 25, 2005

Chairman Boozman, Ranking Member Herseth and members of the Subcommittee on Economic Opportunity, I am pleased to appear before you today on behalf of the National Association of State Approving Agencies to provide comments H.R. 717, H.R. 745 and H.R. 1207.

The Association is pleased to support the provisions that are presented in the three bills. The provisions of H.R. 717, H.R. 745 and H.R. 1207 provide either directly or indirectly learning opportunities for servicemembers, veterans and other eligible persons.

H.R. 717 expands the accelerated payment provision of the law, which in turn provides an opportunity for more veterans to pursue their chosen occupation.

The Association also supports H.R. 717 section 2. Exclusion of benefit payments under the Montgomery GI Bill from income for eligibility determinations for federal education loans.

GI Bill benefits are an earned benefit to which all who serve in the Armed Forces of our Nation are eligible.

We support the proposal outlined in H.R. 745 in that it would expand the number of opportunities for veterans to obtain gainful employment in the field of their choosing. There is minimal risk associated with the pilot program as federal and state law regarding approval of such program are extensive.

H.R. 1207 provides a much needed expansion of the kinds of services in which VA work-study students may be engaged. The five-year pilot program for on-campus work-study positions which expands the employment opportunities while enrolled at an educational institution is indeed appropriate as the cost of higher education continues to escalate above the rate of inflation and GI Bill benefits.

In conclusion, thank you again Mr. Chairman for the opportunity to comment on these bills. As stated in our testimony the NASAA supports the provisions of the aforementioned bills.

STATEMENT FOR
THE RECORD BY
JAMES BOMBARD
DIRECTOR, PUBLIC RELATIONS
NATIONAL ASSOCIATION OF STATE APPROVING AGENCIES
BEFORE THE
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
COMMITTEE ON VETERANS AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
MAY 25, 2005

Introduction

Chairman Boozman, Ranking Member Herseth and members of the Subcommittee on Economic Opportunity, I am pleased to appear before you today on behalf of the National Association of State Approving Agencies to provide comments H.R. 717, H.R. 745 and H.R. 1207. I should mention at the outset that I also am the Vice Chair of the Legislative Committee of the Association and have had the pleasure of working with the members and the staff of the Committee for many years as the Committee has worked to improve the various "GI Bills".

Remarks

The Association is pleased to support the provisions that are presented in the three bills. In general, much has been done in recent years to provide service members, veterans and other eligible persons with greater opportunities to use the education and training benefits to which they are entitled. Yet, the nature of the today's global economy demands that we continue to strive to help our workforce - especially our veterans – to gain new knowledge and learn new skills in order to maximize their contributions to the Nation. The provisions of H.R. 717, H.R. 745 and H.R. 1207 provide either directly or indirectly for these kinds of new learning opportunities.

H.R. 717 expands the accelerated payments provision of law to allow veterans to obtain the kind of financial support necessary for enrollment in commercial driver license training programs. Nationally, truck driving programs are relatively expensive because of the complexities of the today's equipment and the demands of new licensing requirements for specialized loads. Program cost can reach as high as $6,000 or $7,000 for 12 weeks of instruction. An opportunity to use the accelerated payment provision of law would allow more veterans to pursue their chosen occupation.

The Association supports H.R. 717 section 2. Exclusion of benefit payments under the Montgomery GI Bill from income for eligibility determinations for federal education loans.

GI Bill benefits are intended to be an entitlement to which all who serve in the Armed Forces of our Nation are eligible. Moreover, it has always been the intent of Congress that the GI Bill be the premier program in our Nation to help our citizens to further their education and training. Inclusion of GI Bill benefits in any formula for determining eligibility for other federal educational assistance is not consistent with these goals nor the sacrifices made by those who protect the freedoms that we all so thoroughly enjoy.

H.R. 745 provides for the creation of a pilot program for veterans to use their VA educational assistance benefits for training associated with the ownership of a franchise. We support this proposal based on the fact that it would expand the number of opportunities for veterans to obtain gainful employment in a field of their choosing. The risks associated with this pilot would be few since the "rules" pertaining to the approval of the programs are almost identical to those currently required for other non-accredited, non-degree programs of education and training. Additionally, most state laws would (as they do now) require a review of the organization offering the training for state licensing purposes, thus, there is little to no risk of "fly by night" training.

H.R. 1207 provides a much needed expansion of the kinds of services in which VA work-study students may be engaged. The first part of the bill allows VA students to assist veterans and their spouses as they work to achieve their education, training and employment goals. In our view, this is an excellent use of VA work-study funds. The second part of the bill is a pilot program that expands the kinds of work in which VA students can be involved while they are enrolled at an educational institution. We believe that this expansion is appropriate as the cost of higher education escalates at a much faster pace than VA educational assistance benefits because of budgetary constraints. The pilot program also has sufficient limitations to ensure that it will not be abused by an overly ambitious postsecondary educational institution with an eye on cutting its overhead costs and increasing its profit margin.

Closing

In closing, Mr. Chairman, I would like to thank you again for the opportunity to comment on the three bills. Thank you also for your efforts to make improvements to the education and training assistance programs that have been made available to those who defend the freedoms that we all so thoroughly enjoy. As stated earlier, we support the provisions of the bills and at this time, I would be happy to respond to any questions that you might have.

James R. Bombard
20 Jefferson Landing Circle
Port Jefferson, NY 11777
(631) 473-7839

QUALIFICATIONS SUMMARY:

* Executive with state government, industry, congressional staff, military, and academic experience.

* Two term President of a National Association of State Approving Agencies requiring extensive interaction with federal agencies and congressional staff.

* Head of state-wide agency.

* Chairman of Veterans Advisory Committee on Education (VACOE)

WORK EXPERIENCE:

President, National Association of State Approving Agencies (NASAA) (July 1999 – July 2001)

* Set policy and managed National Association of State Approving Agencies. The professional association that represents each states' veteran education approval entity.

Chief, Bureau of Veterans Education (October 1998 – present)

* Head a state agency which approves universities, colleges, professional, business, technical and vocational schools, as well as flight schools, BOCES, police academies, and apprentice and on-the-job training programs.

Supervisor, Bureau of Veterans Education (1991 – October 1998)

Associate, Bureau of Veterans Education (1981 – 1991)

Grant Administrator, Research Foundation, City University of New York (1975 – 1981)

* Administered grants, managed staff and budget, and generated programs.

Account Executive, ALCOA, Kansas City, MO (1972 – 1975)

* Managed accounts totaling $10,000,000.00 per year in revenue. Acted as company's sole liaison to state houses in Nebraska, Kansas, and Missouri.

NOTABLE ACHIEVEMENTS:

* Special Assistant to Congressman Robert J. Mrazek (Appropriations Committee).

* Member of congressional delegation led by U.S. Rep., Tom Ridge, to Vietnam to negotiate release of Amerasian children.

* Testified as expert witness before congressional committee.

* Featured on the History Channel, "Vietnam Revisited – a Controversy."

* Contributed chapter in best selling book on Vietnam titled, Everything We Had.

* Featured on CBS News Special: Charlie Company at Home.

* Subject of Washington Post editorial discussing congressional testimony on the financial structure of the GI Bill.

EDUCATION:

* MPA Public Administration, Columbia University.

* MA Educational Administration, Northeastern University, School of International & Public Affairs

* BS Education, Northeastern University.

MILITARY:

* Assistant Professor of Military Science, University of San Francisco.

* US Army Captain, Paratroop Unit Commander.

* Awarded Silver Star, Purple Hart, Combat Infantry Badge

* Various other decorations

PERSONAL:

* Extensive foreign travel to Europe and the Far East.

* Married father of four children.

Executive Summary

The National Association of Veterans Program Administrators has long advocated enhancements to the Montgomery GI Bill that would provide veterans with benefits that would be appropriate for the service they have provided to this nation. A benefit appropriate for the personal sacrifices endured through long family separations, financial hardships, duty hours and duty stations that do not always provide for comfortable living conditions and the physical and psychological discomforts endured by many of our individual service members.

H.R. 1207 takes the position of recognizing these sacrifices and acknowledges the need for expanded hands on learning to assist the veteran in the readjustment process. While the MGIB work-study program pays minimum wage to our veteran students, the work experience gained is invaluable and will pay dividends in return.

H. R. 717 expands the scope of the MGIB by allowing veterans more opportunity for job experience in the world-of-work through training in an occupation that leads directly to employment. This bill further recognizes the disparity of awarding a benefit for service to our nation and washing down the value of that benefit under another Federal program, Federal Financial Aid for students. Veteran students cannot and should not be subjected to the same formula that includes Rotary or PTA scholarships; one is earned through sacrifice and service to the nation others are given because a student submitted an essay.

H. R. 745 further expands the employment opportunities for veterans by allowing veterans, dependents and survivors under the VA educational programs to pay for training costs associated with the purchase of a franchise.

NAVPA supports all of these bills and we offer the following recommendations to H. R. 717. We support changing the wording on page 3, lines 11 through 16 as follows: "(h) Notwithstanding any other provision of law, amounts payable by the Secretary under this subchapter with respect to an eligible individual shall not be considered as income **or a resource** for the purposes of determining eligibility of such individual for education grants or loans under any other provision of Federal law.".

NATIONAL ASSOCIATION OF VETERANS' PROGRAM ADMINISTRATORS

TESTIMONY

ON

H.R. 1207 the
Department of Veterans Affairs Work-Study Act of 2005

Good afternoon Mr. Chairman, members of the House Committee on Veterans Affairs, Sub-Committee on Economic Opportunity. I am David Guzman, Legislative Director for the National Association of Veterans Program Administrators (NAVPA). With me is Faith DesLauriers, Chair of the NAVPA Legislative Committee. We appreciate this opportunity to address you today on veterans' educational issues. Our membership consists of concerned and dedicated veteran program administrators at the ***"business end"*** of the GI Bill, the colleges and universities across this great land of ours. The Montgomery GI Bill (MGIB) and GI Bills before have intended to serve as recruiting and readjustment tools for those who served our country honorably and we are proud to be a part of the process that serves these dedicated Americans. Title 38 U.S.C. § 3485(a)(1)(B) outlines the Department of Veterans Affairs veteran student work-study program; however, the restrictions imposed are too limiting by not allowing veteran students to work at colleges and universities outside of the office of veterans' affairs. These restrictions therefore do not fully conform to the concept of providing work experience or enhancing jobs opportunities for veterans following graduation. Current legislation limits the extent of the VA work-study program by restricting where a veteran students that can be employed. This restriction has a limiting effect on the scope of substantive and relevant student work experience, especially at rural colleges where outside work opportunities are limited. Expansion of the VA student work-study program would compliment the ***Jobs For Veterans Act*** under PL 107-288, enhance the veterans' opportunity for job placement following college and assist veterans transition to the world of work following separation from the military and subsequent education or training at the institution of their choice thereby completing the readjustment process. NAVPA fully supports H. R. 1207 and urges this committee to

experience real work in their discipline while they are learning. Many academic departments at our nations colleges and universities value the veterans military experience, maturity and work ethic. Academic faculty has asked our members if veterans could work in the labs and academic departments only to be turned away. Many veterans who have asked for work-study positions must turn down these opportunities because of the limits within the current legislation. Passage of HR 1207 would greatly expand job opportunity for veterans while costing very little, in fact, the payback in earnings for the veterans would return 7 (or more) times the investment as proven by the GI Bills of past eras. With regard to H. R. 717, to expand the scope of programs of education for which accelerated payments of educational assistance and exclude benefits payments under the MGIB from income or as a resource for purposes of determining eligibility for education grants or loans under any other provision of federal law. The federal methodology used to calculate need for student financial assistance requires institutions to take into account all forms of assistance received by the student to help pay educational costs. The MGIB benefit is considered in the needs assessment as a "resource" thus deducted from the total financial aid award or Cost of Attendance dollar-for-dollar. Additionally, not considered in this formula is the initial $1,200 pay reduction service members had withheld from their basic pay to enroll in the MGIB at the onset of their initial service tour. Nor is there any consideration given for the years of military service, personal sacrifices, family separations, irregular duty hours and conditions, for the protections and freedoms afforded this nation. The MGIB is not like other resources, it is an earned benefit, one that we believe our nation owes the men and women who serve this county for putting their personal aspirations on hold to protect and defend our freedoms and one that should not be diminished by a standard formula that does not consider these sacrifices. These men and women should be afforded an opportunity to make the readjustment, earn an education or otherwise train for gainful employment without further sacrifice. NAVPA fully supports the proposed legislation in H. R. 745, ***Veterans Self-Employment Act of 2005 that*** will allow veterans more opportunity to use their veteran's educational benefits to better their opportunities in the world-of-work. We recognize that veterans mirror the American society and that not all veterans will pursue a college degree; therefore, expansion of the MGI B as provided for in these bills makes good sense and further enhances the readjustment concept and speaks highly of the value we, as Americans, place on those who serve in our military services.

DAVID A. GUZMAN

Mr. David A. Guzman is the Legislative Director of the National Association of Veterans Program Administrators (NAVPA). He served for 15 years in the higher education community and retired from Washington State University in Pullman, Washington as University Registrar.

He has served on numerous national, state and local veterans advisory councils and committees. He is currently a member of the Secretary of Veterans Affairs Advisory Committee on Education, the Air Force Association Veterans and Retiree Council and past Chair, Governor's Veterans Affairs Advisory Committee for Washington State.

Mr. Guzman is a veteran of 30 years service with the US Air Force. He retired as Senior Enlisted Advisor to the Commander-in-Chief, Pacific Air Forces, Hickam Air Force Base, Hawaii. His assignments included duty as Senior Enlisted Advisor to the Commander, The United States Logistics Group, Ankara, Turkey (NATO), Personnel Sergeant Major, Sembach Air Base, Germany; Personnel Sergeant Major, Headquarters 5th Allied Tactical Air Force, Vicenza, Italy; Chief, Test Control Branch, Air Force Military Personnel Center, Randolph AFB, Texas and Senior Enlisted Advisor to the Commander, Space and Missile Systems Organization, Los Angeles Air Force Base, California. His military decorations include the Legion of Merit, the Meritorious Service Medal with three oak leaf clusters, the Air Force Commendation Medal with one oak leaf cluster, the Distinguished Presidential Unit Citation, National Defense Service Medal, Armed Forces Expeditionary Medal (Southeast Asia), and the Vietnam Service Medal with three oak leaf clusters. He is the Deputy Commander of Cadets for the Boise Composite Squadron, Idaho Wing of the Civil Air Patrol, an Auxiliary of the United States Air Force.

Mr. Guzman holds a Masters of Education degree from the University of Idaho (1990), a Bachelor of Arts in Management from the University of Phoenix (1988) and an AAS degree in Resource Management from the Community College of the Air Force (1983).

He is married to Cathy Ann (Taggart) of Potlatch, Idaho. The Guzman's have two children, David Carlos and Maria ages 14 and 13 respectively.

May 2005

STATEMENT OF
JOSEPH C. SHARPE JR., DEPUTY DIRECTOR
ECONOMIC COMMISSION
THE AMERICAN LEGION
TO THE
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
ON
H.R. 717, TO EXPAND THE SCOPE OF PROGRAMS ELIGIBLE FOR ACCELERATED PAYMENT UNDER THE MONTGOMERY GI BILL;
H.R. 745, THE VETERANS SELF-EMPLOYMENT ACT OF 2005;
AND
H.R. 1207, THE DEPARTMENT OF VETERANS AFFAIRS WORK-STUDY ACT OF 2005
MAY 25, 2005

Mr. Chairman and Members of the Subcommittee:

The American Legion appreciates the opportunity to share its views on three proposed bills to expand the scope of educational and employment benefits to veterans.

The Servicemen's Readjustment Act of 1944, the GI Bill of Rights, was crafted to meet the needs of a massive demobilization of service members in the post-World War II environment. Often considered one of the greatest pieces of social legislation ever enacted, the GI Bill continues to evolve with each new generation of wartime veterans because of the significant changes in the existing social and economic cultures. The American Legion believes each of these measures offers much needed improvements and provides more flexibility for its beneficiaries – America's former service members.

Unlike the original GI Bill, the Montgomery GI Bill normally requires an initial financial contribution from each beneficiary – honorable military service is simply not enough. For one year, those service members that choose to enroll in the Montgomery GI Bill agree to reduce their monthly base pay by $100 to "contribute" to the program. Upon separation, the Montgomery GI Bill's 10-year time clock begins ticking. After 10 years, the veteran is no longer entitled to use the benefit. If the veteran did not take advantage of the program, he or she loses not only $1,200 contribution, but also the total amount of the benefit; therefore, each beneficiary has a vested interest in reaping the benefits this entitlement offers – vocational education.

Each of these bills address specific problems the newest generation of veterans face. Mr. Chairman, The American Legion believes the time has come to give serious consideration to do the "possible" and enable every veteran an opportunity to use his or her Montgomery GI Bill to help with the successful transition from active-duty military service into the civilian workforce.

H.R. 717, To Expand the Scope of Programs Eligible for Accelerated Payment under The Montgomery GI Bill

H.R. 717 would amend title 38, United States Code, to expand the scope of programs of education for which accelerated payments of educational assistance under the Montgomery GI Bill may be used. Accelerated payments would go to the qualified veteran enrolled in an approved program of education that leads to employment as an operator of a commercial motor vehicle; that is, a truck driver. This expansion would give veterans more educational options and a better diversity of vocations.

Not every veteran is destined for college; therefore, the Montgomery GI Bill needs to be more accessible for those veterans with vocational aspirations other than college. The overall costs of these "short-term" vocational training and licensing programs far exceed the monthly stipend provided under the traditional "college-student-for-36-months" approach in the current Montgomery GI Bill.

Veterans should be afforded the opportunity to attend compressed high-front-end-cost programs that will lead to the vocation of their choice. Veterans who attend these programs will use a portion of their earned benefits at a quick pace, but may not use all of their earned benefits. Expanded options will also increase utilization of the Montgomery GI Bill that now stands at a little over 50 percent.

In addition, a higher percentage of today's service members are married (and often have children) when they are discharged; therefore, meeting the financial obligations to sustain and maintain a household is paramount. This also serves as a major obstacle for their timely utilization of the Montgomery GI Bill. Every effort must be made to empower every veteran to make the best vocational choice to achieve the American dream.

The American Legion supports the provisions of H.R. 717. Increasing the educational benefit available through the MGIB will provide a better incentive to veterans to complete a program with immediate employment results, without the concern of going into short-term debt. In addition, The American Legion vigorously supports the expansion of the program to include other short-term programs of value that could lead to the immediate employment of veterans.

H.R. 745, The Veterans Self-Employment Act of 2005

H.R. 745 would direct the Secretary of Veterans Affairs to conduct a pilot project on the use of educational assistance under programs of the Department of Veterans Affairs to defray training costs associated with the purchase of certain franchise enterprises.

Small business is the backbone of the American economy. The American Legion believes every veteran should have an opportunity to become an entrepreneur. With the management and leadership skills gained while on active-duty, veterans are excellent candidates for leading their own businesses.

There is risk in any business, but a franchise often presents a business package that has been tested and found successful in the marketplace, a trademark that is well known, and training for a business novice. A franchise provides: an established track record, faster start up, more purchasing power as a group, name recognition, brand awareness, and business support. A franchise makes it easier for a person to go into business with the support from the parent company.

According to Franchise World Magazine:

- A franchise has a 92 percent success rate after 5 years compared to 23 percent for an independent business;
- There is only one franchise bankruptcy for every 40 independent bankruptcies;
- Although only 3 percent of business in North America are franchises, 40 percent of retail and services is conducted by those franchises; and
- Franchises conduct over $600 billion in sales in North America.

In 1979, the FTC adopted a set of rules all American companies must follow when selling a franchise. There must be a disclosure document provided to the buyer that closely follows the demanding disclosure format of the Uniform Franchise Offering Circular. This is a good safeguard and provides the buyer with the relevant business information. This information will assist the buyer in making a prudent decision.

The training for each type of franchise varies but there is still a cost associated with this training. This training as noted is a key component of the success of a franchise buyer. Again, this is another adjustment to the stereotypical use of the Montgomery GI Bill, but veterans are trained to "improvise, adapt, and overcome" as military leaders. To achieve this new approach of empowerment, this Subcommittee must be prepared to take a calculated risk that could make a world of difference to deserving veterans.

The American Legion views small business as the backbone of the American economy. It is the driving force behind America's past economic growth and will continue to be a major factor in the coming years. Currently by some estimates four million small businesses in the United States are owned and operated by veterans. Therefore, The American Legion supports the provisions of H.R. 745, which would assist in the payment for training costs for veterans who wish to purchase a franchise enterprise. However, the pilot program under VA should be in consultation with the Small Business Administration (SBA) because of their expertise in small business, including their financing knowledge of franchises.

H.R. 1207, The Department of Veterans Affairs Work-Study Act of 2005

H.R.1207 would amend title 38, United States Code, to provide additional work-study opportunities for eligible veterans, and for other purposes, including the provision of placement services at an educational institution, counseling and job assistance, and support for the Senior Reserve Officers' Training Corps program.

Mr. Chairman, this program is already extremely successful, but The American Legion believes expanding the work-study opportunities into these additional areas offers additional benefits to

both participating veterans as well as the agencies. This amendment would ease veterans' transition from military to civilian life. Most veterans suffered salary reductions in departing the military; therefore the work-study programs is a welcomed income supplement.

Assisting the Senior Reserve Officers' Training Corps (ROTC) program seems extremely logical and natural. The amendment would present an excellent opportunity for the ROTC department to capitalize on the "hands on" expertise of these veterans. Veterans bring unique job skills or experiences lacking in a school department, can help ease the training burden and contribute to the overall training of future military leaders. These veterans can serve as a good role model to the ROTC cadets by providing insights into the military and real world experiences. This positive experience may very well influence participants that are former enlisted service members to consider re-entering the armed forces as an officer.

Working with the placement services would expose veterans to "job finding" skills prior to beginning his or her own job search. Listening and learning from job placement professionals may also influence former service members to consider post-graduate employment with the Department of Labor's Veterans Employment and Training Services (VETS) as a veterans' employment specialists.

The American Legion supports the provisions of H.R. 1207, which would improve the educational and employment benefits to our nation's veterans.

When The American Legion wrote the initial draft of the GI Bill, its goal was very simple – to make sure America's wartime veterans were able to move back into society as though they had never left. This goal was translated into medical care and rehabilitation; vocational training or college education; and homeownership. As soldiers, sailors, airmen, and Marines – the "greatest generation" -- turned back forces that threatened democracy and freedom around the world. The "newest generation" continues that tradition and The American Legion's initial goal remains steadfast.

Since 1944, the GI Bill has evolved with each new generation of veterans. It is time for additional changes that would reflect the thanks of a grateful Nation.

Mr. Chairman, that concludes my testimony. Again, I thank the Subcommittee for this opportunity to submit testimony. The American Legion looks forward to working with each of you on these important issues.

STATEMENT OF
BRIAN E. LAWRENCE
ASSISTANT NATIONAL LEGISLATIVE DIRECTOR
OF THE
DISABLED AMERICAN VETERANS
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
UNITED STATES HOUSE OF REPRESENTATIVES
MAY 25, 2005

Mr. Chairman and Members of the Subcommittee:

On behalf of the 1.2 million members of the Disabled American Veterans (DAV), I appreciate the opportunity to submit for the record our views on the following bills:

H.R. 717

H.R. 717 would expand the scope of programs of education for which accelerated payments of educational assistance under the Montgomery GI Bill (MGIB) may be used. Specifically, it would allow MGIB payments to be used for tuition for commercial driver's license training programs.

H.R. 717 would also exclude MGIB payments from consideration as income for purposes of determining eligibility for other federal education grants or loans. Stated another way, MGIB payments would no longer disqualify veterans from being able to acquire Pell Grants or other federal educational grants or loans.

H.R. 745 the Veterans Self-Employment Act of 2005

H.R. 745 would establish a 5-year pilot project to examine the feasibility and advisability of use of educational benefits under title 38 United States Code (USC) chapters 30, 32, 35, and title 10 USC chapters 1606, and 1607, to defray training costs associated with the purchase of certain franchise enterprises. The bill would allow for payment of amounts equal to one-half of the franchise fee or one-third of an individual's remaining entitlement, whichever is less.

H.R. 1207 the Department of Veterans Affairs Work-Study Act of 2005

H.R. 1207 would provide additional work-study opportunities for eligible veterans, and would establish a 5-year pilot project to examine the feasibility and advisability of expanding work-study activities.

Conclusion

In accordance with its Constitution and Bylaws, the DAV legislative focus is on benefits and services for service-connected disabled veterans, their dependents, and survivors. Because the issues addressed within this legislation are not specific to its legislative focus, the DAV has no resolutions pertaining to these bills. However, since they would benefit veterans and their family members, the DAV has no objection to their favorable consideration.

STATEMENT FOR THE RECORD OF

PARALYZED VETERANS OF AMERICA

BEFORE THE HOUSE COMMITTEE ON VETERANS' AFFAIRS,

SUBCOMMITTEE ON ECONOMIC OPPORTUNITY

CONCERNING

H.R.717,

H.R. 745, THE "VETERANS SELF-EMPLOYMENT ACT OF 2005," AND

H.R. 1207, THE "DEPARTMENT OF VETERANS AFFAIRS

WORK STUDY ACT OF 2005"

MAY 25, 2005

EXECUTIVE SUMMARY

H.R. 717

- Section 1 of the legislation would allow a veteran to get an accelerated education benefit payment to be used for a training course for a commercial driver's license.
  - PVA has no objection to this provision.
- Section 2 of the legislation would exclude MGIB benefit payments from consideration as income when a veteran is applying for other federal education loans.
  - PVA supports this section of the legislation.

H.R. 745, the "Veterans Self-Employment Act of 2005"

- PVA fully supports the proposed legislation.
- The legislation would authorize the Department of Veterans Affairs (VA) to conduct a five-year pilot project on the education benefits provided by the VA to pay for the training costs associated with the purchase of a franchise enterprise.
- PVA has worked with many other veterans' service organizations to ensure that veterans have every opportunity to be successful in business upon leaving the military.
- Being able to open a franchise business gives the veteran an even greater opportunity to succeed as he or she will be buying into an established company.

H.R. 1207, the "Department of Veterans Affairs Work-Study Act of 2005"

- PVA supports this proposed legislation.
- The Work Study Program is a benefit available to veterans and their dependents who receive educational benefits from the VA.
- Section 2 of H.R. 1207 would expand the work study opportunities for qualified veterans and their dependents.
- Section 3 would allow veterans participating in the Work Study program to serve in academic departments as tutors or research, teaching, and lab assistants or in student services positions at educational institutions.
- PVA appreciates the emphasis placed on ensuring that VA related work study positions are filled first.

Chairman Boozman, Ranking Member Herseth, members of the Subcommittee, Paralyzed Veterans of America (PVA) would like to thank you for the opportunity to submit a statement for the record regarding H.R. 717, a bill to expand the scope of programs of education for which accelerated payments of educational assistance under the Montgomery GI Bill may be used, H.R. 745, the "Veterans Self-Employment Act of 2005," and H.R. 1207, the "Department of Veterans Affairs Work Study Act of 2005."

H.R. 717

The Montgomery GI Bill (MGIB) has been one of the most important benefits available to servicemen and women for more than 50 years. The MGIB is used both as a recruiting and a retention tool as well as a veterans' transition assistance benefit. It is vitally important that we continue to expand the scope for which the benefit can be used to more accurately reflect the many types of employment education programs available to servicemembers.

Section 1 of the legislation would allow a veteran to get an accelerated education benefit payment to be used for a training course for a commercial driver's license. PVA has no objection to this proposal. Despite the fact that many servicemen and women operate commercial class equipment in the military, their skills are generally not recognized in civilian life for the operation of commercial vehicles. This benefit would allow them to apply their education benefits to the necessary training to obtain a commercial driver's license.

PVA supports Section 2 of the legislation that would exclude MGIB benefit payments from consideration as income when a veteran is applying for other federal education loans. This legislation would prevent servicemen and women from being penalized by choosing to use MGIB benefits.

H.R. 745, the "Veterans Self-Employment Act of 2005"

The "Veterans Self-Employment Act" would authorize the Department of Veterans Affairs (VA) to conduct a five-year pilot project on the education benefits provided by the VA to pay for the training costs associated with the purchase of a franchise enterprise. In order for a veteran to use these benefits, the company that owns the franchise must provide a detailed training plan that the eligible veteran will use.

PVA has worked with many other veterans' service organizations to ensure that veterans have every opportunity to be successful in business upon leaving the military. This legislation would open the door to a new and different opportunity for a veteran to achieve that success. Being able to open a franchise business gives the veteran an even greater opportunity to succeed as he or she will be buying into an established company. They will also benefit from the corporate infrastructure that a franchise company can provide. PVA fully supports the proposed legislation. As the young men and women return home from Iraq and Afghanistan and leave the military, they will be looking for employment. This bill will open up doors that they would otherwise not be able to walk through.

H.R. 1207, the "Department of Veterans Affairs Work-Study Act of 2005"

The Work Study Program is a benefit available to veterans and their dependents who receive educational benefits from the VA. The program allows the veteran to continue to pursue an education and get valuable work experience at the same time. Participants in the program are paid minimum wage based on the federal or state standard (whichever is higher). The veteran provides assistance to VA employees at a VA approved work site, either within a VA benefits office or medical facility.

Section 2 of H.R. 1207 would expand the work study opportunities for qualified veterans and their dependents. PVA is particularly encouraged by the provision that would allow the veteran to assist other veterans with finding employment through the Transition Assistance Program and Disabled Transition Assistance Program. We also believe that allowing a veteran to support a Reserve Officers' Training Corps program can be vital to the future success of the young men and women who will enter military service.

Section 3 would allow veterans participating in the Work Study program to serve in academic departments as tutors or research, teaching, and lab assistants or in student services positions at educational institutions. This would be done through a five-year pilot program. PVA appreciates the emphasis placed on ensuring that VA related work study positions are filled first. PVA supports the provisions of H.R. 1207 as it will allow a veteran to take advantage of education benefits while getting work experience at the same time.

PVA appreciates the opportunity to submit a statement for the record regarding these legislative proposals. It is important that servicemen and women entering civilian life for the first time, or reentering following an active duty assignment as a Guardsmen or Reservist, be given every opportunity to be successful. We look forward to working with the Subcommittee to ensure that servicemen and women leaving the military have a seamless transition, and we believe these bills will assist in that effort. Thank you.

Information Required by Rule XI 2(g)(4) of the House of Representatives

Pursuant to Rule XI 2(g)(4) of the House of Representatives, the following information is provided regarding federal grants and contracts.

Fiscal Year 2005

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation — National Veterans Legal Services Program — $228,000 (estimated).

Paralyzed Veterans of America Outdoor Recreation Heritage Fund – Department of Defense -- $1,000,000.

Fiscal Year 2004

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation — National Veterans Legal Services Program — $228,000 (estimated).

Fiscal Year 2003

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation — National Veterans Legal Services Program — $228,803.

National Tractor Trailer School (NTTS)
Liverpool, NY 13088
(315) 451-2430

Veterans Survey
January 1, 2002 – Present
May 16, 2005

Inquiries by veterans:	**2400**	
Number who enrolled:	**429**	(18% of inquiries)
Number of actual veterans *beginning* classes	**301**	
* Number who graduated	**264**	(63% of enrollees)
** Number who used GI Bill benefits to attend	**96**	(37% of graduates)

* Typically graduation rates are a few percentage points higher for veterans (90%) versus civilian counterparts (87%). In this survey, 128 veterans could not attend largely due to a lack of funding.

** Only 96 or 37% of the veterans were able to use their GI benefits. For the other 168 veterans who graduated, he/she had not contributed toward his or her GI bill benefits *or* they simply chose not to apply their GI bill benefits to the tuition costs. For some veterans, their benefits had expired. Regardless of circumstance, these veterans paid for or financed truck driver training school themselves.

It is estimated that H.R. 717 would double the number of veterans attending truck driver training school.

O