

**EDUCATION BENEFITS FOR NATIONAL GUARD
AND RESERVE MEMBERS OF THE
U.S. ARMED FORCES**

HEARING
BEFORE THE
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
OF THE
COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES

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**EDUCATION BENEFITS FOR NATIONAL GUARD
AND RESERVE MEMBERS OF THE
U.S. ARMED FORCES**

THURSDAY, MARCH 22, 2007

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY,
Washington, DC.

The Subcommittee met, pursuant to notice, at 2:05 p.m., in Room 340, Cannon House Office Building, Hon. Stephanie Herseth [Chairwoman of the Subcommittee] presiding.

Present: Representatives Herseth, McNerney, Boozman, and Moran.

Also Present: Representative Snyder.

OPENING STATEMENT OF CHAIRWOMAN HERSETH

Ms. HERSETH. Good afternoon. The Veterans' Affairs Economic Opportunity Subcommittee hearing on the Education Benefits for National Guard and Reserve Members will come to order.

Before I begin, I would like to call attention to the fact that several individuals interested in today's hearing have asked to submit a written statement for the record. If there is no objection, I ask for unanimous consent that those statements which have been submitted by the following be allowed to be inserted for the record:

Major General Michael A. Gorman, State Adjutant General, South Dakota National Guard; Mr. Joseph C. Sharpe, Jr., The American Legion; Reserve Officers Association and Reserve Enlisted Association; Congressman Jim Matheson who represents the 2nd District in Utah; Congressman Roscoe Bartlett, who represents Maryland's 6th District; and Congressman Christopher Carney representing Pennsylvania's 10th District.

With no objection, those statements will be entered.

As the lone representative from South Dakota, which this year will have about 2,000 veterans using GI Bill payments for their education, I have an especially strong interest in exploring options to improve and modernize the Montgomery GI Bill, particularly for National Guard and Reserve servicemembers.

Ranking Member Boozman, I look forward to working with you as we did in the last Congress, and all the Members of the Subcommittee, as well as our colleagues on the Armed Services Committee to update this important program.

Since the Montgomery GI Bill was enacted more than 20 years ago, our Nation's utilization of the Selected Reserve Forces has dramatically increased.

When the MGIB was signed into law in 1984, servicemembers of the Guard and Reserve were rarely mobilized, and that is simply not the reality today. Indeed, today's citizen soldiers are serving with distinction and have sacrificed a great deal in our efforts in Iraq and Afghanistan.

Unfortunately, although they are being called to duty and mobilized for extended periods of time, their educational benefits do not reflect their increased service to the nation. These patriots have earned and deserve high-quality education and training benefits to be used in a fair and equitable manner.

I would also like to welcome all of today's witnesses, and I very much appreciate your testimony as your views and insights are critically important as we go about examining this issue.

I am particularly interested in understanding and exploring the views and perspectives on the proposed Total Force GI Bill. This proposal would, among other things, organize all GI Bill programs under Title 38 and provide a ten-year portability of Chapter 1607 benefits.

I believe these concepts would help reflect the reality of the total force policy. However, I understand there may be concerns about how this proposal may affect retention, so I look forward to hearing from our witnesses.

Much progress has been made in education benefits for National Guard and Reserve members. However, I think everyone would agree that we must remain vigilant to maintain against any decline in benefits.

Veterans, servicemembers, and military families of this Nation deserve our best efforts, and I plan on working with my colleagues to examine and develop policies aimed to improve readjustment services for our men and women in uniform.

Thank you again for being here today.

I now recognize our Ranking Member, Mr. Boozman, for any opening remarks he may have.

[The statement of Chairwoman Herseth appears on pg. 34.]

OPENING STATEMENT OF HON. JOHN BOOZMAN

Mr. BOOZMAN. Thank you, Chairman Herseth, and thank you for bringing this matter up in light of the recent scheduling of the joint hearing with Chairman Snyder's Subcommittee and with the events at Walter Reed that have since been discovered.

Today we will hear from several witnesses on modernizing the GI Bill, especially as those benefits apply to members of the National Guard and Reserves.

As you know, Chairman Snyder, I look forward to working with you in providing fair treatment for those who defend us. That will not be an easy task. Today's hearing is an important part of that process.

I suppose my basic approach is not to retain someone that you do not recruit for military service. Hopefully once someone joins, aspects of military patriotism will convince members to stay regardless of benefits.

Those who choose to leave, we should be wise enough to thank them profusely for their service and make them aware that they are always welcome back.

Of course, none of us on this Committee can ignore the fiscal realities facing Congress. We have to be conscious of how we spend taxpayers' money, but we must make sure we provide what is needed to continue to attract good people in military service. I believe levels of benefits is what is needed to improve and retain members.

Madam Chairman, I am looking forward to hearing from today's witnesses, including Major General Wofford, the Adjutant General of the Arkansas National Guard, who we are very proud of.

And, again, General, like I told you earlier, I really appreciate your testimony, not just because you are from Arkansas, but you do a very, very good job, but I really look forward to your testimony.

Again, thank you for testifying, and I look forward to continuing to work with the Chairman and the Subcommittee on these very important issues.

[The prepared statement of Congressman Boozman appears on pg. 34.]

Ms. HERSETH. Thank you, Mr. Boozman.

Our distinguished panel is well-qualified to discuss these issues today.

Joining us on our first panel is the Honorable Craig Duehring, Principal Deputy Assistant Secretary of Defense for Reserve Affairs of the U.S. Department of Defense and Mr. Keith Wilson, Director of Education Service for the U.S. Department of Veterans Affairs.

After the first panel is finished giving their testimony, other Members of the Subcommittee will be recognized for 5 minutes to make opening remarks and to ask questions.

As you were informed prior to the start of the hearing, we may have votes called at any time, so we will just go ahead and start. I think we should be able to get through both the testimony of Mr. Duehring and Mr. Wilson.

Mr. Duehring, let us begin with you.

STATEMENTS OF HON. CRAIG W. DUEHRING, PRINCIPAL DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR RESERVE AFFAIRS, U.S. DEPARTMENT OF DEFENSE; AND KEITH M. WILSON, DIRECTOR, EDUCATION SERVICE, VETERANS BENEFITS ADMINISTRATION, U.S. DEPARTMENT OF VETERANS AFFAIRS

STATEMENT OF HON. CRAIG W. DUEHRING

Mr. DUEHRING. Thank you, Madam Chairwoman.

Chairwoman Herseth, Ranking Member Boozman, and Members of the Subcommittee, thank you for the opportunity to discuss the educational assistance programs available to our Guard and Reserve members and the potential effects of changes to those programs.

This is an unprecedented time for the all-volunteer force. We are at war. But unlike World War II, the Korean war, and Vietnam when many of the people who served in the military were drafted, today they make an informed decision to join the military.

We are proud of the men and women who volunteer to serve our great country. They do so knowing there is a rich suite of benefits they will earn by virtue of their military service.

We also know that we face constant challenges to maintain an all-volunteer force. We must be able to offer an incentive package that competes favorably with the private sector.

The Montgomery GI Bill for the Selected Reserve helps us attract high-quality recruits. The recently enacted Reserve Education Assistance Program, REAP, which was created specifically to provide a richer benefit to Reserve component members who answered the call to duty, helps us retain our Guard and Reserve members who have proven themselves in combat.

Our most recent survey shows us that most Reservists do not begin a new career when they are released from active duty unlike their active-duty counterparts. Eighty percent of Reservists were employed full time when activated. Twenty-six percent were enrolled in school.

Certainly reintegration and readjustment are important to our citizen soldiers, particularly the 28 percent who reported that they did not return to the same employer and the 8 percent who were not in the workforce when mobilized.

Guard and Reserve members can use the REAP benefit to train for a new career as they transition back to civilian life or advance in their current career.

We do not believe that the continued service requirement is onerous since the first couple of years following mobilization are also the years when the demands to perform Reserve service are at their lowest under the Services Force generation models.

At the hearing last fall on this same subject, the Committee heard testimony urging Congress to combine the two Reserve educational assistance programs into a single program under the Department of Veterans Affairs.

There is obvious merit in making educational assistance programs transparent to students and educational institutions and simplifying the administration of the programs for VA.

But the Department is deeply concerned about changes to the Reserve programs that would affect the retention outcomes we hope to achieve with these programs.

To maintain the all-volunteer force, the Department needs a variety of incentives to meet its force management objectives. That is why we find the retention aspect of the Reserve Educational Assistance Program such an important attribute.

Half of those who serve in the Selected Reserve today have completed their initial military service obligation. Even among those who are still within their initial 8-year military service obligation, many have no obligation to serve in the Selected Reserve. They can complete their military service in the Individual Ready Reserve.

This is why we are so intent on incentives being tied to service in the Selected Reserve. We need incentives that encourage our Guardsmen and Reservists to stay with us, not to leave.

Madam Chairwoman, we have given a great deal of thought to educational programs and changes that would improve the programs while continuing to assist the Department in meeting its force management objectives.

In the short time since that hearing last fall, we were able to include two modest legislative proposals in the Department's 2008 legislative program.

The first would allow Selected Reserve members to retain their REAP eligibility indefinitely while in the Individual Ready Reserve rather than losing eligibility after 90 days.

The second would allow Selected Reserve members who are separated due to the draw-down to retain MGIB Selected Reserve eligibility until the delimiting date just as we did during the force drawn-down in the 1990s.

We have also been working closely with VA to identify changes to the educational assistance programs that improve those programs while not undermining retention. That work is still ongoing.

Madam Chairwoman, we also want to work with you and this Committee to see if we can find a way to balance retention with providing our combat-proven Guardsmen and Reservists a benefit that meets their needs for reintegration and readjustment.

I would again like to thank the Committee for all it has done for our men and women who serve our great country.

[The statement of Mr. Duehring appears on pg. 35.]

Ms. HERSETH. Thank you, Mr. Duehring.

Mr. Wilson.

STATEMENT OF KEITH M. WILSON

Mr. WILSON. Thank you.

Good afternoon, Chairwoman Herseth, Ranking Member Boozman, and Members of the Subcommittee. I appreciate the opportunity to appear before you today to discuss the two educational programs administered by the Department of Veterans Affairs for National Guard as well as Reserve members, mainly the Montgomery GI Bill Selected Reserve and the REAP, Reserve Educational Assistance Program.

The education claims processing workload for the MGIBSR increased steadily from 2001 until 2006. In 2006, VA received more than 261,000 Selected Reserve benefit claims and 68,000 REAP benefit claims.

Through the end of February fiscal year 2007, we have received 98,000 Selected Reserve benefit claims as well as 52,000 REAP benefit claims.

Comparing fiscal year 2006 through February to the same period in fiscal year 2007, claims for Reservist benefits under both programs have increased 27 percent.

The Department of Defense has informed us that between 1986 and 2006, more than 1.5 million Selected Reserve members gained eligibility to MGIB Selected Reserve benefits. Forty-two percent of them have applied for educational assistance.

In fiscal year 2006, over \$122 million in benefits were paid to over 66,000 Selected Reserve members participating in the Selected Reserve Program. In fiscal year 2006, over \$153 million in benefits was paid to almost 24,000 REAP participants.

Through the end of February fiscal 2007, over \$71 million in benefits were paid to more than 43,000 Selected Reserve members participating in the 1606 program and over \$93 million paid for 28,000 participants in the REAP program.

Timeliness has improved for supplemental claims processing. Average days to complete Selected Reserve supplemental claims dropped from 20 days in fiscal 2006 to 17 days through February of fiscal 2007. Similarly, average days to complete REAP claims has dropped from 19 days in 2006 to 17 days in 2007, again for supplemental claims.

Timeliness likewise has improved for original claims processing. Average days to complete Selected Reserve original claims decreased from 35 days in 2006 to 29 days through February of this fiscal year. Average days to complete REAP original claims dropped from 60 days in 2006 to 42 days through February of this fiscal year.

Expanded outreach has led to increased benefit usage. We have distributed more than 300,000 copies of our new REAP brochure to activated Guard and Reserve units nationwide. We have also prepared 46,000 REAP DVDs which are going to be distributed to Reserve units across the country. The goal is to have informational disks distributed to all units by the end of this month, March of 2007.

Additionally, we will soon begin direct mailings of REAP informational material to activated Guard and Reserve members just as we now do for Chapter 30 participants.

We continue our efforts to migrate all claims processing from the Legacy claims processing system into our new VA corporate environment. The Education Expert System known as TEES has a multi-year initiative that when fully deployed will electronically receive and process application and enrollment information. TEES will enable us to improve processing for timeliness as well as quality of decisionmaking.

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

[The statement of Mr. Wilson appears on pg. 37.]

Ms. HERSETH. Thank you both for your testimony. I have a number of questions, but I am going to defer to Mr. Boozman if he wants to start or we can recognize Mr. McNerney and Mr. Moran for opening statements.

Okay. Mr. McNerney, would you like to begin either with an opening statement or questions for the panel?

OPENING STATEMENT OF HON. JERRY McNERNEY

Mr. McNERNEY. Thank you Madam Chair and Ranking Member Boozman. I appreciate the opportunity to be here and to listen to the testimony.

We just went through sort of a trauma with the Department of Veterans Affairs and the hospital at Walter Reed. And I know what you are going to answer to this question, but I just want to put it out there.

Are there any cockroaches under the table? I mean, if you look at Walter Reed, we see from the top level, it looks good and there were not any problems. But underneath it took someone to go in there and scour that system to find the problems.

Is there anything underneath that we are missing here that we are going to get a nasty surprise on later? And I do not suspect

that there is. I do not have any reason to suspect that, but I am just a little on edge now because of that experience.

And I recommend that you take the time to go down into the details of the system and make sure there are not any nasty surprises in your Administration.

Thank you.

Mr. WILSON. I can address that very briefly. We are fortunate in a couple respects actually. In terms of the education benefits, administering those benefits, we have got a very effective relationship with the Department of Defense and most of the information that we need concerning eligibility, what we need to administer the program, is fed to us directly from DOD as data.

So in terms of having, in your word, cockroaches under the carpet, we are not aware of any, but certainly we are always vigilant, and we will continue to look and make sure that we are doing what we need to.

Mr. DUEHRING. Can I mention something as well? From our perspective, both my boss, the Assistant Secretary of Defense for Reserve Affairs, Thomas Hall, and I travel the country constantly, many times every month, usually trying to meet with soldiers, sailors, airmen, Marines, Coast Guardsmen, wherever we can find them, and the venue that we use is a town hall type format.

After visiting the unit, we say, okay, everybody here, let us talk. What is going on, what are your concerns? And we get a pretty accurate feeling for if there are problem areas.

A few years ago, TRICARE was a big issue for us. We have been able to address that and we see the interest level going down.

The education program is a popular program. It is very much appreciated, but we have not seen anything right now that indicates that we have a recurring problem. I feel very comfortable that we have a good system in place.

Mr. MCNERNEY. I yield.

Ms. HERSETH. The gentleman yields back.

Mr. Moran, you are recognized.

OPENING STATEMENT OF HON. JERRY MORAN

Mr. MORAN. Madam Chairman and Ranking Member, thank you very much for holding this hearing.

Just from a personal perspective as a Member of Congress, my highest priority this year is to see that we begin the process of re-evaluating our Guard and Reserve components and the benefits that they receive, and clearly education is one of those, but healthcare, retirement.

As we have seen the increasing demands placed upon those who serve in our Reserve components and our National Guard units, it has become very clear to me that the distinction that we have often made between active military and Guard and Reserve is a lot less clear.

And, again, the benefits that we provide those who serve our country, we should reduce the areas in which we discriminate against Guard and Reserve. So I am delighted to be here and listen to the testimony.

And I have no questions of these witnesses, but I do think that this hearing is important as we begin the process of trying to what

I consider right some wrongs as we take care of those who serve just in a slightly different capacity than our active military.

So I thank you and Mr. Boozman for your leadership in this regard and know that you have legislation pending that I am a sponsor of. And we look forward to working with you. I thank you for that.

Ms. HERSETH. We appreciate your partnership with us and the legislation that we have reintroduced in this Congress and other items that we are examining.

Mr. Boozman, I am sure you have some questions.

Mr. BOOZMAN. The bill that Mr. Snyder has on the table that Mr. Moran just alluded to that we are sponsors of, it really has two components. One component is moving the GI Bill into one unit as opposed to being split by DOD and Veterans.

Do you guys, either one, do you have any comments about that? What are your feelings about joining it together as opposed to having its jurisdictions in different places?

Mr. WILSON. The notion of bringing everything under Title 38, I think, is intriguing or attractive from one respect, but we do have some concerns that we would be bringing items into Title 38 that from a VA perspective, we do not feel we are best suited to address.

For example, "Kickers." "Kickers" are something that really is a force management tool that DOD uses. The current piece of legislation would bring a VA role into the "Kickers," and that is something that I do not think is or we are feeling is not necessarily appropriate for our role.

Mr. BOOZMAN. Mr. Duehring?

Mr. DUEHRING. Well, we would share that same concern. The difference, of course, is that we treat the educational benefits for the Reserve programs as an incentive. And in the other case for the veterans, it is an entitlement. It changes the way it is funded. It changes the decisionmaking process of when to use it, should we increase it, should it be changed, again trying to achieve a desired goal.

They look a lot alike, like I would say oranges and tangerines, but they are, in fact, a different fruit. And I think we have a very good system that we are working well with. It needs some tweaking from time to time, and we are happy to work with your staff to make those changes.

Mr. BOOZMAN. Very good. You mention that you do use it as an incentive. Has there been any cost benefit studies done to determine the effects of the benefit as far as its intent in what it is trying to do? I mean, do you have any evidence, any studies that you have come up with as to what effect it is having?

Mr. DUEHRING. Recently as I was preparing for this testimony today, I asked about some of the surveys that we have done. And when I scanned through them, and, of course, they parsed them out into different age groups and levels of experience, and I looked in there, you know, what is important to you for recruiting, retention, so on and so forth.

And I found that by and large education fell right in the middle of the pack. If you got to younger people, it started moving up. As you got older people, of course, not surprisingly it moved down. Single people, it moved up. Married people, it moved down. But as

I recall there were 17 possible choices and it came out as number nine, right in the middle, or one or two on either side in every single case.

As far as an analysis, a cost analysis, I am not aware of that, although there may be. If you would like, I would be happy to take that back and provide you with an answer later on.

[The following was subsequently received from Mr. Duehring:]

The Department has not conducted a study specifically looking at the marginal effects of the Montgomery GI Bill—Selected Reserve (MGIB–SR) educational benefits on recruiting and retention. We do know that in response to recent surveys asking Selected Reserve members about the factors that influenced their decision to affiliate with the Selected Reserve and their decision to remain in the Selected Reserve, education assistance benefits rank quite high.

The primary concern of the Department is that moving authority for the MGIB–SR to title 38, and responsibility for the program to the Department of Veterans Affairs will change the emphasis of the program from a recruiting and retention incentive to a post-service (veterans') benefit and the requirement for continued Selected Reserve membership will be eliminated. We know, from the preliminary results of a recent analysis by the RAND Corporation as part of an ongoing study for the Department of Defense, that removal of the requirement to remain in the Selected Reserve for continued benefits under that program would have a negative effect on retention, and would require significant increases in recruiting or other retention incentives to make up for increased attrition. The preliminary assessment of RAND estimates that permitting transportability of benefits—permitting the use of MGIB–SR benefits following separation from the Selected Reserve—projects that it would increase attrition by 10 percent among Selected Reserve members with no prior active duty service. Aside from the training cost associated with replacing trained personnel who separate, RAND estimated that it would take a 10-percent increase in recruiting bonus expenditures to gain a 1 percent increase in accessions. This fact demonstrates that the Department will need to spend a significant amount in other incentive programs to counteract the negative effects of allowing portability under the MGIB–SR program while continuing to provide an education benefit to those who would have otherwise remained in the Selected Reserve.

Mr. BOOZMAN. Thank you.

Mr. Wilson, in your recent testimony before the Armed Services Subcommittee on Personnel, you described a certain tension between domestic veterans' programs and force structure issues that may result if the Centers of Education programs are transferred to Title 38, and, you know, we have alluded to that just now, from Title 10.

Can you expand even more so as to be specific?

Mr. WILSON. I will do my best. Friction perhaps is not the best term, but what I am attempting to describe is the mission essentially that VA has of caring for the veteran as they readjust into society and the mission that the Department of Defense has with keeping us all safe.

From a very broad perspective, those are the frictions that I was talking about, and bringing items from Title 10 into Title 38 that could create offsetting needs or offsetting goals under one title would be very difficult. And we do not want to create a situation where, for instance, DOD and VA in the instance of Kickers that I gave would be at odds when we are both desiring to administer both programs or all of our programs the best we can.

But in terms of the Kicker instance, we would be required to sit around the table and actually reach agreement on certain things.

Our mission of taking care of the veterans in a situation like that would be different than their mission, and those would be the type of things that would have to be worked out. And friction was the term that I used for that.

Mr. BOOZMAN. I know I have used my time. Can I ask one more thing?

I guess as I was sitting here, one of the things that we have run into as we come on the base in so many different instances, do you all feel comfortable that our Guard and Reserve really understands the benefit that they have?

Mr. DUEHRING. Yes.

Mr. BOOZMAN. We run into that all the time. Like I said, a lot of times, people do not hear about these things after they are recruited. And I do not mean that in a bad way. My dad was a recruiter in the Air Force. But go ahead if you would.

Mr. DUEHRING. Very much so. Of course, the National Guard and each of the Reserve organizations have different ways of approaching their people. But this is not the only issue that we have been asked questions like this on, whether it was a benefit, again going back to medical benefits, family programs, so on and so forth.

We have scrubbed and rescrubbed our programs to make sure that individuals during the recruiting process, during the demobilization process are afforded every chance to learn about anything that might be of interest to them.

We have documents. We have Web sites, of course, if they think about it later on. They want to ask questions, we have the One Source, the military One Source, a myriad of ways that we can get the information to the individuals. And I am very confident that they do know about it because of the responses that we get back, that they do consider it important.

And it might be a good question perhaps to ask some of our experts on the second panel to find out what they have done as an example in their own units. I think it would be very enlightening because they have very good programs.

Mr. BOOZMAN. And I will submit this or whatever. When can we expect the legislative proposal from joint VA, DOD Council? The GI Bill Working Group, do we have any idea as to when that is going to happen?

Mr. WILSON. They are very close to completing their work. The only issue that remains is developing an understanding of the impact on recruitment and retention of the alternatives that the working group originally proposed.

I know just from a broad perspective that that issue is being worked largely within DOD, and I will have to provide more detailed information back to you.

Mr. BOOZMAN. Thank you.

Ms. HERSETH. Thank you, Mr. Boozman.

It is true, Mr. Wilson, that in the testimony you gave to the Armed Services Committee or I think even the written statement you provided, the reason, as you just stated, that we do not have the report from the working group is because of the analysis on the impact on recruitment and retention.

So given that we were supposed to have those findings in September of last year, we were then told it was going to be completed in October of last year. I understand we are close. How close are we?

I think it is important that we at least have a date given to us today to shoot for and have an understanding as to what it is. Maybe you can answer or, Mr. Duehring you can, to what precisely DOD is analyzing to provide us this information.

Mr. WILSON. Unfortunately, neither of us are aware of the specific details concerning where the working group is at with that part of the analysis. I would be reluctant to provide a specific date today.

What I can commit to is providing a date within the next 10 days, once I have the opportunity to go back with the working group and find out a little bit more information and give you a date from that point, if that is acceptable.

Ms. HERSETH. If you could get it to us by next Friday. As you know, there is a two-week district work period. It would be helpful for us to know prior to going back to our districts when we can expect that. Hopefully sometime when we return in April.

Thank you.

[The following was subsequently received from Mr. Wilson:]

Education Service: Timetable for the DOD/VA working group report on the Total Force GI Bill?

The Joint Executive Council was presented with findings from the Total Force Working Group in January and did not believe it was ready to be released. They desired that the impact on recruitment and retention be addressed. We are unable to provide a date by which the final report will be provided from the Secretary of Veterans Affairs to the Veterans Advisory Committee on Education.

Ms. HERSETH. We have been joined by Dr. Snyder, who is a Member of the full Veterans' Affairs Committee as well as the Armed Services Committee, and conducted the Subcommittee hearing not too long ago in probing some of what we are probing here today.

I think one of the issues that was the subject of some questioning with the Armed Services Subcommittee that I would like to probe a little bit because it goes to the issue that you mentioned, Mr. Wilson—the expanded outreach that has been done to inform servicemembers in the Guard and Reserve of their benefits, and addresses something, Mr. Duehring, that you said when you have townhalls and try to gauge where some concern is.

I have been picking up more concern in meetings that I have had over the last four to 6 weeks both with folks at the State government level that work with State Approving Agencies and that work with other individuals who are just more comfortable going to them to help find information and work with the folks down in St. Louis as well as two National Guardsmen that I had coffee with just last weekend about how their education benefits were working for them.

There seems to be some confusion, a significant degree of confusion in some of what I have been hearing that I am afraid may lead to a reservoir of resentment if we do not address it quickly here. The issue of how the amount of time that a National Guardsman

or Reservist accumulates during active-duty deployment and how that may be transferred to affect their Chapter 1606 benefits after they have left the National Guard or Reserve.

There seems to be some confusion, and everyone, I think, in the room is probably familiar with the Military.com article from the end of January.

Mr. Duehring, you had mentioned at the beginning kind of the benefit of having this transparency of education benefits, and I would argue consistency of interpretation for eligibility of those benefits.

If you both could address the following questions. May a Reservist veteran who separates after successfully completing his contract defer the start date for using the 1606 extension benefit and, if so, for how long?

Mr. WILSON. The issue of the 1606 delimiting date has been an issue that does cause confusion, and I will make a brief comment in a general term. I agree with the statement that the Guard, Reservist, and active-duty individuals do know about the benefits from a broad perspective.

The details, I think, are more difficult to get across to individuals, and I think one example of that is this portion.

The amount of time that an individual can use their 1606 benefits following separation from the Guard or Reserve, if they are activated, their delimiting date for use of those benefits is extended for a time equal to the time that they were on active duty plus 4 months. And that extension goes from the time that their normal delimiting date would occur.

So the extension of the delimiting date occurs at separation, so there is no additional time beyond that delimiting date for which the clock starts at separation. In other words, for lack of a better term, there is not portability as we normally think of it in active-duty Chapter 30 Program where you have a 10-year period.

It is not as if an individual has a 16-month window at any time following release from the Guard and Reserve that they can use their 1606 benefits. It is simply an extension of the delimiting date.

And since their delimiting date would occur when they separate from the Guard or Reserve, that would be the extension that they would get is 16 months from that point forward.

Ms. HERSETH. Just to clarify, I think I see what you are saying and it may have added. The delimiting date is from the time where they are eligible for the benefit, when they have signed up for the benefit?

Mr. WILSON. No.

Ms. HERSETH. Not signed up, but the delimiting date is—let me use just a hypothetical of my neighbor's son. Okay? So he was activated. He went into the Guard in 2000 or 2001. Let us say 2001. They were then activated in December of 2003 and were demobilized in March of 2005. He then chose to separate. He was unaware that he could use any 1606 benefits that had been accumulated after he separated.

Mr. WILSON. Following separation. And he would have had the period equal to the amount of activation plus 4 months from the point that he separated which is his delimiting date.

Ms. HERSETH. Which would bring us to, let us say, when they got back in March of 2005, he then separated in June of 2005, so he would have 16 months—no—he would have 20 months.

Mr. WILSON. He would have the length of time equal to his activation plus four months.

Ms. HERSETH. Plus four, so that brings us to, if someone can help me out, what date would that bring us to? June 2006.

Mr. WILSON. Approaching current date, I believe.

Ms. HERSETH. Nineteen months. By the time we give him this information, it is past the date. So now he has no 1606 benefits. Once we have clarified the confusion, it is too late for him.

Do we have any idea how many individuals are caught in that gap?

Mr. WILSON. We do not. What I do know is we have paid about 3,500 individuals under this clause. I do not know how many people would have been eligible because it would be dependent on the unique circumstances of the individual. In order to take advantage of it, they would have to go to school, of course, immediately following separation.

Ms. HERSETH. If you separate in June, you would have to take courses in the summer. You could not wait until the fall semester?

Mr. WILSON. If you did, you would be burning your delimiting date and not getting any benefit out of it because the clock starts at the delimiting date.

Ms. HERSETH. At the date of separation?

Mr. WILSON. The separation.

Ms. HERSETH. Okay. Mr. Duehring, did you want to add anything?

Mr. DUEHRING. Actually, we agree on this particular provision.

Ms. HERSETH. There is no disagreement anymore on how that is interpreted by DOD and the VA in terms of extending the delimiting date?

Mr. WILSON. That is correct. There is no disagreement.

Ms. HERSETH. But you are not aware of how many people either may have been eligible and were not aware because of maybe some initial confusion on how we interpret that and now their benefits have been foregone? No study or analysis has been done?

Mr. WILSON. I am not aware of any analysis, no. I will go back and look to see if we could have data that could hypothetically determine something. I do not know if we can or not.

What we are doing is preparing material that is going to go through DOD's chain of command to the units to ensure that clarity does exist at the unit level and DOD has agreed with this approach. We will providing that information to DOD any day. We do not have that rolled out yet, but we will shortly.

That does not address your concern, though, of the individuals that have separated. And we will have to do some analysis to see if we can come up with something.

[The following was subsequently received from Mr. Wilson:]

Education Service: Data on those potentially eligible for 1606 delimiting date extension since September 11, 2001.

Our best estimation, based on data from the Defense Data Manpower Data center, is that there are approximately 100K that meet the following criteria:

- Activated or deployed from a reserve component after September 11, 2001.
- Were at one point coded eligible to receive chapter 1606 benefit from their reserve component.
- Are not currently in the Selected Reserves (as of January 31, 2007—the most recent data we have).

We are unable to determine the impact of intangibles. For example, usage rate for the MGIB–SR is 42%, not 100%. Additionally, the MGIB–SR was not intended, and is ill-suited to serve as a readjustment program. The amount of the benefit (\$309 for full-time attendance) prohibits most individuals from pursuing full-time training following separation from the Guard/Reserve. Additionally, the REAP program pays a significantly higher benefit (\$645 for full time training following 1 year of continuous activation) than the MGIB–SR program. As a result, the incentive to remain in the Guard/Reserve created by the REAP program is greater than the incentive to leave the Guard/Reserve created by the MGIB–SR delimiting date extension.

Education Service: Please provide a clearer understanding of cumulative and consecutive service when it comes to 1606 delimiting date extensions:

Each active service period gets counted and the additional 4 months are attached to each period. Active service does not have to be consecutive. Example: A reservist is called to active duty for 1 year. He returns home for a year. He is called to active duty again for 1 year. He would be entitled to an extension of 1 year plus 4 months for each period of activation for a total extension of 32 months.

Ms. HERSETH. Then in terms of the consistency of interpretation between the VA and the DOD, is it based on consecutive or cumulative time of deployment?

Mr. DUEHRING. The proposal is cumulative. The existing rule now is consecutive time.

Ms. HERSETH. When you say the proposal, whose proposal?

Mr. DUEHRING. I believe it is in H.R. 1102.

Ms. HERSETH. Oh, you mean in one of our legislative proposals?

Mr. DUEHRING. Yes. There is a legislative—correct me if I am wrong on that—but it is now interpreted it is consecutive.

Ms. HERSETH. Has there been any discussion within the DOD given the Pentagon's recent change of policy as it relates to the call-up time for National Guard and Reservists limited to 12 months to make it cumulative for those that may have been deployed earlier?

Mr. DUEHRING. This area, certainly this is not the first time we have heard of it. This along with the other issues that—I am sorry—who mentioned it in their opening remarks about, you know, the changing benefits for retirements and so on and so forth are a part of a broad spectrum of changes that we are looking at that have come in from different Committees in Congress, come in from the field, come in from the Reserve associations.

And I think that is the wise way to do it. Quite frankly, it is an issue we need to address. We are well aware of it. But we have to look at the impact that it might have and not only on the individuals but on other programs that it would affect and, of course, the cost and so on and so forth. But definitely we are aware of that.

Ms. HERSETH. Okay. I appreciate that. I appreciate that you understand the Subcommittee's—I do not want to speak for the other Members, but the issue here of individuals that may have fallen through this gap. I think each State has done a good job, but I think some States have done better than others of making their

Members aware and educated about the benefits on the education side.

My concern is that of those National Guard and Reserve units that were among the first to be called up and then the first to come home and get demobilized that that process was not perfected in any way. Those are the individuals that were not aware that they had a residual education benefit that they could actually use post separation.

My time, I have gone way over. Let me recognize Mr. McNerney, if you have any further questions for this panel?

Mr. MCNERNEY. I do not have anything at this time. Thank you.

Ms. HERSETH. Mr. Moran?

Mr. MORAN. Madam Chairman, thank you.

Just let me ask you as representatives within the administration from the Department of Defense and Veterans Affairs, does the administration have any recommendations in addressing the issue that I raised just in my brief comments about the disparity between—do you recognize there is a disparity between the benefits received, educational, retirement, healthcare between active military and Reserve and Guard? Do you agree that the issue needs to be addressed and, if so, do you have specific proposals within the administration to do so?

Mr. WILSON. In terms of recognizing the disparity, yes. Many of the programs that we administer by design do have disparity between what an active-duty member can draw and what a Guard and Reservist can draw. That has been built into the programs themselves.

Concerning initiatives, I am not aware of any initiatives to address that within the Administration right now, no.

Mr. MORAN. Mr. Duehring?

Mr. DUEHRING. Well, I was just going to say I will probably use the word differences. There are differences between the Reserve forces and the active duty. We all know that.

And it is constantly being reevaluated because when we change from a strategic to an operational Reserve or as we change, shall I say, we constantly reevaluate compensation and a host of other programs.

And, again, as I alluded to before, they all overlap. It is like pulling a string in a rug. You pull one string and the whole rug shakes a little bit. And we have to be very, very careful, proceed cautiously.

I think in the five and a half years that I have been with the administration, I have seen some remarkable progress, remarkable cooperation between the Administration, the Congress, working with your professional staffers to iron out the little bumps in the road, the technical glitches, that we as a group have done a good job to recognize our people, to compensate them, to take care of the wounded warrior when they come back.

I personally believe that in my heart. And I see from day to day and I listen to what people are talking about and they are going in the right direction, maybe not as fast as some people would like us to go, but we are moving toward the goal of keeping that all-volunteer force sharp, ready, and the best people. And, gosh, I

guess the proof is in what you see out there. There are wonderful, wonderful folks doing a magnificent job.

Mr. MORAN. Mr. Wilson, I was in artful in phrasing my question because I assume you recognize that there is a distinction or a difference. It is there.

My question was, is there a belief that those distinctions, differences are justified or, as Mr. Duehring just indicated, we are constantly evaluating that, I assume from a fairness, a justice side, but from recruitment, retention?

It is just my theory or my thought is that our Guard and Reserve are asked to perform services in a much more continuing fashion, greater number of deployments, longer time of being away from family and work. And I was interested in knowing whether the difference in which we treat active military and our Guard and Reserve components is one that is—the differences that are still there are still justified.

Mr. WILSON. In terms of being justified or not justified, what I would say is that, as has been mentioned, we are constantly reevaluating these programs. The working group having understanding that there is a lot of frustration, that the working group has not provided their report. I think the working group is a demonstration of the understanding both from DOD and VA that these issues do have to be looked at.

And there is at least a situation where reasonable minds, whether they agree or disagree that the programs are currently the best that they can be, realize that there is an understanding that we have to address them and make sure that there is being done everything that we can do to improve the programs.

The 1607 program, I think, is a good example. We are pleased to be able to administer the 1607 program. That is an outstanding program. We have been paying that benefit for about a year now. And, fortunately, that benefit did go retroactive to September 1st.

So it did allow anybody that has been called up from Guard and Reserve during this period to take advantage of that benefit. And those are the type approaches we want to continue to take.

Mr. MORAN. I thank you for your answers and for your testimony.

And thank you, Madam Chairman.

Ms. HERSETH. Thank you, Mr. Moran.

And my concern related to what Mr. Moran's line of questioning pursued is that from a 2004 report and then reaffirmed in a hearing about a year ago, it seems that the Department of Defense—I know you testified that you are constantly reevaluating this. But it seems to me that so long as DOD is meeting its recruitment and retention goals, it is satisfied with the current benefit.

And while the current benefit has gone from 47 percent of the active-duty rate now down to about 29 percent of the active-duty rate, that even if it goes down to ten or fifteen percent or lower of the active-duty rate, as long as we are meeting recruitment and retention goals, people are going to be fine with the current benefit. That raises the equity issues that a number of the members here today have identified.

Mr. Duehring, during last fall's joint Committee hearing with the Armed Services Military Personnel Subcommittee, Michael

Domingus, Deputy Under Secretary of Defense, Personnel Readiness, said that the Reserve components, except for the Navy Reserve, were close to meeting their recruitment goals.

Do you know if that is still the case?

Mr. DUEHRING. Yes, ma'am. That actually is. And as I recall, the most recent data that I saw showed the Navy still is just a little bit down what I have through February of 2007 for this year.

The Navy has reached 90 percent of its goal. The Army Reserve was also below a hundred percent at 94 percent. The others were in excess of a hundred percent. And that is the most recent data I was able to get a hold of.

Ms. HERSETH. Okay. One last question for you, Mr. Wilson, based on my coffee conversation with the young men. Once that system was automated for Chapter 1607 benefits and when we had some of those questions over the last year to two years, they say it is working well except sometimes the checks are delayed. There is a delay in actually getting payment.

Do you know what the cause of that might be now that we have automated that system?

Mr. WILSON. The delay would be the lingering impact of the initial roll-out of the program. We have been paying the program for about a year. We are receiving a significantly higher number of claims than we had anticipated. We believe, again going back to the nature of the way it was implemented, we are paying benefits retroactive to September 11th of 2001.

So we are receiving a lot of claims in. And from an administrator point of view, those claims are difficult to administer. It does take a long time to work out the mechanics of those.

We have stood up what we call an automated payment system in our benefits delivery network system. But it does not automate the entire process. It does require manual intervention on most of these cases because of the amount of retroactive time that we are paying benefits.

Ms. HERSETH. Okay. Does it require manual intervention because of the way we have set this up in terms of a percentage of the active-duty rate based on less than a year activated, but less than 2 years activated? Is that part of the issue too?

Mr. WILSON. My understanding is no. The issue more is most of the claims that we are processing, certainly the original claims right now for REAP are cases where an individual drew 1606 benefits previously and we are required to go back and manually basically calculate the difference so we do not overpay the individual.

Ms. HERSETH. I appreciate the explanation. I hope that we continue to make progress, however, in decreasing the amount of manual intervention necessary so that once the claim is processed that the benefit can be delivered on time every time and not put these service men and women that are enrolled in school in a tough spot, even if it is only two or 3 weeks.

Mr. WILSON. Absolutely.

Ms. HERSETH. Okay. Dr. Snyder, did you have any questions for the panel?

Mr. SNYDER. No. Thank you.

Ms. HERSETH. Dr. Boozman?

Mr. BOOZMAN. No.

Ms. HERSETH. Thank you both very much. We appreciate your testimony and responses to our questions.

Just to emphasize, Mr. Wilson, if you can get us any kind of timetable by next Friday, we would appreciate that.

Mr. WILSON. Will do.

Ms. HERSETH. Thanks.

I would now like to call the panelists for next testimony. We have Major General Scherling, Major General Wofford, and Mr. Robert Norton, Colonel Norton, yes.

Our second panel of witnesses does include Major General Terry Scherling of the National Guard Bureau; Major General William Wofford, State Adjutant General of the Arkansas National Guard; and Colonel Robert F. Norton, Retired Deputy Director of government Relations of the Military Officers Association of America respectively.

You will each be recognized for your oral testimony. Your complete written statement will be made part of the record for this official hearing.

Why don't we start with you, Major General Scherling.

STATEMENTS OF MAJOR GENERAL TERRY L. SCHERLING, DIRECTOR, JOINT STAFF, NATIONAL GUARD BUREAU; MAJOR GENERAL WILLIAM D. WOFFORD, ADJUTANT GENERAL, ARKANSAS NATIONAL GUARD; AND COLONEL ROBERT F. NORTON, USA (RET.), DEPUTY DIRECTOR, GOVERNMENT RELATIONS, MILITARY OFFICERS ASSOCIATION OF AMERICA

STATEMENT OF MAJOR GENERAL TERRY L. SCHERLING

Major General SCHERLING. Chairwoman Herseth, Ranking Member Boozman, distinguished Members of the Committee, thank you for the opportunity to speak to you today. I greatly appreciate your commitment to our Nation's veterans and am pleased to testify on educational benefits for the National Guard.

Since its enactment in 1985, the Montgomery GI Bill has been a great recruiting and retention tool. In fiscal year 2006, nearly 90,000 Guardsmen and Reservists received educational benefits and almost 24,000 of those receiving benefits took advantage of the new REAP, Reserve Educational Assistance Program, designed to assist our troops who have been activated for at least 90 days since September 11th, 2001.

Together these two programs have assisted about 600,000 members of the Ready Reserve to further their education. These educational benefits are of great value to the Guard's men and women and to the American workforce.

The National Guard is transitioning to an operational Reserve, increasing our role both globally and also at home, and it is appropriate that the educational benefits reflect the deployment realities of the National Guard units and its members and taking into account both the Guard's contribution and sacrifices.

Thank you.

[The statement of Major General Scherling appears on pg. 39.]

Ms. HERSETH. Thank you very much.

Major General Wofford, welcome.

Now I understand that there are two Mike Rosses in Arkansas, at least two. I have met them both. I know one very well. I have met the other one given his leadership in the Gulf Coast recovery efforts after the hurricanes. Please extend him my best wishes, and thank you for being here today.

STATEMENT OF MAJOR GENERAL WILLIAM D. WOFFORD

Major General WOFFORD. Thank you very much. And I will certainly pass on your comments.

Chairwoman Herseth and distinguished Members of the Committee, I am Major General Bill Wofford, the Adjutant General of the Arkansas National Guard, and I sincerely appreciate this opportunity to talk to you today about educational benefits to the Guard and Reserve.

I would like to point out that as I speak to you today, not as a member of Department of Defense, but as representatives of the almost 10,000 men and women of the Arkansas Army and Air National Guard, so that is what I based my comments on today.

I will tell you that civilian education benefits are an integral part of our efforts to maintain a viable force to meet mission requirements. Individuals normally join the military for one of five reasons: training, education, adventure, money, or service to their country.

Now, statistical data and my recruiting force tell me that educational benefits is the primary reason an individual joins the Arkansas National Guard. I will tell you that the Arkansas National Guard has mobilized over 85 percent of our total force since September 11th, 2001.

A Cold War strategic reserve for which our National Guard and Reserve forces were organized and resourced for has evolved to an operational force that supports our active military every day. The increase in service and sacrifice that our members make should be met with equitable benefits as their active component counterparts.

I would like to focus my testimony primarily on GI Bill benefits and I would like to share with you a few stories to kind of bring this into focus.

My first story is about a young man that served 4 years on active duty in the Army in the early 1970s. Even though this was during the Vietnam War era, this young man was not called into combat. After departing the Army, this individual continued his civilian education using the GI Bill benefits that he had accrued to further his civilian career.

The second story is about a young man that volunteered to serve in the Marine Corps and ended up serving 1 year in Vietnam with the 1st Marine Division. A few years later, this individual returned to college, completed his last 2 years of his undergraduate degree, and 3 years of medical school using his GI Bill benefits.

Now, our third story has to deal with a young man who followed in his father's footsteps by joining the National Guard. Three years ago, a major mobilization of the National Guard occurred within the State where this individual was cross-leveled from the unit he joined into another unit that was deploying.

He went to the mobilization station. He trained with his new unit and he deployed to Iraq for 12 months and returned home and was transferred back to his original unit in March of 2005.

Four months after returning home from Operation Iraqi Freedom, his unit was mobilized and he was not required and he was not expected to return to combat, especially so soon after returning home. But he chose to go with his unit. As he said, this is my unit, these are my friends that I initially joined the Guard with, and I cannot let them go into combat without me.

Now, ladies and gentlemen, those are the kind of young men and women that we have got serving in the military today both on active duty and in the Reserve Components. And I am extremely proud to say that that young man is a member of the Arkansas National Guard.

Now, I would like to point out that our Guard and Reserve members are called upon more now than ever before to serve this great nation. And they continue to serve their states as well.

Over 8,500 men and women from the Arkansas National Guard have deployed in support of the Global War on Terror. Approximately 2,000 members have volunteered to serve more than one rotation and several hundred served for an extended period of time in support of Hurricane Katrina.

In Arkansas, we currently have 250 personnel on the southwest border serving in Texas, New Mexico, and Arizona. Our State was recently hit by a devastating tornado where 150 of our Guard personnel were called upon to provide support to the community of Dumas, Arkansas.

And I say that because I want you to understand that service to our country has not just increased for the National Guard.

Each quarter, we conduct the Camp Robinson Camp Pike Community Council. Camp Robinson is the headquarters for the Arkansas National Guard and Camp Pike is the location for a regional readiness command for the Army Reserve and the Marine Corps and Naval Reserve Center in Arkansas.

One of the purposes of the Community Council is to provide awareness of the military to our civic and business leaders in central Arkansas. During each meeting, the Guard and Reserve provide updates on their deploying units and also their units that are returning to home station.

Now, the civilians in the audience are not just civic and business leaders. Many are employers of our Guard and Reserve members. Some of our civic members are prior servicemembers and some are not.

However, regardless of whether or not they have previous prior military experience, they see the sacrifices that are being made by our Reserve component members and their families. These business men and women are also sacrificing while their employees are deployed. Yet, they continue to stand ready to support any way they can.

I do not want to imply that the Guard and Reserve are doing more than the active components. However, I would like to make note that at this time, equal service does not provide equal benefits when it comes to the GI Bill.

In 1985, Reserve component members were eligible for GI Bill benefits that equated to 47 cents to the dollar that an active component counterpart was eligible for. Today that ratio equates to only 29 cents to the dollar. So our benefits have actually decreased over the years.

Our active component counterparts are eligible to continue the GI Bill benefits after they are discharged from service. Guard and Reserve members normally are only eligible to use their GI Bill benefits while they are still an active serving member of the Guard and Reserve.

Regardless of the number of years of service and regardless of the number of times that a Guard or Reserve member has been placed in harm's way in service to their country, they are not eligible for the GI Bill benefits once they leave service.

Occasionally my office receives inquiries from parents asking why their son or daughter who is a former member of the Arkansas National Guard and who served in Operation Iraqi Freedom is not eligible for their GI Bill educational benefits. I honestly do not have a good answer for them. In the end, we have lost the support of those parents and most likely will not see their son or daughter get back in the Guard if they so choose.

I understand the GI Bill for the Guard and Reserve is not only a recruiting incentive, it is also a retention tool. If a Guard member wants to use the GI Bill, they have got to stay in the Guard. They have got to maintain their membership.

And I agree that we could possibly see a decrease in the GI Bill being used as a retention tool if eligibility is extended after a member is discharged. However, I would like for us to think, as an example, about the shortage of junior officers that we currently experience in the Guard and Reserve.

One of the requirements before an officer can be promoted to the rank of Captain in the Guard is you have got to have a 4-year college degree. It is difficult for a young person to juggle a career, college education, their family, and their military membership in the Guard or Reserve all at the same time. It is very difficult. In many cases, we are losing our best and our brightest because they are unable to meet the demands of their young life.

I believe if the GI Bill were received based on equal benefit for equal service, then we would see some more of our prior servicemembers that chose to get out of the Guard and Reserve coming back to us later on; one, because they were treated equitably, but they would be coming back with a college degree and be in a better position to become commissioned officers in our organization.

In closing, I would like to return to the three stories that I shared with you earlier. The first two young men that I discussed used their GI Bill to further their civilian education after leaving military service. Even though he had not served in combat during his active-duty tour, the first man furthered his education and later joined the National Guard. He served as a battalion commander during Operation Desert Storm and he served in various leadership positions throughout his 36 years in the National Guard. That individual is me.

The second individual that continued his civilian education using the GI Bill after he left the military, completed his 4-year degree, a medical doctorate, and later on a law degree. The individual has served our State and our Nation proudly since 1996 as a Member of Congress. That individual is your colleague and my Congressman, Honorable Vic Snyder.

However, for the rest of the story, the third individual I mentioned is Staff Sergeant Jason Bowan, Battery B, 1st Battalion, 142nd Field Artillery, Springdale, Arkansas.

As I mentioned earlier, he was transferred from his unit in northwest Arkansas to fill a vacancy in the 39th Brigade Combat Team that mobilized and deployed to Iraq, returning in March 2005. In August of 2005, just a few months later, he once again left his family and placed his civilian career on hold to do what he thought was right, what he thought was right for his fellow soldiers and for his country.

And I am thrilled to share with you that Sergeant Bowan is back home with his family and is again continuing his civilian career after having spent 24 months in combat during the last 3 years.

Unfortunately, Sergeant Bowan has decided that he wants to leave the National Guard so he can continue his civilian career uninterrupted. I think it is extremely unfair that by getting out of the Guard, he loses his education benefits under the GI Bill unlike the active component counterparts that he served with side by side during Operation Iraqi Freedom.

The disparity in benefits is difficult to understand and it cannot be explained satisfactorily to our Guardsmen, to their parents, or to me. And I do not have all the answers on how to make the GI Bill more equitable. I do not know what the cost would be for the proposed changes in the bill.

I can only speak from my personal experience of the opportunities that the GI Bill gave me in my life. And on a larger scale, I think our communities would benefit as there would be an increase in higher educated individuals in our society. And in the long run, I think the military would possibly see prior servicemembers returning to the military with a higher level of education.

I thank the Committee for the hard work that you are doing, your dedication to your country, and your continued support for our military. Thank you very much.

[The statement of Major General Wofford appears on pg. 39.]

Ms. HERSETH. Thank you very much, Major General.

Colonel Norton.

STATEMENT OF COLONEL ROBERT F. NORTON

Colonel NORTON. Thank you, Madam Chairwoman and Ranking Member Boozman, for this opportunity to testify today before you on behalf of the 362,000 members of the Military Officers Association of America on this very important issue.

MOAA is an original founding member of the Partnership for Veterans Education, which includes all of our colleagues in the military coalition, 35 organizations, and also organizations representing higher education.

A number of those organizations are here today, including the American Council on Education, our great friends in the American

Legion who strongly support integrating the Montgomery GI Bill, the VFW, and a number of others.

Madam Chairwoman, MOAA is extremely grateful to you and Ranking Member Boozman for the strong bipartisan leadership you have shown on this issue as original cosponsors of House Resolution 1102.

We are also grateful for the bipartisan support shown by Representative Vic Snyder, the Chairman of the Military Personnel Subcommittee of the House Armed Services Committee, for improving Reserve Montgomery GI Bill benefits.

I want to focus my remarks on debunking the myth that improving the Reserve Montgomery GI Bill would hurt recruitment and retention, especially retention, in our Guard and Reserve forces. The reality is that improving benefits under the two Reserve programs would actually drive better recruiting and retention in the Guard and Reserve.

Retention and recruitment are under enormous strain as General Wofford, has alluded to as the War in Terror goes on into its fifth year. The services need every tool in the tool kit to attract and retain men and women for active duty or Reserve service. The MGIB, the Montgomery GI Bill, is one such tool in the tool kit.

In failing to advance even modest upgrades in the Reserve programs, the Pentagon, in our view, has missed opportunities to strengthen Reserve retention and readiness. How so? Let me offer three examples.

The basic Reserve Montgomery GI Bill under Chapter 1606 requires continued service in the Guard or Reserve to retain benefit eligibility. If you get out, you lose it.

In our view, DOD could and should have sponsored removing the 14-year ceiling on in-service usage of the benefit but has never brought that forward. That alone would have been a strong incentive to over-stressed, mid-career Guardsmen and Reservists trying to decide with their families and with their employers whether they could continue to participate in the new operational Reserve. In other words, whether to stay in or get out.

The second example, since 9/11, basic benefits have dropped off sharply against the active-duty benefit as General Wofford has indicated. Before 9/11, they paid roughly 50 cents to the dollar for active-duty GI Bill benefits. Today they pay only 29 cents to the dollar.

So instead of getting \$500 per month for in-service use of their benefit, Reservists and Guard's persons are only getting a little over \$300 per month. That is clearly not enough money for schooling today and it is hardly much incentive at all to remain in the Guard and Reserve after the initial contract obligation.

If the administration had recommended even modest stair-step increases to the basic benefit since 9/11, the Guard and Reserve would be in a much better position today to, I will call it, sweeten the pot on continued service in the Guard and Reserve in addition to service cash bonuses and other incentives.

Unfortunately, as you know, the Pentagon has now testified three times, with a modest exception that you heard about earlier, three times in a row that essentially there is no need to make any adjustments to the Reserve programs.

And I believe, frankly, that the modest adjustments that were offered here today that are coming forward from the administration reflect the persistence, the pressure, and the interest from your Subcommittee and from the Armed Services Committee that the Montgomery GI Bill for Reserve and Guard is broken and it needs to be fixed.

Under operational Reserve policy, Reservists are now required to be on 1-year tours of active duty every five or 6 years. Since 9/11, over 85,000 members of the Guard and Reserve have already served two or more tours and nearly 600,000 have served overall. They are so busy with their training and deployments that they do not have time enough to use their benefits in service.

I was talking with General Wofford before the hearing began and he indicated that of one Arkansas' units—I believe it is your Infantry Brigade—served in the early days of the Global War on Terror in Iraq and they are in the pipeline, they are in their recall pipeline. They have returned home. They are going to be called up and deployed back on active duty within a 3-year window.

Now, that is the same as the active services deployment cycle. And, yet, every member of that brigade who served then, if they go back on active duty in the coming deployment next March or April of 2008, they will be ineligible to earn extra Montgomery GI Bill benefits defending this Nation in the War on Terror when they are deployed.

Now, that sends a very strong signal to them, to their families, and to the prospects that they have. Why should they stick around? What is the incentive?

If they have got to go back on active duty every five or 6 years, we, the Nation, owe them the opportunity to earn additional Montgomery GI Bill benefits for their service for the reasons that the General pointed out in terms of the professional development of the Officer Corps, in terms of retention, in terms of doing what is right, fair, and equitable for these great young men and women.

That leads to my third point to debunk the myth, and really I have already covered it, the myth that the total force GI Bill would hurt retention. Under the bill that Chairman Snyder has sponsored and you have cosponsored along with the Ranking Member Boozman, mobilized Reserve and Guard members can earn entitlement for the GI Bill every time that they are activated, but that is not true today. They only get credit for one tour.

Under the proposal, there is a built-in incentive for our Guard and Reserve volunteers to continue to serve because they know that if they are called up again, if they do subject themselves to continued service and sacrifice in the Guard and Reserve, they will continue to earn Montgomery GI Bill entitlement up to the 36th month maximum entitlement. That adds incentive for continued service. It is not a disincentive toward recruitment.

Let us also consider the fact that active-duty service men and women have a readjustment benefit under the Montgomery GI Bill. And the Pentagon has not objected to raising active-duty rates for fear of hurting active force retention. Not in the 20-year history of the Montgomery GI Bill has the Pentagon said they are worried that active-duty veterans are going to leave because of the readjustment benefits under the Montgomery GI Bill.

Reserve and Guard veterans of Iraq and Afghanistan earned VA healthcare benefits, VA disability payment opportunity if they are disabled or wounded in combat. They are eligible for VA home loans and on and on. The only veterans' benefit denied them for their service and sacrifice to the Nation in the War on Terror is access to their mobilization GI Bill benefits when they complete their service, whether that is 6 years or 35 years.

Madam Chairwoman, the root question, and I will call it as Congressman McNerney said, the "cockroach under the couch", the root question lurking beneath this issue is a fundamental one. Are our National Guard and Reserve men and women who serve on active duty defending the Nation in the War on Terror, are they veterans or not?

If the answer is no, Congress does not see them as fully deserving of all veterans' benefits. And if that is the case, then there is no reason for House Resolution 1102 or this hearing for that matter. Leave the Reserve Montgomery GI Bill in Title 10 and just use it as a weak recruiting tool to support recruiting.

We believe that the Subcommittee and Congress see it differently. We believe and we are confident that the American people, Reservists, and Guardsmen themselves do not see it that way. Operational Reservists are serving repeatedly on active duty. They are in the surge. They are in harm's way.

Congress should not give them any of these benefits. They have earned them through their service and sacrifice, and it is time to swiftly enact House Resolution 1102, the Total Force Montgomery GI Bill.

Thank you, Madam Chairwoman and Congressman Boozman, for your leadership on this issue, and I would be happy to answer any of your questions.

[The statement of Colonel Norton appears on pg. 41.]

Ms. HERSETH. Well, thank you very much, Colonel Norton. We appreciate your insights and perspectives and working closely with us and Committee staff to address the inequities that many acknowledge exist.

Major General Wofford, thank you very much for your testimony, and Major General Scherling as well. I appreciated in particular your willingness to share your story and Dr. Snyder's, some of which we were familiar with.

Let me go to the third individual you described. You mentioned that he is going to separate from service to pursue his civilian career and described sort of the difficulty of these men and women kind of juggling everything at the same time with full-time employment, education, family, continued Guard service.

Based on current policy, as Mr. Duehring explained, the extension of the delimiting date is based on consecutive months of active-duty service versus cumulative. Even if this young person were in a position, in addition to his career, to also access the benefits post separation, he would be at a disadvantage because he served a number of months cumulatively, but it would only count, the extension of the delimiting date would only count, for the consecutive months of either his first or second tour, is that correct?

Major General WOFFORD. That is correct. As I understand the way it was explained, that is correct.

Ms. HERSETH. And that extension, that is not going to be sufficient for many, particularly if there are family obligations, or civilian career obligations.

But if we, based on what Dr. Snyder, Mr. Boozman, and I, the legislation that we have supported where you allow a 10-year window and post-separation use, you may, just as you described, have someone who returns and for career opportunities or financial reasons who cannot take advantage of the education benefits in that 16-month timeframe, but certainly could four or 5 years down the road.

Major General WOFFORD. Madam Chairwoman, you are exactly right. And it depends on the individual. Every little bit helps. But based on the computation or the calculations we were given, that might help for a semester or a couple of semesters. And that is if the individual goes back to school right now.

If he is wanting to pursue his career and continue to take care of his family, he may opt to wait to finish his education a couple of years down the road, way too late to use any of the benefits he has accrued. And I think that is the point.

Ms. HERSETH. I think that is an important point. I am aware of Reservists in South Dakota who after their deployments, they come home. I will just use the example of a high school friend of mine. He is a teacher and coach in high school up in the northeastern part of the State. He comes back and his wife tells me, well, you know, he sort of wants to do something different.

Now, he reenlisted in the Reserve while he was deployed, but if he had not done that, and for financial reasons, because they have three little girls, he continues in the school district, but because of just how each individual is changed during a deployment and the family circumstances coming back, he would have to go to school right away despite the fact that he has got, you know, his family that he and his wife both work to support. It really narrows his opportunity even though he was deployed for 16 to 18 months. It is almost like forcing them into an unreasonable time table.

I am sorry I am not posing a question, but it is the readjustment issue, and it goes to what Colonel Norton just said, are they veterans or not? I think the answer is yes. Even if they reenlist in the Selected Reserve, they served. They are a veteran. They qualify and they should be treated to the same type of equity and adjustment that those that leave active duty deserve to give them some degree of flexibility given their circumstances.

Major General WOFFORD. Madam Chairwoman, if I could, you have got an excellent understanding of the situation. Our redeploying soldiers need some time to decompress once they return from combat.

With the daily stress of combat, being away from their home and from their job and their families for extended periods of time, 12 months in combat, if you add on the three, four, 6 months prior to that in training, preparing to deploy, they have been gone for quite a period of time.

Most individuals are not ready to jump right back into the stress of daily life. There has got to be an adjustment period. We are seeing this through the VA system with our soldiers that are returning, as you know. And the problems that surface do not surface the

day they come home. It takes months, 3 months, six months, 9 months, before you actually realize somebody may need some help or they need more time to decompress.

So the education benefits, they are not there when they need them.

Ms. HERSETH. I am glad you mentioned that. My time is up, but I want to ask one more question before turning it over to the Ranking Member.

I am sure, just as in South Dakota with General Gorman, that under your leadership with the Arkansas National Guard that as you had those initial units mobilize and then come home and demobilize that you were providing as much information and comprehensive information as you could based on the interpretations of the law for those new benefits at the time.

But just as in South Dakota where we had individuals fall through the cracks who were not aware that they had this extension of their delimiting date and sort of the whole issue of decompressing. The two Guardsmen I just saw last weekend said that we get all that information and it is helpful, but it is a little overwhelming when we get it all at one time.

Are you aware of the possibility of some of your National Guard's men and women who may have fallen through these early cracks, too, where the time now has expired to access those 1606 benefits because of that extension?

Major General WOFFORD. Yes, ma'am. And it goes beyond just the educational benefits. It goes in some cases to health benefits as well. As individuals return and they are demobilizing at a demobilization site and they are supposed to go through the medical screening, the physical, and all of the briefings to demobilize them, they have got one thing on their mind and that is to get home. They do not care what is being presented to them.

And I hate to say that. That sounds unfair to our soldiers. But their focus is getting home to their families, getting back to their jobs, and getting back to a normal life. So what they may be told, what they may be briefed, and we do this over and over again, but we see it; their focus is elsewhere.

And so we have got to go back 3 months later and rebrief our soldiers on the benefits that they are eligible for, the VA health benefits and anything else they are eligible for. At that point, as you have already alluded to, the education benefits may have already expired.

Ms. HERSETH. I may come back with a follow-up. I want to turn it over to Mr. Boozman for questioning.

Mr. BOOZMAN. Thank you, Ms. Herseth.

General Scherling, the Secretary noted the need to balance retention with benefits. Would you agree that how we treat returning members, and Ms. Herseth really alluded to this and we have been talking about this, but would you agree that how we treat returning members of the Guard and Reserve following deployment is a significant retention tool in itself?

And I guess you all are talking about a National Guard proposed return reunion program, the R&D program. We were in New Hampshire and we were very impressed with what they are doing up there in that regard.

Can you give us a little bit of feedback on that and tell us?

Major General SCHERLING. Yes, sir. We are very pleased that the National Guard has leaned forward to put together a proposed program which is over at DOD right now. The law requires that we offer transition assistance to our returning soldiers and airmen.

In this particular case, you just talked about how anxious they are to get home and that is very true. We have not probably done as good a job as we should do in the five or so days that the soldiers get full of briefings, physicals, and those types of discussions.

What we are proposing is that we establish a network of transition assistance providers across all the States that would be accessible to all Reserve components.

Also, another significant part of that program is that we authorize enough days, and I am talking about 15 days or up to 15 days, for the soldiers to complete the required process.

What we want to do is to do this transition program at home station so that the soldiers have an opportunity, as the General mentioned, to go home, be with their families, get through their physicals, conduct their briefings, go home and talk over with their spouse whether or not they want to go back to school, are they going to go back to their job. They have their ESGR benefits discussions at that point. And we feel that it would be very, very beneficial.

Mr. BOOZMAN. General Wofford, do you believe that providing a post-discharge benefit for those who do not serve on active duty will hurt retention? And do your Guardsmen have other reasons for remaining in the National Guard?

Major General WOFFORD. Our members do have a number of reasons why they remain in the National Guard and for the same reasons that they get in. Part of it is that they enjoy being part of the military. They enjoy the discipline, appreciate the discipline that they received in the military that they do not get outside the Guard. But certainly educational benefits is something that is high on their reason for staying in.

As far as those that do not serve on active duty, that being a retention tool to keep them in, what we are seeing is if an individual has made up their mind that they want to leave the service, whether it is the Guard or Reserve, education benefits is not the thing that is keeping them in to begin with. Okay? It sounds good.

If the educational benefits were such a strong retention tool, then why does the active component not use the same logic and not give them educational benefits when they get out of the Army? I mean, to me, if it applies to one, it ought to apply to the other.

Mr. BOOZMAN. My dad was in the service and grew up in a military family. But the Guard then was a different deal than the Guard now. We have an old Guard and we have a new Guard as far as what is expected of them.

And their mission has changed so dramatically in the last few years. And it looks like that that mission is going to go ahead and continue. But it looks to me like your incentives have to change with that.

And I think, as the Colonel alluded to, in fact, all of you can disincentivize where if you are in the same situation and in some instances, deployed more than the guy that is in the regular mili-

tary certainly is in harm's way as much or more or certainly equal, that you can get the disincentive of the bad feeling in your gut, you know, that you are not getting a fair shake. And it actually goes the same way. So, again, it is just something that we have got to get sorted out.

I guess you all are familiar somewhat with Dr. Snyder's bill. Can you tell us?

I do not think I have to ask Colonel Norton at all. But both of the Generals have been around for a while and served in a variety of different capacities.

Are you on board with what we are trying to do and can you just comment? Do you feel like if we get this done, is this going to cause retention problems for you or will it go the other way and actually solve some of these problems that have been alluded to in making things much fairer and may actually be a benefit?

Major General WOFFORD. Sir, I cannot speak for General Scherling or for the National Guard Bureau, but an Arkansas perspective. And I worry about recruiting and retention every day. I mean, that is part of my job.

I am not concerned about this bill affecting my ability to retain soldiers in the Guard. Is there some risk? Certainly, because this is one more tool or one more incentive that we cannot hold over their head or, I guess, a handle we hold over their head.

The incentive that I see is that we are providing what we consider equal treatment that we use to publicize, to get them in. I think strong leadership and taking care of your soldiers and your airmen is what keeps them in. It is not the fact that you are going to take away an educational benefit if they get out.

So I have got strong feelings about taking care of our soldiers and airmen. And that is why I am here today is because I want to see them treated fairly for the service they have provided, especially if they are deployed in combat.

Am I willing to take a risk on the retention part of it? I am, because I think this bill is worthwhile. So I support the bill.

Major General SCHERLING. I would like to say thank you to the sponsors of the bill. I think it is a legislation that is going to enhance the benefits for our members.

I would tell you that at the present time, both Army and Air Guard recruiting and retention rates are relatively high. It is hard to determine whether or not the operational commitments are going to keep them high. And this legislation provides an opportunity for us to try and keep the rates as high as possible.

Thank you.

Mr. BOOZMAN. Colonel Norton, give us a very eloquent—you say it so well for the record.

Colonel NORTON. Well, I think you know my feeling about it. And I think you pointed out, Mr. Boozman, that the conditions of service today are extremely different than they were during the Cold war.

And I think when you look at the compensation package, both direct and indirect compensation today for our volunteers, we are talking about an all-volunteer force both active duty as well as Reserve and National Guard. They serve because they want to serve. They want to be there. There are many different reasons that at-

tract them into the service. But at the end of the day, it is a voluntary commitment to do that.

So it seems to us really illogical and counterproductive to have one of those benefits that is conditional upon a compelling requirement. In other words, you must stay in order to keep this benefit. That is not how we structure the compensation package. We structure it because we know they are all volunteers. We know that they want to serve, and they have earned these benefits.

I would also point out that, and this is frankly a sad reality of how we think compensation has not evolved overall for the active and the Reserve forces since 9/11 to keep pace with the enormous stresses that these men and women are under.

For example, the Defense Department fought tooth and nail about expanding access to the military healthcare system, TRICARE. Said they did not need it. It was not necessary for recruiting, and so forth, and so forth.

Congress saw the wisdom of expanding of TRICARE for the Guard and Reserve. We have other things that I think Congressman Jerry Moran was alluding to, Reserve retirement, the GI Bill. This is a force today that is not a Cold war era Guard and Reserve force.

You know, when I was serving in the Army Reserve, they used to kid about smoking and joking in the drill hall. That is clearly not the nature of service today in the Guard and Reserve. They are fully integrated in every operation.

The compensation and benefits package needs to keep pace with the reality of their service today. If they are integrated operationally on the battlefield, then their benefits ought to be commensurate and equitable in terms of the nature of that service.

Mr. BOOZMAN. Thank you.

Ms. HERSETH. Thank you, Mr. Boozman.

Dr. Snyder?

Mr. SNYDER. Thank you all for being here.

General Wofford, it is good to see you. I just had a quick comment.

You know, our friends at DOD, I think, do an excellent job and have for some years now about talking about the changing nature of warfare and the changing nature of our adversaries. They have been ahead, I think, of the rest of us in pointing out that we are not fighting the Cold war. We have a different threat out there.

And so then it gets frustrating, I think, for some of us when we see Cold war thinking come back around. I saw it in the written statement, the reference to, well, it is not a big problem, readjustment, because all the Reserve component folks are going to come back to their job.

Well, I think there are two aspects of that. And I have seen them all. Number one, the job may not be there, not because of any disservice, you know, some employer not treating a Reserve component person right, that it just may have disappeared, that, you know, the economy turns over so much.

The second thing is that I think younger people have much more of a sense of the changing nature of the economy and when they come back, it is a natural point for them to say is this the time

when I want to upgrade my skills so that I can be a bigger participant in this ever-changing economy.

I know one of my folks that you know, General Wofford, I think it was the second day back on the job after having gotten back from his Iraq tour, wanted to sit down with me and talk about, you know, obviously the Federal government did not shut down, he still had a job with me, but wanted to talk about what his changing role might be in the office because he felt much more confident about his skills and what he had done as a young officer.

I suspect that is the nature of a lot of these folks. So it is a bit discouraging to kind of hear the attitude of, well, you know, we took them out of a manufacturing plant and they went off for 14 or 16 months and come back and go right back to the plant. That is not how the economy works.

And I think what we are about and what you are about helping in this is to recognize that everything has changed since the Cold war not just the threat but also the economy and the world that our Reservists come from and go back to.

The final thing I want to say is we concentrate a lot today about the Reserve component. But ultimately part of this has to do with the fact that as time goes by, we recognize the escalating costs of higher education for all veterans and all people. And the benefit is not what it was after World War II in terms of what it would buy in the educational market, and that is a long-term but obviously more expensive goal also.

But thank you all.

Thank you, Madam Chair.

Ms. HERSETH. Well, thank you, Dr. Snyder, and thanks for joining us at the Subcommittee today and for the hearing that you had a couple of weeks ago.

I have just a couple of quick follow-up items.

For the Generals, were you aware at the outset that Guard and Reservists could use their remaining 1607 entitlement for the number of months they were activated plus 4 months from the get-go?

Was there a lag time between when that became policy and when you or the folks that you work with who administer and share information with Guard and Reservists, that there was an extension of that delimiting date post separation?

Major General WOFFORD. Madam Chairwoman, if I could, I hate to admit this, but I did not have a real good understanding of the difference between Chapter 1606 and 1607 until just recently. It has been out there. Our folks in the field were aware of it. We have briefed our soldiers on it.

To be honest with you, as far as the delimiting date, I do not think we had a real good understanding. I personally did not. Like I said, I am embarrassed to admit that.

Ms. HERSETH. I do not think you should be. Whenever you add a new benefit and then how the policy changed to allow the extension of the delimiting date for six when there is clearly confusion from a number of folks I have talked to, whether it is the Adjutant General or the folks that are more directly responsible with sharing some of that information.

Major General WOFFORD. And I think 1607 was great. And that was the thing I liked about it because it recognized those individ-

uals that were mobilized or served on active duty gained an additional benefit. The delimiting date was not real clear in my mind.

Major General SCHERLING. Madam Chairwoman, the staff informs me that we were not aware and as a result, there was a lag time.

Ms. HERSETH. I appreciate that.

And, Colonel Norton, thank you again for your responses to Mr. Boozman's questions.

I see that Mr. Wilson is still here and I should have followed up with you. Would you mind coming for—I just have one follow-up, because I asked Mr. Duehring—no. It is more the reaction I saw on his face—

Mr. WILSON. The dreaded follow-up.

Ms. HERSETH. —earlier and I should have followed up and did not. It just goes to the issue again of what was reported at the end of January in Military.com. I know that Mr. Duehring responded and I do not think I gave you the opportunity to, as it relates to while it may be the policy that it is the consecutive months on active duty that are used then, plus the four months to determine the extension of the delimiting date is it the practice at the VA to do it cumulatively if there has been more than one deployment?

Mr. WILSON. I will provide a definite answer very shortly. My understanding is that it is cumulative. It is administered cumulatively. And if I could be allowed to make just a couple points.

Ms. HERSETH. Certainly.

Mr. WILSON. The delimiting date extension applies to 1606 benefits, not 1607 benefits. And the term is used both ways, I believe.

And concerning the policy issue, we have been administering the benefit in this same manner since 1993. There has been no change in policy. There has been changes in individuals at both organizations. And that has led to what I believe was an institutional loss of that knowledge that required discussions.

Ms. HERSETH. Thank you. I appreciate that. I think you may have provided that clarification at the Armed Services Subcommittee as well or in some discussions with staff because I believe I remember seeing that that was a change made in the early 1990.

I appreciate your clarification. I am not convinced that the confusion does not still exist.

Mr. WILSON. I understand.

Ms. HERSETH. We will certainly work with you, with the Guard Bureau, with the State Adjutant General. Mr. Boozman and I and all the other Members of the Subcommittee and clearly Dr. Snyder just want to be in a position to help the most effective administration, whether it is 1606 or 1607, as we work to enact legislation to address some of the equity issues that have been discussed today.

Mr. WILSON. I will look forward to that.

Ms. HERSETH. Thank you, and thank you for staying for the remainder of the hearing. I hope you will continue to do so in future hearings. Thank you.

Mr. Wilson, I was hoping that you could send over sort of a clear written explanation of how it has been administered and what your interpretation has been.

I think you mentioned that you would give a more definitive answer. And if you could provide that perhaps by the end of next week as well, that would be appreciated.

Mr. WILSON. Absolutely. Yes.

Ms. HERSETH. Thank you. Thank you.

Mr. DUEHRING. He will not stay for the rest of the hearing if you call him back.

Ms. HERSETH. That is what I was afraid of. That is what I was afraid of. If you do, I will assure you I will try to get in all of my questions when you are up on the panel. But thank you very much because oftentimes in our subsequent panels, other issues are raised and it is always helpful to be able to come back to some of that.

I thank all of you for your insights. I think in particular some of what our Generals provided us today on the retention issue as we await the report from DOD and VA Working Group will help us and provide us some insights in evaluating just what the impact will be and, of course, the risk associated and the willingness of some to take the risk because of the strong leadership that they have demonstrated in meeting retention goals.

Thank you very much.

Well, I believe since we did have votes just called now, too, even though we thought that would happen over an hour ago, the hearing of the Economic Opportunity Subcommittee now stands adjourned.

[Whereupon, at 3:50 p.m., the Subcommittee was adjourned.]

A P P E N D I X

PREPARED STATEMENT OF HON. STEPHANIE HERSETH, CHAIRWOMAN, SUBCOMMITTEE ON ECONOMIC OPPORTUNITY

Good afternoon. The Veterans' Affairs Economic Opportunity Subcommittee hearing on the education benefits for National Guard & Reserve members will come to order.

As the lone representative from South Dakota, which this year will have about 2000 veterans use G.I. Bill payments for their education, I have an especially strong interest in exploring options to improve and modernize the Montgomery G.I. Bill (MGIB), particularly for National Guard and Reserve service members.

Ranking Member Boozman, I look forward to working with you, all the Members on this Subcommittee, and our colleagues on the Armed Services Committee to update this important program.

Since the MGIB was enacted more than 20 years ago, our nation's utilization of the Select Reserve forces has dramatically increased. When the Montgomery G.I. Bill was signed into law in 1984, servicemembers of the Guard and Reserve were rarely mobilized, and that simply is not the reality today. Indeed, today's citizen-soldiers are serving with distinction and have sacrificed a great deal in our efforts in Iraq and Afghanistan. Unfortunately, although they are being called to duty and mobilized for extended periods of time, their educational benefits do not reflect their increased service to our Nation. These patriots have earned and deserve high quality education and training benefits to be used in a fair and equitable manner.

I would also like to welcome all of today's witnesses, and I very much appreciate your testimony as your views and insights are critically important to us as we go about examining this issue. I am particularly interested in understanding and exploring the views and perspectives on the proposed "Total Force G.I. Bill." This proposal would, among other things, organize all G.I. Bill programs under Title 38 and provide a 10-year portability of Chapter 1607 benefits. I believe these concepts would help reflect the reality of the Total Force Policy. However, I understand there may be concerns about how this proposal may affect retention, so I look forward to hearing from our witnesses.

Much progress has been made in education benefits for National Guard & Reserve members. However, I think everyone would agree that we must remain vigilant to maintain against any decline in benefits. Veterans, servicemembers, and military families of this nation deserve our best efforts and I plan on working with my colleagues to examine and develop policies aimed to improve readjustments services for our men and women in uniform.

PREPARED STATEMENT OF HON. JOHN BOOZMAN, RANKING REPUBLICAN MEMBER, SUBCOMMITTEE ON ECONOMIC OPPORTUNITY

Madame Chairwoman, Thank you for holding this hearing. I know that we were originally scheduled to conduct a joint hearing with Chairman Snyder's Subcommittee on Military Personnel but events at Walter Reed necessitated he change his focus for the moment, and rightly so.

Today we will hear from several witnesses on modernizing the GI Bill, especially as those benefits apply to members of the National Guard and Reserves. As you know, you and I are both original co-sponsors of Chairman Snyder's HR 1102, and I look forward to working with you and my fellow Arkansan to craft changes that complement our ability to recruit and retain the forces we need while treating those who defend us fairly. That will not be an easy task, and today's hearing is an important part of that process.

I suppose my basic approach is that you cannot retain someone you don't recruit. So, a benefit must first attract someone to military service. Hopefully, once someone

joins, aspects of military life such as comradeship, adventure, training, and just plain old patriotism will convince members to stay regardless of whether there are post-discharge benefits. For those who choose to leave, we should be wise enough to thank them profusely for their service and make them aware that they are always welcome back to the family.

Having said that, none of us on this dais can ignore the fiscal realities facing Congress. The question then becomes, is it fair to the taxpayers to pay more than needed to attract good people to military service? I would say that again, we must balance the levels of benefits with what is needed to recruit and retain members.

Madame Chairwoman, I am looking forward to hearing from today's witnesses including Major General Wofford, the Adjutant General of the Arkansas National Guard. I found his written testimony particularly poignant and recommend it as a good read.

STATEMENT OF HONORABLE CRAIG W. DUEHRING, PRINCIPAL DEPUTY ASSISTANT
SECRETARY OF DEFENSE FOR RESERVE AFFAIRS, U.S. DEPARTMENT OF DEFENSE

INTRODUCTION

Chairwoman Herseth and Subcommittee Members, thank you for the opportunity to testify about the educational assistance programs that have been so effective in helping the Department achieve its force management objectives while providing our servicemembers with a valuable benefit that helps them achieve their educational goals. Today, we are here to discuss changes to the two Reserve educational assistance programs—the Montgomery GI Bill for the Selected Reserve (MGIB–SR) and the Reserve Educational Assistance Program (REAP). These two programs were designed as incentives to encourage members to remain in the Selected Reserve. Today, we will discuss, among other issues, whether the reserve educational assistance programs also should provide a post-service education benefit. I would first like to briefly describe the Selected Reserve force today, how the two reserve educational programs—as they exist today—help us maintain that force, and then describe various changes to these programs we would like to make.

MONTGOMERY GI BILL FOR THE SELECTED RESERVE

Just under 50 percent of members serving in the Selected Reserve today are within their eight-year military service obligation. Even those with a remaining service obligation, unless they have committed to service in the Selected Reserve in exchange for an incentive, can transfer to the Individual Ready Reserve at any time. Thus, incentives are an important tool in manning reserve units. To illustrate, the typical Infantry Brigade Combat Team (BCT) is made up of 313 officers of which 76 percent are company grade officers and 3,439 enlisted personnel of which 82 percent are E–5s or below. Data show that the majority of enlisted personnel (75%) who use MGIB–SR benefits are E–4s or E–5s, and the vast majority of enlisted personnel are pursuing an undergraduate degree (90%). Co. grade officers are the predominate users of the MGIB–SR program (70%) with 95 percent of officers pursuing an undergraduate or graduate degree. This is the target population we need to man our force.

To sustain the All-Volunteer Force, particularly in the Guard and Reserve where the majority of Selected Reserve members may quit at any time, we need every tool available to get members to commit to service in the Selected Reserve. The Montgomery GI Bill for the Selected Reserve (MGIB–SR) helps us do that by requiring a member to commit to 6 years of service in the Selected Reserve to gain eligibility for MGIB–SR benefits. Of the 326,000 Selected Reserve members who made that commitment and are currently eligible for MGIB–SR benefits, 182,000 (56%) are within their 6-year service obligation.

RESERVE EDUCATIONAL ASSISTANCE PROGRAM

The new Reserve Educational Assistance Program (REAP) was developed to reward Guard and Reserve members who are being asked to serve more frequently and for longer periods. It was designed to provide a richer educational benefit to Guard and Reserve members who serve in support of a contingency operation. A member who serves as few as 90 days is eligible for \$430 a month in educational assistance for up to 36 months. The only requirement is that the member continues to serve in the Selected Reserve, or Ready Reserve if the member was serving in the Individual Ready Reserve (IRR) when he or she was called to active duty. The benefit level increases to as much as \$860 per month if the member serves for 2

years. This is actually a richer benefit than the active duty MGIB benefit for 2 years of active duty service. This is because the reserve member does not have a payroll deduction to become eligible for the REAP benefit.

Our most recent survey data show that 81 percent of reservists were full-time employees when they were activated. Twenty-eight percent reported that they did not return to the same employer, while eight percent were not in the workforce at the time they were activated. The survey data also show that 26 percent of reservists were enrolled in a civilian education program at the time of their most recent activation with approximately two thirds enrolled as full-time students.

A TOTAL FORCE GI BILL

Last year, Congress heard testimony urging the Congress to consolidate the three separate educational assistance programs into a "Total Force GI Bill." In fact, legislation has already been introduced that would place the two reserve programs in title 38 along with making some modifications to each program. The Department strongly supports changes to the reserve educational assistance programs that help sustain the Reserve components and the All-Volunteer Force. But we adversely affect retention by offering a post-service benefit that is more attractive than the benefit available to those who remain in the force. We need to find a way to balance force management objectives while wisely using limited appropriations so we get the greatest return on tax-payer dollars.

Certainly almost any program can be improved and we share your interest in ensuring that the educational assistance programs provide a robust benefit for the users, while giving the Department of Defense the tools it needs to meet force management objectives. There are a number of variations on a "Total Force" GI Bill. But, all of these proposals appear to have two common characteristics. First, the reserve education programs would be recodified in title 38 of the U.S. Code; placing them under the purview of the Secretary of Veterans Affairs. Second, the REAP program would provide a post-service benefit for Selected Reserve members.

The original concept of a "Total Force GI Bill" was to create a single program drawing from the best attributes of all three educational assistance programs. But if the programs are to continue to serve the distinct purposes for which they were designed, it may be difficult to truly have one program. Those who call for a single program simply view military service as the pathway to an education benefit, losing sight of the fact that educational assistance programs help us retain members. All the proposals we have reviewed to date do not integrate the three programs; they simply remain three separate and distinct stand-alone programs that would be codified (and modified) in title 38.

Some commonality among all of the programs makes sense. They should all provide assistance for the same education programs so, other than the amount paid, use of any program is transparent to the student and educational institution. This can be achieved by linking the benefits available in the title 10 programs to the benefits provided in the title 38 programs, just as we did when we linked the benefit rates for the title 10 REAP program to the title 38 MGIB rates.

The first proposal to establish a total force GI bill was submitted to Secretary Nicholson by the Veterans Advisory Committee on Education (VACOE). Secretary Nicholson and Dr. Chu established a DVA/DOD working group to assess feasibility of that proposal. The working group has a number of concerns with the VACOE proposal so they developed an alternative proposal, which they presented to the Joint Executive Council. We have learned from the efforts of the working group that small changes in current education programs can translate to significant costs to the government. Therefore, at the last meeting of the Joint Executive Council, the working group was directed to more closely examine the recruiting and retention effects of the various attributes of a single program and to develop a cost-neutral alternative. For that reason, the working group report has not been officially released. But I would like to report that the working group has developed some intriguing ideas.

PORTABILITY AND THE RESERVE PROGRAM BENEFIT RATES

We are in a different time and the force is different than it was during World War II and Viet Nam. Today we have an All-Volunteer Force. People have made a choice to serve in the Guard or Reserve. As "citizen-soldiers," they serve part time. As previously noted, eighty percent of reservists were employed full-time when activated and 26 percent were enrolled in school. Reintegration and readjustment are important to citizen-soldiers, particularly to those reservists who were not in the workforce when mobilized or change jobs. They have the opportunity to use their education benefits while still enjoying the benefits of continued service. We only require that they come to work for us 38 days a year during the first couple of years

following a 1-year mobilization. But, as the data show, most reservists are not beginning a new career when they are released from active duty, unlike their active duty counterparts. Our concern with providing portability is the loss of a tool that helps us retain our combat veterans. We need an incentive that encourages them to stay, not to leave. Our focus is on maintaining the All-Volunteer Force. That is why we find the retention aspects of both the reserve educational assistance program such an important attribute.

The MGIB–SR benefit rates have been adjusted annually according the Consumer Price Index, as provided in statute. This is the index used for both the MGIB program and the MGIB–SR program. But this annual adjustment has not kept pace with the cost of education. The widening gap between the rates paid under MGIB and MGIB–SR programs is the result of adjustments made to one program but not the other. To restore the historic relationship between the two programs, the Department estimates it would cost just over \$13 billion over the next 5 years. While this is discretionary spending, the Reserve components are required to place funds in the DOD Education Benefit Fund—money that is also needed to increase readiness, fund modernization and purchase vital equipment.

LEGISLATION SUBMITTED BY THE DEPARTMENT

The Department’s 2008 Omnibus legislation that has been submitted to Congress includes a proposal that would allow a Selected Reserve member to continue to receive REAP payments for up to 90 days while serving in the Individual Ready Reserve (IRR) and retain eligibility for REAP for members who remain in the IRR longer than 90 days. They would once again be able to begin using benefits when they return to the Selected Reserve.

CONCLUSION

Few areas, if any, are more important to the Secretary of Defense and the Secretaries of the Military Departments than recruiting and retention. We recognize our duty to fill the All-Volunteer Force with high-quality, motivated, and well-trained men and women. Education benefit programs have been a major contributor to recruiting and retention achievements over the past 20 years. It is our desire that any changes to these programs would only be undertaken if they improve recruitment, retention, force shaping and ultimately help us sustain the All-Volunteer Force.

We welcome the opportunity to discuss these important matters with Congress and I look forward to working with your Committees to ensure that these programs remain robust. I would again like to thank the Committee for its continued support of the men and women of the Armed Forces.

STATEMENT OF THE KEITH M. WILSON, DIRECTOR, EDUCATION SERVICE, VETERANS BENEFITS ADMINISTRATION, U.S. DEPARTMENT OF VETERANS AFFAIRS

Good afternoon Chairwoman Herseth, Ranking Member Boozman, and Members of the Subcommittee. I appreciate the opportunity to appear before you today to discuss the two education benefit programs administered by the Department of Veterans Affairs (VA) for National Guard and Reserve members of the U.S. Armed Forces, namely, the Montgomery GI Bill—Selected Reserve (MGIB–SR), chapter 1606 of title 10, United States Code, and the Reserve Educational Assistance Program (REAP), chapter 1607 of title 10, United States Code.

Reserve/Guard Education Benefit Programs

The MGIB–SR provides members of the Selected Reserve with educational assistance, generally in the form of monthly benefits, to assist them in reaching their educational or vocational goals. The REAP provides an enhanced benefit for reservists and those in the National Guard who are activated for more than 90 days due to an emergency or contingency as defined by the President or Congress. Reservist and Guard education benefits support recruitment and retention efforts, and enhance the Nation’s competitiveness through the development of a more highly educated and productive workforce.

Workload and Usage

The education claims processing workload for the MGIB–SR increased steadily from 2001 through 2006. In 2006, VA received more than 261,000 MGIB–SR benefit claims and 68,000 REAP benefit claims. Through the end of February, fiscal year 2007, we received nearly **98,000** MGIB–SR benefit claims and **52,000** REAP benefit

claims. Comparing fiscal year 2006 through February to the same period in fiscal year 2007, claims for reservist benefits under both programs have increased by 27%.

Although the MGIB-SR original claims continued to increase by 5%, supplemental enrollments dropped 20%. We believe this indicates that former MGIB-SR recipients are converting in substantial numbers to REAP. The total supplemental workload for the two benefits programs has increased by 11%.

The Department of Defense has informed us that, between 1986 and 2006, more than 1.5 million Selected Reserve members gained eligibility for the MGIB-SR benefits. Forty-two percent of them have applied for educational assistance.

In fiscal year 2006, over \$122 million in benefits was paid to over 66,000 Selected Reserve members participating in the MGIB-SR program. In fiscal year 2006, over \$153 million in benefits was paid to almost 24,000 REAP participants. Through the end of February, fiscal year 2007, over \$71 million in benefits was paid to more than 43,000 Selected Reserve members participating in the MGIB-SR program, and over \$93 million in benefits to over 28,000 REAP participants.

Performance

This year we are making progress toward achievement of our performance goals. Our targets for the end of fiscal year 2007 are to process original claims in 35 days and to process supplemental claims in 15 days.

Timeliness has improved for supplemental claims processing. Average days to complete MGIB-SR supplemental claims dropped from 20 days in fiscal year 2006 to 17 days through February of fiscal year 2007. Similarly, average days to complete REAP supplemental claims dropped from 19 days in fiscal year 2006 to 17 days through February of fiscal year 2007.

Timeliness has likewise improved for original claims processing. Average days to complete MGIB-SR original claims decreased from 35 days in fiscal year 2006 to 29 days through February of fiscal year 2007. Average days to complete REAP original claims dropped from 60 days in fiscal year 2006 to 42 days through February of fiscal year 2007.

Outreach

Expanded outreach has led to increased benefit usage. We have distributed more than 300,000 copies of our new REAP brochure to activated Guard and Reserve units nationwide. More than 46,000 REAP informational DVD discs are also being produced, along with almost 65,000 informational discs on both the MGIB-Active Duty and MGIB-SR programs. The goal is to have the informational discs distributed to all military installations by the end of March 2007. Additionally, we will soon begin direct mailing of REAP informational material to activated Guard and Reserve members, as we now do for Chapter 30-eligible servicemembers.

Education Service will continue to enhance current outreach efforts to better serve the informational needs of members of the Guard and Reserves currently using or potentially eligible for VA education benefits.

Information Technology Highlights

We continue our efforts to migrate all claims processing work from the legacy claims processing system into the new VA corporate environment. The Education Expert System (TEES) is a multi-year initiative that, when fully deployed, will electronically receive and process application and enrollment information. TEES will enable us to further improve both the timeliness and quality of education claims processing.

The first phase of TEES implementation is the Web-Enabled Approval Management System (WEAMS). WEAMS is the approval repository for educational and job training programs; licensing and certification tests; and national admittance exams such as ACT, SAT, GMAT, or advanced placement exams maintained in the VA corporate environment. WEAMS, a single repository, merged two existing approval systems—the On-Line Approval File (OLAF), which contained approvals for educational and job training programs, and the Licensing and Certification Approval System (LACAS), which contained the approvals for licenses and certifications. The consolidation of these legacy applications into a single repository allows our education liaison representatives to process and maintain approval information more efficiently. Similarly, WEAMS frees claims examiners from searching for approvals in separate locations, providing more time to process education benefit claims. The public can now access WEAMS online to learn which programs are approved for VA training.

The Web Automated Verification of Enrollment (WAVE), found at <https://www.gibill.va.gov/wave>, has been fully operational since July 2001. This site allows individuals receiving MGIB-SR benefits to verify enrollment, notify VA of changes in course load, change their address, or establish direct deposit. Allowing beneficiaries to verify their continued enrollment each month over the Internet, instead

of mailing the verification form to VA, enables them to receive their monthly benefits more quickly. MGIB-SR beneficiaries may also verify enrollment by calling our toll-free interactive voice response (IVR) telephone line.

In addition, VA-ONCE, an application that allows school certifying officials to transmit enrollment data electronically to VA, has been in use since fiscal year 2003 and has been well received. In fiscal year 2005, approximately 88 percent of all enrollment data was received electronically.

Conclusion

The VA will continue to strive to ensure that the administration of education benefit programs is as smooth as possible on behalf of the honorable men and women serving our Nation who are eligible for these benefits, including MGIB-SR and REAP.

Madam Chairwoman, this concludes my statement. I would be pleased to answer any questions you or any of the other Members of the Subcommittee may have.

STATEMENT OF THE MAJOR GENERAL TERRY L. SCHERLING, DIRECTOR, JOINT STAFF,
NATIONAL GUARD BUREAU

Chairman Herseth and distinguished Members of the Committee, thank you for the opportunity to speak to you today. I greatly appreciate your commitment to our Nation's veterans and am grateful for the chance to testify regarding the educational assistance programs available to the National Guard.

As the National Guard transitions to an Operational Reserve, increasing its role on the global stage while maintaining its vital duties here at home, it is important that Guardsmen's benefits are commensurate with their sacrifice and their contribution. The House Veterans Affairs Committee is presently considering a bill which would change the structure of education benefits and increase their portability for National Guardsmen. While we greatly appreciate the intentions of this legislation, the "Total Force Education Assistance Enhancement and Integration Act" does contain some provisions with which we have some reservations.

Since its enactment 1985, the Montgomery GI Bill has been a great recruitment and retention tool for the National Guard. The education benefits encourage Guardsmen to join, and continued service is rewarded with ongoing benefits. Changes to this multi-functional system should be made only after careful consideration.

Under the proposed Total Force Montgomery GI Bill, members of the National Guard who earn eligibility while on an active duty status would be allowed to use that eligibility for 10 years after separation from the National Guard or Reserve. We believe that such a provision may diminish or even eliminate the benefit's retention value.

The "Total Force Educational Assistance Enhancement and Integration Act" proposes combining the Montgomery G.I. Bill—Selective Reserve with Montgomery G.I. Bill—Active Duty under Title 38 to make the benefit rate structure of these programs more parallel.

Under title 10, Reserve Components determine which servicemembers are eligible for Reserve Component education benefits. It is important that the Services retain this function since they are most able to identify those members who are eligible and those who should be suspended or terminated. Reserve Components have a vested interest in ensuring their servicemembers are taken care of, as it affects morale and ultimately retention.

Although we have not yet assessed the full cost of the various proposals, such changes could result in significant costs that are not included in the President's Budget. For this, and previously stated reasons, the administration cannot support this legislation at this time.

I thank the Committee for their continued work on this important program and for their continued support of the National Guard. I look forward to your questions.

STATEMENT OF THE MAJOR GENERAL WILLIAM D. WOFFORD, ADJUTANT GENERAL,
ARKANSAS NATIONAL GUARD

Chairwoman Herseth, distinguished Members of the Committee, I am Major General William D. Wofford, The Adjutant General, Arkansas National Guard. I appreciate the opportunity to speak with you today on education benefits for National Guard and Reserve members.

Civilian education benefits are an integral part of our efforts to maintain a viable force to meet mission requirements. Individuals normally join the military for one of five reasons: Training, Education, Adventure, Money, or Service to Country. My recruiting force indicates that education benefits are the primary reason why individuals join the Arkansas National Guard.

The Arkansas National Guard has mobilized over 85 percent of our total force since September 11, 2001. The Cold war strategic reserve, for which the National Guard and Army Reserve have been organized and resourced for, has evolved into an operational force that supports the active military every day. The increase in service and sacrifice of our members should be met with equitable benefits as their active components counterparts.

I will focus my testimony primarily on GI Bill benefits and share a few brief stories.

My first story is about a young man that served 4 years in the Army in the early 1970s. Even though this was during the Vietnam era, this young man was not called upon to serve in combat. After departing from the Army, this individual continued his civilian education using his GI Bill to further his career.

The second story is about a young man that volunteered to serve in the Marine Corps and ended up serving 1 year in Vietnam with the First Marine Division. A few years later, this individual returned to college and completed his last two years of his undergraduate degree and 3 years of medical school by using his Montgomery GI Bill benefits.

I also want to tell you about a third young man who followed in his father's footsteps by joining the National Guard. Three years ago, a major mobilization of National Guard units occurred within the state and he was "crossleveled" from his unit into a position vacancy in the deploying unit. He went to the mobilization station, trained with his new unit, and deployed to Iraq for twelve months. He returned home and to his original unit in March 2005. Four months after returning from Operation Iraqi Freedom, his own unit was mobilized. He was not required or expected to return to combat—especially that soon after coming home. But he chose to go with his unit, as he said: "This is my unit. These are my friends that I initially joined the Guard with. I cannot let them go into combat without me." Ladies and gentlemen, those are the kinds of great Americans that we have serving today both on active duty and in the reserve components. I am extremely proud to be able to say that young man is an Arkansas Guardsman.

Our Guard and Reserve members are called upon more than ever to serve this great nation while continuing to serve the needs of their states. Over 8,500 men and women of the Arkansas National Guard have been deployed in support of the Global War on Terror (GWOT). Approximately 2,000 of our members have volunteered to serve in GWOT operations on more than one rotation. Several hundred served for an extended period of time in support of Operation Hurricane Katrina. Arkansas also currently has over 250 serving on the Southwest Border mission in Texas, New Mexico, and Arizona. Our state was recently hit by a devastating tornado and over 150 members of the Guard were called upon to provide support to the community of Dumas, AR.

Service to our country has not just increased for the National Guard. Each quarter, a Community Council meeting is conducted at Camp Robinson/Camp Pike in North Little Rock, AR. Camp Robinson is the headquarters of the Arkansas National Guard, while Camp Pike is the location for a Regional Readiness Command for the U.S. Army Reserve, and also the Marine Corps and Naval Reserve Center in Arkansas. One of the purposes of the Community Council is to provide awareness of the military to our civic and business leaders in Central Arkansas. During each meeting, the Guard and Reserve provide updates on their deploying and/or returning units. The civilians in the audience are not just local civic and business leaders; they are employers of our Guard and Reserve members. Some of the employers are prior servicemembers, but many are not. Regardless of whether or not they have previous military experience, they see the sacrifices being made by our Reserve Component members and their families. These business men and women are also sacrificing while their employees are deployed, yet they continue to stand ready to support any way they can.

I do not want to imply that the Guard and Reserve are doing more than Active Component members. However, I would like to make note that at this time, equal service does not provide equal benefits when it comes to the GI Bill. In 1985, Reserve Component members were eligible for GI benefits that equated to 47 cents to the dollar of what their Active Component counterparts were entitled. Today, that ratio only equates to 29 cents to the dollar.

Our Active Component counterparts are able to continue their GI Bill benefits after they are discharged from active service. Guard and Reserve members are only

able to utilize GI Bill benefits while an active member of the Guard or Reserve. Regardless of the number of years of service and regardless of the number of times a Guard or Reserve member has been placed in harm's way in service to their country, they are not eligible for GI Bill benefits following their discharge.

Occasionally, my office receives inquiries from parents asking why their son or daughter, that is a former member of the Arkansas National Guard and that served in Operation Iraqi Freedom, is not eligible for GI Bill benefits. I honestly do not have a good answer for them. In the end, we've lost the support of those parents and most likely we will not see their son or daughter re-enlist with us in the future.

I understand that the GI Bill for the Guard and Reserve is not only a recruiting incentive, but also a retention tool. If a Guard member wants to use the GI Bill, they must maintain their membership. I agree that we could possibly see a decrease in the GI Bill being a retention tool if eligibility is extended after a member is discharged. However, I would like for us to think (as an example) about the shortage of junior officers that most Guard and Reserve forces are faced with at present time. One of the requirements before an officer can be promoted to the rank of Captain (in the Guard) is to have a four year, college degree. It is difficult to juggle college, civilian career, family, and also your Guard or Reserve membership. In many cases, we are losing some of our best and brightest because they are unable to meet all the demands of their young life.

I believe that if the GI Bill were received based on equal benefit for equal service, then we would see some of our prior servicemembers returning to us with college degrees and some returning to us as junior officers.

In closing, I would like to return to the three stories I shared with you earlier. The first two young men used their GI Bill to further their civilian education after leaving active military service. Even though he had not served in combat during his active duty tour, the first man furthered his education and later joined the Arkansas National Guard. He served as a battalion commander during Desert Storm and in various leadership positions throughout his 36 years of service. That individual is me.

The second individual that continued his civilian education by using his GI Bill after he left the military, earned his 4 year degree, a medical doctorate, and later a law degree. This individual has served our state and nation proudly since 1996 as a Member of Congress. That individual is your colleague and my Congressman, the Honorable Vic Snyder.

The third individual that I mentioned is Staff Sergeant (SSG) Jason Bowen of Battery B, 1st Battalion, 142nd Field Artillery, Arkansas Army National Guard. As I mentioned earlier, he was transferred from his unit in northwest Arkansas to fill a vacancy within the 39th Brigade Combat Team that mobilized and deployed to Iraq, returning in March 2005. In August 2005, he again left his family and once again placed his civilian career on hold to do what he thought was right for his fellow Soldiers and for his country. I am thrilled to share with you that SSG Bowen is back home with his family again after having spent a total of 24 months in combat within the past three years. Now for the rest of this story, SSG Bowen has decided that he would like to get out of the National Guard so that he can pursue a civilian career without further interruption. I think it is extremely unfair that by getting out of the Guard he will lose his GI Bill education benefits, unlike the active component soldiers that he served with, side-by-side, during Operation Iraqi Freedom. The disparity in benefits is difficult to understand and cannot be satisfactorily explained to our Guardsmen, their families, or to me.

I do not have all the answers of how to make the GI Bill more equitable. I do not know the cost of the proposed changes to the GI Bill. I can speak from my own personal experience of the opportunities the GI Bill gave in my life. On a larger scale, I think our communities would benefit as there would be an increase in higher educated members of our society. And in the long run, I think the military could possibly see prior servicemembers returning to the military with a higher level of civilian education.

I thank the Committee for your hard work and dedication to our country and your continued support of our Armed Forces.

This concludes my testimony. I look forward to your questions.

STATEMENT OF THE COLONEL ROBERT F. NORTON, USA (RET.), DEPUTY DIRECTOR,
GOVERNMENT RELATIONS, MILITARY OFFICERS ASSOCIATION OF AMERICA

MADAM CHAIRWOMAN AND DISTINGUISHED MEMBERS OF THE SUB-COMMITTEE, on behalf of the 362,000 members of the Military Officers Association

of America (MOAA), I am honored to have this opportunity to present the Association's views on education benefits for the men and women who serve the nation in the National Guard and Reserve forces.

MOAA is also an original founding member of the Partnership for Veterans' Education, a consortium of military, veterans, and higher education groups which advocate for passage of a "total force" approach to the Montgomery GI Bill to meet the needs of our operating forces—active duty, National Guard and Reserve—in the 21st century.

MOAA does not receive any grants or contracts from the Federal government.

EXECUTIVE SUMMARY

Total Force Montgomery GI Bill. Our nation's active duty, National Guard and Reserve forces are operationally integrated under the Total Force policy but reservists' educational benefits are not structured commensurate with the length and types of duty performed.

MOAA strongly supports enactment of H.R. 1102 to consolidate active duty and reserve MGIB programs in Title 38 and align benefit rates according to the length and type of service performed—a Total Force MGIB.

Basic Reserve MGIB Benefits (Chapter 1606, 10 USC)

MOAA urges Congress to address the growing benefit gap between the Reserve MGIB (Chapter 1606) and the active duty program as soon as possible. To support reserve component retention, MOAA also recommends continuous in-service usage of 'Chapter 1606' benefits until exhausted.

Reserve Educational Assistance Program (Mobilization) MGIB Benefits (Chapter 1607)

MOAA recommends that Chapter 1607, 10 USC be transferred to Title 38 and that the rate formula for the program be adjusted to provide 1 month of active duty benefits under Chapter 30, 38 USC for every month mobilized.

Portability of Benefits

MOAA urges Congress to authorize use of reserve MGIB benefits earned during a mobilization under contingency operation orders for a period of 10 years after leaving service—the same portability active duty veterans enjoy.

Benchmarking MGIB Benefit Rates

MOAA urges Congress to benchmark MGIB benefit rates to keep pace with the average cost of education at a 4-year public college or university.

Background on the Evolution of the Montgomery GI Bill

Our nation's total Armed Forces—active duty, National Guard, and Reserve—are operationally integrated to carry out national security missions, but educational benefits under the Montgomery GI Bill (MGIB) do not reflect this "total force" policy, nor match benefits to the length and type of service performed.

The enactment of MGIB programs early in the All-Volunteer Force era sheds light on the current disconnect between the MGIB structure and the policies used today to ensure reserves are embedded in all military missions.

Congress re-established the GI Bill in 1984. The MGIB was designed to stimulate All-Volunteer Force recruitment and retention and to help veterans readjust to the civilian world on completion of their service. Active duty MGIB educational benefits were codified in Title 38, ensuring a readjustment purpose by authorizing use for up to 10 years after leaving service. But the Selected Reserve MGIB program was codified under Chapter 1606 of Title 10, and post-service benefits were not authorized.

The father of the modern G.I. Bill named for him, the late Representative G.V. 'Sonny' Montgomery, long-time Chairman of the House Veterans Affairs Committee, envisioned that Guard and Reserve service men and women deserved to participate in the GI Bill program in exchange for their voluntary service. But at the time, there was 'pushback' on the issue of "veteran status" for reservists. Moreover, leaders then did not anticipate today's routine usage of Guard and Reserve forces for active duty missions. Some groups felt that reservists who had not served on active duty had not earned veterans (readjustment) benefits. Chairman Montgomery forged a compromise that resulted in placing the new reserve GI Bill programs into the Armed Forces Code, Title 10.

From the inception of the MGIB until the late 1990s, Reserve MGIB benefits maintained proportional parity with the basic active duty program, paying nearly 50 percent of active duty benefit rates. Subsequently, active duty rates were in-

creased significantly, but the Reserve benefits were not—largely because they were under a different Committee’s jurisdiction. Erosion of Reserve MGIB value relative to that of the active duty program began to occur at the very time that hundreds of thousands of Guard and Reserve servicemembers were being called up following the September 11, 2001 attacks.

The administration attempted to rectify the growing benefit gap by proposing legislation for a new Reserve MGIB for reservists activated for more than 90 days for a contingency operation. But the complexity of the new program (enacted as Chapter 1607, 10 USC), coupled with inadequate funding, poor correlation with other MGIB programs and the absence of a portability feature, has compromised statutory objectives for the MGIB as envisioned by Sonny Montgomery.

A new architecture is needed to align the MGIB with the realities of the Total Force policy in the 21st Century.

Toward a Total Force MGIB for the 21st Century.

The Total Force MGIB has two broad concepts. First, all active duty and reserve MGIB programs would be consolidated under Title 38. DOD and the Services would retain responsibility for cash bonuses, MGIB “kickers”, and other enlistment/reenlistment incentives. Second, MGIB benefit levels would be structured according to the level of military service performed.

The Total Force MGIB would restructure MGIB benefit rates as follows:

- Tier one—Chapter 30, Title 38—no change. Individuals who enter the active armed forces would earn MGIB entitlement unless they decline enrollment.
- Tier two—Chapter 1606, Title 10—MGIB benefits for initial entry into the Guard or Reserve. Chapter 1606 would transfer to Title 38. Congress should consider adjusting benefit rates in proportion to the active duty program. Historically, Selected Reserve benefits have been 47–48% of active duty benefits.
- Tier three—Chapter 1607, Title 10, amended—MGIB benefits for mobilized members of the Guard/Reserve on “contingency operation” orders. Chapter 1607 would transfer to Title 38 and be amended to provide mobilized servicemembers 1 month of “tier one” benefits (currently, \$1075 per month) for each month of activation after 90 days active duty, up to a maximum of 36 months for multiple call-ups.

A servicemember would have up to 10 years to use remaining entitlement under Tier One or Tier Three programs upon separation or retirement. A Selected Reservist could use remaining Second Tier MGIB benefits only while continuing to serve satisfactorily in the Selected Reserve. Reservists who qualify for a reserve retirement or are separated / retired for disability would have 10 years following separation to use all earned MGIB benefits. In accordance with current law, in cases of multiple benefit eligibility, only one benefit would be used at one time, and total usage eligibility would extend to no more than 48 months.

MOAA strongly supports enactment of H.R. 1102 to consolidate military/veteran MGIB programs in Title 38 and align benefit rates according to the length and type of service performed, a Total Force MGIB.

GI Bill Benefits for Members of the Selected Reserve

The Total Force MGIB concept outlined above would drive particular changes in the Selected Reserve MGIB programs.

Basic Reserve MGIB Program (Chapter 1606). For the first 15 years of the Reserve MGIB program’s existence, benefits earned by individuals who initially join the Guard or Reserve for 6 years or who reenlist for 6 years, paid 47 cents to the dollar for active duty MGIB participants. Since 9/11, however, the ratio has dropped to 29 cents to the dollar. One consequence of the rate drop is that reservists feel their service is devalued. The following chart illustrates the sharp decline in rate parity since 9/11.

Montgomery GI Bill Program Benefit History—Full Time Study Rates

Month	Year	Active Duty Chapter 30	Selected Reserve Chapter 1606	
Jul	1985	\$300.00	\$140.00	47%
	1986	\$300.00	\$140.00	47%
	1987	\$300.00	\$140.00	47%
	1988	\$300.00	\$140.00	47%

**Montgomery GI Bill Program Benefit History—Full Time Study
Rates—Continued**

Month	Year	Active Duty Chapter 30	Selected Reserve Chapter 1606	
	1989	\$300.00	\$140.00	47%
	1990	\$300.00	\$140.00	47%
Oct	1991	\$350.00	\$170.00	49%
	1992	\$350.00	\$170.00	49%
Apr	1993	\$400.00	\$190.00	48%
Oct	1994	\$404.88	\$192.32	48%
Oct	1995	\$416.62	\$197.90	48%
Oct	1996	\$427.87	\$203.24	44%
Oct	1997	\$439.85	\$208.93	48%
Oct	1998	\$528.00	\$251.00	48%
Oct	1999	\$536.00	\$255.00	48%
Oct	2000	\$552.00	\$263.00	48%
Nov	2000	\$650.00	\$263.00	40%
Oct	2001	\$672.00	\$272.00	40%
Dec	2001	\$800.00	\$272.00	34%
Oct	2002	\$900.00	\$276.00	31%
Oct	2003	\$985.00	\$282.00	29%
Oct	2004	\$1004.00	\$288.00	28.6%
Oct	2005	\$1034.00	\$297.00	28.6%
Oct	2006	\$1075.00	\$309.00	28.7%

MOAA urges Congress to address the growing benefit gap between the Reserve MGIB (Chapter 1606) and the active duty program as soon as possible. The Partnership also recommends continuous in-service usage of Chapter 1606 benefits until exhausted.

Reserve Educational Assistance Program (Mobilization) Benefits (Chapter 1607). REAP educational benefits are earned by mobilized reservists who serve the nation on active duty for at least ninety days during a national emergency under 'contingency operation' orders. The REAP benefit package was cobbled together with little consultation / coordination with the Departments of Defense and Veterans Affairs, and other stakeholders. For example, the benefit rate structure is based on an administratively cumbersome percentage of active duty MGIB Chapter 30 benefits. Ironically, substantial benefits are awarded after 90 days service, but no post-service access to those benefits is authorized.

The Total Force MGIB would address these concerns by establishing in law month-for-month entitlement to active duty MGIB benefits (Chapter 30). With enactment of a portability feature for earned REAP benefits, the program ultimately would be fairer to all members of the force and serve as an incentive for continued service in the Guard or Reserves.

A restructured REAP would support DOD policy of calling up the "operational reserve" for no more than 12 months per tour every five or 6 years. The proposal would enable a G-R member to potentially acquire full MGIB entitlement after 36 months aggregate service on contingency operation orders. Presently, Chapter 1607 benefits are only awarded for a single tour of active duty. Additional service offers no additional benefit, even though over the course of a 20 year Guard or Reserve career, reservists will serve multiple tours of active duty. Under the Total Force MGIB, the more one serves the more MGIB entitlement is earned.

MOAA recommends that Chapter 1607, 10 USC be transferred to Title 38 and that the rate formula for the program be adjusted to provide 1 month of active duty benefits under Chapter 30, 38 USC for every month mobilized.

Portability of Benefits. A key element of H.R. 1102 is that reservists mobilized for at least 90 days under federal contingency operation orders would be able to use remaining REAP benefits under Chapter 1607 after separation. That is, they would be entitled to post-service readjustment benefits under the MGIB. Some government officials are concerned, however, that this proposal would hurt National Guard and Reserve reenlistment and retention programs.

MOAA offers the following observations for the Subcommittee's consideration. America's volunteer military—active duty and reserve component—become veterans when they complete their active duty service agreements. For mobilized reservists, when they return from an active duty call-up (under contingency operation orders)

they are veterans, and no American would dispute that fact, no less their sacrifice. Why then should they be treated as second-class citizens for purposes of the MGIB? If an active duty member who serves 2 years on active duty and one tour in Iraq may use MGIB benefits for up to 10 years after leaving service, do we not owe equal treatment to a Guard or Reserve member who serves two or more years in Iraq over a period of six or 8 years of Guard/Reserve service?

DOD's own survey of reserve component members (DOD Status of Forces Survey, November 2004) indicates that "education" is not a key component in extension or reenlistment decisions. Moreover, a reenlistment or extension decision enables the service member to retain original Reserve MGIB benefits (currently, Chapter 1606) as well as the potential to earn more active duty MGIB entitlement through successive call-ups. That's not possible under the REAP program today. Reservists who choose to remain in the Selected Reserve and are subsequently activated would earn 1 month of active duty MGIB benefits for every month mobilized, up to 36 months of benefits, under the Total Force MGIB proposal. Under H.R. 1102, they would still have up to 12 months remaining usage under Chapter 1606, since current law allows dual-benefit accrual up to 48 mos. maximum entitlement. In short, there is a *built-in incentive* to continue serving in the Selected Reserve because of the potential to earn more MGIB entitlement under H.R. 1102.

Over the 21-year history of the MGIB, no research has shown that active duty veterans "get out" because of the MGIB. Many valid personal and family reasons drive these volunteers' decisions to serve or not to serve. To argue that mobilized reservists should be treated differently is unfair and an insult to their spirit of voluntarism.

MOAA urges the Subcommittee to endorse the provision in H.R. 1102 that would allow post-service access to reserve MGIB benefits earned during a mobilization under contingency operation orders for a period of 10 years after leaving service—the same portability active duty members enjoy.

\$1,200 MGIB Enrollment "Tax". The MGIB is one of the only government-sponsored educational programs in America that requires a student to pay \$1,200 (by payroll reduction during the first 12 months of military service) in order to establish eligibility. The payroll deduction is nothing more than a penalty that must be paid for before the benefit is received. Sadly, this fee causes some enlisted servicemembers to decline enrollment simply because they are given a one-time, irrevocable decision when they are making the least pay and are under the pressure of basic military training.

Those who decline enrollment—many due to financial necessity—do not have a second chance to enroll later. This is a major heartburn item from our lowest-ranking volunteers entering military service. New recruits feel tricked when they enter service and learn they must forego a substantial amount of their first year's pay to enroll in the MGIB. The practice sends a very poor signal to those who enter service expecting a world-class educational benefit.

MOAA has not adopted a formal position on this issue at this time, but we recommend that Congress address the long-term impact of an MGIB access "tax" in consolidating MGIB programs for the 21st century.

Benchmarking MGIB Rates to the Average Cost of Education. Department of Education data for the 2005–2006 academic year show the MGIB reimbursement rate for full-time study covers about 80%* of the cost at the average public 4-year college or university (* percentage reflects average costs only for tuition, room, board; does not include actual expenses to veterans of commuting, living costs, or books and supplies).

MOAA urges Congress to benchmark MGIB benefit rates to keep pace with the average cost of education at a 4-year public college or university.

Transferability of Benefits for National Guard and Reserve Servicemembers. Under current law, the Services may offer service men and women in designated skills the option of transferring up to half of their remaining MGIB entitlement to eligible dependents in exchange for a reenlistment agreement at the sixth year of service. The Army recently opened 'transferability' in certain skills. MOAA has long endorsed transferability but we believe the authority would be more useful for readiness as a career retention incentive at the 12 to 14 years' service point. Moreover, we note that transferability is not available to National Guard and Reserve service men and women in the Reserve MGIB programs (Chapters 1606 and 1607, 10 USC).

This is yet another example of the disconnect between the reserve and active duty MGIB programs due in large measure to separate jurisdictions within Congressional committees.

STATEMENT OF JOSEPH C. SHARPE, JR., DEPUTY DIRECTOR, ECONOMIC COMMISSION,
AMERICAN LEGION

Mr. Chairman and Members of the Subcommittee:

The American Legion appreciates the opportunity to share its views on education benefits for members of the National Guard and Reserve component.

EDUCATION AND THE TOTAL FORCE GI BILL

Historically, The American Legion has encouraged the development of essential benefits to help attract and retain servicemembers into the Armed Services, as well as to assist them in making the best possible transition back to the civilian community. The Serviceman's Readjustment Act of 1944, the "GI Bill of Rights" is a historic piece of legislation, authored by The American Legion, that enabled millions of veterans to purchase their first homes, attend college, obtain vocational training, receive quality health care and start private businesses. The emergence of the American middle class, the suburbs, civil rights, and finally a worldwide economic boom can be attributed, in part, to this important social legislation.

The majority of individuals who join the National Guard or Reserves enter the Armed Forces straight out of high school, and many are full or part time college students.

With the number of activations of the Reserve component since September 11, 2001, these same Reservists, who are attending colleges and universities around the country, are discovering that their actual graduation date may be extended well past their initial anticipated graduation date. It's also taking longer for students to graduate, raising the overall cost of a college degree. The average public university student now takes 6.2 years to finish.

Under current law, members of the Reserve component face many challenges in using the MGIB-SR benefits. Since September 11, 2001, the utilizations of the Reserve components to augment the Active Duty Force (ADF) presents complications for those members of the Guard and Reserves enrolled in college programs. The uncertainty associated with unit activations, lengthy activations, individual deactivations, and multiple unit activations makes utilization of educational benefits extremely difficult. Such decisions as whether to enroll for a semester; long-range planning for required courses, or whether to finish a semester are among the challenges confronted. One local Reservist, who completed a 14-month tour in Iraq, withdrew from college after 9/11 because he was told his unit would soon be deploying. He began to accrue student loan debt, falling behind peers in studies, and limbo status due solely to the military's indecisions.

Due to the Global War on Terror and his military service, he had missed 3 full years of collegiate studies and watched his academic peers graduate. Finally, this Reservist graduated in August 2005 from the University of Maryland, 8 years after beginning his post secondary education. The other half of this travesty is that he accumulated \$50,000 in student loan debt.

When servicemembers return to civilian life, they often return in the middle of a semester and are unable to start school for several months. This is because for 9 months out of the year, universities are in their lengthy Fall and Spring semester terms; these young men and women can't restart their academic careers until the next term starts. Additionally, some required courses are only offered at certain periods of the year. Meanwhile, they cannot live in campus housing because they are ineligible due to not being enrolled for that term.

It is important to note that tuition and fees represent only a fraction of the total cost of attending college. The overall cost (tuition, fees, room, board, books, *including* transportation) of a typical public college is about \$16,400 a year. (**College Board**)

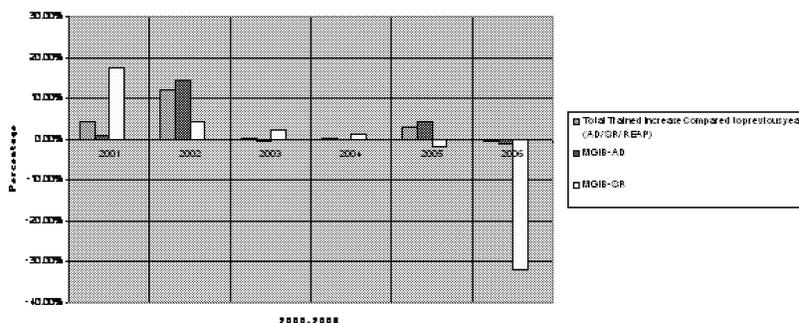
When living costs and other education-related expenses are considered, tuition and fees constitute 67 percent of the total budget for full-time students enrolled in 4-year private colleges and universities, 36 percent of the budget for in-state residential students at public 4-year institutions, and only 18 percent of the budget for 2-year public college students commuting from off-campus housing.

Furthermore, there is a large disparity between veterans' education benefits and actual costs of top universities. The top 124 schools as listed in the *U.S. News and World Report* have an average tuition and fees of \$24,636, and room and board rates of \$8,610, totaling \$33,246 for 1 year. The total equates to approximately 86 percent of the entire 36-month full rate MGIB-Active Duty (MGIB-AD) benefit. The top 10 schools on this list have an average cost per year of \$43,123 which equates to 111 percent of the entire 36-month full rate MGIB-AD benefit.

Reservists are not able to use benefits due to deployments and are simultaneously becoming ineligible due to completing their Selected Reserve commitment. The fol-

lowing chart reflects the percentage change of those who use their education benefits compared to the years prior from 2000 to 2006. The striking graphic shows that in the past year (2006), usage has dropped tremendously. Two key factors are increased deployments and termination of service in the Selected Reserve.

Trend in Percentages of Usage of MGIB Benefits Compared to the previous year 2000-2006



	YEAR	TOTAL	MGIB-AD	MGIB-SR	REAP
Total Trained during year (AD/SR/REAP)	2005	423,442	336,281	87,161	
Total Trained Compared to previous year (AD/SR/REAP)	2005	3.11%	4.43%	-1.71%	
Total Trained during year (AD/SR/REAP)	2006	422,036	332,184	66,105	23,747
Total Trained Compared to previous year (AD/SR/REAP)	2006	-0.33%	-1.23%	-31.85%	100%

There are no current figures that illustrate how many reservists and National Guard members remain eligible.

BACKGROUND OF THE RESERVE FORCE

In the 20 years since the MGIB went into effect on June 30, 1985, the nation's security has changed radically from a fixed Cold war to a dynamic Global War on Terror. In 1991, the active duty force (ADF) of the military stood at 2.1 million; today it stands at 1.4 million. Between 1915 and 1990 the Reserve Force (RF) was involuntarily mobilized only nine times.

There is now a continuum of service for military personnel, beginning with those who serve in the Reserve component only, extending through those in the Reserve component who are called to active duty for a considerable period of time, and ending with those who enlist in the ADF and serve for a considerable period of time. Since 9/11 more than 600,000 members of the 860,000-member Selected Reserve have been activated.

Today, approximately 40 percent of troops in Iraq are Guard personnel or Reservists. Despite this, both the MGIB-AD and the MGIB-SR still reflect benefits awarded 20 years ago with increases well behind the annual educational inflation rate. The Reserve component members rarely served on active duty at that time. The idea that any projection of U.S. power would require the activation of at least some Reservists was never considered in creating these programs.

TOTAL FORCE GI BILL

Currently, The American Legion is advocating in support of the Total Force GI Bill. One major selling point of this proposal is the portability of education benefits. This proposed legislation will allow Reservists to earn credits for education while mobilized, just as active-duty troops do, and then use them after they leave the military service.

Current law gives troops who serve on active duty three or more years to collect up to \$1,075 a month for 36 months as full-time students totaling \$38,700. That benefit is available up to 10 years after discharge.

Reserve and Guard personnel can earn percentages of the full time active duty rate depending on length of their mobilization. If they are mobilized for 15 months—the average length of deployment—and then go to school full time, they can only receive up to a maximum of \$23,220 using their Reserve Education Assistance Program (REAP) benefits. However, they can collect only if they remain in a Guard or Reserve unit. If they go into the inactive Reserve (Individual Ready Reserve) or are discharged, they no longer are eligible for education benefits.

Some unofficial cost estimates of the Total Force MGIB run as high as \$4.5 billion for the first 10 years, although the Congressional Budget Office has yet to provide detailed figures.

The Total Force MGIB plan would also call on Congress to combine statutory authority for both MGIB-AD and MGIB-SR programs under the Department of Veterans Affairs (VA) (Chapter 30 of Title 38 of the U.S. Code). This would mean moving MGIB-SR programs from the Department of Defense (Chapter 1606 of Title 10 of the U.S. Code) and shifting oversight responsibility to VA.

The plan also would call for simplifying MGIB benefit levels and features into three tiers.

Tier one would be MGIB-AD. Benefits for full time students are currently \$1075 a month for 36 months of college or qualified vocational training.

Tier two would be MGIB-SR for drilling members who enlist for 6 years. But MGIB-SR would be raised to equal 47 percent of MGIB-AD and kept there. For years, Congress adjusted the MGIB-SR in lock step with MGIB-AD, staying at 47 percent of active duty rates. Since 1999, the Committees on Armed Services and Defense officials have failed to adjust the rates. As a result, the current MGIB-SR benefit for full time students is \$309 a month, or just 29 percent of MGIB-AD.

Tier three would be MGIB benefits for activated Reservists, but with changes to the Reserve Education Assistance Program (REAP) that Congress enacted in 2004. Technical problems had delayed the full implementation of REAP. REAP provides extra MGIB benefits to Reservists mobilized for 90 days or more since September 11, 2001. Payments are 40, 60 or 80 percent of MGIB-AD, depending on length of activation. As with MGIB-SR, REAP provides 36 months of benefits, but they end if the Reservist leaves military service.

Under Total Force MGIB, activated Reservists would get 1 month of benefits, at the active duty rate, for each month of mobilization up to 36 months. Members would have up to 10 years to use active duty or activated Reserve benefits (Tiers one and three) from the last date of active service. A Reservist could also use any remaining MGIB-SR benefits (Tier two), but only while in drill status or for up to 10 years after separation, if the separation is for disability or qualification for retirement.

CONCLUSION

As the distinctions between the active and Reserve forces continue to fade, the difference between the active and Reserve forces of the MGIB should disappear accordingly. Benefits should remain commensurate with sacrifice and service. The American Legion agrees with the concept of the Total Force MGIB, which is designed to update the MGIB by incorporating the new security realities of this current open-ended Global War on Terror.

Therefore, The American Legion, which has a proud history of advocating for increased educational benefits to members of the Armed Forces, supports the "Total Force Educational Assistance Enhancement and Integration Act of 2007." The bill would modernize the MGIB benefits to more effectively support armed forces recruiting, retention, and readjustment following service, and to better reflect a "Total Force" concept that ensures members of the Selected Reserve receive educational benefits that match their increased service to the nation.

STATEMENT OF THE HONORABLE ROSCOE G. BARTLETT, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF MARYLAND

Madame Chairwoman, I appreciate the opportunity to submit a statement for the record at this hearing by the Economic Opportunity Subcommittee of the House Committee on Veterans' Affairs concerning education benefits for members of the National Guard and Reserves.

I would like to introduce you to the bill that I have introduced, H.R. 81, the Bartlett Montgomery GI Bill Act. With military retention and morale at risk, we need to support our troops and servicemembers with additional incentives to stay in the military. This bill would encourage Active Duty and Reserve servicemembers to reenlist, support military families and provide more realistic rates of educational costs for higher learning by permitting servicemembers to transfer unused GI education benefits to their spouses or children. This is a reintroduction of H.R. 3625 from the 109th Congress.

In general, this bill would amend the Montgomery GI Bill educational assistance program to allow an individual who has completed 6 years of service in the Armed Forces and enters into an agreement to serve at least four more years to transfer their educational assistance entitlement to their spouse, child, or a combination therein.

More specifically the bill would:

Direct the Secretary of Veterans Affairs to provide a percentage annual increase in the rates of such educational assistance based on the average monthly costs of higher education.

Authorize reimbursement of reductions in basic pay for educational assistance coverage in the case of extended active-duty service.

Provide similar eligibility for the transfer of educational assistance for members of the Selected Reserve who have completed at least 6 years of service and enter into an agreement to remain a member of such Reserve for at least four more years.

Provide educational assistance eligibility credit for cumulative active-duty service in the Selected Reserve.

Increase the rates of educational assistance under the Reserve Montgomery GI Bill.

Apply an annual adjustment to the rates of survivors' and dependents' educational assistance.

Thank you again Madame Chairwoman for the opportunity to bring H.R. 81 to the attention of my colleagues serving on the Subcommittee on Economic Opportunity.

STATEMENT OF THE HONORABLE CHRISTOPHER P. CARNEY, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF PENNSYLVANIA

Thank you, Chairwoman Herseth and Ranking Member Boozman for holding this important hearing regarding education benefits for National Guardsmen and members of the Selected Reserve.

I have introduced bipartisan legislation that would extend the GI Bill for National Guard or Reserve members to have up to 10 years after completing military service to pursue a higher education. This bill extends a much deserved and needed benefit to our troops. The GI Bill has provided education to many of our nation's fine and honorable men and women, this bill will give the National Guard and Reserve members up to 10 years to take advantage of this benefit.

Because the National Guard and Reserve are playing an ever more increasing role in combat operations, they are finding it harder to achieve their degree while enlisted. H.R. 1330 will better allow troops to serve their country honorably and reward themselves with a higher education when finished. We owe this to our troops and our military families back home.

Thank you for the opportunity to contribute to today's hearing. As a veteran and Lt. Commander still serving in the Navy Reserves, I look forward to working with this committee in support of better educational benefits for Reservists and National Guardsmen.

STATEMENT OF THE HONORABLE JIM MATHESON, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF UTAH

Thank you, Chairwoman Herseth and Ranking Member Boozman for holding this important hearing regarding education benefits for National Guardsmen and members of the Selected Reserve.

At a time when our Nation and our military is increasingly relying upon Reservist contributions for extended periods of time, I don't think that we can overstate the importance of evaluating and improving key benefits such as educational assistance. There is no doubt in my mind that Congress should take a comprehensive look at the Montgomery GI Bill and look for ways to provide our soldiers with better benefits.

For my part, I have introduced legislation for the past three Congresses—the Resume Education After Defense Service Act, known as HR 1211 in this session—in order to address one problem with the current GI Bill.

Back in 2003, a group of Marine Corps Reservists from Utah came to me and asked for help. After two separate activations, including a tour in Iraq, these soldiers served 24 months on active duty in the Marine Corps. When they finally returned home, it was to find out that they fell under a loophole within the Montgomery GI Bill. They were ineligible for full active duty educational benefits because while they served the required 24 months on active duty, their months of service were not consecutive.

To me, this seemed like an unacceptable technicality—if our soldiers serve two full years on active duty, it shouldn't matter whether service is consecutive or cumulative. As you all know, under current operational cycles, many Reservists are activated for 1 year, demobilized for a year, then recalled—all but eliminating the opportunity to be on active duty for two consecutive years. We're even at a point where some Guardsmen and Reservists are doing their third and fourth tours in Iraq.

In order to address this problem, my legislation extends Title 38 Montgomery GI Bill benefits to Reservists and Guardsmen serving at least 24 months of cumulative active duty service over a 5-year period. It will apply to Reservists activated between 9/11 and the end of 2008, in order to accommodate those who are serving honorably in Afghanistan and Iraq. This bipartisan legislation had over 150 cosponsors in the last Congress and I recently reintroduced it with the support of 55 original cosponsors a couple weeks ago.

Thank you for the opportunity to contribute to today's hearing. I look forward to working with this Committee in support of better educational benefits for Reservists and National Guardsmen.

JOINT STATEMENT OF THE RESERVE OFFICERS ASSOCIATION AND THE RESERVE
ENLISTED ASSOCIATION

**The Reserve Officers Association and the Reserve Enlisted Association
Urge the House Committee on Veterans' Affairs, Economic Opportunity
Subcommittee to Support Selected Reserve Education Reforms for all Reserve Component Personnel.**

Those enhancements should include:

- All GI Bill funding and administration belongs under the jurisdiction of the Senate and House committees on Veteran Affairs.
- Include deployed Reservists under MGIB-Active to allow qualification by accumulating active duty time; earning up to 36 months of benefit at 100 percent.
- Permit continued access to MGIB-SR education throughout a Reservists career.
- Continues for 10 years following separation or transfer from the Selected Reserve in paid drill status.
- Return the MGIB-SR (Chapter 1606) to 47 percent of MGIB-Active.
- Include 4-year as well as 6-year reenlistment contracts to qualify for a prorated MGIB-SR (Chapter 1606) benefit.
- Continue MGIB-SR eligibility of Reservists who are involuntarily transferred from pay to non-pay and continue to maintain qualifying years.
- Stipulate that RC personnel can use their education benefits while mobilized.
- Transfer unused benefits for career service-members to family members.
- Allow use of the MGIB benefit to pay off student loans.

Background

Congress re-established the GI Bill in 1984. The MGIB, codified in USC Title 38, Chapter 30, was designed to stimulate All-Volunteer Force recruitment and reten-

tion and to help veterans readjust to the civilian world on completion of their service.

At the same time, the Selected Reserve MGIB program was first codified under Chapter 1606 of USC Title 10 intended as a recruiting and retention incentive. Because of this post-service benefits have not been authorized, which can actually be a disincentive.

Guard and Reserve members may be entitled to receive up to 36 months of MGIB-SR education benefits. This benefit not only has a positive effect on the individual, but the military benefited by having an educated force.

At the beginning of MGIB until the late 1990s, Reserve MGIB benefits maintained proportional parity with the basic active duty program, paying nearly 50 percent of active duty benefit rates. Yet, the MGIB-SR has not kept pace with national military strategy and force deployment policies.

MGIB-SR began to erode as a benefit at parity just as the active forces began to be deployed more, and thousands of Guard and Reserve were recalled or mobilized to provide operational support. MGIB-SR pays approximately 28.5 percent of MGIB-Active.

In 2004, Congress attempted to rectify the growing gap between reserve and active duty benefit rates by establishing a new MGIB Reserve Educational Assistance Program (REAP) for reservists activated for more than 90 days for a contingency operation with, Chapter 1607, Title 10 USC.

To qualify for Chapter 1606 a Reserve Component member must enlist or reenlist for 6 years. Members eligible for Chapter 1606, when activated, can switch to Chapter 1607 GI Bill, which pays up to 80 percent of the Active MGIB (Chapter 30), based on duration of service.

Reserve servicemembers usually have 14 years to use their MGIB-SR benefits starting the first day they become eligible. This eligibility ends when Guard or Reserve members stop drilling with pay. If a demobilized Reservist stops drilling, he or she may switch from chapter 1607 benefits back to chapter 1606 benefits for a period equaling the length of deployment plus 4 months. Active Duty recipients have 10 years after separation to use their benefits.

The incremental manner in which Chapters 30, 1606, and 1607 have evolved has led to inequities in educational benefits. Based on their service in the Global War of Terrorism both at home and abroad, today's military reservists deserve enhancements to their eligibility under the MGIB for Selected Reserves.

Program	USC	Current Monthly Rates			Length of Service
		Full	¾ time	½ time	
MGIB-Active	Title 38 Chapter 30	\$1,075.00	\$806.25	\$537.50	24-36 mos.
MGIB-SR REAP	Title 10 Chapter 1607	\$860.00	\$645.00	\$430.00	2 years + consecutive
MGIB-SR REAP	Title 10 Chapter 1607	\$645.00	\$483.75	\$322.50	1 year + consecutive
MGIB-SR REAP	Title 10 Chapter 1607	\$430.00	\$322.50	\$215.00	90-364 days consecutive
MGIB-SR	Title 10 Chapter 1606	\$309.00	\$231.00	\$153.00	6 year commitment

STATEMENT OF MAJOR GENERAL MICHAEL A. GORMAN, ADJUTANT GENERAL, SOUTH DAKOTA NATIONAL GUARD, AND SECRETARY, SOUTH DAKOTA DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

Chairwoman Herseth and distinguished Members of the Committee, I regret that I am unable to appear before you in person but I would like to provide information I feel is of vital importance for the members of the National Guard concerning educational benefits for the National Guard and Reserve Components. I greatly appreciate your commitment to our Nation's veterans and am grateful for the chance to

provide this testimony regarding the educational assistance programs available to the National Guard

As you know, Congress re-established the GI Bill in 1984. The MGIB, codified in Title 38, Chapter 30, was designed to stimulate All-Volunteer Force recruitment and retention and to help veterans readjust to the civilian world on completion of their service. The Selected Reserve MGIB program was first codified under Chapter 106 of Title 10 as a recruiting and retention incentive, and because of this post-service benefits were not authorized. Guard and Reserve members may be entitled to receive up to 36 months of MGIB–SR education benefits. This benefit not only had a positive effect on the individual, but the military benefited by having an educated force. The bill also served as a key recruiting and retention enhancement. At the beginning of MGIB and until the late 1990s, MGIB–SR benefits maintained proportional parity with the basic active duty program, paying nearly 50 percent of active duty benefit rates. Yet, the MGIB–SR has not kept pace with national military strategy and force deployment policies.

MGIB–SR began to erode as a benefit at parity just as the active forces began to be deployed more, and thousands of Guard and Reserve were recalled or mobilized to provide operational support. An attempt to rectify the growing gap between reserve and active duty benefit rates established a new educational program (REAP) for Reservists activated for more than 90 days for a contingency operation under Chapter 1607, Title 10 USC. Members if activated can elect to receive REAP (Chapter 1607), which pays a set percentage of the Active MGIB (Chapter 30), based on duration of service.

Servicemembers usually have 14 years to use their MGIB–SR benefits from the time they become eligible, however eligibility ends when a Guard or Reserve member stops drilling. If a Guard member or Reservist stops drilling after being activated he or she may receive MGIB–SR (Chapter 1606) for a period equaling the length of deployment plus four months.

The incremental manner in which Chapters 30, 1606, and 1607 have evolved has led to inequities in educational benefits. Based on their service in the Global War on Terrorism both at home and abroad, today's military Reservists deserve enhancements to their eligibility under the MGIB for Selected Reserves.

Those enhancements would include:

- All GI Bill funding and administration belongs under the jurisdiction of the Senate and House Committees on Veteran Affairs where veterans' education is the first priority.
- Expansion of MGIB–Active criteria to allow deployed Reservists to qualify for Chapter 30 by accumulating active duty service periods instead of viewing each period separately.
- Effective date of eligibility is when the servicemember elects to begin using their educational benefits and not upon entrance into the Selected Reserve.
- Include 4-year as well as 6-year reenlistment contracts to qualify for MGIB–SR. Allow use of the MGIB benefit to pay off student loans after completion of initial enlistment contract.

In addition I support the concept of a Total Force GI Bill as outlined below:

Replace Chapters 30, 1606 and 1607 and provide GI Bill reimbursement rate levels based on an individual's service in the Armed Forces, including the National Guard and Reserve. Create three tiers;

FIRST TIER

This level would be similar to the current Montgomery GI Bill, Active Duty (MGIB–AD) 3-year rate—would be provided to all who enlist for active duty. Service entrants would receive 36-months of benefits at the Active Duty Rate.

SECOND TIER

This level would be for all who enlist or re-enlist in the Selected Reserve (SelRes) this would entitle them to 36 months of benefits at a pro-rata amount of the active duty rate (Initial ratio in 1985 was 47%)

THIRD TIER

This level would be for members of the SelRes and Inactive Ready Reserve (IRR) who are activated for at least 90 days. They would receive 1 month of benefit for each month on activation in addition to the basic tier one or tier two benefit. Payment of up to a total of 48 months with no more than 36 months of any tier paid would match current VA policies for multiple entitlements. The maximum of benefit for a qualified SelRes member would be 36 months of tier three and 12 months of tier two.

An individual would have up to 10 years to use the active duty or activated-service benefit from their last date of active/activated duty or reserve service, whichever

is later. A Selected Reservist could use remaining second tier MGIB benefits as long as he/she were satisfactorily participating in the SelRes, and for up to 10 years following separation from the reserves in the case of separation for disability or qualification for a reserve retirement at age 60. Members need the ability to reestablish prior benefits that were lost due to separation when the member returns to military service.

All provisions (e.g. additional contributions), and programs (e.g. accelerated payments, approved test fee reimbursement, and so forth.) eligible for payment under the current MGIB-AD program would be available under all three levels. Under this plan DOD would continue to be able to provide Recruitment and Retention incentives such as loan repayment, kickers for "college", and enlistment bonuses.

RATIONALE: A major reason for this recommendation is equity for members of the Selected Reserve or Ready Reserve who are called to active duty service—equal programs and opportunities for equal service to country.

The proposal also provides an additional recruitment incentive to the Selected Reserve Forces since the new program would include a transition and readjustment provision for members who are activated for more than 90 days.

Placing the Total Force GI Bill within Title 38 USC will greatly simplify the administration of the (GI Bill) educational assistance program for all members of the armed services, both Active Duty and Reserve Forces, as well as ensure that all future benefits are upgraded equitably.

The GI Bill has traditionally been viewed as a grateful Nation's way of showing its appreciation for the sacrifices of service, separation, and combat. The new Total Force GI Bill reflects the new realities which have transformed this Nation's security environment since 9/11/2001.

Another area of concern that I would like to bring to the attention of this Committee is the delivery of services regarding timely payment of the educational benefits. Over the past decade the Veterans Administration moved toward a regional approach to serving those eligible for benefits and their service partners. In theory, it would seem this approach makes better use of limited resources but this system has not delivered as intended and those eligible individuals are suffering.

Generally an initial claim requires a minimum of 8 to 12 weeks to process. This creates challenges and financial hardships for these young men and women who are entitled to these programs. The Veterans Administration has looked toward technology to solve all issues and in reality their service plan should include additional staff with a greater emphasis on training.

I feel that an independent, comprehensive review of the claims processing system is necessary to identify problem areas. After problems are identified, the VA should provide the necessary resources and solutions to resolve the problem areas. If the regional approach does not address system accountability and reduce claims processing times, then the processing of claims should be decentralized.

Thank you for the opportunity to provide this distinguished Committee with this vital information regarding the recommended enhancements to Montgomery GI Bill and the educational claims processing by the VA.