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STATE APPROVING AGENCIES

HEARING

BEFORE THE

SUBCOMMITTEE ON ECONOMIC OPPORTUNITY

OF THE

COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

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STATE APPROVING AGENCIES

THURSDAY, APRIL 19, 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 334, Cannon House Office Building, Hon. Stephanie Herseth Sandlin [Chairwoman of the Subcommittee] presiding.

Present: Representatives Herseth Sandlin, Donnelly, Hall, Boozman.

OPENING STATEMENT OF CHAIRWOMAN HERSETH SANDLIN

Ms. HERSETH SANDLIN. Good afternoon, ladies and gentlemen. The Committee on Veterans' Affairs, Subcommittee on Economic Opportunity hearing on functions performed by State Approving Agencies (SAAs) will come to order.

Before I begin with my opening statement, I would like to call attention to the fact that Ms. Jean Morse, President of the Middle States Commission on Higher Education, has asked to submit a written statement for the record on behalf of the Council of Regional Accrediting Commissions.

If there is no objection, I ask for unanimous consent that the statement be entered into the record. Hearing no objection, so entered.

[The statement of Ms. Morse appears on p. 58.]

Today we will be hearing testimony on State Approving Agencies. The authority of SAAs was established by Congress in 1947 to ensure that veterans and eligible dependents can use the GI Bill educational entitlement in an approved educational program.

Under contract with the U.S. Department of Veterans Affairs (VA), the key function of SAAs is to ensure that education and training programs meet VA's standards through a range of approval activities such as conducting on-site visits, evaluating course quality, assessing school financial stability, and monitoring student progress.

Every State assesses each program as to its own standards and laws in addition to the VA rules and regulations with all approved programs undergoing continuous supervision.

The programs that can be approved include colleges, universities, vocational and technical schools, flight schools, apprenticeship programs, and on-the-job training programs. In addition, SAAs engage in outreach activities to foster the usage of the GI Bill.

This year, my home State of South Dakota is expecting to have approximately 2,100 eligible individuals enrolled in GI Bill eligible programs. These programs are now found at 47 schools and 192 training establishments in South Dakota. So I have a strong interest in exploring the subject before us today to improve the availability of education benefits for our men and women in uniform.

I understand that there are concerns about the funding change that is about to occur for the State Approving Agencies. From fiscal years 2003 to 2006, their funding increased from the statutory level of $13 million to $19 million to expand services. However, the funding level for SAAs is scheduled to decrease beginning in fiscal year 2008.

According to a recent report, the U.S. Government Accountability Office (GAO) concluded that the responsibilities of State Approving Agencies have expanded since 1995 and that they add value to the approval process for education and training programs. However, the report also concluded that there was overlap between the efforts of State Approving Agencies and other Federal agencies.

While the VA now spends $19 million to fund SAA duties and functions, it does not track the amount it spends on specific SAA activities, especially those that may also be performed by other agencies. So I am very interested in hearing your insights on how these concerns can be addressed.

Ranking Member Boozman, I look forward to working with you and our colleagues and Subcommittee staff to help with these important services offered by the State Approving Agencies, and I now recognize the Ranking Member, Mr. Boozman, for any opening remarks that he may have.

[The prepared statement of Chairwoman Herseth Sandlin appears on p. 29 and the referenced GAO report, GAO–07–384, entitled, "VA Student Financial Aid: Management Actions Needed to Reduce Overlap in Approving Education and Training Programs and to Assess State Approving Agencies," appears on page 61.]

OPENING STATEMENT OF HON. JOHN BOOZMAN

Mr. BOOZMAN. Thank you very much.

The State Approving Agencies have for many years been a mainstay in ensuring that veterans attending the education and training programs under the various GI Bills receive quality instruction. That is why I thank you, Madam Chairwoman, for holding the hearing today.

A recent GAO report, that updated a 1995 report, again found overlaps in the functions performed by the State Approving Agencies, the regional and professional accrediting agencies acting on behalf of the Department of Education, and the Oversight Committees provided by the State Employment Services.

While the recent report was less critical than its predecessor and noted SAAs did, in fact, provide perspective not replicated by other organizations, GAO again recommended a thorough inter-agency review of how the Federal Government oversees the education industry.

I believe that this is important, that it is important to begin the processes and means to improve the education and training opportunities for veterans and their dependents.

Another issue is how much funding should VA provide to the States to act as VA's agent. VA currently pays the collective SAAs about 19 million out of the readjustment benefits account. As such, those payments are mandatory spending and beginning in fiscal year 2008, the law cuts that funding to 13 million.

So the question before us is what is the value of the services provided by the SAAs?

It looks like we are going to get a report from the regional accrediting agency as well as having somebody from the U.S. Department of Education (DoE) today, so we look forward to that, especially the functions associated with their programs.

I am sorry that witnesses from the accrediting bodies we invited were unable to attend. Their testimony would have been a valuable perspective relative to GAO's findings.

I would note the accrediting associations overseeing colleges and universities are membership organizations who charge their members significant annual dues as well as large fees for other functions such as approving new courses for instruction.

For example, the alma mater of one of our staff is a small liberal arts school in the Midwest with a full-time enrollment of about 1,800 students. That school pays at least $4,000 in annual dues to its main accrediting association in addition to any fees for special visits.

I am not criticizing the accrediting bodies for charging the fees, but I thought it important that the members know this aspect of their operations.

Regarding the U.S. Department of Labor (DoL), I am looking forward to hearing about the level of the interaction with SAAs in improving on-the-job training (OJT) and apprenticeship programs.

Again, thank you, Madam Chairwoman, as always for your leadership in this area and look forward to hearing the testimony.

[The prepared statement of Congressman Boozman appears on p. 29.]

Ms. HERSETH SANDLIN. Thank you, Mr. Boozman.

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 in examining this important issue.

I am particularly interested in understanding and exploring the views and perspectives on the role and function of State Approving Agencies, funding needed to perform those functions, overlap in the approval process, and coordination between Federal and State agencies. I look forward to hearing from all of you.

We have been informed that votes would have been called about 25 minutes ago, so they could be called at any time. We will go ahead and start testimony and take as much as we can from our first panel and get to any questions of the Subcommittee.

I think we will go ahead and start with the first panel. Joining us is Mr. George Scott, Director of Education, Workforce and Income Security Issues for the U.S. Government Accountability Office.

That gives us 15 minutes, so we will at least start perhaps with Mr. Scott's testimony in just one moment. I will introduce the other folks on the panel.

Ms. Joan Ryan, President of the National Association of State Approving Agencies; accompanied by Mr. Donald Sweeney, Legislative Director of the National Association of State Approving Agencies, and my friend, Mr. George Summerside, Veterans Education Program Specialist, South Dakota State Approving Agency. Welcome to all of you.

And, Mr. Scott, we will let that buzzer go and then we will begin with your testimony. I would ask each of our witnesses to do their best to limit their opening statement to five minutes. Your full written statement will be submitted for the record.

Thank you.

STATEMENTS OF GEORGE A. SCOTT, DIRECTOR, EDUCATION, WORKFORCE AND INCOME SECURITY ISSUES, U.S. GOVERNMENT ACCOUNTABILITY OFFICE; JOAN L. RYAN, PRESIDENT, NATIONAL ASSOCIATION OF STATE APPROVING AGENCIES; ACCOMPANIED BY C. DONALD SWEENEY, LEGISLATIVE DIRECTOR, NATIONAL ASSOCIATION OF STATE APPROVING AGENCIES; AND GEORGE W. SUMMERSIDE, VETERANS EDUCATION PROGRAM SPECIALIST, SOUTH DAKOTA STATE APPROVING AGENCY

STATEMENT OF GEORGE A. SCOTT

Mr. SCOTT. Thank you.

Madam Chairwoman, Ranking Member Boozman, and members of the Subcommittee, I am pleased to be here today to discuss GAO's recent report on State Approving Agencies, SAAs.

In fiscal year 2006, the Department of Veterans Affairs paid approximately $19 million to State Approving Agencies. Under contract with the VA, SAAs ensure that education and training programs meet VA standards through a number of approval activities such as evaluating course quality and monitoring student progress.

My testimony today will focus on what changes have occurred in SAA duties and functions since 1995, to what extent VA's approval process overlaps with the efforts of other Federal agencies, and what additional value do State Approving Agencies bring to VA's education benefit program.

As you know, veterans and other qualified individuals receive VA education benefits that allow them to pursue various types of educational programs such as a degree program, an apprenticeship, or on-the-job training.

In general, these programs must be approved by a State Approving Agency in order for individuals to receive VA education benefits. The Departments of Education and Labor also assess education and training programs.

The Department of Education certifies postsecondary institutions for participation in Federal student financial aid programs through various oversight functions to ensure that these schools meet Federal requirements and that they are accredited and licensed.

Similarly, the Department of Labor is authorized to formulate and promote labor standards to safeguard the welfare of apprentices.

Given each agency's role, the potential for duplication of approval efforts among Federal agencies have been a congressional concern.

In our study, we report the legislative changes effective in 2001 created additional responsibilities for State Approving Agencies including promoting the development of apprenticeship and on-the-job training programs, providing outreach services, and approving tests for occupational licensing.

From fiscal years 2003 to 2006, funding for State Approval Agencies increased from $13 million to about $19 million to expand services and support the additional responsibilities. However, as you noted, its funding is scheduled to decrease beginning in fiscal year 2008.

Many education and training programs approved by SAAs have also been approved by other agencies. For example, about 69 percent of all programs approved by SAAs are also offered by institutions that have been certified by Education.

VA and SAA officials also reported that many apprenticeship programs approved by SAAs have also been approved by Labor. The agencies also have similar categories of approval standards, but the interpretation and application of these standards may differ.

For example, VA and Labor each require that facilities have adequate space and instruct their personnel to provide quality training, but the definitions of adequacy differ.

Despite the potential overlap, VA has taken few steps to coordinate approval activities with Education and Labor.

Additionally we found that VA does not require State Approving Agencies to collect information on the resources they spend on specific approval activities. The lack of such data prevented us from determining what portions of funds were spent on approval activities that may overlap with those of other agencies.

SAAs reportedly add value to VA's approval process through focusing on student services for veterans, ensuring the integrity of VA benefits, providing more frequent on-site monitoring of education and training programs that are provided by other agencies, and assessing and approving a small number of programs that are not reviewed by other agencies.

While VA does measure various outputs resulting from SAA activities such as the number of supervisory visits conducted, the lack of outcome performance measures makes it difficult to assess the significance of such activities.

In conclusion, VA, Education, and Labor have various standards and processes in place to ensure that Federal funds are spent on quality education and training programs. While we have identified some overlap in approval efforts across these agencies, the full extent of the overlap is unknown. It is important that VA work with other Federal agencies to determine how the scope of its approval process can be streamlined to reduce overlap.

Furthermore, developing outcome measures to more fully evaluate SAA performance is important to managing the program and improving results.

To help ensure that Federal dollars are spent efficiently, we recommended that VA take steps to monitor its spending on approval activities and identify whether any resources are spent on activities that duplicate the efforts of other agencies.

We also recommended that VA establish outcome-oriented performance measures to assess the effectiveness of State Approving Agencies' efforts.

VA agreed with our recommendations and stated that it will take action to implement them. They will continue to monitor VA's progress in addressing these issues.

This concludes my statement, and I would be happy to answer any questions that you may have. Thank you.

[The prepared statement of Mr. Scott appears on p. 30.]

Ms. HERSETH SANDLIN. Thank you, Mr. Scott, and thank you for the report and the questions that will be derived from that report throughout the hearing today.

We have just under 10 minutes before the vote and we generally only need a few minutes to get down for this first vote. Ms. Ryan, if you think you can confine your opening statement to five minutes, we can go ahead and get yours in now before we go down to vote. Okay. Thank you.

STATEMENT OF JOAN L. RYAN

Ms. RYAN. Chairman Herseth Sandlin, Ranking Member Boozman, members of the Subcommittee on Economic Opportunity, we are pleased to appear today before you on behalf of the National Association of State Approving Agencies to provide comments on the functions of State Approving Agencies, the value added by SAAs, the issue of overlap in the work of various approving agencies, and funding needed for SAAs to carry out their responsibilities.

State Approving Agencies add value to the educational experience for veterans by promoting and safeguarding quality education and training programs, by ensuring greater educational and training opportunities, and by assisting the DVA in preventing fraud, waste, and abuse in the administration of the GI Bill.

State Approving Agencies carry out their mission through core functions of program approval, ongoing contact, and supervision, technical assistance, outreach, and liaison.

As State Approving Agencies working with a Federal program, SAAs are in a unique situation to network with stakeholders in education and training to coordinate the improved delivery of veterans' benefits.

Frequent interaction with officials at all levels within the State provides an understanding of how the system works which in turn creates a unique ability to assist veterans in accomplishing their training objectives.

As stated by a former Subcommittee staff director for the House Veterans' Affairs Committee in an upcoming SAA outreach film, SAAs are the face of the GI Bill at the State level.

We provide advocacy for veterans, educational consumer protection for veterans. We respond to veterans' education problems and prevent overpayments to veterans. We provide outreach. During the last 10 years, we have tripled our number of outreach activities and job training opportunity. The number of active apprenticeship and on-the-job training facilities has increased over 100 percent in the last 10 years.

Questions have been raised regarding possible overlap in the work of State Approving Agencies with other agencies. A recent GAO report states many education and training programs approved by SAAs have also been approved by Department of Labor. We disagree.

It is our understanding that Department of Education does not directly approve programs. It certifies institutions by relying heavily on accreditation which is primarily institutional in nature, not programmatic.

Moreover, accreditation is a voluntary, private-sector, quality enhancement process, not a government control mechanism.

Additionally, SAAs do work with other approval institutions such as State licensing and degree-granting authorities and accrediting agency personnel.

It is important to note the major differences between SAAs and accreditation. Why? Number one, in their mission, standards, and purpose and, number two, operationally in the depth, breadth, and frequency of their reviews. Each has a function, but the functions are not identical or duplicative. They are complementary.

Regarding outcomes measures, we agree that more can be done. For example, SAAs are heavily engaged in promoting the concept of lifelong learning. We see more veterans who do not need a full-scale 2- or 4-year program of education to help them achieve their occupational goals. So our work with educational institutions has grown in the direction of evaluating and approving noncredit programs which we would begin to identify more clearly.

The total allocation for SAA activities is stipulated in Title 38. Each SAA's allocation is determined by a formula essentially based on the number of active schools and training establishments being supervised. The total allocation was capped at $19 million for 2006 and 2007. If no action is taken, in 2008 the cap will revert back to $13 million, a 32 percent cut.

If the SAAs are unable to perform their duties to the fullest, veterans would invariably suffer. SAAs need funding stability in order to plan for and execute activities that meet the requirements of Title 38 between the State and the VA.

In order to provide an acceptable level of service to veterans, Congress, and the DVA and to continue to take on additional roles as needed, SAAs must consistently be funded at an adequate level.

Once restored to the current level of $19 million, the amount should be adjusted each year by a government approved COLA applied to other benefit programs.

In closing, Madam Chairman, an important reason for the existence of the State Approving Agencies is service to veterans. Every one of our activities from TAP briefings on bases to job and career fairs, from working with schools and registrars and college deans, to helping employers meet requirements for approval, each of these add values to the educational experience for veterans. It is our purpose and our passion. Because we are in the schools, job training sites, and on bases, we are the face of the GI Bill to veterans.

We would like to thank you and the members of the Subcommittee again for the opportunity to comment on the functions of State Approving Agencies, the value added by State Approving Agencies, the issue of overlap in the work of approving agencies,

and funding needed for SAAs to carry out their responsibility so that the GI Bill remains the country's premier education assistance program bar none.

Mr. Sweeney and I would be happy to take questions later.

[The prepared statement of Ms. Ryan appears on p. 36.]

Ms. HERSETH SANDLIN. Yes. Thank you, Ms. Ryan. I appreciate that.

Mr. Summerside, we are going to have to wait. Mr. Boozman and I need to get down to the House floor for a couple of votes. We will be back hopefully within the half hour and then we will resume with your testimony and move to questions.

Thank you.

[Recess]

Ms. HERSETH SANDLIN. Okay. Well, thank you for your patience, and we will just move immediately then to Mr. Summerside's testimony. Please begin.

STATEMENT OF GEORGE W. SUMMERSIDE

Mr. SUMMERSIDE. Thank you, Chairwoman Herseth Sandlin and members of the Subcommittee on Economic Opportunity.

I am pleased to appear before you today on behalf of the South Dakota State Approving Agency to discuss the functions of the State Approving Agencies and the value our agency has in the State of South Dakota.

Sixty years ago, Congress determined that each State should create an agency that approved programs within its boundaries and to determine which programs it was appropriate for veterans to enroll and receive their VA educational benefits.

After a few years, States realized that a national association was needed. And in 1948, the National Association of State Approving Agencies was formed.

One of the keys to the success of our association has been the use of technology. We created a viable Internet website for the utilization of our members, our service partners, and our customer, the American veteran.

South Dakota has been the web master for this site since its creation in 1998. The primary responsibility and focus of our agency continues to be the review, evaluation, and approval of quality programs of education and training. Our agency conducts annual supervisory visits to each active facility to review the resources and capabilities which are required for continued approval. This on-site, ongoing supervision is vital to ensure these approved institutions continue to provide quality educational programs and meet VA compliance requirements.

We have become advocates for quality education and training for veterans and other eligible persons. We have developed service partnerships with veterans' groups and other agencies to facilitate even greater and more diverse educational opportunities for those we serve.

We provide technical assistance on a wide range of VA educational issues. Our staff is continually developing creative and innovative ways to promote and educate the public on VA educational programs.

Last fiscal year, we distributed over 6,000 brochures and other outreach materials to those within our service network.

You have asked what is the value of our agency. This can be best answered by those we serve. The following comments offer their opinion.

I was most appreciative for the professionalism from the person from the State Approving Agency who worked with my employer and me to design a tailored training program. No doubt, without availability of this education benefit, I would not have been able to accept this training position. Ron Boyd, State Adjutant, South Dakota American Legion.

On behalf of the veterans and their dependents attending the University of South Dakota, I can honestly claim that the support of our State Approving Agency is essential to our success. Jennifer Jost, Association Registrar.

The philosophy that bigger is better does have its limits and the impact on our smaller States can be negative. There is a need for each State to have a fully staffed SAA so the veterans in that State do not suffer with additional delays in obtaining their educational benefits. These agencies are vital and any reduction in funding would negatively impact VA educational programs. Del Johnson, retired South Dakota ELR.

To ever lose or restrict the State Approving Agency due to Federal budget restraints would be a huge disservice to South Dakota veterans. Ken Lindblad, Beadle County Veteran Service Officer.

State Approving Agencies have not only ensured that those eligible for VA educational benefits enroll in quality education and training programs, but they have also served as a champion of veterans' educational benefits. Bill Locken, South Dakota Veterans Commissioner.

In the past few months, George Summerside has been an excellent client advocate. Without his dedication and loyalty, the veterans' education program would be nothing. Sincerely, Samantha Donley. She is a Chapter 35 recipient.

Our agency has a proven record of dedicated and professional service as depicted in the comments I just read. If a funding solution is not found, South Dakota's contract would be reduced by 32 percent next fiscal year. This would be a reduction of over $66,000. The many things we are doing in outreach and customer service would no longer be possible.

The testimonies today cannot truly measure our value. Our true value rests in the heart of each of the dedicated staff whose sole purpose is the approval of quality programs of education and training. Our agency's worth is found in the dedicated devotion to excellence and our Nation's veterans deserve no less.

In closing, Madam Chairwoman, I would like to thank you and the members of the Subcommittee again for the opportunity to comment on the functions of the South Dakota State Approving Agency and the value we add to our State. I would be happy to respond to any questions you might have.

[The prepared statement of Mr. Summerside appears on p. 44.]

Ms. HERSETH SANDLIN. Well, thank you, Mr. Summerside, and all of our witnesses on the first panel for your testimony.

I have a number of questions, but I will defer to our Ranking Member and then we have also been joined by Mr. Hall who has another Subcommittee hearing that is going on simultaneously.

In an effort to accommodate him, I would like to ask Mr. Boozman to begin the questioning so that we can move to Mr. Hall for any opening statement or questions he may have and we will circle back to me at the end.

Mr. BOOZMAN. Thank you, Madam Chairwoman.

I appreciate your testimony, Mr. Summerside. I think that in visiting with your Arkansas equivalents, I think they would concur with your testimony or it would be very, very similar. So it is good to have you here to kind of give us some, you know, firsthand as to effects testimony.

For the State Approving Agencies, can you provide us some details how the State Approving Agencies differ from other organizations performing similar functions, if that makes sense?

Ms. RYAN. I would like to give that to Mr. Sweeney, if you do not mind.

Mr. BOOZMAN. Yes.

Mr. SWEENEY. I think Ms. Ryan really summed it up in her comments when she said the Department of Education's process relies heavy upon accreditation which is primarily institutional.

The Department of Education certifies institutions that offer programs to those people who are entitled to or eligible for Title 4 funding.

There is a huge difference between saying that programs approved by State Approving Agencies are also approved by the Department of Education. As I said to one of the staff members during the break, it is not quite 180 degrees, but it is close to 179. There is a huge difference between certifying institutions that offer programs than approving each and every program in accordance with provisions of Title 38.

The basis for Title 38, beyond ensuring the academic integrity and quality of a learning experience—which could be anywhere from a certificate program in automotive technology to a Bachelor of Science Degree in Engineering—is also to ensure that the provisions of Title 38 that pertain to payment of benefits are in place as well. They are intertwined.

So when we talk about the differences between the two processes, Mr. Boozman, if I understand the question correctly, it seems like much of this really centers around accreditation. Am I correct in the intent of the question more so than it is, for example, State licensing or degree granting authority? It's really around accreditation. And the vast majority of accreditation is institutional.

For example, before leaving the State of Maine where I happened to be—we are all volunteers. The National Association of State Approving Agencies has no paid staff. I mean, I am the Director of the Maine State Approving Agency. Joan is the Director of Illinois. We take on these titles of President and Legislative Director and basically what it does, it keeps us in the office to eight o'clock at night and on weekends.

But by and large, one of the things that I took a look at before leaving the State of Maine was how many of the University of Maine system programs have specialized accreditation. Now, that

gets us a little bit closer to the process utilized by State Approving Agencies.

Stop me if I am losing you here, but there are the various types of accreditation that we refer to in our written testimony, there is institutional accreditation, there is programmatic accreditation.

And the programmatic accreditation is probably the closest that you will find to the State Approving Agency process where we take a look at the legitimacy of the objective, what is that program objective, is it, for example, someone that wishes to be an automotive technician, what does it take to learn those skills, how are those skills taught, by whom, and under what circumstances.

And Title 38, as the Committee is aware, is quite prescriptive in that regard with respect to admissions requirements, credit for prior learning, satisfactory progress, all those kinds of things that pertain to student enrollment.

Well, anyway, taking a look at the University of Maine system of which there are seven campuses, we have roughly about 600 programs. A little over 125 have specialized accreditation, so that leaves 500 or close to 500 that are strictly viewed as, quote, approved under an institutional umbrella of accreditation, not programmatic, institutional.

That institutional accreditation, and I have had the privilege and honor of serving on a number of accrediting teams over the years. I have about close to 35 years in the field of education. I have been an administrator. I have served as an instructor and again on accrediting teams.

That process, when I say institutional, I could go on for hours on this just to give you some idea of what I mean by institutional, but suffice it to say for the hearing purposes, it is far more superficial than the programmatic accreditation and the process used by State Approving Agencies.

And I thank you for all the time you have given me because I think I have already gone too far.

Mr. BOOZMAN. No. That is fine.

Let me just ask one more thing if it is okay, Madam Chairwoman? My time is up in a little bit.

But I guess really the bottom line, and you alluded to it, Mr. Summerside, with the cutting in funding, what it would do in your State.

Again, if we go from the current $19 million to $13 million, what is the practical effect that that is going to have on the program?

Ms. RYAN. The effect will be local. Each State may approach it a little differently. There are some States who may, in fact, choose not to contract with VA, some of the smaller States who have small contracts. If that is the case, then VA would have to pick up the approval function in that State.

There are some States who may not do outreach. There just will not be the time, the budget. There are States who will lay people off, I have no doubt. But, you know, it is an individual, it will be a local decision how it is made.

Mr. SWEENEY. Is it possible to add to that, Mr. Boozman?

I think a big piece for us is that State Approving Agencies truly believe that, as Ms. Ryan stated in her closing remarks, the GI Bill

should be the premier educational assistance program in this country bar none.

We have one percent of our population defending the other 99 percent and for many of us these days, we are not sure how large of a portion of that 99 percent really care about the other one percent.

Veterans, as Mr. Summerside said, deserve no less than the fullest attention that we can give. Removing the amount of funding that is currently provided a State Approving Agency is definitely going to jeopardize, after 30 plus years in the business, is definitely going to jeopardize the success of the GI Bill, no doubt in my mind.

We are, as stated earlier, the face of the GI Bill at the State level. The level of interaction that we have with the players—there is no comparison to other processes. That level of interaction gives us an opportunity to not only know the folks but know the systems, but also to be able to identify what areas need attention and what areas do not really need attention. And that is what helps us to be as effective as I think we are.

Mr. BOOZMAN. Thank you, Madam Chair.

Ms. HERSETH SANDLIN. Yes. Thank you.

And thank you both to Ms. Ryan and Mr. Sweeney.

Mr. Hall, do you have questions for the panel?

Mr. HALL. Briefly. Thank you, Madam Chairwoman.

I apologize for being late and leaving early, but I am double and triple booked today.

But I thank you, panelists, for your testimony which I have been reading. I heard part of Mr. Summerside's testimony that was given earlier.

I just want to say that the cut from $19 million or the drop this action has taken from $19 to $13 million seems like whoever made that decision must have made it in a vacuum.

But there is a lot of talk going on now on the full Veterans' Affairs Committee and the Subcommittees and when I go home and meet with veterans in my district about outreach and communicating what programs are available, what help is available to our veterans.

And so I hope and believe that we will find a way to keep you performing your services that you have been so generously performing to date.

I wanted to ask whether there is a difference, whether you are seeing a difference in terms of program targeting or tailoring of programs for, yet this may be that it is too early in terms of OEF/OIF, but whether the veterans coming back from these wars are in need of different things or different kind of programs or different assistance than vets you worked with before to anybody who would like to answer or not answer.

Ms. RYAN. Well, one of our association's focuses in the last few years has been a concept of lifelong learning. As I said in my statement, many of them do not want or need the two- or four-year college education. They want to, for example, learn how to start their own business, so now there are entrepreneurship courses that they can take and use GI Bill to do that.

There are the licensure and certification test reimbursements that they can get reimbursed, you know, they can get reimbursed for the cost of the course, those kind of things.

In Illinois, we are seeing a tremendous increase in the on-the-job training and apprenticeship. Many of them do not want to go to school, do not want to go to college. They want to work. They have families. They are older. So that has been a big increase for us.

And, you know, employers in the State are very, very interested in hiring veterans. You know, they recruit for veterans. They love having them. And so it is an easy sell in many ways.

Mr. HALL. Thank you.

And I am just curious. How much overlaps are you aware of or any of you aware of between the work that you do and the work that is being done either by the VA or by the VSOs? I mean, do you consider the work that you do to be filling a unique niche that otherwise would go unfilled?

Ms. RYAN. Absolutely. And I do not want to overstate it, but we really are the face of the GI Bill out there in the schools and in the job training establishments. When we approach our approvals, we do it from the standpoint of Title 38, what is required for veterans, which is different sometimes than for just students in general.

Mr. HALL. And, last, maybe, you two, you could just pick a figure out of the air, what do you think this 2008 budget should allot for SAAs?

Ms. RYAN. We would be happy with 19 percent or $19 million.

Mr. HALL. Nineteen-percent increase?

Ms. RYAN. Yeah. No. No, no, no, no. I am thinking of the COLA.

Mr. HALL. If we continue the existing funding, you——

Ms. RYAN. Yeah, what the COLA would be.

Mr. HALL. You could work with that?

Ms. RYAN. Yeah. That would be adequate for sure.

Mr. HALL. Thank you very much, Madam Chairman. I yield back.

Ms. HERSETH SANDLIN. Thank you, Mr. Hall.

Mr. Summerside, did you have anything you wanted to add to Ms. Ryan's answers to Mr. Hall's question from your perspective?

Mr. SUMMERSIDE. I can just say in South Dakota, I know if there is anything to do with VA educational programs, the office they call is ours. That can be from a County Service Officer. That can be from a vet rep or a DVOP. That can be from other agencies within State government.

You know, I do work closely with Department of Education in South Dakota with some of my high school approvals, but they do not look at the things that we look at. They do not look at the things and they do not measure the things that the VA does.

You know, a lot of the things is not just the quality of the program, but it is also based on how they can measure the payment for that program as far as the VA and their benefits. And that is unique to State Approving Agencies.

Now, I am not as knowledgeable as my esteemed colleague, Don, over here, but I do know in our State as far as on-the-job and apprenticeship training, we are not a highly regulated State. A lot of our apprenticeship programs are nonregistered. They are not reg-

istered apprenticeships that have oversight of the Bureau of Apprenticeship and Training.

And the other thing, the Bureau of Apprenticeship and Training from my point of view has a wider spectrum to look at. We have one focus; it is the veteran. That is our only focus and that makes us uniquely qualified to serve them in this role.

Ms. HERSETH SANDLIN. Well, thank you for your response.

I would like to go back to Mr. Sweeny and Ms. Ryan, if that is okay, if I direct the question directly to Mr. Sweeney, because you both talked a lot about the differentiation between the State Approving Agency's process versus the DOE's accreditation process.

Would you wish to elaborate on where you see this same type of differentiation or not, perhaps taking issue with how the GAO report characterized overlap as it relates to the Department of Labor?

I think Mr. Summerside touched on it to an extent, but if you wanted to elaborate.

Mr. SWEENEY. Well, what I recall, and I brought this huge notebook and put everything in it, but it might take too long to find the page that I need to find so what I recall is this. Certainly with registered apprenticeship programs where what is to be taught, for example, what knowledge and skills are to be taught, developed by the Federal Department of Labor or by the State Apprenticeship Councils where they exist. George knows this probably better than I, with State Councils, it is very similar to institutional programs. For example, a Bachelor of Science Degree in Engineering, you compare that to an apprenticeship program that is registered and you know that your State Council has already taken a look at what is to be taught, what knowledge and skills are to be learned. We can oversee that process in much less time in our evaluation than what it would take for a nonregistered apprenticeship program or what we term other on-the-job training.

And I think the Department of Labor did mention in their comments or the GAO did with regard to apprenticeship and OJT that Department of Labor has no influence whatsoever on OJT programs. They do not have responsibility for them. There is no jurisdiction. So that is strictly an SAA function.

I mean, for us, many times we are the only ones that take a look at that kind of a training program. We are the only ones that say it leads to a legitimate objective, here is what it is going to take to achieve the objective, here is what the process is going to be, and you can be reasonably assured that you will get a job in that occupation once you go through the process.

Ms. HERSETH SANDLIN. Thank you.

Mr. Scott, let us give you a chance to respond to some of the testimony and the answers to questions already posed as they relate to the accreditation process. And you did mention where you see some overlap and obviously some concerns have been raised and some respectful disagreement with how that has been characterized.

When you undertook this review, did you conclude anything with regard to an approximate number or percentage of programs that are not reviewed by other agencies as just described by Mr. Sweeney?

Mr. SCOTT. Well, thank you, Madam Chairwoman. Just a couple points if I could in terms of clarification.

Just overall, I think looking at our report in terms of percentage of veterans and others enrolled in programs, the vast majority are, in fact, enrolled in an institution of higher education, colleges and universities. So from our perspective, that is one of the key areas to look at.

And as such, the Department of Education is not simply reviewing schools for accreditation purposes. The Department of Education also looks at schools for ongoing compliance with the rules and regulations required to participate in Federal student aid programs.

So I am hearing a lot of talk about accreditation, but that is just one part of the story. The Department has ongoing monitoring of colleges and universities and other schools who participate in Title 4 programs, the "Higher Education Act." So in our view, that is another level of on-site overview at the Department of Education.

I think more fundamentally one of the things that I think is important about this hearing today is that in light of the number of changes in Federal oversight of colleges and universities, since State Approving Agencies were first created, clearly there is a much different role now in terms of the Department of Education's oversight, in terms of their ongoing monitoring of these schools.

So I think it is appropriate to now take a step back and look at given the role of the Department of Education, what is, in fact, the appropriate role for State Approving Agencies in terms of their oversight and monitoring of institutions that have been certified by the Department of Education.

Ms. HERSETH SANDLIN. Well, let me stick with you for the remaining time I have and we will do another round of questions here.

Mr. Scott, are State Approving Agencies positioned to provide better site monitoring than other agencies as it relates to on-the-job training, apprenticeship programs, and others?

Mr. SCOTT. Well, I think clearly as we pointed out in our report, there are areas where State Approving Agencies do add value. I think the reason we recommended that the Department of Veterans Affairs sort of get together with the Departments of Education and Labor is to sort out exactly where are the overlaps.

I mean, clearly there are some areas where no one is looking on accredited schools and programs, for example. That is one potential area where SAAs clearly add value because no one is looking at those. I mean, clearly some of the apprenticeship programs, that is another area where they add value.

I think our more fundamental message, though, is it is important to take a step back, look, and sort of given the current funding problems that the SAAs are likely to face, where is the best way for them to use their limited resources.

And I think our recommendations to the Department of Veterans Affairs to take a look at the overall potential overlap will help sort of sort out where, in fact, it is best to use those limited resources.

Ms. HERSETH SANDLIN. Thank you.

Mr. Boozman, do you have some followup?

Mr. BOOZMAN. The only comment I would make, Madam Chairwoman, and, again just really what he was discussing, I think it does make all the sense in the world for VA and the State Approving Agencies and GAO to get together and really sort out the overlaps. Which is, it just does not seem that is being done. And so that certainly would be very helpful to myself and I think all of us, and our staffs are kind of sorting out where we go.

But that is really the only comment I would make and I yield my time.

Ms. HERSETH SANDLIN. We have also been joined by Mr. Donnelly on the Subcommittee. I would recognize Mr. Donnelly for any opening statement or questions he might have for the panel.

Mr. DONNELLY. I would want to support the Chairwoman's comments, also our Ranking Member's as well, and yield back.

Ms. HERSETH SANDLIN. Let me follow up on a couple of things. We know that some States have more than one State Approving Agency.

Ms. Ryan, which States have more than one and are there any areas of responsibility that are divided up there or is it a matter of population only, again in an effort to prevent what can be overlap or duplication of services and how we best maximize the resources that are allocated to each State?

Ms. RYAN. Okay. I can't tell you exactly how many States have more than one. Several have two. Often there is one agency that handles the schools, the other that handles apprenticeship and on-the-job training. More often the on-the-job training aspect is in a Department of Labor kind of agency, State Apprenticeship Council, something like that.

There are a couple where the division is with higher ed and non-degree and proprietary and nonproprietary. Basically, however, it is a local decision. Again, it is up to the Governor in each State to decide and appoint who is going to be the State Approving Agency in that State.

We have seen in the past, since more States have taken on the OJT and apprenticeship function, we have seen a few more with two contracts. We have had a few who have combined.

Mr. SCOTT. Madam Chairwoman, based on the information I have, there are eight States with two State Approving Agencies.

Ms. HERSETH SANDLIN. Which are they?

Mr. SCOTT. California, Connecticut, Indiana, Minnesota, North Carolina, Oregon, Washington, and Wisconsin.

Ms. HERSETH SANDLIN. Thank you.

For Mr. Summerside and Ms. Ryan, the issue of outreach and how your services have increased. Could either of you elaborate on how your outreach activities through your State Approving Agency have increased since National Guard and Reserve deployments that began in 2003?

Mr. SUMMERSIDE. Madam Chairwoman, in the State of South Dakota, we kind of geared up for the activation of the Guard and Reserve in our State. I think there is over 3,000 that have been activated since 2003.

Our agency was the lead as far as a welcome home brochure and since 2004, we distributed a little over 14,000. It is kind of the mainstay when they do the demobs.

And that was the other thing Governor Rounds did. He obligated our division and other partners within our veteran service network to go actually to the sites where these National Guard and Reservists were being—the demob site. They would travel out of State wherever it was.

And a big part of those briefings was the part on educational benefits. Many times if I was not there or other staff were not there, I would receive calls on the various different things on educational benefits.

I recently did an outreach effort in Aberdeen. And at the end of that, it was an Army Reserve unit, there was various groups there and agencies and the longest line was the one to talk to me about educational benefits bar none. I was the one that was there far longer than anyone else.

We have a combination of effort as far as outreach. But, you know, this is not new and did not start in 2003 in South Dakota. It started 50, 60 years ago in South Dakota. On-the-job and apprenticeship training is a byproduct of that aggressive outreach effort that we have always done.

And in the last 25 years, we have been part of the Department of Military and Veterans Affairs. We have a direct connection not only with the veterans, the Guard, Reservists, and the dependents or survivors, but those county and tribal service officers and those veteran groups that make it just a great relationship in our development of any outreach plan that we do have.

Ms. HERSETH SANDLIN. Let me just ask you another followup question then. For you, Ms. Ryan, how many State Approving Agencies do you know have actually been present at the demobilization sites for National Guard or Reserve soldiers?

Ms. RYAN. I cannot tell you exactly. Many, many, many. We talk about it often in our National meetings. I can certainly get you that information.

Ms. HERSETH SANDLIN. Mr. Summerside or Ms. Ryan, you have already talked about a reduction in funding and how that would affect your outreach and customer service efforts.

As you made some decisions working with Governor Rounds and with the State Adjutant General, were the funds coming from the VA for the State Approving Agency? Did you allocate more of the funding in the last two years to the cost associated with providing specific outreach or has it just been broader and some of the issues that we have talked to as it relates to your relationship with the processing of education claims and the veterans that are coming to you? Are you allocating funding differently in any way over the last five to six years?

Mr. SUMMERSIDE. The only thing that I can say from my perspective, we have always done outreach. Over the last couple of years, the VA has actually afforded us a payment for that outreach. And primarily in our State, it is the many outreach materials that we are able to—you know, sometimes we use a vendor as far as these quick reference guides that we provide on a wide range of topics, but specifically all the different chapters of education, you know, that is one thing that we progressively pursued in our State.

And then that is the in-house stuff that we do, the welcome home, the OJT brochure, the school benefits brochure. We have two

different brochures that we have developed in our State. And the other things, the technical manuals that we try to use and train these service professionals within our State, the County Service Officers, the vet reps, and Veteran Service Organizations.

So to answer your question, we do have a line item for outreach over the last few years and I cannot go back to the exact contract year it started, but we have always done it somehow.

Ms. HERSETH SANDLIN. Mr. Boozman?

Mr. BOOZMAN. Very quickly. On page 20 of the GAO report, there is a graph, a summary of the functions. I guess what I would like to know is if you all, the State Approving Agencies, could get with GAO and really provide a more detailed breakdown than what we have got on the page. I think it would be very helpful to me to know what these different things represent and exactly what you are doing and, know what Education and Labor is represented.

Again, if you could show us the contrast in this kind of vehicle, it would be very helpful. Thank you.

Ms. RYAN. We would be glad to do that.

[A followup letter, dated April 27, 2007, and supplemental information was provided by Ms. Ryan and Mr. Sweeney in response to Mr. Boozman's request.]

Mr. BOOZMAN. Thank you.

Ms. HERSETH SANDLIN. One final question for Mr. Summerside and Ms. Ryan. Ms. Ryan, you stated in your testimony as it related to the GAO recommendation for the VA to establish outcome-oriented performance measures and you acknowledge that more could be done in that area. I am interested in your and Mr. Summerside's perspectives on the other recommendation which would require SAAs to track and report data on resources spent on specific activities.

Could you comment on how you view that recommendation and the administrative ease or difficulty in tracking and monitoring these activities?

Ms. RYAN. We already do track the activities pretty extensively. We have quarterly reporting. George has developed a pretty extensive mechanism to do that. We report, you know, all kinds of numbers, outreach activities and approvals, and it is part of our self-evaluation process that happens at the end of the year.

Ms. HERSETH SANDLIN. And each State Approving Agency does that or is this——

Ms. RYAN. Absolutely.

Ms. HERSETH SANDLIN. Okay.

Ms. RYAN. Yeah, absolutely.

Ms. HERSETH SANDLIN. So this would be a matter of sitting down with the folks at the VA who agreed with that recommendation, showing them what you have——

Ms. RYAN. Yes. Yes.

Ms. HERSETH SANDLIN [continuing]. And making any changes that may be necessary, but perhaps none would be required as they see the depth and breadth of what you are tracking?

Ms. RYAN. Right. And they have access to that information.

Ms. HERSETH SANDLIN. Okay.

Ms. RYAN. They do have that. What we do not do is take it to the next step where we assign dollar figures to what we do, you

know, X amount of dollars for outreach, X amount of dollars for approvals. We do not do that at this time.

Ms. HERSETH SANDLIN. How difficult would it be to do that?

Ms. RYAN. It would be difficult.

Ms. HERSETH SANDLIN. Okay.

Mr. SWEENEY. Could I add to that?

Ms. HERSETH SANDLIN. Yes, please.

Mr. SWEENEY. I think in part because it is a profession, we are not on a clock eight to five. I mean, I can be shoveling snow or riding around on my lawn mower cutting grass on a Saturday morning thinking about how I am going to resolve a problem.

It is literally a profession. I think for most of us it is definitely not an eight to five, 40 hour week. So, you know, we could do a time clock mentality and try to break this out, but there is going to be some limitations on that. And that is part of the difficulty.

Ms. HERSETH SANDLIN. I understand.

Mr. Scott, do you have any comments?

Mr. SCOTT. Yes, Madam Chairwoman. I think as we point out in our report along with the recommendations that we would hope that the recommendations in terms of how they would be implemented would be in proportion to the amount of program dollars we are talking about here. So we, of course, would not expect SAAs to come up with a multi-million dollar tracking system to keep track of $19 million.

On the other hand, though, to the extent that these are Federal taxpayers' dollars being spent, we do think it is important to make sure we can account for how the money is being spent. We did ask for data on sort of, you know, could you tell us how much, you know, of the resources are spent toward site visits, how much of the resources are spent toward outreach and that sort of thing. And they were not able to provide that information, they being the Department of Veteran Affairs.

So we do think it is important to come up with some mechanism to provide a better accounting of how dollars are being spent and so that will help in terms of developing more outcome-oriented performance measures.

Ms. RYAN. As a followup, we have had discussions with Keith Wilson at the central office about doing that very thing.

Ms. HERSETH SANDLIN. I appreciate that because I did not want to get into the minutiae of how we go about doing that now. I would think that with the data that you have been collecting and sitting down as it relates to all three of these recommendations, there might be a way to address the issue of accountability that Mr. Scott has raised.

Well, if there is nothing further from the members of the Subcommittee, I thank you each for your testimony and for being here today. We will look forward to following up with you as our staff and the other members may have additional questions that will be submitted as part of the hearing and record for today. Thank you.

I would now invite our second panel to the witness table and as they are coming up allow me to introduce them to those who are at the hearing today.

We have Mr. John McWilliam, Deputy Assistant Secretary for Operations and Management, Veterans' Employment and Training

Service of the U.S. Department of Labor; accompanied by Mr. Anthony Swoope, Administrator, Office of Apprenticeship, Employment and Training Administration for the U.S. Department of Labor; Ms. Carol Griffiths, Chief, Accrediting Agency Evaluation Unit, Office of Postsecondary Education of the U.S. Department of Education; and Mr. Keith Wilson, Director of the Education Service, Veterans Benefits Administration of the U.S. Department of Veterans Affairs respectively.

All of you are very familiar with the Subcommittee and we appreciate you being here again today. We will go ahead and start with you, Mr. McWilliam, with your opening statement.

STATEMENTS OF JOHN M. MCWILLIAM, DEPUTY ASSISTANT SECRETARY FOR OPERATIONS AND MANAGEMENT, VETERANS' EMPLOYMENT AND TRAINING SERVICE, U.S. DEPARTMENT OF LABOR; ACCOMPANIED BY ANTHONY SWOOPE, ADMINISTRATOR, OFFICE OF APPRENTICESHIP, EMPLOYMENT AND TRAINING ADMINISTRATION, U.S. DEPARTMENT OF LABOR; CAROL A. GRIFFITHS, CHIEF, ACCREDITING AGENCY EVALUATION UNIT, OFFICE OF POSTSECONDARY EDUCATION, U.S. DEPARTMENT OF EDUCATION; AND KEITH M. WILSON, DIRECTOR, EDUCATION SERVICE, VETERANS BENEFITS ADMINISTRATION, U.S. DEPARTMENT OF VETERANS AFFAIRS

STATEMENT OF JOHN M. MCWILLIAM

Mr. MCWILLIAM. Thank you, ma'am.

Chairwoman Herseth Sandlin, Ranking Member Boozman, Mr. Donnelly, I am pleased to appear today before you on functions performed by the State Approving Agencies. Accompanying me today is Mr. Tony Swoope, Administrator of the Office of Apprenticeship in the Department of Labor.

DoL has a separate responsibility from that of the State Approving Agencies. Under the "National Apprenticeship Act 1937," Labor is the Federal agency authorized to register apprenticeship programs for Federal purposes. Federal purposes include any Federal contract, grant, agreement, or arrangement and all Federal financial assistance.

Department of Labor's role is to safeguard the welfare of apprentices, ensure equality of access to apprenticeship programs, and provide integrated employment and training information to sponsors and the local employment and training community.

Title 38 states that an eligible veteran may be paid a training allowance while pursuing a full-time program of apprenticeship when that program is approved by a State Approving Agency as meeting the standards published by the Secretary of Labor.

Those standards require that the program be registered by either Department of Labor or a DoL recognized State apprenticeship agency. These State apprenticeship agencies are separate from the State Approving Agencies being discussed at today's hearing.

Labor has not determined what, if any, overlap exists between reviews conducted by Labor and the State Approving Agencies. We believe there may be overlap in the review of program sponsors' performance.

Labor supports working with the Departments of Veterans Affairs and Education to review both the similarities and differences between the assessment components. We met with the VA in March on this subject. We look forward to continuing collaboration with our partners.

DoL does not have any responsibility for, as mentioned earlier, nor do we participate in OJT programs for veterans.

Madam Chairwoman, that concludes my testimony. Mr. Swoope and I will be pleased to answer your questions.

[The prepared statement of Mr. McWilliam appears on p. 49.]

Ms. HERSETH SANDLIN. Thank you very much, Mr. McWilliam.

Ms. Griffiths.

STATEMENT OF CAROL A. GRIFFITHS

Ms. GRIFFITHS. Good afternoon, Madam Chairwoman, Ranking Member Boozman, and Mr. Donnelly.

I appreciate the opportunity to be here today to share with you information regarding the Secretary's recognition process.

In context, the "Higher Education Act 1965" requires that the Secretary publish a list of accrediting agencies and State Approval Agencies that she recognizes as reliable authorities as to the quality of education provided by the institutions and programs that they accredit. Currently she recognizes 62 accrediting agencies and five State Approval Agencies.

Understand that State Approval Agencies in the context of our process are units within the State Departments of Education whose function is the approval and oversight of public postsecondary vocational education. These programs are usually offered via the K through 12 school districts to adult students.

The Secretary's recognition enables over 8,100 institutions they accredit to establish eligibility to participate in the Title 4 student financial aid programs administered by the Department of Education as well as programs offered by other Federal departments.

Recognition provides access to approximately $90 billion annually by institutions of higher education, students, and their families.

The recognition process includes a self-review by the accrediting or State Approval Agency, a review conducted by the Department staff, review by an external body representative of the higher education community. This 15-member body is known as the Secretary's National Advisory Committee on Institutional Quality and Integrity, the NACIQI.

Ultimately after those reviews, the Secretary makes a decision of recognition. The review conducted is a compliance model review against the Secretary's criteria for recognition. Accreditors must not only describe their policies, procedures, standards, and practice, they must show evidence or documentation of how they apply them.

Department analysts review and evaluate that information and also conduct on-site evaluations and observations of accrediting agency activities in regard to the accreditation process as well as conduct file reviews at the agencies.

Staff review includes an assessment of an agency's organizational structure, its administrative and financial capacity, its adherence

to principles of due process, what mechanisms it has in place to prevent conflicts of interest, its responsiveness to complaints, and its use of public input in the review of its standards and policies and practices, as well as, at the core of the accreditation process, a review of the agency's quality standards by which they evaluate institutions and programs for accreditation and their consistent application of these and ongoing monitoring for compliance with them.

Specifically as outlined in the "Higher Education Act" and in the Secretary's criteria, these standards include administrative and fiscal capacity of an institution or program, an evaluation of curriculum, of faculty, of student support services, facilities and other resources and standards in the area of student achievement.

From that Department staff draw conclusions of compliance and make a recommendation regarding recognition. All of the information provided by agency and by the Department staff go forward to the Secretary's National Advisory Committee who meet twice a year to review agencies seeking both initial recognition or renewal of their recognition.

After hearing from Department staff, from the agency, and other third-party commenters who show an interest, the Committee deliberates and provides the Secretary with a recommendation as to whether they recommend that she defer, deny, or renew recognition of that agency.

Each accrediting agency is reviewed once every five years and State Approval Agencies are reviewed once every four years.

In summary, currently the Secretary recognizes 62 accrediting agencies and five State Approval Agencies as reliable authorities of the quality of education and training provided by the institutions and programs they accredit.

The recognition process is comprehensive, it is ongoing. It includes input from both internal and external sources. The recognition provides a critical oversight function for many Federal programs and, as I said before, enables access to $90 billion annually.

I hope this information has been helpful to you and your members, and I am ready to answer any questions you may have regarding the recognition process. Thank you.

[The prepared statement of Ms. Griffiths appears on p. 50.]

Ms. HERSETH SANDLIN. Ms. Griffiths, thank you very much.

Mr. Wilson, you are recognized.

STATEMENT OF KEITH M. WILSON

Mr. WILSON. Good afternoon, Madam Chairwoman, Ranking Member Boozman, and members of the Subcommittee. Thank you for the opportunity to discuss VA's education programs and the role of the State Approving Agencies in those programs.

My testimony will highlight the vital role of SAAs in ensuring that veterans receive the maximum benefit for their educational programs.

VA and the SAAs work together to ensure the successful readjustment of veterans to civilian life through educational opportunities. VA administers educational assistance to eligible veterans and dependents while the SAAs ensure the quality of the educational

and vocational programs pursued and monitor the institutions providing education and training to veterans.

Since 2001, they also conduct outreach programs and provide outreach services to eligible servicemembers and veterans. Title 38 establishes the parameters for this relationship.

A recent GAO report contained three major recommendations. VA generally agrees with all three recommendations. We are taking actions to address these recommendations in cooperation with the National Association of State Approving Agencies as well as our colleagues at the Department of Labor and Department of Education.

Public Law 100–323 requires an annual joint peer review group to meet for the purposes of evaluating performance of the individual State Approving Agencies. The JPRG is composed of four SAA representatives as well as four VA representatives. There are three designated ratings, satisfactory, minimally satisfactory, and unsatisfactory.

For 2006, two SAAs received an unsatisfactory rating, three received a minimally satisfactory rating, and 54 agencies received a satisfactory rating.

In fiscal year 2007, VA will provide approximately $19 million in funding to the SAAs. For fiscal year 2008, the amount of funding for SAAs will decrease to approximately $13 million per section 301 of Public Law 107–330.

The outreach activities added to the SAA's role in 2001 may be impacted by the reduction in SAA funding. However, VA has taken steps to mitigate this impact.

Information concerning VA education benefits is mailed three times to servicemembers while they are on active duty and again at separation.

The Transition Assistance Program operated jointly by DoL, VA, and DoD, as well as benefit briefings for demobilizing National Guard and Reserve members provides information on education benefits available to these members.

VA has also participated in the training of newly created State benefits advisors.

Despite these efforts, a reduction in SAA funding may negatively impact our efforts to promote the use of VA education benefits, particularly the promotion of OJT and apprenticeship programs with employers. The extent to which these efforts could be impacted is difficult to predict.

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

[The prepared statement of Mr. Wilson appears on p. 52.]

Ms. HERSETH SANDLIN. Thank you all for your testimony.

I will start with a brief question. Mr. Wilson, you just said that there were two SAAs in 2006 that received an unsatisfactory rating; is that correct?

Mr. WILSON. That is correct.

Ms. HERSETH SANDLIN. Did either of them lose funding due to that unsatisfactory rating?

Mr. WILSON. No. The way we approach this is from a progressive standpoint. We set up training and mentoring relationships with

them. Ultimately if they do not perform to an acceptable level, we have the option of reducing funding or not opting to offer them a contract entirely, which we have done in the past.

Ms. HERSETH SANDLIN. Okay. Do you know if the Administration intends to take a position as it relates to the need for increased resources beyond $13 million for the State Approving Agencies?

Mr. WILSON. The Administration will not take a position.

Ms. HERSETH SANDLIN. And, Ms. Griffiths, have you found it beneficial to maintain the distinction between national and regional institutional accreditors and is there overlap between the two?

Ms. GRIFFITHS. Thank you for the question.

In terms of the Secretary's recognition process, all accreditors that seek recognition must comply with the same criteria, you know, in the context of the scope of their accrediting activities.

Ms. HERSETH SANDLIN. So it has been beneficial to maintain the distinction between national or regional accreditors?

Ms. GRIFFITHS. I think that, yes, that we have to evaluate and make the distinction based on the type of accrediting activity with the type of educational and training program being provided.

Ms. HERSETH SANDLIN. Does the activity of the national accreditor and the regional accreditor differs in the process, in the review process? I am a little unclear as to—maybe you could just explain what a national institutional accreditor does that a regional one does not or there are distinctions in their—I know you just said that they use the same criteria.

Ms. GRIFFITHS. Yes. Their processes are the same. They are free to develop their own standards, but the components of the accreditation process are the same between national institutional accreditors and regional and even programmatics.

But an agency that evaluates a specialized single program perhaps applies those standards differently. They all have to have standards in the same areas, but they apply them in the context of the type of accrediting activity they do.

Ms. HERSETH SANDLIN. Okay.

Ms. GRIFFITHS. I hope that helps.

Ms. HERSETH SANDLIN. I may have some other questions. We just have another series of votes, so let me move quickly to our Ranking Member for any questions.

Mr. BOOZMAN. Thank you very much.

First of all, I want to thank all of you. I know that you worked very hard and, we are trying to move things forward and do the very best that we can for our veterans.

But I am a little bit concerned. Mr. Wilson, on your testimony at the end you alluded to the fact that we really did not know how this was going to affect the ability of our men and women to know what was going on and things.

And I guess one of the threads that I have seen, and I think we work really hard at this now, but one of the threads I have seen in being with our troops, from the testimony that we have taken in different deals was right now, was then many of our people in uniform do not understand the flexibility that they have in the GI Bill and what they can be used for.

It sounds like you are not supporting an increase from the $13 million; is that correct?

Mr. WILSON. We are not taking a position on the increased funding.

Mr. BOOZMAN. But on the other hand, that is going to be potentially even more of a problem, even though we are working on it hard now, that is a big problem.

Mr. WILSON. It is a concern for us as well. One of the unknowns as we move forward into a potential reduction is whether we have the flexibility in VA obviously to manage this contract. On the other hand, the States also have the flexibility of deciding whether or not they want to enter into a contract with us.

And it may be simply that there could be some States that it is no longer to their benefit, that we are not able to reimburse them to the level that they need. And that is the unknown that we have difficulty quantifying.

Mr. BOOZMAN. Well, our Committee really is to interface in that regard with you. And so, if we lose any of that—in fact, I would like for us to push that we do a better job of making that known because it is so important. The benefit is there and, again, a lot of them do not understand.

When you look at the numbers of taking up the slack through the rest of the agency and when you look at the average salary, then according to Mike Smith, and you are talking about 76, in the 70s FTEs doing that. So when you do that, we already have a problem with processing educational claims, I just do not see how you can do it. And so, again I guess I feel very strongly that we are going to hold you accountable to do that.

You mentioned the fact that some of the agencies, had problems. And, again, we very much need to rectify that. And I think it is good that we have the process in place so we can recognize when somebody is not doing their job.

On the other hand, as we, the VA Committee, you the VA, run into problems all the time and we solve those problems. You do not throw away everything.

So, again, I would just say that I would hope VA really thinks this through. I want to help you. I want to get you the funding that you need. I want to fight for it.

But if you do not feel like, and it sounded like in your testimony you were waffling a little bit, you cannot do it, then, like I said, we are going to come after you because you are going to mess up in these other areas and we are going to have a bigger mess. But I would say that in some of those areas, we are not doing a very good job now.

So I would appreciate if VA would really think this through and then I think you need to come out one way or the other. If you cannot do your job with $13 million, then you need to tell us what it is going to take. And it sounds to me like we are really having a little bit of trouble with the $19 million.

I yield back to the Chairwoman.

Ms. HERSETH SANDLIN. Thank you, Mr. Boozman.

I associate myself with his comments and we are trying to just determine what level of activity is best to be maintained which is

why some of our earlier questions from the prior panel tried to probe this area, this issue of overlap or duplication.

I understand because it is a statutory cap, the Administration may not want to take a position at this point, but would you at least share with us from your perspective as the Director if the Secretary feels? As I think we heard from the first panel, that Operation Iraqi Freedom and Operation Enduring Freedom have had an impact, an expansive impact on the mission of the State Approving Agencies.

Mr. WILSON. It absolutely has, particularly from the perspective of outreach as we have been talking about.

What we do not have a good handle on, and an area that I look forward to working with my colleagues in DoL and DoE on, is where is potential overlap and are there things that we can do more efficiently that will allow us yet further to mitigate the impact of any potential reduction in funding.

I think the folks at GAO did a very good job with their report. However, one thing that troubles me is I believe that there may be a belief that our responsibility, the programs that we administer in VA are equivalent to Federal student aid, even to the point of GAO using aid as a term when they talked about veterans' programs.

Speaking as a veteran now, I do not equate it with aid. That is a benefit that is earned. And I believe we have a higher level of responsibility than really exists with Federal student aid. And we have to find a way of meeting that.

Ms. HERSETH SANDLIN. I appreciate that comment, Mr. Wilson. I think it is a very good point for us to keep in mind as we do maybe go another level or two further, as the Ranking Member has suggested, as I think it is a good recommendation talking with staff about this issue of overlap and how these measures in the matrix are used. We need some more specificity so that distinctions such as you just articulated are adequately accounted for.

That does lead me to a question, Mr. McWilliam, did you mention that DoL has yet to determine if overlap exists between reviews by the registered apprenticeship system and the State Approving Agencies?

Mr. MCWILLIAM. That is correct, ma'am, and I will ask Mr. Swoope, if I may, to elaborate on that.

Ms. HERSETH SANDLIN. I appreciate that. Is the review being undertaken currently?

Mr. SWOOPE. Yes, Madam Chairwoman. We are having conversations with the Department of Veterans Affairs and we hope to continue with that conversation to see how we can better partner our activities to benefit the veterans that are coming out and receiving the services that are required and we would like for them to participate in that. In our case, the National Apprenticeship System.

Ms. HERSETH SANDLIN. Have the State Approving Agencies, or any of their representatives, been at the table in these discussions as they relate to not just coordination between DoL and the VA but as we heard from the first panel, the importance of what they have been sitting down with you about, Mr. Wilson? Have they been——

Mr. SWOOPE. Two things. At the national level, we just had a conversation with the VA. At the State level where our staff is working in that area in Federal States where they had the respon-

sibility for registering program, we encourage our staff to partner and work with the veteran organizations or approving agency so that veterans can receive VA benefits.

So we try to include that on an ongoing basis by our Federal staff and the State agency staff at the local level to ensure that they know where we are, what we are, what we are doing, and how do we have this partnership where the veteran can receive VA benefits that they are entitled to, going through an apprenticeship program.

Ms. HERSETH SANDLIN. I appreciate that.

One final question and then I am going to see if the Ranking Member has any further followup.

Ms. Griffiths, you said that the Department of Education recognizes five State Approving Agencies. Describe these five for me. When you say State Approving Agencies, are you talking about a different type of entity than what we are talking about when we say State Approving Agencies that work with VA funding and how would you characterize or describe Department of Education's relationship with the State Approving Agencies that testified today?

Ms. GRIFFITHS. In terms of the recognition process, we do not have a relationship with State Approving Agencies from the Department of Veterans Affairs. What we have, our State Approval Agencies, they are units within State Departments of Education that have an oversight function for public post-secondary vocational education in their states.

And these approval agencies, some of them, should they choose to, seek the Secretary's recognition by submitting to this evaluation and review. If they are recognized State Approval Agencies, again units in State Departments of Education that have that function, then those public postsecondary vocational education programs that they approve are eligible to participate in Title 4 student financial aid programs.

Ms. HERSETH SANDLIN. Okay. But separate from this formal recognition of an agency, if they do not go through that process because that might require substantial changes at the State level with some of the folks that we heard from earlier. How do you envision the Department of Education being a part of this collaboration with the VA and the Department of Labor and the State Approving Agencies that work with the VA?

Ms. GRIFFITHS. I am not sure I can answer that question. I do not know that I today have sufficient information to talk about what that would look like. But I do know that we would be most open and willing and eager to sit down and talk with and find out more information and see what we can do in the best interest of the use of tax dollars. Yes.

Ms. HERSETH SANDLIN. I appreciate that. I do think it is important as, Mr. Swoope, as you worked to undertake this review and analysis, that DoE's perspective be shared. It will help us answer some questions raised in the GAO report so we can have a better understanding from the State Approving Agencies' perspective where they do not really consider it an overlap of services but actually a more targeted service to the veteran himself or herself.

Any final comments from any our panelists on that point with regard to collaboration?

Mr. WILSON. If I could add just a brief comment to Mr. Swoope's statement.

Ms. HERSETH SANDLIN. Sure.

Mr. WILSON. Getting back to your original question, we will be engaging the SAAs in these discussions. We are not at that point yet. We will be engaging them as I would hope that we would be engaging the staff of this Committee. We certainly will be looking at procedural and regulatory issues, but I think it is important to look at the statutory requirements that we are all responsible for meeting as well.

Ms. HERSETH SANDLIN. Another point well-taken. Thank you, Mr. Wilson.

Mr. Boozman.

Mr. BOOZMAN. No. With the Committee's approval, we might have a question or two that we will submit. Thank you.

Ms. HERSETH SANDLIN. Certainly. Thank you again. I appreciate the insight and perspective you have offered. As is common with the Subcommittee, first under Mr. Boozman's leadership as Chairman and now in the 110th Congress, we appreciate the working relationship we have with all of your offices, the work of our staff who worked with you in the past and not only as staff of this Subcommittee but other VSOs that they have worked with. We look forward to the followup that I think will be necessary for us to take full advantage of the good work as you described it, Mr. Wilson, in the GAO report and the perspective of the State Approving Agencies that was offered today.

Thank you very much.

We have got three minutes from the vote, so this hearing better stand adjourned.

[Whereupon, at 3:53 p.m., the Subcommittee was adjourned.]

APPENDIX

Opening Statement of the Honorable Stephanie Herseth Sandlin, Chairwoman, Subcommittee on Economic Opportunity

Good afternoon, ladies and gentlemen. The Veterans' Affairs Economic Opportunity Subcommittee hearing on functions performed by State Approving Agencies (SAA) will come to order.

Before I begin with my opening statement, I would like to call to attention to the fact that Ms. Jean Morse, President of the Middle States Commission on Higher Education has asked to submit a written statement for the record on behalf of the Council of Regional Accrediting Commissions. If there is no objection I ask for unanimous consent that this statement be entered for the record.

Today we will be hearing testimony on State Approving Agencies. The authority of SAAs was established by Congress in 1947 to ensure that veterans and eligible dependents can use the G.I. Bill educational entitlement in an approved educational program. Under contract with the Department of Veterans' Affairs (VA), the key function of SAAs is to ensure that education and training programs meet VA standards through a range of approval activities, such as: conducting on-site visits, evaluating course quality, assessing school financial stability, and monitoring student progress.

Every state assesses each program as to its own standards and laws in addition to the VA rules and regulations, with all approved programs undergoing continuous supervision. The programs that can be approved include colleges, universities, vocational and technical schools, flight schools, apprenticeship programs, and other on-the-job training programs. In addition, SAAs engage in outreach activities to foster the usage of the G.I. Bill.

This year, my home state of South Dakota is expecting to have approximately 2,100 eligible people enrolled in G.I. Bill eligible programs. These programs are now found in 47 schools and 192 training establishments in my state. I have a strong interest in exploring the subject before us today to improve the availability of educational benefits for our men and women in uniform.

I understand there are concerns about the funding change that is about to occur for SAAs. From fiscal years 2003 to 2006, their funding increased from $13 million to $19 million to expand services. However, the funding level for SAAs is scheduled to decrease beginning in fiscal year 2008.

According to a recent report, the Government Accountability Office concluded that there was overlap between the efforts of SAAs and the other federal agencies. While VA spends $19 million to fund SAA duties and functions, it does not track the amount it spends on specific SAA activities, especially those that may also be performed by other agencies. I am very interested in hearing your insights on how these concerns are being addressed.

Opening Statement of the Honorable John Boozman, Ranking Republican Member, Subcommittee on Economic Opportunity

Good afternoon, everyone.

The State Approving Agencies have, for many years, been a mainstay in ensuring that veterans attending education and training programs under the various GI Bills receive quality instruction. That is why I thank you, Madam Chairwoman, for holding this hearing.

A recent GAO report that updated a 1995 report again found overlaps in the functions performed by the State Approving Agencies, the regional and professional accrediting agencies acting on behalf of the Department of Education, and the oversight services provided by the state employment services. While the recent report was less critical than its predecessor and noted that SAAs did, in fact, provide perspectives not replicated by the other organizations, GAO again recommended a thorough interagency review of how the federal government oversees the education industry. I believe that it is important to begin that process as a means to improve the education and training opportunities for veterans and dependents.

Another issue we face is how much funding should VA provide to the states to act as VA's agent. VA currently pays the collective SAAs about $19 million out of the Readjustment Benefits Account (RBA). As such, those payments are mandatory spending and beginning in FY 08, the law cuts that funding to $13 million. So, the question before us is what is the value of the services provided by the SAAs?

I note that we will also hear from a regional accrediting agency as well as a representative from the Department of Education. I look forward to their testimony, especially the functions and costs associated with their programs.

I am sorry that witnesses from the accrediting bodies we invited were unable to attend. Their testimony would have been a valuable perspective relative to the GAO's findings. I would note that accrediting associations overseeing colleges and universities are membership organizations who charge their members significant annual dues as well as large fees for other functions such as approving new courses of instruction. For example, the alma mater of one of our staff is a small liberal arts school in the Midwest with a full time enrollment of about 1,800 students. That school pays at least $4,000 in annual dues to its main accrediting association in addition to any fees for special visits. I am not criticizing the accrediting bodies for charging fees, but I thought it important that the Members know this aspect of their operations.

Regarding the Department of Labor, I am looking forward to hearing about the level of their interaction with the SAAs in approving OJT and apprenticeship programs.

Madame Chairwoman, thanks again for your leadership on this issue and I yield back.

Statement of George A. Scott, Director, Education, Workforce and Income Security Issues, U.S. Government Accountability Office

Madame Chairwoman and Members of the Subcommittee:

I am pleased to be here today to present information from our March 2007 report on state approving agencies (SAA).[1] In fiscal year 2006, the Department of Veterans Affairs (VA) paid approximately $2.1 billion in education assistance benefits to more than 470,000 beneficiaries and about $19 million to state approving agencies to assess whether schools and training programs offer education of sufficient quality for veterans to receive VA education assistance benefits when attending them. Qualified individuals—veterans, service persons, reservists, and certain spouses and dependents—receive benefits through a number of education assistance programs for the pursuit of various types of programs, such as a degree program, vocational program, apprenticeship, or on-the-job training. In general, these programs must be approved by an SAA in order for qualified individuals to receive VA education assistance benefits. Under contracts with VA, SAAs ensure that education and training programs meet VA standards through a variety of approval activities, such as evaluating course quality, assessing school financial stability, and monitoring student progress.

The Departments of Education (Education) and Labor (Labor) also assess education and training programs for various purposes, primarily for awarding student aid and providing apprenticeship assistance. These assessments are based, in part, on evaluations against standards set by laws and regulations, such as those applicable to accrediting agencies. In 2006, under Title IV of the Higher Education Act, Education provided nearly $77 billion in student aid in the form of both grants and loans. Education assesses and certifies postsecondary institutions for participation in Title IV programs through various oversight functions to ensure that these schools meet federal administrative and financial requirements and that they are accredited and licensed. Similarly, under the National Apprenticeship Act 1937, Labor is authorized to formulate and promote the furtherance of labor standards to safeguard the welfare of apprentices. To ensure programs comply with federal standards, Labor directly registers and oversees apprenticeship programs in less than half of the states and has given state apprenticeship agencies or councils in the remaining states such authority over their own programs.

Given each agency's role, the potential of duplicative efforts among federal agencies has been a congressional concern. In 1995, GAO reported on this matter and concluded that there was a substantial amount of overlap between the efforts of SAAs and the other federal agencies.[2] My testimony today is based on information from our recent report and will focus on (1) changes that have occurred in state ap-

[1] GAO, *VA Student Financial Aid: Management Actions Needed to Reduce Overlap in Approving Education and Training Programs and to Assess State Approving Agencies*, GAO–07–384 (Washington, D.C.: Mar. 8, 2007).

[2] GAO, *VA Student Financial Aid: Opportunity to Reduce Overlap in Approving Education and Training Programs*, GAO/HEHS–96–22 (Washington, D.C.: Oct. 30, 1995).

proving agencies' duties and functions since 1995, (2) the extent to which the SAA approval process overlaps with efforts by the Departments of Education and Labor, and (3) the additional value that SAA approval activities bring to VA education benefit programs.

In summary, we found that:

- Since 1995, legislative changes effective in 2001 created additional responsibilities for SAAs, including promoting the development of apprenticeship and on-the-job training programs, providing outreach services, and approving tests for occupational licensing.[3] From fiscal years 2003 to 2006, SAA funding increased from $13 million to $19 million to expand services and support the additional responsibilities. However, funding is scheduled to decrease beginning in fiscal year 2008.
- Many education and training programs approved by SAAs have also been approved by Education or Labor, and VA and SAAs have taken few steps to coordinate approval activities with these agencies. In addition, information is not available to determine the amount of resources spent on SAA duties and functions, including those that may overlap with other agencies and programs.
- SAAs reportedly add value to the approval process for education and training programs through (1) a focus on student services for veterans and on the integrity of VA benefits, (2) more frequent on-site monitoring of education and training programs than provided by Education or Labor, and (3) assessments and approval of a small number of programs that are not reviewed by other agencies. However, VA's lack of outcome-oriented performance measures for evaluating SAAs makes it difficult to assess the significance of these efforts.

To help ensure that federal dollars are spent efficiently and effectively, our report recommended that the Secretary of the Department of Veterans Affairs take steps to monitor SAA spending and identify whether any resources are spent on activities that duplicate the efforts of other agencies. We also recommended that the Secretary establish outcome-oriented performance measures to assess the effectiveness of SAA efforts. VA agreed with our findings and recommendations and stated that it will take a number of steps to address them.

To conduct our work, we reviewed applicable laws, regulations, and program materials; and interviewed officials from each of the entities involved in the various approval processes, including federal agencies, state approving agencies, schools and training programs. We also reviewed and analyzed data on approval decisions from VA, Education, and Labor. Our work was performed in accordance with generally accepted government auditing standards.

Background

VA, Education, and Labor assess education and training programs for various purposes. VA's approval process is meant to ensure that education and training programs meet VA standards for receipt of veteran education assistance benefits, while Education's and Labor's processes are primarily for awarding student aid and providing apprenticeship assistance.

VA administers a number of programs designed to assist individuals in gaining access to postsecondary education or training for a specific occupation (see table 1). VA generally provides its assistance in the form of payments to veterans, service persons, reservists, and certain spouses and dependents.

Table 1: VA Beneficiaries of and Funding for Education and Training Assistance Programs in Fiscal Year 2006

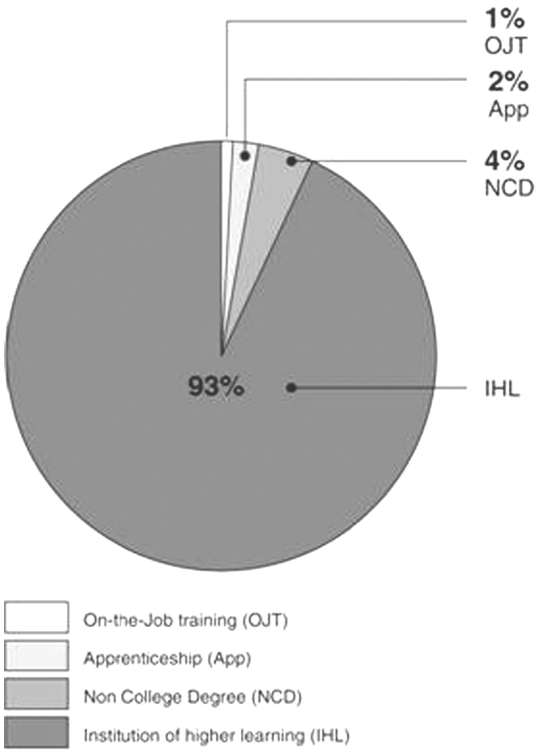
Programs*	Beneficiaries	Expenditures
Montgomery GI Bill (Chapter 30)	313,766	$1,909,014,605
Reserve Educational Assistance Program (Chapter 1607)	23,747	$151,397,610
Educational Assistance for the Selected Reserve (Chapter 1606)	65,145	$48,716,031
Dependents and Survivors Educational Assistance Program (Chapter 35)	74,532	$38,787,332
Veterans Educational Assistance Program (Chapter 32)	575	$59,113
Total	**477,765**	**$2,147,974,691**

Source: VA.
*No payments for the National Call to Service program were made in fiscal year 2006.

[3] Veterans Benefits and Health Care Improvement Act of 2000, Pub. L. No. 106–419 (2000); and Veterans Education and Benefits Expansion Act of 2001, Pub. L. No. 107–103 (2001).

Benefits can be used to pursue a degree program, vocational program, apprenticeship, and on-the-job training (see fig. 1). Before an individual entitled to VA education assistance can obtain money for an education or training program, the program must be approved by an SAA, or by VA in those cases in which an SAA has not been contracted to perform the work.

Figure 1: Veteran Enrollment by Program Type in Fiscal Year 2006



Source: GAO analysis of VA enrollment data.

VA's administrative structure for the education and training assistance programs includes its national office, which oversees the four regional processing offices (RPO), and the national contract with SAAs. RPOs administer the education assistance programs and process benefits for veterans. SAAs review education and training programs to determine which programs should be approved and ensure schools and training providers are complying with VA standards. SAAs have six core duties: (1) approval of programs, (2) visits to facilities, (3) technical assistance to individuals at facilities, (4) outreach, (5) liaison with other service providers, and (6) contract management. Sixty SAAs exist in the 50 states, the District of Columbia, and Puerto Rico. Eight states have two SAAs. SAAs are usually part of a state's department of education (31 SAAs). In some states, SAAs are organizationally located in other departments such as labor (9 SAAs) or veterans' services (19 SAAs).

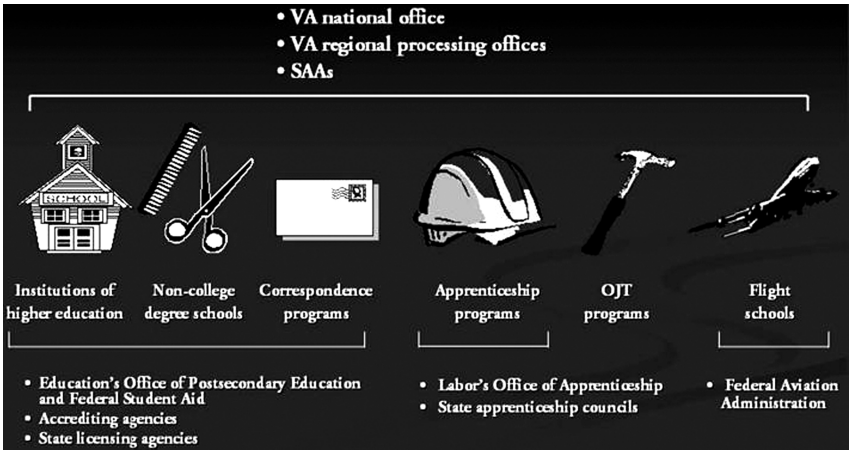
The U.S. Department of Education's approval process is to ensure that schools meet federal Education standards to participate in federal student financial aid programs. In order for students attending a school to receive Title IV financial aid, a school must be (1) licensed or otherwise legally authorized to provide postsecondary education in the state in which it is located, (2) accredited by an entity recognized for that purpose by the Secretary of Education, and (3) certified to participate in federal student aid programs by Education. As such, the state licensing agencies, accrediting agencies, and certain offices within Education are responsible for various approval activities.

- State licensing agencies grant legal authority to postsecondary institutions to operate in the state in which they are located. Each of the states has its own agency structure, and each state can choose its own set of standards.
- Accrediting agencies develop evaluation criteria and conduct peer evaluations to assess whether or not those criteria are met by postsecondary institutions. Institutions or programs that meet an agency's criteria are then "accredited" by that agency. As of November 2005, there were 60 recognized private accrediting agencies of regional or national scope.
- The U.S. Department of Education's Office of Postsecondary Education evaluates and recognizes accrediting agencies based on federal requirements to ensure these agencies are reliable authorities as to the quality of education or training provided by the institutions of higher education and the higher education programs they accredit.
- The U.S. Department of Education's Office of Federal Student Aid determines the administrative and financial capacity of schools to participate in student financial aid programs, conducts ongoing monitoring of participant schools, and ensures participant schools are accredited and licensed by the states.

The purpose of the Department of Labor's approval process is to establish and promote labor standards to safeguard the welfare of apprentices. Labor establishes standards and registers programs that meet the standards. Labor directly registers and oversees programs in 23 states but has granted 27 states, the District of Columbia, and 3 territories authority to register and oversee their own programs, conducted by state apprenticeship councils (SACs). Labor reviews the activities of the SACs. SACs ensure that apprenticeship programs for their respective states comply with federal labor standards, equal opportunity protections, and any additional state standards.

Figure 2 shows the agencies responsible for the approval processes for the various types of education and training programs.

Figure 2: Agencies Responsible for the Approval Process for Education and Training Programs



Source: GAO Analysis.

Legislative Changes Effective in 2001 Created Additional Responsibilities for SAAs

In 2001, SAAs received additional responsibilities as a result of legislative changes. This included responsibility for actively promoting the development of apprenticeship and on-the-job training programs and conducting more outreach activities to eligible persons and veterans to increase awareness of VA education assistance. SAAs were also charged with approving tests used for licensing and certification, such as tests to become a licensed electrician. For those tests that have been approved, veterans can use VA benefits to pay for testing fees. From fiscal years 2003 to 2006, SAA funding increased from $13 million to $19 million to expand services and support the additional responsibilities. Funding is scheduled to begin to decrease in fiscal year 2008.

Many Education and Training Programs Approved by SAAs Have Also Been Approved by Education or Labor, and VA Has Taken Few Steps to Coordinate Approval Activities with These Agencies

Many education and training programs approved by SAAs have also been approved by Education and Labor. Sixty-nine percent of all programs approved by SAAs are offered by institutions that have also been certified by Education. Seventy-eight percent of SAA-approved programs in institutions of higher learning (e.g., colleges and universities) have been certified by Education. Also, 64 percent of SAA-approved non-college degree programs are in institutions that have been certified by Education. Although less than 2 percent of all programs approved by SAAs are apprenticeship programs, VA and SAA officials reported that many of these programs have also been approved by Labor.

Similar categories of approval standards exist across agencies, but the specific standards within each category vary and the full extent of overlap is unknown. For example, while VA and Education's approval standards both have requirements for student achievement, the New England Association of Schools and Colleges, an accrediting agency, requires that students demonstrate competence in various areas such as writing and logical thinking, while VA does not have this requirement. Also among the student achievement standards, VA requires schools to give appropriate credit for prior learning, while Education does not have such a requirement. Table 2 shows the similar categories of standards that exist across agencies.

Table 2. Approval Standards of Education and Training Programs Used by VA, Education, and Labor

	SAA [1,2]				Education [3]			Labor
Categories of approval standards	IHL/NCD accredited	IHL/NCD non-accredited	Apprenticeship	On the job training	Education's certification	Federal Standards for accrediting agencies	Connecticut state licensing agency	Apprenticeship
Student achievement	X	X	X	X		X	X	X
Curricula, program objectives, and faculty	X	X	X	X	X	X	X	X
Facilities, equipment, and supplies	X	X	X	X		X	X	X
Institutional objectives, capacity, and administration	X	X			X	X	X	X
Student support services						X	X	
Recruiting and admission practices	X	X			X	X	X	X
Record of student complaints						X		X
Process related requirements (e.g. application requirements)	X	X	X	X	X		X	X

Source: GAO analysis of VA, Education, and Labor Standards.

Notes: GAO constructed these categories to encompass the numerous and broad range of standards used by agencies. SAAs have different sets of standards for each program type (e.g. IHL and NCD). Education's approval process involves different sets of standards used by different entities, such as accrediting agencies. Labor has one set of standards that is applicable to apprenticeship programs.

[1] By statute, courses must meet certain criteria. These relate to: (1) recordkeeping of student progress; (2) recordkeeping of students' previous education; (3) quality, content and length of courses; (4) qualifications of administrators and instructors; and (5) equipment, space, and instructional materials. We categorized the first two criteria as student achievement, criteria (3) and (4) as Curricula, Program Objectives and Faculty, and criterion (5) as Institutional objectives, capacity, and administration.

[2] SAA approval requirements for non-accredited courses encompass a number of additional criteria, such as having a tuition refund policy and enrollment limitations.

[3] Connecticut's standards may not be representative of standards across the country.

While agencies have the same approval standards in some instances, the interpretation and application of these standards may differ. For example, VA, accrediting agencies, and Labor each require that facilities have adequate space, equipment, and instructor personnel to provide quality training, but the definitions of adequacy differ in the level of specificity. Similarly, VA and accrediting agencies both require

that schools have policies related to student achievement, such as minimum satisfactory grades, but the requirements differ in level of specificity.

Despite the overlap in approved programs and standards, VA and SAAs have made limited efforts to coordinate approval activities with Education and Labor. VA reported that while it has coordinated with Education and Labor on issues related to student financial aid and apprentices' skill requirements, it believes increased coordination is needed for approval activities in order to determine the extent of duplicative efforts. Most of the SAA officials we spoke with reported that they have coordinated with SACs to register apprenticeship programs in their states. Labor reported that it coordinated with VA's national office in several instances, including providing a list of registered apprenticeship programs. Education reported that it does not have formalized coordination with VA but has had some contacts to inform VA of its concerns regarding specific institutions.

Information is not available to determine the amount of resources spent on SAA duties and functions, including those that may overlap with those of other agencies. VA does not require SAAs to collect information on the amount of resources they spend on specific approval activities. The SAA officials we spoke with said that their most time-consuming activity is conducting inspection and supervisory visits of schools and training facilities. However, the lack of data on resource allocation prevented us from determining what portions of funds spent by SAAs were for approval activities that may overlap with those of other agencies.

SAAs Reportedly Add Value to the Approval Process for Education and Training Programs, but the Lack of Outcome-Oriented Performance Measures Makes It Difficult to Assess the Significance of Their Efforts

SAA and other officials reported that SAA activities add value because they provide enhanced services to veterans and ensure program integrity. According to these officials, SAAs' added value includes a focus on student services for veterans and on VA benefits, more frequent on-site monitoring of education and training programs than Education and Labor, and assessments and approval of a small number of programs that are not reviewed by other agencies, such as programs offered by unaccredited schools, on-the-job training programs, and apprenticeship programs not approved by Labor.

SAA approval activities reportedly ensure that (1) veterans are taking courses consistent with occupational goals and program requirements, (2) schools and training programs have evaluated prior learning and work experience and grant credit as appropriate, and (3) school or program officials know how to complete paperwork and comply with policies required by VA educational assistance through technical assistance. According to officials we interviewed, SAAs generally conduct more frequent on-site monitoring of education and training programs than Education or Labor, possibly preventing fraud, waste, and abuse. Some officials reported that SAAs' frequent visits were beneficial because they ensure that schools properly certify veterans for benefits and that benefits are distributed accurately and quickly. States, schools, and apprenticeship officials we spoke with reported that without SAAs, the quality of education for veterans would not change. However, veterans' receipt of benefits could be delayed and the time required to complete their education and training programs could increase.

Despite areas of apparent added value, it is difficult to fully assess the significance of SAA efforts. VA does measure some outputs, such as the number of supervisory visits SAAs conduct, but it does not have outcome-oriented measures, such as the amount of benefit adjustments resulting from SAAs' review of school certification transactions, to evaluate the overall effectiveness and progress of SAAs. (See table 3.)

Table 3: Examples of VA Output Measures and Potential Outcome Measures

Examples of Existing VA Output Measures	Examples of Potential Outcome Measures
Percentage of visits to facilities for supervisory and inspection purposes completed within VA specified timeframes	Amount of benefit adjustments resulting from SAAs' review of school certification transactions
Number of times technical assistance provided to interested parties such as individuals and schools	Error rate of certification transactions identified by SAAs
Number of approved facilities with approved programs	Completion rates of beneficiaries

Source: GAO analysis.

Prior Recommendations and Agency Response

We made several recommendations to the Department of Veterans Affairs to help ensure that federal dollars are spent efficiently and effectively. We recommended that the Secretary of the Department of Veterans Affairs take steps to monitor its spending and identify whether any resources are spent on activities that duplicate the efforts of other agencies. The extent of these actions should be in proportion to the total resources of the program. Specifically:

- VA should require SAAs to track and report data on resources spent on approval activities such as site visits, catalog review, and outreach in a cost-efficient manner, and
- VA should collaborate with other agencies to identify any duplicative efforts and use the agency's administrative and regulatory authority to streamline the approval process.

In addition, we recommended that the Secretary of the Department of Veterans Affairs establish outcome-oriented performance measures to assess the effectiveness of SAA efforts.

VA agreed with the findings and recommendations and stated that it will (1) establish a working group with the SAAs to create a reporting system to track and report data for approval activities with a goal of implementation in fiscal year 2008, (2) initiate contact with appropriate officials at the Departments of Education and Labor to identify any duplicative efforts, and (3) establish a working group with the SAAs to develop outcome-oriented performance measures with a goal of implementation in fiscal year 2008. While VA stated that it will initiate contact with officials at Education and Labor to identify duplicative efforts, it also noted that amending its administrative and regulatory authority to streamline the approval process may be difficult due to specific approval requirements of the law. We acknowledge these challenges and continue to believe that collaboration with other federal agencies could help VA reduce duplicative efforts. We also noted that VA may wish to examine and propose legislative changes needed to further streamline its approval process.

Madame Chairwoman, this completes my prepared statement. I would be happy to respond to any questions that you or other members of the subcommittee may have.

GAO Contacts

For further information regarding this testimony, please contact me at (202) 512–7215. Individuals making key contributions to this testimony include Heather McCallum Hahn, Andrea Sykes, Kris Nguyen, Jacqueline Harpp, Cheri Harrington, Lara Laufer, and Susannah Compton.

Prepared Statement of Joan L. Ryan, President and C. Donald Sweeney, Legislative Director, National Association of State Approving Agencies

INTRODUCTION

Chairwoman Herseth Sandlin, Ranking Member Boozman and members of the Subcommittee on Economic Opportunity, we are pleased to appear before you today on behalf of the National Association of State Approving Agencies to provide comments on the functions of State Approving Agencies (SAAs), the value added by SAAs, the issue of overlap in the work of various "approving agencies" and funding needed by SAAs to carry out their responsibilities.

BACKGROUND

State Approving Agencies recently celebrated sixty years of partnership with the U.S. Department of Veterans Affairs (DVA) in the administration of the veterans' educational assistance programs, more commonly known as the GI Bill. Through the program approval and supervision process, they ensure that money spent on veterans education is money well spent, and assist in reducing the opportunities for fraud, waste and abuse.

In many ways the fundamental mission of State Approving Agencies (SAA) is the same today as it was when they were founded sixty years ago. State Approving Agencies:

- *promote and safeguard quality education and training programs for veterans;*
- *ensure greater educational and training opportunities to meet the changing needs of veterans; and*
- *assist the DVA in preventing fraud, waste and abuse in the administration of the GI Bill.*

As State entities acting on behalf of the Federal government, they have been an outstanding example of the workability of the Federal-State partnership, allowing Federal interests to be pursued at the local level while preserving the identity, interests and sovereignty of State's rights in education.

Under Title 38, ***United States Code***, each Governor designates a state bureau or department as the State Approving Agency for the state. Today there are 59 State Approving Agencies (some states have two) with about 200 professional and support personnel, supervising over 10,000 active facilities with approximately 200,000 programs. Located in various state offices, including state departments of education, higher education boards, departments of labor, departments of veterans affairs and stand alone agencies—SAA professionals bring a wealth of formal education, training and experience to the appraisal of programs for veterans benefits.

REMARKS

A. Functions

State Approving Agencies carry out their mission through their core functions of program approval, on-going contact and supervision, technical assistance, outreach, and liaison. As described below, each of these core functions continues to evolve as State Approving Agencies meet the challenge of a dynamic educational and training environment.

1. Program Approval—The appraisal process whereby SAAs determine whether new programs meet the requirements of law and are eligible for veterans' benefits.

Under federal law, there are a host of approval criteria designed to (a) facilitate the accurate and timely payment of benefits; (b) minimize erroneous payments and opportunities for fraud, waste, and abuse; and (c) ensure that tax dollars spent on veterans education and training are dollars well spent. Programs are required to meet acceptable standards regarding student progress; credit for prior learning; establishment of branch campuses; treatment of residencies; independent study and practicums; educational contracting; student recordkeeping; program content; instructor expertise; sufficiency of facilities and equipment; and methods of instruction.

SAAs also focus on policy issues and practices which frequently lead to problems with non-compliance. SAAs are particularly concerned with branch campuses, educational contracting, distance education, high tech courses of short duration, adult education, and accelerated classes. Often, it is the systems and policies in place that receive SAA attention. This is in addition to a detailed examination of the curricular structure and faculty credentials. Much of this can be done during a visit to the school in conversation with various school officials and a review of student records.

- Total Program Approvals Actions (both approvals and disapprovals) rose 97% from FY 97 to FY 05 and Apprenticeship and On-The-Job Training program approvals rose 54% from 2,444 in FY 97 to 3,760 in FY 05.
- SAAs work with deficient programs to assist them to meet approval standards and therefore only about five percent of all program reviews result in disapproval.

2. On-going Contact and Supervision—General and continuing oversight of our institutions to verify continued compliance with federal requirements; to prevent fraud, waste and abuse; to offer training; and—at the request of the VA—to investigate and provide assistance with compliance/program issues.

Even at established schools and longstanding training programs, problems can crop up which will adversely affect the quality of the veteran's program or the amount of benefits paid. Pivotal to the protections the GI Bill affords its recipients is the on-going, on-site monitoring and supervision of institutions wishing to have their programs approved. In this regard there is no comparable association or agency which provides this level of proactivity. And this is why SAAs maintain their discretion to visit even highly regarded institutions.

In the course of an oversight and training visit to the school or training establishment, the SAA determines whether each of the programs continues to meet the approval requirements of Federal and State law. Just as importantly the SAA assist the school/facility in maintaining continued compliance.

An Oversight and Training Visit usually includes:

- A review of institutional policies and practices affected by the regulations. SAAs make note of changes to programs, facilities, ownership, off-campus offerings, internship policies, contracts with other training providers, transfer credit and the like. If a policy is not in accordance with the requirements of the regulations, SAAs often are able to negotiate a special policy for veterans or assist with the development of a general, school-wide policy that is in compliance.

- An investigation of the systems in place to carry out these policies. The SAA looks at such questions as: Is the school certifying official in a position to know about changes in a veteran's status? Are veterans being certified only for those courses that lead toward their educational, vocational or professional objective? Has the veteran's prior learning been evaluated and the veteran been notified of transfer or other credit which actually applies toward their degree? How quickly is the VA notified of a veteran's change in status? (For example, withdrawal from school or a change in programs).
- An examination of school and student records to verify that institutional policies are being enforced and that the required system of records is in place. SAAs also review veteran's records to ensure that veterans are being certified correctly and that the VA is not making payments based on erroneous information. This activity may save the veteran from having to return funds because of an overpayment when a problem is discovered on a compliance survey (audit) up to three years later. They also uncover evidence of inappropriate activity such as false and misleading advertisement.
- Visits also assist in the development of a good on-going relationship with school and training establishment officials. SAAs answer their questions, provide training, help them to problem-solve compliance issues, and encourage a greater sensitivity and awareness of veterans' benefits and needs. By nature of their job, SAAs have a broad overview of the education and training systems within the state. SAAs serve as consultants providing examples of best practices from other schools which interested schools can adopt.

SAAs also conduct Inspection Visits to new schools and programs to ensure that they can comply with approval requirements and are familiar with certification and reporting procedures.

- On-going Oversight and Training Visits to all schools and programs increased 30% from 9,210 in FY 97 to 11,994 in FY 05.
- Inspection Visits to new schools and programs increased 25% from 2,362 in FY 97 to 2,955 in FY 05.

3. Technical Assistance—Assistance given to schools, training establishments and individuals regarding approval of programs and certification of veterans. Schools and veterans rely on SAAs for timely, on-the-spot information—answering a seemingly endless stream of questions.

SAAs render assistance to new schools seeking approval of their courses, employers looking to have their apprenticeship or other on-the-job training programs approved, veterans and their families, members of the reserve components, etc. SAAs answer questions about how to apply for approval or how to certify a veteran with a special problem. They answer questions about program length requirements, how to write a training agreement including appropriate wage scale and related instruction, questions about the requirements for practical training, contract courses and institutional recordkeeping.

Further, the SAA serves as a facilitator between the school, the veteran and the VA. SAAs are arbitrators of complaints and the advocate for maximization of a veteran's benefits. They are often the *de facto* trainers of new school certifying officials and they keep the schools apprised of new developments, often holding regional workshops for school certifying officials.

- Total overall training/assistance actions increased 43% from 19,635 in FY 97 to 28,107 in FY 05.
- Training/assistance given to Apprenticeship/On-the-Job Training facilities rose from 7,359 in FY 97 to 8,959 in FY 05 and training/assistance actions for Institutions of Higher Education and Non College Degree schools rose from 12,001 in FY 97 to 18,588 in FY 05.

4. Outreach Activities—Efforts undertaken to reach out to various groups and promote the increased usage of veterans' educational benefits. At the request of the DVA, State Approving Agencies are heavily engaged in outreach efforts to promote the usage of veterans' educational benefits.

Some SAAs have developed radio spots, television videos and print advertising to encourage veterans to take advantage of the GI Bill and especially apprenticeship and on-the-job training programs. Other SAAs do "welcome home" mailings to newly separated veterans congratulating them on their service and informing them of their benefits and the educational/training opportunities available to them in their State. Many SAAs make presentations at military retirement seminars and the transition assistance programs (TAPS) for those leaving the service. SAAs participate in local military and veterans events; job fairs, welcome home activities, supermarkets of

benefits and other venues where they can encourage the use of benefits. They work with their state's departments of labor to assist veterans to find appropriate employment and training. In some states, the National Guard looks to the SAA approval in identifying programs eligible for national guard members to receive tuition support. Additionally, States have developed Web sites allowing veterans to learn about their State and Federal benefits and to search for what programs and schools are approved and available in their state.

5. Liaison Activities—Coordination with government, veteran and educational entities to facilitate the approval of programs and increase educational opportunities for veterans. As State agencies working with a Federal program, SAAs are uniquely situated to network with stakeholders in education and training to coordinate the improved delivery of veterans' benefits.

State Approving Agencies work with others to exchange information, facilitate the increased approval of programs and raise awareness of the veteran, their educational needs and benefits. SAAs have forged links with State Agencies such as Departments of Veterans Affairs, Departments of Education, Higher Education Governing Boards, Departments of Labor and other licensing boards. They meet with representatives of accreditation associations, the National Guard and the Reserves, apprenticeship councils, union boards, and military service organizations. Some SAA staff members also participate on accreditation visits. At a national level, contacts are made with the Departments of Defense, Education, Labor, and Agriculture, as well as the Federal Aviation Administration, and Federal Trade Commission.

State Approving Agency activities often complement what is being done at the state level and since not all states have program review offices, those SAAs become the *de facto* review entity for the State. SAAs often have ready access to information of value to program appraisal such as: a school's audited financial statements; school evaluation reports; results of in-depth assessments in particular areas; program review by governing or coordinating boards; and, institutional statistics and research findings.

B. Added Value

In addition to the contributions stated in part **A. Functions**, State Approving Agencies help to ensure the success of the GI Bills by responding to new trends in education and training and by working with the DVA to take-on new challenges. As stated by a former Subcommittee Staff Director of the House Veterans Affairs Committee in an upcoming SAA outreach film—**"SAAs are the face of the GI Bill at the state level."**

Frequent interaction with officials at all levels within the state provides understanding of how the system works which in tern creates a unique ability to assist Veterans in accomplishing their education and training objectives.

- Special attention has been and continues to be given to the request by Congress and the DVA to promote the development and approval of apprenticeship and on-the-job training programs. Extensive efforts have been made by SAAs to make employers and unions aware of this benefit and to assist them in having these programs promoted and approved. As a result, the number of active apprenticeship/on-the-job training (or OJT) facilities has increased over 100% in 10 years from 2,086 (in 1997) to 4,891 (in 2006). New initiatives include the approval of preparatory courses, licensure and certification examinations, and entrepreneurship programs.
- SAAs have expanded their outreach efforts to promote increased usage of GI Bill benefits as described in the ***Outreach Activities*** section of part **A** of this testimony. In FY 97 SAAs conducted 12,724 outreach activities and in FY 05, 49,885. They continue to actively search for new ways to increase usage of the GI Bill and counsel veterans on available benefits and educational programs within their state.
- SAAs are directly involved with the new and emerging trends in education and training—ensuring their quality and availability for veterans. More and more distance education programs are now being approved. SAAs are reviewing and approving new short-term certification programs as illustrated by the growth in non-accredited NCD facilities and programs—from 605 in FY 97 to 835 in FY 03, an increase of 38% percent. Also SAAs continue to evaluate accelerated degree programs, external degree offerings, new branch campuses and traditional colleges contracting with private occupational schools to provide training for college credit.
- SAAs also are directing more attention to promoting and insuring the evaluation and acceptance of credit for military training and experience.

- And for the benefit of veterans, other GI Bill eligible persons, and the DVA, SAA personnel participate in on-going professional development activities to ensure the availability of a wide range of quality learning experiences. The National Association of State Approving Agencies (NASAA) is in the process of completely updating its *National Training Curriculum* required under law. Training Institutes are held for new staff approximately every eighteen months. One was just held last week in Chicago where over 50 SAA and VA personnel participated. All national meetings have a professional development component designed to provide specialized, advanced training in leading edge developments in our field such as, distance education, state licensing, outreach techniques, DOD recruitment concerns, and approval of short term on-going professional development courses such as Microsoft and Novell.
- State Approving Agencies have been at the forefront of the enactment of many of the improvements to the various GI Bills. They have first hand insights into the education and training needs of veterans and are able to bring recommendations to members of Congress and the responsible Committees. SAA personnel have had the honor and privilege of working with current and former members of Congress, including former Chairman Montgomery, to enact the Montgomery GI Bill (MGIB) and to expand program opportunities available under the law. Examples include the addition of apprenticeship and other on-the-job training (OJT) to Chapters 30 and 1606; non college degree and graduate programs to Chapter 1606; accelerated payments for high technology programs; increased benefit levels for apprenticeship and OJT participants; and revisions to the laws governing the approval of programs such as the period of operation rule, OJT wage requirements and pro rata refund policy.
- As founding member of the Partnership for Veterans Education, SAAs represented by their national association, is currently recommending the enactment of a Total Force MGIB that would simplify the administration of the law and bring equity to those who serve in defense of the freedoms that we all so thoroughly enjoy—equal program opportunity and benefits for equal service rendered. As you know Madame Chairwoman, this Subcommittee held an excellent hearing on the topic just a few weeks ago.

In short SAAs are the **face of the GI Bill at the state level**.
We provide:

- Veteran advocacy
- Outreach to Veterans
- Job training opportunity
- Consumer protection for Veterans entering education and training programs
- Assistance to Veteran who encounter problems at schools and training facilities
- Assistance with the prevention of waste, fraud and abuse

C. Overlap in the Work of Approving Agencies

Sixty years ago the Congress chose a path that has served the veteran and the taxpayer exceptionally well. Instituting a state level, program approval process to ensure the quality and integrity of the various learning experiences in which veterans engage and to assist the federal government in preventing waste, fraud and abuse has proven to be an excellent decision.

To the casual observer, it would appear that the work done by SAAs and that of the federal Departments of Education and Labor is similar, if not identical. A closer look reveals some stark distinctions, especially among "approval" activities for institutions and their programs.

Earlier pages of this testimony provided insights into the processes used by SAAs. To summarize, the SAA program approval process is:

- **Program oriented**—Certificate in Automotive Technology, Associate of Science in Nursing, Bachelor of Science in Biology, et al. In lay terms, an evaluation of the appropriateness of the program objective, what is being taught to achieve the objective, by whom, with what resources and under what circumstances. The latter category includes, for example, an evaluation of policies and practices pertaining to program admission, credit for prior learning, and satisfactory progress.
- **Built upon evaluations** by other state and private sector entities when appropriate; e.g., state licensing, degree granting authority, and accreditation (institutional and/or specialized/programmatic)
- Ongoing **contact and monitoring** on an annual or bi-annual basis

Now let's take a look at the process used by the Department of Education and, in particular, accreditation since this element of the DOE process seems to be the major focal point of the discussion about overlap.

The Departments of Education's direct involvement in the administration of Title IV, Student Financial Aid programs is limited to (1) the authorization and reauthorization of an institution to participate in Title IV through an application process that is heavily dependent upon third parties and (2) compliance visits which are monetarily oriented, sporadic and generally conducted at an institution where there have been reported or perceived problems. Of the two third parties connected to the initial (and continuing) authorization, accreditation is perceived to be the one that actually attempts to ensure overall quality and integrity at the institutional level. The other activity, state licensing, has long been proven to be limited in scope (generally applicable to proprietary business, trade and technical schools only) and generally ineffective because of lack of State funding to conduct full scale initial and followup evaluations. The United States has no Federal Ministry of Education or other centralized authority exercising single national control over postsecondary educational institutions in this country. The States assume varying degrees of control over education, but, in general, institutions of higher education are permitted to operate with considerable independence and autonomy. As a consequence, American educational institutions can vary widely in the character and quality of their programs.

In order to ensure a basic level of quality, the practice of accreditation arose in the United States as a means of conducting non-governmental, peer evaluation of educational institutions and programs. Private educational associations of regional or national scope have adopted criteria reflecting the qualities of a sound educational program and have developed procedures for evaluating institutions or programs to determine whether or not they are operating at basic levels of quality. (U.S. Department of Education)

Types of Accreditation

Institutional accreditation normally applies to an entire institution, indicating that each of an institution's parts is contributing to the achievement of the institution's objectives, although not necessarily all at the same level of quality. The various commissions of the regional accrediting associations, for example, perform institutional accreditation, as do many national accrediting agencies.

Specialized or programmatic accreditation normally applies to programs, departments, or schools that are parts of an institution. The accredited unit may be as large as a college or school within a university or as small as a curriculum within a discipline. Most of the specialized or programmatic accrediting agencies review units within an institution of higher education that is accredited by one of the regional accrediting commissions. However, certain accrediting agencies also accredit professional schools and other specialized or vocational institutions of higher education that are free-standing in their operations. Thus, a "specialized" or "programmatic" accrediting agency may also function in the capacity of an "institutional" accrediting agency. In addition, a number of specialized accrediting agencies accredit educational programs within non-educational settings, such as hospitals. (U.S. Department of Education)

Types of Accrediting Organizations

Regional accrediting organizations operate in six different regions of the country and review entire organizations, 98 percent or more of which are both degree-granting and nonprofit. Regional organizations may also accredit non-degree, for-profit institutions, but this is a rare occurrence.

National accrediting organizations operate throughout the country and review entire institutions. Of the nationally accredited institutions, 34.8 percent are degree-granting and 65.1 percent are non-degree-granting. 20.4 percent are nonprofit and 79.5 percent are for-profit. Many are single purpose institutions (i.e. information technology or business) and some are faith based.

Specialized accrediting organizations operate throughout the country and review programs and some single-purpose institutions. There are more than 17,600 of these accredited programs and single-purpose operations. (Council on Higher Education Accreditation)

Recognized Accrediting Organizations

There are no laws regarding the development or operation of an accrediting organization. Therefore, some are considered more legitimate than others. Similar to "diploma mills" there are some organizations considered "accreditation mills" that will accredit institutions for a fee without the utilization of what is generally considered acceptable standards.

There are two organizations that are currently considered to "recognize" legitimate accrediting agencies, the U.S Department of Education (USDE) and the Council for Higher Education Accreditation (CHEA). For USDE recognition, accreditation from the organization is used by an institution or program to establish eligibility to participate in federal student aid or other federal programs. The Council for Higher Education Accreditation is a private nongovernmental coordinating agency for accreditation. As defined by CHEA, it is "A national advocate and institutional voice for self-regulation of academic quality through accreditation. . . ." Individual accrediting organizations may be "recognized" by CHEA, the U.S. Department of Education, or both.

Quality

The term "quality" is used by multiple organizations however, it is rarely defined. For the purposes of this document, "quality" will refer to meeting or exceeding a minimum set of standards. A functional reality of this definition is that the establishment of the designation "quality" is dependent on the minimum standards of the organization performing a review. While an institution may be considered of quality by one organization, it may not meet the designation of quality by a different organization using a different set of standards.

Section Purpose

The purpose of this section of the testimony is not to portray either State Approving Agencies or accrediting organizations as having more or less value than the other. Each serves a purpose in relationship to the educational community. However, the value of each differs in terms of mission, standards, and purpose. State Approving Agencies and accreditation organizations each have a function, but the functions are not duplicative. State Approving Agency approval and accreditation are complimentary, not identical, processes.

To assist in gaining a better understanding of what accreditation is and is not, the following excerpts from a book entitled *Understanding Accreditation* by Kenneth E. Young, et.al. are reprinted. Dr. Young was the founding President of the Council on Postsecondary Accreditation, the former umbrella organization for accrediting associations.

> "Accreditation is a process by which an institution of postsecondary education evaluates it educational activities and seeks an independent judgment to confirm that it substantially achieves its objectives and is generally equal in quality to comparable institutions or specialized units. Essential elements in the accreditation process are (1) a clear statement by the institution of its education intentions, (2) the conduct of a directed self-study focused on the achievement of these intentions, (3) an on-site evaluation by a selected group of peers, and (4) a decision by an independent accrediting commission (comprised of fellow educators) that, in light of its standards, the institution or specialized unit is worthy of accreditation. The accreditation process is designed primarily to encourage and assist the institution to evaluate itself objectively and then for the accrediting body to validate what the institution has said about itself."
>
> "Institutional accreditation (1) deals with the total institution, (2) is almost always the basis for institutional membership, and (3) focuses primarily on institution-wide objectives, processing, and outcomes."
>
> The major characteristics of accreditation are the following:
>
> 1. It is predominantly a voluntary, private-sector activity and therefore cannot mandate compliance or control behavior except by persuasion and peer influence.
> 2. It is the premier example of self-regulation (as opposed to government regulation) in postsecondary education.
> 3. It focuses primarily on judging educational quality—an elusive concept—and, given the great diversity of postsecondary educational institutions in the United States, criteria tend to be general and variable.
> 4. It functions essentially as an evaluative process, and institutional self-study is at the heart of the process, and
> 5. It provides outside consultation, closely tied to the institution's own research and planning.
>
> To understand what accreditation is not is also important. Accreditation is not governmental, although both federal and state agencies use it—to determine eligibility for certain government programs and in relation to professional licensing. It is not mandatory, although there are strong social and political pressures and even some legal prods to encourage participation. It is not a rating system, although institutions and programs generally do get compared. It is not

a mechanism for formally policing institutional behavior; accrediting bodies do not have to assess compliance, even if they wanted to. Rather, it depends on informal monitoring, generally through the accrediting body following up on a complaint about an institution (usually from an unhappy faculty member or student, another institution or state agency). It does not deal directly with credits, despite its name, although it is often used to help distinguish (sometimes erroneously) between worthy and unworthy prior educational experiences. And it is not a stamp of approval on individual students or courses; it does not operate at that level of analysis, although it is often perceived that way.

The public is often led to believe that accreditation forces compliance on institutions. Although colleges and universities are certainly expected to comply with the policies, procedures, and requirements established by the accrediting body to maintain membership, the value and effectiveness of the entire process nevertheless lies in the institution's own commitment to excellence and continuous self-study and evaluation. The public has little understanding of the voluntary nature of accreditation and the fact that compliance guarantees are not systematically built in. "Indeed, any guarantees reside in the individual institution's seriousness of purpose and its sincerity."

In summary, other speakers at this hearing today already have or will address the DOE process for Title IV eligibility and the role of accreditation in that process so our testimony will not go into greater detail. However, we believe that it is important to restate that the major differences between SAAs and accreditation lie (1) in their mission, standards, and purpose and (2) operationally in the depth, breadth and frequency of their reviews. They each have a function, but the functions are not identical or duplicative—they are complimentary. The SAA process is a governmental quality control mechanism while accreditation is a private sector quality enhancement process.

Apprenticeship and Other On-The-Job Training

The distinctions between the work of SAAs and the federal Department of Labor on the approval of apprenticeship and other on-the-job training (OJT) programs also can be described as complimentary. The additional work by SAAs with Registered Apprenticeship Programs is almost exclusively connected to the specific requirements of Title 38, U.S. Code pertaining to the payment of VA benefits.

Unregistered apprenticeship and OJT programs are another matter. For the vast majority it is only the SAA that works with the program sponsor to review what is to be taught/learned, by whom, with what expertise, with what resources and under what circumstances. This is in addition to insuring that the requirements of Title 38 are also being met.

D. Funding

The total annual allocation for SAA activities is stipulated in Title 38. The annual share of the allocation awarded to each SAA is determined by a formula essentially based upon the number of active schools and training establishments being supervised. The total annual allocation was capped at 12 million dollars from 1989 to 1994. In 1995, the cap was increased to 13 million dollars until 2001, when it is being raised to 14 million dollars. From 2004 thru 2005, the cap was raised to 18 million dollars and for 2006 thru 2007 it was raised to 19 million dollars. **If no action is taken, in 2008 the cap will revert back to 13 million dollars—a 32 percent cut!**

- The SAAs are periodically in a state of uncertainty. Without either the ability to carryover funds from one year to the next or to rely on an annual cost of living adjustment, prudent planning is not possible.
- SAAs/States need funding stability in order to plan for and execute activities that meet the requirements of law and the contract between the State and the VA. Many SAAs are comprised of one full time professional staff person—some have only a part time person. Program approval and monitoring activities, especially those associated with apprenticeship and other on-the-job training programs, require expertise and timely action. Unstable funding does little to support this.
- In order to provide an acceptable level of service to veterans, the Congress, and the DVA and to continue to take on additional roles as needed, SAAs must be consistently funded at an adequate level. Once restored to the current level of $19 million, the amount should be adjusted each year by the government-approved COLA applied to other benefit programs.

In summary, SAAs make major contributions to the success of the various GI Bills in many ways. These contributions far exceed the proportionate amount of funds re-

ceived by the Agencies when compared to the amount of benefits provided to veterans and other GI Bill eligible persons. The contributions include, but are not limited to, the following:

- determinations regarding the quality and integrity of just about any kind of learning experience imaginable (institutional, job training, flight, correspondence, etc.);
- work with employers to develop and enroll veterans in job training programs;
- assessments of tests for professional and occupational licensing and certification;
- training of VA Certifying Officials at educational institutions and job training establishments;
- briefings during transition assistance programs and retirement seminars, mailings to recently discharged veterans and Selected Reserve personnel, and other outreach activities to increase the utilization of the GI Bills;
- providing advice and guidance directly to veterans and other GI Bill eligible persons and indirectly through educators, trainers and others who counsel veterans;
- serving as the gatekeepers for the "GI Bill" and advocates for veterans at the state and local levels;
- assisting the federal government to eliminate waste, fraud and abuse; and,
- state based SAAs provide local insights to the Congress and the VA on revisions to law that would better help to meet the education and training needs of veterans.

CLOSING

In closing, Madame Chairwoman, we would like to thank you and members of the Subcommittee again for the opportunity to comment on the functions of State Approving Agencies (SAAs), the value added by SAAs, the issue of overlap in the work of various "approving agencies" and funding needed by SAAs to carry out their responsibilities so that the GI Bill remains the country's premier educational assistance program *bar none*. Mr. Sweeney and I would be happy to respond to any questions that you might have.

Statement of George W. Summerside, Veterans Education Program Specialist, South Dakota State Approving Agency

INTRODUCTION

Chairwoman Herseth Sandlin, Ranking Member Boozman and members of the Subcommittee on Economic Opportunity, I am pleased to appear before you today on behalf of the South Dakota State Approving Agency to discuss the functions of State Approving Agencies and the value these agencies have for those eligible for VA educational benefits in South Dakota.

BACKGROUND

Sixty years ago Congress, determined that each State should create an agency to approve the programs within its borders and to determine in which programs it was appropriate for Veterans to enroll, in order for them to utilize their VA educational benefits. The first State Approving Agencies (SAA) were formed for Veterans after World War II. Each State has one and a few states have two or three. One agency would approve all school programs, another agency would approve all on-the-job training programs, and then possibly a third agency would approve the flight schools. Our state approves all programs for those wishing to utilize their VA educational benefits.

After a few years States realized that a national Association was needed and in 1948 the National Association of State Approving Agencies (NASAA) was formed. The National Association assisted states in coordinating their efforts to do a better job for our nation's Veterans. Also it was a tool to resolve mutual problems that were affecting our members.

One of the keys to the success of this association has been the use of technology. Our association created a viable Internet Web site for the utilization of our association, our service partners and our customer "The American Veteran." Capabilities include: directories for State Approving Agencies and State Veterans Affairs Offices, legislative updates, State and Federal regulatory information, and veteran-related career, educational, and benefit information. Our site is being re-designed and should be completed by the end of this month. The redesign will bring many new enhancements which will further improve communication between our members and the Veterans we serve. South Dakota has been the webmaster for this site since it's creation in 1998.

Our website also has a section exclusively for our members. This members' section includes: directories for our membership and other service partners, presidential updates/briefings, committee updates, association projects, calendar of upcoming events, samples of work processes for training programs (over 1,000), national training curriculum, outreach materials and online quarterly reporting system. Members can also send e-mail to other members and post information through the NASAA bulletin board.

ROLE OF STATE APPROVING AGENCIES

In many ways the fundamental role of state approving agencies is the same today, as it was when they were founded. As state entities acting on behalf of the Federal Government, the SAA's have been an outstanding example of the workability of the State-Federal partnership, allowing Federal interests to be pursued at the local level while preserving the identity, interests and sovereignty of States' Rights in education.

PROGRAM APPROVAL

The primary responsibility and focus of the SAA's continues to be the review, evaluation and approval of quality programs of education and training under State and Federal criteria. SAA's continue to conduct on-site inspection visits to approved institutions and schools seeking approval. The programs that can be approved are found in institutions of higher learning (colleges and universities), non-degree institutions (vocational and technical schools), apprenticeship programs, other on-the-job training programs, and flight training schools. Each State reviews the appropriateness of each program as to its own standards and laws in addition to VA rules and regulations along with any other applicable laws and/or regulations. Then it is either approved or disapproved; continuous supervision is required of approved programs. The following statement is provided to illustrate a school's viewpoint of the approval process for a non-degree institution:

> *As Director of the Career Learning Center of the Black Hills (CLC), I was approached by Mr. Ken Moon, South Dakota Veteran's Outreach Representative who asked me if I had considered applying to the South Dakota State Approving Agency for approval of our short-term skill training programs as non-degree level courses. Mr. Moon conveyed to me that he believed the CLC training programs may fit the needs of some of the veterans who are in need of skill training, but who are not willing and/or able to commit to a formal postsecondary educational program. Mr. Moon gave me the name and telephone number of the Education Program Specialist from the South Dakota State Approving Agency, Mr. George Summerside, to contact about making application.*
>
> *From the first conversation I had with Mr. Summerside, I felt confident and assured that any assistance I needed in completing the application would be provided. It was also very evident to me that George had the utmost respect for the process and the requirements for the application and would make certain that all required components of the application would be included in the utmost organized and detailed manner.*
>
> *My experience in working with the South Dakota State Approving Agency, in preparation of the application for Non-Degree Level Courses was one of high-level professionalism with exemplary technical assistance provided. Mr. Summerside is acutely aware of the requirements for this application and was extremely interested in assisting with inclusion of all the requirements for the application. George looked over numerous drafts of the application and attachments before we submitted the final and completed application for consideration. Since this time, The South Dakota State Approving Agency has provided additional advice and assistance in completing paperwork for VA students of our courses.*
>
> *There is no question that without the assistance, direction, advice and support of Mr. Summerside, the application process would have been much more difficult and time consuming.*
>
> *Gloria Pluimer, Director*
> *Career Learning Center of the Black Hills*

The next statement illustrates a veteran's viewpoint of the approval process for an On-The-Job training program:

> *I retired from the U.S. Navy in 1993 following 27 years of active service. I had not used any of my GI Bill Education benefits at the time of my retirement. I returned to South Dakota with the intent of going back to school and completing my college education.*

I applied for the On-The-Job Training Program in 1994 through the SD Division of Veterans Affairs—State Approving Agency—and was enrolled. I was most appreciative of the professionalism of the person from the State Approving Agency who worked with my employer and me to design a tailored training program. No doubt without the availability of this education benefit, I would not have been able to accept this training position.

Not everyone or every discipline is suited to the traditional classroom style of training and education. The On-The-Job Training Program offers an excellent alternative educational benefit opportunity for those individuals and disciplines. Without this program, it is most probable that my GI Bill Educational Benefits would have gone unused.

Ron Boyd, State Adjutant
SD American Legion

PROGRAM SUPERVISION

Our agency conducts annual supervisory visits to each active facility to review the resources and capabilities which are required for continued program approval. The ongoing, on-site monitoring and supervision are vital to ensure these approved institutions continue to provide quality educational programs and meet VA compliance requirements. The following statement illustrates the importance of these visits and supervisory support provided.

"When I took over supervision of USD Veterans' Services in 2005, our practices needed to be revamped to meet our obligations to the VA and our students. I met with George Summerside, SD State Approving Agency, in June 2005 at a regional training session for which he was one of the main speakers and coordinators. George immediately offered his full support and assistance to the University, and he followed through.

Throughout 2005 and 2006, George was readily available to clarify laws and policies surrounding education benefits. He frequently gave suggestions (sometimes directives) about how The University could meet its obligations, which have improved our services to the students a hundred fold. He provided us a network of other higher education administrators and people employed by the VA who provided invaluable advice.

During the same time period, George visited our campus on three occasions. Two were supervisory visits to help us gauge our progress, and one was to sit on a panel discussion for a Veterans Day event hosted by the USD Veterans Club (a student group). George's participation in the Veterans' Day event was widely appreciated by our students and the community, because it demonstrated a positive link to the individuals in Vermillion and the SD Division of Veterans Affairs.

In addition, George was able to provide me much of the information and support I needed to take to my superiors to request the assignment of a full-time employee to USD Veterans' Services. A full-time position was filled in September 2006.

On behalf of the veterans and their dependents attending The University of South Dakota, I can honestly claim that the support of our state approving agency is essential to our success. Thank you for the opportunity to submit this statement."

Jenifer Jost, Associate Registrar
The University of South Dakota

The next statement provides the prospective from Brink Constructors, Inc., an approved training establishment:

First let me say what a pleasure it has been working with the SD State Approving Agency and associated staff. The staff is very knowledgeable and always able to assist us with our questions.

The veterans who join our apprenticeship program are greatly benefited by the financial assistance provided to them through the GI Bill and Apprenticeship Program.

Robin Cressy-Eddy
Human Resource Administrator

Judith M. Michael
Apprenticeship Coordinator

LIAISON

Yet, while the fundamental role of the SAA has remained the same, the SAA's have grown with the changes in our society over the past sixty years. They have become advocates for quality education and training for Veterans and other eligible persons. They have become educational partners with the institutions themselves, facilitating even greater and more diverse educational opportunities for Veterans. They have become strong advocates for the usage of the GI Bill and have developed

a working partnership with the Federal government, which other Federal agencies have tried to emulate.

As State and National priorities change, as the function of government undergoes perpetual re-examination, and as the needs of our Veterans evolve with changes in American society, state approving agencies stand ready to meet the challenges before them. In spite of the need for new approaches and technologies, differing styles of oversight and enhanced criteria for performance, the fundamental reasons for which the SAA's were originally created remain as valid today as they were sixty years ago. Mr. Del Johnson, Retired SD Education Liaison Representative (ELR) offers his opinion on State Approving Agencies. Del retired with over 28 years of experience with VA educational services.

In my opinion there is a real value in having a State Approving Agency in each state. Approval of VA educational programs requires extensive knowledge of many complicated laws and regulations. It is absolutely necessary that the local schools and training establishments have someone with whom they can have personal contact. My experience was that there will always be differences in interpretation and the SAA serves a very important role between the Veterans Administration and the institutions which offer these programs. Now that the Department of Veterans Affairs has become more regionalized we have states that do not have an ELR (Education Liaison Representative) located in the Regional Office in their state, South Dakota is one of those states. This makes the institutions and veterans more isolated from the VA.

The philosophy that "bigger is better" does have its limits and the impact on our smaller states can be negative. There is a need for each state to have a fully staffed SAA so the veterans in that state do not suffer with additional delays in obtaining their educational benefits. These agencies are vital and any reduction in funding would negatively impact VA educational programs.

Del Johnson
Retired SD ELR

Our office has developed strong partnerships with many within our veterans' service network and the following comments illustrate these relationships.

The State Approving Agency is a valuable resource for South Dakota's County and Tribal Veteran Service Officers whose job it is to properly serve these veterans.

With the new influx of veterans from the War on Terrorism, it is more important than ever that they are provided with all the benefits they are entitled to, including education.

The State Approving Agency has been there for me on countless occasions to provide quick and highly professional assistance at any time a question arises while initiating an education claim or by personally contacting the St. Louis Regional Processing Center on our behalf when a problem arises during the life of the claim or benefit.

To ever lose or restrict the State Approving Agency, in particular George Summerside or Dr. Tom Murphy, due to federal budget restraints would be a HUGE disservice to South Dakota's veterans.

Ken Lindblad
Beadle County Veterans Service Officer

The next statement was submitted by one of our SD Veterans Commissioners.

The SD Veterans Commission relies on select individuals to advise the Commission on veteran related issues and programs. Without the SD State Approving Agency's valuable input our Commission would not be able to make informed decisions on VA educational issues. State Approving Agencies have not only ensured that those eligible for VA educational benefits enroll in quality education and training programs, but they have also served as a champion of veterans educational benefits.

Bill Locken, Commissioner
SD Veterans Commission

The following statement provides a viewpoint from Muth Electric Inc., an approved training establishment.

We appreciate the value that the SD State Approving Agency provides to the employees of Muth Electric. Any time there is a benefit that we can offer to our employees, especially those in transition from military to civilian life,

we are more than willing to do so. Working with the SD State Approving Agency has allowed our employees an opportunity to utilize their military benefits while learning an exciting and challenging trade.

Amy Tlam
HR Manager

Our agency acts as the state liaison in assisting veterans groups, schools, training establishments, and other service partners with a better understanding of the many VA educational opportunities. By working together we can facilitate even greater and more diverse educational opportunities for those who are eligible for these well deserved and earned benefits.

TECHNICAL ASSISTANCE

This assistance is provided to schools, training establishments, County and Tribal Veterans Service Officers, and individuals on a wide range of VA educational issues and concerns. The information is provided during phone conversations, in emails, during visits and in correspondence. These inquiries are increasing and they require a considerable amount of staff time to be addressed.

The needs of the VA student are and always will be of primary concern to this office. The following statement depicts one student's opinion of our office.

In the past few months George Summerside has been an excellent client advocate. Without his dedication and loyalty the Veterans Education Program would be nothing. Personally I could not have done the nursing program at Western Dakota Technical Institute without him, for he made sure my VA benefits were released to me in enough time to pay my bills, and I did not have to go back to work.

Sincerely,

Samantha Donley

OUTREACH

Our agency is continually developing creative and innovative ways to promote and educate the public on VA educational programs. During FY 2006 our staff developed and distributed over 6,000 brochures/posters to Veterans, guardsmen/reservists, dependents/survivors and other partners within our veterans' service network. Our agency participates in veterans' forums, demob briefings, workshops, and other events whenever our presence can inform or educate the public on the excellent learning opportunities for those eligible for VA educational benefits.

SUMMARY

The core functions that I have discussed today all center around the program approval. *The primary responsibility and focus of the SAA's continue to be the review, evaluation and approval of quality programs of education and training.* Our agencies have sixty years of experience with this process.

Our National Association has developed the National Training Curriculum to serve as a reference and training tool for both new staff and existing agency professionals. This excellent reference guide ensures that staff is trained adequately to perform the comprehensive functions of a State Approving Agency professional. In addition to the National Training Curriculum our association has created the National Training Institute. This Institute provides classroom training for new staff, and both SAA and VA personnel participate. They are held approximately every eighteen months.

If this funding solution is not resolved, there will be a reduction of 32% from the current funding level. South Dakota's contract will be reduced by over $66, 000 dollars in FY 2008. This will have a negative impact not only on our state but across this nation. The many things that we are doing in outreach and customer service would no longer be possible.

Today you have heard from different agencies and groups; statistical and narrative information has been provided for your review. The testimonies today are not a true measure of our value; our true value rests in the heart of each of the dedicated staff whose sole purpose is the approval of quality programs of education for those eligible for VA educational benefits. Our agencies worth is measured by this dedicated devotion to excellence, and our nation's Veterans deserve no less.

Closing

In closing, Madam Chairwoman, I would like to thank you and members of the Subcommittee again for the opportunity to comment on the functions of the South Dakota State Approving Agency and the value they add in the State of South Dakota. I would be happy to respond to any questions that you might have.

Statement of John M. McWilliam,
Deputy Assistant Secretary for Operations and Management,
Veterans' Employment and Training Service, U.S. Department of Labor

Chairwoman Herseth Sandlin, Ranking Member Boozman, and distinguished members of the Subcommittee:

I am pleased to appear before you today on the subject of the role of the State Approving Agencies (SAAs) in assisting the Department of Labor (DOL) and other issues related to apprenticeships and on-the-job-training (OJT) programs.

DOL has a separate responsibility from that of the SAAs. Under the National Apprenticeship Act 1937, DOL is the only federal agency authorized to register apprenticeship programs for federal purposes. "Federal purposes" includes any federal contract, grant, agreement or arrangement dealing with apprenticeship; and any federal financial or other assistance, benefit, privilege, contribution, allowance, exemption, preference or right. DOL's role is to safeguard the welfare of apprentices, ensure equality of access to apprenticeship programs, and provide integrated employment and training information to sponsors and the local employment and training community.

Title 38, section 3687(a)(1) indicates that an eligible veteran may be paid a training allowance while pursuing a full time "program of apprenticeship **approved by a State approving agency as meeting the standards of apprenticeship published by the Secretary of Labor**. . . ." (Emphasis added).

Therefore, for an apprenticeship program to be approved for veterans' benefits, it first must meet the standards of apprenticeship published by the Secretary of Labor. These standards require that the program be registered by either DOL or a DOL-recognized State Apprenticeship Agency. These State Apprenticeship Agencies are separate from the State Approving Agencies being discussed at today's hearing.

State Apprenticeship Agencies and DOL use basically the same assessment and approval criteria. State Apprenticeship Agencies' regulations conform to federal regulations for the registration of apprenticeship programs. There are, however, variations in the operational procedures between State Apprenticeship Agencies and the Office of Apprenticeship (OA) in DOL's Employment and Training Administration.

Registration of an apprenticeship program by DOL or a DOL-recognized State Apprenticeship Agency must comply with the requirements set in 29 Code of Federal Regulations (CFR) parts 29 and 30, the Department's regulations for registered apprenticeship. Apprenticeship program sponsors prepare and submit Standards of Apprenticeship for review and approval by DOL or a DOL-recognized State Apprenticeship Agency. Standards must state the term of the apprenticeship (not less than 2,000 hours); the work processes in which the apprentice will receive supervised work experience and training on the job; provision for related technical instruction (a minimum of 144 hours per year of apprenticeship is recommended); the progressively increasing schedule of wages to be paid to the apprentice consistent with the skill acquired; and other requirements pertaining to program administration. When DOL or a DOL-recognized State Apprenticeship Agency has determined that the standards comply with 29 CFR parts 29 and 30, DOL or the DOL-recognized State Apprenticeship Agency issues the program a Certificate of Registration, which recognizes the program as a registered apprenticeship program for federal purposes. DOL or DOL-recognized State Apprenticeship Agency staff provides technical assistance to current and potential program sponsors for the preparation or modification of apprenticeship standards and to promote compliance with the apprenticeship regulations.

DOL has not yet determined what, if any, overlap currently exists between reviews by the Registered Apprenticeship System (State Apprenticeship Agencies and DOL's Office of Apprenticeship in the Employment and Training Administration) and State Approving Agencies. We believe there may be overlap in the review of program sponsors' performance. As provided by the regulations for registered apprenticeship (29 CFR parts 29 and 30), DOL and DOL-recognized State Apprenticeship Agency staff conduct periodic reviews and evaluations of registered apprenticeship programs, including Quality Assurance Assessment reviews. These reviews may overlap with monitoring and assessments conducted by State Approving Agencies.

Registered apprenticeship programs must maintain compliance with the standards for registered apprenticeship, whether they are registered with DOL or a DOL-recognized State Apprenticeship Agency. DOL and DOL-recognized State Apprenticeship Agenciescurrently register over 29,000 apprenticeship programs nationally with approximately 250,000 participating employers. Veterans comprise more than 8% of the currently 449,000 registered apprentices.

DOL supports working with the VA and the Department of Education to assess both the similarities and the differences between the assessment components of the VA and DOL regulations and to determine how to further collaborate. In fact, the first such meeting between DOL and VA occurred on March 20, 2007, to discuss possible cooperative efforts. We look forward to continued collaboration with partners at VA and the Department of Education.

DOL does not have any responsibility for, nor do we participate in, OJT programs for veterans in relation to the national apprenticeship system. Our enabling legislation, the National Apprenticeship Act 1937, deals specifically with registered apprenticeship. However, OJT is an allowable use of funds through other DOL authorizing statues, such as the Workforce Investment Act 1998.

Thank you for the opportunity to discuss this important issue. I would be pleased to respond to any questions.

Statement of Carol A. Griffiths,
Chief, Accrediting Agency Evaluation Unit,
Office of Postsecondary Education, U.S. Department of Education

Good afternoon Chairwoman Herseth-Sandlin, Ranking Member Boozman, and members of the Subcommittee. I appreciate the opportunity to appear before you today to share with you the Department of Education's activities related to the accreditation of postsecondary education institutions and programs. My testimony will describe the U.S. Secretary of Education's accrediting agency recognition process—providing you with a snapshot of the type and breadth of accrediting agencies currently recognized by the Secretary and the components of the recognition process, as well as—highlighting some of the criteria for recognition and the role of the Secretary's Advisory Committee in the recognition process.

The Department of Education relies on accreditation by recognized accrediting agencies and State approval agencies as a primary factor in establishing the eligibility of institutions to participate in federal student financial aid programs authorized by Title IV of the Higher Education Act 1965 (HEA). Other Federal departments also rely on the Secretary's recognition of accrediting agencies as an eligibility factor for participation in various programs they administer. In the context of the recognition process, State approval agencies are units within State Departments of Education that have responsibility for the oversight of postsecondary vocational education.

Authority

Since 1952, the Secretary of Education has published a list of recognized accrediting agencies that the Secretary determines are reliable authorities of the quality of education and training provided by the institutions and programs they accredit. The initial authority for this was in the Servicemen's Readjustment Act; the recognition authority is now part of the HEA, which establishes the requirements for recognition of accrediting and state agencies.

Currently the Secretary recognizes 62 institutional and programmatic accrediting agencies. There are 4 types of institutional accrediting agencies, though the distinctions between them are diminishing.

National institutional accreditors—as the name suggests—accredit schools throughout the United States. Historically, they've accredited private for-profit institutions offering predominantly non-degree, vocational technical education programs. However, their recognized accrediting activities have expanded to include accreditation at all educational levels, including doctoral degrees and the accreditation of private non-profit institutions. Their emphasis remains, however, on the accreditation of institutions providing professional, technical, and occupational education programs.

Regional institutional accreditors, as the label implies, accredit in a specific geographic region of the U.S. There are 6 regional accrediting associations—New England, Middle States, North Central, Northwest, Western, and Southern. Historically, the regional accrediting associations accredited public and private-nonprofit degree-granting institutions of higher education. Again, as for-profit education has expanded into the degree-granting realm, regional accreditors have expanded their accreditation activities to include accreditation of for-profit institutions. Also, as public and private degree-granting institutions have expanded their offerings to include non-degree programs, regional accreditors have augmented accrediting activities to include these non-degree programs.

The New York State Board of Regents is the sole accrediting body in a third category of institutional accreditor. The Board of Regents is, by federal statute, eligible to seek recognition for its accreditation of a limited universe of degree-granting institutions (24 institutions) in New York seeking to participate in HEA programs.

The fourth type of institutional accreditor is the specialized, programmatic accreditor that accredits single-programs and single-purpose institutions, so that those schools may be eligible to participate in the federal student financial aid programs. These include accreditors of free-standing schools of osteopathic or podiatric medicine, free-standing schools of music, dance, or theater, or schools of mortuary science. These specialized accreditors accredit a specific type of educational program and are usually closely associated with, or part of, an association of individuals employed in that profession.

The Secretary's recognition process also includes 5 State approval agencies in 4 States (New York, Oklahoma, Pennsylvania, and Puerto Rico) that have sought and received recognition for their oversight of public, postsecondary, vocational-technical education in their respective States to enable those programs to participate in student aid programs authorized by Title IV of the HEA. These agencies are a part of the State educational agency in their respective States, and this recognition enables access to Federal student aid by adults enrolled in programs usually offered through the adult vocational education program of the local K–12 school district.

The Recognition Process

The recognition process is voluntary. The Secretary's recognition is not required for accrediting agencies to exist, or to accredit. However, recognized accreditation is a requirement for institutions' and programs' participation in the Title IV student aid programs and in many other Federal programs.

Also, since the 1992 reauthorization of the HEA, an accreditor must demonstrate a Federal purpose for seeking the Secretary's recognition. The accreditor must establish that its accreditation is necessary to enable one or more of its accredited institutions or programs to participate in a Federal program. Therefore, not all accreditors, even those that may desire to submit to the Secretary's review process, are eligible for recognition.

Components of the Recognition Process

To some extent, the components of the recognition process parallel the accreditation process. Like the accreditation process, the recognition process includes an agency self-review, Department review of the agency's policies, standards, procedures and practices, solicitation of public input, a review by the Secretary's National Advisory Committee on Institutional Quality and Integrity (NACIQI), a Committee representative of the higher education community, and a decision by the Secretary. Each agency is reviewed at least once every 5 years (4 years for State approval agencies).

Eligible accrediting agencies seeking recognition must demonstrate their compliance with the criteria for recognition published in 34 CFR Part 602. As a first step of the process, an accreditor conducts a self-review of its compliance with the Secretary's criteria for recognition and submits a statement of its requested scope of recognition along with a narrative describing its compliance with each of the 18 criteria for recognition and documentation evidencing that compliance. The agency also submits to observations of its activities and reviews of its files by Department staff. State approval agencies must demonstrate compliance with 34 CFR Part 603 in the same manner.

The requested scope of recognition includes the range of accrediting activities for which the Secretary recognizes an accreditor. This includes the types of accrediting activity—institutional or programmatic, types of degrees or certificates, geographic area of accreditation, type of pre-accreditation if any, and activities related to distance education, if any. Accreditors may, and many do, conduct activities outside their recognized scope of accreditation. For example, a number of U.S. accreditors also accredit foreign institutions, but as the Secretary's recognition authority is limited to U.S. institutions, the Secretary does not evaluate an accreditor's activities in relation to the foreign institutions and this aspect of an accreditor's activities is not included in the agency's recognition.

The 18 recognition criteria are used to examine an accrediting agency's organizational structure and administrative and fiscal responsibilities; the agency's standards and their application, enforcement and review; and the agency's operations regarding monitoring and oversight of its accredited institutions and programs. There are also criteria that address an agency's adherence to due process, conflict of interest practices, and its practices regarding its responsiveness to complaints and the public notice of its accreditation decisions.

An agency's organizational structure is evaluated with a focus on the ability of the agency to demonstrate that its accrediting activities and decisions are separate and independent from influence by related, associated, or affiliated trade or membership organizations.

The agency must demonstrate its administrative capability to conduct its accreditation activities by evidencing the composition and competency of staff, evaluators and decisionmakers who are free of conflicts of interest. It must also demonstrate its financial viability to carry out its accrediting functions.

The agency must demonstrate that its standards are sufficiently rigorous, and adequate to measure the quality of the education and training of the institutions or programs it accredits, and that they continue to be relevant to the education and training needs of students. The areas for which the accreditor must have standards are outlined in statute and include an evaluation of curriculum, faculty, fiscal/administrative capacity, admissions, recruiting and publications, student services, facilities and resources, and the institution or program's success with respect to student achievement.

The agency must demonstrate that its accreditation decisions are consistent, based on its published standards, made without conflict of interest, that its institutions and programs are provided due process, and that the agency has processes for evaluating change and for monitoring its accredited institutions or programs.

Department staff evaluate the written evidence, observe one or more accrediting agency activities, such as training sessions, agency evaluations of institutions or programs, accreditation decision meetings, file reviews, or appeal hearings. From this evaluation and observation, the staff draws conclusions of compliance and drafts a report of findings that is provided to the agency. The agency then may respond with further evidence of its compliance with the criteria.

A concurrent step in the process, public input, is solicited via Federal Register notices inviting comments regarding the agency's compliance with the Secretary's criteria.

National Advisory Committee on Institutional Quality and Integrity (NACIQI)

The final step before reaching the Secretary is a review of the agency by the Secretary's National Advisory Committee on Institutional Quality and Integrity (NACIQI). This is a 15-member committee authorized under the HEA and appointed by the Secretary to advise her on matters related to accreditation. This Committee, representative of the higher education community, meets twice a year (June and December) and, in a public forum, reviews each agency's petition for recognition. In preparation for that review, the Committee members are provided all agency information and the Department staff analysis of the petition. After hearing from Department staff, the agency and any 3rd parties present at the meeting, the Committee deliberates and makes a recommendation to the Secretary to grant, defer, or deny recognition. For accrediting agencies, the period of recognition cannot exceed 5 years. Decisions on agencies that have outstanding issues may be deferred and the agency given a limited window of 12 months in which to correct deficiencies. The agency may appeal the Committee's recommendation to the Secretary. With or without an appeal, the Secretary makes the final decision.

In conclusion, the Department of Education recognizes 62 accrediting agencies and 5 State approval agencies as reliable authorities of the quality of education provided by postsecondary institutions and programs. This recognition process is a critical part of the oversight needed on a variety of Federal programs that provide access to approximately 90 billion dollars annually by institutions of higher education, students, and their families. The recognition process is comprehensive and ongoing and includes input from entities both internal and external to the Federal government. I hope this information is useful to you, Madame Chairwoman, and I would be pleased to answer any questions you or any of the other members of the Committee may have.

Statement of Keith M. Wilson, Director, Education Service, Veterans Benefits Administration, U.S. Department of Veterans Affairs

Good afternoon, Chairwoman Herseth-Sandlin, Ranking Member Boozman, and members of the Subcommittee. I appreciate the opportunity to appear before you today to discuss the Department of Veterans Affairs (VA) education benefit programs and the role of State Approving Agencies (SAAs). My testimony will highlight the vital role of SAAs in ensuring that veterans receive the maximum benefit from their educational programs. I will specifically address the program services, fraud

prevention, oversight, and outreach functions of the SAAs, and the legislatively mandated funding decrease scheduled to take effect in fiscal year 2008.

VA and the SAAs work together to ensure the successful readjustment of veterans to civilian life through educational opportunities. VA administers educational assistance, generally in the form of monthly benefits, to eligible veterans and dependents, while the SAAs ensure the quality of the educational and vocational programs pursued and monitor the institutions providing education and training to veterans. Title 38 of the United States Code establishes the parameters for the relationship.

Role of SAAs

38 U.S.C. § 3671(a) requests that each state create or designate a state department or agency as the "State Approving Agency." The SAAs are charged with approving courses in accordance with the provisions of chapters 34, 35 and 36 of title 38 U.S.C., including apprenticeship programs. They also conduct outreach programs and provide outreach services to eligible servicemembers and veterans about education and training benefits available. Our relationship is a cooperative one and we consider the SAAs to be vital partners in fulfilling our mission.

Under contracts with VA, SAAs ensure that education and training programs meet federal VA standards through a variety of approval activities, such as evaluating course quality, assessing school financial stability, and monitoring student progress. In 2001, the SAAs were also given responsibility to actively promote the development of apprenticeship and on-the-job training programs and to approve tests used for licensing and certification.

The SAAs maintain regular contact with the educational institutions and other program facilities within their jurisdiction, keeping them informed of on-going activities and allowing them to monitor the institutions compliance with VA's approval standards and enrollment restrictions. VA and the SAAs exchange information on activities of education institutions, paying particular attention to enforcement of approval standards, enforcement of enrollment restrictions, and possible fraudulent or criminal activities on the part of persons connected with educational institutions where veterans are enrolled. VA staff perform compliance site visits at participating institutions every three years, while SAA staff conduct site visits at many institutions annually. They are a critical component in reducing the opportunities for fraud, waste and abuse in the veterans educational assistance program.

While it is true that some of the programs monitored and approved by SAAs are also reviewed by the Departments of Education and Labor, SAAs approve a number of programs that are not reviewed by other agencies. These programs include on-the-job training programs, cosmetology and massage training offered by unaccredited schools, and apprenticeship programs not approved by the Department of Labor. SAAs tend to conduct more frequent on-site monitoring than other governmental entities and, for less-established institutions and programs, they provide more extensive review to ensure the quality and integrity of the veterans' learning experiences.

The SAAs also assist school certifying officials in understanding and complying with the law and regulations governing payment of VA educational assistance.

GAO Report

A recent GAO report, "VA Student Financial Aid: Management Actions Needed to Reduce Overlap in Approving Education and Training Programs and to Assess State Approving Agencies" (GAO–07–384, March 2007), contained three major recommendations. First, VA should require SAAs to track and report data on resources spent on approval activities such as site visits, catalog review, and outreach in a cost-efficient manner. Second, VA should collaborate with other agencies to identify any duplicative efforts and use the agency's administrative and regulatory authority to streamline the approval process. Finally, VA should establish outcome-oriented performance measures to assess the effectiveness of SAA efforts.

VA generally agreed with all three recommendations. We are taking action to implement the first and third recommendations (resources expenditures and outcome-oriented performance measures) in cooperation with the National Association of State Approving Agencies (NASAA).

VA diligently tracks SAA activities. SAAs report their activities to us quarterly including the number of programs approved, the number of programs disapproved, the number of supervisory visits conducted, and the number of outreach activities or visits conducted. However, based on the report findings, VA will review current tracking mechanisms to further ensure that resource allocation decisions for SAA activities are made efficiently and effectively.

Regarding the second recommendation to collaborate with other agencies, we have already met with Department of Labor staff to discuss how we can improve our com-

munication processes and coordinate our respective activities. We intend to hold similar discussions with the Department of Education in the near future.

SAA Performance Evaluation Process

Public Law 100–323 requires an annual Joint Peer Review Group (JPRG) to meet for the purpose of evaluating the performance of the individual State Approving Agencies during the preceding fiscal year. The JPRG is composed of eight members, four SAA representatives and four VA representatives. The President of the National Association of State Approving Agencies selects the SAA representatives. The VA representatives are the Chief Education Liaison Officers from the four Regional Processing Offices located in Buffalo, NY; Muskogee, OK; Atlanta, GA; and St. Louis, MO.

For FY 2006, the JPRG reviewed self-evaluations from 59 SAAs and written assessment reports from 50 Education Liaison Representatives (ELRs) nationwide. These reports were reviewed by the JPRG to determine each SAA's annual performance rating. There are three designated ratings: Satisfactory, Minimally Satisfactory or Unsatisfactory. For 2006, the JPRG assigned the following ratings: two SAAs received an "unsatisfactory" rating, three received a "minimally satisfactory" rating, and 54 agencies received a "satisfactory" rating.

All SAAs received notices of their ratings in writing. SAAs with less than satisfactory ratings received written guidance on how to improve their job performance. For one SAA that was rated unsatisfactory, a "mentoring" relationship was developed with a neighboring SAA to improve performance during the remainder of this contract year.

Funding for SAAs

In fiscal year 2006, VA paid approximately $2.1 billion in education assistance benefits to more than 470,000 beneficiaries. In that year, VA also provided approximately $19 million in funding to the SAAs, and will pay a similar amount in fiscal year 2007. For fiscal year 2008, the amount of funding for SAAs will decrease to approximately $13 million, per section 301 of Public Law 107–330. SAA funding is not tied to the Consumer Price Index (CPI) which causes a continual erosion of funding for the SAAs.

VA Actions to Mitigate the Impact of the SAA Funding Reduction

The outreach activities which were added to the SAA's roles in 2001 may be impacted by the reduction in SAA funding. However, we have taken steps to mitigate this impact. Information concerning VA education benefits is mailed three times to servicemembers while they are on active duty and again at separation. Information is also provided annually while veterans are using their education benefits. VA's Transition Assistance Program (TAP), as well as benefit briefings for demobilizing National Guard and Reserve members, provides information on education benefits available to these members. VA has participated in the training of the newly created State Benefits Advisors. State Benefits Advisors are Department of Defense (DoD) employees located within the Adjutant General's office of each state. They assist in the dissemination of benefits information to National Guard and Reserve units. Despite these efforts, a reduction in SAA funding may negatively impact our efforts to promote the use of VA education benefits, particularly the promotion of OJT and apprenticeship programs with employers. The extent to which these efforts would be impacted is difficult to predict.

We will continue to monitor the performance of SAAs in conducting program approvals, fraud prevention, oversight, and outreach. If SAAs operating at the new funding levels are unable to perform these services, then the Department will reallocate existing VA staff and resources to cover the services previously provided by the SAAs. Our ultimate concern is always for the effective administration of educational benefits to our veterans. If it is determined that increased resources are required, appropriate budget requests will be made.

Madame Chairwoman, this concludes my statement. I would be pleased to answer any questions you or any of the other members of the Committee may have.

SUBMISSIONS FOR THE RECORD

Statement of Ronald F. Chamrin, Assistant Director, Economic Commission, American Legion

Chair Herseth Sandlin and members of the Subcommittee, the American Legion appreciates this opportunity to share its views on State Approving Agencies (SAA) and the impact they have regarding the veterans' education benefits.

STATE APPROVING AGENCIES

The American Legion is deeply concerned with the timely manner that veterans, especially returning wartime veterans, receive their education benefits. Annually, approximately 300,000 servicemembers (90,000 of them belonging to the National Guard and Reserve) return to the civilian sector and use their earned education benefits from the Department of Veterans Affairs (VA).

Any delay in receipt of education benefits or approval of courses taken at institutions of higher learning can adversely affect a veteran's life. There are time restrictions on most veterans' education benefits, significantly, the National Guard and Reserve in which they must remain in the Selected Reserve to use their earned benefits.

The American Legion believes that every effort should be made to ensure that the Montgomery GI Bill (MGIB) and related veterans' education benefits are delivered without problems or delays. Furthermore, veterans are unique in that they volunteer for military service; therefore, these educational benefits are earned as the thanks of a grateful nation. The American Legion believes it is a national obligation to provide timely oversight of veterans' education programs to assure they are administered in a timely, efficient, and accurate manner.

A recent Government Accountability Office (GAO) Report entitled "VA Student Financial Aid; Management Actions Needed to Reduce Overlap in Approving Education and Training Programs and to Assess State Approving Agencies" (GAO–07–384) focuses on the need to "ensure that Federal dollars are spent efficiently and effectively."

GAO recommends that VA should require SAA to track and report data on resources spent on approval activities, such as site visits, catalog review, and outreach in a cost-efficient manner. The American Legion agrees. Additionally, GAO recommended that VA establish outcome-oriented performance measures to assess the effectiveness of SAA efforts. The American Legion fully agrees. In response, VA Deputy Secretary Mansfield plans to establish a working group with SAA to create a reporting system for approval activities and develop outcome-oriented measures with a goal of implementation in the FY 2008 budget cycle.

Finally, GAO recommended that VA should collaborate with other agencies to identify any duplicate efforts and use the agency's administrative and regulatory authority to streamline the approval process. The American Legion agrees. VA Deputy Secretary Mansfield responded that VA will initiate contact with appropriate officials at the Departments of Education and Labor to help identify any duplicate efforts.

SEC. 301 of PL 107–330 created increases in the aggregate annual amount available for state approving agencies for administrative expenses from FY 2003–FY 2007 to the current funding level of $19 million. The American Legion fully supports reauthorization of SAA funding.

The American Legion opposes the President's budget request for SAA funding at just $13 million for FY 2008. The American Legion believes this is totally inadequate, especially for a nation at war, and strongly recommends keeping SAA funding at $19 million in FY 2008 to assure current staffing and activities.

SERVICES TO VETERANS

State Approving Agencies have the function of ensuring that qualified educational institutions and vocational training establishments (offering apprenticeship and other on-the-job training) meet and maintain acceptable approval standards for enrollment of eligible VA educational beneficiaries. State Approving Agencies currently provide qualified personnel with extensive knowledge in education administration and a full understanding of the laws and regulations that govern VA education benefits.

Receiving earned educational benefits under the Montgomery GI Bill usually takes 30 days. For veterans previously enrolled, current law authorizes VA to backdate the approval for up to one year, depending on the start date of the veteran's training. This usually covers most delays in the approval process.

After receipt of the veteran's original visit and submission of the approval package, SAA will request annual updates of the approval package. This is required

when the school publishes a new catalog. Also, for veterans enrolled for the fiscal year (October–September), SAA will conduct an annual supervisory visit to the learning facility to check veterans' records. The approval to train an eligible veteran is strictly voluntary on the part of the training facility and can be withdrawn upon the participating veteran's request at any time.

State Approving Agencies operate under contract with VA. As such, SAA have their foundations in Federal law, Title 38, United States Code (USC). SAA operate as part of the government of the State and maintain the State's authority to approve or disapprove veterans' education and training programs. They also serve to prevent abuses and promote equality in veterans' education by evaluating and monitoring education and training programs.

The Code of Federal Regulations [38 CFR 21.4151(b)] summarizes SAA responsibilities:

- to inspect and supervise schools and training establishments within the State,
- to determine those programs of education and training which may be approved for veterans and other eligible students,
- to determine whether a school or training establishment at all times complies with established standards relating to the approved programs, and
- to render services and obtain information necessary for VA to approve or disapprove programs offered by any agency or instrumentality of the Federal government within the State.

The USC further requires SAA to cooperate with VA and pay particular attention:

- to enforcing approval standards,
- to enforcing enrollment restrictions, and
- to identifying fraudulent and other criminal activities by persons connected with educational institutions and training establishments where veterans are enrolled.

As a part of the State government, SAA are also responsible for enforcing standards set by the various branches and licensing agencies of the State.

For eligible veterans to receive their Montgomery GI Bill education benefits, they must be matriculated in a SAA approved program, and attend training during a period of time (semester, term, etc.) under which the training has been approved. It is the responsibility of the institution to maintain current approvals. SAA assist institutions with maintaining updated program information and approval. Institutions are required to send SAA four copies of the catalog every time a new edition is published, or at least once every three years. Institutions are also expected to keep the SAA informed on a change of ownership, change in policy, new programs, program changes, and current or projected term dates.

VETERANS' HIGHER EDUCATION ADVOCACY

For such an important benefit, the ratio of support to overall benefit SAA provides to America's veterans is quite astonishing. In this current era of high speed Internet and electronic data sharing, the temptation to believe the need for staff is dwindling, especially as advanced technology is increasing. However, The American Legion believes that personal interaction is imperative and cannot be replaced.

The American Legion believes on-site visits to institutions of higher learning and vocational training facilities, interface with school officials, and one-on-one personal interaction with veterans is irreplaceable.

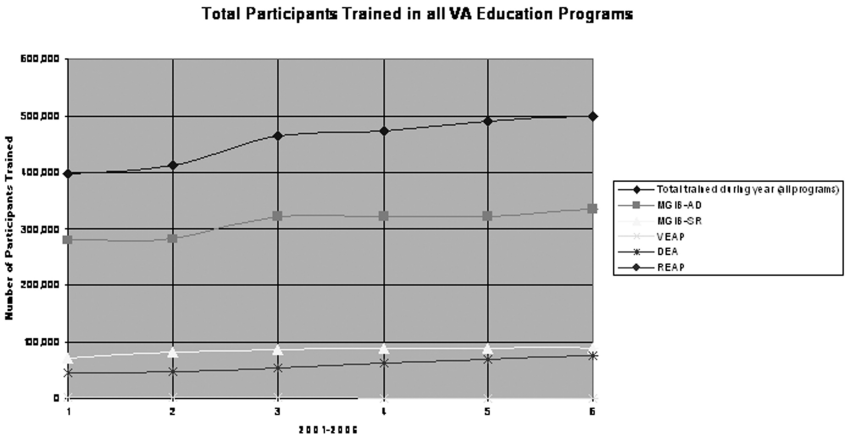
SAA act as monitors or "watchdogs" to higher education academia in that by SAA very presence helps to assure that veterans are being afforded the same opportunities compared to the larger non-veteran student population. Our country's history has not always been kind and welcoming to recently separated veterans into the classroom. Through the tireless efforts of veterans' advocates and other interest groups, such as SAA, higher education has gained valuable insight and now seems to welcome veterans into their culture. SAA continue to be visible instruments of veterans' advocacy and any diminishing of their presence would adversely affect currently enrolled veterans, as well as future generations of veterans.

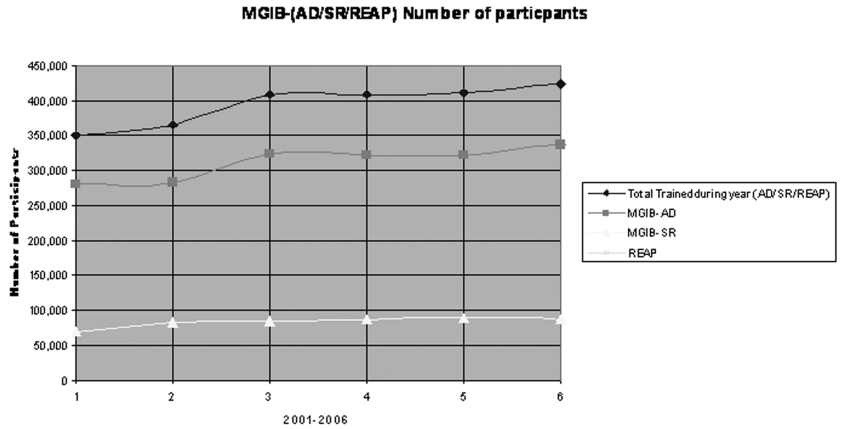
The American Legion recognizes the importance to assure that veterans' education programs are beneficial to veterans and not just universities, colleges, and vocational training facilities. Administrators and other educational officials are constantly striving to morph, advance, expand, and explore new avenues of research and education, but must never forget the veterans' portion of their student population. SAA oversee and inform universities, on-the-job-training and apprenticeship programs when their courses do not meet the required standards for entitlement to veterans' education benefits.

Interpersonal relationships between SAA staff and veterans ensure that an individual enters a program that will lead to productive educational and/or developmental goals. Also, notification of changes in veterans' benefits, in addition to technical assistance for education, is relayed from SAA officials to veterans. Students are usually so engrossed in collegiate activities that they are too busy to know events outside of scholastic life. Acting as veterans' counselors, SAA fill an important role in the lives of veterans utilizing their earned educational benefits.

INCREASE IN USE OF VETERANS' EDUCATION BENEFITS

Starting in 2001, the total use of education benefits by veterans continues to increase. The following graphs reflect the changes from 2001–2006. Chart 1 shows the increasing trend in usage of all VA education benefits programs. Chart 2 shows the increasing trend of the MGIB.





In FY 2006, approximately 470,000 individuals received education benefits. This equates to approximately 3 million courses taken by veterans. Such an astronomical number for such a minute unit of measurement emphasizes the importance of timely and accurate oversight of VA's education benefits.

The National Association of State Approving Agencies (NASAA) states that there are currently 200,000 approved programs. These programs are evaluated on a rotational basis, with new, old, and failed programs contributing to their tally.

With the current increasing rate of eligible veterans and the increasing quantity of discharged veterans, the need for assistance and implementation of all elements of veterans' benefits will continue to rise. At the very least, maintaining the current

level of SAA programs and staff will provide a baseline for oversight of VA's education programs.

CONCLUSION

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 Servicemen's Readjustment Act 1944, the "GI Bill of Rights" is a historic piece of social legislation, authored by The American Legion, that enabled millions of veterans to purchase their first homes, to attend college, obtain vocational training, receive quality health care and start private businesses.

The role from SAA is especially critical in providing wise counsel, moral support and technical expertise in the seamless transition from honorable military service to classroom academics. In a time of war, every effort to promote and facilitate the use of veterans' education benefits must be a national priority.

The American Legion believes that honorable military service, combined with improved education and vocational training opportunities, enhances an individual, increases diversity, and betters society as a whole. The education pillar is continuous and ever evolving. Diminishment in support for education and ability to gain knowledge for veterans will harm the nation as a whole, decrease the ability to recruit new servicemembers, and unfairly subject veterans to barriers of benefits that they have earned.

State Approving Agencies are instrumental in the education process. The American Legion fully supports all efforts to maintain and enhance veterans' education benefits and recommends that State Approving Agencies remain funded at $19 million in FY 2008.

The American Legion appreciates the opportunity to present this statement for the record.

Statement of Jean Avnet Morse, President,
Middle States Commission on Higher Education,
on behalf of the Council of Regional Accrediting Commissions

Mr. Chairman and Members of the Committee, I appreciate the opportunity to submit testimony on the issue of whether the work of accreditors and state approval agencies (SAAs) overlaps. This issue was raised in the March 2007 GAO report on VA Student Financial Aid, and I have been asked to comment.

Summary

Regional accreditors already cooperate with state licensing agencies to prevent duplication. It is not likely that accreditors' general review of all areas overlaps with the areas relating specifically to veterans. The research that would be required into the varying practices of 60 accrediting agencies and specific requirements for SAAs would probably be extensive.

The Role of Regional and Other Accreditors

I am the president of the Middle States Commission on Higher Education of the Middle States Association of Colleges and Schools. The Commission has a membership of more than 500 colleges and universities located in Delaware, Maryland, New Jersey, New York, Pennsylvania, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, and in other countries.

I am testifying on behalf of the Council of Regional Accrediting Commissions, known as C–RAC. It includes the seven U.S. regional accreditors that accredit institutions enrolling over 16,000,000 students. Regional accrediting agencies have assured the quality of higher education in the United States for over 100 years, providing self-regulation and shared assistance for improving education. For the past 50 years, these agencies have supported federal funding functions: when an agency is "recognized" by the U.S. Department of Education, the students of institutions accredited by that agency are eligible for federal grants and loans under Title IV of the *Higher Education Act*.

1. There is not a single type of accreditation review. Although all accreditors review the areas required by the Higher Education Act and USED regulations, the review varies among 3 different types of accreditors within types of accreditors.

The three types of accreditors are "regional," "national," and "specialized." Of the 60 accreditors mentioned in the March 2007 GAO report, most are specialized accreditors.

Seven regional accreditors (such as mine—the Middle States Commission on Higher Education) accredit only degree-granting institutions of higher education. There are over 3,000 regionally accredited institutions.

National accreditors (such as ACCSCT, which was interviewed by the GAO) accredit institutions across the U.S. that may or may not grant college degrees and that have historically fallen within specific types of categories (distance learning, etc.). They are expanding their coverage.

Specialized accreditors accredit specific programs, such as law or medicine, rather than whole institutions.

Some accreditors of each type are "recognized" by the U.S. Department of Education. These are "gatekeeper" accreditors whose accreditation allows students at accredited institutions to receive federal grants and loans. Unrecognized accreditors are not governed by the federal regulations for "recognized" accreditors.

My testimony relates to regional accreditors.

2. Accreditors review and monitor colleges and universities at no cost to taxpayers.

Evaluators, task force members, and other experts virtually volunteer their time. A small permanent staff is supported by dues and fees. Training and other activities are paid for by attendees.

Therefore, even if there were overlap between SAAs and accreditors, *the government would not be paying twice*.

3. Accreditors do not typically interact with SAAs.

The GAO report notes that the reviews conducted by the SAAs and accreditors might overlap. However, because accreditors rarely work directly with SAAs, *it is difficult for us to determine this based upon actual experience*. When accreditors work with a state agency, it is typically its Department of Education (the "licensing" agency described on p. 10 of the GAO report). (See #6, 7, & 8 below for how overlap is prevented between licensing and accreditation.) However, the Department of Education only serves as the SAA in 31 states. Even in those 31 states, the personnel who handle SAA matters are not always the licensing personnel with whom accreditors work.

4. For the six core duties of SAAs described briefly by the GAO on page 9, a careful review of the statutes and regulations governing SAAs would be required to determine how they relate to the federal regulations for "recognized" accreditors and the actual practices of accreditors.

(a) "*Approval of Programs*": Accreditors approve some, but not all programs. The federal criteria for review by "recognized" accreditors do not relate to veterans.

(b) "*Visits to Facilities*": Accreditors visit facilities in some, but not all, cases. Again, the federal regulations for visits from "recognized" accreditors do not refer specifically to veterans.

(c) "*Technical Assistance to Individuals at Facilities*": Accreditors require that accredited institutions provide student support services, but the federal regulations for student services requirements by "recognized" accreditors do not specifically refer to the "technical assistance to individuals" required of SAAs.

(d) "*Outreach*": Accreditors do outreach, but not specifically to veterans.

(e) *Liaison with Other Service Providers*: Accreditors "liaise" with other service providers, but my agency's standards to not specifically relate to veterans.

(f) *Contract Management*: Accreditors review institutional contracts in some cases, but probably not in the areas required of SAAs.

5. The GAO states that "similar categories of standards exist across agencies, but the specific standards within each category vary and the full extent is unknown." This is correct.

Accreditors certainly address 6 of the 7 areas listed on page 15 of the GAO report. However, interests and coverage of state and federal agencies differ from those of accreditors. The GAO report gives examples of how SAA requirements may exceed those of accreditors (p. 15).

Those areas are: student achievement; curricula, program objectives, and faculty; facilities, equipment, and supplies; recruiting and admissions practices; and record of student complaints.

6. Many states in our region require both initial and ongoing accreditation as a pre-condition for licensing institutions of higher education.

This reflects their practice of relying on accreditation to ensure compliance and monitoring *in areas that states do not evaluate themselves. This is done to avoid duplication.*

7. Accreditors and state agencies in the Middle States region have also established other methods of preventing duplication.

Middle States convenes periodic meetings with state licensing agencies to compare practices and to avoid duplication.

We *invite representatives from state agencies to join our visiting teams*, in order to prevent duplication.

Conversely, Middle States' policies state that institutions may submit materials prepared for state agencies to satisfy Middle States' requirements.

Thank you for the opportunity to submit testimony about these issues.

MATERIAL SUBMITTED FOR THE RECORD

U.S. Government Accountability Office

Report to the Ranking Minority Member,
Committee on Veterans' Affairs, U.S. Senate, March 2007

VA STUDENT FINANCIAL AID—Management Actions Needed to Reduce Overlap in Approving Education and Training Programs and to Assess State Approving Agencies, GAO–07–384

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Abbreviations

Education—Department of Education
IHL—institution of higher learning
Labor—Department of Labor
NASAA—National Association of State Approving Agencies
OJT—on-the-job training
RPO—regional processing office
SAA—state approving agency
SAC—state apprenticeship council
VA—Department of Veterans Affairs

U.S. Government Accountability Office
Washington, DC.
March 8, 2007

The Honorable Larry E. Craig
Ranking Minority Member
Committee on Veterans' Affairs
United States Senate

Dear Senator Craig:

In fiscal year 2006, the Department of Veterans Affairs (VA) paid approximately $2.1 billion in education assistance benefits to more than 470,000 beneficiaries and about $19 million to state approving agencies (SAA) to assess whether schools and training programs offer education of sufficient quality for veterans to receive VA education assistance benefits when attending them. Qualified individuals—veterans, service persons, reservists, and certain spouses and dependents—receive benefits through a number of education assistance programs for the pursuit of various types of programs, such as a degree program, vocational program, apprenticeship, or on-the-job training. In general, these programs must be approved by an SAA in order for qualified individuals to receive VA education assistance benefits. Under contracts with the VA, SAAs ensure that education and training programs meet federal VA standards through a variety of approval activities, such as evaluating course quality, assessing school financial stability, and monitoring student progress. In fiscal year 2006, the Department of Veterans Affairs (VA) paid approximately $2.1 billion in education assistance benefits to more than 470,000 beneficiaries and about $19 million to state approving agencies (SAA) to assess whether schools and training programs offer education of sufficient quality for veterans to receive VA education assistance benefits when attending them. Qualified individuals—veterans, service persons, reservists, and certain spouses and dependents—receive benefits through a number of education assistance programs for the pursuit of various types of programs, such as a degree program, vocational program, apprenticeship, or on-the-job training. In general, these programs must be approved by an SAA in order for qualified individuals to receive VA education assistance benefits. Under contracts with the VA, SAAs ensure that education and training programs meet federal

VA standards through a variety of approval activities, such as evaluating course quality, assessing school financial stability, and monitoring student progress.

The Departments of Education (Education) and Labor (Labor) also assess education and training programs for various purposes, primarily for awarding student aid and providing apprenticeship assistance. These assessments are based, in part, on evaluations against standards set by laws and regulations, such as those applicable to accrediting agencies. In 2006, under Title IV of the Higher Education Act, Education provided nearly $77 billion in student aid in the form of both grants and loans. The Department of Education assesses and certifies postsecondary institutions for participation in Title IV programs through various oversight functions to ensure that these schools meet federal administrative and financial requirements and that they are accredited and licensed. Similarly, under the National Apprenticeship Act 1937, the Department of Labor is authorized to formulate and promote the furtherance of labor standards to safeguard the welfare of apprentices. To ensure programs comply with federal standards, Labor directly registers and oversees apprenticeship programs in less than half of the states and has given state apprenticeship The Departments of Education (Education) and Labor (Labor) also assess education and training programs for various purposes, primarily for awarding student aid and providing apprenticeship assistance. These assessments are based, in part, on evaluations against standards set by laws and regulations, such as those applicable to accrediting agencies. In 2006, under Title IV of the Higher Education Act, Education provided nearly $77 billion in student aid in the form of both grants and loans. The Department of Education assesses and certifies postsecondary institutions for participation in Title IV programs through various oversight functions to ensure that these schools meet federal administrative and financial requirements and that they are accredited and licensed. Similarly, under the National Apprenticeship Act 1937, the Department of Labor is authorized to formulate and promote the furtherance of labor standards to safeguard the welfare of apprentices. To ensure programs comply with federal standards, Labor directly registers and oversees apprenticeship programs in less than half of the states and has given state apprenticeship agencies or councils in the remaining states such authority over their own programs.

Given each agency's role, the potential of duplicative efforts among federal agencies has been a congressional concern. In 1995, GAO reported on this matter and concluded that there was a substantial amount of overlap between the efforts of SAAs and the other federal agencies.[1] In light of continued congressional interest in this issue, we have now answered the following questions: (1) What changes have occurred in state approving agencies' duties and functions since 1995? (2) To what extent does the SAA approval process overlap with efforts by the Departments of Education and Labor? (3) What, if any, additional value do the SAA approval activities bring to VA education benefit programs?

To address all three questions, we reviewed legislation, regulations, federal guidance, and other documents relevant to the approval processes for education and training programs. We also interviewed officials from each of the entities involved in the approval processes of VA, Education and Labor. Specifically, we interviewed federal officials from VA, Education, and Labor as well as officials representing three SAAs, three institutions of higher learning (IHL), and state apprenticeship councils in Connecticut, Maryland, and Washington. We also interviewed officials from one IHL that operates in multiple states and officials from the National Association of State Approving Agencies (NASAA), an accrediting agency (Accrediting Commission of Career Schools and Colleges of Technology), the Connecticut state licensing agency, and three apprenticeship programs (in Connecticut, Illinois, and Maryland). We selected Connecticut, Washington, Illinois, and Maryland based on VA's recommendation of knowledgeable SAA officials, to include both state and federally monitored states for apprenticeship programs, and geographic diversity. To identify the programs that were approved by the Departments of Veterans Affairs, Education, and Labor, we compiled and analyzed data on approved programs from each of the three agencies. To assess the reliability of the data, we talked with knowledgeable officials in each of the agencies, reviewed relevant documentation, and performed electronic testing of files. We determined that the data we have included in this briefing were sufficiently reliable for this purpose. We conducted our work from October 2006 to January 2007 in accordance with generally accepted government auditing standards.

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[1] GAO, *VA Student Financial Aid: Opportunity to Reduce Overlap in Approving Education and Training Programs*, GAO/HEHS–96–22 (Washington, D.C.: Oct. 30, 1995).

On February 1, 2007, we briefed your office on the results of our analysis. This report formally conveys information provided during that briefing, which is contained in appendix I. In summary, we reported the following findings:

- Since 1995, legislative changes effective in 2001 created additional responsibilities for SAAs, including promoting the development of apprenticeship and on-the-job training programs, providing outreach services, and approving tests for occupational licensing.[2] From fiscal years 2003 to 2006, SAA funding increased from $13 million to $19 million to expand services and support the additional responsibilities. However, funding is scheduled to decrease beginning in fiscal year 2008.
- Many education and training programs approved by SAAs have also been approved by Education or Labor, and VA and SAAs have taken few steps to coordinate approval activities with these agencies. In addition, information is not available to determine the amount of resources spent on SAA duties and functions, including those that may overlap with other agencies and programs.
- SAAs reportedly add value to the approval process for education and training programs through (1) a focus on student services for veterans and on the integrity of VA benefits, (2) more frequent on-site monitoring of education and training programs than provided by Education or Labor, and (3) assessments and approval of a small number of programs that are not reviewed by other agencies. However, VA's lack of outcome-oriented performance measures for evaluating SAAs makes it difficult to assess the significance of these efforts.

In conclusion, while VA spends $19 million (less than 1 percent of the total benefit amount) to fund SAA duties and functions, it does not track the amount it spends on specific SAA activities, especially those that may also be performed by other agencies. Without knowing the amount of resources spent on specific duties and functions, VA does not have all relevant information for making resource allocation decisions and cannot determine if it is spending its federal dollars efficiently and effectively. In addition, VA, Education, and Labor have various standards and processes in place, in part to ensure that federal funds are being spent on quality education and training programs. While we have identified some overlap in approval efforts across agencies, the full extent of the overlap between SAA duties and other agencies' oversight efforts is unknown. It is important that VA work with other federal agencies to determine how the scope of the approval process could be streamlined to reduce overlap and ensure that federal dollars are spent efficiently. Finally, it is difficult to assess the effectiveness of SAA activities, in part because VA does not have outcome measures in place to fully evaluate SAA performance. Evaluating the effectiveness of VA's approval process is vitally important in order to manage the program and improve program results.

To help ensure that federal dollars are spent efficiently and effectively, we are recommending that the Secretary of the Department of Veterans Affairs take steps to monitor SAA spending and identify whether any resources are spent on activities that duplicate the efforts of other agencies. The extent of these actions should be in proportion to the total resources of the program. Specifically:

- VA should require SAAs to track and report data on resources spent on approval activities such as site visits, catalog review, and outreach in a cost-efficient manner; and
- VA should collaborate with other agencies to identify any duplicative efforts and use the agency's administrative and regulatory authority to streamline the approval process.

In addition, we are recommending that the Secretary establish outcome-oriented performance measures to assess the effectiveness of SAA efforts.

We provided a draft of this report to officials of the U.S. Department of Veterans Affairs for review and comment. In addition, we provided a draft of this report to officials of the U.S. Departments of Education and Labor for their technical review. In written comments on a draft of this report, VA agreed with our findings and recommendations and stated that it will (1) establish a working group with the SAAs to create a reporting system to track and report data for approval activities with a goal of implementation in fiscal year 2008, (2) initiate contact with appropriate officials at the Departments of Education and Labor to identify any duplicative efforts, and (3) establish a working group with the SAAs to develop outcome-oriented performance measures with a goal of implementation in fiscal year 2008. While VA stated that it will initiate contact with officials at Education and Labor to identify

[2] Veterans Benefits and Health Care Improvement Act of 2000, Pub. L. No. 106–419 (2000); and Veterans Education and Benefits Expansion Act of 2001, Pub. L. No. 107–103 (2001).

duplicative efforts, it also noted that amending its administrative and regulatory authority to streamline the approval process may be difficult due to specific approval requirements of the law. We acknowledge these challenges and continue to believe that collaboration with other federal agencies could help VA reduce duplicative efforts. In addition, VA may wish to examine and propose legislative changes needed to further streamline its approval process.

Labor provided technical comments and we incorporated them into this report where appropriate.

We are sending copies of this report to relevant congressional Committees and other interested parties and will make copies available to others upon request. In addition, this report will be available at no charge on GAO's Web site at www.gao.gov. If you or your staff have any questions about this report, please contact me at (202) 512–7215 or scottg@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff that made major contributions to this report are listed in appendix III.

Sincerely,

George A. Scott
Acting Director
Education, Workforce, and Income Security Issues

Appendix I: Briefing Slides

VA Student Financial Aid: Management Actions Needed to Reduce Overlap in Approving Education and Training Programs and to Assess State Approving Agencies

Briefing for Staff of Senator Larry Craig, Ranking Member, Committee on Veterans' Affairs, United States Senate

February 01, 2007

Objectives:

Since the 1940's, the Department of Veterans Affairs (VA) and its predecessor agencies have contracted with state approving agencies (SAAs) to assess whether schools and training programs offer education of sufficient quality for veterans to receive VA education assistance benefits. SAAs are created or designated by state governments but are federally funded and responsible for enforcing federal law. Concerns have been raised about whether SAA approval activities are duplicative of efforts conducted under other federal programs.

Key questions:

- What changes have occurred in State Approving Agencies' duties and functions since 1995.
- To what extent does the SAA approval process overlap with efforts by the Departments of Education and Labor?
- What, if any, additional value do the SAA approval activities bring to veterans' education benefit programs?

Scope and Methodology:

To address our key questions, we:

- Reviewed legislation, regulations, federal guidance, and other documents relevant to the approval processes for education and training programs.
- Compiled and analyzed data on approved programs from the Departments of Veterans Affairs, Education, and Labor (DOL).
- Interviewed federal officials from VA, Education, and DOL.
- Interviewed officials representing 3 SAAs, 3 institutions of higher learning (IHL), and state apprenticeship councils in Connecticut, Maryland, and Washington. We also interviewed one IHL that operates in multiple states.
- Interviewed officials from the National Association of State Approving Agencies (NASAA), an accrediting agency (Accrediting Commission of Career Schools and Colleges of Technology), Connecticut state licensing agency, and 3 apprenticeship programs (in Connecticut, Illinois, Maryland).
- Our work was performed from October 2006 to January 2007 in accordance with generally accepted government auditing standards.

Summary of Findings:

- Since 1995, legislative changes effective in 2001 created additional responsibilities for SAAs, including promoting the development of apprenticeship and on

the job training programs, providing outreach services, and approving tests for occupational licensing.

- Many education and training programs approved by SAAs have also been approved by Education or Labor and VA and SAAs have taken few steps to coordinate approval activities with these agencies.
- SAAs reportedly add value to the approval process for education and training programs, but the lack of outcome-oriented performance measures makes it difficult to assess the significance of their efforts.

Background:

VA Funding for Educational Assistance Programs and SAAs

- In fiscal year 2006, VA provided over $2.1 billion in educational assistance benefits to more than 470,000 beneficiaries.
- In the same year, SAAs received $19 million to assess the quality of schools and training programs for veterans.

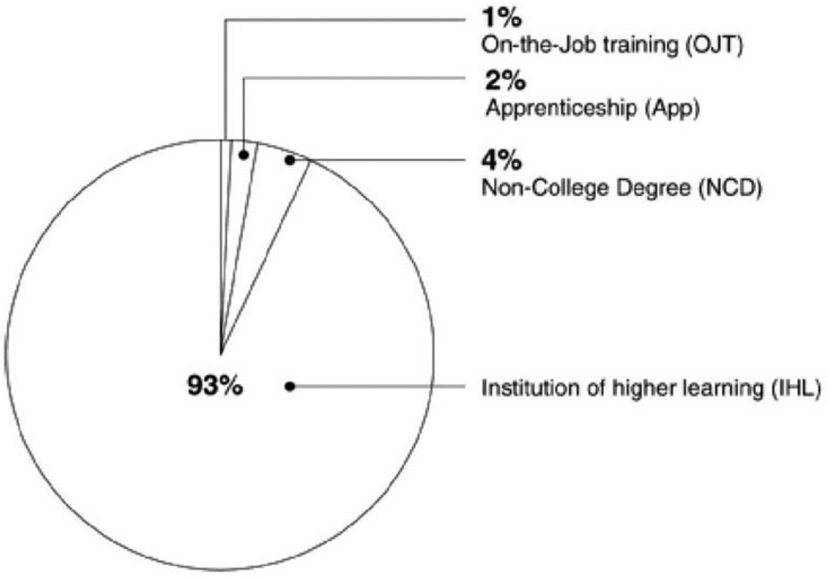
Programs*	Beneficiaries	Expenditures
Montgomery GI Bill (Chapter 30)	313,766	$1,909,014,605
Reserve Educational Assistance Program (Chapter 1607)	23,747	$151,397,610
Educational Assistance for the Selected Reserve (Chapter 1606)	65,145	$48,716,031
Dependents and Survivors Educational Assistance Program (Chapter 35)	74,532	$38,787,332
Veterans Educational Assistance Program (Chapter 32)	575	$59,113
Total	**477,765**	**$2,147,974,691**

*No payments for the National Call to Service program were made in fiscal year 2006.
Source: VA.

VA Educational Assistance Programs:

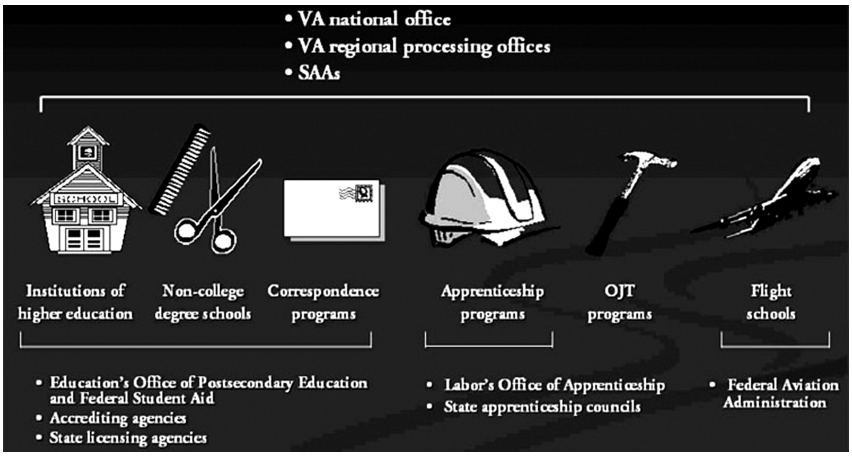
- Benefits are designed to assist individuals in gaining access to postsecondary education or training for a specific occupation. Benefits can be used to pursue a degree program, vocational program, apprenticeship and on-the-job training.
- Qualified individuals include veterans, service persons, reservists, and certain spouses and dependents.

Veteran Enrollment by Program Type in Fiscal Year 2006:



Source: GAO analysis of VAN enrollment data.

Agencies Responsible for the Approval Process for Education and Training Programs



Source: GAO Analysis.

VA's Approval Process: Purpose and Responsible Entities

- Purpose—To ensure education and training programs meet VA standards for receipt of veteran education assistance benefits.
- Entities, Roles and Responsibilities:
  - VA national office oversees the 4 regional processing offices (RPOs) and national contract with SAAs.
  - RPOs administer the education assistance programs and process benefits for veterans.

- SAAs review education and training programs to determine which programs should be approved and ensure schools and training providers are complying with VA standards.
  - Duties and functions—SAAs have 6 core duties: (1) Approval of programs, (2) Visits to facilities, (3) Technical assistance to individuals at facilities, (4) Outreach, (5) Liaison with other service providers, and (6) Contract management.
  - Structure—60 SAAs exist in the 50 states, the District of Columbia, and Puerto Rico. Eight states have two SAAs. SAAs are usually part of a state's department of education (31 SAAs). In some states, SAAs are organizationally located in other departments such as labor (9 SAAs) or veterans' services (19 SAAs).*

Education's Approval Process: Purpose and Responsible Entities:

- Purpose—To ensure schools meet federal Education standards to participate in the student financial aid programs. As part of Education's approval process, the state licensing agencies, accrediting agencies, and certain offices within Education are responsible for various approval activities.
- Entities, Roles and Responsibilities:
  - State licensing agencies grant legal authority to postsecondary institutions to operate in the state in which they are located. Each of the states has its own agency structure, and each state can choose its own set of standards.
  - Accrediting agencies develop evaluation criteria and conduct peer evaluations to assess whether or not those criteria are met by postsecondary institutions. Institutions and/or programs that meet an agency's criteria are then "accredited" by that agency. As of November 2005, there are 60 recognized private accrediting agencies of regional or national scope.
  - Office of Postsecondary Education evaluates and recognizes accrediting agencies based on federal requirements to ensure these agencies are reliable authorities as to the quality of education or training provided by the institutions of higher education and the higher education programs they accredit.
- Office Federal Student Aid determines the administrative and financial capacity of schools to participate in student financial aid programs, conducts ongoing monitoring of participant schools, and ensures participant schools are accredited and licensed by the states.

Labor's Approval Process: Purpose and Responsible Entities:

- Purpose—To establish and promote labor standards to safeguard the welfare of apprentices.
- Entities, Roles and Responsibilities:
  - Department of Labor establishes standards and registers programs that meet the standards. Labor directly registers and oversees programs in 23 states but has granted 27 states, the District of Columbia, and 3 territories authority to register and oversee their own programs, conducted by State Apprenticeship Councils (SACs). Labor reviews the activities of the SACs.
  - SACs ensure that apprenticeship programs for their respective states comply with federal labor standards, equal opportunity protections, and any additional state standards.

Objective One: Changes in SAA duties and functions:

Legislative Changes Effective in 2001 Created Additional Responsibilities for SAAs, Including Promoting the Development of Apprenticeship and On the Job Training Programs, Providing Outreach Services, and Approving Tests for Occupational Licensing

In 2001, SAAs received additional responsibility for:

- Actively promoting the development of apprenticeship and on the job training programs.
- Conducting more outreach activities to eligible persons and veterans to increase awareness of VA education assistance.
- Approving tests used for licensing and certification, such as tests to become a licensed electrician. (For those tests that have been approved, veterans can use VA benefits to pay for testing fees.)

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*The Washington, DC SAA office is overseen by VA.

From fiscal years 2003 to 2006, SAA funding increased from $13 million to $19 million to expand services and support the additional responsibilities. Funding will begin to decrease in fiscal year 2008.

Objective Two: Overlap in Approval Efforts:

Many Education and Training Programs Approved by SAAs Have Also Been Approved by Education or Labor and VA Has Taken Few Steps to Coordinate Approval Activities with These Agencies

- Many education and training programs approved by SAAs have also been approved by Education and Labor.
- Similar categories of approval standards, such as student achievement and institutional capacity (e.g. fiscal stability), exist across agencies, but the specific standards within each category vary and the full extent of the overlap is unknown.
- VA and SAAs have made limited efforts to coordinate approval activities with other federal agencies.
- Information is not available to determine the amount of resources spent on SAA duties and functions, including those that may overlap with other agencies.

Many Education and Training Programs Approved by SAAs Have Also Been Approved by Education And Labor

69% of all programs approved by SAAs are offered by institutions that have been certified by Education.

- 78% of SAA approved programs in institutions of higher learning (e.g. colleges and universities) have been certified by Education.
- 64% of SAA approved non-college degree programs are in institutions that have been certified by Education.

Less than 2% of all programs approved by SAAs are apprenticeship programs. VA and SAA officials reported that many of these programs have also been approved by Labor.

Similar Categories of Standards Exist Across Agencies, but the Specific Standards within Each Category Vary and the Full Extent of Overlap is Unknown

Similar categories of standards exist across agencies.[1]

	SAA[2,3]				Education[4]			Labor
Categories of approval standards	IHL/NCD accredited	IHL/NCD non-accredited	Apprenticeship	On the job training	Education's certification	Federal Standards for accrediting agencies	Connecticut state licensing agency	Apprenticeship
Student achievement	X	X	X	X		X	X	X
Curricula, program objectives, and faculty	X	X	X	X	X	X	X	X
Facilities, equipment, and supplies	X	X	X	X		X	X	X
Institutional objectives, capacity, and administration	X	X			X	X	X	X
Student support services						X	X	
Recruiting and admission practices	X	X			X	X	X	X
Record of student complaints						X		X
Process related requirements (e.g. application requirements)	X	X	X	X	X		X	X

Source: GAO analysis of VA, Education, and Labor Standards.

Note: GAO constructed these categories to encompass the numerous and broad range of standards used by agencies.

Specific standards within each category vary across agencies.

- For example, while VA and Education's approval standards have requirements for student achievement, the New England Association of Schools and Colleges, an accrediting agency, requires that students demonstrate competence in various areas such as writing and logical thinking and VA does not have this requirement.
- Also under student achievement, VA requires schools to give appropriate credit for prior learning while Education does not have such a requirement.

While agencies have the same standards in some instances, the interpretation and application of these standards may differ. For examples:

- VA, accrediting agencies, and Labor require that facilities have adequate space, equipment and instructor personnel to provide quality training, but the definition of adequacy differs in the level of specificity.
- VA and accrediting agencies require that schools have policies related to student achievement such as minimum satisfactory grades, but the requirement differs in the level of specificity.

VA and SAAs Have Made Limited Efforts to Coordinate Approval Activities with Education and Labor

- VA reported that while it has coordinated with Education and Labor on issues related to student financial aid and apprentices' skill requirements, it believes increased coordination is needed for approval activities in order to determine the extent of duplicative efforts.
- Most of the SAA officials we spoke with reported that they have coordinated with SACs to register apprenticeship programs in their states.
- Labor reported that it coordinated with VA's national office in several instances including providing a list of registered apprenticeship programs.
- Education reported that it does not have formalized coordination with VA but has had some contacts to inform VA of its concerns regarding specific institutions.

Information Is Not Available to Determine the Amount of Resources Spent on SAA Duties and Functions, Including Those That May Overlap with Other Agencies

- VA does not require SAAs to collect information on the amount of resources they spend on specific approval activities.
- The SAA officials we spoke with said that their most time consuming activity is conducting inspection and supervisory visits of schools and training facilities.
- Lack of data on resource allocation prevented us from determining what portion of funds spent by SAAs were for approval activities that may overlap with other agencies.

Objective Three: Value of SAA Services:

SAAs Reportedly Add Value to the Approval Process for Education and Training Programs, but the Lack of Outcome-oriented Performance Measures Makes it Difficult to Assess the Significance of Their Efforts

- SAA and other officials reported that SAA activities add value because they provide enhanced services to veterans and ensure program integrity.
- VA uses output measures rather than outcome-oriented performance measures to evaluate SAA performance and progress.

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[1] SAA has different sets of standards for each program type (e.g. IHL and NCD). Education's approval process involves different sets of standards used by different entities, such as accrediting agencies. Labor has one set of standards that is applicable to apprenticeship programs.

[2] By statute, courses must meet certain criteria. These relate to: (1) recordkeeping of student progress; (2) recordkeeping of students' previous education; (3) quality, content and length of courses; (4) qualifications of administrators and instructors; and (5) equipment, space, and instructional materials. We categorized the first two criteria as student achievement, criteria (3) and (4) as Curricula, Program Objectives and Faculty, and criterion (5) as Institutional objectives, capacity, and administration.

[3] SAA approval requirements for non-accredited courses encompass a number of additional criteria, such as having a tuition refund policy and enrollment limitations.

[4] Connecticut's standards may not be representative of standards across the country.

SAA and Other Officials Reported that SAA Activities Add Value Because They Provide Services to Veterans and Ensure Program Integrity

SAA and Other Officials Reported SAAs' added value includes:

- A focus on student services for veterans and on VA benefits;
- More frequent on-site monitoring of education and training programs than Education and Labor; and
- Assessments and approval of a small number of programs that are not reviewed by other agencies.

The SAA Approval Activities Focus on Student Services for Veterans and on VA Benefits

SAA approval activities:

- Ensure that veterans are taking courses consistent with occupational goals and program requirements.
- Ensure that schools and training programs have evaluated prior learning and work experience and grant credit as appropriate.
- Ensure that school or program officials know how to complete paperwork and comply with policies required by VA educational assistance through technical assistance.

States, schools, and apprenticeship officials we spoke with reported that without SAAs, the quality of education for veterans would not change; however, their receipt of benefits could be delayed and the time required to complete their education and training programs could increase.

SAAs Generally Conduct More Frequent On-Site Monitoring of Education and Training Programs Than Education and Labor

Oversight of veterans assistance is generally more frequent than oversight by Education and Labor, which may prevent fraud, waste, and abuse.

- Some officials reported that SAAs' frequent visits were beneficial because they ensure schools properly certify veterans for benefits, ensuring that benefits are distributed accurately and quickly.
- Officials from one school reported that SAAs' visits were unnecessary because many schools are sufficiently monitored by their accreditors and Education.

Entity	Frequency of site visits to each school
SAA	1–3 years
VA's RPOs	3 years
Education	Only schools that have performance issues are visited [1]
Accrediting agencies	2–10 years [2]
Labor	1–3+ years [3]

[1] Education also performs ongoing monitoring by reviewing schools' annual compliance audits and financial statements.
[2] Accrediting agencies' frequencies vary depending on whether the agency is a national or regional agency.
[3] Labor—See Registered Apprenticeship Programs: Labor Can Better Use Data to Target Oversight, GAO–05–886 (Washington D.C.: August 29, 2005).

SAAs Approve a Small Number of Programs that Are Not Reviewed by Other Agencies

SAAs approve a small number of programs that are not reviewed by other agencies:

- Programs, such as cosmetology and massage training, offered by unaccredited schools.
- On-the-job-training programs.
- Apprenticeship programs not approved by Labor.

VA Uses Output Measures Rather Than Outcome Measures to Evaluate SAA Performance and Progress

Although VA does have some output measures in place, such as the number of supervisory visits SAAs conduct, it does not have outcome-oriented performance measures to evaluate the overall effectiveness and progress of SAAs.

Examples of Existing VA Output Measures	Examples of Potential Outcome Measures
Percentage of visits to facilities for supervisory and inspection purposes completed within VA specified timeframes	Amount of benefit adjustments resulting from SAA's review of school certification transactions
Number of times technical assistance provided to interested parties such as individuals and schools	Error rate of certification transactions identified by SAA's
Output Measures: Number of approved facilities with approved programs	Completion rates of beneficiaries

Source: GAO analysis.

Conclusions:

- While VA spends $19 million (less than 1% of total benefit amount) to fund SAA duties and functions, it does not track the amount it spends on specific SAA activities, especially those that may be performed by other agencies. Without knowing the amount of resources spent on specific duties and functions, VA does not have all relevant information for making resource allocation decisions and cannot determine if it is spending its federal dollars efficiently and effectively.
- VA, Education, and Labor have various standards and processes in place, in part to ensure that federal funds are being spent on quality education and training programs. While we have identified some overlap in approval efforts across agencies, the full extent of the overlap between SAA duties and other agencies' oversight efforts is unknown. It is important that VA work with other federal agencies to determine how the scope of the approval process could be streamlined, such as to determine the extent to which SAAs could rely on recognized accreditors' assessments of institutions' policies on student achievement to reduce overlap and ensure that federal dollars are spent efficiently.

It is difficult to assess the effectiveness of SAA activities, in part because VA does not have outcome measures in place to fully evaluate SAA performance, such as the outcomes of site visits. Under the Government Performance Results Act, federal agencies must report on their results in achieving their agency program goals. Outcome-oriented performance measures are should be used to assess program activity. Evaluating the effectiveness of VA's approval process is vitally important in order to manage the program and improve program results.

Recommendations for Executive Action:

To help ensure that federal dollars are spent efficiently and effectively, we are recommending that the Secretary of the Department of Veterans Affairs take steps to monitor its spending and identify whether any of its resources are spent on activities that duplicate the efforts of other agencies. The extent of these actions should be in proportion to the total resources of the program. Specifically:

- VA should require SAAs to track and report data on resources spent on approval activities such as site visits, catalog review, and outreach in a cost-efficient manner.
- VA should collaborate with other agencies to identify any duplicative efforts and use the agency's administrative and regulatory authority to streamline the approval process.

In addition, we are recommending that the Secretary establish outcome—oriented performance measures to assess the effectiveness of SAA efforts.

Appendix II: Comments from the Department of Veterans Affairs

The Deputy Secretary of Veterans Affairs
Washington, DC
February 27, 2007

Mr. George Scott
Acting Director
Education, Workforce, and Income Security Issues
441 G Street, NW
Washington, DC 20548

Dear Mr. Scott:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office's (GAO) draft report, VA Student Financial Aid: Management Actions Needed to Reduce Overlap in Approving Education and Training Programs and to Assess State Approving Agencies (GAO–07–384). VA agrees with your findings and concurs with your recommendations. The enclosure details VA's actions to implement Government Accountability Office's recommendations.

I appreciate the opportunity to comment on your draft report.

Sincerely Yours,

Gordon H. Mansfield

Enclosure

Department of Veterans Affairs (VA)
Comments to the Government Accountability Office (GAO)
Draft Report, **VA Student Financial Aid: Management Actions Needed to Reduce Overlap in Approving Education and Training Programs and to Assess State Approving Agencies**
(GAO–07–384)

To ensure that federal dollars are spent efficiently and effectively, GAO recommends that the Secretary of the Department of Veterans Affairs take steps to monitor its spending and identify whether any of its resources are spent on activities that duplicate the efforts of other agencies. The extent of these actions should be in proportion to the total resources of the program. Specifically:

- **VA should require SAAs to track and report data on resources spent on approval activities, such as site visits, catalog review, and outreach in a cost-efficient manner.**

Concur—VA will establish a working group with the SAAs to create a reporting system for approval activities with a goal of implementation in the FY08 budget cycle.

- **VA should collaborate with other agencies to identify any duplicate efforts and use the agency's administrative and regulatory authority to streamline the approval process.**

Concur—VA will initiate contact with appropriate officials at the Department of Education and Labor to identify any duplicative efforts. However, amending the agency's administrative and regulatory authority to streamline the approval process may be difficult due to the specific approval requirements of the law.

- **VA should establish outcome-oriented performance Measures to assess the effectiveness of SAA efforts.**

Concur—VA will establish a working group with the SAAs to develop outcome-oriented measures with a goal of implementation in the FY08 budget cycle.

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact: George A. Scott (202) 512–7215 or scottg@gao.gov.

Staff Acknowledgments: In addition to the contact named above, Heather McCallum Hahn, Assistant Director, Tranchau T. Nguyen, Jacqueline Harpp, Cheri Harrington, Richard Burkard, Susannah Compton, John Mingus, and Jim Rebbe made key contributions to this report.

National Association of State Approving Agencies
Winthrop, ME.
April 27, 2007

The Honorable John Boozman
United States House of Representatives
1519 Longworth House Office Building
Washington, DC 20515

Congressman Boozman:

Thank you for the opportunity to discuss the functions of State Approving Agencies (SAAs) and other related issues. We appreciate your support of SAAs and look

forward to working with you on the funding issue so that we can continue to provide the kind of service that our nation's veterans deserve.

During the hearing on April 19th you asked us to provide further detail on the matrix that is located on page 20 of the recent GAO report. We are in the process of expanding the matrix and expect to be able to provide this information to you in a couple of weeks.

We also would like to take this opportunity to supplement the response to the question that you posed during the hearing about the differences in approval activities. We provide this information because the issue of differences or overlap appears to be critical in the analysis of the value of State Approving Agencies to the success of the "GI Bills." We respectfully request that this supplemental information be officially entered into the Congressional record of the proceedings connected to the hearing and therefore, have submitted the information as an enclosure to this letter. We are prepared to submit an electronic copy of the enclosure and meet any other requirements as well.

Thank you again for your interest in and support of State Approving Agencies. Thank you also in advance for accepting and placing into the record the enclosed supplemental information in response to your question about differences in approval activities.

Sincerely,

C. Donald Sweeney
Legislative Director

C: Chairwoman Herseth Sandlin
Congressman Donnelly
Congressman Hall
Selected Congressional Staff

SUPPLEMENTAL STATEMENT FOR THE RECORD IN SUPPORT OF RESPONSE TO QUESTION ASKED BY CONGRESSMAN JOHN BOOZMAN AT HEARING ON STATE APPROVING AGENCIES ON APRIL 19, 2007 PROVIDED BY JOAN RYAN AND DONALD SWEENEY NATIONAL ASSOCIATION OF STATE APPROVING AGENCIES

APRIL 27, 2007

Question—Provide details of how State Approving Agencies differ from other agencies performing similar functions.

Preface—The following comments are limited to a comparison between the approval activities of State Approving Agencies (SAAs) for institutional programs and accreditation which is the primary component of the certification process used by the federal Department of Education for Title IV, Student Financial Aid. The comments are limited to this comparison because the majority of veterans using GI Bill benefits are enrolled in programs at accredited educational institutions and the differences between the work of State Approving Agencies and accrediting agencies appear to be the area of greatest misunderstanding. The comments are further limited to a comparison between regional accreditation and SAAs due to the fact that the vast majority of veterans are enrolled in programs that fall under this type of institutional accreditation.

1. SAAs are under contract with the VA and are state governmental entities.

   Regional accrediting agencies are voluntary, private sector organizations.

2. The SAA process is a quality control mechanism, protecting the veteran and taxpayer. SAAs have the authority to approve or disapprove within a reasonably short period of time.

   Accrediting agencies are a quality enhancement process. "They cannot mandate compliance or control behavior except by persuasion and peer influence." "The accreditation process is designed primarily to encourage and assist the institution to evaluate itself objectively and then for the accrediting body to validate what the institution has said about itself."

3. SAAs review and reevaluate programs for compliance with approval criteria every year or two.

Regional accrediting agencies re-evaluate institutions as a whole, not each specific program, generally **once every 10 years** for established institutions with a 5-year interim report submitted by the institution to the accrediting agency.

4. Although not a perfect analogy and without consideration to the frequency of re-evaluations for established institutions **(2 years versus 10)**, the two processes could be compared to a real estate salesperson who lives a few towns away from the location of the home that they are selling and the home inspector that lives in the town where the home is located.

   The salesperson's responsibilities are to describe the home as reported by the homeowner and to conduct a review to ensure that the statements made by the homeowner appear to be factual. The home is a 22 year old, two story modified cape with one and a half baths, three bedrooms, wood siding, asphalt shingled roof, baseboard hot water heat, 100 amp electrical service, 200 foot drilled well, on site septic system with leaching field and a two car garage. The home is located on one and half acres and was recently painted inside and out. It is aesthetically appealing.

   The home inspector will be able to determine that the life expectancy of the boiler is twenty-five years and that since the home is located in a cold climate, has 2 by 4 studs and blown in insulation, the boiler is probably due for replacement. The inspector can also determine that carpenter ants have eaten away the sills on one side of the home which will need to be replaced along with one floor joist, some sheathing and siding. Although recently painted, some of the lower wood siding on another side of the home has sustained water damage and should be replaced before further damage occurs. Although the owner has said that there has never been any water in the basement, the inspector sees lime stains on the basement walls approximately 3 inches from the floor which could indication some seepage from the high water table in the area and the potential for water damage later, the installation of a sub pump is advisable. When inspecting the roof from the attic, the inspector sees water stains on one of the roof rafters and leakage around the chimney that has led to some damage to the sheetrock sealing over one of the bedrooms that is currently not visible from the inside of the room. This leakage has the potential to cause greater damage if not repaired soon. The inspector finds that the septic tank has not been pumped for almost 10 years which means that the leaching field may have sustained some damage so a qualified technician should be consulted, especially since the area has a high water table throughout the entire year.

   We could go on, but hopefully the comparison is helpful to a better understanding the differences between the evaluative activities of SAAs and accreditation which is the heart of the DOE process.

In conclusion, we disagree with the GAO statements that many programs approved by SAAs are already approved by the Department of Education and the statement that SAAs approve a small number of programs that are not reviewed by other agencies. From these erroneous conclusions, the GAO then implies that there is significant overlap in the approval functions. We disagree.

Even if one assumes that there is considerable overlap between the SAA approval process and regional accreditation (which there is not), this overlap will occur every 10 years. The institution submits an interim report to the accrediting agency at the five-year point, but unless the agency sees a problem in the report—there is no further review or investigation—the report is filed. Beyond the fact that a 10-year cycle does not provide adequate opportunity for the VA or SAAs to ensure that the requirements of Title 38 are being met, **is this really the kind of service that we want to give to our veterans**? Who will respond to veterans' requests for detailed information on approved programs and requests to evaluate new programs of education and training? Who will work with school officials to ensure that veterans receive credit for prior learning and advanced standing at the institution and are meeting the requirements of Title 38 for proper payment of benefits? Who will provide training to school officials on VA certification procedures and other relevant matters? These are just a few of the questions that are pertinent to the work of SAAs with educational institutions.

○