AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

UPDATING THE MONTGOMERY GI BILL

HEARING

BEFORE THE

SUBCOMMITTEE ON ECONOMIC OPPORTUNITY

OF THE

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

ONE HUNDRED TENTH CONGRESS

FIRST SESSION

OCTOBER 18, 2007

Serial No. 110–56

Printed for the use of the Committee on Veterans' Affairs

U.S. GOVERNMENT PRINTING OFFICE

39–465 WASHINGTON : 2008

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

COMMITTEE ON VETERANS' AFFAIRS

BOB FILNER, California, *Chairman*

CORRINE BROWN, Florida
VIC SNYDER, Arkansas
MICHAEL H. MICHAUD, Maine
STEPHANIE HERSETH SANDLIN, South Dakota
HARRY E. MITCHELL, Arizona
JOHN J. HALL, New York
PHIL HARE, Illinois
MICHAEL F. DOYLE, Pennsylvania
SHELLEY BERKLEY, Nevada
JOHN T. SALAZAR, Colorado
CIRO D. RODRIGUEZ, Texas
JOE DONNELLY, Indiana
JERRY McNERNEY, California
ZACHARY T. SPACE, Ohio
TIMOTHY J. WALZ, Minnesota

STEVE BUYER, Indiana, *Ranking*
CLIFF STEARNS, Florida
JERRY MORAN, Kansas
RICHARD H. BAKER, Louisiana
HENRY E. BROWN, JR., South Carolina
JEFF MILLER, Florida
JOHN BOOZMAN, Arkansas
GINNY BROWN-WAITE, Florida
MICHAEL R. TURNER, Ohio
BRIAN P. BILBRAY, California
DOUG LAMBORN, Colorado
GUS M. BILIRAKIS, Florida
VERN BUCHANAN, Florida

Malcom A. Shorter, *Staff Director*

SUBCOMMITTEE ON ECONOMIC OPPORTUNITY

STEPHANIE HERSETH SANDLIN, South Dakota, *Chairwoman*

JOE DONNELLY, Indiana
JERRY McNERNEY, California
JOHN J. HALL, New York

JOHN BOOZMAN, Arkansas, *Ranking*
RICHARD H. BAKER, Louisiana
JERRY MORAN, Kansas

Pursuant to clause 2(e)(4) of Rule XI of the Rules of the House, public hearing records of the Committee on Veterans' Affairs are also published in electronic form. **The printed hearing record remains the official version.** Because electronic submissions are used to prepare both printed and electronic versions of the hearing record, the process of converting between various electronic formats may introduce unintentional errors or omissions. Such occurrences are inherent in the current publication process and should diminish as the process is further refined.

CONTENTS

October 18, 2007

	Page
Updating the Montgomery GI Bill	1

OPENING STATEMENTS

Chairwoman Stephanie Herseth Sandlin	1
Prepared statement of Chairwoman Herseth Sandlin	54
Hon. John Boozman, Ranking Republican Member	3
Prepared statement of Congressman Boozman	55
Hon. Timothy J. Walz	32
Hon. John Kline	13

WITNESSES

U.S. Department of Education, Allison Jones, Member, Advisory Committee on Student Financial Assistance, and Assistant Vice Chancellor for Academic Affairs, California State University System	27
Prepared statement of Mr. Jones	86
U.S. Department of Veterans Affairs:	
James Bombard, Chairman, Veterans Advisory Committee on Education, and Chief, New York State Division of Veterans Affairs, Bureau of Veterans Education	30
Prepared statement of Mr. Bombard	89
Keith M. Wilson, Director, Education Service, Veterans Benefits Administration	43
Prepared statement of Mr. Wilson	112
U.S. Department of Defense:	
Thomas L. Bush, Acting Deputy Assistant Secretary of Defense for Reserve Affairs (Manpower and Personnel)	40
Curtis L. Gilroy, Ph.D., Director, Accession Policy, Office of the Under Secretary of Defense for Personnel and Readiness (Military Personnel Policy)	42
Prepared statement of Mr. Bush and Dr. Gilroy	106

American Association of State Colleges and Universities, Steve Francis Kime, Ph.D., Former Vice President (2003–2005), and on behalf of the Partnership for Veterans' Education	19
Prepared statement of Dr. Kime	76
American Legion, Ronald F. Chamrin, Assistant Director, Economic Commission	6
Prepared statement of Mr. Chamrin	62
Military Officers Association of America, Colonel Robert F. Norton, USA (Ret.), Deputy Director, Government Relations	4
Prepared statement of Colonel Norton	56
Minnesota National Guard, Major General Larry W. Shellito, Ed.D., Adjutant General	33
Prepared statement of General Shellito	94
National Association of State Approving Agencies, Charles Rowe, President, and Chief, State Approving Agency, New Jersey Department of Military and Veterans Affairs	23
Prepared statement of Mr. Rowe	79
National Association of Veterans Program Administrators, David A. Guzman, Legislative Director	21
Prepared statement of Mr. Guzman	78
Veterans of Foreign Wars of the United States, Eric A. Hilleman, Deputy Director, National Legislative Service	8

Page

Veterans of Foreign Wars of the United States, Eric A. Hilleman, Deputy Director, National Legislative Service—Continued
Prepared statement of Mr. Hilleman 72
Vietnam Veterans of America, Richard F. Weidman, Executive Director for Policy and Government Affairs 9
Prepared statement of Mr. Weidman 74

SUBMISSIONS FOR THE RECORD

National Organization for Competency Assurance, James Kendzel, MPH, SPHR, Executive Director, statement 114

MATERIAL SUBMITTED FOR THE RECORD

Post-Hearing Questions and Responses for the Record:
Hon. Stephanie Herseth Sandlin, Chairwoman, Subcommittee on Economic Opportunities, Committee on Veterans' Affairs, to Colonel Robert Norton, Deputy Director, Government Relations, Military Officers Association of America, letter dated October 23, 2007, and response letter dated October 31, 2007 120
Hon. Stephanie Herseth Sandlin, Chairwoman, Subcommittee on Economic Opportunities, Committee on Veterans' Affairs, to Ronald F. Chamrin, Assistant Director, Economic Commission, American Legion, letter dated October 23, 2007 and response letter dated October 30, 2007 123
Hon. Stephanie Herseth Sandlin, Chairwoman, Subcommittee on Economic Opportunities, Committee on Veterans' Affairs, to Eric A. Hilleman, Deputy Director, National Legislative Service, Veterans of Foreign Wars of the United States, letter dated October 23, 2007, and DAV response 124
Hon. Stephanie Herseth Sandlin, Chairwoman, Subcommittee on Economic Opportunities, Committee on Veterans' Affairs, to Rick Weidman, Executive Director for Policy and Government Affairs, Vietnam Veterans of America, letter dated October 23, 2007, and response letter dated November 2, 2007 . 125
Hon. Stephanie Herseth Sandlin, Chairwoman, Subcommittee on Economic Opportunities, Committee on Veterans' Affairs, to Steve Kime, Ph.D., American Association of State Colleges and Universities, letter dated October 23, 2007, and response letter dated October 24, 2007 127
Hon. Stephanie Herseth Sandlin, Chairwoman, Subcommittee on Economic Opportunities, Committee on Veterans' Affairs, to David Guzman, Legislative Director, National Association of Veterans Program Administrators, letter dated October 23, 2007, and response letter dated November 1, 2007 . 130
Hon. Stephanie Herseth Sandlin, Chairwoman, Subcommittee on Economic Opportunities, Committee on Veterans' Affairs, to Charles Rowe, President, New Jersey State Department of Military, Veterans' Affairs State Approving Agency, letter dated October 23, 2007, and response dated November 2, 2007 132
Hon. Stephanie Herseth Sandlin, Chairwoman, Subcommittee on Economic Opportunities, Committee on Veterans' Affairs, to Tom Bush, Acting Deputy Assistant Secretary of Defense for Reserve Affairs (Manpower and Personnel), U.S. Department of Defense, letter dated October 23, 2007, and DoD responses 134
Hon. Stephanie Herseth Sandlin, Chairwoman, Subcommittee on Economic Opportunities, Committee on Veterans' Affairs, to Curt Gilroy, Ph.D., Director, Accession Policy, Office of the Under Secretary of Defense for Personnel and Readiness (Military Personnel Policy), U.S. Department of Defense, and DoD responses 137
Hon. Stephanie Herseth Sandlin, Chairwoman, Subcommittee on Economic Opportunities, Committee on Veterans' Affairs, to Keith Wilson, Director, Education Service, Veterans Benefits Administration, U.S. Department of Veterans Affairs. letter dated October 23, 2007, and VA responses 140

UPDATING THE MONTGOMERY GI BILL

THURSDAY, OCTOBER 18, 2007

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

The Subcommittee met, pursuant to notice, at 2:04 p.m., in Room 334, Cannon House Office Building, Hon. Stephanie Herseth Sandlin [Chairwoman of the Subcommittee] presiding.

Present: Representatives Herseth Sandlin, McNerney, and Boozman.

Also present: Representatives Walz and Kline.

OPENING STATEMENT OF CHAIRWOMAN HERSETH SANDLIN

Ms. HERSETH SANDLIN. Good afternoon, ladies and gentlemen. The Veterans' Affairs Economic Opportunity Subcommittee hearing on updating the Montgomery GI Bill (MGIB) will come to order. I ask unanimous consent that Congressman Timothy Walz from Minnesota's first district and Congressman John Kline from Minnesota's second district be invited to sit at the dais for the Subcommittee hearing today. Hearing no objection, so ordered.

Welcome, Mr. Kline, we appreciate you joining the Ranking Member and me. I believe your colleague from Minnesota will be joining us soon, Mr. Walz, for this very important hearing.

Before I begin my opening statement, I would like to call attention to the fact that Mr. James Kendzel, Executive Director for the National Organization for Competency Assurance, has asked to submit a written statement for the record. If there is no objection, I ask for unanimous consent that his statement be entered. Hearing no objection, so entered.

[The statement of Mr. Kendzel appears on p. 114.]

Ms. HERSETH SANDLIN. As the lone representative from South Dakota, I continue to hear concerns from returning servicemembers and veterans throughout my State about the confusion over existing Montgomery GI Bill entitlements and the inequity of benefits that exist between Active Duty and our Reserve forces. Unfortunately, this is an all too common concern of Guard and Reserve members across our Nation who have oftentimes served side by side with Active Duty forces in support of military operations at home and abroad.

Since the Montgomery GI Bill was enacted more than 20 years ago, our Nation's utilization of the Selected Reserve forces has dramatically increased. When the Montgomery GI Bill was signed into law in 1984, servicemembers of the Guard and Reserve were rarely

mobilized, but that simply is not the reality today. Indeed, today's citizen soldiers are serving with distinction and have sacrificed a great deal in contributing to our Nation's efforts in Iraq and Afghanistan. Unfortunately, we will hear today from our witnesses that Guard and Reserve members are being called to duty for extended periods of time, while their educational benefits do not reflect their increased service to our Nation. I know that I am not alone in this Congress when I say that our veterans deserve a Montgomery GI Bill that will meet their needs in the 21st century.

Much progress has been made in education benefits and National Guard, Reserve and Active Duty servicemembers. However, I think everyone would agree that we must remain vigilant to protect against any decline in benefits. Veterans, servicemembers and military families of this Nation deserve our best efforts.

Some of the panelists may recall a hearing we held on March 22nd on the subject of educational benefits for National Guard and Reserve members of the U.S. Armed Forces. Even before that, under the leadership of Mr. Boozman we had a field hearing in the great State of Arkansas and other hearings that probed this same issue in the prior Congress.

After those hearings, and during the hearing on March 22nd of this year, many of our members and panelists expressed concerns over: the confusion of Chapters 1606 and 1607 entitlements; the need to consolidate policy and funding for the Montgomery GI Bill Selected Reserve and the Reserve Educational Assistance Program under the authority of the U.S. Department of Veterans Affairs (VA); and the U.S. Department of Defense's (DoD's) concern over the issue of retaining authority over kickers.

Since the March 22nd hearing, we have worked with our colleagues in the House and Senate Armed Services Committees to include language in the National Defense Authorization Act of 2008 to recodify Chapters 1606 and 1607 of title 10, United States Code, in title 38. I believe that this small, but very important, step will simplify and improve the educational assistance programs created to provide our Nation's servicemembers, veterans and their dependents with the benefits they rightfully deserve.

Furthermore, we have worked with the House Armed Services Committee to ensure that kicker authority is not affected by legislation that might be considered by Congress in the near future. We understand DoD's use of this important recruitment and retention tool and look forward to working with them to ensure future legislation improves their recruitment and retention goals.

Today's hearing will follow-up on the recommendations that were provided in the 109th Congress and by our Subcommittee hearing earlier this year.

Ranking Member Boozman, I look forward to working with you, all Members on this Subcommittee, and our colleagues in Congress to streamline, update and expand existing Montgomery GI Bill entitlements.

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

[The prepared statement of Chairwoman Herseth Sandlin appears on p. 54.]

OPENING STATEMENT OF HON. JOHN BOOZMAN

Mr. BOOZMAN. Thank you, Madam Chair. I appreciate you bringing us together to discuss the future direction of the GI Bill. As in the other programs under our jurisdiction, GI Bill education and training benefits enable veterans and surviving dependents with the opportunity to improve their ability to achieve financial independence outside of any other VA benefits that they may receive. According to the College Board, those with at least a bachelor's degree will make at least a million dollars more over a lifetime than someone with a high school diploma.

Clearly, it pays to invest in education and training for our veterans. You and I have held several hearings on this subject over the last 3 years and we have heard from literally dozens of witnesses about the need to make changes to reflect today's operational environment. Today, members of the National Guard and Reserves are carrying a huge portion of the War on Terrorism, and if nothing else, I hope we can find a way to improve their benefits.

I am also concerned that 30 percent of those who sign up for the GI Bill never use a penny of the benefit. There are many reasons they don't avail themselves of the program, some of which will be difficult to overcome. But I do think that we could reduce that 30 percent to a significantly lower number, and I know that we will be working together to do that, Madam Chair.

Several of today's witnesses will advocate paying veterans the full cost of education. If that is our goal, I think we need more data. For example, according to the College Board, the average tuition fees at a public 4-year institution is about $5,800 and about $2,300 at 2-year schools. Board data also shows that 65 percent of all students attend 4-year schools with tuition fees below $9,000 per year. Fifty-six percent attend public 4-year schools with tuition and fees ranging from $3,000 to $6,000 per year.

Finally, the College Board data indicates 41 percent of all students attend a 2-year school with a net cost considering all forms of aid at less than $100. I am quoting those figures to show that the full cost of tuition and fees vary significantly and that there are opportunities to attend a wide variety of schools at reasonably low cost. Obviously, room and board costs will add to those costs.

Additionally, there are financial packages available today that will—that did not exist in earlier generations of veterans. Madam Chair, I think it might be helpful, in fact, I think it would be helpful if we ask the College Board to assist us in determining what is the real level of benefits we need to make as our guide.

I want to acknowledge that VA has made significant progress in lowering the processing time for original and supplemental claims for educational benefits. Last year, VA averaged about 43 days for an original claim. Today, it averages about 23 days. Supplemental claims are down to 11 days from 17 last year. I wish the folks at Compensation and Pension could do as well. I know the education service has achieved a high level of automation to accomplish that decrease and again, they should be complimented for that.

Finally, Madam Chair, you and I would make many improvements if we didn't have the PAYGO offsets. However, PAYGO is a fact of life and some of these things are proving difficult to do as far as figuring out where we can get offsets, and yet something

that we can do that is very achievable is making the process simpler for veterans in schools, and I am eager to work on the VA's report on streamlining, getting the report that was due in July so that we can make an even further effort in that regard.

If we can't get veterans more money, we should at least cut some of the red tape involved in getting checks to our veterans. Thank you very much. I yield back.

[The prepared statement of Congressman Boozman appears on p. 55.]

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

Mr. Kline, I am aware of your broader interest in this entire topic, but also the specific circumstances that bring you to our hearing today. We would certainly welcome you to insert written opening statement for the record. We will go straight to the first panel so we can have time to get to the others.

Mr. KLINE. Thank you, Madam Chair.

Ms. HERSETH SANDLIN. Okay. Thank you.

I would now like to invite our first panel to join us. All of our witnesses today are distinguished individuals who are well qualified to discuss the issue of updating the Montgomery GI Bill. Joining us on the first panel is Colonel Robert Norton, Deputy Director of Government Relations for the Military Officers Association of America (MOAA); Mr. Ronald Chamrin, Assistant Director of Economic Commission for the American Legion; Mr. Eric Hilleman, Deputy Director for National Legislative Service, Veterans of Foreign Wars (VFW) of the United States; and Mr. Richard Weidman, Executive Director for Policy and Government Affairs for the Vietnam Veterans of America (VVA).

Gentlemen, welcome back to the Subcommittee. I do want to remind each of you that your complete written statements have already been made part of the record for today, please limit your remarks to 5 minutes. There is a lot to say on this topic and we will have a lot of questions. Because we have four panels today, if you could limit the remarks to 5 minutes so that we do have sufficient time for follow-up questions.

Colonel Norton, please, we will begin with you. You are recognized for 5 minutes.

STATEMENTS OF COLONEL ROBERT F. NORTON, USA (RET.), DEPUTY DIRECTOR, GOVERNMENT RELATIONS, MILITARY OFFICERS ASSOCIATION OF AMERICA; RONALD F. CHAMRIN, ASSISTANT DIRECTOR, ECONOMIC COMMISSION, AMERICAN LEGION; ERIC A. HILLEMAN, DEPUTY DIRECTOR, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES; AND RICHARD F. WEIDMAN, EXECUTIVE DIRECTOR FOR POLICY AND GOVERNMENT AFFAIRS, VIETNAM VETERANS OF AMERICA

STATEMENT OF COLONEL ROBERT F. NORTON

Colonel NORTON. Thank you, Madam Chair. Good to see you again. And thank you, Ranking Member Boozman, for this opportunity to appear before you today on behalf of the Military Officers Association. We are very grateful for the Subcommittee's continued

interest in approving educational benefits for the members of our Armed Forces and veterans.

The GI Bill exists to support the readiness of our Armed Forces and to assist those who have honorably served this Nation. Recruiting, retention and readjustment are the pillars of the program. All three are critical to the success of the all-volunteer force.

If we were grading the Montgomery GI Bill (MGIB) on outcomes, we would conclude that the program is not an honor graduate. The MGIB is not structured to best accomplish what Congress intended, and benefits do not match the service and sacrifice of our warriors. In considering legislation to modernize and improve the GI Bill, we recommend that three tests be applied. First, do legislative proposals match benefits to the service and sacrifice of our Armed Forces men and women? Second, are the components of the GI Bill organized to give optimal support to recruiting, retention and readjustment outcomes? And three, are benefits keeping pace with the cost of education in training programs?

In the case of the Minnesota National Guard and tens of thousands of other Reservists, the Reserve Montgomery GI Bill does not meet the test, the first test of matching benefits to service and sacrifice. We can debate the administrative aspects of their case, but in our view, two points are incontrovertible.

First, under current law, Reservists can't use their benefits earned on Active Duty after they complete their service commitments. Second, when these troops are reacted, and they will be called up again and again under operational Reserve policy, they can't earn any additional Montgomery GI Bill entitlement.

On the second test, is the GI Bill optimized to accomplish its basic purposes, the answer in our view is no. Active duty recruits still must give up $1,200 of their first year's pay at a time when they are under great stress and often in economic straits. Basic Reserve benefits have dropped from 48 percent to 29 percent of the Active Duty program at a time when Guard and Reserve recruiting is under enormous strain.

In terms of readjustment, the GI Bill only pays 75 percent of the average cost of a 4-year public college education for full-time study, according to Department of Education data. So recruiters don't have as strong a product to offer and service men and women and veterans don't have a readjustment benefit that matches the cost of education.

These young men and women are our Nation's finest. If they want to go to school in the service or later after they separate, the GI Bill should cover at least the average cost of a public college. MOAA recommends 10 priorities for updating the Montgomery GI Bill as indicated in the Executive Summary of our statement. I will restate our top three, Madam Chair.

First, put all the eggs in one basket. Move the Reserve programs into title 38, Total Force team, Total Force Montgomery GI Bill. The full House, as you indicated, Madam Chair, has already adopted this recommendation and we strongly recommend that final passage of this provision in the Defense Authorization Act for fiscal year 2008. In other words, we are hoping that the House will insist in negotiation with the Senate that this outcome happen.

Second, establish a 10-year readjustment benefit as authorized for activity duty members for National Guard and Reserve veterans called to Active Duty. We either treat operational Reservists as veterans or we don't. It is as simple as that. The House has endorsed a sense of Congress provision that this should happen. This makes sense to us, but now the House needs to adopt a provision in the Senate's defense bill to establish a readjustment benefit for activated Reservists.

And third, raise GI Bill monthly rates to cover the average cost of a 4-year public college or university education.

In closing, Senator Webb expressed the core idea at a Senate hearing on the GI Bill in July. Same soldier, same battlefield, same benefits. The all-volunteer force has been tested as never before and we must not let it fail. Action on the Montgomery GI Bill is long overdue and we respectfully recommend the Subcommittee and the full Committee make this issue a priority.

Thank you, Madam Chair. I look forward to your questions.

[The prepared statement of Colonel Norton appears on p. 56.]

Ms. HERSETH SANDLIN. Thank you, Colonel.

Mr. Chamrin, you are recognized.

STATEMENT OF RONALD F. CHAMRIN

Mr. CHAMRIN. Madam Chairwoman, Ranking Member Boozman, Members of the Subcommittee and guests, thank you for the opportunity to present the American Legion's views on veterans' education benefits. We commend this Subcommittee for holding a hearing to discuss these very important and timely issues. We thank the Committee for accepting our record in its entirety and for brevity, as we are limited to a brief statement, we will try to highlight our most key point.

The American Legion supports passage of major enhancements to the current All-Volunteer Force Education Assistance Program, better known as the Montgomery GI Bill. The current make-up of the operational military force requires that adjustments be made to support all Armed Forces members. We would like to see all of our recommendations enacted into law, but the most pressing need is to ensure that all veterans who have earned education benefits are able to use them.

Accordingly, the American Legion strongly supports measures that create portability of benefits. These portability measures must also be retroactive to protect those veterans who have already lost Reserve Education Assistance Program (REAP) and Selected Reserve benefits. It must occur immediately.

A closer look at the Selected Reserve enlisted attrition figures that were released by the Office of the Secretary of Defense, Public Affairs Office, reveals that the total number of enlisted servicemembers who have departed the Reserve components since 2002 is 850,000, or an average of 142,000 annually. 443,000 of the Reserve components have deployed in support of Operation Iraqi Freedom/Operation Enduring Freedom (OIF/OEF) as of August 31st, 2007. We can safely assume that a significant majority of these Reservists served honorably on Active Duty for at least 90 days, thereby earning them REAP benefits in addition to any GI Bill Selected Reserve benefits that they have.

Therefore, we conservatively estimate that at least 400,000 veterans of the Reserves, or 50 percent of the force that have already left, have lost earned education benefits that could have been used to increase their earning potential. Only 41,000 have used REAP benefits, a sharp contrast to the 400,000 who we believe have lost earned benefits. Noting that our figures are of National Guard and Reserve servicemembers that were deployed in support of OIF/OEF, there are additional Reservists that were called to Active Duty to the Continental United States or deployed to other regions of the world.

Hence, our conservative estimate of 400,000 veterans losing earned benefits is more likely than not much greater. The DoD Office of Public Affairs recently reported that their attrition rates are actually equal and/or lower in the Reserve components since the Global War on Terrorism began. They even announced recently that it met or exceeded their Active Duty recruiting or retention goals for fiscal year 2007. So prior retorts from the DoD in opposition of extending the delimiting date for fear of harming retention are hard to explain, given the recent recruitment and retention rates.

The most visible example of the unjust denial of benefits is the demobilization of 2,600 members of the Minnesota National Guard who have just performed the longest continuous combat tour in Iraq of any military unit to date. If they leave the Selected Reserve, they will lose all earned education benefits. This travesty is not unique to these Guardsmen and the passing of portability benefits would assist these veterans.

Corporal David Tedford Holt, a Tennessee enlisted Reservist currently on Active Duty states: "With the high operational tempo of my unit, and with that many of our soldiers are deployed for more than 18 months during their initial six-year contract with the Army Reserves, it has become virtually impossible to support a family, develop as a soldier and member of the Army Reserve and obtain a 4-year degree using the GI Bill benefits that are lost the moment a soldier leaves the Army Reserve. While many soldiers enter the Army Reserve without families or financial obligations and are thus able to attend school full-time when not in military training, the Global War on Terrorism has stirred the patriotism of more and more men and women who are choosing to take a leave of absence from their jobs and families in order to serve. These important soldiers and leaders are far less able to take advantage of the GI Bill benefits that are offered to them during their term of enlistment."

An officer that works closely with Corporal Holt stated that "he had no idea that enlisted soldiers lose their GI Bill benefits when they leave the Reserves." He continued to state, "I wonder how many officers actually know the reality of the situation. I bet that they don't and in turn are harming their subordinate enlisted soldiers."

I will now briefly talk about one selected piece of legislation, H.R. 1102. The American Legion supports the Total Force GI Bill. This bill solves many problems, most significantly the inequities of benefits of the members of the Reserve components as compared to their full-time Active Duty counterparts. One major selling point of

this proposal is the portability of education benefits. The American Legion asserts that servicemembers called to active service perform duties at an equal rate to their full-time counterparts and should be treated as such.

In conclusion, portability legislation must be enacted into law immediately. This legislation discussed today aims to better serve veterans and ultimately assist them in financial stability and helps our country. We also strongly feel that our full list of recommendations in our written statement should be enacted to ensure that veterans and military members are better equipped with a secondary education. In turn, highly skilled veterans with advanced degrees can be emplaced in the workforce to ensure the country's competitive edge in the global market in the not so distant future.

The American Legion appreciates the opportunity to present this statement for the record and to continue our proud history of advocating for increased educational benefits to members of the Armed Forces. I will be happy to answer any questions that you may have.

[The prepared statement of Mr. Chamrin appears on p. 62.]

Ms. HERSETH SANDLIN. Thank you for your testimony.

Mr. Hilleman, you are recognized for 5 minutes.

STATEMENT OF ERIC A. HILLEMAN

Mr. HILLEMAN. Thank you, Madam Chairwoman. Ranking Member Boozman, Members of the Subcommittee, on behalf of the 2.3 million members of the Veterans of Foreign Wars and our Auxiliaries, I would like to thank you for holding this important hearing on the GI Bill. The original GI Bill was an investment in America. The GI Bill benefited half of the 16 million service men and women of World War II. These men and women earned higher degrees and higher salaries because of the education benefit. Higher taxes were earned on their wages and the investment paid for itself seven times over. These veterans are largely responsible for the tremendous prosperity that we enjoyed in the last century.

Over the years, the purchasing power of the benefit has dissolved while the purpose of the GI Bill has also evolved. The Department of Defense now uses the GI Bill to recruit and retain high quality personnel, attracting young education-oriented troops. The GI Bill has shifted from being a robust transition assistance benefit to now only covering a fraction of the cost of education.

The current benefit requires veterans to seek large student loans, compete for scholarships, work part or full-time jobs, and rely on family funding to get through school. This is far from the original intent of the legislation. In cases where a young veteran has a family, they must choose between feeding their family and working to support them, or seeking an education. Making the decision to feed your family today or forego an education tomorrow is not a decision we should ask our young men and women to make.

We urge this Committee, and the Members of Congress, to fully invest in a seamless transition for today's troops. We believe that the benefit of a comprehensive GI Bill for the 21st century would provide full tuition support, a small stipend and other education-related costs. It would serve to strengthen DoD's recruitment efforts and retention, provide a national cadre of seasoned patriotic

leaders, and most importantly, improve the lives of veterans and their families.

The VFW strongly supports the enactment of H.R. 2702, the "Post-9/11 Veterans Educational Assistance Act of 2007." We recognize that this bill does not address the inequities that exist between Active Duty service served by Guard and Reserve members in Afghanistan and Iraq under 24 months. Yet we believe that with this bill as a vehicle, Congress can move forward and build in provisions to reward the noble service of the Guard and Reserve members. We believe the GI Bill would boost recruitment, maintain retention standards and ease the transition from Active Duty to civilian life, while covering the complete cost of education.

I thank you for this opportunity to testify and present our views. I look forward to answering any questions this Committee may have. Thank you.

[The prepared statement of Mr. Hilleman appears on p. 72.]

Ms. HERSETH SANDLIN. We appreciate the testimony. Thank you. Mr. Weidman, you are recognized.

STATEMENT OF RICHARD F. WEIDMAN

Mr. WEIDMAN. Madam Chairwoman, thank you for inviting Vietnam Veterans of America to present our views today. Mr. Boozman, distinguished Members of the Committee, we would like to associate ourselves with the specific programmatic remarks for the short run in terms of fix of the Montgomery GI Bill as outlined by the Military Officers Association.

As you know, there was a broad education coalition that led to significant increases about 7 years ago in the Montgomery GI Bill to make it more affordable, and Colonel Bob Norton led that effort and held us all together. It is not an easy task to hold the entire veterans and military organization community together for a long period of time, but Bob has those kinds of skills, learned as an officer in the 196th Light Infantry Brigade.

I do want to take a broader view here though if I may, please, Madam Chairwoman. Other statements talked about us being at war or the military at war, and there is no shared sacrifice in this war. The cost of war does not stop when you pull the people off the battlefield. Healthcare goes on for the rest of their lives. Benefits for those who have been torn up, either physically or neuropsychiatrically, goes on for most of their life, and as well as the need for ongoing healthcare that doesn't diminish with age. It only becomes greater, but also all benefits.

It is part of the cost of war, and under the schemata that we have set up and the rules of the game, if you will, to put it as part of PAYGO in discretionary domestic spending, the cost of taking care of the men and women who have put life and limb on the line in defense of the Constitution of the United States, is simply unacceptable.

It should be on the defense side, quite bluntly, not subject to caps, not pitting the needs of veterans against those of the nutrition needs of small children and other very important domestic programs, because it is part of the cost of war just as new replacement F–16's and Raptor fighters are. And it is our contention that that is where we need to go with this entire thing, because otherwise,

we are going to be fighting over scraps for the time on and on and on.

In terms of whether legislation that is needed, not that is "what is practical," is we need an amalgamation of the bills introduced on the Senate side by Senator James Webb, himself a combat veteran of Vietnam and father of an OIF veteran, and Senator Blanche Lincoln, that combines the best and makes it a Total Force real GI Bill for two reasons really, beyond the intrinsic rightness of it.

Number one is that we need to show the young people who are contemplating enlisting, either in the Guard, Reserve, or Active Duty, that we value their service, that the country really values their service when we go to war and they put their life and limb on the line in defense of the Constitution so that they—it is not just when they get torn up that we will take care of them with medical care, but that we value investing in them in winning the peace after they have won the war on the battlefield.

And the second reason is, it is not just in the veteran's interest. It is very much in the country's interest to train a whole new generation, a whole new generation to take their rightful place of some of our finest young people. They should not be limited by finances. They should be limited only by their intelligence, their drive, and their ambition to succeed.

There are countless folks, including Senator Frank Lautenberg, who spoke very movingly a few months ago about without the real GI Bill, and I say the real GI Bill that paid tuition, books, and fees, he could not have even conceived going to college, much less going to Columbia University. And he came from a very poor family and then went on to become very wealthy and a leader in both the private sector and the public sector.

And that is true of many individuals coming out of that World War II. It is an investment in America's future that we cannot afford not to make, if I may suggest to the Committee. And so we look forward to working with you on either of the short-term fixes. But in the 110th, right now is the time to change the rules of the game and to move in the second session to have a real GI Bill modeled on that, which was afforded to my father's generation, your grandfather's generation, Madam Chairwoman.

So I thank you very much for allowing us to present our views here today, and be glad to answer any questions that you may have. Thank you.

[The prepared statement of Mr. Weidman appears on p. 74.]

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

Thank you all for your testimony.

Mr. Boozman, did you want to start out with a question this afternoon?

Mr. BOOZMAN. Thank you very much. And I will very quickly, because we have Colonel Kline and Sergeant Major Walz, and I am really interested in what they have to say, especially with their backgrounds.

But I guess a couple things, Colonel Norton, I agree with the three things that you mentioned about putting all the eggs in the basket and all of you mentioned that—lumping this thing together.

And I mentioned earlier, one thing that we have to do is when you look at—you quoted 75 percent, I think, based on the figures

you had. We can pull all these different figures and they are just all over the place. So one thing I do think, and you all will be very helpful in doing this, is we have to figure out what is the cost now, compared to the benefit that was back after World War II or what we intended with the current law, and then, go from there. That, to me, only makes sense.

The other thing you mentioned, that this is just a part of the cost of war, and I agree with that totally. There are no ifs, ands, or buts. And I think that this Committee is on the forefront of pushing all of these things forward. And I guess when I alluded to PAYGO in my opening statement, right now the reality is that we are stuck with that situation.

And so I think we are trying to get those things changed. All of us are tremendous advocates of Total Force GI Bill. We are all cosponsors or original cosponsors in many cases of the bill that you have, you know, that we have alluded to. But like I said, that is a battle that we have got to fight.

And then we have to fight another battle in the sense of what can we do right now with these ancillary things. And that is really what I was referring to. So I think we really do have a very, very bipartisan Committee. We are like a family. We have our spats at times, but the heart of everybody on this Committee is in that direction.

But I see those as two different battles, the big battle that we have in the sense of how do we fund these things. I agree totally, it is a cost of the war.

On the other hand, what can we do right now to make our servicemembers' lives easier with the current rules that we have. I yield back.

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

Mr. Walz, did you have any questions for this panel?

Mr. WALZ. Well, just a couple here, Madam Chair. And I want to thank you and Ranking Member Boozman for your leadership on this very important Subcommittee. I appreciate the opportunity of joining you as a Member of the full Committee. I know the work you do, the bipartisan work, and I would associate myself with the Ranking Member's comment that we are committed to getting this right. We are committed to working together.

I would also like to mention my colleague from the second district of Minnesota is here. Congressman Kline, Colonel Kline, Marine Corps Colonel, has been a tireless advocate for our veterans and for our servicemembers. We have traveled together to welcome our servicemembers back home from their tour of duty in Iraq, and we share the same commitment on this.

So you are joined by a group of people here who share this, and there are just a few, just a couple questions I would ask on this. It does come back to this issue of resources and we know right now that one of the things you are going to hear later from the Minnesota National Guard, and it may be an issue to ask of them, this issue of using incentives for recruitment and retention and as they play into that. And right now we have seen a shift to signing bonuses and the re-up bonuses and things like that.

Is it your opinion from your organizations here, are we putting the resources in the right spot at a time of conflict or a time of war,

or are we not looking long-range on this, because I share your concern on this. I am absolutely committed that we need a Total Force GI Bill. I am absolutely committed. We need to upgrade this for long-range goals of educating our next generation of leaders that are coming back, making sure that we are getting our best and brightest, not only to see that we will take care of them, but to make that investment.

So I would just ask you your knowledgeable opinion on this. I know it is somewhat subjective. But do you think we are putting our resources in the right place on this? If you just want to go down the line, whoever wants it.

Colonel NORTON. Congressman, I think it is a question of balance. A recent U.S. Government Accountability Office report concluded that the Defense Department has increased cash bonuses for enlistment and re-enlistment by about a thousand percent since 9/11. The reality is that DoD manages the force, distributes needed manpower into the needed skills by using cash bonuses.

At the same time, over the last 6 years, the Defense Department has not put forward any, and I mean any, substantive recommendations on the GI Bill, especially for the Reserve Forces, to improve it as part of the recruiting incentive package. So we would conclude by that, frankly, that the Department really sort of takes the GI Bill for granted.

And if that is the case, and I think that adds substance to the argument that we should move the Reserve programs over where the Active Duty GI Bill has been since World War II, use the GI Bill primarily as a readjustment tool and let the Department of Defense use cash bonuses, as they increasingly want to do, to attract people into the Armed Forces and to get them to reenlist.

Mr. CHAMRIN. Mr. Congressman, we don't have an official policy for recruitment or retention incentives. We feel that the DoD should be able to use what they feel is right to get troops enlisted or join the military. However, in regards to education, the American Legion is a community organization. We try to take care of the veteran and take care of their family.

So with education benefits, you are looking at long-term investments. I believe 78 million baby boomers will retire by 2010 according to the ILO Institute and 13 million to 15 million skilled workers will also retire by 2020. So, we have to invest in the future, not just for the veteran, but for the family of the veteran.

Mr. HILLEMAN. If I may, Congressman, thank you for this question. The VFW is very supportive of a comprehensive improvement to the GI Bill, one that would boost recruitment. We have seen in recent years eroding of the standards for individuals entering the force. They have raised the enlistment age to 42, I believe, in the Army. They are taking more waivers for drug offenses and Graduate Equivalent Degrees than ever before. We believe with a comprehensive and powerful education incentive, we would up the quality of our recruits.

Most recruits coming in the military list the GI Bill as one of the top five reasons for joining. When DoD polls those same troops that stay, the ones that stay on Active Duty, the retained enlisted, do not list the GI Bill as a reason they stayed in. The GI Bill is a pow-

erful recruitment tool and we believe that if employed properly, the quality and the quantity of the troops would increase. Thank you.

Mr. WEIDMAN. In regard to the bonuses, you give a man a fish and he eats for a day. You teach a man how to fish and he eats for a lifetime. Twenty-five thousand dollars sounds like a whole lot of money to an E–4, but it is going to cost that individual, that young man or woman more than that to buy a new pick-up. You increase GI Bill benefits available to that individual and their lifetime earnings will more than double.

Mr. WALZ. Thank you, Madam Chairwoman.

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

Mr. Kline.

OPENING STATEMENT OF HON. JOHN KLINE

Mr. KLINE. Thank you, Madam Chair, for allowing me to join you today. I am a Member of the Personnel Subcommittee of the House Armed Services Committee and I have had the opportunity to sit in on some joint hearings before. But it is interesting to me that we are scrambled up in red tape. There is red tape in the bureaucracies in the Executive Branch, in the VA, in the Army, in the Office of the Secretary of Defense and here in Congress, as we have Committees with cross-jurisdiction and a lot of confusion.

I know, for example, that our good friend, Vic Snyder, who was the Ranking Member and then the Chairman of the Personnel Subcommittee, has been pushing this rope for a long time to get these GI Bill benefits merged. And it has been tough sledding. That is no excuse. It is just the way it has been. And I am very glad that we are addressing this issue now in a very serious way.

I regret that the Minnesota National Guardsmen and those in surrounding States are kind of paying a price for some of this bureaucratic snarl that we have going right now, and I am looking forward to that panel. So let me just say that I think there is a broad commitment in Congress on both sides of the aisle to address this problem and fix the problem so that the GI Bill benefits are modernized and simplified and there is a simplified execution of it.

And I will not ask any questions, just in the interest of time. And certainly, I want to talk to our Minnesota AG. But thank you, gentlemen, very much for your testimony.

And thank you, Madam Chair.

Ms. HERSETH SANDLIN. Thank you. We have also been joined by Mr. McNerney, a distinguished Member of our Subcommittee. Mr. McNerney, do you have any questions for the panel or opening comments you would like to make?

Mr. MCNERNEY. I have one question, actually. The GI Bill, as I just heard since I have walked in, is an important tool to motivate people to join the service, to motivate our young Americans to join the service. And I think it should be. A lot of people that join the service are in lesser economic situations and see that as an opportunity. And I think it is a fine way for the American government to motivate and to help people along and to get service in return.

One of the things about the GI Bill is that if you are going to be going to a program that is not a 4-year program, but a 3-year or a 2-year program like law school or some graduate study, you still only get the same rate of GI Bill as if you would be going to

an undergraduate program, and yet the expenses are so much higher. The tuition is higher and so on. Do you think that would be a good idea to change that so that if you are in a 2-year program or a three-year program, you get the same total payout in a smaller timeframe as someone that is going to an undergraduate program? Colonel Norton.

Colonel NORTON. Congressman, in the ideal, I think that is probably a good idea. In the real world, I think it would be a living nightmare for the VA to be able to figure out for each of the tens of thousands of veterans getting out of service every year exactly how much they would get, depending on whether they went to a 2-year school, a training program, undergraduate, graduate. It would be extremely difficult to do that.

That is why we like the idea, and the Partnership for Veterans Education likes the idea, of benchmarking GI Bill rates on the average cost of a 4-year public college or university. And the Department of Education tracks that data. Our friends in the Partnership from the American Association of State Colleges and Universities watch that data very closely for the Partnership. And right now the average cost that is picked up by the GI Bill is about 75 percent.

So if a young man does decide to go to—young man or woman does decide to go to a 2-year school, they would actually be out ahead of the game, because they would be—for full-time study, they would probably be able to cover a little bit of their living costs at the cheaper rates of a community college and enable them to bootstrap up, if you will, to a 4-year school. And in fact, a lot of veterans do start out at 2-year schools.

So we like the idea of an average benchmark as the way to do it. But we also think that if they can't use it when they get out of the service, then whatever rate is set by the Congress is no good. In your State, Congressman, there are 4,300 Guardsmen and Reservists on Active Duty defending the Nation right now, as of October 17th. When they separate from the Guard or Reserve honorably, complete their commitment, they can't take a penny of their earned Active Duty benefits with them into civilian life. So whatever the rate is for them and for the Minnesota Guardsmen is meaningless.

Mr. MCNERNEY. Thank you for that answer. Actually, the real problem is that I think that Congress isn't putting enough resources into the GI Bill to give that—at a high enough level to really be able to help students through college. The level it is at right now, it is good, but it is not really sufficient and we need to do our best as Members of Congress to convince the public that that is a worthwhile investment. So those are my comments.

Ms. HERSETH SANDLIN. Thank you.

Mr. WEIDMAN. Madam Chairwoman, may I comment back on that?

Ms. HERSETH SANDLIN. Briefly, yes, because I have some questions, too, and we have to get on to our next panel. Briefly, if you want to comment on it briefly, please do.

Mr. WEIDMAN. The problem you touch on, Mr. McNerney, is the problem. The public hears that there is a GI Bill and thinks it is my father's GI Bill. But this ain't my father's GI Bill by a long shot. He was able to go to Southern Methodist University in Texas,

which was very expensive at the time, as somebody who came from nothing on the real GI Bill as we call it at VVA.

And that is not true today by a whole long shot. The solution is to be paid tuition, books and fees and a living stipend no matter where you can get in. If you can get into the high cost institution you are talking about, then you can go there and not be limited by your family background.

Ms. HERSETH SANDLIN. Thank you. I think that is an important point to make, about the comparison between and among generations.

I have a couple of comments and then a couple of questions. Picking up on the dialog between you, Mr. Weidman, from your opening statement, and some comments that the Ranking Member made on PAYGO. I want to be clear as not only Chairwoman of the Subcommittee, but as a Blue Dog Democrat who advocated for PAYGO, that educational benefits come under mandatory spending. Any changes that we make to increase the benefits, which I favor, should be as comprehensive as we can get to improve these benefits.

Not to abide by PAYGO is not good for today's veterans and their children, because it adds to the deficit. At some point someone is going to have to pay, and it is future generations that are going to have to pay. PAYGO is simply about priorities. We have established other priorities thus far in this Congress. There are 360 bills, most PAYGO compliant. This is about priorities and I think every Member on this side and many of my colleagues in Congress on both sides of the aisle, if we have to find the offsets, we will find the offsets because we support enhancing these benefits. It is a priority for us. It is a priority for many.

But I also don't want us to fail to pick up a dime in search of the dollar and that we make the kind of progress that is feasible if we can't find agreement. Especially when you have seen, obviously, some barriers in both the House and Senate in the last and current Congress in being able to pass legislation, even when there seems to be widespread agreement and then get them signed into law.

I think that we can do this and we can make progress like we have made progress even incrementally so far in terms of what we have done to move the jurisdiction over. That has been a condition precedent that we have needed to make sure that we are able to then have our ducks in a row to make all of this happen.

Again, I just wanted to state that, because I think that we shouldn't shy away from the issue of PAYGO because it makes for some tough choices. Many of us are willing to make the tough choices necessary to enhance these benefits. Again, I don't want today's veterans and their children to be paying for this in another way, because we simply added on to the deficit and I think that we can do this in the short-term. I am hopeful we can do this in this Congress and we can certainly keep making progress, whether it is Senator Webb's proposal on something very comprehensive or whether it is something that addresses certain issues that we have confronted, that we have addressed and tried to formulate proposals both in the last Congress and this one.

This is about streamlining benefits, whether it is taking what does cost money and finding the offsets. We want to be responsible and I think that is what today's veterans would want us to do, is to be responsible with how we do this, and to ultimately get it done. You have the assurance from me, and I think what you have already heard from my colleagues on the dais, their commitment as well to continue to push this with leadership on both sides of the aisle.

I do want to ask a few very specific questions. Colonel Norton, let me start with you. My understanding is that servicemembers who go directly to school have their previous military wages count against them as income, even though they are not going to continue to get those wages. So that prohibits them, unlike their fellow students who went to college right from high school who don't have maybe, clearly, the same level of wages if they were working part-time or even full-time for the summer in terms of what could be counted against them.

I don't know how the parent's contribution comes into play for someone leaving the service versus someone who is going to college right from high school. If the idea is to make sure that we are doing things so that our servicemembers who go directly to college, to school from separating service, can qualify for other types of financial aid, should we give servicemembers a one-time exemption and not count their annual wages if they enter school directly following their separation from service?

Colonel NORTON. I would agree with that. I would also point out, Madam Chairwoman, that in the calculation of annual income for tax purposes, the GI Bill benefits, the value of the GI Bill used counts in the calculation of entitlement to Federal student loans. So that is another problem that is related to your question. And I would agree with your approach on that. Thank you.

Ms. HERSETH SANDLIN. Thank you. Building on that, understanding from your testimony that the current MGIB for Active Duty pays only about 75 percent of tuition. We work to address that, at the same time we could also make a difference if we, again, not only took the MGIB benefit and did not use that in calculating eligibility for Federal student loans, but also the 1-year exemption.

Do you agree that we should be taking into account the Federal Pell grants or other resources, whether they be grants, scholarships, loans, that might be available to veterans? Is it your position and the position of the others on the panel that the Montgomery GI Bill benefit should, regardless of other resources, at least cover the costs of tuition and books for the average rate at a 4-year or 2-year public institution?

Colonel NORTON. Yes. We would recommend that the baseline, the benchmark, would be the average cost at a 4-year public college or university. That would be the start point. If in the future, if Congress wanted to go beyond that, fine. The problem we have, and our friends in the Partnership for Veterans Education, is that there are now about two dozen bills out there in the House and Senate on the GI Bill. And sadly and unfortunately, with all due respect, there has really been no action in either the House or the Senate on the GI Bill.

So even modest steps at this point, I think are overdue. I mean if we can spend billions of dollars a week on the war, we can spend a modest amount, at least, on the warrior. Thank you, Madam Chairwoman.

Ms. HERSETH SANDLIN. Thank you.

Yes, Mr. Chamrin.

Mr. CHAMRIN. We just recently passed a resolution that supports the exemption of the prior year's wages for a military member when they enter service. So if you take an E–4 who earns about $35,000 a year, if they are deployed to OIF/OEF, they count that as income, as wages. Even though it is outside the continental U.S., they count that as wages.

But what about the E–4 who is stationed in Fort Bragg, North Carolina? The same person, equal veteran, equal rates. I myself, when I left Iraq, I had to get a student loan. I got a $15,000 student loan. REAP wasn't enacted yet and—well, it was enacted, but not just in law yet. Sorry, not rolled out yet. So I am $30,000 in debt when I leave college and I am not alone. So there are all kinds of others veterans who have this similar story because of that prior year tax income stipulation.

Ms. HERSETH SANDLIN. Thank you for sharing your personal experience. It helps shed light on the broader experience or problems that we are talking about that some of our servicemembers are experiencing.

Mr. CHAMRIN. I had come back in 2004 and REAP was enacted, I believe, in 2005, so during that first year of school, I wasn't eligible to get any REAP benefits. That is why I took out that loan. I am not alone. Imagine the people from 2001 to 2004.

Ms. HERSETH SANDLIN. Unlike what some of us are proposing and some of you stated, REAP wasn't retroactive.

Mr. CHAMRIN. Right. It was retroactive for the time when it was actually in law and the time I was actually in school, but not before that.

Ms. HERSETH SANDLIN. Right. Okay.

Mr. HILLEMAN. Thank you for this question. The VFW would support what the coalition is advocating for, which is the average cost of tuition education, reimbursement with fees and books. But in terms of working on the margins, yes, there is a great deal of work to be done there.

Well, Madam Chairwoman, when I left service in 1999 and ended up in school in 2002, I was at a very affordable institution. My previous year's income counted against me for financial aid. The money that I had scrimped and saved while in service, while deployed for 3 years plus overseas, also counted against me for financial aid reporting purposes. And then on top of it I had to report on the financial aid form, that yes, I was in receipt of GI Bill benefits.

So for the first 2 years of my educational experience, I received minimal, minimal subsidized student loans. I didn't receive any financial grants. I was ineligible for Pell grants. My last 2 years, I was eligible, because I wasn't working enough to count part-time employment. I was taking a scholarship which didn't count against me. A $14,000 scholarship didn't count on my financial aid, but the

GI Bill did. That didn't make sense to me at the time. But nonetheless, there is work to be done in both places.

Colonel NORTON. Madam Chairwoman, could I just add a point on Eric's remark? I think it is important for everybody to understand that in applying for a Federal student loan, there is no requirement of service to the Nation. They are not obligated to serve. And they don't have to pay up money out of their own pockets to get those benefits. Our volunteer servicemembers contribute $1,200 out of their pay and they serve their Nation in uniform for years on end to get the GI Bill.

So there is a huge gulf between Federal student loan benefits and what you get from the GI Bill and it is amplified in the negative by the examples that Eric and Ron indicated. Thank you.

Ms. HERSETH SANDLIN. Thank you very much for making that point. I absolutely agree, not only as we look at the equity involved for the Selected Reserve. I think it is very helpful to compare, not only in terms of the benefit, but then, eligibility for other Federal loan programs that are available to all students; the comparison of those who have served and those who chose not to, and the equity that needs to exist there and not having these artificial barriers to eligibility for other financial assistance tools for investment in education.

I do have other questions that I am going to submit for the record, in the essence of time. I want to see if any of my other colleagues have questions as well. I would ask each of you if you could submit to the Subcommittee in writing your recommendations for—your top five recommendations—and again, we have a lot of recommendations. I would like from each of your organization the top five recommendations in order of priority, because again, as you pointed out, we have a number of bills, not necessarily competing bills, but variations of bills.

I think that for purposes of going forward, and you are absolutely right in terms of the need to act further, both with the Subcommittee, with leadership and other avenues. We just want to make sure that we are advancing something that is consistent with the recommendations that we are getting from all of those in the coalition. I know you have been one of the point people, Colonel. I appreciate that. I think it would be helpful to the Subcommittee if you could submit that.

Mr. Boozman, did you have any follow-up questions for the panel?

Mr. BOOZMAN. No.

Ms. HERSETH SANDLIN. Okay. Any other Members have any follow-up questions? Thank you.

Well, I thank you all again for your testimony and the answers to our questions.

I would now like to invite Panel Two to the witness table. Joining us on our second panel of witnesses is Mr. Steve Kime, Former Vice President of the American Association of State Colleges and Universities (AASCU); Mr. David Guzman, Legislative Director for the National Association of Veterans Program Administrators (NAVPA); and Mr. Charlie Rowe, President of the National Association of State Approving Agencies (NASAA).

Gentlemen, thank you for being here. We had a chance to see a few of you in Arkansas and since that time. We appreciate your time before this Subcommittee today. Again, the same as with the first panel, your entire written statement has been made part of the record. If you could limit your oral testimony to 5 minutes, we would appreciate it.

Mr. Kime, why don't you begin.

STATEMENTS OF STEVE FRANCIS KIME, PH.D., FORMER VICE PRESIDENT (2003–2005), AMERICAN ASSOCIATION OF STATE COLLEGES AND UNIVERSITIES, AND ON BEHALF OF THE PARTNERSHIP FOR VETERANS' EDUCATION; DAVID A. GUZMAN, LEGISLATIVE DIRECTOR, NATIONAL ASSOCIATION OF VETERANS PROGRAM ADMINISTRATORS; AND CHARLES ROWE, PRESIDENT, NATIONAL ASSOCIATION OF STATE APPROVING AGENCIES, AND, CHIEF, STATE APPROVING AGENCY, NEW JERSEY DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

STATEMENT OF STEVE FRANCIS KIME

Dr. KIME. Yes. Chairwoman Sandlin, Dr. Boozman and the rest of the Committee. I am here today as an educator and as a veteran of three decades of service in uniform. I speak on behalf of the American Association of State Colleges and Universities and the five other presidentially based national higher education associations. These people all support and are all members of the Partnership for Veterans Education and all of those national presidential associations support the Total Force GI Bill. They would like to see this thing happen.

I have submitted very detailed testimony, and what I would like to do is address five interrelated topics here. I am not sure I have them quite in priority order yet, Madam Chairwoman, but I will do that.

First, the GI Bill should actually pay for college and it doesn't. AASCU and the Partnership for Veterans Education support this 4-year public college benchmark. And what I would like to emphasize to you here, because I listened very carefully to what you said, Dr. Boozman, and I understand that you can't get to a hundred percent tomorrow or maybe next year on whatever your idea of the cost of education is.

But you need a vision. And Congress really needs to recognize a benchmark. Where are we going here? Well, a 4-year public college education is a very modest benchmark. In my opinion, it is the most modest possible benchmark that fulfills the national requirement to reward these people for what they have done. That is why it is the benchmark. We had long discussions about that.

Right now, that benchmark, by the way, is $13,145.00 a year, this school year. And the benefit for Chapter 30 now—this is not for your Reservists. This is the best case—is $9,900. So that is where you get 75 percent. And remember, that 75 percent is based on the best case. So the first point is, the GI Bill ought to actually pay for college. Otherwise, it is a promise we are not fulfilling.

The second thing that I would like to address is the fact that the GI Bill has not kept pace with national military strategy and na-

tional force deployment policies. Now, from a philosophical and conceptual point of view, this is a scandal. In the last 25 years, we have radically changed our military strategy and our force deployment policies.

We are doing war entirely differently, how you serve, who serves. Our old notions about those pot-bellied Reservists who only go on the weekends, that is all nonsense. All of those old images we had about the Reserves have to go away. These are the people who serve right alongside that so-called Active Duty servicemember. But we have a GI Bill that is trapped in these old notions about what is a Reservist, who goes, when they go and what they do when they get there.

So how can you have a GI Bill that is totally out of sync with your National strategy and your National deployment policy? We need to look at this from a big picture point of view. And the public needs to understand it from the strategy and policy point of view.

The third thing is that in spite of the fact that we have radically changed our strategy and our deployment policies, we have made precious little progress on the Reserves. When I first started messing with this, they got 47 percent of what an Active Duty person would get. We are nowhere even close to that now. So when I say 75 percent of the cost of college is covered, that is just a dream to Reservists. We have not gotten anywhere on this.

And the benefits are not pegged in any meaningful way to the actual service that these young people perform. How in the world can that be? So not only do we have it out of sync with our national strategy and national deployment policies, but we have it totally out of sync with what each individual does. That is wrong.

The fourth thing is that—and by the way, Madam Chairwomen, when I put these in priority order, this might be first. And that is that the legal, political and budgetary architecture, the very architecture, the structure of the GI Bill is outdated. It is 30 years old. It doesn't fit what we do.

The GI Bill legislation that we have is totally out of step with our own cabinet departments. This is ridiculous. Thirty years ago we didn't have a Department of Veterans Affairs. That doesn't make any sense. GI Bill funding belongs where the advocates for veterans are.

Remember when we did the first GI Bill in 1945, the Department of Defense, which, by the way, didn't exist, opposed it. These people are not interested primarily in veterans. Now, that sounds nasty to say, but the fact of the matter is, Mr. Gates' job is war fighting. Whoever the Secretary of Veterans Affairs will be, might be or whatever here, his duty is to be a veterans advocate.

So war fighting is war fighting. Veterans are veterans. War fighters are war fighters. They do something different. Anybody who thinks that those kids sitting over there in Walter Reed with one leg gone or one leg and one arm gone, those are not war fighters anymore. I am sorry. But it is just true. Those are veterans. The public was outraged at the way those people were treated, because they legitimately felt that these were veterans and should be handled by the Veterans Administration. They darn well should be. We need to separate, just like we have separated in the cabinet, the responsibilities and the advocacy and the funding, the budgeting.

So our architecture for the GI bill is just totally fouled up. It is nowhere near correct.

Ms. HERSETH SANDLIN. Dr. Kime, if you could summarize.

Dr. KIME. I am sorry?

Ms. HERSETH SANDLIN. If you could summarize.

Dr. KIME. I will.

Ms. HERSETH SANDLIN. Thank you.

Dr. KIME. It is time for the Veterans Department to be a Veterans Department and not be a Veterans Administration anymore. I would like to add one last thing. And that is that the management of the GI Bill needs serious help and we will never solve the management of the GI Bill until we get the architecture correct. All of these other problems that we have, about how do we give funds, when do we give funds, whether you can get it for a 3-year school, we will never get those solved if we don't get them in one department. Thank you very much.

[The prepared statement of Dr. Kime appears on p. 76.]

Ms. HERSETH SANDLIN. Well, thank you Dr. Kime. I am glad to hear that you would have put that priority first, because that is essentially what this Subcommittee did, and we have made progress in moving the Selected Reserve benefits over to the VA. We hope that is ultimately signed into law so that we can keep making progress on the other priorities. Thank you very much for your testimony.

Mr. Guzman, thank you for being here. You are now recognized for 5 minutes.

STATEMENT OF DAVID A. GUZMAN

Mr. GUZMAN. Chairwoman Herseth, Ranking Member Boozman, Members of the Subcommittee——

Ms. HERSETH SANDLIN. Could you make sure your microphone is on? Okay. There we go.

Mr. GUZMAN. Okay. You honor us today on behalf of American's most important resource, the American servicemember, past and present, who preserve the freedoms we so much enjoy through their selfless contributions to this great Nation.

We, NAVPA, have long touted the concept that the school certifying official is at the business end of the VA education programs. And each year, we develop our legislative agenda and my comments will come from that agenda and I have made distribution of that earlier in the year.

Our government has a history of finding dollars for the bullets and bombs, but when it comes time for bandages and band-aids, we seem to limit our liability. Veterans deserve better. NAVPA has proposed that appropriations for war contain a set-aside for medicine and benefits for when the servicemember returns and becomes one of our veterans of war.

We fully support the Total Force GI Bill proposal. We would like to see an equitable education program for all veterans for all periods of service, especially for those who put their life on the line in combat. The National Guard and Reservists are pulling their share of active deployments, yet their educational benefits lag well behind the Active Duty Montgomery GI Bill Chapter 30 benefit. They

fight alongside their fellow Active Duty companion, yet receive much, much less in compensation.

We advocate administrative-like changes to the Montgomery GI Bill that would expand the student work-study program, clean up the financial aid dilemma discussed earlier that excludes veterans in need from receiving financial assistance. We advocate the elimination of the 10-year delimiting date in favor of the life-long learning concept, and urge the VA to embrace electronic processing for all claims, all programs of education, for all veterans and their dependents at one efficient processing center versus the four we have now.

We also advocate for the combat veteran who receives general discharge under honorable conditions who currently are denied benefits, though they have paid into the Montgomery GI Bill. Perhaps if this small group of veterans were able to receive education or training under the Montgomery GI Bill, they too would become better citizens, gain meaningful employment and contribute to society in a positive manner. These veterans do receive other VA benefits now.

NAVPA would also like to see an increase in compensation for schools and businesses that administer Veterans Administration education and training programs. When the Vietnam era GI Bill was in existence, the schools responsible for the administration of education worked with two programs. Today, they are responsible for 11 programs, with no change in the $7.00 per student compensation in over 25 years. The result is that some schools are slowly eliminating the standalone office of Veterans Affairs and placing the certification responsibilities as additional duties, moving enrollment certification responsibilities to other offices and lessening the training opportunities for program administrators and placing the burden on the program administrator to maintain compliance with Federal and State laws, this resulting in lessening of service to our veterans.

The program should include full funding, not only for the veteran, but also for the administration of the many programs at all levels, from the Department of Veterans Affairs to the school or agency administering the programs.

Finally, veterans' education benefits, be they Active Duty benefits, benefits for Guard, Reservists, vocational rehabilitation, on-the-job training (OJT) and apprenticeship or survivors benefits, actually cost little to nothing to the American citizen, because, as history has proven, the return on the investment will pay back up to sevenfold. Legislation for veterans education and training must continue to adjust to fit the changes in America's society.

An educated society is less likely to be involved in crime, will pay taxes, buy a home and contribute to the community. To me, it is a no-brainer to upgrade the education and training opportunities for our servicemembers and veterans and give them a meaningful benefit that will, in turn, be right for America and the right thing to do for our veterans.

Again, I thank you for this opportunity. I have dropped two copies of our legislative agenda here today for the Committee. And I now stand ready for any questions you may have. Thank you.

[The prepared statement of Mr. Guzman appears on p. 78.]

Ms. HERSETH SANDLIN. Thank you Mr. Guzman. We appreciate the copies of the report as well.

Mr. Rowe, you are now recognized for 5 minutes.

STATEMENT OF CHARLES ROWE

Mr. ROWE. Chairwoman Herseth, Ranking Member Boozman, Members of the Subcommittee, I am pleased to appear before you today on behalf of the National Association of State Approving Agencies to provide NASAA's view on the current state of the Montgomery GI Bill and to make some recommendations to upgrade the Montgomery GI Bill.

We feel the fundamentals of the Active Duty GI Bill remain essentially sound. The recent changes allowing flexibility for utilization for accelerated payments and the payments for licensing and certification tests have been viewed positively by benefit recipients. And the annual cost of living adjustments are important in the effort to keep pace with the rising cost of education.

Of course, it is widely known, as Mr. Boozman pointed out, that the cost of an education in this country has outpaced the inflation rate by a wide margin for a number of years. As a result, the education benefits provided to recipients under the various chapters continues to fall short of actually paying for a college education or a non-college degree school program.

In a different light though, we find it unfortunate that the increased benefit rates for apprenticeship and other on-the-job training benefits are scheduled to sunset back to their previous rates on January 1, 2008. And we fought very hard to get those benefits increased.

The speed of the benefit payments for recipients enrolled in schools, in our experiences in the field, is that after the first semester they seem to have improved because of the implementation of the electronic certification of students. At the same time, the delays encountered for the payments of benefits to those receiving apprenticeship or on-the-job training programs remains exceedingly slow.

Current state. As other people have stated here before, I have my rates here, that today the prorated benefit rate for the Selected Reservist is about 29 percent of the Montgomery GI Bill Active Duty rate. Initially, it was around 47 percent.

As other people have also stated, the experience of some of our members in NASAA has been the Selected Reservists themselves generally have a poor understanding of the Montgomery GI Bill Selected Reserve benefits that they actually have. A number of them who I have talked to personally have said they didn't know they were not eligible anymore.

So the recommendations, as other people have stated, NASAA is firmly 100 percent behind the concept of the Total Force GI Bill for the purposes of portability, as we have stated earlier. Fairness, we believe that there should be equal benefit for equal service. And also the administration of the program, the various programs are complex and they lead to a lot of confusion on the part of the Reservist.

We strongly feel that the hard won increase of benefits that was provided to those using apprenticeship and on-the-job training ben-

efits should be restored. We strongly support any legislation that would seek to prevent this reduction in the benefit rate.

NASAA wholeheartedly supports the Total Force GI Bill. We believe the events have overtaken the original intent. Our experiences today are leading us strongly to the conclusion that a major overhaul of the Montgomery GI Bill is now overdue.

I would like to thank you for inviting me here today and I will take any questions you have.

[The prepared statement of Mr. Rowe appears on p. 79.]

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

Mr. Boozman.

Mr. BOOZMAN. Thank you very much. I want to thank the panel. Your testimony was very informative. I really don't have any questions though.

Ms. HERSETH SANDLIN. Mr. Walz? Mr. Kline? Mr. McNerney.

Mr. MCNERNEY. Thank you, Madam Chairwoman.

Dr. Kime, you strongly advocate a VA structure that is organized to serve the modern service philosophy. That sounds good. Do you have specific recommendations? And if so, could you submit those to the Committee in writing so that we can ponder those and perhaps find some legislative outlets——

Dr. KIME. I would be glad to. Thank you.

[The information was provided in the Post-Hearing Questions and Responses for the Record, which appears on p. 126.]

Mr. MCNERNEY. You mentioned the Reservists used to get 47 percent of Active Duty members. That is as 1985. Where are we now and how did it fall down to the level that it is?

Dr. KIME. Well, I think you are right about 19 percent, but I am not sure exactly. But it is in that realm, 19 percent as opposed to 47 percent for the Reservist, roughly. I think that is correct.

How did it fall down is easy to answer. When we tried to fix the GI Bill, we fixed Chapter 30, because we have this thing in our mind about Active Duty are Active Duty and Reservists are Reservists. And we always assume that we will get around to patching up the Reserve side of it sooner or later and that it will just follow on. The problem is, it didn't just follow on. We changed all of our deployment policies and our activities. But we didn't actually fix the amount of money. That is how it fell behind.

Mr. MCNERNEY. Thank you.

Mr. Rowe, you have some specific recommendations in your written testimony. I will be glad to spend some time, as other Committee Members will, I am sure, to look at these and if we have any questions, we would like to address those to you.

Mr. ROWE. I am very happy to do that, sir.

Mr. MCNERNEY. Thank you.

Ms. HERSETH SANDLIN. I will not take too much time either. However, I do want to ask a couple of questions.

Dr. Kime, you write in your written testimony that there are "major backlogs in veterans getting their benefits."

Mr. Rowe, your testimony is such that it seems that after the first semester, once it is recurring, it is better especially with the electronic processing, but on-the-job training and apprenticeship is slower.

Could each of you address these numbers? Mr. Wilson from the VA, who is going to be testifying here a little bit later on, has supplied the Committee in his testimony with a table for the processing days and it indicates that it takes on average—and I think this is all claims on average 32 days for original claims to be processed and 13 days for supplemental claims.

What is your experience? Is that about right as an average? Is there a major backlog still now that we have the electronic processing more fully underway as we have done some oversight there in the last couple of years? Mr. Rowe, could you comment on it as well?

Dr. KIME. My experience, what I have actually seen, has not been as good as that and that is because they have improved it a lot. I think Mr. Wilson and his bunch of people in education services have worked very, very hard on this, as has Dan Cooper, Admiral Cooper. These people have focused on this and I think they have made progress.

The thing that the Committee should keep in mind is what are we asking, how much information are we asking for and is the system itself sensible? Is it coherent and is it rational? I dare say that if you turn this whole thing over to MasterCard you would get this done in 2 days.

Ms. HERSETH SANDLIN. I appreciate that.

Mr. Rowe.

Mr. ROWE. Madame Chairwoman, I can only speak anecdotally. But particularly for the apprenticeship on-the-job training payment of benefits, they are paid in an out of system system that only Mr. Wilson could probably better describe than I. So for that reason, there is an incredible amount of delay in the amount of—because it is taken out of the regional process office and sent to a different one. And I know in speaking with individuals who have received those programs, it could take anywhere from 4 to 6 months to receive their first benefit check from the time of initially processing.

The institutionals are a little bit better, as I said earlier. I agree.

Ms. HERSETH SANDLIN. Okay. Thank you. One final question, we heard from the first panel the issue of the MGIB benefit counting against the veteran as it relates to Federal student aid programs. What is your experience? Is there a difference in terms of unsubsidized loans, subsidized loans, Pell grants? Could you take a minute or two to elaborate from your experience what you have seen in working with veteran students?

Dr. KIME. I have seen a great deal of confusion. I have talked to college people, and regardless of what the rules are at any given time, I have seen practices get out of whack with them.

Now, you are going to have someone testify who knows a lot more about this than I do. So I won't get over in that realm, except to say this: The GI Bill is reward for service to your country of a very special kind. I personally, and I am not speaking for higher education here. I am speaking as a veteran. But I personally find it incomprehensible that the GI Bill should count in any way against any means that you have that the government provides. The GI Bill should be over and above every other thing the government does to help the kids go to college who don't serve in the military.

This is a special thing and this should be over and above. If it were up to me and I could pass a law just by writing it, it would be a simple one-sentence affair, and it would say you can never count the GI Bill as a means in any test for any Federal money. But I realize the world is a lot more complicated than that and that the colleges would have their own scholarship moneys that they would apply it to differently anyway. But I think the GI Bill should be treated specially.

Ms. HERSETH SANDLIN. Thank you. Mr. Guzman or Mr. Rowe.

Mr. GUZMAN. Yes. My experience has been the same at the colleges and universities. And in our paper, we write that according to the U.S. Department of Education, when determining eligibility for title IV funds, a financial aid administrator must take into account all forms of assistance received by the student to help pay the education costs. The Montgomery GI Bill is considered a resource and thereby deducted from any assistance. Only veterans with large families are—not only, but for the most part, veterans with large families are the ones that are receiving any kind of Pell assistance at all.

And I agree that shouldn't be part of the consideration when receiving financial aid, especially those that are really in need. There is no consideration to award credit for the months of military service, personal sacrifices, family separation, irregular duty hours, conditions, or for the protections and freedoms that they give us. And the $1,200 contribution isn't even considered in that formula. So they are getting whacked twice on that.

Dr. KIME. Madam Chairwoman, may I make a comment on something I think is often missed here?

Ms. HERSETH SANDLIN. Please, if you can be brief because I want Mr. Rowe——

Dr. KIME. I will.

Ms. HERSETH SANDLIN. Okay.

Dr. KIME. The veteran is an adult student. All of these rules that we have are for your standard kid going to college. Remember, your veteran comes out after having been shot at for 4 or 5 years, they will have a wife. They will have a baby. They will have a car to maintain. They will have a lot of other things. And that is why that GI Bill should be treated—there should be a hands off policy on the GI Bill.

Mr. ROWE. I am not a title IV expert. However, I did ask this very question with somebody who I consider to be an expert on one of my college campuses and she informed me in a very, very long e-mail that I can't capture here, that the GI Bill is not considered as income, but it is considered another resource. And so if someone who is not familiar in financial aid says, well, do you have any other income? And the veteran may say well, I get GI Bill benefits, and they put it down in the wrong calculation, then they will get penalized. And that is an error. I don't know how often that happens, but, you know, it is a possibility.

Ms. HERSETH SANDLIN. Thank you. I appreciate that information.

Any final questions from my colleagues? Okay.

Well, thank you, gentlemen, very much. Again, we may have questions we would like to submit to you in writing and take for

the record. We appreciate the information and your dedication to our Nation's veterans and students.

Joining us on our third panel of witnesses is Mr. Allison Jones, member of the Advisory Committee on Student Financial Assistance for the U.S. Department of Education; Mr. James Bombard, Chairman of the Veterans Advisory Committee on Education (VACOE) for the U.S. Department of Veterans Affairs; and Mr. Walz of Minnesota will be introducing our third panelist, Major General Larry Shellito, Adjutant General for the Minnesota National Guard.

I am going to recognize you in that order. But before we go to Major General Shellito's testimony, I will have Mr. Walz formally introduce you.

Mr. Jones, you are recognized for 5 minutes.

STATEMENTS OF ALLISON JONES, MEMBER, ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE, U.S. DEPARTMENT OF EDUCATION, AND ASSISTANT VICE CHANCELLOR FOR ACADEMIC AFFAIRS, CALIFORNIA STATE UNIVERSITY SYSTEM; JAMES BOMBARD, CHAIRMAN, VETERANS ADVISORY COMMITTEE ON EDUCATION, U.S. DEPARTMENT OF VETERANS AFFAIRS, AND CHIEF, NEW YORK STATE DIVISION OF VETERANS AFFAIRS, BUREAU OF VETERANS EDUCATION; AND MAJOR GENERAL LARRY W. SHELLITO, ED.D., ADJUTANT GENERAL, MINNESOTA NATIONAL GUARD, ACCOMPANIED BY SERGEANT BENJAMIN LEE HATTON, LONG PRAIRIE, MN

STATEMENT OF ALLISON JONES

Mr. JONES. Thank you very much, Chairwoman Herseth Sandlin and Members of the Subcommittee on Economic Opportunity. On behalf of the Advisory Committee on Student Financial Assistance, thank you for the opportunity to provide testimony this afternoon on the Montgomery GI Bill education benefits and title IV Federal financial aid.

As we have heard already today, there are a lot of questions and a lot of misinformation and we are going to try to address some of this today. My name is Allison Jones and I am testifying as a member of the Advisory Committee. As Assistant Vice Chancellor for Academic Affairs for the California State University System, I am also involved in Governor Schwarzenegger's initiative which is called California Troops to College and an ardent supporter of efforts to increase veterans' access to postsecondary education.

The Advisory Committee was authorized by Congress in the 1986 amendments to the Higher Education Act. For more than 20 years, we have provided independent and objective advice and counsel on Federal student aid policy to Congress and the Secretary of Education. Our most important legislative charge is to make recommendations that maintain and improve college access and persistence for low- and moderate-income students. Although we have traditionally worked most closely with the House Committee on Education and Labor and the Senate Committee on Health, Education, Labor and Pensions, we appreciate this opportunity to share

our knowledge of financial aid programs with you and your Subcommittee in order to assist our Nation's veterans.

This afternoon I will explain the interaction between the Montgomery GI Bill and title IV Federal student financial aid programs. The question I will be addressing is whether Montgomery GI Bill benefits restrict in any way eligibility for need-based title IV aid. Therefore, my testimony will focus on the relationship between the GI Bill benefits and need-based title IV aid, including Pell grants, loans and campus-based aid. I would note that my statements are not directed at whether Montgomery GI Bill education benefits are an adequate reward for the service of our brave men and women.

A student's eligibility for need-based Federal aid depends on his or her ability to contribute to college expenses. The expected family contribution is the way we assess the family's ability to pay. It is used to determine two key dollar amounts, a student's Pell grant award, which is an entitlement award, and a student's total need for student aid which is equal to the cost of attendance minus the family contribution. And Congress mandates how we build that cost of attendance.

In addition, title IV prohibits over-award, that is, the sum of the family contribution and aid from all sources cannot exceed the cost of attendance. For veterans, the monthly education benefits that he or she receives are not used in the calculation of the family contribution. That is, the amount of the GI education benefit does not affect in any way how much the student is expected to contribute toward college expenses.

Consequently, since the expected family contribution, or EFC, is used to determine a student's Pell Grant award, the amount of these benefits that a veteran receives does not actually affect that award in any way. Also, since the benefits do not affect the family contribution, they do not affect the student's total need. While the effect of the GI education benefits on Pell grant and the family contribution is straightforward, the effect of these benefits on the eligibility for student loans is a bit more complicated.

Briefly, for Active Duty personnel, GI Bill benefits do not affect the amount of a subsidized Stafford loan. The subsidized loans are those in which the government pays the interest while the student is enrolled. For Selected Reservists, however, the GI education benefits do limit and can eliminate the student's eligibility for subsidized Stafford loans. And for both Active Duty and Selected Reserve, these benefits do affect eligibility for unsubsidized Stafford loans. And unsubsidized loans are those in which the interest accrues while the student is in school, but payment can be deferred and the interest is actually capitalized or the student can pay it.

Let me turn to the effect of the GI Bill benefits on other financial aid programs. There are three campus-based programs that allocate funds to each college to distribute to eligible students. These are known as the campus-based programs, the Federal Supplemental Educational Opportunity Grant, the Perkins Loan and the Federal Work-Study. While GI Bill benefits do not affect the student's Pell grant, family contribution, or total need, they can, in fact, affect the awards under the campus-based programs because of the prohibition against over-awards.

For example, if a student's family contribution, Pell grant and GI Bill benefits equal or exceed the cost of attendance, awards under these other programs can be eliminated. However, as previously mentioned, an exception is allowed for subsidized Stafford loans which can offset Montgomery Bill benefits. This exception plays a role in the determination of campus-based aid. Only in cases where the veteran's full need is fully met by Pell grant, State grants, Montgomery GI Bill benefits and other resources in subsidized loans can the prohibition against over-awards limit campus-based awards.

Even in this case, aid administrators can, in fact, exercise their discretion to disburse campus-based aid up to the amount of the subsidized Stafford loan that the student was awarded to offset or replace the GI Bill benefits. Also, the student can borrow an amount equal to the family contribution in unsubsidized loans, as well as some other loan programs.

More research is needed to assess the interaction of Montgomery GI Bill education benefits on other sources of aid, including Federal tax incentives, the Academic Competitiveness Grant, the National Science and Math Access to Retain Talent Grant, which goes by the acronym SMART, and State grant aid.

Based on the analysis above, three potential changes in title IV might be considered. First, Selected Reserve benefits could be treated like Active Duty benefits in the consideration of subsidized Stafford loans. That is, don't count the GI Education Bill benefits against eligibility for subsidized loans from either Active Duty or Selected Reservists. This benefit would improve parity between the two GI Bill programs, Active Duty and Selected Reserve, and increase access to the subsidized loan program for Reservists.

Second, the exception that allows for campus-based aid to be distributed up to the amount of the subsidized Stafford loans might be required, rather than discretionary. This benefit would increase veterans' access to the campus-based aid programs. And we have heard comments about that already today.

Third, an exclusion for unsubsidized loans similar to the one for subsidized loans could be implemented. This would allow veterans to borrow additional funds to cover educational expenses.

Whether such changes are necessary or desirable, including an assessment of unintended consequences, requires a thorough review by your Committee, relevant education committees in the House of Representatives and Senate, the Department of Veteran Affairs, the Department of Education and the higher education and the financial aid community.

On behalf of the Advisory Committee members, thank you again for this opportunity to testify before you today. We look forward to continuing to provide technical assistance on the matters discussed today.

[The prepared statement of Mr. Jones appears on p. 86.]

Ms. HERSETH SANDLIN. Thank you, Mr. Jones, for laying out the complexity of what we are grappling with here today.

Mr. JONES. And I am so sorry.

Ms. HERSETH SANDLIN. No, no, I was going to—initially though I wanted to thank him for clarifying, although I am not entirely sure it is clarified right now in my mind. It will be, because you

have gone through the complexity and once we get it all down—but I can certainly understand why students would be confused and possibly financial aid officers as well.

Mr. Bombard, you are now recognized for 5 minutes.

STATEMENT OF JAMES BOMBARD

Mr. BOMBARD. Chairwoman Herseth Sandlin, Ranking Member Boozman and Members of the Subcommittee on Economic Opportunity——

Ms. HERSETH SANDLIN. Could you turn on your microphone, sir?

Mr. BOMBARD. How about now? Okay.

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 Department of Veterans Affairs Secretary's Veterans Advisory Committee on Education to provide the Committee's views on the current state of the MGIB Active Duty and the Montgomery GI Bill Selected Reserve and provide recommendations to update the Montgomery GI Bill and possible legislative action that should be considered by the Subcommittee.

It is the Advisory Committee's view that the program flexibility and efficient claims processing are the keys to a veteran's seamless transition of providing earned education benefits to eligible participants. The reason seamless transition is difficult to accomplish is that the Montgomery GI Bill was created in 1984. It was both similar and different from previous GI Bills. It was similar in that it provided benefits for veterans who chose to enroll in an educational program or an approved educational training institution. It was different because education programs' special rules provided higher benefit levels for persons having eligibility for prior programs with lower benefits authorized for persons enlisting for less than 3 years. Another unique feature of the Montgomery GI Bill is that it authorized benefits for those in the Selected Reserves, Chapter 1606 program, although the maximum benefit was much lower than the Active Duty rate. Additionally, the MGIB authorized kickers or additional monthly benefits for certain veterans in certain military occupations and buy-ups for certain seeking higher monthly benefits.

Congress, although well meaning, tends to create new initiatives designed to shore up existing deficiencies in the current MGIB, without dealing with the administrative problems inherent in trying to integrate new program components in the established Montgomery GI Bill. As a result of the proliferation of eligibility categories and benefit levels, fewer educational claims are straightforward. The complexities of a number of new GI Bill opportunities have resulted in a cumbersome data management system that does not timely respond to the needs of veterans and other GI Bill recipients.

It is the Committee's belief that the VA Education Service, in conjunction with Congress, can create an effective, efficient claims processing system by adopting the following: Restructure the GI Bill, adopt the Total Force. This will streamline claims processing. Create a synergistic relationship with Congress in order to ensure feasibility and support for any additional programs associated with

the GI Bill, improve information exchange between DoD and VA. The need for constant communication between DoD and VA would be minimal with a restructure of the GI Bill. Invest in state-of-the-art information technology (IT) systems, and hire additional staff to do claims processing, or, at a minimum, maintain the budget direct full-time equivalents.

Recommendations, Total Force. The Advisory Committee, after nearly 2 years of studying the Montgomery GI Bill, recommended the fundamental change to the structure of the Montgomery GI Bill and also put forth the framework for a new GI Bill that reflects the realities of the Total Force policy.

It is the Committee's belief that this restructuring is necessary to incorporate program flexibility, ease of administration and equity of service rendered.

For these reasons, we recommend replacing the separate GI Bill programs for veterans and Reservists with one program that consolidates the GI Bill programs under one umbrella, title 38, U.S. Code. This would include enrolling all current eligible personnel in Chapters 30, 1606 and 1607 in the new Total Force GI Bill. This approach would add value to the Montgomery GI Bill as a recruitment and retention tool for the Armed Forces, including the National Guard and Reserve, establish an equity of benefits for returning Guard and Reserve members, support Congress' intent for the Montgomery GI Bill, and potentially save taxpayers money through improved administration.

Because most of the Reservists have both careers and families which are embedded in towns and cities across the country, these activated citizen-soldiers, Mayors, police chiefs, firefighters, small businessowners, face additional burdens as financial and career obligations mount, while their families, employers and communities frequently face sacrifices and hardships as well.

This has led to an inequitable situation. First, Selected Reserve members and members of the Individual Ready Reserve may be called to Active Duty for considerable periods, but less than 2 years. When they return to civilian life, what is available to them to readjust? They have nothing at all if they don't stay on Active Duty.

In the essence of time, the VACOE has focused on consolidating veterans' education benefit programs into a single Total Force structure, placing them in the department where veterans advocacy is the first priority and ensuring that a fair framework for providing benefits commensurate with the nature of military service is established and maintained.

The architecture of any future GI Bill is very important. Shifting the funding out of title 10 and placing responsibility for GI Bill administration in the proper cabinet department, VA, is the key of any future efforts to improve the administration and fundamental fairness of the GI Bill.

If implemented, we envision wins for the individual Selected Reserve, a win for the Armed Services, and a win for our national security.

Summary of Differences: Separate GI Bill programs contain different titles vs. Total Force proposal with one title; confusing separate GI Bill programs vs. straightforward Total Force; separate GI

Bill programs have multiple committees vs. Total Force with half the committees; separate GI Bill programs costly redundancies vs. Total Force savings through efficiencies; separate GI Bill programs have different benefits for same risks vs. Total Force with same benefits for same risks; separate GI Bill programs contain delimiting date inequities vs. Total Force fair delimiting dates; separate GI Bill programs result in modest retention incentive vs. Total Force increased retention incentive; separate GI Bill programs have no Selected Reserve readjustment benefits vs. Total Force Selected Reserve readjustment benefit; separate GI Bill programs have different rules for different recruiters vs. Total Force with same rules for recruiters; separate GI bill programs with inequitable upgrades vs. Total Force equitable upgrades; separate GI Bill programs result in recipients confused vs. Total Force is simplified for recipients; separate GI Bill programs with staff training complexities vs. Total Force simplified staff training.

The Total Force proposal provides a unique opportunity to create a comprehensive GI Bill that is both fair and simple. Its eloquence is its equity and simplicity.

The question always raised by Congress when considering the GI Bill is can we afford it. Well, I don't think we can afford not to.

I will be happy to take your questions.

[The prepared statement of Mr. Bombard appears on p. 89.]

Ms. HERSETH SANDLIN. Thank you for your testimony.

I would now like to recognize Congressman Walz of Minnesota to make the introduction of our final witness on this panel.

Mr. Walz.

OPENING STATEMENT OF HON. TIMOTHY J. WALZ

Mr. WALZ. Thank you, Madam Chairwoman. It truly is an honor for me to introduce our next witness. Major General Larry Shellito is the Adjutant General of the Minnesota National Guard. It is kind of an unusual situation here. As a former member of the Minnesota National Guard, I served under General Shellito's command, including a deployment in support of Operation Enduring Freedom. I have had the privilege of working with him on many issues affecting the Guard.

And as General Shellito became the Adjutant General of the Minnesota National Guard, he has led them through operations in Iraq, Afghanistan, the Balkans, other areas of the world, plus major State emergencies from flooding to fires and created what is considered to be the best reintegration program in the Minnesota National Guard's Beyond the Yellow Ribbon Reintegration Program.

The Minnesota National Guard is the gold standard for reintegration, readiness, training and recruitment throughout the country and those successes have a lot to do with General Shellito's leadership. General Shellito is well-positioned to testify today on this issue, as a former educator who served as the President of Alexandria Technical College. He served in the Vietnam War earning the distinguished service medal, legion of merit, bronze star, combat infantry badge and numerous other awards. He holds a doctorate in education from the University of Minnesota, extensive

military education, U.S. Command and General Staff College, U.S. Army War College.

General Shellito is going to speak about a specific incident today that maybe some of you have heard about, the 1,162 members of the 1st Brigade Combat Team (BCT) of the 34th Division who, by a glitch in, as my colleague from the second district of Minnesota put out, this red tape that is causing these people to be denied benefits. And I am very pleased—I think General Shellito is in a unique position with his experience and his insight, well qualified to not only address the specific issue he is going to talk about, but help us draft further legislation.

And then he is going to do something that I think is very important for all of us here today. He is going to put a human face, what a bureaucratic snafu can do when he introduces you to one of our warriors recently returned from Iraq, in Sergeant Ben Hatton. And he will tell his story.

So with that, it is a real pleasure to introduce the Adjutant General of Minnesota, Larry Shellito.

STATEMENT OF MAJOR GENERAL LARRY W. SHELLITO, ED.D.

General SHELLITO. Thank you. Madam Chair, Representative Boozman, Members of the Subcommittee, thank you for the opportunity to testify before you today. I will begin by identifying that I am testifying on behalf of the State of Minnesota and its Commander in Chief, Governor Tim Pawlenty.

Although I am a federally recognized Army General Officer, I appear before you today as a State official at State expense. My testimony is an independent expression of the State's interest. The Department of Defense has not previewed, edited or otherwise approved my testimony.

Now, with that having been said, this afternoon I will discuss with you the problems surrounding the Montgomery GI Bill that more than 1,000 members of the Minnesota National Guard's 1st Brigade Combat Team of the 34th Infantry Division, known as the Red Bulls, have faced upon their return from Active Duty.

I want to acknowledge that the stakeholder agencies involved in the process, the Army, the National Guard Bureau, the Congressional Delegations, all have been very supportive of our citizen-soldiers of the Minnesota National Guard and the BCT. In particular, the Department of Veterans Affairs is attuned of the issue and is willing to assist once the challenges are overcome.

I thank Congressman Kline and Walz and the Minnesota Delegation for recently authoring a resolution commending the Red Bulls for completing the longest deployment of any military unit during Operation Iraqi Freedom. While on title 10 status, more than 5,000 Red Bulls from 38 States were slated to return home in the spring of this year. However, the President's announced surge strategy extended the tours of combat brigades in Iraq.

When the Army orders units to perform its mission or execute a change in existing mission, they generate an order to reflect that action. Twenty-five hundred Minnesota soldiers were extended to support this surge, but there are some significant discrepancies that brings me here today. Eleven hundred thirty-eight orders reflected a 730-day duty duration and 1,162 orders reflected a dura-

tion of 729 days or less. Six hundred forty-eight soldiers were ordered exactly 729 days or 55.7 percent of those that were under the 730.

Being ordered to Active Duty for 730 days, or 2 years, as you are all very well aware, is an important factor in qualifying for educational benefits. A soldier ordered to Active Duty for 730 days is entitled to benefits under Chapter 30 of the Montgomery GI Bill, while a soldier ordered to Active Duty 729 days or less is entitled to benefits under Chapters 1607 or 1606.

The center of gravity for those who are affected by orders less than 730 days is not only that they receive $220 less per month than their counterpart, but also lose the portability of educational benefits. We first discovered this discrepancy of the length of tour orders during the demobilization process at Fort McCoy in July of this year. Some soldiers learned that they would get this portable benefit that they could use over the next 10 years while literally the soldier standing next to them in formation, with whom they had served from the deployment from start to finish, did not receive the benefit.

One such 729er is Sergeant Benjamin Lee Hatton, of Long Prairie, Minnesota. He joined the National Guard after his junior year in high school and he exemplifies the patriotism so prevalent throughout the American military today. Sergeant Hatton knew that his membership in the Guard would enable him to achieve his goal of graduating from college. He was called by this Nation to serve in Iraq. Ladies and gentlemen of the Subcommittee, he did so with honor and distinction. And in fact, this young soldier sitting before you today was twice awarded the Purple Heart for wounds received in combat.

[Applause]

General SHELLITO. Upon his return to Minnesota to pursue his dreams of college, he learned that even though he had served the entire length of the deployment, his extension orders reflected 1 day less than required for Chapter 30 Montgomery GI Bill benefits. This is the bottom line. Sergeant Hatton and his comrades were extended in keeping with the Total Force concept, but are not being provided the commensurate Total Force benefits.

As I conclude, I hope that you will each take the necessary actions to provide these patriotic young Americans the educational benefits they have earned in our Armed Forces. The National Guard is no longer a strategic reserve. It is an operational force and educational entitlements for our servicemembers must be overhauled to reflect this new reality.

Madam Chair, Representative Boozman, Members of the Subcommittee, I thank you for your time this afternoon and I, too, want to thank you for your service to your Nation.

[The prepared statement of General Shellito appears on p. 94.]

Ms. HERSETH SANDLIN. Thank you, General Shellito.

I would ask unanimous consent that we allow Sergeant Hatton to share a few words with us. No objection is heard.

Sergeant Hatton, if you would like to speak, you are not expected to speak. I had to ask unanimous consent because you were not listed officially on our agenda today. I think it is wonderful that you also made arrangements along with General Shellito to be with

us today. If there was something that you would specifically like to share with us, we would be more than happy to hear from you.

Sergeant HATTON. Well, Madam Chairwoman, Mr. Boozman, Members of the Subcommittee, I was in Iraq for 16 months and before that, we had 6 months training in Camp Shelby. There was a certain individual, Private Wingus, he was with me from day one until day end, when we left, with me every single day. He was in my platoon. For most of the time he was my gunner and when we came back to Fort McCoy for the demob, it turned out his orders said 739 days, mine are at 700—or his were 730 and mine were 729. So that is a perfect example of someone who was with me every single day doing the exact same job who ends up making about $600 more a month on the GI Bill than I do just because his orders say one more day.

And I really, I mean it is really nobody's fault. It is just a mistake in the government and I just think it needs to be fixed, so the rest of the guys who were in my case, 1,162 of us, can get the money that we are entitled to.

Ms. HERSETH SANDLIN. Well, I agree with you and I think other Members on the panel will express their sentiments as well. I think you should go into diplomacy. I think you were very kind.

Thank you for the unanimous consent to hear from Sergeant Hatton.

Again, General Shellito, thank you for making the arrangements to be here.

I would now like to recognize Mr. Boozman.

Mr. BOOZMAN. Thank you, Madam Chair.

And very quickly I want to thank all of the panel for being here, but especially you, Sergeant. We appreciate your service to your country and we are very, very proud of you. I think you summed up what we needed to do very, very quickly and I am going to yield my time to Colonel Kline. And again, with Mr. Walz and Mr. Kline's leadership, hopefully we are going to get this thing settled very quickly. Thank you.

Mr. KLINE. I thank the gentleman for yielding. I hope that we are going to get this fixed quickly.

I thank all the panelists for being here.

Thank you, Mr. Jones, for your complex enlightenment. Like the Chairwoman, I don't know how much was clarified, except that it is even more complicated than I thought.

I thank all you for being here, and of course, General Shellito, thank you for being here to testify and thank you for your tremendous leadership. As my friend and colleague, Mr. Walz, said, the Beyond the Yellow Ribbon Program is emerging as the model for the country to help these soldiers move from wartime to peacetime and reintegrate into their civilian communities and lives.

Let me take just a second and say how much I admire Sergeant Hatton. He not only received two Purple Hearts, but the results of one of those is reflected in the smile and he has been trying, with some effort, to perhaps not display that. You should be proud of it. We are certainly proud of you.

Let me just take just a second to express some of the frustration that I think all of us on this panel, and certainly Mr. Walz and I have experienced as we have tried to resolve what is clearly an in-

equity that you, Sergeant Hatton, have suffered. It is clearly not fair for two soldiers to head out together, serve every day together, including the 16-month longest combat tour of any combat unit in America when you served in Iraq, and come back together and get off the plane—you may have been there perhaps when Mr. Walz and I were standing on the tarmac and you walked off the plane and then you look at the piece of paper and one of you gets full Montgomery GI Bill benefits and the other does not.

Everyone that I have talked to in the Department of Defense, the Department of the Army, in the National Guard, in the Department of Veteran Affairs, in the White House and here in Congress, agrees that this is not fair. And it is something that we ought to fix. What has been frustrating to all of us is that when we talk to the Secretary of the Army, Mr. Garrin, who has been trying mightily to fix this thing, he is told by his lawyers that he can't fix it with a stroke of a pen. And he has come up with a system which we hope is going to—it is a bit complex, but we hope it is going to fix it so that you can go to school in January with full Montgomery GI Bill benefits.

And the Acting Secretary of the Department of Veterans Affairs in the VA, he can't fix it with a stroke of a pen according to the lawyers on his staff. And I found out today that according to the lawyers in the White House, the President can't fix it with a stroke of a pen or with an Executive Order.

And so everyone knows it is not fair. Everyone knows it needs to be fixed. And yet, day after day is going by and the spring semester—you already need to get underway to start going to school in January and we have to get these things fixed. I am very happy to be a cosponsor of Mr. Walz's bill. I would be, and I am on another bill and I would be on five others if we could fix this immediate problem.

I think that—I know that I have the support of Mr. Boozman and I am sure the Chairwoman and other Members, because every single Member that I have talked to understands it is not fair and it has to be fixed and we want to do that.

Now, having said that, I also agree with much of the testimony today. We have had panel after panel who said, in effect, we need to overhaul the GI Bill. We need to consolidate it. We need to go to a Total Force concept. We need to rewrite it. We need to fix it, because clearly, we have other inequities in the system beyond the issue that is facing the 1,162 of you who have 729 or fewer days, and that is from Minnesota. And there are other soldiers that are involved and have the same thing from neighboring States.

So that is an immediate problem that I hope we can move quickly, even if someone out of regular order in Congress to get some legislation which will fix that in the longer term. As I mentioned earlier, I know that our friend and colleague, Vic Snyder, has been working this issue. And I remember him complaining specifically about the 730 issue, the 24-month issue that affects the Reserves 3 or 4 years ago, and we have been unable to fix it in a comprehensive fashion. I hope that we are going to be able to do that in a comprehension fashion. But in the near term, I hope that Mr. Walz's bill is able to move forward at the speed of heat so that these soldiers can go to school in January with their full benefits.

I won't ask any questions because I am afraid Mr. Jones would answer and then I would have to start again with that whole complexity thing. But again, I want to thank you, sir, for your testimony and actually really the clarity that you brought to what is an enormously complex problem and it speaks to the issue of trying to fix this thing in a comprehensive way so that students, as well as financial aid officers and others, can understand what they are supposed to be doing.

Thank you very much for your indulgence, Madam Chair.

Ms. HERSETH SANDLIN. Of course, Mr. Kline, and again, thank you for being with us today and for your work on this specific issue. We look forward to working with you to make this fix happen sooner, rather than later, much sooner, we hope.

Mr. Walz, you are recognized.

Mr. WALZ. Well, thank you, Madam Chairwoman, and I would like to thank my colleague from the 2nd District and let Sergeant Hatton know you have one very motivated and irritated Marine Colonel who is on this. You have added an irritated Sergeant Major to it now. So I can tell you that every waking moment we are working to deal with this. Please know that your sacrifice and the people of the first and the second districts of Minnesota will not rest until we make sure that is honored. And you have heard the other people testify. You have generations of people behind you.

You have the Vietnam Veterans of America testifying that we need to get this thing right for you and an understanding. We heard many people talk about, and I appreciate Dr. Kime's comments that the old stereotype of the National Guard is dead and gone, as you so well know with 16 months of combat duty in Iraq. Those are the old days and the GI Bill is outdated. So I appreciate those comments.

I just wanted to just make one point. This is just to help me on this. You got back, Sergeant Hatton, in July and you enrolled at the University of Minnesota Duluth; is that correct, for fall term?

Sergeant HATTON. That is correct, Congressman.

Mr. WALZ. Have you received your GI Bill benefits at all for the fall term then, your Reserve? Have you got a check from them?

Sergeant HATTON. Negative. When we originally went in to sign up, I signed up pretty much as soon as I got back, probably about August 5th, and she said that the system was going to be so backlogged we shouldn't expect anything until December or later.

Mr. WALZ. Now, you just heard the VA people say it takes 15 days. That is not your experience?

Sergeant HATTON. Well, based upon my experience, Congressman, I would have to totally disagree with that, but—and also, they said that since I had gone to college prior to going to Iraq at the University of North Dakota and I had collected GI Bill there, they said that since I was already in the system it would go faster than people who were just first signing up for it.

Mr. WALZ. Now, this issue has nothing to do with the 730-day issue. You are just trying to get your benefits under the Reserve side of benefits. So this is totally separate, correct?

Sergeant HATTON. That would just be the Chapter 1607 benefits right now.

Mr. WALZ. So your experience after 16 months of combat in defense of this Nation has been on the GI Bill that you have received nothing and we are sitting here on October 18th.

Sergeant HATTON. Roger that, Congressman.

Mr. WALZ. Okay. Thank you.

And I yield back, Madam Chairwoman, just to set the——

Ms. HERSETH SANDLIN. Mr. Boozman, did you—that is right. You had yielded.

Mr. McNerney.

Mr. MCNERNEY. Thank you, Madam Chairwoman.

My observation is that there is a tremendous amount of information here. You all have done a terrific job putting this together in a way that we can use it to do what we need to do to make sure that we take care of these problems. We have heard a story of heroism and inequity and now it is our job, again, on this panel, in this Committee, in this Congress, to make sure that we fix these problems so that you can proceed to get the benefits that you are entitled to. We will do our job. Thank you very much for your service.

Ms. HERSETH SANDLIN. Sergeant Hatton, thank you for being so good-natured about this issue. We appreciate your service. The reason we are concerned is not only the broader issue that you described in your initial statements about the disparity of the 1 day and how that affects the benefit. Then to understand even in more specific terms what you are eligible for, despite the mistake that we are going to try to fix very quickly, that there is now this delay in the benefits actually being applied to your tuition. That is something that, we are grateful for your testimony in response to Mr. Walz's question, we can explore with our next panel as well.

I do have a question for Mr. Jones, because it is so enlightening and we are going to probably follow up with you with some written questions for the record. Could you address the issue that the prior panel, Mr. Rowe, had stated in terms of other income versus other resources and the possibility of errors being made because MGIB benefits might be considered as another resource, but they are not to be considered other income. Could you elaborate a bit on that?

Mr. JONES. Right. I mean the law is pretty straightforward. The Montgomery GI Education Bill benefits is considered a resource. It is not to be used as income in the calculation of a family contribution. Can I state unequivocally that every financial aid director understands that? I can't. I wish I could.

But clearly, it has been my experience that everyone is pretty familiar that this is not considered income in any way at all, although there is the misunderstanding, I understand, in the general public. And we have encountered this even in California and our Troops to College initiative, I must tell you, a misunderstanding in the general public on how it is used.

If you would think of the GI Education Bill benefits, it is used against any need. The difference between the cost of attendance and whatever the family income is, is the need and that is where the Montgomery Bill benefits apply, against that need.

Ms. HERSETH SANDLIN. Just to clarify, cost of attendance is tuition or fees and/or fees and books?

Mr. JONES. No, it is actually more than that. Congress has dictated that the cost of attendance in the Higher Education Act includes tuition, fees, room, board, books, supplies, transportation and other educational-related expenses.

Ms. HERSETH SANDLIN. Thank you. I am going to submit a question to you regarding the Perkins Loan Program.

General Shellito, from your understanding in working with the Department of Defense to try to solve the particular problem we are facing with the Minnesota National Guard. According to your understanding, is it policy, regulation or law that prevents the Army from changing the orders?

General SHELLITO. Madam Chair, everyone that we have talked to says they are going to do everything in their power to correct the situation. But every time it hits a snag, it is after legal opinion. So I would have to say, answering your question, it would be in the law.

Ms. HERSETH SANDLIN. Is there a situation here where the change would be easier if your members were still on Active Duty?

General SHELLITO. Madam Chair, no. The only solution that is—and we are working this one, which is logistically intensive—is that we are contacting each and every soldier that we have identified as affected, sitting them down. They are filling out the 11 pages of paperwork. We are putting that—sending that in and sending it here through the National Guard Bureau or to the Army Board for Correction of Military Records (ABCMR). They will review each and every one of those records on an individual basis, as we are being told.

To give you an example, we just delivered yesterday a 16-pound box with about 200 and some forms. We wanted to do a class action. Their legal counsel said that is unacceptable, according to their interpretation of the regulations.

Ms. HERSETH SANDLIN. Their interpretation of the regulations. That is what they——

General SHELLITO. I have had our Judge Advocate General (JAG) look at it and he thought there was more latitude——

Ms. HERSETH SANDLIN. Subject to differing interpretation, perhaps.

General SHELLITO. Yeah.

Ms. HERSETH SANDLIN. Right? I am sorry. I didn't mean to interrupt. You had your JAG look at it and——

General SHELLITO. They think they did have some latitude, they could have. But we have had too many people say help us help you and just get the paperwork done. So we bit the bullet and that is what we are doing.

Ms. HERSETH SANDLIN. Okay. Thank you.

Mr. BOOZMAN. Hopefully we can——

Ms. HERSETH SANDLIN. Mr. Boozman.

Mr. BOOZMAN. Well, the only comment I would say, Madam Chair, is that hopefully we can work with Mr. Filner and Mr. Buyer and perhaps get this on the suspension calendar and get Mr. Walz and Mr. Kline's legislation pushed through so that they can finally get some relief and not have to fill out those long forms.

Ms. HERSETH SANDLIN. I think that is a very good suggestion, one that we have already had some informal discussions about. We

will certainly do all we can within the jurisdiction of our Subcommittee to put the pressure on the powers that be here in this institution to get this done. Perhaps you don't have to be delivering another 16-pound box full of those forms. It is ridiculous. That is the general consensus here. Thank you, again, for your responses, for the time of all of our witnesses on this panel. Thank you for your service to the Nation and the service to our Nation's veterans.

I would now like to ask our final panel to the table. Joining us on our final panel of witnesses is Mr. Thomas Bush, Acting Deputy Assistant Secretary of Defense for Reserve Affairs, U.S. Department of Defense; Dr. Curtis Gilroy, Director for Accession Policy, Officer of the Undersecretary of Defense for Personnel and Readiness, U.S. Department of Defense; and Mr. Keith Wilson, Director of Education Service for the Veterans Benefits Administration for the U.S. Department of Veterans Affairs.

Gentlemen, thank you all for being with us. Thank you for your patience. We knew this was going to be a rather lengthy hearing today because of the importance of the topics to discuss and the number of individuals with helpful testimony on a number of these different matters related to the overarching issue of modernizing the Montgomery GI Bill.

Again, the written statements have been made a part of the record and we will start with you, Mr. Bush. You are recognized for 5 minutes.

STATEMENT OF THOMAS L. BUSH, ACTING DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR RESERVE AFFAIRS (MANPOWER AND PERSONNEL), U.S. DEPARTMENT OF DEFENSE; CURTIS L. GILROY, PH.D., DIRECTOR, ACCESSION POLICY, OFFICE OF THE UNDER SECRETARY OF DEFENSE FOR PERSONNEL AND READINESS (MILITARY PERSONNEL POLICY), U.S. DEPARTMENT OF DEFENSE; AND KEITH M. WILSON, DIRECTOR OF EDUCATION SERVICE, VETERANS BENEFIT ADMINISTRATION, U.S. DEPARTMENT OF VETERANS AFFAIRS

STATEMENT OF THOMAS L. BUSH

Mr. BUSH. Thank you, Madam Chairwoman.

Congressman Boozman, Members of the Subcommittee, thank you for the opportunity to be with you today to discuss the educational assistance programs available to National Guard and Reserve members. As we all know, we are at war and the dedicated men and women who serve in the Guard and Reserve have answered the call to duty, as you have seen here in the room.

Most importantly, they are joining our ranks and staying with us. This year combined, the Reserve components achieved 98 percent of their recruiting objectives. Through August, combined attrition for officer enlisted personnel is at its lowest level since 1991. All indications are that we finish 2007 at 98 percent of our authorized strength for the Selected Reserve.

Many factors play into those incredible statistics. Providing our members with pay and benefits that recognize and rewards their service and sacrifices clearly helps. But ultimately, these young men and women are superb patriots who are volunteering to serve our country.

Over the past 5 years, my boss, Secretary Tom Hall, has traveled extensively to talk to Guardsmen and Reservists. He has traveled to over 200 sites. He has spoken with over 230,000 servicemembers and their families. During these visits, he has heard many positive comments in the manner in which the Department and Congress are supporting them and their families. He has heard that educational benefits are important to our Guard and Reserve members.

Having said that, we believe there are areas within the educational benefits arena that are of concern to our troops and need addressing. First, the most frequent comment that Secretary Hall receives regarding Reserve education benefits is the benefit level for the Selected Reserve MGIB program is atrophied over the year and you have heard testimony to that effect, and it has not kept pace with the cost of education or the amount available under the Active Duty Montgomery GI Bill program.

We are committed to addressing that issue. In fact, although, as some of you testified today, there hasn't been a single bill that has come out of the Department, we, in fact, have been working on that for the last 2 years. We also believe we need to examine ways in which we might incentivize our people to serve longer. One way to accomplish this might be to extend the timeline in which the Montgomery GI Bill for the Selected Reserve is available for use by Guard and Reserve personnel. As you know, eligibility essentially ends now at the 14-year point.

We also believe we need to review the ceiling on the MGIB kicker, since this is an important incentive that helps us shape the force. This is particularly important as we evolve the force to meet the challenges of the 21st century. There are other areas that need to be addressed as well.

We have members who may not be able to remain in the Selected Reserve because of Base Realignment and Closure (BRAC). We propose extending the draw-down provision of the 1990's that allowed a member affected by force shaping and reductions to retain his or her Selected Reserve MGIB eligibility for up to 10 years after being separated from the Selected Reserve. This change is included in the Senate-passed version of the 2008 National Defense Authorization Act. And I would ask for your support in encouraging your colleagues on the Armed Services Committee to support this provision.

The Department also proposed modifying the REAP program to allow a member who incurs a short break in Selected Reserve service, up to 90 days, to continue to receive benefit payments during that break and to retain the REAP eligibility, even if the break exceeds 90 days. Currently, a Selected Reserve member cannot receive benefit payments during the break and loses eligibility if the break exceeds 90 days. Unfortunately, this has not been acted upon by Congress and we would ask for your support for this proposal as well.

One area where we would urge caution, and I know this is controversial amongst the Members of this Subcommittee, and that has to do with making changes that would affect the retention aspects of the Reserve programs. Since service in the Selected Reserve is voluntary and most Selected Reserve members are able to

transfer from the Selected Reserve at any time, and unless they have obligated for service in Selected Reserve because they receive an incentive, a bonus, loan repayment or the MGIB for the Selected Reserve.

This is why we are so interested in the retention aspects of these programs. We need incentives that encourage people to stay, not incentives that encourage them to leave.

I would like to thank the Members of the Committee for all you do and all you have done for the men and women who serve this great country. I look forward to answering your questions.

[The joint prepared statement of Mr. Bush and Mr. Gilroy appears on p. 106.]

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

Dr. Gilroy, we look forward to your testimony. You are recognized for 5 minutes.

STATEMENT OF CURTIS L. GILROY, PH.D.

Dr. GILROY. Madam Chair, Ranking Member Boozman, Members of the Subcommittee, and members of the distinguished staff behind them who work so hard, you need to be recognized, too. I, too, am delighted to appear before the Subcommittee on Principal Deputy Under Secretary Dominguez's behalf. And I thank the Committee, too, for many years of service and concern for promulgating and protecting educational benefits, in particular, to our service men and women.

These programs are particularly important to the Defense Department for a whole host of reasons. They help us manage the force, for one thing. But they are so critical and valuable to military members and veterans simply because they help them achieve their educational goals about which we were talking in previous panels.

We know that education is a private benefit to individual servicemembers and veterans, but we also know that it is a social benefit as well. It is a significant asset to the Nation as we invest in our human capital, particularly our young men and women who have served.

I am going to limit my remarks, and they will be brief, to policies relating to the Active Duty program for which I have responsibility. I will make three points. Point number one is this: the Montgomery GI Bill program and the supplemental kickers, which when combined with the basic benefit, make up the service college funds, are simply the cornerstone of our service recruiting efforts. It is as simple as that. We attract high aptitude recruits with high school diplomas and that is our prime market. Money for college, our educational benefits, continue to be and consistently rank as one of the most important reasons for young men and women to enlist in the military today, and we recognize that.

Enrollment in the Active Duty MGIB program has risen from only 50 percent when it first began in 1985 to over 96 percent today. Two point eight million men and women have chosen to participate in the Montgomery GI Bill program since its inception. So such participation certainly speaks clearly and loudly to its attractiveness both as an incentive and as a benefit.

Point number two. Today's Montgomery GI Bill has its lineage in the post-World War II Bill of Rights during which time we had a conscripted or draft force. Its purpose was to ease the transition of those servicemembers to civilian life. We all know the history and some have benefited from that in this room.

Today, we have a volunteer military and, as codified in title 38, we use the Montgomery GI Bill benefit for that original purpose, this transition to civilian life. But we also use it, and this is very important, in recruiting and also for managing the force. In a way, we have a different GI Bill for a different time. We no longer have a draft or a conscripted force. We have a voluntary military, managed very differently.

Point number three, and this is my last point and it is the most important one. If you forget everything I said today, I ask you to remember this point. And it has to do with the value of the educational benefit, which is particularly important, not only in terms of the monetary benefit itself to servicemembers and veterans, but it is also important because of the effect it has on recruiting and retention, something that my colleague to the right has just mentioned in his closing remarks, force management.

The benefit has to be large enough to be an effective recruiting incentive. It has to be large enough, of course, to provide a significant amount for educational purposes, too. We won't forget that. But it cannot be too large so as to seriously and adversely affect retention. Don't forget that the Montgomery GI Bill and education benefits, in general, are a double-edge sword. You have to leave to use them. It is clearly a recruiting incentive. But it is just as strong a retention disincentive.

So there is a fragile balance that must be maintained between the two. We have studied this balance, and researchers in academia and elsewhere have also looked at this relationship. And that is something that we can talk about in the Q&A in terms of actual numbers. If the benefit is too large, many members will simply leave after their first term. This lowers first-term retention and reduces the number of experienced non-commissioned officers and petty officers in the force.

It also puts more pressure on recruiting to backfill for those losses. It also changes the force profile or inventory that the services try to maintain for force readiness. So the implications are profound. That is why my point number three is so important.

To conclude, the current MGIB program continues to serve the active components of the military quite well, and from an Active Duty perspective we see no significant problems with the program or in its administration.

I thank the Committee again for its patience as I am over my time. I stand ready to address any questions.

Ms. HERSETH SANDLIN. Thank you.

Mr. Wilson, you are now recognized.

STATEMENT OF KEITH M. WILSON

Mr. WILSON. Thank you. Good afternoon, Chairwoman Herseth Sandlin, Ranking Member Boozman and other Members of the Subcommittee. I am pleased to be here today to discuss the current state of the MGIB and potential ways to improve upon its success

and the success of the other educational assistance programs administered by VA. My testimony will address areas in which the MGIB can be updated, streamlined and simplified. In addition, I will comment on selected bills which have been introduced in the 110th Congress and certain concepts and provisions within those bills in which we find merit, as well as areas in which we could find potential problems.

We are pleased to report that in fiscal year 2007, we paid an estimated $2.8 billion in benefits to approximately 500,000 trainees. In fiscal year 2007, on average, we processed original claims in 32 days and supplemental claims in 13 days. The reduction in our processing time last year also met or exceeded the performance goals set forth for 2007.

Recent congressional actions have addressed areas that we see as essential to the continued vitality of our educational benefit programs. For example, VA supports in principle the proposals in S. 293 for the expansion of accelerated payment, although we do have concerns arising from the potential inequities in the bill. Another proposed bill, H.R. 797, would extend certain provisions of the Work Study program through June 30th of 2012. VA believes these provisions of the Work Study program serve a valuable purpose and we agree that they should be extended.

The programs we administer are a complex group with complicated benefit criteria. VA appreciates Congress' strong interest in streamlining the education benefits available to veterans and servicemembers. However, many of the proposals currently under consideration by Congress not only create additional eligibility categories but, in the process, also include retroactive eligibility criteria with amendments otherwise effective on the date of enactment.

A multitude of programs and eligibility criteria create confusion for veterans, our partners in the Department of Defense, and for our Department as well. This also works against our efforts to further improve program participation and understanding. We share your desire to improve education benefits available to all veterans and believe it can be done within the goal of streamlining existing programs versus adding new programs and additional layers of complexity associated with administering them.

Two proposals which have garnered a great deal of attention would create a new Chapter 33 benefit, a new benefit for post-9/11 servicemembers and veterans. Under the current benefit structure, many individuals find themselves potentially eligible under one or more of the three VA-administered programs that I have already mentioned. Those individuals are tasked with comparing payment rates, impacts of kickers, and other areas to determine which program would be most advantageous in their individual circumstances.

Incorporating a new Chapter 33 program, the extent of entitlement to which would require factoring in length of service and previous eligibility benefit usage, would make the process even more complex and difficult for individuals to understand.

Finally, I note additional concerns with certain other pending legislation. Senate bills 723, 1719 and 698, as well as House bills 112 and 1102 raise issues of equity in providing benefits to service-

members and veterans. For example, these bills contain provisions that would give preference to one period of service or benefit program over another. S. 723 proposes to reimburse the payment reduction required for MGIB enrollments to members of the Armed Services who served after November 16th, 2001, through the date of termination of Executive Order 13235.

Many individuals bravely served our country during periods that do not coincide with these dates. These individuals would be disadvantaged merely because of their dates of service. Both S. 1409 and H.R. 2385 include provisions that would exclude graduate programs from eligibility. About 8 percent of our individuals now use the benefits for graduate level training. Disallowing graduate training would limit the eligibility, or the person's choice of the type of training they want to pursue.

Additionally, Senate bills 22, 1409, 1719, 644 and House bill 1102 pose significant logistical obstacles by requiring substantial changes in entitlement determinations and payment methods. These payment methods would require extensive enhancement to existing payment systems with significant attendant costs, implementation delays, and impact on current claims processing. Our continued concern is limiting the impact on beneficiaries and ensuring timely receipt of payments.

In closing, I reiterate that VA is dedicated to providing the most beneficial education programs to veterans and their dependents. We believe that changes made to enhance these programs must not create an extra burden on the beneficiaries by making programs more complex.

Madam Chairwoman, that concludes my statement. I look forward to your questions.

[The prepared statement of Mr. Wilson appears on p. 112.]

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

Thanks to all of you.

Mr. McNerney, did you have questions for the panel?

Mr. MCNERNEY. Of course. This afternoon I ran into the Chairwoman and asked her if there was going to be a hearing today because our session ended early this afternoon and she said yes, and that it is going to be a good one. And I came out here, and yes, it has been very good. It has been very informative, a lot of different opinions, a lot of opinions that actually coincided. So thank you, Madame Chairwoman, for that recommendation of making sure that I made it this afternoon.

Mr. Bush, do I understand you correctly, or did I understand you correctly that base relocations and closures are impacting soldiers' and National Guard's ability to get benefits, through no fault of their own?

Mr. BUSH. As we are closing some bases, we are shifting where units are located. There may not be a slot for somebody that is currently serving in the Selected Reserve in a new unit or they may have to travel extensive distances to get to a new unit and not be willing to do that. Therefore, they may no longer be in the Selected Reserve.

If that is the case, then yes, they would be adversely affected because if they leave the Selected Reserve, they lose their MGIB–SR

benefit. The provision we propose would allow them, if they are affected by BRAC, to keep the benefit.

Mr. MCNERNEY. Thank you.

I have to say, Dr. Gilroy's testimony was one of the most interesting. The notion that the GI Bill is a good incentive for recruiting, but it is somewhat of a disincentive for retention. The way I see what is being asked for is that GI Bill should pay for college education and that is sort of a yes/no. It is either you pay for college education or you don't. So if we pay for college education, what other parts of the GI Bill, or is that basically what you are talking about, would be a disincentive for retention?

Dr. GILROY. No. I was speaking specifically to the basic GI Bill benefit as a disincentive at some level. Currently it is not. Recruiting "wins" over retention at the current benefit level of about $1,100 a month, on average, which we have heard in other testimony accounts for about 75 percent of the cost of an average public 4-year institution.

So having said that, what then would be the optimal level, would be the next logical question I would expect you to ask, Congressman.

Mr. MCNERNEY. Go ahead and ask it yourself.

Dr. GILROY. Yes. We have asked that question, because there are pending bills which call for increases in the benefit of varying amounts. So we have done some statistical analysis, econometric work, which tries to get at what the benefit level ought to be before the retention disincentive effects outweigh the recruiting incentive effects.

We find, and it is corroborated by several other researchers, that the level would roughly be about $1,400 a month. Coincidentally and serendipitously, that happens to be roughly the average cost of a public 4-year education today. So while we don't necessarily recommend, or we don't for the Active Duty side feel that it is necessary to increase the monthly benefit, if it were raised to around $1,400 as been recommended by others in previous panels, at least as a minimum, that would not have any deleterious effects on retention. And that, I think, is an important point.

Mr. MCNERNEY. Well, not only that, but it is very specific, which I appreciate.

Dr. GILROY. It is. It is fairly specific. That is correct. Now, if we include next year or the year after, it might be somewhat different. We don't know. But that is what the numbers look like right now with the statistical analysis that has been conducted.

Now, there is another point here, too. And that is that we talk about the basic benefit being 75 percent of the average cost. If you add the service kickers into this, on average that benefit rises for those who receive it, to nearly 140 percent of the average cost of a public 4-year institution. That is just a point of interest for you. But in terms of the basic benefit, there is room, not a lot, but there is room for an increase.

Mr. MCNERNEY. Thank you.

I have a question for Mr. Wilson.

You indicated there is a significant reduction in the processing time for GI Bill and yet, Sergeant Hatton has a very different expe-

rience. Could you explain that? Is there a local effect here or what do we think about the discrepancy?

Mr. WILSON. Some of it I can explain. The numbers that we report and the numbers that we track in my testimony today, those were fiscal year 2007 average numbers. So that means and these are the real numbers that last October, a year ago, it was taking us 46 days on average to process an original claim for benefits. This month it is taking us 23 days. But on average, if you look at everything that was processed over the year, it took us an average of 33 days to process an original claim for benefits.

It wouldn't surprise me that an individual's experience would not be consistent with the 33 days, since it would be an average. Another issue is the seasonal nature of our work. Come August, there are about 6,800 institutions around the country that are siphoning enrollment information to us. That is a very heavy workload period for us. It would not surprise me that an individual did not experience a 10- or 15- or 20-day turnaround on his or her claim during that period of time, again, because we are looking at average numbers as I reported.

Having said that, I am familiar with the claim and the information I have is somewhat inconsistent. So I can assure you that, before I leave this room, I will be getting down to finding out exactly what the issue is.

Mr. MCNERNEY. Well, I am glad to hear that. Thank you.

And I yield.

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

Mr. Wilson, if I could just follow up then. Refresh my memory. When we had our hearing back in March, you will recall I asked you about some of the problems associated with the 1–800 number and you had contracted out and you were terrific in being so forthcoming about the problems that weren't anticipated. I think you did that in part to address the seasonal issues that you confront.

I want you to know that is helpful information to have, because if the averages vary, I think that we need to provide more help to you to address the seasonal issue. I appreciate your willingness to work to get to the bottom of Mr. Hatton's experience, Sergeant Hatton's experience, and hope that we can work with you and you can work with the folks from the Minnesota Delegation and perhaps General Shellito as well. If there are any other individuals in this particular Guard. We don't want to have any delays, but the circumstances there are quite unique. We appreciate your willingness to assist them with this particular issue.

Could you also address, Mr. Wilson, the point made by Mr. Rowe in the earlier panel about the apprenticeship and on-the-job training programs in terms of the processing of those claims? He made reference to those claims being taken out of the regional system, perhaps going through a different process and leading to, on average, a longer period of time to process those claims.

Mr. WILSON. The process involved with OJT cases does require a more manual processing. There are also more entities involved with a lot of the OJT cases because we are often dealing with employers. We are often dealing with State approving agencies if these are new OJT programs that they are going into, as well as

the folks in our processing offices that are actually working the cases.

So it is frustrating at times because there are more players involved with these processes, unfortunately, because of the limitations in our current claims processing system, a lot of the work involved with the OJT cases cannot be done what we call "in system." They are done out of system.

The initiative that we have underway that is now fully funded and we are moving forward on, our The Education Expert System (TEES) initiative, will address exactly that issue, as well as several other issues. TEES, several people have heard, did have a delay for several years. It is fully funded. We are aggressively moving forward on that. And that is ultimately the solution to unique situations like this: replatforming our system and leveraging IT better so we can move forward more effectively.

The reduction in pending claims is something that we have worked very hard on all year as well. Right now we have about half of the number of pending claims that we had at this time last year. That will allow us to process OJT claims quicker, as well as the other claims.

Ms. HERSETH SANDLIN. Okay. Just a final comment here. Mr. Boozman had mentioned at the outset in terms of the report that I believe was due in July on recommendations for streamlining. Do you anticipate when we might receive that?

Mr. WILSON. I can't give you an exact date. I do know that it is in OMB going through the internal vetting and concurrence process.

Ms. HERSETH SANDLIN. Okay. Okay. Thank you.

Mr. Bush and Dr. Gilroy, thank you again for being here. I do want to start with a few questions about the particular circumstances surrounding the Minnesota National Guard. I do know that in hearings, either here in this Committee or with the Armed Services Committee, that my colleague, Mr. McHugh from New York, he along with a number of us on both sides of the aisle don't really see eye to eye with the Department of Defense's assessment here on recruitment and retention as it relates to the basic benefit and the Selected Reserve.

He believes that much of what you refer to, Mr. Gilroy, has been discredited and I am wondering, rather than challenging you directly on that, I am wondering, when you refer to the numbers and the researchers and the studies, are the numbers backed up by anything that is perhaps objective or is it more subjective, including the experience and information provided by Adjutants General in the various States as to what their opinion is, based on their familiarity and knowledge of their members, of their units, for what are the primary reasons for retention in the Guard?

Dr. GILROY. Madam Chair, I should have alluded to the fact more strenuously that my analysis referred to the Active Duty program only and not to the Guard or the Reserve. So I am sorry if I didn't make that more clear.

Ms. HERSETH SANDLIN. I thought at some point you had addressed the Selected Reserve in your testimony.

Dr. GILROY. No, no. All of my numbers in my analyses reflect——

Ms. HERSETH SANDLIN. Are all Active Duty.

Dr. GILROY. Active Duty numbers, yes, ma'am. So I would yield to my colleague to the right.

Ms. HERSETH SANDLIN. Yes. Mr. Bush, if you could respond to the question about the information or experience provided by State Adjutants General of the National Guard.

Mr. BUSH. We have not asked the Adjutants General to provide their information. And this is anecdotal, just as information from the Adjutants General would be anecdotal. But when Secretary Hall has traveled extensively, as I said, his comment, the comment he gets is about the amount of the benefit. In our discussions yesterday with him, he said that he hasn't received any comments about the post—using the benefit after service as a concern.

Now, maybe he is not talking to the right folks in the 230,000 people that he has talked to. But that is his experience. But the only other thing we have that has any information on the value of the benefit or how people view the benefit is in our status of forces surveys and in the status of forces surveys, 74 percent of the people find the benefit either very effective, or they like the benefit, they either significantly like it or like the benefit, they find it useful. It is only about 12 percent, I think, that don't think the benefit is fitting their needs.

Ms. HERSETH SANDLIN. Of the status of forces surveys you are referring to, do those surveys go out to all Active Duty and Selected Reserve or just Selected Reserve?

Mr. BUSH. I am talking about the survey for members of the Selected Reserve.

Ms. HERSETH SANDLIN. Are they required to respond? Do you just send those surveys out and——

Mr. BUSH. It is a random sample that we send out. We do two surveys a year and in each one of the surveys we ask a different group of questions. We are trying to get a longitudinal look across the force at a variety of issues. And education benefits, that is one of the questions or one of the areas that we focus on in the periodic surveys.

Ms. HERSETH SANDLIN. Have you ever phrased a question on a survey that is more specific, rather than just the over 70 percent that you state find it useful, to ask more specifically regarding the benefit? The reason I ask this question is because we heard from earlier panels that it is very disheartening and disturbing information, that many soldiers and many officers, it seems, sometimes aren't aware that the benefit is lost post-separation. Do you ever ask in the surveys more specific questions as it relates to the importance of that benefit in staying in the National Guard or Reserve Force?

Mr. BUSH. No. We haven't asked that specific question, although every time somebody signs up for the Montgomery GI Bill for the Selected Reserve, they get a notice of eligibility which outlines the criteria and the conditions in which they get the benefit.

Ms. HERSETH SANDLIN. Certainly, and I didn't suggest that the information at some point in time isn't offered in materials that are provided. As we all know, even—I mean there is a reason that we just introduced a bill to allow the VA to do national advertising on television, to let veterans know of their benefits.

Mr. BUSH. No, and I understand that.

Ms. HERSETH SANDLIN. I will submit these two questions to you in writing for the record, because I want to—it has been a long hearing and I want to take the rest of the time that we have available to talk about the Minnesota National Guard.

It is my understanding that the Army Office of the Judge Advocate General and the Office of the General Counsel have opined that orders may be amended retroactively only to correct an administrative error, or for legitimate mission-related reasons and that modifying a soldier's orders retroactively for the sole purpose of conveying a benefit to a soldier to which the soldier would not otherwise be entitled could be found to be objectionable.

My question is, would correcting the orders to reflect accurate dates not be a legitimate administrative reason or mission-related reason?

Mr. BUSH. Well, if we corrected the orders to reflect an accurate date, they would actually have fewer days in those orders, because the prospective period of service would not be for 730 days. The period of service would end on the date they were separated. So we would actually, in that scenario that you painted, have more people that would not be eligible because we would have to modify the orders back to an earlier date, the date they left Active Duty.

Now, I think your question may be, should we modify the orders and say that is what they—they had that prospective period because that is what is authorized in law under the partial mobilization authority, is 24 months maximum.

Ms. HERSETH SANDLIN. I am afraid, Mr. Bush, that your initial response maybe answers a question that I wasn't going to ask, because in some ways I didn't think it was fair. Yet that initial response leads me to think that you are giving the impression, in my opinion, that the Department of Defense and the Army aren't going to take care of these soldiers.

Now, based on that initial response, I think you understood that we are trying to figure out a way, given everything we have been hearing from our colleagues from Minnesota, given everything that was testified to earlier in terms of even General Shellito believing that the Department of Defense wants to be helpful, but there is a legal issue here that we have to deal with. Yet at every opportunity, it appears that whenever there is discretion, whether it is an interpretation of a regulation or discretion as it relates to Minnesota's request to deal with the entire unit rather than the individuals who have to individually submit these forms, that you are making it more difficult.

If the soldiers met the time required, then they should be eligible for the benefit. I think we can all agree on that.

Mr. BUSH. Absolutely. If I could comment, okay. The Army, the Department of Defense, the President, we are committed to fixing the problem with the Minnesota National Guard. In fact, as General Shellito mentioned, he has 201 applications they sent yesterday. As we speak, the ABCMR is adjudicating those cases. So that process that has been developed—that we are using, it is not one that we developed, it is one that is required by statute, that we have expedited that process and we should have decisions. In fact, we may already have decisions on the first batch of cases by the time this hearing ends.

We have gone to the lawyers and asked the lawyers exactly what we could do. We have probed every aspect of what we might be able to do. When the testimony said that it was a regulation that said you couldn't do a batch request, it is not a regulation. If it was a policy, we could waive the policy. We can make an exception to policy.

We are bound by the statute. The statute said the individual must submit the request and that is what we are dealing with. We are trying to expedite that as much as we can to make it as simple as we can to batch them. We are working with Minnesota. We are working with the National Guard Bureau. We are working with the Army. They work as a team. We are working with VA to process these claims just as quickly as we can.

Ms. HERSETH SANDLIN. What do you think the average time is going to be to process these claims?

Mr. BUSH. The average time they have laid out is a maximum of 4 weeks. Based on our experience, if we got claims yesterday and they are adjudicating them today, that is a 2-day process where they have already built in the Army timeline a seven to 9-day window. So we are pressing this just as fast as we can. The Army is taking this very, very seriously.

Ms. HERSETH SANDLIN. Oh, I understand. Let me go back to my initial question. Can you talk with me about the impact of terminal leave?

Mr. BUSH. Terminal leave, I asked that specific question when we were looking at the orders. If the orders didn't include terminal leave or didn't contemplate all that, can we amend the orders? Yes. If there isn't sufficient time on the orders to cover that period, it—but if there is already sufficient time to cover terminal leave, then there is no reason to modify the orders.

I think it may be helpful for the Committee to understand how we got into this situation, what the policies and what the process was which allowed somebody to have 730 days in their orders, somebody to have 729 days. If you would like me to explain that, I would happy to. I think it would be useful.

Ms. HERSETH SANDLIN. I think it would be useful as well, and then that might help us understand why the Department of Defense would write orders that would state not to exceed 730 days or not to exceed 729 days, etc. So please, take the time to explain.

Mr. BUSH. Yes. The process that we used, the process the Army used is to look at the first person that was mobilized under the partial mobilization authority. And the partial mobilization authority says that we can keep some, we can call somebody to Active Duty involuntarily for a maximum of 24 consecutive months. And so they looked at that time period, they said they are going to be extended. What is the extension? What is the amount of time that they were going to take for out-processing, for terminal leave, all the things they have to do and looked at when that 2-year period ended for the first person that was called up. And that end date was September 29th, 2007.

So what they did is, this year it is all going to, we are going to have all these people off Active Duty by September 29th, 2007. So now you look back and say when were they mobilized? And that determined the date on the orders for the extension. This wasn't

done maliciously. This wasn't done to deny somebody a benefit. This was actually consistent with the DoD policy that we said we want to build the proper expectations. How long can you expect to be mobilized and to be realistic about it, rather than have an expectation out there that you were going to be on duty for 2 years.

Now, it is unfortunate that we have people that are in a situation where it is 1 day short. If we had realized that, we would have done business differently. We are going to do business differently in the future. I have talked to our leadership. We are committed to not having this happen again. There are bills pending that would make sure that we didn't do that. But we can do it by policy and that is what we are going to do.

Ms. HERSETH SANDLIN. Thank you. I don't mean to suggest that you are doing it maliciously. It is just that with all of the red tape that Mr. Kline stated at the beginning, that Mr. Boozman made reference to, that Mr. Walz is worried about, the impression that we are giving these young men and women is that we are not willing to get through this red tape and that is why, obviously, we are going to have to get involved to give you the authority you need.

The President was told he couldn't even do it by Executive Order. I am glad to know that we are going to be doing this differently. I do think that it seems to me that we have maybe not done all that we could. We are going to keep looking for other avenues.

I would take, by your explanation of that, Mr. Bush, that the correction of the Minnesota Guard issue, it is far more than a clerical error? It is how you counted back from finding the date of September 29th and then looking back to the——

Mr. BUSH. Right. I mean it wasn't a typo. It was a conscious decision to say if we are going to have everybody off by this date, then how many days do we expect them to serve?

Ms. HERSETH SANDLIN. So there is no calculation error. This is no typo, but there is an error. There is sort of a misjudgment somewhere in there that we are now going to correct through policy, as you just stated.

Mr. BUSH. Right. As we were looking at the way that we were doing business, building the proper expectations, part of that quite frankly we didn't see, and I don't think anybody saw, because we had the Army that wrote the orders for each unit. We sent that out. The Adjutant General wrote the actual individual order. So there are opportunities there along this chain for people to say wait a minute, somebody is going to be adversely effected because of a benefit. Had we realized that, I think we could have acted sooner.

Ms. HERSETH SANDLIN. Okay.

Mr. BUSH. But we are in the, you know, we are sort of at the point we are where our Board of Correction for Military Records is the avenue that we have to take now. It is cumbersome. Nobody likes it. But at least it provides an avenue and we are committed to expediting that process.

Ms. HERSETH SANDLIN. We are committed to expediting our process here so that as General Shellito has reached out to as many members of this unit as he thinks may be affected, it doesn't sound like maybe all of what has already been delivered is still what could be out there in terms of forms to fill out and to be delivered. Hopefully, even if, within 4 weeks' time, although it would be nice

to get this resolved before another month passes by, that you say maybe the average by expediting this, that we can get this resolved. We can at least prevent this rather cumbersome process for others that may be affected.

I have one final question. Sergeant Hatton, you heard him testify. Now, he stated that he and a friend, who most times was operating as his gunner during their deployment, they departed and returned at the same time. So he doesn't qualify for the Chapter 30 benefit. I am wondering as you explained how you calculated the dates, including the assessment and consideration of terminal leave, how could that happen exactly, that two individuals who left and came back at the same time, there could be that discrepancy?

Mr. BUSH. I would have to look at the two sets of orders and see the actual date that they were mobilized, because that would trigger then the calculation. You look at the end date and you count backward. So if there was 1 day difference, and that is what this appears to tell me, there was 1 day difference between when they actually reported for duty. There would be the 1 day——

Ms. HERSETH SANDLIN. How common is that when you are sending out the notice to a particular National Guard unit that individuals within that same unit would have different dates?

Mr. BUSH. We did it, the Army did it by derivative unit identification code (UIC). The composition of the first 34th was 181 individual UICs, individual units. That included the 36 or 39, I think I heard, units from different States. It included 300-plus members from the Army Reserve and 188 members from the Individual Ready Reserve.

Ms. HERSETH SANDLIN. Okay. I know you can't predict this, but this is such an unusual circumstance. What is your sense on the Army Board of Corrections for Military Records processing? What happens now that we have filed these and we go through hopefully the next 4 weeks? What if they say no, then what is the recourse?

Mr. BUSH. The recourse would be asking Congress for relief.

Ms. HERSETH SANDLIN. Yes. We might have to trump that process. I mean there is always the event they are going to say no and then we are right back to square one. Well, I appreciate, again, the testimony, your responses to our questions, and the difficulty posed by this situation, as well as the broader issue of equity and keeping pace with a whole host of things, whether it is college tuition, whether it is retention and recruitment needs and the overall force needs for our National security.

Mr. Wilson, it is always good to have you at the Committee. We look forward to following up with you on a number of issues as well. Thank you for your service to the Nation, to our men and women in uniform, and to our veterans. We value the insight and interest in the topic and the information you have provided today that allows us to do our work more effectively.

I, too, as Dr. Gilroy noted, want to thank the members of our staff here on the Veterans' Affairs Committee and our personal offices for their hard work in preparing for and following up on these hearings.

Thank you again, and the hearing now stands adjourned.

[Whereupon, at 4:59 p.m., the Subcommittee was adjourned.]

APPENDIX

Prepared Statement of Hon. Stephanie Herseth Sandlin, Chairwoman, Subcommittee on Economic Opportunity

As the lone representative from South Dakota, I continue to hear concerns from returning servicemembers and veterans throughout my State about the confusion over existing MGIB entitlements and the inequity of benefits that exists between Active Duty and our Reserve Forces. Unfortunately, this is an all too common concern of Guard and Reserve members across our Nation who have often times served side by side with Active Duty Forces in support of military operations at home and abroad.

Since the Montgomery GI Bill was enacted more than 20 years ago, our Nation's utilization of the Select Reserve forces has dramatically increased. When the Montgomery GI Bill was signed into law in 1984, servicemembers of the Guard and Reserve were rarely mobilized, but that simply is not the reality today. Indeed, today's citizen-soldiers are serving with distinction and have sacrificed a great deal in contributing to our Nation's efforts in Iraq and Afghanistan. Unfortunately, we will hear today from our witnesses that Guard and Reserve members are being called to duty for extended periods of time while their educational benefits do not reflect their increased service to our Nation. I know that I am not alone in this Congress when I say that our veterans deserve a Montgomery GI Bill that will meet their needs in the 21st century.

Much progress has been made in education benefits for National Guard, Reserve and Active Duty servicemembers. However, I think everyone would agree that we must remain vigilant to protect against any decline in benefits. Veterans, servicemembers, and military families of this Nation deserve our best efforts.

Some of the panelists may recall a hearing we held on March 22nd on the subject of *Education Benefits for National Guard and Reserve Members of the U.S. Armed Forces*. During that hearing, many of our members and panelists expressed concerns over the: confusion of Chapters 1606 and 1607 entitlements; need to consolidate policy and funding for the Montgomery GI Bill Selected Reserve and the Reserve Educational Assistance Program under the authority of the VA; and DoD's concern over the issue of retaining authority over "kickers."

Since the March 22nd hearing, we have worked with our colleagues in the House and Senate Armed Services Committees to include language in the National Defense Authorization Act of 2008 to recodify Chapters 1606 and 1607 of title 10, United States Code, to title 38. I believe that this small, but important, step will simplify and improve the educational assistance programs created to provide our Nation's servicemembers, veterans and their dependents with the benefits they rightfully deserve.

Furthermore, we have worked with the House Armed Services Committee to ensure that kicker authority is not effected by legislation that might be considered by Congress in the near future. We understand DoD's use of this important recruitment and retention tool, and look forward to working with them to ensure future legislation improves their recruitment and retention goals.

Today's hearing will follow-up on the recommendations that were provided in the 109th Congress and by our Subcommittee hearing earlier this year. Ranking Member Boozman, I look forward to working with you, all the Members on this Subcommittee, and our colleagues in Congress to streamline, update and expand existing MGIB entitlements.

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

Prepared Statement of Hon. John Boozman,
Ranking Republican Member, Subcommittee on Economic Opportunity

Good afternoon everyone. Madam Chairwoman, I appreciate your bringing us together to discuss the future direction of the GI Bill. As in the other programs under our jurisdiction, GI Bill education and training benefits enable veterans and surviving dependents with the opportunity to improve their ability to achieve financial independence outside of any other VA benefits they may receive. According to the College Board, those with at least a bachelor's degree will make at least $1 million more over a lifetime than someone with a high school diploma. Clearly, it pays to invest in education and training for veterans.

You and I have held several hearings on this subject over the last 3 years and we have heard from literally dozens of witnesses about the need to make changes to reflect today's operational environment. Today, members of the National Guard and Reserves are carrying a huge portion of the War on Terrorism and if nothing else, I hope we can find a way to improve their benefits.

I am also concerned that 30 percent of those who sign up for the GI Bill never use a penny of the benefit. There are many reasons they don't avail themselves of the program, some of which would be difficult to overcome, but I think we could reduce that 30 percent to a significantly lower number and I want to work with you on that.

Several of today's witnesses will advocate paying veterans the full cost of education. If that is to be our goal, I think we need more data. For example, according to the College Board, the average tuition and fees at a public 4-year institution is about $5,800 and about $2,300 at 2-year school. Board data also shows that 65 percent of all students attend 4-year schools with tuition and fees below $9,000 per year, 56 percent attend public 4-year schools with tuition and fees ranging from $3,000 to $6,000 per year. Finally, the College Board data indicates 41 percent of all students attend a 2-year school with a net cost, considering all forms of aid at less than $100. I am quoting those figures to show that the full cost of tuition and fees varies significantly and there are opportunities to attend a wide variety of schools at reasonably low cost. Obviously, room and board costs will add to those costs.

Additionally, there are financial aid packages available today that did not exist for earlier generations of veterans. So, madam Chairwoman, maybe it would be helpful if we asked the College Board to assist us in determining what is the real level of benefits we need to make as our guide.

I want to acknowledge that VA has significant progress in lowering the processing time for original and supplemental claims for education benefits. Last year VA averaged about 43 days for an original claim. Today it averages about 23 days. Supplemental claims are down to 11 days from 17 last year. I wish the folks at C&P could do as well. I note the Education Service has achieved a high level of automation to accomplish that decrease and again, C&P should follow suit.

I have one disappointment with our witnesses. Mr. Rowe, the State Approving Agencies are our main sources of information on how to ensure veterans receive quality education and training in exchange for their benefit payments. Unfortunately, virtually none of your testimony and only 1 or 2 of the association's 13 legislative recommendations have any relationship to the duties of the SAAs outlined in chapter 36 of title 38. I believe your testimony does not reflect the SAAs' responsibilities under title 38 and suggest your association refocus future testimony on your statutory duties rather than sounding like an adjunct to the Veterans Advisory Committee on Education.

Finally, madam Chairwoman, you and I would make many improvements if we had the PAYGO offsets. However, PAYGO is a fact of life and we must live by it until Congress changes the budget rules. There are lots of education bills out there, some of which are estimated to cost up to $75 Billion over 10 years. That type of legislation does not appear within the realm of possibility under PAYGO.

But we can do something about making the process even simpler for the veteran and schools and I am eager to see the VA's report on streamlining that was due to us back in July. If we can't get veterans more money, we should at least cut some of the red tape involved in getting checks to our veterans.

I yield back.

Prepared Statement of Colonel Robert F. Norton, USA (Ret.), Deputy Director, Government Relations, Military Officers Association of America

MADAM CHAIRMAN AND DISTINGUISHED MEMBERS OF THE SUBCOMMITTEE, on behalf of the 366,000 members of the Military Officers Association of America (MOAA), I am honored to have this opportunity to present the Association's views on updating the Montgomery GI Bill to meet the needs of our Armed Forces and to strengthen its value as a readjustment tool for our veterans.

MOAA is an original founding member of the Partnership for Veterans' Education, a consortium of 45 military, veterans, and higher education groups which advocate for passage of a "total force" approach to the Montgomery GI Bill to meet the needs of our operating forces—active duty, National Guard and Reserve—and veterans in the 21st century.

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

EXECUTIVE SUMMARY: MONTGOMERY GI BILL PRIORITIES

As a general principle, GI Bill benefits for the 21st century should be structured according to the length and type of duty performed by all members of the armed forces, provide better support to recruitment and retention programs, and improve readjustment outcomes for our veterans. This approach to the MGIB is endorsed by Veterans Advisory Committee on Education, a congressionally established panel that advises the Secretary of Veterans' Affairs on educational benefits programs.

MOAA would, of course, prefer to see enactment of a "WWII-style" GI Bill. However, past proposals along these lines by retired Ranking Member Lane Evans of this Committee have not been taken up. We believe that the existing MGIB can be restructured to better achieve desired outcomes, namely: support armed forces recruitment/retention and the readjustment needs of our veterans, including National Guard and Reserve veterans who have been called into active federal service:

1. Recodify reserve MGIB programs from title 10 to title 38. (Section 525, H.R. 1585) so that the MGIB can match 21st century military policy and better accomplish statutory purposes.
2. Establish a 10-year readjustment benefit—as authorized for active force members—for National Guard and Reserve veterans called to active federal service (Chap. 1607, 10 U.S.C.)
3. Raise MGIB monthly rates to cover the average cost of a 4-year public college/university education. Dept. of Education data indicate the MGIB covers about 75 percent of such costs.
4. Authorize cumulative month-for-month entitlement under the MGIB (Chapter 30, 38 U.S.C.) for reservists who serve on multiple active duty tours in contingency operations.
5. Restore proportional parity between basic reserve MGIB (Chapter 1606, 10 U.S.C.) rates and the active duty program (Chapter 30).
6. Repeal the 14-year in-service limitation for basic reserve benefits (Chapter 1606).
7. Expand the scope of programs that can offer accelerated payments under the MGIB for designated training, education, and licensure/certification programs.
8. Authorize "buy up" provisions for the reserve MGIB programs.
9. Extend the post-service usage period for the MGIB.
10. Repeal the $1200 payroll reduction for active duty service entrants.

Total Force Montgomery GI Bill for the 21st Century

MOAA believes that the first priority in creating a more effective MGIB is to evaluate proposals against the principle of aligning benefits with the length and type of duty performed by members of our Nation's armed forces team—active duty, National Guard and Reserve. In short, a "total force" approach to the MGIB is needed.

In achieving this objective—an objective we believe is essential to better accomplish recruitment, reenlistment, and readjustment purposes—MOAA strongly recommends that the Committee endorse the following approach to updating the MGIB.

First, all active duty and reserve MGIB programs would be consolidated under title 38. DoD and the Services would retain responsibility for cash bonuses, MGIB "kickers", and other enlistment/reenlistment incentives. Second, MGIB benefit levels would be structured according to the level of military service performed.

The Total Force MGIB would restructure the MGIB as follows:

- Tier one, the Active Duty MGIB (chapter 30, title 38)—initially, no statutory change. Individuals who enter the active armed forces would earn MGIB entitlement unless they decline enrollment.
- Tier two, the Selected Reserve MGIB (chapter 1606, 10 U.S.C.)—MGIB benefits for a 6-year enlistment or reenlistment in the Guard or Reserve. Chapter 1606 would transfer to title 38. Congress should consider adjusting benefit rates to restore the originally intended relationship to the active duty program. Historically, Selected Reserve benefits have been 47–48 percent of active duty benefits (vs. today's 29 percent).
- Tier three, Reserve Educational Assistance Program (chapter 1607, 10 U.S.C.)—MGIB benefits for mobilized members of the Guard/Reserve on "contingency operation" orders. Chapter 1607 would transfer to title 38 and be amended to provide mobilized servicemembers 1 month of "tier one" benefits (currently, $1101 per month) for each month of activation after 90 days active duty, up to a maximum of 36 months for multiple call-ups.

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

Guard and Reserve Warriors *Denied Earned Veterans' Benefits* Under REAP

Third-tier benefits are earned by mobilized reservists who serve the Nation on active duty for at least 90 days during a national emergency under "contingency operation" orders. The REAP (Chapter 1607, 10 Code) benefit package was cobbled together with little consultation/coordination with the Departments of Defense and Veterans Affairs, and other stakeholders. For example, the benefit rate structure is based on an administratively cumbersome percentage of active duty MGIB Chapter 30 benefits. Ironically, substantial benefits are awarded after 90 days service, but no post-service access to those benefits is authorized.

Clearly, the principle of scaling benefits proportional to service performed was not used in fashioning REAP.

The Total Force MGIB would address these concerns by establishing in law month-for-month entitlement to active duty MGIB benefits (Chapter 30). With enactment of a portability feature for earned REAP benefits (the same 10 years established since WWII for non-Reserve active duty veterans), the program ultimately would be fairer to all members of the force and serve as an incentive for continued service in the Guard or Reserves.

A restructured REAP would support DoD policy of calling up the "operational reserve" for 1-year tours every 5 or 6 years. The proposal would enable a G–R member potentially to acquire full MGIB entitlement after 36 months aggregate service on contingency operation orders. DoD reports that more than 142,000 members of the Guard and Reserve already have served two or more tours of active duty.

Presently, however, Chapter 1607 benefits are awarded only for a single tour of active duty. Additional benefits cannot be earned for additional active duty service performed. This becomes a built-in disincentive for continued service and can only hurt the morale of operational reservists.

A key feature of the total force MGIB proposal is that reservists mobilized for at least 90 days under federal contingency operation orders would have access to their remaining REAP benefits for up to 10 years after separation. That is, they would be entitled to post-service readjustment benefits under the MGIB.

America's volunteer military—active duty and reserve component—become veterans when they complete their active duty service agreements. When mobilized reservists return from an active duty call-up (under contingency operation orders) they become veterans of the Armed Forces, and no American would dispute that fact. Why then should they be treated as second-class citizens for purposes of the MGIB? If an active duty member who serves 2 years on active duty and no Iraq service may use MGIB benefits for up to 10 years after leaving service, do we not owe equal treatment to a Guard or Reserve member who serves 2 or more years in Iraq over a period of 6 or 8 years of Guard/Reserve service?

Some argue that allowing post-service use of MGIB benefits earned on active duty would discourage continued service. If that were actually true, the government

would never have approved post-service use of MGIB benefits for active duty service men and women, whether their commitment is 2 years or more. Moreover, the DoD survey of reserve component members (DoD Status of Forces Survey, November 2004) indicates that "education" is not a key component in extension or reenlistment decisions. Moreover, a reenlistment or extension decision enables a servicemember to retain original Reserve MGIB benefits (currently, Chapter 1606) as well as the potential to earn more active duty MGIB entitlement through successive call-ups.

Reservists who elect to continue their service in the Guard/Reserve, and are subsequently activated, would earn 1 month of active duty MGIB benefits for every month mobilized, up to 36 months of benefits. In short, there is a *built-in incentive* to continue serving in the Selected Reserve because of the potential to earn more MGIB entitlement under the proposal.

MOAA strongly recommends that the Committee and House leadership ensure that in negotiations with the Senate over the National Defense Authorization Act (H.R. 1585), the House insist upon final passage of Section 525 to recodify the MGIB in title 38; and, section 676 of the Senate bill, to establish a 10-year post-service readjustment benefit for MGIB benefits earned on active duty by reservists.

Below is a summary of MOAA's top ten priorities for updating the MGIB, along with other MGIB initiatives that we respectfully ask the Subcommittee to consider. The summary is tied to legislation that has been introduced in both chambers in this session.

- ***Transfer reserve MGIB programs from title 10 to title 38. (Section 525, H.R. 1585).*** (See Total Force MGIB discussion, above). MGIB jurisdiction is split between the Veterans Affairs Committees (title 38), who handle traditional GI Bill benefits for active force members and the Armed Services Committees (title 10) who handle Guard/Reserve GI Bill programs. title 38 benefits have been increased significantly in recent years, but Guard/Reserve benefits have not. Because of the growing proportional benefit gap and the dramatic surge in duty requirements of our Guard/Reserve members, the total GI Bill program is no longer structured to match the nation's military policy for the operational integration of our active and reserve forces. Benefits should be structured to match the length and type of duty performed by active duty and reserve component service men and women. The House took an essential first step by favorably voting Section 525 as a provision in the FY 2008 Natl. Defense Authorization Act, H.R. 1585. Section 525 is cost-neutral. **(Section 525, H.R. 1585, S. 644)**
- ***Establish a readjustment benefit (post-service use) eligibility period under the MGIB (Chap. 1607, 10 Code) for Guard and Reserve veterans of the War on Terror.*** (See Total Force MGIB discussion, above). Regular active-force members have 10 years after leaving service to use their GI Bill—regardless of any deployment experience. But Guard/Reserve members who have been mobilized for multiple tours in can't use their mobilization-related GI Bill benefits once they complete their service obligation and separate. Post-service access to benefits earned on active duty in defense of the Nation is the *only veterans' benefit denied* returning Guard and Reserve veterans. It is MOAA's understanding that CBO informally has scored the cost of 10-year portability of such benefits at $50 million in 2008, $165 million over 5 years and $235 million over 10 years. The cost could be reduced by changing the effective date until 1 October 2008 (FY 2009) (retroactive to Sept. 11, 2001 and adjusting the post-service usage period to 5 years for each 12 months served on active duty (the DoD call-up policy)). **(H.R. 1102, S. 644)**
- ***Raise MGIB monthly rates to cover the cost of education at the average 4-year public college/university.*** (See Total Force MGIB discussion, above.) The present monthly rate for full-time study for active duty veterans is $1101 (Chapter 30, 38 U.S. Code), which covers about 75 percent of the current cost of education for books, fees, and expenses at the average 4-year public college or university according to Dept. of Education data. The Partnership for Veterans Education has long sought benchmarking MGIB rates to track with the average cost at a 4-year public college or university. **S. 22, S. 1409** would accomplish this objective but would use differing metrics to achieve it.
- ***Authorize cumulative month-for-month credit under the MGIB (Chapter 30, 38 Code) for reservists who serve on active duty in a contingency operation.*** (See Total Force MGIB discussion, above). Operational reserve policy requires Guard and Reserve members to expect activation for 12 months at a

time every 5 or 6 years. Since 9/11, 132,000+ Guard and Reserve members have been activated two or more times. Under the "total force MGIB" concept sponsored by the Partnership for Veterans Education, reservists should be able to aggregate multiple periods of active duty for MGIB entitlement up to the maximum allowable in law, 36 months. Currently, a Guard/Reserve member's benefit is based on the longest single period of mobilization. A member who has had two separate 1-year mobilizations gains no added education benefit for the second mobilization. **(H.R. 1102, S. 644, H.R. 81, S. 22)**

- ***Restore proportional parity between basic reserve MGIB (Chapter 1606, 10 Code) rates and the active duty program.*** (See Total Force MGIB discussion, above). The basic reserve MGIB rate was set at 47 percent of the active duty program in 1984 and retained that ratio for 15 years from 1985–1999. Subsequent increases in active duty program benefit levels, combined with static reserve benefit levels, mean reserve MGIB rates have now dropped to less than 29 percent of the active duty program's, at a time when Guard and Reserve recruiting is under enormous strain. If proportional parity were restored in 1 year, basic reserve rates for full-time study would increase from $309 to $505 per month. Stairstep increases would lower the cost over a 3 to 5 year period. **(H.R. 81)**
- ***Repeal the 14-year in-service limitation for basic reserve benefits (Chapter 1606).*** As an incentive to continued service in the National Guard and Reserve, the 14-year limit on in-service use of basic reserve MGIB benefits should be repealed. Reservists who remain in the Selected Reserve could use such benefits until they are exhausted. **S. 1261** and **H.R. 1330 would repeal the 14-year limitation for in-service usage.** H.R. 1330 also would permit 10-years post-service access to Chapter 1606 benefits, a provision which DoD and the Partnership for Veterans Education oppose. To clarify, the Partnership supports post-service use of mobilization-related GI Bill benefits, but not for the basic reserve MGIB benefits.
- ***Expand the scope of programs that can offer accelerated payments under the MGIB for designated training, education, and licensure/certification programs.*** The law permits accelerated payments under the MGIB for programs leading to employment in the "high technology" industry. To support veterans' readjustment and employment opportunities, expansion of the accelerated payment authority is needed. **(S. 1293, H.R. 1824, S. 526, S. 1278)**
- ***Authorize "buy up" provisions for the reserve MGIB programs.*** Under "buy up," active duty servicemembers may invest $600 of their own money in their MGIB accounts in $20 increments to yield an additional $150 per month in MGIB benefits above their basic entitlement. Reservists have no such option. **(S. 1293)**
- ***Extend the post-service usage period for the MGIB.*** Congress wisely enacted a change in law in recent years to permit survivors of those killed in the War on Terror to have 20 years to use their Survivors and Dependents Educational Assistance Benefits (Chapter 35, 38 U.S. Code). Veterans themselves face daunting challenges in readjusting to civilian life. Overcoming PTSD and employment challenges often takes years, leaving insufficient time to use the MGIB. **(S. 22, S. 1261)**
- ***Repeal the $1200 payroll reduction for active duty service entrants.*** The MGIB should be an automatic entitlement for service entrants. Federal student loan applicants obtain generous loans with no obligation of national service and no up front costs; yet, armed forces recruits must forego $100 per month of their first year's pay for the privilege of serving their country. **S. 723** would require reimbursement of the payroll reduction to War on Terror servicemembers and allow those who previously declined MGIB participation to enroll. **H.R. 81** would reimburse the pay reduction for MGIB participants who extend their service beyond the initial MGIB qualifying contract.
- ***Permit active duty servicemembers who entered on/after Sept. 11, 2001 and made "an election not to receive" educational benefits under the MGIB—i.e., chose to disenroll—a one-time opportunity to enroll.*** Service men and women are bearing the brunt for the Nation in the war on terror. They should not be penalized for youthful decisions to withdraw from MGIB eligibility especially since such decisions often were made in the face of financial debt and family obligations during the early, stressful days of military service. **S. 723**

- ***Exempt the value of MGIB benefits in the calculation of annual gross income for the purposes of applying for federal student loans.*** Veterans are disadvantaged in applying for such loans because the value of their MGIB benefits is used against them (counted as income) in determining the amount of federal loans they may qualify for. **H.R. 100**
- ***Allow active duty servicemembers who were eligible for but declined enrollment in the Post-Vietnam Era Veterans' Educational Assistance Program (VEAP) (Chap. 32, 38 Code) to enroll in the MGIB prior to discharge/retirement.*** The VEAP was a low-value program that allowed enrolled members to defer making their qualifying deposits until they were ready to use the benefit, and many education counselors recommended against enrollment. Congress subsequently enacted changes in law that permitted VEAP participants to enroll in the MGIB for a $2700 late-enrollment penalty. But those who declined participation in the VEAP program upon entrance (often based on being told it wasn't a good program) were never made eligible for MGIB. Currently serving men and women who declined VEAP at service entry should be afforded the same one-time MGIB enrollment opportunity as those who enrolled but made no deposit.
- ***Amend the MGIB transfer authority to permit all service participants to transfer up to half of their entitlement to dependents at the 12th-14th year of service in return for a reenlistment agreement.*** Current law gives each Service Secretary the authority to use "MGIB transferability to dependents" as a reenlistment incentive in critical skills at the 6th year of service. Members may transfer up to half of their unused MGIB benefit, and benefits may be accessed by eligible dependents at the 10th year of service. MOAA has long maintained that transferability should be used in conjunction with career reenlistment programs, but present rules hardly favor military families. A limited USAF test of transferability under current rules yielded disappointing results. The Army is currently offering transferability to family members in conjunction with a reenlistment contract, but requires the servicemember to forfeit a substantial portion of a cash reenlistment bonus. Not surprisingly, the number of "takers" has been very low to date. The law should be modified to provide greater access to the transfer option for military families (but only as a full-career service incentive) for members who are motivated to provide for their spouse's or children's education. **(H.R. 81)**
- ***Cover the full cost of tuition, fees, and expenses for education and training programs at any public or private institution—a World War II-style GI Bill.*** In one form or another, "World War II-style" GI Bill legislation has been around for years. What's new is that unlike the citizenry of that era, only a minute fraction of the population—1 percent—is defending the other 99 percent in the war on terror, a conflict which has no known conclusion. To address the enormous strain on military recruitment and to support the readjustment to civilian life of the few who defend the many, Congress should consider a comprehensive GI Bill of educational benefits, recognizing that history shows the return value to America of the WWII program (in terms of increased productivity, increased career earnings, and increased tax revenue realized) far exceeded the original program's cost to the government. **(S. 22, S. 1409)**
- ***Establish a stipend for living expenses associated with full-time education/training programs.*** Many veterans are married with one or more dependent children or are single parents when they separate from military service. Economic, employment and family responsibilities work together to discourage use of MGIB benefits. A cost of living stipend would enable more veterans to use their earned benefits, leading to more productive lives, higher incomes, and greater tax revenues for the nation. **(S. 22)**
- ***Permit active duty and reserve component officers who graduated from a Service Academy or a SROTC scholarship program an enrollment opportunity in exchange for a service extension agreement.*** Officers from these commissioning programs are ineligible for the MGIB, based on the argument that the government already funded their bachelor's degrees. This is a short-sighted rationale, given that the services typically require their officers to obtain advanced degrees for promotion. Further, the Army and its reserve components are severely understaffed in the grade of captain (03). Fill rates range from about 50–60 percent. In addition, the Army is offering Service-funded "tuition assistance" to officers in designated career fields. Paired with the MGIB,

this program would have greater potential to reduce company grade officer shortages.

- ***Refund the $1200 payroll reduction for active duty servicemembers who entered service on/after Sept. 11, 2001.*** In recognition of the service and sacrifice of those who continue to serve the Nation in the war on terror, the MGIB enrollment "tax" on their first year pay should be refunded. **S. 723**

MYTHS AND REALITIES re: the TOTAL FORCE MGIB PROPOSAL

Myth. Current MGIB benefits for activated reservists are more generous than the "total force" proposal.

Reality. The Total Force Montgomery GI Bill proposal ultimately would result in fairer and more generous benefits in two significant ways. First, benefits earned on active duty could be used for up to 10-years following honorable separation. That is not the case today. Second, benefits would accrue for *multiple* activations. That is also not the case today. Under current statutory interpretation, Chapter 1607, 10 U.S.C. entitlement is restricted to a single tour of active duty. Yet, national policy calls for "operational reservists" to expect to be activated for 12 months every 5 or 6 years. Reservists also can't access their mobilization benefits after honorable service is completed. Thus, even though it would appear that very short 90 day activations would result in greater benefits, they come with huge disincentives that hurt morale and don't match continued service and sacrifice. The Total Force approach is more consistent with service call-up policies, fairer to the active duty and reserve forces, and ultimately more generous. The following table compares Total Force proposal benefits to current-law benefit calculations:

6-Yr SELRES Contract

	Chap 1606 *(no change)*	**REAP—Chap 1607** *(current)*	**Total Force** *(proposed)*
Enlistment	($11,124)	NA	($11,124)
15 mos. AD Call-up	NA	60 percent Chap 30: $23,781**	$1101 x 15 mos. = $16,515***
2d Call-up, 12 mos AD	NA	$0	$13,212***
Chap 1606 Remainder		12 mos. 1606: $3708*	$3,708*
Total		$27,489	$33,435

*Assumes continued service in the SELRES: if all Chap. 1607 exhausted, revert to 12 mos. of any remaining Chap. 1606 entitlement. At separation, may access remaining Chap. 1606 immediately for "length of one activation, plus 4 months"

**All REAP entitlement forfeited at separation

***10-year post-service use of accrued REAP (only) using month-for-entitlement formula = $29,727 for full-time study.

In short, the total force proposal tracks with operational reserve policy and affords greater benefits consistent with the length and type of duty performed; and, unlike REAP, allows activated reservists to access earned benefits upon honorable completion of their service.

Myth: Allowing post-service use of the MGIB for service on active duty by reservists would harm retention.

Reality: If the government really believed that, DoD and Congress never would have authorized 10 years of post-service benefit use for people who complete regular active duty service. No one argues that GI Bill benefits entice regular servicemembers to leave service, so it makes no sense to argue that it would have any such enticement for Guard and Reserve members.

The Total Force MGIB proposal recognizes and rewards continued service in the reserve forces by allowing reservists to accrue additional MGIB entitlement under Chapter 1607 during successive call-ups, matching benefits to service performed. Basic reserve MGIB benefits (Chapter 1606) are available for enlistment and reenlistment. If the retention value of the MGIB were of concern, benefit rates would have kept pace with the 48 percent historic ratio of reserve-to-active duty benefits. But those rates have dropped to 29 percent of active duty rates since September 11,

2001, devaluing them for recruitment and retention purposes. Manpower planners rely on targeted cash bonuses to reach retention goals and these have proven to be successful for that. Finally, the DoD's own Status of Forces Survey (2004) of Guard and Reserve personnel indicates that "education" ranks far down the list of reasons why Guard/Reserve men and women remain in service or separate.

Myth: The MGIB overall is functioning well and "there are no significant shortcomings" according to DoD.

Reality. MGIB reimbursement rates account for only 75 percent of the cost of education at the average 4-year public college/university. Moreover, basic reserve benefits have dropped far below their historic ratio of 48 percent of active duty rates to 29 percent today. Finally, "operational reservists" have no post-service access to benefits earned on active duty, nor may they accrue entitlement for more than one tour of active duty. In comparison to its historic antecedents—the WWII, Korean war, and Vietnam War era GI Bill programs—the MGIB has not kept pace with the cost of education. Those programs generally paid all or nearly all of the costs of education/training as a readjustment benefit. MOAA recognizes that benefits for an All Volunteer Force should be structured to help meet DoD manpower and quality needs as well as effective readjustment outcomes. Thus, a MGIB that meets more or all of the cost of education with no ($1200) payroll reduction "tax" would be a more effective tool for recruiters. Armed Forces demographics in the 21st century also point to the need for a better MGIB. That's because service men and women serve much longer tours on average than conscript-era servicemembers did, and more than 60 percent of separating men and women are married or have dependent children. A MGIB that doesn't cover basic education costs increases the prospect that veterans with economic, skill or education deficits won't take advantage of the MGIB.

Myth. The Total Force MGIB proposal would transfer responsibility for MGIB "kickers" from DoD to the Department of Veterans Affairs.

Reality. Section 525 of the House-passed National Defense Authorization Act (H.R. 1585) transfers the reserve MGIB programs to title 38 and retains within the Armed Services Committees' jurisdiction the authority to fund and oversee MGIB kickers for the active duty and reserve forces. Under Section 525, DoD and the Services would continue to determine eligibility for reserve MGIB programs and the VA would continue responsibility for administration and payment of all MGIB benefits to eligible participants. Funding responsibility would transfer from the National Guard and Reserve Personnel Accounts to the VA. (The VA has been responsible for active duty MGIB funding since 1984 based on Service enlistment/enrollment information.)

Conclusion

The Military Officers Association of America commends the Subcommittee on Economic Opportunity for holding this hearing on the Montgomery GI Bill. In passing its version of the defense authorization bill for FY2008, the House adopted a provision to recodify the reserve MGIB programs into title 38. Importantly, the House also adopted a "sense of the Congress" provision that activated reservists should have a readjustment period to use earned benefits at the completion of their service agreement or retirement. MOAA respectfully but strongly recommends that House leaders insist on these upgrades as essential first steps in restructuring the MGIB for our 21st century troops and veterans.

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

Madam Chairwoman and Members of the Subcommittee:

Thank you for this opportunity to present The American Legion's views on Veterans' Education Benefits.

The American Legion is proud of its history in helping to pass the Servicemen's Readjustment Act 1944, also known as the GI Bill of Rights. The American Legion commends the Subcommittee for holding a hearing to discuss these very important and timely issues.

The need for major enhancements of the All-Volunteer Force Education Assistance Program, better known as the Montgomery GI Bill (MGIB)

The Office of the Deputy Under Secretary of Defense (Military Community and Family Policy) reported in its 2005 Demographics Report of the military that: "Few (4.1 percent) enlisted members (active duty) have a Bachelor's or higher degree, while most (94.1 percent) have a high school diploma and/or some college experience. In the past 15 years, the percent of Active Duty members who have a Bachelor's and/or an advanced degree has decreased for officers (from 89.6 percent in 1990, to 86.2 percent in 2005) but has increased for enlisted (from 2.5 percent in 1990, to 4.1 percent in 2005)." They continue to report that only 7.9 percent of enlisted members of the Selected Reserve have an advanced education above a high school diploma or GED equivalent.

Some 78 million baby boomers will begin to retire starting in 2010; within just 10 years, 47.3 million people will be over 65. (ILO Institute). The National Association of Manufacturers forecasts a shortage of approximately 13 million to 15 million skilled workers by 2020. In addition, those entering the workforce have outdated or inadequate skills for many of the high-demand jobs. In fact, around 60 percent of all new jobs in the 21st Century will require skills possessed by only 20 percent of the existing workforce. Competent, educated, and capable individuals must replace these people in order to assure the United States retains its competitive edge in the world. Veterans are these people and have a remarkable chronicle of work and have proven their worth. It is a good financial investment to better equip veterans and military members with a secondary education. In turn, highly skilled veterans with advanced degrees can be emplaced in the workforce to ensure the county's competitive edge in the global market in the not so distant future.

Accordingly, The American Legion supports passage of major enhancements to the current All-Volunteer Force Education Assistance Program, better known as the Montgomery GI Bill (MGIB). The current make up of the operational military force requires that adjustments be made to support all armed forces members. The American Legion supports legislation that will allow members of the Reserve components to earn credits for education while mobilized, just as active-duty troops do, and then use them after they leave military service. One of the top priorities of any veterans' education legislation is equity and portability of benefits. However, it is clear that the current dollar value of benefits must be increased to meet the demands of today's higher education fees.

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

The Department of Defense (DoD) has reported that in the support of Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF):

- 2.4 million deployment events;
- 1.6 million servicemembers have been deployed;
- 540,000 servicemembers have more than one deployment;
- 443,000 National Guard and Reservists have been deployed to Iraq or Afghanistan since 2001, for an average of 18 months per mobilization;
- Out of 540,000 servicemembers with more than one deployment, 103,909 are members of the Reserve components;
- Stop-loss (a policy that prevents troops whose enlistment end date has arrived from leaving) has been imposed on over 50,000 troops.

The DoD considers two or more deployment events with overlapping participation dates a single deployment. Breaks between deployments or "dwell times" of less than 21 days are considered to be a single deployment.

There is now a continuum of service for military personnel, beginning with those who serve in the Reserve component only, extending through those in the Reserve components who are called to active-duty for a considerable period of time, and ending with those who enlist in the ADF and serve for a considerable period of time.

As of August 31, 2007, 275,981 troops are deployed in support of OIF/OEF. The October 10, 2007 report indicates that 90,822 members of the Reserve components are currently called to active duty. The DoD states that "At any given time, services may mobilize some units and individuals while demobilizing others, making it possible for these figures to either increase or decrease."

Despite this, both the MGIB–AD and the MGIB–SR fail to meet the actual cost of education in this country. Reserve component members rarely served on active duty when the original educational benefits were created. It is important that the

increase in reliance on Reserve troops is met with an equitable increase in educational benefits.

According to the Fiscal Year (FY) 2008 MGIB pay rates, troops who serve on active-duty three or more years can collect up to $1,101 a month for 36 months as full-time students totaling $39,636. Active duty servicemembers currently have up to 10 years after their separation of service to utilize their MGIB benefits, while members of the Selected Reserve must forfeit ALL of the educational benefits they have earned once they do so. It is an injustice that members of the Selected Reserve are unable to utilize these benefits after separation.

Members of today's Selected Reserve are so busy training and deploying that they have little time to actually use their MGIB benefits. Their ability to use the benefits while serving is curtailed because of repeated deployments and denied entirely once they finish their service. This is unfair treatment for servicemembers who have seen more combat than most MGIB-eligible veterans prior to OIF/OEF.

A January 2007 study by the National Organization of Research, Chicago, shows just how unpredictable Reserve service can be:

> "An illustrative example of this complexity is the experience of the respondent whose public identifier is 8224. He reported exiting the military in week 45 of 1998. He was then employed every week from week 46 in 1998 to week 13 of 2000. He returned to the military from week 14 of 2000 to week 29, and returned to employment from week 30 of 2000 to week 50. He returned to the military in week 51 of 2000, and stayed until week 12 of 2001. He was employed from weeks 13 to 44 for 2001, and then was out of the labor force from week 45 to week 48 of 2001. This was followed by a spell of unemployment from week 49 of 2001 to week 40 of 2002. The respondent was then out of the labor force for 10 weeks, and then was employed from week 52 of 2002 to week 49 of 2004."

Reserve and Guard personnel can earn percentages of the full-time active-duty rate depending on length of their mobilization. If they are mobilized for 18 months, the current average length of deployment since 2001, and then go to school full-time they can only receive up to a maximum of $23,760 (FY 2008 rates) using their Reserve Education Assistance Program (REAP) benefits. However, they can collect only if they remain in a Guard or Reserve unit. If they go into the inactive Reserve (Individual Ready Reserve) or complete their service contract, they are no longer eligible for education benefits.

Under current law, members of the Reserve component face many challenges in using the MGIB–SR benefits. Since September 11, 2001, the utilization of the Reserve components to augment the Active Duty Force (ADF) present complications for those members of the Guard and Reserves enrolled in college programs. The uncertainty associated with unit activations, lengthy activations, individual deactivations, and multiple unit activations makes utilization of educational benefits extremely difficult. Decisions such as whether to enroll for a semester, long-range planning for required courses, or whether to finish a semester are among the challenges confronted by these servicemembers. Problems affecting these servicemembers include accrued student loan debt, falling behind peers in studies, and limbo status due solely to military indecision regarding military schools, annual training, and mobilizations.

Cpl. David Tedford Holt, a Tennessee enlisted Reservist currently on active duty states:

> "With the high operational tempo of my unit, and with that many of our Soldiers are deployed for more than 18 months during their initial 6-year contract with the United States Army Reserve, it has become virtually impossible to support a family, develop as a Soldier and member of the Army Reserve, and obtain a 4-year degree using the GI Bill benefits that are lost the moment the Soldier leaves the Army Reserve. While many Soldiers enter the Army Reserve without families or financial obligations and are thus able to attend school full-time when not in military training, the Global War on Terrorism has stirred the patriotism of more and more men and women who are choosing to take a leave of absence from their jobs and families in order to serve. These important Soldiers and leaders are far less able to take advantage of the GI Bill benefits that are offered to them during the term of their enlistment, and many do not even consider using them, because they would be forced to pay for the latter portion of their education on their own, while returning to their jobs and familial obligations."

An officer that works closely with Cpl. Holt, but asked to remain anonymous stated that, "he had no idea that enlisted soldiers lose their GI Bill benefits when they leave the Reserves." He continued to state, "I wonder how many officers actually know the reality of the situation? I bet that they don't and in turn are harming their subordinate enlisted soldiers."

With the increased number of activations of the Reserve component since September 11, 2001, these same Reservists, who are attending colleges and universities around the country, are discovering that their actual graduation date may be extended well past their initial anticipated graduation date. The College Board, an association composed of more than 5,200 schools, colleges, universities, and other educational organizations, states that the average public university student now takes 6.2 years to finish. They also report that tuition and fees represent only a fraction of the total cost of attending college. The overall cost (tuition, fees, room, board, books, and other expenses) of a typical public college is about $16,400 a year. (College Board) Due to the increase in the overall costs to attend college, The American Legion recommends that the dollar amount of the entitlement should be indexed to the average cost of college education including tuition, fees, textbooks and other supplies for commuter students at an accredited university, college or trade school for which they qualify and that the educational cost index should be reviewed and adjusted annually.

Department of Defense Reserve Attrition Rates

The DoD numbers of the Selected Reserve Enlisted Attrition report released by the Office of the Assistant Secretary of Defense (OASD Public Affairs) contains the number of losses of the Selected Reserves per year since 1991. The FY 2006 losses were 151,878 (18.4 percent attrition). The American Legion has estimated previously these numbers to be 100,000 per year, of those, 50 percent are veterans who have obtained REAP benefits.

A closer look at the figures reveals that the total number of enlisted servicemembers who have departed the Reserve components since 2002 is 850,750, or an average of 141,792 per year. 443,276 members of the Reserve components have deployed in support of OIF/OEF as of August 31, 2007. We can safely assume that the significant majority (95 percent) of these Reservists served honorably on active duty for at least 90 days, thereby earning them REAP benefits (Chapter 1607) in addition to their MGIB—Selected Reserve (SR Chapter/1606 benefits).

Therefore, deducing that out of the 850,750 members of the Reserve components who have departed the military since 2002, we conservatively estimate that at least 407,474 veterans have lost earned education benefits. Or, at least 50 percent of the force has lost earned education benefits that could have been used to increase their earning potential. Noting that our figures are of National Guard and Reserve servicemembers that were deployed in support of OIF/OEF, there are additional Reservists that were called to active duty to CONUS (Continental United States) or deployed to other regions of the world. Hence, our conservative estimate of ~400,000 veterans losing earned benefits is more likely than not, much greater.

The DoD reported that their attrition rates are actually equal and/or lower in their Reserve components since the Global War on Terrorism began. Retorts from the DoD in opposition of extending the delimiting date for fear of harming retention are hard to explain given their recent recruitment and retention rates.

The Department of Defense announced that it met or exceeded their Active Duty recruiting and retention goals for FY 2007.

Active Duty Recruiting Fiscal Year 2007. All Services met or exceeded their recruiting goals for FY 2007.

Annual—End of Fiscal Year 2007	Accessions	Goal	Percent
Army	80,407	80,000	101
Navy	37,361	37,000	101
Marine Corps	35,603	35,576	100
Air Force	27,801	27,801	100

"Active Duty Retention. Retention remains extremely strong in the active force with all Services having met or exceeded their aggregate year-to-date targets. The Marine Corps surpassed its overall aggregate reenlistment mission (110 percent) al-

lowing them to exceed their FY07 targeted end strength by a comfortable margin. Air Force final information is pending."

"Reserve Forces Accessions Fiscal Year 2007. Four of the six Reserve components met or exceeded their accession goals for FY 2007. They are still at very high rates of recruitment."

Annual—End of Fiscal Year 2007	Quantity—YTD		
	Accessions	Goal	Percent
Army National Guard	66,652	70,000	95
Army Reserve	35,734	35,505	101
Navy Reserve	10,627	10,602	100
Marine Corps Reserve	7,959	7,256	110
Air National Guard	9,975	10,690	93
Air Force Reserve	7,110	6,834	104

"Reserve Retention. Losses in all Reserve components are within acceptable limits. We expect September 2007 to continue at the current trend. (Note: This indicator lags by 1 month)"

Respectfully, and with support of the aforementioned data, The American Legion opposes the DoD position that extending the delimiting date and allowing members of the Reserve components to use their benefits after service would harm retention. Honorably serving veterans have been placed in a financial disadvantage when trying to look for alternative ways to pay for college. The American Legion strongly supports measures that create portability of benefits. These measures must also be retroactive to protect those veterans who have already lost REAP and MGIB–SR benefits, and must occur immediately.

Recommendations For The Enhancement Of Veteran Education Benefits

1. The American Legion recommends that activated Reservists get 1 month of benefits, at the active-duty rate, for each month of mobilization up to 36 months and there should be no delimiting date for use of the benefits from the last date of Active or Reserve service.
2. The American Legion recommends that Congress move Montgomery GI Bill-Selected Reserve (MGIB–SR) from title 10, U.S.C., to title 38, U.S.C., and that VA have administrative authority for both the MGIB and the MGIB–SR. We recommend that the annual appropriations for the MGIB and the MGIB–SR become one annual appropriation within the VA.
3. The American Legion supports the termination of the current military payroll contribution ($1,200) required for enrollment in MGIB.
4. The American Legion supports eliminating the 10-year delimiting period for veterans to use Montgomery GI Bill educational benefits and supports legislation that would allow all Reservists and National Guard members to use their MGIB–SR benefits for up to 10 years after separation.
5. The American Legion supports an MGIB–SR participant reimbursement rate adjusted for time spent on Federalization activation, State activation, and normal service for a period not to exceed 36 months.
6. The American Legion recommends that the dollar amount of the entitlement should be indexed to the average cost of college education including tuition, fees, textbooks and other supplies for commuter students at an accredited university, college or trade school for which they qualify and that the educational cost index should be reviewed and adjusted annually.
7. The American Legion supports a monthly tax-free subsistence allowance indexed for inflation as part of the educational assistance package.
8. The American Legion believes that if a veteran enrolled in the MGIB program acquired educational loans prior to enlisting in the Armed Forces, MGIB benefits may be used to repay existing educational loans.
9. The American Legion supports that enrollment in the MGIB shall be automatic upon enlistment. However, benefits will not be awarded unless eligibility criteria have been met. If a veteran enrolled in the MGIB becomes eligible for training and rehabilitation under Chapter 31 of title 38, U.S.C., the

veteran shall not receive less educational benefits than otherwise eligible to receive under MGIB.

10. The American Legion supports that any veteran with 6 years of service will be qualified to transfer education entitlements upon re-enlistment for 4 years and to amend title 38, U.S.C., to restore the reimbursement rate for correspondence and distance learning training to 90 percent of tuition.
11. The American Legion supports the transfer of Montgomery GI Bill benefits from veterans to their immediate family members if the veteran elects to do so.

Accelerated Payments for MGIB

The American Legion supports granting veterans the option to request an accelerated payment of all monthly educational benefits upon meeting the criteria for eligibility for MGIB financial payments. The selection of courses veterans undergo remain exclusively the decision of the individual veteran, and all earned veterans' education benefits should be made available to veterans in support of their endeavors. Accelerated education payments allow veterans to achieve education goals in the manner that they decide.

The American Legion supports the expansion of Public Law 107–103 to include but not limited to be:

1. Survivors and Dependents Educational Assistance (DEA, or Chapter 35)
2. Post-Vietnam Era Veterans' Educational Assistance Program (VEAP, or Chapter 32)
3. Reserve Educational Assistance Program (REAP, or Chapter 1607) options for some veterans.

Department of Veterans Affairs Administration of Benefits

The American Legion commends the Department of Veterans Affairs (VA) Education Service and Director Keith Wilson for constantly increasing the capacity, lowering the processing time, increasing accuracy, introducing a web-based service, and helping veterans receive their education benefits. As The American Legion advocates for increased veteran education benefits, this division must always be supported to ensure the best assistance possible.

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.

SELECTED LEGISLATION

H.R. 1102, "Total Force Educational Assistance Enhancement Act and Integration Act of 2007" (The Total Force GI Bill)

The American Legion supports the Total Force GI Bill. This bill solves many problems, most significantly the inequities of benefits of the members of the Reserve components as compared to their full time active duty counterparts. Servicemembers called to active service perform duties at an equal rate to their full time counterparts and should be treated as such. One major selling point of this proposal is the portability of education benefits; this legislation will allow Reservists to earn credits for education while mobilized, just as active-duty troops do, and then use them after they leave military service.

The Total Force MGIB plan calls on Congress to combine statutory authority for both MGIB–AD and MGIB–SR programs under the VA (chapter 30 of title 38, U.S.C.). This would mean moving MGIB–SR and REAP programs from the DoD (chapters 1606 and 1607 of title 10, U.S.C.) and shifting oversight responsibility to VA.

Funding the program through appropriations to the VA for a veteran-specific benefit would also be beneficial.

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

Tier One would be MGIB–AD. Benefits for full time students are currently $1101 a month for 36 months of college or qualified vocational training.

Tier Two would be MGIB–SR for drilling members who enlist for 6 years. For years, Congress adjusted the MGIB–SR in lock step with MGIB–AD, staying at 47 percent of active duty rates. Since 1999, the Committees on Armed Services and Defense officials have failed to adjust the rates. As a result, the current MGIB–SR benefit for full time students is $317 a month, or just 29 percent of MGIB–AD. Those who enlist or re-enlist in the Selected Reserve for 6 years are eligible for 36 months of benefits at a pro-rated amount of the active duty rate (currently 29 percent). In-

creases in these benefits would be codified so that any time Congress raises the active duty rate, Chapter 1606 benefits would go up by the same percentage increase. Eligibility for benefits would be forfeited once they separate from service.

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

Under Total Force MGIB, activated Reservists would be in receipt of REAP benefits at a rate (40, 60 and 80 percent of the active duty payment rate) corresponding to their length of mobilization up to 36 months. Members would have up to 10 years to use active duty or activated Reserve benefits (tiers one and three) from the last date of separation from the Ready Reserve. A Reservist could also use any remaining MGIB–SR benefits (tier two), but only while in drill status or for up to 10 years after separation if the separation is for disability or qualification for retirement.

A memorandum from the DoD, Office of Special Counsel (OSC) (May 22, 2007) to the Chairmen of the Senate Armed Services Veterans Affairs Committees attempts to dissuade Congress from passing the Total Force GI Bill. We strongly disagree. The American Legion disagrees with the OSC finding that changing the REAP benefit calculation would be detrimental to Reservists.

The American Legion agrees with the Veterans Advisory Committee on Education/DoD/VA Working Group on the Total Force GI Bill proposal recommendation and assertion that the Total Force GI Bill would benefit veterans and aid the Armed Forces in retention and recruitment needs.

The American Legion supports the Total Force GI Bill. Enactment of this legislation will greatly benefit veterans.

H.R. 2702, "The Post-9/11 Veterans Educational Assistance Act of 2007"

The American Legion has concerns regarding the eligibility requirement of this proposed legislation. We fully support the intent of this bill to provide additional educational benefits for full time active duty servicemembers and those individuals who are ordered to active duty as members of Reserve components of the Armed Forces. The bill will also aid in the recruitment and retention of members of the Armed Forces, and provide enhanced educational benefits more in line with today's needs. Efforts to ensure veterans are afforded education benefits that would include payment of tuition, books and fees as well as a $1000 a month stipend are supported by The American Legion.

The American Legion is concerned for those veterans that complete their tours honorably, do not serve an aggregate of 2 years, and do not meet the other requirements of eligibility. These veterans have served their country honorably yet are excluded from earned benefits. The eligibility requirement as proposed by H.R. 2702 requires a servicemember to serve an aggregate of at least 2 years of honorable active duty service in the Armed Forces after September 10, 2001. The bill also contains clauses for eligibility for other measures, service-connected disabilities, pre-existing medical conditions, hardship, and a physical or mental condition that was not characterized as a disability and did not result from the individual's own willful misconduct.

The American Legion fully recognizes that there are almost one hundred thousand members of the Reserve components that have served multiple tours and exceed the 2-year minimum requirement, but we express that we cannot exempt benefits for those veterans that served side by side with full time active duty members at any time. The first rotations for OIF had servicemembers deployed for an average of 15–20 months.

The current DoD policy states: "DoD will construct the maximum mobilization timeframe to 1 year and the policy objective for involuntary mobilization of Guard/Reserve units is a 1-year mobilized to 5-year demobilized ratio." If these policies hold true many members of the Reserve components would not be eligible to receive benefits under H.R. 2702 yet they have honorably served their country in the Armed Forces.

Equity would remedy this situation. The American Legion recommends a month for month benefit at the full time rate proposed in the legislation for those veterans that have served less than 2 years but also allow them to use their benefits after completion of a service contract. If a servicemember does serve an aggregate of 2 years, due to multiple deployments, extensions, or enlistment in the Active Duty Force, then they would be in receipt of the full 36 months of benefits as proposed in H.R. 2702.

The American Legion supports the idea that all veterans be treated equally regardless of their Reserve/National Guard status in such that an individual who was called to duty and served honorably should not have to remain in the Selected Reserve to use their earned benefits. As the distinction between the active and Reserve forces continues to fade, the difference between the active and Reserve forces of the MGIB should disappear accordingly. Benefits should remain commensurate with sacrifice and service.

The American Legion agrees with the concept of the Post-9/11 Veterans Educational Assistance Act of 2007, which is designed to provide educational benefits for eligible servicemembers while incorporating the new security realities of this current open-ended Global War on Terrorism but reiterate, the Total Force military operation structure requires equitable benefits for time served.

H.R. 1330, "Extend Selected Reserve Educational Assistance Time Limit"

This bill would extend the conditional time limit for the use of basic educational assistance by members of the Selected Reserve and members of the Reserve components supporting contingency operations and certain other operations to 14 years after the date on which the person first becomes entitled to such assistance (current law) or 10 years after the date on which the person is separated from the Selected Reserve or Reserve component.

The American Legion supports this bill.

H.R. 2385, "The 21st Century Bill of Rights Act of 2007"

Section 2

The American Legion objects to the "deployed overseas" requirement for eligibility of this program. We also object to the limitation that this program would be unavailable to those veterans seeking a graduate level degree.

The American Legion supports the provisions that would allow for a transfer of the number of remaining months of education benefits (title 38, U.S.C., chapter 30, and title 10, U.S.C., chapters 1606 and 1607 to this new proposed chapter 33 in title 38, U.S.C.)

H.R. 1211, "The Resuming Education After Defense Service Act of 2007"

This bill makes eligible for basic educational assistance under the MGIB a member of the Selected Reserve who (among other qualifications), during the period beginning on September 11, 2001, and ending on December 31, 2008, serves on active duty in the Armed Forces for one or more periods aggregating not less than 2 years. It also entitles such individuals to 1 month of educational assistance for each month served on active duty and makes the amount of such assistance equivalent to that provided for active-duty personnel who have served a minimum of 2 years of active duty. However, it does require the basic pay of qualifying members to be reduced by $100 for each of the first 12 months of such active duty service.

The American Legion supports the aggregatory requirement; however, any ending date of qualification should be removed. Furthermore, The American Legion opposes any reduction in pay to enroll in a veteran education benefit.

H.R. 112, "GI Advanced Education in Science and Technology Act"

This bill seeks to amend title 38, U.S.C., to provide for the payment of stipends to veterans who pursue doctoral degrees in science and technology. This bill would allow for members of the armed services and veterans to receive enhanced educational benefits more in line with today's needs.

The American Legion supports this provision, however, we feel that a monthly tax-free subsistence allowance indexed for inflation must be part of all educational assistance packages.

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 of 1944, the "GI Bill of Rights" is a historic piece of legislation, authored by Harry W. Colmery, Past National Commander of The American Legion, that enabled millions of veterans to purchase their first homes, attend college, obtain vocational training, and start private businesses.

The legislation discussed today aims to better serve veterans and ultimately assists them in financial stability. The American Legion commends the Subcommittee for addressing these important issues. We appreciate the opportunity to present this statement for the record and to continue our proud history of advocating for increased educational benefits to members of the Armed Forces.

FORCE MANPOWER IN SUPPORT OF OPERATIONS IRAQI AND ENDURING FREEDOM AS OF AUGUST 31, 2007

	Total Deployment Events	Number of Members with Only One Deployment[1]	Number of Members with More Than One Deployment[2]	Total Number of Members Ever Deployed	Number of Members Currently Deployed
Army Active Duty	715,122	304,329	174,805	479,134	131,643
Army National Guard	226,318	161,078	29,619	190,697	24,203
Army Reserve	134,923	87,558	20,961	108,519	13,230
Army Total[3]	**1,076,363**	**552,965**	**225,385**	**778,350**	**169,076**
Navy Active Duty	406,812	177,142	94,898	272,040	37,606
Navy Reserve	37,158	20,521	5,821	26,342	3,699
Navy Total[4]	**443,970**	**197,663**	**100,719**	**298,382**	**41,305**
Air Force Active Duty	389,275	132,534	95,979	228,513	25,384
Air National Guard	113,543	28,795	28,203	56,998	2,981
Air Force Reserve	81,171	16,272	16,046	32,318	1,856
Air Force Total[5]	**583,989**	**177,601**	**140,228**	**317,829**	**30,221**
Marine Corps Active Duty	261,597	103,123	70,295	173,418	32,564
Marine Corps Reserve	31,903	25,143	3,259	28,402	2,557
Marine Corps Total[6]	**293,500**	**128,266**	**73,554**	**201,820**	**35,121**
DoD Active Duty Total	**1,772,806**	**717,128**	**435,977**	**1,153,105**	**227,197**
DoD National Guard Total	**339,861**	**189,873**	**57,822**	**247,695**	**27,184**
DoD Reserve Total	**285,155**	**149,494**	**46,087**	**195,581**	**21,342**
DoD Total	**2,397,822**	**1,056,495**	**539,886**	**1,596,381**	**275,723**
Coast Guard Active Duty	3,412	2,425	411	2,836	257
Coast Guard Reserve	230	206	9	215	1
Coast Guard Total[7]	**3,642**	**2,631**	**420**	**3,051**	**258**
Active Duty Total	**1,776,218**	**719,553**	**436,388**	**1,155,941**	**227,454**
National Guard Total	**339,861**	**189,873**	**57,822**	**247,695**	**27,184**
Reserve Total	**285,385**	**149,700**	**46,096**	**195,796**	**21,343**
Total	**2,401,464**	**1,059,126**	**540,306**	**1,599,432**	**275,981**

[1] Two or more deployment events with overlapping participation dates are considered a single deployment.

[2] For purposes of counting "deployments" by member, location is not considered. Breaks between deployments or "dwell times" of less than 21 days are considered to be a single deployment in CTS. This is done in order to account for legitimate breaks in a deployment such as R&R or emergency leave.

[3] Army Source: Joint Personnel Theater Database (JPTR), Deployed Theater Accountability System (DTAS) & Defense Finance and Accounting Service (DFAS) submissions for members earning Combat Zone Tax Exclusion (CZTE) or Imminent Danger Pay (IDP).

[4] Navy Source: Individual Tempo (ITEMPO) & DFAS submissions for members earning CZTE or IDP.

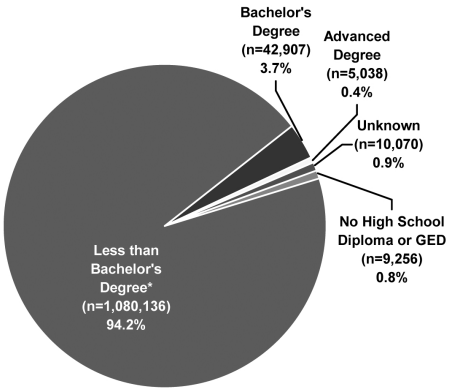
[5] Air Force Source: Deliberate Crisis Action Planning & Execution Segment (DCAPES) & DFAS submissions for members earning CZTE or IDP.

[6] Marine Corps Source: Marine Corps Total Force System (MCTFS) Crisis File & DTAS

[7] Coast Guard Source: DFAS submissions for members earning CZTE or IDP

2.33. Education Level of Active Duty Enlisted (N=1,147,407)

Most Active Duty enlisted members have at least a high school diploma (99.2%), which is higher than the percent of the U.S. civilian population age 25 and over that had at least a high school diploma (85.2%) in 2004.

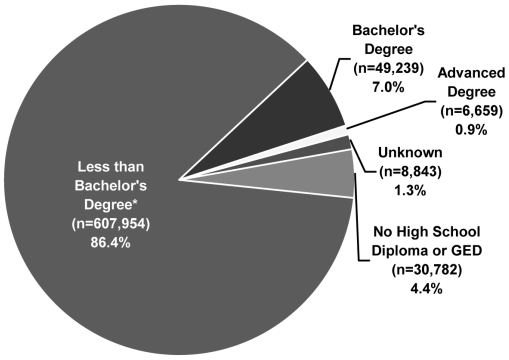


* Includes cases with at least a high school diploma and possibly additional education less than a Bachelor's degree (e.g., Associate's degree).

DMDC Active Duty Master File (September 2005); United States Census (2005)

4.35. Education Level of Selected Reserve Enlisted (N=703,477)

The percent of Selected Reserve enlisted who have at least a high school diploma (94.3%) is slightly higher than the overall U.S. population of those age 25 and over (85.2%) in 2004.



* Includes cases with at least a high school diploma and possibly additional education less than a Bachelor's degree (e.g., Associate's degree).

DMDC Reserve Components Common Personnel Data System (September 2005); United States Census (2006)

2.35. Education Level of Active Duty Enlisted Trends: 1990-2005

Since 1990, there has been a slight increase in the percent of Active Duty enlisted members who have a Bachelor's degree and an advanced degree.

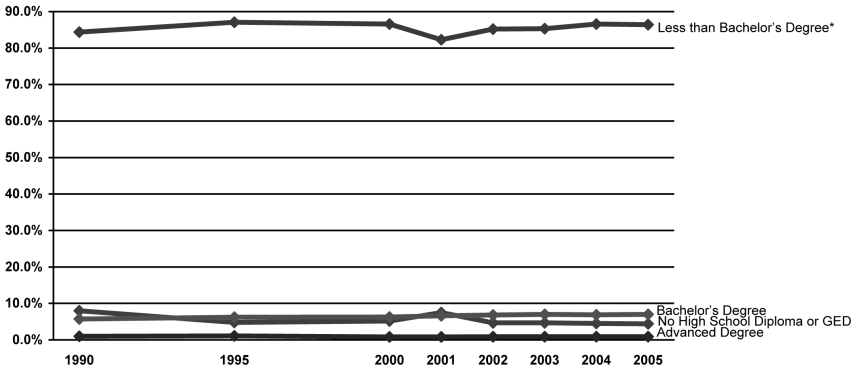
	1990 (n=1,732,414)	1995 (n=1,234,363)	2000 (n=1,153,575)	2001 (n=1,153,380)
No High School Diploma or GED	1.8%	0.8%	0.7%	0.9%
Less than Bachelor's Degree*	94.8%	94.8%	95.2%	94.1%
Bachelor's Degree	2.3%	3.1%	3.0%	3.1%
Advanced Degree	0.2%	0.3%	0.3%	0.4%
Unknown	0.9%	1.0%	0.8%	1.6%

	2002 (n=1,179,001)	2003 (n=1,191,790)	2004 (n=1,184,095)	2005 (n=1,147,407)
No High School Diploma or GED	0.9%	0.9%	0.8%	0.8%
Less than Bachelor's Degree*	93.6%	94.0%	93.7%	94.1%
Bachelor's Degree	3.2%	3.3%	3.5%	3.7%
Advanced Degree	0.4%	0.4%	0.4%	0.4%
Unknown	1.9%	1.4%	1.5%	0.9%

* Includes cases with at least a high school diploma and possibly additional education less than a Bachelor's degree (e.g., Associate's degree).

DMDC Active Duty Master File (September 1990, 1995, 2000, 2001, 2002, 2003, 2004, 2005)

4.37. Education Level of Selected Reserve Enlisted Trends: 1990-2005



* Includes cases with at least a high school diploma and possibly additional education less than a Bachelor's degree (e.g., Associate's degree).
Note: Data are represented ONLY for the years indicated. Data for the years in between are NOT represented in this graph.

DMDC Reserve Components Common Personnel Data System (1990, 1995, 2000, 2001, 2002, 2003, 2004, 2005)

Prepared Statement of Eric A. Hilleman, Deputy Director, National Legislative Service, Veterans of Foreign Wars of the United States

MADAM CHAIRWOMAN AND MEMBERS OF THIS COMMITTEE:

On behalf of the 2.3 million members of the Veterans of Foreign Wars of the U.S. (VFW) and our Auxiliaries, I would like to thank you for your invitation to testify at today's important hearing on the GI Bill and education benefits legislation.

In 1944, President Franklin Roosevelt signed into law the *Serviceman's Readjustment Act* known as the GI Bill of Rights. This bill helped millions of Americans realize the American dream. Nearly 12 percent of Americans served in uniform between 1945 and 1956 and more than 8 million returning veterans received debt-free college educations, low-interest home mortgages and small-business loan assistance. In

1947, half of the nation's college students were veterans. For many, they were the first in their families to further their education beyond high school. Today the WWII GI Bill is credited with creating the middle class.

Subsequent wartime GI Bills were not nearly as robust as the WWII bill. The Vietnam-era GI Bill was a scaled down version from the WWII style bill. Despite this, nearly 6.8 million veterans out of 10.3 million eligible veterans used their benefit. Education benefits during the Vietnam era, despite popular beliefs, dramatically aided veterans in their transition from active duty to civilian life.

It is time for a new GI Bill. It is time to revitalize the American dream; invest in the overall health of our slowly depleting military force; expand the socioeconomic makeup of the military; and provide the ONE PERCENT of our population that dons the uniform a life-changing benefit.

The VFW has long advocated for the creation of a GI Bill for the 21st Century in the fashion of the original WWII bill. We envision:

- A GI Bill that increases military recruitment efforts, broadening the socioeconomic makeup of the military, and strengthening our National security.
- A powerful transition assistance program allowing veterans to readjust to civilian life, improve their ability to care for themselves and their families, and to become the leaders of tomorrow.
- A GI Bill that recognizes the sacrifices of the hundreds of thousands of Guard and Reserve members who have served in Iraq, Afghanistan, the Horn of Africa, and during Katrina.

We are not a Nation at war; we are a Nation with a military at war. The majority of Americans have not been asked to sacrifice anywhere near that of the seven-tenths of one percent now serving in uniform or their families. Many troops have been to Iraq and/or Afghanistan multiple times. Some Guard and Reserve units are serving their second or third tours in country. Now is the time to honor their service with a GI Bill for the 21st Century, providing them with opportunities to become future leaders of our Nation.

Pause for one moment and consider the quality of life that WWII GI Bill recipients passed on to their children and grandchildren. We as a Nation need to recognize the indirect benefits our families received thanks to the education, housing and small business investment benefits given to the Greatest Generation.

Many in Congress have recognized the importance of these issues and have introduced bills to improve this key program. We urge you to examine these bills with an eye toward their enactment:

H.R. 2702, the *Post-9/11 Veterans Education Assistance Act of 2007*

This legislation would enhance military strength while providing an educational benefit that equips a generation of veterans to face the challenges of tomorrow. The VFW has long advocated a GI Bill in the spirit of the original WW II bill, which would cover tuition at the highest State institution, housing, fees, books, and provide a cost-of-living stipend. This legislation would accomplish these goals and more. It recognizes the tens of thousands of Guard and Reserve members who have actively served an aggregate of 24 months defending our Nation. It lengthens the post-service usage period from 10 to 15 years from the date of discharge and establishes a post-service benefit for the Guard and Reserve. The VFW enthusiastically supports this bill.

H.R. 1102, *Total Force Educational Assistance Enhancement and Integration Act of 2007*

We support this vital legislation, which addresses the inequity between active duty GI Bill and reserve GI Bill education benefits. H.R. 1102 would reward Guard and Reserve members with an equitable education benefit. For every month they serve on Active Duty, they would receive 1 month's Active Duty GI Bill benefit, usable within 10 years from their date of discharge. This bill also eases the administration of education benefits, simplifying U.S. Code, and giving the Department of Veterans Affairs the responsibility of administering the benefit as they currently do with the Active Duty GI Bill.

H.R. 2247, the *Montgomery GI Bill for Life Act of 2007*

The Montgomery GI Bill (MGIB) has opened the door to higher education for millions of Americans. This bill seeks to eliminate time limits that often prevent servicemembers from using a life-altering benefit when they need it the most. H.R. 2247 would eliminate the post-service 10-year time limit for the active duty MGIB and the in-service 14-year time limit for Guard and Reservists. Time limits prevent servicemembers from seeking training and education later in life or at mid-career

milestones. The VFW supports the lifelong career approach to the benefit. If a servicemember has earned the benefit, why prevent them from using it?

Many servicemembers seek education and retraining later or at mid-career. This helps them adapt to the ever-changing economy, transitioning from fields that may offer more job security. Also, many younger veterans and servicemembers have family obligations that prevent them from seeking an education early in life. The VFW supports H.R. 2247 and the repeal of time limits on the GI Bill.

H.R. 2385, the *21st Century GI Bill of Rights Act of 2007*

We support H.R. 2385 extending eligibility to Active Duty troops and National Guard and Reserve members who serve an aggregate of 2 years on active duty. This bill would pay tuition, books, fees, room and board over the course of 4 years of full-time education. It lifts the $1,200 buy-in fee. It further exempts veterans from paying loan fees, enhances access to low-interest loans through the Veterans Affairs Home Loan Guaranty Loan program, and increases the cap on the veterans' home loan program from $417,000 to $625,000. This legislation also establishes a veteran's micro-loan program, providing no-money-down micro loans for entrepreneurial ventures up to $100,000 and capping interest at 2½ percent.

Ms. Chairwoman and Members of the Committee, this concludes the VFW's testimony, I would be happy to answer any of your questions. Thank you.

Prepared Statement of Richard F. Weidman,
Executive Director for Policy and Government Affairs,
Vietnam Veterans of America

Good afternoon, Madame Chairwoman, Ranking Member Boozman and distinguished Members of the Subcommittee. Thank you for giving Vietnam Veterans of America (VVA) the opportunity to offer our comments regarding the GI Bill for education activities that could, if put in place, materially enhance the lives of the men and women returning to civilian lives from today's wars. The founding principle of Vietnam Veterans of America is that "Never again shall one generation of American veterans abandon another generation." It is our duty as Vietnam veterans, the last major cohort of wartime veterans prior to today's returning veterans, to do all that we can to try and ensure that what happened to us does not happen to them. They have earned far better treatment than we got 35 to 40 years ago when we returned. You now have a historic opportunity at this watershed in the history of veterans' affairs to make a real and lasting difference for the current generation of returnees by taking steps to meet the very real and pressing need to update and upgrade the Montgomery GI Bill for a new generation of veterans.

When my generation returned from Southeast Asia, the educational benefits for which we were eligible under the GI Bill paled in comparison to the very generous benefits our fathers and mothers received when they came home after achieving victory in World War II. That GI Bill, passed in 1944 with the guidance and support of World War I veterans, helped fuel the expansion of a real middle class in America, which led directly to an unprecedented era of economic growth and prosperity.

A WWII veteran who desired to attend a school of higher learning had all of his expenses paid—tuition (up to a certain ceiling), books, fees, room and board. And GIs flocked to the schools in droves.

Fast-forward 20 years. When the GI Bill for veterans returning from Vietnam was authorized, it was at the rate of $100 per month in toto for all expenses, the exact rate that the benefits for Korean veterans had stopped, a decade earlier. Clearly it was inadequate to assist many veterans to afford any school, much less a private college.

When I returned from military service, I began a career as an educator, serving on the teaching faculty of the Humanities Division and as an administrator at Johnson State College in Vermont. Many veterans found out that I was also a veteran, and came to me for assistance with the registrar, business office, the VA Regional Office (VARO) in White River Junction, Vermont, housing, and multiple other problems (including just trying to "fit in" with a student body that was younger and in comparison to them and what they had experienced, naïve fellow students).

A group of students, with encouragement from me, asked the President of the college for space and Federal Work Study program funds to start a veterans' office on campus. After one semester, we approached the Governor with a proposal for Comprehensive Employment & Training Act (CETA) funds. We asked for less than $40,000, but they gave us more than $300,000, so we opened a veterans' office on every campus in Vermont, under the title Project to Advance Veterans; Employment

(PAVE). I served as one of the founders, and chairman of the board of this 501(c) 3 Vietnam veterans' community based organization. The original Vermont project on campuses became one of several prototypes for the offices created by the Veterans' Cost of Instruction Program (VCIP), which funded such offices on campuses across America.

A man by the name of Stewart Feldman, who was then Special Advisor to John Gardner, head of the Conference of Mayors, put together a report on disparities in the utilization of the GI Bill for education by Vietnam veterans. What he found was that there was a direct inverse correlation between the cost of public higher education and utilization of the GI Bill by Vietnam veterans. There was also a direct correlation between the cost of public higher education and the drop out rate. In other words, places with free tuition for public higher education at the time, such as the California State colleges and the City University of New York (CUNY), had very high utilization rates, and relatively low drop-out rates. Vermont had the highest State university in-state tuition in the Nation and the highest state college in-state tuition in the nation, Vermont also ranked 50 out of 50 in percentage of utilization of the GI Bill, and highest in drop-out rates as a result of the relatively high cost.

While this report, and lobbying by the National Association of Collegiate Veterans (NACV) (which several years later changed their name to National Association of Concerned Veterans when their leaders started to graduate), the amount paid by the VA for these benefits went up substantially, but it was never enough to take the cost of public education off of the table as a major determinant of the utilization and completion rates. The utilization rate, and the completion rates for Vietnam veterans never came close to that of World War II veterans, as a result.

In the first 50 years following initial enactment in 1944, more than twenty million veterans received further training or education as a result of the GI Bill. Of those, 49 percent received vocational training or on-the-job training. It enabled some 46 percent of these men and women to attend college.

Thanks to the late G.V. "Sonny" Montgomery, former Chairman of this Committee, and the hard work of his colleagues and loyal staff (particularly Ms. Jill Cochran), the Montgomery GI Bill was created for a new generation of veterans. As a result of a broad coalition of organizations there were significant increases to the amount paid by the Montgomery GI Bill in the past decade.

While VVA testified in favor of those increases at the time, we made it abundantly clear then and we reiterate now that VVA favors a "back to the future" model of educational benefits that accords this newest generation of American veterans the same GI Bill that my father's generation received when they came back from World War II.

Today, a veteran who returns from Southwest Asia or anywhere the United States has a military presence in the Global War on Terror (GWOT) receives a much-reduced stipend in comparison to that accorded WW II veterans. That monthly amount has to pay for books, fees, and living expenses as well as tuition. Not surprisingly, many veterans do not avail themselves of the opportunity to further their education.

Now, Congress is considering increasing educational benefits for the latest generation of American soldiers. All we can say is: It's about time.

There are several bills in the Senate—S. 723, S. 1261, and S. 1719 to mention but a few—and a number in the House—H.R. 1969, H.R. 2247, H.R. 2417, and H.R. 3082, also to name a few—that aim to enhance or expand or otherwise improve the delivery of educational benefits to qualified veterans. Most recognize that the educational provisions that comprise the Montgomery GI Bill are far from adequate. Active-duty troops must pay into the program if they think they are going to attend an institution of higher learning when their stint in the military is over. The benefits, however, hardly cover the basics and, we believe, most newly minted veterans do not take advantage of this relatively meager assistance.

VVA is on record as having endorsed the bill introduced by freshman Senator Jim Webb on his first day in office this past January. VVA holds that enactment of S. 22, with the addition of the provisions from Senator Blanche Lincoln's bill to include individuals serving in the National Guard and Reserves, (beyond being the right thing to do for men and women who have put their lives on the line for us) is in the nation's ***vested*** self interest on at least two counts: first, it would train a new generation of leaders who would be freed to go as far as their drive, discipline, intelligence and ambition takes them without being limited by family finances; and, second, those young people considering enlisting today need to know that America values them enough to not only take care of their health and recovery where they have been lessened by military service, but that the Nation has enough confidence in them to invest in a new middle class by affording them every opportunity to "Be

All They Can Be" in civilian life. We invested many tens or hundreds of thousands preparing them to be warriors. Surely we can invest a similar amount to prepare them to be civilians, and to help us "Win the Peace."

The Post-9/11 Veterans Educational Assistance Act of 2007, S. 22, would, if enacted into law, direct the Secretary of Veterans Affairs to pay "to each individual entitled to educational assistance . . . who is pursuing an approved program of education [funds] to meet the expenses of such individual's subsistence, tuition, fees, and other educational costs for pursuit of such program of education." Assistance would include a monthly stipend of $1,000. Now, this is a *real* GI Bill.

The United States military is still the largest and arguably the most effective training institution in America. Skills are taught ranging from computer programming to meteorology to flying to allied healthcare professions to language proficiency to public relations to virtually anything that one can think of as a type of work or skill that would be required in any facet of our society. They do what they do very well indeed. Servicemembers are able to acquire extraordinary proficiencies and skills even in a short military career.

Furthermore, a new GI Bill must take into account the OJT, and other so-called not traditional classroom forms of training that is non-credit training, whether it be for a particular skilled trade, or entrepreneurial training offered through a Small Business Development Center (SBDC), or other vehicle that take into account the way adults learn in the 21st century. So flexibility must be built into the law while protecting veterans (and the public treasury) against unscrupulous operators who would try to secure tuition without delivering value to the veteran.

Madame Chairwoman and distinguished Members of this Subcommittee that concludes VVA's formal statement. I welcome your comments, and will be pleased to answer any questions you may have. Again, on behalf of VVA National President John Rowan, the VVA National Board of Directors, and our membership, we thank you for allowing VVA to appear here today to share our views.

Prepared Statement of Steve Francis Kime, Ph.D.,
Former Vice President (2003–2005),
American Association of State Colleges and Universities, and on behalf of the Partnership for Veterans Education

In addition to the American Association of State Colleges and Universities, **five of the national presidential higher education associations are members of the Partnership for Veterans Education, and support the Total Force GI Bill proposal.**

There has been little progress in GI Bill benefits for the Guard and Reserve. The **GI Bill has not kept pace with national military strategy and force deployment policies. The Nation is in need of a Total Force Montgomery GI Bill that equalizes benefits.**

The evolution of **Chapters 30, 1606, and 1607 has led to inequities in educational benefits.** There is confusion among veterans and administrators.

Contemporary **Adult and Continuing Education and the concept of lifelong learning apply to the entire Total Force structure.** Provisions for accelerated payments, high-tech programs, delimiting dates, etc. need a comprehensive new look.

The **administration of the current patchwork of laws is inflexible, needlessly cumbersome and inefficient:**

- **Support of veteran administrators at academic institutions is weak.**
- All GI Bill funding and administration belong in the Department of Veteran Affairs where veterans are the first priority.
- An outdated administrative culture dominates GI Bill management. Veterans are micromanaged—the **consequences of this management** style are **high administrative costs and low morale** for Veterans.
- Requirements of an inordinate amount of information, coupled with lack of state-of-the-art computer expertise and equipment, result in backlogs in veteran's receiving benefits.

The current **management of the GI Bill** needs comprehensive, ongoing **reform**. The **proposed Total Force GI Bill is a rare management opportunity to reform** and integrate the GI Bill to render better, fairer educational benefits for those who have served their country.

It is time for one unified and GI Bill, administered and funded by one Cabinet Department, to replace the patchwork that now exists. **There is a historic oppor-**

tunity at hand to produce a new "Total Force" GI Bill that can be seen by all to be clear, fair, well administered, and in synchronization with national strategy and force deployment policies.

Thank you Chairwoman Herseth Sandlin, Ranking Member Boozman, and Members of the Committee. I am here today as an educator and a veteran. I speak on behalf of the American Association of State Colleges and Universities in cooperation with other national higher education associations that participate in the Partnership for Veterans' Education.

AASCU and five national presidential higher education associations have supported Servicemembers Opportunity Colleges in its advocacy of education for servicemembers and veterans for a third of a century. As members of the Partnership for Veterans' Education, they have strongly supported improvements to the GI Bill and **support the Total Force GI Bill proposal. My testimony today is similar to the testimony I provided to the Full Committee on March 22, 2006.**

The higher education associations in the **Partnership for Veterans' Education** include the American Association of Community Colleges (AACC), the American Association of Collegiate Registrars and Admissions Officers (AACRAO), the American Association of State Colleges and Universities (AASCU), the American Council on Education (ACE), the National Association of Independent Colleges and Universities (NAICU), the National Association of State Approving Agencies (NASAA), the National Association of State Universities and Land Grant Colleges (NASULGC), and Servicemembers Opportunity Colleges (SOC).

Thank you for considering improvements to MGIB. They are much needed and long overdue—especially for our National Guard and Reserve servicemembers.

Thousands of Guard and Reserve servicemembers, many of them college students or aspiring students, are serving on active duty without fair access to GI Bill benefits commensurate with their service. The fact is that **the GI Bill has not kept pace with national military strategy and force deployment policies.**

Our nation's active duty National Guard and Reserve forces are operationally integrated under the Total Force policy but their educational benefits are not structured equitably. Our Nation needs a Total Force MGIB.

AASCU and the Partnership support a Total Force MGIB that will:

- **Benchmark MGIB to the cost of attendance at public 4-year institutions.** While Congress has attempted to keep pace with college costs in regards to benefits, for this school year, Chapter 30 benefits will cover approximately **75 percent of the cost of attendance at the average 4-year public institution.**

  For this school year the projected average cost of attendance at a 4-year institution is $13,145, while the benefit is $9,909.

- Consolidate active duty and reserve MGIB programs in title 38 and align benefit rates with type of length of service.
- Close the growing benefit gap between chapter 1606—the Reserve MGIB—and the active duty program.
- Transfer chapter 1607 to title 38 and adjust the rate formula to provide 1 month of active duty benefits under Chapter 30 for every month mobilized.
- Authorize the use of reserve MGIB benefits earned during a mobilization for a period of 10 years after leaving service—equal to current portability for active duty members.

In addition, we need to address other inequities and administrative issues that affect our veteran-students:

1. **Other inequities in educational benefits:**

   The MGIB and MGIB–SR do not pay for the same training. They should.

   Attempts have been made, with mixed results, to adjust the various versions of the active duty GI Bill to contemporary Adult and Continuing Education and the concept of lifelong learning. These **modern trends in higher education apply to all servicemembers in the Total Force structure.** Provisions for accelerated payment, high-tech programs, delimiting dates, etc. **need a fresh, comprehensive new look in a single GI Bill** that has appropriate access for all types of servicemembers.

2. There is **confusion among veterans and administrators.**

   Understandable confusion exists concerning the relationship between the kind of service rendered and educational benefit provided by current legislation.

The three "tiers" in the Total Force GI Bill concept clearly and fairly provide educational benefits commensurate with kind of military service rendered.

3. **The administration of the current patchwork of laws is inflexible, needlessly cumbersome and inefficient:**

Support of veteran administrators at academic institutions is weak. Veterans benefit from the strongest possible counseling and administrative structure at the academic institution level. The Veteran Educational Opportunity Program, funded by the Department of Education, helped support veteran administrators at colleges but was allowed to lapse a decade ago. The fee that is paid for veteran certifications ($7) has not been updated since the seventies. Veteran administrators on campuses are partners and, with stronger support, can improve the veteran's educational experience as well as the administration of the GI Bill.

Government structure has changed since the original GI Bill: there are now two Cabinet-level Departments. Strategy, war fighting and maintenance of a combat-ready force rightly occupy the Department of Defense. **GI Bill funding and administration belong, under title 38, in the Department of Veteran Affairs where veterans are the first priority.**

An **outdated administrative culture dominates GI Bill management.** Veterans are micromanaged with consequences that result in low morale among veterans and high administrative costs that probably exceed the dollar costs of their benefit.

Requirements of an inordinate amount of information, coupled with a lack of state-of-the-art computer expertise and equipment, causes major backlogs in veterans receiving their earned benefits.

The **current management** of the GI Bill **needs comprehensive, ongoing reform.** Consolidation and clarification of current laws could serve as a basis for management reform and simplification. The **proposed Total Force GI Bill is a rare management opportunity to reform and integrate the GI Bill to render better, fairer educational benefits** for those who have served their country.

It is **time for one unified GI Bill,** administered and funded by one Cabinet Department, to replace the patchwork that now exists. There is an **historic opportunity at hand to produce a new "Total Force" GI Bill that can be seen by all to be clear, fair, well administered, and in synchronization with national strategy and force deployment policies.**

Prepared Statement of David A. Guzman, Legislative Director, National Association of Veterans Program Administrators

Chairwoman Herseth, Ranking Member Boozman, Members of the Subcommittee, you honor us by inviting NAVPA to testify here today on behalf of America's most important resource, the American Servicemember, past and present, who preserve the freedoms we so much enjoy though their selfless contributions to this great nation.

For the past several years NAVPA has developed a legislative agenda outlining the many program enhancements to veterans' educational benefits that we see as necessary in order for veterans to keep pace with the ever increasing need for an educated workforce. We have long touted the concept that the school certifying official is at the business end of VA educational programs

The delivery of veterans *promised* benefits have fallen short or at best have been diluted by the concept that we must "PAY–GO", that is, find off-sets to pay for these education benefits.

Our government has a history of finding dollars for the bullets and bombs, but when it comes time for bandages and band-aids we seem to limit our liability. Veterans deserve better. NAVPA has proposed that appropriations for war contain a set-aside for medicine and benefits for when the servicemember returns and becomes one of our veterans of war.

NAVPA fully supports the Total Force GI Bill proposal. We would like to see an *equitable* education program for all veterans for all periods of active service, especially for those who put their life on the line in combat. The National Guard and Reservists are pulling their share of active deployments yet their educational benefits lag well behind the active duty Montgomery GI Bill (Ch 30) benefits. They fight alongside their fellow active duty companion yet receive much less in compensation.

NAVPA advocates administrative-like changes to the MGIB that would expand the student work-study program, clean up the financial aid dilemma that includes

MGIB benefits in the financial aid formula and excludes many veterans in need from receiving federal financial assistance when needed. We advocate the elimination of the 10-year delimiting date in favor of the lifelong learning concept, and urge the VA to embrace electronic processing for all claims, all programs of education, for all veterans and their dependents.

We also advocate for the combat veterans who receive general discharges under honorable conditions who currently are denied benefits although they have paid into the MGIB. Perhaps if this small group of veterans were able to receive education or training under the MGIB they too would become better citizens, gain meaningful employment and contribute to society in a positive manner. These veterans do receive other VA benefits, services and medical benefits.

NAVPA also would like to see an increase in compensation for schools and businesses that administer veterans education and training programs. When the Vietnam Era GI Bill was in existence the schools were responsible for the administration of two VA educational programs; today they are responsible for the accurate administration of 7 major education programs and 4 others which are either pilot, test, hostage relief or restored entitlement, bringing the total to 11 programs, with no change in the $7.00 per student compensation in over 25 years. The result is that Schools are slowly eliminating the stand-alone office of veterans' affairs and placing enrollment certification responsibilities in other offices with additional duties lessening training opportunities and placing a burden on the program administrator to maintain compliance with federal and state laws resulting in lessening of the service to our veterans. The program should include full funding not only for the veteran but also for the administration of the many veterans' educational programs at all levels from the Department of Veterans Affairs to the school or agency administering the programs.

Veterans' educational benefits, be they active duty benefits, benefits for guard and reservists, vocational rehabilitation, OJT and apprenticeship or survivors' benefits, actually cost little to nothing to the American citizen because, as history has proven, the return on investment will pay back up to sevenfold. Legislation for veterans' education and training must continue to adjust to fit changes in America's society.

An educated society is less likely to be involved in crime, will pay taxes, buy a home and contribute to the community. To me it is a no brainer to upgrade the education and training opportunities of our servicemembers and veterans and give them a meaningful benefit that will, in turn, be right for America and the right thing to do for our veterans.

Again, I thank you for this opportunity to testify. Although I have distributed the NAVPA Legislative Agenda for 2007, which I mentioned earlier, to Members of Congress during my February 2007 visit, I will leave two copies for this Committee.

I now stand ready for any questions you may have. Thank you.

Prepared Statement of Charles Rowe, President, National Association of State Approving Agencies, and Chief, State Approving Agencies, New Jersey Department of Military and Veterans Affairs

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 National Association of State Approving Agencies (NASAA) to provide NASAA's view on the current state of the MGIB–AD and MGIB–SR, to make recommendations to update the MGIB, and to recommend possible legislation to be considered by the Subcommittee.

Remarks:

1. Current State of the MGIB–AD

The fundamentals of the active duty GI Bill remain essentially sound. The recent changes allowing flexibility in MGIB utilization for accelerated payments and payments for Licensing and Certification have been viewed positively by benefit recipients, and annual COLA readjustments are important in the effort to keep pace with the rising cost of an education.

Of course, it is widely known that the cost of an education in this country has out stripped the inflation rate by a wide margin for a number of years, and as a result the educational benefits provided to our MGIB recipients under its various Chapters continue to fall far short of actually paying for all of a college education, and in fact are paying for an increasing smaller and smaller percentage of that education.

We find it very unfortunate that the increased benefits rates for Apprenticeships and Other On-the-Job Training (OJT) are being allowed to lapse back to their previous rates on the first of the year in 2008. The increased rates of 85 percent for the first six (6) months, 65 percent for the next six (6) months, and 45 percent for the remainder of the training was viewed as a good step toward equity with those veterans who are receiving benefits because they are able to choose either educational or vocational objectives at Institutes of Higher Learning or Non-College Degree programs.

The return to a lower reimbursement rate for those in the OJT and Apprenticeship programs will mark the first time most of us have had the experience of watching an MGIB benefit decrease, and we know, by way of feedback from the field, that this benefit reduction is not being greeted with a great deal of enthusiasm.

Additionally, from NASAA's perspective, we remain convinced that the members of active military who choose to use the MGIB while still in the active service should not be penalized by the having the entitlement reduction calculations made differently from those eligible veterans who have already left the service.

The speed of benefit payment for benefit recipients enrolled in schools, particularly after the initial waiting period for the first semester, seems to have improved because of the implementation of VAONCE.

At the same time the delays encountered for the payments of benefits to those benefit recipients receiving either Apprenticeship or OJT remain exceeding slow. The initial wait for OJT benefits, for instance, is routinely in the six (6) to eight (8) month timeframe.

As an example many Police Officers will receive their first benefit check while still attending an eight (8) week academy, while the same veteran easily waits six (6) months before receiving his or her first request for hours worked under OJT or Apprenticeship.

2. Current State of the MGIB–SR

As you know, the MGIB–SR (Chapter 1606) had traditionally been pro-rated to the MGIB–AD (Chapter 30). The SR rate was historically about 47 percent of the benefit amount paid to the AD component. Ironically, about the same time the rates for AD and SR became decoupled, and the SR payment rates decreased to its historical low of about 29 percent, roughly where it remains today, the operational tempo for the Selected Reserve component increased to its historical high, roughly where it also remains today.

This decoupling of the historical benefit ratios between AD and SR benefits took place because the two sides of the MGIB, AD and SR, are respectively located in two different titles of the U.S. Code, title 38 for the AD component, and title 10 for the SR component.

The effort to redress this decreased benefit and increased usage of the SR component resulted in REAP, the Reserve Educational Assistance Program, or Chapter 1607 by which it is also known. REAP has been well received, but continues to have its own issues. The first of these is that in some parts of the country REAP is either not widely known and/or not widely understood by the Selected Reservists themselves.

Additionally, as currently constructed, the REAP benefit ceases as soon as the member leaves the service, even after honorably completing his or her six (6) years of obligated service. Moreover, even members of the Guard or Reservists who have successfully completed an entire career in their respective service, and who may have recently been deployed to Iraq and/or Afghanistan find it shocking when they are informed that they do not have educational benefits due them when they retire. More frequently they are denied educational benefits they were lead to believe they had, when they first apply to the VA for those education benefits.

The experience of our members in NASAA has been that the Selected Reserve members themselves generally have a poor understanding of the MGIB–SR benefits that they actually have, and most of the time they thought the educational benefits were significantly more than they turned out to be, and a large portion of them were completely unaware of the reality that their educational benefits were entirely lost when they finished their obligation, particularly surprised are those who retire after a career of service.

Another unpleasant surprise for members of the Guard and Reservists returning from a second overseas deployment is that REAP, as currently configured, provides the educational benefit for the longest of the two (2) deployments, and is not based on the cumulative sum of months deployed, which effectively guarantees that for educational benefit purposes, one of the deployments, "doesn't count."

Finally, the requirement for the DoD and VA to interact on eligibility issues, and the fact that the St. Louis RPO is responsible for handling the Chapter 1606 and

Chapter 1607 benefit payments for Flight Training, Correspondence programs, Apprenticeship and Other On-the-Job Training (OJT) adds another level of complexity and delay to a system already stressed.

3. Recommendations to Update the MGIB

NASAA stands 100 percent behind the concept of a "Total Force GI Bill" and that issue is, and has been for some time, the #1 item on NASAA's Legislative Agenda **(attached)**. As stated in our Legislative Agenda, "Replace Chapters 30, 1606 and 1607 with *A TOTAL FORCE GI BILL*. This would provide MGIB reimbursement rate levels based on an individual's service in the Armed Forces, including the National Guard and Reserve.

There are number of excellent reasons to adopt the concept of a Total Force GI Bill:

1. **Portability**—The dramatically increased, and ever-increasing, utilization of the Selected Reserve component of our Armed Services led to the creation of the REAP benefit. That in turn has had two (2) unintended, but nonetheless, adverse consequences for SR component members entitled to both Chapter 1606 and Chapter 1607 benefits.

   The first is that a member of the Guard who knows his or her unit is due for deployment will refrain from using his Chapter 1606 benefits while he or she is drilling, and might otherwise have been in a position to use his or her benefits, because he or she knows that if (s)he gets deployed (s)he will not be able to finish his or her studies, and may even be forced to withdraw during the semester resulting in an overpayment issue.

   The second is that he or she may decide instead to wait to attend school, based on the notion that his/her educational benefits will increase as a result of his/her deployment. Unfortunately, when (s)he returns and finally has the opportunity to use those Chapter 1607 benefits, in many cases, (s)he finds out that those increased educational benefits aren't available because, either through completion of obligation or retirement, he or she is no longer drilling.

   The Total Force GI Bill resolves these issues because of its feature that replaces Chapter 1607 with its month of educational benefit for month of active service and portability provisions.

2. **Fairness**—The common notions of fairness require equal benefit for equal service. The concept of having educational benefits commensurate with sacrifice is at the heart of our preferred update to the MGIB, the Total Force GI Bill.

   At a time when the Selected Reservists are asked to sacrifice like never before, to risk life and limb in the same arduous and hostile environments as the active forces, there is no realistic way to defend the current MGIB's benefit discrepancies to the those warriors who have served together on those dangerous deployments.

   As discussed above, many of the SR members actually assume that equity is built into the MGIB, and are gravely disappointed when they discover that the current complex system is really three (3) separate Chapters which reward service at varying, seemingly arbitrary levels.

   In many cases the educational benefits are simply incomprehensible to them.

   a. For instance, should a member of the Guard receive the same benefit for 91 days or 364 days of service?
   b. If he or she is lucky enough to have been deployed for 366 days, should his or her educational benefits be increased by 50 percent (40 percent to 60 percent) for those 2 extra days?
   c. Should one Selected Reservist miss out on educational benefits because that member has only 6 months of obligated service left? While at the same time another member of the same unit who was deployed with him or her and who has four (4) years of obligated service remaining will receive those educational benefits.
   d. Should a Master Sergeant with decades of service, and multiple deployments find out either just before he or she retires, or soon thereafter that (s)he has absolutely no educational benefit whatsoever, after all of that dedicated and dangerous service to our country?

   The Total Force GI Bill resolves these issues because of its feature that replaces Chapter 1607 with its month of educational benefit for month of active service and portability provisions.

3. **Administration**—The complexities in the administration of the various Chapters of the MGIB are legendary. The current configuration of the MGIB which

forces endless interactions between DoD and the VA, with separate, and often incompatible, IT support systems unnecessarily places burdens on all parties reliant on the in-place administrative architecture of the MGIB.

The Total Force GI Bill by shifting most responsibilities into title 38, by recommending state of the art and integrated IT systems, by recommending simplified educational benefit and payment schemes, by streamlining claims processing, and by reducing administrative redundancies the actual understanding of and payment of benefits will be simplified.

4. **Legislative Action**

NASAA feels strongly that the hard won increase of benefits which were provided to those utilizing the Apprenticeship and OJT benefits, which increased to monthly benefit rate by 10 percent across the board, should not be allowed to lapse. We strongly support any legislation which would seek to prevent that drop in the benefit rate.

We believe that a host of irregularities which arise under in the current MGIB educational benefit structure will only be solved by adopting the new structure provided by the Total Force GI Bill. The three (3) separate MGIB Chapters 30, 1606, 1607 at various times control and/or conflict when determining payment to an eligible benefit recipient.

For instance, a veteran who has not used any of his or her educational benefits, and who is now also an active reservist, and has just returned from deployment, faces a series of decisions regarding how and when to use which of his or her available educational benefits. The complexities and lack of understanding regarding these various options is staggering, and as a result the entire system is not being served well.

It is NASAA's position that key to resolving a constellation of troublesome issues, is to place the MGIB–AD and MGIB–SR into title 38, U.S.C. This one move will then force the real integration of the MGIB to reflect the actual integration which has already taken place within the Armed Services. We fully support any legislation which seeks to accomplish that goal.

Summary

NASAA wholeheartedly supports the Total Force GI Bill. We believe the events have overtaken the original 1985 edition of the MGIB. Our experiences today are leading us strongly to the conclusion that a major overhaul of the MGIB is now overdue.

Once the Selected Reservists were seen as part of the total force structure, and certainly once they started being utilized as an integral part of a total force which has been our collective experience for over six (6) years now, then surely it is time for a GI Bill which reflects the concept of the total force, a Total Force GI Bill.

Closing

In closing, Mrs. Chairwoman, I would like to thank you for providing me with the opportunity to present NASAA's views on these vital issues. Thank you also for efforts that you and your Committee have been putting forth to improve to the educational and training benefits for those who wear the uniform of this nation's military. I would be happy to respond to any questions you may have.

Legislative Agenda
Adopted By the Association July 19, 2006
Major Recommendations

1. **Recommendation—Replace Chapters 30, 1606 and 1607 with a *Total Force GI Bill*. This Bill would provide MGIB reimbursement rate levels based on an individual's service in the Armed Forces, including the National Guard and Reserve.**

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

   B. The second tier or level would be for all who enlist or re-enlist in the Selected Reserve (SelRes) for 6 years, and this would entitle them to 36 months of benefits at a pro-rata amount of the active duty rate (initial ratio in 1985 was 47 percent.)

   C. The third tier would be for members of the SelRes and Inactive Ready Reserve (IRR) who are activated for at least 90 days. They would receive 1

month of benefit for each month of activation, up to a total of 36 months, at the active duty rate. These months of full benefits would replace, month-for-month, any SelRes entitlements at the second tier. The maximum benefit a member of the SelRes could receive under this provision would be the equivalent of 36 months at the active duty rate. (Note: Maximum benefit is without consideration to multiple entitlements.)

An individual would have up to 10 years to use the active duty or activated-service benefit from their last date of active/activated duty or reserve service, whichever is later. A Selected Reservist could use remaining second tier MGIB benefits as long as he/she were satisfactorily participating in the SelRes, and for up to 10 years following separation from the reserves in the case of separation for disability or qualification for a reserve retirement at age 60.

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

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

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

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

The GI Bill has traditionally been viewed as a grateful Nation's way of showing its appreciation for the sacrifices of service, separation, and combat. The new **Total Force GI Bill** reflects the new realities which have transformed this nation's security environment since the second week of September '01.

2. **Recommendation—Continue to expand the readjustment purpose of the Veterans' educational assistance programs to permit continuous training, retraining, re-licensing and enrollment in skill improvement courses. For example, revise Section 3452(c) of Title 38, U.S. Code to provide for the use of VA educational assistance benefits for enrollment in any unit course or subject, or combination of courses or subjects (title 38 terminology) necessary to obtain, maintain, or advance in a profession or vocation.**

Rationale: In today's society the concept of lifelong learning has risen to a new level of importance. Very few occupations or professions remain static; there is the constant requirement for workers to upgrade their knowledge and skills in order to remain competitive. The current educational earned benefit programs for veterans and other eligible persons generally require the VA beneficiary to be enrolled in a full-scale program of education; i.e., one that leads to a traditional degree, diploma or certificate. Although recent legislation provides more flexibility, there is still the need to permit even greater use of benefits for enrollment in short-term learning experiences that will help a veteran to maintain a level of expertise commensurate with the ongoing demands of their chosen occupation or profession. A key phrase that expresses the intent of this recommendation already is embedded in law—education and training that qualifies the eligible person "to enter into, maintain or advance in employment in a predetermined and identified vocation or profession".

As stated, the law already provides for limited use of benefits for course(s) "to fulfill requirements for the attainment of a license or certificate . . . in a high technology occupation". The specific example expands the provision to all professions and vocations/occupations; recognizes that a single unit course or subject may be all that a veteran needs to obtain, maintain, or advance in a profession or vocation; and, provides for the use of benefits while enrolled in a subject or a combination of subjects without requiring a connection to a license or certificate.

3. Recommendation—Continue the rate of educational assistance benefits currently in place for veterans enrolled in Apprenticeship and other On-the-Job Training programs.

Rationale: The law was changed, effective October 1, 2005, to increase the rate of benefits received by veterans and other eligible persons who are enrolled in apprenticeship and OJT programs. The rate is now 85 percent of the full time institutional rate for the first 6 months, 65 percent for the second 6 months of training and then 45 percent for the third and any succeeding period of time. This increase is for a limited period of time—it expires on September 30 of 2007. It is too early to know for sure, but early indications are that the increases have had a positive effect on the ability of veterans to use this way of gaining knowledge and skills for the occupations or professions of their choice. In combination with extensive outreach activities, there has been a 39.9 percent increase in the number of approved and active training establishments from 1997 to 2003, and a 53.8 percent increase in the number of program approval actions at job training establishments from 1997 to 2005. We anticipate continual growth in the use of job training programs.

Legislative Agenda, Part 2—Other Recommendations Adopted By the Association July 19, 2006 (unless otherwise noted)

4. Recommendation—Rescind $1200 pay reduction for MGIB, Chapter 30, eligibility.

Rationale: This requirement for MGIB eligibility is not consistent with the true intent of a grateful Nation to provide a GI Bill to those who serve in its defense. It also is not consistent with most past GI Bills that we have enacted. It is time to rescind this requirement.

5. Recommendation—Provide an "open window" to Chapter 32 period servicemembers to enroll in the MGIB and for other active duty servicemembers to withdraw their election to not enroll in the MGIB.

Rationale: There are still many servicemembers on active duty who did not participate in or who withdrew their contributions to the Veterans' Educational Assistance Program (VEAP). Equally important is the fact that some other active duty servicemembers are not eligible for the MGIB. Many of these have served and will continue to serve "on the frontlines" in the defense of our Nation. All current servicemembers should have access to the same education and training opportunities as their counterparts who are eligible for benefits under Chapter 30.

6. Recommendation—Revise the method by which entitlement is charged to servicemembers who use their GI Bill while serving on active duty so that the charge is the same as that applied to all other VA benefit eligible persons.

Rationale: Servicemembers who use their GI Bill while serving on active duty should not be penalized for doing so. Current law reduces the servicemember's entitlement 1 month for each month of enrollment regardless of the rate of pursuit and benefits received. We believe that this practice is totally unfair and unjustifiable.

7. Recommendation—Revise Section 3014A to allow accelerated payment of basic educational assistance for education leading to employment in industries other than "high technology" and place limitations on the length of such programs for use of the provision. Additionally, revise the section to allow the VA to use only the MGIB "base rate" as the basis for the accelerated payment 200 percent calculation, not the base rate plus "kickers", optional contributions, etc., as currently factored into the "otherwise payable benefit".

Rationale: Even with the recent increases in the monthly benefit amount, some veterans find it cost prohibitive to enroll in an institutional program that will provide the knowledge and skills necessary for them to reach their occupational or professional objective. Removing the current restriction that requires enrollment in a program that leads to employment in a high technology industry would allow greater opportunities for more veterans to use their GI Bill benefits. Additionally, revise the law to limit the length of a program that qualifies for accelerated payment to 2 years. The discussions that led up to the enactment of the original legislation centered on short term high technology courses. The language that was enacted does not impose any limitations on length,

therefore all high technology programs, including many 4 year degree programs, qualify.

The recommendation regarding the use of the "base rate" is offered because veterans who take advantage of the $600.00 buy-in, are 34/30 conversions, have kickers, or any combination of these programs can be penalized by having their additional monthly payment amount disqualify them for accelerated payment under the current calculation method.

8. **Recommendation—Revise the period of operation (two year) rule to exempt certain non-degree programs. The programs would be ones that are offered by (1) an accredited, degree granting, proprietary for profit or not for profit educational institution or (2) a degree offering branch of such institutions when the institution has at least one degree program already approved for GI Bill purposes.**

Rationale: The intent of Congress when it revised the period of operation rule in 1996 can be found in several documents issued during 1995 and 1996. The following excerpt taken from the Explanatory Statement on S. 1711, As Amended, summarizes that intent. *"Section 201 of H.R. 3673 would: (a) remove the two year rule restriction on all degree granting institutions, including branch campuses (but not on non-degree granting institutions) . . ."* Changing the rule in accordance with the Recommendation would affect branch locations since in most, if not all, cases the parent campus will have been in operation for two years before attaining accreditation. The change also would be consistent with the determinations that already have been made about the quality and integrity of the degree programs offered by the institution and the capacity of the institution to fulfill its commitment to students.

9. **Recommendation—Revise certain sections of Title 38, U.S. Code that pertain to Correspondence courses; specifically Section 3672(e) by reducing the six month requirement to complete the program or course to three months, Section 3686(a)(1) by increasing the educational assistance allowance payable from 55 percent to 60 percent of reimbursable costs, and Section 3686(b) by reducing the ten day enrollment affirmation period to five days.**

Rationale: The law governing the administration of correspondence courses was written in a time before there was widespread use of computers and the internet. Technology is such today that it provides instantaneous interaction between the student and instructor. The need to ensure that ample time for "mail to arrive" is no longer a factor. A five day affirmation period and a three month learning experience are both supported by communication standards of the day and in line with the changing learning environments of the 21st Century. Condensed, short term programs of education are offered by various institutions and can fulfill the needs of many veterans as they pursue their occupational or professional goals.

10. **Recommendation—Revise Section 3680A(a)(4) by adding a new subpart, "or (C) remedial or deficiency courses required by an accredited institution of higher learning for entrance into one of their approved postsecondary programs of education".**

Rationale: The law currently provides for the payment of VA educational assistance benefits for enrollment in remedial and deficiency courses required for successful entrance and completion of a degree, diploma or certificate program of education if required by the postsecondary educational institution in which the veteran is seeking to enroll. These types of courses are currently offered by postsecondary institutions as a traditional classroom experience or through technology as online education. This change would provide veterans with opportunities to use their benefits when enrolled in either delivery mode; online course enrollments are currently prohibited.

11. **Recommendation—Revise Section 16162(c)(3) of Chapter 1607 of title 10, U.S. Code to eliminate the further reduction of benefits for veterans enrolled in flight training and correspondence programs by including the word "not" in the last phrase of the sentence which constitutes the section. [". . . that rate shall *not* be further adjusted by the applicable percent specified in paragraph (4)."]** (This recommendation accepted September 14, 2006)

Rationale: Under the current wording of the law, a member of the Selected Reserve who is activated and qualifies for the Chapter 1607 program would receive less in GI Bill benefits for flight and correspondence programs than a

Chapter 1606 eligible member who is not activated. This is due to the multiple calculations required by Section 16162(c)(3) of Chapter 1607 of title 10. At a minimum, the law should be revised to the extent that it provides at least the same level of benefits to a chapter 1607 eligible person as it does for those who qualify for chapter 1606.

12. Recommendation—Remove veterans' educational assistance benefits from *all* calculations for determining eligibility for title IV, Student Financial Aid.

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

13. Recommendation—Reinstate the Veterans Education Outreach Program.

Rationale: For many years the Veterans Education Outreach Program (VEOP) and its predecessor, the Veterans Cost of Instruction Program, were very successful in reaching out and providing assistance to veterans. A campus-based program, VEOP helped to inspire and build confidence in those who were hesitant to use their GI Bill educational assistance benefits. External services ranged from general outreach activities such as public service announcements and the production of information documents to participation in local and statewide career fairs. Internal services included career and personal counseling and assistance with the completion of documents associated with the enrollment in a program of education as well as those for the GI Bill benefits for which the veteran was entitled. The Montgomery GI Bill has been in existence since 1985 and although veterans have $1,200 of their own money invested, usage of the program remains relatively low. It is time for this once proven effective program to be reinstated with appropriate provisions to ensure its success within the context of its intended purpose so as to maximize the opportunities for cooperation between and contributions by educational institutions, the Department of Veterans Affairs and State Approving Agencies.

Prepared Statement of Allison Jones, Member,
Advisory Committee on Student Financial Assistance
U.S. Department of Education, and Assistant Vice Chancellor for
Accademic Affairs, California State University System

Chairwoman Herseth Sandlin and Members of the Subcommittee on Economic Opportunity:

On behalf of the Advisory Committee on Student Financial Assistance (Advisory Committee) Chairperson, Judith Flink, and other Committee Members, thank you for the opportunity to provide testimony on the Montgomery GI Bill education benefits (MGIB) and title IV federal financial aid. My name is Allison Jones, and I am testifying as a member of the Advisory Committee. As Assistant Vice Chancellor for Academic Affairs, Student Academic Support for the California State University System, I am also involved in the California Troops to College initiative and an ardent supporter of efforts to increase veterans' access to postsecondary education.

The Advisory Committee was authorized by Congress in the 1986 amendments to the Higher Education Act. For more than 20 years, we have provided independent and objective advice and counsel to Congress and the Secretary of Education on federal student aid policy. Our most important legislative charge is to make recommendations that maintain and improve college access and persistence for low- and moderate-income students. In fulfilling that charge, we have played an active role in keeping federal, state, and institutional student aid policy focused on access and persistence, thereby protecting the best interests of our Nation's low- and moderate-income students. Although we have traditionally worked most closely with the House Committee on Education and Labor and the Senate Committee on Health, Education, Labor, and Pensions, we appreciate this opportunity to share our knowledge of financial aid programs with you and your Subcommittee in order to assist our Nation's veterans.

Your letter requests that testimony be offered in the following three areas:

- the current state of the MGIB for Active Duty and Selected Reserve,
- recommendations to update the MGIB,
- legislative action that might be considered by your Subcommittee in relation to title IV.

Given the Advisory Committee's previous work and expertise in federal student aid, my testimony will be limited to your third request: legislative action that might be considered in relation to title IV. More specifically, I will explain the *interaction* between the MGIB and title IV federal student financial aid programs. The question I will be addressing is whether MGIB restricts in any way eligibility for need-based title IV student aid. I would note that my statements are not directed at whether MGIB education benefits are an adequate reward for the service of our brave men and women.

Background

Students receive financial aid from various sources, including the federal government (i.e., Pell grant, campus-based aid, federal student loans), State governments, institutions, and private sources. In 2005–06, nearly $135 billion dollars of financial aid from all sources was distributed to students.[1] The federal government represents the largest share of student aid from all sources, approximately 70 percent.

Although there are various sources and types of aid, my testimony will focus on the relationship between the MGIB and need-based title IV aid, including Pell grants, loans, and campus-based aid. My testimony is based on four sources: the knowledge and experience of our members; a review of guidelines and regulations published by the Office of Federal Student Aid, U.S. Department of Education; discussions with financial aid administrators across the country; and an analysis of the 2002 Government Accountability Office report on Veterans' education benefits.[2]

Effect of MGIB on Title IV Student Aid

A student's eligibility for need-based federal aid depends on his or her ability to contribute to college expenses—the expected family contribution (EFC). To determine EFC, the Department of Education (ED) requires financial aid applicants to submit the Free Application for Federal Student Aid, commonly referred to as the FAFSA. This form requests information on the previous year's income, taxes, and assets (excluding the value of the student's home), and uses the federal need analysis formula to make an assessment of what a student can contribute financially to college expenses.[3] The formula also takes into account whether the student is married or has dependents. The EFC is used to determine two key amounts:

- a student's Pell grant award,
- a student's total need for student aid (cost of attendance minus EFC).[4]

In addition, title IV prohibits an over award: the sum of EFC and aid from all sources cannot exceed the cost of attendance (COA).

Effect of MGIB on EFC and Pell. For Veterans, the monthly MGIB he or she receives is reported on the FAFSA, but that amount is *not* used in the calculation of the EFC. That is, the amount of MGIB does *not* affect how much the student is expected to contribute to college expenses. Consequently, since the EFC is used to determine the student's Pell grant award, the amount of MGIB a Veteran receives does *not* affect the Pell grant award to which he or she is entitled.[5] Also, since MGIB benefits do not affect the EFC, they do not affect a student's total need (COA minus EFC).

Effect of MGIB on Student Loans. While the effect of MGIB on Pell grant and EFC is straightforward, the effect of MGIB on eligibility for loans is complicated and depends on the category of benefit, the type of loan, the year of enrollment, and the student's EFC.

The Federal Stafford Loan program provides ***subsidized*** loans (government pays interest while you are in school) and ***unsubsidized*** loans (the student pays all the

---

[1] College Board. 2006. *Trends in Student Aid 2005–06.* Washington, DC.

[2] Government Accountability Office. 2002. *Veterans Education Benefits: Comparison of Federal Assistance Awarded to Veteran and Nonveteran Students.* Report to the Ranking Member, Committee on Veterans' Affairs, U.S. Senate. Washington, DC.

[3] Students must reapply for student aid by submitting the FAFSA form annually. All veterans are treated as independent students for the purposes of the FAFSA.

[4] Cost of attendance (COA) includes all tuition, fees, and living expenses. A student's total need is determined by subtracting COA from EFC.

[5] The amount of Pell grant a student is eligible for is equal to the maximum Pell grant amount, currently $4,310, minus the EFC.

interest, but payments can be deferred until after college graduation) to students. To receive a ***subsidized*** loan, the student must demonstrate financial need. Briefly:

- for Active Duty personnel, MGIB does *not* affect the amount of ***subsidized*** Stafford loan the student is eligible to receive.
- for Selected Reservists, MGIB **does** limit, and **can** eliminate, the student's eligibility for ***subsidized*** Stafford loans.
- for both Active Duty and Selected Reserve, MGIB benefits do affect ***unsubsidized*** Stafford loans.[6]

Effect of MGIB on Other Student Aid. There are three campus-based programs that allocate funds to each college to distribute to eligible students:[7]

- the Federal Supplementary Educational Opportunity Grant (FSEOG),
- the Perkins Loan, and
- Federal Work-Study.

While MGIB benefits do not affect a student's Pell grant, EFC, or total need, they can affect awards under campus-based aid programs because of the prohibition against overawards. For example, if a student's EFC, Pell grant, and MGIB equal or exceed COA, awards under these other programs can be eliminated. However, an exception is allowed for ***subsidized*** Stafford loans, which can offset MGIB. Only in cases where the veteran's full need (COA minus EFC) is fully met by Pell grant, State grants, MGIB, other resources, and ***subsidized*** loans can the prohibition against over awards limit campus-based awards. Even in this case, aid administrators can exercise their discretion to disburse campus-based aid up to the amount of ***subsidized*** Stafford loans that offset MGIB. Also, the student can borrow an amount equal to EFC in ***unsubsidized*** loans, Graduate PLUS loans (if a graduate student), and state-sponsored or private loans.[8]

More research is needed to assess the interaction of MGIB on other sources of aid, including federal tax incentives, the Academic Competitiveness Grant (ACG) and National SMART Grant, and State grant aid.[9]

Potential Legislative Actions

Three potential changes in title IV might be considered:

- First, Selected Reserve benefits could be treated like Active Duty benefits in the consideration of ***subsidized*** Stafford loans. This benefit would improve parity between the two GI Bill programs—for Active Duty and Selected Reserve—and increase access to the subsidized loan program for Reservists.
- Second, the exception that allows for campus-based aid to be distributed up to the amount of ***subsidized*** Stafford loans, might be required, rather than discretionary. This benefit would increase Veterans' access to the campus-based aid programs.
- Third, an exclusion for ***unsubsidized*** loans similar to the one for ***subsidized*** loans, could be implemented. This benefit would allow Veterans to borrow additional funds to cover educational expenses.

Whether such changes are necessary or desirable—including an assessment of unintended consequences—requires a thorough review by your Committee, relevant education Committees in the House of Representatives and Senate, the Department of Veterans Affairs, Department of Education, and the financial aid community.

On behalf of Advisory Committee members, thank you again for this opportunity to testify before you today. We look forward to continuing to provide you with technical assistance on the matters discussed today.

---

[6] Eligibility for unsubsidized Stafford loans is determined by subtracting the EFC and all sources of financial aid from the total cost of attendance of the institution of higher education in which the student enrolls.

[7] Campus-based aid programs are administered by the university. The federal government provides the university with a fixed annual allocation, which is awarded to needy students by financial aid administrators. Because the pool of available funds is fixed, not all eligible students receive aid.

[8] Unsubsidized and Graduate PLUS loans are provided by the federal government. State-sponsored loans vary according to state; private loans vary according to the lending entity.

[9] There are different types of tax incentive programs, including the HOPE and Lifetime Learning credits. These credits are non-refundable and the amount of the credits can vary depending on family circumstances and cost of tuition, among other factors. These credits are not legislated by title IV, but are actually a part of the U.S. Tax Code.

Prepared Statement of James Bombard, Chairman Veterans Advisory Committee on Education, U.S. Department of Veterans Affairs, and Chief, New York State Division of Veterans Affairs, Bureau of Veterans Education

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 Department of Veterans Affairs (DVA) Secretary's Veterans Advisory Committee on Education (VACOE) to provide the Committee's views on the current state of the MGIB–AD and MGIB–SR; recommendations to update the MGIB; and possible legislative action that should be considered by the Subcommittee

State of MGIB–AD–SR

Seamless Transition Program Flexibility and Claims Processing

It is the Advisory Committee's (VACOE) view that program flexibility and efficient claims processing are the keys to a veteran's seamless transition of providing earned education benefits to eligible participants. It should also be noted that in the past the Committee made a number of recommendations designed to increase program flexibility, i.e. accelerated payment without restriction, expansion of test reimbursement, removing or extending the delimiting date, equalizing the benefit for OJT/Apprentice programs in relation to IHL and NCD education/training programs, and removing restrictions on wage progression for municipal employees.

The reason seamless transition is difficult to accomplish is that when the Montgomery GI Bill was created by legislation in 1984, it was both similar and different from previous GI Bills. It was similar in that it provided a benefit for veterans who chose to enroll in an educational program at an approved education or training institution. Like the previous programs the maximum benefit was payable to veterans training full-time, with prorated amounts available for veterans training three-quarters time, half time, or less than half time. The level of benefits also depended on whether a veteran was attending a traditional degree-granting institution or was enrolled in on-the-job training, apprenticeship, or cooperative training programs. It was different because previous Education Programs (EP), special rules provided higher benefit levels for persons having eligibility for the prior Vietnam-era EP, with lower benefits authorized for persons enlisting for a period of less than 3 years. Another unique feature of the Montgomery GI Bill (MGIB) was that it authorized benefits for those in the Selected Reserve (Chapter 1606 program), although the maximum monthly benefit was much lower than the Active Duty rate. Additionally, the MGIB authorized "kickers", or additional monthly benefits for certain veterans in certain military occupations and "buy-ups" for veterans seeking higher monthly benefits.

In addition to the aforementioned features which add substantial complexity to eligibility and payment amount determinations, other provisions made the MGIB more complicated than previous EPs. The inadequacies of EPs which preceded the MGIB led to legislation authorizing persons eligible for earlier EPs to choose to become eligible for the MGIB. Special "top-off" tuition assistance benefits and "accelerated" or licensing and certification benefits were also authorized. Most recently, a new "Chapter 1607" EP was created for "Reserve Component Members Supporting Contingency Operations and Certain Other Operations". The eligibility rules and benefit rates for these servicemembers are different than those for persons who enlist for 2 or 3 years in the Active-Duty program or who enlist in the regular Selected Reserve.

To further compound the issue, the adoption of the Total Force structure, made the reserve/guard an integral part of the active duty force. Hence, some veterans became eligible for multiple programs i.e. Chapter 1606, 1607 and 30.

Congress, although well meaning, tends to create new initiatives designed to shore up existing deficiencies in the current MGIB; without dealing with the administrative problems inherent in trying to integrate new program components in the established MGIB. As a result of the proliferation of eligibility categories and benefit levels fewer educational claims are straightforward. The complexities of a number of new GI Bill opportunities have resulted in a cumbersome data management system that does not timely respond to the needs of veterans and other GI Bill eligible recipients.

The existing array of supplemental GI Bill programs, coupled with multiple program eligibility, suggest a strong need for a comprehensive GI Bill program as outlined in the VACOE letter to the Secretary on July 8, 2005 entitled Total Force GI Bill.

It is the Committee's belief that the DVA Education Service, in conjunction with Congress, can create an effective, efficient claims processing system by adopting the following:

1. Restructure the GI Bill; i.e., Total Force, thus streamline claims processing.
2. Create a synergistic relationship with Congress in order to ensure feasibility and support for any additional programs associated with the GI Bill
3. Improve information exchange between DoD and DVA. The need for constant communication between DoD and DVA would be minimal with restructure of GI Bill.
4. Invest in state-of-the-art IT systems
5. Hire additional staff to do claims processing or at a minimum maintain budget direct FTEs

Recommendations

Total Force

The Advisory Committee, after nearly 2 years of studying the Montgomery GI Bill (MGIB), recommended a fundamental change to the structure of the MGIB; and also put forth the framework for a new GI Bill that reflects the realities of the Total Force policy.

It is the Committee's belief that this restructuring is necessary to incorporate program flexibility, ease of administration and equity of service rendered.

Both the Active Duty and Selected Reserve (SelRes) programs share the same name and are part of the same legislation, but they have different purposes. The Active Duty (AD) program revolves around recruitment and transition/readjustment to civilian status while the SelRes program is designed to promote recruitment and retention, with no regard for readjustment or transition.

The current GI Bill programs did not consider DoD's use of the SelRes for all operational missions. Under this policy the SelRes and some members of the Individual Ready Reserve (IRR) are considered integral members of the Total Force. Reserve members who are faced with extended activations require similar transition and readjustment benefits as those available to separating AD service men and women. Although the new reserve GI Bill educational benefits program authorized under Chapter 1607 of title 10, U.S. Code attempts to address this issue, it remains primarily a retention tool, requiring continued reserve service.

For these reasons we recommend replacing the separate GI Bill programs for veterans and reservists with one program that consolidates all GI Bill programs under one umbrella (title 38, Code). This would include enrolling all currently eligible personnel in Chapters 30, 1606 and 1607 in the new Total Force GI Bill. This approach will add value to the Montgomery GI Bill (MGIB) as a recruitment and retention tool for the Armed Forces, including National Guard and Reserve; establish equity of benefits for returning Guard and Reserve members; support Congress' intent for the MGIB (see Attachment C); and potentially save taxpayer money through improved administration.

Background

In the 20 years since the Montgomery GI Bill went into effect on June 30, 1985 the nation's security environment has changed radically from a fixed Cold war to a dynamic "Global War on Terror." In 1991 the Active Duty Force (AF) of the Military stood at 2.1 million; today it stands at 1.4 million.

Since 9/11 more than 480,000 members of the 860,000 Selected Reserve (SelRes) have been activated. Today approximately 40 percent of troops in are Guardsmen or Reservists.

Despite this, the Montgomery GI Bill (MGIB) and the Montgomery GI Bill—Selected Reserve (MGIB—SR) still reflect the situation that existed in 1984. Then the members of the Selected Reserve rarely served on active duty. The idea that any projection of power would require the activation of at least some reservists was never considered in creating these programs.

Because most reservists have both careers and families which are embedded in towns and cities across the country, these activated citizen-soldiers—mayors, police chiefs, firefighters, and small businessowners—face additional burdens as financial and career obligations mount, while their families, employers, and communities frequently face significant sacrifices and hardships as well.

This has led to inequitable situations. First, Selected Reserve members and members of the Individual Ready Reserve (IRR) may be called to active duty for considerable periods, but less than 2 years. When they return to civilian life, what is avail-

able to help them readjust? They have nothing at all if their active duty is at the end of their 6-year commitment to the Selected Reserves.

Legislation

Proposed Total Force GI Bill

In the face of these dramatic changes in the nature of Reserve Force (RF) usage, and recognizing that the Active and Reserve Forces have become inextricably integrated as a Total Force, the Committee is proposing an updated GI Bill which accepts the new security realities of the open-ended Global War on Terror, the recruiting and retention issues which arise from it, and the expanded role that the RF plays in this modern era. The current members of the RF are being asked to perform in a manner literally unprecedented since WWII.

As the distinctions between the active and reserve force continue to diminish the difference in treatment between the active and reserve forces in the GI Bill should decline accordingly. Benefits need to remain commensurate with sacrifice/service.

From 1985 through 1990, a period of relative quiescence for the RF, Reservists, under Chapter 1606 of Title 10 U.S.C., were receiving 47 percent of the educational benefit of active force Montgomery GI Bill participants. That 47 percent rate remained in effect until roughly the turn of this century when the MGIB was significantly enhanced for the Active Force.

Since 1990 the percentage of educational benefit for reservists has declined from 47 percent to 29 percent of the active force educational benefit, and this decline took place during a period when the involuntary mobilization of reservists had begun to accelerate significantly.

VACOE has focused on consolidating veterans' education benefit programs into a single Total Force structure placing them in the department where veterans advocacy is the first priority and ensuring that a fair framework for providing benefits commensurate with the nature of military service is established and maintained.

The architecture of any future GI Bill is very important. Shifting funding out of title 10 and placing responsibility for all GI Bill administration in the proper cabinet department (DVA) is the key of any future efforts to improve the administration and the fundamental fairness of the GI Bill.

This concept would provide MGIB reimbursement rate levels based on an individual's service in the Armed Forces, including the National Guard and Reserve: a MGIB active duty 3-year rate, a pro rata SelRes rate, and a SelRes activated rate which is equivalent to the active duty rate on a month-to-month basis after 90 days service.

See Attachment A for additional detail concerning the proposed Bill.

Chapters 35 and 31 remain as before.

Benefits of New GI Bill

We anticipate a number of positive effects from this new GI Bill:

- The additional educational benefit for active duty service provides a necessary one-to-one equity for arduous time served by individuals in uniform whether AF or RF.
- Under the current Chapter 1606, reservists have 14 years from the beginning date of eligibility to use their benefits in service. As a result many reservists reach the delimiting date while they are still serving in the Selected Reserve. A provision in the proposal would extend the time frame during which reservists could utilize the education benefit.
- A provision allowing reservists ten (10) years from the last active/activated duty to utilize their educational benefit adds a transition and readjustment element to the traditional recruiting and retention elements of the Reserve component of the GI Bill. This is precisely what is now needed since the extended arduous duty of the reservist requires transition and readjustment very similar to active forces.
- Placing the Total Force GI Bill within title 38 U.S.C. will simplify the administration of GI educational benefit for all members of the Armed Services both AF and RF, and ensure all future benefits are upgraded equitably. (See Attachment B)
- The GI Bill also has traditionally been viewed as a grateful nation's way of showing its appreciation for the sacrifices of service, separation, and combat. The new GI Bill reflects the new realities which have transformed this nation's security environment since the second week of September '01.

Conclusion

No amount of skill compensates for a lack of manpower. In order to continue to deter actual and potential adversaries now and in the future, we must continue to attract the finest among the willing and capable. It is imperative that the forces continue to attract and retain high quality men and women to assure the nation's collective security.

The famed risk-reward ratio follows the same natural calculus as the supply and demand curve. No one in this country can honestly say that the risks for our reservists have not increased of late. This proposed Total Force GI Bill seeks to address at least part of the reward scheme for those reservists who are being asked to risk the most.

During a period when a significant portion of those who sign up for duty, whether in the active force or in the reserve force, say that they do so, specifically, for the educational benefits, it is important to boost recruitment as much as possible by means of this proven approach.

By allowing Reserve Force (RF) retirees to utilize the benefit for ten (10) years following retirement, we are both boosting retention as well as rewarding the rigors of activation and mobilization.

Because the reserve component has come to more closely resemble the active component, it is time that the educational benefits for the reserve component come to more closely resemble those of the active component. That, in short, is what our proposal, the Total Force GI Bill, seeks to do.

If implemented, we envision wins for the individual Selected Reservist, a win for the Armed Services, and a win for our national security.

Summary of Differences

Current MGIB	Total Force GI Bill
Different Title	One title
Confusing	Straightforward
Multiple Committees	Half the Committees
Costly redundancies	Savings through Efficiencies
Different Benefits for same Risks	Same benefit for same Risks
Delimiting date inequities	Fair delimiting dates
Modest retention incentive	Increased retention incentive
No SelRes readjustment benefit	SelRes Readjustment benefit
Differing Rules for Recruiters	Same Rules for all Recruiters
Inequitable Upgrades	Equitable Upgrades
Recipients confused	Simplified for Recipients
Staff Training Complexities	Staff Training Simplified

This Total Force proposal provides a unique opportunity to create a comprehensive GI Bill that is both fair and simple. Its eloquence is its equity and simplicity.

The question always raised by Congress when considering the GI Bill is can we afford it. Well, I don't think we can afford not to.

Attachment A

A Total Force GI Bill

This Bill would provide MGIB reimbursement rate levels based on an individual's service in the Armed Forces, including the National Guard and Reserve.

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

2. The second tier or level would be for all who enlist or re-enlist in the SelRes for 6 years, and this would entitle them to 36 months of benefits at a pro-rata amount of the active duty rate (the suggested rate is 35 percent of the MGIB–AD rate).

3. The third tier would be for members of the SelRes/IRR who are activated for at least 90 days. They would receive 1 month of benefit for each month of activation, up to a total of 36 months, at the active duty rate. The intent is to provide the same level of benefit as the active duty rate for the same level of service.

3a. These months of full benefits would replace, month-for-month, any SelRes entitlements at the second tier.

3b. The maximum benefit a member of the SelRes could receive under this program would be the equivalent of 36 months at the active duty rate.

An individual would have up to 10 years to use the active duty or activated-service benefit from their last date of active/activated duty or reserve service, whichever is later. A Selected Reservist could use remaining second tier MGIB benefits as long as he/she were satisfactorily participating in the SelRes, and for up to 10 years following separation from the reserves, in the case of separation for disability or qualification for a reserve retirement at age 60.

Additional Provisions:

All provisions (e.g. additional contributions) and programs (e.g. accelerated payment, approved test reimbursement, etc.) eligible for payment under the current MGIB–AD would be available under all three levels.

DoD Incentives:

Under this plan DoD would continue to be able to provide Recruitment and Retention incentives such as loan repayment, kickers-college fund, and enlistment bonuses.

Attachment B

Total Force GI Bill Program

The following improvements would accrue to GI Bill program administration by adopting the new Total Force GI Bill:

- The MGIB and the MGIB–SR do not pay for the same training although there is no logical reason why they shouldn't. This is the result of having funding of MGIB–SR the responsibility of DoD, while the funding of basic MGIB is VA's responsibility. Thus, bills affecting MGIB–SR are referred to the Senate and House Armed Services Committees (SASC and HASC) while bills affecting MGIB are referred to the House and Senate Veterans Affairs Committees (HVAC and SVAC).
- These problems could be addressed by replacing the separate GI Bill programs (Chapters 30, 1606 and 1607) with one consolidated program under title 38, U.S. Code. This new bill would have a continuum of benefits that matched the continuum of possible service.
  - It would provide monthly benefits for activated Selected Reservists and reservists from the Individual Ready Reserve with no prior service qualifying for MGIB that is proportionate to their actual active duty.
  - It would put funding for the benefits for those in the Selected Reserve with VA.
  - It would make the types of training uniform for all in the Armed Forces who would be eligible for this GI Bill.
- One set of rules covering one GI Bill would allow for better understanding of the program by recruiters, beneficiaries, stakeholders and program managers.
- Training new claims examiners and processing claims would be easier and more efficient as there would be one set of rules.
- Systems costs would be lower for the new program as the other systems would no longer be required.
- Since there would be one program and one set of rules, there would not be inconsistent and inequitable structuring of benefit levels.
- VA would be responsible for all basic benefit payments, and would be reimbursed by the agency concerned for any additional payments made through "kickers". Currently, the selected reserve basic payment is reimbursed to VA and managed either by DoD or DHS. The benefit is that no "basic" award would have to be managed outside of and reimbursed to VA, but the agency concerned would maintain the flexibility to channel critical specialties provided under the current programs.

Attachment C

United States Code
Title 38—Veterans' Benefits
Part III—Readjustment and Related Benefits
Chapter 30—All–Volunteer Force Educational Assistance Program
Subchapter I—Purposes; Definitions

Sec. 3001. Purposes
The purposes of this Chapter are—

(1) to provide a new educational assistance program to assist in the readjustment of members of the Armed Forces to civilian life after their separation from military service;
(2) to extend the benefits of a higher education to qualifying men and women who might not otherwise be able to afford such an education;
(3) to provide for vocational readjustment and to restore lost educational opportunities to those service men and women who served on active duty after June 30, 1985;
(4) to promote and assist the All-Volunteer Force program and the Total Force Concept of the Armed Forces by establishing a new program of educational assistance based upon service on active duty or a combination of service on active duty and in the Selected Reserve (including the National Guard) to aid in the recruitment and retention of highly qualified personnel for both the active and reserve components of the Armed Forces;
(5) to give special emphasis to providing educational assistance benefits to aid in the retention of personnel in the Armed Forces; and
(6) to enhance our Nation's competitiveness through the development of a more highly educated and productive workforce.

Prepared Statement of Major General Larry W. Shellito,
Adjutant General, Minnesota National Guard

As I begin my testimony today I need you to know that I am not here simply as the Adjutant General from Minnesota, nor as a combat veteran, or even as the chief administrator of a State bureaucracy, but rather as a veteran educator with 31 years of experience in postsecondary teaching and administration. As a Nation we continually call for access to quality education and state that our Nation's success is tied to how successful we are in educating our citizens. As a military, we take that call seriously and for decades have provided various educational funds as a core benefit to our servicemembers. I myself used these benefits following my return from combat in Vietnam; having access to those benefits helped shape who I have become. So today I am here to fight for the education support that our warrior citizens have earned through their loyal and dedicated service; a fight that will allow them the same life changing experience afforded me upon my return from combat.

In order to convey the scope of this challenge but yet maintain focus on what we see as its resolution, I have divided this document into three sections:

1. *Statement of the Situation*
2. *The Human Factor—A Soldier's Story*
3. *Shaping the Future*

1. *Statement of the Situation:*

Summary: Minnesota contends that all members of the 1/34th Brigade Combat Team (BCT) have achieved the intent of the Montgomery GI Bill (MGIB) Chapter 30 benefits, irrespective of the duration stipulated on individual orders. We ask that all soldiers of the 1/34th BCT receive the VA education benefits they earned through a 22 month mobilization of which 16 continuous months were served in combat. The decision to grant these men and women their earned benefits needs to occur quickly in order for them to make important life decisions. As a key tool in building and maintaining a total Army force, we as military leaders also need this to occur as it is fundamental to sustaining a ready and capable Reserve component force.

Request: It is essential that these soldiers receive their benefits quickly so that they are able to make timely educational decisions prior to the start of the 2008 spring term. Therefore, we ask the Subcommittee to take any and all actions that are reasonable to help correct this situation in an expedient manner.

To explain the breadth of this situation I offer the following facts:

- 1162 Minnesota National Guard soldiers were deemed ineligible for the MGIB Chapter 30 benefit due to the variability in duration of their tour of duty as listed on their extension orders.
- Of the 2447 Minnesotans who deployed as part of the BCT, approximately 53 percent had orders that listed a duration which qualified them for Chapter 30 benefits (730 days), while other soldiers' orders were listed with a lower number of days (e.g. 729, 725, 718).
- We estimate that approximately 700 additional soldiers from other states, territories, and the Army Reserves may be affected by this orders issue.
- When Minnesota soldiers and our estimate of those affected are combined, the monetary impact to the approximately 1800 soldiers is $15 million in lost benefits.
- Moreover, while all soldiers are eligible for education benefits, the MGIB Chapter 30 benefit offers a 10 year portability option. Those who receive the Chapter 30 benefit and leave the military can still use the funds; however their "battle buddy" who served with them through a 22 month deployment can use their lower level of benefit only if they remain in the Reserve components.

Actions: Attached to this testimony is a document which chronicles the key events and actions related to our identification of the disparity and subsequent efforts to redress and quickly resolve the issue. The document is labeled "CH 30 MGIB Timeline".

Discussion of Impact: The BCT is headquartered in MN; soldiers from 37 States and Territories, the USAR and the IRR participated in the deployment (see list below). This deployment stood out from a GI Bill perspective because of its length.

- The initial mobilization orders for units comprising this BCT were approximately 608 days; they were then amended to include an additional 125 days to support the "Troop Surge".
- In about 53 percent of the cases orders were amended to a full 730 days, or 2 years. In most other cases, orders were amended for either 729, 725 or 718 days.

When Soldiers' obligated period of service is 2 years, and serve a minimum of 20 continuous months on active duty, they are given the opportunity to make an irrevocable election between the Reserve Educational Assistance Program, Chapter 1607 and the Montgomery GI Bill Chapter 30 program, so long as their release from active duty was honorable and due to "convenience of the government" which was the case in this situation.

Soldiers with amended orders that read "NTE 730 days" (NTE means 'not to exceed') who were counseled at Ft. McCoy were given until November 30th, 2007 to make an irrevocable election between Chapter 1607 and Chapter 30.

- Soldiers choosing Chapter 30 are eligible for the "less than 3 year" full-time rate of $873 per month. The standard $1,200 contribution and optional $600 Plus Up contributions apply.
- Those choosing the Chapter 1607 benefit received the 60 percent rate at $645 per month.
- Chapter 30 not only provides a higher benefit rate but it also has 10-year portability; soldiers must remain in an active drilling status to receive Chapter 1607.

States represented in the 1/34th BCT (as per Major Troy M. Gipps, National Guard Bureau GI Bill Programs Manager):

State/Territory	Number Assigned	Estimated 47½ percent impact
AL	4	1.9
AZ	1	0.475
CA	7	3.325
CO	4	1.9
FL	3	1.425
GA	6	2.85
IA	606	287.85

State/Territory	Number Assigned	Estimated 47½ percent impact
ID	17	8.075
IL	1	0.475
IN	1	0.475
KS	102	48.45
KY	73	34.675
LA	3	1.425
MA	2	0.95
ME	1	0.475
MI	1	0.475
MN	2447	1162.325
MT	3	1.425
NC	7	3.325
ND	1	0.475
NE	257	122.075
NJ	157	74.575
NY	8	3.8
OH	2	0.95
OK	3	1.425
OR	1	0.475
PA	6	2.85
PR	1	0.475
RI	3	1.425
SD	2	0.95
TN	7	3.325
UT	7	3.325
VA	1	0.475
VT	6	2.85
WA	15	7.125
WI	21	9.975
WY	3	1.425
USAR	22	10.45
IRR	141	66.975
TOTAL	**3953**	**1877.675**

Minnesota's Present Actions: Secretary of the Army Geren indicated that the Army Board of Corrections for Military Records (ABCMR) will review the situation and with his guidance execute the appeal process. We interpreted his comments as a statement of desire to expedite this appeal. Accordingly, we understood that his office would seek any necessary appeals to accomplish this task.

The ABCMR declined to review the packet submitted by Minnesota. Our appeal treated all 1,162 affected soldiers as a "class action"; the ABCMR states they do not have the legal authority to address a collective action, but that each soldier must

initiate this appeal. Minnesota's challenge now is in reaching our soldiers and getting them to complete individual applications. This task is both time-consuming and cumbersome:

- At the October 12–14 "Beyond the Yellow Ribbon" Reintegration Training Weekend in Minnesota, we began to implement supplemental guidance from National Guard Bureau (NGB); we need to complete an appeal packet for each individual soldier.
  - 27 percent of the individual applications require additional follow up prior to submission to the ABCMR.
  - Each soldier's submission requires 11 pages of documentation.

Thousands of man-hours and resources would be saved if we could address this issue as a collective whole. Minnesota originally submitted a 43 page document to the ABCMR so as to treat our soldiers in a fair and timely manner; however we now need to send an estimated three Army footlockers full of eleven page documents for all 1,162 soldiers. Add in the other 700 soldiers who may be impacted and you can include another two footlockers full of documentation that the ABCMR will review and process. We are working to comply with the requirements for individual submissions, but the possibility to have soldiers slip through the cracks is great and the administrative burden on our soldiers and their leaders is excessive.

Recommendation:

a. We request that the ABCMR accepts Minnesota's original submission and that it acts favorably on our request to redress this issue.
b. We encourage all civil and military leaders to encourage our Soldiers, Sailors, Airmen and Marines to not delay enrollment in education programs.
c. We ask that, as the National Guard is an **Operational Force** and no longer a Strategic Reserve, eligibility for benefits be updated to reflect the dynamic nature of today's conflicts and the role our Reserve components are playing in the cause of freedom, Homeland Defense, and service as Warrior Citizens.

2. The Human Factor—A Soldier's Story:

It is my pleasure to introduce Sergeant Benjamin Lee Hatton of Company C, 1st Battalion, 194th Armor. Sergeant Hatton is not in uniform today because as you will hear in the following story he rapidly went from completing his advanced individual training, to war. His Class A uniform fits a 160 pound private and is not suitable for a physically fit, 205 pound combat-tested and proven Sergeant.

Sergeant Hatton joined the Minnesota National Guard in 2003 as a seventeen year old junior in Long Prairie/Grey Eagle High School. He attended basic training between his junior and senior year of high school and completed his advanced individual training after his senior year. He was qualified as an armor soldier and as a tank crew member, graduating fifth in his class of 200 soldiers. He was looking forward to going to college as he would be the first member of his family to achieve this goal.

Sergeant Hatton was advanced to Private First Class after AIT and was promoted to Specialist a year after that. Shortly after his promotion he was mobilized as part of the 1/34th Brigade Combat Team and traveled with his unit to Camp Shelby, Mississippi to train for a deployment in Support of Operation Iraqi Freedom. After 6 months of training, he deployed with his unit, Company C, 1–194 Armor to Tallil, Iraq. Sergeant Hatton served as a driver for the first months of his deployment. His leadership and warrior proficiency earned him the respect of his peers and leadership. He assumed increasing responsibility within his platoon and was pinned as a Sergeant in December 2006. With the rank of Sergeant came increased responsibility; he often served as the Truck Commander or as the Gunner for the Platoon Sergeant's vehicle.

During December he received his first wound and his first Purple Heart when he was shot in the arm. He returned to duty with his unit but in February, 2007 he was injured again and earned his second Purple Heart when an IED exploded on his vehicle which resulted in facial wounds. At this point he was given the option to take a desk assignment or stay on the road with his troops. As a combat troop leader, he opted to stay with his soldiers and his team.

During the late stages of his 16 month deployment in Iraq he served as the Truck Commander of the lead Armored Scout Vehicle on numerous occasions for convoy escort missions. Finally he was the second in command of a Radio Relay Point and responsible for a segment of a route during his last month in Iraq. Sergeant Hatton was recognized for his service with the following Awards:

- 2 Purple Hearts,

- 2 Army Commendation Medals (ARCOM)
- 1 Army Achievement Medal (AAM)
- The Army Good Conduct Medal
- The National Defense Service Medal
- The Global War on Terror Service Medal
- The Campaign Medal
- The Iraq Combat Action Badge
- The Combat driver badge with wheeled vehicle clasp.

Sergeant Hatton served 6 months at Camp Shelby, MS on title 10 active duty prior to deploying and then served 16 months in Iraq with the 1/34th Brigade Combat team—the longest serving unit of any military organization in Operation Iraqi Freedom. These 22 months of title 10 active duty, with 16 months in continuous combat, more than meet the requirements to qualify for the Chapter 30 GI Bill.

Sergeant Hatton served with his Brigade from its mobilization through its release from Active Duty and was wounded twice during the course of his deployment; however, inexplicitly he and 1,161 of his brethren failed to receive their just benefits. Unlike the 1,360 other Minnesota 1/34th Red Bull soldiers, he will not receive the Chapter 30 GI Bill.

3. Shaping the Future:

The challenge we face is larger than fixing the current issue with the Chapter 30 GI bill; the real issue is changing how the National Guard and Reserves are used by the Services and this country. Prior to this century and certainly during the Cold War the Reserve components were largely used as a Strategic Reserve. It was an asset funded at a moderate level with promised funding increases in the event of a world-spanning conflict. This was a prudent measure based on the expected threat model and the size and composition of the Active Component. Following the end of the Cold War, the size of the Active Component was reduced by approximately one-third but yet the level and tempo of deployments has dramatically increased. This shift intensified our Nation's reliance on the Reserve components in a new and fundamentally different way.

Since September 11th 2001, the tempo and use of National Guard and Reserve units has continued to expand. The ARFORGEN (Army Force Generation) and the AEF (Air Expeditionary Force) models both fully integrate and presume planned readiness and deployment of major National Guard and Reserve troop formations on a repeated basis thus fully entrenching the National Guard as an Operational Force on par with Active Component units.

These planned and repetitive readiness/deployment cycles require a different funding and benefits package than was used in the 'Cold War' model when the Reserve component was a strategic reserve for this country. Many of the changes in full-time manning, facility investment, training readiness, and equipping levels fall outside of this Committee but are critically important to ensuring our National Guard and reserve are ready to answer the ongoing call to this nation.

House Veterans' Affairs is heavily vested in some of the benefit changes that are required to sustain a vital and valid Reserve component for the United States of America. I highlight several below:

- The Yellow Ribbon Reintegration Program (See Attachment #1): This program is currently included in the House and Senate versions of the National Defense Authorization Act of 2008. The Yellow Ribbon Reintegration Program builds the structure to sustain the force after military deployments and mitigates the impact of deployment on the servicemembers, their families, and their communities.
  - This program provides staff authorizations, personnel funding, and a proven model of program execution to provide for the reintegration of reserve component servicemembers to their homes and back into their communities after a military deployment.
  - The practical reality is that most reserve component military members and their families live hundred of miles form the nearest active duty base; the programs available to active component servicemembers is greatly diminished by simple geography. For example Minnesota has no active component military bases.
  - This program engages state and local government, private, and non/not-for-profit groups to supplement the programs available through the federal government and the military service components.
- Presently, there are numerous legislative initiatives to address the issues created by the 1/34th BCT orders situation. Moreover, these initiatives look to amend The Total Force GI Bill Program. We encourage this Committee to ex-

plore these legislative proposals in order to provide the best service options to our warrior-citizens.

In conclusion, our Nation's reliance on the Reserve components is fundamentally different than it was prior to September 11th, 2001. We strongly believe:

- The Reserve components are an integral part of the current war fight; this requires enhanced funding and resources to ensure we remain both an effective fighting force and still meet our historic role in support of our citizens here at home.
- Soldiers, Airmen, Marines, and Sailors continue to step forward in remarkable numbers to serve their country. Servicemembers continue to stay in boots to serve multiple deployments while balancing the needs of their family, career, and community.
- This dedication and committed service to the country needs greater incentives, reward, and legal protection than provided under a Cold war benefits package.

Attachments:

1. Timeline—MGIB CH 30
2. Questions and Answers
3. Yellow Ribbon Reintegration Program—Legislation

CH 30 MGIB Timeline

DATE	EVENT(S)
10 Jan 07	The President announced the surge of forces for OIF; 1/34th BCT was included in this surge.
24 Jan 07	Minnesota began to receive specific extension information by Unit Identification Code (UIC).
~Jun-Jul 07	1/34th BCT arrives at Ft. McCoy, WI and undergoes demobilization training.
~18 Jul 07	MN Army National Guard Education Services Officer (MNARNG ESO) receives information from the National Guard Professional Education Center (PEC) GI Bill team at Ft. McCoy that the issue exists. GI Bill Managers from Washington State, Iowa and Minnesota augmented the team. During this 15-day operation, the team provided one-on-one GI Bill counseling to 2,703 Soldiers, in addition to providing a daily 30-minute GI Bill briefing.
19 July 07	Minnesota Congressional Delegation informed of emerging issue.
20 Jul 07	The Adjutant General (TAG–MN) signs a position paper in response to WCCO media inquiries: MN will seek to redress what appears to be an "administrative error" which denied benefit eligibility to soldiers.
23 Jul 07	TAG–MN sends a letter to all affected MNARNG Soldiers informing them of the issue and the actions MN is taking to correct the situation.
3 Aug 07	MNARNG notifies all MN National Guard full-time unit leaders of this developing issue (Officers in Charge at each unit location in MN). Congressional Delegation updated on the issue.
8 Aug 07	MNARNG ESO contacts the National Guard Bureau Army Manpower Division (NGB–ARM) to ask for a nation-wide ESO announcement of this developing issue.
10 Aug 07	Minnesota Delegation Congressional letter to Secretary of Army.
14 Aug 07	NGB—Judge Advocate contacts The Department of the Army Office of the Judge Advocate General (OTJAG) and suggested a timely and reasonable solution by way of amending orders using "administrative error" as justification.
15 Aug 07	NGB–ARM approves and nationally disseminates an Education and Incentives Operations Message (07–44) to all State and territory Education Services Officers and TA Managers.
5 Sep 07	NGB–ARM asks MNARNG to verify the Unit Identification Codes (UICs) of all units affected by this apparent discrepancy in anticipation of producing amended orders.

CH 30 MGIB Timeline—Continued

DATE	EVENT(S)
6 Sep 07	The Department of Veterans Affairs (DVA) confirms in writing that if CH 30 eligibility is determined, soldiers can easily migrate from 1607 to Ch 30 benefits.
7 Sep 07	Congressional Delegation informed of DVA position.
~27 Sep 07	OTJAG concludes "administrative error" cannot be justified to amend orders; staff level options for timely resolution end and the issue is elevated.
28 Sep 07	Secretary of the Army Geren publicly announces the issue; he refers it to the Army Board of Correction for Military Records (ABCMR) for expedient "group" resolution.
1 Oct 07	On behalf of the affected soldiers, the TAG–MN submits a "class action" ABCMR request, copies furnished to the Director of the Army National Guard (DARNG), Chief National Guard Bureau (CNGB), and the Secretary of the Army.
3 Oct 07	ABCMR chair passes the action to NGB–ARH (Human Resources). The basis of this referral is ABCMR's claim that the law does not provide for a "class action" type of submission; each soldier must submit an individual appeal.
4 Oct 07	ABCMR chair responds to TAG–MN indicating that action cannot be handled as a group. H.R. 3741 introduced for the relief of certain members of the 1st Brigade Combat Team of the 34th ID. The National Guard and Reserve Educational Benefits Fairness Act of 2007 introduced in the Senate.
8 Oct 07	MNARNG receives guidance from ARH regarding the submission of individual Ch 30 appeals to the ABCMR; ARH will surge resources to support an expedited delivery of appeals to the ABCMR.
11 Oct 07	MNARNG requested Additional Duty for Special Work funds (ADSW) to hire additional military support staff to build 1100+ packets, NGB sent three Majors to assist.
13–14 Oct 07	MNARNG begins to implement ARH guidance during reintegration training to access soldiers and begin individual packet preparation.

Q & A—VA Committee Testimony

1. How many Minnesotans does this affect?
   - 1,162 Soldiers of the MNARNG.
2. How many in the 1BCT are affected?
   - Not able to identify, but by extrapolation . . . more than 700 soldiers from 38 other States, Territories, the Army Reserve and the IRR.
   - It is also important to consider and acknowledge the countless other RC servicemembers from all branches (Army, Navy, Air Force, Marines, Coast Guard) of the Armed Forces across the Nation affected by the inequity in MGIB benefits, who do not have a Joint Task Force Headquarters to champion their cause.
3. When did the Guard discover that 1,162 Minnesotans were getting a reduced MGIB benefit?
   - On approximately 18 Jul 07 the MN Army National Guard Education Services Officer received information from the National Guard Professional Education Center GI Bill team at Ft. McCoy that the issue exists.
4. What steps did MN take to solve this educational benefit issue?
   - Notified soldiers,
   - Notified NGB Manpower Division
   - Notified MN Governor
   - Notified MN Congressional Delegation
   - Work with NGB ARM to define the problem and identify possible solutions
   - Work with the Federal VA to identify courses of action and a timely resolution

- Delivered appeal to ABCMR

5. Who did MN contact to resolve the issue with the REFRAD orders?
   - NGB Manpower Division who further contacted NGB Judge Advocate and the Army Office of the Judge Advocate General
6. What was the response of NGB?
   - NGB provided counsel, verbal support, and is trying to help devise a means to expedite individual requests.
7. What was the response of DA?
   - On 28 Sep 07 Secretary of the Army Geren publicly announced the issue; he referred it to the Army Board of Correction for Military Records (ABCMR) for expedient "group" resolution.
   - 1 Oct 07 On behalf of the affected soldiers, the TAG–MN submits a "class action" ABCMR request, copies furnished to the Director of the Army National Guard (DARNG), Chief National Guard Bureau (CNGB), and the Secretary of the Army.
   - 3 Oct 07 ABCMR chair passes the action to NGB–ARH (Human Resources). The basis of this referral is ABCMR's claim that the law does not provide for a "class action" type of submission; each soldier must submit an individual appeal.
   - 4 Oct 07 ABCMR chair responds to TAG–MN indicating that action cannot be handled as a group.
8. How much time has gone by since these soldiers left active duty ISO OIF?
   - Close to 3000 soldiers demobilized in July 07, 3 months ago.
9. If the 1,162 Minnesotans with 729 or fewer deployed days on their orders do not become eligible how much in total benefits will be lost?
   - $9,537,696.
   - $15,414,624 is the total approximate loss of benefits for the estimated 1878 total soldiers (all states) possibly affected by this orders situation.
   - Lost portability of their educational benefit.
10. Does Minnesota have a program to bridge the monetary difference?
    - No, there is no state offset to a federal benefit.
11. Just how many states are affected by the orders disparity?
    - Thirty-seven states provided National Guard soldiers to the BCT with an additional 141 IRR soldiers from various states. As MN experienced approx. 47½ percent impact rate we would expect this same impact to other states as well.
12. Why is this an issue now, it has never come up in the 6 years since deployments began post 9–11?
    - The 1/34th BCT mobilized and deployed to Iraq for an unprecedented 22 months of consecutive service, with 16 of those months served in combat. No other reserve component unit served as long as the BCT so therefore this issue never arose.
13. Is this isolated to the units that were extended?
    - Within MN, yes, but we do not know how it affects reserve component members across the nation.
14. How many MN Army National Guard soldiers utilize MGIB?
    - This data is maintained by the VA and not the Minnesota National Guard.
15. Should we amend law/regulation so that our reserve component forces become eligible for the same benefits as AC?
    - RC members are already eligible for this benefit as long as the eligibility criteria are met.
    - However, as the NG is now an **Operational Force** rather than a **Strategic Reserve**, we need to align benefits and eligibility criteria to meet the changing nature of our reserve components.
    - As the RC has many soldiers on their second or third tour, the cumulative nature of their combat service should elevate their status to a higher level of benefit. For example, an RC member with two combat tours and 10 years of service has fewer educational benefits than an AC soldier who didn't deploy and left active duty after his/her first enlistment.
16. Did the Army intentionally deny this benefit?

- We do not believe our soldiers are being intentionally denied this benefit. We believe they are victims of a very complex process of mobilizing and deploying soldiers, and the extension simply complicated it even more.
- The system has a process by which we can properly correct what we believe to be an error; however it has not operated in a manner that is timely when considering the negative impact to soldiers and their personal life decisions.
- We are not able to address all other RC members, but the situation is such that we expect other soldiers throughout the Nation are negatively impacted by this situation.

17. Didn't the President/Secretary of Defense extend your unit?
    - The basis of the extension was as part of the Presidential directed Troop Surge.
    - Minnesotans served proudly and with distinction and would have done so regardless of who ordered the troop surge.
    - We believe the Troop Surge is simply the trigger to an unprecedented situation and we are not looking to identify the cause or whose fault it is, but we are focused on finding solutions as we collectively take care of our soldiers.

18. Why is the law written the way it is for RC personnel?
    - We believe the RC is operating in a way that is not how it was envisioned when many laws were written. A servicemember chooses to serve in the RC over the AC and knows the difference in benefit levels; we as Reserve component soldiers know and accept this.
    - However, we believe that when called to serve in an AC capacity, the benefits available should equal that of other soldiers who perform the same duty for the same duration.

19. Why can't the ABCMR action MN's submission as a collective whole?
    - We submitted a group application in accordance with our understanding of the Secretary of the Army's guidance and our interpretation of the regulatory provisions; but when done it was passed to NGB for review based on the Board's claim that they do not have legal authority to review a "class action" type submission.
    - We believe the ABCMR can review a group submission, by our interpretation of applicable law and regulation. I realize that DA's legal opinion prepared by OGC differs from mine and that of my staff.

20. The law calls for 2 years (730 days) ordered to Active Duty to be eligible for MGIB CH 30. None of your soldiers served that long. So what's the problem?
    - The salient issue is not the number of days on orders, but the 20 consecutive months which this BCT exceeded. Dates on orders are largely immaterial to actual service performed.

21. Why the AC benefit if not in AC status? The eligibility is defined different than enlistment.
    - The law states that they must serve for 20 months, under an Active Duty order of 2 years' duration minimum, and that if they are released earlier than 2 years (not less than 20 months continuous service) for convenience of the government, they're still eligible.
    - My soldiers did the hard part—the 20 months' service. The piece of paper is obviously the easy part and needs to be looked at from a practical standpoint. I have countless soldiers who got on and off the bus together, and served shoulder-to-shoulder for 20 months or longer, and now one gets the benefit and the other does not.

22. Why are you objecting to the ABCMR requirement for individual submissions?
    - Because I don't believe that is what the law requires in its spirit.
    - The law gives Secretary Geren the authority and responsibility to establish the ABCMR's procedures; he has the authority to change or update these procedures as he deems appropriate. We interpreted his comments as a statement of desire to expedite this appeal. We understood that his office would seek any necessary appeals to expedite this process.
    - If I can pay, promote, and deploy a soldier without his signature, I should not need it for this either.
    - Bottom line: I am appealing to you to cut the red tape and pave the way for your Nation's heroes to get the benefits they have earned. The VA is enthusiastic in their support of this national change and has demonstrated the commitment and support to veterans that every government agency should.

23. Why should we make change?
    - National media and the American people have been led to believe that the government is "working on it." High-level military leaders have been on national television and proclaimed and promised quick resolution. It has already been 3 months.
    - RC soldiers had their education plans interrupted, not just delayed. The purposes of the MGIB Ch 30 program are clear in title 38 United States Code. My veterans fit the criteria.

24. If you've been assured quick resolution by the Army and by NGB, then why are you insisting on the group submission?
    - Speed and preservation of our credibility. When issues languish in administrative quagmire, the situation gets worse over time. NGB has already established a 7-month window (now through March 2008) for submission of applications for these soldiers who returned in July 2007 and many of whom started school in September 2007. This window does not include board processing time or output mechanisms, so I cannot even estimate for any soldier when it will be resolved, or which semester to plan on for enrollment in Ch 30.
    - One application takes one board to convene; the decision is based on the merit of the entire affected class.
    - From our experience, ABCMR actions take 3–6 months to complete. We cannot afford to tell our soldiers—or the media and the public—that we're expecting resolution by October 2008, and that they will thus be without the Ch 30 benefits they earned for at least two more semesters of college after the one they're in now.

25. What specifically do you want us to accomplish?
    - 2 things:
      1. We ask the Subcommittee to take any and all actions that are reasonable to help correct this situation in an expedient manner with particular emphasis on my desire to have it completed before Christmas 2007.
      2. Review the current law and legislation for efficacy as we look for continued use of the reserve components as an operational force.

26. It is worth noting that Reserve component members who served on active duty in support of a contingency operation for one continuous year qualify for an educational benefit of approximately $660 per month (for a full-time student) under the Reserve Educational Assistance Program (REAP), isn't this enough?
    - This is not in question and is an appropriate benefit given a certain set of conditions. Eventually a benefit plan that recognizes the Reserve component change from ***Strategic Reserve*** to an ***Operational Force*** will need to be implemented.

27. The gross difference between the REAP benefit and the MGIB benefit is approximately $228, which isn't all that great.
    - This is a lot of money for a college student.
    - The true gross difference is based on a number of factors, however for the sake of discussion, if we use $228 per month the cumulative difference over the length of the benefit is $8,208, or enough money to allow soldiers discretion in which college or program to attend.
    - In addition, the REAP benefit is only available to the SM while in the RC whereas the Ch 30 benefit is available for up to 10 years after leaving the service.

28. Are you asking for Reserve component members who serve as few as 20 months on active duty to receive the same benefit as active duty members have to serve 36 months on active duty?
    - These are two very distinct issues: reaching eligibility for the veteran's education benefit is not the same as a term of enlistment.
    - A term of enlistment may extend to 36 months, however a soldier becomes eligible for the Ch 30 benefit after 20 months of continuous active/mobilized service; this is all that MN is asking for, to receive the same benefit after achieving this eligibility benchmark while serving on active duty.

29. MN's claims that 1/34th BCT achieved the benchmark of at least 20 month continuous service, one of the requirement of the Ch 30 eligibility, is this a combination or orders which address state and federal duty?

- Orders for these soldiers were title 10 (12302, Partial Mobilization) throughout the duration of the BCT's deployment.
- There was no aggregation of title 32 and title 10 service.

SEC. 516. National Guard Yellow Ribbon Reintegration Program.

(a) ESTABLISHMENT.—The Secretary of Defense, in coordination with the Chief of the National Guard Bureau, shall establish a National Combat Veteran Reintegration Program to provide National Guard members and their families with sufficient information, services, referral, and proactive outreach opportunities throughout the entire deployment cycle. This program shall be known as the Yellow Ribbon Reintegration Program. The Secretary may also use funds made available to carry out this section to support reintegration programs for members of the Army Reserve, Marine Corps Reserve, Navy Reserve, and Air Force Reserve and their families.

(b) PURPOSE.—The Yellow Ribbon Reintegration Program shall consist of informational events and activities for reserve component members, their families, and community members through the four phases of the deployment cycle:

(1) Pre-deployment.
(2) Deployment.
(3) Demobilization.
(4) Post-deployment-reconstitution.

(c) CONSULTATION.—The National Guard Bureau Chief shall consult with the following parties during establishment of the program:

(1) The Adjutant General of the Minnesota National Guard and officials associated with the State's "Beyond the Yellow Ribbon" Reintegration Program, the Adjutant General of New Hampshire, the Adjutant General of Oregon, and the Adjutant General of Washington.
(2) Adjutants General of the remaining States and territories.

(d) ORGANIZATION.—

(1) EXECUTIVE AGENT.—The Secretary shall designate the National Guard Bureau as the Department of Defense executive agent for the Yellow Ribbon Reintegration Program.
(2) ESTABLISHMENT OF THE OFFICE FOR REINTEGRATION PROGRAMS.—
(A) IN GENERAL.—The National Guard Bureau shall establish the Office for Reintegration Programs within the National Guard Bureau Joint Staff. This office shall administer all reintegration programs in coordination with State National Guard organizations. The office shall be responsible for coordination with existing National Guard family and support programs. The Directors of the Army National Guard and Air National Guard may appoint liaison officers to work with the permanent office staff. The office shall closely coordinate with the Army National Guard and Air National Guard Directorates for Manpower and Personnel with respect to existing family support structure, mobilization schedules, training schedules, training plans and programs, and any other personnel issues.
(B) ESTABLISHMENT OF A CENTER FOR EXCELLENCE IN REINTEGRATION.—The Office for Reintegration Programs shall establish a Center for Excellence in Reintegration within the office. The Center shall collect and analyze "lessons learned" and suggestions from State National Guard organizations with existing or developing reintegration programs. The Center shall also assist in developing training aids and briefing materials and training representatives from State National Guard organizations. Representatives from State National Guard organizations with successful reintegration programs may augment the Office staff.
(3) ADVISORY BOARD.—
(A) APPOINTMENT.—The Chief of the National Guard Bureau shall appoint an advisory board to analyze and report areas of success and areas for necessary improvements. The advisory board shall include, but is not limited to, the Director of the Army National Guard, the Director of the Air National Guard, the Assistant Secretary of Defense for Reserve Affairs, an Adjutant General on a rotational basis as determined by the Chief of the National Guard Bureau, the Director of the National Guard Bureau Manpower and Personnel Directorate (J-1), and any other Department of Defense, Federal Government agency, or outside organization as determined by the Chief of the National Guard Bureau. The members of the advisory board may designate representatives in their stead.

(B) SCHEDULE.—The advisory board shall meet on a schedule as determined by the Chief of the National Guard Bureau.

(C) INITIAL REPORTING REQUIREMENT.—The advisory board shall issue internal reports as necessary and shall submit an initial report to the Committees on Armed Services not later than 180 days after the end of a 1-year period from establishment of the Office for Reintegration Programs. This report shall contain—

(i) an evaluation of the reintegration program's implementation by State National Guard organizations;

(ii) an assessment of any unmet resource requirements;

(iii) an assessment of the reintegration program's further inclusion of other reserve component members and the necessity for further expansion to incorporate all the reserve components; and

(iv) recommendations regarding closer coordination between the Office of Reintegration Programs and State National Guard organizations.

(D) ANNUAL REPORTS.—The advisory board shall submit annual reports to the Committees on Armed Services of the Senate and House of Representatives following the initial report by the first week in March of subsequent years following the initial report.

(4) STATE DEPLOYMENT CYCLE SUPPORT TEAMS.—The Office for Reintegration Programs shall employ personnel to administer the Yellow Ribbon Reintegration Program at the State level. The Chief of the National Guard Bureau shall assign State Deployment Cycle Support team members based on State need, geographical dispersion, and military population. The Office for Reintegration Programs is encouraged to employ wounded service members and returning combat veterans whenever possible. The nary function of team members shall be—

(A) developing and managing the reintegration curriculum;

(B) contracting and recruiting for necessary service providers; and

(C) ensuring that providers' skills adapt to the unique military nature of the reintegration program.

(e) PROGRAM.—

(1) IN GENERAL.—The Office for Reintegration Programs shall analyze the demographics, placement of State Family Assistance Centers (FAC), and FAC resources before a mobilization alert is issued to affected State National Guard organizations. The Office of Reintegration Programs shall consult with affected State National Guard organizations following the issuance of a mobilization alert and Implement the reintegration events in accordance with the Reintegration Program phase model.

(2) PRE-DEPLOYMENT PHASE.—The pre-deployment phase shall constitute the time from first notification of mobilization until deployment of the mobilized National Guard unit. Events and activities shall focus on providing education and ensuring the readiness of service members, families, and communities for the rigors of a combat deployment.

(3) DEPLOYMENT PHASE.—The deployment phase shall constitute the period from deployment of the mobilized National Guard unit until the unit arrives at a demobilization station inside the continental United States. Events and services provided shall focus on the challenges and stress associated with separation and having a member in a combat zone. Information sessions shall utilize State National Guard resources in coordination with the Employer Support of Guard and Reserve Office, transition Assistance Advisors, and the State Family Programs Director.

(4) DEMOBILIZATION PHASE.—

(A) IN GENERAL.—The demobilization phase shall constitute the period from arrival of the National Guard unit at the demobilization station until its departure for home station. In the interest of returning members as soon as possible to their home stations, reintegration briefings during the demobilization phase shall be minimized. State Deployment Cycle Support Teams are encouraged, however, to assist demobilizing members in enrolling in the Department of Veterans Affairs system using form l040EZ during the Demobilization Phase. State Deployment Cycle Support Teams may provide other events from the initial reintegration activity as determined by the State National Guard organizations. Remaining events shall be conducted during the post-deployment-reconstitution phase.

(B) INITIAL REINTEGRATION ACTIVITY.—The purpose of this reintegration program is to educate service members about the resources that are available to them and to connect members to service providers who can assist them in overcoming the challenges of reintegration.

(5) POST-DEPLOYMENT-RECONSTITUTION PHASE.—

(A) IN GENERAL.—The post-deployment reconstitution phase shall constitute the period from arrival at home station until 180 days following demobilization. Activities and services provided shall focus on reconnecting service members with their families and communities and providing resources and information necessary for successful reintegration. Reintegration events shall begin with elements of the Initial Reintegration Activity program that were not completed during the demobilization phase.

(B) 30-DAY, 60-DAY, AND 90-DAY REINTEGRATION ACTIVITIES.—The State National Guard organizations shall hold reintegration activities at the 30-day, 60-day, and 90-day interval following demobilization. These activities shall focus on reconnecting service members and family members with the service providers from initial reintegration activity to ensure service members and their families understand what benefits they are entitled to and what resources are available to help them overcome the challenges of reintegration. The reintegration activities shall also provide a forum for service members and families to address negative behaviors related to combat stress and transition.

(C) SERVICE MEMBER PAY.—Service members shall receive appropriate pay for days spent attending the Reintegration Activities at the 30-day, 60-day, and 90-day interval.

(D) MONTHLY INDIVIDUAL REINTEGRATION PROGRAM.—The Office for Reintegration Programs, in coordination with State National Guard organizations, shall offer a monthly reintegration program for individual service members released from active duty or formerly in a medical hold status. The program shall focus on the special needs of this service member subset and the Office for Reintegration Programs shall develop an appropriate program of services and information.

Prepared Statement of Thomas L. Bush,
Acting Deputy Assistant Secretary of Defense for Reserve Affairs (Manpower and Personnel), U.S. Department of Defense

Prepared Statement of Curtis L. Gilroy, Ph.D., Director,
Accession Policy, Office of the Under Secretary of Defense for Personnel and Readiness (Military Personnel Policy), U.S. Department of Defense

Good afternoon Madam Chairwoman and Members of the Subcommittee. We are pleased to appear before you today, on behalf of the Department of Defense (DoD), to testify about the educational assistance programs available to active duty members, National Guard and Reserve members, and veterans. For today's hearing, you asked the Department to comment on four areas:

1. What specific issues should the Subcommittee address to meet the needs of today's servicemembers and veterans?
2. Has the Department identified any problems in the current MGIB or MGIB–SR?
3. Does the Department have any recommendations to streamline or simplify the MGIB or MGIB–SR?
4. Should the Subcommittee be concerned about specific MGIB or MGIB–SR related legislation that is pending before Congress?

Before turning to these specific questions, we would like to give a brief overview of the current educational assistance programs—the Montgomery GI Bill (MGIB), which provides educational assistance benefits to active duty members and veterans, and the Montgomery GI Bill for the Selected Reserve (MGIB–SR) and the Reserve Educational Assistance Program (REAP), which provide educational assistance benefits to National Guard and Reserve members.

THE MONTGOMERY GI BILL

The MGIB program is a cornerstone of our active duty military recruiting efforts. There is little doubt that the MGIB has met or even exceeded the expectations of its sponsors when it was enacted and has been a major contributor to the success of the All-Volunteer Force. The original "GI Bill of Rights," created at the end of World War II, gave returning servicemembers a comprehensive package of benefits to compensate for opportunities lost while in the military, and to ease their transition back into civilian life. The noted economist Peter Drucker described that GI Bill

by saying, "Future historians may consider it the most important event of the 20th century." Perhaps the most far-reaching provision of the GI Bill was the financial assistance it made available for veterans to attend college. The GI Bill offered returning Soldiers, Sailors, Marines and Airmen payment of tuition, fees, books, and supplies, along with a living stipend, at the educational institution of the veteran's choice.

Today's MGIB traces its lineage directly to this milestone program, with one important change. While all earlier GI Bill programs were designed to ease the transition to civilian life from a conscripted military force, since 1973 we have defended this Nation with a volunteer force. Thus, as codified in title 38, United States Code, the MGIB has as one of its purposes, "to promote and assist the All-Volunteer Force program and the Total Force Concept of the Armed Forces by establishing a new program of educational assistance based upon service on active duty or a combination of service on active duty and in the Selected Reserve to aid in the recruitment and retention of highly qualified personnel for both the active and reserve components of the Armed Forces."

In assessing the current MGIB program it is important to note that education benefits are vital to our recruiting efforts. "Money for college" consistently ranks among the major reasons young men and women give for enlisting. Enrollment in the active-duty MGIB program has risen from only 50 percent in its first year, 1985, to nearly 97 percent today. A total of 2.8 million men and women, from an eligible pool of 3.8 million, have chosen to participate in the MGIB since its implementation on July 1, 1985. Such enrollment rates demonstrate the attractiveness of the MGIB.

The current MGIB program continues to serve the Active Components of the military well. It is our belief that there are no significant shortcomings to the program.

Value of the MGIB Stipend

In the initial year of the program—School Year 1985–86—the MGIB offset 70 percent of the average cost of total expenses at a public 4-year university. Total expenses include tuition, fees, room, and board. This offset steadily declined until the early nineties when the MGIB monthly benefit was increased from $300 per month to $400 per month. Since 1993, the benefit has been adjusted annually for inflation. The current rate of $1,101 this school year covers approximately 73 percent of the average total expenses at a public 4-year university.

In addition to the basic MGIB benefit, three of the four Services offer an increased benefit, called a "kicker," targeting enlistments in certain critical or hard-to-fill skills and for extended periods of initial service. The Army, Navy, and Marine Corps use this incentive to annually steer about 12,000 high-quality youth into the skills necessary for efficient force management. The statutory limit for the kicker is $950 per month. The basic MGIB benefit plus the kicker make up the Service College Funds. This year, the maximum benefit of the Service College Funds covers about 136 percent of the estimated average total expenses at a public 4-year university.

There is no doubt that the MGIB serves as a key recruiting incentive. As I indicated earlier, young men and women consistently rank "money for college" as the major reason they enlist. Today, the Services are facing stiff challenges to recruiting. The number of graduates who are pursuing postsecondary education right out of high school is at an all-time high, and young people are finding that financial assistance to attend college is available from many sources. While few of those sources match the benefits of the MGIB, neither do these sources require young men and women to delay their education for a term of military service and the possibility of entering into "harm's way." The MGIB benefit should be sufficient to offset the commitment and sacrifices associated with military service.

While many may look at the benefit level of the MGIB as it relates to readjustment and transition to civilian life, we must be mindful of its effect on military force management. The potential benefits of a higher benefit level to recruiting must be carefully evaluated in light of the difficulties some of the Services are currently experiencing in the recruiting market. Attracting qualified recruits using large, across-the board basic benefits incurs the risk that many who enter for the benefits will leave as soon as they can to use them. If so, lower first term retention could both reduce the number of experienced NCOs and Petty Officers available to staff the force, and put added pressure on the recruiting market as additional accessions are required to replace the members who leave. The Department of Education, National Center for Education Statistics states the average monthly cost of education (tuition, fees, room, and board) for School Year 2006–2007 was $1,450 (adjusted for inflation). We posit that the negative retention impact starts to outweigh the positive impacts on recruiting when the monthly benefit is higher than the total cost of education.

MONTGOMERY GI BILL FOR THE SELECTED RESERVE

Since the inception of the program in 1986 through fiscal year 2006, 1,500,000 members of the Selected Reserve have entered into service agreements to gain eligibility for benefits under the Montgomery GI Bill for the Selected Reserve. Of those who committed to service in the Selected Reserve for MGIB–SR benefits, 639,516, or 42 percent, have applied for educational assistance. This indicates that educational assistance plays an important role in the decision to join the National Guard or Reserve. As of August 2007, slightly under 40 percent of members currently serving in the Selected Reserve are eligible for MGIB–SR benefits. We also have another 10 percent of currently serving Selected Reserve members who are now beyond the 14-year MGIB–SR delimiting period.

To illustrate the importance of the MGIB–SR program to our recruiting and retention efforts, just under 50 percent of members serving in the Selected Reserve today are within their 8-year military service obligation. Among those who have a remaining service obligation, they have the option of transferring to the Individual Ready Reserve at any time unless they have a contractual Selected Reserve service obligation based on receiving an incentive (such as the MGIB–SR). Thus, incentives are an important tool in staffing our reserve units.

To sustain the All-Volunteer Force, particularly in the Guard and Reserve where the majority of Selected Reserve members may quit at any time, we need every tool available to recruit and retain members in the Selected Reserve. The MGIB–SR program helps us do that by requiring a member to commit to 6 years of service in the Selected Reserve to gain eligibility for MGIB–SR benefits and remain in the Selected Reserve to retain eligibility.

RESERVE EDUCATIONAL ASSISTANCE PROGRAM

The new Reserve Educational Assistance Program (REAP) was developed to reward National Guard and Reserve members who served in support of a contingency operation, and National Guard members who performed federally funded state duty at the request of the President or Secretary of Defense to respond to a national emergency by offering an incentive to continue to serve following a mobilization when pressure to separate may be strong. A member who serves as few as 90 consecutive days is eligible for $440 a month in educational assistance for up to 36 months. The benefit increases for members who serve longer, with a member who serves for at least one continuous year eligible for a benefit of $660 a month and a member who serves for at least 2 continuous years eligible for a benefit of $880 per month. The only requirement is that the member continues to serve in the Selected Reserve, or Ready Reserve if the member was serving in the Individual Ready Reserve when he or she was ordered to active duty. As of September 2007, 41,388 Reserve component members have used the REAP program.

NEEDS OF TODAY'S SERVICEMEMBERS AND VETERANS

The most recent survey data on Reserve Educational Assistance Program show that 17 percent of respondents were pursuing an education of which 42 percent were using the MGIB–SR benefit, 14 percent were using the MGIB–AD benefit and 15 percent were using the REAP benefit. We also asked how satisfied members were with their educational benefits. Seventy-four percent responded that they were satisfied or very satisfied. Another 14 percent responded that they were neither satisfied nor dissatisfied, with 8 percent dissatisfied and 4 percent very dissatisfied. This feedback indicates that the programs are working well. Although as noted below, there are areas where we believe program improvements are warranted.

Moreover, for the programs that are under the jurisdiction of the Department of Defense—the Montgomery GI Bill for the Selected Reserve and the Reserve Educational Assistance Program—we must look at these recruiting and retention incentives through the lens of force management. We know that there are different factors or incentives that motivate an individual to join the military and to remain in the military. So we must determine if the incentives we offer are achieving our force management objectives. We also must balance priorities that are competing for limited resources.

As previously noted, the current percent of the force that has gained eligibility for the Montgomery GI Bill for the Selected Reserve is only slightly below the historic level—2 percent. This is an indication that members still value the program. One area we have specifically looked at is the benefit rate. While the law provides for an annual rate adjustment based on the Consumer Price Index, there has been concern that benefit level has not kept up with the rising cost of education or increases to the MGIB programs. Therefore, we asked the DoD Actuary to develop a

cost projection to increase the MGIB–SR benefit rate to 50 percent of the 3-year MGIB benefit level, which would bring the rate for a full-time student to $550 compared to the current rate of $317. The Actuary projected that this $233 or 75-percent increase in the benefit would cost just over $1B over the next 5 years.

Another possible change the Department is considering is an increase in the MGIB–SR kicker, which currently has a maximum limit of $350 a month. Adjusting the kicker rate would help the Services achieve force-shaping objectives by providing a richer kicker benefit to members who agree to serve in a skill designated as critically short. Unlike a general rate adjustment, this would help the Department relieve some of the stress on the force by providing an additional retention incentive for members who are currently in or will retrain into a critically short skill or specialty.

PROBLEMS IN THE CURRENT PROGRAMS

As stated earlier, the current MGIB program continues to serve the Active Components of the military well and we see no significant problems with the program.

We do have a concern with both the Montgomery GI Bill for the Selected Reserve and the Reserve Educational Assistance Program. Initiatives to reset the force and the drawdown of forces in the Air Reserve components could lead to some members losing eligibility to either or both programs.

Therefore, this year the Department submitted legislation that would renew the MGIB–SR drawdown provision of the 1990's. This would allow a member to retain MGIB–SR eligibility for up to 10 years following separation from the Selected Reserve provided the reason for separating from the Selected Reserve was a result of force-shaping initiatives associated with Base Closure and Realignment (BRAC) action. We are pleased that the Senate-passed version of the National Defense Authorization Act for Fiscal Year 2008 (2008 NDAA) (section 675 of H.R. 1585) included this provision.

The Department also proposed an amendment to REAP which would allow a member of the Selected Reserve who incurs a break in Selected Reserve service, but remains in the Individual Ready Reserve or Inactive National Guard during that break, to continue to receive educational assistance payments for up to 90 days provided the member retains in the Individual Ready Reserve. If the break extends beyond 90 days, benefit payments would be suspended, but the member would not lose eligibility for the REAP benefit. Currently, the Selected Reserve member retains eligibility for REAP up to 90 days with no benefit payments, but loses all eligibility after 90 days. The change proposed by the Department would allow for a short period of uninterrupted benefits for members who transition between units or components and allow a member who has earned a benefit to retain the benefit indefinitely provided the member remains in the Ready Reserve. Regrettably, this proposal was included in neither the House nor Senate passed versions of the 2008 NDAA.

STREAMLINING OR SIMPLIFY THE PROGRAMS

This past year, there has been considerable interest in changing the two Reserve educational assistance programs—primarily to allow a member to use the benefit after voluntarily separating from the Service. The reason typically cited for this change is that Reserve component members are now being called up to perform operational missions rather than to just train; therefore, it is only fair that they are allowed to use their educational assistance benefits after they leave the service—just like active duty members.

There have been two approaches proposed to accomplish this. The first is to consolidate the three separate educational assistance programs into a "Total Force GI Bill" in title 38 of the U.S. Code. The second approach is simply recodify the two reserve educational assistance programs into title 38. In fact legislation is pending that would move both the MGIB–SR and REAP programs to title 38. While the Department strongly supports changes to the reserve educational assistance programs that help sustain the Reserve components and the All-Volunteer Force, we do not support consolidating the three educational assistance programs or transferring responsibility for the reserve educational assistance programs to the Department of Veterans Affairs.

The concept of a "Total Force GI Bill" was to create a single program drawing from the best attributes of all three educational assistance programs. But if the programs are to continue to serve the purposes for which they were designed, it may be difficult to truly have one program. The calls for a single program simply views military service as the pathway to an education benefit, not a program to retain members. All the "Total Force" proposals we have reviewed do not integrate the

three programs; they simply remain three separate and distinct stand-alone programs that would be codified with some slight modifications in title 38.

Moving the two reserve educational assistance programs to title 38 would place military force management programs under the jurisdiction of this committee and have them administered by the Secretary of Veterans Affairs. This neither streamlines nor simplifies the programs. Nor does it fit with the purpose for which these programs were created—recruiting and retention. These are force management functions that belong to the Department of Defense, not the Department of Veterans Affairs. The Department of Veterans Affairs provides benefits and services to veterans and their families. The mission of DoD is to provide a fit, ready force to defend this nation. To do that, we need a range of incentives to help us manage, sustain and shape the force. Moving the two reserve programs to the Department of Veterans Affairs does not help us do that.

Moreover, Reserve component members can and do earn MGIB–AD benefits. In fact, nearly 50 percent of all currently serving members of the Selected Reserve are already eligible for MGIB–AD benefits by virtue of prior active duty service. And a member who serves for 2 continuous years in support of a contingency operation qualifies for both MGIB–AD and REAP, which have nearly identical benefit payment amounts. The member has the choice of which benefit he or she would like to use.

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

PENDING LEGISLATION

Finally, the Subcommittee asked if there is any legislation that the Subcommittee should be concerned about that is currently pending in the Congress.

There are a number of proposals to enhance the current Montgomery GI Bill. Most of these affect the Department of Veterans Affairs, which has the responsibility for administering and funding the Active Duty Montgomery GI Bill program. However, there is one bill (S. 22) that has received much attention that would have an effect on active duty force management.

S. 22 (as revised), the Post-9/11 Veterans Educational Assistance Act of 2007, offers a "World War II-like" GI Bill educational assistance benefit. If enacted, a veteran would be paid the full cost of a college education up to the maximum charges of the highest cost public institution in the State, as well as a $1,000 monthly stipend. This legislation is correct in stating that the Montgomery GI Bill (MGIB) was primarily designed for a "peacetime force." However; as previously stated, the current MGIB program for active duty is basically sound and serves its purpose in support of the All-Volunteer Force. While it may warrant some changes at the margin, there is no need for the kind of sweeping (and expensive) changes offered in S. 22.

The average cost of a public 4-year institution this past school-year was about $1,450/month. Adding a $1,000 monthly stipend would bring a monthly benefit to about $2,450. The Department is concerned that a benefit of this amount would have long-term negative impacts on force management. It would be an enlistment incentive, to be sure; but it would be a larger reenlistment disincentive. Additionally, we are concerned that this Bill offers no provision for "kickers," which, as stated earlier, are used by the Services to channel high quality youth into hard-to-fill and critical skills.

There are also a number of bills that would make changes to the MGIB–SR and REAP programs. The Department's concern with many of the changes being proposed is that they affect the Reserve service obligation. Unlike individuals who have an obligation to serve on active duty, many Reserve component members are under no obligation to serve in the Selected Reserve. Unless an individual commits to Selected Reserve service because he or she receives a bonus, receives student loan repayments, or commits to Selected Reserve service for the MGIB–SR benefits, a Guard or Reserve member makes a choice to continue to participate each time he or she reports for a drill weekend.

This is why we are so interested in retaining the retention aspect of the two reserve educational assistance programs. If we still had a conscripted force, then retention would not be as much of a concern. But we have an All-Volunteer Force and

we need incentives that encourage Guard and Reserve members to continue to serve, rather than providing incentives that encourage them to leave the force.

As previously noted, the legislation proposed by the Department is designed to improve REAP for the member and help the Department meet its force management objectives. This is in stark contrast to many of the sweeping changes in bills currently pending before Congress.

H.R. 1585 (Section 525), the National Defense Authorization Act for Fiscal Year 2008 (as passed by the House) and **S. 644,** the Total Force Educational Assistance Enhancement and Integration Act of 2007, would both recodify chapter 1606 (MGIB–SR) and chapter 1607 (REAP) of title 10, as a new chapter in title 38. As previously described, these provisions would place primary responsibility for managing two critical DoD recruiting and retention incentive programs with the Secretary of Veterans' Affairs. While the amendments proposed in both bills would for the most part leave these two programs as currently structured in title 10—recruiting and retention incentives—it has been widely publicized that the intent of placing the Reserve educational assistance programs in title 38 is to provide a post-service benefit. This will have a detrimental effect on retention.

A preliminary assessment by a federally funded research and development center (FFRDC) projects that modifying the REAP program to provide a post-service benefit could increase attrition by 10 percent among members who are not already eligible for MGIB benefits. If this change is enacted, it will impose an additional cost to DoD while transferring the cost of the current program to the Department of Veterans Affairs as direct spending—thus increasing the total cost to government. There is little doubt that such a change will increase attrition. Therefore, in order for DoD to sustain the same force level, the Department will incur a new replacement costs created when members who would otherwise remain in the Guard or Reserve in order to use these benefits separate. On a per capita basis, it will cost the Department $17,400 to recruit a replacement and train that replacement to an entry skill level. Furthermore, in the current recruiting environment, the Reserve components are offering accession incentives ranging from $10,000 to $20,000. This will bring the total cost to replace each individual to between $27,400 and $37,400, depending on the accession incentive involved. Using the average incentive cost of $15,000, an increase in attrition as little as one percent would cost DoD an additional $518M over the next 5 years to maintain the current force level.

Finally, the Administration has worked with Congressional Budget and Appropriation Committees to ensure that the true cost of manpower is reflected in the budget of all agencies. Reserve education benefits are recruiting and retention incentives and, for this reason, they were funded on an actuarial basis in the DoD budget at the inception of the MGIB. Transferring responsibility for these two programs to DVA dismantles this funding mechanism with the programs then being budgeted as direct spending, which is contrary to transparent and responsible budgeting.

H.R. 1585 (Section 676), the National Defense Authorization Act for Fiscal Year 2008 (as passed by the Senate) would allow a member who completes the required period of contingency service and any other contractual service obligation to retain REAP eligibility for 10 years after separating from the Selected Reserve. As noted previously, most Selected Reserve members are not obligated to serve in the Selected Reserve. If enacted, this provision would take away one of our retention incentives. This would provide a post-service benefit for a member who serves as few as 90 days on active duty, compared to the eligibility criteria to qualify for the MGIB–AD benefit, which requires the member to serve at least 2 continuous years on active duty. Further, this would impose the same cost to the Department as just described for transferring the two reserve educational assistance programs to DVA.

H.R. 1585 (Section 674), the National Defense Authorization Act for Fiscal Year 2008 (as passed by the Senate) and **S. 1293, the Veterans' Education and Vocational Benefits Improvement Act of 2007,** would provide authority, beginning October 1, 2008, for accelerated payment of educational assistance for certain high-cost programs of education under the MGIB–SR and REAP programs. Section 674 and S. 1293 would also amend REAP to allow Reserve component members who served an aggregate of 3 years or more of qualifying duty to receive an educational assistance allowance at the highest benefit level authorized under this program (80 percent of the 3-year MGIB–AD rate). Currently, the service requirement is for *continuous* years of qualifying service. Finally, section 674 and S. 1293 would authorize a program, similar to the MGIB–AD program, that allows a member to "buy up" his or her REAP benefit by making after-tax contributions of up to $600 to augment

the monthly amount of basic educational assistance the member receives during the 36 months of entitlement to educational assistance payments.

The maximum 5-year cost for providing accelerated payments would be $35M ($4M per year for MGIB–SR and $3M per year for REAP). The preliminary 5-year cost estimate to allow reserve component members to "buy-up" their REAP benefit is $15M. The preliminary 5-year cost estimate of allowing members who serve an aggregate of 3 years to receive benefit payments at the 80 percent level is $11M. The estimated total 5-year cost to DoD is $61M. This modest investment would provide Reserve component members with additional options for using their educational assistance benefits while supporting DoD's retention efforts.

Allowing a member to accumulate periods of service in order to qualify for the highest level of benefit payments under REAP would support the Secretary's force utilization policy, which is to limit mobilizations to no more than 1 year and the Department's continuum of service construct, which is to facilitate varying levels of service as the member's situation allows.

Therefore, the Department supports Section 674 and those provisions of S. 1293, which would provide for accelerated payments under the MGIB–SR and REAP programs, allow Reserve component members who serve for 3 cumulative years to qualify for the highest benefit level under the REAP program and permit members to "buy up" their benefit level—like the option available under the MGIB–AD program—by contributing up to $600.

CONCLUSION

Today, the volunteer military stands ready, willing, and able to defend our great nation, as well as its values and principles. Credit for our success in attracting high-quality people to serve in uniform belongs in large measure to the Congress for providing military members with the benefits embodied in the educational assistance programs. Few areas, if any, are more important to DoD than recruiting and retention. We recognize our duty to man the All-Volunteer Force with high-quality, motivated, and well-trained men and women. The MGIB and REAP educational assistance programs have been a major contributor to recruiting and retention achievements for more than 20 years. As we move through the 21st Century, we must continue to build upon the remarkable legacy of the visionaries who crafted preceding versions and improvements in the GI Bill. I thank the Subcommittee for its dedicated support to the men and women who currently serve, and those who have served, our great nation.

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

Good afternoon Chairwoman Herseth Sandlin, Ranking Member Boozman and members of the Subcommittee. I am pleased to be here today to discuss the current state of the Montgomery GI Bill (MGIB) and potential ways to improve upon its success and the success of the other educational assistance programs administered by the Department of Veterans Affairs (VA). My testimony will address areas in which the MGIB could be updated, streamlined, and simplified. In addition, I will comment on selected bills which have been introduced in the 110th Congress and certain concepts and provisions within those bills in which we find merit, as well as areas which could potentially be problematic. VA defers to the Department of Defense on how the various legislative proposals would affect title 10 education benefit programs whose primary objectives are force recruitment and retention. However, I will comment on how the selected bills will affect program implementation and costs.

We are pleased to report that in fiscal year 2007, we paid an estimated $2.8 billion in benefits to approximately 500,000 trainees. These benefits covered chapters 30, 32, and 35 of title 38, and chapters 1606 and 1607 of title 10. Payments are made for studies in educational, vocational, on-the-job training and apprenticeship programs, completion of licensing and certification exams, and flight training. In fiscal year 2007, we processed original claims in 32.4 days and supplemental claims in 13.2 days. This represents an improvement of approximately 7 days from our FY06 processing times of 40.1 and 19.8 days. The reduction in our processing times also met or exceeded the performance goals set forth for FY07.

VA's education benefit programs have been very successful in helping servicemembers in their successful readjustment to civilian life. Education benefits are frequently identified as a primary reason that individuals enlist in the armed forces.

Recent congressional actions have addressed areas that we see as essential to the continued vitality of our educational benefit programs. For example, VA supports in principle the proposal in S. 1293, for the expansion of accelerated payment, although we do have concerns arising from the potential inequities created by the annual payment limits mentioned in this bill. Another proposed bill, H.R. 797, would extend certain provisions of the Work Study program through June 30, 2012. VA believes these provisions of the Work Study program serve a valuable purpose, and we agree they should be extended.

The programs we administer, including MGIB–Active Duty, MGIB–Selected Reserve, and the Readjustment Educational Assistance Program (REAP), in their current forms are a complex group of programs with complicated benefit eligibility criteria. VA appreciates Congress's strong interest in streamlining the education benefits available to veterans and servicemembers; however many of the proposals currently under consideration by Congress not only create additional eligibility categories but, in the process, also include retroactive eligibility criteria with amendments otherwise effective on the date of enactment. A *multitude of programs and eligibility criteria* create confusion for veterans, our partners in the Department of Defense (DoD), and for our Department, as well. This also works against our efforts to further improve program participation and understanding. We share your desire to improve education benefits available to veterans; however, we believe it should be done with the goal of streamlining existing programs versus adding new programs and additional layers of complexity associated with administering them. Further, many of the current proposals would expand benefit amount and/or eligibility; we cannot support any costly expansion of benefit without identified offsets.

Two proposals which have garnered a great deal of attention would create a chapter 33 benefit, a new program for post September 11, 2001 servicemembers and veterans (S. 22 and S. 1409/H.R. 2385). These proposals are prohibitively costly. Further, under the current benefits structure, many individuals find themselves potentially eligible under one or more of the three VA-administered programs that I previously mentioned. Those individuals are tasked with comparing payment rates and impact on kickers to determine which program would be most advantageous in their individual circumstances. Incorporating a new chapter 33 program, the extent of entitlement to which would require factoring in length of service and previous benefits usage, would make the process even more complex and difficult for individuals to understand.

Finally, I note additional concerns with certain other pending legislation. Senate bills 723, 1719, and 698 and House bills 112 and 1102 raise issues of equity in providing benefits to veterans and servicemembers. For example, these bills contain provisions that would give preference to one period of service or benefit program over another. S. 723 proposes to reimburse the payroll reduction required for MGIB enrollment to members of the Armed Forces who served after November 16, 2001, through the date of termination of Executive Order 13235. Many individuals bravely served our country during periods that do not coincide with these dates; these individuals would be disadvantaged merely because of their dates of service. Both S. 1409 and H.R. 2385 include provisions that would exclude graduate programs from eligibility. Today, many individuals enter the service with at least some amount of post-secondary education. Disallowing graduate training would limit the eligible person's choices and the ability to use the maximum entitlement earned, as well as create an inequity among those eligible to receive the benefit.

Additionally, Senate bills 22, 1409, 1719, and 644 and House bill 1102 pose significant logistical obstacles by requiring substantial changes to entitlement determinations and payment methods. These new payment methods would require extensive enhancements to existing payment systems with significant attendant costs, implementation delay, and impact on current claims processing. Our continued concern is limiting the impact on beneficiaries and ensuring timely receipt of payments.

In closing, I reiterate that VA is dedicated to providing the most beneficial education programs to veterans and their dependents. We believe that changes made to enhance these benefits must not create an extra burden on the beneficiaries by making the programs more complex.

This concludes my statement. I appreciate the opportunity to testify before the Subcommittee and would be pleased to address any questions you or other Members of the Subcommittee may have.

Statement of James Kendzel, MPH, SPHR, Executive Director, National Organization for Competency Assurance

The National Organization for Competency Assurance (NOCA) appreciates the opportunity to submit testimony to the House Committee on Veterans' Affairs Subcommittee on Economic Opportunity regarding its hearing on updating the Montgomery GI Bill, the nation's primary educational benefit for military personnel and veterans.

Maximize Use of Montgomery GI Benefits

NOCA was an active participant in working with Members of Congress and the veterans' community to expand the use of Montgomery GI benefits toward paying for the cost of obtaining an occupational certification or license. Upon enactment of this new benefit,[1] NOCA actively encouraged NOCA member certification boards to apply for approval from the Department of Veterans Affairs (VA)[2] to speed the reimbursement process for veterans applying for reimbursement after taking their particular certification test. A large number of certifications meet the VA standards and are now reimbursable.[3]

NOCA continues to believe that the program is an essential element of the benefits returned to our veterans for their service to country and that this specific benefit enhances veterans' marketability in a competitive workforce by demonstrating competency in a particular occupation. NOCA has noted, however, that there has been a significant decrease in the use of the benefit since its inception. For example, from FY2004 to FY2006, the number of payments for certification and licensure tests dropped from 5,123 (FY2004) to 2,899 (FY2006). The amount paid out in certification and licensure reimbursements dropped from $1,433,768 (FY2004) to $1,062,852 (FY2006). However, the average payment increased from $280 to $367 during the same time period.[4]

The Professional Certification and Licensure Advisory Committee (PCLAC) has reviewed the decreasing numbers and suggested that the VA step up its outreach efforts to ensure awareness of the certification and licensure reimbursement benefit. NOCA supports this role for the VA. In years previous, staff from VA regularly attended and exhibited at the NOCA Annual Conference, the nation's largest gathering of certification bodies, in order to increase knowledge of the certification and licensure reimbursement benefit. The PCLAC sent a letter in 2006 to the Secretary of Veterans Affairs expressing their concerns about the VA's lackluster outreach efforts for the last few years in this area.

NOCA continues to encourage its member certification boards to become approved by the VA. In addition, military websites such as Army Credentialing Opportunities On-Line (COOL)[5] and Navy Credentialing Opportunities On-Line (COOL)[6] provide information about using Montgomery GI benefits to pay for the cost of taking a certification or licensure examination. Likewise, Defense Activity for Non-Traditional Education Support (DANTES),[7] a NOCA organizational member, provides similar information for veterans. However, more can be done to promote this important benefit. NOCA will continue to encourage its individual member certification boards to promote their VA approval to potential certificants. These efforts, long envisioned and encouraged by NOCA, are now essential building blocks for a regime of commitment to our veterans. We also encourage the VA to redouble its outreach efforts to both veterans and the certification community to raise awareness of Montgomery GI benefits.

NOCA also recommends that the certification and licensure benefit be expanded to help pay for the costs of test preparation courses. Many such specialized courses can cost hundreds, if not thousands of dollars, for classroom instruction as well as practice tests, books, and other preparatory materials. They are essential in many instances to the successful preparation of otherwise qualified applicants, and we urge Congress to give this proposal a serious look.

The current Montgomery GI benefit for paying for certification and licensure exams has a 10 year window in which the veteran may access these benefits. There has been discussion about eliminating the 10 year time period as well as allowing

---

[1] Pub. L. 106–419, Sec. 122, 114. Stat. 1833 (Nov. 1, 2000).

[2] Available at http://www.noca.org/portals/0/vatest.doc.

[3] The Department of Veterans Affairs WEAMS database allows a search of approved certifications. Available at: http://inquiry.vba.va.gov/weamspub/buildSearchLCCriteria.do.

[4] Data reported by a VA staff member at the July 21, 2006 minutes of the Professional Certification and Advisory Committee (PCLAC).

[5] Available at https://www.cool.army.mil/.

[6] Available at https://www.cool.navy.mil/.

[7] http://www.dantes.doded.mil/Dantes_web/DANTESHOME.asp

veterans to transfer their benefits to their dependents. NOCA strongly supports these measures as they would build more flexibility into the education and training system for veterans, making the benefit even more attractive. This format would acknowledge an asset-based benefit that veterans will have every incentive to earn and utilize for themselves or their dependents.

Service to our country must and should have very specific and lasting rewards. For the men and women who enter the armed services, theirs is an expectation of support, and the ability to transfer skill sets learned in service to private sector enterprises. What more logical investment in the future of our veterans and the fields that they choose to enter after service than tangible pathways to engaging professions and trades afterward.

About the National Organization for Competency Assurance (NOCA)

NOCA, the oldest and largest organization representing certification agencies, testing companies, and consulting firms and individuals involved in professional certification, was created in 1977 as the National Commission for Health Certifying Agencies (NCHCA) with federal funding from the Department of Health and Human Services. Its mission was to develop standards for quality certification in the allied health fields and to accredit organizations that met those standards. With the growing use of certification in other fields, NCHCA's leaders recognized that what is essential for credible certification of individuals in the healthcare sector is equally essential for other sectors. With this vision, NCHCA evolved into the National Organization for Competency Assurance. NOCA is a non-profit, 501(c)(3) organization, committed to serving the public interest by ensuring adherence to standards that ensure the highest competence of certification programs.

NOCA's membership is composed of more than 380 organizations responsible for certifying specific skill sets and knowledge bases of professions and occupations at the national and international level. Through certification, NOCA members represent more than 15 million individuals around the world and include certification programs of some 150 professions and occupations, including 60 healthcare professions. NOCA members certify individual skills in fields as diverse as construction, healthcare, automotive, and finance. A current roster of NOCA members is included in the appendix.

NOCA also brings the expertise of its internationally recognized accrediting arm, the National Commission for Certifying Agencies (NCCA). NCCA uses a peer review process to evaluate adherence to its standards by certification programs and grants accreditation to those programs that have met those standards. These standards exceed the requirements set forth by the American Psychological Association and the U.S. Equal Employment Opportunity Commission and thus help to protect the health, safety, and welfare of the public. NCCA is the national accreditation body that provides this service for private certification organizations in all disciplines.

NOCA's mission is to promote excellence in competency assurance for individuals in all occupations and professions. No other organization has the presence in or commits the resources to the field of certification. NOCA is proud of its position as the international leader in competency assurance for certification programs, as well as its role in promoting excellence in competency assurance for practitioners in all occupations and professions.

Respectfully Submitted,

James Kendzel, MPH, SPHR
Executive Director

APPENDIX I

NOCA Organizational Members

NOCA's Organizational Members consist of the following associations, certifying organizations, customer groups, and government agencies:

AACE International
Academy of Ambulatory Foot and Ankle Surgery
Academy for Certification of Vision Rehabilitation and Education Professionals
Academy of Lactation Policy and Practice
Accrediting Bureau of Health Education Schools
Accreditation Council for Accountancy and Taxation
Advocis
Aerobics and Fitness Association of America
Alliance of Information and Referral Systems

American Academy of Healthcare Providers in the Addictive Disorders
American Academy of Nurse Practitioners
American Academy of Micropigmentation
American Academy of Pain Management
American Academy of Wound Management
American Association for Medical Transcription
American Association for Respiratory Care
American Association of Clinical Coders and Auditors
American Association of Colleges of Nursing
American Association of Critical-Care Nurses Certification Corporation
American Association of Medical Assistants
American Association of Medical Audit Specialists
American Association of Physician Specialists
American Association of Poison Control Centers
American Board for Certification in Orthotics and Prosthetics, Inc.
American Board for Certification of Teacher Excellence, Inc.
American Board for Occupational Health Nurses
American Board of Cardiovascular Perfusion
American Board of General Dentistry
American Board of Genetic Counseling
American Board of Industrial Hygiene
American Board of Lower Extremity Surgery
American Board of Multiple Specialties in Podiatry
American Board of Nursing Specialties
American Board of Opticianry
American Board of Pain Medicine
American Board of Registration of Electroencephalographic and Evoked Potential Technologists, Inc.
American Board of Surgical Assistants
American Board of Transplant Coordinators
American Board of Veterinary Practitioners
American Certification Agency for Healthcare Professionals
American Chiropractic Board of Radiology
American Chiropractic Board of Sports Physicians
American Chiropractic Neurology Board
American Chiropractic Registry of Radiologic Technologists
American Clinical Board of Nutrition
American College of Sports Medicine
American College of Veterinary Ophthalmologists
American Construction Inspectors Association
American Council on Exercise
American Fitness Professionals and Associates
American Health Information Management Association
American Hospital Association Certification Center
American Institute of Certified Public Accountants
American Indoor Air Quality Council
American Manual Medicine Association
American Medical Massage Association
American Medical Technologists
American Midwifery Certification Board
American Nurses Credentialing Center Commission on Certification
American Occupational Therapy Association
American Optometric Association Commission on Paraoptometric Certification
American Organization for Bodywork Therapies of Asia
American Physical Therapy Association
American Registry for Diagnostic Medical Sonographers
American Registry of Magnetic Resonance Imaging Technologists
The American Registry of Radiologic Technologists
American Society for Association Executives
American Society for Metabolic and Bariatric Surgery
American Society for Clinical Pathology
American Society of Anesthesia Technologists and Technicians
American Society of Military Comptrollers
American Speech-Language-Hearing Association
American Staffing Association
American Veterinary Chiropractic Association, Inc.
American Veterinary Medical Association
APICS—The Association for Operations Management

Aquatic Exercise Association, Inc.
Architectural Woodwork Institute
Art Therapy Credentials Board
ASIS International
Association for Death Education and Counseling
Association for Investment Management and Research
Association of Christian Alcohol and Drug Counselors
Association of Government Accountants
Association of Regulatory Boards of Optometry
Association of State and Provincial Psychology Boards
Association of Surgical Technologists, Inc.
Association of Water Technologies, Inc.
Axiom Resource Management, Inc.
Banfield, The Pet Hospital
Behavior Analyst Certification Board
Biofeedback Certification Institute of America
Board for Certification in Clinical Anaplastology
Board for Certification of Addiction Specialists
Board for Certification in Pedorthics
Board for Orthotist/Prosthetist Certification
Board of Canadian Registered Safety Professionals
Board of Certification for Emergency Nursing
Board of Certification in Professional Ergonomics
Board of Certification of Medical Illustrators
Board of Certified Safety Professionals
Board of Environmental, Health & Safety Auditor Certifications
Board of Pharmaceutical Specialties
Board of Registered Polysomnographic Technologists
Breining Institute
California Association for Alcohol and Drug Educators
California Association of Alcoholism and Drug Abuse Counselors (CAADAC) and the California Certification Board of Alcohol and Drug Counselors (CCBADC)
California Association of Drinking Driver Treatment Programs
California Certifying Board for Medical Assistants
California-Nevada Section, American Water Works Association
California Water Environment Association
Canadian Alliance of Physiotherapy Regulators
Canadian Board for Respiratory Care, Inc.
Canadian Chiropractic Examining Board
Canadian Council of Professional Engineers
Canadian Nurses Association
Center for Credentialing and Education
Certification Board for Music Therapists
Certification Board for Radiology Practitioner Assistants
Certification Board for Sterile Processing and Distribution
Certification Board for Infection Control and Epidemiology
Certification of Disability Management Specialists Commission
Certified Financial Planner Board of Standards, Inc.
Certified Fund Raising Executive International
Certified General Accountants Association of Canada
Certified Mine Safety Professional Certification Board
Certifying Board for Dietary Managers
Chartered Realty Investor Society
College and Association of Registered Nurses of Alberta
College of Massage Therapists of Ontario
College of Medical Laboratory Technologists of Ontario
College of Medical Radiation Technologists of Ontario
College of Occupational Therapists of Ontario
College of Pharmacists of British Columbia
College of Physiotherapists of Ontario
College of Respiratory Therapists of Ontario
Commission for Case Manager Certification
Commission for Certification in Geriatric Pharmacy
Commission on Dietetic Registration of the American Dietetic Association
Commission on Graduates of Foreign Nursing Schools
Commission on Rehabilitation Counselor Certification
Competency and Credentialing Institute
Convergys

The Cooper Institute
Council of Landscape Architectural Registration Boards
Council on Certification of Health, Environmental, and Safety Technologists
Council on Certification of Nurse Anesthetists
Council on Licensure, Enforcement and Regulation
Council on Professional Standards for Kinesiotherapy
Crane Operator Certification Authority
CFA Institute
CSI Global Education
Defense Activity for Non-Traditional Education Support
Dental Assisting National Board
Department of Environment and Labor Province of Nova Scotia
Entertainment Technician Certification Program (ETCP–ESTA)
Esthetic Skin Institute
Examination Board of Professional Home Inspectors
Financial Planning Standards Board
Financial Planners Standards Council
Financial Planning Association of Australia
Florida Certification Board
Florida Nursery, Growers & Landscape Association
Fundação Luis Eduardo Magalhães
Hand Therapy Certification Commission, Inc.
The Healing Oasis Wellness Center
Healthcare Compliance Certification Board
Healthcare Financial Management Association
Healthcare Information and Management Systems Society
Healthcare Quality Certification Board
Human Resource Certification Institute
Illinois Department of Financial & Professional Regulation
Infocomm International
International Medical University of Natural Education (IMUNE)
Indian Alcoholism Commission of California
Infusion Nurses Certification Corporation
Institute for Safety and Health Management
Institute for the Certification of Pharmacy Technicians
Institute of Certified Construction Financial Professionals
Institute of Certified Management Accountants
Institute of Hazardous Materials Management
Institute for Supply Management
International Accounts Payable Professionals, Inc.
International Air Filtration Certifiers Association
International Alliance for Fitness Professionals
International Association for Colon Hydrotherapy
International Association of Eating Disorders Professionals Association
International Association of Forensic Nurses
International Association of Healthcare Central Service Materiel Management
International Board of Lactation Consultant Examiners
International Code Council
International Executive Housekeepers Association, Inc.
International Fitness Association
International Foundation for Retirement Education
International Lactation Consultant Association
International Pilates Certification
International Society for Clinical Densitometry
International Society of Arboriculture
International Society for Performance Improvement
Irrigation Association
ISA, The Instrumentation, Systems, and Automation Society
Joint Commission on Allied Health Personnel in Ophthalmology
Kassian Dyck & Associates
Knowledge Assessment Calculator (formerly American Payroll Association)
Lamaze International
Marketing Research Association
Medical Massage National Certification Board
Michigan Institute for Health Enhancement
NAA Education Institute
NAADAC—The Association for Addiction Professionals
National Academy of Sports Medicine

National Alliance Wound Care
National Assistant at Surgery Council
National Association of Medical Staff Services
National Association for Health Professionals
National Association of Boards of Pharmacy
National Association of Certified Valuation Analysts
National Association of College Stores
National Association of Federal Credit Unions
National Association of Forensic Counselors
National Association of Legal Assistants
National Association of Mortgage Brokers
National Association of Social Workers
National Association of State Contractors Licensing Agencies
National Asthma Educator Certification Board, Inc.
National Athletic Trainer's Association Board of Certification
National Board for Certification in Hearing Instrument Sciences
National Board for Certification of Hospice and Palliative Nurses
National Board for Certification of Orthopaedic Technologists
National Board for Certification in Occupational Therapy
National Board for Certification of Orthopedic Physician Assistants
National Board for Certified Counselors
National Board for Professional Teaching Standards
National Board for Respiratory Care
National Board of Certification for Community Association Managers, Inc.
National Board of Chiropractic Examiners
National Board of Examiners in Optometry
National Board of Nutrition Support
National Board of Orthodontics, U.S.
National Board of Surgical Specialists
National Board of Surgical Technology and Surgical Assisting
National Business Aviation Association
National Center for Competency Testing
National Certification Board for Diabetes Educators
National Certification Board for Therapeutic Massage and Body Work
National Certification Commission for Acupuncture and Oriental Medicine
National Certification Corporation for the Obstetric, Gynecologic, and Neonatal Nursing Specialties
The National Commission for Health Education Credentialing
National Commission for Certification of Continuing Medical Education Professionals
National Commission for the Certification of Crane Operators
National Concrete Masonry Association
National Contact Lens Examiners
National Council for Interior Design Qualification
National Council for Therapeutic Recreation Certification, Inc.
National Council of Architectural Registration Boards
National Council of Examiners for Engineering and Surveying
National Council of State Boards of Nursing, Inc.
National Council on Strength and Fitness
National Credentialing Agency for Laboratory Personnel
National Dental Hygiene Certification Board
National Enrichment Teachers Association
National Examining Board of Ocularists
National Exercise Trainers Association (NETA)
National Exercise and Sports Trainers Association (NESTA)
National Federation of Professional Trainers
National Fitness Professionals Association
National Ground Water Association
National Healthcareer Association
National Institute for Automotive Service Excellence
National Institute for Certification in Engineering Technologies
National Institute for Metalworking Skills
National Kitchen and Bath Association
National League for Nursing
National Occupational Competency Testing Institute
National Paramedical for Technician and Assistants
Natonal Recreation and Parks Association
National Registry of Emergency Medical Technicians

National Registry of Food Safety Professionals
National Strength and Conditioning Association (NSCA) Certification Commission
Natural Therapies Certification Board
Nephrology Nursing Certification Commission
North American Board of Certified Energy Practitioners
North American Registry of Midwives
North Carolina Substance Abuse Practice Board
The Nuclear Medicine Technology Certification Board
Oncology Nursing Certification Corporation
Ontario College of Pharmacists
Ontario College of Social Workers and Social Service Workers
Ophthalmic Photographers' Society, Inc. Board of Certification
Pediatric Nursing Certification Board
Petrofac Training International
Pharmacy Examining Board of Canada
Pharmacy Technician Certification Board
Pilates Method Alliance, Inc.
Private Trainers Association
Professional Golfers' Association of America
Professional Healthcare Institute of America
Professional Landcare Network
Professional Photographers of America
Psychiatric Rehabilitation Certification Program
Radiology Coding Certification Board
Registry of Interpreters for the Deaf, Inc.
Rehabilitation Engineering and Assistive Technology Society of North America
Rocky Mountain Masonry Institute
School Nutrition Association
Society of Actuaries
Society of American Foresters
Society of Cable Telecommunications Engineers
Society of Certified Senior Advisors
The Society of the Plastics Industry
Society of Tribologists and Lubrication Engineers
Software Engineering Institute
Southern California Crane and Hoisting Certification Program
Transportation Professional Certification Board, Inc.
Turnaround Management Association
UCSD—Center for Criminality Addiction Research, Training, and Application (CCARTA)
Universal Public Purchasing Certification Council
U.S. Green Building Council
Veterinary Hospital Managers Association
The Wedding Planning Institute
Wound, Ostomy, and Continence Nurses Certification Board

POST-HEARING QUESTIONS AND RESPONSES FOR THE RECORD

Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
Washington, DC.
October 23, 2007

Robert Norton
Deputy Director, Government Relations
Military Officers Association of America
201 N. Washington Street
Alexandria, VA 22314

Dear Col. Norton:

In reference to our House Committee on Veterans' Affairs Subcommittee on Economic Opportunity hearing on "Updating the Montgomery GI Bill" on October 18, 2007, I would appreciate it if you could answer the enclosed hearing questions by the close of business on November 23, 2007.

In an effort to reduce printing costs, the Committee on Veterans' Affairs, in cooperation with the Joint Committee on Printing, is implementing some formatting changes for material for all full committee and subcommittee hearings. Therefore, it would be appreciated if you could provide your answers consecutively on letter size paper, single-spaced. In addition, please restate the question in its entirety before the answer.

Due to the delay in receiving mail, please provide your response to Ms. Orfa Torres by fax at (202) 225–2034. If you have any questions, please call (202) 225–3608.

Sincerely,

Stephanie Herseth Sandlin
Chairwoman

Military Officers Association
Alexandria, VA.
October 31, 2007

Honorable Stephanie Herseth Sandlin,
Chairwoman, Subcommittee on Economic Opportunity, HVAC
Room 334 Cannon House Office Building
U.S. House of Representatives
Washington, DC 20515

Dear Madam Chairwoman:

Thank you again for the opportunity to testify before your Subcommittee on October 18 in behalf of the Military Officers Association of America on the Montgomery GI Bill (MGIB).

The current MGIB framework is a product of the Cold war. MGIB components are not optimized according to the realities of military policy and the needs of our Nation's veterans in the 21st century. In our view, the MGIB should be restructured under the principle that benefits should match the length and type of duty performed by all members of our armed forces. By doing this, the MGIB can be a better tool for military recruitment and retention programs, and improve readjustment outcomes for our veterans, as Congress intended.

MOAA would prefer a comprehensive overhaul for the MGIB, but we recognize the challenges of competing priorities and the realities of PAYGO. From this perspective, MOAA's "top five" priorities for updating and improving the MGIB are:

1. Recodify reserve MGIB programs with the active duty MGIB in Title 38. (Section 525, H.R. 1585, House National Defense Authorization Act for FY 2008).
2. Establish a 10-year readjustment benefit—as authorized for active force members—for National Guard and Reserve veterans called to active federal service (Chap. 1607, 10 U.S.C.)
3. Raise MGIB monthly rates to cover the average cost of a 4-year public college/university education. Government data indicate the MGIB covers about 75 percent of such costs.
4. Authorize cumulative month-for-month entitlement under the MGIB (Chapter 30, 38 U.S.C.) for reservists who serve on multiple active duty tours in contingency operations.
5. Restore proportional parity between basic reserve MGIB rates (Chapter 1606, 10 U.S.C.) and the active duty program (Chapter 30).

The enclosure goes into greater detail on these priorities and is taken from my Statement for the Record for the 18 October hearing.

Sincerely,

Colonel Robert F. Norton
Deputy Director, Government Relations

Enclosure

Questions from the House Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
Hearing on Updating the Montgomery GI Bill
October 18, 2007

What are the top 5 things your organization [Military Officers Association of America] would like to see in a new GI Bill? Please list items by order of priority.

Answer:

1. ***Transfer reserve MGIB programs from title 10 to title 38. (Section 525, H.R. 1585).*** MGIB jurisdiction is split between the Veterans Affairs Committees (title 38), who handle traditional GI Bill benefits for active force members and the Armed Services Committees (title 10) who handle Guard/Reserve GI Bill programs. Over time, title 38 benefits increased significantly, but Guard/Reserve benefits have not. Because of the growing proportional benefit gap and the dramatic surge in duty requirements of our Guard/Reserve members, the total GI Bill program is no longer structured to match the nation's military policy for the operational integration of our active and reserve forces. Benefits should be structured to match the length and type of duty performed by active duty and reserve component service men and women. The House took an essential first step by favorably voting Section 525 as a provision in the FY 2008 Natl. Defense Authorization Act. The provision is cost-neutral and retains jurisdiction for reserve (and active duty) MGIB "kickers" within DoD. **(Section 525, H.R. 1585, H.R. 1641, S. 644)**

2. ***Establish a readjustment benefit (post-service) eligibility period under the MGIB (Chap. 1607, 10 U.S. Code) for Guard and Reserve veterans serving on active duty in contingency operations.*** Regular active-force members have 10 years after leaving service to use their GI Bill—regardless of any deployment experience. But Guard/Reserve members who have been mobilized for multiple tours in Iraq can't use their mobilization-related GI Bill benefits once they complete their service obligation and separate. Post-service access to benefits earned on active duty in defense of the Nation is the only veterans' benefit denied returning Guard and Reserve veterans. The recent experience of the Minnesota Guard illustrates the problem. A 2-year "REAP" benefit (Chap. 1607) is the same as to a 2-year MGIB enlistment contract in the active armed forces ($880 per month for full-time study). What's missing is that returning Guard and Reserve troops have no readjustment (post-service) access to their benefits earned under REAP. CBO has informally scored the cost of 10-year portability of such benefits at $50 million in 2008, $165 million over 5 years and $235 million over 10 years. The cost could be reduced by changing the effective date until 1 October 2008 (FY 2009) (retroactive to Sept. 11, 2001 and adjusting the post-service usage period to 5 years for each 12 months served on active duty (the DoD call-up policy). **(Section 626, H.R. 1585—Senate, and Section 530 "Sense of Congress" provision in H.R. 1585, House; S. 644)**

3. ***Raise MGIB monthly rates to cover the cost of education at the average 4-year public college/university.*** The present monthly rate for full-time study for active duty veterans is $1101 (Chapter 30, 38 U.S. Code), which covers about 75 percent of the current cost of education for books, fees, and expenses at the average 4-year public college or university according to Dept. of Education data. The Partnership for Veterans Education has long sought benchmarking MGIB rates to track with the average cost at a 4-year public college or university. **(H.R. 2385, S. 1409, H.R. 2702, S. 22)**

4. ***Authorize cumulative month-for-month credit under the MGIB (Chapter 30, 38 U.S. Code) for reservists who serve on active duty in a contingency operation.*** Operational reserve policy requires Guard and Reserve members to expect activation for 12 months at a time every 5 or 6 years. Since 9/11, 142,000+ Guard and Reserve members have been activated two or more times. Under the "total force MGIB" concept reservists should be able to aggregate multiple periods of active duty for MGIB entitlement up to the maximum allowable in law, 36 months. Currently, a Guard/Reserve member's benefit is based on the longest single period of mobilization. A member who has had two or more activations gains no added education benefit for subsequent call-ups. The inequity is illustrated in the Army's (19 October 2007) announcement to activate seven National Guard Brigade Combat Teams. Two of the BCTs are

second activations since Sept. 11, 2001, but under current law they will not be authorized to accrue additional MGIB entitlement. **(H.R. 81, S. 644)**

5. ***Restore proportional parity between basic reserve MGIB (Chapter 1606, 10 U.S. Code) rates and the active duty program.*** The basic reserve MGIB rate was set at 47 percent of the active duty program in 1984 and retained that ratio for 15 years from 1985–1999. Subsequent increases in active duty program benefit levels, combined with static reserve benefit levels, mean reserve MGIB rates have now dropped to less than 29 percent of the active duty program's, at a time when Guard and Reserve recruiting is under enormous strain. If proportional parity were restored in one year, basic reserve rates for full-time study would increase from $317 to $517 per month for full-time study. Stairstep increases would lower the cost over a three to five year period. **(H.R. 81)**

Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
Washington, DC.
October 23, 2007

Ronald F. Chamrin
Assistant Director
Economic Commission
The American Legion
1608 K Street, NW.
Washington, DC 20006

Dear Mr. Chamrin:

In reference to our House Committee on Veterans' Affairs Subcommittee on Economic Opportunity hearing on "Updating the Montgomery GI Bill" on October 18, 2007, I would appreciate it if you could answer the enclosed hearing questions by the close of business on November 23, 2007.

In an effort to reduce printing costs, the Committee on Veterans' Affairs, in cooperation with the Joint Committee on Printing, is implementing some formatting changes for material for all full committee and subcommittee hearings. Therefore, it would be appreciated if you could provide your answers consecutively on letter size paper, single-spaced. In addition, please restate the question in its entirety before the answer.

Due to the delay in receiving mail, please provide your response to Ms. Orfa Torres by fax at (202) 225–2034. If you have any questions, please call (202) 225–3608.

Sincerely,

Stephanie Herseth Sandlin
Chairwoman

The American Legion
Washington, DC.
October 30, 2007

Honorable Stephanie Herseth-Sandlin, Chairwoman
Subcommittee on Economic Opportunity
Committee on Veterans' Affairs
U.S. House of Representatives
335 Cannon House Office Building
Washington, DC 20515

Dear Chair Herseth Sandlin:

Thank you for allowing The American Legion to participate in the Subcommittee hearing on Updating the Montgomery GI Bill (MGIB) on October 19, 2007. I am pleased to respond to your specific question concerning that hearing:

What are the top five things your organization would like to see in a new GI Bill? Please list items by order of priority.

The American Legion is proud to list its recommendations for improving veterans' education benefits. We strongly feel that all of our recommendations should be en-

acted into law; however, the top five recommendations should be enacted immediately:

1. The American Legion recommends that Congress move the Montgomery GI Bill-Reserve Education Assistance Program (REAP, Chapter 1607) and the Montgomery GI Bill-Selected Reserve (MGIB–SR, Chapter 1606) and from Title 10, United States Code (U.S.C.), to Title 38, U.S.C., and that the Department of Veterans Affairs (VA) have administrative authority for both the MGIB and the MGIB–SR benefits. We recommend that the annual appropriations for the MGIB and the MGIB–SR become annual mandatory appropriations within VA.
2. The American Legion recommends that Federally activated Reserve component members get one month of benefits, at the active-duty rate, for each month of mobilization up to 36 months.
3. The American Legion recommends that the dollar amount of the entitlement should be indexed to the average cost of college education including tuition, fees, textbooks and other supplies for commuter students at an accredited university, college or trade school for which they qualify and that the educational cost index should be reviewed and adjusted annually.
4. The American Legion supports eliminating the ten-year delimiting period for veterans to use MGIB educational benefits and allow all Reserve component members to use their MGIB benefits for up to ten years after separation or completion of a service contract.
5. The American Legion supports the termination of the current military payroll contribution ($1200) required for enrollment in MGIB.

Thank you once again for all of the courtesies provided by you and your capable staff. The American Legion welcomes the opportunity to work with you and your colleagues on many issues facing veterans and their families throughout this Congress.

Sincerely,

Ron Chamrin, Assistant Director
National Economic Commission

Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
Washington, DC.
October 23, 2007

Eric A. Hilleman
Deputy Director
National Legislative Service
Veterans of Foreign Wars of the United States
200 Maryland Ave, SE.
Washington, DC 20002

Dear Mr. Hilleman:

In reference to our House Committee on Veterans' Affairs Subcommittee on Economic Opportunity hearing on "Updating the Montgomery GI Bill" on October 18, 2007, I would appreciate it if you could answer the enclosed hearing questions by the close of business on November 23, 2007.

In an effort to reduce printing costs, the Committee on Veterans' Affairs, in cooperation with the Joint Committee on Printing, is implementing some formatting changes for material for all full committee and subcommittee hearings. Therefore, it would be appreciated if you could provide your answers consecutively on letter size paper, single-spaced. In addition, please restate the question in its entirety before the answer.

Due to the delay in receiving mail, please provide your response to Ms. Orfa Torres by fax at (202) 225–2034. If you have any questions, please call (202) 225–3608.

Sincerely,

Stephanie Herseth Sandlin
Chairwoman

Veterans of Foreign Wars of the United States
Questions from the House Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
Hearing on Updating the Montgomery GI Bill
September 6, 2007

Question: What are the top 5 things your organization would like to see in a new GI Bill? Please list items by order of priority.

Response: The VFW strongly believes in the GI Bill for the 21st Century.

As we have stated in our testimony the GI Bill for the 21st Century would be in the style of the original GI Bill, covering the full cost of education and providing a stipend to allow the student veteran to focus solely on school.

Our GI Bill priorities are as follows:

Primarily, the GI Bill would cover the full cost of education: tuition, room, board, fees, and provide a cost-of-living stipend. Second, the bill would fairly compensate all of the National Guard and Reservists activated to supplement our active duty military—providing 1 month of full time active duty benefit for each month activated. Third, it would allow all servicemembers to utilize earned benefits throughout the duration of their lives, removing the 10 delimiting date. Fourth, strengthen DoD's retention by allowing members of the military that reenlist to apportion their GI Bill benefit to dependents. Finally, all laws and rules prohibiting veterans from accessing college financial aid due to military service income and/or GI Bill benefits would be removed.

Thank you, I welcome any questions and look forward to working with the Committee to achieve substantive improvements to the GI Bill.

Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
Washington, DC.
October 23, 2007

Rick Weidman
Executive Director for Policy and Government Affairs
Vietnam Veterans of America
8605 Cameron St., Suite 400
Silver Spring, MD 20910

Dear Mr. Weidman:

In reference to our House Committee on Veterans' Affairs Subcommittee on Economic Opportunity hearing on "Updating the Montgomery GI Bill" on October 18, 2007, I would appreciate it if you could answer the enclosed hearing questions by the close of business on November 23, 2007.

In an effort to reduce printing costs, the Committee on Veterans' Affairs, in cooperation with the Joint Committee on Printing, is implementing some formatting changes for material for all full committee and subcommittee hearings. Therefore, it would be appreciated if you could provide your answers consecutively on letter size paper, single-spaced. In addition, please restate the question in its entirety before the answer.

Due to the delay in receiving mail, please provide your response to Ms. Orfa Torres by fax at (202) 225–2034. If you have any questions, please call (202) 225–3608.

Sincerely,

Stephanie Herseth Sandlin
Chairwoman

Vietnam Veterans of America
Silver Spring, MD.
November 2, 2007

Honorable Stephanie Herseth Sandlin, Chairwoman
Subcommittee on Economic Opportunity
Committee on Veterans' Affairs
U.S. House of Representatives
335 Cannon House Office Building
Washington, DC 20515

Dear Madam Chairwoman,

On behalf of Vietnam Veterans of America (VVA), I thank you for the strong leadership you continue to exhibit on the vital economic issues so essential to America's veterans. VVA salutes you and Ranking Member Boozman for the bipartisan manner in which you approach all issues before the Subcommittee, only asking what is the very best that we can do together in this time and this place for veterans, particularly for today's returning veterans, and most especially for disabled veterans, given the resources at immediate hand.

I am compelled to reiterate for the record that VVA is strongly committed to two propositions: First, that caring for veterans, including paying for readjustment benefits such as educational benefits, is part of the cost of war and of the defense of our Nation, as should be treated as such in the Federal budget process, and not pitted against needed domestic programs; and, second, that the newest generation of veterans should be accorded the same "real GI Bill for education" as that accorded to the World War II generation.

Having stated the above, which stems directly from the founding principle of Vietnam Veterans of America (VVA) that "Never again shall one generation of American veterans abandon another" and our determination that we not allow what happened to Vietnam veterans to happen to these fine young Americans returning from the military today, I know that you and Mr. Boozman want to know what can be done right now to improve the basic Montgomery GI Bill that we have today.

VVA is a member of the Partnership for Veterans Education that has formally endorsed these priorities:

1. Integrate Montgomery GI Bill elements into Title 38 (this is only administrative but helps to set the architecture in place for a balanced approach to the MGIB going fwd).
2. Establish a readjustment benefit for Guard and Reserve members who are activated for service in Operation Iraqi Freedom and Operation Enduring Freedom (OIF & OEF) veterans that is commensurate with active duty benefits, as both are subject to the same hardships and face the same enemy fire.
3. Upgrade the Montgomery GI Bill (MGIB) rates to at least pay for the average cost of a four-year public college/university education.
4. Change REAP (chap 1607, 10 U.S.C.) rate formula to a month-for-month Chap 30 entitlement, under Title 38, U.S.C., and allow for accrual of benefits over multiple call-ups.

   As to the fifth item noted below, which has not been formally endorsed by the aforementioned "Partnership" as such, VVA urges:
5. That Congress move to restore proportional parity between basic reserve MGIB benefits (Chap 1606) and the active duty MGIB (Chap 30).

It's all a matter of equity and a matter of investing in the future of America by properly investing in the education of our newest veterans, whether they served in a so-called active duty unit or in a National Guard or Reserve unit.

I hope this quick answer proves to be helpful to you and your distinguished colleagues in your deliberations.

Sincerely,

Rick Weidman
Executive Director for Policy & Government Affairs

Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
Washington, DC.
October 23, 2007

Steve Kime, Ph.D.
American Association of State Colleges and Universities
1307 New York Ave, NW 5th floor
Washington, DC 20002

Dear Dr. Kime:

In reference to our House Committee on Veterans' Affairs Subcommittee on Economic Opportunity hearing on "Updating the Montgomery GI Bill" on October 18, 2007, I would appreciate it if you could answer the enclosed hearing questions by the close of business on November 23, 2007.

In an effort to reduce printing costs, the Committee on Veterans' Affairs, in cooperation with the Joint Committee on Printing, is implementing some formatting changes for material for all full committee and subcommittee hearings. Therefore, it would be appreciated if you could provide your answers consecutively on letter size paper, single-spaced. In addition, please restate the question in its entirety before the answer.

Due to the delay in receiving mail, please provide your response to Ms. Orfa Torres by fax at (202) 225–2034. If you have any questions, please call (202) 225–3608.

Sincerely,

Stephanie Herseth Sandlin
Chairwoman

American Association of State Colleges and Universities
Washington, DC.
October 24, 2007

The Honorable Stephanie Herseth Sandlin
House Veterans' Affairs Subcommittee on Economic Opportunity
335 Cannon House Office Building
Washington, D.C. 20515

Dear Chairwoman Herseth Sandlin:

This letter is in response to your question during the House Committee on Veterans' Affairs: Subcommittee on Economic Opportunity hearing, "Updating the Montgomery GI Bill", on October 18th 2007. The American Association of State Colleges and Universities recommends four priorities for a new GI Bill.

Question: What are the top five things your organization would like to see in a new GI Bill? Please list items by order of priority.

1. **Update the legal, political and budgetary architecture of the GI Bill.**
   - Current GI Bill legislation is far out of step with the division of responsibility in the modern U.S. Cabinet. This is our first priority because there is little hope of effective, lasting modernization of the GI Bill if this basic conceptual issue is not confronted.
   - War fighting is the business of Department of Defense. Veterans are the responsibility of Department of Veterans Affairs. Confusing these areas of responsibility and advocacy causes unfairness, conflicting policies, and failure to meet the nation's responsibilities.

   Recommendations:
   - Place all GI Bill funding and administration in the Department of Veterans Affairs where veterans are first priority and advocacy for veterans does not compete with war fighting considerations.
   - Structure GI Bill legislation to enable the Department of Veterans Affairs to function as the exclusive Cabinet-level advocate for veterans.
   - Address DoD/DVA turf issues in Congress related to the GI Bill. The two Cabinet Departments cannot resolve the mixed-mission problems in education benefits (or disability) if the Senate and House do not make changes.

2. **Update the GI Bill to reflect national military strategy and force deployment policies.**

- A Total Force Strategy has evolved. Force structure and deployment policies have changed to fit the revolution in the strategy that has occurred. Selection of which American servicemembers go in harm's way, and how often they are deployed, have changed radically along with national strategy.
- Policy is trapped in grossly outdated images of Reserve and Active Duty Forces. Policies that are at the root of the inequities that are now coming to light are based on outdated images of "weekend warriors" and how they should be controlled and managed. Efforts to address this problem (separate Reserve GI Bills) have only added confusion and perpetuated the false images.

Recommendations:

- Pass the Total Force GI Bill to make educational benefits commensurate with the service that military men and women perform.
- Place Total Force GI Bill funding and administration in the Department of Veterans Affairs where veterans are first priority.

3. **Ensure that the GI Bill can pay for college.**
   - Pay-Go will make it difficult to identify radically increased educational benefits. What the Congress needs is a reasonable and fair GI Bill entitlement that is appropriate to the nation's promise to servicemembers.
   - The Partnership for Veterans' Education established a reasonable and fair benchmark: the average cost of a 4-year education at a public institution. Based on data from the U.S. Department of Education, the benchmark projected for the FY 2007—08 academic year is $13,145 for a full-time resident student. Current Chapter 30 benefits are at $9,909 for a full-time student.

Recommendations:

- Recognize a clear and fair goal: Benchmark the MGIB to the average cost of attendance at public 4-year institutions. A mandate is not required, but there should be annual reports to document progress toward meeting the goal.
- Proceed toward the benchmark with incremental raises to the GI Bill over a period of 3 years, as was done with GI Bill increases a few years ago.

4. **Streamline and modernize the administration and management of the GI Bill for optimal service to veterans.**
   - Contemporary Adult and Continuing Education theory and the concept of lifelong learning should be applied to the entire Total Force structure. A comprehensive and cohesive Total Force GI Bill needs to include provisions for accelerated payments, high-tech programs, delimiting dates, and similar ideas.
   - Support of veteran administrators at academic institutions is weak.
   - An outdated administrative culture dominates GI Bill management. Incorporating modern communication techniques and information technology advancements will increase efficiency, optimize resources, and enhance service to veterans.

Recommendations:

- In a new Total Force GI Bill, ensure that provisions that recognize the needs of the adult student, such as accelerated payments for high cost or short programs and longer delimiting dates, are applied to all veteran-students equally.
- Improve services to veterans at colleges and universities by increasing assistance to veterans on campuses.
- Promote modernization of management of the GI Bill:
  - Reduce the amount of reporting and information required of veterans.
  - Consider "management by exception" in managing fraud.
  - Update and streamline computerized recordkeeping.
  - Consider modern methods of managing credit and debt using new credit/debit card technologies for managing the educational entitlement.

Thank you for the opportunity to testify and to provide a follow up response. Please also find enclosed with this letter documentation comparing the average cost of attendance at a public 4-year college and the Montgomery GI Bill benefits.

Sincerely,

Steve Francis Kime, Ph.D.
Former Vice President (2003–2005)

Average Cost of Attendance (COA) for Resident Students at Public Four-Year Colleges

	Baseline COA	MGIB Ann. Benefit	MGIB Monthly Benefit	Percent of Cost Covered
2006–07*	$12,762	$ 9,675	$ 1,075	75.8%
	COA (projected +3 percent/yr)	**MGIB Ann. Benefit**	**MGIB Monthly Benefit**	**Percent of Cost Covered**
2007–08*	$13,145	$ 9,909	$ 1,101	75.4%
2008–09*	$13,539	$10,236	$ 1,137	75.6%
2009–10*	$13,945	$10,571	$ 1,175	75.8%
	COA (projected +6 percent/yr)	**MGIB Ann. Benefit**	**MGIB Monthly Benefit**	**Percent of Cost Covered**
2007–08*	$13,527	$ 9,909	$ 1,101	73.3%
2008–09*	$14,339	$10,236	$ 1,137	71.1%
2009–10*	$15,199	$10,571	$ 1,175	69.6%

NOTES: Cost of attendance includes in-state tuition, required fees, and resident student room and board.
Tuition and fees were weighted by the number of full-time-equivalent undergraduates.
Room and board are based on full-time students. Enrollment projections by NCES were used for all 2006–07 calculations.
2006–07 and 2007–08 MGIB are actual amounts; * refers to all other projected data.
MGIB calculated at 3.3 percent/year increase from 2007–08 onward using Social Security 2007 COLA.

Average Cost of Attendance (COA) for Off-Campus Students at Public Four-Year Colleges

	Baseline COA	MGIB Ann. Benefit	MGIB Monthly Benefit	Percent of Cost Covered
2005–06	$12,265	$ 9,306	$ 1,034	75.9%
	COA (projected +3 percent/yr)	**MGIB Ann. Benefit**	**MGIB Monthly Benefit**	**Percent of Cost Covered**
2006–07**	$13,000	$ 9,675	$ 1,075	74.4%
2007–08*	$13,390	$ 9,909	$ 1,101	74.0%
2008–09*	$13,792	$10,236	$ 1,137	74.2%
2009–10*	$14,206	$10,571	$ 1,175	74.4%
	COA (projected +6 percent/yr)	**MGIB Ann. Benefit**	**MGIB Monthly Benefit**	**Percent of Cost Covered**
2006–07**	$13,000	$ 9,675	$ 1,075	74.4%
2007–08*	$13,780	$ 9,909	$ 1,101	71.9%
2008–09*	$14,607	$10,236	$ 1,137	70.1%
2009–10*	$15,483	$10,571	$ 1,175	68.3%

NOTES: Cost of Attendance (COA) defined by IPEDS as "total price for in-state students living off campus (not with family)."
**Projected 6 percent increase over 2005–06 used for 2006–07 off-campus COA since final IPEDS data not available; 6 percent from College Board Trends 2006.
NCES data used for all 2005–06 baseline COA calculations.
Tuition and fees were weighted by the number of full-time-equivalent undergraduates.
2006–07 MGIB and 2007–08 MGIB are actual amounts; * refers to all other projected data.
MGIB calculated at 3.3 percent/year increase from 2007–08 onward using Social Security COLA.

Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
Washington, DC.
October 23, 2007

David Guzman
Legislative Director
National Association of Veterans
Program Administrators
2020 Pennsylvania Ave, NW., Suite 1975
Washington, DC 20006

Dear Mr. Guzman:

In reference to our House Committee on Veterans' Affairs Subcommittee on Economic Opportunity hearing on "Updating the Montgomery GI Bill" on October 18, 2007, I would appreciate it if you could answer the enclosed hearing questions by the close of business on November 23, 2007.

In an effort to reduce printing costs, the Committee on Veterans' Affairs, in cooperation with the Joint Committee on Printing, is implementing some formatting changes for material for all full committee and subcommittee hearings. Therefore, it would be appreciated if you could provide your answers consecutively on letter size paper, single-spaced. In addition, please restate the question in its entirety before the answer.

Due to the delay in receiving mail, please provide your response to Ms. Orfa Torres by fax at (202) 225–2034. If you have any questions, please call (202) 225–3608.

Sincerely,

Stephanie Herseth Sandlin
Chairwoman

National Association of Veterans
Program Administrators
Washington, DC.
November 1, 2007

The Honorable Stephanie Herseth Sandlin
Chairwoman, House Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
335 Cannon House Office Building
Washington, DC 20515

Dear Chairwoman Herseth,

Thank you for the opportunity to submit the top five issues NAVPA would like to see in legislation addressing a new GI Bill. NAVPA is the only organization representing colleges and university Veteran Program Administrators. Our members are truly at the "business end" of the GI Bill in that we interact, face-to-face, with the beneficiaries of these programs, at their place of study, and certify them for their benefit.

1. ***Equity for Activated Guard/Reserve in MGIB payments for pursuit of education/OJT and apprenticeship:*** Guard and Reserve members who fight along side active duty members do not receive the same level of MGIB benefit as their Chapter 30 counter-parts. We would support incorporating MGIB benefits under title 10, Ch 1607, into the VA Total Force proposal submitted by the Partnership for Veterans Education. This would be a first step toward achieving equity for (equal) service in support of deployments. Further, equity in all aspects of the delivery of the MGIB should be a goal of legislation; an example of another inequity: Active duty members are currently paid at the "less-than-half-time" rate, which means that they only receive the amount of tuition and fees rather than the monthly rate paid for the same training time for a Chapter 30 MGIB veteran. What's more, their monthly rate is recalculated based on the amount of tuition and fees which in most cases reduces their months of entitlement at a much faster rate. Example: a servicemember is enrolled in a 4-month course which costs $200.00, their monthly rate would be recalculated to $50.00 per month and they would receive $200.00 and be charged 4 months of entitlement; a veteran enrolled in less than half time, would receive the half time rate of $550.00 per month for a total payment of

$2,202.00 and would be charged 2 months of entitlement. Funding seems to be the barrier to a truly beneficial GI Bill program; NAVPA's position is that history of the GI Bill has proven that the return on investment by America is sevenfold (7:1) and that while a Pay-Go requirement exists it should not be applied to the Montgomery GI Bill because we will realize a better educated, working, tax paying, productive member of society who will return $7 dollars for every dollar invested in the MGIB. And, with the exception of a severely injured veteran, an educated and/or trained veteran is less likely to be dependent on other benefits and services, freeing up dollars intended for those who have no alternative.

2. ***Compensation to schools and agencies (OJT–Apprenticeship) who certify veterans to the DVA for certification of enrollment in higher education or appropriate training and apprenticeship programs:*** Currently the DVA pays an annual reporting fee of $7.00 per student for certification of enrollment, the same compensation paid 30 years ago when schools were responsible for certifying two programs. Today schools and agencies are responsible for the accurate certification and proper administration of 13 programs, 11 in higher education and 2 for agencies (OJT and Apprenticeship) yet are paid the same $7.00 per student.

   The lack of adequate funding for schools has been cause for many offices of Veterans Affairs on campus to be realigned to other programs such as financial aid, counseling, admissions and the business office as an additional duty. Veterans have lost the direct support on campus needed in order to maintain their academic standing—that is, they have lost a caring and concerned program administrator who advocated on their behalf. In addition, the program administrators are expected to adhere to the many State and federal laws governing these programs. The DVA funds the State Approving Agency (Association) to ensure that educational institutions adhere to federal laws and state rules governing these programs, but falls short of funding even one program administrator's training. Funding for veterans education benefits must include funding for the administration of these programs at *all* levels.

3. ***Modernize the GI Bill to address 21st century workforce requirements and societal changes by expanding opportunities for veterans and servicemembers to maximize their earned benefit through elimination the MGIB delimiting date:*** Many veterans delay entering school or training because of family and or financial obligations. When veterans are finally in a position to pursue an education or advanced training they find that they either are up against their delimiting date with insufficient months remaining to complete their program or their delimiting date has expired. Some veterans who do complete a degree after service do not always use the entire 36 month benefit because of completing some college or training while in service. Later, when it comes time to upgrade or update their skills for career enhancement their unused remaining benefit has expired because of the delimiting date. NAVPA believes that the delimiting date is a barrier to the concept of life long learning, a concept that is prevalent in our society.

4. ***Expand the student work-study program:*** Under current rules, veteran students enrolled at a minimum ¾ training time are only allowed to work in the office of veterans affairs on campus thereby limiting their exposure in the word-of-work. NAVPA has long argued for an expanded student work-study program that would allow veterans in school to work in departments across campus and gain valuable work experience. Veterans who work in academic department would be able to work in laboratories within their discipline and earn valuable insight into their program as well build a creditable work experience resume. For many veterans the work-study program supplements their income and for others it is their only income. The veterans' work ethic would be invaluable to any campus office or department. Limiting employment to only one department on campus severely limits the veterans' opportunity for employment as well as the experience that is necessary to compete in the civilian work place.

5. ***Eliminate the requirement to count VA Educational Benefits in the "needs assessment formula" when computing Federal Financial Aid:*** The Montgomery GI Bill benefit is considered in the Federal Financial Aid formula as a resource and thus deducted from the total financial aid award or cost of attendance dollar for dollar. Not taken into consideration in this formula is the initial $1,200.00 pay reduction servicemembers had withheld from their basic pay to enroll in the MGIB, nor is there any consideration for the

months of military service, personal sacrifices, family separations, irregular duty hours and conditions or the protections and freedoms afforded this Nation which we all enjoy. No servicemember or veteran should be penalized or denied benefits they would otherwise be eligible to receive for using a paid into and earned benefit.

Finally, NAVPA feels very strong about a need for Congress and the DVA to place greater emphasis on the OJT/Apprenticeship portion of the MGIB programs: OJT and Apprenticeship is the most under utilized of the MGIB program. Much of this is caused by the lack of adequate information conveyed to veterans and users or agencies. Many agencies who might be trainers of the OJT/Apprenticeship eligible veteran are not aware that such a program exists. NAVPA recommends greater emphasis on the OJT/Apprenticeship program be developed to specifically seek out and counsel veterans, who do not intend on seeking a college degree, about these programs.

Sincerely,

D. A. GUZMAN
Legislative Director

Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
Washington, DC.
October 23, 2007

Charles Rowe
President
New Jersey State
Department of Military, Veterans' Affairs
State Approving Agency
P.O. Box 340
Trenton, NJ 08625

Dear Mr. Rowe:

In reference to our House Committee on Veterans' Affairs Subcommittee on Economic Opportunity hearing on "Updating the Montgomery GI Bill" on October 18, 2007, I would appreciate it if you could answer the enclosed hearing questions by the close of business on November 23, 2007.

In an effort to reduce printing costs, the Committee on Veterans' Affairs, in cooperation with the Joint Committee on Printing, is implementing some formatting changes for material for all full committee and subcommittee hearings. Therefore, it would be appreciated if you could provide your answers consecutively on letter size paper, single-spaced. In addition, please restate the question in its entirety before the answer.

Due to the delay in receiving mail, please provide your response to Ms. Orfa Torres by fax at (202) 225–2034. If you have any questions, please call (202) 225–3608.

Sincerely,

Stephanie Herseth Sandlin
Chairwoman

Legislative Priorities for a New GI Bill
Submitted by Charles Rowe, President
National Association of State Approving Agencies
November 2, 2007

1. **Consolidate Chapters 30, 1606 and 1607 under title 38, U.S. Code as a *Total Force GI Bill.* This Bill would provide MGIB reimbursement rate levels based on an individual's service in the Armed Forces, including the National Guard and Reserve.**

   A. The first tier—similar to the current Montgomery GI Bill, Active Duty (MGIB–AD) 3-year rate—would be provided to all who enlist for active duty. Service entrants would receive 36 months of benefits at the AD Rate.
   B. The second tier or level would be for all who enlist or re-enlist in the Selected Reserve (SelRes) for 6 years, and this would entitle them to 36

months of benefits at a pro-rata amount of the active duty rate as currently is the case with Chapter 1606 (Initial ratio in 1985 was 47 percent).

C. The third tier would be for members of the SelRes and Inactive Ready Reserve (IRR) who are activated for at least 90 days. They would receive 1 month of benefit for each month of activation, up to a total of 36 months, at the active duty rate. These months of full benefits would replace, month-for-month, any SelRes entitlements at the second tier. The maximum benefit a member of the SelRes could receive under this provision would be the equivalent of 36 months at the active duty rate. (Note: Maximum benefit is without consideration to multiple entitlements.)

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

2. **Incorporate a Readjustment or Portability Component—An individual would have up to 10 years to use the active duty or activated-service benefit from their last date of active/activated duty or reserve service, whichever is later. A Selected Reservist could use remaining second tier MGIB benefits as long as he/she were satisfactorily participating in the SelRes, and for up to 10 years following separation from the reserves in the case of separation for disability or qualification for a reserve retirement at age 60.**

3. **Expand the readjustment purpose of the Total Force GI Bill to permit continuous training, retraining, re-licensing and enrollment in skill improvement courses. For example, revise Section 3452(c) of Title 38, U.S. Code to provide for the use of VA educational assistance benefits for enrollment in any unit course or subject, or combination of courses or subjects (Title 38 terminology) necessary to obtain, maintain, or advance in a profession or vocation.**

In today's society the concept of lifelong learning has risen to a new level of importance. Very few occupations or professions remain static; there is the constant requirement for workers to upgrade their knowledge and skills in order to remain competitive. The current educational earned benefit programs for veterans and other eligible persons generally require the VA beneficiary to be enrolled in a full-scale program of education; i.e., one that leads to a traditional degree, diploma or certificate. Although recent legislation provides more flexibility, there is still the need to permit even greater use of benefits for enrollment in short-term learning experiences that will help a veteran to maintain a level of expertise commensurate with the on going demands of their chosen occupation or profession. A key phrase that expresses the intent of this recommendation already is embedded in law—education and training that qualifies the eligible person "to enter into, maintain or advance in employment in a predetermined and identified vocation or profession".

As stated, the law already provides for limited use of benefits for course(s) "to fulfill requirements for the attainment of a license or certificate . . . in a high technology occupation". The specific example expands the provision to all professions and vocations/occupations; recognizes that a single unit course or subject may be all that a veteran needs to obtain, maintain, or advance in a profession or vocation; and, provides for the use of benefits while enrolled in a subject or a combination of subjects without requiring a connection to a license or certificate.

4. **Recommendation—Continue the rate of educational assistance benefits currently in place for veterans enrolled in Apprenticeship and other On-the-Job Training programs.**

The law was changed, effective October 1, 2005, to increase the rate of benefits received by veterans and other eligible persons who are enrolled in apprenticeship and OJT programs. The rate is now 85 percent of the full time institutional rate for the first 6 months, 65 percent for the second 6 months of training and then 45 percent for the third and any succeeding period of time. This increase is for a limited period of time—it expires on September 30 of 2007. It is a too early to know for sure, but early indications are that the increases have had a positive effect on the ability of veterans to use this way of gaining knowledge and skills for the occupations or professions of their choice. In combination with extensive outreach activities, there has been a 39.9 percent in-

crease in the number of approved and active training establishments from 1997 to 2003, and a 53.8 percent increase in the number of program approval actions at job training establishments from 1997 to 2005. We anticipate continual growth in the use of job training programs.

5. **Recommendation—Revise the method by which entitlement is charged to servicemembers who use their GI Bill while serving on active duty so that the charge is the same as that applied to all other VA benefit eligible persons.**

Servicemembers who use their GI Bill while serving on active duty should not be penalized for doing so. Current law reduces the servicemember's entitlement 1 month for each month of enrollment in relation to rate of pursuit (full time, ¾ time, etc.) **regardless of the amount of benefits received.** We believe that this practice is totally unfair and unjustifiable.

Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
Washington, DC.
October 23, 2007

Tom Bush
Acting Deputy Assistant Secretary
of Defense for Reserve Affairs
(Manpower and Personnel)
U.S. Department of Defense
1300 Defense Pentagon
Washington, DC 20301

Dear Mr. Bush:

In reference to our House Committee on Veterans' Affairs Subcommittee on Economic Opportunity hearing on "Updating the Montgomery GI Bill" on October 18, 2007, I would appreciate it if you could answer the enclosed hearing questions by the close of business on November 23, 2007.

In an effort to reduce printing costs, the Committee on Veterans' Affairs, in cooperation with the Joint Committee on Printing, is implementing some formatting changes for material for all full committee and subcommittee hearings. Therefore, it would be appreciated if you could provide your answers consecutively on letter size paper, single-spaced. In addition, please restate the question in its entirety before the answer.

Due to the delay in receiving mail, please provide your response to Ms. Orfa Torres by fax at (202) 225–2034. If you have any questions, please call (202) 225–3608.

Sincerely,

Stephanie Herseth Sandlin
Chairwoman

cc: Dr. Curt Gilroy, Director, Accession Policy, U.S. Department of Defense

---

Hearing Date: October 18, 2007
Committee: HVA
Member: Ms. Herseth Sandlin
Witness: Mr. Bush

DA amendment order #1231–07

Question #1: When the Secretary of the Army Pete Green announced on Friday September 28, 2007 that he lacked legal basis for amending the original DA amendment order #1231–07, what legal basis was he referring to?

Answer: Secretary Green was referring to the advice provided by the Department of Defense General Counsel (DoD–GC), the Army Office of General Counsel (AOGC) and the Office of the Judge Advocate General (OTJAG).

DoD–GC previously determined that the orders may be amended for those individuals ordered to active duty for less than 2 years who are still on active duty, but only to correct an administrative error, to carry out the Army's original intent, or for other legitimate, mission-related reasons. The AOGC and OTJAG agreed. The

Army further opines the soldiers in the 1/34th Brigade Combat Team (BCT) may be extended to allow them to take their administrative absence; however, existing mobilization orders may not be extended if they are already sufficient to allow the soldiers to take their administrative absence. In addition, existing mobilization orders should not be extended beyond the designated limits applicable to the statutory authority under which the soldier was mobilized (i.e., 24 consecutive months for soldiers mobilized under title 10, United States Code, section 12302). Finally, according to the Army, soldiers must voluntarily agree to have their orders extended for this purpose. Otherwise, the only way to remedy this situation is through an Army Board for Correction of Military Records action.

While they did not find any statute that prevents the Secretary (or the President) from amending orders to give the members of the 1/34th BCT eligibility to receive Montgomery GI Bill educational benefits. They considered Comptroller General opinions that state orders cannot be amended retroactively to increase or decrease entitlements under the orders, except to correct an error. The Department of Justice Office of Legal Counsel (DOJ–OLC), in an October 16, 2007, Memorandum for William J. Haynes II, DoD–GC advised that the Executive Branch is not bound by the legal opinions of the Comptroller General although DOJ–OLC considers them useful sources in resolving appropriation issues.

Army Board of Corrections for Military Records (ABCMR)

Question #2: What is the average time it takes a soldier to get records corrected through the Army Board of Corrections for Military Records (ABCMR)?

Answer: The Army implemented an expedited process for adjudication of claims filed with the ABCMR from servicemembers who served in the 1/34th Brigade Combat Team. The average ABCMR time to process for those claims is 3–5 days.

Amending Guardsmen Orders

Question #3: How many Guardsmen needed to have their orders amended and how many have applied to have their orders amended?

Answer: The Army has identified 3,538 members of the 1/34th Brigade Combat Team whose orders specified an obligated period of service less than 24 months. As of November 1, 2007, 585 members had submitted applications to the Army Board for Correction of Military Records.

Portable Education Benefit

Question #4: Should Reserve members be given a portable education benefit after they served like their active duty counterparts?

Answer: Reserve component members who have served the requisite period of active duty may, like their active duty counterparts, qualify for the Montgomery GI Bill (MGIB) active duty benefit, which provides a portable education benefit. In addition, unlike an active duty member, a Guard or Reserve member who serves as few as 90 days on active duty or full-time National Guard duty in support of certain operations qualifies for an educational benefit. And, Selected Reserve members who enter into a six-year service agreement qualify for MGIBl-SR benefits, which they can begin using immediately after completing initial active duty for training. In contrast, active duty members must serve for at least 2 years and often for 3 years before they can begin using their educational benefit. Also, Reserve component members are not required to contribute in order to receive benefits under the Reserve programs. To fundamentally change the Reserve programs to provide a post-Service education benefit would undermine the purposes of the programs.

One of the stated purposes for the active duty MGIB benefit is to assist members in the readjustment to civilian life after separating from military service. But, unlike active duty members, most Reservists are not beginning a new career. In fact, most Reservists return to their pre-activation civilian job, which is protected by law (chapter 43 of title 38, United States Code). This is illustrated in the most recent Department of Defense survey of Reserve component members in which 79 percent of Reservists who were working when they were activated reported that they returned to the same employer. For those who did not return to the same employer, the top two reasons reported for not returning to their pre-activation employer were: (1) found a better job and (2) disliked my pre-activation job. While some Reservists are changing careers and want to use their education benefits to enhance their employment opportunities, serving part-time in the Guard or Reserve allows for that.

The Department believes that attending school and membership in the Reserve component have proven over the years to be a compatible and desirable combination. The educational assistance programs for Reserve members continue to serve

their stated purposes well. In light of the stresses on the force caused by the Global War on Terror, the Department strongly believes it would not be prudent to remove the critical retention attributes of those programs.

Total Force Proposals

Question #5: You state that the Total Force proposals do not integrate the three programs. What do you recommend?

Answer: The Department supports retaining the three separate programs. Each program was designed for a different purpose. Attempting to consolidate the three programs into a single program undermines the various purposes.

While the purposes of each of the programs remain valid and do not necessitate a change, if consolidation is required, the design and purpose of the Montgomery GI Bill—Selected Reserve (MGIB–SR) and Reserve Educational Assistance Program (REAP) are similar enough that it is conceivable that those two programs could be combined.

There are areas in which closer alignment of the programs would be beneficial. The first would be to link covered programs for the two Reserve educational assistance programs to the active duty MGIB program. For example, if a new education program is authorized under the active duty program, the same program then would be automatically authorized under the two Reserve programs. Further, as described in testimony during the hearing, how the benefit is treated for determining eligibility for federal loans is inconsistent. There should be one set of rules that applies uniformly to all three programs. Conceptually, a student who qualifies and remains eligible under more than one program should only have to consider the benefit amount and select the assistance program that is most advantageous to him or her. This would also make it much easier for school financial assistance counselors to advise students and presumably simplify administration of the programs within the Department of Veterans Affairs. Finally, there is one area in which the MGIB–SR and REAP programs could be closer in alignment—the delimiting period. While the REAP benefit has no specified delimiting date, the MGIB–SR program currently has a 14-year delimiting period. Aligning the MGIB–SR eligibility period with REAP would be consistent with the Department's continuum of service, which encourages longer periods of service, and a continuum of lifelong learning. This would add educational assistance to the menu of incentive programs available to more senior Reserve component members.

These changes would achieve many of the objectives intended in a Total Force educational assistance program concept without undermining the purpose of, and eligibility criteria for each program.

Transferring GI Bill to VA

Question #6: You state that transferring the program to VA as direct spending would increate the cost to the government. Can you explain this statement?

Answer: The two Reserve educational assistance programs—the Montgomery GI Bill for the Selected Reserve (MGIB–SR) and the Reserve Educational Assistance Program (REAP)—are designed as incentives for continued service in the National Guard or Reserve. If the programs are modified to provide for a post-Service benefit, it is only logical that attrition will increase. The only reason for transferring the two Reserve educational assistance programs into title 38 is to alter the purpose of the programs to allow for use of the benefit following separation from the National Guard or Reserve, thus fundamentally changing the purpose of the programs. If the programs are not modified to provide a post-Service benefit, then it makes no sense to place programs intended for military recruitment and retention under the administration of the Department of Veterans Affairs (VA).

With respect to cost, the VA will pay the educational assistance benefit to the former member who uses the benefit, thus sustaining the current cost. However, allowing the benefit to be used by individuals who separate will require the Reserve component to recruit and train replacements. This will impose a new, additional cost to the Department of Defense that it would not have otherwise incurred if the member remains to use the benefit. It costs on average $17,400 to recruit and train to entry-level standards a new enlisted member. If an enlistment or accession bonus is involved, there is an additional cost ($10,000–20,000 per new accession). Thus, to sustain the same strength level achieved with the Reserve educational assistance programs as retention incentives, the Department will pay both the original incentive plus the cost incurred to recruit and train replacements, as well as the additional cost if another incentive is involved in the recruitment process.

Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
Washington, DC.
October 23, 2007

Curt Gilroy, Ph.D.
Director, Accession Policy
Office of the Under Secretary of Defense for
Personnel and Readiness (Military Personnel Policy)
U.S. Department of Defense
1300 Defense Pentagon
Washington, DC 20301

Dear Dr. Gilroy:

In reference to our House Committee on Veterans' Affairs Subcommittee on Economic Opportunity hearing on "Updating the Montgomery GI Bill" on October 18, 2007, I would appreciate it if you could answer the enclosed hearing questions by the close of business on November 23, 2007.

In an effort to reduce printing costs, the Committee on Veterans' Affairs, in cooperation with the Joint Committee on Printing, is implementing some formatting changes for material for all full committee and subcommittee hearings. Therefore, it would be appreciated if you could provide your answers consecutively on letter size paper, single-spaced. In addition, please restate the question in its entirety before the answer.

Due to the delay in receiving mail, please provide your response to Ms. Orfa Torres by fax at (202) 225–2034. If you have any questions, please call (202) 225–3608.

Sincerely,

Stephanie Herseth Sandlin
Chairwoman

cc: Tom Bush, Acting Deputy Assistant Secretary of Defense for Manpower and Personnel, U.S. Department of Defense.

Hearing Date: October 18, 2007
Committee: HVA
Member: Ms. Herseth Sandlin
Witness: Dr. Gilroy

GI Bill Benefits Raise

Question #1: Dr. Gilroy, if we assume $1,400 in benefits are distributed to servicemembers, according to your statement more people would consider leaving the service. Would you agree that since the GI Bill pays only $1,100 per month now, that it could be raised quite a lot before becoming, theoretically, a problem for retention? For example, if we raised the rate to $1,300 per month, that would give recruiters a bigger marketing tool and wouldn't threaten retention. Don't you think something like that would help recruiting and retention?

Answer: Yes, we believe that an increase of the monthly Montgomery GI Bill benefit for full-time study to $1,300 would have a more positive effect on recruitment of high quality youth, rather than a negative effect on first-term retention.

MGIB Benefits

Question #2: Dr. Gilroy, you stated that servicemembers can only use their MGIB benefits after separation. Actually, they may use them on active duty and many have taken advantage of that. From that perspective, considering that we have an All Volunteer Force, raising MGIB rates would support professional development through educational support and be beneficial to readiness. What are your thoughts on this?

Answer: While it is true that servicemembers can use their Montgomery GI Bill (MGIB) benefits after completing 2 years of active duty, Section 3032, title 38, United States Code, places limits on the amount that serving members can collect. Active duty servicemembers using their MGIB benefits are limited to a monthly amount equal to the cost of tuition and fees up to the current maximum rate (currently $1,101 per month), but are charged 1 month of entitlement for each month they receive these benefits. However, if the tuition and fees are lower than the monthly rate, the servicemember is still charged a full month of entitlement while

receiving less than the full monetary benefit. For example, an active duty servicemember who attends college on a full-time basis, and whose tuition and fees equal $450 a month, would receive that $450 per month and be charged a full month of entitlement. Therefore, raising the MGIB monthly rate will not have the same impact on active duty usage as it will have on usage by veterans.

DA amendment order #1231–07

Question #3: When the Secretary of the Army Pete Green announced on Friday September 28, 2007 that he lacked legal basis for amending the original DA amendment order #1231–07, what legal basis was he referring to?

Answer: Secretary Geren was referring to the advice provided by the Department of Defense General Counsel (DoD–GC), the Army Office of General Counsel (AOGC) and the Office of the Judge Advocate General (OTJAG).

DoD–GC previously determined that the orders may be amended for those individuals who are still on active duty that were originally ordered to active duty for less than 2 years, but only to correct an administrative error, to carry out the Army's original intent, or for other legitimate, mission-related reasons. The AOGC and OTJAG agreed. The Army further states that the soldiers in the 1/34th Brigade Combat Team (BCT) may be extended to allow them to take their administrative absence; however, existing mobilization orders may not be extended if the original orders already include sufficient time to allow the soldiers to take their administrative absence. In addition, existing mobilization orders should not be extended beyond the designated limits applicable to the statutory authority under which the soldier was mobilized (i.e., 24 consecutive months for soldiers mobilized under title 10, United States Code, Section 12302). Finally, according to the Army, soldiers must voluntarily agree to have their orders extended for this purpose. Otherwise, the only way to remedy this situation is through an Army Board for Correction of Military Records action.

While the AOGC and the OTJAG did not find any statute that prevents the Secretary (or the President) from amending orders to give the members of the 1/34th BCT eligibility to receive Montgomery GI Bill educational benefits, they considered Comptroller General opinions that state orders cannot be amended retroactively to increase or decrease except to correct an error. The Department of Justice Office of Legal Counsel (DOJ–OLC), in an October 16, 2007, Memorandum to William J. Haynes II, advised that "the Executive Branch is not bound by the legal opinions of the Comptroller General" although DOJ–OLC considers them useful sources in resolving appropriation issues.

Board of Corrections for Military Records (ABCMR)

Question #4: What is the average time it takes a soldier to get records corrected through the Army Board of Corrections for Military Records (ABCMR)?

Answer: The Army implemented an expedited process for adjudication of claims filed with the ABCMR by servicemembers who served in the 1/34th Brigade Combat Team. The average ABCMR time to process those claims is 3–5 days.

Amending Guardsmen Orders

Question #5: How many Guardsmen needed to have their orders amended and how many have applied to have their orders amended?

Answer: The Army has identified 3,538 members of the 1/34th Brigade Combat Team whose orders specified an obligated period of service less than 24 months. As of November 1, 2007, 585 members had submitted applications to the Army Board for Correction of Military Records.

Portable Education Benefit

Question #6: Should Reserve members be given portable education benefit after they served like their active duty counterparts?

Answer: Reserve component members who have served the requisite period of active duty may, like their active duty counterparts, qualify for the Montgomery GI Bill (MGIB) active duty benefit, which provides a portable education benefit. Unlike an active duty member, a Guard or Reserve member who serves as few as 90 days on active duty or full-time National Guard duty in support of certain operations qualifies for an educational benefit. And, Selected Reserve members who enter into a 6-year service agreement qualify for MGIB–SR benefits, which they can begin using immediately after completing initial active duty for training. In contrast, active duty members must serve for at least 2 years and often for 3 years before they can begin using their educational benefit. Also, Reserve component members are not

required to contribute in order to receive benefits under the Reserve programs. To fundamentally change the Reserve programs to provide a post-Service education benefit would undermine the purposes of the programs.

One of the stated purposes for the active duty MGIB benefit is to assist members in the readjustment to civilian life after separating from military service. However, unlike active duty members, most Reservists are not beginning a new career. In fact, most Reservists return to their pre-activation civilian job, which is protected by law (Chapter 43 of title 38, United States Code). This is illustrated in the most recent Department of Defense survey of Reserve component members in which 79 percent of Reservists who were working when they were activated reported that they returned to the same employer. For those who did not return to the same employer, the top two reasons reported for not returning to their pre-activation employer were: (1) found a better job and (2) disliked my pre-activation job. Some Reservists are changing careers and want to use their education benefits to enhance their employment opportunities, and serving part-time in the Guard or Reserve allows for that.

The Department believes that attending school and membership in the Reserve component have proven to be a compatible and desirable combination. The educational assistance programs for Reserve members continue to serve their stated purposes well. In light of the stresses on the force caused by the Global War on Terror, the Department strongly believes it would not be prudent to remove the critical retention attributes of those programs.

Total Force Proposals

Question #7: You state that the Total Force proposals do not integrate the three programs. What do you recommend?

Answer: The Department supports retaining the three separate programs. Each program was designed for a different purpose. Attempting to consolidate the three programs into a single program undermines the various purposes.

While the purposes of each of the programs remain valid and do not necessitate a change, if consolidation is required, the design and purpose of the Montgomery GI Bill-Selected Reserve (MGIB–SR) and Reserve Educational Assistance Program (REAP) are similar enough that it is conceivable that those two programs could be combined.

There are areas in which closer alignment of the programs would be beneficial. The first would be to link covered programs for the two Reserve educational assistance programs to the active duty MGIB program. For example, if a new education program is authorized under the active duty program, the same program then would be automatically authorized under the two Reserve programs. Further, as described in testimony during the hearing, how the benefit is treated for determining eligibility for federal loans is inconsistent. There should be one set of rules that applies uniformly to all three programs. Conceptually, a student who qualifies and remains eligible under more than one program should only have to consider the benefit amount and select the assistance program that is most advantageous to him or her. This would also make it much easier for school financial assistance counselors to advise students and presumably simplify administration of the programs within the Department of Veterans Affairs. Finally, there is one area in which the MGIB–SR and REAP programs could be closer in alignment—the delimiting period. While the REAP benefit has no specified delimiting date, the MGIB–SR program currently has a 14-year delimiting period. Aligning the MGIB–SR eligibility period with REAP would be consistent with the Department's continuum of service, which encourages longer periods of service, and a continuum of life-long learning. This would add educational assistance to the menu of incentive programs available to more senior Reserve component members.

These changes would achieve many of the objectives intended in a Total Force educational assistance program concept without undermining purpose of, and eligibility criteria for, each program.

Transferring GI Bill to VA

Question #8: You state that transferring the program to VA as direct spending would increase the cost to the government. Can you explain this statement?

Answer: The two Reserve educational assistance programs—the Montgomery GI Bill for the Selected Reserve (MGIB–SR) and the Reserve Educational Assistance Program (REAP)—are designed as incentives for continued service in the National Guard or Reserve. If the programs are modified to provide for a post-Service benefit, it is only logical that attrition will increase. The only reason for transferring the two Reserve educational assistance programs into title 38 is to allow for use of the

benefit following separation from the National Guard or Reserve, thus fundamentally changing the purpose of the programs. If the programs are not modified to provide a post-Service benefit, then it makes no sense to place programs intended for military recruitment and retention under the administration of the Department of Veterans Affairs (VA).

With respect to cost, the VA will pay the educational assistance benefit to the former member who uses the benefit, thus sustaining the current cost. However, allowing the benefit to be used by individuals who separate will require the Reserve component to recruit and train replacements. This will impose a new, additional cost to the Department of Defense that it would not have otherwise incurred if the member remains to use the benefit. It costs on average $17,400 to recruit and train a new enlisted member to entry-level standards. If an enlistment or accession bonus is involved, there is an additional cost ($10,000–20,000 per new accession). Thus, to sustain the same strength level achieved with the Reserve educational assistance programs as retention incentives, the Department will pay both the original incentive plus the cost incurred to recruit and train replacements, as well as the additional cost if another incentive is involved in the recruitment process.

Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
Washington, DC.
October 23, 2007

Keith Wilson
Director, Education Service
Veterans Benefits Administration
U.S. Department of Veterans Affairs
810 Vermont Ave. NW
Washington, DC 20240

Dear Mr. Wilson:

In reference to our House Committee on Veterans' Affairs Subcommittee on Economic Opportunity hearing on "Updating the Montgomery GI Bill" on October 18, 2007, I would appreciate it if you could answer the enclosed hearing questions by the close of business on November 23, 2007.

In an effort to reduce printing costs, the Committee on Veterans' Affairs, in cooperation with the Joint Committee on Printing, is implementing some formatting changes for material for all Full Committee and Subcommittee hearings. Therefore, it would be appreciated if you could provide your answers consecutively on letter size paper, single-spaced. In addition, please restate the question in its entirety before the answer.

Due to the delay in receiving mail, please provide your response to Ms. Orfa Torres by fax at (202) 225–2034. If you have any questions, please call (202) 225–3608.

Sincerely,

Stephanie Herseth Sandlin
Chairwoman

Questions for the Record
The Honorable Stephanie Herseth Sandlin, Chairwoman
House Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
October 18, 2007

Updating the Montgomery GI Bill

Question 1: You state that the programs need to be simplified. Is the application process complex? What would be the best way to simplify the process?

Response: The application process itself is not complex. However, to determine which program(s) the applicant is eligible for requires a substantial amount of information, and the application form has therefore grown to six pages in length. Because there are overlapping eligibility criteria that make some servicemembers and veterans eligible for more than one program, selection of the program that would result in the most advantageous use of an individual's benefits can be complex. We

continue to expand our outreach efforts, providing educational benefits information to servicemembers on induction and at various points while they are on active duty. We also cover the eligibility criteria and program differences in the transition assistance program briefings we conduct for separating servicemembers and reservists.

A shorter, simplified application process would be a natural result of a simplified GI Bill program.

Question 2: Does VA have an "ideal" GI Bill program or suggestions on how to best update current criteria, eligibility, and payment methods?

Response: VA does not have an "ideal" GI Bill program. A joint Department of Defense (DoD) and Department of Veterans Affairs (VA) working group was tasked with analyzing the various education programs in view of the recommendations of the Secretary's advisory Committee on education for a "Total Force GI Bill." The working group concluded that a total force approach should incorporate the following principles:

- A single proposal should fulfill the critical purposes of the current programs—recruitment, retention, and readjustment.
- The benefit amounts should be commensurate with levels of military service.
- Converting to a total force program should disadvantage no one, if at all possible.

The working group presented the results of their study to the VA/DoD Joint Executive Council. The changes studied by the working group had a very high cost and could potentially have serious implications for DoD in the recruitment and retention of servicemembers and reservists.

There is a very difficult balance between meeting the recruitment and retention needs of the Armed Forces and providing a simplified program of readjustment benefits that meets the needs of our service men and women today and in the future. VA looks forward to continuing to work with Congress and DoD to address this issue.

Question 3: What are the VA's top five recommendations for updating the GI Bill?

Response: Because of the complexity of the interrelationships between the education program purposes of recruitment, retention, and readjustment, we are unable to provide specific recommendations for updating the GI Bill at this time.