



Statement of Tom Tarantino
Chief Policy Officer, Iraq & Afghanistan Veterans Of America
before the
Senate Committee on Homeland Security & Governmental Affairs

July 23, 2013

Chairman Carper, Ranking Member Coburn, and Distinguished Members of the Committee:

On behalf of Iraq and Afghanistan Veterans of America (IAVA), I would like to extend our gratitude for being given the opportunity to share with you our views and recommendations regarding this important issue that affects the lives of thousands of service members and veterans.

IAVA is the nation's first and largest nonprofit, nonpartisan organization for veterans of the wars in Iraq and Afghanistan and their supporters. Founded in 2004, our mission is critically important but simple – to improve the lives of Iraq and Afghanistan veterans and their families. With a steadily growing base of nearly 270,000 members and supporters, we strive to help create a society that honors and supports veterans of all generations.

In partnership with other military and veteran service organizations, IAVA worked tirelessly to see that the Post-9/11 GI Bill was passed because we understand how valuable a meaningful education can be to service members and veterans. IAVA will continue to fight to protect the GI Bill and work to support legislation that establishes a robust consumer education program in order to ensure that there is some measure of accountability in this industry. We must act now to ensure that veterans are able to safely use their GI Bill to receive the kind of quality training that will help them realize their full potential.

In 1944, Congress passed the Servicemen's Readjustment Act. Lawmakers of the WWII era viewed this policy not as a handout to veterans, but as an investment in the future of the nation. Now, generations removed from the initial iteration of what is commonly referred to as the GI Bill, the benefits of this initial investment in America's 'Greatest Generation' are still being felt.

The GI Bill is arguably one of the most successful government investment programs in our nation's history, doubling the number of degrees awarded by colleges and universities from 1940 to 1950, and resulting in a five-fold increase in the percentage of Americans with bachelor's degrees from 1945-95¹. It is estimated that for every dollar invested in America's veterans through the GI Bill, the government took in \$7 in tax revenue, which illustrates not only the success of the policy specifically for the men and women who served their country with distinction and honor in its hour of need, but the successful impact this thoughtful policy had on the nation in general.

¹ "100 Documents that Shaped America". *Servicemen's Readjustment Act (1944)*. U.S. News and World Report. http://www.usnews.com/usnews/documents/docpages/document_page76.htm



In 2008, Congress passed a new GI Bill that took into account the realities of our modern higher education system in order to better serve Post-9/11 service members and veterans. Over 800,000 post-9/11 veterans have utilized the educational benefits they earned during their terms of service to the nation under the Post-9/11 GI Bill program.

When applied effectively, these funds can mean the difference between a veteran who struggles with the transition from military to civilian life and a veteran who is able to extend the leadership abilities attained in the military to the classroom and beyond. It is essential that the benefits our nation's service members and veterans have earned are protected, not only for the benefit of these heroes, but for the benefit of the country as well.

The proposed reforms seek to make educational institutions accountable to free market principles by counting Post-9/11 GI Bill funds as government sourced funds under the 90-10 rule. The predecessor to the 90/10 rule was the 85/15 rule, which mandated that educational institutions maintain an 85%-15% veteran-to-civilian student ratio. With the dramatic decrease in the student veteran population that occurred over the past 65 years, the development of a new formula became necessary. Rather than focusing solely on a head-count of service members and veterans enrolled at educational institutions, the 90/10 rule says that no more 90% of revenue for a school can come from government funds, and at least 10% must come from private sources, giving the government another avenue through which to ensure that educational institutions are providing service members and veterans with a quality product.

The intent of Congress with regard to each of these rules was not only to decrease instances of fraud and predatory targeting of veterans by educational institutions, but also to ensure that these institutions provided a quality product to students by making them accountable to free market forces. Unfortunately, due to a loophole in the law, military and veterans benefits are counted as part of the 10% of revenue that is supposed to come from private sources. This puts a target on every veteran's back. Every veteran that a for-profit school recruits is worth nine more students using federal financial aid.

The problem is that the Post-9/11 GI Bill did not exist when the 90/10 rule was put in place, and Congress has yet to update this rule to include Post-9/11 GI Bill funds in its language. This means that Post-9/11 GI Bill funds are not counted as government sourced funds for the purpose of the 90/10 rule. However, the tuition payments associated with the Post-9/11 GI Bill are paid directly to educational institutions by the Department of Veterans Affairs (VA), and these payments are indeed taxpayer funded. As such, these funds should absolutely be considered government funds, because they unquestionably are.

The goal of the proposed reforms is not to penalize educational institutions, but to ensure that America's veterans are receiving a quality education that will help them transition successfully from military to civilian life. Unfortunately, as a result of the actions of some bad actors in the system, this transition is being made more difficult for too many of our nation's veterans.

One IAVA member, Maggie Crawford, expressed frustration with for-profit schools on IAVA's Defend the New GI Bill webpage. After serving a tour of duty in Afghanistan, Maggie, a member of the Army National Guard, enrolled in ITT Tech to study nursing. It wasn't until the second quarter of her program that they told her she didn't have 100 percent GI Bill coverage and couldn't request a Yellow Ribbon scholarship. During the course of her classes, her professors discouraged her from asking questions, insisting that all the answers she needed would be in her books. According to Maggie, ITT was also dishonest about its nursing accreditation, at first telling her they were accredited and later telling her that its accreditation was pending. Maggie quit ITT and is still working to pay off the debt she incurred



with them. She is currently enrolled at another for-profit school and is pleased with her experience so far.

Another IAVA member, Howard Toller, expressed similar frustrations. Howard joined the Army in 2004 and deployed to Iraq twice. He enrolled in ITT in 2010 for a degree in computer networking services, and later admitted that he was duped by their advertising. A couple of months after his enrollment, he learned that ITT wasn't properly accredited by a national organization, thereby rendering his degree worthless. In his words, the classes are subpar, the teaching is subpar, and the instructors are subpar.

The experiences of these veterans demonstrate the need for more effective policies to protect military and veteran education benefits from the practices of predators in the higher education system. Many for-profit institutions are valued participants in education. They provide veterans with a service that is not widely available in traditional non-profit universities, including online and vocational programs that offer highly technical degrees. Unfortunately, it is difficult to separate the good actors from the bad actors in for-profit education without closing the 90/10 loophole. This loophole undermines the spirit and the intent of the GI Bill and should be closed.

As IAVA's CEO and founder, Paul Rieckhoff, commented a year ago, "Education is the single best tool that veterans have to level the playing field in this tough job market. IAVA is committed to ensuring that each and every one of them can maximize their benefits...[and] IAVA refuses to allow predatory for-profit colleges to gouge the New GI Bill and pad their pockets at the expense of our nation's veterans." At the same time, the American public deserves to have its tax dollars spent effectively and efficiently, especially with regard to the investment our nation makes in the future success of our service members and veterans through military and veteran education benefits.

Although less than 20% of veterans are attending for-profit schools, these schools are taking over a third of all GI Bill funds. Drop-out rates at for-profit schools are above 60% on average, and even though they account for just 13% of all college students, they produce half of all loan defaults. In this period of deficit cutting and waste reduction, the failures of for-profit schools with regard to providing quality job training and education programs to service members and veterans clearly represents an unacceptable threat to the future of the GI Bill.

Like the Servicemen's Readjustment Act before it, the Post-9/11 GI Bill was passed with the intent of providing America's veterans with the opportunity to reach their full potential. An opportunity they earned by answering their country's call to service. It is not a handout; it is an investment in service members, veterans, and the nation. In order to ensure the Post-9/11 GI Bill is as impactful on the lives and livelihoods of this New Greatest Generation of Americans as it was on previous generations we must protect its intent and its integrity.

We again appreciate the opportunity to offer our views on this important topic, and we look forward to continuing to work with each of you, your staff, and this Committee to improve the lives of veterans and their families.

Thank you for your time and attention.