

**STATEMENT OF
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DEPARTMENT OF VETERANS AFFAIRS
BEFORE THE SENATE COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
SUBCOMMITTEE ON FEDERAL FINANCIAL MANAGEMENT, GOVERNMENT
INFORMATION, FEDERAL SERVICES, AND INTERNATIONAL SECURITY**

September 22, 2011

Good morning, Chairman Carper, Ranking Member Brown, and Members of the Subcommittee. I appreciate the opportunity to appear before you today to discuss the Post-9/11 GI Bill and educational outcomes for Veterans and military students. I am accompanied today by Mr. Keith Wilson, Director of the Department of Veterans Affairs (VA) Education Service. My testimony will address Post-9/11 GI Bill beneficiaries' enrollment at proprietary schools, VA payments to proprietary schools under the Post 9/11 GI Bill, and VA's oversight of educational programs offered by such schools. I will also provide general observations on the "90/10" rule regarding Federal funds used to finance higher education.

Background

The Post-9/11 GI Bill, enacted in 2008, is the most extensive educational assistance program authorized since the original GI Bill was signed into law in 1944. Just as the original GI Bill allowed Veterans to take their educational opportunities and leverage them for breakthroughs in automation, business, medicine, science, transportation, and technology, today's Post-9/11 GI Bill provides our Veterans with the tools that will help them contribute to an economically strong, vibrant, and resilient America.

VA is committed to ensuring all Servicemembers, Veterans, and their family members who may be eligible for this important benefit, receive a useful

education without the burden of substantial student loan debt as they readjust to civilian life.

On May 1, 2009, VA began accepting applications to determine eligibility for the Post-9/11 GI Bill. On July 7, 2009, we started accepting enrollment certifications from school certifying officials for individuals using their Post-9/11 GI Bill benefits for the fall term, and began processing claims for payment. The U.S. Treasury released the first payments under the new program on August 3, 2009. Through the end of August 2011, VA has issued over \$12.7 billion in Post-9/11 GI Bill benefit payments to approximately 582,000 individuals and their educational institutions.

Proprietary School Enrollment

From August 1, 2009, to June 15, 2011, VA paid approximately \$4.4 billion in tuition and fees and Yellow Ribbon program payments under the Post-9/11 GI Bill to institutions of higher learning. This amount does not include monthly housing allowances and the books and supplies stipends paid directly to Post-9/11 GI Bill beneficiaries. During this period, approximately \$1.6 billion was paid to private for-profit schools on behalf of more than 145,000 students. Students attending private for-profit schools made up 23.8 percent of the beneficiaries, while 36.4 percent of the tuition and fee dollars are paid on their behalf. Beneficiaries who attended public schools account for 59.4 percent of the Post-9/11 GI Bill students, with 39.8 percent of tuition and fee payments made on their behalf. This leaves 16.8 percent of the students at private non-profit schools, with 23.8 percent of the tuition and fee payments.

The 90/10 Rule

Enacted in 1992 and amended most recently in 2008, the 90/10 rule in section 487(a)(24) of the Higher Education Act of 1965 (HEA) requires proprietary institutions of higher education (some of which are heavily dependent on Federal student aid funding) to have at least a defined minimum amount of

revenues from other sources. Under the 90/10 rule, proprietary institutions may not receive more than 90 percent of their revenue from funds under Title IV of the HEA. While VA defers to the Department of Education (ED) on the 90/10 calculation, there is an argument for including the Post-9/11 GI Bill in the 90 percent limit on Federal funding or related proposals. Under the present structure, some institutions may be targeting Veterans because the Federal education benefits they receive are treated the same way as private funds in the 90/10 calculation. VA believes Veterans should not be aggressively recruited by institutions principally because of financial motives, and that Federal and State statutes, and VA's oversight activities, provide strong monitoring in this area. Modifications to the 90/10 rule could provide additional tools to assist in this area. However, such a change could cause some schools to exceed the 90 percent threshold and be at risk of losing eligibility to receive Federal student aid. In order to ensure that Veterans are not adversely affected, the manner in which such a change would be implemented is important. Implementing a statutory change in this area will also require collaboration across agencies to accurately identify the amount of dollars from various Federal education benefit programs that flow to each higher education institution. VA would welcome the opportunity to work collaboratively with ED and the Subcommittee as it considers changes in this area.

Oversight

VA is aware of concerns raised regarding for-profit institutions and fraudulent activities. Under existing VA statutes, for-profit institutions are held to the same standards and criteria as non-profit institutions for the purpose of approval for use of VA education benefits. VA believes Veterans and their eligible dependents should be able to choose to use their education benefits at the academic institution – public, private non-profit, or private for-profit – that best meets their specific needs and is approved by the State approving agency (SAA) of jurisdiction.

As of August 1, 2011, standard degree programs offered at accredited public and private not-for profit schools are deemed approved for VA education benefits without separate SAA approval, per Section 203 of PL 111-377. In other cases, SAAs evaluate programs offered by each academic institution to determine whether their quality and offerings are similar to other programs offered in the State. If they are not, the SAA will not approve the program. This takes into account compliance with State and VA statutes, including those pertaining to misrepresentation or deceptive marketing. If an approved school is found to be non-compliant with one or more approval requirements, the SAA or VA education liaison representative immediately attempts to make necessary corrections during site visits to the school; if additional time is needed, the SAA may suspend approval for up to 60 days. In this situation, current students continue to receive benefits, but the school is not permitted to certify new students. If the school does not provide a resolution or response, approval is withdrawn.

VA will continue to provide oversight through compliance reviews and face-to-face interviews with Veterans. Additionally, section 203(d) of Public Law 111-377 expanded VA's authority to utilize SAAs for oversight of programs and institutions. VA will begin to use SAAs for compliance reviews under this authority in fiscal year 2012. A primary focus of SAAs will be to conduct compliance reviews and provide increased oversight of for-profit schools. Training for SAAs on conducting detailed compliance reviews occurred in June and August 2011.

Informing Veterans of School Choices

It is important for Veterans and their eligible dependents to make informed decisions concerning their VA education benefits. VA has enhanced and strengthened many of the services we provide by significantly expanding our engagement with students throughout their educational experiences.

For example, VA prepared a guide to assist Veteran-students in making important decisions regarding the use of their Post-9/11 GI Bill benefits. The guide describes how to find a school that supports Veterans and accepts credit for military training. It also explains how to consider school graduation rates and how employers factor in the kind of training applicants receive before they make hiring decisions. We feature the guide prominently on our website, and have promoted it through social media and at our outreach events.

Additionally, VA provides free counseling services to assist Veterans in determining their aptitudes, interests, and abilities and locating an appropriate education program and institution. To further ensure Veterans' needs are being met, we now include student interviews as part of our compliance process for institutions of higher learning.

Conclusion

Veterans' hard-earned educational benefits are the vehicle by which many of our Nation's heroes pursue their educational goals and successfully transition to civilian life. VA is dedicated to ensuring that Veterans are able to make well-informed decisions concerning the use of their benefits and receive a quality education. We look forward to working with the Subcommittee to provide the very best support possible to our Veterans and beneficiaries as they pursue their educational goals.

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