

Opening Statement DoD Tuition Assistance Hearing

This hearing will come to order.

As we gather here today for this afternoon's hearing, our nation's debt stands at \$14.1 trillion. Ten years ago on this date, it stood at less than half that amount -- \$5.7 trillion. If we remain on our current course, it may double again by the end of this decade.

The debt of our federal government held by the public as a percentage of GDP has risen to 63 percent – up from 33 percent a decade ago. The last time it was this high was at the end of WWII. In fact, the only time it has ever been this high was at the end of that war.

That level of debt was not sustainable then, and it is not sustainable today. Just ask our friends in Ireland and in Greece.

The deficit commission, led last year by Erskine Bowles and former Senator Alan Simpson, has provided us with a roadmap out of this morass, reducing the cumulative deficits of our federal government over the next decade by some \$4 trillion and skewering a number of our sacred cows along the way.

The purpose of this hearing, though, is not to debate the merits of the commission's work. The purpose of our hearing today is to look at yet another area of government spending and ask the question, "Is it possible to achieve better results for less money? If not, then how can we achieve better results for the same amount of money that we're spending today?"

A lot of Americans believe that a culture of spendthrift prevails in Washington, DC and has for many years. They're not entirely wrong. We need to establish a different kind of culture.

We need to establish a culture of thrift. We need to look in every nook and cranny of federal spending – domestic, defense and entitlements, along with tax expenditures – and find places where we can do more with less.

This subcommittee has spent the last half-dozen years trying to do just that. We've worked closely with OMB, GAO, Inspectors General, non-profits like Citizens Against Government Waste and the Committee for a Responsible Federal Budget to reduce wasteful spending.

In doing so, we've sought to reduce improper payments, combat fraud in Medicare and Medicaid, unload surplus federal property, decrease cost overruns in major weapon systems procurement and in the procurement of IT systems by federal agencies, begin to close a \$300 billion tax gap, introduce efficiencies to the way that the mail is delivered and to the way that the Census is taken, provide the President with constitutionally sound line-item veto powers, and the list goes on.

Most of us in this room today, however, understand that we can't simply cut our way out of debt, tax our way out of debt or save our way out of debt, though. We need to grow our way out of debt.

That means we need to invest in ways that will grow our economy and make us more competitive as a nation – building a better educated, more productive workforce, reversing the deterioration of our nation’s infrastructure and funding the kind of research and development that will enable us to out innovate the rest of the world once again.

If we're really serious about out innovating the rest of the world, we need to start by out educating them. Frankly, we haven't done that for some time. To succeed, we must. This means a major focus on early childhood education so that when kids walk into the first grade at age six, they are ready to compete. It means continuing to transform our K-12 public schools so that fewer students drop out and those who do graduate are able to read, write, do math, use technology and go on to become productive members of our society.

And, it means ensuring that the post-secondary education that Americans receive truly will make them more productive workers and citizens.

For years, with our service academies, with programs like ROTC and the GI Bill, we've sought to raise the skill levels of those who serve in our armed forces, as well as the skill levels of those who later return to civilian life.

Traditional educational programs like ROTC scholarships and the new GI Bill are still in place; however, we also offer our active duty military another lesser known education benefit called the Tuition Assistance Program. It will be the focus of today's hearing.

Under this program, American taxpayers will pay \$250 per credit toward the cost of a service member's tuition for a maximum of \$4,500 per year.

In Fiscal Year 2000, the Department of Defense spent \$157 million on tuition payments for this program. By 2009, that number had risen to \$517 million, a threefold increase in just nine years.

This program does require service members to continue their active duty service while they complete their courses. As you might expect, this requirement somewhat limits the choices available to active duty service personnel as they head out on detachments and deployments in Afghanistan, Iraq and other places around the world.

Active duty service members basically have three options when it comes to post-secondary education:

- 1) They can take courses on-base with schools that have permission to offer courses there,**
- 2) They can attend courses at nearby college campuses, or**
- 3) They can enroll in distance learning courses.**

Each of these three options includes providers who do an excellent job of educating their students. Each of these three options also includes providers who, frankly, do not. These three options include private non-profit schools, public colleges and universities, and for-profit schools. Today's hearing will focus primarily on the latter.

For-profit schools that operate almost entirely online have become the frequent choice of many military personnel who have opted for the distance learning option.

At the Dover Air Force Base in Delaware, the most popular school is a for-profit. This for-profit university has enrolled twice as many Dover airmen as the two local colleges that offer courses on base.

That fact probably should come as no surprise. Since distance learning services are in high demand, for-profits have sought to fill our military's need for post-secondary education in part because of the accessibility of their classes and the variety of courses offered.

While some for-profits return real value for taxpayers' money, serious questions have arisen with respect to the recruiting practices of some for-profits and to the quality of the education they provide.

Over the past year or two, Senator Harkin's Health Education Labor and Pensions (HELP) Committee has sought to put a spotlight on both of these areas. In cooperation with the Government Accountability Office (GAO), the Committee uncovered unethical recruitment practices by a number of the for-profits that they investigated.

In addition, Senator Harkin's Committee found a disturbing trend. Many for-profit institutions depend heavily on federal student aid dollars, but fail to consistently provide a quality education.

In a number of cases, 90 percent or more of these schools' revenues come from taxpayer-funded student aid programs. This wouldn't be quite so objectionable if the overwhelming majority of these schools were producing students with strong skill sets that led to careers with livable wages and good benefits. However, at too many of these schools, that simply is not the case. Far too many students are provided minimal instruction and support, and they drop out.

Others may actually graduate, but they subsequently have difficulty finding the kind of jobs that would enable them to pay off their sizeable student loans and support their families. Recent data show that 25 percent of students at for-profit colleges have defaulted on their loans within three years, while only about 10 percent of students at not-for-profit institutions have defaulted.

The Department of Education is addressing issues of default rates and accountability in the for-profit industry through regulation. Our post-secondary education system will be better off as a result of these efforts.

While some folks contend that these efforts by the Department would cut off higher education access to many of our most vulnerable citizens, I disagree with that thinking. The Department of Education's regulations would only cut off access to programs at schools that are clearly offering a bad product – an education that costs too much, offers little instruction and training and oftentimes, saddles students with mountains of debt that is difficult, if not impossible, for them to repay.

Currently, the incentives at many for-profit colleges are misaligned. The institutions are rewarded for enrolling more students but they have little, if any, incentive to make sure that their graduates are prepared for the workforce and are able to enter careers that enable them to manageably repay their student loan debt and begin to live the American dream.

Having said that, let me say as clearly as I can that this is not an issue solely at for-profit institutions. There are many community colleges experiencing similar issues with extremely low degree completion rates and very high default rates. And to be fair, there are also a number of for-profit institutions that offer a quality education and have a history of success with placing students in well-paying jobs.

We have reached a time, however, when we need to be doing all that we can to ensure that we get the best “bang for our buck” across all aspects of our government.

Student aid spending needs to be at or near the top of our list, not just because of the amount we spend on these programs, but also because the future and dreams of our students depend on spending that money wisely.

Nowhere is that need more evident than with our troops participating in the Tuition Assistance Program.

Over the past year, several reports have described troubling stories of how some schools come close to abusing our veterans and active duty military personnel.

The accounts of abuse range from deceptive recruitment practices by the school recruiters, to schools' hollow promises about the transferability of credits, to students becoming saddled with unnecessary debt.

In one case that our staff uncovered, a service member used his Tuition Assistance benefit to earn his bachelor's degree from a for-profit that promised his credits would fully transfer after graduation. However, when he went on to apply for a Master's program at another school, he found that none of his credits would be accepted there, rendering his bachelor's degree far less valuable.

In another case, one soldier enrolled in a for-profit institution based on the school's promise that they accepted Tuition Assistance payments.

But because the Department of Defense only pays the benefit after successful completion of the course, the soldier discovered after taking the class that the Army would not give payments to this school, instead sticking him with the bill.

I have four core principles that I try to incorporate into everything I do. They are--

- **Treat others as you would want to be treated.**
- **If it's not perfect, make it better.**
- **Never give up.**
- **Always do the right thing.**

The idea that some schools take advantage of our service members offends all four of my core principles.

We demand so much of our men and women in uniform and their families. We must also demand more of our schools and get better results from our government.

We are here today because I believe we have a moral imperative to ensure that the Department of Defense is doing everything it can to prevent these kind of abuses.

We have asked the Government Accountability Office to investigate and assess the Department of Defense's ability to identify and stop these abuses. GAO will share its findings with us today.

We also have with us today representatives from the Department of Defense and the Servicemembers Opportunity Colleges—the consortium of schools empowered to police those schools serving our troops.

These witnesses will help us better understand the current safeguards against abuse of the Tuition Assistance Program, how well they work and how we can improve them. We welcome each of you.

Now, I'd like to turn to Senator Brown – our Subcommittee's new ranking member – for any comments he would like to make.