

Opening Statement of Chairman Thomas R. Carper
“The 90/10 Rule: Improving Educational Outcomes for our Military and Veterans”
July 23, 2013

As prepared for delivery:

Today's hearing focuses on the considerable investments taxpayers are making in providing high quality education benefits to our service members and veterans. In examining this issue, the committee is asking the question: are we getting the results taxpayers, service members and veterans deserve?

The GI Bill helped me afford the cost of getting my MBA at the University of Delaware after I transitioned off of active duty in the US Navy near the end of the Vietnam War. While I was grateful for that financial support, those benefits pale in comparison to the considerable taxpayer investment that the new GI Bill makes in education for our service members and veterans.

For years, through the service academies and through 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. However, in 2008, it became clear to Congress that, after years of multiple tours of duty in Iraq and Afghanistan, our modern-day military needed a modern-day GI Bill to ease soldiers' transition into civilian work here at home. That's why we passed the Post-9/11 GI Bill to help to help our modern day veterans afford the cost of college and put them on the path to getting a good paying job. The modern-day GI Bill pays for the tuition and housing costs of any member of the military who served more than 90 continuous days on active duty since September 10, 2001.

Since it was enacted, \$29.4 billion has been spent to send veterans back to school. In addition, the Department of Defense offers military service members the opportunity to pursue a high quality education through the Tuition Assistance Program. Service members and veterans taking advantage of the benefits available to them under the GI Bill are free to pursue the educational path of their choice. They can go to a public school like I did when I studied at the University of Delaware. They can also attend a private non-profit school or a for-profit school.

However, recent reports show that many veterans have been subjected to highly questionable recruitment practices, deceptive marketing, and substandard education instruction in some of the schools they attend, particularly for-profit schools. Under current law, in order for a for-profit school to receive federal student aid from the Department of Education, the school must ensure that no more than 90 percent of its revenue comes from federal funding. The definition of federal funding that applies to this limit is not as straight forward as you may expect. It turns out that under current law, “federal funding” means only money that comes through the Department of Education.

Other federal funds, such as GI Bill benefits that come from the Department of Veterans Affairs and military education benefits offered through the Department of Defense are excluded from the 90 percent limit that makes up the federal share of a school's revenue. This means that a school that maxes out on its 90 percent limit can bring in federally funded military and veteran

education benefits in order to skirt this limit and in some cases get 100 percent of their funding from the federal government.

As several reports have shown, this loophole has in some cases put a target on the backs of our military and veteran students. And then once students enroll they're often not obtaining the knowledge and skills they need to get a job that will enable them to earn a livable wage and good benefits. Clearly, the incentives at some for-profit schools are misaligned. These institutions are rewarded for enrolling more students—especially veterans with a fully-paid for education—but have too little incentive to make sure that their graduates are prepared to join the workforce and begin productive careers.

Having said that, this is not an issue solely at for-profit schools. There are also many public and private non-profit colleges and universities that experience similar issues with extremely low degree completion rates, high default rates and a poor record of serving our veterans. 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. I believe we have a moral imperative to ensure that abusive practices--no matter where they occur--are stopped so those who have sacrificed for our country can obtain an education that will equip them with the skills they need to find a good job, repay any college loans they've taken out, and go on to live productive lives.

Two years ago, I chaired two hearing on this issue in the Subcommittee on Federal Financial Management. Today I'm holding this hearing to learn what is being done by the Department of Veterans Affairs and others has done to protect our military and veteran students from the predatory practices of some bad actors in the for-profit industry. This hearing will also focus on what the association that represents for-profit schools has done to address concerns raised about the industry it represents.

My goal for today's hearing is to learn how we can fix this problem by better incentivizing schools to deliver a higher quality education to our military and veteran population that will enable them to be successful in work and in life. We have a terrific group of witnesses here whom I will introduce momentarily. I look forward to a productive hearing and to learning more about this issue, but first let me turn to Dr. Coburn for any comments he would like to make.

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