

**STATEMENT OF
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BEFORE THE
SENATE HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS COMMITTEE
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Good morning, Mr. Chairman, Ranking Member Coburn, and other Members of the Committee, I am pleased to be here today to discuss the Department of Veterans Affairs (VA) efforts to safeguard Veteran students from questionable practices by some institutions of higher education. I am accompanied today by Mr. Robert Worley, Director of VA's Education Service.

My testimony today will address VA's efforts to implement the provisions of the Executive Order (EO) 13607, "Establishing Principles of Excellence for Educational Institutions Serving Service Members, Veterans, Spouses, and Other Family Members" and Public Law (P.L.) 112-249, "Improving Transparency of Education Opportunities Act of 2012," as they relate to ensuring VA's education benefits provide access to high-quality educational opportunities that will enhance beneficiaries' educational outcomes. The actions required by EO 13607 and P.L. 112-249 reaffirm our commitment to ensuring Servicemembers, Veterans, and their dependents are well-

served by our educational programs. 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.

As of July 9, 2013, VA has issued over \$30 billion in Post-9/11 GI Bill benefit payments to approximately 992,000 individuals and their educational institutions.

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 institutions of higher education to have at least a defined minimum amount of revenues from sources other than the student aid programs in title IV of the HEA. Under the 90/10 rule, 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 marketing to Veterans because the Federal education benefits they receive are treated the same way as private funds in the 90/10 calculation. VA believes institutions should not aggressively recruit Veterans principally because of financial motives.

Modifications to the 90/10 rule could provide additional tools to assist VA and ED in monitoring and oversight, and could help to prevent aggressive targeting of Veteran students for financial reasons. However, including Post 9/11 GI Bill benefits in the 90/10 calculation could cause some schools to exceed the 90 percent threshold and potentially lose their eligibility to participate in the Title IV or Post 9/11 GI Bill programs. In order to minimize adverse effects on Veterans, how this change is implemented is important and would require ED and VA to provide information about the amount of dollars from various Federal education benefit programs that flow to each higher education institution. VA would welcome the opportunity to work with ED and the Committee as it considers changes in this area.

Oversight

VA is aware of concerns raised regarding for-profit institutions and potential 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. For example, the law requires all schools to maintain a complete record of all advertising, sales, and enrollment materials utilized within the last

12 months. These materials are reviewed during compliance surveys to ensure that the institution has not engaged in erroneous, deceptive, or misleading enrollment practices. 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.

If a 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. Since fiscal year (FY) 2011, VA has withdrawn the approval of 9 schools for erroneous, deceptive, or misleading practices.

VA will continue to provide oversight through compliance reviews and face-to-face interviews with Veterans. Additionally, section 203(d) of P.L. 111-377, expanded VA's authority to utilize SAAs for oversight of programs and institutions. VA began to use SAAs for compliance reviews under this authority in fiscal year (FY) 2012. In FY 2012, compliance surveys of 4,755 facilities with 350,603 students were completed; of those, 2,418 were for-profit facilities with 96,334 students.

Executive Order 13607

Issued by the President on April 27, 2012, EO 13607 directs VA, the Department of Defense (DoD), and ED, in consultation with the Department of Justice (DOJ) and the Consumer Financial Protection Bureau (CFPB), to develop and implement “Principles of Excellence” to strengthen oversight, enforcement, and accountability within Veteran and military educational benefit programs.

These principles apply to educational institutions receiving funding from Federal military and Veterans educational benefit programs, including benefits provided under the Post-9/11 GI Bill. The principles will ensure that educational institutions provide meaningful information to Servicemembers, Veterans, spouses, and other family members about the cost and quality of educational institutions. The principles will also assist prospective students in making choices about their Federal educational benefits; prevent abusive and deceptive recruiting practices that target the recipients of Federal military and Veterans’ educational benefits; and ensure that educational institutions provide high-quality academic and student-support services to Servicemembers, Veterans, and their families. I am pleased to report that 6,325 campuses have voluntarily agreed to comply with the Principles of Excellence as of July 10, 2013. These institutions are listed on our GI Bill Web site (<http://www.gibill.va.gov>). VA is also developing a Comparison Tool/GI Bill Benefit Estimator that will enable prospective students to compare educational institutions using key measures of affordability and value through access to school performance information and consumer protection information. VA placed a link to ED’s College Navigator on the eBenefits Web site in November 2012. ED’s College Navigator is designed to help students find information

about postsecondary institutions in the United States – such as programs offered, retention and graduation rates, prices, aid available, degrees awarded, campus safety, and accreditation. VA subsequently embedded ED’s College Navigator into the GI Bill Web site in March 2013. As a long-term plan, VA will integrate data from ED’s College Navigator with data from VA’s Web-Enabled Approval Management System to calculate tuition and fees, monthly housing allowance, and books and supplies estimates. The tool will include indicators on graduation rates, retention rates, loan default rates, average student loan debts, Veteran population, Yellow Ribbon Program and Principles of Excellence participation, as well as an estimated cost of attendance. We anticipate this tool will be available on the GI Bill Web site and the eBenefits Web site by April 2014.

In addition, VA, DoD, ED, CFPB, and DOJ are developing student-outcome measures that are comparable, to the extent practicable, across Federal educational programs and institutions. We have vetted a set of proposed measures with the Veterans Service Organizations (VSO), and school organizations, and received positive feedback. VA will begin collecting data elements from our stakeholders in August 2013.

EO 13607 also requires VA and DoD, in consultation with ED, CFPB, and DOJ, to create a centralized complaint system for individuals to register complaints about particular educational institutions on topics such as student loans, quality of education, refund policies, and post-graduation job opportunities. Complaints will be received, processed, responded to, and ultimately transmitted to the Federal Trade Commission’s (FTC) Sentinel database so that the information is available to other Federal agencies, law enforcement organizations, and SAAs. VA will review and triage all complaints

received. Valid complaints will be sent to schools or employers for a response and to the FTC's Consumer Sentinel Network.

Public Law 112-249

P.L. 112-249, was enacted on January 10, 2013, and much of the new law overlaps and complements the work of EO 13607. P.L. 112-249 requires VA to develop a comprehensive policy to improve outreach and transparency to Veterans and Servicemembers through the provision of information on institutions of higher learning (IHL) and to implement online tools to facilitate the policy. The law also requires VA to develop a policy and plan for promoting Chapter 36 educational and vocational counseling to Veterans and recently separated members of the Armed Forces; develop a centralized mechanism for tracking and publishing feedback from students and SAAs regarding the quality of instruction, recruiting practices, and post-graduation employment placement of IHLs; and develop a policy and plan to disapprove any courses offered by an IHL that provides any commission, bonus, or other incentive payment based directly or indirectly on success in securing enrollments or financial aid to any persons or entities engaged in any student recruiting or admission activities or in making decisions regarding the award of student financial assistance. VA was also required to perform two market surveys related to academic readiness and commercially available off-the-shelf online comparison tools.

To implement P.L. 112-249, VA is partnering with ED, DoD, CFPB, and the National Association of State Approving Agencies. As required by this law, VA submitted a report to the Congress in April 2013 that included a description of the

comprehensive policy, our plan to implement the policy, and the results of the market surveys conducted to determine the availability of commercially available off-the-shelf online tools. The full report is available on our GI Bill Web site.

As a result of the market surveys, VA plans to pilot use of an online assessment tool called CareerScope® that allows a Veteran or Servicemember to assess whether he or she is ready to engage in postsecondary education and determine his or her likely vocational aptitude. VA conducted another market survey for an online tool that provides a Veteran or Servicemember with a list of providers of postsecondary education and training opportunities based on specific postsecondary education criteria selected by the individual. We discovered that many online tools provide much of the required information; however, none of the Web sites provide all the data required in the law. As a result, VA plans to build a tool that aggregates information from existing Web sites to provide all data, which will be hosted on the GI Bill and eBenefits Web sites.

To promote Chapter 36 educational and vocational counseling (provided under 38 United States Code (U.S.C.) § 3697A), VA will increase awareness and inform eligible participants about Chapter 36 counseling services, including how to determine an appropriate degree program and the education benefit program most appropriate for their individual circumstances. VA will facilitate applications for interested eligible participants as a part of the redesigned Transition Assistance Program (TAP) process. VA is also promoting Chapter 36 counseling services through the VetSuccess on Campus programs at more than 32 schools. In addition, we will provide information about Chapter 36 counseling services to our stakeholders, including other Federal agencies, VSOs, school certifying officials, SAAs, and other private-sector entities that

provide information and guidance to Veterans and Servicemembers about VA educational benefit programs. Title 38, U.S.C., section 3697, currently appropriates payments not to exceed \$6 million in any FY for contract vocational and educational counseling. VA submitted an FY 2014 legislative proposal to increase the amount to \$7 million. By FY 2014, VA expects a substantial increase in requests for these counseling services due to vocational assessments required for VA's collaboration with DoD's Integrated Disability Evaluation System, VetSuccess on Campus program, and the ongoing modernization of TAP in conjunction with the current military drawdown.

P.L. 112-249 provides a process for acquiring the necessary information and the guidelines for communicating with IHLs. It also specifies that VA efforts should not duplicate the efforts being taken by other Federal agencies. It further specifies that VA's comprehensive policy must be consistent with the requirements and initiatives of EO 13607.

The Cost of Postsecondary Education and the Increase in Non-college Degree Programs

VA's focus, through implementation of the EO and P.L. 112-249, is to do everything possible to ensure Servicemembers, Veterans, and family members are informed consumers, so they pursue an approved program of education at the academic institution – public, private non-profit, or private for-profit – that best meets their specific needs and that results in good educational and professional outcomes and a smooth transition to civilian life. As part of the Veterans Opportunity to Work to Hire Heroes Act of 2011, which made TAP generally mandatory for all separating

Servicemembers, VA worked with DoD and ED to redesign the curriculum. As part of the new Transition Goals, Plans, and Success (Transition GPS) curriculum, Servicemembers will receive pre-separation counseling and register for an eBenefits account. Transition GPS also has a new optional track, Accessing Higher Education, which provides information on education and/or training opportunities including VA education benefits.

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 Committee and our Federal agency partners to provide the very best support possible to our Veterans and beneficiaries as they pursue their educational goals. Through further continuing interagency cooperation and student outreach, VA will ensure that Veterans are informed consumers and that schools meet their obligations in training this Nation's next "greatest generation."

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