


To ¹Protect Veterans, Keep The VA Ban On Employees Working With For-Profit Colleges

By ROBERT SHIREMAN on October 5, 2017

T&P ON FACEBOOK 

On Sept. 14, the Department of Veterans Affairs quietly announced (<https://www.federalregister.gov/documents/2017/09/14/2017-19480/employees-whose-association-with-for-profit-educational-institutions-poses-no-detriment-to-veterans>) that it will waive a common-sense ethics law for all of its employees. For over 50 years, the VA has prohibited employees from receiving payments or having other financial relationships with for-profit colleges that receive GI Bill funds. In announcing plans to scrap this ethics law, the agency falsely claimed that the ban was an outdated and redundant provision because it was enacted “before there were conflict-of-interest laws applicable to all Executive Branch employees.”

But this isn't true. In 1966, Congress deliberately created a ban with a wider scope than other existing ethics laws to explicitly protect veterans. Rather than just banning outright bribes and establishing rules against employees with conflicts of interest influencing regulatory decisions, the VA rules established a broad prohibition on any type of financial connection between a VA employee and a for-profit college that uses the GI Bill. The law allows the Secretary of Veterans Affairs to waive the ban if doing so is warranted in individual cases, to prevent for-profit colleges from mining the sleazy gray area (<https://www.theatlantic.com/business/archive/2017/01/trumps-appointees-conflicts-of-interest-a-crib-sheet/512711/>) between the usual conflict-of-interest laws and ethical behavior.

It is hard to overstate how severe the systemic corruption by college owners can become. The original author of the ban was Texas Congressman Olin Teague (<https://tcf.org/content/report/truman-eisenhower-first-gi-bill-scandal/>), known as “Mr. Veteran” for his combat service in World War II and his many years as chairman of the House Veterans Affairs Committee. Congressman Teague saw first-hand the schemes by for-profit schools to take advantage of the educational benefits that Congress had provided to veterans. A 1952 investigation (<https://drive.google.com/file/d/0B7aqIo3eYEUtZzJYWnpRbVkwZEO/view?usp=sharing>) led by him found “collusion, bribery, fraud and inefficiency,” resulting in millions of dollars of overpayments to school owners.



Photo via DoD

Anthony Weeks, 88th Force Support Squadron veteran affairs benefits advisor, shows students the eBenefits website to inform and assist transitioning military members and veterans with regard to VA entitlements such as GI Bill education benefits, disability compensation, vocational rehabilitation and employment, VA healthcare, and the VA Home Loan Guaranty, during a class session for the Transition Assistance Program Oct. 21, 2016 at Wright-Patterson Air Force Base, Ohio.

To drum up business, for-profit schools spent large sums toward marketing efforts that exclusively targeted veterans, because no one but the VA would pay these schools' exorbitantly inflated tuition costs. These days, predatory for-profit schools continue to target their marketing at veterans (<http://www.nytimes.com/2011/09/22/opinion/for-profit-colleges-vulnerable-gis.html?mcubz=3>) and low-income students who qualify for the maximum federal aid, because, just as before, they see these students as easy routes to taxpayer money. As a result of a "pattern of corruption" involving schools and agency employees, "the best interests of the Federal Government and the veteran have suffered," the investigation concluded.

Teague found that to ensure that poor quality programs would pass VA muster, school owners and executives cozied up to their regulators, much as they try to do today. In addition to giving gifts and doing favors for VA employees, school owners gave them part-time extra jobs, made loans to them, and even granted them partial ownership in schools. As Teague's investigation pointed out, a VA employee "will obviously be inclined to be lenient if he owns an interest in a private school or is involved with the owners of private schools." This is true even if he is not technically making a regulatory decision about the school he owns.

In Teague's time, the VA employees had a dismissive and cavalier attitude (https://www.washingtonpost.com/politics/2017/live-updates/trump-white-house/confirmation-hearings-trump-speaks-and-vote-a-rama-analysis-and-updates/fact-check-trumps-claim-that-the-president-cant-have-a-conflict-of-interest/?utm_term=.ef5a744cb4b0) toward the ethic laws already in existence, viewing the greasing of palms to be a great American custom. "It is quite apparent from the attitude of the employees involved that they believe there is no harm in the acceptance of gifts, gratuities, discounts, entertainment, etc.," the Teague report found, "and in many instances these employees are inclined to ridicule the rules and regulations against such practices and, even after receipt of recent instructions emphasizing the applicable regulations, have in great measure ignored them."

The current Department of Veterans Affairs is correct that the ban on financial entanglement between VA employees and for-profit schools is, in some ways, overly broad, prohibiting some relationships that obviously do not create any ethical problem. But that's why the law allows for a waiver in individual circumstances: It was a smart approach made necessary by the aggressive efforts by for-profit colleges to get favorable treatment while their schools fail to provide what veterans and what taxpayers are paying for. The ban should be waived for individual cases that pose no hazard, not summarily and proactively thrown out for every employee, as the VA plans to do.



Photo via DoD

Recruits of Delta Company, 1st Recruit Training Battalion, learn about educational benefits Aug. 26, 2015, on Parris Island, S.C. During the class, recruits learn about the various tuition assistance programs available, such as the Post-9/11 G.I. Bill and the Montgomery G.I. Bill.


In July, the VA's Inspector General found (<https://www.va.gov/oig/pubs/VAOIG-14-03508-275.pdf>) that an agency employee was earning extra income by teaching at several for-profit colleges, likely in violation of the 1966 ban. Perhaps it was innocent and appropriate. But imagine the possibilities: What better way for a school owner to ingratiate himself to a VA employee than by asking that employee to moonlight as an esteemed professor at the institution? Given the history and the financial incentives of school owners, it is neither unreasonable nor overly burdensome to ask VA employees to seek a waiver. That's the way Congress intended the law to work.

Secretary of Veterans Affairs David Shulkin is well aware of the scams (<https://www.nytimes.com/roomfordebate/2016/06/09/should-for-profit-colleges-be-able-to-benefit-from-the-gi-bill/for-profits-have-incentives-to-misuse-federal-money?mcubz=3>) that have plagued the GI Bill program in recent years, especially in combination with lax oversight of the Education Department's student loan program. Slashing the 1966 ethics law does not do justice to veterans, and certainly violates the spirit, if not the letter, of the law itself. Secretary Shulkin should reverse his agency's plans and stick to the law as written and as intended. Our veterans' livelihoods are at stake.

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