



VETERANS EDUCATION SUCCESS

Oral Testimony of

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Oversight Hearing

House Committee on Veterans Affairs
Subcommittee on Oversight & Investigations

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Chairman Pappas, Ranking Member Bergman, and Members of the Subcommittee:

Thank you for the opportunity to provide input on VA overpayments and debt collection procedures. Veterans Education Success is a non-profit organization that provides free counseling and legal assistance to students using their GI Bill and military education benefits and works to advance higher education success for all military-affiliated students.

We greatly appreciate the Subcommittee's attention to this very important issue.

We have helped approximately 5,000 veterans with GI Bill problems. We have seen a recent uptick in the number of military-connected students who are experiencing VA clawbacks of their hard-earned GI Bill, giving us a first-hand view of how opaque and, frankly, Kafkaesque the process can be.

Veterans' complaints largely fall into two main overpayment situations: Overpayments for a dropped class, and retroactive readjustments of GI Bill benefits awarded to a veteran.

A 2015 GAO report found that a startling one in four Post-9/11 GI Bill students experienced a GI Bill overpayment. According to GAO, 90 percent of GI Bill overpayments are caused by veteran enrollment changes. The problem is that VA disburses the entire term of Post 9/11 GI Bill benefits after a veteran sits for just one day of class. If students drop out or drop a class after the first day, the school still gets the tuition and fees for the entire term. This has led unscrupulous college recruiters to lie to veterans to get them to enroll, knowing the student will likely drop out quickly.

Worse still, VA comes after the veteran for the overpaid tuition, even though the tuition never touched the veteran's hands but was sent straight to the school. This defies common sense. Students are being asked to come up with tens of thousands of dollars that they don't have and never touched. In contrast,

the US Department of Education delays disbursement until after the typical college “add/drop period” and claws back tuition from the school, not the student.

We thank the Subcommittee on Economic Opportunity – and many Members here today – for working with us to solve this through the bipartisan Forever GI Bill Class Evaluation Act, which would delay GI Bill disbursement until after the typical “add/drop period” – and the bipartisan Student Veteran Empowerment Act, which would require VA to verify Post-9/11 GI Bill enrollment on a monthly basis (as it already does for the Montgomery GI Bill), rather than waiting until the end of the semester.

Another problem we urge the Subcommittee to address is retroactive readjustment of education benefits.

One case brought to VES involves a beneficiary who had the Post-9/11 GI Bill transferred to her by her father, who was assured by his personnel office that retiring 33 days before the end of the two-year service obligation he incurred for transferring his education benefit would not affect that benefit transfer. VA approved her GI Bill and she went to college. Nevertheless, seven years after her father retired, and six years after she graduated, VA sent her a debt collection notice stating that she owed up to \$100,000, and that they were also going to restore *her father’s* education benefit, in clear contravention of the wishes of the family. If a veteran lied to VA, then VA should go after the veteran. But VA administrative errors are not a veteran’s fault. If VA certifies a student’s eligibility, it can’t ask for repayment six years after the student relied on VA’s approval and graduated.

Now, turning from GI Bill specifics to VA’s overall debt collection practices, we have identified a number of critical problems we hope the Subcommittee will address. First, VA’s aggressive collection tactics are, on their face, in opposition to VA’s emphasis on serving those who have committed to defend us.

For example, GAO found VA collects nearly all its debts by withholding a veteran’s other benefits – such as withholding 100% of a disabled veteran’s much-needed living allowance.

Importantly, VA’s regulation calling for “aggressive” debt collection goes well beyond what is called for by the statute. We urge the Committee to require VA to bring its regulations in line with the statute, and also forbid VA from taking more than 25% of a veterans’ benefits to cover unrelated debts to VA.

Second, VA’s aggressive debt collection methods are particularly unfair, given that VA relies on outdated methods of notifying veterans. VA’s letters alerting veterans of a debt are often confusing, and sent to outdated addresses.

As one military-connected student who came to VES for help said:

“I... don’t believe a human has looked at any of the letters I have been sent. They don’t add up or make sense. Semesters are omitted, figures they quote as [to] what I “owe” on one document don’t match with figures they quote on a different document. Dates and explanations don’t make sense.”

In sum, we firmly believe VA can do better, and we request the Committee’s assistance in ensuring this happens. Thank you for the opportunity to present our views and I am ready to answer any questions you might have.