



VETERANS EDUCATION SUCCESS

September 10, 2019

FOR IMMEDIATE RELEASE:

CONTACT:

Walter Ochinko, Research Director (202) 657-1254

Carrie Wofford, President (202) 422-6338

Veterans Education Success Releases Two Reports Raising Concern that VA's Increased Tasking of SAAs with Payment Audits is Impeding Quality Oversight of Schools and that Inconsistent Governing Statutes are Fueling Disagreements Between VA and the States

Reports Shed Light on VA's Decision on Friday to Suspend California's Role as a State Approving Agency for GI Bill and California's Refusal Today to Step Down

Washington, DC – Today, Veterans Education Success (VES) is releasing two reports:

- **[“Overemphasis on Payment Accuracy Impedes More Effective SAA Oversight of Schools Participating in the GI Bill”](#)** – which documents VA's increased tasking of State Approving Agencies (SAAs) with payment audits rather than quality oversight of schools, and explores the tension this is creating between VA and SAAs, as well as the resulting insufficient college oversight. The report explores the recent history of statutory and regulatory changes that have weakened SAAs' oversight of school quality, as VA has increasingly tasked SAAs with payment audits that crowd out quality reviews. The VA Inspector General reported in December 2018 that school oversight by VA and SAAs is inadequate and that VA will waste \$2.3 billion over the next 5 years in GI Bill payments to schools that should not have been approved, many of which utilize deceptive recruiting and should not be approved for GI Bill, per 38 USC 3696. The report highlights recent moves by VA to exercise more control over SAAs, including a concerning requirement by VA that states should ignore accreditor probations (described in more detail below). These changes underpin the disagreements between VA and California that led to VA's [suspension](#), on Friday, of California's role as a State Approving Agency, and California's [refusal](#), today, to cease its work overseeing colleges for GI Bill.
- **[“VA and SAA Approval and Disapproval Authority Should be Clarified”](#)** – which documents, for the first, time, significant inconsistencies in the statutes and regulations governing VA and SAA authorities to approve and disapprove colleges for the GI Bill.

Following a thorough review of all statutes and regulations governing GI Bill approval and disapproval, we found inconsistencies that we believe are creating ambiguity and allowing for the emergence of dueling narratives between VA and SAAs as to their respective roles and responsibilities. In 2011 and 2016, the statutory language describing those roles and responsibilities was amended. The 2011 changes, made in the context of a significant restructuring of SAAs' day-to-day responsibilities, undermined the primacy of SAAs' approval and disapproval authority. The 2016 changes were intended to restore SAA's approval authority primacy, but were piecemeal, not comprehensive, contributing to ambiguity and disagreements between VA and SAAs. We conducted a thorough review of all statutes and regulations governing approval and disapproval of GI Bill programs, documented in the report. We found significant inconsistencies, which contribute to tension between VA and the SAAs.

“Our reports expose the dangers of VA’s increased tasking of SAAs with payment accuracy rather than quality oversight and of the statutory inconsistencies and ambiguities that are fueling tension and disagreement between VA and the states,” said VES Research Director Walter Ochinko.

VES President Carrie Wofford said, **“We urge VA to prioritize more careful oversight of the quality of college programs, especially in light of the VA Inspector General’s [warning](#) that VA will waste \$2.3 billion over the next 5 years in GI Bill payments to schools that should not be approved, primarily those that engage in deceptive recruiting and marketing. And we urge Congress to address the statutory inconsistencies and VA’s overemphasis on payment accuracy to the detriment of quality oversight, identified in our reports today. America wants and needs quality oversight of colleges receiving the GI Bill.”**

These reports also help illuminate some of the tensions at play in Friday’s [announcement](#) by the U.S. Department of Veterans of Affairs that it is suspending the California State Approving Agency, and California’s [response](#) today that it refuses to be cease oversight of colleges receiving the GI Bill.

The tension between California and VA has its roots in their dueling narratives about their respective roles and responsibilities, which is caused by inconsistencies in statute and regulation – uncovered today in VES’ report, **[“VA and SAA Approval and Disapproval Authority Should be Clarified.”](#)**

Some of the reasons VA cites in its suspension letter to California are explained in more detail and nuance in our reports, especially in the context of a larger tension over how much time SAAs should spend on payment accuracy rather than on substantive oversight of the quality and core deficiencies of schools. For example:

- VA cited California’s failure to conduct a sufficient number of compliance audits. But, for years, VES and SAAs across the country have urged VA to stop prioritizing these payment accuracy audits over quality oversight of colleges, especially of the known bad actor colleges that are under law enforcement action for defrauding students. VES’

report, “[Overemphasis on Payment Accuracy Impedes More Effective SAA Oversight of Schools Participating in the GI Bill](#),” provides the history and context for this argument between VA and SAAs.

- VA criticized California’s action to suspend GI Bill at the for-profit Thomas Jefferson School of Law, following its [probation](#) by its accreditor, the American Bar Association (ABA), over its finances, admission practices, bar passage rates, and graduates’ employability as lawyers. VA [required](#) California to reverse this decision and even issued a [policy advisory](#) to all SAAs stating that interim actions by an accreditor are not final actions and should be largely ignored because “it is inefficient and a waste of VA resources for an SAA to... expend further resources in an attempt to confirm or overrule their determinations.” For many years, VES has called on VA and SAAs to pay careful attention to negative accreditor actions, as they provide a clear warning sign about deficiencies at a college. The seriousness of the probation of Thomas Jefferson is made clear by the [ABA’s decision](#), in June 2019, to withdraw the school’s accreditation entirely (an action the school is appealing). Today’s report provides key details and implications of the Thomas Jefferson example, as well as many others.

“Today’s reports provide critical history, context, and explanation of some of the tensions between California and VA at issue in VA’s decision to not renew California’s contract on Friday,” said Walter Ochinko, VES Research Director.

Wofford said, **“We urge VA to rescind its 2018 policy advisory and instead encourage states to pay careful attention to accreditor actions, including probations. It defies common sense to suggest accreditor probations should be ignored, given that they provide critical warning signs about a college’s deficiencies.”**

#