



VETERANS EDUCATION SUCCESS

TESTIMONY OF

TANYA ANG, VICE PRESIDENT

CONGRESSIONAL AND ADMINISTRATION PRIORITIES FOR THE NEXT CONGRESS

SUBMITTED TO THE

SUBCOMMITTEE ON ECONOMIC OPPORTUNITY

COMMITTEE ON VETERANS AFFAIRS

U.S. HOUSE OF REPRESENTATIVES

December 8, 2020

Chairman Levin, Ranking Member Bilirakis, and Members of the Subcommittee:

Veterans Education Success is a non-profit organization with a mission to advance higher education success for servicemembers, veterans, their families and survivors, and to protect the integrity and promise of the GI Bill and other federal education programs.

In addition to research, providing free casework to students having trouble with the GI Bill or impacted by predatory schools, and elevating military-connected students' voices so that they can share both their positive and negative higher-education experiences with policymakers, we are focused on addressing ways to increase the continued academic success of military-connected students in the pursuit of their post-military career goals.

We would like to extend our heartfelt thanks to the Subcommittee for its unanimous passage of HR 4625, "Protect the GI Bill Act" that provides critical oversight and risk-based reviews of colleges approved for GI Bill. We look forward to seeing its passage through the Senate and signed into law this congressional year.

As you craft your 2021 priorities, we would urge you to shift your focus from your successful legislation establishing risk-based oversight of existing GI Bill-approved colleges -- which is

essentially the back-end, after-the-fact oversight -- to now consider the program approval statutes -- which are outdated -- and which should provide up-front gate-keeping.

The COVID crisis exacerbates the need for the Subcommittee's attention to several issues.

I. ENSURE THE GI BILL IS WORKING AS INTENDED TO HELP VETERANS OBTAIN VIABLE CAREERS IN THE CIVILIAN WORKFORCE

ENSURE QUALITY IN ONLINE LEARNING

In order to address the nationwide shutdowns due to COVID, many colleges have moved their classes online. This necessitates stronger rules about quality in online education to ensure student veterans, and the US taxpayer, get a sufficient return on their investment. We have heard complaints from students that the quality of education they have received during COVID has dropped significantly with education moving primarily online. Students have shared with us that they have withdrawn from classes because they were not happy paying the amount of money they were paying to watch YouTube and other similar videos.

We encourage the Subcommittee to ensure there are sufficient rules in place at VA to require quality in online learning, especially:

- That courses being held virtually and approved for GI Bill will still meet all **prerequisite requirements** for the student's subsequent course work and licensure.
- **"Regular and substantive interaction"** between virtual faculty and students, as the Education Department requires. The Education Department's requirement was [established](#) in response to predatory correspondence courses targeting veterans after the establishment of the GI Bill following World War II.¹ Regular interaction with subject matter experts is essential to ensuring student veterans are receiving a worthwhile education, and we encourage VA to implement a similar requirement and monitor colleges' compliance to best promote success for student veterans.
- That **"clock hours"** used by virtual career and vocational training programs that offer hands-on training are live and not asynchronous (pre-recorded) classes. Career and vocational training programs often use "clock hours" instead of credit hours to measure the students' amount of time in class. It is vital that programs that rely on hands-on experience use live instruction to ensure the students have completed the necessary hours of training. Additionally, further reporting and transparency are needed regarding these programs and how they are accomplishing their hands-on training.
- Oversight of for-profit **online program management** (OPM) companies. Many schools are partnering with OPMs to offer numerous services. A loophole in guidance at the Education Department [allows](#) for violations of the incentive compensation ban for

¹ David Whitman, *The Cautionary Tale of Correspondence Schools*, New America (Dec. 11, 2018), <https://www.newamerica.org/education-policy/reports/cautionary-tale-correspondence-schools/>.

recruiting if revenue is shared as part of a bundled package of services.² Given the 90/10 loophole and the incentive for low-quality for-profit colleges - and likely for-profit OPMs - to target student veterans for their GI Bill benefits, the VA should conduct oversight of OPMs and their recruiting practices.

- That colleges ensure students have access to **adequate technology and connectivity** to engage in online coursework.

IMPROVE THE APPROVAL CRITERIA FOR GI BILL PROGRAMS

Veterans and taxpayers count on the GI Bill to ensure veterans' smooth transition to a successful civilian career. Both veterans and taxpayers actively rely on VA's program approval as a "stamp of approval" by VA. They expect a minimum quality of education.

But unfortunately, there are too many programs that are not educating veterans, and some that are even hurting veterans, and should never have been approved. The statutes governing program approval are outdated (referencing classes taught "by radio," for example) and are quite lax -- allowing many veterans to be harmed before the problems are discovered.³

The veterans we serve who attend fraudulent or low-quality schools are often angry that VA put its "stamp of approval" on a school that was not worth the veteran's time and taxpayer money. Why were obvious scams like FastTrain College⁴ and Retail Ready Career Center⁵ approved in the first place for GI Bill? Both were a waste of taxpayer money, even before the FBI stepped in.

Currently, we are alerting the VA Inspector General to two GI Bill colleges that similarly should never have been approved -- a facade bible college and a dog training program. Both "schools" take veterans' GI Bill benefits, including their housing, fail to provide any substantive education

² Alejandra Acosta, Clare McCann and Iris Palmer, *Considering an Online Program Management (OPM) Contract*, New America (Sept. 15, 2020), <https://www.newamerica.org/education-policy/reports/considering-online-program-management-opm-contract/>.

³ 38 USC 3672 has almost no requirements. It also incorporates, by reference, the program approval requirements of Chapters 34 and 35, but those are also extremely minimal, forbidding only, for example, bartending and personality development courses, and restricting "radio" courses (indicating an out-of-date statutory framework). 38 USC 3675 (approval of accredited courses) requires only that the school is recognized by a recognized accreditor and keeps records on students and credits, and that the State Approving Agency looks at the catalogue, with no further guidance. But some accreditors offer no real service, like ACICS (which accredited ITT Tech, Corinthian, and was caught this year by USA Today accrediting [a school with no teachers](#)). 38 USC 3676 (approval of nonaccredited courses) has more restrictions, but many are undefined, including no definition of "quality" in (c)(1); no definition of teacher "qualifications" in (c)(4); no definition of "financially sound" in (c)(9) (which could easily be defined by reference to US Education Department standards); inadequate ban on deceptive advertising in (c)(10) (which should be clarified to ban any school that has faced legal or regulatory concerns over its advertising in the prior 5 years); and no definition of "good character" in (c)(12) (which should be clarified to ban administrators and teachers who have faced legal or regulatory action or any action by a licensing board).

⁴ Carli Teproff, *Now defunct for-profit college must pay the government \$20 million, a court rules*, Miami Herald (Feb. 21, 2017), <https://www.miamiherald.com/news/local/education/article134161714.html>.

⁵ Department of Justice Press Release, *For-Profit Trade School Owner Charged with Defrauding VA, Student Veterans* (Nov. 23, 2020), <https://www.justice.gov/usao-ndtx/pr/profit-trade-school-owner-charged-defrauding-va-student-veterans>.

and make the veterans perform menial labor. The veterans at these “schools” have wasted their GI Bill and also been treated poorly.

The problem is likely to be exacerbated during COVID, as low-quality and predatory colleges are increasing enrollment as they dramatically ramp up their [advertising](#)⁶ and [recruiting](#).⁷ The National Student Clearinghouse [found](#) that undergraduate enrollment was down at all types of institutions, except for four-year for-profit universities whose enrollment increased by 3%.⁸ This includes low-quality programs with little substance.

There is a growing consensus -- including among State Approving Agencies (SAAs), as reflected in their legislative agenda -- to strengthen the program approval criteria.

We urge the Subcommittee to require minimum quality metrics before a school’s program being approved. We offer the following suggestions for your consideration to strengthen program approval statutes:

1) Ensure VA Tuition Funds are Spent on Veterans’ Education

Just as the Subcommittee recently required public universities to charge VA no more than in-state tuition rate to educate a veteran, so too the Subcommittee should protect taxpayer funds from private colleges that charge VA exorbitant tuition for a veteran but fail to spend the tuition on the veteran.

How much a college spends on instruction is [shown](#) to directly impact student outcomes and is an important measure of the quality of education and students’ ability to obtain employment.⁹ All colleges report how much they spend on instruction versus other costs annually to the Education Department. The vast majority of colleges spend nearly all their tuition on instruction. Indeed, a large number of colleges spend more educating students than they charge in tuition. For example, in 2017 Stanford University spent 248.3% and the State University of New York Polytechnic Institute spent 220.9% of tuition revenue on instruction.¹⁰

⁶ Lindsay McKenzie, *COVID-19 College Marketing Draws Criticism*, Inside Higher Ed (Aug.19, 2020), <https://www.insidehighered.com/news/2020/08/19/college-advertising-during-covid-19-draws-criticism>.

⁷ TechHR News Desk, *Zovio to Hire 200 Enrollment Advisors as Unemployment Soars in Wake of Coronavirus Pandemic*, TechHR Series (Mar. 27, 2020), <https://techrseries.com/news/zovio-to-hire-200-enrollment-advisors-as-unemployment-soars-in-wake-of-coronavirus-pandemic/>.

⁸ National Student Clearinghouse Research Center, *Fall Update on Higher Education Enrollment* (Oct. 2020), https://public.tableau.com/profile/researchcenter#!/vizhome/FallFlashReport2October/Fall2020EnrollmentNo_2.

⁹ *Should College Spend the GI Bill on Veterans’ Education or Late Night TV Ads?*, Veterans Education Success (April 2019), available at <https://vetsedsuccess.org/should-colleges-spend-the-gi-bill-on-veterans-education-or-late-night-tv-ads-and-which-colleges-offer-the-best-instructional-bang-for-the-gi-bill-buck/>.

¹⁰ Id. at 9.

But there are [107 schools](#) approved for the GI Bill that spent less than 20% of tuition on student instruction.¹¹ These schools charged taxpayers \$703 million in Post-9/11 GI Bill tuition and fee payments in 2017, but only one in five of the schools had better than a 50% graduation rate or better than 50% of their students earning more than a high school graduate. In contrast, schools that spent more than 20% of gross tuition on instruction were twice as likely to hit these student outcomes benchmarks.¹²

Incredibly, four schools receiving GI Bill spent less than 10% of tuition on student instruction in 2017, charging taxpayers \$83 million in GI Bill in 2017, but taking \$75 million for non-instructional purposes (such as late-night TV ads and aggressive call centers that cold call veterans and servicemembers).¹³ These four schools¹⁴ had a graduation rate of only 26%. Two of these schools are owned by one company, Perdoceo Education Corporation (formerly Career Education Corporation), which was sued by 48 states plus the District of Columbia, and which, according to its 2019 filings with the US Securities and Exchange Commission, spent more of tuition on marketing (nearly 23%) and on recruiting (another 14.5%) than it spent on instruction, a recipe likely to lead to poor outcomes for students.¹⁵ In other words, of the \$65 million in GI Bill funds this company received in 2017, it diverted nearly \$60 million away from veterans' education and spent more than \$24 million on the very recruiting and marketing that led 48 states plus the District of Columbia to bring legal action for deceptive recruiting.

We urge the Subcommittee to require programs to spend at least one-third of the tuition they charge VA for a veteran on that veteran's instruction. The Subcommittee recently required public universities to charge VA no more than in-state tuition rate to educate a veteran, and should now ensure that private colleges are not overcharging VA. This could be accomplished without extra burden on the State Approving Agencies (SAAs), by having schools report, and attest, to SAAs the percent of tuition they spend on instruction (which schools already report each year to the Education Department in the IPEDS Finance Survey.) It is unfair to veterans and a waste of taxpayer dollars to have two-thirds of money intended to be used for preparing transitioning servicemembers and veterans for the civilian workforce instead be spent on frivolous things -- especially when the training GI Bill beneficiaries then receive is subpar.

2) Require Minimum Student Outcomes

The primary goal of the GI Bill is to create an opportunity for veterans to receive the necessary training and education to accomplish their long-term career goals after their service. Therefore, it is imperative that programs approved to use the GI Bill meet minimum quality metrics and

¹¹ *Id.* at 1.

¹² *Id.*

¹³ *Id.* at 11.

¹⁴ The four schools are Colorado Technical University, American InterContinental University, Capella University, and Abco Technology. Perdoceo Education Corporation (formerly Career Education Corporation) owns both Colorado Technical University and American InterContinental University. See *Id.* at 11. <https://vetsedsuccess.org/should-colleges-spend-the-gi-bill-on-veterans-education-or-late-night-tv-ads-and-which-colleges-offer-the-best-instructional-bang-for-the-gi-bill-buck/>

¹⁵ *Id.*

provide a return on investment for both the hard-earned benefits of GI Bill beneficiaries and the investment of the American taxpayer.

Unfortunately, some programs approved for GI Bill do not offer the quality of training GI Bill beneficiaries deserve. The Education Department established the College Scorecard to measure, among other areas, the annual earnings of former students up to 10 years post-completion. The Department of Treasury shares earnings data from administrative tax records with the Education Department to track this information. This data shows that students from some of these low-quality programs are left earning no more than a high school graduate, and sometimes are in a worse place because they've incurred unnecessary debt and wasted their benefits on a worthless degree. For example, in our [analysis](#) of Education Department data, 70% of students at schools approved by the once-derecognized¹⁶ accreditor ACICS earned no more than a high school graduate, and ACICS students were twice as likely as others to have unmanageable debt.¹⁷ Additionally, numerous trade schools provide a weak return on investment. In our [issue brief](#), we found that, while certificate programs at Title IV-participating schools that enroll GI Bill beneficiaries have strong graduation and retention rates, less than half of graduates at the schools we examined earned more than a high school graduate 10 years after enrolling.¹⁸

We urge the Subcommittee to require minimum quality standards for a school to be eligible for GI Bill funding. This could be accomplished without burden on SAAs by relying on the publicly available outcome metrics published by the Education Department's College Scorecard, or by having schools report (and attest) to SAAs their metrics (which schools already report annually to the Education Department):

- ***Student earnings*** are the key measure of the return on investment. The Education Department publicly reports the median salaries of students after graduating or leaving a program. The simplest approach would be to require programs to provide enough quality that at least half their graduates earn more than the median salary of people in their state who never received any postsecondary training (per the US Census Bureau's American Community Survey data). If most students who attended an institution earn the same or less than the median high school graduate in their State, then the institution has provided zero return on investment.

¹⁶ ACICS was [de-recognized](#) by the Education Department in 2016 for failing to meet minimum Department standards. Political appointees in 2018 overrode the career staff and re-recognized ACICS despite its failure to meet 3 of the 4 required minimum standards. Currently, ACICS is being re-reviewed for failure to meet minimum standards.

¹⁷ Walter Ochinko, *Student Outcomes at Colleges Approved by the Accreditor ACICS*, Veterans Education Success (Oct, 2018), <https://vetsedsuccess.org/student-outcomes-at-colleges-approved-by-the-accreditor-acics/>.

¹⁸ Walter Ochinko and Kathy Payea, *Weak Return on Investment at Trade School that Enroll GI Bill Beneficiaries*, Veterans Education Success (Sept. 2019), <https://vetsedsuccess.org/weak-return-on-investment-at-trade-schools-that-enroll-gi-bill-beneficiaries/>.

- **Student debt** is an important metric because the lowest quality colleges produce the most unpaid student debt and defaults. For example, the Subcommittee could reasonably conclude that a college fails students if at least one-third¹⁹ of its students cannot pay at least \$1 of the principal of their federal student debt within three years of leaving school and entering repayment, or if their student debt levels exceed their earnings.
- **Cohort default rates** measure how many students at a program default on their student loans within a certain time frame. This is currently publicly available from the Education Department and demonstrates a serious problem: a program has left its students without marketable skills. The Subcommittee could reasonably conclude that a college should not be eligible for GI Bill approval if more than 20%²⁰ of its students are in default on their loans (as defined by the Education Department's Cohort Default Rate).
- **Graduation rates** -- if combined with graduates' earnings and debt levels -- may provide a helpful view of the education's success. But we caution the Subcommittee not to rely too heavily on graduation rates because that could inadvertently encourage "diploma mills" in which everyone graduates but nobody learns anything.
- **Licensure pass rates**: Programs designed to lead to a licensed occupation (like nurses, psychologists, electricians, lawyers) should be able to demonstrate their graduates have a high pass rate on the licensing exams to be eligible for the GI Bill.

3) Require Faculty Credentials

Faculty who have credentials in the field they are teaching is an important characteristic of a substantive education. Yet our legal team has been working with students where there are no legitimate teachers in sight. There are insufficient requirements in place today to ensure faculty have adequate education, training, and experience to provide a meaningful education.

We urge the Subcommittee to require that programs have teachers with the appropriate advanced degree in the area they are teaching (such as a law degree if teaching law or a Ph.D. or MA if teaching the humanities), as well as relevant license and field experience for licensed occupations. This could be accomplished without burden on SAAs, by having schools report (and attest) to the SAA their faculty credentials.

4) Ensure Schools are Financially Stable

During the COVID-related economic recession, it is inevitable that more colleges will close, thus it is extremely important that schools receiving GI Bill funds have adequate stability to ensure veterans' success. When a school closes students are left stranded, often without access to their transcripts.

¹⁹ According to the US Education Department's data, the bottom 10 percent of institutions have a 25% repayment rate.

²⁰ According to the US Education Department's data, the bottom 10 percent of institutions have a CDR of 20.5% and the bottom 5% of institutions have a CDR of 24%.

We urge the Subcommittee to require screening of a school’s financial stability before its approval. This can be accomplished by simply relying on the Education Department’s list of schools on Heightened Cash Monitoring Level 2 and the list of schools required to obtain a “letter of credit.” For schools that are not Title IV participants, this could be accomplished without burden on the SAAs by having schools report, and attest, to SAAs their compliance with the Education Department’s financial responsibility standards.

5) Never Approve Schools Under Law Enforcement or Regulatory Action

We urge the Subcommittee to prohibit the approval of any school under law enforcement action or punitive action by a state or federal regulatory body. This could be accomplished without a burden on SAAs by having schools report (and attest) to SAAs that they have not faced any regulatory or legal action within the past five years. This common-sense step will ensure veterans and the GI Bill are not subject to potential fraud by a college already known to present law enforcement or regulatory concerns.

II. DIRECT HELP TO VETERANS

REQUIRE ORDERLY SCHOOL CLOSURES

The recession is bound to lead to sudden college closures. Students often find out by showing up for classes only to find the building locked and no access to their transcripts. Large school chains that have shut down without warning to students in recent years include The Art Institute, ITT Technical Institute, Corinthian Colleges, and Argosy University. Students were left in the lurch, left to figure out if the option to transfer even existed. When Argosy University closed its doors, students were left in financial ruin—including many veterans—while the company made sure to spend its last available dollars on corporate and executive bailouts.

We recommend the Subcommittee require all VA-approved programs to agree up-front to an orderly closure process in which students are provided viable transfer options, have free access to their transcripts and records, and are properly notified with advanced warning.

A new law in Maryland provides a useful model. The “[Institutions of Postsecondary Education—Disorderly School Closures Act](#)” protects students in the event of future catastrophic closures by canceling debts owed by students, refunding tuition paid, ensuring that students have transfer options and access to their academic records, and holding school owners responsible for what happens in the event their school goes out of business.²¹

AUTOMATE THE EXISTING GI BILL RESTORATION

Due to COVID, thousands of Americans have become unemployed; unfortunately, veterans were not immune to this. The veteran unemployment rate jumped from 3.8% in March of 2020

²¹ MD orderly school closure law: SB 446 (enacted May 7, 2020), <http://mgaleg.maryland.gov/mgawebsite/Legislation/Details/SB0446?ys=2020RS>.

and hit a high of 11.8% the following month. As of October, the veteran unemployment rate is still at a high of 5.9%,²² Given the COVID crisis, many veterans are struggling financially.

At the same time, VA has experienced [low uptake](#)²³ on its paperwork for GI Bill restoration for veterans who attended schools that closed between January 1, 2015 and August 16, 2017 -- including ITT Tech and Corinthian, which had a [high enrollment of GI Bill students](#).²⁴ It is probable that many veterans who were defrauded by ITT Tech and Corinthian, having attended a low-quality school and not finished that training, are still struggling, out of work, and in need of training that will help them find viable long-term recession-proof career options. Given that the Veterans Benefits Administration has careful records that document a student's attendance at the schools and eligibility for the restoration (e.g., were enrolled within 120 days of the school's closure and whether the veteran has enrolled at a new school), ***we urge the Subcommittee to encourage VA to automate GI Bill restoration based on VA enrollment records, without requiring paperwork from the veteran.*** A simple phone call or email could ascertain if the veteran transferred credits to the new school. If the veteran is not enrolled at a new school, according to VA's records, there is no need for any paperwork to restore his benefits.

PROVIDE GI BILL RESTORATION IN CASES OF FRAUD

Veterans who are deceived by a predatory college into enrolling feel they have been cheated out of their GI Bill. They usually are left with worthless credits or no degree at all and often find themselves with student loans they never authorized or knew about.

Veterans should have the same protections that student borrowers enjoy under the Education Department's Borrower Defense to Repayment. ***We recommend the Subcommittee restore GI Bill benefits if a student claims he or she was defrauded by the school and there exists government evidence of such fraud by the school. In other words, if another arm of the government already has evidence of fraud in the same vein that a student alleges, that student should receive his or her GI Bill back.*** Doing so will help protect the hard-earned GI Bill benefits of some of the most at-risk veterans.

It is worth noting this problem may become worse during COVID, as economists are tracking a dramatic increase in the amount of marketing and advertising by predatory colleges.

- The *New York Times* [noted](#) that online for-profit colleges saw an opportunity for increased enrollment due to campus closures related to COVID-19.²⁵

²² [Bureau of Labor Statistics Data \(bls.gov\)](#)

²³ Natalie Gross, *Why aren't more vets applying to get GI Bill restored?* Military Times Reboot Camp (May 7, 2018), <https://rebootcamp.militarytimes.com/news/education/2018/05/07/why-arent-more-vets-applying-to-get-gi-bill-restored/>.

²⁴ Alex Horton, *Troubled for-profit ITT Tech Institute closes its doors on thousands of student veterans*, Stars and Stripes (Sept. 6, 2016), <https://www.stripes.com/news/us/troubled-for-profit-itt-tech-institute-closes-its-doors-on-thousands-of-student-veterans-1.427381>.

²⁵ Sarah Butrymowicz and Meredith Kolodner, *For-Profit Colleges, Long Troubled, See Surge Amid Pandemic*, The New York Times (Jun. 17, 2020), <https://www.nytimes.com/2020/06/17/business/coronavirus-for-profit-colleges.html>.

- The Century Foundation has been [tracking](#) college advertising since February 2020 and documented the increase in numerous advertising methods from the top 100 online schools in addition to specific advertising related to the pandemic.²⁶
- We [examined](#) social media advertisements in response to the pandemic from 27 primarily for-profit schools and found evidence of increased and pandemic-specific advertising with many of the ads focusing on servicemembers and veterans as well as minorities and other underserved student populations.²⁷

In short, more veterans are likely to experience deceptive and misleading marketing, and more veterans are likely to feel they enrolled at a predatory college only because they were tricked or defrauded into enrolling.

To cover the costs of GI Bill restoration, ***we recommend the Subcommittee authorize VA to have authority to require schools to obtain a financial guarantee through a “[letter of credit](#)”²⁸ which VA can draw upon as needed to restore GI Bill to students.*** The Education Department currently has similar authority. VA could be triggered to require a letter of credit anytime the Education Department has done so. If the Education Department thinks the school poses a risk to Title IV funds, there is no reason VA should not similarly protect Title 38 funds.

Alternatively, we recommend the Subcommittee require all schools or all at-risk schools (such as those under Heightened Cash Monitoring 2 at the Education Department) contribute to a fund -- akin to Unemployment Insurance funds for employers -- which would be available for defrauded GI Bill restoration.

STOP VA’S DEBT COLLECTION FOR GI BILL “RETROACTIVE READJUSTMENTS”

Veterans who come to Veterans Education Success with VA collections for GI Bill overpayments largely fall into two main overpayment situations: overpayments for enrollment changes, and “retroactive readjustments” of GI Bill benefits awarded to a veteran. A “retroactive readjustment” means that VA adjusts a veteran’s GI Bill eligibility after the veteran has used the benefit. We have helped veterans whose GI Bill entitlement has been retroactively lowered, sometimes years after the veteran has completed his degree. We have helped many veterans with retroactive readjustments in the tens of thousands of dollars, and some as high as \$100,000.

If the veteran lied to, or misled, VA in some way, then it is understandable for VA to request reimbursement. ***Absent that, and with enrollment certified by VA officials every semester,***

²⁶ Taela Dudley, *College Marketing in the COVID-19 Economy*, The Century Foundation (Aug. 18, 2020) <https://tcf.org/content/report/college-marketing-covid-19-economy/>.

²⁷ Alex Kish and Walter Ochinko, *Investigative Analysis: Advertising Trends for Selected Postsecondary Institutions during the COVID-19 Pandemic*, Veterans Education Success (Aug. 2020), <https://vetsedsuccess.org/issue-brief-investigative-analysis-advertising-trends-for-selected-postsecondary-institutions-during-the-covid-19-pandemic/>.

²⁸ U.S. Department of Education, *Financial Responsibility Standards Requiring a Letter of Credit*, <https://studentaid.gov/data-center/school/loc>.

we recommend the Subcommittee prohibit VA from retroactively changing a veteran's GI Bill eligibility in cases where the GI Bill student has already finished the classes. In these cases, veterans rely on a promise that the GI Bill would cover their classes, VA comes back to the veteran after the classes are completed to say it was a mistake, and the veteran needs to come up with tens of thousands of dollars. This is patently unfair to the veteran.

Retroactive adjustment of GI Bill benefits can also take place when a school moves from a higher-cost housing allowance (MHA) "code" to a lower-cost one. A defect in the Long Term Solution (LTS) system, which pays GI Bill benefits, is that, if a school moves location, it will trigger an overpayment notice *for any student who has ever attended that school, even if they attended it when it was in the higher-cost area.* VA employees must notice this error and manually correct it. Sometimes they are successful and, like all humans, sometimes they are not. ***We urge the Subcommittee to prohibit retroactive readjustment of MHA if the student attended classes when the school was located in the higher-cost area.***

TEMPORARILY PAUSE VA'S DEBT COLLECTION AND PERMANENTLY CHANGE THE DEBT COLLECTION PRACTICES

As we [testified](#) before the Subcommittee on Oversight and Investigations, VA's debt collection practices are intentionally aggressive.²⁹ VA's regulation at 38 CFR § 1.910, entitled "*Aggressive collection action*," specifically calls for aggressive debt collection. Section (a) states: "*VA will take aggressive collection action on a timely basis, with effective follow-up, to collect all claims from money or property arising from its activities.*" But this is not supported by the statute governing GI Bill overpayments, which provides: "*any overpayment... may be recovered... in the same manner as any other debt due the United States.*"³⁰

A startling 1 in 4 VA education beneficiaries is affected by an overpayment, according to a [report](#) by the US Government Accountability Office.³¹ The impact on veterans is significant. VA has [sent](#) out hundreds of thousands of overpayment notification letters in the past few years and annually recoups around \$1.6 billion in debts.³² To recoup overpayments, VA is allowed to withhold up to 100% of a veteran's monthly disability benefits until the debt is fully repaid. This can contribute to veteran homelessness.

One family we helped had this to say about the stress of the situation:

²⁹ Legislative Hearing before the House Committee on Veterans' Affairs Subcommittee on Oversight and Investigations, Written Testimony of Mike Saunders, Director of Military and Consumer Policy for Veterans Education Success (Sept. 19, 2019), <https://vetsedsuccess.org/our-written-testimony-for-house-veterans-affairs-hearing-on-va-debt-collection-practices/>.

³⁰ 38 USC § 3685(c).

³¹ U.S. Government Accountability Office, *Post-9/11 GI Bill: Additional Action Needed to Help Reduce Overpayment and Increase Collections* (Oct. 2015), <https://www.gao.gov/assets/680/673230.pdf>.

³² Kayla Williams, *Veterans shouldn't have to shoulder VA errors: VA debt collection must be improved*, The Hill (Mar. 2019), <https://thehill.com/opinion/healthcare/436219-va-debt-collection-must-be-improved>.

“VA is charging our son \$100,000+ GI Bill/911 saying he doesn’t qualify for the benefit...they paid four years of college and now...four years later they sent a letter asking to pay back that amount of money. We called them every semester and received letters of the remaining months/benefit. We are under a lot of stress with this...my husband is an 80% Disabled Veteran with 22 years of service/ honorable discharge and I am a disabled person...I don’t stop crying.” – E.R., a mother of a veteran who telephoned Veterans Education Success to seek help on Aug. 19, 2019.

We recommend the Subcommittee:

- (1) Ensure VA’s debt collection remains temporarily paused throughout the duration of the current economic recession, and**
- (2) Revise the statute to prohibit aggressive debt collection if it would lead to financial hardship or homelessness for the veteran.**

III. ADDITIONAL AREAS OF OVERSIGHT NEEDED

CLOSE THE 90/10 LOOPHOLE

A [top priority for veterans and military service organizations](#)³³ is closing the [90/10 loophole](#) in the Higher Education Act, which inadvertently incentivizes for-profit colleges to target veterans, servicemembers, and their families and dependents with deceptive and aggressive recruiting because the schools use the GI Bill and Defense Department tuition assistance to offset the cap on Education Department (Title IV) funds the schools otherwise face. We urge your attention to this. Congress came very close this year, with movement on the National Defense Authorization Act as well as a bipartisan compromise bill in the Senate endorsed by Chairman Lamar Alexander.

We encourage you to work both with the Education & Labor Committee to close the 90/10 loophole on Title IV and also to close it through Title 38 by adding a provision that restricts for-profit colleges’ access to Title 38 funds if those colleges receive more than 90% of their revenue from all federal sources (including Title IV, Title 10, Title 38, and the small pockets of education funding in other titles).

DIGITAL GI BILL

As we have [shared](#) before, the GI Bill system is antiquated and desperately needs to be modernized³⁴:

³³ See Letter from 37 Veterans and Military Service Organizations to Senators Lamar Alexander and Patty Murray and Congressional Representatives Bobby Scott and Virginia Foxx (May 2, 2019), available at <https://vetsedsuccess.org/37-veterans-and-military-service-organizations-write-congress-to-share-our-priorities-for-higher-education-act-reauthorization/>

³⁴ House Committee on Veterans’ Affairs Joint Subcommittee Hearing on the Future of Education Services IT, Veterans Education Success’ Statement for the Record (Sept. 16, 2020), <https://vetsedsuccess.org/our-statement-for-the-record-september-16-house-veterans-affairs-joint-subcommittee-hearing-on-modernizing-vas-education-services-it/>.

- Much of the GI Bill certification and tracking process is done manually for tasks that could easily be automated.
- VA's paper notices by postal mail often do not reach veterans.
- The delays in GI Bill distribution in Fall 2018 were largely due to antiquated IT infrastructure and impacted thousands of beneficiaries.
- The antiquated system leaves VA hamstrung in attempts to analyze and track data, such as student outcomes.

We recommend the Subcommittee include sufficient IT funding is appropriated in its budget request to the Appropriations Committee.

PROVIDE VETERANS THE INFORMATION THEY NEED TO MAKE AN INFORMED COLLEGE CHOICE

Countering the aggressive marketing by predatory colleges necessitates VA provide consumer protection warnings and dramatically improve the GI Bill Comparison Tool.

We recommend the Subcommittee require VA to educate GI Bill students about what a “Master Promissory Note” means because too many veterans wind up with student loans they didn’t understand.

Second, we recommend the Subcommittee require VA to ensure the GI Bill Comparison Tool includes:

- Side-by-side comparisons of schools.
- Searches by major or degree sought and by geographic area.
- Updated student outcome metrics from the Education Department.
- A “Risk Index” to enable students to avoid risky schools and improved “Caution Flags” to show government or accreditor action against the school.
- Student complaints received by VA (and require VA to show all complaints, not just those that have been closed out).
- The inclusion of closed schools like ITT Tech on the data dashboard.
- The option for students to make the narrative portion of their complaint public.

Congresswoman Elaine Luria has introduced [legislation](#) that would address some of these concerns.³⁵ We understand VBA has started a GI Bill Comparison Tool modernization project, so the timing may be good now for the Subcommittee to make its views known.

STRENGTHEN VETERAN READINESS & EMPLOYMENT (VR&E)

We applaud both this Subcommittee’s commitment to the VR&E program and VA’s continued efforts to improve it and hope that more can be done to further strengthen this effective resource to help veterans transition into the civilian workforce. As we [testified](#) last year, ***we recommend the Subcommittee further decrease the number of clients per counselor from 125 clients to around 85 clients per counselor; increase training for VR&E counselors to ensure***

³⁵ H.R. 6157, the Transparency for Student Veterans Act, <https://www.congress.gov/bill/116th-congress/house-bill/6157>.

consistency in counseling, and establish a similar Monthly Housing Allowance (MHA) for VRE students as for Post-9/11 GI Bill.³⁶

GIBILL.COM

VBA recently [lost](#) the ownership of the website domains “GIBill.Com” and “GI-Bill.Com.”³⁷ Ownership of these domains is critical because predatory colleges often hide behind third-party websites to trick veterans and servicemembers. Before 2012, the website “GIBill.Com” purported to be the official VA portal to GI Bill benefits but was a deceptive front for predatory for-profit colleges. The “GIBill.Com” domain was [secured by law enforcement](#) and delivered to VA ownership in 2012. Sometime [after May 20, 2020](#), the “GIBill.Com” domain stopped routing to VA and went back into private ownership.

We urge the Subcommittee to require VA to maintain ownership of all website domains containing “GIBill.”

URGE VA TO BETTER IMPLEMENT “CAREER READY STUDENT VETERANS ACT”

Despite a 2016 statute, some programs that are approved for GI Bill benefits lack the proper programmatic accreditation or state recognition, such that they leave students ineligible for the job they trained for. Congress [enacted](#) the Career Ready Student Veterans Act (Section 409 of [Public Law 114-315](#))³⁸ in 2016 to address this problem, but programs that do not meet these criteria are still being approved for the GI Bill.

Out of the 59 degree programs approved for GI Bill that our 2015 research report, [“The GI Bill Pays for Degrees that Do Not Lead to a Job.”](#)³⁹ identified as not preparing graduates for state licensure or certification, 32 of those programs were still enrolling GI Bill beneficiaries in 2018, despite Congress’ passage of the 2016 law, according to our follow up report, [“Despite a 2016 Statute, The GI Bill Still Pays for Degrees that Do Not Lead to a Job.”](#)⁴⁰ For example, there are law schools approved for GI Bill that lack the proper accreditation by the American Bar Association (ABA), which is necessary to become a licensed lawyer in almost every state. We appreciate the action VA took in early 2020 to disapprove GI Bill eligibility for three California law schools that were not ABA-accredited and for 16 programs at Ashford that failed to meet the

³⁶ House Committee on Veterans’ Affairs Economic Opportunity Subcommittee Hearing on Getting Veterans to Work after COVID-19, Veterans Education Success’ Statement for the Record (July 21, 2020), <https://vetsedsuccess.org/our-sfr-for-july-21-hvac-economic-opportunity-subcommittee-hearing-getting-veterans-to-work-after-covid-19/>.

³⁷ Steve Beynon, *VA has lost GIBill.com rights, and some worry it could prompt scammers to target student vets*, Stars and Stripes (Oct. 15, 2020), <https://www.stripes.com/news/veterans/va-has-lost-gibill-com-rights-and-some-worry-it-could-prompt-scammers-to-target-student-vets-1.648642>.

³⁸ Section 409 of P.L. 114-315, the Jeff Miller and Richard Blumenthal Veterans Healthcare and Benefits Improvement Act of 2016, <https://www.congress.gov/114/plaws/publ315/PLAW-114publ315.htm>.

³⁹ Walter Ochinko, *The GI Bill Pays for Degrees that Do Not Lead to a Job*, Veterans Education Success (Sept. 2015), <https://vetsedsuccess.org/the-gi-bill-pays-for-degrees-that-do-not-lead-to-job/>.

⁴⁰ Walter Ochinko, *Despite a 2016 Statute, The GI Bill Still Pays for Degrees that Do Not Lead to a Job*, Veterans Education Success (April 2018), <https://vetsedsuccess.org/ves-report-despite-a-2016-statute-the-gi-bill-still-pays-for-degrees-that-do-not-lead-to-a-job/>.

Career Ready Student Veterans Act. However, other programs remain GI Bill-approved when they fail the law's standard, including non-ABA accredited law schools. ***We recommend the Subcommittee require VA to train and supervise SAAs to ensure they are implementing the law consistently.***

CONCLUSION

Veterans Education Success sincerely thanks the Subcommittee for discussing these important topics at such a critical time in our country. We hope Congress will continue to work to improve these programs so that veterans can receive the necessary training and education to prepare them for the workforce. Veterans Education Success sincerely appreciates the opportunity to express our views before the Subcommittee today. Pursuant to Rule XI2(g)(4) of the House of Representatives, Veterans Education Success has received no federal grants in Fiscal Year 2020 nor in the previous two years.