



**STATEMENT FOR THE RECORD
SUBCOMMITTEE HEARING ON PENDING LEGISLATION
SUBMITTED TO THE
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES**

March 16, 2022

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

We thank you for the opportunity to share our perspective on the legislation before this body. Veterans Education Success is a nonprofit organization with the mission of advancing higher education success for veterans, service members, and military families, and protecting the integrity and promise of the GI Bill and other federal education programs.

Below we provide feedback on legislation before the Subcommittee. Thank you for your consideration of our perspective on these important issues, and for your commitment to the success of veterans in higher education.

1. GI Bill Program Approval Legislative Proposals

We are pleased to see the topic of 'program approval' for Title 38 GI Bill benefits under such heavy consideration. The two drafts before this Subcommittee demonstrate an unwavering commitment to ensuring veterans receive some return on investment for their GI Bill.

Specifically, the proposals address the minimum standards of quality for education programs, and we applaud this goal. We also look forward to working with this body, and our colleagues from partner organizations, to ensure this legislation is sent to the President's desk for signature this year.

Veterans and taxpayers count on the GI Bill to facilitate a smooth transition from military service to a successful civilian career. Many veterans actively rely on the "stamp of approval" from the U.S. Department of Veterans Affairs' (VA) as an indication of quality; this approval implies the programs are worthy of veterans' time and benefits.

Unfortunately, the current statutes governing program approval are outdated by many years—even referencing classes taught "by radio"—and continue to be a low standard of entry.¹ We appreciate the Subcommittee's recognition that it's time to increase

¹ 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only, for example, bartending and personality development courses, and restricting "radio" courses (indicating an out-of-date

standards of quality, so veterans can count on the VA to deliver on the standard of value veterans rightfully expect.

Presently, too many education programs fail to educate veterans or prepare them for civilian careers. Worse yet, many of these programs cause serious harm to the veterans they are intended to help, including wasted time at subpar schools, burdensome debts, and reputational damage.

Despite their poor results, many of these programs and schools continue to rake in millions of taxpayer dollars through the recruitment and exploitation of veterans and the abuse of their hard-earned GI Bill benefits. Veterans who attend fraudulent or low-quality schools rightly wonder why VA would approve a school plainly known for producing poor outcomes.

Veterans should never have to wonder why VA allowed GI Bill benefits to be wasted at an obvious scam school in the first place, as in the case of FastTrain College and Retail Ready Career Center.^{2, 3} Both of these schools proved to be a significant waste of taxpayer money—even before the FBI and US Department of Justice shut them down for fraud—and yet so many similar examples continue to reap the benefits veterans earned.

We are grateful to the Subcommittee for the two proposals before you today: The *Discussion Draft for Program Approval* as well as the *Quality Education for Veterans Act of 2022*. Setting forth minimum standards for program approval will significantly improve the effectiveness of VA's program approval process and have an outsized impact on the quality of education available to veterans today.

We are grateful for this Subcommittee's work on the issue, and urge the consolidation of the two proposals to ensure student veterans can count on their GI Bill benefits having the intended impact of economic mobility.

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 catalog, 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 Department of Education 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).

² 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>.

³ 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-found-guilty-defrauding-va-student-veterans>.

Schools That Overcharge VA

Through previous legislation, the Committee limited the amount public universities are allowed to charge VA to no more than the in-state tuition rate, regardless of where the veteran lives.⁴ This ensures public colleges are not overcharging VA to educate a veteran, and discourages artificial price inflation of tuition costs.

We believe the Committee should take the next step in the fiscal accountability of GI Bill resources, and address private colleges that overcharge VA. Colleges should never charge VA significant sums and then divert those funds away from the veteran's education. Some colleges use the GI Bill as a means of supplementing struggling programs; *veteran benefits were never intended to be a lifeline for floundering schools.*

To be clear, the vast majority of colleges charge VA the same amount they spend educating the student. In fact, a large number of colleges spend more educating students than they charge VA in tuition. For example, in 2017 Stanford University spent 248.3 percent of tuition on instruction and the State University of New York Polytechnic Institute spent 220.9 percent.⁵

Yet, some schools charge VA high tuition but then siphon up to 80 percent of the veteran's GI Bill away from the veteran's education. For example, 107 schools charged VA (and taxpayers) \$703 million in Post-9/11 GI Bill tuition and fee payments in 2017 but spent less than 20 percent of it on academic instruction. Four out of five of these schools had less than a 50 percent graduation rate, and more than 50 percent of their students presented a household income *below* that of a high school graduate.⁶

Even worse, just four schools collectively charged VA (and taxpayers) \$83 million in GI Bill benefits in 2017, and spent less than 10 percent of tuition on student instruction.⁷ In 2017 alone, they charged VA high tuition yet diverted more than 90 percent of GI Bill funds—nearly \$75 million—away from veterans' educations to inappropriate costs as late-night TV ads, and call centers set up to cold-call veterans and service members for additional recruitment to their school.⁸

⁴ 38 USC 3679(c)(1) (“the Secretary shall disapprove a course of education provided by a public institution of higher learning if the institution charges tuition and fees for that course for [covered individuals](#) who are pursuing the course with educational assistance under chapter [30](#), [31](#), or [33](#) of this title while living in the State in which the institution is located at a rate that is higher than the rate the institution charges for tuition and fees for that course for residents of the State in which the institution is located, regardless of the [covered individual's](#) State of residence.”)

⁵ *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/](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/).

⁶ Supra note 5.

⁷ Id. at 11.

⁸ Id. Two of these four schools (owned by one company) together charged taxpayers more than \$65 million in Post-9/11 GI Bill tuition and fees in 2017 alone. Yet this company – according to its 2019 annual 10K report filed with the U.S. Securities and Exchange Commission – chose to spend a larger portion of its revenues on marketing (nearly 23 percent) and recruiting (14.5 percent) than on student instruction.

Just as the Committee previously limited public college charges to VA, it is important to ensure private colleges are not overcharging VA. *The Committee should forbid colleges from charging VA more than twice what the college spends on student instruction.* This can be accomplished without extra burden on the SAAs, by having schools report and attest to the percent of tuition they spend on instruction – information they already report each year to the Department of Education (ED) in the IPEDS Finance Survey.

We believe all members of the Committee can agree that schools should not charge VA more than twice what the school spends on the veteran's education.

Quality Control

Below we discuss why the proposed quality control metrics are important, in addition to a few other potentially helpful metrics:

- *Student Earnings.* Earnings are the key measure of Return on Investment (ROI) for any taxpayer investment. ED publicly reports the median salaries of students after graduating or leaving a program. We support the Subcommittee's emphasis on measuring graduates' earnings. Specifically, we support the requirement that graduates earn more than the median salary of individuals 25-34 years of age in the local population who attended no postsecondary training. 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.
- *Student Debt.* For schools that participate in federal student loan programs, the amount of loans borrowers hold 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-third⁹ 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.* For schools that participate in federal student loan programs, default rates by cohort measure how many students at a program are unable to keep up with their student loans within nine months of entering repayment and default on their loans. This is currently publicly available from ED and demonstrates a serious problem: a program has left its students without marketable skills. We support implementing a student loan delinquency ceiling of 30 percent, and a 20 percent ceiling for student loan defaults.¹⁰

⁹ According to the US Department of Education's data, the bottom 10 percent of institutions have a 25 percent repayment rate.

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

- *Graduation Rates.* If combined with graduates' earnings and debt levels, graduation rates 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 & Certification

When a course of education is designed to prepare a student for licensure or certification, we support requiring at least a 75 percent licensure pass rate by students who completed the course. Programs designed to lead to a licensed occupation (like nurses, psychologists, electricians, lawyers) should be able to demonstrate that their graduates can pass the relevant licensing exams, in order to be eligible for the GI Bill.

Instructor Credentials

Programs that abuse the GI Bill often rely on untrained and underprepared instructors to reduce overhead costs. Instruction by qualified faculty who have appropriate credentials in the field they are teaching is an important characteristic of a substantive education.

Yet, some schools participating in VA programs have severely underqualified teachers. There are insufficient requirements in place today to ensure faculty have adequate education, training, and experience to provide a meaningful education.

We support establishing minimum standards for instructors, including very basic—yet very important—factors such as meeting the minimum qualifications generally applicable to post-secondary instructors of comparable courses, having the appropriate advanced degree in the area they are teaching as well as relevant licenses and field experience for licensed occupations, and demonstrated relevant industry experience in the field of study.

Waivers of these requirements can be accommodated on a case-by-case basis for truly exceptional individuals based on alternative accomplishments. We also support ensuring career placement advisers are properly skilled.

Honesty in Recruiting

Predatory institutions exploit the trust students place in institutions of higher learning, which is especially true for student veterans, as the majority are first-generation students lacking familiar knowledge of the higher education industry.

Predatory college sales representatives face enormous pressure to secure new enrollments. Many are actively trained to "do anything and say anything" to get veterans

to enroll.¹¹ Adding the straight-forward requirement that all agents of the institution act in the best interest of the prospective or enrolled student is critical to protecting student veterans.

Accountable Executives

We believe that executives of educational institutions should attest they are in compliance with all applicable laws and regulations relating to the approval of courses and are not subject to adverse judicial action related to the quality of the education within five years.

We further support requiring the attestation requirement that the institution has not employed an individual, or been party to a contract with any individual or entity, that has been convicted of a Federal fraud charge related to the instruction or training provided by the institution or establishment. It is imperative for institutions to have senior leaders who may be held accountable for the outcomes of their programs.

Awareness of Other Agency Action

We are in support of State approving agencies' contacting ED to determine if a course of education has withdrawn, or been denied or suspended, from receiving benefits under title IV of the Higher Education Act of 1965. Parity between the Federal departments and agencies will ultimately yield better outcomes for students overall, by improving the quality of the schools allowed to access federal resources.

We would also recommend this review and information exchange to include the U.S. Department of Defense (DoD) with respect to voluntary education programs under Title 10, as well as federal law enforcement agencies.

Improving Notice Requirements

Often lacking clear guidelines, State approving agencies across the country vary greatly in the amount of time they provide advance warning notice to schools identified for targeted risk-based reviews and compliance surveys. When an institution has too much advance notice, it may take advantage of the lead time to adjust its records to achieve a more favorable outcome for the institution.

This reportedly occurred with a fraudulent Louisiana program that was able to hide problems in order to continue receiving GI Bill benefits longer than it should have prior to VA finally cutting it off from Title 38. This "minimal notice" will afford State approving agencies the critical element of surprise to investigate fraudulent schools effectively.

¹¹ Thomas Corbett, *Opening a Dangerous Floodgate*, Inside Higher Ed (Feb. 19, 2019), <https://www.insidehighered.com/views/2019/02/12/former-profit-college-executive-says-education-department-shouldnt-weaken>.

Institutional Proof

We believe it is appropriate to require an institution to submit its articles of incorporation and financial position as prepared by an appropriate third-party entity. This would help to prevent schools that are already on shaky financial ground from tapping into the GI Bill as a life vest; there have been too many school collapses, with too many student veterans left in the lurch, for this to be an acceptable practice.

We are extremely appreciative of the introduction of these two vital proposals, and look forward to continued collaboration on revitalizing the program approval process. While each proposal is strong on its own merits, a combined version would present student veterans with the true expectation of quality education for which we so strongly advocate.

2. Veterans Eligible to Transfer School (VETS) Credit Act

Sudden school closures leave students in the lurch, and there is no end in sight to this alarming trend. Many of us painfully recall the closures of ITT Tech, Corinthian Colleges, Argosy University, the three brands owned by the Center for Excellence in Higher Education (CEHE) (CollegeAmerica, Stevens-Henager, and Independence University), and many others.

Once a school has closed—or more accurately, “collapsed”—student veterans are left trying to figure out their next step. We believe important changes are needed on the Veterans Benefits Administration’s (VBA) webpage on restoration of benefits to make this process clearer.¹² Emphasizing the importance of these communications, student veterans have continued to reach out to us to understand their rights due to the closure of the CEHE schools this past year.

The current language on VBA’s website implies students must transfer to a new school *before* they are allowed to apply for restoration of benefits. Specifically, the website language says, “If your school closed or program was disapproved after August 1, 2021, to receive restoration of entitlement for your entire program, *you must first enroll at a new school or training institution* and have them evaluate how much credit they will accept.”

VBA’s interpretation is not supported by the statute. Problematically, it also effectively incentivizes—and, indeed, directly instructs—student veterans to rush into transferring to a new school, in order to be considered for restoration.

The statute does not require students to transfer to a new program as a prerequisite to apply for restoration; instead, the law clearly provides that, for those students who have chosen to transfer to a new program, they are ineligible for restoration if they transfer

¹² U.S. Department of Veterans Affairs, Restoration of Benefits After School Closure or if a School is Disapproved for GI Bill Benefits, <https://www.benefits.va.gov/gibill/fgib/restoration.asp>, Accessed: February 25, 2022.

more than 11 credits. The current VBA website wording is concerning because, for example, CEHE had been wrongly pushing students to transfer to low-quality partner schools from which CEHE has a benefit.¹³

We are grateful to Congressman Vern Buchanan, his staff, and the Subcommittee for introducing the Veterans Eligible to Transfer School (VETS) Credit Act to address these aforementioned concerns.¹⁴ The bill would require the VBA to work with students to explain the school credit transfer process and provide them with a certificate of eligibility. It would help remove unnecessary layers of bureaucracy during a trying process and give student veterans clear and timely information about their options.

We also feel it is imperative that VBA's webpage offer clarity on the date delimiters and associated qualifying eligibility standards as set forth in the statute. These factors are the primary drivers for a student's understanding of their options.

Relatedly, we urge the Subcommittee to guide VBA in the necessary work of decoupling VBA's school closure page from the Forever GI Bill web address hierarchy; though school closures were originally addressed under the Forever GI Bill, the statutory language has been amended since the Forever GI Bill passage, and many veterans would be unaware they need to find the page on Forever GI Bill in order to find their basic rights when their schools close.

A more common-sense approach would be to put school closure information on a page entitled "School Closures." Since school closures will continue as a major topic of interest, we recommend nesting the page as a standalone resource page under the broader GI Bill heading would be more accessible.

3. COVID-19 Protections

We strongly support the draft bill to codify the GI Bill protections that have been implemented over the past few years as a result of COVID-19. Due to gaps in VA's legal authority related to emergency situations, it was incumbent on Congress to pass numerous bills to fortify VA educational programs and prevent unnecessary harm to student veterans.

This Subcommittee worked tirelessly to protect student veterans during the pandemic and it is important to ensure the right statutory language is in place to avoid having to rely on last-minute legislation during future emergencies. Given that the current protections expire in June, we support making the temporary COVID-19 GI Bill protections permanent so that VA can respond to future emergencies in a timely fashion.

¹³ Dan Bauman, *Education Dept. Warns College Operator Not to Mislead Students as Its Campuses Close*, The Chronicle of Higher Education (July 30, 2021), <https://www.chronicle.com/article/education-dept-warns-college-operator-not-to-mislead-students-as-its-campuses-close>.

¹⁴ H.R.6604, Veterans Eligible to Transfer School (VETS) Credit Act, <https://www.congress.gov/bill/117th-congress/house-bill/6604?s=1&r=33>.

4. Elimination of Requirement to Specify an Effective Period of a Transfer of Post-9/11 Educational Assistance to a Dependent

We are grateful to the Subcommittee for addressing concerns with the transfer of GI Bill benefits to dependents. This legislation modifies language used on official VA and DoD forms to clarify the information required when a service member elects to have their GI Bill benefit transferred to a dependent.

Service members are required to fill out a field labeled “end date” on the transfer form; this field has caused numerous problems and precluded dependents from being able to use benefits that the service member clearly intended to transfer. Removing this “end date” would eliminate this unnecessary barrier and facilitate a smoother transfer process.

5. GI Bill Foreign Transfers

Finally, we appreciate the introduction of legislation to modernize GI Bill payments to foreign institutions, by allowing VA to use electronic transfer funds to pay for approved courses. Though VA has no ‘Office of Foreign Schools,’ many student veterans still elect to study abroad, necessitating a seamless process for payment of overseas schools.

Unfortunately, the current payment methods are onerous and challenging for foreign schools to process. Allowing for electronic funds transfers will ease the burden for schools, and greatly reduce the stress on student veterans. We support this legislation as a common sense approach to the modern financial system.

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Veterans Education Success sincerely appreciates the opportunity to express our views before the Subcommittee today. We look forward to working with you and members of your staff on these important issues.