



**STATEMENT FOR THE RECORD
SUBMITTED TO THE
SENATE COMMITTEE ON VETERANS AFFAIRS
118TH CONGRESS, FIRST SESSION**

April 26, 2023

Chairman Tester, Ranking Member Moran, and Members of the Committee:

We thank you for the opportunity to share this statement for consideration during this hearing, which includes many notable bills addressing topics in higher education and veterans education benefits. 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.

In this statement, we address the following topics: the establishment of a Veterans Economic Opportunity and Transition Administration (S. 291), a technical adjustment of eligibility for the Fry Scholarship (S. 350), reauthorization of grant-making for Student Veteran Centers (S. 498), and a draft proposal addressing transparency of information and restoration of benefits for student veterans. We applaud the Committee's dedication to our Nation's veterans, and look forward to working closely with the staff members on the advancement of many of these important topics for broader consideration.

S. 291, A bill to amend title 38, United States Code, to establish in the Department the Veterans Economic Opportunity and Transition Administration, and for other purposes

This measure proposes the creation of a "Veterans Economic Opportunity and Transition Administration" within the U.S. Department of Veterans Affairs (VA), and that this new Administration would be overseen by a newly established Under Secretary. The purpose of this Administration would be to manage and administer various programs focused on delivering economic opportunity benefits to veterans and their dependents and survivors.

The bill would also require the Secretary to provide an annual report to Congress on the programs administered by the Under Secretary for Veterans Economic Opportunity and Transition.

Various versions of this legislation have been proposed over more than the past decade. Notably, several iterations of this proposal have passed the House of Representatives, but none have been successful in passing the Senate.¹ One previous sticking point had been the inclusion of a provision which would have moved the U.S. Department of Labor (DoL) Veterans' Employment and Training Service (VETS) program under the proposed new Administration within the VA. *This current legislation makes no such proposal.*

Historical support for various iterations of this legislation have included the Veterans of Foreign Wars (VFW), Disabled American Veterans (DAV), Vietnam Veterans of America (VVA), American Veterans (AMVETS), Paralyzed Veterans of America (PVA), and Student Veterans of America (SVA).² The concept has also been previously endorsed in the annual Independent Budget produced by DAV, PVA, and VFW.³ We believe this support stems from the overall recognition that the Veterans Benefits Administration (VBA) continues to struggle in its competing missions of delivering disability compensation benefits and a wide variety of economic opportunity benefits such as the GI Bill.

In 2018, VBA established the Office of Transition and Economic Development (TED), now referred to as Outreach, Transition and Economic Development (OTED), in response to previous proposals similar to this legislation.^{4, 5} The establishment of that office represented an acknowledgement that VBA had been structurally unprepared to respond to the modern needs of veterans when it comes to transition and economic opportunity. We believe much of OTED is geared towards transition more so than

¹ Six iterations of this legislation have been proposed over the past 15 years, including HR 2494 (117th Congress), HR 2045 (116th Congress), HR 5644 (115th Congress), HR 2327 (113th Congress), HR 2481 (113th Congress), and HR 3719 (111th Congress); on three occasions, the legislation passed the U.S. House of Representatives unanimously, including HRs 2494, 2045, and 2481. <https://www.congress.gov/>. Accessed Apr. 20, 2023.

² Hubbard, William, "Testimony of Mr. William Hubbard, Chief of Staff, Student Veterans of America," Apr. 30, 2019, <https://www.congress.gov/116/meeting/house/109320/witnesses/HHRG-116-VR10-Wstate-HubbardW-20190430.pdf>.

³ Independent Budget, <https://www.independentbudget.org/wp-content/uploads/2023/02/TIB-EAE1-Create-an-Economic-Opportunity-Administration-Within-The-Department-of-Veteran-Affairs-VA.pdf>

⁴ Devlin, Margarita, "Statement of Margarita Devlin, Principal Deputy Under Secretary for Benefits, Veterans Benefits Administration, Department of Veterans Affairs, before the House Committee on Veterans' Affairs Subcommittee on Economic Opportunity," Apr. 9, 2019, <https://www.congress.gov/116/meeting/house/109258/witnesses/HHRG-116-VR10-Wstate-DevlinM-20190409.pdf>.

⁵ U.S. Department of Veterans Affairs, "Outreach, Transition and Economic Development," <https://benefits.va.gov/transition/index.asp>. Accessed Apr. 20, 2023.

economic opportunity and tools of empowerment such as the GI Bill.⁶ Despite the existence of this office for the past five years, significant barriers remain when it comes to economic opportunity for veterans.

As recently as last month, VBA publicly announced a technical flaw that resulted in more than 280,000 student veterans being delayed on their monthly housing allowance (MHA) GI Bill payments.⁷ For nearly 4,000 of these veterans, VBA had to work with the U.S. Department of the Treasury (USDT) to mail hard-copy checks to the individuals to ensure continuity of on-time payments.⁸ We applaud the VBA leadership for ultimately finding solutions to this challenge, but believe it indicates broader systemic issues; veterans should never be exposed to doubt whether or not they will be able to pay rent in a given month.

Furthermore, VA's attention to implementing critical consumer protection laws has been inconsistent, or entirely lacking in certain instances, over the past several decades. For example, the Vietnam Era Veterans' Readjustment Assistance Act of 1974 added 38 U.S. Code 3696 to the requirements governing the administration of veterans educational benefits. Section 3696 prohibits schools from participating in the GI Bill if they utilize "advertising, sales or enrollment practices of any type which are erroneous, deceptive, or misleading either by actual statement, omission or intimation."⁹

VA's inadequate implementation of Section 3696 (1) prevents GI Bill beneficiaries from making an informed choice when deciding where to use their hard-earned benefits, and (2) undermines the integrity of the GI Bill by allowing schools that engage in fraud to receive taxpayer support. Even more troubling, schools including Alta (Westwood College), Corinthian, ITT, and former EDMC brands (Argosy, Art Institutes, South University) which engaged in deceptive advertising and enrollment tactics have closed precipitously, leaving beneficiaries without a degree after having wasted some or all of their benefits.¹⁰

⁶ Rawls, Cheryl, "Statement of Ms. Cheryl Rawls, Executive Director, Outreach, Transition and Economic Development Service Department of Veterans Affairs before the Subcommittee on Disability Assistance and Memorial Affairs Committee on Veterans' Affairs U.S. House of Representatives," Feb. 8, 2022, <https://docs.house.gov/meetings/VR/VR09/20220208/114386/HHRG-117-VR09-Wstate-RawlsC-20220208-U1.pdf>.

⁷ U.S. Department of Veterans Affairs, "Important Update About GI Bill Monthly Payments for Students," Mar. 31, 2023, <https://content.govdelivery.com/accounts/USVAVBA/bulletins/3522215>.

⁸ U.S. Department of Veterans Affairs, "Update on Post 9/11 GI Bill MHA Delayed Payment for March 2023," Apr. 19, 2023, <https://content.govdelivery.com/accounts/USVAVBA/bulletins/355e1e1>.

⁹ U.S. Code, Section 3696, <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title38-section3696&num=0&edition=prelim>. Accessed Apr. 20, 2023.

¹⁰ Veterans Education Success, "VA Still Not Enforcing 1974 Ban on Schools that Engage in Deceptive Advertising and Recruiting," Oct. 2019, <https://vetsedsuccess.org/va-still-not-enforcing-1974-ban-on-schools-that-engage-in-deceptive-advertising-and-recruiting/>.

We remain deeply concerned about the continued ability of predatory schools to defraud veterans out of their hard-earned GI Bill benefits. More recent examples of VA failing to provide adequate responses have included:

- **House of Prayer.** This past summer, the public widely learned about the shocking allegations associated with a system of schools misleadingly called *House of Prayer Christian Church*.¹¹ This case culminated in a raid by the Federal Bureau of Investigation, a case we had reported to VA over two years prior.^{12, 13}
- **Perdoceo.** In 2021, we alerted VA to law enforcement’s concerns about the Perdoceo Education Corporation, formerly known as the Career Education Corporation, encompassing American Intercontinental University, Colorado Technical University, California Southern University, and Trident University International.¹⁴ Despite calling VA’s attention to enforcement actions and investigations by Federal and State authorities, these schools remain eligible for GI Bill funding. In 2019, 36 veterans and military service organizations wrote to VA over similar concerns, and despite years of community-wide concerns, no meaningful action has been taken to date.¹⁵
- **School Closures.** In August 2021, we wrote a memorandum to VA to establish our concern over the language on its GI Bill Restoration Page.^{16, 17} Under the VETS Credit Act, veterans simply have to sign a declaration that they understand that if they transfer 12 or more credits they are ineligible to receive

¹¹ Beynon, Steve and Novelly, Thomas. “How a Church Allegedly Scammed Millions in VA Money from Vets,” *Military.com*, Jul. 19, 2022, <https://www.military.com/daily-news/2022/07/19/how-church-allegedly-scammed-millions-va-money-vets.html>.

¹² Koch, Alexandra, “FBI raids Georgia churches near military bases, sources say church was targeting soldiers,” *USA Today*, Jun. 24, 2022, <https://www.usatoday.com/story/news/nation/2022/06/24/fbi-raids-house-prayer-churches/7724801001/>.

¹³ Veterans Education Success, “Our Letter to VA and Georgia SAA Regarding House of Prayer Christian Church,” Aug. 1, 2020, <https://vetsedsuccess.org/letter-to-va-and-georgia-saa-regarding-house-of-prayer-christian-church/>.

¹⁴ Veterans Education Success, “Summary of Veteran and Servicemember Student Complaints about Perdoceo Education Corporation,” September 1st, 2021, <https://vetsedsuccess.org/summary-of-veteran-and-servicemember-student-complaints-about-perdoceo-education-corporation/>.

¹⁵ Letter from Veterans and Military Service Organizations to the Secretary of the U.S. Department of Veterans Affairs, Feb. 14, 2019, <https://static1.squarespace.com/static/556718b2e4b02e470eb1b186/t/5c6db4db1905f4690dd06f6f/1550693596300/VSO+Letter+to+VA+Secretary-1.pdf>.

¹⁶ Hubbard, William, “Memorandum From William Hubbard to Department of Veterans Affairs on Changes to VBA Webpage,” Aug. 17, 2021, <https://vetsedsuccess.org/memorandum-from-william-hubbard-to-department-of-veterans-affairs-on-changes-to-vba-webpage/>.

¹⁷ 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/Restoration.asp>. Updated March 15, 2023.

their full GI Bill restoration.¹⁸ Despite this new law, VA continues to present logistical hurdles for veterans to use the benefits they earned.

- ***FastTrain and Retail Ready Career Center.*** It is unacceptable that veterans should have to wonder why obvious scams like *FastTrain College* and *Retail Ready Career Center* were approved in the first place.¹⁹ The VA's statutes governing program approval are seriously outdated, referencing classes taught "by radio," and they continue to allow a low standard of entry. Veterans should be able to count on VA's "stamp of approval" as the level of quality they – and taxpayers – expect.

Our testimony is in no way intended to take away from the incredible work of the many hardworking VBA teams. In fact, quite the opposite. We believe these teams should be further empowered to achieve even greater outcomes, and have seen that the current system in place does not set up for maximum success the dedicated staff of VBA. When these professionals are provided with the full opportunity to succeed, the end result is a more reliable and higher quality set of opportunities for the ultimate customer of VA: our Nation's veterans.

It's possible a new Administration and Under Secretary could help to address these issues, though the premise remains untested. We encourage this Committee and Congress to heavily deliberate over the long-term implications of continuing with the current system, which is clearly inadequate. We believe this legislation is worth serious consideration and debate, so there may be progress towards providing all veterans with quality programs they deserve.

S. 350, Fry Scholarship Enhancement Act of 2023

This legislation proposes to amend Title 38 to expand the eligibility for the Fry Scholarship. Specifically, the proposed amendment would include the spouses and children of individuals who die from a service-connected disability within the 120-Day "Release from Active Duty" (REFRAD) period. The bill also specifies that the person must have been discharged with an honorable discharge or characterized by the Secretary concerned as honorable. The amendments would apply to deaths occurring before, on, or after the enactment and for terms commencing on or after August 1, 2024.

¹⁸ Veterans Education Success, Our Press Release: Senate Passes Important "VETS Credit Act" Unanimously, Bill Heads to the President for Signature," <https://vetsedsuccess.org/our-press-release-senate-passes-important-vets-credit-act-unanimously-bill-heads-to-the-president-for-signature/>.

¹⁹ Ayala, Eva-Marie, "Hundreds of veterans scramble after Garland for-profit college closes," The Dallas Morning News, Sep 28, 2017, <https://www.dallasnews.com/news/education/2017/09/28/hundreds-of-veterans-scramble-after-garland-for-profit-college-closes/>.

The families of those who pass away during the 120-day REFRAD period would be made eligible for the Fry Scholarship. At present, this is the sole benefit from which they are excluded. If a veteran passes away from a service-connected injury or illness within the 120-Day REFRAD period, they are considered to have died while on active duty, and should be entitled to all benefits that come with an active-duty death. This bill would extend eligibility to these deserving families. Under this legislation, families would finally qualify for the Fry Scholarship instead of Chapter 35. We strongly support the passage of this legislation.

S. 498, Veteran Education Empowerment Act

This proposal would reauthorize and enhance a grant program that supports institutions of higher education in establishing, enhancing, and operating Student Veteran Centers. The bill amends Part T of Title VIII of the Higher Education Act of 1965 to provide grants to institutions or consortia that meet specific criteria, including programs or activities that assist veterans in the local community, the hiring of veterans at the Student Veteran Center, mental health counseling services, and the development of a student veteran retention program. Grants would be equitably distributed to institutions of various sizes and in diverse geographic locations. The bill would also allow a portion of the grant to be used for supportive instruction services for student veterans.

The bill recognizes the unique difficulties faced by veterans in transitioning from military service to the classroom and workforce, including age differences, family obligations, time away from academics, and service-related disabilities. The bill also acknowledges that Student Veteran Centers, which offer support and resources, have a significant impact on the success of veterans attending institutions of higher education. We support the passage of this legislation.

DRAFT, Student Veterans Transparency and Protection Act

This legislation would require the Secretary of Veterans Affairs to improve how VA discloses to individuals entitled to educational assistance from the Department risks associated with using such assistance at particular educational institutions and to restore entitlement of students to such assistance who are pursuing programs of education at educational institutions that are subject to Federal or State civil enforcement action, and for other purposes.

We strongly encourage the Committee to support this bill, with consideration of the recommended changes we offer below. Section two modifies the information about educational institutions to be included in the GI Bill Comparison Tool and provides additional specifics relating to veteran complaints in the Feedback Tool. Section three restores veterans' education benefits if a veteran (or veteran's dependent beneficiary)

is unable to complete a course or program of education due to a Federal or State enforcement action against the educational institution or an action taken by the Secretary. Below we outline specific technical recommendations for consideration:

Section Two Discussion and Recommendations

Tuition Disclosures. The bill revises 38 USC 3698(c)(1)(C)(v) to remove “tuition and fees” from the disclosures required on the GI Bill Comparison Tool. Instead, the bill proposes to require disclosure of the “average annual cost to earn an associate’s degree and a bachelor’s degree with available cost information on any other degree or credential the institution awards.”

- *Recommendation:* The Comparison Tool should disclose the “full-time tuition”, rather than “average annual cost.” “Average annual cost” would include the costs of part-time students and could result in giving the false impression that the tuition is less than it actually is. Further, the language needs to be clarified so that the full-time tuition costs and fees for each credential level (i.e., undergraduate/graduate) and program (if the institution charges different tuition) awarded by the educational institution are to be disclosed.

Median Debt. The bill revises 38 USC 3698(c)(1)(C)(vi) so that the GI Bill Comparison Tool disclosure for median amount of debt for federal student loans (already required to be disclosed) is disaggregated by individuals who received a credential and individuals who did not, and by individuals who received VA educational assistance and individuals who did not receive VA educational assistance. While the median amount of debt for federal student loans is already required to be provided by VA in 38 USC 3698(c), the current GI Bill Comparison Tool is not providing this information.

- *Recommendation:* We are in favor of parsing the information on the GI Bill Comparison Tool so that prospective student veterans can see the median federal student loan debt for veterans. The median debt for federal student loans needs to be based on individuals who did and did not complete within 150% of normal time so that the data is not cumulative.

Transfer Out Rates. Subsection (b)(3)(B)(xvi) of the bill requires disclosure of the “transfer out rates,” but definitive data on students who transfer out of an institution may not be known to that institution, since neither the students nor the school to which they may have transferred is under any obligation to inform the sending school.

- *Recommendation:* Amend the language to read, “transfer out rates, to the extent practicable.”

Employment Rate & Median Income. Subsection (b)(3)(B)(xviii) of the bill requires disclosure of employment rate and median income of graduates, generally, and disaggregated by individuals receiving VA educational assistance and individuals not receiving VA educational assistance. It is unclear if VA has access to this data at present.

- *Recommendation:* Confirm this capability with VA staff, or require VA to collect this data if known to the educational institution, so that it may be worded in such a manner as to be feasible.

Completion Disclosures. The bill adds a disclosure of “credentials available and the average time for completion of each credential.” This would commingle part-time and full-time students.

- *Recommendation:* Schools should disclose the graduation rate of individuals who earn the credential within 150% of normal time-to-degree for the credential level they seek, adjusted for enrollment intensity.

Government Actions Disclosures. The bill requires a list of each civil settlement or finding resulting from a Federal or State action in a court of competent jurisdiction for a violation of Federal or State law “that materially affects the education provided at the institution or is the result of illicit activity, including deceptive marketing...”

- *Recommendation:* As drafted, it seems unnecessarily complicated and specific and may not capture government actions that are important for student veterans to know. The GI Bill Comparison Tool should list any settlement, finding, or judgment resulting from government action against the institution, which information should be provided by the educational institution to VA and the applicable SAA.

Response Period. The bill provides institutions with 90 days to review and respond to student feedback (complaints). This is too long for veterans to wait for a response from the school about their complaints. Ninety days is almost an entire semester. VA’s current practice is to give institutions 30 days to respond, which may even be too long. For comparison, the Better Business Bureau allows businesses 14 days to respond to consumer complaints with one follow-up attempt before the complaint is closed usually within 30 days.

- *Recommendation:* Institutions should be required to respond to an individual’s complaint within 30 days.

Section Three Discussion and Recommendations

We strongly encourage the Committee to support this provision in particular, which restores veterans' education benefits if a veteran (or veteran's dependent beneficiary) is unable to complete a course or program of education as a result of a federal or state civil enforcement action against the institution or as the result of an action taken by the Secretary.

Currently, the U.S. Department of Justice (DoJ) is seizing the bank accounts of the House of Prayer – a bible school we exposed and brought to VA's attention because veterans were being cheated out of their GI Bill and abused by an alleged religious cult leader.^{20, 21} But even when the federal government recovers their GI Bill funds, the veterans who earned those GI Bill benefits will get nothing.

In another example, DoJ recouped more than \$150 million from Retail Ready Career Center and sent the owner to jail for 19 years, after he had swindled thousands of veterans, taking their GI Bill but not educating them and taking their housing allowance but then forcing them to live in substandard migrant housing.²² But when the federal government recovered \$150 million, the veterans got nothing and did not get their GI Bill benefits back. Currently, when federal law enforcement recovers GI Bill funds obtained fraudulently or Veteran Readiness and Employment (VR&E) funds, veterans get nothing back.

We are confident that members of the Committee agree that veterans who are defrauded out of their hard-earned GI Bill, having already invested their time and effort into programs that later prove to have been fraudulent, should not be doubly penalized by also losing their chance at education to improve their career prospects.

This is also a parity issue. Student loans are forgiven by the U.S. Department of Education (ED) if fraud is evident, but student veterans have no parity with regard to their education benefits at VA. Student veterans should have parity with, and be at least as equally protected as, students at ED. Below we outline additional recommendations and technical suggestions to improve the legislation to include all veterans who were defrauded, and not just those who were unable to complete the course or program.

²⁰ "United States of America v. \$115,800.00 in U.S. Currency Funds," <https://vetsedsuccess.org/us-attorney-action-against-house-of-prayer-bible-seminary-january-2023/>.

²¹ Veterans Education Success, "Our Letter to VA and Georgia SAA Regarding House of Prayer Christian Church," Aug. 2020, <https://vetsedsuccess.org/letter-to-va-and-georgia-saa-regarding-house-of-prayer-christian-church/>.

²² United States Attorney's Office, "Northern District of Texas Press Release, For-Profit Trade School Sentenced to Nearly 20 Years for Defrauding VA Student Veterans," Sept. 22, 2021, <https://www.justice.gov/usao-ndtx/pr/profit-trade-school-sentenced-nearly-20-years-defrauding-va-student-veterans>.

Federal or State Actions. The proposed legislation amends 38 USC 3699(b)(1). Section 3699(b)(1) provides restoration when the Secretary determines that an individual “was unable to complete such course or program as a result of” (A) closure of the institution or (B) disapproval of the course due to a change in the law, regulations or policies. The proposed legislation amends 38 USC 3699(b)(1) to include a new subparagraph (C)—Federal or State civil enforcement action against the educational institution. Thus, restoration in the event of a Federal or State civil enforcement action is limited to when the student veteran is unable to complete the program as a result of the enforcement action.

- *Recommendation:* Create a new Section, rather than amending subsection 3699(b)(1). Creating a new Section would eliminate a current drafting problem wherein the legislation inadvertently limits restoration to the impossible situation of a Federal or State civil enforcement action somehow stopping a veteran from completing a program. Of course, such actions do not directly cause veterans not to complete programs.

This technical correction would enable the legislation to cover all veterans who were defrauded, not just those who were “unable to complete” the program, including, for example:

- Veterans who voluntarily drop out of a program because of fraud but who don’t fall within one of the enumerated situations for being “unable to complete” a program;
- Veterans who do complete a program but discover later that they have been defrauded. For example, the U.S. Federal Trade Commission’s lawsuits against both DeVry (settled for \$100 million) and University of Phoenix (settled for nearly \$200 million) were specifically about the schools’ having defrauded students about their graduates’ job placement possibilities – which students might not discover until after they finish the program.^{23, 24} Similarly, ED’s determination to provide federal loan forgiveness to defrauded students (under “borrower defense to repayment”) does not depend on whether the student was able to complete the program – but instead on the nature of the deceptive conduct and harm to the students. Student veterans and military connected students deserve the same protection; and

²³ U.S. Federal Trade Commission, DeVry University, <https://www.ftc.gov/legal-library/browse/cases-proceedings/132-3278-x160024-devry-university>.

²⁴ “U.S. Federal Trade Commission, \$191 Million FTC Settlement with University of Phoenix Addresses Deceptive Employment Claims,” Dec. 10, 2019, <https://www.ftc.gov/business-guidance/blog/2019/12/191-million-ftc-settlement-university-phoenix-addresses-deceptive-employment-claims>.

- Veterans who did complete the program but whose program has been determined by the Secretary of Education to have defrauded students who are therefore eligible for student loan discharge under ED borrower defense to repayment regulations. A veteran should be entitled to restoration if, but for using veterans' education benefits, the veteran is in the same position as student loan borrowers who are receiving federal student loan forgiveness under a group discharge determination by the Secretary of Education.

Applicability. We also believe it is important to clarify and expand the types of fraud covered for benefits restoration.

- *Recommendation:* Incorporate provisions that address instances of a risk-based survey finding by VA or a State-Approving Agency that results in the institution not receiving affirmation of approval; when there has been a Borrower Defense to Repayment determination by the Secretary; when there has been a DoJ or Federal Trade Commission (FTC) determination that the institution engaged in fraud; and when there has been a Federal or State civil or criminal investigation that resulted in financial relief to students

Recoupment. In addition to making student veterans whole, we feel taxpayers should not be left to bear the burden of bad actor schools when it is possible to recoup funds paid to the educational institutions. To the maximum extent possible, we believe this legislation should authorize VA to seek recoupment of funds from the educational institution in the instances the Secretary has restored benefits.

- *Recommendation:* Include a recoupment provision directing the Secretary to conduct a review and make a determination as to any amounts to be refunded to the Department.
- *Recommendation:* Include funding mechanisms to cover instances when recoupment of funds does not occur. Funding mechanisms for the Committee to consider may include:
 - Authorizing VA to require at-risk or underfunded schools to obtain a financial guarantee through a "Letter of Credit" from a bank, as is required at ED to protect Title IV funds when the Department determines a school is of financial risk.²⁵ Having such letters of credit on file enables ED to recoup millions of dollars in student aid when a school commits fraud or suddenly shuts. The banks have pledged the money and ED

²⁵ U.S. Department of Education, "Financial Responsibility Standards Requiring a Letter of Credit," <https://studentaid.gov/data-center/school/loc>.

is able to recover taxpayer funds, easily without a legal battle and without worrying about a school's ability to pay if it declares bankruptcy; and

- Requiring all schools or all at-risk schools to contribute to a “GI Bill recovery fund” – like the student tuition recovery funds operated by many States, akin to Unemployment Insurance funds for employers – which would be available for defrauded students’ restoration of VA education benefits.²⁶

Program Disapproval. Finally, we believe an additional technical fix would afford benefits restoration under additional reasons VA might disapprove a program. This is something Republican professional staff have suggested previously – and we strongly supported – as a technical fix because (b)(1)(B) inadvertently limits benefits restoration to students at programs closed or disapproved by a reason of change of law or policy, and not to programs disapproved by VA for any other reason (including, for example, VA’s termination of a school because it stole GI Bill funds or otherwise broke VA eligibility rules – which the Committee would want to cover).

- *Recommendation:* Amend 38 U.S. Code 3699(b)(1)(B) by adding a new section (iii) that states “or for any other reason.” While the proposed legislation includes a general “any action taken by the Secretary” as a reason an individual may not be able to complete a program, we further recommend adding a general provision for reasons a program may be disapproved.

Lastly, but most importantly, we want to thank Senator Schatz and his incredible staff for their ongoing partnership on these important topics. This bill reflects a tremendous amount of work over the past several years, and would not have been possible without that committed effort and demonstrated dedication to America’s veterans.

Conclusion

Veterans Education Success sincerely appreciates the opportunity to express our views before this Committee. As the higher education industry continues to evolve in these very dynamic times, we emphasize the importance of maintaining high standards of quality. Student veterans, taxpayers, and Congress must expect the best outcomes from the use of hard-earned GI Bill benefits. We look forward to the discussion and review of these proposals, and we are grateful for the continued opportunities to collaborate on these topics.

²⁶ Dozens of States have student tuition recovery funds. Examples are available at Veterans Education Success, “State Tuition Recovery Funds and Other State Programs,” <https://vetsedsuccess.org/wp-content/uploads/2018/09/state-tuition-recovery-programs.pdf>.

Information Required by Rule XI2(g)(4) of the House of Representatives

Pursuant to Rule XI2(g)(4) of the House of Representatives, Veterans Education Success has not received any federal grants in Fiscal Year 2023, nor has it received any federal grants in the two previous Fiscal Years.