

**STATEMENT OF
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ECONOMIC COMMISSION
THE AMERICAN LEGION
TO THE
SUBCOMMITTEE ON MILITARY PERSONNEL
COMMITTEE ON ARMED SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES
ON
THE TOTAL FORCE MONTGOMERY GI BILL (H.R. 1102)**

FEBRUARY 28, 2007

Mr. Chairman and Members of the Subcommittee:

The American Legion appreciates the opportunity to share its views on the current Montgomery GI Bill (MGIB) and on the Total Force GI Bill being proposed by the Veterans Affairs Advisory Committee on Education and the Partnership for Veterans Education.

Education and the Total Force GI Bill

Historically, The American Legion has encouraged the development of essential benefits to help attract and retain service members into the Armed Services, as well as to assist them in making the best possible transition back to the civilian community. The Serviceman's Readjustment Act of 1944, the "GI Bill of Rights" is an historic piece of legislation, authored by The American Legion, that enabled millions of veterans to purchase their first homes, attend college, obtain vocational training, receive quality health care and start private businesses. The emergence of the American middle class, the suburbs, civil rights, and finally a worldwide economic boom can be attributed, in part, to this important legislation.

The majority of individuals who join the National Guard or Reserves enter the Armed Forces straight out of high school, and many are full or part time students.

With the number of activations of the Reserve component since September 11, 2001, these same Reservists, who are attending colleges and universities around the country, are discovering that their actual graduation date may be extended well past their initial anticipated graduation date. It's also taking longer for students to graduate, raising the overall cost of a college degree. The average public university student now takes 6.2 years to finish.

Under current law, members of the Reserve component face many challenges in using the MGIB-SR benefits. Since September 11, 2001, the utilizations of the Reserve components to augment the Active Duty Force (ADF) presents complications for those members of the Guard and Reserves enrolled in college programs. The uncertainty associated with unit activations, lengthy activations, individual deactivations, and multiple unit activations makes utilization of educational benefits extremely difficult. Such decisions as whether to enroll for a semester;

long-range planning for required courses, or whether to finish a semester are among the challenges confronted. Other factors include accrued student loan debt, falling behind peers in studies, and limbo status due solely to the military's indecision.

One local Reservist, who completed a 14-month tour in Iraq, withdrew from college after 9/11 because he was told his unit would soon be deploying. He began to accrue student loan debt, falling behind peers in studies, and limbo status due solely to the military's indecisions.

Due to the Global War on Terror, he had missed 3 full years of collegiate studies and watched his academic peers graduate. Finally, this same reservist graduated in August 2005 from the University of Maryland, eight years after beginning his post secondary education. The other half of this travesty is that he accumulated \$50,000 in student loan debt.

When service members return to civilian life, they most likely return in the middle of a semester and are unable to start school for several more months. This is because for nine months out of the year, universities are in their lengthy Fall and Spring semester terms; these young men and women can't restart their academic careers until the next term starts. Additionally, some required courses are only offered at certain periods of the year. Meanwhile, they cannot live on campus housing because they are ineligible due to not being enrolled for that term.

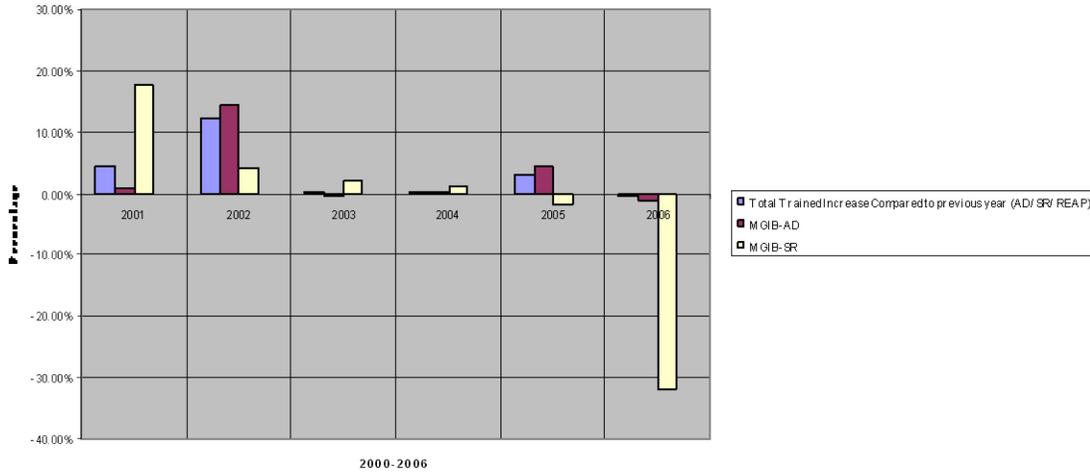
It is important to note that tuition and fees represent only a fraction of the total cost of attending college. The overall cost (tuition, fees, room, board, books, *including* transportation) of a typical public college is about \$16,400 a year. (**College Board**)

When living costs and other education-related expenses are considered, tuition and fees constitute 67 percent of the total budget for full-time students enrolled in four-year private colleges and universities, 36 percent of the budget for in-state residential students at public four-year institutions, and only 18 percent of the budget for two-year public college students commuting from off-campus housing.

Furthermore, there is a large disparity between veterans' education benefits and actual costs of top universities. The top 124 schools as listed in the **U.S. News and World Report** have an average tuition and fees of \$24,636, and room and board rates of \$8,610, totaling \$33,246 for one year. The total equates to approximately *86 percent* of the entire 36-month full rate MGIB-Active Duty (MGIB-AD) benefit. The top 10 schools on this list have an average cost per year of \$43,123 which equates to *111 percent* of the entire 36-month full rate MGIB-AD benefit.

Reservists are not able to use benefits due to deployments and are simultaneously becoming ineligible due to completing their Selected Reserve commitment. The following chart reflects the percentage change of those who use their education benefits compared to the years prior from 2000 to 2006. The striking graphic shows that in the past year (2006), usage has dropped tremendously. Two key factors are increased deployments and termination of service in the Selected Reserve.

Trend in Percentages of Usage of MGIB Benefits Compared to the previous year 2000-2006



	YEAR	TOTAL	MGIB-AD	MGIB-SR	REAP
Total Trained during year (AD/SR/REAP)	2005	423,442	336,281	87,161	
Total Trained Compared to previous year (AD/SR/REAP)	2005	3.11%	4.43%	-1.71%	
Total Trained during year (AD/SR/REAP)	2006	422,036	332,184	66,105	23,747
Total Trained Compared to previous year (AD/SR/REAP)	2006	-0.33%	-1.23%	-31.85%	100%

There are no current figures that dictate how many reservists and National Guard members remain eligible.

Background of the Reserve Force

In the 20 years since the MGIB went into effect on June 30, 1985, the nation's security has changed radically from a fixed Cold War to a dynamic Global War on Terror. In 1991 the ADF

of the military stood at 2.1 million; today it stands at 1.4 million. Between 1915 and 1990 the Reserve Force (RF) was involuntarily mobilized only nine times.

There is now a continuum of service for military personnel, beginning with those who serve in the Reserve component only, extending through those in the Reserve component who are called to active duty for a considerable period of time, and ending with those who enlist in the ADF and serve for a considerable period of time. Since 9/11 more than 600,000 members of the 860,000-member Selected Reserve have been activated.

Today, approximately 40 percent of troops in Iraq are Guard personnel or Reservists. Despite this, both the MGIB-AD and the MGIB-SR still reflect benefits awarded 20 years ago with increases well behind the annual educational inflation rate. The Reserve component members rarely served on active duty at that time. The idea that any projection of U.S. power would require the activation of at least some Reservists was never considered in creating these programs.

Total Force GI Bill

Currently, The American Legion is advocating for the Total Force MGIB. One major selling point of this proposal is the portability of education benefits. This legislation will allow Reservists to earn credits for education while mobilized, just as active-duty troops do, and then use them after they leave the military service.

Current law gives troops who serve on active duty three or more years to collect up to \$1,075 a month for 36 months as full-time students totaling \$38,700. That benefit is available up to 10 years after discharge.

Reserve and Guard personnel can earn percentages of the full time active duty rate depending on length of their mobilization. If they are mobilized for 15 months -- the average length of deployment -- and then go to school full time they can only receive up to a maximum of \$23,220 using their Reserve Education Assistance Program (REAP) benefits. However, they can collect only if they remain in a Guard or Reserve unit. If they go into the inactive Reserve (Individual Ready Reserve) or are discharged, they no longer are eligible for education benefits.

Some unofficial cost estimates of the Total Force MGIB run as high as \$4.5 billion for the first 10 years, although the Congressional Budget Office has yet to provide detailed figures.

The Total Force MGIB plan calls on Congress to combine statutory authority for both MGIB-AD and MGIB-SR programs under the Department of Veterans Affairs (VA) (Chapter 30 of Title 38 of the U.S. Code). This would mean moving MGIB-SR programs from the Department of Defense (Chapter 1606 of Title 10 of the U.S. Code) and shifting oversight responsibility to VA.

The plan also calls for simplifying MGIB benefit levels and features into three tiers.

Tier one would be MGIB-AD. Benefits for full time students are currently \$1075 a month for 36 months of college or qualified vocational training.

Tier two would be MGIB-SR for drilling members who enlist for six years. But MGIB-SR would be raised to equal 47 percent of MGIB-AD and kept there. For years, Congress adjusted the MGIB-SR in lock step with MGIB-AD, staying at 47 percent of active duty rates. Since 1999, the Committees on Armed Services and Defense officials have failed to adjust the rates. As a result, the current MGIB-SR benefit for full time students is \$309 a month, or just 29 percent of MGIB-AD.

Tier three would be MGIB benefits for activated Reservists, but with changes to the Reserve Education Assistance Program (REAP) that Congress enacted in 2004. Technical problems had delayed the full implementation of REAP. REAP provides extra MGIB benefits to Reservists mobilized for 90 days or more since September 11, 2001. Payments are 40, 60 or 80 percent of MGIB-AD, depending on length of activation. As with MGIB-SR, REAP provides 36 months of benefits, but they end if the Reservist leaves military service.

Under Total Force MGIB, activated Reservists would get one month of benefits, at the active duty rate, for each month of mobilization up to 36 months. Members would have up to 10 years to use active duty or activated Reserve benefits (tiers one and three) from the last date of active service. A Reservist could also use any remaining MGIB-SR benefits (tier two), but only while in drill status or for up to 10 years after separation if the separation is for disability or qualification for retirement.

Conclusion

As the distinctions between the active and Reserve forces continue to fade, the difference between the active and Reserve forces of the MGIB should disappear accordingly. Benefits should remain commensurate with sacrifice and service. The American Legion agrees with the concept of the Total Force MGIB, which is designed to update the MGIB by incorporating the new security realities of this current open-ended Global War on Terror.

Therefore, The American Legion, which has a proud history of advocating for increased educational benefits to members of the Armed Forces, supports the “Total Force Educational Assistance Enhancement and Integration Act of 2007.” The bill would modernize the MGIB benefits to more effectively support armed forces recruiting, retention, and readjustment following service, and to better reflect a “Total Force” concept that ensures members of the Selected Reserve receive educational benefits that match their increased service to the nation.