STATEMENT OF
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TO THE

SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
COMMITTEE ON VETERANS’ AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES

ON

EXAMINING EXECUTIVE ORDER #13607 AND ITS IMPACT
ON SCHOOLS AND VETERANS

MAY 16, 2012
Chairman Stutzman, Ranking Member Braley and distinguished Members of the Subcommittee:

Thank you for the opportunity in allowing The American Legion to submit for the record its views on Examining Executive Order #13607 and its Impact on Schools and Veterans.

Since the Post-9/11 Veterans Educational Assistance Program (Post-9/11 GI Bill) went into effect in August 2009, there has been dramatic growth in both the number of beneficiaries and benefit payments for study at post-secondary institutions. The Department of Veterans Affairs (VA) supports over 800,000 students through its education benefits programs, and the Department of Defense (DoD) aided almost 400,000 through its Military Tuition Assistance Program (TA).

As a result of rapid increases in the amount of VA GI Bill benefits and DOD TA funds going to for-profit post-secondary institutions, these institutions have brought a growing scrutiny from many veteran service organizations and policymakers who are dissatisfied with graduation rates, recruiting practices, transferability of credits, and lack of accountability. Higher education among student-veterans continues to increase during a time where the economic environment and job market is not favorable for transitioning veterans. Armed with better data, the theory goes, service members, veterans, and their family members will vote with their benefits, putting pressure on low-performing colleges to improve on their product while avoid attending bad actor post-secondary institutions. Unfortunately, some of these safeguards are not working nearly as well as intended.

To protect these student-veterans from post-secondary institutions predatory practices, President Obama signed Executive Order 13607, Establishing Principles of Excellence for Education Institutions Serving Service Members, Veterans, Spouses, and Other Family Members, on April 27, 2012. In short, the EO is designed to combat unscrupulous practices used by schools to gain
access to the military/veteran education benefits. It protects the full range of military/veteran education benefits programs, including Post 9/11 GI Bill benefits, the DoD TA program, and Military Spouse Career Advancement Account (MyCAA). Its provisions focus on ensuring students have the proper information, support, and protections they need to make informed decisions about their educational options.

Even though the abuses are considered by many as isolated incidents, nevertheless, they are incidents of grave concern when post-secondary institutions take advantage of America’s service members, veterans, and their families. As lawmakers look to be fiscally responsible with taxpayer’s money, and when billions of taxpayer’s money is spend at times on fraudulent and totally ineffective education programs, these incidents should be of great concern to all of us.

Here are the facts:

- For-profit institutions are not cheap – despite the lack of campuses or classrooms or counseling or even much personal interaction with faculty members. According to the Education Department, for-profits cost on average $30,900 per year compared to public colleges at $15,600 and private, non-profits at $26,600.

- Taxpayer’s money is being used to fund marketing ads to attract service members, veterans, and their family members at a higher rate.

- According to the Department of Education, 26 percent of all student loan money and 46 percent of all student loan dollars in default come from for-profit programs, despite the fact they account for just 12 percent of college students.

In a *New York Times*¹ article, attorneys general from more than 20 states banded together to investigate for-profit post-secondary institutions with fraudulent promises, crushing debt loans, going bankrupt while leaving the service members, veterans, and their family members with loads of debt and worthless credits and still on the hook with those outstanding loans; the actions of these institutions are just wrong.

These are just some of the facts that cannot be ignored anymore by policymakers. Service members, veterans, and their family members trying to improve their job prospects shouldn't be duped into taking on crushing debt in exchange for the promise of a future job that will probably never materialize. Taxpayers should not be stuck holding the bag when these bargains inevitably go bad.

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However well intended the President’s interest in oversight of Post-9/11 GI Bill and DOD TA programs is, there is some room for concern. First, its intent should not be limited to for-profit post-secondary institutions. Post-9/11 GI Bill and DOD TA funds to nonprofit post-secondary institution should also be a matter of concern as well. In the absence of shared definitions, common metrics, and clear standards for how and where information is reported and presented, even the most ambitious policies, as such Executive Order # 13607 is doomed not to achieve its ultimate goal – providing information to allow service members, veterans, and their family members to be savvy consumers when choosing a college or university.

Policymakers should recognize the need to educate prospective student-veterans and their families about the right questions they should be asking about the data points they should examine closely when choosing a college or university. Policymakers should also review and readdress creating data collections points in the federal Higher Education Opportunity Act (HEOA) when the law is under review for reauthorization.

While the outcomes and impacts of this executive order on post-secondary institutions and veterans cannot be evaluated until the full implementation of the order, this executive order is a step in the right direction. It is one portion of the overall effort in aiding decision-makers and encouraging prospective service members, veterans, and their family members to consider certain criteria as an important component of their college choice.

This is a predicament that should be a cross cutting issue of bipartisan concern; where bogus degrees are a symptom of crisis among our service members, veterans, and their families; and where even those who claim to be accredited are often worthless in the job market. There is a significant gap between the obligation and delivery of higher education, which, unless checked, will constrain our economic growth; risking and squandering this nation’s competitive advantage – America’s service members, veterans, and their family members. Regardless whether these issues are addressed through executive order or legislation, one thing is sure; we have a problem that needs to be addressed.

The American Legion appreciates the opportunity to present this statement for the record. Again, thank you Chairman Stutzman, Ranking Member Braley and distinguished Members of the Subcommittee for allowing The American Legion to present its views on these very important issues.