

**STATEMENT OF
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DEPARTMENT OF VETERANS AFFAIRS
BEFORE THE
SUBCOMMITTEE ON BENEFITS
UNITED STATES HOUSE OF REPRESENTATIVES
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Mr. Chairman and Members of the Subcommittee:

Thank you for providing me the opportunity to present VA's comments on a number of legislative proposals affecting our education benefits programs. These include H.R. 759, providing a 10 percent increase in the benefit rates for the Montgomery GI Bill (MGIB) and the chapter 35 Survivors' and Dependents' Educational Assistance Program; H.R. 1877, expanding the work-study program for eligible veterans; and a draft Committee bill increasing the matching contributions under the Veterans' Educational Assistance Program (VEAP), providing scholarships to veterans who are in their senior academic year, providing for electronic submission of claims information for educational benefits, prohibiting entitlement to education benefits based on certain service, placing

veterans' education benefits under the Higher Education Act of 1965 definition of untaxed income and benefits, and permitting benefits for pursuit of professional recertification and skills improvement courses. I want to note up front that, while we agree with the intent of many of the provisions of these bills, the cumulative costs of these proposals would be significant and would need to be offset fully through appropriate savings provisions. We will be providing the Committee with the FY 1998 and five-year cost estimates of these bills as soon as they are available.

H.R. 759 - Increases in Educational Assistance Rates.

I first would like to address H.R. 759 which would raise the basic monthly rate for full-time training by 10 percent under the MGIB-Active Duty to \$470.66 and under the MGIB-Selected Reserve to \$223.56. This increase would commence October 1, 1997, with no additional cost-of-living-adjustment made for the fiscal year beginning on that date. Additionally, the basic chapter 35 rates for full-time training would be increased by 10 percent to \$444 per month.

Mr. Chairman, we acknowledge and share your obvious concern that the buying power of our educational assistance programs has been continuously eroding since the last rate increase due to the rising cost of education. However, pay-as-you-go scorekeeping rules require savings offsets. We, therefore, cannot do everything we would like to do to enhance the monetary assistance available to our student

veterans because we have been unable to identify a source of savings in other veterans programs to fund an increase. Nor are we willing to advocate reducing the benefits available in one program in favor of another.

H.R. 1877 - Expansion of Work-Study

VA allows individuals who are pursuing VA programs of rehabilitation, education, or training to earn an additional educational assistance allowance by serving in work-study positions. These work-study students perform in connection with VA's outreach services program, prepare and process veterans' paperwork at educational institutions and perform other activities at VA regional offices and facilities as VA determines appropriate. Current law also specifically allows use of work-study students in a Department of Defense (DOD) or military location, but only under limited circumstances; i.e., an individual who is receiving educational assistance under the chapter 1606 MGIB-Selected Reserve program may perform activities relating to the administration of that program at DOD, Coast Guard, or National Guard facilities.

H.R. 1877 would expand the use of work-study students to allow the support of any activity of a federal government department or agency, an institution of higher learning, a State or local government community service program or any program of a community service organization which VA

determines appropriate to its mission and needs, as well as the skills of the individual.

VA supports the concept of expanding the work-study program as a means of maximizing the educational assistance benefits available to veterans. At present, the services of work-study students can be used only in a limited number of facilities, in a limited number of ways. For example, many institutions of higher learning, often understaffed, have indicated to us that they have numerous activities in which veteran work-study students could provide assistance (e.g., student financial aid paperwork processing). However, those schools are severely limited in being able to place students in those positions due to the existing statutory restrictions. Further, many eligible students would welcome performing services at inner city regional offices, which would have a wealth of activities in which assistance could be used, but the student simply cannot afford the transportation and parking costs. Expanding the arenas in which the work-study student can perform could vastly increase the opportunities for these students to receive additional educational assistance. This provision, however, would have pay-as-you-go costs, and we could only support it if an appropriate offset can be found.

Mr. Chairman, I would now like to turn to the draft bill entitled the “Veterans Educational Benefits Act of 1997.” Section 2 of that measure would increase the amount of the education benefit received by those individuals

participating in the chapter 32 Post-Vietnam Era Veterans' Educational Assistance program. Currently, every VEAP participant is entitled to matching funds from the DOD at the rate of \$2 for each \$1 contributed by that participant to the Post-Vietnam Era Veteran Education Account. This provision would increase the DOD matching contribution to \$4, doubling the net government-provided education benefit under the program.

Since the VEAP program is funded by the DOD and since an offset would be needed for this proposal under pay-as-you-go scoring rules, VA defers to DOD's views in this matter.

Section 3 of the draft bill provides for scholarships at the rate of \$40 per credit hour for each accredited course pursued by certain veterans enrolled in an approved program of education under the VEAP or the MGIB. These veterans must be pursuing a bachelor's degree in a program of education, be classified as seniors by the educational institution offering the program, and have a cumulative grade point average of 3.25 on a 4.0 scale (or the equivalent thereof). The amount of the scholarship would be paid directly to the educational institution at which the veteran is enrolled, but not until that institution certifies that the veteran has the required cumulative grade point average.

We appreciate the ongoing congressional interest in promoting use of education benefits in a way that results in attainment of the eligible individual's desired educational, vocational or professional objective. Moreover, we like this proposal's innovative concept of rewarding veterans who have obviously worked

hard to achieve academic success under the VEAP and MGIB education programs. Nevertheless, we are unable to concur in the proposal as drafted because we believe it requires further study as explained below.

The proposal presents certain issues of administrative implementation which are unresolved. For instance, it does not address how to handle pass/fail grading systems, refunds when the student drops a course for which a scholarship was paid to the school, individuals pursuing combined bachelor's-graduate degree programs, or students already in receipt of partial or full scholarships. Further, VA, historically, has not favored having GI Bill provisions that would single out a class of veterans for special advantage. Rather, we have always sought uniform benefits for similarly circumstanced individuals -- equal benefits for equal service. This scholarship provision, however, applies only to VEAP and MGIB participants, only to seniors, and only to those pursuing a program of education leading to a first bachelor's degree.

Although we appreciate that this scholarship is being proposed, at least in part, in recognition of veterans' needs to meet the increased costs of an undergraduate education, we believe that at least equal need, merit, and justification may be found in cases of eligible veterans approaching completion of other types of educational and training programs. Accordingly, we cannot support this proposal as drafted.

Section 4 of this measure would permit claimants for VA benefits, as well as non-VA entities involved in providing VA benefits, such as State approving agencies and schools, to transmit documents electronically over the digital signature of the submitter. These electronic documents, submitted in the regular course of business, would be accepted as the legal equivalent of a signed, written document to permit VA to award benefits.

Currently, federal law is not clear as to the legality of an electronic signature on documents transmitted by wire as a substitute for a written signature. Section 4, however, would establish the admissibility and authenticity of such submissions and certifications in any administrative and legal proceedings involving these electronic records so long as the claims and certifications are submitted in the manner prescribed by the Secretary.

The use of these electronic signatures would greatly facilitate claims processing. A certification system could electronically receive veterans' education claims, enrollment certifications, approvals from State approving agencies, compliance survey data and other school information. This would expedite handling and reduce errors. Thus, we strongly support this provision.

Section 5 of this measure would bar from MGIB entitlement any cadet or midshipman at a United States service academy and any Senior ROTC scholarship program participant who does not complete the academy or ROTC scholarship assistance program (or who completes the program but declines to accept a

commission when offered) and who, consequently, is, or may be but is not, ordered to active duty in an enlisted capacity.

Based on our understanding of the purpose of this provision, it seems reasonable and we have no objection to preventing an individual from receiving Federal educational assistance through the MGIB based on the same service the individual has been ordered by the military to perform as a consequence of breaching an agreement with the Government under which the individual already was provided an education or educational assistance. However, we believe this provision may go too far in also barring MGIB benefits for honorable active duty service voluntarily performed by such an individual following a determination by the Secretary concerned not to invoke the statutory remedy of ordering the individual to active duty for his or her breach of the agreement. Nevertheless, if the intent is to use the MGIB bar in the latter case as an alternative remedy for the breach, we defer to the Department of Defense as to the need for and appropriateness of that additional remedy.

Section 6 would amend the Higher Education Act of 1965 to exclude VA education benefits from consideration in making Department of Education (DoE) grants and loans. Unfortunately, we have not had the opportunity to fully consult with the Department of Education on this matter. In any case, we believe that this issue should be resolved in the context of the upcoming reauthorization of the Higher Education Act.

Section 7 of the draft bill would amend the law to authorize VA education benefits for courses necessary to maintain or restore professional or vocational certification or proficiency. Currently, education benefits cannot be approved for courses leading to an educational objective for which an individual is considered already qualified under existing law. This amendment would permit individuals who are trained as professionals to use their VA education benefits to pursue courses necessary to remain current in their chosen profession. It would also allow individuals to use these benefits to become recertified in areas in which they were previously trained.

In this time of downsizing for all segments of the business and industrial complex, this provision would allow individuals to remain competitive in their chosen field. This provision, however, would have pay-as-you-go costs, and we could only support it if an appropriate offset can be found.

Mr. Chairman, this concludes my testimony. I will be pleased to answer any questions you or the other members of the Subcommittee may have.