

RONALD F. CHAMRIN, ASSISTANT DIRECTOR ECONOMIC COMMISSION THE  
AMERICAN LEGION

STATEMENT OF  
RONALD F. CHAMRIN, ASSISTANT DIRECTOR  
ECONOMIC COMMISSION  
THE AMERICAN LEGION  
BEFORE THE  
COMMITTEE ON VETERANS' AFFAIRS  
UNITED STATES SENATE  
ON  
S. 22, S. 698, S. 1261, S 1409, S. 644, S. 723, S. 1293, AND S. 1719

JULY 17, 2007

Mr. Chairman and Members of the committee:

The American Legion has a proud history of helping to pass the Servicemen's Readjustment Act of 1944, also known as the GI Bill of Rights, assisting 16 million veterans of WWII to make the American Dream come true and reshaping the United States. Thank you for this opportunity to present The American Legion's view on the several pieces of legislation being considered by the committee today. The American Legion commends the committee for holding a hearing to discuss these very important and timely issues that we feel will continue to afford veterans the opportunity to pursue their American Dreams.

The need for major enhancements of the All-Volunteer Force Education Assistance Program, better known as the Montgomery GI Bill (MGIB)

The American Legion supports passage of major enhancements to the current All-Volunteer Force Education Assistance Program, better known as the Montgomery GI Bill (MGIB). The current make up of the operational military force requires that adjustments be made to support all armed forces members. The American Legion supports legislation that will allow members of the reserve components to earn credits for education while mobilized, just as active-duty troops do, and then use them after they leave military service. One of the top priorities of any veteran education legislation is equity and portability of benefits. However, it is clear that the current dollar value of benefits must be increased to meet the demands of today's higher education fees.

In the twenty 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 Terrorism. In 1991, the Active-Duty Force (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. The Center for American Progress has reported:

- 1.4 million military (Army and other service) troops have served in Iraq or Afghanistan; 650,000 Army soldiers have been deployed to these countries

- More than 420,000 troops have deployed more than once; 170,000 Army soldiers have been deployed more than once
- 169,558 Marines have deployed to Iraq or Afghanistan more than once
- More than 410,000 National Guard and Reservists have been deployed to Iraq or Afghanistan since 2001, for an average of 18 months per mobilization; of these, more than 84,000 have been deployed more than once
- Stop-loss (a policy that prevents troops whose enlistment end date has arrived from leaving) has been imposed on over 50,000 troops

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 Active Duty Forces (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. Over 85,000 have deployed more than once to a combat theater.

Today, approximately 40 percent of troops in Iraq are Guard personnel or Reservists. Despite this, both the MGIB-AD and the MGIB-SR fail to meet the actual cost of education in this country. Reserve component members rarely served on active duty when the original educational benefits were created. It is important that the increase in reliance on Reserve troops is met with an equitable increase in educational benefits.

According to the FY 2007 MGIB pay rates, troops who serve on active-duty three or more years can collect up to \$1,075 a month for 36 months as full-time students totaling \$38,700. Active duty service members currently have up to 10 years after their separation of service to utilize their MGIB benefits, while members of the Selected Reserve must forfeit ALL of the educational benefits they have earned once they do so. It is an injustice that members of the Selected Reserve are unable to utilize these benefits after separation.

Members of today's Selected Reserve are so busy training and deploying that they have little time to actually use their MGIB benefits. Their ability to use the benefits while serving is curtailed because of repeated deployments and denied entirely once they finish their service. This is unfair treatment for service members who have seen more combat than most MGIB-eligible veterans in previous years.

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 18 months, the current average length of deployment since 2001, and then go to school full-time they can only receive up to a maximum of \$23,220 (FY 2007 rates) 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.

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.

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. The College Board, an association composed of more than 5,200 schools, colleges, universities, and other educational organizations, states that the average public university student now takes 6.2 years to finish. They also report that tuition and fees represent only a fraction of the total cost of attending college. The overall cost (tuition, fees, room, board, books, and other expenses) of a typical public college is about \$16,400 a year. (College Board)

S. 644, "Total Force Educational Assistance Enhancement Act and Integration Act of 2007" (The Total Force GI Bill)

The American Legion supports the Total Force GI Bill. This bill solves many problems, most significantly the inequities of benefits of the members of the Reserve components as compared to their full time active duty counterparts. Servicemembers called to active service perform duties at an equal rate to their full time counterparts and should be treated as such. 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.

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.C.). This would mean moving MGIB-SR and REAP programs from the Department of Defense (Chapters 1606 and 1607 of Title 10 of the U.S.C.) and shifting oversight responsibility to VA.

Funding the program through appropriations to the Department of Veterans' Affairs for a veteran specific benefit would also be beneficial.

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. 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. Those who enlist or re enlist in the Selected Reserve for 6 years are eligible for 36 months of benefits at a pro rated amount of the active duty rate (currently 29%). Increases in these benefits would be codified so that any time Congress raises the active duty

rate, Chapter 1606 benefits would go up by the same percentage increase. Eligibility for benefits would be forfeited once they separate from service.

Tier three would be MGIB benefits for activated Reservists, but with changes to the Reserve Education Assistance Program (REAP) that Congress enacted in 2004. 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.

A recent memorandum from the Department of Defense, Office of Special Counsel (OSC) (May 22, 2007) to the Chairman of the Armed Services Committee and the Chairman of this committee attempts to dissuade Congress from passing the Total Force GI Bill. We unequivocally disagree. The American Legion disagrees with the OSC finding that changing the REAP benefit calculation would be detrimental to Reservists.

The American Legion concurs with the VACOE DoD / VA Working Group on the Total Force GI Bill proposal recommendation and assertion that the Total Force GI Bill would benefit veterans and aid the Armed Forces in retention and recruitment needs.

The American Legion supports the Total Force GI Bill and feels enactment of this legislation will greatly benefit veterans.

S. 22, "The Post-9/11 Veterans Educational Assistance Act of 2007"

The American Legion has concerns regarding the eligibility requirement of this proposed legislation. We fully support the intent of this bill to provide additional educational benefits for full time active duty service members and those individuals who are ordered to active duty as members of reserve components of the Armed Forces. The bill will also aid in the recruitment and retention of members of the Armed Forces, and provide enhanced educational benefits more in line with today's needs. Efforts to ensure veterans are afforded education benefits that would include payment of tuition, books and fees as well as a \$1000 a month stipend are supported by the American Legion.

The American Legion is concerned for those veterans that complete their tours honorably, do not serve an aggregate of 2 years, and do not meet the other requirements of eligibility. These veterans have served their country honorably yet are excluded from earned benefits. The eligibility requirement as proposed by S. 22 requires a servicemember to serve an aggregate of at least two years of honorable active duty service in the Armed Forces after September 10, 2001. The bill also contains clauses for eligibility for other measures, service connected disabilities,

pre-existing medical conditions, hardship, and a physical or mental condition that was not characterized as a disability and did not result from the individual's own willful misconduct.

The American Legion fully recognizes that there are almost one hundred thousand members of the reserve components that have served multiple tours and exceed the 2-year minimum requirement, but we express that we cannot exempt benefits for those veterans that served side by side with full time active duty members at any time. The first rotations for OIF had servicemembers deployed for an average of 15-20 months.

The current Department of Defense policy states: The Department of Defense will construct the maximum mobilization timeframe to one year and the policy objective for involuntary mobilization of Guard/ Reserve units is a one-year mobilized to five-year demobilized ratio. If these policies hold true many members of the reserve components would not be eligible to receive benefits under S. 22 yet they have honorably served their country in the Armed Forces.

Equity would remedy this situation. The American Legion recommends a month for month benefit at the full time rate proposed in the legislation for those veterans that have served less than 2 years but also allow them to use their benefits after completion of a service contract. If a member does serve an aggregate of 2 years, due to multiple deployments, extensions, or enlistment in the Active Duty Force, then they would be in receipt of the full 36 months of benefits as proposed in S. 22.

The American Legion supports the idea that all veterans be treated equally regardless of their Reserve/National Guard status in such that an individual who was called to duty and served honorably should not have to remain in the selected reserve to use their earned benefits. 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 Post-9/11 Veterans Educational Assistance Act of 2007, which is designed to provide educational benefits for eligible servicemembers while incorporating the new security realities of this current open-ended Global War on Terror but reiterate, the Total Force military operation structure requires equitable benefits for time served.

#### S. 1261, "The Montgomery GI Bill for Life Act of 2007"

The Montgomery GI Bill for Life aims to repeal all time limits to use the MGIB, but it inadvertently neglects to account for those in the Reserve Educational Assistance Program (REAP) Title 10 U.S.C., Chapter 1607. The bill would maintain the requirement of those members participating in REAP to remain in the reserves in order to use their benefits.

The American Legion strongly supports the following provisions of the bill; the repeal of the delimiting date of Title 38, Chapter 30 (MGIB-AD) benefits, the extension of education benefits of an enrolled veteran that would have normally expired, the permittance of VEAP participants to enter the MGIB program, the repeal of the 14 year limit on use of MGIB-SR (Title 10, Chapter 1606) educational assistance benefits, and the provision that would entitle enhancement of disabled members opportunity to use their education benefits.

In addition to the positive measures that the bill encompasses, The American Legion feels that all veterans be treated equally regardless of their Reserve/National Guard status in such that an individual who was called to duty and served honorably should not have to remain in the selected reserve to use their earned benefits. The American Legion recommends that this legislation be amended to allow all Reservists and National Guard members to use their MGIB benefits, to include the Reserve Educational Assistance Program (REAP) after separation regardless of disability status and after completion of a service contract.

The American Legion recommends amending section 4 of S. 1261 with language that would permit members of the reserve components to use their earned REAP benefits once the eligibility requirement is met and after completion of a service contract.

S. 723, the "Montgomery GI Bill Enhancement Act of 2007"

The American Legion supports the termination of the current military payroll deduction of \$1200 required for enrollment in MGIB-AD and MGIB-SR as proposed in section 2. However, we feel that a refund of contributions would devote numerous Full Time Employee's (FTE) to administer the program over multiple years ultimately costing the government a significant quantity of time and money that could be used to better serve our nation's veterans. That same money could be allocated to increasing the monthly MGIB education rate, thereby increasing the power of the program.

The American Legion has no official position on section 3, the amendment to allow certain members of the armed forces to withdraw election not to enroll in the MGIB.

S. 698, the "Veterans Survivors Education Enhancement Act of 2007"

S. 698 would expand the current benefit of survivors and dependents educational assistance to an amount greater than the current value of the Montgomery GI Bill (MGIB) education benefit. The aggregate amount would become \$80,000 compared to the current full time rate MGIB benefit of \$38,700.

We have no official position on this provision however, The American Legion supports legislation in which the dollar amount of the MGIB entitlement would be indexed to the average cost of college education including tuition, fees, textbooks and other supplies for a commuter student at an accredited university, college or trade school for which they qualify and that the educational cost index be reviewed and adjusted annually.

S. 1293, Veterans' Education and Vocational Benefits Improvement Act of 2007

Section 2 (Expansion of Accelerated Payment programs for Title 38 U.S.C., Chapter 30, and Title 10 U.S.C. Chapters 1606 and 1607)

The American Legion strongly supports the provisions of S. 1293 to allow for accelerated payments for all eligible MGIB courses by striking the requirement that a course must lead to employment in the high technology field. Increasing the educational benefit available through the MGIB will provide a better incentive to veterans to complete a program with immediate

employment results, without the concern of going in to short-term debt. The American Legion supports granting a veteran the option to request an accelerated payment of all monthly educational benefits upon meeting the criteria for eligibility for MGIB financial payments. The selection of courses veterans undergo should remain exclusively the decision of the individual veteran and that all earned veterans' education benefits should be made available to veterans in support of their endeavors. Accelerated payments allow veterans to achieve their education goals in the manner that they decide. Binding the time frame of an education payout may restrict educational options for some veterans.

The American Legion supports the expansion of Public Law 107-103 that would be enacted in this legislation to include:

1. Survivors and Dependents Educational Assistance (DEA, or Chapter 35)
2. Reserve Educational Assistance Program (REAP, or Chapter 1607)
3. Montgomery GI Bill Selected Reserve (MGIB-SR or Chapter 1606)

The American Legion also supports the expansion of accelerated payments to Post-Vietnam Era Veterans' Educational Assistance Program (VEAP, or Chapter 32).

In addition to the traditional institutions for higher learning, MGIB benefits can be used for training at Non-College-Degree Institutions, On-the-Job or Apprenticeship Training, Independent, and Distance or Internet training. The MGIB also allows VA to reimburse veterans for the fees charged for national tests for admission to institutions of higher learning and national tests providing an opportunity for course credit at institutions of higher learning. Examples of tests covered are SAT, GRE, CLEP, GMAT, LSAT, etc. The MGIB for veterans, and not those eligible under Survivors and Dependents Educational Assistance (DEA), is available for Flight Training and Correspondence Training.

The significance of expanding the scope of accelerated payments is that the preceding categories are eligible for MGIB payments, yet excluded from accelerated payments. The American Legion recommends that all MGIB-approved courses, including the On-the-job-training (OJT) and Apprenticeship courses, become eligible for accelerated payments.

### Section 3

The American Legion supports the proposed amendment of the REAP program to take into account the thousands of servicemembers that have participated in multiple deployments. Many individuals have accumulated significant periods of time served on active duty by performing multiple tours. Their aggregate time most likely will greatly exceed the three-year requirement as proposed in this legislation. National Guard and Reserve members have been serving multiple tours on an average of approximately 15 months per tour; however, the current law only allows a reservist to achieve the maximum benefit of this program, 80 percent of the full time active duty rate, only if 2 continuous years of active duty service are met.

Since 9/11, Reservists have had to perform multiple deployments to all parts of the world, mainly Iraq and Afghanistan. By enacting this legislation, the realities of the total force structure are

recognized. Serving side by side with full time active duty members, reservists have earned the right for additional educational benefits.

S. 1409, The 21st Century Bill of Rights Act of 2007

## Section 2

The American Legion objects to the "deployed overseas" requirement for eligibility of this program. We also object to the limitation that this program would be unavailable to those veterans seeking a graduate level degree.

The American Legion support the provisions that would allow for a transfer of the number of remaining months of education benefits in Title 38 Chapter 30, and Title 10 Chapters 1606 and 1607 to this new proposed Chapter 33 in Title 38.

## Section 3

The American Legion supports the strengthening of the VA Home Loan program. The clause to increase the maximum guaranty amount of the Home Loan Guarantee greatly benefits veterans.

The American Legion strongly supports the repeal of the Home Loan Funding fee. The Department of Veterans Affairs (VA) Home Loan Guaranty program has been in effect since 1944 and the VA Home Loan Guaranty program has afforded approximately 18 million veterans the opportunity to purchase homes. The VA Home Loan Guaranty program offers veterans a centralized, affordable and accessible method of purchasing homes in return for their service to this nation.

The VA funding fee charged to veterans was enacted to defray the costs of the VA guaranteed home loan program but the program is expected to make a profit based on the fees charged to veterans. Congress is not required to appropriate funding for this program; however, because veterans must now 'buy' into the program; it no longer serves the intent of helping veterans afford a home. The fee makes the VA Home Loan program less beneficial, in some aspects, compared to a standard private loan.

The proposed legislation authorizes appropriations for the Veterans Housing Benefit Program Fund that will enable the program to continue without faltering due to lack of funding. The American Legion feels that this legislation should be enacted to prevent homelessness, reward a veteran for honorable service, and to take care of our nation's heroes.

## Section 4 Small Business Programs for Veterans

The American Legion supports the enhancement and opportunity for veterans and service-disabled veterans to start, operate, and succeed in their small business adventures.

S. 1719, A bill to amend title 38, U.S.C., to provide additional educational assistance under the Montgomery GI Bill to veterans pursuing a degree in science, technology, engineering, or math.



S. 1719 aims to assist veterans by paying a \$2000 stipend or fraction thereof per year for courses leading to degrees in science, technology, engineering, or math.

The American Legion agrees with the intent of S. 1719 in that it allows for members of the armed services and veterans to receive enhanced educational benefits more in line with today's needs; however, we feel that a monthly tax-free subsistence allowance indexed for inflation must be part of all educational assistance packages. While this legislation is aimed towards the active duty force (MGIB Chapter 30), The American Legion supports legislation that will allow Reservists (Title 10, Chapters 1607) to earn credits for education while mobilized, just as active-duty troops do, and then use them after they leave the military service.

## CONCLUSION

Historically, The American Legion has encouraged the development of essential benefits to help attract and retain servicemembers into the Armed Services, as well as to assist them in making the best possible transition back to the civilian community. The Servicemen's Readjustment Act of 1944, the "GI Bill of Rights" is a historic piece of legislation, authored by Harry W. Colmery, Past National Commander of The American Legion, that enabled millions of veterans to purchase their first homes, attend college, obtain vocational training, and start private businesses.

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 and designed to update the MGIB by incorporating the new security realities of this current open-ended Global War on Terror.

The legislation discussed today aims to better serve veterans and ultimately assist them in financial stability. The American Legion commends the committee for addressing these important issues. We appreciate the opportunity to present this statement for the record and to continue our proud history of advocating for increased educational benefits to members of the Armed Forces.