

STATEMENT FOR THE RECORD BY  
TRAVIS WARTHEN, VICE PRESIDENT  
LEADING EDGE AVIATION, INC.  
BEFORE THE COMMITTEE ON VETERANS' AFFAIRS  
UNITED STATES SENATE  
HR 475 AND DISCUSSION DRAFT  
SEPTEMBER 16, 2015



LEADING EDGE  
AVIATION, INC.

Chairman Isakson, Ranking Member Blumenthal and Members of the Committee:

Thank you for the opportunity to provide a statement for the record regarding Leading Edge Aviation's position on HR 475 and the current Discussion Draft as it relates to flight training programs under the GI Bill.

Leading Edge Aviation (LEA) has been providing flight training services for Central Oregon Community College (COCC) since 2006. We currently have 128 Veterans enrolled in flight programs at COCC and our overall ratio is 76% Veterans. The COCC program was the first to enroll students in flight programs using the Post 9/11 GI Bill and has successfully graduated many veterans who are now enjoying very lucrative careers in professional aviation. The cost of this program has only increased incrementally (an average of 5%/year), which is consistent with the costs associated with providing this training. Our program has, and always will be, completely focused on the best interests of the student. Our company is owned and run by Veterans and we strongly believe these men and woman have earned the right to choose the career that best fits their personal interests. We believe both HR 475 and the Discussion Draft, as written, threatens the ability of Veterans to continue to afford this level of education.

#### **Issue**

The Post 9/11 GI Bill became available for eligible Veterans on August 1, 2009. This new GI Bill allowed Veterans to receive fees associated with a degree which allowed those public schools with aviation degree programs to incorporate flight training fees into their program.

In order for any degree program to receive VA benefits the State Approving Authority (SAA) must approve that degree program. The approval criteria between different SAA's varies greatly across the country and the Oregon SAA established conditions for approval for flight training degree programs in 2010. *In Oregon, the institute of higher learning seeking approval for a flight training degree has to clearly show how they are in compliance with all the applicable laws and regulations in order to receive VA benefits.*

#### **Problem**

Due to lack of VA oversight, and inconsistent conditions for approval from the SAA's, some schools have received approvals for programs that are not in compliance with existing laws and regulations. The costs of these programs have increased exponentially, raising concerns inside the VA regarding the overall cost of these programs. Based on VA's own internal audit of the program, the national average annual per student cost for flight training programs is now nearly \$240,000/year, far exceeding rational cost/student milestones (nearly one fourth that amount).

In recent months, due to external scrutiny by the press and increased congressional pressure, the VA has finally begun to enforce the existing regulations and has capped enrollment of several schools that were found to be non-compliant with one of the two following criteria for the program:

**TAKE OFF**  
WITH CONFIDENCE

- (1) **38 CFR §21.4201 - Restrictions on enrollment; percentage of students receiving financial support--** clearly establishes an enrollment limit of no more than 85% veterans in any degree program. It requires programs be delineated by “educational or vocational objective” and the 85/15 ratio be calculated separately; and
- (2) **38 CFR §21.9600 – Overcharges** – prohibits the institution of higher learning from charging an individual an amount for tuition and fees that exceeds the established charges that the institution of higher learning requires from similarly circumstanced individuals enrolled in the same course

The intent of both of these regulations is to ensure costs are equitable for Veteran and non-Veteran students and at a level the market will support. If costs escalate to the point a school cannot attract the 15% non-Veteran students the ability to receive Veteran benefits will be suspended until the ratio is within the limitations.

The schools who are abusing the system have grouped together a large pool of students in a very generic degree with several different education objectives, which do not include flight training and are not calculating the ratio separately as required by the regulations. They are also allowing the student to choose the type of aircraft they fly, creating a sometimes-significant cost differential for Veteran and non-Veteran students.

Another potential challenge with the regulations is many students participating in the non-compliant programs are being trained in very expensive aircraft which comes with its own set of challenges: (1) it further skews the cost of an already non-compliant program; and (2) it undermines the intent of the program in that when trained in this aircraft, Veterans lack the necessary experience to find a job in the field without further training, experience and expense.

### **Current Congressional Approaches**

*HR 475-* Equates degree programs from public institutions that include flight training to that of private institutions, thereby establishing an annual cap for tuition and fees, which adjusts annually.

- The cap is just over \$20,000/ year, far below a reasonable average cost/student and limiting the opportunity for flight operators to continue to serve the Veteran population as they do today.
- Veterans would have to self-fund (or apply for loans) to make up the difference in programmatic costs.

*Senate Bill Draft Language* - Public institutions who contract educational services with private entities will be subject to tuition and fee cap of a private institution.

- Unlike HR 475, this draft does not limit the scope to just flight training. Therefore there is less opportunity to adjust the cap to address the over 1,800 veterans enrolled in flight training programs without greatly increasing the expense to the VA for all private institutions.
- The Draft would require public institutions to outlay significant funds for capital expenditures to continue to offer degree programs which currently include some element of contracted educational service.
- The draft fails to address the lack of State Approving Authority/VA oversight for programs that have had considerable cost increases, well above industry standards.

### **A Better Solution**

While it is clear the current flight training program has fallen victim to a few unscrupulous providers, the overly-punitive nature of the current language in HR 475, and now the follow-on Discussion Draft serves only to disenfranchise students who may seek to pursue a flight program at a public institution. Instead of officially managing the cap under which operators have to operate, one of the two following Congressional solutions would ensure that “bad actors” are disallowed from abusing the program AND the viability of future flight programs is maintained:

- (1) Make clear to VA, either legislatively or publicly, that renewed oversight WILL be exercised by Congress in the area of flight training programs and that continuous internal cost analyses will be required as well as a timeline developed for their delivery to Congress. This will ensure that overall costs will begin to migrate to the middle, preventing outlier flight operators from escaping scrutiny and enforcement actions; and/or
- (2) Establishing a cap closer to the median cost of a two-year flight program (\$50,000-60,000 per year). This will, almost by natural selection, “weed out” the operators who have historically abused the program for their own financial gain, AND allow those committed to the program to continue to provide opportunity for those who have rightly earned it.

Establishing an unrealistic cap for flight training programs punishes Veterans who are enrolled in schools that are in compliance with the regulations and providing a viable option for our men and women who have earned these benefits. Since the VA has started to enforce the existing regulations, we believe time should be given for these rules to work and ensure sufficient enforcement action is taken by the VA when operators run afoul.

Let’s not take this option away from our veterans and give them every opportunity to re-enter the civilian workforce at a living wage with opportunities for real, sustainable long-term success.

Thank you again for the opportunity to present our position on these important issues and please consider Leading Edge a resource as you continue your deliberations on these issues.

Travis Warthen