

MR. KEITH WILSON DIRECTOR, EDUCATION SERVICE VETERANS BENEFITS
ADMINISTRATION U.S. DEPARTMENT OF VETERANS AFFAIRS

STATEMENT OF
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VETERANS BENEFITS ADMINISTRATION
U.S. DEPARTMENT OF VETERANS AFFAIRS

BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE

HEARING ON LEGISLATION AFFECTING
VETERANS' EDUCATION PROGRAMS
JULY 17, 2007

Mr. Chairman and distinguished Members of the Committee, I am pleased to be here today to discuss a number of bills that would affect educational assistance programs administered by the Departments of Veterans Affairs (VA) and Defense (DoD). Accompanying me today is Mr. John Brizzi, Staff Attorney, Office of the General Counsel.

Update of VA/DoD Cooperation and Coordination Activities

Mr. Chairman, your invitation letter of June 18, 2007, asked that we address all facets of VA/DoD cooperation and coordination as they relate to the provision of educational assistance to veterans, servicemembers, and members of the Guard and Reserve. I am pleased to provide an update of our activities with DoD to supplement my earlier discussion of these matters in testimony before the Committee on March 14 of this year. I will then take the opportunity to comment on the specific legislation being considered today.

Electronic Data Sharing

Via a bi-directional data feed, DoD provides VA with the eligibility determinations for title 10 programs (chapters 1606 and 1607) and required information for the determination of chapter 30 MGIB eligibility. In most cases, VA is able to make an eligibility determination without a DD214, Report of Separation, or any other hard-copy documentation from the veteran. DoD also provides information to VA that facilitates direct mailing of education material to servicemembers at key times in their military career, thereby ensuring servicemembers are aware of their educational benefits. VA and DoD electronic data sharing also routinely includes demographic and statistical data such as payment information and usage of benefits. This data sharing assists in evaluating successes in administering education programs and areas for improvement.

Electronic Data Enhancements

In cooperation with DoD, the bi-directional data feed is being enhanced to allow for the provision of more detailed "kicker" information to VA. This expanded information will allow VA to process more claims without human intervention, thereby improving both timeliness and accuracy of claims processing. Implementation of this enhanced feature is expected during FY 2007. Additionally, the data exchange will soon be expanded to allow for mailing of educational material to activated guard and reserve members.

Total Force Working Group

VA and DoD formed a "total force" working group to evaluate methods of improving educational benefits to program participants by consolidating three educational programs - chapters 1606 and 1607 of title 10 and chapter 30 of title 38 - into one educational program. The working group provided its analysis to the Chairman of the Veterans' Advisory Committee on Education in April 2007.

Points of Contact (VA and DOD)

Through a long established network of Points of Contact, VA and DoD respond to many inquiries that address servicemembers' and veterans' claims processing needs. These may include verification of the eligibility status of a claimant or additional information that VA needs to process a claim for benefits. DoD points of contact routinely interact directly with VA claims examiners to expedite claim processing and better serve the claimant.

Transition Assistance Program (TAP)

In partnership with the Department of Labor (DOL), DoD, and the Department of Homeland Security (DHS), a half-day VA benefits briefing is given to servicemembers and their family as part of a (2 ½) day Transition Assistance Program (TAP) Workshop. During the VA benefits briefing, education benefit information and eligibility requirements are presented and education brochures, handouts, and points-of-contact information are provided. In addition to the formal TAP workshops, one-to-two hour VA benefits briefings are given at demobilization sites and included in separation and retirement programs. Information on education benefits is included in all presentations for separating/retiring servicemembers, including Reserve and Guard members. The total number of briefings conducted during Fiscal Year 2006 was 8,541 and 5,030 have been conducted in Fiscal Year 2007 as of the end of May.

In cooperation with DoD, VA produced and distributed outreach DVDs covering benefits for individuals participating in the Montgomery GIBILL- Active Duty, Montgomery GIBILL- Selected Reserve, and the Reserve Educational Assistance program. Over 250,000 copies of each of these DVDs were provided to Reserve units, Guard Units, and Transition Assistance Centers.

VA regularly attends conferences providing information to Service members and DOD Civilians. For example, we routinely attend several State National Guard Training Conferences, the Defense Activity for Non-Traditional Education Support (DANTES) Regional Workshops, meetings and conventions of the Enlisted Association of the National Guard, National Guard Association of the United States, Veterans of Foreign Wars, and The American Legion as well as many college fairs sponsored by various DOD facilities.

VA also works closely with DANTES to provide military Education Services Officers (ESO) with the training and information they require to provide benefit information and counseling to our military.

Mr. Chairman, I will now address the legislative proposals before the Committee. I would note that, on May 9, 2007, Admiral Daniel Cooper, Under Secretary for Benefits, stated that VA does not support S. 698, a bill to expand and enhance educational assistance under VA's Survivors' and Dependents' Educational Assistance program. Therefore, my testimony today does not address that measure. Similarly, Admiral Cooper presented VA's views on a draft bill, which is a modified version of S. 22 as introduced by Senator Webb. I am pleased to provide more detailed views on S.22 to the Committee today. In addition to the bills on the schedule, I also am prepared today to present VA's views on S. 1293, which we had been unable to discuss at the May 9 hearing. Finally, Mr. Chairman, I regret we are unable today to provide VA's views on S. 1261; however, we will submit written views to the Committee shortly.

S. 22 (As proposed to be revised)

Mr. Chairman, S. 22 (as proposed to be revised), entitled the "Post-9/11 Veterans Educational Assistance Act of 2007," would add a new chapter 33 to title 38, United States Code, that would, in general, require an individual to serve at least 2 years of active duty, with a least some period of active duty time served beginning on or after September 11, 2001, to be eligible for educational assistance under the new program. It would, for most individuals, link the number of months of educational assistance to the individual's months of service that occurred after September 11, 2001, but, in general, not provide for more than 36 months of benefits, with the educational assistance to cover the established charges of the program of education (subject to certain limitations), room and board (subject to certain limitations), and a monthly stipend of \$1,000.

Under S. 22, chapter 33 would provide for educational assistance for less-than-half time education, apprenticeships, on-job training, correspondence courses, and flight training. Chapter 33 also would provide payment for tutorial assistance, not to exceed \$100 per month for a maximum of 12 months, and one licensing or certification test, not to exceed the lesser of \$2,000 or the test fee. Generally, individuals would have 15 years to use their educational entitlement beginning on the date of their last discharge or release from active duty. VA would administer this program with payments of assistance made from funds made available to VA for the payment of readjustment benefits. In general, individuals eligible for benefits under chapter 30 of title 38, United States Code, or chapters 107, 1606, or 1607 of title 10, United States Code, could irrevocably elect, instead, to receive educational assistance under chapter 33.

We have serious concerns about certain provisions of S. 22 (as proposed to be revised) and, therefore, must oppose it. The complexity of the proposed eligibility requirements, the anticipated high benefit cost (with no apparent offsets), and the anticipated excessive administrative burden associated with this bill are all problematic. As currently written, eligibility criteria for the proposed chapter 33 are far more complex than the current Montgomery GI Bill. Entitlement determinations factoring in length of service and previous benefit usage would also be highly complex and difficult for individuals to understand.

The increased amount of benefits payable at varying levels for different institutions would make administration of this program cumbersome. The requirement that the benefit be paid at the beginning of the term would further complicate administration and would tax existing VA resources.

New section 3313(j)(2) of title 38, United States Code, as proposed under S. 22, would require VA to annually determine which public schools in each state have the highest in-state tuition rate and set the maximum established charges for each state accordingly. This labor-intensive process would need to be completed annually in sufficient time to prepare for issuance of payments in advance of the term. Further, as written, this bill would be effective on the date of enactment. It would be necessary to prescribe regulations, make systems changes, and make other key adjustments to support the components of this bill. It is also likely that other sections within title 38, United States Code, may need to be amended to address potential overpayments of the monthly stipend. For the above reasons, it would not be feasible for VA to begin making payments under the proposed chapter 33 benefit immediately.

It also appears that, if enacted, the bill might have some unintended consequences. For example, the stipend of \$1,000 per month would be payable to individuals attending degree and non-degree programs and also to those who are completing internships and on-the-job training programs. This seems inequitable, as it would treat an individual in an apprenticeship program who is earning wages the same as a college student who is incurring expenses. It is also unclear what effect this benefit would have on recruiting and retention. While we defer to the Department of Defense on this point, we acknowledge that this may lead to lower reenlistments.

VA estimates that, if enacted, S. 22 would result in benefit costs of \$5.4 billion during Fiscal Year 2008, \$32.2 billion for fiscal years 2008 through 2012, and \$74.7 billion over the 10-year period from Fiscal Year 2008 through 2017.

Significant administrative costs would also be incurred. As previously noted, proposed new section 3313(j)(2) would require VA, through a labor-intensive process, to annually determine which public schools in each state have the highest in-state tuition rate and set the established charges for each state accordingly. Further, since VA's obligation is to ensure that veterans and servicemembers receive the most advantageous benefit, VA would be obligated to reevaluate all pending claims and award the greater chapter 33 benefits, as appropriate. The initial year of the program would require VA to double our current Education FTE in an attempt to meet the workload increase. Extensive system changes would be needed to make lump sum payments to all beneficiaries before the start of the term. VA also would need to develop technological system changes to account for the payment rate variations from state to state. This would be problematic because VA is in the midst of changing from one payment system (Benefits Delivery Network) to another (Veterans Services Network).

We are concerned that these new and very complex administrative burdens would significantly impact the current level of service and responsiveness we give to current education program beneficiaries. Based on these factors, we would anticipate substantial administrative costs, but cannot fully estimate them without further research.

S. 644

S. 644 would recodify the provisions of chapters 1606 (the Montgomery GI Bill-Selected Reserve (MGIB-SR) program) and 1607 (the Reserve Educational Assistance Program (REAP) of title 10, United States Code, relating to educational assistance for members of the reserve components of the Armed Forces in subchapters I and II, respectively, of a new chapter 33 of title 38, United States Code. The bill also would make substantial revisions to such provisions as so recodified. VA does not support S. 644 as drafted for the reasons discussed below.

New section 3302, as proposed by this bill, embodies the provisions of 10 U.S.C. § 16132. This provision would set a program-commencement date of October 1, 2008, and would maintain eligibility based on a six-year commitment in the Selected Reserve.

New section 3302A, as proposed, has no corresponding section in title 10, but would provide that each individual eligible for the MGIB-SR on October 1, 2008, would be eligible for the new chapter 33 program, allowing these individuals the ability to carry over the number of months of entitlement remaining as of September 30, 2008. The current 14-year delimiting date for such individuals to use their educational assistance benefits would no longer apply.

New section 3303, as proposed, would correspond to current section 16131(b) of title 10. This section sets monthly rates for the subchapter I program at the MGIB-SR rates in effect for Fiscal Year (FY) 2007 (\$309). This would result in a rate decrease, however, since the MGIB-SR rates otherwise would increase to more than \$309 for FY 2008. We could not support this since we do not believe recodification should result in a lesser benefit. This section would maintain the CPI adjustment for subsequent fiscal years and future rate increases would be tied to increases in chapter 30 MGIB rates, by applying the same percentage increases in the rates.

The bill also would provide that VA and DoD jointly establish the amounts of kickers for particular categories of individuals. We believe such determinations relating to military force needs should remain exclusively with DoD.

Subchapter II of Chapter 33 as established by S. 644 would recodify provisions covering the REAP. New section 3323 would provide for the program under subchapter II to begin on October 1, 2008, with the same threshold 90-day active duty requirement for a participant's eligibility as for the REAP. Instead of DoD, VA would notify individuals of their eligibility under the program.

Section 3323A, as proposed, would provide that each individual eligible for the REAP on October 1, 2008, would be eligible for the new subchapter II program. These individuals would carry over the number of months of their entitlement remaining on September 20, 2008. Under specific circumstances, if an individual completes a service contract, the individual's delimiting date for using his or her remaining benefits would be 10 years from the date the individual separates from the Ready Reserve.

Section 3324 would make the monthly rate payable under subchapter II equal to the three-year MGIB-Active Duty (MGIB-AD) rate. Individuals who qualify for subchapter II through serving the minimum period of active duty that qualified them for REAP (i.e., 90 days) may receive up to 36 months of benefits. This would be adjusted annually by the increase in the CPI. This is a significant departure from current law and one that we do not support. Currently, a

servicemember gets 40 percent of the MGIB-AD rate if called to active duty for at least 90 days but less than a year; 60 percent of the MGIB-AD rate if called to active duty for at least a year but less than two years; and 80 percent of the MGIB-AD rate if called to active duty for at least two years.

Another change to the REAP involving pursuit of flight training provides for a substantial increase in such benefit. Individuals pursuing flight training full time under the subchapter II program would be given 60 percent of the established charges for tuition and fees. Individuals pursuing flight training currently under the REAP receive 24, 36, or 48 percent of those fees depending upon length of active duty service.

Under subchapter II, on the job training (OJT), apprenticeship, and correspondence program pursuit would be treated in a similar manner to such pursuit under the MGIB-AD. Currently, REAP participants pursuing such training receive a smaller percentage of the full-time rate than do their MGIB-AD counterparts, so this also would be a rate increase for subchapter II program participants.

Section 3325 proposes that a Reserve member who becomes eligible for subchapter II benefits after Sept. 30, 2008, generally may not use those benefits after leaving the Reserves if the member leaves before completing his/her contract. Otherwise, if the service contract is fulfilled, the veteran may use benefits for 10 years after separation from the ready reserves. The 10-year limit also applies if the veteran is separated early for disability, as is the case under current law. This change will allow everyone who fulfills the service contract to use the benefit after leaving the Reserves. This a substantial change from current law that would impact Reserve retention policy. Consequently, we defer to DoD on this provision.

Section 3326 proposes that the educational assistance would end if the individual receives benefits under 10 U.S.C. 2107 or leaves the reserves without fulfilling the service contract. An exception would be allowed for individuals who left but subsequently reentered the Reserves, provided the break did not exceed more than 90 days. Again, we would defer to DoD on this provision since it could affect retention policy.

Section 3342 provides that funding for those establishing eligibility after September 30, 2008, comes from VA's readjustment benefits account. Funding effective October 1, 2008, for those who transfer into the program from REAP or MGIB-SR will come from DoD. Currently, all funding comes from DoD. The Administration has worked with Congressional Budget and Appropriation Committees to ensure that the true cost of manpower is reflected in the budget of all agencies so that both cost and policy are not separated. Reserve education benefits are mainly recruiting and retention tools and for this reason they were funded on an actuarial basis in the DoD budget at the inception of the MGIB. The Administration does not support dismantling this funding mechanism as it would be contrary to transparent and responsible budgeting.

VA estimates that, if enacted, S. 644 would result in an increase to VA's Readjustment Benefit appropriation request of \$844.3 million in the first year, and \$8.4 billion over nine years. This increase reflects the change in appropriation structure requiring VA to increase its appropriation to cover the obligations associated with these payments. VA estimates the net impact of S. 644 to the Federal Government would be an increase of \$416.1 million in the first year and nearly \$4.9

billion over nine years. VA's GOE costs are estimated to be \$7.3 million over 10 years. In addition to the policy objections stated above, we do not support this legislation because the direct costs involved are not included in the Budget and the legislation does not identify a corresponding offset.

In order to ensure effective implementation of the proposed bill, VA would have to significantly enhance or replace existing accounting systems. We estimate approximately 18 months would be needed to complete this process and we have no current estimation on the costs involved.

S. 723

S. 723, entitled the "Montgomery GI Bill Enhancement Act of 2007," would exempt members of the Armed Forces and Selected Reserve on active duty between November 16, 2001, and the termination date of Executive Order 13235 from the mandatory basic pay reduction (\$100 for the first 12 months of active duty pay) currently required for participation in the MGIB-AD program. The bill also provides for reimbursement of payroll deductions made prior to the enactment of this Act. Finally, the bill would allow such members to withdraw any previous election not to participate in the MGIB-AD program.

VA believes that eliminating the servicemembers small cost for this important benefit is something that should be looked at from many perspectives. Eliminating a certain group of servicemember's requirement to make their contributions because of the time period that they served opens up inequities and equal payment issues under the law. For example, we have put many of our servicemembers in harms way that would fall outside of this time period who would not be eligible for the benefit. For that reason we cannot support this bill. In addition, we estimate that enactment of S. 723 would result in a mandatory benefit cost to VA of \$8.4 million during the first year; \$185.8 million over 5 years; and \$647.2 million over 10 years.

S. 1293

S. 1293 would expand the high-cost programs of education for which accelerated payment of educational assistance may be made under the MGIB-AD program and would authorize similar accelerated payment of educational assistance under the MGIB-SR program, REAP, and the Survivors' and Dependents' Educational Assistance (DEA) program. The bill also would provide certain enhancements for REAP.

Currently, accelerated payment of benefits is authorized only under the MGIB-AD program and only for pursuit of approved high-cost education programs that lead to employment in a high technology occupation in a high technology industry. Specifically, this measure would permit accelerated payment of the basic educational assistance allowance to individuals pursuing an approved high-cost program of education (in addition to the programs now authorized such payment) lasting 2 years or less that would not lead to an associate, bachelors, masters, or other degree. A program would continue to be considered "high-cost" if the monthly cost of the approved tuition and fees exceeds 200 percent of the monthly educational assistance benefit otherwise payable to the individual pursuing the program. The benefit paid for the additional approved programs qualifying for accelerated pay would be limited so as not to exceed \$3 million each fiscal year for the MGIB-AD program, \$2 million for the MGIB-SR program, \$1 million for REAP, and \$1 million for the DEA program. This provision would be effective for 4 years, from October 1, 2008, through September 30, 2012.

S. 1293 also would amend REAP to provide that a member of a reserve component who served on active duty an aggregate of 3 years or more would receive an educational assistance allowance that is 80 percent of the MGIB-AD rate applicable to individuals whose entitlement is based on 3 years of obligated service. Under current law, 2 continuous years or more are required to receive the 80 percent rate. Finally, S. 1293 would authorize a program, similar to the MGIB-AD program currently in effect, that would allow eligible individuals to "buy up" their REAP benefit by making after-tax contributions of up to \$600 to augment the monthly amount of basic educational assistance they receive over the months of their entitlement.

VA supports the concept of expanding the availability of accelerated payment as provided by S. 1293. We believe such expansion based on the length and cost of the training is appropriate. However, we cannot support the bill as drafted.

Limiting the funding level of accelerated payment for the MGIB and DEA programs each fiscal year further would undermine the effectiveness of the expansion. VA estimates that the cost limitations placed on each program will fall far short of the amount required to provide accelerated payments to all persons otherwise made eligible. Consequently, many eligible persons would be denied the benefit once the cost ceiling has been reached.

VA defers to DoD's views with regard to the provisions of the bill that pertain to REAP since REAP is a title 10 program within the jurisdiction of that Department.

If enacted, S.1293 would result in estimated cost to VA of \$4 million in Fiscal Year 2009 and \$16 million over the period of Fiscal Years 2009-2012.

S. 1409

S. 1409, entitled the "21st Century GI Bill of Rights," would establish in a new chapter 33 of title 38, United States Code, a new program of educational assistance for veterans who serve in the Armed Forces after September 11, 2001, and also would provide enhancements in housing and entrepreneur assistance for such veterans. Mr. Chairman, for the purpose of today's hearing we will comment solely on that portion of S. 1409 that addresses educational assistance to veterans. We will be pleased to provide our written views to the Committee on the remaining portions of the bill in the very near future.

S. 1409 would establish an entitlement under the proposed new educational benefit program for individuals who: (1) were deployed overseas on active duty in the Armed Forces after September 11, 2001, (2) served on active duty in the Armed Forces for an aggregate of at least 2 years after September 11, 2001, or (3) were discharged before aggregating 2 years of active duty service for a service-connected disability, a pre-existing medical condition, hardship or a physical or mental condition not resulting from their own willful misconduct but did interfere with their performance of duty. Individuals who have received a commission as an officer upon graduation from a service academy are not eligible for this benefit based on their initial service obligation.

VA opposes S. 1409. We believe that the bill's provisions relating to deployment are vague and overly broad. The bill fails to refer to a specific contingency operation but instead relies on a

term (deployed overseas) that is both vague and open to multiple interpretations. Allowing all individuals who have been deployed overseas since September 11, 2001, to qualify for the benefit would open up eligibility and a full 36 months of entitlement to anyone who has ever been deployed overseas regardless of location and length of service. This would make a very substantial number of individuals eligible to receive this benefit. Also, by only allowing individuals deployed overseas to qualify, the bill would disqualify many deployed in support of the Global War on Terror within the United States who aggregate less than two years of active duty. Additionally, basing eligibility on Active Duty location will create significant administrative burdens that could negatively impact our ability to timely and accurately deliver benefits.

We cannot support this provision in the absence of more specific language regarding contingency operations and/or location of deployment.

As proposed in S. 1409, individuals eligible under this program may receive up to 36 months of educational assistance. Eligible individuals would be able to enroll in an approved program of education under current chapter 30 provisions, with the exception of programs to obtain a graduate degree. Chapter 33 recipients could receive educational assistance consisting of the established charges for the program (including tuition, fees, required supplies, books and equipment) and an amount equal to room and board. The payments for established charges could not exceed the national average amount of tuition regularly charged for full-time pursuit of a 4-year program of education at a public or private college or university. The amount of the room and board payment could not exceed the standard dormitory fee, as established by VA through regulations.

VA does not support this proposal because of the provision that would exclude graduate training and the provision that would require VA to maintain established charges for programs and room-and-board costs. Many individuals enter the service today with at least some amount of post-secondary education. Disallowing graduate training would unfairly limit the eligible person's choices and the ability to use the maximum entitlement they have earned, as well as create an inequity among those eligible to receive the benefit. There is no compelling reason to favor one type of degree over another.

In addition, the bill provides no guidance on how to determine a "standard" dormitory fee. For example, it is unclear whether the standard should be a national standard or a standard specific to each state. The development of regulations and procedures for making an annual determination of standard fees would be an overwhelming administrative burden to VA. In general, VA opposes the establishment of a benefit that is based on the cost of programs and room and board.

The bill would provide for VA to determine the timing and frequency of payments to chapter 33 recipients. Educational assistance payments could be made in the form of a lump-sum amount for the entire term at its commencement, but they may not be made before the individual's date of enrollment.

The provision to pay for terms of enrollment in a lump sum after the commencement of the enrollment period has significant consequences. Currently, payments are generally made only after attendance begins. Payment of benefits following "enrollment" would result in significant payments amounts being provided prior to actual attendance. These payment amounts could be

based solely on how long prior to actual attendance an institution allows students to enroll. The use of the terms "enrollment" and "attendance" must be carefully applied.

Additionally, a heavy potential overpayment burden could be placed on veterans who terminate their enrollment prior to completing the term for which they have been paid. Presently, claimants must verify their attendance and are then paid on a monthly basis. This basically limits their liability for repayment of benefits due to course withdrawals to a single month. Payment of an entire term up-front would cause a repayment liability on the part of the claimant for potentially many thousands of dollars.

New section 3313(e), as proposed, would establish the manner in which payments would be made to individuals who are pursuing a program of education while serving on active duty. Individuals on active duty would receive the lesser of the established charges or the amount of the institution's charges. VA would be required to issue the chapter 33 benefit amount to such individuals in a lump-sum payment before the start of the term. These individual's entitlement would be charged at a rate of one month for each month for which they are paid.

Individuals pursuing training on a less than half-time basis would receive payments in a lump-sum no later than the last day of the month following the month in which their enrollment certification was received. Their entitlement would be charged at a percentage of a month equal to the number of hours undertaken divided by the number of hours for full-time study (actual hours/full-time hours).

Individuals eligible for chapter 33 could also receive tutorial assistance as outlined in 38 U.S.C. § 3492 without accruing any charge to their entitlement. Section 3492 allows individuals with an academic or other deficiency who are currently enrolled in a program of study, on a greater than half-time basis to receive an additional payment for tutorial assistance. These individuals may receive up to \$100 per month for a maximum of twelve months (\$1,200) to secure tutorial assistance from a person who is qualified and not related to the veteran or servicemember.

Under the proposed chapter 33 program, individuals could also receive payments for licensing and certification tests, as defined in 38 U.S.C. §3452(b), without incurring any charge to their entitlement.

New section 3313 (g), as proposed would offer specialized training and certification programs for veterans with service-connected disabilities. It is unclear if this portion of the bill would authorize an additional benefit under the new chapter 33 or an additional benefit under VA's chapter 31 Vocational Rehabilitation and Employment program for veterans with service-connected disabilities.

S. 1409 would also provide for the payment of licensing and certification tests without incurrance of any entitlement charges. This would make the 10-year delimiting date the only factor in determining at what point a claimant could no longer receive such payment.

New section 3321, as proposed, would establish a 10-year delimiting period in which an individual may use his or her benefits. This period would begin on the date of the individual's last discharge or release from active duty. If an individual's entitlement would expire during the

course of a term or a program of study, it would be extended until the end of the term/course or for 12 weeks, whichever is shorter.

New section 3322, as proposed, would specify that individuals receiving educational assistance benefits under chapter 33 may not receive assistance under chapter 30, 31, 32, or 35 of title 38 U.S.C. or chapter 107, 1606 or 1607 of title 10 U.S.C. simultaneously. In addition, §3322(b) would provide that periods of service counted under an educational loan repayment may not be counted as a period of service to establish eligibility for the chapter 33 program.

Individuals could elect to receive educational assistance benefits under chapter 33, if, at the date of this bill's enactment, they have remaining unused entitlement under chapter 30 of title 38, under chapters 1606, 1607, or 107 of title 10 and otherwise meet the requirements or are making progress toward meeting the requirements for entitlement under the proposed chapter 33. Individuals may also receive chapter 33 benefits if they opted out of the chapter 30 program through an election under §3011(c)(1) or §3012(d)(1) of title 38, but are otherwise eligible under the chapter 33 eligibility requirements.

New section 3324(c)(3)(B), as proposed, would permit individuals enrolled in chapter 30 to elect chapter 33 for the number of months of entitlement they have remaining. However, there is no provision regarding the manner in which individuals enrolled in the chapter 1606 or chapter 1607 program would elect benefits under chapter 33 or how their remaining entitlement should be applied to chapter 33 usage.

The bill would provide that, if an individual who is eligible under chapter 33 has previously elected to transfer his or her educational benefits to a dependent(s) under the provisions outlined in 38 U.S.C. § 3020, he or she may elect to revoke some or all of the remaining entitlement so transferred. If an individual were to revoke his or her transfer of entitlement, the educational assistance would no longer be available to the dependent. In such case, the entitlement would instead be available to the servicemember or veteran for chapter 33 purposes. Any previously transferred entitlement that is not revoked would remain available to the eligible dependent in accordance with current transfer of entitlement provisions under 38 U.S.C. § 3020.

The bill would provide that, if an individual elects to participate in the chapter 33 program, he or she may receive the number of unused months of entitlement he or she had under chapter 30. An election to receive benefits under chapter 33 would be irrevocable. In the case of an individual who has made an election, the bill would provide that, effective as of the first month following the election, the obligation of the individual to make contributions under the MGIB-AD or the MGIB-SR program shall cease.

We believe enactment of this bill would impose a tremendous administrative burden on VA, largely because it would make over 2 million veterans and servicemembers immediately eligible to receive the chapter 33 benefits upon the date of its enactment. Further, the entire combined population of current chapter 30, chapter 1606, and chapter 1607 participants would be eligible for the new (more advantageous) chapter 33 benefits and could request an immediate re-adjudication of their present claims. For reasons previously mentioned, which involve requirements for development of regulations or procedures, as well as extensive system changes that could include total development of new computer payment systems, VA would not be capable of effective administration of this benefit for an unacceptably long period of time

following enactment. The combined effect would be to severely impact claims processing and cause a huge spike of indefinite duration in current waiting times for receiving education benefits.

We estimate enactment of S. 1409 would result in benefit costs to VA of \$3.9 billion during the first year, \$25.1 billion for 5 years, and \$64 billion over 10 years. We currently are unable to estimate the resulting additional administrative costs associated with this bill.

S. 1719

S. 1719 would amend title 38, United States Code, to provide for the payment of an amount equal to \$2,000 per academic year, or fraction thereof for a partial year, to an individual entitled to educational assistance under the MGIB-AD who is pursuing a program of education with a focus on science, technology, engineering, or math. The payment would be made in addition to any other amount payable to an individual under the MGIB-AD, and would be paid to the participant at the start of his or her term. The bill would require VA to prescribe through regulations which programs of study would qualify for this enhanced benefit.

VA does not support enactment of this measure for a number of reasons. In terms of equity among veterans receiving MGIB-AD education benefits, VA has not seen evidence that veterans who choose to pursue programs focusing on science, engineering, technology, and mathematics must have a greater benefit than other veterans using their education benefits. This bill represents a departure from the existing MGIB-AD structure, which provides equivalent benefit opportunities to veterans who establish an entitlement.

In addition, we have substantial administrative concerns with the bill. We believe that our implementation of the requirements in S.1719 as of the date of enactment would be inhibited by the requirement for VA to determine and set forth in regulations the programs whose pursuit would be covered by this enhanced benefit. Prescribing changes through regulations requires publication in the Federal Register and a period for public comment; any lengthy delays in this process would hinder our ability to make payments beginning on the date of enactment. In addition, our current computer systems are designed to make recurring monthly payments; issuing regular annual stipends would require computer system changes.

For these reasons and in the absence of a clearly supportable rationale, we cannot support altering the existing chapter 30 benefit structure by singling out for special treatment one group of entitled veterans from others who established the same basic program entitlement. In addition, we have not noted any savings to offset the estimated costs of this bill.

Benefit costs associated with the enactment of S. 1719 are estimated to be \$91.7 million in the first year, \$464.8 million over five years and \$943.4 million over ten years.

Mr. Chairman, as I explained in the first part of my testimony, VA is proud of what we have been able to accomplish in concert with DoD to administer these important educational programs. We also appreciate the support of this Committee and the Congress in this mission, and stand ready to work with you to make these programs even better.

Mr. Chairman, this concludes my statement. I would be pleased to respond to any questions you or other Members of the Committee may have.