



Proposed Legislative Changes to the Post-9/11 GI Bill: Potential Implications for Veterans and Colleges

By

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Context

As the Post-9/11 Veterans Education Assistance Act (popularly known as the Post-9/11 GI Bill or Chapter 33) begins its second academic year of operation, changes loom on the horizon. While this is no surprise to those who know the history of the original GI Bill, some of the changes will have considerable impact not only on veteran students, but on institutions and across sectors of higher education. This paper outlines current major potential changes to the Post-9/11 GI Bill (as originally introduced) and analyzes their possible effects.

As of this writing, two major bills have been introduced to amend the Post-9/11 GI Bill: the Senate's Post-9/11 Veterans Educational Assistance

Improvements Act of 2010 (S. 3447) and the House of Representatives' identically titled bill (H.R. 5933). The two bills differ in some respects; in addition, cost estimates have not been released for H.R. 5933. Both bills, however, agree on the following:

Core Concepts

Eligibility: Types of Military Service

Expand eligible service definitions for Post-9/11 GI Bill benefits to include full-time service in the National Guard and Reserve, subject to certain qualifying conditions. Currently, National Guard and Reserve service must fall under Title 10 of the U.S. Code (federal mission status) to be counted toward eligibility for Post-9/11 GI Bill benefits. Full-time service under Title 32 (state active duty status) does not count toward eligibility for the

Selected Types of Title 10 Service	Selected Types of Title 32 Service
Partial Mobilization: Any National Guard unit or member may be mobilized during a national emergency declared by the President for not more than 24 consecutive months.	State Active Duty (SAD): A state governor can place National Guard personnel on "State Active Duty" to respond to natural disasters, manmade disasters or Homeland Defense missions.
Presidential Reserve Call Up: Any National Guard unit or member may be called up when the President determines the necessity to augment active forces for any operational mission, but for not more than 270 days.	Full-Time National Guard Duty: This applies to a member of the National Guard serving full-time on training or other duty (except inactive duty).

Post-9/11 GI Bill. Service performed under Section 502(f) of Title 32 (which permits the President or Secretary of Defense to call National Guard members to duty) also does not count toward Post-9/11 GI Bill eligibility.

As introduced, S. 3447's language limits service under section 502(f) of Title 32 to "when authorized by the President or Secretary of Defense for the purpose of responding to a national emergency declared by the President and supported by Federal funds." H.R. 5933 is less restrictive on this front, simply stating "in the National Guard under section 502(f) of title 32 when authorized by the President or Secretary of Defense."

This means that full-time service in the Title 32 Active Guard and Reserve (AGR) program as well as state-level call-ups to deal with natural disasters (e.g., Hurricane Katrina) would count toward a veteran student's qualifying service for the Post-9/11 GI Bill. The Congressional Budget Office (CBO) has recently estimated, based on information from the National Guard Bureau, that an additional 131,000 National Guard members would immediately qualify for benefits and another 8,000 would qualify annually (see PDF).

Eligibility: Types of Institutions

Redefine—and thus expand—the types of schools at which veteran students can use their Post-9/11 GI Bill benefits. Currently, veteran students can only use Post-9/11 GI Bill benefits at an "institution of higher learning." This is defined in the law as "a college, university, or similar institution, including a technical or business school, offering postsecondary level academic instruction that leads to an associate or higher degree if the school is empowered by the appropriate State education authority under State law to grant an associate or higher degree."

Under the proposed amendments, this definition would be changed to an existing Title 38 definition of "educational institution," meaning "any public

or private elementary school, secondary school, vocational school, correspondence school, business school, junior college, teachers' college, normal school, professional school, university, or scientific or technical institution, or other institution furnishing education for adults." The definition further includes private entities offering courses necessary to obtain licenses/certificates required for certain occupations. This is to correspond more closely to the original GI Bill, which allowed veterans to use their benefits for vocational training as well as college programs.

At present, there are approximately 5,200 two- and four-year public and private colleges and universities in the United States who report data to the federal Integrated Postsecondary Data System (IPEDS). Approximately another 2,500 institutions exist in IPEDS that could potentially be added to Post-9/11 GI Bill eligibility under the revised definition of "educational institution."

Financial Matters: Student Eligibility and Benefit Payments

Remove the current charts created by the VA that govern tuition and fee payments and instead create a new metric to pay student veteran benefits under the Post-9/11 GI Bill. The possible metric differs between the two bills as follows:

- **S. 3447**—For veteran students enrolled at public colleges and universities, the amended Post-9/11 GI Bill as introduced would pay "the established charges for the program of education." (The original Post-9/11 GI Bill defines "established charges" as actual tuition and fee charges.) As introduced, this does not distinguish between undergraduate and graduate charges or in-state or out-of-state tuition. For veteran students enrolled at private colleges and universities, the amended Post-9/11 GI Bill would pay "the lesser of the established charges for the program of education or the amount of the average of the established charges at all institutions of higher learning in the United States for a program of education leading to a baccalaureate degree as

determined by the National Center for Education Statistics of the Department of Education for the most recent academic year.”

- **H.R. 5933**—For veteran students enrolled at public colleges and universities, the amended Post-9/11 GI Bill as introduced would also pay “the established charges for the program of education.” Again, this does not differentiate between undergraduate and graduate charges or in-state or out-of-state tuition. For veteran students enrolled at private colleges and universities, however, H.R. 5933 states that the amended Post-9/11 GI Bill would pay “the lesser of the established charges for the program of education or \$20,000 for each academic year.”

The \$20,000 figure would increase annually “equal to the percentage by which the average cost of undergraduate tuition in the United States, as determined by the National Center for Education Statistics, for the last academic year preceding the beginning of the fiscal year for which the increase is made, exceeds the average cost of undergraduate tuition in the United States, as so determined, for the academic year preceding the academic year . . . and shall be rounded to the nearest whole dollar amount.” Using NCES statistics for 2007-2008 and 2008-2009 as a hypothetical illustration, this would mean about a 6 percent increase in one year, or approximately \$1,200. (Note: The language in the bill uses “tuition,” but NCES data combines the elements of tuition and required fees per standard higher education practice; therefore this is a rough estimate for illustrative purposes only.)

Add a stipend for veteran students pursuing on-the-job (OJT) or apprenticeship training. The language to determine the stipend differs between the two bills as follows:

- **S. 3447**—As introduced, uses a complicated formula based on six-month increments of time and fractions of averages: “[I]n the first six-month period of the program, an amount

equal to 75 percent of 1/12 of the amount of the average of the established charges at all institutions of higher learning in the United States for a program of education leading to a baccalaureate degree as determined by the National Center for Education Statistics of the Department of Education for the most recent academic year; in the second six-month period of the program, an amount equal to 55 percent of 1/12 of the amount of such average; and in any month after the first 12 months of such program, an amount equal to 35 percent of 1/12 of the amount of such average.” It should be noted that such a formula—if retained in the final law—would require considerable computer programming by the U.S. Department of Veterans Affairs.

- **H.R. 5933**—As introduced, uses a different formula based on six-month increments of time and the U.S. Department of Defense-calculated Basic Allowance for Housing (BAH) stipend for the employer’s location: “For the first six-month period of the program, an amount equal to the monthly amount of the basic allowance for housing payable under section 403 of title 37 for a member with dependents in pay grade E-5 residing in the military housing area that encompasses all or the majority portion of the ZIP code area in which the employer is located. For the second six-month period of the program, an amount equal to 80 percent of such amount. For the third six-month period of the program, an amount equal to 60 percent of such amount. For any month after the first 18 months of such program, an amount equal to 40 percent of such amount.” Again, it should be noted that such a formula—if retained in the final law—would require new computer programming by the VA that would affect its current programming schedule.

Add a Basic Allowance for Housing (BAH) stipend for veteran students enrolled part-time (who are currently ineligible for the U.S. Department of Defense-calculated BAH rate for an E-5 with dependents paid to full-time veteran students).

The metric for this stipend differs between the two bills as follows:

- **S. 3447**—Uses the BAH for the ZIP Code in which a school is located as the baseline, multiplied by “the lesser of one or the quotient of the number of course hours borne by the individual in pursuit of the program of education involved, divided by the minimum number of course hours required for full-time pursuit of such program of education.” For example, a college in Sacramento (Calif.) whose ZIP Code is 95819 would have a base BAH rate of \$1,680/month according to U.S. Department of Defense (DoD) rates. If a veteran student only enrolled for 6 credits in a semester but the minimum number of course hours required to be a full-time student in his or her program totaled 12 credits, the BAH formula would be $6 \div 12$, or 0.5; \$1,680 multiplied by 0.5 = \$840/month BAH rate for that student.
- **H.R. 5933**—Also uses the BAH for the ZIP Code in which a school is located as the baseline, but multiplies the BAH by 100 percent for full-time students, 75 percent for three-quarter-time students, or 50 percent for half-time students. For example, a student at a college located in Sacramento (Calif.) whose ZIP Code is 95819 would have a base BAH rate of \$1,680/month according to DoD rates. That \$1,680 would be multiplied by 75 percent (\$1,260) if the student enrolled three-quarter-time or by 50 percent if the student enrolled half-time (\$840).

Add a BAH stipend for veteran students enrolled solely in distance learning programs (who are currently ineligible for any BAH). The two bills use a different basis for the BAH stipend calculation:

- **S. 3447**—Sets the BAH for distance learners enrolled on more than a half-time basis at 50 percent of BAH for the ZIP Code in which a school is located. For example, a student at a college located in Sacramento (Calif.) whose ZIP Code is 95819 would receive an \$840/month BAH based on 50 percent of the \$1,680/month BAH for that ZIP Code.

- **H.R. 5933**—Sets the BAH for distance learners enrolled at least half-time at 100 percent of BAH for the ZIP Code where an individual distance learner is located. For example, a distance learning student living in Erie (Penn.) who enrolled at a college located in Sacramento (Calif.) would not receive the Sacramento (Calif.) BAH of \$1,680/month, since that amount is based on where the college is located. Instead, the student would receive the Erie (Penn.) BAH of \$990/month based on his or her physical location.

Financial Matters: Institutions

Increase the fee paid by the U.S. Department of Veterans Affairs to colleges and universities to defray the cost of processing and reporting veteran students' certification paperwork to the federal government. This fee currently stands, depending on the type of processing being done, at either \$7 or \$11 per student. It has not been increased since the 1970s. In response to the considerably more complicated procedures and workload required to correctly process and report veteran students' benefits under the Post-9/11 GI Bill, both S. 3447 and H.R. 5933 increase the fee. S. 3447 increases the totals to either \$12 or \$15 per student; H.R. 5933 increases the totals to either \$21 or \$25 per student.

Observations

Implementing the proposed simultaneous expansion of the number of institutions eligible for Post-9/11 GI Bill benefits and the qualifying service definitions for veteran students will be a complex process for the VA and institutions. It will also require ongoing, consistent communication between the VA and institutions. The proposed combination addresses benefit equity issues—particularly given the number of National Guard members and Reservists deployed overseas after the events of September 11—and follows the spirit of the original GI Bill in allowing benefits usage for vocational training. Both of these goals are laudable.

However, given the implementation issues that arose in the first year of the Post-9/11 GI Bill (see the November 2009 AASCU *Policy Matters*, “Implementing the Post-9/11 GI Bill: Lessons Learned and Emerging Issues,” here), expanding the Post-9/11 GI Bill to another set of eligible students and institutions will inevitably present further problems to resolve for veteran students, institutions and VA. To best serve veteran students, schools will need clear and explicit guidance from VA on matters within VA’s scope of guidance. They will also benefit from a stronger collaborative relationship with VA.

For instance, staff at vocational schools previously ineligible for the Post-9/11 GI Bill will need explicit training and guidance from VA on the Post-9/11 GI Bill benefit program. Their counterparts at other schools who are already working with Post-9/11 GI Bill benefit recipients will need guidance on both existing and new implementation issues, at least insofar as VA can provide such guidance. In return, schools can share lessons learned over decades administering federal, state and institutional financial aid to students—not just veterans’ education benefits—so that VA can adapt the information to design better systems and operating procedures.

While this may seem self-evident, a lack of clear and timely operational guidance from VA to institutions, as well as inconsistent information provided by VA to both veteran students and institutions of higher education, marked the first year of Post-9/11 GI Bill operations. Recent testimony by multiple representatives from the higher education and veteran student community—including AASCU—at the September 2010 House Committee on Veterans’ Affairs, Subcommittee on Economic Opportunity hearing, “Update of the Post-9/11 GI Bill,” offered potential solutions to the problem. (See link for hearing testimony.)

It is crucial to note in any analysis of the Post-9/11 GI Bill’s operational issues that VA was given an enormous task by Congress: to bring the Post-9/11 GI Bill online from scratch in approximately 14

months. This placed VA at a severe disadvantage from the start, not only in terms of building computer systems to process benefits, but in terms of nurturing collaborative relationships across the higher education sector. Given these constraints and the Post-9/11 GI Bill’s new benefit structure, VA was inevitably faced with implementation problems.

VA has been working hard to improve both its benefit processing and communication with veteran students and institutions. However, given the existing complexities of the Post-9/11 GI Bill’s benefit structure—and that the VA’s ongoing Post-9/11 GI Bill computerized benefit processing upgrades are being rolled out in partnership with the Navy’s Space and Naval War Systems Command (SPAWAR)—any addition to the program will require consistent communication between VA, schools, and veteran students.

Simplifying the calculation of Post-9/11 GI Bill benefit eligibility will help veteran students and institutions. The current payment charts devised by the VA are contrary to standard billing practices at colleges and universities and unnecessarily confusing to veteran students and institutions. S. 3447 and H.R. 5933 use different formulaic components to accomplish simplification. Each method has different policy implications in terms of payment for attendance at private colleges and universities. However, both offer the advantage of making the benefit easier for veteran students to estimate in advance and thus better plan their course of study. Institutions will also benefit from having a single definition of what charges are covered rather than the current 50-state charts that separate tuition and fee charges.

The current economic climate may affect how the Post-9/11 GI Bill is amended and to what degree. According to recent testimony from Keith M. Wilson, Director of Education Service, Veterans Benefits Administration, the VA has paid out over \$4.7 billion in Post-9/11 GI Bill funds to more than 340,000 people since August 1, 2009 (House Committee on Veterans’ Affairs, September 2010).

The Congressional Budget Office (CBO) has released a cost estimate for S. 3447 that estimates an increase of approximately \$1.3 billion in direct spending for veterans education benefits from 2011–2015 and approximately \$2.3 billion from 2011–2020 (link). The CBO has, however, based its cost estimate on “the actual cost of in-state tuition and fees, reduced by the amount of any institutional, state, federal, or employer-based financial assistance specifically designated to defray tuition and fee expenses.” The current Post-9/11 GI Bill does *not* reduce a veteran student’s benefit by other financial aid she or he receives.

The dilemma of balancing benefit equity with the cost of achieving said equity is not unique to the Post-9/11 GI Bill, but will require careful consideration to resolve.

Conclusion

The Post-9/11 GI Bill’s impact on veterans’ education is akin to the original GI Bill. While the two major bills currently under consideration to amend the Post-9/11 GI Bill differ in certain methodologies and may undergo more revisions, both address key concepts in terms of today’s generation of veteran students. Some of these concepts are rooted in the original GI Bill (e.g., vocational training and apprenticeship). Others are based on present-day technology (e.g., online learning). Successful implementation of these concepts—as well as any further changes to the Post-9/11 GI Bill—will require increased collaboration and information-sharing between VA and the higher education community, as well as with veteran students.

However, passage of an amended Post-9/11 GI Bill in this Congress will depend on whether Members

of Congress are willing to accept its additional costs as projected by CBO or the Chairman is able to make refinements to eliminate the net cost of the bill. Further complicating the process is that time is limited and finding time for floor debate, particularly in the Senate, will be difficult.

Resources

Congressional Budget Office (CBO). *Cost estimate: S 3447 Post-9/11 Veterans Educational Assistance Improvements Act of 2010, as ordered reported by the Senate Committee on Veterans’ Affairs on August 5, 2010*. Downloaded October 7, 2010 from <http://www.cbo.gov/ftpdocs/119xx/doc11934/s3447.pdf>.

House Committee on Veterans’ Affairs. *Witness testimony: Statement of Keith M. Wilson, Director of Education Service, Veterans Benefits Administration, U.S. Department of Veterans Affairs*. Retrieved October 7, 2010 from [http://veterans.house.gov/hearings/Testimony.aspx?TID=69543&Newsid=621&Name= Keith M. Wilson](http://veterans.house.gov/hearings/Testimony.aspx?TID=69543&Newsid=621&Name=Keith%20M.%20Wilson).

National Guard fact sheet: Army National Guard (FY 2005, posted May 2006). Downloaded October 21, 2010 from http://www.ng.mil/media/factsheets/ARNG_Factsheet_May_06.pdf.

Post-9/11 Veterans Educational Assistance Improvements Act of 2010 (S. 3447) text as published: Downloaded October 7, 2010 from http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:s3447is.txt.pdf.

Post-9/11 Veterans Educational Assistance Improvements Act of 2010 (H.R. 5933) text as published: Downloaded October 7, 2010 from http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:h5933ih.txt.pdf.

U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics, *Digest of Education Statistics. Table 334: Average undergraduate tuition and fees and room and board rates charged for full-time students in degree-granting institutions, by type and control of institution: 1964-65 through 2008-09*. Downloaded October 7, 2010 from http://nces.ed.gov/programs/digest/d09/tables/dt09_334.asp.

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