

EVALUATION SUMMARY

MONTGOMERY GI BILL PROGRAM

MONTGOMERY GI BILL – SELECTED RESERVE PROGRAM

SURVIVORS' AND DEPENDENTS' EDUCATIONAL ASSISTANCE PROGRAM

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OVERVIEW

Klemm Analysis Group was engaged to perform a comprehensive evaluation of three Department of Veterans Affairs (VA) education programs, the Montgomery GI Bill Program (MGIB), the Montgomery GI Bill - Selected Reserve Program (MGIB-SR), and the Survivors' and Dependents' Educational Assistance Program (DEA). These programs delivered over \$8 billion in benefits from 1985 to 1998.

Researchers listened to the voices of 5,962 beneficiaries (half of whom had used benefits and half of whom had not) via telephone interviews. Researchers interviewed approximately 150 VA education program stakeholders, VA staff, professionals in education and training, and experts in manpower needs of the Armed Forces. Process, practice, and communication were examined for clarity and effectiveness.

MGIB benefits are intended to assist veterans make the transition to civilian life. MGIB and MGIB-SR benefits are designed to recruit large numbers of qualified individuals into the active duty military and Selected Reserve. Benefits of all three programs are intended to enhance beneficiaries' ability to achieve educational and career goals, provide support for education that would otherwise not be available, or available only with considerable sacrifice, and to promote the Nation's competitiveness by helping to create a more productive workforce.

FINDINGS

In general, MGIB and MGIB-SR show some success in meeting the intended purposes of the legislation while returning over \$2 to the economy for every \$1 in taxpayer money funding two-year and four-year degree programs. By many measures, the centerpiece of VA education programs, MGIB, has continued the success established by the GI Bill of Rights.

Compared to those who have not taken advantage of MGIB, the men and women who furthered their education with government support

- Have lower unemployment
- Have increased career and education goals
- Enjoy an earnings advantage

Half of the users of MGIB benefits believe they could not have pursued that education without those benefits. Over three-fourths of users of MGIB and MGIB-SR benefits felt that money for education or training was an important incentive to join the active duty military or Selected Reserve.

Study results, however, also show VA education benefits

- Have not kept pace with education costs
- Do not reflect the increased diversity in available education and training desired by current beneficiaries
- Are not communicated effectively

More than one-third of MGIB, MGIB-SR, and DEA users believe their choice in education and training programs are compromised by the limited benefits.

RECOMMENDATIONS

The findings generated 25 specific recommendations clustered under three broad recommendations.

1. Raise the level of VA education program benefits

To maintain the purchasing power when initiated in 1984, MGIB benefits should have been \$778 per month during FY 1999 rather than the actual \$528 per month. DEA benefits should equal MGIB benefits, and MGIB-SR should be half of MGIB benefits.

The benefits should be indexed annually to the cost of higher education presented in data series created by the National Center for Education Statistics (NCES) based on average undergraduate tuition and fees paid by full-time equivalent students in all four-year institutions of higher education.

2. VA education program administrative procedures must be more customer-focused

Administrative procedures need to embrace broader definitions of education, flexible payment options, and employ technological tools that are right for the times.

3. The Department of Veterans Affairs must lead the communication of information to beneficiaries

Communication of VA education program benefits needs to be correct, consistent, and coordinated across departments of the Federal Government.

SCOPE OF ASSIGNMENT

Klemm Analysis Group was engaged to perform a program evaluation of three Department of Veterans Affairs education programs

- The Montgomery GI Bill – Active Duty Educational Assistance Program (Title 38, Chapter 30), (MGIB)
- The Montgomery GI Bill – Selected Reserve Educational Assistance Program (Title 10, Chapter 1606, (MGIB-SR)
- The Survivors’ and Dependents’ Educational Assistance Program (Title 38, Chapter 35), (DEA)

This report synthesizes Klemm Analysis Group’s individual program evaluations of MGIB, MGIB-SR, and DEA. Each evaluation is reported in a VA education program-specific report published earlier in 2000.

The evaluation investigated the extent to which each VA education program has met its statutory intent, the educational needs of beneficiaries, and the expectations of its stakeholders. The investigation also examined how well each VA education program is poised to meet the needs of beneficiaries in the early 21st Century and recommends how best to meet these needs. This first sweeping review of the three VA education programs augments knowledge gained from prior research with new information provided by program stakeholders.

In recent years there has been increasing interest in program outcomes. The Government Performance and Results Act of 1993 (GPRA) changed the focus from the traditional input and process measures of program success to evaluating program performance by determining whether a program has met its intended outcomes. GPRA provided the initial impetus for the present program evaluation.

Such program evaluations are also an important part of VA’s strategic planning process. Program evaluations provide VA with independent, unbiased analyses of Department programs. In addition to determining whether programs are satisfying their intended purposes and outcomes, program evaluations help VA fill existing data gaps. The information gathered from such studies allows VA officials to develop policies for future benefit packages, taking into account the future needs and expectations of veterans. The program evaluations of MGIB, MGIB-SR, and DEA, therefore, extend beyond the requirements of GPRA.

These comprehensive program evaluations employed diverse sources of information to understand current program issues, perform analyses, and formulate recommendations. The research reviewed program goals, program results, program processing components, client needs, and stakeholder concerns.

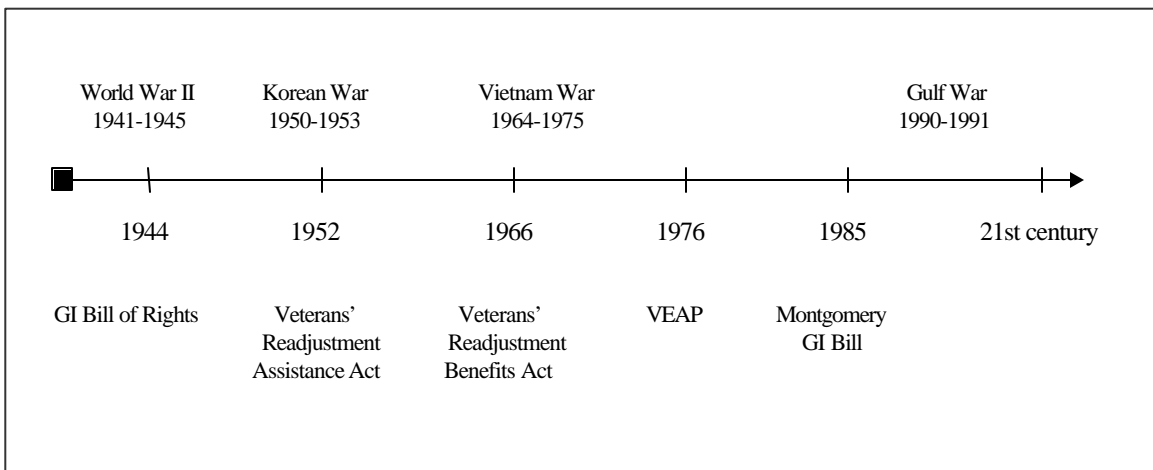
The recent flurry of newspaper articles on the current recruiting challenges and multiplicity of pending legislation suggesting changes to MGIB benefits have magnified the need for a thorough understanding of MGIB, MGIB-SR, and DEA program outcomes.

HISTORY

MONTGOMERY GI BILL PROGRAM AND MONTGOMERY GI BILL - SELECTED RESERVE PROGRAM

Modern educational benefits for veterans began with the passage of the Servicemen's Readjustment Act of 1944, commonly known as the GI Bill of Rights. Initially envisioned as an assistance program for readjustment to civilian life, the bill offered a wide variety of benefits to veterans affording opportunities that may have been missed while serving the country. The law provided for up to 52 weeks of unemployment benefits; guaranteed loans for financing the construction or purchase of homes, farms, or businesses; authorized the construction of additional hospital facilities for veterans; and provided for educational or vocational training.

EDUCATIONAL ASSISTANCE PROGRAMS SINCE WORLD WAR II



The program has been deemed extremely successful and to have greatly influenced the face of American society today. Michael J. Bennett, in his book, *When Dreams Came True*, and Peter Drucker, author of *Post-Capitalist Society*, both identify the GI Bill as a milestone of the 20th Century.

In order to meet their changing needs, the original GI Bill was replaced with other education assistance programs for the veterans of the Korean and Vietnam wars. The "Veterans' Readjustment Assistance Act" (1952) made the entitlement a monthly benefit and removed the separate subsistence allowance.

The end of the draft in 1973 introduced an additional challenge to the administrators of the Armed Forces. An All-Volunteer Force meant that in addition to providing educational opportunities to individuals who might not otherwise be able to afford them, recruitment issues also needed to be addressed. The Post-Vietnam Era Veterans' Educational Assistance Program (VEAP), Chapter 32, provided benefits with the intent of responding to this challenge.

The "Montgomery GI Bill" (MGIB) effectively set a termination date for VEAP entitlement (June 30, 1985), but not for benefits, and created a new education assistance program. The specific goals of this program are to

- Assist in readjustment to civilian life
- Extend educational benefits to people who might not otherwise be able to afford them
- Provide vocational readjustment and restore lost educational opportunities
- Aid in recruitment and retention for the All-Volunteer Force
- Provide special emphasis on retention
- Enhance the nation’s competitiveness through the development of a more highly educated and productive work force

Enacted in 1977, “Educational Assistance for Members of the Selected Reserve,” Chapter 1606 of Title 10 of the USC, encouraged membership in the Selected Reserve. The law paid for one-half of education expenses for members of the Selected Reserve. MGIB amended Chapter 1606 of Title 10 of the USC. This amendment provided more generous educational benefits to members of the Selected Reserve who agreed to remain members for a period of no less than six years. Since the passage of MGIB, Chapter 1606 has been known as the Montgomery GI Bill - Selected Reserve (MGIB-SR). It eliminated reenlistment bonuses and expressed the goal of retaining members of the Selected Reserve for at least six years.

SURVIVORS’ AND DEPENDENTS’ EDUCATIONAL ASSISTANCE PROGRAM

Education benefits were first provided to dependents of veterans with the enactment of “The War Orphans’ Educational Assistance Act of 1956.” In 1968 these benefits were extended to spouses of veterans. In 1976 the name of the program was changed to “Survivors’ and Dependents’ Educational Assistance Program (DEA)” and the benefits were increased. DEA provides educational benefits for spouses and dependents of service members whose death or total permanent disability was a result of serving in the Armed Forces. The purposes of this program are to

- Provide educational opportunities to children whose education would otherwise be impeded or interrupted by reason of the disability or death of a parent as a result of service in the Armed Forces
- Aid such children in attaining the educational status to which they might normally have aspired and obtained but for the disability or death of such parent
- Assist spouses in preparing to support themselves and their families at an expected standard of living but for the veteran’s death or service-connected, permanent and total disability

FACTS AND FIGURES

Details of the three programs are provided graphically

- Financial statistics includes the amount of benefits delivered during 1998 and 1985-1998, administrative costs, and number of claims processed during 1998 for each of the three programs individually and together
- Purposes and current benefits summarizes beneficiary requirements, maximum months of benefits, and FY 2000 maximum benefits (monthly and total) without kickers separately for each program
- Eligibility and coverage lists program-specific periods of eligibility, costs to beneficiaries, and other details
- Profile of VA educational program population compares demographic characteristics of program users and non-users as of April 1999

FINANCIAL STATISTICS

Benefits Delivered	MGIB	MGIB-SR	DEA	Total
1998 Total Benefits Delivered	\$795,266,000	\$86,974,000	\$106,763,000	\$989,003,000
1985-1998 Total Benefits Delivered	\$5,434,554,000	\$1,099,105,000	\$1,528,655,000	\$8,072,314,560
1998 Number of Beneficiaries	296,791	75,219	42,706	414,716
1998 Claims Processed	741,547	188,096	114,771	1,044,414
1998 VA Administrative Costs	\$42,283,064	\$10,757,163	\$6,464,910	\$59,505,137

Sources: Program Evaluation of MGIB, Tables 54 and 59

PURPOSES AND CURRENT BENEFITS

Program	Beneficiary Requirements	Maximum Months of Benefits	Fiscal Year 2000 Maximum Monthly Benefit*	Fiscal Year 2000 Maximum Total Benefit*
MGIB	<ul style="list-style-type: none"> • Serve minimum amount of time on active duty (2 or 3 years depending on commitment or "2x4" program) • Have equivalent of a secondary school diploma or 12 semester hours of college course work • Have \$100/month deducted from paycheck for 12 months • Enroll in MGIB upon entering active duty 	36	\$536 - 3 yr enlistment \$436 - 2 yr enlistment	\$19,296 – 3 yr enlistment \$15,696 - 2 yr enlistment
MGIB-SR	<ul style="list-style-type: none"> • Commit to a 6 year enlistment • Have earned equivalent of a secondary school diploma • Complete active duty training 	36	\$255	\$9,180
DEA	Be a child or spouse (not remarried) of a <ul style="list-style-type: none"> • Veteran who has died or is permanently and totally disabled as a result of a disability arising from active military service • Veteran who died from any cause while rated permanently and totally disabled from service-connected disability • Servicemember listed for more than 90 days as currently MIA or captured in line of duty by a hostile force • Servicemember listed for more than 90 days as currently detained or interned by a foreign government or power 	45	\$485 full-time study \$392 farm/ cooperative training \$353 apprenticeship/ job training	\$21,825

*Does not include kickers

ELIGIBILITY AND COVERAGE

Program	Cost to Beneficiary	Eligibility Period	Other Program Details
MGIB	\$1,200	Within 10 years of date of discharge	<ul style="list-style-type: none"> • Beneficiaries who qualify for more than one program may receive up to 48 months of education benefits • In certain branches of the military, supplemental allowances (“kickers”) of up to \$950 per month available for members in critical shortage areas ▪ Beneficiaries may not receive concurrent benefits from more than one education benefit program
MGIB-SR	\$0	Within 10 years of becoming eligible	<ul style="list-style-type: none"> • In certain branches of the military, supplemental allowances (“kickers”) of up to \$350 per month available for members in critical shortage areas • Beneficiaries may not receive concurrent benefits from more than one education benefit program
DEA	\$0	<p>Children: 18-26 years of age, with certain exceptions</p> <p>Spouses: Within 10 years of becoming eligible</p>	<ul style="list-style-type: none"> • Correspondence training available only to spouses of veterans • Special restorative training available to dependents with physical or mental disability • Beneficiaries may not receive concurrent benefits from more than one education benefit program

PROFILE OF APRIL 1999 VA EDUCATION PROGRAM POPULATION

MGIB	Users	Non-Users	Non-Participants
Gender			
Male	85.5%	84.4%	85.5%
Female	14.5%	15.6%	14.5%
Declared racial background			
White	72.2%	67.5%	74.3%
Black/African-American	16.0%	19.9%	16.6%
Hispanic	7.8%	8.2%	5.6%
Asian/Pacific Islander	2.5%	2.3%	1.1%
Native American/Native Alaskan	0.7%	0.8%	1.6%
Marital status at entry into service			
Single	93.4%	90.9%	81.1%
Married	6.6%	9.1%	18.4%
Education level at entry into service			
Less than high school	0.9%	1.2%	1.6%
High school diploma or GED	94.7%	86.3%	71.4%
Some college	0.8%	0.7%	0.9%
College graduate/other	3.6%	11.8%	26.2%
Age at entry into service			
Under 18	0.4%	0.4%	0.4%
18-19	56.1%	51.4%	34.5%
20-21	25.7%	26.8%	22.1%
22-24	11.9%	13.8%	25.2%
Over 24	5.9%	7.6%	17.5%
Rank at the end of service			
Enlisted	98.9%	98.8%	84.5%
Commissioned Officer	1.1%	1.2%	15.5%
Branch of service			
Army	44.6%	40.1%	31.6%
Navy	28.7%	29.0%	28.7%
Marine Corps	14.5%	15.2%	16.2%
Air Force	12.2%	15.7%	23.5%

Source: Program Evaluation of MGIB, Table 19

MGIB-SR	Users	Non-Users
Gender		
Male	80.9%	87.2%
Female	19.1%	12.8%
Declared racial background		
White	71.1%	71.9%
Black/African-American	17.3%	16.8%
Hispanic	6.9%	7.0%
Asian/Pacific Islander	2.6%	2.0%
Native American/Native Alaskan	0.7%	0.9%
Marital status at entry into service		
Single	63.9%	38.9%
Married	31.6%	53.9%
Education level at entry into service		
Less than high school	0.7%	1.2%
High school diploma or GED	79.5%	78.5%
Some college	11.4%	8.7%
College graduate	8.2%	11.2%

Source: Program Evaluation of MGIB – SR, Table 14

SURVIVORS' AND DEPENDENTS' EDUCATIONAL ASSISTANCE PROGRAM

The population of individuals who are potentially eligible for DEA benefits can not be determined from computerized files. Consequently no comparative display is presented regarding DEA users and non-users.

METHODOLOGY

Numerous strategies were required to

- Study the background of MGIB, MGIB-SR, and DEA
- Understand beneficiary needs and benefit usage
- Obtain information on future military needs
- Better articulate environmental pressures.

The primary components of the analysis consisted of a survey of persons eligible to receive VA education benefits, review of existing literature and program materials, visits to VA Regional Processing Offices, and interviews with principal stakeholders.

The heart of the original research was the Survey of Education Benefit Users (SEBU), a comprehensive telephone survey of MGIB-eligible, MGIB-SR-eligible and DEA-eligible individuals who had used or not used their VA education program benefits. This survey was designed to obtain critical program outcome information provided by actual program beneficiaries. A detailed description of the sample design is provided in Appendix 1.

Researchers reviewed published material to formulate the survey instruments, understand historical and current context of the three VA education programs, and triangulate primary and secondary information into knowledge of the programs' ability to meet legislative intent and readiness for the future. Websites and communication materials of VA, DoD, and DOEd were also assessed to understand the caliber of information provided to recruits and veterans. Historical data and forecasts of the Armed Services and VA education program staffing and budgets were also reviewed. A list of the principal VA, DoD, and DOEd documents and publications examined and reviewed is presented in Appendix 1.

Senior researchers visited two of the four VA Regional Processing Offices, St. Louis and Buffalo, to observe VA education program claims processing operations and interview staff about claims processing, customer service, and compliance/liaison operations. Study investigators also attended the Southern Regional VA School Conference where they interviewed State Approving Agency (SAA) staff, School Certifying Officials, and Education Liaison Representatives (ELRs).

Personal interviews were conducted with approximately 150 representatives of the following groups.

- Congressional staff
- Veterans Service Organizations staff
- Officials from educational institutions, including minority institutions
- Staff of VA Education Service's Central Office and two field offices
- Department of Defense staff and officials
- Professionals in education and training
- Experts in manpower needs of the Armed Forces

ENVIRONMENTAL PRESSURES

FACE OF THE FORCE

Major changes have occurred in the numbers and demographic composition of the active duty population since 1985. The active duty force has decreased by 35 percent from 2.14 million in 1985 to 1.39 million in 1998. The most notable demographic change is the growth in the proportion of women among the active duty forces, from 9.8 percent in 1985 to 14.1 percent in 1998.

One-third of the active duty population belongs to a racial category other than Caucasian. This percentage is higher among enlisted personnel. The percentages of both enlisted personnel and officers that belong to a racial category other than Caucasian have risen since 1985. African-Americans comprise about three-fifths of all minorities in the active duty military.

ACTIVE DUTY FORCE, 1985 AND 1998

	Total Military	Men	Percent men	Number of dependents per male	Number of dependents per family
1985					
Total	2,137,373	1,927,178	90.2%	1.5	2.5
Officers	308,919	278,597	90.2%	2.0	2.6
Enlisted	1,828,454	1,648,581	90.2%	1.4	2.5
1998					
Total	1,394,429	1,197,942	85.9%	1.6	2.6
Officers	223,281	192,312	86.1%	2.1	2.5
Enlisted	1,171,148	1,005,630	85.9%	1.5	2.6

Source: Department of Defense, Active Military Personnel and Their Dependents, provided by Office of Secretary of Defense/PA&E, 1985 and 1998, Table 2-6

RACIAL COMPOSITION OF THE ACTIVE DUTY FORCE, 1985 AND 1998

	All minorities	Black	Hispanic	Other*
1985				
Enlisted Personnel	29.1%	21.0%	3.9%	4.1%
Officers**	10.3%	6.4%	1.5%	2.3%
Total	26.4%	18.9%	3.6%	3.9%
1998				
Enlisted Personnel	36.5%	22.3%	8.1%	6.1%
Officers**	16.4%	8.3%	3.4%	4.7%
Total	33.4%	20.1%	7.3%	5.9%

* Includes minorities without further specifying information

** Includes Warrant Officers

Source: The Defense Almanac, 1999, and DMDC data, 1985

PROJECTED ACTIVE DUTY POPULATION

DoD projects the active duty population will remain approximately at 1999 levels for the next six years and beyond (“outyears”). DoD recruiting goals continue to call for recruits comprised of at least 90 percent high school graduates who will be eligible to enroll in MGIB.

**ACTIVE DUTY FORCE PROJECTIONS, 1999 – OUTYEARS
(IN THOUSANDS)**

	1999	2000	2001	2002	2003	2004	2005	Outyears
Active Duty	1,390	1,384	1,377	1,372	1,369	1,371	1,370	1,370

Source: Financial and Manpower Summary Tables, provided by Office of Secretary of Defense/PA&E, dated February 1999

PROJECTED VETERAN POPULATION

Today’s active duty population will become tomorrow’s veterans. The total number of veterans aged 44 or less is projected to decline in the next ten years as a result of the military drawdown. The decline in women veterans is not projected to be quite as great as the decline in veterans overall, reflecting an anticipated growing percentage of women in the military. Projections suggest there will be 68 percent as many veterans under age 45 in 2010 as in 2000 and that there will be 70 percent as many women veterans under age 45 in 2010 as in 2000.

**PROJECTED VETERANS UNDER AGE 45, 2000 AND 2010
(IN THOUSANDS)**

	Age <45 years	Age <25 years	Age 25-34 years	Age 35-44 years
2000	4,802	186	1,636	2,980
2010	3,275	166	1,190	1,919

Source: The Changing Veteran Population: 1990-2010

**PROJECTED FEMALE VETERANS UNDER AGE 45, 2000 AND 2010
(IN THOUSANDS)**

	Age <45 years	Age <25 years	Age 25-34 years	Age 35-44 years
2000	572	18	200	354
2010	401	17	138	246

Source: The Changing Veteran Population: 1990-2010

Although the total number of veterans less than 45 years of age will decline, the number of persons who use MGIB benefits in the coming years will also be affected by how many active duty members enroll in the program and how many subsequently choose to use MGIB benefits.

MILITARY RECRUITING AND RETENTION CHALLENGES

Without a military draft, the security of the United States depends on the ability of the Armed Forces to recruit large numbers of highly qualified individuals to control technologically advanced tools and perform other operations required for the national defense. According to Vice Admiral P.A. Tracey, Deputy Assistant Secretary of Defense, education benefits are vital to DoD's recruiting efforts to attract such individuals.

The Armed Services have downsized, but the military must still recruit about 200,000 young people a year for active duty. The military is also increasingly relying upon the Selected Reserve. Members of the Selected Reserve were called to active duty during the Gulf War period and have increasingly become part of the Total Force. An explicit purpose of the MGIB and MGIB-SR legislation is to promote and assist the All-Volunteer Force program and the Total Force Concept of the Armed Forces.

Polls have ranked the military as the most respected American institution. Despite the high regard with which Americans view the military, the Armed Forces have recently faced their most challenging recruiting and retention climate ever. There is fierce competition with private industry for talented workers.

Fiscal Year 1998 was the most difficult recruiting year in quite some time, and recruiting difficulties continued during Fiscal Year 1999. The Army and the Air Force failed to meet their recruitment goals, with the Army falling 6,300 recruits shy of its 74,500 goal, and the Air Force falling 1,700 recruits shy of its goal of 33,800. The Navy succeeded in meeting its goal. The Marine Corps, whose recruiting strategy promotes intangibles such as self-esteem and leadership, seeks fewer recruits than the other services and exceeded its recruiting goal.

Several other recruiting incentives to help the military meet its personnel requirements have recently been proposed. The three alternatives listed below are suggestive of some of these proposals.

- On October 2, 1999, the National Defense Authorization Act provided for increases in the maximum enlistment bonus from \$12,000 to \$20,000. The Army requested and received approval from the Deputy Secretary of Defense to offer enlistment bonuses at the new maximum level on November 18, 1999. Enlistment bonuses are not tied to the quality of recruits, however, and may not succeed in attracting enough of the high-quality recruits that the Armed Services desire.
- Army Secretary Louis Caldera suggested the Army locate the best potential candidates among the high school dropouts and pay them the costs of courses, materials, and exam fees to complete the General Equivalency Diploma (GED) certificate in return for a pledge to enlist.

Recent surveys show Hispanics have a higher interest in enlisting than whites or African-Americans, but they do not qualify. Hispanic high school students consistently have the highest dropout rate: 30 percent nationally and 50 percent in some states such as Texas.

- The new military pay scale provides strengthened incentives for individuals to reenlist for active duty. Increased reenlistment rates, however, may postpone but not necessarily solve the longer run recruiting problem because recruiting needs intensify when persons who reenlist exit the service.

EDUCATION AND TRAINING CHALLENGES

The educational and training arena has witnessed several notable changes in the past few years. These present challenges to existing VA education programs, their administration, and the ability to provide the kind of financing and support that will enable beneficiaries to meet the challenges posed by the new economy.

There has been an increased prevalence of adult, non-traditional students attending higher education programs. Non-traditional students (defined by DOEd as those over 21 who may have families and/or a job) enroll more frequently than others in less-than-four-year programs, according to DOEd. Many VA education beneficiaries fall within this category. Non-traditional students are less likely to complete any program (bachelor's, associate, and vocational certificate degrees) within five years than other students. This is not surprising given their obligations.

Non-traditional higher education programs, especially popular among non-traditional students, have grown in a parallel fashion. These programs include distance learning, certificate programs, and both formal and informal on-the-job training.

Distance Learning

Distance learning encompasses many technologies: correspondence courses; internet courses; radio; telephone; and audiovisual media. Most educational institutions offer or are moving towards offering some type of distance learning. Some newer institutions predominantly or exclusively offer distance learning. Distance learning offers advantages of reduced commuting time and flexible scheduling, but interaction between faculty and students may be reduced.

Considerable difference of opinion exists in the educational community as to whether distance learning effectively substitutes for more traditional forms of education. Limited available evidence suggests that distance learning is effective for students who have above average motivation and persistence. DOEd is conducting a demonstration program on distance learning.

Certificate Programs

Certificate programs develop and/or recognize mastery in a professional or technical discipline. DOEd has recorded more than 2,000 certificate programs, the largest number in health professions and related sciences followed by business and management studies.

Since many other certificate programs are not reported to DOEd, little information about their students or graduates is available. One major exception: 1.4 million individuals received some level of Microsoft certification in 1998.

Fueling the growth in certificate programs has been the desire for lifelong education and training as specific skill requirements change or grow in our dynamic economy. Skill certification and renewing licenses have become essential practices in some occupations.

Educators interviewed by study researchers expressed caution that the skills acquired from certificate programs are likely to last for a finite, but unknown, period of time. Questions remain regarding the number of enrollees in these programs who actually receive certificates, the job placement rates, and earnings associated with such certificates.

On-the-Job Training

The U.S. Bureau of Labor Statistics (BLS) surveys indicate wide prevalence of job training in general and job-specific skills training. The largest amount is provided in computer skills, followed by professional and technical training. Almost 70 percent of surveyed employees indicated they received formal job training within the past year. Many more indicated they received informal training: 54 percent computer skills and 32 percent informal training in communications, employee development, and organization quality training.

EDUCATION AND SKILLS VA BENEFICIARIES WILL NEED TO SUCCEED IN THE COMING DECADE

Current Veteran Educational Attainment

Compared to the general population 20-39 years of age, relatively more veterans are high school graduates, but there is virtually no difference in the percentage that attended college. Together these facts imply that among persons who have completed high school, a smaller proportion of veterans than non-veterans has gone to college.

EDUCATIONAL ATTAINMENT OF VETERANS AND NON-VETERANS AGED 20-39 IN MARCH 1998

	Non-High School Graduate	High School Graduate	1 to 3 years College	Bachelor's Degree or Higher	Attended College*
Veterans	3.4%	45.2%	38.7%	12.9%	51.6%
Non-veterans	15.2%	33.3%	28.3%	23.3%	51.5%

* Sum of columns "1 to 3 years College" and "Bachelor's Degree or higher"

Source: The Changing Veteran Population: 1990-2010

The percentage of veterans holding an associate degree is slightly higher than non-veterans (10 percent versus 7 percent), according to unpublished BLS tabulations (March 1998 CPS data). Yet the overwhelming difference among those who go to college is that proportionately more veterans (29 percent) than non-veterans (21 percent) have not completed a degree program.

Skills That Will Be In Demand In The Coming Decade

The most comprehensive forecast of skills that will be in demand by employers in the coming decade is compiled by BLS. BLS projects that proportionately more jobs will require a bachelor's, associate, and other postsecondary degrees than in 2000. A greater number of jobs will also require short-term on-the-job (OJT) or postsecondary vocational training. Workers who obtain these degrees or training will be more employable and earn more; those who do not will not fare as well as similarly educated or skilled persons in 2000.

According to BLS projections of education and training requirements needed to fill job openings by the year 2006, jobs requiring

- A bachelor's degree will grow by 25 percent
- An associate degree will grow by 22 percent
- Short-term OJT will grow by 13 percent
- Postsecondary vocational training will increase by 7 percent.

Job categories that do not require a college degree are expected to have a below average number of job openings.

BLS projections also indicate that, during the next decade, two-thirds of workers with an associate degree will receive “very high” earnings and another 28 percent “high earnings,” compared to the general work force. Persons with a bachelor's degree will fare even better: three-fourths are expected to receive “very high” earnings and another 17 percent “high earnings.”

BLS projections, coupled with information on the educational attainment of persons now in or entering the active duty military and Selected Reserve, indicate a gap between the current educational and skill attainment of VA education beneficiaries and the education and skills necessary for success in the coming decade. BLS projections imply that a traditional two- and four-year education will provide beneficiaries with the best chances to obtain high paying employment. Many will need job training, either on-the-job or postsecondary in form, to remain employable and competitive in the job market, or else they will fall further and further behind.

Projected Veteran Educational Needs

More than two-thirds of enlisted personnel as of December 31, 1998 had no more than a high school education. Barring a change in the success of military recruiting in attracting more highly educated recruits, the educational attainment of servicemembers seems unlikely to change in the next decade. If the present tendencies continue that proportionately fewer veterans (among high school graduates) than non-veterans attend college, and proportionately fewer still complete a college degree program, veterans may find themselves at an increasing disadvantage in the civilian labor market given BLS projections. Veteran educational needs will therefore increase.

EDUCATIONAL ATTAINMENT OF ACTIVE DUTY MILITARY DECEMBER 31, 1998

	Non-High School Graduate	High School Graduate*	1 to 3 years College**	Bachelor's Degree or higher	Attended College***
Enlisted Personnel	2.17%	68.77%	24.70%	3.49%	28.19%
Officers			5.85%	89.40%	95.25%

* Includes “alternate educational credential”

** Defense Almanac entry is “Below Baccalaureate Degree”

*** Sum of columns “1 to 3 years College” and “Bachelor's Degree or higher”

Source: The Defense Almanac, 1999

RECENT LEGISLATION CHANGES AND RECOMMENDATIONS

The government has continued its attempts to satisfy the changing needs of veterans. Legislation passed in 1999 extends MGIB benefits to include preparatory courses for college and graduate school entrance exams. It also extends eligibility to individuals whose obligated period of service is interrupted in order to accept a commission following successful completion of Officer Training School. Finally, the legislation passed in 1999 requires VA, in conjunction with DoD, DOEd, and DOL to provide a report to Congress on Veterans' education and vocational training benefits.

Key features of some pending legislative proposals, as of August 2000, are summarized in Appendix 2.

Commission On Servicemembers And Veterans Transition Assistance

Congress established the Commission on Servicemembers and Veterans Transition Assistance in Title VII of the Veterans' Benefits Improvement Act of 1996 (Public Law 104-275). Congress directed the Commission to review programs, including MGIB, "that provide benefits and services to veterans and servicemembers making the transition to civilian life and propose steps to ensure the programs' adequacy and effectiveness in meeting their needs, both now and in the 21st Century."

The Commission's report, which was presented on January 14, 1999, suggests many enhancements to and changes in the current MGIB benefits. The Commission believes that the opportunity to obtain the best education for which each veteran qualifies "is the most valuable benefit our Nation could offer the men and women whose military service preserves our liberty." The Commission is concerned that the current benefits no longer accomplish this goal.

FINDINGS

PARTICIPATION AND USAGE

Montgomery GI Bill

Enrollment in MGIB has increased steadily among new recruits since 1989 and currently approaches 100 percent since eligible enlistees are now enrolled automatically. Those desiring not to participate, and not have \$100 per month deducted from their pay during the first year of active duty, must sign a document opting out of the program. In 1998, 96 percent of those enlistees who met the necessary qualifications enrolled in MGIB, according to DoD data.

Rates of participation in MGIB vary slightly by branch of service, with the Army, Navy and Marines showing the greatest rate of participation and the Air Force the lowest rate of participation.

The majority of individuals who enrolled in MGIB, however, have not used MGIB benefits. Fewer than half (45 percent) of the eligible individuals who enlisted during 1989 (the first year considered in the study) had received benefits as of April 1999, according to DMDC VA Master Files.

Usage rates (as of April 1999) have declined among new enlistees in each successive fiscal year, partly reflecting the higher percentages of individuals still on active duty and the reduced time to have used the benefits. For example, among those who enlisted in 1994 and enrolled in MGIB, 15 percent had received benefits as of April 1999. But while the data indicate that cumulative usage rates rise as veterans have more time to use the benefits, the rise is very slight after the initial few years of eligibility.

Since MGIB benefits can be used within ten years of separation from the military, those who joined the active duty military during or after 1989 had not exhausted the time limit on benefit use as of April 1999. While usage rates for these individuals may rise, that increase is unlikely to be large because nearly three-fourths of those who had used MGIB benefits as of April 1999 first used their MGIB benefits within two years of separation (among individuals who had separated through 1995).

Usage of MGIB benefits is very low (approximately five percent) among individuals on active duty.

Demographic differences in MGIB usage, however, are pronounced. Among individuals who enrolled in MGIB during 1989, 48 percent of whites, 47 percent of Hispanics, 45 percent of Asian Americans, 43 percent of Native Americans, and 38 percent of African Americans had used MGIB benefits as of April 1999. Usage rates among individuals enlisting in subsequent years were lower, in general, but exhibited the same relative socio-demographic pattern.

Women have used MGIB benefits relatively more often than men. Among those who enrolled in 1989, for example, as of April 1999, 52 percent of women and 44 percent of men had used MGIB benefits.

Eligible individuals who are single have used MGIB benefits relatively more often than their married counterparts. Among those who enrolled in MGIB between 1989 and 1993, for

example, the percent of single eligible individuals who had used MGIB benefits as of April 1999 exceeded that of married eligible individuals by about ten percentage points.

Most MGIB users had received only a portion of their maximum entitlement as of April 1999. This portion is higher among those who entered active duty earlier, reflecting the greater time they have had to use MGIB benefits.

Montgomery GI Bill - Selected Reserve

Individuals must sign a six-year commitment and remain in the Selected Reserve to be eligible to receive MGIB-SR benefits. They must also recertify their eligibility, usually through attendance at monthly drills. About half of all members of the Selected Reserve are eligible for MGIB-SR benefits (49 percent during FY 1996-1998 according to DoD data).

Fewer than half of the individuals eligible to receive MGIB-SR benefits since 1989 had done so as of April 1999. Unlike MGIB, these rates are similar across groups defined by race/ethnicity. Among eligible individuals who had signed a six-year commitment since 1989, as of April 1999, 35 percent of whites and Hispanics, 36 percent of African Americans, and 37 percent of individuals of “other” race/ethnicity had used MGIB-SR benefits.

Relatively more women have used MGIB-SR benefits than men (11 percentage point spread). Most MGIB-SR benefit users, however, had received only a portion of their maximum entitlement as of April 1999.

Usage rates were highest among individuals in the Marine Corps Reserve, followed by the Army Reserve, next by the Army National Guard and then by the Air National Guard. Rates were somewhat lower among individuals in the Navy Reserve and the Air Force Reserve, and lowest among individuals in the Coast Guard Reserve.

Usage of MGIB-SR benefits differed by age when becoming eligible for MGIB-SR. Approximately half of the individuals who became eligible for benefits between the ages of 17 and 24 used the benefits. This is about twice the percentage of usage among those who become eligible between the ages of 25 and 34.

Survivors' And Dependents' Educational Assistance Program

Participation (enrollment) and usage of VA education benefits as of April 1999 were calculated for MGIB and MGIB-SR using DMDC VA Master Files for April 1999. There is no electronic historical file containing information on eligible non-users in the DEA program, which precludes an analysis of DEA usage.

 RETURN ON INVESTMENT

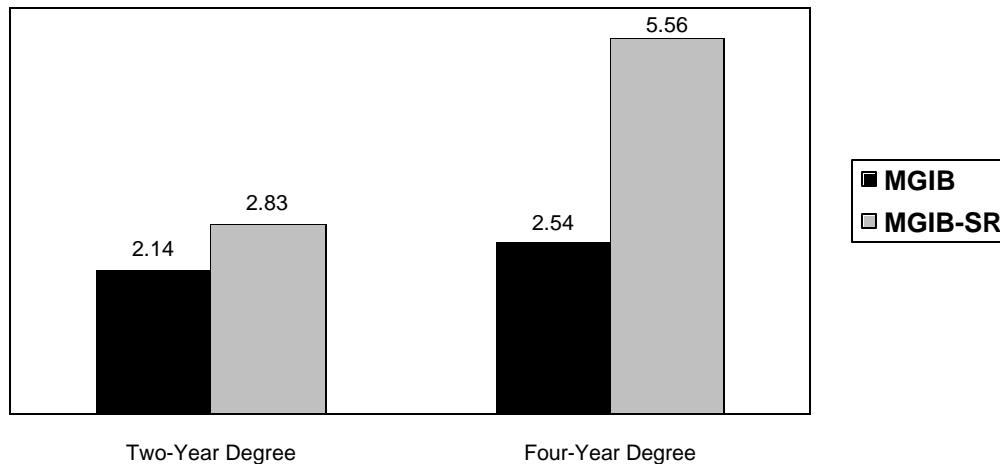
The Government return on investment (ROI), calculated as a benefit-cost ratio, measures the *net* per dollar gain to the Government from providing education benefits. The private return on investment is a similar calculation performed from the perspective of individuals who use these benefits.

MGIB and MGIB-SR benefit-cost relationships are calculated using survey data, 1999 VA administrative processing cost data, 1999 benefits and a seven percent discount rate suggested by the Office of Management and Budget (OMB). Limited survey data on DEA users and non-users provided insufficient support for a benefit-cost calculation. Results for persons who reported “some college” or “job training” were inconclusive.

Government Return On Investment

The Government return on investment for MGIB is slightly more than 2½-to-one for beneficiaries who complete a four-year college degree and slightly more than two-to-one for beneficiaries who complete a two-year college degree.

The Government return on investment for MGIB-SR is more than 5½-to-one for beneficiaries who complete a four-year college degree and more than 2½-to-one for beneficiaries who complete a two-year college degree.

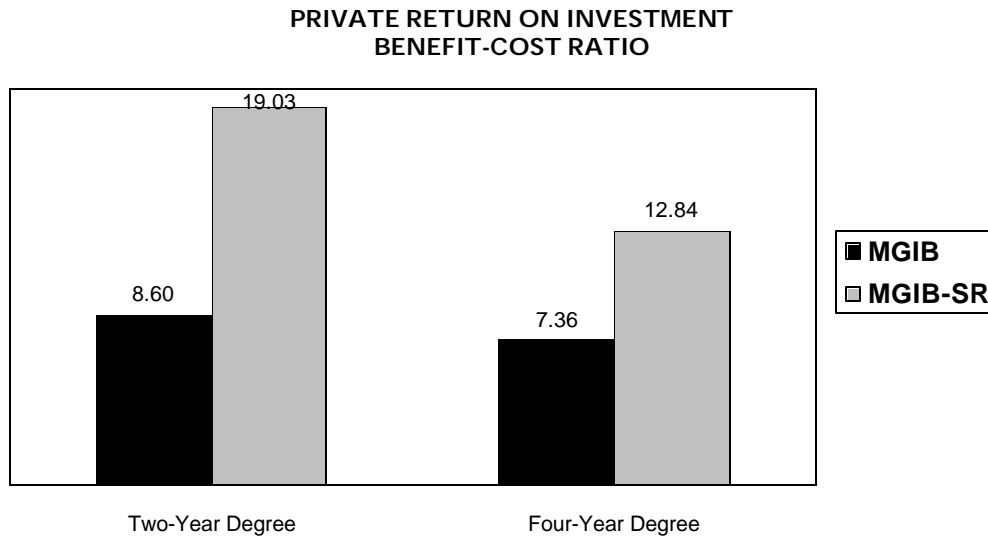
 GOVERNMENT RETURN ON INVESTMENT
 BENEFIT-COST RATIO


Sources: Program Evaluation of MGIB, Table 50 and Program Evaluation of MGIB-SR, Table 39

Private Return On Investment

The private return on investment is more than 8½-to-one for MGIB users who complete a two-year degree and over seven-to-one for those who complete a four-year degree.

The private return on investment is approximately 19-to-one for MGIB-SR users who complete a two-year degree and over 12½-to-one for those who complete a four-year degree.



Sources: Program Evaluation of MGIB, Table 50 and Program Evaluation of MGIB-SR, Table 39

EXTENT VA EDUCATION PROGRAMS MEET THEIR INTENDED PURPOSES

In addition to the general intent of fulfilling the Nation’s commitment to those who served, VA education programs were specifically legislated with the following program purposes.

- Promoting the readjustment/transition of veterans to civilian life
- Making higher education affordable for beneficiaries
- Promoting the recruitment and retention of servicemembers
- Creating or restoring educational opportunities, thereby allowing beneficiaries to better themselves
- Enhancing the Nation’s competitiveness

Several of these program purposes overlap to a considerable extent; others are in conflict with one another. Making higher education more affordable and fulfilling the commitment overlap in the sense that both require an education program to help individuals attend college or enroll in a training program.

Promoting readjustment encourages persons to leave the military. Providing enlistment incentives to attract and retain high quality recruits means such persons are not in the civilian economy where they could contribute towards enhancing the Nation’s competitiveness.

Fulfilling the commitment to those who serve by providing education benefits to children of deceased or disabled veterans lessens the incentive of those children to enlist in the military. The latter can be an especially powerful disincentive because DoD studies have shown that these individuals otherwise have a high propensity to join the military.

Outcome measures related to these purposes were defined in this evaluation and an assessment of those outcomes was made using interviews completed during the summer of 1999 and secondary data.

The assessment of program outcomes are summarized according to the following categories

- Outcomes for which the evidence implies that the program has been successful (**successful**)
- Outcomes for which the evidence is mixed (**some success**)
- Outcomes for which evidence implies that the program is not working very well (**not successful**)

EXTENT VA EDUCATION PROGRAMS MEET THEIR INTENDED PURPOSES

Purpose	MGIB	MGIB-SR	DEA
Readjustment/Transition to Civilian Life	some success	n. a.	n. a.
Affordable Higher Education	some success	some success	some success
Recruitment/Retention	successful/ not successful	successful/no findings	n.a.
Creating/Restoring Educational Opportunities	some success	some success	not successful
Enhancing the Nation's Competitiveness	some success	some success	not successful
Fulfilling the Nation's Commitment to Those Who Served	some success	some success	not successful

Note: n.a. = not applicable

Readjustment/Transition to Civilian Life

Many persons separating from active duty have had difficulty obtaining suitable civilian employment.

Survey and BLS evidence were used to examine how well those eligible for MGIB benefits have readjusted or transitioned into the civilian economy. Evidence implies that some MGIB participants have experienced readjustment problems, that benefit users overall are now doing as well as comparable segments of the general public, but nonusers are not faring as well. The MGIB program has therefore achieved **some success** in promoting the readjustment/transition of veterans into the civilian economy, but the low usage rate of benefits implies that program changes or adjustments to encourage benefit use could lead to greater success in the future.

Affordable Higher Education

VA education benefit programs should extend educational benefits to people who might not otherwise be able to afford such an education. The program evaluation considered whether the programs succeeded in making higher education affordable by examining

- The portion of college costs the benefits cover
- Whether individuals who did attend incurred much related debt
- Whether alternate sources of financing are available for VA education beneficiaries

Findings indicate that while MGIB and DEA education benefits did cover average tuition and fees at four-year institutions when MGIB was first enacted, the purchasing power of these benefits has eroded. At current levels, the benefits cover between half to two-thirds of such costs (less so for MGIB-SR).

While alternate sources of financial aid have increased in recent years, opportunities for such funds among VA education beneficiaries are reduced because of how financial need is ascertained from the widely-used DOEd FAFSA form. The evidence on education-related debt and compromised educational choices among VA education beneficiaries implies that alternate financing has not been sufficiently available.

The overall evidence indicates that VA education programs have achieved **some success** in promoting more affordable education, but the purchasing power of the benefits have eroded, and the benefit levels are unlikely to avoid falling further behind unless improvements are legislated.

Recruitment And Retention

Evidence from interviews of MGIB and MGIB-SR education beneficiaries indicates that the substantial majority of those who enrolled in MGIB and MGIB-SR programs thought education benefits were an important reason why they had enlisted. Among reasons for joining the active duty military, MGIB participants ranked education benefits second only to “adventure.”

Military leaders have acknowledged the eroding education purchasing power of these benefits has diminished the attraction such benefits have on potential new recruits. The pay deduction required for MGIB participation reduces military compensation, partially off-setting the attraction of both military pay and education benefits to those potential recruits who are aware of this pay deduction requirement.

Education benefits, however, have been said to be a reenlistment disincentive, because they improve opportunities in the civilian job market, thereby encouraging individuals not to reenlist. Researchers, however, found no such evidence. Researchers concluded from a personal financial calculation that given current and projected military compensation, MGIB users have neither an incentive nor disincentive to reenlist.

Evidence indicates that VA education programs have been **successful** in promoting recruiting, but are **not successful** in promoting reenlistment. Success in encouraging recruitment in the future will likely diminish unless benefit levels are raised.

Creating/Restoring Educational Opportunities

Individuals who acknowledge that education benefits were an important reason for joining the Armed Services revealed that, without such benefits, financing higher education would be difficult or perhaps impossible. About half of interviewed benefit users said they could not have achieved the same level of education without VA education benefits.

The fact that education beneficiaries have overwhelmingly used their benefits to enroll in traditional two- and four-year educational programs and that their responses indicate they have achieved an enviable success rate in completing such programs (less so for DEA) implies that the programs have **been successful** in creating/restoring educational opportunities. Individuals taking advantage of these opportunities, however, have often had to compromise their choices because of benefit levels or program rules.

DEA has **not been successful** because many beneficiaries are unaware of their eligibility and because delays in processing veterans disability claims and convoluted DEA eligibility rules discourage use of these benefits.

Enhancing The Nation's Competitiveness

As barriers to world trade are increasingly being torn down, the importance of enhancing the Nation's competitiveness grows commensurately. Enhancing this competitiveness requires continued improvement in our Nation's productivity, which requires, in turn, greater numbers of capable workers who can perform the jobs created by new international markets and constant technological change. VA education programs can help in this regard, but it should be recognized that the number of beneficiaries is small relative to the size of the civilian labor force.

A measure of the success achieved by VA education programs is that benefit users who attain higher traditional higher education realize greater success in the labor market as evidenced in lower unemployment rates and higher earnings, but these gains to date are small. Many benefit users in each VA program, however, are still enrolled and those no longer enrolled have not had much time to realize the full potential of their education and training. Other BLS evidence suggests that these gains are likely to become larger with the passage of more time.

Overall, MGIB and MGIB-SR exhibit **some success** in achieving the purpose of enhancing the Nation's competitiveness, but DEA has **not been successful**. Monitoring labor market outcomes later could provide evidence as to whether employment gains to benefit users increase.

Fulfilling The Nation's Commitment To Those Who Served

VA identified this as a purpose of the education programs but did not specify the definition of the Nation's commitment. Interviews with stakeholders, policymakers, and government officials (including those in agencies other than VA and DoD) revealed divergent, often very

strong, views as to the definition of the Nation’s commitment. Researchers concluded that there is a consensus among those interviewed that the commitment is to provide reasonable educational and training opportunities to those who serve or, in case of death or disability of those who have served, to their dependents. Reasonable opportunities are regarded as those that match the opportunities of what is typically available to the general public and do not usually compromise the choices of what the beneficiaries desire.

The overall assessment is that MGIB and MGIB-SR have achieved **some success** in this regard, but DEA has **not been successful**. In all three programs, education and training choices of beneficiaries are compromised by current levels of education benefits, by the programs that are approved for benefit use, and by how the benefits are paid. These compromises are evident in the responses of beneficiaries regarding the reasons for not enrolling in their program of choice or for dropping out of a program they were enrolled in. Compromise is also evident in a comparison of average tuition costs and the level of VA education benefits and in the attendance mix of VA beneficiaries at public or private institutions compared to the general public.

DEA especially falters because many beneficiaries are unaware of their eligibility and because delays in processing veterans disability claims and convoluted DEA eligibility rules discourage use of DEA benefits.

ADMINISTRATION AND COMMUNICATION

The extent VA education programs meet their legislated purposes depends on the amount of the benefits, how well the programs are administered, and how effectively information about the existence of benefits, eligibility determination, and the amounts of the benefits are conveyed to potential beneficiaries.

VA has made progress in reducing some problems and resolving some issues associated with program administration and communication. Signs of progress on some other issues are present, but the overall evidence is less clear. Progress towards resolving other problems or issues needs to be expedited.

VA Education Service Processing

Since 1994 education claims have been processed at four Regional Processing Offices (RPOs): Atlanta, Georgia; Buffalo, New York; Muskogee, Oklahoma; and St. Louis, Missouri. Prior to that time such claims were processed at 58 Regional Offices as part of the duties of Compensation and Pension Service (C&P) adjudicators. The 1994 RPO consolidation allowed the education claims to be processed solely by VA Education Service staff dedicated to education programs.

The 1994 GAO report, *Veterans’ Benefits: Lack of Timeliness, Poor Communication Cause Customer Dissatisfaction*, on customer satisfaction provided supporting evidence from a GAO survey of beneficiaries that prior to that consolidation, education beneficiary claimants often dealt with VA officials who were not well versed with education programs. When education beneficiaries were asked what they would most like to see improved, 30 percent said “have employees with the knowledge to answer my questions.” This was the highest percentage so

responding for any VA program. The percentage of education beneficiaries desiring improvements in claims processing time was also among the highest of all GAO surveyed program beneficiaries. Fifty-one percent of education beneficiaries indicated they would like VA to “provide service in a more reasonable amount of time.”

The 1998 VA Survey of Veterans’ Satisfaction with the VA Education Benefits Claims Process (May 1999) indicated a noticeable improvement from 1994. Over three-fourths (78 percent) of all interviewed 1998 education beneficiaries were somewhat or very satisfied with the way their claims were handled. This is an improvement from the 66 percent satisfaction rate noted in the 1994 GAO report for education claims.

Interviews with VA staff in 1999 at the two RPOs visited, however, revealed their perceptions that satisfaction among education beneficiaries depends upon the education program considered. Satisfaction with MGIB-SR and DEA claims processing was said to be not as high as with MGIB claims.

VA Education Program Communication

MGIB and MGIB-SR programs are communicated initially to beneficiaries when being recruited for military service. There is a wide communication gap between one agency of the Federal government that is interested in recruiting members of the Armed Services and another agency which administers the programs when beneficiaries are interested in beginning to use their benefits. DoD advertises the benefits as lump sum payments, and VA implements the programs as monthly payments with frequent certification (MGIB).

DEA beneficiaries become eligible as a result of their parent’s or spouse’s misfortune while performing military service. VA is not aware of all potential beneficiaries since they must be identified by the servicemember. VA has no direct method of communicating with many potential DEA beneficiaries. VA communicates indirectly with many DEA beneficiaries through the related servicemember.

Administration And Communication Findings

Findings are summarized below. Further explanation is provided as support to the recommendations.

Some administrative procedures and communication messages are **successful**.

- MGIB and MGIB-SR beneficiaries are aware of MGIB or MGIB-SR. The overwhelming majority of persons who serve on active duty or have made a six-year commitment to the Selected Reserve is aware of VA education benefit programs.
- VA education staff members are technically competent and knowledgeable.
- VA is placing a priority on the need for better customer service.

Some administrative procedures and aspects of communication messages are improving but **require additional improvement**.

- VA education materials need reworking for greater clarity.
- Although MGIB and MGIB-SR beneficiaries are aware of the programs, the awareness is not nearly as high *prior* to joining the military. Among those who served on active duty, 60 percent of users and 50 percent of non-users said they learned about MGIB benefits before joining the military. Among members of the Selected Reserve, 70 percent of users and 53 percent of non-users said they were aware of MGIB-SR benefits before joining the Selected Reserve.
- Beneficiaries more often rely on school officials than VA staff to obtain information on education benefits. School officials complained that they sometimes experienced difficulty reaching a knowledgeable VA official at the RPOs.
- VA compensation for school officials is inadequate. Many school officials interviewed felt that their schools were not compensated sufficiently for the time these officials spent advising program beneficiaries.
- Morale needs improvement among VA education staff assigned to call centers. These positions require the same program knowledge as claims processors, yet allow less flexibility in work hours and conditions, and often involve taking phone calls from irate or confused beneficiaries.
- Benefit checks sent to beneficiaries are not well documented.
- Some metrics of the VA balanced scorecard assess performance, other methods may not be necessary, and the purpose of the scorecard is confusing.
- Enrollment in MGIB has become almost universal among those eligible, but some interviewed participants (15 percent) felt they had little choice in opting not to sign up for MGIB benefits.

Many administration procedures and aspects of the communication messages **generate confusion or frustration.**

- DoD is the primary deliverer of information to potential recruits and persons in the Armed Services, but VA administers the MGIB and MGIB-SR programs.
- There is common misunderstanding of the amount and frequency of payments and approvals required. Recruiting messages suggest lump sum payments rather than monthly payments. The requirement for multiple approvals is not generally understood until beneficiaries attempt to use benefits.
- MGIB and DEA beneficiaries must first apply to VA for benefits before learning of their eligibility.
- VA does not have access to the most recent DoD information on beneficiary eligibility, and inaccuracies are evident for MGIB and MGIB-SR. For example, the difference in the percentage of eligible recruits who are enrolled in MGIB, according to DMDC VA Master file data differs from DoD's percentages reported in its biennial *Report to Congress* in 1998.

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- There are lags in the flow of information between DoD and VA, which potentially establishes or removes an individual's eligibility for MGIB-SR entitlement. This is especially evident where potential beneficiaries have said that they were told by their unit commander or recruiter that they were eligible, but VA records do not indicate such eligibility.
 - VA has little coordination with other Federal programs (such as DOEd's financial aid programs).
 - Beneficiaries view school officials as VA employees, but these officials lack adjudication authority and do not have direct access to financial eligibility records.
 - Many school officials find VA unresponsive. Interviewed school officials said they often found it difficult to reach by phone a VA official who could answer their questions. Blocked calls and/or calls to VA officials who did not have access to the necessary information were cited as common occurrences.
 - The level of DEA awareness is lower than levels of the awareness of MGIB and MGIB-SR. Approximately half of the individuals identified from VA records as eligible DEA non-users did not think they were eligible for education benefits!
 - The DEA information channel appears external to VA. Friends and family are the primary sources of eligibility information.
 - The inflexible monthly payments do not meet the needs of many actual and potential beneficiaries.
 - The monthly certification process is burdensome for MGIB users and has resulted in delayed benefit checks.
 - VA electronic administrative files are missing many children of disabled veterans who are eligible for DEA program.
 - Poor timeliness in processing DIC and compensation claims discourages the use of the DEA benefits.
 - DEA eligibility rules and procedures discourage use of benefits.
 - Inconsistency of state laws hampers smooth processing. Individuals enrolled in education and training programs in some states receive VA education benefits, while other individuals in the same kinds of programs in different states do not because of differences in state (not VA) regulations.
 - Legislative changes and amendments to VA education benefits legislation introduce eligibility and other administrative complexities.

RECOMMENDATIONS

The findings generated 25 specific recommendations clustered under three broad recommendations.

1. Raise the level of VA education program benefits

To maintain the purchasing power when initiated in 1984, MGIB benefits should have been \$778 per month during FY 1999 rather than the actual \$528 per month. DEA benefits should equal MGIB benefits, and MGIB-SR should be half of MGIB benefits.

The benefits should be indexed annually to the cost of higher education presented in data series created by the National Center for Education Statistics (NCES) based on average undergraduate tuition and fees paid by full-time equivalent students in all four-year institutions of higher education.

2. VA education program administrative procedures must be more customer-focused

Administrative procedures need to embrace broader definitions of education, flexible payment options, and employ technological tools that are right for the times.

3. The Department of Veterans Affairs must lead the communication of information to beneficiaries

Communication of VA education program benefits needs to be correct, consistent, and coordinated across departments of the Federal Government.

RECOMMENDATION 1:**RAISE THE LEVEL OF VA EDUCATION BENEFITS**

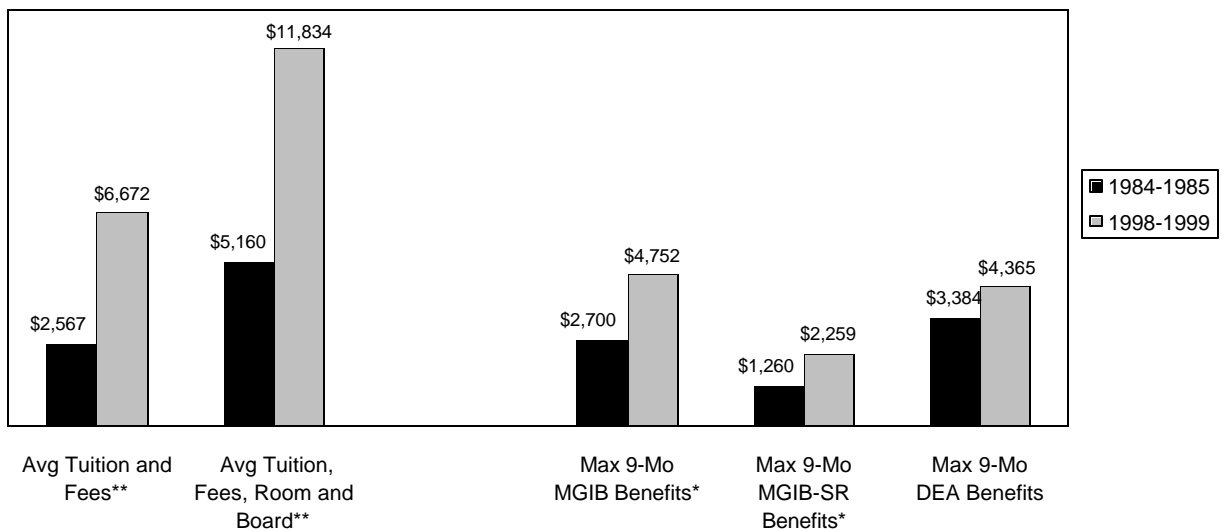
- 1.1 Raise education benefits to keep pace with education costs
- 1.2 Equate MGIB and DEA benefits and make MGIB-SR benefits half as much
- 1.3 Index MGIB, MGIB-SR, and DEA benefits annually to education costs
- 1.4 Eliminate the \$1,200 MGIB pay deduction
- 1.5 Sweeten MGIB and MGIB-SR benefits to encourage reenlistment
- 1.6 Eliminate VA education benefits as a resource or income in financial aid eligibility calculations based upon the FAFSA form
- 1.7 Consider establishing an additional living expense stipend for MGIB, depending upon financial need

SUPPORTING FINDINGS

The Purchasing Power Of Education Benefits Has Eroded

MGIB and DEA benefits were each greater than average tuition and fees at four-year academic institutions (MGIB equaled 105 percent of such costs), and MGIB-SR benefits were approximately half during academic year 1984-1985. During the 1998-1999 academic year, MGIB benefits covered 71 percent, MGIB-SR benefits covered 39 percent, and DEA benefits covered 65 percent of average tuition and fees.

**FOUR-YEAR COLLEGE PROGRAM COSTS AND VA EDUCATION PROGRAM BENEFITS
ACADEMIC YEARS 1984-1985 AND 1998-1999**



* Does not include kickers

** Source: Digest of Education Statistics, 1999, NCES, Table 317

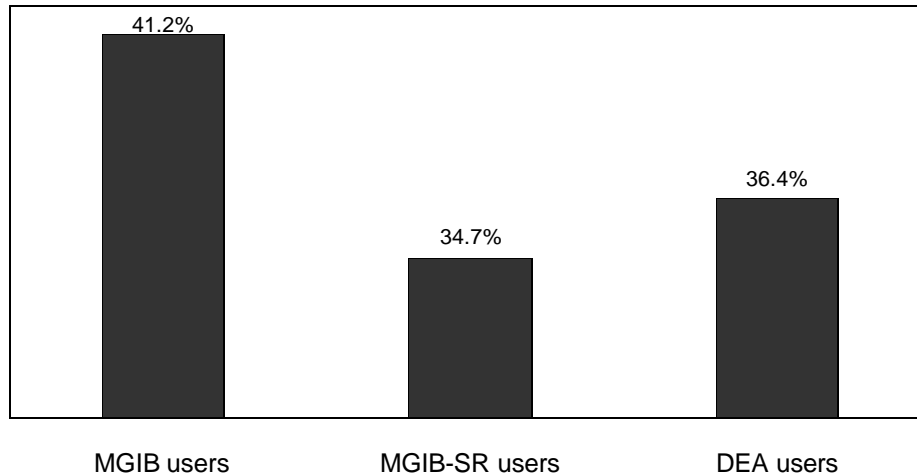
MGIB and DEA users have experienced education benefits covering less of the costs of education than projected using NCES data. Interviewed MGIB users indicated that VA education benefits have covered only 51 percent of costs at four-year institutions and 65 percent of costs at two-year institutions. Interviewed DEA users indicated that VA education benefits have covered 42 percent of costs at four-year institutions and 55 percent of costs at two-year institutions.

Restoring the 1984 purchasing power of education benefits to cover 105 percent of average tuition and fees at four-year institutions, MGIB monthly benefits should have been \$778 during FY 1999. Using NCES data for academic year 1998-1999, 105 percent of average tuition and fees of \$6,672 is \$7,006 which, when divided by nine to reflect a nine-month academic year, yields a monthly benefit amount of \$778.

Education Choices Of Many Beneficiaries Have Been Compromised

Over one-third of MGIB, MGIB-SR, and DEA users said they would have enrolled in another program if VA education benefits had been higher.

EDUCATION BENEFIT USERS WHO WOULD HAVE ENROLLED IN ANOTHER PROGRAM IF THE EDUCATION BENEFITS HAD BEEN HIGHER MGIB, MGIB-SR, AND DEA USERS



Sources: Program Evaluation of MGIB, Table 48; Program Evaluation of MGIB-SR, Table 37; and Program Evaluation of DEA, Table 20

Approximately 90 percent of MGIB and DEA users who felt their educational choices had been compromised indicated they could have attended their preferred education program if the monthly benefits had been \$300 per month higher. Nearly 80 percent of MGIB-SR users said they could have attended their preferred program if the monthly benefits had been \$100 per month higher. A monthly benefit level of \$778 during FY 1999 would have been within \$50 of the amount indicated to enable the vast majority of beneficiaries to attend their education program of choice.

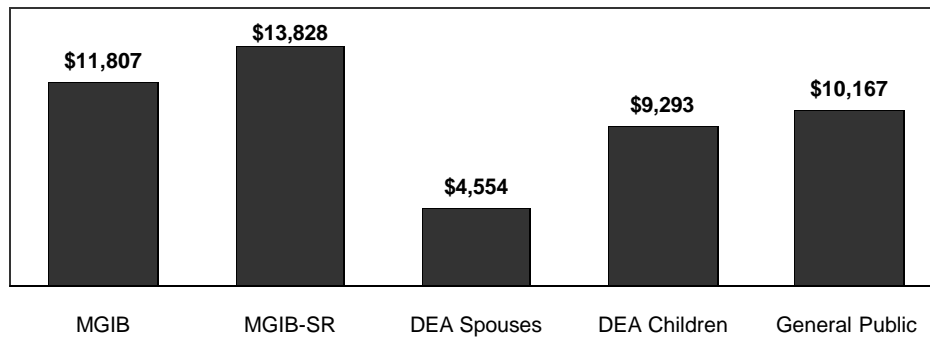
VA Education Program Benefit Users Incur More Debt Than Non-users For Education Or Training

Despite receiving VA education benefits, MGIB users who completed two- or four-year degree programs were more likely to have borrowed money to help pay for their education or training program than non-users. Users of MGIB benefits were also more likely to borrow, and borrow more, than the general public, based on a comparison with available data compiled by NCES.

Relatively more MGIB-SR users have incurred education-related debt than MGIB users. Among education benefit users who have borrowed funds, MGIB-SR users borrowed, on average, more than MGIB users. This has been true for both two- and four-year education programs and reflects the lower amount of the MGIB-SR monthly benefit.

Individuals eligible for DEA benefits have not been more likely to borrow than students from the general public. DEA users, however, have been more likely to borrow than DEA non-users (both spouses and children).

**AVERAGE AMOUNT BORROWED
STUDENTS COMPLETING BACHELOR'S DEGREES**



Sources: Program Evaluation of MGIB, Page 125; Program Evaluation of MGIB-SR, Page 111; Program Evaluation of DEA, Pages 88-89; and Early Labor Experiences and Debt Burden NCES, August 1997, Page 51

MGIB, DEA And MGIB-SR Benefits Have Varied Buying Power

The monthly DEA benefit amount was larger than the monthly MGIB benefit amount until FY 1994, when they were virtually equal. The monthly MGIB benefit amount has been higher than the DEA benefit amount since 1994. The monthly MGIB-SR benefit amount has hovered around half of the monthly MGIB benefit amount since 1989.

The legislative intent to make higher education more affordable has remained the same for each of the three programs, but the relative purchasing power of the benefits has varied over time by VA education program. This is the result of setting the monthly benefit amount separately for each education program.

To eliminate this varying buying power, the DEA monthly benefit amount should equal the MGIB monthly benefit amount, and the MGIB-SR monthly benefits amount should be half as much. The DEA monthly benefit should have been \$778 and the MGIB-SR monthly benefit should have been \$389 during FY 1999.

Education Costs Have Risen More Rapidly Than The CPI

NCES data shows that the cost of higher education, as reflected in average tuition and fees at four-year academic institutions, has risen 160 percent since 1984, compared to 56 percent for the Consumer Price Index (CPI). Because VA education benefits are targeted to cover costs of education and not consumer prices in general, VA education benefits should be indexed to the percentage change in average costs for full-time tuition and fees, as reported and updated annually by NCES for all four-year academic institutions.

Government Return On Investment Remains Positive If Benefits Are Raised

If MGIB benefits had been \$778 per month during FY 1999, the Government benefit-to-cost ratio would have been 1.34 for users completing a two-year academic program and 1.63 for users completing a four-year academic program. Benefits to the Government accrue because individuals who use benefits realize higher earning power, which translates into higher taxes paid to the Federal Government. These calculations do not include the value of the recruiting incentive of MGIB benefits, and thus represent a lower bound of the Government's return on investment.

Eliminating The \$1,200 Pay Deduction Removes The Enlistment Disincentive

The \$1,200 pay deduction equates to a ten percent pay cut during the first year of active duty. Such deductions are common in insurance programs, but seem inconsistent with the stated purposes of MGIB legislation. Pay deductions could also be an enlistment disincentive, partially offsetting the appeal of education benefits to potential recruits.

Enrollment in MGIB among eligible recruits has become nearly universal. However, 15 percent of MGIB participants surveyed said they felt they had little or no choice in signing up for the program. The majority of persons who enrolled in MGIB since 1989 who had \$1,200 deducted from their pay had not used the benefits as of April 1999 and can not receive a refund of the \$1,200 pay deduction.

If MGIB benefits had been \$778 per month during FY 1999 and if there had been no \$1,200 pay deduction, the Government benefit-to-cost ratio would have been 1.21 for users completing a two-year academic program and 1.52 for users completing a four-year academic program.

Additional MGIB And MGIB-SR Benefits Would Encourage Reenlistment

Survey data provides ambiguous evidence on the relationship between MGIB or MGIB-SR education programs and reenlistment for another term of service.

With the new military compensation schedule, persons who enroll in MGIB have *neither* a greater nor lesser incentive to leave the active duty military after completing their first tour of duty, based on a calculation of the present value of earnings. This calculation would be altered, favoring reenlistment, if additional educational benefits were offered to those who reenlist for another term of service.

Providing increased educational benefits to those active duty members or members of the Selected Reserve who reenlist for another term of service would be an incentive promoting reenlistment. The increased educational benefits would also encourage subsequent use of the benefits because these added amounts would help offset the loss in earnings power that often accompanies attending school.

Counting VA Education Benefits In The FAFSA Determination Reduces Eligibility For Other Aid

DOEd’s FAFSA form is widely used to determine eligibility for other sources of financial aid for higher education. Examination of the FAFSA form and the formula used in calculations based upon that form to evaluate financial need indicates that MGIB and MGIB-SR benefits are counted as a resource. This effectively reduces the MGIB and MGIB-SR beneficiaries’ opportunities for many sources of educational aid.

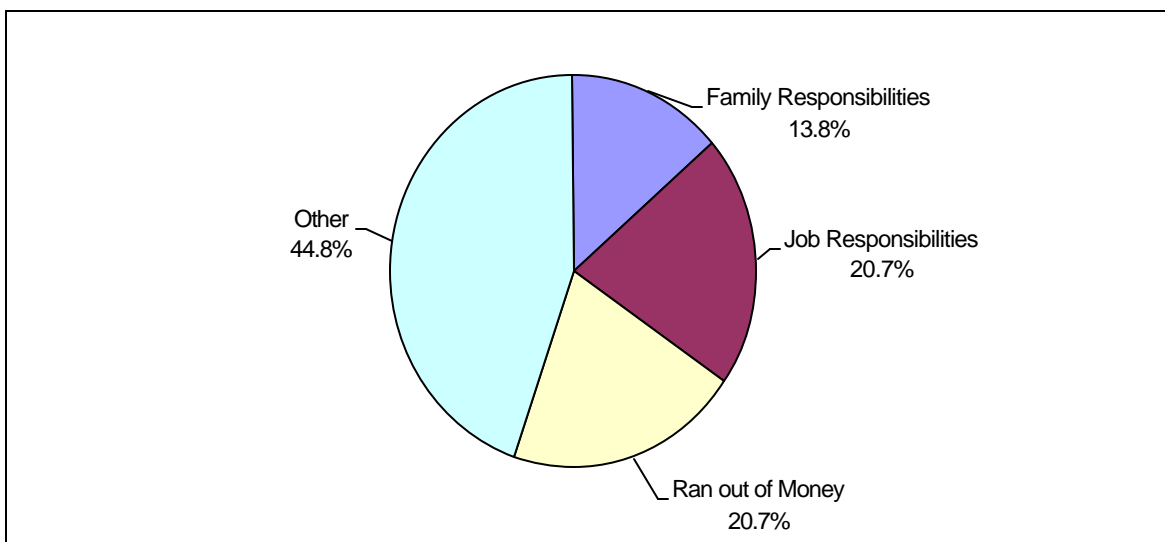
The treatment of DEA benefits on the FAFSA form is less clear. “Mystery callers” telephoned DOEd officials who advise on the filling out of such forms to find out how DEA benefits should be recorded. The most frequent answer given was to report them the same as MGIB or MGIB-SR benefits, but another answer provided was to report them as income. Reporting them as income would result in reduced eligibility for income-conditioned aid such as Pell Grants.

Diminished eligibility for aid from other sources reduces and may negate the impact VA education benefits have on individual outcomes. Also reduced is the recruiting incentive of VA education benefits among potential recruits who are aware of how financial aid is allocated.

A Living Expense Stipend Would Encourage Low-Income Beneficiaries To Use VA Education Benefits

MGIB users who had dropped out of an education or training program were asked why they had done so. The most prevalent reasons provided by low-income MGIB users (1998 household income less than \$25,000) were “ran out of money” and “job responsibilities” (combined, given by 41 percent of those who had dropped out).

**REASONS FOR DROPPING OUT OF AN EDUCATION OR TRAINING PROGRAM
MGIB BENEFIT USERS WITH 1998 HOUSEHOLD INCOME BELOW \$25,000**



Source: Program Evaluation of MGIB, Table 49

Interviews with minority school officials underscored the financial difficulties their students (also potential students) have covering family expenses because of lost earnings while

attending school. These officials believed that more MGIB-eligible individuals would use their benefits if a living expense stipend were available. Some also suggested that the recruiting attraction of education benefits would be enhanced if a living expense stipend were added.

Previous GI Bill legislation included additional benefits based upon number of dependents. Financial need is not identical to number of dependents, although they are often interrelated. Number of dependents is easier to ascertain, but is not as equitable. Use of DOEd's FAFSA and other financial aid determination forms is widespread by higher education institutions, and VA should consider the feasibility of relying on these or creating a new form to determine financial need.

RECOMMENDATION 2: VA EDUCATION PROGRAM ADMINISTRATIVE PROCEDURES MUST BE MORE CUSTOMER-FOCUSED

- 2.1 Enhance access to benefit information by beneficiaries and school officials
- 2.2 Provide appropriate documentation with benefit payments
- 2.3 Establish electronically-accessible personal benefit accounts
- 2.4 Update processing methods for MGIB, MGIB-SR and DEA information
- 2.5 Improve VA and DoD data file coordination
- 2.6 Expand the range and variety of education and training programs approved for VA education benefits
- 2.7 Approve one additional month of advance payment
- 2.8 Consider conducting a demonstration program for larger lump-sum payments
- 2.9 Approve higher education programs recognized as accredited by the Secretary of DOEd and eligible for Pell Grants, pending compliance with VA's statutory refund policy
- 2.10 Improve timeliness of DIC and C&P claims processing
- 2.11 Create an electronic database identifying persons eligible for DEA benefits
- 2.12 Double the reporting fees paid to schools from their present levels
- 2.13 Reduce the frequency of MGIB certification to twice per semester
- 2.14 Explore incorporation of the movement of education as a life-long enterprise
- 2.15 Monitor outcome measures over time

SUPPORTING FINDINGS

Beneficiaries And School Officials Desire Improved Access To Needed Information

Potential beneficiaries must apply and have their eligibility confirmed by VA before knowing whether or when they will receive education benefits. VA, however, may not have access to the latest DoD eligibility data for active duty members and members of the Selected Reserve. School officials and Education Liaison Representatives (ELRs) who were interviewed indicated that beneficiaries consider this disruptive to their educational plans. This also frustrated the school officials and ELRs interviewed because they could not answer questions from beneficiaries about eligibility.

School officials interviewed said it was often difficult for them to reach VA officials at Regional Processing Offices (RPOs) who could provide information regarding a beneficiary's eligibility or remaining months of benefits. Education beneficiaries and school officials attempting to contact RPOs directly experienced a high blocked call rate during the latter part of 1999 (48.5 percent in November).

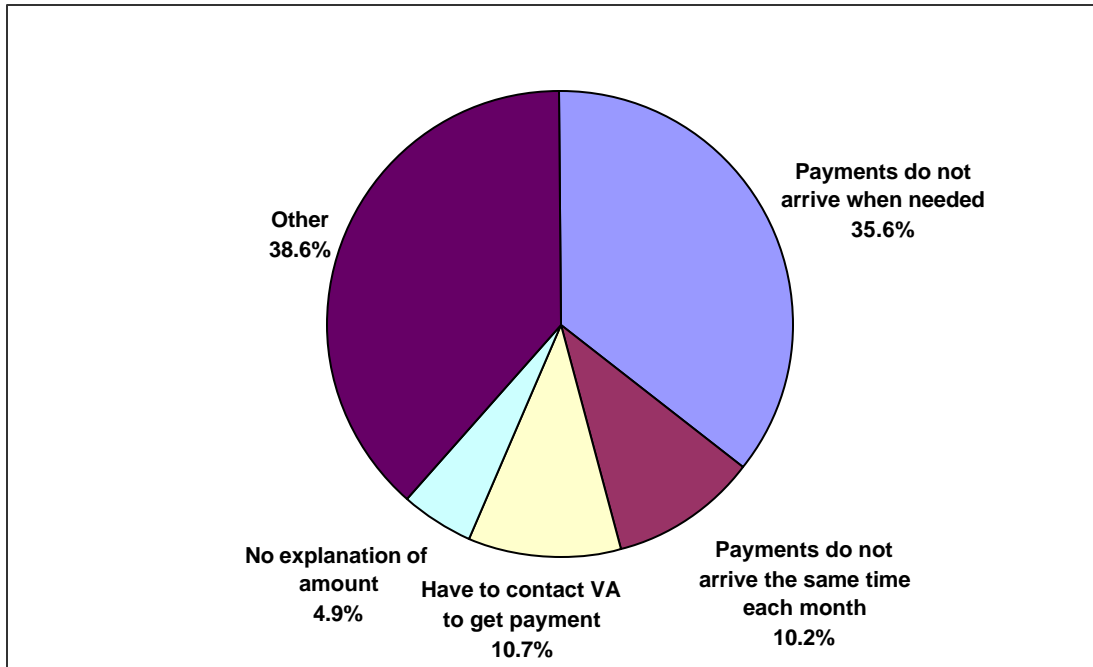
RPO officials also indicated that many beneficiaries are frustrated by payment procedures. RPO officials who answer phone calls from beneficiaries indicated that where the check was or how the amount of the check was determined were the most frequent problems they heard.

As of August 2000, beneficiaries can not self-certify electronically nor determine electronically the amount of their remaining eligible benefits. Beneficiaries also can not file for benefits electronically. At the time the MGIB evaluation was completed on April 17, 2000, a new telephone service implemented by VA allowed MGIB beneficiaries in *some* states to self-certify by telephone.

Processing Lag Creates Frustration

Survey responses indicate that 14 percent each of MGIB and MGIB-SR users and 17 percent of DEA users have experienced problems that were severe enough for them to consider dropping out of their education programs. The most prevalent problem or reason for considering dropping out involved lag in payment processing. Checks apparently did not arrive when needed, arrived at different times of the month, or did not arrive at all unless the beneficiary contacted VA.

REASONS GIVEN BY MGIB BENEFIT USERS WHO CONSIDERED DROPPING OUT OF THE PROGRAM BECAUSE OF PAYMENT PROBLEMS



Source: Program Evaluation MGIB, Table 65

Lag in processing MGIB-SR eligibility data creates frustration for beneficiaries and VA officials who answer phone calls from beneficiaries. When a member of the Selected Reserve/National Guard makes a six-year commitment, his or her commanding officer can enter the pertinent information on a DoD website. The commanding officer can then issue a Notice of Basic Eligibility (NOBE, DD Form 2384 or 2384-1). Since it sometimes takes months for that information to get in the VA database, VA has adopted a policy of accepting a NOBE as proof of eligibility if it is no more than 120 days old.

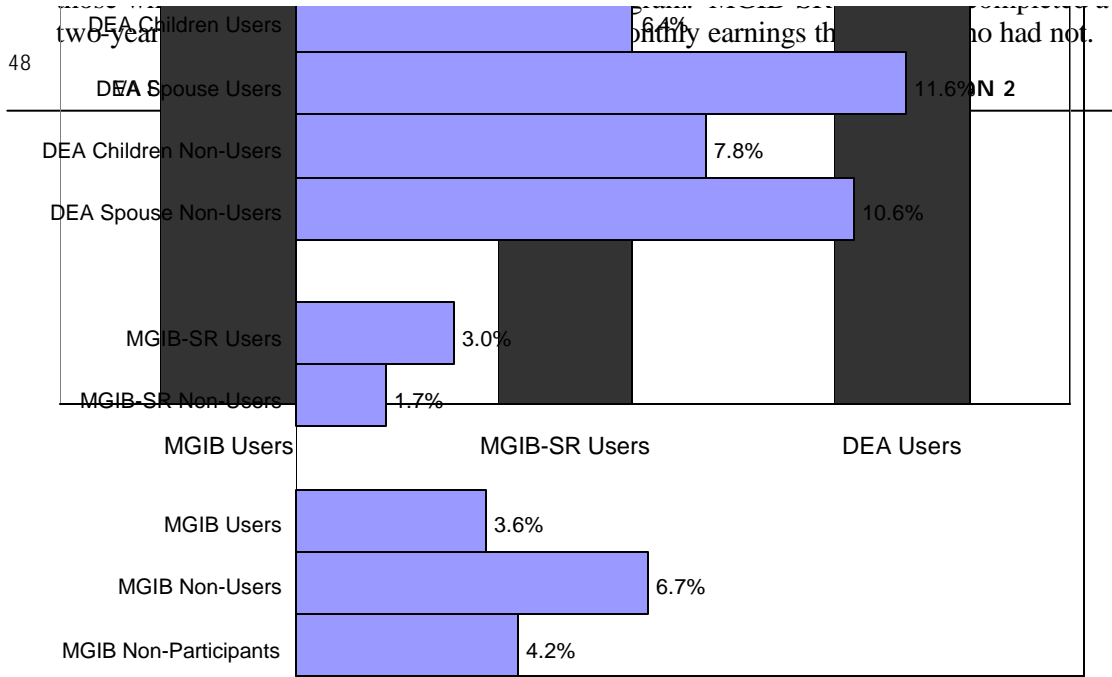
To remain eligible for benefits, members of the Selected Reserve must re-certify their MGIB-SR eligibility, which is usually done when they participate in monthly drills. Such re-certification information is transferred first from the unit commander to DoD and then to VA.

VA claims processors receive DoD re-certification of MGIB-SR eligibility data with a considerable lag (up to 120 days or more). Interviewed RPO staff indicated that this creates difficulties for them and frustration in dealing with beneficiaries' inquiries. Beneficiaries can obtain more timely and accurate information by calling DoD than by calling VA.

Some Beneficiaries Desire An Expanded Range Of Education And Training Programs

The limited range of programs approved for VA education benefits has compromised the choices of some beneficiaries and discouraged others from using these benefits.

Among veterans, members of the Selected Reserve, and DEA beneficiaries who enrolled in a postsecondary education or training program and used VA benefits, one-in-nine MGIB users



RECOMMENDATION 3: THE DEPARTMENT OF VETERANS AFFAIRS MUST LEAD THE COMMUNICATION OF INFORMATION TO BENEFICIARIES

- 3.1 Communicate accurate information to recruits and active duty members
- 3.2 Directly inform individuals of their eligibility for DEA benefits
- 3.3 Develop a comprehensive communication strategy to include
 - Building relationships with beneficiaries from recruitment to transition to civilian life
 - Establishing an education working group including representatives of government agencies
 - Teaming with private industry to better inform prospective benefit users of job opportunities

SUPPORTING FINDINGS

Recruiting Information Helps Create Misunderstanding About MGIB Education Benefits

Recruitment information from DoD emphasizes the maximum amount of benefits, which are available only to persons agreeing to serve in designated military occupational specialties. It also advertises the benefit as a total dollar amount or lump-sum, rather than monthly payments. An Army website (www.goarmy.com), for example, contains the following statement: "If you want to go to college, there are a variety of financial aid programs to choose from. The most popular are the Montgomery GI Bill and Army College Fund. Combined, they give you up to \$50,000 for college at the end of your active duty tour..."

The pictures on the following page were taken in Gadsden, Alabama, in November 1999. The banner below the sign identifying the building as the Federal Building and U.S. Court House says,

“\$50,000 FOR COLLEGE

ARMY. BE ALL YOU CAN BE.”

The concept of recruitment materials emphasizing maximum total dollar amount benefits was reinforced during visits to Army, Navy, Air Force, and Marine recruiting offices when researchers posed as potential recruits.

Interviewed RPO staff who answer phone calls from veterans indicated that they receive many calls in which the caller believes that he or she is entitled to a large lump-sum benefit payment.

About Half Of MGIB Beneficiaries Believe Education Benefit Information They Were Provided With On Active Duty Was “Very Accurate”

Interviewed MGIB participants were asked whether they had attended briefings or sessions before they left active duty informing them of their education benefits. The majority (76 percent of users, 59 percent of non-users) said they had.

Those who said they had attended such a briefing were subsequently asked how accurate the information provided had been. Approximately half (58 percent of users, 48 percent of non-users) said “very accurate.” Approximately one-third of users and 39 percent of non-users regarded the information as “somewhat accurate.”

Interviewed individuals eligible for MGIB-SR benefits provided similar responses. More than half (56 percent) of users and 59 percent of non-users said they had attended such briefings. More than half of those who had attended (56 percent of users and 57 percent of non-users) regarded this information as “very accurate.” More than one-third (36 percent of users and 34 percent of non-users) said the information was “somewhat accurate.”

FEDERAL BUILDING AND U.S. COURTHOUSE - GADSDEN, ALABAMA



Eligibility Status As Determined On DMDC VA Master Files Does Not Coincide With What Some Veterans Believe

One-in-six of the individuals identified as non-participants from DMDC VA Master Files believed that they were eligible for MGIB when interviewed. Approximately one-quarter of respondents identified on the DMDC VA Master Files as eligible non-users believed they were ineligible. Either these individuals were mistaken, or their financial records are not accurate.

Directly Informing Individuals Of Their Eligibility For DEA Benefits Could Promote Benefit Use

If VA decides that a veteran has a permanent and total service-connected disability, his or her spouse and children are eligible for DEA benefits (children become eligible at age 18). This is explained in the VA letter informing the veteran of the decision regarding disability. In the case of deceased veterans, a letter is sent to the eligible spouse or an eligible dependent that the veteran's death is attributable to service-related causes, and that the spouse and eligible dependents may receive DEA benefits. VA is obligated to send such letters when an eligible child reaches age 13, age 16, and age 18, but not when the child is older and still eligible. VA does not ensure that this information on eligibility actually reaches eligible beneficiaries or that it has a complete list of eligible beneficiaries.

Many interviewed DEA beneficiaries indicated they learned of their eligibility for DEA from a family member or friend (69 percent of users). Only eight percent of users said a letter from VA, six percent a VA pamphlet, and 13 percent something or someone else was the source.

Many interviewed individuals who were identified as eligible on DEA records said they were not aware of their eligibility. Approximately one quarter (23 percent) of DEA non-users thought they were ineligible and another 26 percent said they did not know whether they were eligible.

A Strategic Communications Plan Led By VA Would Provide More Useful Information To Beneficiaries

The goals of the strategic communications plan are to

- Build relationships with veterans from the day of recruitment through active duty or Selected Reserve service and into the post-service period
- Assimilate feedback from key audiences, especially those eligible for VA benefits.

Data also should be harvested from recruiters, focus groups, and periodic interviews with representatives of target audiences.

The education working group, composed of representatives of government agencies, should identify channels of communication and coordinate messages and programs. The goal is to become more responsive to all audiences, including veterans, members of the Selected Reserve, and Congress.

Teaming with private industry in an aggressive campaign should better inform prospective beneficiaries of VA education benefits of the types of skilled workers needed by the private sector. This should assist VA education beneficiaries to gain needed education or skills and help provide the labor pipeline with skilled workers needed by the private sector.

APPENDIX 1 – METHODOLOGY DETAILS

DESIGN OF THE SURVEYS OF EDUCATION PROGRAM BENEFICIARIES

Staff of Klemm Analysis Group, Inc.; VA Education Service; VA Office of Policy and Planning; and Schulman, Ronca and Bucuvalas, Inc. (SRBI) developed the survey instruments (SEBU-30 for MGIB, SEBU-1606 for MGIB-SR, and SEBU-35 for DEA). A copy of each survey instrument is provided in Appendix 3 to each VA program evaluation report.

Montgomery GI Bill and Montgomery GI Bill – Selected Reserve

The design of the survey of MGIB and MGIB-SR beneficiaries involved two levels of stratification, benefit enrollment status and year of entry into the military. Benefit enrollment status was defined in terms of eligibility for the benefit and whether a user or non-user of the benefits as of April 1999.

The survey design involved sampling and interviewing an equal number of users and non-users in each year of entry into the military (MGIB) or signing a six year commitment (MGIB-SR) to assess differences in outcome measures associated with use of MGIB and MGIB-SR benefits. Both active duty members and veterans were included in the sample of MGIB beneficiaries.

Year of entry into the military or year of signing commitment consisted of one of ten fiscal years (1989 through 1998) in which an individual joined the uniformed services according to DoD records. This criterion was chosen to obtain information on the situation and perceptions of individuals who were at different stages of their military and post-military careers.

The survey design called for 1,000 users of education benefits and 1,000 non-users to be interviewed. MGIB non-users were further divided into two equal groups of those who were eligible for benefits but did not use them and those who elected not to participate in the program. Approximately 100 MGIB and MGIB-SR users and 100 MGIB and MGIB-SR non-users were interviewed for each year of entry, 1989 through 1998. MGIB non-users were subdivided into 50 MGIB participating non-users and 50 MGIB non-participants.

During the field period of June 24 to August 31, 1999, a total of 2,018 interviews were completed with MGIB beneficiaries (1,045 MIB users, 484 MGIB non-users, and 489 MGIB non-participants) and 2,033 MGIB-SR beneficiaries (1,014 MGIB-SR users and 1,019 MGIB-SR non-users).

Survivors' And Dependents' Educational Assistance Programs

Since DEA beneficiaries naturally fall into two groups by the relationship to the veteran (spouse and child), the survey design called for interviewing spouses and children who were

- Eligible for DEA benefits and used education benefits and
- Eligible for DEA but did not use education benefits as of April 1999.

The construction of the DEA user population was relatively straightforward and relied upon a single data file provided by VA. The compilation of the eligible non-user population for DEA required a more complex procedure using multiple sources of data. Because certain data was lacking from both VA and DoD VA Compensation and Pension archive files, it was possible to develop a population of eligible non-user spouses from current and historical data, but it was not possible to do so for eligible non-user children.

In an effort to obtain the experiences of children of veterans who were eligible for DEA benefits but did not use them, the spouses were called and asked for the names and phone numbers of their children over the age of 18. In this way, a pool of eligible non-user children was developed. Since the sample of children non-users was randomly selected from spouse non-users, not children non-users, the results presented for children non-users are suggestive but do not satisfy the strict criteria of statistical reliability.

During the field period of June 24 to August 31, 1999, a total of 1,911 interviews with DEA beneficiaries were completed.

DEA INTERVIEWS COMPLETED BY RELATIONSHIP TO VETERAN

	Spouses	Children	Total*
DEA Users	240	834	1,085
DEA Non-Users	653	156	812
Total	893	990	1,911

* The sum of spouses and children is less than the total because of 14 individuals who identified "other" as their relationship to the veteran.

LITERATURE REVIEW

The following documents were digested as part of the program evaluation.

- VA Education Service's GI Bill Strategic Review, March 1997
- VA Education Service's Customer Satisfaction Survey, 1997, 1998, and 1999
- VA Education Service's January 21, 1998 meeting with State Approving Agency representatives, school certifying officials, and other interested parties to discuss performance measures and MGIB
- DoD Biennial Report to Congress on the Montgomery GI Bill Education Benefits Program, May 1998
- DoD Report to Congress on the Montgomery GI Bill for Members of the Selected Reserve, 1999
- NCES Digest of Educational Statistics, 1998 and 1999
- Report on Servicemembers and Veterans Transition Assistance, 1999 (also known as the Transition Commission Report)

APPENDIX 2 – PENDING FY 2000 LEGISLATION

1999 – 2000 legislation under consideration to further update MGIB and better reflect the existing needs of beneficiaries include two proposals: HR 1071 and HR 1182. They suggest the following:

- ❑ Increase the amount of MGIB benefits to individuals
 - HR 1182 – For individuals who enlist for four years, cover 90 percent of the costs of tuition and fees, reasonable costs of books and other supplies, and \$600 monthly “stipend”
 - HR 1071 – For individuals who enlist or reenlist for four years (Tier 1), cover the full cost of tuition, fees and supplies, plus provide an \$800 monthly subsistence allowance; for individuals who enlist or reenlist for less than four years (Tier 2), increase the monthly benefit to \$900 per month
- ❑ Eliminate the \$1,200 basic pay reduction
- ❑ Open eligibility to non-prior service recruits and persons now on active duty
 - HR 1182 – Allow them to withdraw their previous election not to enroll in the MGIB program
 - HR 1071 – Allow VEAP persons who were on active duty on October 9, 1996 the opportunity to transfer to the proposed MGIB Tier 2

HR – 1071 also contains provisions to

- ❑ Authorize an individual entitled to basic educational assistance to receive an accelerated payment of such allowance under certain conditions
- ❑ Authorize the use of basic educational assistance for
 - The payment of vocational or professional licensing or certification tests required under Federal, State, or local law
 - Training for technological occupations offered by entities other than educational institutions

Two of the six proposals contained in the “All-Volunteer Force Educational Assistance Programs Improvements Act of 1999” (S 1402) became law on November 30, 1999

- ❑ Allow education benefits to be used for preparatory courses for tests for admission to higher education institutions
- ❑ Require the Secretary of Veterans Affairs to provide a report to Congress on veterans’ education and vocational training benefits provided by states

The remaining proposals of S - 1402 still under consideration as of July 2000

- ❑ Authorize individuals eligible for basic educational assistance to make contributions up to \$600 for an increased benefit
- ❑ Allow eligible activity duty members who are not enrolled in the MGIB program to withdraw their previous election not to enroll in the MGIB program
- ❑ Allow benefits to be paid on an accelerated basis

APPENDIX 3 - GLOSSARY**BLS**

Bureau of Labor Statistics, U.S. Department of Labor

Census

Bureau of the Census, U.S. Department of Commerce

Certifying Official

Employee at an education or training institution who has been delegated authority to sign enrollment certifications, other certification documents, and reports relating to VA benefits

Compensation or C&P

VA's compensation and pension program for disabled veterans

CPI

Consumer Price Index

CPS

Current Population Survey, conducted jointly by BLS and Census

DEA

Survivors' and Dependents' Educational Assistance Program -- a VA education program as provided for in Title 38 U.S. Code, Chapter 35

DIC

Dependency and Indemnity Compensation -- a VA compensation program for spouses and other dependents of veterans who have died from a service-connected disability

DoD

United States Department of Defense

DOEd

United States Department of Education

DOL

United States Department of Labor

ELR

Education Liaison Representative -- a VA employee who interacts with schools, SAAs, and RPO staff

FAFSA

Free Application for Federal Student Aid, U.S. Department of Education -- a form used to apply for federal student grants, work-study money, and loans

GED

General Equivalency Diploma

MGIB

Montgomery GI Bill -- a VA education program as provided for in Title 38 U.S. Code, Chapter 30

MGIB-SR

Montgomery GI Bill-Selected Reserve -- an education program administered by VA for DoD as provided for in Title 10 U.S. Code, Chapter 1606

NCES

National Center for Education Statistics, U.S. Department of Education

NOBE

Notice of Basic Eligibility

Non-Participant (MGIB only)

An individual eligible to enroll in MGIB who opted not to while on active duty

Non-Traditional Undergraduate Student

According to NCES, a student with at least one of the following characteristics: delayed entry into a postsecondary institution, not financially dependent upon parents, employed full-time while in school, have dependents other than a spouse, attend school part-time, or earned other than a standard high school diploma

Non-User

An individual eligible for VA education benefits who had not used any of his or her benefits as of April 1999

OMB

Office of Management and Budget, Executive Office of the President of the United States

RPO

Regional Processing Office -- one of four VA field facilities with regional responsibility for education claims processing and servicing

SAA

State Approving Agency -- an organization within a state government whose activities and staff are supported by VA funding

SEBU

1999 Survey of Educational Benefit Usage (Versions: SEBU-30 for MGIB, SEBU-1606 for MGIB-SR, and SEBU-35 for DEA)

USC

United States Code

User

A person receiving or who had received VA education benefits as of April 1999

VA

United States Department of Veterans Affairs

VEAP

The Post-Vietnam Era Veterans' Educational Assistance Program