

**Statement of Keith M. Wilson
Director, Education Service
Veterans Benefits Administration
U.S. Department Of Veterans Affairs**

**Before the
Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
U.S. House of Representatives**

**Field Hearing
National Guard Armory, Rogers, AR
March 22, 2006**

Good morning Mr. Chairman, Ranking Member Herseth, and members of the Subcommittee, I appreciate the opportunity to appear before you today to discuss VA's education benefit programs and the Administration's views on the Total Force GI Bill concept. My testimony will highlight workload, payment, and usage trends for the educational assistance programs under the Montgomery GI Bill (MGIB) and the Reserve Educational Assistance Program (REAP). I will also discuss administrative processes and automation tools that support these programs.

The Montgomery GI Bill – Active Duty (Chapter 30) and the Montgomery GI Bill – Selected Reserve (Chapter 1606) provide veterans, servicemembers, and members of the Selected Reserve with educational assistance, generally in the form of monthly benefits, to assist them in reaching their educational or vocational goals. The Reserve Educational Assistance Program (Chapter 1607) provides an enhanced benefit for reservists and those in the National Guard who are activated for more than 90 days due to an emergency or contingency as defined by the President or Congress. The Chapter 30 program assists in the readjustment to civilian life and, together with the other mentioned programs, supports the armed services' recruitment and retention efforts, and enhances the Nation's competitiveness through the development of a more highly educated and productive workforce.

Workload, Payment, and Usage Trends

The education claims processing workload for Chapters 30 and 1606 combined has increased over the past five years. From FY 2001 to FY 2005, the number of claims completed increased by 28 percent to 1.1 million, the number of students using the benefits rose by 16 percent to 423.5 thousand, and the total payments for the year increased by 87 percent to \$2.1 billion from FY 2001 to FY 2005.

The overall usage for Chapter 30 grew from 57.9 percent in FY 2001 to 65.5 percent in FY 2005. The MGIB usage rate is derived by dividing the number of veterans who have received MGIB benefits by the number of all veterans who participated in MGIB and separated from active military service. The usage rate includes those veterans who are still within their 10-year eligibility period but have not yet applied for education benefits. We expect these trends will continue in FY 2006 and FY 2007.

Factors contributing to the increased workload in Chapter 30 and Chapter 1606 include higher benefit rates and enhanced outreach. Education benefit payments have increased due to legislative adjustments. For example, the monthly MGIB – Active Duty rate for full-time training has risen from \$650 in 2001 to \$1,034 today. Rate increases provide added incentive for beneficiaries to pursue an education program. Additionally, increases based on the Consumer Price Index have helped maintain the purchasing power of the educational assistance.

VBA continues to expand its outreach activities for military servicemembers. In 2005, VBA conducted over 8,000 transition assistance briefings with an audience of nearly 326,000 attendees. Each quarter, Education Service receives a listing of all servicemembers who have reached 12 months of service, 24 months of service, and those who are within 6 months of a planned separation. We send a letter and a targeted pamphlet to each group of servicemembers to enhance awareness and understanding of their education benefits. Each quarterly listing contains 90 to 100 thousand servicemembers.

In response to our Nation's increased reliance on members of the National Guard and Reservists in the Global War on Terror, we have distributed 55,000 copies of our new Chapter 1607 brochure to State National Guards so they may, in turn, distribute them to returning Guard and Reserve units. We are also currently working with the Department of Defense (DoD) to send over 384,000 Chapter 1607 brochures directly to the Reserve and National Guard members' home of record.

We are pleased to inform the Chairman and members of the Subcommittee that VA began making payments under Chapter 1607 in December 2005. By the end of FY 2006, VA expects to pay about 40,000 individuals, 13,000 of whom are expected to be new benefit claimants. As of March 6, 2006, we have processed 1,483 claims.

Resources

While staffing has increased in the past fiscal year across the four Education Regional Processing Offices, we have not yet realized the full productivity impact of these additional resources. Formal training for new employees is 20 weeks in length. Although a new employee is considered productive at the completion of training, the employee does not produce at the same level as a journeyman claims examiner. It normally takes 2 years for a new hire to reach journeyman status and be considered fully productive. Targeted training for all employees is conducted when new legislation affecting education benefits is passed, or in response to error trends found on quality reviews. In addition, each office conducts monthly refresher training with their employees.

Automation Highlights

We continue our effort to migrate all claims processing work from the legacy claims processing system into the new corporate environment. The Education Expert System (TEES) initiative is a multi-year initiative that, when fully deployed, will result in the implementation of a claims processing system designed to receive application and enrollment information and process that information electronically. This system will dramatically improve the timeliness and quality of education claims processing.

Meanwhile, the development and use of Internet applications have provided functional support to claims processing and customer service activities. These tools have helped to improve performance and reduce the waiting time for many claims. Web Automated Verification of Enrollment (WAVE) has been fully operational since July 2001. It allows MGIB beneficiaries to verify their continued enrollment each month over the Internet, instead of mailing the verification form to VA. By eliminating mail time, veterans receive their monthly benefits more quickly than in the past.

In addition, VA-ONCE, an application that allows school certifying officials to transmit enrollment data electronically to VA, has been in use since FY 2003 and has been well received. In FY 2005, approximately 88 percent of all enrollment data was received electronically.

Total Force GI Bill Concept

Mr. Chairman, the Veterans' Advisory Committee on Education recently made a recommendation to consolidate the MGIB and REAP education benefit programs into one Total Force GI Bill program. VA found this recommendation merited serious further consideration. Accordingly, the VA Deputy Secretary established a workgroup to further analyze the feasibility of such a consolidation. The workgroup, which consists of representatives both from VA and DoD, has met each month since October 2005.

The Total Force GI Bill workgroup is analyzing the many complex issues associated with the transition to a consolidated program for the total military force. Establishing a consolidated Total Force GI Bill obviously would require significant changes to the current system, and new legislation. The benefits of a consolidated GI Bill program need to be weighed against the potential impact on individual beneficiaries, entitlement levels, military recruitment and retention and funding.

The transition to a Total Force GI Bill would require reconciliation of all the current program eligibility and entitlement requirements. As an example, active duty members eligible to receive benefits under Chapter 30 are required, upon electing the

benefit, to make a \$1,200 contribution to the program through pay reductions. Reservists eligible to receive benefits under Chapters 1606 or 1607 are not required to make such a contribution. The workgroup will need to analyze and prepare a recommendation as to whether the \$1,200 contribution should be eliminated, required for some, modified up or down, or required for all under the Total Force concept.

The workgroup deliberations must be sensitive to the potential impact of a consolidation on particular categories of beneficiaries. For example, a feature unique to the Chapter 30 MGIB is its provision for a veteran eligible for Veterans' Educational Assistance benefits (Chapter 34) at the time of establishing Chapter 30 eligibility to receive half of the Chapter 34 benefit rate, including additional allowances for dependents, in addition to the Chapter 30 rate based on his/her training time. The workgroup must consider the benefit package currently afforded the 17 thousand veterans who fit this category when formulating its Total Force GI Bill program recommendations.

Another issue involves months of entitlement. Currently, a student who is eligible to receive educational assistance benefits under more than one program may receive up to 48 months of entitlement. The workgroup will need to determine how many months of entitlement a student will be eligible for under a consolidated program and whether those students who were previously eligible for only 36 months of entitlement under one benefit program will continue to be entitled to that amount or receive any additional months of entitlement. A new methodology for determining how many months of entitlement a student is eligible for based on commitment and/or participation levels may need to be established.

The workgroup is currently reviewing the possible impact of the effective date of such legislation on military recruitment and retention. For example, will a bill that is enacted with an effective date one year in the future have a positive impact on military recruitment and retention? Both the active duty and reserve affairs components are considering this question.

Finally, the workgroup is considering the flexibility of a Total Force GI Bill concept. Originally tasked with analyzing how Chapters 30, 1606, and 1607 could be consolidated, the workgroup is considering whether other programs, such as National Call to Service and the Post-Vietnam Era Veterans' Educational Assistance Program (VEAP) (Chapter 32), may need to be phased in as well. The workgroup would like to ensure that any recommendations would continue to prove effective as VA moves toward more efficient procedures and streamlined programs in the future.

Once the workgroup has completed its task and its recommendations have been fully considered, we will be pleased to provide the Subcommittee our official views on this matter. We expect the workgroup to complete its tasks and submit its recommendations in June 2006.

Mr. Chairman, this concludes my statement. I would be pleased to answer any questions you or any of the other members of the Subcommittee may have.