

STATEMENT

of

THE MILITARY COALITION

on

Education Benefits and Transition Assistance Programs  
for the Total Force

Field Hearing before the

SUBCOMMITTEE ON ECONOMIC OPPORTUNITY

House Veterans' Affairs Committee

Rogers, Arkansas

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Presented by

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Co-Chairman, Veterans' Committee  
The Military Coalition

MISTER CHAIRMAN AND DISTINGUISHED MEMBERS OF THE SUBCOMMITTEE. On behalf of The Military Coalition, a consortium of nationally prominent uniformed services and veterans' organizations, we are grateful to the Subcommittee for this opportunity to express our views concerning issues affecting the uniformed services community. This testimony provides the collective views of the following military and veterans' organizations, which represent approximately 5.5 million current and former members of the seven uniformed services, plus their families and survivors.

- Air Force Association
- Air Force Sergeants Association
- Air Force Women Officers Associated
- American Logistics Association
- AMVETS (American Veterans)
- Army Aviation Association of America
- Association of Military Surgeons of the United States
- Association of the United States Army
- Chief Warrant Officer and Warrant Officer Association, U.S. Coast Guard
- Commissioned Officers Association of the U.S. Public Health Service, Inc.
- Enlisted Association of the National Guard of the United States
- Fleet Reserve Association
- Gold Star Wives of America, Inc.
- Jewish War Veterans of the United States of America
- Marine Corps League
- Marine Corps Reserve Association
- Military Chaplains Association of the United States of America
- Military Officers Association of America
- Military Order of the Purple Heart
- National Association for Uniformed Services
- National Guard Association of the United States
- National Military Family Association
- National Order of Battlefield Commissions
- Naval Enlisted Reserve Association
- Naval Reserve Association
- Non Commissioned Officers Association
- Reserve Enlisted Association
- Reserve Officers Association
- The Retired Enlisted Association
- United Armed Forces Association
- United States Army Warrant Officers Association
- United States Coast Guard Chief Petty Officers Association
- Veterans of Foreign Wars of the United States
- Veterans' Widows International Network

The Military Coalition, Inc. does not receive any grants or contracts from the federal government.

## **Testimony of The Military Coalition: Executive Summary**

**Total Force Montgomery GI Bill (MGIB).** The active duty, National Guard and Reserve forces are operationally integrated under the Total Force policy but their educational benefits are not structured commensurate with types and duration of service performed.

*TMC strongly supports enactment of legislation that would align MGIB programs according to the length and type of service performed, a Total Force MGIB.*

**Technical Issues for Implementing a Total Force MGIB.** According to Congressional staff, transferring the reserve MGIB programs from Title 10 to Title 38 would create a significant mandatory funding increase as the “color of money” goes from discretionary to mandatory – even if the total force MGIB proposal did not incur a significant real-money ‘start-up’ cost.

*TMC urges use of War Supplemental funding to address the technical accounting ‘glitch’ regarding the proposal to transfer funding authority for the Reserve MGIB programs from Title 10 to Title 38.*

### **Portability of Benefits Earned During Mobilization**

*TMC urges the Subcommittee to endorse portability of reserve MGIB benefits earned during a mobilization under contingency operation orders. TMC also recommends the elimination of the 14-year time constraint for in-service usage of ‘Chapter 1606’ and ‘Chapter 1607’ MGIB benefits.*

### **Loss of Value of ‘Chapter 1606’ Benefits to Support Recruitment and Retention**

Prior to the 9/11 attacks on the homeland, Congress authorized big increases to active duty MGIB benefits (Chapter 30, 38 USC), but overlooked the Reserve MGIB program (Chapter 1606, 10 USC). Reserve benefits have slipped from a 47 cents-to-the-dollar ratio with active duty rates to 29 cents to the dollar. Word gets out and potential recruits and those eligible for reenlistment in the Guard and Reserve are seeing for themselves the widening gap in proportional benefits.

*TMC urges Congress to address the growing benefit gap between the Reserve MGIB (Chapter 1606) and the active duty program as soon as possible, especially because Guard and Reserve recruitment continues to be under enormous strain.*

### **‘Chapter 1607’ Benefits**

The design of the current ‘Chapter 1607’ program was determined with little or no consultation with military or other stakeholders. The Total Force MGIB proposal would enable a mobilized Guard or Reserve servicemember to earn month-to-month entitlement of benefits during mobilization and authority to use those benefits throughout reserve service and for 10 years following separation.

*TMC recommends the transfer of ‘Chapter 1607’ authority to Title 38 and a policy of month-to-month entitlement of active duty benefits under Chapter 30, 38 USC; and TMC recommends a transition benefit be authorized for post-service use.*

*TMC recommends MGIB initiatives that would stimulate recruitment by making the MGIB available to all servicemembers, allow a one-time ‘VEAP’-decliner enrollment option, offer greater incentive to use the benefit through flexible delivery options and transferability at career decision points.*

*TMC recommends that TAP budgets be increased by 50% over current spending levels.*

Mr. Chairman, The Military Coalition (TMC) is grateful to you and the entire Subcommittee for your leadership and strong commitment to the well-being of the members of the military community: active duty, National Guard, Reserve members, veterans (including military retirees), military family members, and survivors. I appreciate the opportunity to provide testimony on our collective views concerning educational benefit programs under the Montgomery GI Bill and transition assistance for members of the National Guard and Reserve separating from periods of federal active duty.

### **Background on the Evolution of the Montgomery GI Bill**

Our nation's total Armed Forces – active duty, National Guard, and Reserve are operationally integrated to carry out national security missions, but educational benefits under the Montgomery GI Bill (MGIB) do not reflect this “total force” policy, nor match benefits to the length and type of service performed.

The enactment of MGIB programs early in the All-Volunteer Force era sheds light on the current disconnect between the MGIB structure and the policies used today to ensure reserves are embedded in all military missions.

Congress re-established the GI Bill in 1984. The MGIB was designed to stimulate All-Volunteer Force recruitment and retention and to help veterans readjust to the civilian world on completion of their service. Active duty MGIB educational benefits were codified in Title 38, ensuring a readjustment purpose. But the Selected Reserve MGIB program was codified under Chapter 1606 of Title 10 – post-service benefits were not authorized.

Late in the Cold War era, Defense policy makers and Congress did not envision the routine use of Guard and Reserve forces for every operational mission, nor did anyone perceive a need at the time for a post-service readjustment benefit for Reserve participants. The Selected Reserve MGIB program served only as a recruitment tool and any remaining benefits were forfeited at separation.

During the same period (mid-1980s to late 1990s), however, Reserve MGIB benefits maintained proportional parity with the basic active duty program. Slippage of Reserve MGIB rates and the recognition that there was no readjustment element to the program began to occur at the very time that the national command authority activated hundreds of thousands of Guard and Reserve servicemembers following the September 11, 2001 attacks.

Congress attempted to respond to the MGIB benefit gap by authorizing a second Reserve Title 10 MGIB program for reservists who were mobilized for more than 90 days for a contingency operation. But the complexity of the “Chapter 1607” program, DoD funding challenges, and the difficulty of correlating the new mobilization MGIB with both the original Reserve MGIB (Chapter 1606, 10 USC) and the active duty program (Chapter 30, 38 USC) appear to be compromising statutory objectives and the effective administration of the entire MGIB program.

A new architecture is needed to align the MGIB with the realities of the Total Force policy in the 21<sup>st</sup> Century. Congress intended that the all-volunteer force Montgomery GI Bill would support DoD recruitment and retention programs, enable a smoother readjustment to civilian life, and enhance the nation's competitiveness.

## **Towards a Total Force MGIB for the 21<sup>st</sup> Century.**

The Total Force MGIB has two broad concepts. First, all active duty and reserve MGIB programs would be organized under Title 38. (The responsibility for cash bonuses, MGIB “kickers”, and other enlistment / reenlistment incentives would remain under the Department of Defense in Title 10). Second, MGIB benefit levels would be structured according to the level of military service performed.

The Total Force MGIB would restructure MGIB benefit rates as follows:

- Tier one – Chapter 30, Title 38 – no change. Individuals who enter the active armed forces would earn MGIB entitlement unless they decline enrollment.
- Tier two – Chapter 1606, Title 10: MGIB benefits for initial entry into the Guard or Reserve. Chapter 1606 would transfer to Title 38. No other change is envisioned at this time. In the future, the Subcommittee should consider adjusting benefit rates in proportion to the active duty program. Historically, Selected Reserve benefits have been 47-48% of active duty benefits.
- Tier three – Chapter 1607, Title 10, amended -- MGIB benefits for mobilized members of the Guard / Reserve on “contingency operation” orders. Chapter 1607 would transfer to Title 38 and be amended. Mobilized servicemembers would receive one month of “tier one” benefits (currently, \$1034 per month) for each month of activation after 90 days active duty, up to a maximum of 36 months for multiple call-ups.

A servicemember would have up to 10 years to use remaining entitlement under Tier One or Tier Three programs upon separation or retirement. A Selected Reservist could use remaining Second Tier MGIB benefits only while continuing to serve satisfactorily in the Selected Reserve. Reservists who qualify for a reserve retirement or are separated / retired for disability would have 10 years following separation to use all earned MGIB benefits. In accordance with current law, in cases of multiple benefit eligibility, only one benefit may be used at one time, and total usage eligibility extends to no more than 48 months.

***TMC strongly supports enactment of legislation that would align MGIB programs according to the length and type of service performed, a Total Force Montgomery GI Bill for the 21<sup>st</sup> Century.***

## **Challenges and Opportunities in Realizing a Total Force MGIB.**

TMC is an original founding group of military and veterans organizations joined with major higher education associations who together make up the Partnership for Veterans Education. The Partnership has long advocated for raising MGIB benefits to keep pace with the cost of education and training programs and, more recently, has urged enactment of a Total Force MGIB as described above. In communications with professional Congressional staff, administration officials, and other stakeholders, the Partnership has identified issues and concerns regarding enactment of a Total Force MGIB. TMC would like to offer its views on these issues here:

1. *Mandatory vs. Discretionary Funding for the MGIB.* Basic active duty MGIB benefits under Chapter 30, 38 USC are in the “mandatory” funding category. However, both of the Reserve MGIB programs (Chapters 1606 and 1607, 10 USC) are resourced through

annual discretionary appropriation provided by Congress to the Guard and Reserve personnel accounts (e.g., “National Guard Personnel, Army” or ‘NGPA’). From these accounts, contributions are placed in the DoD Educational Benefits Trust Fund in the Treasury. The VA makes all benefit payouts against this Fund.

DoD and the Reserve components have not recommended any increase to Chapter 1606 benefit rates for years, even after 9/11. One reason is that the Trust Fund contributions are scored against reserve personnel appropriations and compete with other priorities. In TMC’s view, another reason is that the Services increasingly rely on cash incentives (not the MGIB) to manage manpower.

According to House Armed Services Committee staff, transferring the reserve MGIB programs from Title 10 to Title 38 would create a significant mandatory funding increase as the “color of money” goes from discretionary to mandatory – even if the total force MGIB proposal did not incur a significant “real-money” start-up cost.

***TMC urges use of War Supplemental funding to address the technical accounting ‘glitch’ regarding the proposal to transfer funding authority for the Reserve MGIB programs from Title 10 to Title 38.***

2. *Readjustment Benefit vs. Retention Purpose.* A key element of the Total Force MGIB proposal is that reservists mobilized for at least 90 days under federal contingency operation orders would be able to use remaining mobilization MGIB benefits under Chapter 1607 (as amended) after separation; i.e., they would be entitled to post-service readjustment benefits under the MGIB. It has come to TMC’s attention that some government officials are concerned that this proposal would hurt National Guard and Reserve (G-R) reenlistment and retention programs.

In response, TMC notes there are a number of reasons this assertion is untrue. First, DoD survey data indicate that “education” is not a key variable in extension or reenlistment decisions. More importantly, reenlistment or extension in the Guard and Reserve enables the service member to retain original Reserve MGIB benefits under ‘Chapter 1606’ and the potential to acquire more active duty MGIB entitlement through successive activations. Moreover, those who stay in service and are mobilized again (and again) would earn month-to-month entitlement of the active duty MGIB up to 36 months of benefits (and they would still have 12 months left to use under ‘1606’ since current law allows dual-benefit accrual up to 48 mos. maximum entitlement). In short, there is a built-in incentive to continue serving in the Selected Reserve because of the potential to retain existing MGIB benefits (‘1606’) and mobilization benefits, as proposed.

TMC would note also that Congress has approved hundreds of millions of dollars for cash bonuses for Total Force members since 9/11. These have proven to be very helpful in meeting or exceeding reenlistment goals in the active and reserve forces.

Finally, over the twenty-one year history of the MGIB no research has demonstrated that active duty service men and women “get out” just because of the MGIB. Both active duty and reserve troops can use their MGIB while serving, and don’t have to wait until separation. Many other valid personal and family reasons influence these volunteers’

decision to serve. To argue that they should be compelled to remain in service to retain their mobilization MGIB benefits is unfair and an insult to their spirit of voluntarism.

***TMC urges the Subcommittee to endorse portability of reserve MGIB benefits earned during a mobilization under contingency operation orders. TMC also recommends the elimination of the 14-year time constraint for in-service usage of ‘Chapter 1606’ and ‘Chapter 1607’ MGIB benefits.***

3. *Steep decline in proportional parity for initial-entry Reserve MGIB benefits.* For the first 15 years of the Reserve MGIB (Chapter 1606, 10 USC), benefits earned by individuals who initially joined the Guard or Reserve for six years paid 47 cents to the dollar for active duty MGIB participants. Since 9/11, however, the ratio has dropped to 29 cents to the dollar. One consequence of the rate drop is that the Chapter 1606 program is weakening as a recruitment and retention program and, thus, not fully carrying out the intent of Congress.

***TMC urges Congress to address the growing benefit gap between the Reserve MGIB (Chapter 1606) and the active duty program as soon as possible, especially because Guard and Reserve recruitment continues to be under enormous strain.***

4. *Chapter 1607 Rate Formula.* The Total Force MGIB proposal would change the rate formula from a percentage basis to month-for-month entitlement. Some have suggested this would amount to a benefit cut. TMC would note in response that the Total Force MGIB proposal is fairer and ultimately more generous to mobilized troops due to the portability feature. In addition, it better supports DoD’s policy of using the G-R on active duty every five or six years (tens of thousands already have served two tours within the last five years). The proposal would enable a G-R member ultimately to acquire full MGIB benefits for 36 months service on contingency operation orders. Presently, Chapter 1607 awards \$14,890 for 91 days active duty at current rates, \$22,300 for one-year and one-day of active duty, and \$29,779 for 24 months active duty, assuming full-time training or study. The design of the current ‘1607’ was determined with little or no consultation with DoD or VA, and the benefit structure is not proportional to the service performed.

***TMC recommends that Chapter 1607 be transferred to Title 38 and that the rate formula be adjusted to month-to-month entitlement of active duty benefits under Chapter 30, 38 USC, and TMC recommends a transition benefit be authorized for post-service use.***

5. *Administrative difficulties.* DoD and VA officials report enormous challenges in de-conflicting and coordinating the oversight and management of MGIB programs. Policy and procedural challenges are compounded by outmoded information management and information technology support for the MGIB.

***TMC recommends the integration of active duty, National Guard and Reserve MGIB programs under one title (Title 38) to facilitate resource planning and support for effective and efficient management of these programs.***

## **Related MGIB Issues**

TMC recommends Subcommittee consideration of the following issues that should be incorporated at an appropriate time into the design of the Total Force MGIB.

*Enrollment Option for Career Servicemembers who Declined “VEAP”.* Approximately 50,000 career servicemembers who continue to serve on active duty declined to enroll in the precursor to the MGIB known as “VEAP”, the Post-Vietnam Era Veterans Education Assistance Program (Chapter 32, Title 38). Many declined VEAP on the advice of military counselors. They were told that they would do better to invest the VEAP enrollment fee of \$2700 and wait to enroll in the coming Montgomery GI Bill. *TMC supports enactment of H.R.269 (Rep. Camp, R-MI), a bill that would permit a one-time MGIB enrollment option for currently serving VEAP-‘decliners’.*

*Flexible Delivery of Benefits.* Presently, lump-sum payments under the MGIB are available for certain high tech courses and for licensure and certification exams. Many veterans would prefer to use their benefits for particular job-training programs but are precluded under the current rules.

*TMC recommends opening usage rules to allow accelerated delivery of MGIB benefits for qualifying training programs other than high-tech courses. TMC notes, however, that enactment of this benefit would be of no use to mobilized reservists who elect to separate upon completion of their service contract, unless portability were also authorized.*

*\$1,200 MGIB Enrollment “Tax”.* The MGIB is one of the only government-sponsored educational programs in America that requires a student to pay \$1,200 (by payroll deduction during the first 12 months of military service) in order to establish eligibility. This \$1,200 DoD payroll cost-avoidance method amounts to little more than a tax penalty on a benefit that must be paid for before it is received. Sadly, this fee causes many young enlisted service members to decline enrollment simply because they are given a one-time, irrevocable decision when they are making the least pay and under the pressure of initial training. Those who decline enrollment—many due to financial necessity—do not have a second chance to enroll in the program. This is a major heartburn item from our lowest-ranking volunteers entering military service.

Recruits feel in a sense it is a “dirty trick” to offer such an important program only when it is clearly a financial burden for enlisted members to enroll in it. After all, because of lower pay, enlisted members must sacrifice a significantly higher percentage of their income in order to be eligible for the program. Further, it sends a very poor signal to those who enter service expecting a world-class educational benefit.

S. 43, (Sen. Chuck Hagel, R-NE) and its companion bill, H.R. 786 (Rep. Lee Terry, R-NE), would take the first step by eliminating the \$1,200 user fee for those serving during the period of Executive Order 13235. (Both bills also would give a second MGIB enrollment opportunity for those serving during this period).

*TMC recommends the ultimate elimination of the MGIB \$1,200 payroll reduction.*



*Benchmarking MGIB Rates to the Average Cost of Education.* Department of Education data for the 2005-2006 academic year show the MGIB reimbursement rate for full-time study covers 61% of the cost at the average public four-year college or university.

***TMC recommends the Subcommittee support benchmarking MGIB benefit rates to keep pace with the average cost of education at a four-year public college or university.***

*Transferability of Benefits.* About two-thirds of today's force is married. Many reenlistment decisions are based on family needs. *TMC supports enactment of legislation to permit a servicemember to transfer up to one-half of remaining MGIB-AD entitlement to immediate family members in exchange for a career commitment* (e.g., those who commit to serve at least 14 years normally will later complete 20 or more years service).

***To support active force career retention, TMC recommends establishment of a MGIB transferability option at the 12<sup>th</sup>-14<sup>th</sup> year of service.***

### **Transition Assistance Program (TAP) for National Guard and Reserve servicemembers**

TMC is pleased to offer its views on TAP-related issues affecting members of the National Guard and Reserve forces.

*TAP Funding.* TAP funding is inadequate to meet the needs of servicemembers separating from active military service – active duty and mobilized members of the reserve forces. The GAO concluded last year that that TAP funding requirements are based entirely on projected active duty separations. The Services separate about 200,000 active duty troops per year and TAP budgets were built on that projection alone. But since 9/11 more than 500,000 Guard and Reserve troops have been called up.

In 2004, for example, 117,000 Guard and Reserve troops were de-mobilized, but no additional funds were earmarked by the Departments of Defense, VA, or Labor for TAP activities for them. Taking an average of about 100,000 Guard and Reserve separations per year, ***TMC recommends that TAP budgets be increased by 50% over current spending levels.***

*TAP in the Guard-Reserve Setting.* TMC agrees with the GAO that the TAP program should be adapted to meet the needs of Guard and Reserve troops separating from active duty. However, the last thing these soldiers need is a compulsory week of TAP outbriefings immediately following separation.

Spouses and families are primary consumers of key TAP information and services and should be available to participate in TAP activities. In addition, TAP information needs to be tailored to their specific needs. TMC supports initiatives like state-based Employment Workshops and exporting TAP best-practices in states like New Hampshire and Maryland. ***TMC also recommends that TAP Veterans Benefits briefings from the Dept. of Veterans' Affairs and Dept. of Labor should be adapted for reserve troops and delivered back in the community, wherever possible.*** Many Guard and Reserve troops would benefit by information on enrollment in VA health care, filing claims for disability, reemployment rights, economic and financial rights and protections under the Servicemembers Civil Relief Act, Small Business Administration "disaster type" loans, VA home loans, family assistance and counseling, and other valuable program information.

TMC agrees with the GAO finding that there is some progress in developing TAP checklists that address the unique needs of Guard and Reserve servicemembers and their families. However, ***TMC recommends that servicemember TAP ‘checklists’ must be made more user-friendly for the Guard and Reserve, whose need for information and services often differs considerably from active duty troops.***

TMC wants to emphasize that more needs to be done to advise returning Guard and Reserve veterans and their families about mental health counseling and related services. A number of TMC organizations are actively engaged in providing outreach and support assistance to disabled veterans in the community. We in the Coalition are proud of that work but recognize its inherent limitations.

***TMC recommends that the House Committee on Veterans Affairs provide keen oversight on mental health funding requirements for all returning service men and women and their dependents.***

**Biography of Robert F. Norton, COL, USA (Ret.)**  
**Deputy Director, Government Relations, MOAA**  
**Co-Chair, Veterans' Committee, The Military Coalition**

A native New Yorker, Bob Norton was born in Brooklyn and raised on Long Island. Following graduation from college in 1966, he enlisted in the U.S. Army as a private, completed officer candidate school, and was commissioned a second lieutenant of infantry in August 1967. He served a tour in South Vietnam (1968-1969) as a civil affairs platoon leader supporting the 196th Infantry Brigade in I Corps. He transferred to the U.S. Army Reserve in 1969 and pursued a teaching career at the secondary school level. He joined the 356th Civil Affairs Brigade (USAR), Bronx, NY and served in various staff positions from 1972-1978.

Colonel Norton volunteered for active duty in 1978 and was among the first group of USAR officers to affiliate with the "active Guard and Reserve" (AGR) program on full-time active duty. Assignments included the Office of the Deputy Chief of Staff for Personnel, Army Staff; advisor to the Asst. Secretary of the Army (Manpower & Reserve Affairs); and personnel policy and plans officer for the Chief, Army Reserve.

Colonel Norton served two tours in the Office of the Secretary of Defense (OSD). He was responsible for implementing the Reserve Montgomery GI Bill as a staff officer in Reserve Affairs, OSD. From 1989 –1994, he was the senior military assistant to the Assistant Secretary of Defense for Reserve Affairs, where he was responsible for advising the Asst. Secretary and coordinating a staff of over 90 military and civilian personnel. During this tour, Reserve Affairs oversaw the call-up of more than 250,000 National Guard and Reserve component troops for the Persian Gulf War. Colonel Norton completed his career as special assistant to the Principal Deputy Asst. Secretary of Defense, Special Operations / Low Intensity Conflict and retired in 1995.

In 1995, Colonel Norton joined Analytic Services, Inc. (ANSER), Arlington, VA as a senior operational planner supporting various clients including UN humanitarian organizations and the U.S. Air Force's counterproliferation office. He joined MOAA's national headquarters as Deputy Director of Government Relations in March 1997.

Colonel Norton holds a B.A. in philosophy from Niagara University (1966) and a Master of Science (Education) from Canisius College, Buffalo (1971). He is a graduate of the U.S. Army Command and General Staff College, the U.S. Army War College, and Harvard University's Senior Officials in National Security course at the Kennedy School of Government.

Colonel Norton's military awards include the Legion of Merit, Defense Superior Service Medal, Bronze Star, Vietnam Service Medal, Armed Forces Reserve Medal, Army Staff Identification Badge and Office of the Secretary of Defense Identification Badge.

Colonel Norton is married to the former Colleen Krebs. The Nortons have two grown children and reside in Derwood, Maryland.