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FINAL REPORT
ON
VETERANS' EDUCATION POLICY

VETERANS' EDUCATION POLICY

FINAL REPORT

PREPARED BY THE

DEPARTMENT OF VETERANS AFFAIRS

(Pursuant to Section 320 of Public Law 99-576)

SUBMITTED TO THE

HOUSE OF REPRESENTATIVES AND SENATE

COMMITTEES ON VETERANS' AFFAIRS

AUGUST 29, 1990

TABLE OF CONTENTS

Executive Summary.....	i
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Introduction.....	1
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DISCUSSION OF RECOMMENDATIONS AND VA RESPONSE

Benefit-Delivery System Structure.....	5
Certifications and Reports; Effective Dates.....	9
Changes of Program Limitations.....	22
Compliance Surveys and Supervisory Visits.....	28
Counseling and Support Services to Veterans.....	31
Debt Recovery and Fraudulent Claims.....	34
Distinctions Between Non-College Degree and Degree Training.....	35
Measurement.....	36
Mitigating Circumstances.....	45
Publications.....	47
Remedial, Deficiency, and Refresher Training.....	50
Reporting Fees.....	53
Restoration of Pay Reductions Under Certain Circumstances.....	55
Role of Continuing Education.....	58
Standardization.....	59
Training and Associated Administrative Resources.....	61
Two-Year Rule, Standards of Progress and the 85-15 Rule.....	67
Value of Home Study Courses; Educational Assessment.....	69
Work-Study Program.....	70

EXHIBITS

- Exhibit A: Legislative Proposals
- Exhibit B: Regulatory Changes
- Exhibit C: Costing Estimates
- Exhibit D: Report of Task Force on Veterans' Education
Policy

EXECUTIVE SUMMARY

This report provides a final response to the Report of the Commission to Assess Veterans' Education Policy. The Commission set forth recommendations in nineteen subject areas with respect to education policy. Two major concerns are difficulties with our present provisions relating to measurement issues and administrative problems due to the lack of standardization of the various education programs. All of our recommendations are subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990.

With regard to the measurement issue, we propose the elimination of the payment differential for independent study and other non-traditional types of training in accredited undergraduate degree programs which have been approved by State Approving Agencies. Payment should be based on the credit hours certified by the schools.

We also propose to remove the mixed measurement criteria for the payment of benefits for pursuit of noncollege degree (NCD)

courses at institutions of higher learning (IHL's), and base payment on the school's measurement system. Also, benefit payments for concurrent pursuit of graduate and undergraduate training should be based on the training time certified by the school, rather than applying the conversion computation presently required. Lastly, we propose the elimination of the payment differential for accredited and nonaccredited NCD courses.

VA is continuing to review the feasibility of a consolidated-region approach to our benefit-delivery system. However, we do believe that the compliance and liaison functions should remain at the local regional office level.

We are considering implementing the requirement for monthly self-certification under all education chapters, and are examining alternatives, such as telephone input by eligible students, to improve the present self-certification system.

We note that the various military services have made significant strides to improve the timely reporting to VA of information regarding the eligibility of reservists. This has resulted in improved benefit payment processing. Any major

change to the existing chapter 106 program, such as monthly self certifications, will be carefully studied before implementation to assure that the timely payment of benefits to reservists will not be adversely impacted.

With respect to the change of program issue, we recommend that a change of program not be charged if the prior program was successfully completed, or if a student, following transfer from one program to another, returns to the original program without a loss of credit. We also propose not to charge a change of program unless there is a change of the vocational objective, regardless of a change in the type of training pursued.

We support the Commission recommendation for a death benefit for survivors of chapter 30 veterans who die of service-connected causes within a period of one year following their discharge from active duty. We do not support a pay restoration for eligible chapter 31 claimants, as such a provision may not be advantageous for those who are eligible to receive a greater benefit under chapter 30. We do not agree with pay restoration to individuals who do not complete their obligated periods of active duty because of a pre-existing medical condition.

INTRODUCTION

Public Law 99-576, section 320, enacted on October 28, 1986, established a Commission To Assess Veterans' Education Policy. Charged with the responsibility of reviewing various matters relating to the administration of VA educational assistance programs, the Commission deliberated for approximately eighteen months and submitted its first report on August 29, 1988.

After considering the Commission's initial report, the Department of Veterans Affairs (VA) submitted an interim report to the Committees dated February 28, 1989, which was followed by a final Commission report on July 27, 1989. The Department now submits to the Committees this final report on the Commission's recommendations.

We would like to thank the members of the Commission, its Chairman, and its Executive Director who have all made this endeavor an extremely valuable study. The results of the work of the Commission and the cooperation given the Department will be reflected in the administration of veterans' education benefits for years to come.

The Congress has already enacted many of the proposals of both the Commission and the Department. Some of the more noteworthy legislative changes include: elimination of absence reporting requirements, a death benefit for beneficiaries of participants under the Montgomery G.I. Bill/Active Duty, expansion of monthly self-certifications to all education programs, and extension of work-study benefits to chapter 35, title 38, U.S. Code, and chapter 106, title 10, U.S. Code.

Despite the many positive changes derived from this extended examination of the administration of veterans' education benefits, there remain a number of unresolved issues. Administrative difficulties caused by the lack of standardization of the various education programs continue. We believe that standardization of all the education programs to the maximum extent possible would go a long way toward resolving many, if not the majority, of the administrative complexities that presently exist.

With respect to the standardization issue, the Commission recommended that a task force composed of VA adjudicators and education liaison representatives (ELR's) be formed to identify the inconsistencies in all our education programs. The Department agreed with this recommendation, and formed such a group. In addition to standardization, we asked the Task Force to review various other issues relating to education claims processing.

We wish to acknowledge the many hours of hard work and diligent effort put forth by the members of the Task Force on Veterans' Education Policy. Their work has proved to be an invaluable resource as the Department considered its final report. A copy of the Task Force report is attached as Exhibit D.

In response to the Commission's recommendations, our interim report went to great lengths to examine each issue. Replication of those discussions here would serve no useful purpose. In many instances, there is no substantive change from the position taken in our interim report, and an affirmation of our prior position suffices. In other cases, the Department indicated in the interim report that further study was needed or that a task force would be formed to examine certain issues. The results of those studies and/or the findings of the Task Force report are discussed in such cases.

Much remains to be done in many areas as we prepare to move into the twenty-first century. Modernization, state-of-the-art technology, automated data processing, a "paperless" environment, etc. are all concerns that need to be examined. Setting goals for tomorrow and providing the knowledge, skills, technology, and resources to reach them should be our priority today. The collective labors of all those involved in this extended study have already yielded

significant benefits. With much appreciation to the Commission and to the Committees on Veterans' Affairs of both the House and the Senate, it is the hope of the Department that this work will now go forward to reach tomorrow's goals for the benefit of the veterans, servicepersons, and reservists serving this country.

Benefit-Delivery System Structure

COMMISSION RECOMMENDATION:

Adopt in the long run a consolidated-region approach to the processing of all education programs (to include adjudication and processing of all benefits and approval and compliance functions) to be located in a handful of large regions and retaining only an "education ombudsman" capacity (having direct-line responsibility flowing through the education program) in each of the 58 regional offices. Ombudsman pay and grade level should be commensurate with the responsibility to maintain liaison with institutions, students, reserve units, and others, and to undertake problem solving and trouble shooting as required.

VA INTERIM RESPONSE:

VA agrees in principle with the consolidated region approach to processing of education claims. However, we believe the personnel responsible for conducting compliance surveys and liaison should continue to be based in each regional office. Also the Department supports the concept of an "education ombudsman" position in each regional office reporting to the Veterans' Services Officer.

VA RESPONSE:

VA will continue to review and study the feasibility of a consolidated region approach to the processing of education claims. The Department supports maintaining compliance survey and liaison activities at each regional office.

In its final report, the Commission reiterated its position in support of a consolidated-region approach to claims processing and urged the Department to continue to pursue this approach. At this time, the Department is conducting in-depth studies as to the feasibility of such a reorganization.

The Department completed regionalization of the Montgomery G.I. Bill - Active Duty (chapter 30) educational assistance program to the Buffalo, Atlanta, St. Louis, and Muskogee regional offices in Fiscal Year 1989. The successful implementation of this plan was aided in large part by the relatively small size of the chapter 30 program at that time. It is yielding the quality and productivity improvements that had been projected earlier; however, that program is now growing rapidly, and further expansion may be required.

Recently, a program review was completed at the St. Louis regional processing office (RPO) for chapter 30. The results of that review showed that regionalization is responsible in large part for an improved quality of claims processing that exceeds the quality for other education programs. This is due, at least in part, to the development by claims examiners of a significant degree of expertise because of the large proportion of their workload represented by chapter 30 cases. Given these initial indications of success, consideration is being given to using the chapter 30 experience as the prototype for the regionalization of chapter 32, 35 and 106 processing. In addition to the expected improvement in quality, estimates are that there could be a 3 percent per year improvement in education claims processing productivity over a five year period.

If a decision is made to regionalize all education programs, the process would probably be phased in over a period of at least two years with the chapter 32 and 35 programs being the first to be regionalized. These two programs represent a relatively smaller addition in workload which could be handled at the regional processing offices without major staffing increases.

The effect of regionalization on the Department's Veterans' Services Divisions is an area which requires particular attention. If education processing is regionalized, the other regional offices will have less technical expertise available on-site to respond to beneficiaries' inquiries. Individual education files and records will not be available at the regional office for review and/or correction. As part of the on-going regionalization review, alternatives for information availability will have to be examined.

At this time the Department is not prepared to commit to a consolidated-region approach for all education programs. Factors to

be considered are which programs are to be regionalized, the number of regional processing offices required, cost effectiveness, and whether some or all of the compensation and pension programs should also be regionalized.

If the consolidated-region approach is adopted, further consideration will be given at that time to the creation of an education ombudsman position.

Certifications and Reports; Effective Dates

COMMISSION RECOMMENDATION:

Provide authority under all chapters to require monthly self-certification verifying pursuit of training with a bar to benefits without it for both degree and nondegree training for all rates of training (including training on less than a half-time basis), as is now being implemented under chapter 30.

VA INTERIM RESPONSE:

VA endorses being given this authority with the understanding that it would not be used if the study of the self-certification test shows that it is not effective in preventing abuses of the program.

VA RESPONSE:

The implementation of the requirement for monthly self-certification under all programs is under consideration.

The Task Force concurred with the recommendation to extend self-certification to all education chapters with the exception of apprenticeship and on-the-job training programs. They believe that self-certification is not appropriate for these types of training, as payment is based on the number of hours of employment each month. The Department agrees with the Task Force recommendation.

Public Law 101-237 provided us with the authority to "withhold payment of benefits" to eligible persons "until the required proof is received and the amount of the payment is appropriately

adjusted. The Secretary, may accept such veteran's or person's monthly certification of enrollment in and satisfactory pursuit of such veteran's or person's program as sufficient proof of the certified matters." (38 U.S.C. 1780(g))

Historically, education benefit programs have been subject to a high rate of overpayments. This has typically occurred when payments were issued for intervals between terms when the student did not reenroll and by continuing payment after the student reduced or terminated training. In order to reduce creation of a significant amount of debt, the Department implemented a monthly self-certification requirement as a two-year test in the chapter 30 program. The test had three objectives:

1. Determine whether monthly self-certifications result in debt avoidance. (Self-certification means the claimant must verify the period of attendance and the number of units he or she takes each month before payment is released.)
2. Determine whether VA can process self-certifications in a timely fashion and continue to provide claimants with routine dependable payments.
3. Determine whether a self-certification requirement is effective.

This study examined the creation of debts in the chapter 30 program when monthly self-certifications were used and the creation of debts in nonchapter 30 programs where self-certifications were not in place. There were several major findings:

- * Actual debts in the chapter 30 sample would have been 50% greater without self-certifications
- * Over 50% of debts in the sample of nonchapter 30 cases could have been avoided had monthly self-certification been required
- * Monthly self-certifications have been processed timely
- * Processing certifications costing \$7,000 would have prevented \$36,000 in overpayments in the sample of nonchapter 30 cases
- * Not processing certifications in the chapter 30 sample would have saved \$5,000 in processing costs, but resulted in \$28,000 of additional debt.
- * Debts (approximately \$965,000 in September 1989) still occur in chapter 30:
 - 50% from students failing to provide mitigating circumstances after reductions and/or withdrawals
 - 20% from advance pay adjustments
 - 20% from miscellaneous causes (e.g., errors by VA, claimants, interval payments, etc.)
 - 10% resulted from school error

The findings of this study have led the Department to the following conclusions and projections:

- * \$150,000,000 current debt in nonchapter 30 programs would have been \$75,000,000 had self-certifications been required.
- * \$965,000 in chapter 30 debt would have been \$1,400,000 had self-certifications not been required.
- * Significant debt can be avoided with a monthly self-certification requirement.
- * VA should be able to timely process certifications so that claimants will receive payment at about the same time each month.
- * It will cost \$1 to prevent \$5 in debts. As volume increases in the future, the cost to benefits ratio will be even more favorable with improved automation.

The study concluded by making these recommendations:

1. Continue the requirement for monthly self-certification by all chapter 30 IHL claimants
2. Extend the requirement for monthly self-certification to chapters 32, 35, and 106
3. Assure that ADP resources are available to process monthly self-certifications expeditiously.

As noted, Congress has extended to VA the option of instituting a self-certification system for chapters 32, 35, and 106. The success of the self-certification test for the chapter 30 program supported the cost effectiveness of this option, based on a significant

reduction in overpayments and consequent costs in collection efforts. It should be noted, however, that the necessary redesign, distribution, and processing of the self-certification forms will require a significant expenditure of funds, but such a cost will be offset by the gain achieved by debt reduction.

At this time, the Department is examining various methods of processing self-certifications under the chapter 32, 35, and 106 programs. Because of other controls built into the chapter 31 program, we do not believe that self-certification would be appropriate to this program.

One possibility for self-certification being considered by the Department is to have eligible students enter their certifications via telephone. Security would be maintained by restricting access to a unique personal identification number (PIN), or use of the claimant's zip code in conjunction with the proper claim number. This system could be a reality by Fiscal Year 1992. Telephone input should significantly improve the timeliness of certification processing, and would be even more cost effective than a centralized automated scanning system.

In conjunction with the telephone entry of certification data, claimants would essentially prepare the data for input into the

TARGET system for final processing. Security concerns would probably dictate that the system capture the data for review by the appropriate personnel prior to the actual input into TARGET.

A possible enhancement of the telephone data entry system which is being considered is an on-line interactive approach. The on-line system could check data upon entry and prompt the claimant to make certain changes as errors are detected. Depending upon the sophistication of the equipment selected, claimants could also access the system to check the status of claims, the amount of remaining entitlement, or other issues. Many inquiries which are currently handled via telephone conversation and correspondence could be performed via touch tone telephone.

With regard to improvements to the present self-certification system, the Task Force recommended that schools be given the authority to use the self-certification forms to report changes in students' enrollments. The suggestion was that such a use of the forms might be optional, but that language on the form would strongly encourage students to choose this option. The student would personally bring the form to the appropriate school official to verify the accuracy of the report.

The Task Force noted that this procedure would eliminate the need for an additional report to be filed by the school, result in a significant improvement in timeliness of reporting the change to VA, and would afford the schools an opportunity to counsel the student; academically, if necessary, but also with regard to use of VA education benefits. The VA is presently reviewing the feasibility and cost effectiveness of instituting such an optional procedure.

The Task Force also recommended that, in conjunction with the adoption of self-certification in the various programs, the present confirmed enrollment policy be eliminated. VA concurs and has issued policy guidance to effect this change with respect to the chapter 30 program. Self-certification obviates the need for confirmed enrollments in most cases.

COMMISSION RECOMMENDATION:

Following an analysis of the effectiveness of these certifications in obtaining timely and accurate reports of changes in training status, consider modification of the requirement that institutions report changes in status within 30 days of the date of the event to a requirement that these changes be reported within 30 days of the date on which the institution has knowledge of the event.

VA INTERIM RESPONSE:

VA prefers to take no position on this recommendation until study of the self-certification test is complete but will keep it under consideration.

VA RESPONSE:

In view of the many alternatives to schools' and veterans' reporting and verification requirements presently under consideration, especially the various types of technology that are presently being considered, the Department finds no need or justification to change the date or time from which an educational institution must report changes in training status.

For several years we have been testing a program by which schools will be able to electronically transmit enrollment data directly to VA via computer. The program has been successfully used by a number of schools for several years. New software is presently being tested as a Model Stations Project and it is anticipated that the software will be available to schools throughout the nation in the near future.

As noted earlier in this report, in the future, schools may have the option of reporting changes in students' enrollment data to VA on the eligible students' monthly certification forms rather than submitting separate reports. At some point, it may even be feasible

that schools will have the option of submitting all paperwork, including applications for benefits, through electronic data input.

These enhancements to schools' present reporting systems lead us to believe that the current 30-day reporting requirement should remain to substantiate these reporting mechanisms. The addition of these enhancements will virtually eliminate the problems some schools may now experience in furnishing required reports to VA on a timely basis.

COMMISSION RECOMMENDATION:

Make adjustments in benefits in all chapters that are required because of changes in training time effective on the date of the actual event, rather than at the end of the month in which the change occurs.

VA INTERIM RESPONSE:

VA concurs with the premise of this recommendation and, in connection with the results of the self-certification test, will consider proposing legislative and regulatory action to reflect this policy.

VA RESPONSE:

The Department continues to concur in the premise of this recommendation. As a result of recent legislative changes, we have implemented this change as to some programs and will extend it to others.

Public Law 101-237 amended title 38, section 3013 by adding a new subsection as follows:

(b) The effective date of an adjustment of benefits under any chapter referred to in subsection (a) of this section, if made on the basis of a certification made by the veteran or person and accepted by the Secretary under section 1780(g) of this title, shall be the date of the change.

On December 29, 1989, the Veterans Benefits Administration issued a directive to all VA regional offices regarding implementation of this provision. That directive removed the "end of the month" rule for reductions in training time that occur in cases requiring a monthly certification. If a reduction in training time occurs on or after December 18, 1989, (the date the change was signed into law), the effective date of award adjustment will be the date of the reduction. This change applies to all IHL (institution of higher learning) and NCD (noncollege degree) programs in chapter 30 and to NCD programs in chapters 32, 34, 35, and section 903. It does not currently apply to NCD programs in chapter 106 nor to IHL programs in chapters 32, 34, 35, and section 903. When the Department extends the monthly self-certification requirement to other education chapters, this change to the "end of the month" rule will be implemented.

The Task Force supported the extension of this provision to all programs in conjunction with self-certification processing. They did recommend, however, an exception for death cases. They suggested that, following the death of a claimant, the

effective date of termination of benefits should be the first of the month of death. This procedure should have no effect on payment, since a self-certification would not have been returned, and no payment would have been made. In the case of death of the claimant after negotiation of an advance payment check, however, the Task Force recommended that the effective date of termination should be the last date through which payments were made, so as to avoid the creation of an overpayment in the deceased person's account.

We note that adoption of this procedure would deprive one class of beneficiary of the right to an important benefit. Presently, benefits are terminated effective the last day of school attendance prior to an eligible student's death. Survivors may file a claim for any payments which were due but unpaid at the time of death. The Department believes that the provision for payment through the last day of attendance should remain, so as to preserve this benefit for qualifying survivors.

With respect to advance pay cases, these checks are used for initial expenses related to enrollment: tuition, fees, books, supplies, etc. Presumably, in most instances following a claimant's death early in a term, there will be no remaining

funds from the advance payment. To request return of the advance payment amount results in an unnecessary burden. The Department therefore supports this Task Force recommendation. (See Exhibit A, Legislative Proposals, Proposal #1).

The Task Force also discussed the present provision which allows for the payment of benefits during orientation or registration periods for students pursuing standard college degrees. Such payments are authorized for periods of up to two weeks before the start of classes. Since the payment period for NCD students begins only with the first day of classes, an inequity exists which needs to be addressed.

Payments for orientation and registration periods should be eliminated except when students who are already registered are required by published school policy to report and remain on campus up to two weeks prior to the first scheduled date of classes. This change would, in most cases, effectively limit such early payments to entering freshmen, whereas at present all students are included. The Task Force further recommended that this policy apply to all IHL students, including those

pursuing NCD courses which are offered at IHL's and which meet the rules for payment as IHL courses.

The Department commends the Task Force for its recognition of this problem area. We will propose the appropriate regulatory changes. (See Exhibit B, Regulatory Changes, #1.).

Changes of Program Limitations

COMMISSION RECOMMENDATION:

Abolish the limit on the number of changes of program (retaining restrictions for failure to progress).

VA INTERIM RESPONSE:

VA does not concur. The Department suggests, however, that the Commission study means of administering the law more simply and equitably, including proposing alternative procedures and/or guidelines for what constitutes a change of program and a "material loss of credit".

VA RESPONSE:

We note that legislation recently passed by Congress would provide for unlimited program changes, with the restrictions in section 1791 of title 38.

The Department does not support abolishing the limits on changes of program. However, administration of this provision might be amended so as to make it more effective and equitable. We propose that claimants not be charged a change of program when the prior program was successfully completed, and, in those cases when the prior program was not completed, that a change of program not be charged unless there is a change of vocational objective, regardless of the type of training being pursued.

In their final report to the Committees, the Commission reaffirmed its recommendation that the limit on the number of changes of program should be abolished. The Department continues to disagree with the total abolition of program change limitations but is agreeable to amending the administration of this provision. Since the inception of the initial G.I. Bill in 1944, one of the principal purposes of the program has been readjustment of the veteran to civilian life. If we are to continue to carry out this

responsibility, it is essential that we continue to maintain the appropriate controls.

The Commission maintained that, under existing law, a veteran may be unreasonably denied access to a benefit program in which a substantial investment has been made because of the present change of program restrictions. They also expressed concern with inequities in the current system. Examples were cited of veterans with prior program changes needing to use remaining entitlement to pursue valid courses in their chosen occupation. The Commission compared them to similarly circumstanced veterans, but with no prior program changes, who could use their remaining entitlement for essentially avocational purposes. The Commission recognized that some individuals may use all their entitlement without achieving an objective but believed this did not justify the effect of a bar to future benefits imposed on those with more than two changes of program.

In our interim report we noted that widespread abuses of the G.I. Bill programs over the years necessitated imposing various safeguards on the use of these benefits. Many veterans had been found to be pursuing vocational or educational courses for what amounted to avocational or recreational purposes. In response to these abuses of the programs, the Congress imposed a limit on the number of program changes a veteran may make. We believe that such controls are still needed to ensure the integrity of the G.I. Bill;

however, certain changes should be made to the current system to provide sufficient latitude for serious students to change their programs of education as needed.

In its interim report, the Department agreed with the Commission's arguments that the current administrative procedures for tracking changes of program are more complex than may be necessary, and that inequities in application of the procedures do occur. The provisions for determining eligibility for program changes are perhaps too narrow and restrictive. This does not mean, however, that the statutory provisions should be removed. Instead, the adjudicative process should be simplified and made more equitable.

VA PROPOSAL: The Department accepts the Task Force recommendation that a veteran should not be charged a change of program if the prior program was successfully completed. There should be no restriction on payment of benefits towards successful completion of as many programs of education as desired as long as there is sufficient entitlement remaining and the individual is within the eligibility period.

VA fully supports this recommendation of the Task Force and commends them for this proposal. In this connection, we have included as Proposal #2 in Exhibit A a suggested amendment to title 38, U.S. Code, section 1791 to provide that a change of program does not

include the instance of a student who successfully completed a program of education and received benefits administered by VA and desires to pursue another program of education.

The Department, however, cannot support the Task Force suggestion that individuals should not be charged a change of program if they have not completed more than 20 percent of a course. While we appreciate the reasoning behind such a proposal, we believe that many eligible veterans may waste a significant amount of their entitlement pursuing small parts of various programs. As a result, in some cases veterans may not have sufficient entitlement remaining to complete a full program of training. Under the present rules, such claimants would be required to receive VA approved counseling which would assist them in identifying a suitable educational or vocational goal. Ultimately, the process would be more confusing and cumbersome to administer than the present system.

We propose as an alternative that no change of program be charged, even if there is a change in the mode of delivery, unless there is also a change of vocational objective. For example, a veteran who pursued a certificate program in autobody repair at a vocational school but who, prior to completing the program, changed to an on-the-job training program in autobody repair, would not be charged a change of program. We believe this proposal focuses more directly on the importance of maintaining progress toward a definite

vocational objective. This proposal also would avoid the complexity of attempting to measure a percentage of program completion for various types of training. A change of program would still be charged, as at present, if a change in objective results in a substantial loss of prior credit. Included in Exhibit A as Proposal #3 is the suggested legislative language to effect this change.

In connection with these proposals, we support, in part, the Task Force recommendation regarding restoration of a change of program. A change of program would not be charged when, after transferring from one program to another, a claimant transferred back to the original program and there is no loss of credit from the first program. This will require a change to VA regulations (See Exhibit B, Regulatory Changes, #2).

COMMISSION RECOMMENDATION:

Institute a counseling requirement for changes of program beyond an initial change.

VA INTERIM RESPONSE:

VA concurs. The Department is currently looking into the best way to handle a counseling requirement and regulatory changes will be drafted at a later date for that purpose. The Commission's suggestions in this area would be welcome.

VA RESPONSE:

After review of all the ramifications of such a counseling requirement, we have determined that this proposal is not feasible.

Requiring counseling before a second change of program may have an adverse impact on the timeliness of awarding benefits due to the need for scheduling of the counseling appointment. This may, in turn, result in a delay of the veteran's attainment of his educational goal.

We believe it is appropriate to continue to rely on adjudication personnel to determine whether a change of program beyond the initial change may be approved, using current criteria.

Compliance Surveys and Supervisory Visits

COMMISSION RECOMMENDATIONS:

- * Monitor by exception by permitting VA to target schools for compliance survey audits based on factors outside the norm.
- * Require resources of the State approving agencies to be concentrated on schools where assistance is needed or problems exist in lieu of the requirement that annual visits be made to all active institutions.
- * Re-model compliance surveys and SAA supervisory visits to create problem-resolution and training opportunities, recognizing that such an approach would improve administration of benefits and recognize strengths as well as weaknesses during the feed-back process.
- * Give special attention and assistance to institutions having a turnover in staff that are responsible for administering G.I. Bill benefits.

VA INTERIM RESPONSE:

VA agrees in part with the recommendations. Recent changes in the law addressed the issue of targeting schools for compliance surveys while retaining provisions that all schools be surveyed each four years. While we agree with the principle behind conducting compliance surveys by exception as recommended by the Commission, we also support maintaining some sort of regularly scheduled compliance survey requirement as is contained in current law.

We support the recommendations related to the resources of the SAA's and note that the current contract with SAA's provides that VARO's and SAA's must share visit schedules.

The Department notes that it has always been difficult to balance the "adversarial" nature of required surveys and visits with their "helpful" nature. However, we believe that by focusing compliance surveys on the more potentially problematical areas, other available resources may be directed toward increasing the number of liaison visits and training sessions for school officials. We support taking action to ensure that available resources are directed to assist those schools in most need.

VA RESPONSE:

The Department concurs that even though resources are frequently a critical issue in this area, substantial compliance can be achieved and abuses prevented by upfront investments.

In its final report, the Commission essentially concurred in the Department's interim response. The Commission noted that the compliance and liaison activities of VA essentially serve two very different objectives: the adversarial function of compliance review and the helping function of liaison visits. We believe, however, that the overall objective of both is the same: to assist the schools to help claimants in making the best use of their education benefits.

Due to the structure of compliance surveys and the fact that there are often several years between these visits, the adversarial aspect of such surveys cannot be avoided; however, we note that most surveys also serve the important function of providing information needed to those administering the program. We agree that there should be positive and reinforcing statements, whenever appropriate, regarding a school's performance in the compliance survey reports furnished to institutions.

As resources are available, the Department will continue to provide special attention and assistance to institutions which have

experienced turnover in staff responsible for administering VA educational assistance benefits. In addition, with the national training curriculum for State approving agencies becoming a reality, the Department and the SAA's will be able to develop more cooperative working relationships which will, in turn, benefit both the schools and the claimants.

It is noted that PL 100-322 required that VA would perform compliance surveys on an as-needed basis, while providing that all schools be surveyed at least every four years.

Counseling and Support Services to Veterans

COMMISSION RECOMMENDATION:

Counseling and associated support services be provided on an "upfront" basis to individuals seeking to use G.I. Bill benefits, as well as on a continuing basis as needed or requested.

VA INTERIM RESPONSE:

VA supports the Commission's recommendation. We proposed reinstituting the "check-off" block for counseling on our application form; we are awaiting the approval of the Office of Management and Budget before implementing this change.

VA RESPONSE:

Revised application forms, to include the counseling "check-off" block, are in the process of being approved. We are proposing two such blocks, one which the veteran may check to request an appointment with a professional counselor, and one to indicate a desire simply to talk with someone concerning VA benefits. The use of the second block will prevent delays in processing of the claims which may result if all such requests were construed to require scheduling of a professional counseling appointment.

We would only add that Public Law 101-237 included a provision requiring VA to prepare a detailed document describing the benefits, limitations, procedures, requirements, and other important aspects of Department education programs and distribute copies of the document on an annual basis to each individual receiving benefits and to education and training institutions.

Assisting veterans and active duty personnel in learning about effectively utilizing their educational assistance benefits is one of our priorities. It is but one aspect of the on-going efforts of the Department to better serve this nation's veterans, active duty personnel and reservists.

The Commission stated their concern that present efforts to inform active duty personnel concerning VA education benefits are limited. In this regard, we note that for some time now the Veterans Benefits Administration has been working closely with the Defense Activity for Non-Traditional Education Support (DANTES) by providing information on VA benefits for articles in their monthly newsletter which is distributed to education centers worldwide.

With respect to other associated support services, Chapter 41 of title 38 also authorizes Disabled Veterans' Outreach Program Specialists (DVOPs) and Local Veterans' Employment Representatives (LVERs) to furnish job and job-training

counseling, employment placement, and job training placement services to eligible persons. Public Law 101-237 included a provision that requires the Secretary of Labor to conduct a pilot program in cooperation with the Secretary of Defense and the Secretary of Veterans Affairs to furnish employment and training information and services to members of the Armed Forces within 180 days before they are separated from the Armed Forces. This cooperative effort is yet another attempt not only to provide service to claimants but also to inform them of opportunities and benefits that are available.

Debt Recovery and Fraudulent Claims

COMMISSION RECOMMENDATION:

VA continue determined initiatives to facilitate aggressive and timely efforts to recover overpayments of educational assistance benefits and that adequate resources and personnel be made available to VA for this purpose. Other Federal agencies (such as the Department of Justice, the Department of the Treasury, the Department of Education, and the Department of Defense) should be required to cooperate in efforts to collect valid debts and pursue fraudulent claims.

VA INTERIM RESPONSE:

VA endorses the Commission's recommendations.

VA RESPONSE:

These issues remain a priority within the Department, and these recommendations are reaffirmed. As we stated in the interim report, our efforts to enlist the aid and cooperation of other Federal agencies in successful debt management will continue.

The Commission in its final report urged continued review of the adequacy of available resources and the extent of cooperation by other Federal agencies. The Department, the Commission asserted, "must be supported in its efforts to maintain a firm approach in this area." It is hoped that this support will continue to the maximum extent possible in this very important area.

Distinctions Between Non-College Degree and Degree Training

COMMISSION RECOMMENDATION:

Remove arbitrary distinctions in the treatment of degree and non-degree programs.

VA INTERIM RESPONSE:

VA agrees with the Commission's recommendation that certain distinctions be eliminated. Among those it views as being outdated are the provisions pertaining to absence reporting and the Department has included a legislative proposal along those lines.

VA RESPONSE:

The Department continues to support the removal of arbitrary distinctions between non-college degree and degree training. Much of this falls under the section of this report on standardization.

Since the Department prepared its interim report last year, legislation has been enacted eliminating the absence reporting requirement for non-college degree programs. We are pleased that the Congress so quickly acted on our proposal for such a measure. The Commission noted in its final report that this represents a considerable breakthrough and a step forward that will greatly enhance the administration of educational assistance programs in the future.

Despite the initiatives in this one area, review and elimination of unnecessary distinctions should continue. Issues and implementing regulations relating to these distinctions are addressed later in this report in the sections on standardization and effective dates.

Measurement

COMMISSION RECOMMENDATION:

- * Determine rate of benefits based on progress toward an educational, vocational, or professional goal through an approved program of study, shifting concern from the mode of delivery to concern about progress in attaining the objective.
- * Eliminate Standard Class Sessions as a measurement criterion and measure all programs that include classroom instruction by industry standard "units" (credit or clock hours depending on the institution's standard).
- * Permit independent and other non-traditional modes of study (defined as those not requiring regularly scheduled contact with an instructor in a classroom setting) without discrimination but limit it within the student's overall program to a maximum of ten percent of the total length of the program.
- * Offer an alternative payment schedule based on 75 percent of the otherwise applicable rate for certain programs not meeting the criteria of the "full-time pursuit" concept, such as those offered entirely through independent study, thus recognizing to a greater degree the effort required and the rate of pursuit towards a goal.
- * Rely on State approving agencies to determine what constitutes an approved program leading to an educational, vocational, or professional goal or objective.

VA INTERIM RESPONSE:

VA agrees in principle that the current measurement provisions for VA payment purposes are unwieldy, but does not concur with the approach taken by the Commission. Instead, we offer the following alternative:

Eliminate distinctions between rates of payment based on the mode of delivery of the instruction, i.e., eliminate the payment differential between independent study, other non-traditional modes of study, and resident training. In addition, extend payment for independent study to those courses not leading to a standard college degree. At the same time, strengthen the contracting provisions (whereby an institution contracts with some other entity to provide instruction), and eliminate the standard class session requirement.

VA RESPONSE:

Base payment of education benefits for pursuit of degree programs in accredited undergraduate courses, which are approved by SAA's, on the credit hours certified by the educational institution. Approval of independent study in nonaccredited degree programs will not be accepted. This will eliminate the need for standard class sessions and distinctions between courses based on the mode of delivery. To protect those few eligible students presently enrolled in nonaccredited independent study courses, the law should provide that they will be permitted to continue to receive benefits until their programs are completed. We also propose that various other inequities presently found in our programs be eliminated.

Exhibit -A., Legislative Proposals, #4, refers to the elimination of the payment differential for independent study and other non-traditional types of training; Proposal #5 to the elimination of payment for nonaccredited independent study; Proposal #6 to the elimination of the standard class session requirement.

As shown in the Commission report, and in our interim report, there is general agreement that the current measurement system is very complex. Measurement provisions governing the payment of benefits in some programs provide for five different payment levels: full time, three-quarter time, half-time, less than half-time but more than one-quarter, and one-quarter time or less. To define these payment levels, VA has issued detailed regulations and instructions.

For nondegree training at vocational schools, current measurement provisions make distinctions between accredited and nonaccredited facilities, and between shop practice and classroom training. Maximum rest periods and supervised study periods are defined at various payment levels. Under certain limited circumstances, nondegree courses may be measured on a credit hour basis.

Nondegree training at colleges is measured in three different ways. Certain courses can qualify for credit hour measurement. Some qualify for a system of "mixed" measurement which combines credit hours and clock hours. Other courses qualify for purely clock hour measurement.

For undergraduate degree programs, the law provides that 14 credit hours per quarter or semester is full time. However, there is an exception which applies to most schools where 12 credit hours is full time. There is a distinction between courses taken in residence and courses taken by independent study or open circuit TV. Some courses are considered to be a combination of resident training and independent study. Payment for independent study and open circuit TV courses is reduced in some instances.

For resident undergraduate courses, measurement depends on the number of credit hours of enrollment and the number of standard class sessions that are scheduled each week of the term. VA measures the enrollment based on the lesser of the credit hours or standard class sessions. In the extreme case, the rate of payment can change each week because of changes in the student's scheduled classroom training. This system causes payment to be reduced for nearly all nontraditional schedules.

For example, a student will generally receive less money if the classwork is scheduled once a month or is concentrated at certain points throughout the term than if the course were offered on a traditional weekly schedule. This pay reduction occurs even if the courses in question are identical in all respects, including total scheduled class time.

Our present measurement system is in part the result of the response of both Congress and VA to numerous abuses of our education programs in the 1970's. It is also in response to the desire of Congress to achieve absolute equity of payment for people pursuing all types of programs through all types of schedules. In many instances VA authorized education benefits at the full-time rate for substantially less than full-time pursuit of training. In the absence of regulatory or statutory definitions, the same benefits were paid for pursuit of many non-traditional programs which involved credit for individualized training at home

or at work as for pursuit of traditional programs in residence, even though the non-traditional programs involved far less academic work.

In many cases schools developed programs targeted toward eligible veterans in which credits did not transfer to the schools' other programs. Courses were offered with minimal classroom participation, resulting in payment of full-time VA benefits for minimal academic pursuit. Many veterans found that they had virtually wasted their eligibility earning college credits which they subsequently found to be essentially worthless.

In reaction to this situation, Congress amended the law in 1976 to cover many areas, such as standards of progress, measurement, and so forth. With respect to measurement, the law was changed to require that VA benefits would essentially be limited to the less than half-time rate when an eligible student pursued a program solely by independent study. The Congress made no attempt to define independent study. By regulation, VA has provided guidance as to when a course should be considered to be offered in residence (38 CFR 21.4280). Approved courses which do not meet the requirements to be considered resident training are considered "independent study" for VA measurement purposes.

Our rules for making this distinction are limited in scope and often may not anticipate some of the more novel non-traditional delivery systems. We frequently find ourselves at odds with the education community as we attempt to categorize courses for VA payment purposes as resident or independent study.

In 1980 the Congress codified a long-standing rule of the Department that one credit hour required one class session per week. In schools where 12 credit hours were considered full-time, an eligible student would receive full-time benefits for pursuit of courses offered in residence only if at least 12 standard class sessions were scheduled each week.

VA recognizes that the number of scheduled weekly class sessions is not the only way to measure the level of an eligible student's pursuit. Some colleges do not take attendance. The number of credit hours is a simple, available measure of the level of pursuit of undergraduate training. VA currently adjusts the number of credit hours for very short and very long terms and continues to believe such adjustments are appropriate.

This brings us to the present situation where in order to ascertain an eligible student's benefits, VA must first determine whether the

training is pursued in residence or through independent study. If the course is pursued in residence, we then determine whether sufficient class sessions are scheduled to support the student's training time.

When a recognized accrediting agency accredits a degree program and an SAA approves that program for enrollment by eligible students, veterans pursuing the same number of credit hours should receive the same monetary benefits, regardless of the mode of teaching. Distinctions in the level of benefits paid is not a valid means for differentiating as to the value of education programs, nor is it a way to end abuse in these programs. The proper response to abuse is not the reduction of benefits but the disapproval of such courses in the first place. Such is the role of accrediting bodies and State approving agencies.

There is adequate authority in current law for SAA's to perform their functions of approving appropriate programs and monitoring the quality of those programs. We note particularly that section 1772 of title 38 authorizes SAA's to approve courses not only in accordance with explicit statutory criteria, but also pursuant to such additional policies and regulations as SAA's may adopt. Thus, VA expects that SAA's will implement such authority to enhance and enforce approval standards.

Ascertaining the value of classroom experience should be left to the schools. VA should stop counting the number of minutes of scheduled class time each week and pay benefits based on the generally recognized unit measurement which is credit hours.

Payment for concurrent pursuit of a combination of graduate and undergraduate training should be determined on the same basis as that for graduate training; i.e., the training time as certified by the school. The current provision which requires that we compute the credit-hour equivalent of the graduate training to be combined with the undergraduate credit-hour load, should be eliminated. This change would, again, properly place reliance on the schools to assess progress towards a graduate degree. This proposal will require amendment to Section 1788(a)(4) of title 38, and is included as Exhibit A, Legislative Proposal #7.

The law requires that, in order to measure enrollments in NCD programs at IHL's, VA must determine what percentage of the courses in the program are creditable toward a standard college degree. This is a complicated process when the programs allow for electives or alternate courses. In the interest of simplification as well as equity, this process would be eliminated. Such a change in the law will also greatly reduce the number of veterans whose enrollments will be reported to VA as being partly in credit hours and partly in

clock hours. If an IHL offers NCD courses on a credit-hour basis, VA would measure them in credit hours. If an IHL offers NCD courses on a clock-hour basis, VA would measure them in clock hours. This will require legislation. (Exhibit A, Legislative Proposals, #8).

The distinction in clock-hour measurement for pursuit of accredited and nonaccredited NCD courses should be eliminated. Present law requires that nonaccredited courses meet specified standards of quality, content and length. This requirement affords the veteran enrolled in nonaccredited courses sufficient protection from programs which may be inferior in quality. If the courses have met the approval standards set forth in the law, benefit payments would be the same as for accredited courses. Requiring, as does current law, a few more hours of additional instruction of students enrolled in nonaccredited courses is not an effective means to ensure quality. The legislative language for this change is in Exhibit A, Legislative Proposals, #9.

The Commission cited the complexity of the current measurement provisions. The Department shares this concern. Simplification of the law will help claimants by allowing them to take courses through the most convenient schedules without financial penalty. Our proposals in relation to this issue tend toward equity and simplification of administration. They also recognize the dynamic, multi-faceted nature of the present education environment.