

Brian Smith:

My name is Brian Smith. I work with the Department of Education in the Office of Post Secondary Education. I'll be co-presenting today with Keith Wilson, who works with education programs at the Department of Veterans Affairs. The first part of this presentation of this session will be related to the education related – higher-education-related programs, and then we'll hand it over to Keith for the Veterans Administration programs. Oops, this will be – I'll be presenting a just a general overview of the department's higher education benefits that affect the military and the session will be in three parts – Active Duty Military, Veterans and the Department's new website for veterans, service members and their families.

This is, as the slide indicates, this is a general overview, so I won't be going into a great deal of detail on any of the specific benefits but this is to get you – give you a general idea, a general picture of the various benefits that are available to veterans and their families – gotta learn to advance it. We're gonna start with Active Duty and Military, and the first slide demonstrates three programs or three benefits that are available to pretty much any active duty member of the armed forces, the service member, civil relief, interest rate cap, the In-state tuition benefit and the treatment of untaxed income, for EFC purposes. The CFCRA interest rate cap applies to FFEL and Direct Loans for borrowers on active duty in the armed forces. The interest rate cap is at 6 percent, if the loan was made prior to the borrower entering active duty. The in-state tuition benefit applies to the families of military personnel, who live or are in permanent duty station in a state that receives benefits under the Higher Education Act, a public institution in that state would need to charge in-state tuition to such a borrower, or members of the family, even if the borrower is to move out-of-state or to be relocated as long as the enrolled individuals stay enrolled. I have a habit of always saying, "Borrower," because I work with loans all the time.

Often it's not a borrower; it's just a person, so I hope you'll forgive me if I slip into that. Finally the Untaxed Income Calculation, when calculating untaxed income for EFC purposes, the **FASA** asks for housing, food and other living expenses, living allowances but basic military housing or housing allowances, or the value of base housing are excluded from that EFC Calculation. Next I'm going to go into the eligibility criteria for the Military Service Deferment and the Heroes Waivers. These eligibility criteria are somewhat complex, so I'm gonna spend a lotta time on this and go on to the next slide. This is the basic Eligibility Criteria for a

borrower to qualify for either the Military Service Deferment or Heroes Waivers.

An active duty member of the Armed Forces should be reassigned to a new location, Reserve or retired members would be called to active duty, National Guard under active duty, under federal authority but not all active duty qualifies. The call to active duty, the service must be in connection with a war, a contingency operation or a national emergency. There's been some confusion over this and a lot of people believe that these apply to anyone who is on active duty, and that's not true, they have to meet these certain basic eligibility criteria. Last week, the department posted to IFAP a new version of the Military Service Deferment Form, which does a better job of outlining the basic eligibility criteria for the cancellation, and hopefully this will cut down on some of the confusion. The – for Reserve or retired members must be called to active duty under this – these U.S. code statutes indicated above, National Guard members must be on full-time National Guard duty under federal authority for more than 30 consecutive days, and regular members of the Armed forces must be reassigned to a new duty station, at a location other than their normal assignment. I think the first and third bullets here are pretty clear.

There should be a little discussion, I think, on the second bullet dealing with National Guard because there are a couple of different types of National Guard service. For the Military Deferment and for the Heroes Waivers, the National – the member of the National Guard must be on full-time National Guard duty, which is a term that's defined in the U.S. Code, and refers to National Guard duty that's paid for with federal money, that's under federal control and that is a federal mission. These are basically National Guardsmen who are called up by the president, and the ones who are serving in Iraq and Afghanistan and so on. It does not apply to National Guard who are serving on State Active Duty, and I'll talk a little more about State Active Duty later on the presentation. The Active Duty service for all three types of military personnel must be in connection with a war, a contingency operation or a national emergency.

Most eligible borrowers will qualify for service in connection with a contingency operation, and the definition of contingency operation is presented here on this slide but since that's a whole lotta words there to try and understand, and I don't say I particularly understand the words but I can give you a listing of some current and recent contingency operations, which should make things a little easier for you. These include operation

Enduring Freedom in Afghanistan, Operation New Dawn, in Iraq, Operation Iraqi Freedom, Operation Unified Response in Haiti, and Operation Noble Eagle, which is U.S. air space. Operation Iraqi Freedom ended in September, 2010, and was replaced by Operation New Dawn but a borrower who was on Active Duty Service under Operation Iraqi Freedom and has continued in Iraq under Operation New Dawn would continue to qualify for the deferments and the Heroes Waivers. Now after a borrower has met all those criteria, they qualify for Military Service Deferment, which means they don't have to make payments on the loan during their period of eligible service or for 180 days after that period, and, in addition, the Military Service Deferment has no limit to the number of years. There had been a 3-year limit to this deferment but that was changed a few years ago, so now there's no limit, so as long as the borrower meets the eligibility criteria, they can continue to receive a Military Service Deferment.

It's kind of like an in-school deferment or some of the other deferments that have no time limits on them. In addition a borrower who meets these criteria can qualify for the Heroes Waivers. The Heroes Waivers have been in place since 2003. They're very extensive, and you should all be familiar with them. As I say they've been in place for quite a while, so if I was to go into all of these, in here I think it would take the whole presentation but several of them are identified here on the next few slides, and I'm just gonna skip ahead to Slide 16, which identifies the federal register notices where the Heroes Waivers were first published. The Heroes Waivers are listed and described in detail in the Federal Register Notice published on December 12th, 2003. The waivers were extended by notices published in the Federal Register December 12th, 2005, and December 26th, 2007. The Heroes Waivers have been extended until September 30th, 2012. All of these notices are still available on the website for the Federal Registrar and so if you want to review, go over the Heroes Waivers.

I recommend checking out that first Federal Register Notice, published on December 12th, 2003. In addition to Contingency Operations there are about 45 hostile – this is getting creepy.

[Laughter]

I think I'll just stand here. No, anyway, there are about 45 Hostile Fire, Imminent Danger areas, pay areas around the globe, troops stationed in these areas in these areas qualify for special pay from the Department of Defense. In addition they qualify for certain

benefits under the Perkins Loan and Direct Loan programs. Perkins Loan borrowers in Hostile Fire, Imminent Danger areas can qualify for cancellation of the Perkins Loans; Direct Loan borrowers qualify an interest accrual. I can't do two things at once.

The Perkins Loan Cancellation Benefit cancels a percentage of principle and interest for each complete year of service in a Hostile Fire, or in a Danger Pay Area, and for service that begins on or after August 14th, 2008, up to 100 percent of the principle, original principle balance can be canceled. Prior to that only 50 percent of the loan could be canceled, and that was one of the changes that was made and here are the cancellation rates on the next slide. It's a progressive cancellation, 15 percent of outstanding balance for the first – first and second years of service in a Hostile Fire/Imminent Danger Area, 30 percent for the 5th. For service prior to August 14th, 2008, the cancellation rates are at 12.5 percent per year, and if the borrower did not have service after that period then only 50 percent of the loan could be canceled. For a Direct loan borrower, interest does not accrue on the loan during the period of Eligible Active Duty Service, if they qualify for a Military Service Deferment, and are serving in a Hostile Fire/Imminent Danger Pay Area.

Iraq and Afghanistan are both Hostile Fire/Imminent Danger Pay Areas, obviously, so any borrower who is serving in either of those countries would qualify for the Direct Loan Interest Accrual because they'd be there under Contingency Operations, and the countries are Hostile Fire/Imminent Danger Pay Areas. Gonna move on to the next section of the presentation relating to veterans. The Post Active Duty Student Deferment applies to members of the National Guard and to Reserve or retired members of the Armed Forces for service on or after October 1st, 2007, the borrower must have been enrolled at least half-time at an eligible institution at the time that – or within six months of the time that the borrower was called to Active Duty. The Full-Time Active Duty Service must be full-time service in the U.S. Armed Forces for Reserve or retired members and State Active Duty for members of the National Guard.

This is the flipside for the types of National Guard Duty that I mentioned earlier. This benefit is for borrowers who are under State Active Duty where they've been called to Active Duty by the governor usually in response to state emergencies, the National Guard Duty is paid for by state funds, usually, and is under state control, there are – have been situations of State National Guard

Duty paid for by federal funds if the emergency is deemed to rise to the level of national significance, National Guard who are called to Active Duty for Hurricane Katrina were paid under federal funds although that was State Duty. The post Active Duty Student Deferment begins on the date of the eligible act – the date the Eligible Active Service ends, and it ends the earlier the date the borrower resumes half-time enrollment or 13 months after the end of the active Duty Service and any grace period. I'm going to move on to another section dealing with Readmission Requirements for Service Members. An institution of higher education may not deny readmission to the service member who was admitted to the institution and then left to perform service in the uniformed services.”

The institution must promptly readmit the service member with the same academic status, and the Readmission Requirement supersedes state law. The purpose of this is to minimize the disruption to the lives of persons performing service in Uniformed Services, allowing them to return to an institution without penalty for that service, and this statute is based on the – or similar to the Uniformed Services Employment and Reemployment Rights Act, which provides similar protections with regard to employment. To qualify the service must be voluntary or involuntary service in the Armed Forces or National Guard, the Active Duty Service, Active Duty for Training or Full-Time National Guard Duty, under federal authority, and must be for more than 30 days. National Guard service under state authority does not qualify and how an institution handles student absences for training are not covered. An otherwise eligible service member would qualify for readmission if the school is given notice of absence for the service, the cumulative length of the absence does not exceed five years, and the student gives notice of his or her intent to return.

An institution is not required to readmit the service member if it determines that the student is not prepared to resume the program or he or she left off, the student is unable to complete the program, or there are – and there are no reasonable efforts the institution can take to prepare the student to resume or complete the program, so the institutions do have some flexibility here. They don't have to take a student back under these provisions. However, if they choose not to, the preponderance of evidence is on – or the burden of proof is on the institution. The institution has to demonstrate by a preponderance of evidence that the student is not prepared to resume the program at the same academic status or that the student would not be able to complete the program. I'm gonna move on to the Veterans Disability Discharge.

This is the streamlined process for granting Total Deployment Disability Discharges to veterans. This has been in place for a number of years now. Under the Streamlined process, the loan holder does not assign the loan to the department, instead the loan holder sends to the department the Total and Permanent Disability Discharge Application, and the documentation from the Department of Veterans Affairs. The department reviews the documentation, makes a determination as to whether the borrower qualifies, and if they determine the borrower does qualify, the department notifies the loan holder to discharge the loan. There have been two electronic announcements posted on this topic just recently.

The first was September 10th, 2010. There was a more recent one posted on November 15th, 2010, which corrected some errors in the first one. As I indicated, the department determines eligibility for the discharge and notifies the school. If the discharge is denied by the department the borrower still has the option to apply for a Total and Permanent Disability under the regular procedures. This could happen where the documentation from the VA may state that the borrower is 100 percent disabled, or totally, and permanently disabled but the disability may not be service-connected, and in order for the borrower to qualify for the Streamlined Discharge Procedures, the disability has to be service-connected, so if we were to receive some documentation from the VA that stated that the disability was not service-connected, we would deny it but it could very well be that the borrower is totally and permanently disabled and does qualify for a cancellation or a discharge.

They just have to apply for the discharge through the normal Total and Permanent Disability Procedures, and that involves the department doing a medical review and so on. The Veterans Upward Bound Program, which is one of the department's Trio programs is a program designed obviously for veterans, final regulations affecting the UB were published in the Federal Register on October 26th, 2010, these regulations become effective December 27th, 2010, and they do make some changes to the types of services offered by Veterans Upward Bound projects that aren't reflected here in the presentation. Just to back up, Veterans Upward Bound, these are grants that are awarded by the department to institutions of higher education, to public and private agencies with experience serving disadvantaged youth, and to combinations of such organizations, and, in exceptional cases, they – we provide grants to secondary schools. The Veterans Upward Bound projects provide the same types of projects as regular Upward Bound projects, same types of services, instruction, core

curriculum, tutoring, mentoring, counseling, and I just wanna emphasize these are only some of the types of program projects or services that Veterans Upward Bound provides. In addition to these types of services, a Veterans Upward Bound project may also provide – this is not a requirement, these are optional on the part of the project but the UB projects may provide intensive basic skills development in subjects needed to complete high school equivalency programs and for admission to post-secondary education, short-term, remedial or refresher courses for veterans or high school graduates that have delayed pursuing post-secondary education, they also provide, Veterans Upward Bound projects also assist veterans in securing support services from various locally-available resources, and, in addition, the final regulations published October 26th, added a new service that the UB projects may provide, special services including Math and Science preparation to enable veterans to make the transition to post-secondary education.

To qualify for – to be certified by a UB project, veterans have to meet the eligibility criteria that are shown here, and I am then going to move on to the final part of this presentation discussing the Department of Education's website for veterans, service members and their families. This is a new initiative that the department is working on. We're developing a website that will provide information for veterans, service members and their families. The information will be related to education, to the department's Veterans employment program, to legislative changes that affect the military and to collaborative efforts between the department and DOD. The slide says that the website's scheduled to go live on ed.gov in November, 2010.

I am told that that date's been moved back a little, the web pages will be on ed.gov, they're still under development but they will be posted by the end of the year, and I just provide some contact information at the end of this part of the session. My information is on the top there. If you have questions on the Service Member Readmission Requirements, contact Wendy Macias, she's the lead person on those regulations for the department. Her information is provided there, and, finally, if you have questions on the website, contact Lynn Clark, she is the lead person for this initiative and the information is provided, and, with that, what happens when I go – I think it goes to yours. I'm going to turn it over to Keith.

Keith Wilson:

All right, good afternoon. Can ya hear us okay? It's a little bit loud, isn't it? It's 2:00 p.m. If you're anything like me at this time of the day, you're startin' to glaze over, so I'll do what I can to

keep that from happening. I've got a lotta material to go over that talks, to varying degrees, about VA Education Benefits, and I can go in several different directions here.

Before I go into the material, though, if you could assist me with answering a couple of questions by show-of-hands? How many of you feel like you've got a good handle on VA Education Benefits, you've dealt with 'em a lot, you get it, at this point? Okay, not – some of ya, not very many! How many of you CVA programs is just some nebulous piece of information out there that you just are not going to get? How many of ya know what VA is?

[Laughter]

Okay, okay, VA. We'll start from VA. As – introduce myself again. My name is Keith Wilson. I am the Director of Education Service for VA, which, basically, means I'm the GI Bill guy, that's kind of the short way of saying it, I guess. We run several GI Bill programs.

When you say, "GI Bill," it's actually plural right now. There's several programs that we run. The most well-known, I think, at this point is obviously the post-9/11 GI Bill. How many of you have had some dealings with the post-9/11 GI Bill? That's the most show of hands we've seen so far, that's pretty good.

How many of you would say that your dealings with VA and the GI Bill, the post-9/11 GI Bill has been positive? Okay, how many have been take-it-or-leave-it? How many poor? Mmm-kay, oh, double hands over there. I saw that, that's two hands, ya can't do that.

Okay, the post-9/11 GI Bill is an absolutely phenomenal piece of legislation. It really does, in my view, hold the potential of providing to today's veterans the same type of benefit that we, as a nation, provided to World War II-era veterans beginning in June of 1944. This post-9/11 GI Bill is based, in a lotta ways, on the original Service Members Readjustment Act that was signed in June of 1944. In some ways, though, modeling that program on something that fit 50-plus years ago, and trying to translate it into today's society, in today's Higher Ed community, doesn't fit well, in a lotta circumstances, so we are all, collectively, working through a lotta those things. Also we have a lotta other GI Bill programs that we run, continue to run, have a lotta students in, so there's a lotta overlap there.

Lemme start, very basically, with an overview of the programs that we do run. The post-9/11 GI Bill will be the preponderance of my discussion. Obviously a very new program, we began paying benefits under that program in August of 2009, it was enacted in June of 2008. We had about 13 months to set up everything that we needed to, in VA, and you all get everything that you needed to do, in place, in 13 months, and that was challenge for a lotta people. The way this program is structured is fundamentally different from the previous programs that we talked about.

Many of you are aware, there's multiple types of payments under the post-9/11 GI Bill, we have the potential of being able to pay the entire tuition and fee charges. Those charges are paid directly to the institution. In addition to that, a student can receive a housing allowance and they can also receive a book and supply stipend. Those two payments are paid directly to the student, so you have a lotta money floating around to do different individuals at different times of the year to accommodate any given student in classes and it is a challenge. Comparing it with – oh, one more slide.

I don't wanna get into a whole lotta detail in my Basic Presentation about overlap with our programs. Basically speaking, individuals have 36 months of benefits, full-time benefits. If they're eligible for more than one of our programs, for instance, somebody's eligible for the post 9/11 GI Bill, and the Montgomery GI Bill, the individuals can receive up to 48 months of benefits. Now certain individuals have the ability to transfer their benefits to family members and that's something fundamentally new to VA, even the original 1944 program did not offer that type of flexibility. It does not mean that all veterans have the ability to transfer their benefits. Most veterans have eligibility to transfer benefits.

The ability to transfer a benefit is dependent on having served a certain amount of service, and I can go into those, if needed, but basically those individuals that are on a career path in the military have the ability to transfer their benefits. It's designed as a retention tool. There was fear, early on, and I think justifiably, that if we created too robust of a program, it would create a desire among more service members to leave than the all-volunteer force can really support, so, ergo the ability for those people that stay as a career to transfer their benefits. It also does not increase the amount of benefits that are available, 36 months is 36 months, it doesn't change. The individual can slice-and-dice their benefits any way they want to, a service member can keep 12 months of their benefits give 12 months to one child, give 12 months to their spouse.

If they've got 36 kids, they can give 1 month to each of the 36 kids, if they want to do that, it's really up to them but the 36 months is 36 months that does not change. The other programs that we run right now have been around for a while. The Montgomery GI Bill both for the active duty and for the Selected Reserve have been around since 1985. Those are, generally speaking, flat-rate programs, ya didn't have the variability in payments that you have under the post-9/11 GI Bill. Generally individuals, under the Montgomery GI Bill, for the active duty, would receive \$1426.00 a month; they could get kickers, et cetera, which bump that up but that is the basic rate.

That was paid directly to them, still is paid directly to them, and they use that money as the service member felt that his or her specific situations required them to spend it on. Same with a Montgomery GI Bill for the Selected Reserve, it worked the same way but the dollar amounts were less, \$337.00 a month is the full-time rate. Other programs that we run, the Reserve Educational Assistance Program, otherwise known as REAP, or 1607, that is a program that was specifically stood up in 2005, early on, in the post-9/11 world, to better compensate those Active Duty and Guard members who were being activated for prolonged periods, multiple periods, time and time again, giving them the opportunity to, ultimately, get to the point where they could receive almost the entire amount that a Chapter 30 Montgomery GI Bill Active Duty individual would get. We also continue to run the Dependence Educational Assistance Program. That is not a program specifically for veterans; it is for the dependence of veterans, both children and spouses.

Of course, you can have individuals who are eligible for this program, as a dependent, and then go on to serve in the military, their own, and they would have eligibility for more than one program but we do continue to run that program. A little bit of the numbers, I – I don't wanna get into a whole lotta detail but I think it's important to give everybody that deals with VA issues a little bit of a summary of where we're at in terms of being able to provide benefits timely. Last fall, beginning in 2009, August, 2009, was a very difficult time for us, for students, for all of you, but the next couple slides, we'll talk a little bit about how we have overcome that. Overall, we've paid out a little over \$6.5 billion in post-9/11 GI Bill benefits, this is since inception, since August of 2009, to a little over 400,000 individuals. Now specifically for this enrolment period, for the fall, we've received enrolments from 328,000 folks.

We've finished processing 326,000 of those. We'll never get to zero because we get new claims coming in every day. We've also began administering the Fry Scholarship Program. How many of you – a show of hands, please – how many of you are familiar with that term, the Fry Scholarship, you know what it is? Okay, not very many.

I probably better go into a little bit of detail on this, then, because it is important. After the post-9/11 GI Bill was enacted there was additional legislation that allowed the dependent children of those who died on active duty since 9/11 to receive, in essence, their own post-9/11 GI Bill. It's referred to as a Fry Scholarship but we administer it exactly like we would a veteran student receiving benefits under the post-9/11 GI bill and they are essentially eligible for the same payments, the full tuition and fees, the housing allowance, the book and supply stipend, et cetera, so you do see people that are, essentially, receiving the post-9/11 GI Bill that are not veterans, they would be the dependents, dependent children of those individuals who have died on Active Duty, since 9/11. It's a small population that we've paid right now. It's just over 500 folks that we're paying under the program right now, which might seem small but we really didn't anticipate a huge population out the gate, taking into account the number of people who have died on Active Duty, since 9/11 and then whittling it down smaller to those that actually dependents, and the dependents that are school-age, and ready to go to school right now.

It's a very small population, we didn't expect any more than 1,500 the first year, so 500 is consistent with what we have, what we expect. For those of you that are interested in, and deal with, and have a lot of fallout from timely claims processing, I'd ask you remember anything about this presentation, it would be this slide, and this is just a graphic that gives you an understanding of the challenges we had last fall, and how we, working with all of you at the schools, have been able to improve service. Last year, on October 1st, October 1st, 2009, we had only paid about 41,000 students. There was a whole lot more folks that had not been paid, and that was a challenge for everybody. Why?

There's a lotta reasons. We should've staffed up more earlier, the IT that we deployed did not work as quickly as we were hoping for and it was a new program. There's just a lot of starts and stops, a lot of questions, it took us a long time to process claims. We worked very hard, in the year following that, you all worked very hard in the year following that, and compare that with where were at on October 1st, actually 4th here because that was a Monday, I

believe, of this year. We had paid 260,000 people, so that's a phenomenal improvement in our productive capacity.

The first fall we could process about 2,000 claims a day, this fall it's about 10,000 a day, so we were much better equipped to provide timely turnaround of payments, which is obviously better for everybody. That allows you to concentrate more on what you need to do, us to concentrated on other things as well. Overall, the impact or what people were experiencing last year, it took about 48 days to process an enrollment once your school sent it into us, completely unacceptable, obviously. This fall it's about 18 days, 18, 19 days, still not quite where we wanna be but it's performance that's keeping everybody in school, keeping them paid, timely, et cetera. As we continue to roll out better IT, and I'll talk about that in a little bit, we expect to continue to improve on that performance.

Ongoing Challenges, actually I've got several slides titled "Ongoing Challenges" because this is still a work-in-progress. There's a lot to do in this. There's a lot going on, on Capitol Hill right now to make this a better program for the students, easier for everybody to understand, to administer, et cetera, there's a lotta things going on within VA, too, to make what we currently have better, and in a lotta way s they focus around communication but I'll kind of chunk these out in several different ways. We do continue to process work in a very manual process right now. We have automated some of our process, we have deployed a new processing system, it's not completely interfaced with all of our legacy systems right now, so most of the claims, all of the claims, really, that we're continuing to receive, which is basically the enrollment search that you folks are sending us, into us, a human being is looking at the screens and manually making determinations and paying those claims.

We're close to the point where we're gonna be automating a segment of those claims, which means they won't require human intervention at all but we're simply not there yet. We have, beginning at the end of this year, January 1st or so, we will begin automating some of the claims processing that we need to do, which means we'll begin having some segment, hopefully, of claims that process without any human intervention. As we gain more experience with what the industry refers to as a rules engine, you'll see more and more claims go through without human intervention, which is important from the perspective of you're talking about same-day turnaround when you submit things to VA versus getting queued up to have a person, manually, look at

screens to determine payment rates. There is still an awful lot of policing at the battlefield, even after December, even after June, web interface for student self-service is probably the most important thing that we have going right now. We acknowledge that the information that's needed to understand what's going on with VA benefits is just not there to the community-at-large right now.

It's very difficult to get the information you need. It's difficult for the student to get the information they need as well. The first thing that we did to address that was provide better letters. This fall, we had a much more robust letter generation capability. What I've heard about the letters going out is positive.

They're not there completely, yet, but they're much better information than the students were receiving last fall. We are leveraging a combined DOD/VA website, which is called ebenefits.gov, e-benefits website, and that is the website on which we will begin providing that type of self-service that a student needs, as we get more into the e-benefits portal, a student will be able to pull down information concerning payment rates, remaining entitlement, we're looking at an automatic capability of generating a new Certificate of Eligibility, those type of things. Ultimately what we would like is to be able to drive the students to a portal where they simply don't need to rely on a VA human to get information, that they can pull that information whenever they want to, when they're sitting in their offices, your offices, with you talking about things, and in the middle of the night, when they're home they'll be able to pull the information they need, so we're working very hard on that. Overpayments, overpayments is a real challenge, and, to some degree, we won't be able to completely resolve the fact that there are overpayments on these benefits, why? The reason is we're frontloading the benefits.

We're paying that tuition and free amount up-front, so when there is a drop, a withdrawal, things like that, obviously, since this is a dollar-for-dollar benefit for tuition and fees then there's some kind of change in the amount that needs to be certified to VA, so that will cause a lot of overpayments. We are working very hard, though, with schools, with school representatives, to make the process that's in place right now work a lot smoother, and it doesn't work completely smooth right now, and I think it's because there are so many different entities involved with this process, both within the VA and both within the schools and then you've got the student, the veteran in the middle of it all. We have four processing sites, which many of you are familiar with. We

have separate entities that process the return funds from the schools, separate entities, again, to process the debts that exist to VA. We, as many of you are learning to have better relationships between those entities; we just need to continue to work on that. In the schools, what we've experienced is the same type of things, the school certifying officials, depending on the school, may or may not be integrated with the bursars or the Financial Aid Office and that – those are relationships that need to be built and worked on as well, so there continues to be a lot to do in that area.

The continued complexity of the programs is a real challenge as well, and, by that, I'm referring back to the fact that we have multiple GI Bill programs, and most of our students are eligible for many of those programs. We have a lotta students that are eligible for three, four different GI Bill programs and as many of you are aware, the way that we can pay the benefits, the type of training that we can cover, the amount of payments that are sent out, varies greatly, and you can't say, for example, that the post-9/11 GI Bill is always the best benefit for every student no matter, it's not. A lotta times the Montgomery GI Bill can be a better program for the students, so working with them is a real challenge. It's quite honestly not fair for them to have to weigh different GI programs but that is the world we live in right now, so we work very hard with the students and try to work as hard as we can with you as well to make sure everybody understands the ins and outs of multiple GI programs until we can get to the point, which is what we desire, of having a single GI Bill program. We think that would make it easier for everybody, primarily the student but if it makes it easier for the student, by extension, it's gonna make it easier for all of you, and all of us, at VA, as well. The next couple slides I won't go into a whole lotta detail.

I'd be happy to answer any questions on these during the Q&A. Taking into account that I recognize these slides are going to be available on the FSA website, I wanted to have this information in a format where you could print it up and keep as ready reference for your needs but this slide talks about the situation, talks about tuition and fees and what schools should involve in tuition and fees when they report that information to VA, talks about specific things that should be excluded. The next slide, the next couple slides, talk about the returning of funds. I am not, by any stretch, an expert on this but we deal with it on a regular basis, many of you do as well. There's basically four different categories where you would potentially return tuition and fee payments directly to VA. They are listed on this chart, student dies during the term; student never attended class at all.

If you receive payments for an individual who's not one of your students, or you receive duplicate payment. In those situations, you'd return the amount directly to VA. The next slide gives the contact information where those funds can be returned. The next slide talks about the situations for where you would be returning funds directly to the student, which, I believe, is the majority of cases. In all likelihood, you would be, essentially, following your refund policies, refunding payments to the veteran.

If there's an overpayment to VA the we deal directly with the student through our debt management process. Generally speaking, VA will prorate the benefits when there is a drop, a withdrawal, though the time where the drop and withdrawal occurs. That's assuming that there are what we call mitigating circumstances involved. If there are not mitigating circumstances then we will adjust the benefit from the beginning of the term, which obviously can mean very large overpayments to the student both in the tuition and fee amounts and the housing and books amounts that they receive directly from VA. Our encouragement is for students to understand a course load that they can stick with, and stay with that.

That's really the easiest way of avoiding those situations where there's this kind of a back-and-forth with money due to withdrawals or reductions. Proposed Legislation, there is a lot going on in Washington right now to improve the post-9/11 GI Bill. How you do that, though, is really satisfied by probably a dozen different definitions of what improve the program is. There are probably 30 pieces of legislation in either the House or the Senate right now that would change the program, and some of the changes are structurally fundamental. There would be significant changes.

The one slide I talk about here is a coverage of S3447, which is just one piece of legislation but it does generally encompass a lot of the potential changes that you see in other pieces of legislation, so I wanted to talk about this just as kind of a heads-up, of the things that are being looked at in Washington to change the program. Now what 3447 would do first is it would pay public school costs in their entirety, period. It would cover Masters Programs, it would cover PhD's, it would cover outta state tuition. It's, right now, the way it was written, when I testified on it, which was several months ago, very wide open but public institution costs would be paid, essentially, period. Now what that does is, essentially delink what VA has to do now with all of these separate tuition and fee caps for each of the states and their relationship

with the Yellow Ribbon Program. It would set the amount that we can pay to a private institution to a flat dollar amount, and then the Yellow Ribbon payments would kick in after that flat dollar amount was exceeded by a schools tuition and fee amounts.

It would also prorate the housing allowance to training time, and that gets a little bit weedy but I'll do my best to try to explain it. Right now, the way the program is set up is any individual that is training more than half-time, not half-time but more than half-time will receive a full Housing Allowance, so they receive the entire Housing Allowance that any student is due for that month but their Entitlement Charge, in other words how quickly they burn up their 36 months of benefits, is tied to their training time, so if they're training at – let's say they're taking 7 credit hours, which if 12 hours is full-time, then they're burning their entitlement at 55 percent rate, or something like that, they can actually get many more months of the full housing allowance than 36 months. They can get – it's about 70 months, or so, 7-0 months, or so, of the full Housing Allowance. That was not the intent of the program. The intent of the program was to pursue training full-time and stick with it, and graduate, so the training, or the housing allowance would prorated then to the training time, so if they're taking 7 credit hours, which would equate, to, say, 55 percent of a full-time training load, they would only receive 55 percent of the full Housing Allowance.

The Housing Allowance would be paid to those that are solely taking distance learning courses. Right now those individuals do not get the Housing Allowance. Ya have to take some type of program that's in-residence. It would only – this slide is inaccurate, it's half of the rate. It actually pays them half of the national average housing allowance rate.

The program would also cover some individuals who were left out of the post-9/11 GI Bill under Title 32 Activation. In other words, certain individuals in the Guard Reserve who are activated under state authority do not qualify for the post-9/11 GI Bill. That was not intended because those folks already qualify for our other programs, the Montgomery GI Bill, for example, so this legislation would fix that. It would also allow VA to pay benefits for non-college-degree programs, on-the-job training, apprenticeship programs, flight et cetera, basically it would cover a lotta the programs that, right now, an individual can only receive coverage under if they use the Montgomery GI Bill. It would expand the reimbursement to multiple **licensings** and certifications.

Right now, we, under the post-9/11 GI Bill, can pay for one licensings and certification up to \$2,000.00. This change would allow us to pay for multiple ones. That would be important to individuals who want certifications, for example, in more than one state that would require certification, or some other type of process, to be approved within the state to practice – X-ray technicians, beauticians, things like that. This legislation would also increase the reporting fee, the VA provides to schools. Right now, schools are authorized \$7.00 per student per year per most individuals.

If it's advance-pay student, \$12.00, those numbers would go up to \$11.00 and \$15.00 per-year, and then last, and I would argue, perhaps, most importantly, it would allow those individuals who are pursuing training under VA's Voc Rehab programs, the Chapter 31 programs, to receive the housing allowance that they would otherwise get under the post-9/11 GI Bill. Why is that important? It's important right now because individuals who are disabled that are using our Voc Rehab programs, have counselors, have case managers that are assigned to them to help them overcome their disabilities and stay in school. There's an incentive right now, unintended incentive, of those folks moving from that program into the post-9/11 GI Bill, because the Housing Allowance is so much more than they receive than under the Subsistence Allowance under Chapter 31, so we've got folks who are disabled that really need those case management services that are losing them just to get the higher-dollar-amount under the housing allowance, so this program would stop that incentive for them to move under the post-9/11 GI Bill that could stay under Voc Rehab, under Chapter 31, and still get the Housing Allowance and then still get their Case Management Services, so that's very important for the disable veterans. All right, that's it for my presentation.

I think we've got, uhh, I believe 15 minutes, or so, is that right? Uh, 15 minutes or, perhaps, a little bit more for questions-and-answers, so we're both available for any kinda questions. We'll try to repeat any questions that you have. I would ask you, if you can, please go to the mic, so that everybody can hear it, thank you. Okay, we'll – we'll wait until those who wanna go ahead and depart, depart, so we can create a situation where we can all hear each other. Yeah, the presentation will be online, and the website is – I'm – I'm not sure that they're up now but they will be but the presentations will be at fsaconferences.ed.gov. They'll also be at ifap.ed.gov. The contact information for myself, I do not.

[Laughter]

Pretty slick, huh? I'd be happy to give ya my contact information. It's not like I don't wanna give it out but, unfortunately, I can't get anything done if I – but please approach and I'll be happy to work with ya one-on-one. Okay, yes, sir?

Male 1: Hi, I'm from a two-year graduate program. A student or veteran was certified last year at 60 percent for the 9/11 Bill, and was disqualified for Yellow Ribbon for that year.

Keith Wilson: Right.

Male 1: Right? So my question is has the certification process changed because this year he got a new CERT at a 100 percent eligibility, which then qualifies for Yellow Ribbon, and he knows that he doesn't qualify, and I know he doesn't qualify. He is a military grade, an Academy grade, from the Naval Academy, and only did 7 years after his Academy time, so my question is, is there something going on with the certification process, or is he gonna get a new CERT and be disqualified for --?

Keith Wilson: Yeah, there's nothing going on with the certification process. I would venture to guess, and I'll have to work with ya one-on-one. If you can give me the specifics on the case, we can work it out but taking into account, we're working every one of these manually. Every time they come in the door, we've gotta relook at everything. It sounds to me like a situation where the second person that looked at it missed, perhaps, that the individual had Academy service, so they had whatever their obligation was and they didn't take into account that obligation, or it could be that we adjudicated the claim correctly both times based on the real-time feed that we get from DOD. We base our eligibility based solely on the eligible service that DOD sends to us, real-time, from DMDC, Defense Manpower Data Center, but it sounds like we'll have to work on it, one-one-one to find out the specifics.

Male 1: And do you know is there – if a student [*crosstalk*] –

Brian Smith: I just wanna before everyone goes, a lost cell phone was found, so [*crosstalk*] –

Keith Wilson: Lost cell phone found.

Brian Smith: Lost cell phone.

- Keith Wilson:* Okay, that's important, lost cell phone. Everybody check their hips or their purses.
- Male 1:* So the next question is that I have another first-year student who believes that they should be at 100 percent, does not want to question it because they're afraid that their benefits will freeze.
- Keith Wilson:* No, their benefits won't freeze. I don't know – I don't know why they would think that.
- Male 1:* They're just under the assumption that their benefits will stop. They won't be getting their monthly Housing Allowance or any of that stuff.
- Keith Wilson:* We're gonna pay them at whatever the service information from DOD indicates we can pay them at. If they question something, and, for instance, let's say that they come back and they say, "Look, I've gotta three-month period of service that doesn't show up," we're gonna go to DOD, manually, and we're gonna say, "The student is saying that they were activated for this period, you're not showing that in your feed, is there something going on?" If it turns out that DOD, for some reason, excluded that period, and they should have, then we're gonna go back and pay that person, retroactively, from whenever they were qualified but we're gonna continue to pay them what they're receiving right now until we receive different information from DOD.
- Male 1:* Okay, thank you.
- Keith Wilson:* Uh-huh.
- Male 2:* Hi, I've gotta case where a student received funding for both summer and fall but it was logged in the VA office as both being summer, so they went back and they said, "Whoops, this is registered wrong, it's supposed to be summer/fall, the Registrar's Office needs to send us a note about that." The Registrar's Office sent that note but the student is being requested to return the funds even though the funds went into the right place at the university, so the student hadn't received over-award, as a matter of fact, they're Active Duty, they haven't received anything other than the tuition pay, so the student has gone back to the VA but the VA says, "Nope, you've gotta repay because we've paid you twice for the summer," the student doesn't have any money to repay because the school's not gonna give the money back.

Keith Wilson: Yeah, what I would say, and I realize this is not a full answer but it's a little bit difficult for me to pull out the nuances of these cases unless we've got – you know, I've got access to our systems to show what happened during the processing. If anybody has any specific, case-specific situations, I'd be more than happy to look into any of those. If you could give me your business card, and then on that card, right down just the name of the student, and let us know the school they're goin' to, I'd be more than happy to have somebody dive into each of those.

Male 2: Right, thanks.

Female 1: Hi there, I'm interested in understanding if it's your plan to eventually have schools be able to see the VA Once Record because we are, at this point, none of the – neither the vet, nor we, can see it, and you're talk – you spoke earlier of the vet will have access but what typically happens is they show up at our door and expect us to know what's going on, and we don't, and what we're seeking is a way to go into that, even if we can't modify or touch it, if we could just have read-only access, if we needed their permission for it.

Keith Wilson: Yeah.

Female 1: Is that in the plan?

Keith Wilson: Well, we've actually had some discussions recently on exactly that, and I'm pointin' toward Ann Gross.

Female 1: Oh, hi, Ann.

Keith Wilson: Ann has been part of a group we've been working with for the last several months; most recent meeting was last week, so we are working on seein' what we can do in VA Once to try and enhance what's available there.

Female 1: Yeah, we need read-only at least.

Keith Wilson: Yeah.

Female 1: And onto second question, is the Fry Scholarship the same as what we're calling these ToE's, these Transfer of Eligibility? No.

Keith Wilson: No.

Female 1: It's different.

- Keith Wilson:* No, no, two different things and I'll give ya an example.
- Female 1:* Okay.
- Keith Wilson:* And maybe this'll help. Let's say we have an individual who has served ten years on Active Duty, and they wanna transfer their benefits to their only child.
- Female 1:* Okay.
- Keith Wilson:* They transfer a 36-months to their daughter. That person subsequently deploys to Afghanistan this year and is killed in action. That person, that child, his daughter, will be eligible for the Fry Scholarship, in her own right, 36 months of post-9/11 GI Bill benefits and distinct from anything her father already transferred to her, so, in that case, she would actually get 72 months of benefits over – yeah, separate and distinct.
- Female 1:* How does a school get notified about a Fry? How would we know that a young person – because we wouldn't know them as a veteran, they wouldn't have come to us because they themselves are not veterans, how would we get that documentation or learn about it?
- Keith Wilson:* Yes, the information, in order to pay benefits, we still need the exact same information we need from you as we get from a veteran.
- Female 1:* So we create a VA Once Record for that person?
- Keith Wilson:* So you would do it exactly the same, yes.
- Female 1:* Okay and the student would tell us to do it? Would they come with some kind of thing that would show us?
- Keith Wilson:* The first thing that they would do is apply to us, we'd issue them normally.
- Female 1:* Uh-huh.
- Keith Wilson:* The first thing they'd do is apply to us; we'd issue them a Certificate of Eligibility and on that document, it says, "You must take this to your school and tell them what's going on."
- Female 1:* Okay, okay.

Keith Wilson: Okay, yes sir?

Male 3: Well, first of all, you all start off by saying, you know, “God bless you, and thank you for all your hard work and – and the efforts you’ve made this year to get applications processed is phenomenal, particularly in comparison to last year.

Keith Wilson: Thank you, I’m glad to hear that.

[Applause]

Thank you.

Male 3: Having said that, now, I can say anything else I want to.

Keith Wilson: Absolutely.

[Laughter]

Absolutely.

Male 3: And – and – you know *[crosstalk]* –

Keith Wilson: Can you turn that mic off?

Male 3: You are still light years behind.

Keith Wilson: Yes.

Male 3: I mean, in comparison with what the Department of Ed is doing, what the IRS is doing, the VA is in the Dark Ages, still. Batch uploading, I’ve got one person, and all she does is process VA certifications for some 500 students that we have on VA and the rest of us in the office are handling the other 7,000 students.

Keith Wilson: Right.

Male 3: And she’s busy, busy, busy, busy, busy because she’s doing ‘em one-at-a-time and we’ve gotta get to batch processing. We’ve gotta get access to better data, faster transaction times, and there’s no reason not to be doing that.

Keith Wilson: I can’t argue with anything you’re sayin’.

Male 3: So what’s the plan?

Keith Wilson: You're absolutely right. Well, the first thing is to get to the point where a lot of these enrollments are paid without human intervention, so that'll help the timeliness. Now in terms of batching, we have had some preliminary discussions about that. Part of the challenge is, quite honestly, it's funding. I mean, it's difficult for us to roll out something as complex as an entirely new mechanism for schools to certify enrollment to us. Part of what we are required to do, a lot of what we're required to do, and, by extension, you all are required to do, is done because the statute is very specific about how things need to be reported and tracked and processed. I'm not sayin' it's right, I'm not sayin' it's wrong, I'm sayin', "That's the way the statute lays it out." It's very different, a lotta times, the way Department of Ed does things, and, again, I'm not saying better or worse, just completely different. We're a long ways from being able to change that. I'm gettin' the sign for five more minutes, so I'm not providing you a good answer, I acknowledge what you're sayin' and won't try to defend us in that area, you're right. Yes, ma'am?

Female 2: Okay, uhm [*crosstalk*] –

Keith Wilson: Anything for Brain?

[*Laughter*]

Please?

Female 2: [*Laughter*] For either one of you, can you clarify the requirements for tracking attendance of veterans in school? I mean is there something above and beyond just identifying when they have withdrawn or when you've identified their last date of attendance?

Keith Wilson: There's basically two things, VA needs to know when there's a reduction in training time, and we need to know when a student withdraws. That's the only two pieces – really, that's the only fundamental two pieces of information we need right now.

Female 2: And when you say, "Reduction in training time," do you mean just going from full-time to part-time?

Keith Wilson: No, from 15 hours to 14 hours, from 14 hours to 13 hours, really, any time, and even substituting one class for another, they stay at 12 hours, and they drop one class, add another the same day, and the charges for those two classes are different. Say one of 'em has a lab, the other didn't. That changes the tuition and fee amount that needs to be certified to VA, so we would need to know that as

well. When I say, "Changes in training time," I'm really talking about anything that would change the tuition and fee charges.

Female 2: Okay, okay.

Keith Wilson: Yeah.

Female 2: But there's nothing necessarily requiring or recommending that we actually track their attendance on a weekly basis, uhh – if – you know, generally speaking, when a student, when they withdraw or they later determine that they have withdrawn, we're looking at the last date of attendance, that's how we treat other federal funds.

Keith Wilson: Right.

Female 2: So would that be the same requirement for veterans as well?

Keith Wilson: Yes.

Female 2: Okay.

Keith Wilson: That date is what you'd report to us.

Female 2: Okay, thank you.

Keith Wilson: Yes, mmm-hmm.

Female 2: Great.

Female 3: Hi, I have two questions.

Keith Wilson: I've got one more question, yes, ma'am.

Female 3: Okay, I am gonna try and go really fast, then. Number 1 is we're trying to get information because the Arts and Smarts -- the students are supposed to be requesting their transcripts, and we all know this. We're no longer having to do credit-awarded. However there's nothing, in writing, anywhere for us to be able to say, "We've done our due diligence, we requested the transcripts, the student never turned 'em in." At that point, what should we do? Should we continue to certify these students, we're being told, "Yes," however, when we ask for somethin' in writing, to send it to us, "yes, continue to CERT those students, you've done your due diligence, keep going."

Nobody will give us anything in writing, so then our power's to be in registrars wanna say, "Well, we need somethin' to back it.

Keith Wilson:

Well, I'll take that back. We should be able to get ya out something but the bottom line is if you've done your due diligence, you record that in the veterans file that you sent him this on this date, you know, you tried, we want – bottom line is we wanna continue to certify the student, and if they don't cooperate what's needed to get transcripts, then they didn't cooperate. Just make sure that's documented in the file.

Female 3:

And then what we do is we have 'em do an authorization to close the file to actually, then, to move on so we can keep certifying 'em, and at that – then we've been taking them out from certifying, and that was our concern. Number 2, my double-hands in the air, I'll be honest, the debt-collection letters you guys sent out in the last couple weeks, they're gonna sit there and kill us. We're going back to August, 2009, October, 2009, but we were told by our ELR, "At this point, do not send the checks into the VA, all the money's going to a dumping ground, send it to the student, tell the student, send this money back in." Now the students haven't sent it back in but now you're sending us the letters to say, "Hey you owe money." Is there gonna somethin' worked out where these schools – we don't have the hundreds of thousands anymore, we send it out in [*crosstalk*] –

Keith Wilson:

We're in the process of updating the information that was originally sent to the schools, what, a year and a half ago.

Female 3:

Right.

Keith Wilson:

And it's gonna go into a little bit more detail but we basically want that document to serve as the single source for this is when things are returned to school when they're not, this how the overpayment process works, those type of things. We're in the process of working on that right now. We'll have that out, and I think, quite honestly, there's probably some training the VA needs to do with some of the ELR's. It may not be up-to-speed but the bottom line is the information that was sent to you, in writing, and that we'll update here shortly, that'll be The Bible on how to process your work.

Female 3:

At this point, though, the students have received the funds, and they were supposed to send it back in. What about all this money, is the schools gonna have to, otherwise, make the students now a

bad debt to ours, us, and send back the VA money again after we've already sent it to the student?

Keith Wilson: Well, it's gonna depend on the specifics of the case, it's too difficult for me to *[crosstalk]* –

Female 3: Nope, understand.

Keith Wilson: take into account the variables.

Female 3: But you will be getting out further in writing, soon?

Keith Wilson: Right.

Female 3: Thank you.

Keith Wilson: Yes, ma'am. Okay, thank you everybody.

[End of Audio]