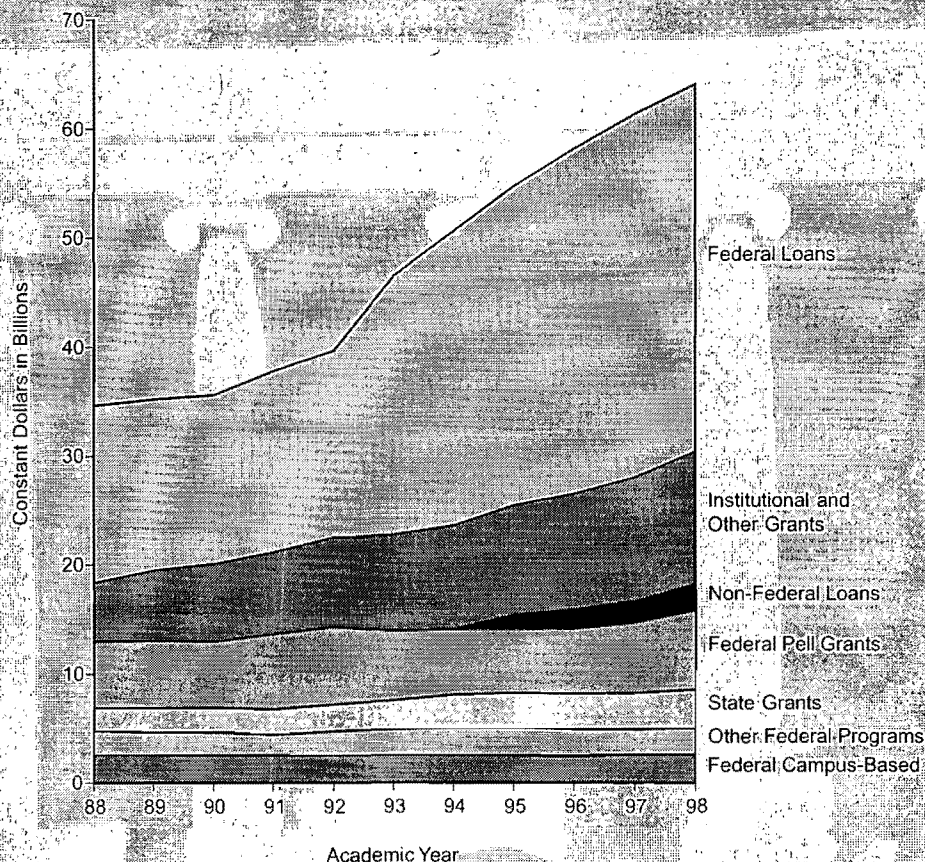


TRENDS
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in Student Aid

FIGURE 1. *Ten-Year Trend-Line of Aid Awarded to Postsecondary Students, 1988-89 to 1998-99*



1999

The
College
Board

INTRODUCTION

Trends in Student Aid presents annual data on the amount of financial assistance — grants, loans, and work-study — available to help students pay for postsecondary education. The College Board began this data series 15 years ago to track the value of such aid over time from federal, state, and institutional sources.

For the second year in a row, we are releasing *Trends in Student Aid* along with a companion report entitled *Trends in College Pricing*. The latter presents data from the College Board's *Annual Survey of Colleges* on undergraduate charges for tuition, fees, room and board, and other estimated expenses of attending higher education in the current academic year. We believe it makes sense to publish these two survey reports together. One provides the latest information on how much college "costs," the other tells how much and in what form aid is available to pay these expenses.

In both publications we report trend data in both constant (inflation-adjusted for 1998-99) and current dollars. The inflation adjustment promotes accurate interpretation of trends, controlling for the variable purchasing power of the dollar over time.

The objective of this report is to assemble the most complete, comparable, and reliable statistics on student financial aid.

Tables 1 to 10 and Figures 1 to 9 provide a variety of data for the period 1988-89 through 1998-99. Appendix tables A and B provide basic program statistics for all years in our database back to 1963-64, for those who wish to calculate trends over longer periods than described in this update. Appendix tables C and D provide disaggregated data for the Federal Family Education Loan Program (FFELP) and the Ford Direct Student Loan Program (FDSLPL).

To put financial aid trends in context, we also provide selected data from *Trends in College Pricing*, including changes in undergraduate tuition and fees, total costs of attendance, and incomes of families most likely to have children in college. To gauge the extent to which college is becoming more or less affordable, one must look at all three measures (price, family income, and available aid) together.

As always, we continue to refine our coverage of programs and update previously-reported statistics when better data become available. Therefore, this update supercedes previous *Trends in Student Aid* publications.

Limitations of the Data Collection

This survey covers only direct aid to students, not the indirect subsidies that make it possible for institutions to charge less than the actual costs of instruction. State, federal, and local appropriations, as well as private philanthropy to colleges and universities, reduce the prices faced by students in general. While states are the largest contributor of such indirect support, the federal government remains the largest provider of direct aid to help students meet their out-of-pocket expenses, including tuition, fees, living costs, transportation, books, and supplies.

The report does not consistently separate assistance for graduate and undergraduate students, since the available data are not broken out this way for many sources and programs. Likewise, we are unable to capture students' wages from employment that are not the result of formal work-study programs, nor do we attempt to estimate tuition assistance that students may receive from their employers.

Federal and State Roles

The federal government provides the lions share of direct aid to students as described in this survey. Approximately three-quarters of the nearly \$64 billion in available student aid during 1998-99 was generated by federal appropriations or loan guarantees. The states, on the other hand, provide a substantially larger share of operating support for institutions of higher education, which is not covered by this survey. Overall, the federal government contributes less than 15 percent of revenues of colleges and universities, while state governments contribute almost 30 percent.

Despite these limitations, the survey covers virtually all federal aid and the vast majority of state and institutional assistance available to students in postsecondary education. The estimates for institutional aid are necessarily broad approximations, extrapolated from 1995-96 IPEDS data from the U.S. Department of Education. The estimates for state aid are also approximations based on our own survey of selected state agencies and cross-checking with

data from the National Association of State Scholarship and Grant Programs.

Ideally, we would present statistics on aid as well as income and costs of attendance by type of institution (public/private, two-year/four-year, proprietary). But data on incomes and aid (unlike data on pricing) are not systematically available by postsecondary sector.

Loan Trends and Coverage

The most prominent trend in student aid that this survey has tracked since the early 1980s has been the growing reliance on borrowing for higher education. This trend has been fueled largely by federal programs. The federal government provides over 70 percent of direct aid to postsecondary students, and almost 60 percent of all aid is now in the form of loans.

Starting three years ago, we broadened our data collection by adding an estimate of non-federally sponsored borrowing through "alternative" college loan programs. Private and state loan programs for students and parents began to grow in the 1980s as college prices outpaced inflation and federal aid failed to cover the difference. After Congress raised federal borrow-

ing ceilings in 1992, the growth in demand for non-federal loans may have leveled off, but our annual poll of the nation's largest non-federal loan sponsors suggests a renewed growth in the alternative loan industry. For 1998-99, \$2.4 billion in non-federal loan volume was reported, up from \$1.9 billion a year earlier and \$1.3 billion three years ago. This year's estimate includes approximately \$2 billion in private sector loans and about \$400 million in state-sponsored borrowing, financed either by state appropriations or tax-exempt bond issues. Well over half of the privately-sponsored loan volume is for graduate students, while the state-sponsored programs are directed primarily to undergraduates and their families.

The above estimates, however, do not include credit card financing, conventional consumer loans, or home equity lines of credit. No doubt families and students use these forms of credit for postsecondary expenses. Although recent media reports and research studies have spotlighted the growing student use (and abuse) of credit card financing, there is no way even roughly to estimate the extent of such residual borrowing. Our estimates of non-federal loan volume also do not include private loans sponsored by postsecondary institutions.

Future Coverage

Last year we convened a group of nationally recognized experts to review this survey and suggest improvements. This group helped us think through some of the conceptual and practical issues in the data collection as postsecondary financing patterns grow more complex.

One issue that this group addressed was the treatment of the new federal tuition tax breaks created by the Taxpayer Relief Act of 1997. These benefits took effect in 1998, and are estimated to cost the federal government \$12-15 billion in lost revenue annually once the law is fully phased in, by the year 2002. The advisory group suggested the possibility of a supplementary study on the tuition tax provisions, rather than attempting to include them in the annual data collection for *Trends in Student Aid*. Why? First, they constitute tax relief, not student aid, and the relief generally will come during tax season, not when tuition bills are due. Second, data on use of the tax provisions are not likely to be timely or easily accessible. While *Trends in Student Aid* presents data on assistance available during the most recently completed academic year, the IRS may not be able to provide data on use of the tax breaks until two or three years after a given tax year—if at all. We await more information from both the IRS and the Department of Education before deciding whether and how to include tuition-tax benefits in future editions of this survey.

As always, we welcome reader comments and suggestions on ways to broaden the coverage and increase the usefulness of the *Trends in Student Aid* data series. Visit College Board Online at www.collegeboard.org for an electronic version of this document, the companion *Trends in College Pricing*, and additional supporting tables for both publications.

Thanks to all those involved in the data collection and review for this publication, including College Board staff, state agency and special-aid program contacts, as well as the many experts from the U.S. Department of Education. We wish to offer special thanks to Maria Rojzman and Dan Madzellan at the Policy, Budget, and Analysis unit of the U.S. Department of Education for their invaluable expertise and support.

What's Covered in This Survey

- Grants, loans, and work-study assistance explicitly intended to help students and families meet their out-of-pocket expenses for postsecondary education, including tuition, fees, living costs, transportation, books, and supplies.
- Virtually all such federal aid and the vast majority of state and institutional assistance available to students pursuing postsecondary education.

What's Not

- Indirect subsidies, especially state operating support for public higher education, that make it possible for institutions to charge less than the actual costs of instruction.
- Student wages that are not the result of formal work-study programs.
- Employer-paid tuition assistance.
- Use of credit card debt, consumer loans, or home equity lines of credit to finance postsecondary expenses.
- Tax incentives that benefit students and parents in saving and paying for higher education.

What's New

- New tabular and graphic information includes need- vs. non-need aid and aid per FTE (Full-Time Equivalent student).
- Annual federal aid budget outlays for loan programs from fiscal year 1989.

TRENDS online!

This report is downloadable in PDF format on College Board Online, complete with additional tables not provided in this print version.

Total Aid

Available student aid topped \$64 billion in 1998-99, an increase of four percent over the preceding year after adjusting for inflation. (Tables 1 and 2; Figure 1)

Ten-Year Trend

Over the past decade, total aid has increased approximately 85 percent in constant dollars. However, the growing reliance on loan programs was responsible for two thirds of this increase. (Tables 1 and 2; Figure 1)

Loans vs. Grants

Loan aid has more than doubled (108 percent) during the past decade in constant dollars, compared to a two-thirds increase for grant aid (63 percent). In the past two years, grants have increased slightly as a proportion of all aid, but loans still comprise 58 percent of the total, compared to 47 percent in 1992-93 and 41 percent in 1980-81. Over the past quarter century, federal student aid has drifted from a grant-based to a loan-based system, producing a sea change in the way many students and families finance postsecondary education. (Table 6; Figure 5)

Unsubsidized Loans

Student use of the unsubsidized loan option, introduced in 1992-93 and available to students regardless of need, continues to grow at significant rates compared to the subsidized loan program. The latter is subsidized in that the government pays the interest while borrowers are enrolled, while for unsubsidized loans, in-school interest charges are added to the borrower's total cost. Unsubsidized borrowing, by students (Stafford Unsubsidized) as well as parents (PLUS), now accounts for more than \$15 billion, or 45 percent of federal education loan volume. (Tables 1, 2, and 4b; Figure 4)

Direct vs. Guaranteed Loans

The Ford Direct Student Loan Program (FDSLP), in which students borrow directly from the federal government through the institutions they attend, competes with the Federal Family Education Loan Program (FFELP), in which students may choose to receive their loans from private lenders guaranteed by the government. Over the past two years, the FDSLP's share of total loan volume has leveled off at about one third. (Tables 1, 2; Appendix C & D)

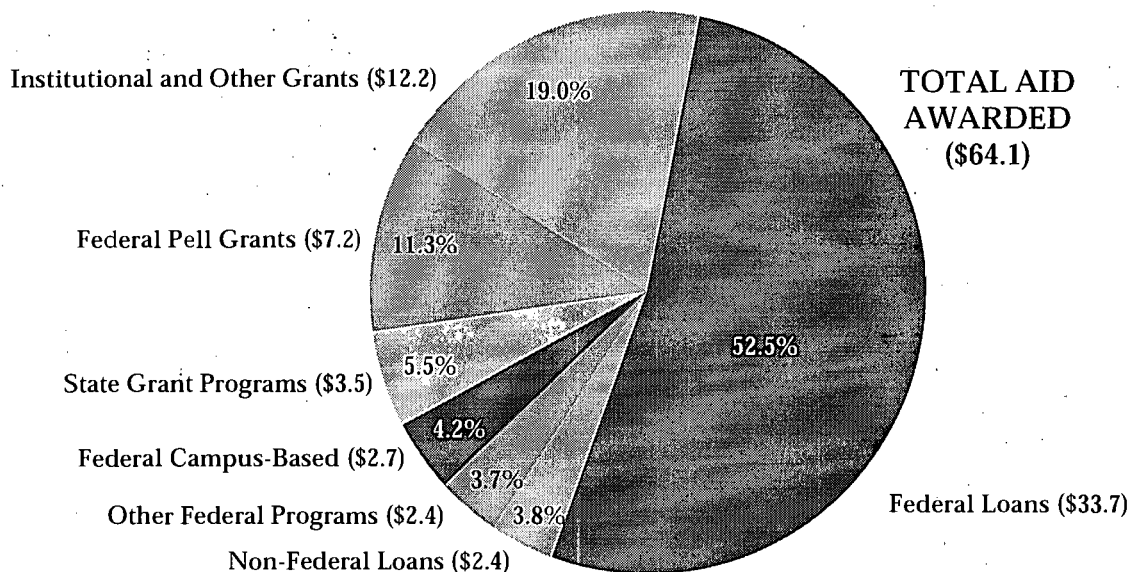
Parent Loans

Adjusted for inflation, borrowing through the federal Parent Loans to Undergraduate Students (PLUS) program rose 6 percent in 1998-99. Since 1992-93, PLUS volume has more than doubled, and the average PLUS loan amount has increased more than 70 percent, from \$3,806 to \$6,469, adjusted for inflation. (Tables 2 and 4b)

Non-Federal Loans

Non-federal borrowing totaled \$2.4 billion in 1998-99, up 25 percent over the previous year. While the amount of non-federal borrowing is small compared to the \$35 billion in federal education loans, consistently large increases over the past three years reflect a growing interest in and reliance on alternative methods of paying for college. (Tables 1, 2, and Figure 2)

**FIGURE 2. Estimated Student Aid by Source for Academic Year 1998-99
(Current Dollars in Billions)**



Pell Grants

Recent increases in Pell Grant appropriations have helped to stabilize the overall loan-grant balance in the aid system. In 1998-99, the average Pell award was \$1,869, up \$150 from the previous year (in constant dollars), and 140,000 additional students received a grant. Yet the maximum Pell, at \$3,000 in 1998-99 (\$3,125 in 1999-2000), remains far below the purchasing power it had two decades ago. Originally designed as the foundation for student aid packaging, the Pell Grant now manages to cover slightly over one-third the average cost of attendance at a four-year public college and one-seventh that of a private four-year college. (Tables 4a and 7; Figure 6)

State Grant Programs

While providing only 6 percent of total student aid, state grant funding has increased by 65 percent over the past 10 years after adjusting for inflation. Federal matching through the LEAP (Leveraging Education Assistance Partnerships; formerly SSIG) program, cut by half in 1996-97 and partially restored in 1997-98, was again cut by half in 1998-99. (Tables 1, 2; Figure 2)

Institutional Aid

Since 1988-89, the estimated amount of institutional aid has more than doubled in constant-dollar value, helping to compensate for declining federal grant support. (Table 1, 2; Figure 2)

Affordability Gaps

Tuition increases have outpaced growth in personal and family income during the 1980s and 1990s. While inflation-adjusted tuition was essentially flat in the 1970s, average tuition at both public and private four-year institutions more than doubled from 1980 to 1998. At the same time, median income for families most likely to have children in college (parents aged 45-54) has been relatively stagnant, rising 22 percent since 1980. Median family income, however, tells only part of the story, because incomes have grown steadily less equal during the 1980s and 1990s. The share of family income required to pay college costs has increased for many families, but it has gone up the most for those on the bottom rungs of the economic ladder. (Table 3; Figure 3; see also *Trends in College Pricing 1999*)

Over this same period, 1980-1998, aid per full-time equivalent (FTE) student has increased in total value but not kept pace with growth in tuition levels. Looking at the 10-year period, 1988-98, growth in aid per FTE exceeded growth in tuition. However, this growth in aid has come largely in the form of loans. (Table 8; Figure 7)

Need vs. Non-Need Aid

The proportion of federal aid that is awarded on the basis of need has been declining since the mid-1980s, primarily because of the growth in unsubsidized, non-need based borrowing. While need-based assistance accounted for about 80 percent of all federal aid a decade ago, it now accounts for less than two thirds. (Table 9; Figure 8)

FIGURE 3. Inflation-Adjusted Changes in Tuition, Family Income, and Student Aid, 1988-89 to 1998-99 and 1980-81 to 1998-99

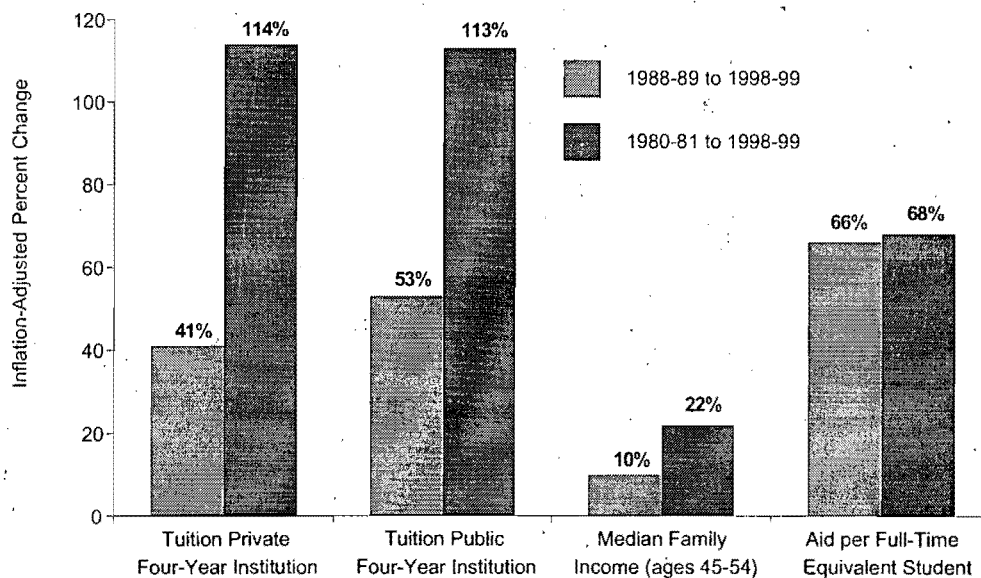


Table 1
Aid Awarded to Postsecondary Students in Current Dollars (in Millions),
1988-89 to 1998-99

Federally Supported Programs	Academic Year									
	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	Estimated 1997-98 Preliminary
Generally Available Aid										
Pell Grants	4,476	4,778	4,935	5,793	6,176	5,654	5,519	5,472	5,780	6,331
SEOG	408	437	458	520	580	583	583	583	583	583
LEAP	72	71	59	62	71	72	72	64	32	50
FWS	625	663	728	760	780	771	757	764	776	906
Perkins Loans	874	903	870	868	892	919	971	1,029	1,022	1,062
Income Contingent Loans	5	6	6	5	5	-	-	-	-	-
Ford Direct Loans	-	-	-	-	-	-	1,790	8,303	9,838	10,848
(Subsidized Stafford)	-	-	-	-	-	-	(1,117)	(5,029)	(5,751)	(6,085)
(Unsubsidized Stafford)	-	-	-	-	-	-	(493)	(2,482)	(3,145)	(3,672)
(PLUS)	-	-	-	-	-	-	(180)	(792)	(942)	(1,092)
Family Education Loans	11,985	12,151	12,669	13,993	14,914	21,177	22,941	19,209	20,729	21,891
(Subsidized Stafford)	(9,319)	(9,508)	(10,002)	(10,805)	(10,937)	(14,155)	(14,295)	(11,393)	(11,815)	(11,894)
(Unsubsidized Stafford)	-	-	-	-	(323)	(2,024)	(6,954)	(6,221)	(7,124)	(7,946)
(SLS)	(2,015)	(1,835)	(1,710)	(2,022)	(2,375)	(3,469)	(32)	-	-	-
(PLUS)	(651)	(808)	(957)	(1,165)	(1,279)	(1,529)	(1,659)	(1,595)	(1,789)	(2,051)
Subtotal	18,445	19,009	19,725	22,000	23,417	29,176	32,634	35,423	38,760	41,672
Specially Directed Aid										
Veterans	724	790	679	876	1,037	1,192	1,256	1,303	1,279	1,347
Military	341	364	369	394	393	405	419	438	455	463
Other Grants	102	110	118	160	162	167	241	230	234	261
Other Loans	332	355	345	367	411	456	404	325	274	210
Subtotal	1,498	1,620	1,510	1,796	2,003	2,221	2,320	2,295	2,243	2,279
Total Federal Aid	19,943	20,628	21,235	23,796	25,421	31,397	34,954	37,719	41,002	43,952
State Grant Programs	1,581	1,719	1,860	1,968	2,125	2,374	2,773	3,000	3,163	3,319
Non-Federal Loans	-	-	-	-	-	-	-	1,234	1,657	1,924
(State-sponsored)	-	-	-	-	-	-	-	(224)	(293)	(353)
(Private Sector)	-	-	-	-	-	-	-	(1,010)	(1,365)	(1,571)
Institutional and Other Grants	3,978	4,951	5,761	6,329	7,091	7,839	8,660	9,437	10,283	11,205
Total Federal, State, and Institutional Aid	25,502	27,298	28,856	32,092	34,637	41,611	46,387	51,389	56,106	60,399
										64,124

Table 2
Aid Awarded to Postsecondary Students in Constant Dollars (in Millions),
1988-89 to 1998-99

Federally Supported Programs	Academic Year										10-year % change	
	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98		1998-99
Generally Available Aid												
Pell Grants	6,071	6,186	6,059	6,890	7,124	6,358	6,033	5,822	5,980	6,435	7,242	19
SEOG	554	566	562	618	669	656	637	620	603	593	614	10
LEAP	98	92	72	74	82	81	79	68	33	51	25	-74
FWS	848	859	894	904	900	867	828	813	803	921	1,002	18
Perkins Loans	1,185	1,169	1,069	1,032	1,029	1,033	1,061	1,095	1,057	1,079	1,058	-10
Income Contingent Loans	7	7	7	6	6	-	-	-	-	-	-	-
Ford Direct Loans	-	-	-	-	-	-	1,957	8,835	10,178	11,026	11,021	-
(Subsidized Stafford)	-	-	-	-	-	-	(1,221)	(5,352)	(5,949)	(6,185)	(6,039)	-
(Unsubsidized Stafford)	-	-	-	-	-	-	(539)	(2,641)	(3,254)	(3,732)	(3,775)	-
(PLUS)	-	-	-	-	-	-	(196)	(843)	(974)	(1,109)	(1,208)	-
Family Education Loans	16,258	15,732	15,553	16,645	17,203	23,810	25,075	20,439	21,445	22,251	22,643	39
(Subsidized Stafford)	(12,642)	(12,310)	(12,279)	(12,853)	(12,616)	(15,915)	(15,625)	(12,123)	(12,224)	(12,089)	(11,969)	-5
(Unsubsidized Stafford)	-	-	-	-	(372)	(2,276)	(7,601)	(6,619)	(7,370)	(8,077)	(8,484)	-
(SLS)	(2,733)	(2,375)	(2,100)	(2,405)	(2,739)	(3,901)	(35)	-	-	-	-	-
(PLUS)	(883)	(1,047)	(1,174)	(1,386)	(1,475)	(1,719)	(1,814)	(1,697)	(1,851)	(2,084)	(2,190)	148
Subtotal	25,021	24,611	24,215	26,169	27,011	32,805	35,669	37,693	40,099	42,357	43,605	74
Specially Directed Aid												
Veterans	982	1,023	834	1,042	1,196	1,341	1,372	1,386	1,323	1,369	1,481	50
Military	462	472	453	468	453	455	458	466	471	470	484	4
Other Grants	138	142	144	190	187	188	264	245	242	265	290	110
Other Loans	450	460	423	436	474	513	442	346	283	213	110	-75
Subtotal	2,032	2,097	1,854	2,136	2,311	2,497	2,536	2,442	2,320	2,317	2,365	16
Total Federal Aid	27,053	26,708	26,069	28,305	29,322	35,302	38,205	40,136	42,419	44,674	45,970	69
State Grant Programs	2,144	2,226	2,283	2,341	2,452	2,670	3,031	3,192	3,273	3,374	3,528	65
Non-Federal Loans	-	-	-	-	-	-	-	1,313	1,714	1,956	2,417	-
(State-sponsored)	-	-	-	-	-	-	-	(238)	(303)	(359)	(438)	-
(Private Sector)	-	-	-	-	-	-	-	(1,075)	(1,412)	(1,597)	(1,979)	-
Institutional and Other Grants	5,397	6,411	7,073	7,528	8,179	8,814	9,466	10,041	10,638	11,389	12,209	126
Total Federal, State, and Institutional Aid	34,594	35,344	35,425	38,174	39,953	46,786	50,702	54,681	58,044	61,392	64,124	85

Table 3
Average Tuition and Fee Charges, Cost of Attendance, and Selected Income Measures, in Current and Constant Dollars, 1988-89 to 1998-99

	Tuition and Fees							
	Current Dollars				Constant Dollars			
	Private Four Year	Private Two Year	Public Four Year	Public Two Year	Private Four Year	Private Two Year	Public Four Year	Public Two Year
1988-89	7,693	4,564	1,566	767	10,436	6,191	2,124	1,040
1989-90	8,737	4,713	1,694	842	11,312	6,102	2,193	1,090
1990-91	9,391	5,003	1,809	884	11,529	6,142	2,221	1,085
1991-92	10,017	5,290	2,137	1,022	11,915	6,293	2,542	1,216
1992-93	10,498	5,621	2,315	1,292	12,109	6,484	2,670	1,490
1993-94	11,025	6,175	2,527	1,229	12,396	6,943	2,841	1,382
1994-95	11,709	6,511	2,686	1,298	12,798	7,117	2,936	1,419
1995-96	12,432	6,350	2,860	1,387	13,229	6,757	3,043	1,476
1996-97	12,823	6,673	2,966	1,394	13,266	6,904	3,069	1,442
1997-98	13,664	6,855	3,111	1,501	13,889	6,968	3,162	1,526
1998-99	14,709	6,940	3,247	1,554	14,709	6,940	3,247	1,554
10-yr % Change	41	12	53	49				

	Cost of Attendance					
	Current Dollars			Constant Dollars		
	Private Four Year	Private Two Year	Public Four Year	Private Four Year	Private Two Year	Public Four Year
1988-89	11,330	7,627	4,445	15,369	10,346	6,030
1989-90	12,635	7,971	4,733	16,359	10,320	6,128
1990-91	13,544	8,484	4,970	16,627	10,415	6,101
1991-92	14,403	9,024	5,488	17,132	10,734	6,528
1992-93	15,073	9,371	5,841	17,386	10,809	6,737
1993-94	15,818	10,155	6,207	17,785	11,418	6,979
1994-95	16,685	10,551	6,512	18,237	11,533	7,118
1995-96	17,631	10,593	6,823	18,761	11,272	7,260
1996-97	18,184	10,904	7,118	18,812	11,281	7,364
1997-98	19,213	11,398	7,472	19,529	11,585	7,595
1998-99	20,463	11,313	7,769	20,463	11,313	7,769
10-yr % Change	33	9	29			

	Personal & Family Income Measures							
	Current Dollars				Constant Dollars			
	Disposable Personal (Per Capita)	Median Family (Total)	Median Family (45-54)	Median Household	Disposable Personal (Per Capita)	Median Family (Total)	Median Family (45-54)	Median Household
1988-89	14,905	32,191	42,192	27,225	20,219	43,668	57,235	36,931
1989-90	15,789	34,213	46,101	28,906	20,443	44,297	59,689	37,426
1990-91	16,721	35,353	47,164	29,943	20,527	43,400	57,900	36,759
1991-92	17,242	35,939	49,606	30,127	20,510	42,750	59,007	35,836
1992-93	18,113	36,812	50,079	30,636	20,893	42,462	57,765	35,338
1993-94	18,706	36,959	52,034	31,241	21,032	41,555	58,505	35,126
1994-95	19,381	38,752	54,379	32,264	21,184	42,357	59,438	35,265
1995-96	20,349	40,611	55,029	34,076	21,653	43,213	58,555	36,260
1996-97	20,840	42,300	57,161	35,492	21,560	43,762	59,136	36,719
1997-98	21,663	44,568	59,959	37,005	22,019	45,301	60,944	37,613
1998-99	22,304	46,958	62,894	38,582	22,304	46,958	62,894	38,582
10-yr % Change	10	8	10	4				

Table 4a
Number of Recipients and Aid Per Recipient for Pell Grant, LEAP,
and Campus-Based Programs in Current and Constant Dollars, 1988-89 to 1998-99

Academic Year												
	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	Estimated 10-year % Change
Pell Grants												
Recipients (000)	3,198	3,322	3,405	3,781	4,177	3,743	3,675	3,612	3,601	3,733	3,874	21
Aid Per Recipient	1,399	1,438	1,449	1,532	1,479	1,511	1,502	1,515	1,605	1,696	1,869	
Aid Per Recipient (Constant)	1,898	1,862	1,779	1,822	1,705	1,699	1,642	1,612	1,661	1,724	1,869	-2
Federal SEOG Program												
Recipients (000)	679	728	761	881	976	1,068	1,057	1,083	1,191	1,116	1,109	63
Aid Per Recipient	602	601	602	590	594	546	551	538	489	523	553	
Aid Per Recipient (Constant)	816	778	739	701	685	614	603	573	506	531	553	-32
FWS Program												
Recipients (000)	673	677	687	697	714	712	701	702	691	746	892	33
Aid Per Recipient	930	980	1,059	1,090	1,092	1,084	1,081	1,087	1,123	1,215	1,123	
Aid Per Recipient (Constant)	1,261	1,269	1,300	1,296	1,259	1,218	1,181	1,157	1,162	1,235	1,123	-11
Federal Perkins Program												
Recipients (000)	692	696	660	654	669	685	663	688	674	679	698	1
Aid Per Recipient	1,263	1,297	1,318	1,326	1,333	1,342	1,464	1,496	1,515	1,564	1,516	
Aid Per Recipient (Constant)	1,713	1,679	1,618	1,578	1,538	1,508	1,600	1,592	1,568	1,589	1,516	-11
State Grant and LEAP												
Recipients (000)	1,571	1,605	1,673	1,652	1,739	1,859	1,552	1,577	1,726	1,819	N/A	
Aid Per Recipient	1,052	1,115	1,147	1,229	1,263	1,316	1,834	1,943	1,851	1,852	N/A	
Aid Per Recipient (Constant)	1,427	1,444	1,408	1,462	1,457	1,480	2,005	2,067	1,915	1,883	N/A	

FIGURE 4
Growth of Stafford
and PLUS Loan
Volume
1992-93 to 1998-99

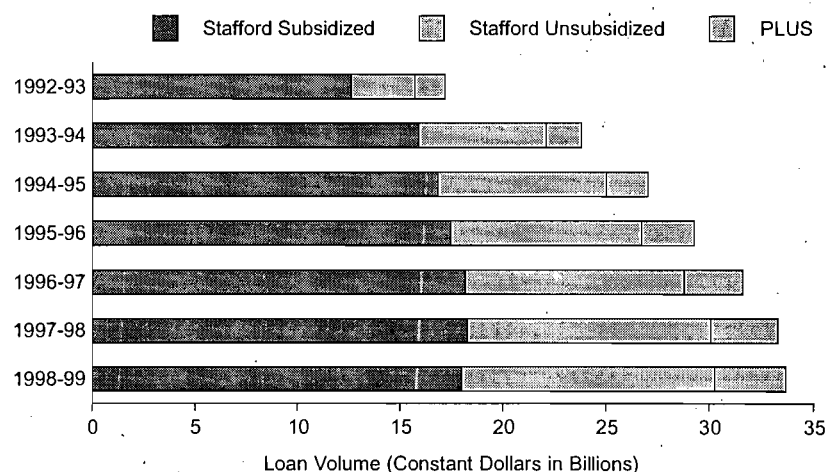


Table 4b

Number of Borrowers, Loans, and Recipients and Average Loan Amount for FFEL and FDSL in Current and Constant Dollars, 1988-89 to 1998-99

Academic Year												10-year % Change
	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	
Stafford Subsidized											Estimated	
# Borrowers (000)	-	-	-	-	-	3,641	3,836	4,041	4,298	4,387	4,393	
# Loans (000)	3,626	3,619	3,689	3,889	3,883	4,433	4,544	4,741	5,037	5,139	5,147	42
Avg. Loan	2,570	2,627	2,712	2,778	2,817	3,193	3,392	3,464	3,487	3,498	3,499	
Avg. Loan (Constant)	3,486	3,402	3,329	3,305	3,249	3,590	3,708	3,686	3,608	3,556	3,499	0
Stafford Unsubsidized											Estimated	
# Borrowers (000)	-	-	-	-	-	665	1,774	2,058	2,373	2,586	2,666	
# Loans (000)	-	-	-	-	159	742	2,094	2,437	2,808	3,060	3,154	
Avg. Loan	-	-	-	-	2,035	2,730	3,556	3,570	3,657	3,797	3,886	
Avg. Loan (Constant)	-	-	-	-	2,348	3,069	3,886	3,799	3,783	3,859	3,886	
PLUS											Estimated	
# Borrowers (000)	-	-	-	-	-	284	307	371	404	442	465	
# Loans (000)	212	257	298	356	388	337	353	420	456	500	525	148%
Avg. Loan	3,075	3,140	3,213	3,270	3,300	4,535	5,215	5,683	5,985	6,285	6,469	
Avg. Loan (Constant)	4,171	4,066	3,945	3,889	3,806	5,099	5,700	6,047	6,191	6,388	6,469	55%
SLS											Estimated	
# Borrowers (000)	-	-	-	-	-	757	10	-	-	-	-	
# Loans (000)	757	670	601	690	761	882	10	-	-	-	-	
Avg. Loan	2,662	2,738	2,847	2,932	3,120	3,931	3,337	-	-	-	-	
Avg. Loan (Constant)	3,611	3,544	3,495	3,488	3,598	4,420	3,648	-	-	-	-	
Consolidated											Estimated	
# Borrowers (000)	-	-	-	-	-	103	205	361	301	297	571	
# Loans (000)	-	-	-	-	-	107	207	365	304	300	577	
Avg. Loan	-	-	-	-	-	18,194	16,798	14,583	18,036	19,020	18,807	
Avg. Loan (Constant)	-	-	-	-	-	20,457	18,361	15,517	18,659	19,332	18,807	
Total, not incl. Consolidated											Estimated	
# Student Borrowers (000)	-	-	-	-	-	3,964	4,261	4,526	4,954	5,181	5,244	
# Parent Borrowers (000)	-	-	-	-	-	284	307	371	404	442	465	
# Total Undup. Borrowers (000)	-	-	-	-	-	4,248	4,568	4,897	5,358	5,623	5,709	
# Loans (000)	-	-	-	-	-	6,394	7,000	7,598	8,302	8,699	8,827	
Avg. Loan	-	-	-	-	-	3,312	3,533	3,621	3,682	3,763	3,814	
Avg. Loan (Constant)	-	-	-	-	-	3,724	3,861	3,853	3,809	3,825	3,814	
Total, incl. Consolidated											Estimated	
# Student Borrowers (000)	-	-	-	-	-	3,964	4,261	4,526	4,954	5,181	5,244	
# Parent Borrowers (000)	-	-	-	-	-	284	307	371	404	442	465	
# Consolidated Borrowers (000)	-	-	-	-	-	103	205	361	301	297	571	
# Total Undup. Borrowers (000)	-	-	-	-	-	4,351	4,773	5,259	5,659	5,920	6,281	
# Loans (000)	-	-	-	-	-	6,501	7,208	7,963	8,606	8,999	9,403	
Avg. Loan	-	-	-	-	-	3,557	3,915	4,123	4,189	4,272	4,733	
Avg. Loan (Constant)	-	-	-	-	-	3,999	4,279	4,387	4,334	4,342	4,733	

Table 5
Percentage Distribution of Aid from the Federal Pell, Campus-Based, Stafford Loan and PLUS Programs by Type of Institution, 1987-88 to 1997-98

Academic Year												
	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	Estimated 10-year % Change
Pell Grant												
Public Institutions	53.3	55.3	56.9	58.1	59.8	62.0	65.9	67.8	68.7	69.0	69.2	15.9
Two-Year	(18.5)	(19.7)	(21.1)	(22.6)	(24.3)	(25.7)	(30.0)	(32.7)	(32.7)	(33.0)	(32.8)	14.2
Four-Year	(34.8)	(35.6)	(35.8)	(35.5)	(35.5)	(36.3)	(35.9)	(35.1)	(36.0)	(36.0)	(36.4)	1.7
Private Institutions	20.1	20.2	20.0	19.8	19.6	19.5	18.8	19.0	18.8	18.5	18.6	-1.5
Proprietary Institutions	26.6	24.5	23.1	22.1	20.7	18.5	15.3	13.2	12.5	12.5	12.2	-14.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Campus-Based Programs												
Public Institutions	50.8	51.1	50.3	50.0	49.5	49.1	49.6	50.1	50.4	50.8	50.6	-0.3
Two-Year	(9.0)	(8.9)	(8.8)	(9.2)	(9.3)	(9.7)	(9.6)	(9.7)	(9.6)	(9.8)	(9.9)	0.9
Four-Year	(41.8)	(42.1)	(41.4)	(40.8)	(40.2)	(39.4)	(40.0)	(40.4)	(40.9)	(41.1)	(40.7)	-1.2
Private Institutions	43.4	43.8	44.3	44.7	45.0	45.5	45.3	45.5	45.6	45.1	45.5	2.2
Proprietary Institutions	5.8	5.2	5.4	5.2	5.5	5.5	5.1	4.4	4.0	4.1	3.9	-1.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Stafford Sub Loans												
Public Institutions	38.0	37.9	41.0	45.9	48.3	52.5	52.0	52.0	53.3	54.0	53.8	15.8
Two-Year	(5.6)	(5.5)	(5.6)	(6.3)	(6.4)	(6.3)	(6.1)	(5.9)	(6.0)	(6.0)	(5.9)	0.3
Four-Year	(32.4)	(32.4)	(35.4)	(39.6)	(41.9)	(46.2)	(45.9)	(46.1)	(47.3)	(48.0)	(47.9)	15.5
Private Institutions	35.1	34.4	35.9	37.3	38.0	37.6	38.4	39.1	38.4	37.5	37.6	2.5
Proprietary Institutions	26.9	27.7	23.1	16.8	13.7	9.9	9.5	8.9	8.3	8.5	8.5	-18.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Stafford Unsub Loans												
Public Institutions	-	-	-	-	-	66.3	40.4	44.4	46.7	47.2	47.4	-18.9
Two-Year	-	-	-	-	-	(6.7)	(4.3)	(4.9)	(5.2)	(5.1)	(5.1)	-1.6
Four-Year	-	-	-	-	-	(59.6)	(36.1)	(39.6)	(41.4)	(42.1)	(42.3)	-17.3
Private Institutions	-	-	-	-	-	29.0	45.7	42.8	41.8	41.3	41.4	12.4
Proprietary Institutions	-	-	-	-	-	4.7	13.9	12.8	11.6	11.5	11.2	6.5
Total	-	-	-	-	-	100.0	100.0	100.0	100.0	100.0	100.0	
PLUS Loans												
Public Institutions	40.6	42.1	44.6	46.5	47.5	41.4	34.8	35.9	38.4	37.9	38.7	-1.9
Two-Year	(3.1)	(3.0)	(3.4)	(3.6)	(3.7)	(2.9)	(1.6)	(1.4)	(1.3)	(1.1)	(1.2)	-1.9
Four-Year	(37.5)	(39.1)	(41.2)	(42.8)	(43.8)	(38.5)	(33.3)	(34.6)	(37.1)	(36.8)	(37.5)	0.0
Private Institutions	31.0	32.0	32.5	35.2	36.1	42.1	47.9	50.1	49.6	49.4	48.7	17.6
Proprietary Institutions	28.4	25.9	22.9	18.4	16.4	16.5	17.3	14.0	12.0	12.7	12.7	-15.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	

Table 6
Grant, Loan, and Work-Study Funding in Current and Constant Dollars
(in millions) and as a Percentage of Total Aid, 1988-89 to 1998-99

Current Dollars											
	Estimated										
	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Grants	11,681	13,221	14,239	16,100	17,635	18,288	19,523	20,525	21,810	23,558	25,874
Loans	13,195	13,414	13,890	15,232	16,222	22,551	26,106	30,099	33,520	35,935	37,248
Work	625	663	728	760	780	771	757	764	776	906	1,002
Total	25,502	27,298	28,856	32,092	34,637	41,611	46,387	51,389	56,106	60,399	64,124

Constant Dollars												
	Estimated										10-year	
	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	% Change
Grants	15,846	17,117	17,480	19,151	20,342	20,563	21,340	21,841	22,564	23,945	25,874	63%
Loans	17,900	17,368	17,051	18,119	18,711	25,356	28,535	32,028	34,678	36,525	37,248	108%
Work	848	859	894	904	900	867	828	813	803	921	1,002	18%
Total	34,594	35,344	35,425	38,174	39,953	46,786	50,702	54,681	58,044	61,392	64,124	85%

Percentage												
	Estimated										10-year	
	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	% Change
Grants	46%	48%	49%	50%	51%	44%	42%	40%	39%	39%	40%	-12%
Loans	52%	49%	48%	47%	47%	54%	56%	59%	60%	59%	58%	12%
Work	2%	2%	3%	2%	2%	2%	2%	1%	1%	2%	2%	-36%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	0%

FIGURE 5. Percent Share of Grants vs. Loans, 1980-81 to 1998-99

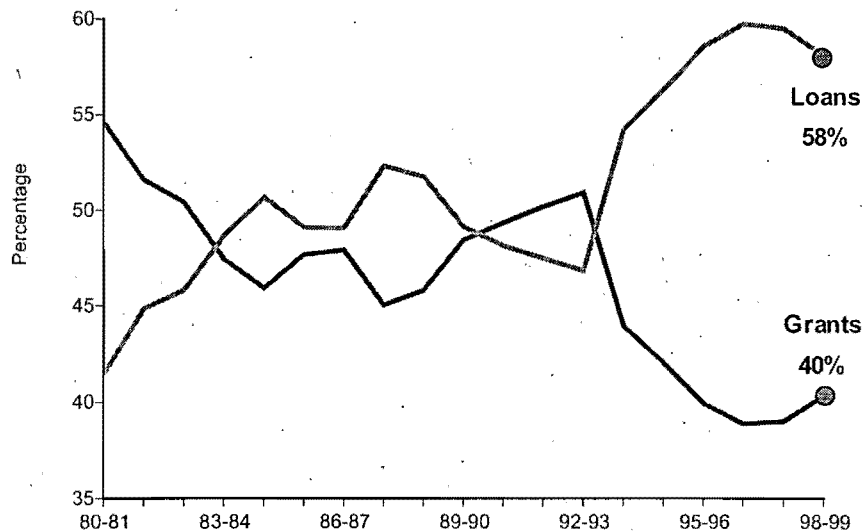


Table 7
Description of Federal Pell Grant Awards in Current and Constant Dollars, 1973-74 to 1998-99

	Expenditures (in millions)		Authorized Maximum Awards		Actual Maximum Awards		Actual Minimum Awards		Percent Cap on Costs	Number of Recipients (in thousands)	Percent of Recipients Independent
	Current	Constant	Current	Constant	Current	Constant	Current	Constant			
1973-74	48	177	1400	5,208	452	1,681	50	186	50	176	13.3
1974-75	358	1,209	1400	4,725	1,050	3,543	50	169	50	567	21.9
1975-76	926	2,837	1400	4,290	1,400	4,290	200	613	50	1,217	29.8
1976-77	1,475	4,256	1400	4,038	1,400	4,038	200	577	50	1,944	38.3
1977-78	1,524	4,142	1800	4,892	1,400	3,805	200	544	50	2,011	38.5
1978-79	1,541	3,907	1800	4,563	1,600	4,056	50	127	50	1,893	36.7
1979-80	2,357	5,410	1800	4,131	1,800	4,131	200	459	50	2,538	33.8
1980-81	2,387	4,826	1800	3,639	1,750	3,538	150	303	50	2,708	40.6
1981-82	2,300	4,188	1900	3,460	1,670	3,041	120	219	50	2,709	41.9
1982-83	2,421	4,112	2100	3,568	1,800	3,058	50	85	50	2,523	45.9
1983-84	2,797	4,593	2300	3,777	1,800	2,956	200	328	50	2,759	47.5
1984-85	3,053	4,815	2500	3,943	1,900	2,997	200	315	50	2,747	48.6
1985-86	3,597	5,474	2600	3,956	2,100	3,195	200	304	60	2,813	50.4
1986-87	3,460	5,143	2600	3,864	2,100	3,121	100	149	60	2,660	53.9
1987-88	3,754	5,418	2300	3,319	2,100	3,031	200	289	60	2,882	57.5
1988-89	4,476	6,203	2500	3,465	2,200	3,049	200	277	60	3,198	57.9
1989-90	4,778	6,322	2700	3,573	2,300	3,043	200	265	60	3,322	59.0
1990-91	4,935	6,214	2900	3,651	2,300	2,896	100	126	60	3,405	61.1
1991-92	5,793	6,954	3100	3,722	2,400	2,881	200	240	60	3,781	61.5
1992-93	6,176	7,196	3100	3,612	2,400	2,797	200	233	60	4,177	62.1
1993-94	5,654	6,396	3700	4,185	2,300	2,602	400	452	-	3,743	59.2
1994-95	5,519	6,084	3900	4,299	2,300	2,535	400	441	-	3,675	59.3
1995-96	5,472	5,867	4100	4,396	2,340	2,509	400	429	-	3,612	58.5
1996-97	5,780	6,028	4300	4,484	2,470	2,576	400	417	-	3,601	57.6
1997-98	6,331	6,434	4500	4,573	2,700	2,744	400	406	-	3,733	56.6
1998-99	7,242	7,242	4,500	4,500	3,000	3,000	400	400	-	3,874	54.4

FIGURE 6. The Maximum Pell Grant as a Share of Cost of Attendance, 1973-74 to 1998-99

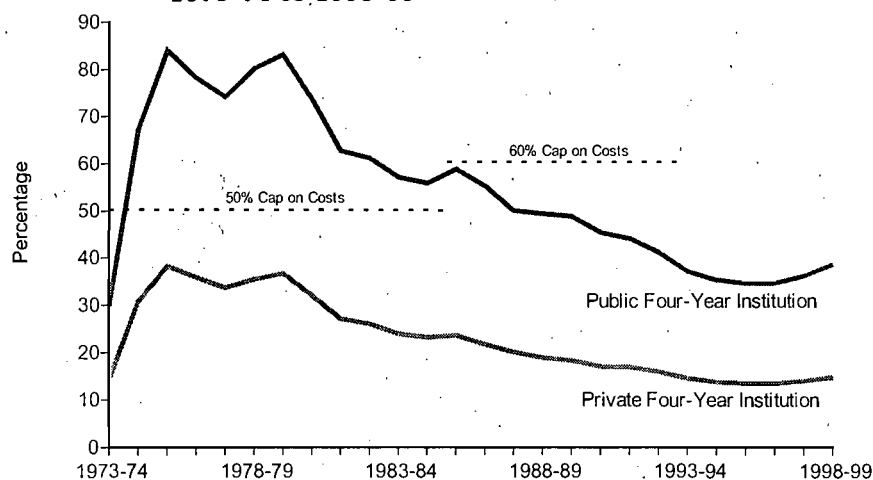


Table 8
Total Aid, Loan Aid, and Grant Aid per Full Time Equivalent (FTE)
Student in Constant Dollars, 1980-81 to 1998-99

	FTE	Total Aid (millions)	Avg Aid per FTE	Grant Aid (millions)	Grant Aid per FTE	Loan Aid (millions)	Loan Aid per FTE
1980-81	8,819,013	31,868	3,614	17,410	1,974	13,205	1,497
1981-82	9,014,521	30,793	3,416	15,889	1,763	13,813	1,532
1982-83	9,091,648	27,418	3,016	13,822	1,520	12,566	1,382
1983-84	9,166,398	28,334	3,091	13,442	1,466	13,788	1,504
1984-85	8,951,695	29,483	3,294	13,540	1,513	14,941	1,669
1985-86	8,943,433	30,520	3,413	14,550	1,627	14,979	1,675
1986-87	9,064,165	30,679	3,385	14,701	1,622	15,048	1,660
1987-88	9,229,736	33,897	3,673	15,265	1,654	17,730	1,921
1988-89	9,464,271	34,594	3,655	15,846	1,674	17,900	1,891
1989-90	9,780,881	35,344	3,614	17,117	1,750	17,368	1,776
1990-91	9,983,436	35,425	3,548	17,480	1,751	17,051	1,708
1991-92	10,360,606	38,174	3,685	19,151	1,848	18,119	1,749
1992-93	10,436,776	39,953	3,828	20,342	1,949	18,711	1,793
1993-94	10,351,415	46,786	4,520	20,563	1,986	25,356	2,450
1994-95	10,348,072	50,702	4,900	21,340	2,062	28,535	2,757
1995-96	10,334,956	54,681	5,291	21,841	2,113	32,028	3,099
1996-97	10,402,260	58,044	5,580	22,564	2,169	34,678	3,334
1997-98	10,470,002	61,392	5,864	23,945	2,287	36,525	3,489
1998-99	10,538,186	64,124	6,085	25,874	2,455	37,248	3,535

**FIGURE 7. Average Aid per Full-Time Equivalent Student,
1980-81 to 1998-99 (in Constant Dollars)**

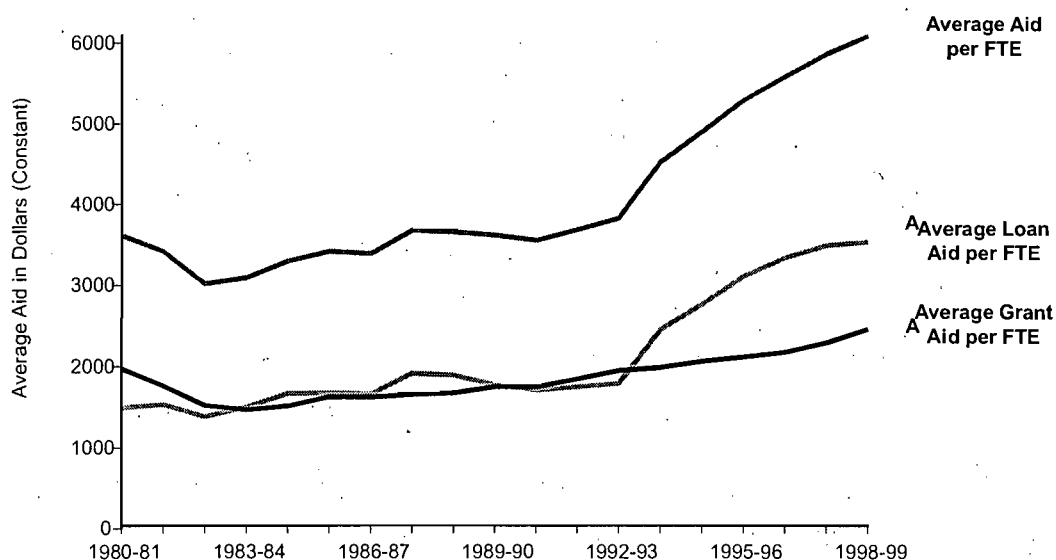


Table 9
Federal Need- vs. Non-Need Aid Volume, 1963-64 to 1998-99 (in millions)

	Current			Constant			Percentage		
	Need	Non-Need	Total	Need	Non-Need	Total	Need	Non-Need	Total
1963-64	114	117	231	606	0	606	49%	51%	100%
1970-71	1,620	1,742	3,363	6,706	7,210	13,916	48%	52%	100%
1971-72	2,082	2,020	4,102	8,318	8,071	16,389	51%	49%	100%
1972-73	2,045	2,776	4,821	7,852	10,662	18,514	42%	58%	100%
1973-74	2,126	3,221	5,347	7,496	11,356	18,852	40%	60%	100%
1974-75	2,621	4,458	7,078	8,318	14,150	22,469	37%	63%	100%
1975-76	3,208	5,478	8,686	9,510	16,238	25,748	37%	63%	100%
1976-77	4,080	4,461	8,541	11,428	12,497	23,924	48%	52%	100%
1977-78	4,655	4,299	8,954	12,219	11,284	23,503	52%	48%	100%
1978-79	5,363	3,914	9,277	12,872	9,393	22,266	58%	42%	100%
1979-80	7,950	3,731	11,681	16,836	7,901	24,737	68%	32%	100%
1980-81	10,382	3,984	14,366	19,704	7,561	27,265	72%	28%	100%
1981-82	11,098	3,861	14,960	19,388	6,746	26,134	74%	26%	100%
1982-83	10,555	2,848	13,404	17,680	4,771	22,451	79%	21%	100%
1983-84	11,836	2,321	14,157	19,117	3,749	22,866	84%	16%	100%
1984-85	12,969	2,220	15,190	20,159	3,451	23,610	85%	15%	100%
1985-86	13,772	2,157	15,929	20,806	3,258	24,065	86%	14%	100%
1986-87	13,649	2,306	15,954	20,172	3,408	23,580	86%	14%	100%
1987-88	14,806	3,767	18,573	21,012	5,347	26,359	80%	20%	100%
1988-89	15,780	4,164	19,943	21,405	5,648	27,053	79%	21%	100%
1989-90	16,366	4,262	20,628	21,189	5,519	26,708	79%	21%	100%
1990-91	17,058	4,177	21,235	20,941	5,128	26,069	80%	20%	100%
1991-92	18,812	4,983	23,796	22,378	5,928	28,305	79%	21%	100%
1992-93	19,441	5,980	25,421	22,424	6,898	29,322	76%	24%	100%
1993-94	22,154	9,243	31,397	24,909	10,392	35,302	71%	29%	100%
1994-95	23,315	11,639	34,954	25,484	12,721	38,205	67%	33%	100%
1995-96	24,334	13,384	37,719	25,893	14,242	40,136	65%	35%	100%
1996-97	25,759	15,243	41,002	26,649	15,770	42,419	63%	37%	100%
1997-98	26,912	17,040	43,952	27,354	17,320	44,674	61%	39%	100%
1998-99	27,949	18,021	45,970	27,949	18,021	45,970	61%	39%	100%

FIGURE 8. Percentage Share of Federal Need- versus Non-Need Aid Awarded to Postsecondary Students, 1970-71 to 1998-99

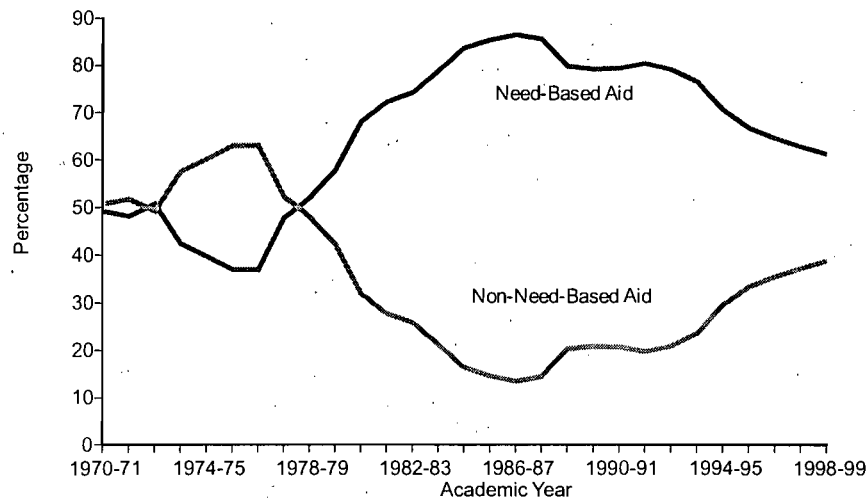


FIGURE 9. Total Student Financial Aid Awarded to Postsecondary Students, 1971-72 to 1998-99 (Constant Dollars in Billions)

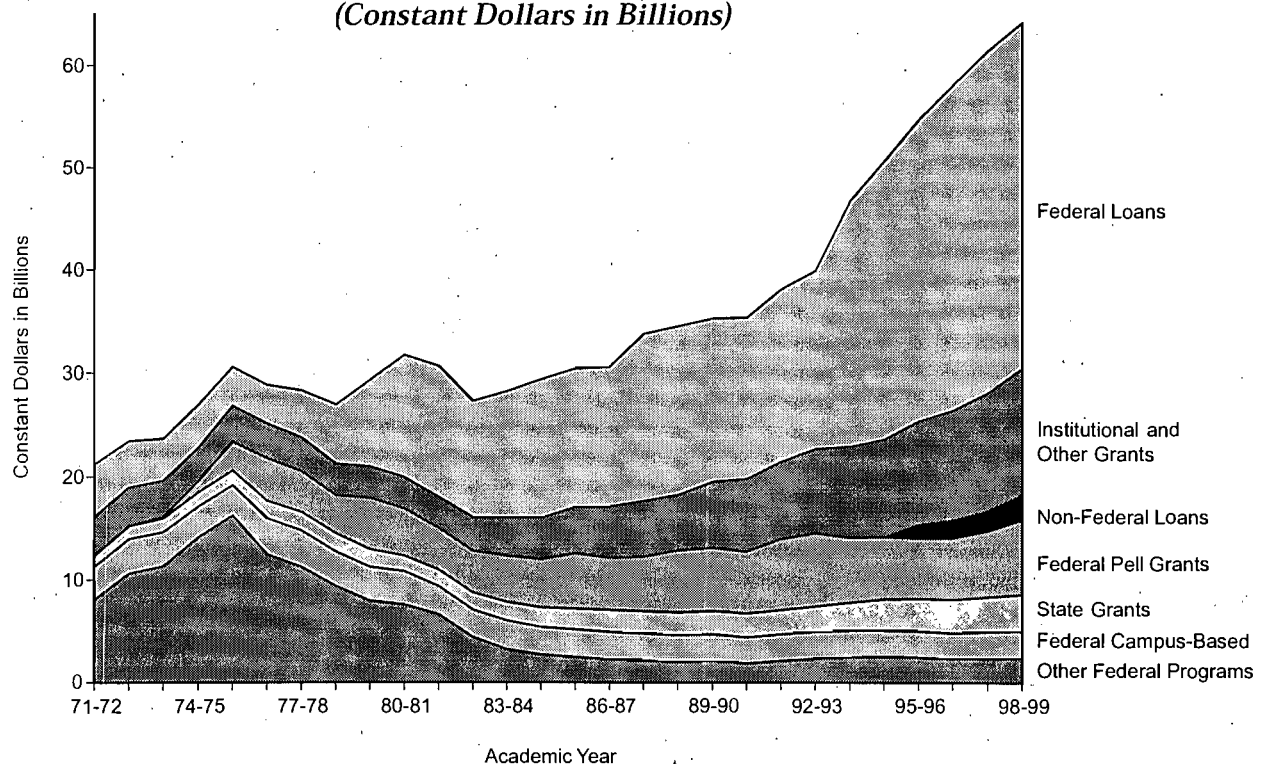


Table 10
Total Federal Outlays on Title IV Student Aid Programs,
in Current and Constant Dollars (in Millions), FY89 to FY98

CURRENT DOLLARS	Federal Fiscal Year									
	FY89	FY90	FY91	FY92	FY93	FY94	FY95	FY96	FY97	FY98 (estimated)
PELL	4,484	4,804	5,376	5,503	6,462	6,637	6,147	4,914	5,919	7,345
SEOG	438	459	520	577	583	583	583	583	583	614
LEAP	72	59	64	72	72	72	63	31	50	25
FWS	610	602	595	615	617	617	617	617	830	830
Perkins Loans	206	148	156	156	181	173	176	113	178	165
Income Contingent Loans	5	10	5	5	-	-	-	-	-	-
Ford Direct Loans	-	-	-	-	10	316	1,105	679	763	920
Family Education Loans	<u>4,067</u>	<u>4,376</u>	<u>4,619</u>	<u>2,652</u>	<u>2,770</u>	<u>3,003</u>	<u>3,481</u>	<u>3,576</u>	<u>3,336</u>	<u>1,892</u>
Subtotal	9,881	10,458	11,334	9,580	10,695	11,401	12,172	10,514	11,659	11,791
CONSTANT DOLLARS										
PELL	5,806	5,898	6,394	6,347	7,266	7,254	6,541	5,083	6,016	7,345
SEOG	567	563	619	666	656	638	621	604	593	614
LEAP	93	73	76	83	81	79	67	32	51	25
FWS	790	739	707	709	693	674	656	638	844	830
Perkins Loans	266	182	186	180	203	189	187	117	181	165
Income Contingent Loans	6	12	6	6	-	-	-	-	-	-
Ford Direct Loans	-	-	-	-	11	345	1,176	703	776	920
Family Education Loans	<u>5,265</u>	<u>5,372</u>	<u>5,495</u>	<u>3,059</u>	<u>3,115</u>	<u>3,282</u>	<u>3,704</u>	<u>3,700</u>	<u>3,390</u>	<u>1,892</u>
Subtotal	12,794	12,839	13,482	11,050	12,025	12,461	12,952	10,877	11,851	11,791

Appendix A

Aid Awarded to Postsecondary Students in Current Dollars (in Millions), 1963-64 to 1987-88

Federally Supported Aid Programs	Academic Year																		
	63-64	70-71	71-72	72-73	73-74	74-75	75-76	76-77	77-78	78-79	79-80	80-81	81-82	82-83	83-84	84-85	85-86	86-87	87-88
Generally Available Aid																			
PELL	-	-	-	-	48	358	926	1,475	1,524	1,541	2,357	2,387	2,300	2,421	2,797	3,053	3,597	3,460	3,754
SEOG	-	165	177	210	210	210	240	240	250	270	338	369	367	352	353	375	411	393	412
LEAP	-	-	-	-	-	19	20	44	60	64	76	72	78	74	60	76	76	73	75
FWS	-	200	319	266	296	295	295	436	469	489	602	660	624	615	683	645	656	629	635
Perkins Loans	114	241	312	398	433	440	460	559	615	640	651	694	580	597	682	677	703	763	805
Income Contingent Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5
Family Education Loans	-	1,015	1,274	1,171	1,139	1,298	1,267	1,325	1,737	2,360	3,926	6,202	7,219	6,695	7,576	8,608	8,839	9,102	11,385
Subtotal	114	1,620	2,082	2,045	2,126	2,621	3,208	4,080	4,655	5,363	7,950	10,384	11,167	10,753	12,151	13,434	14,283	14,421	17,072
Specially Directed Aid																			
SSEC	-	499	570	701	784	894	1,093	1,250	1,370	1,477	1,587	1,883	1,996	733	220	35	-	-	-
Veterans' Benefits	67	1,121	1,320	1,936	2,261	3,353	4,180	2,997	2,700	2,176	1,821	1,714	1,351	1,356	1,148	1,004	864	783	762
Military	42	64	59	55	80	95	97	101	104	117	167	201	232	266	297	329	342	361	349
Other Grants	9	16	20	27	33	57	63	67	82	98	114	122	106	85	62	60	67	74	92
Other Loans	-	42	51	57	62	59	45	47	42	46	42	62	109	210	279	327	372	316	298
Subtotal	117	1,742	2,020	2,776	3,221	4,458	5,478	4,461	4,299	3,914	3,731	3,982	3,793	2,650	2,005	1,756	1,646	1,534	1,502
Total Federal Aid	231	3,363	4,102	4,821	5,347	7,078	8,686	8,541	8,954	9,277	11,681	14,366	14,960	13,404	14,157	15,190	15,929	15,954	18,573
State Grant Programs	56	236	269	315	364	422	490	608	677	726	788	801	921	1,006	1,106	1,222	1,311	1,432	1,503
Institutional and Other Grants	270	837	942	978	1,009	1,020	1,169	1,195	1,228	1,283	1,460	1,625	1,746	1,960	2,280	2,556	2,962	3,371	3,808
Total Federal, State, and Institutional Aid	557	4,435	5,313	6,114	6,720	8,520	10,344	10,345	10,859	11,287	13,929	16,792	17,627	16,369	17,542	18,968	20,201	20,757	23,885

Appendix B

Aid Awarded to Postsecondary Students in Constant Dollars (in Millions), 1963-64 to 1987-88

	Academic Year																		
Federally Supported Aid Programs	63-64	70-71	71-72	72-73	73-74	74-75	75-76	76-77	77-78	78-79	79-80	80-81	81-82	82-83	83-84	84-85	85-86	86-87	87-88
Generally Available Aid																			
PELL	-	-	-	-	168	1,138	2,745	4,133	4,001	3,698	4,992	4,530	4,017	4,054	4,518	4,745	5,435	5,114	5,328
SEOG	-	681	708	808	742	668	712	673	656	648	717	700	641	590	570	582	622	581	585
LEAP	-	-	-	-	-	60	58	122	157	153	162	137	136	124	97	118	115	107	107
FWS	0	829	1,273	1,020	1,044	936	874	1,222	1,231	1,172	1,274	1,253	1,090	1,030	1,104	1,003	991	930	901
Perkins Loans	606	995	1,246	1,528	1,527	1,397	1,364	1,567	1,614	1,537	1,378	1,316	1,014	1,000	1,102	1,053	1,062	1,128	1,143
Income Contingent Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7
Family Education Loans	-	<u>4,201</u>	<u>5,090</u>	<u>4,497</u>	<u>4,016</u>	<u>4,120</u>	<u>3,756</u>	<u>3,711</u>	<u>4,559</u>	<u>5,664</u>	<u>8,314</u>	<u>11,771</u>	<u>12,610</u>	<u>11,215</u>	<u>12,236</u>	<u>13,380</u>	<u>13,354</u>	<u>13,453</u>	<u>16,157</u>
Subtotal	606	6,706	8,318	7,852	7,496	8,318	9,510	11,428	12,219	12,872	16,836	19,708	19,508	18,012	19,627	20,881	21,578	21,313	24,228
Specialty Directed Aid																			
SSEC	0	2,065	2,277	2,692	2,764	2,838	3,240	3,501	3,596	3,545	3,361	3,574	3,487	1,228	355	54	-	-	-
Veterans' Benefits	357	4,639	5,274	7,435	7,972	10,643	12,391	8,395	7,087	5,222	3,856	3,253	2,359	2,271	1,854	1,561	1,305	1,157	1,081
Military	222	267	237	211	284	301	287	283	274	280	354	381	405	446	480	512	517	533	496
Other Grants	46	66	80	105	118	182	187	187	216	235	242	231	184	143	100	94	102	109	131
Other Loans	-	<u>173</u>	<u>204</u>	<u>219</u>	<u>218</u>	<u>187</u>	<u>133</u>	<u>130</u>	<u>111</u>	<u>111</u>	<u>89</u>	<u>118</u>	<u>190</u>	<u>352</u>	<u>450</u>	<u>508</u>	<u>563</u>	<u>467</u>	<u>423</u>
Subtotal	626	7,210	8,071	10,662	11,356	14,150	16,238	12,497	11,284	9,393	7,901	7,557	6,626	4,439	3,239	2,729	2,487	2,267	2,131
Total Federal Aid	1,232	13,916	16,389	18,514	18,852	22,469	25,748	23,924	23,503	22,266	24,737	27,265	26,134	22,451	22,866	23,610	24,065	23,580	26,359
State Grant Programs	299	977	1,075	1,210	1,283	1,340	1,453	1,703	1,777	1,742	1,669	1,520	1,609	1,685	1,786	1,900	1,980	2,117	2,133
Institutional and Other Grants	<u>1,437</u>	<u>3,463</u>	<u>3,763</u>	<u>3,755</u>	<u>3,558</u>	<u>3,236</u>	<u>3,464</u>	<u>3,349</u>	<u>3,223</u>	<u>3,080</u>	<u>3,091</u>	<u>3,083</u>	<u>3,050</u>	<u>3,282</u>	<u>3,682</u>	<u>3,973</u>	<u>4,475</u>	<u>4,982</u>	<u>5,404</u>
Total Federal, State, and Institutional Aid	2,967	18,356	21,226	23,478	23,694	27,045	30,665	28,976	28,503	27,088	29,497	31,868	30,793	27,418	28,334	29,483	30,520	30,679	33,897

Appendix C

Number of Borrowers, Loans, and Recipients and Average Loan Amount for FFEL Programs in Current and Constant Dollars, 1988-89 to 1998-99

Academic Year												Estimated 10-year % Change
Stafford Subsidized	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	
# Borrowers (000)	-	-	-	-	-	3,641	3,572	2,763	2,829	2,832	2,844	-7
# Loans (000)	3,626	3,619	3,689	3,889	3,883	4,433	4,239	3,279	3,359	3,362	3,376	
Avg. Loan	2,570	2,627	2,712	2,778	2,817	3,193	3,372	3,474	3,518	3,538	3,545	
Avg. Loan (Constant)	3,486	3,402	3,329	3,305	3,249	3,590	3,686	3,697	3,640	3,596	3,545	
												Estimated 10-year % Change
Stafford Unsubsidized	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	
# Borrowers (000)	-	-	-	-	-	665	1,656	1,424	1,574	1,682	1,744	-5
# Loans (000)	-	-	-	-	159	742	1,957	1,702	1,880	2,009	2,083	
Avg. Loan	-	-	-	-	2,035	2,730	3,553	3,656	3,789	3,955	4,073	
Avg. Loan (Constant)	-	-	-	-	2,348	3,069	3,884	3,890	3,920	4,020	4,073	
												Estimated 10-year % Change
PLUS	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	
# Borrowers (000)	-	-	-	-	-	284	278	239	253	275	285	55
# Loans (000)	212	257	298	356	388	337	321	276	292	318	329	
Avg. Loan	3,075	3,140	3,213	3,270	3,300	4,535	5,174	5,773	6,130	6,447	6,658	
Avg. Loan (Constant)	4,171	4,066	3,945	3,889	3,806	5,099	5,656	6,143	6,342	6,553	6,658	
												Estimated 10-year % Change
SLS	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	
# Borrowers (000)	-	-	-	-	-	757	10	-	-	-	-	-
# Loans (000)	757	670	601	690	761	882	10	-	-	-	-	
Avg. Loan	2,662	2,738	2,847	2,932	3,120	3,931	3,337	-	-	-	-	
Avg. Loan (Constant)	3,611	3,544	3,495	3,488	3,598	4,420	3,648	-	-	-	-	
												Estimated 10-year % Change
Consolidated	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	
# Borrowers (000)	-	-	-	-	-	103	200	297	217	193	207	-
# Loans (000)	-	-	-	-	-	107	202	300	219	195	209	
Avg. Loan	-	-	-	-	-	18,194	16,265	14,563	18,782	17,576	16,210	
Avg. Loan (Constant)	-	-	-	-	-	20,457	17,778	15,496	19,431	17,865	16,210	
												Estimated 10-year % Change
Total, not incl. Consolidated	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	
# Student Borrowers (000)	-	-	-	-	-	3,964	3,965	3,092	3,252	3,334	3,389	-
# Parent Borrowers (000)	-	-	-	-	-	284	278	239	253	275	285	
# Total Undup. Borrowers (000)	-	-	-	-	-	4,248	4,243	3,331	3,505	3,609	3,674	
# Loans (000)	-	-	-	-	-	6,394	6,527	5,257	5,531	5,689	5,788	
Avg. Loan	-	-	-	-	-	3,312	3,515	3,654	3,748	3,848	3,912	-
Avg. Loan (Constant)	-	-	-	-	-	3,724	3,842	3,888	3,877	3,911	3,912	
												Estimated 10-year % Change
Total, incl. Consolidated	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	
# Student Borrowers (000)	-	-	-	-	-	3,964	3,965	3,092	3,252	3,334	3,389	-
# Parent Borrowers (000)	-	-	-	-	-	284	278	239	253	275	285	
# Consolidated Borrowers (000)	-	-	-	-	-	103	200	297	217	193	207	
# Total Undup. Borrowers (000)	-	-	-	-	-	4,351	4,442	3,629	3,721	3,802	3,880	
# Loans (000)	-	-	-	-	-	6,501	6,728	5,558	5,749	5,884	5,997	-
Avg. Loan	-	-	-	-	-	3,557	3,897	4,243	4,320	4,303	4,340	
Avg. Loan (Constant)	-	-	-	-	-	3,999	4,260	4,515	4,469	4,374	4,340	

Appendix D

Number of Borrowers, Loans, and Recipients and Average Loan Amount for FDSL Programs in Current and Constant Dollars, 1988-89 to 1998-99

Academic Year												Estimated	10-year
Stafford Subsidized	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	% Change	
# Borrowers (000)	-	-	-	-	-	-	265	1,278	1,469	1,555	1,549		
# Loans (000)	-	-	-	-	-	-	304	1,461	1,679	1,778	1,771		
Avg. Loan	-	-	-	-	-	-	3,672	3,442	3,425	3,423	3,410		
Avg. Loan (Constant)	-	-	-	-	-	-	4,013	3,663	3,544	3,479	3,410		
												Estimated	10-year
Stafford Unsubsidized	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	% Change	
# Borrowers (000)	-	-	-	-	-	-	118	633	799	905	922		
# Loans (000)	-	-	-	-	-	-	137	736	928	1,051	1,071		
Avg. Loan	-	-	-	-	-	-	3,590	3,373	3,389	3,493	3,524		
Avg. Loan (Constant)	-	-	-	-	-	-	3,924	3,589	3,506	3,551	3,524		
												Estimated	10-year
PLUS	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	% Change	
# Borrowers (000)	-	-	-	-	-	-	29	132	151	167	180		
# Loans (000)	-	-	-	-	-	-	32	144	164	182	196		
Avg. Loan	-	-	-	-	-	-	5,619	5,510	5,726	6,002	6,152		
Avg. Loan (Constant)	-	-	-	-	-	-	6,142	5,863	5,924	6,101	6,152		
												Estimated	10-year
SLS	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	% Change	
# Borrowers (000)	-	-	-	-	-	-	-	-	-	-	-		
# Loans (000)	-	-	-	-	-	-	-	-	-	-	-		
Avg. Loan	-	-	-	-	-	-	-	-	-	-	-		
Avg. Loan (Constant)	-	-	-	-	-	-	-	-	-	-	-		
												Estimated	10-year
Consolidated	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	% Change	
# Borrowers (000)	-	-	-	-	-	-	6	64	85	104	364		
# Loans (000)	-	-	-	-	-	-	6	64	85	105	368		
Avg. Loan	-	-	-	-	-	-	35,478	14,673	16,128	21,706	20,282		
Avg. Loan (Constant)	-	-	-	-	-	-	38,778	15,613	16,685	22,063	20,282		
												Estimated	10-year
Total, not incl. Consolidated	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	% Change	
# Student Borrowers (000)	-	-	-	-	-	-	296	1,434	1,702	1,847	1,855		
# Parent Borrowers (000)	-	-	-	-	-	-	29	132	151	167	180		
# Total Undup. Borrowers (000)	-	-	-	-	-	-	325	1,566	1,853	2,014	2,036		
# Loans (000)	-	-	-	-	-	-	474	2,341	2,771	3,011	3,038		
Avg. Loan	-	-	-	-	-	-	3,779	3,547	3,550	3,603	3,627		
Avg. Loan (Constant)	-	-	-	-	-	-	4,131	3,775	3,672	3,662	3,627		
												Estimated	10-year
Total, incl. Consolidated	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	% Change	
# Student Borrowers (000)	-	-	-	-	-	-	296	1,434	1,702	1,847	1,855		
# Parent Borrowers (000)	-	-	-	-	-	-	29	132	151	167	180		
# Consolidated Borrowers (000)	-	-	-	-	-	-	6	64	85	104	364		
# Total Undup. Borrowers (000)	-	-	-	-	-	-	331	1,630	1,938	2,118	2,400		
# Loans (000)	-	-	-	-	-	-	479	2,405	2,857	3,116	3,406		
Avg. Loan	-	-	-	-	-	-	4,160	3,845	3,926	4,213	5,426		
Avg. Loan (Constant)	-	-	-	-	-	-	4,547	4,091	4,062	4,282	5,426		

Notes & sources

TABLE 1
Federally Supported Programs

Several of the federally-supported programs include small amounts of funding from sources other than the federal government. For example, Federal Work-Study (FWS) includes contributions by institutions, although most of the funds in the program are federal. Perkins Loans (until 1987 called National Direct Student Loans or NDSL) are funded from federal and institutional capital contributions as well as collections from borrowers.

Generally Available Aid

LEAP. Formerly known as the State Student Incentive Grant (SSIG) program, the Leveraging Educational Assistance Partnerships (LEAP) monies reported under federally supported aid include federal monies only; the state share is included under the "state grants" category. Likewise, institutional matching funds required by the Supplemental Educational Opportunity Grant (SEOG) program since 1989-90 are reported under "institutional and other grants."

ICL. The Income Contingent Loan Program was discontinued after 1992-93.

FDSLPL. The Ford Direct Loan Program began disbursing loans in academic year 1994-95. It includes Stafford Subsidized and Unsubsidized Loans and Parent Loans for Undergraduate Students (PLUS). Under this program, loans are provided directly to students by the federal government, using funds from the U.S. Treasury. Data for the 1998-99 year are estimates based on preliminary calculations from the Policy, Budget, and Analysis Staff, U.S. Department of Education.

FFELP. The Federal Family Education Loan Program (until 1992 Guaranteed Student Loans), which includes Stafford Subsidized, Unsubsidized, and PLUS loans (also included Supplemental Loans for Students, SLS, until 1994-95), relies on private sources of capital. The federal government subsidizes interest payments and guarantees repayment of defaulted loans. Until SLS was created by the 1986 Amendments to the Higher Education Act, supplemental loans were provided to students under the Auxiliary Loans to Assist Students (ALAS) program. The SLS program was discontinued after the 1994-95 academic year.

Specially Directed Aid

Veterans. Benefits are payments for post-secondary education and training to veterans and their dependents authorized under Chapters 30, 31, 32, 34, 35, and 106 of the U.S. Code. Federal contributions to Chapter 34, the Veterans' Educational Assistance portion of the Post-Korean Conflict Educational Assistance Programs, were terminated in 1990. After 1990, remaining eligible veterans were funded through Chapter 30.

Military. Expenditures for education are reported for three types of programs: the F.

Edward Hebert Armed Forces Health Profession Scholarship Program, Reserve Officers' Training Corps programs for the Air Force, Army, and Navy/Marines, and higher education tuition assistance for the active duty Armed Forces.

Other Grants. Includes Higher Education Grants for Indian Students, Fellowships for Indian Students (last funded in 1995-96), American Indian Scholarships, Indian Health Service Scholarships, National Science Foundation predoctoral fellowships (minority and general graduate), National Health Service Corps Scholarships, National Institutes of Health predoctoral individual awards including Nursing Fellowships (Nursing funding ended in 1984-85), fellowships awarded through the Council on Legal Educational Opportunity (last funded in 1995-96), the Jacob K. Javits Fellowship Program, the Robert C. Byrd Honors Scholarship Program (last funded in 1994-95), and college grants provided to volunteers in the Americorps national service programs (funding began in 1994-95).

Other Loans. Includes amounts loaned under the Health Professions Student Loan Program, the Health Education Assistance Loan Program, and the Nursing Student Loan Program.

State Grant Programs

The state grant amount for 1998-99 is based on projections by the 20 states that award approximately 90 percent of state grant funds and estimates for the remaining 30 states and the District of Columbia made by the College Board. Previous data is updated using the NASSGAP Annual Survey.

Non-Federal Loans

Estimates based on an informal College Board poll of the largest non-federal loan sponsors; includes estimates of private and state-sponsored volume for the past four years.

Institutional and Other Grants

Institutional awards include, in addition to awards from the institution's own funds, scholarships, fellowships, and trainee stipends from government and private programs that allow the institution to select the recipient. Data since 1996-97 are estimates based on IPEDS data.

TABLE 2

Constant dollar figures are based on data in Table 1. See page 23 for a more complete explanation of constant-dollar conversions.

TABLE 3

Cost of attendance data from the College Board's Annual Survey of Colleges, and includes tuition, fees, and on-campus room and board costs. Because community colleges generally do not offer on-campus housing, cost of attendance figures are not reported for these institutions. Note that cost of attendance and tuition averages apply to undergraduate costs only, and are weighted by enrollment to reflect average costs to the student rather than average charges by the institution. Tuition is based on 30 semester or 45 quarter hours; room and board figures are for the academic year and assume double occupancy in a dormitory room and the maximum meal plan.

Income data are for the calendar year in which the academic year begins. Median family and Household Income data for the 1998-99 year are estimated figures. DPI is current as of 8/99.

TABLE 4

The number of recipients of LEAP and state grants and the average award include only undergraduate recipients of each state's primary need-based programs. Comparable figures for 1998-99 are not available.

1992-93 is the first year of the Stafford Unsubsidized program. 1994-95 is the last year of the SLS program. Through coincidence only, 1994-95 was also the first year loans were made by the Ford Direct Loan Program.

The numbers of loans in SLS and PLUS programs in 1985-86 had to be estimated from fiscal year data.

TABLE 5

"Four-year" institutions include non-profit institutions offering bachelors and/or graduate degrees. "Two-year" institutions include non-profit institutions of any other program length from six months to three years. "Proprietary" refers to private for-profit institutions.

The Stafford Unsubsidized Loan program first began dispersing funds in 1992-93. Beginning in 1994-95, loan distribution figures include Stafford Subsidized, Stafford Unsubsidized, and PLUS loans made through both the Federal Family Education Loan Program and the Ford Direct Loan Program.

TABLE 6

Based on data from Tables 1 and 2. The "grants" category includes Pell Grants, SEOG, LEAP, Veterans Benefits, Military expenditures, Other Grants, State Grant Programs, and Institutional and Other Grants. "Loans" includes all remaining programs except FWS, which makes up the "work" component.

TABLE 7

The 1992 reauthorization of the Higher Education Act eliminated the percent cap on college costs beginning in 1993-94.

TABLE 8

FTE Data from Table 200, p. 222, *Digest of Education Statistics 1998*, 1997-98 and 1998-99 FTE data from NCES Projections of Education Statistics to 2009, T.23, p. 46. FTE data is for fall enrollment, all institutions.

TABLE 9

Based on Data from Tables 1 and 2. Need-based aid includes Pell, SEOG, LEAP, GWS, Perkins, ICL, FDSL Subsidized, FFEL Subsidized. Non-need based aid includes FDSL Unsub and PLUS, FFEL Unsub, PLUS, and SLS, and all specially directed aid.

TABLE 10

Data from the U.S. Department of Education Budget reports, unpublished.

TABLE A

Figures on military-related aid are not precisely comparable to Table 1. Armed Forces tuition assistance amounts are not available for these years, and some ROTC data are estimated. See notes to Table 1 for further details.

TABLE B

Constant dollar figures are based on data in Table A. For an explanation of constant dollar conversions, see details in the following column.

FIGURES 1 AND 2

Based on Tables 1 and 2.

Academic Year 88 = 1988-89.

"Federal Campus Based" aid includes SEOG, FWS, and Perkins Loans.

"Federal Loans" includes Federal Family Education Loans and Ford Direct Loans. "Other Federal Programs" includes LEAP, Military and Veterans' aid, Other Grants, and Other Loans.

FIGURE 3

Based on data from Tables 2, 3, and 8.

Median family income data for the 45-54 age category is used because it is more representative of families with dependents in college. This statistic is not representative of independent students.

FIGURE 4

Based on data from Table 2.

FIGURE 5

Based on Table 6 data and College Board historical data not printed in this publication.

"Loans" include FFELP, FDSLPL, Perkins Loans, ICL, other federal loans, and non-federal loans as surveyed for this report.

"Grants" include Pell, SEOG, LEAP, Veterans grants, Military grants, State grants, Institutional and other grants, and miscellaneous grants.

"Work" includes Federal Work Study (FWS).

FIGURE 6

Based on Tables 3 and 7, and historical cost of attendance data from the College Board (1987-88 on) and the National Center for Education Statistics (Pre- 1987-88).

FIGURE 7

Based on Table 8.

FIGURE 8

Based on Table 9.

FIGURE 9

Based on Tables 2 and Appendix B.

Acronyms

FWS	=	Federal Work Study
FFELP	=	Federal Family Education Loan Program
ICL	=	Income Contingent Loan Program
FDSLPL	=	William D. Ford Direct Student Loan Program
PLUS	=	Parent Loans to Undergraduate Students
SEOG	=	Federal Supplemental Educational Opportunity Grant
SLS	=	Supplemental Loans for Students
LEAP	=	Leveraging Educational Assistance Partnerships

Definitions

Academic year:	July 1 to June 30
Federal fiscal year:	October 1 to September 30

General Notes

- Details may not add to totals due to rounding.
- Aid is reported by the academic year in which it is awarded. When necessary, fiscal year data are converted to the academic year equivalents by reassigning the July through September expenditures.
- For a more detailed description of the programs and past trends, see *Trends in Student Aid: 1963 to 1983*.

A Note on Constant Dollar Conversion

The Consumer Price Index for all urban dwellers (the CPI-U) is used to adjust for inflation. Updated CPI data are available from the Bureau of Labor Statistics website (<http://stats.bls.gov/cpihome.htm>). This year, due to the availability of federal data by academic-year rather than federal fiscal-year, we used an academic base-year calculation in most cases. The academic base year for 1988-89 was calculated using CPI data for the months inclusive of July 1988 to June 1989.

Formula for Constant Dollar Conversion

CONSTANT (base year) Dollars	=	CURRENT year dollars	X	CPI for the base year CPI for the current year
------------------------------------	---	----------------------------	---	--

Consumer Price Indexes (1982-84=100)

Academic Year			Calendar Year		
Year	CPI	Factor	Year	CPI	Factor
1988-89	121.2	1.3565	1988	118.3	1.3772
1989-90	127.0	1.2947	1989	124.0	1.3138
1990-91	133.9	1.2276	1990	130.7	1.2465
1991-92	138.2	1.1895	1991	136.2	1.1959
1992-93	142.5	1.1535	1992	140.3	1.1607
1993-94	146.2	1.1244	1993	144.5	1.1274
1994-95	150.4	1.0930	1994	148.2	1.0988
1995-96	154.5	1.0641	1995	152.4	1.0688
1996-97	158.9	1.0346	1996	156.9	1.0384
1997-98	161.7	1.0164	1997	160.5	1.0146
1998-99	164.4	1.0000	1998	162.9	1.0000

The table above provides academic and calendar year CPI data. The factor column provides the user with a multiplication factor equal to that of CPI (base year) divided by CPI (current year), as illustrated in the right-hand side of the above equation. A simple multiplication of a current year figure by the associated factor will yield a constant-dollar result.

SOURCES

Consumer Price Index:

The Consumer Price Index (CPI) for current and past years is from the Bureau of Labor Statistics, U.S. Department of Labor.

Tables 1, 2, 4, 5, 6, 7, 8, & 9:

Campus-Based Aid (FWS, Perkins, and SEOG) U.S. Department of Education, Office of Postsecondary Education; Policy, Budget, and Analysis Staff. *Federal Campus-Based Programs Databook 1999* and *Federal Campus-Based Programs Distribution of Awards Annual*.

Federal Family Education Loan and Ford Direct Loan Programs

Unpublished data from the U.S. Department of Education, Policy, Budget, and Analysis Staff.

Institutional and Other Aid

1996-97 to 1998-99: estimated by the College Board. 1987-88 to 1995-96: unpublished IPEDS data from the National Center for Education Statistics.

Military

F. Edward Hebert Armed Forces Health Profession Scholarship amounts were obtained from the Office of the Assistant Secretary for Defense (Health Affairs). ROTC program data were obtained separately from the Air Force, Army, and Navy program offices. The Education Policy Directorate of the Office of the Secretary of Defense provided Armed Forces tuition assistance amounts.

Other Grants and Loans

The data were collected through conversations and correspondence with the officials of the agencies that sponsor the programs.

Pell Grant Program

Unpublished Data from Policy, Budget, and Analysis Staff, U.S. Department of Education. Other data from *Pell Grant End of Year Reports*.

LEAP and State Grant Programs

1998-99: Preliminary figures reported by 20 states with largest grant appropriations. Figures for remaining 30 states, the District of Columbia, and Puerto Rico estimated by the College Board.

1988-89 to 1997-98: 20th through 29th Annual Survey Reports of the National Association of State Scholarship and Grant Programs.

Veterans Benefits

Benefits Program series (annual publication for each fiscal year), Office of Budget and Finance, U.S. Veterans Administration and unpublished data from the same agency.

Table 3:

Cost of Attendance Data

The College Board's *Annual Survey of Colleges*.

Income Data

Median Family and Household Income from the U.S. Department of Commerce, Economics and Statistics Administration, Bureau of Economic Analysis (www.census.gov/hhes/income/).

The Washington Office of the College Board

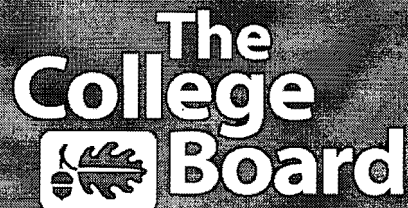
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WATSON SCOTT SWAIL
Associate Director for Policy Analysis

ALICIA DORSEY
Administrative Assistant

This report provides the most recent and complete statistics available on student aid in the 1980s and 1990s, complementing the publication by Gillespie and Carlson, *Trends in Student Aid: 1963 to 1983* (New York: The College Board, 1983) and replacing previously published updates. It revises figures presented earlier for the 1990s and provides estimates for academic year 1998-99.

The College Board is grateful to the many staff members in public and private agencies who contributed the basic data, as well as their insights and expertise.



The Washington Office of the College Board conducts research relevant to public policy issues in education. The office is located at 1233 20th Street, NW, Suite 600, Washington, DC 20036. Phone (202) 822-5900.

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Federal Student Aid Programs for Veterans

Programs Specifically Targeted Toward Veterans and Members of the Armed Services

- The US Army offers repayment assistance from its Loan Repayment Program. The program operates on a two-tier system of eligibility:
 - i. Individuals with four years of enlistment in a selective skill in the active army are eligible for up to \$65,000 in loan repayment;
 - ii. Individuals in the Army reserve are eligible for up to \$20,000 for loan repayment.
- The Montgomery GI Bill provides financial assistance to veterans, those still on active duty, and those in the army reserve as they continue their education at the postsecondary level.
- Veterans may receive hourly wages while attending school through Federal Work Study at the Department of Veteran Affairs.
- Many colleges and universities grant college credit for military training programs, thereby reducing the number of credits needed to graduate.
- Active members may take courses at colleges or career schools during off-duty hours.
- The Dependents Educational Assistance Program provides financial assistance to veterans to offset the costs of family education expenses.
- The Department of Veteran Affairs maintains a web-site to assist veterans in assessing the amount of aid they are eligible to receive. Veterans can submit payment inquiries to find information on the kinds of educational assistance they qualify for at <http://www.vaonline.va.gov>.

An Outline of Available General Federal Aid Programs

I. Who Qualifies?

A. Federal Aid programs are available to any individual who meets the following criteria:

- i. Has financial need;
- ii. Has a high school diploma, GED, or has passed an equivalent test approved by the Department of Education;
- iii. Is working toward a degree in an eligible program;
- iv. Is a US Citizen or Eligible non-citizen;
- v. Has a valid Social Security number;
- vi. Is registered with the selective service (can be done through the Free Application for Federal Student Aid—FAFSA);
- vii. Is making satisfactory academic progress.

II. Need-based Federal Grants and Loans

A. Federal-Based

- i. Pell Grants are reserved for high need students. The maximum grant is \$3,300. The program is distributed to high need students in participating schools as assessed by the income and asset information provided on the applicant's FAFSA form.

Federal Student Aid Programs for Veterans

B. Campus-Based

- i. Federal Supplementary Educational Opportunity Grants are a form of gift-aid distributed to students based on need. Participating schools are given the funds to be distributed to qualified students. Aid awards range from \$100 to \$4000.
- ii. Federal Work study offers funds to schools to subsidize the hourly wages of students with financial need participating in work study programs. Participating schools must direct some of these funds toward subsidizing community service oriented work.
- iii. Federal Perkins Loans are provided to students on the basis of financial aid. The program is funded by the federal government; however, the loans are distributed through schools' financial aid offices. These loans maintain a low interest rate of 5% and are available in amounts up to \$4000 per year.

III. Other Major Loans from the Federal Government and Other Lenders

- A. Subsidized Stafford Loans are available through the William D. Ford Direct Loan Program (Federal Government operated), or through participants in the Federal Family Education Loan Program (FFEL). Stafford eligibility is assessed through an applicant's FAFSA information. In addition, some financial aid offices require separated applications available on campus. Subsidized Stafford Loans may cover all or some of a student's remaining financial need. On these loans, the Federal government pays the interest while the student is in school, and for his/her first six months out of school.
- B. Unsubsidized Federal Stafford Loans may supplement subsidized Stafford loans, or provide extra funds to students who do not qualify for subsidized loans. As with the subsidized loans, students eligibility depends on their FAFSA information. Financial aid offices will inform potential borrowers of the amount they are eligible to request. Students may receive up to \$2625 during their first year, \$3,500 after one full year of postsecondary school; and \$5,500 after two full years. These maximum amounts may be increased substantially, reaching more than \$10,000 after two years, for independent undergraduate students or dependent students whose parents do not qualify for the PLUS loan program.
- C. PLUS Loans are also provided through the Direct Loan program or the FFEL program. These loans are available to parents to cover the educational expenses for at least half-time students. Applications are available through school financial aid offices. Applicants are subject to a credit check. To receive the aid, the applicant must not have a bad credit record (no credit is acceptable).

Federal Student Aid Programs for Veterans

IV. Tax Credit Programs

- A. The Hope Tax Credit provides up to a \$1500 tax credit for students starting an undergraduate program. The tax credit is available to families with one or more family members studying at an undergraduate institution. Joint filers must have an income between \$80,000 and \$100,000. Individual filers must have an income between \$40,000 and \$50,000.
- B. The Lifetime Learning Credit benefits adults wishing to return to undergraduate, professional, or vocational programs. The program provides a 20% tax credit for the first \$5000 spent by households on tuition and fees through 2002, and for the first \$10,000 thereafter.
- C. Section 127 of the Tax Code was extended for three years to aid employees attempting to further their schooling. The tax code allows households to exclude up to \$5,250 of employer provided educational benefits from their income taxes for undergraduate courses beginning prior to June 1, 2000.

V. Local, State, and Private sources of Aid

- A. Many other organizations and agencies offer financial assistance to students of all ages and backgrounds. Finding a program that fits a specific student's profile takes a small amount of independent research. However, the federal government provides an excellent starting point for inquiries into financial assistance programs. Two key resources are:

http://www.ed.gov/prog_info/SFA/LSA?

And

1-800-4FEDAID

Also, many state education agencies maintain their own student aid web-sites and resource guides.

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Caribbees country

Typical breakfast - two and
pina

Desert

Summary of Major Montgomery GI Bill Proposals

Possible Joint
- D.D. health
- MGIB
- food stamps

Proposal	Sponsor(s)	Estimated 5-Yr. PAYGO Cost*	Coverage of Education Costs at Avg. 4-year Public School in FY 2003*	Other Key Provisions	Status
CURRENT BENEFIT \$550 monthly in FY 2001 (No increase)	--	None (in baseline)	100% of tuition/fees \$135 excess monthly for room/board/other (22% of average room/board)	--	Current
MARCH HVAC (H.R. 4268?) Increase basic benefit from \$550 monthly to \$600 monthly in FY 2001 (9% increase), then to \$700 monthly in FY 2003 (11% increase)	HVAC 03/14/00 letter to Budget Committee Chairman Kasich from HVAC Chairman Stump <i>April Bill - Stump + Evans</i>	\$1.3 billion	100% of tuition/fees \$257 excess monthly for room/board/other (42% of average room/board)	Provide another conversion opportunity for veterans in Post- Vietnam era program (VEAP)	HVAC proposed for Budget Resolution; In new bill H.R. 4268? <i>not i- currently</i>
EXOP OPTION A~ Increase basic benefit from \$550 monthly to \$600 monthly in FY 2001 (9% increase), then by \$50 annually to \$800 monthly in FY 2005 (4% increase that year) <i>over 60 month go to \$925</i>	--	\$1.6 billion	100% of tuition/fees \$257 excess monthly for room/board/other (42% of average room/board; increasing to 46% in FY 2005) <i>from 22%</i>	Another VEAP conversion opportunity (see above)	--
EXOP OPTION B~ Increase basic benefit from \$550 monthly to \$650 monthly in FY 2001 (18% increase), then to \$750 monthly in FY 2003 (10% increase)	--	\$1.9 billion	100% of tuition/fees \$307 excess monthly for room/board/other (50% of average room/board)	Another VEAP conversion opportunity (see above)	--
EXOP OPTION C~ Increase basic benefit from \$550 monthly to \$750 monthly in FY 2001 (36% increase)	--	\$2.7 billion	100% of tuition/fees \$345 excess monthly for room/board/other (56% of average room/board)	Another VEAP conversion opportunity (see above)	--

Notes:

* The Administration has identified approximately \$1.2 billion in proposed offsets in the form of VA OBRA extenders.

* According to 38 U.S.C. 3014, MGIB is not intended to meet specific educational costs, but rather to "help meet, in part," expenses associated with higher education. Therefore, this estimate of coverage is intended only to provide a benchmark for evaluating proposals, not to imply that tuition and fees are actually "covered" first. Estimates are based on costs for 4-year public institutions, from NCES/Dept. of Ed. Data for 1997-98 (most recent available), adjusted for estimated education inflation (approximately 5% annually).

~ For comparability to the March HVAC proposal, cost estimates for these options include VEAP conversion. They do not include any program flexibility proposals (e.g., 80% lump-sum advance payments), whose costs would be additional (previous estimates are more than \$0.4 billion), because VA and DoD said that they would prefer an across-the-board benefit increase to any program flexibilities.

offsets - something in the range of \$1.2 billion

OMB's Preliminary Analysis and PAYGO Scoring for Sen. Rockefeller's Draft Bill: "Millennium GI Bill Act"

(as of 04/21/2000, not yet introduced)

Estimated Net PAYGO Costs by Fiscal Year
(dollars in thousands)

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	TOTAL for FY 2001-2005
Substantive Provisions						
Sections 3 and 5*	-	-	-	-	-	1,969,000
Increase FY 2001 benefit for 3-year enlistment from \$550 to \$700 monthly (27% increase)	-	-	-	-	-	-
Increase FY 2001 benefit for 2-year enlistment from \$447 to \$560 monthly (25% increase)	-	-	-	-	-	-
(5) Increase FY 2001 benefits for survivors and dependents from \$485 to \$550 monthly (13% increase)	-	-	-	-	-	-
Section 4* (Assumes 20% join Selected Reserve, which NSD/DoD must confirm.)	-	-	-	-	-	195,000
Higher benefit of up to \$1000 monthly for re-enlistment or entry into Selected Reserve after completion of initial service period of 3 years	-	-	-	-	-	-
Higher benefit of up to \$800 monthly for re-enlistment or entry into Selected Reserve after completion of initial service period of 2 years	-	-	-	-	-	-
Section 6^	390,522	-	-	-	-	391,000
Accelerated lump-sum benefit payments on request	-	-	-	-	-	-
Section 7 -- No Estimate Yet (VA analyzing.)	-	-	-	-	-	-
Use benefits to pay up to the full cost of "high-cost, short-duration vocational or technical training"	-	-	-	-	-	-
Section 8 -- No Estimate Yet; Appears Discretionary (NSD/DoD analyzing.)	-	-	-	-	-	-
Allow payment of up to \$600 "supplemental assistance" monthly to re-enlistees	-	-	-	-	-	-
Section 9 -- No Estimate Yet; Mandatory (VA analyzing.)	-	-	-	-	-	-
Repeal limitation on benefits for less-than-half-time education	-	-	-	-	-	-
Section 10	-	-	-	-	-	525,000
Tie benefit increases to inflation for average cost of tuition/fees at public colleges/univ. (instead of current CPI-W)	-	-	-	-	-	-
Section 11 -- No Estimate Yet; Mandatory (EIM/ED analyzing.)	-	-	-	-	-	-
Exclude MGIB benefits from consideration as income for Federal education loans/grants	-	-	-	-	-	-
Section 12--	32,135	30,743	28,145	26,547	39,028	157,000
Allow benefits to be used for professional licensing and certification tests	-	-	-	-	-	-
Section 13 -- Discretionary	-	-	-	-	-	-
Require VA and DoD to improve access to and information about MGIB; also require Secretaries to include updates on these efforts in their distinct reports on MGIB to the Congress, which are required at least once every two years	-	-	-	-	-	-
TOTAL PAYGO Costs under purview of VA committees	-	-	-	-	-	3,237,000
TOTAL PAYGO Costs under purview of Education committees	-	-	-	-	-	-

NOTE: Estimates may not add due to rounding.

* This estimate is based on a model that combines the basic (Chapter 30) and survivors' (Chapter 35) program participation rates and obligations with those from the program from Selected Reservists (Chapter 1606) for the purposes of projecting increased costs from benefit increases. Because it assumes the same percentage increase for all programs, which is not the case with this provision, this estimate is slightly high. However, the basic program participants are the majority of participants.

^ Based on VA's estimate of a similar provision in section 5 of H.R. 1071. Estimate was inflated because H.R. 1071 would have taken effect on 03/01/2000, whereas, this provision would take effect on 10/01/2000.

- This provision is substantively identical to a similar provision in H.R. 1071 (except that that bill would have taken effect in FY 2000). VA's estimate of that provision was inflated to obtain this estimate.

reallocated 2
microft training



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

Education Branch

Education, Income Maintenance, and Labor Division

Fax Cover

Date: 4/18/00Time: 11 amTo: JB/JulieFax Number: 6 5581From: ☐ Wayne Upshaw ☐ Lorenzo Rasetti☐ Mary Cassell ☐ David Rowe☒ Jennifer Kron ☐ Wei-min Wang☐ Leslie Mustain ☐ Peter Weber☐ Quirina Orozco ☐ OtherNumber of pages: Cover + 4

Notes

Here's what I have on hand on campus-based programs - nothing in current dollars.

Let me know if you need anything else.

395-7767

Education Branch Fax Number: 202-395-4875

Voice Confirmation: 202-395-5880

Campus-Based Programs - History of Funding and Awards
Part 1 of 4

FISCAL YEAR APPROPRIATIONS (dollars in thousands)	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968
Federal Supplemental Educational Opportunity Grant	-	-	-	-	-	-	-	-	58,000	112,000	140,600
Federal Work-Study	-	-	-	-	-	-	-	65,710	89,123	134,100	139,900
Federal Perkins Loan	-	-	-	-	-	-	-	-	-	-	-
Federal Capital Contributions	30,883	40,393	57,474	73,845	80,000	121,188	145,000	179,300	180,000	180,000	180,000
Teacher Cancellations	-	-	13	23	119	264	516 1/	778 1/	1,116 1/	1,716	1,716
Loans to Institutions	117	307	951	1,300	1,270	800	1,300	1,600	2,000	2,000	2,000
Total	\$31,000	\$40,700	\$58,438	\$75,168	\$81,389	\$122,332	\$202,526	\$338,801	\$439,216	\$474,216	

AWARD YEAR IMPACT DATA (dollars in millions)	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
Federal Supplemental Educational Opportunity Grant	-	-	-	-	-	-	-	-	48.8	83.0
Federal Work-Study	-	-	-	-	-	-	33.4	104.6	127.5	143.6
Federal Perkins Loan	9.6	50.2	71.0	89.1	113.7	119.5	188.6	214.3	221.8	223.7
Total	\$9.5	\$50.2	\$71.0	\$89.1	\$113.7	\$119.5	\$200.0	\$318.8	\$395.9	\$450.2

NUMBER OF AWARDS	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
Federal Supplemental Educational Opportunity Grant	-	-	-	-	-	-	-	-	123,185	202,055
Federal Work-Study	-	-	-	-	-	-	115,000	275,000	300,000	362,436
Federal Perkins Loan	24,831	115,450	151,068	186,465	216,930	248,840	319,874	377,722	386,000	429,000
Total	24,831	115,450	151,068	186,465	216,930	248,840	434,874	652,722	618,185	683,491

AVERAGE AWARD	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
Federal Supplemental Educational Opportunity Grant	-	-	-	-	-	-	-	-	\$380	\$411
Federal Work-Study	-	-	-	-	-	-	280	380	425	407
Federal Perkins Loan	383	435	470	478	524	484	521	567	581	521

1/ Transfer funds

Campus-Based Programs - History of Funding and Awards
Part 2 of 4

FISCAL YEAR APPROPRIATIONS (dollars in thousands)	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978
Federal Supplemental Educational Opportunity Grant	124,600	164,600	167,700	220,300	210,300	210,300	240,300	240,093	250,093	270,000
Federal Work-Study	139,900	152,460	158,400	426,600	270,200	270,200	420,000	390,000	380,000	435,000
Federal Perkins Loan										
Federal Capital Contributions	190,000	188,785	238,500	309,608	286,000	286,000	321,000	321,000	310,500	310,500
Teacher Cancellations	1,400	4,600	4,500	5,000	5,000	10,000	6,440	8,960	11,820	15,160
Loans to Institutions	2,000	1,775	2,000	2,000	1,870	2,000	2,000	2,000	800	-
Total	\$457,900	\$512,520	\$569,100	\$963,500	\$773,470	\$778,500	\$989,740	\$962,053	\$963,313	\$1,030,660
AWARD YEAR IMPACT DATA	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
AID AVAILABLE TO STUDENTS (dollars in millions)										
Federal Supplemental Educational Opportunity Grant	113.3	133.6	153.2	173.5	189.0	200.0	201.0	243.8	243.5	287.9
Federal Work-Study	173.5	200.3	21	318.7	289.0	285.0	285.0	438.1	469.1	498.5
Federal Perkins Loan	240.8	240.5	312.0	397.7	433.0	448.0	480.0	658.5	614.9	640.4
Total	\$527.6	\$574.4	\$465.2	\$889.9	\$918.0	\$936.0	\$968.0	\$1,238.4	\$1,327.5	\$1,398.8
NUMBER OF AWARDS										
Federal Supplemental Educational Opportunity Grant	258,175	253,421	297,335	320,369	331,000	395,000	390,000	449,231	498,034	510,448
Federal Work-Study	385,000	425,000	21	600,000	556,000	570,000	570,000	898,681	845,275	852,475
Federal Perkins Loan	455,998	452,144	547,307	645,696	655,000	680,000	690,000	784,591	786,134	808,818
Total	1,099,173	1,130,565	844,642	1,566,065	1,542,000	1,645,000	1,650,000	1,910,483	2,138,443	2,171,639
AVERAGE AWARD										
Federal Supplemental Educational Opportunity Grant	\$439	\$527	\$515	\$542	\$671	\$506	\$515	\$543	\$488	\$525
Federal Work-Study	451	471	21	531	532	518	518	628	555	573
Federal Perkins Loan	528	532	570	616	601	647	667	732	773	792

2/ 1971 and 1972 merged

Campus-Based Programs - History of Funding and Awards
Part 3 of 4

FISCAL YEAR APPROPRIATIONS (dollars in thousands)	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
Federal Supplemental Educational Opportunity Grant	340,100	370,000	370,000	355,400	356,400	375,000	412,500	394,782	412,500	408,415
Federal Work-Study	550,000	550,000	550,000	528,000	580,000	555,000	592,500	567,023	592,500	588,249
Federal Perkins Loan										
Federal Capital Contributions	310,500	286,000	186,000	178,560	178,660	181,060	192,482	181,830	168,000	185,736
Teacher Cancellations	18,400	14,800	14,800	14,800	14,800	19,800	25,000	26,788	22,000	24,892
Loans to Institutions	-	-	-	-	-	-	-	-	-	-
Total	\$1,219,000	\$1,220,800	\$1,120,800	\$1,076,760	\$1,138,760	\$1,110,860	\$1,222,482	\$1,170,411	\$1,215,000	\$1,207,292
AWARD YEAR IMPACT DATA	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
AID AVAILABLE TO STUDENTS (dollars in millions)										
Federal Supplemental Educational Opportunity Grant	336.2	367.8	381.8	342.7	361.0	373.8	410.1	399.5	418.8	422.5
Federal Work-Study	601.5	660.2	624.0	614.9	683.5	645.1	656.0	629.2	635.1	625.4
Federal Perkins Loan	650.8	693.5	580.2	586.8	682.0	677.2	703.0	783.5	805.2	873.7
Total	\$1,588.5	\$1,721.5	\$1,565.8	\$1,554.4	\$1,726.5	\$1,695.9	\$1,769.1	\$1,792.2	\$1,859.1	\$1,921.6
NUMBER OF AWARDS										
Federal Supplemental Educational Opportunity Grant	606,024	716,522	658,893	640,850	648,582	652,014	685,881	831,228	835,328	878,847
Federal Work-Study	825,660	819,093	738,346	720,087	771,788	735,458	728,398	889,812	885,505	672,892
Federal Perkins Loan	958,283	813,372	684,067	674,801	718,588	697,178	700,825	715,779	673,549	892,064
Total	2,489,967	2,348,987	2,082,306	2,035,648	2,138,958	2,084,646	2,115,284	2,036,817	1,994,380	2,043,803
AVERAGE AWARD										
Federal Supplemental Educational Opportunity Grant	\$555	\$513	\$549	\$535	\$557	\$573	\$598	\$633	\$659	\$621
Federal Work-Study	650	808	844	854	886	877	901	912	926	931
Federal Perkins Loan	879	853	848	884	949	971	1,003	1,067	1,185	1,262

Campus-Based Programs - History of Funding and Awards
Part 4 of 4

FISCAL YEAR APPROPRIATIONS
(dollars in thousands)

	1989	1990	1991	1992	1993	1994	1995	1996
Federal Supplemental Educational Opportunity Grant	437,972	458,650	520,156	577,000	583,000	583,000	583,000	583,000
Federal Work-Study	810,097	601,785	584,689	615,000	617,000	617,000	617,000	617,000
Federal Perkins Loan								
Federal Capital Contributions	183,507	136,129	156,144	156,000	166,000	158,000	158,000	83,300
Teacher Cancellations	22,000	13,180	0	0	15,000	15,000	18,000	20,000
Loans to Institutions								
Total	\$1,253,576	\$1,209,724	\$1,270,988	\$1,348,000	\$1,381,000	\$1,373,000	\$1,376,000	\$1,313,300

AWARD YEAR IMPACT DATA

AID AVAILABLE TO STUDENTS
(dollars in millions)

	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
Federal Supplemental Educational Opportunity Grant	486.1	503.1	588.0	651.0	752.6	755.0	784.0	782.0
Federal Work-Study	663.5	727.8	759.9	780.0	771.0	767.0	783.7	776.1
Federal Perkins Loan	802.5	870.4	887.9	891.6	818.6	870.9	1,029.0	1,021.7
Total	\$2,032.1	\$2,101.4	\$2,213.8	\$2,322.6	\$2,442.2	\$2,482.9	\$2,656.7	\$2,559.8

NUMBER OF AWARDS

Federal Supplemental Educational Opportunity Grant	727,566	761,236	771,344	976,365	1,068,102	1,056,580	1,082,851	1,161,424
Federal Work-Study	676,650	887,436	697,304	714,440	711,806	700,805	702,365	891,115
Federal Perkins Loan	695,609	660,219	654,214	668,771	684,730	883,347	687,697	874,169
Total	2,100,125	2,108,880	2,122,862	2,359,596	2,464,738	2,420,712	2,472,813	2,558,708

AVERAGE AWARD

Federal Supplemental Educational Opportunity Grant	\$641	\$681	\$665	\$687	\$705	\$715	\$706	\$640
Federal Work-Study	980	1,059	1,090	1,092	1,084	1,081	1,087	1,123
Federal Perkins Loan	1,297	1,318	1,326	1,333	1,342	1,464	1,497	1,518



Student Guide 2000-01 Finding Out About Student Aid

Student Guide Topic

The Student Guide tells you about federal student financial assistance (SFA) programs and how to apply for them. Approximately two-thirds of all student financial aid comes from federal programs administered by the U. S. Department of Education. After reviewing this publication, if you still have questions about these programs, call **1-800-4-FED-AID (1-800-433-3243)**.

Education or training after high school costs more than ever. But postsecondary education is more important than ever, so you need to learn about as many sources of aid as you can. Sources you can use to find out about federal and other student aid are described below:

- The financial aid administrator at each school in which you're interested can tell you what aid programs are available there and how much the total cost of attendance will be.
- Two federal income tax credits—dollar-for-dollar reductions in tax liability—are available for higher education expenses. The Hope Credit, a tax credit worth up to \$1,500 per student, is available to first- and second-year students enrolled at least half time. The Lifetime Learning Credit is a tax credit equal to 20 percent of a family's tuition expenses, up to \$5,000, for virtually any postsecondary education and training, including subsequent undergraduate years, graduate and professional schools, and even less-than-half-time study. For more information on the Hope Credit, the Lifetime Learning Credit, and other tax benefits for postsecondary students, see the Internal Revenue Service's Publication 970. You can get a copy of Publication 970 by calling **1-800-829-3676**. You can also view or download the publication from the Internet at **www.irs.ustreas.gov/prod/forms_pubs/**

- The state higher education agency in your home state can give you information about state aid—including aid from the Leveraging Educational Assistance Partnership (LEAP) Program, which is funded jointly by individual states and the U.S. Department of Education.
- The agency responsible in your state for public elementary and secondary schools can give you information on the Robert C. Byrd Honors Scholarship Program (Byrd Program). To qualify for aid under the Byrd Program, you must demonstrate outstanding academic achievement and show promise of continued academic excellence. You can find a list of telephone numbers for state agencies on the inside back cover of this publication.
- The AmeriCorps program provides full-time educational awards in return for work in community service. You can work before, during, or after your postsecondary education, and you can use the funds either to pay current educational expenses or to repay federal student loans. For more information on this program, call **1-800-942-2677**. Information is also available through the Internet at

www.americorps.org

- The federal government's Access America for Students web site provides access to a multitude of government resources to assist students in planning and paying for their education. Access America for Students is a federal initiative designed to make interacting with the government easier for students. In addition to providing financial aid information, students can use the web site to file their taxes, search for a job, and take advantage of a host of other government services. The Internet address is **students.gov**
- Your public library is an excellent source of information on state and private sources of aid.
- Many companies, as well as labor unions, have programs to help pay the cost of postsecondary education for employees, members, or their children.
- Check foundations, religious organizations, fraternities or sororities, and town or city clubs. Include community organizations and civic groups.
- Don't overlook aid from organizations connected with your field of interest.
- The U.S. Armed Forces also offer financial aid opportunities. For example, all branches of the Armed Forces offer the Reserve Officer Training Corps (ROTC) program, which is a federal merit-based scholarship program that will pay for your tuition, fees, and books, and provide you with a monthly allowance.
- If you (or your spouse) are a veteran or the dependent of a veteran, veterans' educational benefits may be available. Check with your local Department of Veterans Affairs office. Information is also available at **www.qibill.va.gov**

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[Introduction](#)    [General Information](#)

Biennial Evaluation Report - FY 93-94

Chapter 512

Veterans' Education Outreach Program

(CFDA No. 84.064)

I. Program Profile

Legislation: Title IV, Section 420A of the Higher Education Act (HEA), of 1965, as amended (20 U.S.C. 1070e-1) (expired September 30, 1992). The program was not reauthorized and therefore, FY 1992 was the final award year.

Purpose: To encourage colleges and universities to serve the special educational needs of veterans, especially service-connected disabled veterans, other disabled or handicapped veterans, incarcerated veterans, and educationally disadvantaged veterans.

Funding History

Fiscal Year	Appropriation	Fiscal Year	Appropriation
1973	\$25,000,000	1986	\$2,871,000
1975	31,250,000	1987	3,000,000
1980	14,380,000	1988	2,872,000
1981	6,019,000	1989	2,838,000
1982	4,800,000	1990	2,801,000
1983	3,000,000	1991	2,733,000
1984	3,000,000	1992	2,700,000
1985	3,000,000	1993	0

II. Program Information and Analysis

Population Targeting

The Veterans' Education Outreach program (VEOP) was created in FY 1986 as a replacement for the former Veterans' Cost of Instruction program (VCIP), which was authorized in FY 1972. In FY 1976, there were approximately 910,000 veterans enrolled in postsecondary education and receiving VCIP services. Due to the decline in the number of Vietnam veterans, by FY 1992, there were 169,081 veterans receiving VEOP services. The number of veterans receiving VEOP services in FY 1992 increased nearly 20 percent over FY 1991 when only 141,000 veterans received VEOP services.

Services

In FY 1992, there were 513 institutional grants and the average award was \$5,255. The average award in FY 1992 decreased by 2.5 percent from FY 1991.

Table 1**Number of Institutional Grants by Size, Fiscal Years 1987-1992**

Fiscal Year	1987	1988	1989	1990	1991	1992
Average Grant	\$5,464	\$5,555	\$5,479	\$5,624	\$5,392	\$5,255
\$5,000 or less	353	334	342	318	327	327
\$5,001-\$10,000	125	108	114	107	107	124
\$10,001-\$40,000	57	64	58	71	67	61
\$40,001+	14	11	4	2	3	1
Total	549	517	518	498	504	513

Institutions that received VEOP funds must have maintained an Office of Veterans' Affairs and provided outreach and recruitment programs, counseling and tutorial services, and special education programs for veterans, with special emphasis on services for physically disabled, incarcerated, and educationally disadvantaged veterans.

Program Administration

The Veterans' Education Outreach program provided formula grants to institutions of higher education (IHEs) based on the number of enrolled veterans receiving veterans' educational benefits or vocational rehabilitation services. Eligible institutions must have enrolled at least 100 veterans with honorable discharges or have had prior participation in the VCIP for a continuous period of three of the five most recent fiscal years ending on or before September 30, 1985. Additional payments were made for enrolled veterans who are educationally disadvantaged or disabled.

The payment was determined by formula: \$300 per full-time equivalent undergraduate eligible veteran; \$150 per educationally disadvantaged or disabled veteran; and \$100 per full-time equivalent veteran with an honorable discharge who did not receive veteran's educational benefits. These payments were rateably reduced if the amount appropriated was not sufficient to pay the amounts to which all institutions were entitled. Legislation limited an IHE's total award to \$75,000.

III. Sources of Information

1. Program files.

IV. Planned Studies

None.

V. Contacts for Further Information

Program Operations:

Ronald D. Amon, (202) 708-7861

Program Studies:

Jim Maxwell, (202) 401-0182

-###-

[Student Support Services]  [Fund for the Improvement of Postsecondary Education]

Achieving the Goals--Goal 5- First in the World in Math and Science Technology Resources - November 1996

U.S. Department of Veterans Affairs

Educational Assistance Programs

The Department of Veterans Affairs administers a variety of educational assistance programs for veterans, servicepersons, eligible dependents and members of the Selected Reserve. The best known program is the Montgomery GI Bill, of which there are two distinct versions. The first is the Montgomery GI Bill-Active Duty, which provides benefits for those who have been discharged from service (veterans) and those who are still on active duty (servicepersons). The other version is the Montgomery GI Bill-Selected Reserve, which provides similar benefits to active and non-active reserve personnel. Another significant program, although much smaller in terms of overall participants, is the Dependents' Educational Assistance program. This program provides education benefits for spouses, surviving spouses and children.

Eligible individuals may pursue a wide variety of training opportunities, including undergraduate and graduate degree programs at colleges and universities. Other types of training such as cooperative training, correspondence courses, vocational-technical training and apprenticeship/on-job training are also available.

Another important benefit available to veterans pursuing training at the three-quarter or full-time rate is the work-study program. This program allows veterans to perform work for the Department of Veterans Affairs in return for an hourly wage. Payments are at the federal minimum wage or the veteran's state minimum wage, whichever is greater.

All of these programs may involve utilization, instruction, and training in education technology.

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VAONLINE Education Payment Inquiry Pilot

VAONLINE is an electronic information system. Veterans, school officials and veterans service organizations in New York State, Ohio, Pennsylvania, Oklahoma and Texas, through the use of personal computers, can enter education payment inquiries and send them directly to the Buffalo Regional Processing Office. Thirteen more states are scheduled to have access to this service in September of November 1996. Access is by PC and Modem at 1-800-871-8387 or Internet at vaonline.va.gov.

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-###-

[U.S. Department of Transportation]
(NASA)]



National Aeronautics and Space Administration

Federal Pell Grant Program

Pell Grant Maximum Awards in Current and Constant Dollars and Average Tuition and Fees

if possible

funding:

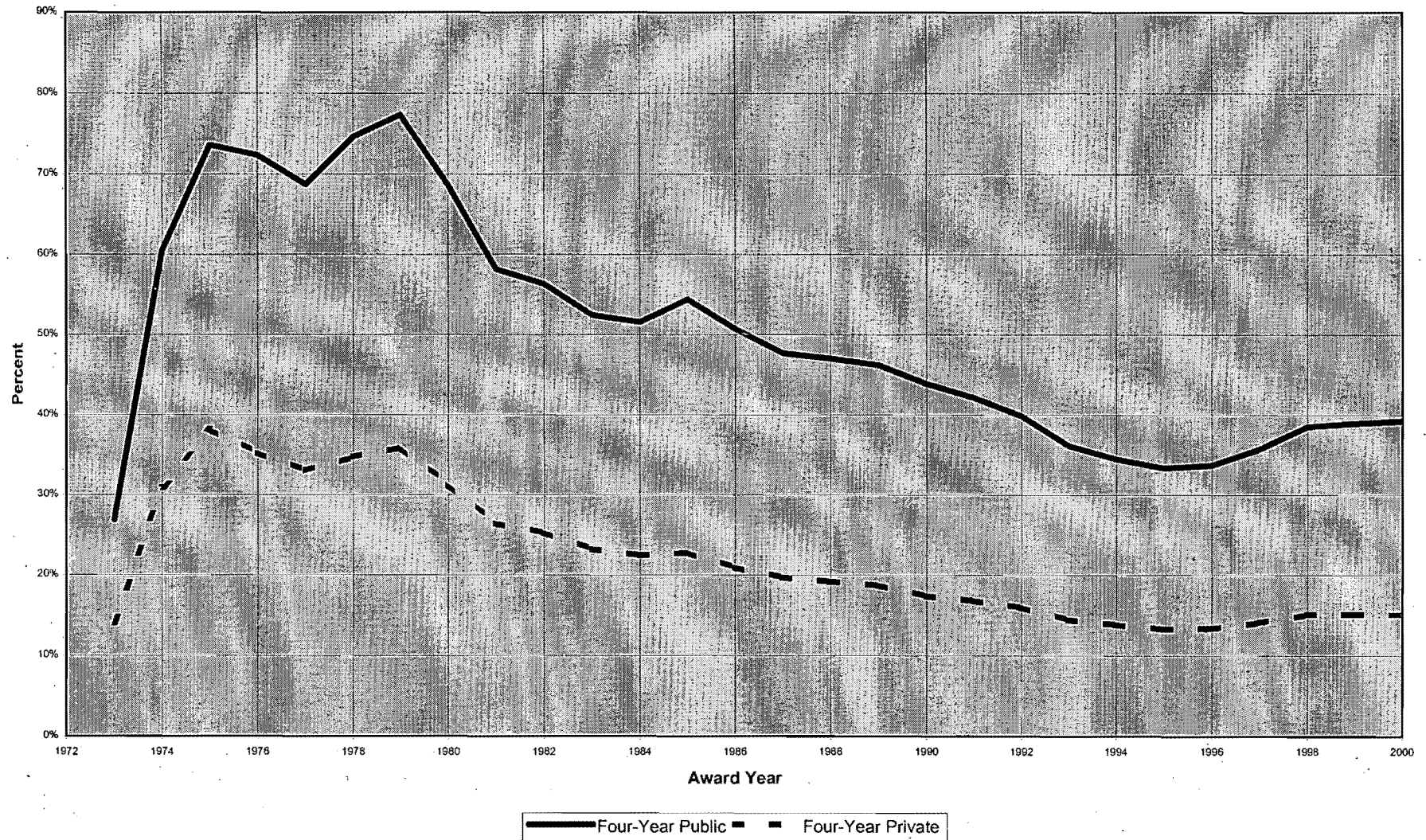
Award Year	Maximum Award		August CPI-U	Constant \$ Increase	Average One-year Tuition (Current \$)			Pell Maximum as a Percentage of Tuition		
	Current \$	Constant (\$8) \$			Four-Year Public	Four-Year Private	Two-Year Public	Four-Year Public	Four-Year Private	Two-Year Public
1973 - 74	\$452	\$1,638	45.1		\$513	\$2,043	\$274	88%	22%	165%
1974 - 75	\$1,050	\$3,431	50.0	\$1,794	\$512	\$2,127	\$277	205%	49%	379%
1975 - 76	\$1,400	\$4,213	54.3	\$781	\$542	\$2,292	\$245	258%	61%	671%
1976 - 77	\$1,400	\$3,985	57.4	-\$228	\$617	\$2,534	\$283	227%	55%	495%
1977 - 78	\$1,400	\$3,738	61.2	-\$247	\$655	\$2,700	\$306	214%	52%	458%
1978 - 79	\$1,600	\$3,861	66.0	\$223	\$688	\$2,868	\$327	233%	54%	489%
1979 - 80	\$1,800	\$3,985	73.8	\$24	\$738	\$3,225	\$355	244%	60%	507%
1980 - 81	\$1,750	\$3,433	83.3	-\$553	\$804	\$3,617	\$381	218%	48%	448%
1981 - 82	\$1,870	\$2,958	92.3	-\$478	\$809	\$4,113	\$434	184%	41%	385%
1982 - 83	\$1,800	\$3,010	97.7	\$54	\$1,031	\$4,639	\$473	175%	39%	381%
1983 - 84	\$1,800	\$2,935	100.2	-\$75	\$1,148	\$5,093	\$528	157%	35%	341%
1984 - 85	\$1,800	\$2,971	104.5	\$38	\$1,228	\$5,558	\$584	155%	34%	325%
1985 - 86	\$2,100	\$3,177	108.0	\$208	\$1,318	\$6,121	\$641	158%	34%	328%
1986 - 87	\$2,100	\$3,128	109.7	-\$49	\$1,414	\$6,658	\$660	149%	32%	318%
1987 - 88	\$2,100	\$2,989	114.4	-\$129	\$1,537	\$7,118	\$706	137%	30%	297%
1988 - 89	\$2,200	\$3,021	119.0	\$21	\$1,648	\$7,722	\$730	134%	28%	301%
1989 - 90	\$2,300	\$3,016	124.6	-\$5	\$1,780	\$8,398	\$758	129%	27%	304%
1990 - 91	\$2,300	\$2,858	131.8	-\$160	\$1,888	\$9,083	\$824	122%	25%	279%
1991 - 92	\$2,400	\$2,871	136.8	\$15	\$2,119	\$9,775	\$837	113%	25%	256%
1992 - 93	\$2,400	\$2,783	140.9	-\$88	\$2,349	\$10,294	\$1,025	102%	23%	234%
1993 - 94	\$2,300	\$2,595	144.8	-\$188	\$2,537	\$10,952	\$1,125	91%	21%	204%
1994 - 95	\$2,300	\$2,522	149.0	-\$73	\$2,681	\$11,481	\$1,182	86%	20%	193%
1995 - 96	\$2,340	\$2,501	152.9	-\$22	\$2,848	\$12,243	\$1,239	82%	19%	185%
1996 - 97	\$2,470	\$2,568	157.3	\$65	\$2,866	\$12,920	\$1,283	83%	19%	193%
1997 - 98	\$2,700	\$2,744	160.8	\$178	\$3,123	\$13,708	\$1,372	86%	20%	197%
1998 - 99	\$3,000	\$3,090	163.4	\$256	\$3,255	\$14,425	\$1,430	82%	21%	210%
1999 - 00	\$3,125	\$3,059	168.9	\$59	\$3,303	\$15,182	\$1,490	82%	21%	210%
2000 - 01	\$3,400	\$3,257	170.6	\$197	\$3,537	\$15,078	\$1,552	88%	21%	210%

Notes: 1973-74 to 1996-97 tuition data are from NCES 1997 Digest of Education Statistics. 1997-98 and 1998-99 tuition data were estimated using The College Board's reported inflation rates for the respective school years. 1999-00 and 2000-01 tuition data were projected using The College Board's inflation rates for 1998-99 compared to 1997-98.

Maximum award for 2000-01 is the level recommended in the Education Department's FY 2000 Budget Submission to OMB.

CPI-U reflects FY99 Midseason Economic Assumptions

Pell Grant Maximum as a Percentage of Cost of Attendance
(Tuition, Fees, Room and Board)

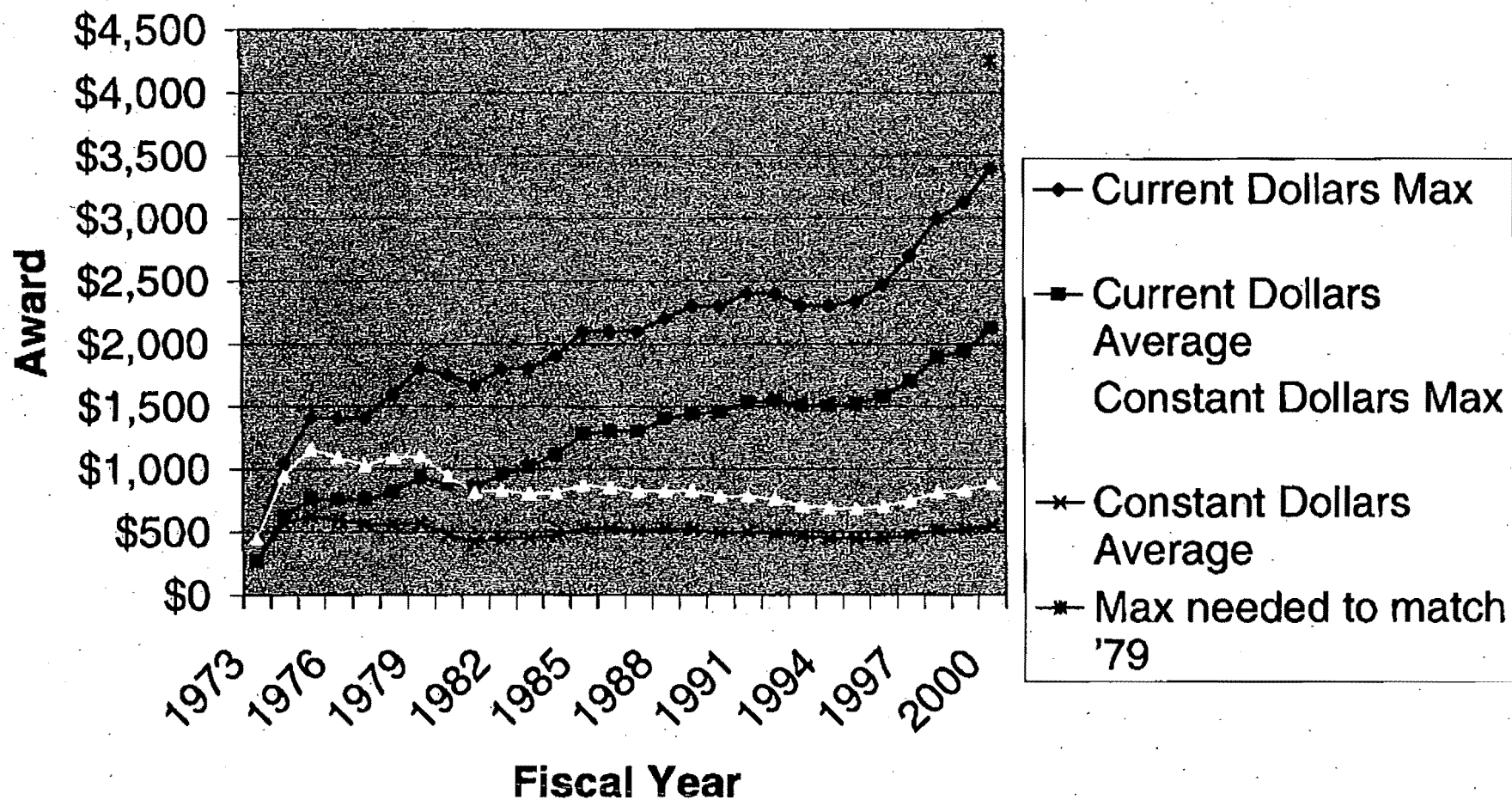


Attachment 1

Pell Grant Program
Maximum Award in Current and Constant (1996) Dollars

<u>Fiscal Year</u>	<u>Enacted Maximum Award</u> <u>Current \$</u>	<u>Constant \$</u>	<u>Authorized Maximum Award</u>
1973	\$452	\$1,595	\$1,400
1974	\$1,050 ₊₃₅₀	\$3,336	\$1,400
1975	\$1,400 ₀	\$4,076	\$1,400
1976	\$1,400 ₀	\$3,854	\$1,400
1977	\$1,400 ₊₂₀₀	\$3,619	\$1,800
1978	\$1,600 ₊₂₀₀	\$3,844	\$1,800
1979	\$1,800 ₅₀	\$3,884	\$1,800
1980	\$1,750 ₈₀	\$3,327	\$1,800
1981	\$1,670 ₊₁₃₀	\$2,878	\$1,900
1982	\$1,800 ₀	\$2,922	\$2,100
1983	\$1,800 ₊₁₀₀	\$2,831	\$2,300
1984	\$1,900 ₊₂₀₀	\$2,865	\$2,500
1985	\$2,100 ₀	\$3,057	\$2,600
1986	\$2,100 ₊₀	\$3,002	\$2,600
1987	\$2,100 ₊₁₀₀	\$2,896	\$2,300
1988	\$2,200 ₊₁₀₀	\$2,913	\$2,500
1989	\$2,300 ₀	\$2,906	\$2,700
1990	\$2,300 ₊₁₀₀	\$2,757	\$2,900
1991	\$2,400 ₀	\$2,760	\$3,100
1992	\$2,400 ₊₁₀₀	\$2,680	\$3,100
1993	\$2,300 ₊₀	\$2,493	\$3,700
1994	\$2,300 ₊₄₀	\$2,431	\$3,900
1995	\$2,340 ₊₁₃₀	\$2,405	\$4,100
1996	\$2,470 ₊₁₃₀	\$2,470	\$4,300
1997	\$2,700 ₊₂₃₀	\$2,622	\$4,500
1998	3,000		
1999	3,125		

Pell Grants Maximum & Average Award Current & Constant Dollars



Pell Grant Maximum Award as a Percentage of Cost of Attendance

		Avg One-Year Tuition, Fees, Room & Board	
Award Year	Max Award	Four-Year Public	Four-Year Private
1973 - 74	\$452	\$1,683	\$3,218
1974 - 75	\$1,050	\$1,736	\$3,398
1975 - 76	\$1,400	\$1,901	\$3,669
1976 - 77	\$1,400	\$1,935	\$3,977
1977 - 78	\$1,400	\$2,038	\$4,240
1978 - 79	\$1,600	\$2,145	\$4,609
1979 - 80	\$1,800	\$2,327	\$5,013
1980 - 81	\$1,750	\$2,550	\$5,594
1981 - 82	\$1,670	\$2,871	\$6,330
1982 - 83	\$1,800	\$3,196	\$7,126
1983 - 84	\$1,800	\$3,433	\$7,759
1984 - 85	\$1,900	\$3,682	\$8,451
1985 - 86	\$2,100	\$3,859	\$9,228
1986 - 87	\$2,100	\$4,138	\$10,039
1987 - 88	\$2,100	\$4,403	\$10,659
1988 - 89	\$2,200	\$4,678	\$11,474
1989 - 90	\$2,300	\$4,975	\$12,284
1990 - 91	\$2,300	\$5,243	\$13,237
1991 - 92	\$2,400	\$5,695	\$14,273
1992 - 93	\$2,400	\$6,020	\$15,009
1993 - 94	\$2,300	\$6,365	\$15,904
1994 - 95	\$2,300	\$6,670	\$16,602
1995 - 96	\$2,340	\$7,014	\$17,612
1996 - 97	\$2,470	\$7,334	\$18,442
1997 - 98	\$2,700	\$7,628	\$19,143
1998 - 99	\$3,000	\$7,933	\$20,100
1999 - 0	\$3,125	\$8,203	\$21,025
2000 - 1	\$3,300	\$8,482	\$21,992

Notes: 1973-74 to 1997-98 tuition, fees, room, and board data are from NCES 1998 D
1998-99 and 1999-00 tuition, fees, room and board data were estimated using
inflation rates for the respective school years. 1999-00 and 2000-01 tuition, fe

projected using The College Board's inflation rates for 1999-00 compared to 19

**Pell Max Award
As Percentage of COA**

**Four-Year
Public**

**Four-Year
Private**

27%	14%
60%	31%
74%	38%
72%	35%
69%	33%
75%	35%
77%	36%
69%	31%
58%	26%
56%	25%
52%	23%
52%	22%
54%	23%
51%	21%
48%	20%
47%	19%
46%	19%
44%	17%
42%	17%
40%	16%
36%	14%
34%	14%
33%	13%
34%	13%
35%	14%
38%	15%
38%	15%
39%	15%

Digest of Education Statistics.
The College Board's reported
ees, room, and board data were



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503
Education Branch

Education, Income Maintenance, and Labor Division

Fax Cover

Date: 4/14/00

Time: 11:50

To: JB

Fax Number: 65581

From: Wayne Upshaw Lorenzo Rasetti

Mary Cassell David Rowe

Jennifer Kron Wei-min Wang

Leslie Mustain Peter Weber

Quirina Orozco Other

Number of pages: Cover + 3

Notes

This is what I've got on hand -
let me know this afternoon
what ~~do~~ you need.

Toni S. Hustead 04/05/2000 04:52:24 PM

Record Type: Record

To: John B. Buxton/OPD/EOP@EOP

cc:

Subject: Summary of DPC 3/27/00 Vet Education Meeting

Several of the answers to the VA education questions are summarized here (after meeting conversation included).

----- Forwarded by Toni S. Hustead/OMB/EOP on 04/05/2000 04:54 PM -----

Toni S. Hustead 03/28/2000 12:04:13 PM

Record Type: Record

To: Jeanne Lambrew/OPD/EOP@EOP, Jennifer Ferguson/OMB/EOP@EOP, Molly O'Malley/OMB/EOP@EOP

cc: See the distribution list at the bottom of this message

Subject: Summary of DPC 3/27/00 Vet Education Meeting

The meeting opened with Eric Liu thanking them for coming and for answering the two questions on the HVAC proposed option to the House Budget Committee. Jeanne Lambrew clarified that our current position is that our budget is on the Hill and we are not walking away from it. We can only support legislation outside this budget if new offsets are identified. (This may change 4 months down the road, but right now this is the clear policy). Since no proposal was in the President's Budget for enhanced veterans benefits, our goal is to determine what we could support if offsets are identified. The HVAC proposal, which is considered acceptable as a beginning for both VA and DoD, could be covered with OBRA extenders in the current budget plus one not included. However, the Administration would have to decide whether to approve the use these OBRA extenders since they are offsetting other spending in the budget (*Note: it is likely that this would happen since the extenders would not be passed by the VA Committee to cover non-VA items*).

The meeting next went through the questions that were sent to the Departments and not yet received (as discussed below) and closed with an agreement to continue dialogue in the Administration and an update to Congressional staff by OMB. After the meeting Eric asked me to ensure that follow-up questions to the agencies include a request to DoD to send to OMB the Lewin model retention analysis of the 82% increase in GI Bill benefits. Both agencies are expecting follow-up questions (per my conversation with Joe Thompson and Admiral Tracey after meeting). We will work with NSD to create follow-up questions and forward to you in the next day or two.

Questions and Answers Discussed in Meeting

(last couple sent after meeting)

Q: If there were an across-the-board percentage increase in basic MGIB benefits (like the 20 percent increase in 1998), what is the maximum level that DoD could support given adverse effects on retention and readiness?

DoD responded that \$1,000 a month (82% increase in benefits) is the limit that they could support before adverse affects on retention would be experienced. In response to questions concerning the

fact that this does not align with the Lewin model results we have seen earlier, they stated that it reflects the Lewin model. In response to whether they would need to supplement such a decision with more retention bonuses and pay etc. they responded no. In response to whether they would be willing to pay for some of this since it is a major recruiting tool, they responded no.

Q: What would more closely achieve your department's goals: increasing the flexibility of current benefits or increasing the dollar amount of basic benefits?

Both VA and DoD responded that an across-the-board increase is more important should they have to pick one over another since it affects all veterans, not a select few.

Q: The following are some key benefit flexibility options being considered by Congress. Which are most / least important to your department? Is any individual option more important than a basic benefit increase? Please provide cost estimates for each option (as many as possible):

- Portability (i.e., allowing benefits to be used by children and spouses)
- Allowing for lump-sum payments
- Use of benefit for vocational certification, occupational licensing
- Other (describe)

Portability: DoD has problems with this as it would set a precedent of expanding benefits to families. If it is to be considered, they would prefer it to be only to longer-service veterans. VA supports it, but defers to DoD as they felt its perspective is more important (*Note: this runs counter to the mission of this readjustment benefit - a subject being stressed under GPRA scrutiny*).

Lump-sum: Both VA and DoD rank this as their first choice of the three enhancements. They felt that you get the most bang for the buck here and it helps solve the technical school tuition issues. Discussion took place as to whether current monthly assistance goes to the school or the veteran (it goes to the veteran who has to certify monthly that he/she is in a qualified program - and if not, the benefit terminates temporarily). This is a big issue in lump sum payments because you have to worry about the veteran actually taking the full course or spending the funds on other things. VA stated that it had always opposed paying funds to schools. There was consensus that ensuring that funds went to pay for courses and not placing the government automatically in a collection mode was important -- especially since veteran debt is normally subject to very lenient collection, subsidy and write-off philosophies. We asked VA to summarize its proposal on this matter and the associated cost estimate.

Voc certification and occupational licensing: Was considered second of the three and a partner of lump sums.

Q: Would you support a legislative proposal that would allow DoD to grant some multiple of the "kicker" benefits to all MGIB participants who have completed a specific longevity requirement and agree to stay for another period of service? Please describe what you would support and estimate the costs (discretionary and mandatory) over five years.

DoD feels that they currently have the authority to offer kickers to military members already on active duty (as opposed to recruiting tools used to entice members to sign up). It was unclear if they currently use the benefit this way. They did not know if they have the ability to offer it twice (at recruitment then later). Not interested in using this tool. (*Note: DoD pays for the kicker while VA pays for the basic benefit. Hence DoD's desire to increase monthly basic benefits by \$450 to a level of \$1,000 -- as they supported in the first answer above -- would be paid by VA. Using the \$450 a month "kicker" to do the same thing would be funded by DoD - and is not supported in this answer.*)

Q: Are there any DoD pay/allowances/bonuses/in-house education benefits that could be

reduced or eliminated if MGIB benefits were enhanced? If so, what are they and what would be the savings (discretionary) over five years?

No, there are none. DoD would not want to test this out.

Q: Other than the \$900 million of VA OBRA extenders in the President's FY 2001 Budget, what legislative proposals that provide savings over five years (offsets) would your department propose?

Neither Department could identify offsets.

Q: Would your department support increasing the \$1,200 employee contribution as an offset? If so, by how much would your department propose to increase the contribution (e.g., doubling it could provide up to about \$1.0 billion over five years)?

DoD adamantly opposed stating that it is now 11% of pay. Since this amount has not been indexed at all since its 1986 implementation, DoD was asked what the percentage of basic pay was back then and if they could support going to this level. They did not know the % in 1986 but again stressed that they had no desire to decrease new enlisted pay by offsetting more. When asked if they would support a proposal that allows new recruits to buy more of a benefit with a higher contribution the answer was no.

Items not discussed in meeting but requested from Departments as a part of earlier written request:

Q: Please provide the summary of State education benefits for veterans.

The attached was provided electronically today by VA.



- State Benefits Draft.doc

Q: Only a few cohorts of MGIB program participants have exhausted their period of eligibility to use the benefits (i.e., 10 years after separation from service). What percentage of the eligible participants in each of these cohorts used any portion of the benefit? For those eligible participants who used the benefits, what percentage of the total benefits available to them did they use? Of the proposals discussed in your department's previous responses, what proposals (if any) would be more likely to improve the MGIB usage rate, and why?

VA provided the following after the meeting:

Year of Separation	Eligibles	Users	Usage Rate
1986	2,426	498	20.53%
1987	9,240	3,692	39.96%
1988	26,300	14,357	50.73%
1989	66,014	41,062	62.23%

Q: Please describe the kinds and levels of education benefits that DoD currently awards to active-duty personnel. What is the annual cost of these benefits?

DoD has not responded to date.

Message Copied To: _____

VETERANS EDUCATION BENEFITS PROVIDED BY THE STATES

10. Please provide a summary of State education benefits for veterans.

- A. We have prepared a list of veterans' educational and vocational training benefits offered by the States to individuals who may be eligible to receive Department of Veterans Affairs (VA) educational assistance under the Montgomery GI Bill (MGIB).

Most States summarize their education benefits for veterans on their web site. We have been attempting to verify that the web sites are up to date through contact with State officials, but have been unable to verify all of them. Those descriptions that have been obtained from the Internet, but remain unverified are shown with an asterisk (*).

Only Illinois and the Virgin Islands provide a benefit that all residents who qualify for MGIB would also qualify for.

ALABAMA	None
ALASKA	None*
ARIZONA	Tuition and fees deferred for 120 days at State colleges.
ARKANSAS	None*
CALIFORNIA	None*
COLORADO	None*
CONNECTICUT	Full or partial waiver of tuition at State supported colleges is available for wartime veterans, who resided in Connecticut before Service.
DELAWARE	None
FLORIDA	None
GEORGIA	None
Hawaii	None*
IDAHO	None*
ILLINOIS	Tuition and fees are waived for 120 credits at State supported colleges, if the veteran resided in Illinois before and after military service
INDIANA	None
IOWA	None
KANSAS	None
KENTUCKY	None
LOUISIANA	None
Maine	None

MARYLAND	None
MASSACHUSETTS	Tuition for Vietnam Veterans is waived at State colleges.
MICHIGAN	None
MINNESOTA	There are 2 benefits. The first is a one-time \$350 grant. The veteran must have resided in State 6 months before entering on active duty. The second benefit varies depending on MGIB eligibility. Veterans who served in Southwest Asia receive \$500 per year if they have MGIB and \$1,000 per year if they do not. Southwest Asia veterans must attend a technical college and must resided in Minnesota 1 year prior to entry on active duty.
MISSISSIPPI	None
MISSOURI	None
MONTANA	Tuition waiver at the University of Montana system for wartime veteran residents no longer eligible for VA education benefits *
NEBRASKA	None
NEVADA	None
NEW HAMPSHIRE	None
NEW JERSEY	Vietnam veterans receive tuition assistance up to \$400 a year at any college located in NJ.
NEW MEXICO	Vietnam veterans receive full tuition and books at any nonprofit college located in NM.
NEW YORK	Some Vietnam and Gulf War veterans may receive tuition assistance of \$1,000 for full-time students for 4 or 5 academic years while pursuing an undergraduate degree, or for 3 years in graduate programs at State supported schools. Benefits are available for vocational training for 2 academic years.
NORTH CAROLINA	None
NORTH DAKOTA	None
OHIO	None
OKLAHOMA	No tuition for Vietnam veterans at State vocational and technical schools.*
OREGON	Educational benefits up to \$50 a month for Vietnam veterans with the Armed Forces Expeditionary Medal or Vietnam service medal.
PENNSYLVANIA	None
PUERTO RICO	Veterans who have exhausted benefits under Federal law and do not have a bachelor's degree receive full tuition waiver at any college.
RHODE ISLAND	Tuition waiver for disabled service-connected veterans at State supported undergraduate schools.
SOUTH CAROLINA	None
SOUTH DAKOTA	Tuition waiver at State supported institution if the veteran has no An MGIB benefit (exhausted or never was eligible). Veteran must be a Gulf War veteran or have a Southwest Asia medal.
TENNESSEE	None (Bill pending to extend the time tuition and fees may be deferred.)

TEXAS	Wartime veterans who were residing in Texas prior to entry on active duty may receive a waiver of tuition and some fees at State supported colleges. The veteran must have exhausted all Federal education benefits.*
UTAH	None*
VERMONT	None
VIRGIN ISLANDS	Tuition free education at the University of the Virgin Islands for veterans who entered the armed forces while residing in the Virgin Islands.*
VIRGINIA	None
WASHINGTON	Exemption from tuition and fees increase for Vietnam and Persian gulf veterans at in State colleges. This is optional at the discretion of the colleges' governing boards. Tuition waivers at in State technical colleges for Vietnam and Persian gulf veterans. Legislation pending to treat active duty servicepersons as residents for tuition purposed.
WASHINGTON DC	None
WEST VIRGINIA	Tuition assistance of up to \$500 at any institution in West Virginia. Veteran must have exhausted MGIB benefits.
WISCONSIN	Tuition and fees reimbursement up to 100% for veterans with service-connected disabilities and 60% for other veterans at any in State college or certain Minnesota schools. This benefit is means tested and the amount varies with income and other financial aid available to the veteran.
WYOMING	Vietnam veterans receive waiver of tuition for up to 10 semesters of credit courses at any State supported college.*

March House VA Committee Proposal (3/14 letter to House Budget Committee):

1. **Could you support this proposal?** The Department of Defense could support the provisions in the House VA Committee proposal. The relatively modest increase in the monthly MGIB benefit from \$536 to \$600 in FY 2001 followed by an additional increase to \$700 in FY 2003 would have a positive effect on the military recruitment of high quality youth, while having only a small negative impact on long term retention. Additionally, this proposal would allow active-duty Servicemembers who were VEAP participants, but had no money in their VEAP accounts in 1996, to convert to the MGIB. This later proposal was in the Department's FY 2000 ULB package, but was eliminated due to cost.
2. **Could your department support it if the changes it currently includes were the only FY 2001 MGIB enhancements?** The Department could support this proposal as the only FY 2001 MGIB enhancement because of its positive effect on the recruitment of high quality youth. However, given the increasing cost of higher education and the recruiting challenges faced by all Services, we would hope this enhancement package would only be a start, to be followed by additional adjustments in subsequent years.

Benefit Design/Policy:

3. **If there were an across-the-board percentage in basic MGIB benefits (like the 20 percent increase in FY 1998), what is the maximum level that DoD could support given adverse effects on retention and readiness?** While the Department recognizes that any increases in the MGIB program would serve to boost military recruitment, a benefit that is too generous would entice Servicemembers to leave at the completion of their term of service to take advantage of the benefit. Our analysis indicates that the monthly benefit could increase into the \$900 -- \$1,000 range before the negative long-term retention impact would overcome the positive effect on recruiting. Coincidentally, this benefit range includes the average cost of tuition, room, and board for a public four-year institution (estimated at about \$960 per month in SY 2000/01). Therefore, the Department could support a benefit level that covered the average cost to attend a public four-year institution. However, because the annual increases in college costs generally outpace normal inflation, care must be given to ensuring that this benefit level not erode in its value. Indexing the benefit to the cost of education rather than the Consumer Price Index would solve this problem.
6. **Would you support a legislative proposal that would allow DoD to grant some multiple of the "kicker" benefits to all MGIB participants who have completed a specific longevity requirement and agree to stay for another period of service? Please describe what you would support and estimate the costs (discretionary and mandatory) over five years.** This proposal closely parallels the existing provisions of Section 3021, Chapter 30, 38 U.S.C., *Supplemental Education Assistance for Additional Service*. This provision allows the Secretaries of the Military Departments to offer up to a \$300 per month supplement to the basic MGIB to Servicemembers who serve five years or more after their initial term. While the Department has not used this authority, recent discussions with the Services suggest that it may be time to explore multiple kicker benefits. The Department could support such a proposal provided the authority was discretionary, allowing the Services to target the

retention of military members in conjunction with other traditional retention tools. Providing this program as an entitlement could serve to negate or diminish existing retention and force shaping policies and procedures. A cost estimate for multiple kickers will be developed in conjunction with the DoD Actuary.

7. **Are there any DoD pay/allowances/in-house education benefits that could be reduced or eliminated if MGIB benefits were enhanced? If so, what are they and what would be the savings (discretionary) over five years?** The Department has three programs that could be affected by an enhanced MGIB -- two enlistment incentives (MGIB "kickers" and enlistment bonuses) and one in-service education program (tuition assistance). The two enlistment incentives are used as market expanders, targeted to high-quality youth, and as distribution tools, channeling high-quality recruits into critical "hard-to-fill" military specialties. Therefore, the Department could not support any MGIB enhancement that would remove this targeting capability. The tuition assistance program defrays a portion of a Servicemember's tuition (currently 75 percent up to a maximum of \$3,500 per year) for continuing education. An enhancement to the MGIB which would provide in-service benefits at the same rate as post-service benefits could impact the use of tuition assistance. However, since limited budgets compel the Services to place annual caps on individual tuition assistance, elimination or reduction of the currently budgeted amounts would not be acceptable.

Offsets:

8. **Other than the \$900 million of VA OBR extenders in the President's FY 2001 Budget, what legislative proposals that provide savings over the five years (offsets) would your department propose?** The Department currently is experiencing serious challenges to its recruiting and retention programs. Consequently, funding was included in the FY 2001 President's Budget to address those challenges. Such recruiting and retention resources include education incentives (MGIB kickers), loan repayment programs, enlistment bonuses, advertising, recruiters, selective reenlistment bonuses, and other special and incentive pays. Since the resource levels in the President's Budget were established to enable the Services to accomplish their FY 2001 recruiting and retention goals, none of those funds could be used as offsets. Additionally, we face significant challenges in resourcing the recently authorized Thrift Savings Program for which funding was not appropriated, and we are managing to fund the Administration's initiative to improve housing-cost reimbursement for members. As a consequence of these demands, the Department is not in a position to propose legislation that would offset costs.
9. **Would your department support increasing the \$1,200 employee contribution as an offset? If so, by how much would your department propose to increase the contribution (e.g., doubling it could provide up to about \$1.09 billion over five years)?** The Department would not support any increase in the Servicemember pay reduction. In fact, the Department would prefer the \$1,200 pay reduction be discontinued for several reasons. First, eliminating the pay reduction would have the effect of increasing the number of high-quality recruits by two percent. Second, it would put money in the pockets of our most junior enlisted members; \$1,200 is a substantial proportion of basic pay of those who earn the least.

Third, some members feel coerced into accepting the pay reduction (having to opt "out" of the program as opposed to opting "in"), and many members who do accept the pay reduction do not use their benefits upon separation from service.

Current Statistics: The following information would be helpful as we consider policy options:

12. **Please describe the kinds and levels of education benefits that DoD currently awards to active-duty personnel. What is the annual cost of these benefits?** MGIB "kickers" (known as Service College Funds) offer an increased education benefit for enlistment in certain critical or hard-to-fill occupational specialties. By law, the maximum amount for combined basic MGIB benefits and MGIB kickers is \$50,000 (\$536 basic monthly stipend plus an \$853 kicker for a total of \$1,389 per month for up to 36 months). Currently, the Army, Navy and Marine Corps offer MGIB kickers with a cost in FY 1999 of \$124.9M.

The Loan Repayment Program (LRP) allows the Services to repay certain Federally guaranteed educational loans. Only loans existing prior to entrance onto active duty may be repaid. Currently, the Army and Navy offer the LRP. The maximum loan amount the Army will repay is \$65,000 and the Navy's maximum is \$10,000. Eligible loans are repaid at the rate of one-third of the loan amount or \$1,500 at the end of each year of service, whichever amount is greater. Individuals choosing to participate in the LRP are ineligible to enroll in the MGIB. The cost of the LRP for FY 1999 was \$23.1M.

Tuition Assistance provides up to 75 percent of the tuition for active-duty members enrolled in courses of study during their off-duty time. The cost of the tuition assistance program in FY 1999 was \$156.3M.

Follow-up Questions to DoD and VA In Regard to DPC Veterans' Education Assistance Meeting

Departmental answers to the questions below should take into consideration the following three principles (These principles are draft based on the 03/20/00 interagency meeting; please provide any suggestions/additions.):

- ◆ the goal of ensuring the value of the MGIB benefit should be balanced with the goal of ensuring military retention and readiness;
- ◆ greater benefit flexibility should be considered for those servicemembers who have served longer; and
- ◆ changes to the Montgomery GI Bill (MGIB) should be fully offset.

March House VA Committee Proposal (3/14 letter to House Budget Committee):

1. Could your department support this proposal?
2. Could your department support it if the changes it currently includes were the only FY 2001 MGIB enhancements?

Benefit Design/Policy:

3. If there were an across-the-board percentage increase in basic MGIB benefits (like the 20 percent increase in 1998), what is the maximum level that DoD could support given adverse effects on retention and readiness?
4. What would more closely achieve your department's goals: increasing the flexibility of current benefits or increasing the dollar amount of basic benefits?
5. The following are some key benefit flexibility options being considered by Congress. Which are most / least important to your department? Is any individual option more important than a basic benefit increase? Please provide cost estimates for each option (as many as possible):
 - Portability (i.e., allowing benefits to be used by children and spouses)
 - Allowing for lump-sum payments
 - Use of benefit for vocational certification, occupational licensing
 - Other (describe)
6. Would you support a legislative proposal that would allow DoD to grant some multiple of the "kicker" benefits to all MGIB participants who have completed a specific longevity requirement and agree to stay for another period of service? Please describe what you would support and estimate the costs (discretionary and mandatory) over five years.

→ provision exists
→ after 2nd kicker? DK
→ only in certain positions? DK

VA supports
→ DoD: members like, but
cost problems.

7. Are there any DoD pay/allowances/bonuses/in-house education benefits that could be reduced or eliminated if MGIB benefits were enhanced? If so, what are they and what would be the savings (discretionary) over five years?

Offsets:

8. Other than the \$900 million of VA OBRA extenders in the President's FY 2001 Budget, what legislative proposals that provide savings over five years (offsets) would your department propose?
9. Would your department support increasing the \$1,200 employee contribution as an offset? If so, by how much would your department propose to increase the contribution (e.g., doubling it could provide up to about \$1.0 billion over five years)?

Current Statistics: The following information would be helpful as we consider policy options.

10. Please provide the summary of State education benefits for veterans.
11. Only a few cohorts of MGIB program participants have exhausted their period of eligibility to use the benefits (i.e., 10 years after separation from service). What percentage of the eligible participants in each of these cohorts used any portion of the benefit? For those eligible participants who used the benefits, what percentage of the total benefits available to them did they use? Of the proposals discussed in your department's previous responses, what proposals – if any – would be more likely to improve the MGIB usage rate, and why?
12. Please describe the kinds and levels of education benefits that DoD currently awards to active-duty personnel. What is the annual cost of these benefits?

Joint VA & DoD Response to OMB Questions
Regarding the HVAC Letter (3/14) to the House Budget Committee

March 22, 2000

Representatives of the Department of Defense and the Department of Veterans Affairs met March 21, 2000, to discuss enhancements to Montgomery GI Bill (MGIB) benefits. Included in those discussions was a review of questions submitted by the Office of Management and Budget (OMB) related to the formulation of MGIB legislative proposals and MGIB enhancements already proposed by members of the House Veterans Affairs Committee. OMB submitted 12 questions and asked that the first two questions be answered today.

The following responses to OMB questions one and two have been coordinated and agreed upon by the principals in today's VA/DoD meeting; Nora Egan, Deputy Under Secretary for Management, Veterans Benefits Administration, and Patricia Tracey, Vice Admiral, Deputy Assistant Secretary of Defense for Military Personnel Policy. Responses to the remaining 10 questions will be provided at a later date.

Question 1. Could your department support this proposal?

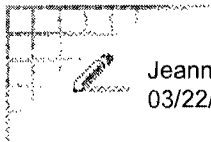
DoD Response: The Department of Defense could support the provisions in the House VA Committee proposal. The relatively modest increase in the monthly MGIB benefit from \$536 to \$600 in FY 2001 followed by an additional increase to \$700 in FY 2003 would have a positive effect on the military recruitment of high quality youth, while having only a small negative impact on long term retention. Additionally, this proposal would allow active-duty Servicemembers who were VEAP participants, but had no money in their VEAP accounts in 1996, to convert to the MGIB. This latter proposal was in the Department's FY 2000 ULB package, but was eliminated due to cost.

VA Response: VA concurs with DoD's response above. VA is ready to support any MGIB proposal that improves veterans' educational readjustment benefits. However, the actions proposed in the March 14, 2000, letter from the Chairman of the House Veterans Affairs Committee to the Chairman of the House Committee on the Budget are barely adequate to achieve needed education benefits improvements for veterans. VA believes that more needs to be done to achieve meaningful enhancements in MGIB benefits than is represented in the recommendations of the referenced letter.

2. Could your department support it if the changes it currently includes were the only FY 2001 MGIB enhancements?

DoD Response: The Department could support this proposal as the only FY 2001 MGIB enhancement because of its positive effect on the recruitment of high quality youth. However, given the increasing cost of higher education and the recruiting challenges faced by all Services, we would hope this enhancement package would only be a start, to be followed by additional adjustments in subsequent years.

VA Response: While the HVAC's March 14, 2000, proposals are not reflective of all the MGIB enhancements needed to adequately address veterans education needs, they can be supported as a first step. However, any Administration proposal to improve MGIB benefits should be predicated on a thorough analysis of veteran education readjustment requirements and DoD recruitment and retention goals, and strategies. An Administration proposal should be long-term in orientation and address issues such as flexibility, transferability and indexing."



Jeanne Lambrew
03/22/2000 05:00:24 PM

Record Type: Record

To: John B. Buxton/OPD/EOP@EOP
cc:
Subject: Joint DoD/VA Response - MGIB Issues

----- Forwarded by Jeanne Lambrew/OPD/EOP on 03/22/2000 04:06 PM -----

Toni S. Hustead 03/22/2000 01:53:02 PM

Record Type: Record

To: See the distribution list at the bottom of this message
cc: Stephen G. Elmore/OMB/EOP@EOP, Wendell H. Waites/OMB/EOP@EOP, Anita Chellaraj/OMB/EOP@EOP, Eugene J. Devine/OMB/EOP@EOP
Subject: Joint DoD/VA Response - MGIB Issues

I am enclosing the joint DoD/VA response on the first two questions of the MGIB. While at first glance it looks like it solves our problem (and no doubt does for this year), we should think seriously about asking hill staff to include language that calls for a 2-year study since it is clear that both agencies want to pursue higher benefits (which will cost much more, expand the mission, and could require future increases in DoD pay and allowances to secure the resulting retention items).

A study could explore a multitude of items including:

- What benefits are veterans entitled to (state and other federal) that complement current benefits.
- In light of new internet technology, competition in the recruiting market, and benefits offered by DoD to active duty military, should a replacement benefit be redesigned to begin at recruiting, continue through service, and any remainder used after separation?
- What should be the goal of the program (providing a monthly stipend or allowance, providing an amount that pays for state schools or private, and providing tuition only or including all other living expenses).
- ★ • Which Department should pay for these benefits, and should they be prefunded like the kicker is now?
- Benefit design (flexible, portable, etc).

----- Forwarded by Toni S. Hustead/OMB/EOP on 03/22/2000 01:42 PM -----



"Mangan, Matt, VBAVACO" <OEMMMANG@VBA.VA.GOV>
03/22/2000 01:29:07 PM

Record Type: Record

To: Toni S. Hustead/OMB/EOP

**Summary of Major Proposals
to Increase Veterans' Education Assistance
(Montgomery GI Bill—MGIB)**

Proposal	Sponsor(s)	Estimated 5-Year PAYGO Cost	Offsets Identified (if any)	Other Key Provisions/Description	Status
Increase basic benefit from \$550 monthly to \$975 monthly (77% <i>increase</i>)	Veteran Service Organizations (VSOs)	\$5.6 billion	None	Change statute to tie benefit to "benchmark" of tuition and expenses for commuter student at 4-yr. public school	Supported in Press Conference during first week of March
Increase basic benefit from \$550 monthly to \$1,000 monthly (82% <i>increase</i>); index to education inflation; increase payment flexibility	Secretary West/VA	More than \$6 billion	None	Change statute to ensure that benefit covers more than average tuition and expenses for 4 years at a public school	Draft form only—within VA; Secretary has requested new VA proposals/position by April
Increase basic benefit from \$550 monthly to about \$600 monthly (9% <i>increase</i>)	House VA Ctte. (Stump R-AZ and Evans D-IL)	\$660 million* <i>\$880</i>	None (Could use VA OBRA extenders)	Increase basic benefit by \$125 million Other changes*	HVAC proposed in letter to Budget Committee; Expected to introduce bill soon
Increase basic benefit from \$550 monthly to up to \$615 monthly (12% <i>increase</i>)	Option for Director, given VA OBRA extender offsets	Up to \$879 million	VA OBRA extenders (\$879 million)	--	Option for Director
H.R. 1071 [Create a new, <i>full</i> benefit for 4-year enlistment; Increase the current basic benefit from \$536 monthly to \$900 monthly (68% <i>increase</i>)]	Evans (D-IL)	\$6.8 billion (Within ten years, <u>annual</u> costs would exceed \$4 billion.)	None	Eliminate participants' \$1,200 pay reduction/contribution Provide more payment flexibility	Stalled last year due to concerns about cost (House never moved beyond hearings)
S. 1402 [Increase the current basic benefit from \$536 monthly to \$600 monthly (12% <i>increase</i>)]	Specter (R-PA)	\$1.2 billion	None	Provide additional benefits for increased contribution (4-1 ratio)	Stalled, after July Senate passage, due to concerns about cost (House never took up)

Notes: 1. Unless otherwise indicated, estimates assume that increases would take effect in FY 2001, when the basic benefit would be an estimated \$550/month.

2. Estimates do not include costs associated with any adverse effects on military retention or readiness.

* Includes the cost of only the flat increase, though other changes are expected to be included as well.

Summary of Major Montgomery GI Bill Proposals

Proposal	Sponsor(s)	Estimated 5-Year PAYGO Cost	Offsets (if any)	Other Key Provisions	Status
1. February HVAC (<i>Replaced by #2</i>) Increase basic benefit from \$550 monthly to about \$600 monthly (9% increase)	HVAC 02/25/00 Letter to Budget Committee from Reps. Stump and Evans	\$0.7 billion	None	Increase basic benefit by \$125 million	HVAC preliminary and general proposal
2. March HVAC Increase basic benefit from \$550 monthly to \$600 monthly in FY 2001 (9% increase), then to \$700 monthly in FY 2003 (11% increase)	HVAC 03/14/00 Letter to Budget Committee Chairman Kasich from Rep. Stump	\$1.3 billion	Admin. Budget VA OBRA extenders (\$0.9b) and another extender (\$0.3b)	Provide another conversion opportunity for veterans in Post-Vietnam-era program (VEAP)	HVAC proposed for Budget Resolution as outlined in letter
3. VSOs' PROPOSAL Increase basic benefit from \$550 monthly to \$975 monthly (77% increase)	Veteran Service Organizations (VSOs)	\$5.6 billion	None	--	VSO press conference during first week of March
4. DRAFT VA PROPOSAL Increase basic benefit from \$550 monthly to \$1,000 monthly (82% increase); index to <u>education inflation</u> ; increase payment flexibility	Secretary West/VA	More than \$6 billion	None	Index benefit to education inflation "benchmark" instead of CPI-W	Draft VA proposal; Referred to by Secretary in VSO speeches
5. H.R. 1071 Create a new, full benefit for 4-year enlistment; Increase the current (FY 2000) basic benefit from \$536 monthly to \$900 monthly (68% increase)	Rep. Evans (D-IL)	\$6.8 billion (Within ten years, <u>annual</u> costs would exceed \$4 billion.)	None	Eliminate \$1,200 contribution Increase payment flexibility VEAP conversion	Stalled last year due to concerns about cost (House has not moved beyond hearings.)
6. S. 1402 Increase the current (FY 2000) basic benefit from \$536 monthly to \$600 monthly (12% increase)	Sen. Specter (R-PA)	\$1.2 billion (about \$0.9b for basic benefit increase; about \$0.3b for other provisions)	None	Provide additional benefits of up to \$150 monthly for increased servicemember contribution	Stalled, after July Senate passage, due to concerns about cost (House has not taken up.)

Note: Unless otherwise indicated, estimates assume that proposals would take effect in FY 2001, when the basic benefit would be an estimated \$550 monthly (after accounting for the annual COLA).

VA
Vet Groups } Support increase
House VAC }

To: Jack Lew
Sylvia Mathews

From: Dan Mendelson

Cc: Bob Kyle
David Morrison
Bruce Long

Re: Proposals to Increase Veterans' Education Benefits

This memo gives substantive background to follow my e-mail of last week. Montgomery GI Bill (MGIB) education benefits are a major DoD recruiting tool, as well as a primary interest of veterans. Benefits are indexed to general inflation and were increased by an additional 20 percent in 1998—an Administration initiative. Veteran Service Organizations (VSOs), VA, and the House Veterans Affairs Committee (HVAC) advocate additional increases, and several Members of Congress have sponsored legislation to that effect.

DoD opp.
However, DoD is concerned that further large increases could harm retention because benefits cannot be used until after active duty participants leave service—a premise that is supported by research completed by the Lewin Group and RAND on behalf of DoD. DoD also is concerned that large increases in the basic benefit would increase its costs by increasing retention costs and reducing the relative value of supplemental education benefits that it pays recruits for hard-to-fill occupations.

As you know, in the FY 2001 Budget, OMB declared a moratorium on further increases in military special pay and bonuses until the effects of FY 2000 pay and benefits increases (\$33 billion over five years) on recruiting, retention, and readiness are known. In addition, the FY 2001 Budget significantly increased funding for recruiting efforts (e.g., more advertising and additional recruiters).

JOINT VA/DOD EFFORTS

The Administration is taking steps to address these conflicting concerns. In 1999, VA contracted for a survey and program evaluation, which it expects to provide for Administration and Congressional review by early summer. Neither VA nor the Congress appears willing to wait for the results, and we do not expect the evaluation to take military readiness into consideration.

In January, OMB convened a meeting with VA's Under Secretary for Benefits (Joe Thompson) and DoD's Under Secretary for Personnel and Readiness (Rudy deLeon). VA stated its desire to increase the basic benefit to ensure that it pays more than average tuition costs at four-year public schools. DoD discussed its recruitment and retention challenges, the evolution of education (e.g.,

distance learning) and military benefits, and the need for opportunities *during* service to ensure that servicemembers compete effectively for private-sector jobs. The Departments agreed that future meetings would address what proposals the Administration could support, perhaps including ideas that the Congress may not have explored, e.g., a benefit that could be used *before, during, and after* service, to lessen negative effects on retention. OMB staff believe that developing options that do not harm retention or unnecessarily increase DoD's and VA's costs will be a long-term process requiring full interagency coordination.

Consistent with A-19, the Under Secretaries agreed that neither Department would make statements without Administration coordination and that VA and DoD would develop a common set of MGIB facts and data for public statements and policy development. However, last week, VA's Secretary West told several VSO conventions that he favors a three-part enhancement that would almost double the benefit, increase the inflation indexing, and provide more payment flexibility—which VA estimates would cost more than \$6 billion over five years.

COSTS OF RECENTLY PROPOSED INCREASES

VA's current annual MGIB costs are \$1.3 billion. A VSO proposal to increase the benefit from \$550/month to \$975/month (77 percent) in FY 2001 would have five-year PAYGO costs of at least \$5.6 billion. HVAC is expected to introduce legislation to increase the basic benefit, and its views letter on the Budget proposes a 9 percent increase for FYs 2001 and 2002. However, because this is an entitlement, it is not possible to limit the costs to two years. We estimate that HVAC's proposed increase would have five-year PAYGO costs of about \$660 million. *These estimates are conservative because they do not include DoD's costs and usage may increase due to higher benefits.*

VA OBRA extenders committed as offsets in the FY 2001 Budget total \$879 million over five years. They could be directed to offset the expected HVAC proposal or a FY 2001 increase of as much as 12 percent. NSD has asked DoD to assess the readiness implications of such increases.

SUMMARY OF CONGRESSIONAL ACTIVITY

Last year, the major MGIB bills stalled due to their costs, and no major changes were enacted. S. 1402 (Specter R-PA) includes several changes—chiefly an increase of 12 percent to the current benefit. The bill, which would cost \$1.2 billion over five years, passed the Senate in July but was never taken up by the House.

The primary House bill last year, H.R. 1071 (Evans D-IL), would increase the current benefit by 68 percent and create a *new* benefit for 4-year enlistments that would pay the *full* cost of tuition, fees, books, and supplies at *any* school, and provide a subsistence stipend of \$800/month. Estimated five-year costs of H.R. 1071 are \$6.8 billion. Because this new benefit would be so large, it would ultimately become the benefit of choice and costs would exceed \$4 billion annually, more than *triple* current program costs. You sent a response to Reps. Evans and Dingell (D-MI) on November 1, 1999, on the Vice President's behalf that noted the Administration's 20 percent increase in 1998 and the need to complete the program evaluation before any redesign. The letter also stated that the Administration could not support the bill

unless it were accompanied by appropriate offsets.

The expected HVAC legislation to increase the benefit by 9 percent has not been introduced yet. We expect the proposal to include other MGIB changes as well.

OPTIONS

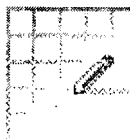
We would like to meet with you on Monday to discuss this issue. Your options include:

1. Allow the interagency process to proceed, including discussion of a total revision of this educational assistance and its critical interaction with other components of the military pay and allowance system, as they shape force structure. This option is likely to take considerable time, and it is unclear at this time how committed either Department would be to this effort.
2. Develop an Administration position supporting the expected HVAC proposal for a flat 9 percent increase, using \$660 million (75 percent) of the OBRA extenders as offsets. We are currently assessing whether this option would be acceptable to DoD—given its concerns about possible adverse effects on retention and readiness—and VA and House Democrats—given their desire for even larger enhancements.
3. Craft an Administration proposal for a more expansive benefit (e.g., similar to Secretary West's \$6 billion option) and attempt to identify further offsets. We would anticipate strong resistance and a call for additional resources from DoD. OMB would object on policy grounds to not redesigning the benefit to align with modern needs, technology, and force structure.

Given all of our efforts to increase recruiting and retention, NSD believes it is counter-productive to increase MGIB benefits, which would hurt retention and result in additional recruiting, training, and retention costs to replace the careerists who would leave. VA/PERS PAD believes that we should more carefully assess the effect of a 12% increase in educational benefits before making a decision about how to position on this issue, and that we work aggressively to develop more comprehensive options that might be substituted for current legislation.

In addition, Reps. Evans and Dingell have requested a meeting to discuss this issue. Before we meet with them, we will need to discuss how to position the Administration on this issue.

Prepared by: Stephen Elmore/VAPD and Wendell Waites/NSD
Coordinated with: Kathryn Thompson/LRD



Eric P. Liu
03/13/2000 06:18:02 PM

Record Type: Record

To: John B. Buxton/OPD/EOP@EOP
cc: Anna Richter/OPD/EOP@EOP
Subject: MGIB Education Benefits

----- Forwarded by Eric P. Liu/OPD/EOP on 03/13/2000 06:17 PM -----

Daniel N. Mendelson

03/13/2000 12:31:55 PM

Record Type: Record

To: Eric P. Liu/OPD/EOP@EOP
cc: See the distribution list at the bottom of this message
Subject: MGIB Education Benefits

Per our conversation, here is a background memo that may be useful as you gear up your interagency process. Sylvia would like us to move this along as rapidly as possible this week. People likely to be involved in this:

VA -- Joe Thompson, *Dennis Duffy, Asst. Sec for Cong. Affairs*
DoD -- Rudy DeLeon, *Josh Veroneau, Asst Sec for Cong. Affairs*
Hill / House D -- Michael Durishin from Evans
Hill / Senate D -- Jim Gottlieb from Rockefeller
OMB political -- Bob Kyle, Jeanne Lambrew
OMB VA Staff -- Toni Hustead
OMB DoD Staff -- David Morrison
Eric Liu

Let's meet once you have had a chance to review this.

Toni -- please email to all of us a copy of the matrix describing features of the legislation as well as any other background materials you think are useful.

----- Forwarded by Daniel N. Mendelson/OMB/EOP on 03/13/2000 11:30 AM -----

Daniel N. Mendelson

03/03/2000 02:55:51 PM

What does current education benefit buy?

What are adverse impacts of raising contribution requirement?

What are results due in from evaluation study?

What is impact on base?

Who are major backers?

What are costs/benefits of allowing some use it in service

Army's college list program allows new recruits to go to school ~~for~~ up to 2 yrs. immediately after enlisting while serving in Army's Delayed Entry Program or sitting reserve status.

Background on Montgomery GI Bill (MGIB) Veterans' Educational Assistance Program

Origin and Eligibility

MGIB is a voluntary contributory education program for people who entered active military service for the first time after June 1985. Like the four GI Bills that preceded it, MGIB helps veterans and servicemembers from a particular era "readjust" to civilian life. Distinct from other GI Bills, it has another key goal: promoting the success of the All-Volunteer Force. It is a major military recruiting tool. However, enrollees are not eligible to receive benefits until after they leave service, so benefit increases could improve recruitment but harm retention. MGIB benefits complement State veterans benefits and other Federal and private education aid.

Basic Benefit

Servicemembers must contribute \$1,200 (\$100/month pay reduction for the first year of enlistment) for a maximum 36-month direct education benefit that must be used within ten years after leaving service. The original standard benefit rate in 1985 was \$300/month. The current rate--which covers more than public tuition costs in most States--is \$536/month. Because the \$1,200 pay reduction has never changed, the ratio of total available benefits to pay reduction is now more than 16 to 1 (Originally, it was 9 to 1.). The pay reduction was 15.1 percent of basic pay in 1986, but only 5.7 percent of basic pay in 1999.

MGIB Supplemental "Kicker" Benefits

Over and above the basic benefit paid directly to participants, each Armed Service offers selected recruits supplements to enter key hard-to-fill occupations. These "kicker" amounts are tied to the basic benefit level and are pre-funded in DoD's College Fund with transfers from the MILPERS account. For example, in the Army--which has by far the largest number of participants--currently about 40 percent of High Quality recruits receive a kicker that, in combination with the basic benefit, totals on average \$30,000. That translates to an increase in total available benefits of more than 50 percent over the basic benefit level.

Problems and Issues to Consider

House VA Committee Members and staff and VA will argue that MGIB benefits have eroded over time, citing declining purchasing power of the basic benefit. In 2000 dollars, however, the current benefit exceeds the original benefit by more than 32 percent. Over the same period, the pay reduction has declined by almost 35 percent in real terms. The increase in benefit levels is due to a combination of *ad hoc* increases--including 20 percent in 1998 (an Administration initiative)--and automatic indexing of the benefit to general inflation since FY 1995.

A key Congressional bill from last year--H.R. 1071--and VA Secretary West's proposal would go beyond the original structure of MGIB, which is to provide a flat monthly benefit to "help meet, in part, the expenses" of education. They would cover the *full* cost of an education at *any* school and provide a subsistence stipend. This expansion would go beyond the scope of all previous GI Bills except for World War II.

DoD has stated that large across-the-board increases in the basic benefit could harm retention and readiness and that it would prefer to increase MGIB supplemental "kicker" benefits for targeted occupations. Research indicates that mandatory across-the-board increases to the basic benefit would make it more difficult for each Service to retain people for hard-to-fill positions. A DoD-sponsored study of last year's major Congressional benefit-increase proposals found that *each* would harm retention, with estimates of long-term retention erosion ranging from about 3 percent for the Army to almost 12 percent for the Marine Corps.

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March 14, 2000

Honorable John R. Kasich
 Chairman, Committee on the Budget
 U.S. House of Representatives
 Washington, DC 20515

Dear John:

This letter is to follow up on the recommendation contained in the VA Committee's views and estimates that the Budget Committee include a Montgomery GI Bill (MGIB) increase in the budget resolution for 2001. I want to urge you and all Members of the Budget Committee to give this your most serious consideration. It is the number one legislative priority of the VA Committee.

Persons who serve in our Nation's armed forces have the option when they begin service to enroll in the MGIB. To do so, they must agree to a \$100 pay reduction for the first 12 months of service. If a veteran completes his or her initial term of service and is honorably discharged, the veteran qualifies to receive a basic benefit of \$536 per month for 36 months of full-time schooling. From this amount, the veteran is obligated to pay tuition, room and board, and other living expenses. If a veteran is enrolled full time for a nine-month academic year, the total benefit payable is \$4,824. To put this amount in perspective, the average cost of tuition and expenses for a commuter student at a four-year public college is \$8,774.

This shortfall of almost \$4,000 has motivated a coalition of all of the major military and veteran organizations as well as the major organizations representing colleges to launch a vigorous campaign to convince the Congress and the Administration to provide a significant increase in the monthly MGIB benefit. These organizations have indicated to the VA Committee that a monthly benefit of \$975 would be needed to cover the \$8,774 which an "average" GI might incur for

*Key provision on
HVAC*

Honorable John R. Kasich

Page 2

tuition and expenses (not including room and board). Although there are good reasons to adopt this goal of providing veterans with an adequate educational benefit, the VA Committee has made a more modest proposal in its views and estimates letter in light of the estimated \$1 billion annual cost of increasing the benefit to \$975 per month.

Our proposal, which comes in the wake of numerous Administration proposals which would enhance educational opportunities to students who have not performed any military service for their country, would be to increase the monthly MGIB in two stages. The first increase, to \$600 per month, would take effect on October 1, 2000. The second increase, to \$700 per month, would take effect on October 1, 2002. We chose these levels because over a five-year period, the VA Committee could recommend offsetting savings which would make these proposals budget neutral. However, during fiscal years 2001 and 2002, the VA Committee is requesting that the budget resolution provide \$125 million each year in direct spending authority. This amount would also allow the VA Committee to provide a similar increase in the educational benefit paid to surviving spouses and children of veterans who die while on active duty, and to provide an opportunity for enrollment in the MGIB to servicemembers previously eligible for the Veterans Educational Assistance Program (VEAP).

The offsetting savings the VA Committee has identified would begin in 2003 through the extension of expiring authorities contained in the 1997 Balanced Budget Act. The principal savings would come from extending the requirement that VA reduce pension benefits to Medicaid-eligible veterans in nursing homes, and extending the authority for VA to charge a 2 percent fee on the amount of most VA-guaranteed home loans. Last year, CBO estimated that the savings from extending these two provisions would be approximately \$1.1 billion over fiscal years 2003-2005.

An increase in the monthly MGIB benefit serves several purposes. It provides a meaningful readjustment benefit to young men and women who volunteer to serve in our Nation's armed forces, with all the risk and hardship that such service entails. It may also persuade more high-quality young men and women to consider the armed forces as an opportunity rather than a detour from career achievement. This would be significant at a time when the services are having a difficult time meeting their recruitment goals. Finally, an investment in educating talented

Honorable John R. Kasich

Page 3

young men and women also repays itself over the veteran's lifetime of increased earnings and informed participation in the social and political life of communities and States where the veteran resides.

We have a sound plan to make the MGIB a better program for America's veterans. We need your support to make it happen. Thank you so much for considering this request.

Sincerely,



BOB STUMP

Chairman

BS:per

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View Related Topics

August 21, 1999

SECTION: DEFENSE; Pg. 2422; Vol. 31, No. 34-35

LENGTH: 4041 words

HEADLINE: Beyond the GI Bill

BYLINE: Sydney J. Freedberg Jr.

HIGHLIGHT:

A shortfall in recruiting has prompted the Pentagon and Congress to look at radical changes designed to make the GI Bill a better deal for troops.

BODY:

"The GI Bill made America into the best-educated country in the world," military historian Stephen E. Ambrose once told Congress. Successive incarnations of the veterans education program allowed the young draftees and volunteers who fought in World War II, Korea, and Vietnam to receive a free college education after they took off the uniform. In 1984, 11 years after America had scrapped the military draft, Rep. G.V. "Sonny" Montgomery, D-Miss., resurrected and reinvented the GI Bill. The new version helped draw in a generation of smart, motivated volunteers, who consistently cited college money as a chief reason they joined up. That was then. This is now.

Fifty-five years after the World War II bill, 15 after the **Montgomery GI Bill**, the very trends the military and Congress helped set in motion--mass access to college, continuing adult education, financial aid from employers--have spread so far as to undermine the GI Bill's fundamental assumption: that most high school graduates can't go on to college without the military's help.

But today, more than 60 percent of them do. That figure has risen steadily, from 45 percent 20 years ago, mainly because high school students know they'll make more money if they go to college, more people have more money to send their kids to college, and federal and private financial aid programs that aren't tied to military service have expanded--what military sociologist Charles Moskos has called "the GI Bill without the GI."

"Everybody's got the GI Bill now," agreed Educational Testing Service sociologist Tony Carnevale. "We've come as close as you can get to making college free."

The result, says Rep. Lane Evans, D-Ill., ranking member of the Veterans' Affairs Committee: When he asks high school students in his district if they might enlist, "virtually nobody raises their hand." Since it takes three years in uniform to qualify for the GI Bill's \$ 528 a month for college, with a \$19,008 lifetime maximum benefit, Evans argues that "the GI bill is not competitive."

The long-term economic trends--combined with a booming economy and the Pentagon's understandable reluctance in today's high-tech military to take any recruit without a high school diploma--has meant a much smaller pool of young people from which to choose. And indeed, military recruiting has declined dramatically in recent years.

"We're going to be about 7,400 short (almost 9 percent below requirements) by the end of the fiscal year," Army Secretary Louis Caldera told National Journal in an interview. The Navy fell short of its recruiting needs by 12 percent last year. Even the Air Force, which for years turned away volunteers, has had to advertise on television for the first time. Only the Marines have met their goals--the exception that proves the rule, since Marine recruiting does not rely on the appeal of education benefits. (See box, p. 2425.)

So it is no surprise that while the Marines stick to their current strategy, the Army has enthusiastically embraced new ideas in recruiting. Caldera is about to embark on two experiments: a controversial plan to increase the enlistment of high school dropouts who, with Army help, will earn a General Educational Development certificate, which is roughly equivalent to a diploma (see NJ, 8/14/99, p. 2366); and an equally crucial "College First" program to encourage community college students to enlist after two years of studies. The Navy has just begun its own community college recruiting program, "Tech Prep," and streamlined its continuing education system for sailors already in uniform. And all services are turning to the Internet to educate their far-flung forces electronically.

As for the GI Bill itself, Congress is struggling to find funds to boost benefits, pressed as it is between budget caps and tax cut bills. Montgomery himself told National Journal that his handiwork needs updating: "We need always to continue to increase the benefits, because college tuition continues to go up."

But an ambitious Senate Armed Services Committee bill turned turtle in August, weighed down by its enormous cost. None of the bill's \$ 13 billion in new benefits over 10 years survived conference with the House. The Senate Veterans' Affairs Committee, meanwhile, has picked up several of the Armed Services provisions--but not the costly centerpiece, Georgia Democrat Max Cleland's plan to let long-serving soldiers use their GI Bill benefit to pay for the education of their spouse or children.

On the House side, rival bills are stuck in committee,

riveted in place (at least for now) by the spending caps set by the 1997 budget agreement. While the Republican plan, whose annual cost will rise to \$ 3.3 billion by 2009, is not so far from the Democrats' \$ 4.7 billion-a-year version, Rep. Bob Filner of California, top Democrat on the House Veterans' Affairs Benefits Subcommittee, said that, "unfortunately, (the Republicans) have a bill that their own budget can't support."

Only marginal embellishments of the **Montgomery GI Bill** are likely to pass this year under such constraints, and they can only start to address the broad challenges of military recruiting. The military's new GED and community college experiments will be first steps, too. But, after years of reluctance, a consensus is clearly growing, inside the Pentagon and out, that just as the GI Bill transformed America, now America must transform the GI Bill.
Back to the Future

Congress has raised GI Bill benefits before. In 1991, seven years after the **Montgomery GI Bill's** passage, the Gulf War prompted the first raise, 17 percent, in the monthly GI Bill stipend. In 1994, Congress OK'd annual inflation adjustments and last year approved another 20 percent increase in the monthly benefit. Although the stipends no longer lag behind inflation, they have not caught up with the even-faster-rising cost of college. "We've just been fooling around the edges," Filner said.

But in January, a commission headed by former Acting Veterans Affairs Secretary Anthony J. Principi called for radical reform. "That got all our attention," said Filner. "Most of us were just looking at raising (monthly) amounts."

The first member of Congress to act on the Principi Commission's recommendations was Cleland, a Vietnam veteran and former chief, in the 1970s, of what was then the Veterans Administration. In January, with Sen. John W. Warner, R-Va., eager to start his tenure as Armed Services chairman by raising all military pay and benefits (see NJ, 1/30/99, p. 264), Cleland got Warner's approval for several Principi suggestions: increasing GI Bill payments from \$ 528 to \$ 600 a month; waiving the \$ 1,200 fee that new enlistees currently pay to enroll for GI Bill benefits; and allowing the transfer of benefits to family members. The Senate passed these changes in its annual defense authorization bill--even though the masses of money would be spent by the Veterans Affairs Department, an agency outside Armed Services' jurisdiction. Technically, the bill violated budget rules because it did not even suggest any cuts to offset the new spending.

The House Armed Services Committee didn't take kindly to Cleland's package. "I don't believe (the Senate package) was completely responsible," said Rep. Stephen Buyer, R-Ind., who presides over the House Armed Services Military Personnel Subcommittee. Even before the conference killed the Cleland plan, Buyer told National Journal: "I'm going to have to say . . . , 'We don't have those monies,' (and that) makes me look as though

I'm the bad guy."

Meanwhile, the two chambers' Veterans' Affairs committees, which have the jurisdiction if not the money, have produced three bills between them, none yet in conference. Senate Veterans' Affairs Chairman Arlen Specter, R-Pa., has a bill that simply raises the monthly GI Bill stipend from \$ 528 to \$ 600. The House bills take a different approach, inspired by the Principi Commission's call for a return to the World War II-era system. So, instead of fixed monthly payments to veterans attending college, they propose to reimburse a percentage of veterans' tuition and fees at any institution--90 percent in Arizona Republican Bob Stump's bill, 100 percent in Evans'--plus provide a monthly stipend to cover living expenses--\$ 600 in Stump's bill, \$800 in Evans'.

Veterans groups applaud this "back to the future" plan. "(The two bills) on the House side are by far the better initiatives" compared with the Senate bill, said Sidney Daniels, deputy legislative director of the powerful Veterans of Foreign Wars. "We want a GI Bill that pays full tuition, fees, books, as well as a living stipend--in other words a GI Bill similar to the GI Bill for World War II veterans." Daniels was less excited about the Senate's idea of allowing family members to use a service member's GI Bill benefits. "We're not going to actively oppose it," he said, "but we're not going to actively fight for it either."

But Cleland says he won't quit. He vows to push transferability again next session. "The whole Senate embraced it," he said, "but I really didn't have the time to work on the comparable committees in the House. (They) didn't understand the real arguments for it. . . . We'll send them to school on the GI bill."

So why is Cleland, a friend of veterans, swimming so earnestly upstream? The answer lies in the multiple goals--and competing constituencies--of the GI Bill.

Readjustment to Retention

The original GI Bill was intended to help millions of World War II veterans readjust to civilian life. After two or more years out of the civilian job market, college would jump-start a GI's career and eventually help him or her to replace forgone earnings. But in 1973, when the draft ended, this rationale went with it.

Montgomery replaced readjustment with recruiting: The best and brightest would join the all-volunteer force in return for a shot at college. But he did not change the program's basic structure. Like its predecessors, the **Montgomery GI Bill** is administered by the VA as an individual benefit, not by the Defense Department as a military personnel management tool, and its rewards do not increase the longer a person is in uniform.

"The bill is an incentive to enlist, and an incentive to leave once the benefits are earned," said David R. Segal, a University of Maryland military sociologist. No problem for a

force of draftees who cycled in and out every few years--but today's high-tech military wants its expensively trained professionals to stay in service for a decade or two, and it is having tremendous trouble keeping them. In this context, said Segal, "a system that allowed transfer of benefits to spouse or children might be an incentive to stay."

So, to prevent career soldiers from seeking civilian jobs that might pay them higher salaries, and ease the strain of paying for their spouse's or children's college education, Cleland wants to turn the GI Bill into a kind of family college fund. Under his (defeated) plan, the military could choose to allow certain categories of service members--presumably the longest-serving in the most undermanned specialties--to transfer some or all of their GI Bill education benefits to spouses and children instead of using the money themselves.

But this idea has unnerved veterans groups. "There's the great propensity in that proposal for it to become a benefit for (commissioned) officers," who already have their college degrees and would lose little by giving their GI Bill benefit away to family members, said Larry Rhea, deputy legislative director of the Non Commissioned Officers Association, which represents the interests of senior enlisted service members. Meanwhile, the less-educated lower ranks would face a cruel choice between their own education and their children's.

Transferability could also loosen the link between individual sacrifice and individual reward: It changes the GI Bill from the country's way of thanking ex-service members for their time in uniform into a kind of entitlement for military families. But supporters say it might repair the fraying bonds between career troops and the military by giving them an incentive to stay longer.

Traditionally, however, the GI Bill has been for the troops who don't plan to make a career of the military. So over the years, the military has created complementary programs to help those still in uniform take academic courses. Indeed, the higher-education options for people in uniform are vast and multifaceted, and include everything from correspondence courses to nighttime degree programs offered on base and courses taught on board even small Navy ships at sea. And all of the services encourage, and often pay for, their most promising officers to get a master's degree at military and civilian graduate schools.

Both service members and the military get their money's worth from these education offerings. A 1998 study of student-sailors by the private Center for Naval Analyses found that--even after correcting for their greater motivation and intelligence--active-duty troops who take college courses get promoted faster and stay in service longer than those who don't.

The foundation of this system is a program called "Tuition Assistance": When career service members take courses at civilian institutions on their off-duty time, the military picks up at least 75 percent of the tab. The services spend \$ 131

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million a year on this program.

But where can they take these classes? Try Bosnia, where civilian instructors from the University of Maryland University College teach at five separate sites. Classes started in the former Yugoslavia as soon as the shooting stopped, said Julie E. Porosky of UMUC: "We were in there in the first wave of support services." And UMUC is just the oldest and largest of 1,200 institutions teaching the troops. Some old-timers, Porosky said, recall "being under attack while trying to teach courses in Vietnam."

Both the Navy and the Marines offer a version of the Program for Afloat College Education (PACE), in which civilian instructors from accredited institutions literally ship out, living and teaching on vessels as small as frigates for months at a time. In one recently deployed unit of Marines, boasted just-retired Marine Corps Commandant Gen. Charles C. Krulak, "over 50 percent of them attended college while they were afloat."

And back on dry land, almost every installation with more than a few hundred personnel has its own college guidance counselors, partnerships with local colleges, and on-base classes. Peter Gaytan, who left the Air Force in 1996 and now works at the veterans group AMVETS, recalled, "I could leave my duty station on base and walk to my class."

The real problem for service members is not where to take classes, but when. As a smaller military takes on ever more missions, troops must often drop classes when they deploy to crisis areas--or, even if they get to stay behind on base, they must work extra hours to cover the daily chores of those who have been deployed.

"I chose to make the time in my schedule after working 12-hour shifts," said Gaytan. "You just have to have the discipline to go to class from 8 o'clock to 10 o'clock at night."

In fact, this faster pace is a frequent complaint of unhappy service members. They don't have enough free time for off-duty pursuits, such as education. "We're running our people to death," said the NCOA's Rhea. "When you're not deployed, there's more of an inclination to say, 'I've got this very limited amount of time. . . . Do I go to school, or spend that time with the family?'"

And service members seeking lifelong learning now have an alternative--they can leave. Just as the civilian world has caught up with GI Bill benefits, the private sector now widely offers the same kinds of continuing education programs the military pioneered.

"Continuing education is now occurring in almost every company," said Lynn Martin, former Labor Secretary and currently a professor at Northwestern University. Companies that once discouraged workers from taking courses now reimburse them and

increasingly go out of their way to make classes convenient.

Initially, "tuition-assistance programs, they were very novel," said Army Secretary Caldera. "Today you can get tuition assistance from Staples and Federal Express and McDonald's."

How can the military compete? One way is "by wiring the barracks," Caldera said. All four services have dramatically increased their use of the Internet to allow the troops to take courses almost anywhere. The Navy has experimented with video-conference seminars beamed straight to ships, and in the Air Force, said Assistant Secretary Ruby B. DeMesme, "we have doubled the capacity to provide those kinds of connections within the last three, four years."

Perhaps the most intense effort is under way in the Navy, which lags behind all the other services in degrees earned per capita. "We had a number of fabulous systems, none of them particularly well coordinated," said Deputy Director of Naval Training Allen R. Zeman. It was left up to individual sailors to search out available programs, hop procedural hurdles to enroll, and then calculate how many credit hours they had earned. The sea service is now reorganizing its efforts into a unified Navy College Program that aims to keep not only active-duty sailors informed of their educational options, but prospective recruits as well--as much as a year before they enlist.

Caldera also sees continuing education as a recruitment tool. "I want them not to have to make that choice between service and college," he said. "I want them to say, 'I can earn my degree while I'm serving.'"

From College to the Colors

But can they? According to a study done for the Pentagon by RAND, the Santa Monica, Calif., think-tank, fewer than 3 percent of career service members complete a bachelor's degree in their first 12 years in uniform. And while only 50 percent of active-duty troops have more than a high school education by the time they reach age 30, 90 percent of 30-year-olds who have left the military do.

Those figures imply that it is much easier for someone to get a college education after leaving the service than it is during active duty.

So RAND asked: What about before? Could the military sponsor higher education before enlistment and tap into that growing majority of high school seniors who go straight to college?

Caldera has bet that the answer is yes. Reversing years of Army reluctance, he has sought congressional approval to test a "College First" program along RAND's lines. If Congress endorses it, the plan would pay community college students a stipend--\$ 150 a month, or more if they drilled with the reserves--in return for their joining up after getting a two-year degree. And they would join at a higher pay grade than buck private.

The Navy already has several students enrolled in a similar experiment called "Tech Prep." Derived from similar civilian programs, Navy Tech Prep sends students through as much as a year of specialized community college courses before they enlist in one of the fleet's most sophisticated fields. The recruits come in better prepared, and their Navy training gives them enough academic credit to finish their associate's degree.

But why the focus just on community colleges, say critics? "I call that snob recruiting-policy. These guys don't want their own kids (enlisting)," said Northwestern University military sociologist Charles Moskos. "I want privileged children to serve their country, which I think they're quite willing to do."

Moskos' solution: recruit from four-year schools students in the middle of their college careers who might enter as enlisted troops. In a March op-ed piece in The Washington Post, he argued that the best and brightest would eagerly join up for a kind of "junior year abroad" keeping the peace and rebuilding bridges in places like Bosnia. To encourage enlistment, he proposed a 15-month tour of duty--far shorter than the current norm of four years. Senate Armed Services Chairman Warner embraced the idea, though he would lengthen the period to 18 months. But the Pentagon is not wild about it.

"What (Moskos) has suggested is too short," Caldera said. "You lose your investment in the training pretty quickly; (and) you never get unit cohesion, because people are constantly leaving." And the Army already allows two-year terms in some specialties. Most of the military insists on four.

RAND's study also shows that students from four-year colleges are slightly more likely than other enlistees to make good soldiers--but they are much less likely to enlist. Said RAND analyst Beth J. Asch, "The four-year (students) were more likely to be somebody that the military wanted, but they were much less likely to be somebody who would want to join the military."

In fact, the group that RAND finds most likely to enlist is not the graduates of two-year programs, but rather those who quit college early. Said Secretary Caldera, "The opportunity we really need to explore is really the stop-out student: the one who goes for a semester, stops out for a semester."

And the number of these "stop-outs"--as well as old-fashioned college dropouts--has swelled in recent years. As one Army recruiter, Sgt. 1st Class Eugene Tschida, said: "Almost every kid you talk to in high school says they're going to college. When reality sets in, not a great percentage of kids actually go to college and finish."

Such a recruiting strategy hardly meets Moskos' ideal of a military drawn from all classes of society. But it goes much further toward that goal than simply relying on the ever-shrinking, ever-less-privileged pool of high school graduates who

do not go on to college. Today's military recruits few of the rich--but also few of the poor. As more of the children of the middle class move up the educational ladder into college, the military must follow them to fill its ranks.

Montgomery GI Bill

This table shows how the maximum monthly stipend paid under the GI Bill to veterans in college has risen in the past 15 years.

Fiscal Year Amount	
1985	\$ 300
1986	300
1987	300
1988	300
1989	300
1990	300
1991	300
1992	350*
1993	400*
1994	400
1995	405**
1996	417**
1997	428**
1998	440**
1999	528*
2000	536** * Legislative increase ** Cost-of-living adjustment

LANGUAGE: ENGLISH

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March 16, 1999 10:34 Eastern Time

SECTION: NATIONAL DESK

LENGTH: 459 words

HEADLINE: VFW Praises Authors of Montgomery GI Bill Expansion Act of 1999

DATELINE: WASHINGTON, March 16

BODY:

A bill, introduced today in Congress expanding educational benefits of the current GI Bill, won high praise from the Veterans of Foreign Wars.

VFW Commander-in-Chief Thomas A. Pouliot of Helena, Mont., praised Illinois Rep. Lane Evans, the ranking Democrat on the House Veterans Affairs Committee, and Michigan Rep. John Dingell for jointly sponsoring the Montgomery GI Bill Expansion Act of 1999 (H.R. 1071).

Representatives Bob Filner of California and Corrine Brown from Florida also supported the measure.

Pouliot said the VFW has called for a new GI Bill that will provide new opportunities for men and women in the armed forces with the same advantages as World War II veterans.

"It is imperative that we, as a nation, invest in our military system and those who serve in it by ensuring that every serviceman and woman will have the opportunity to pursue a college education and have a secure and productive future," Pouliot noted.

Similar to the VFW's GI Bill of the 21st Century, this new GI Bill legislation would provide benefits for two tiers of service members: those who enlist or re-enlist for a minimum of four years and those who enlist for less than four years. In addition, the bill would increase the stipend level under tier one and increase the basic benefit under tier two to reflect the increase in the cost of education since the Montgomery GI Bill's enactment.

For service members who enlist or re-enlist for a minimum of 4 years, the bill would:

- Pay the full costs of tuition, fees, books and supplies;
 - Provide a subsistence allowance of \$800/month for 36 months;
 - Eliminate the \$1,200 basic pay reduction
- Service members who enlist for less than four years receive:
- Increase existing GI Bill to \$900/month
 - Eliminate the \$1,200 basic pay reduction
 - Trainees would be eligible for lump-sum **benefits**.

The Montgomery GI Bill Expansion Act will cost nearly \$881 million for Fiscal Year 2000. Pouliot stressed that this kind of cost is an investment in America. "As a result of the WWII GI Bill, America's middle class expanded with an influx of doctors, engineers and businessmen. The GI Bill paved the way for unparalleled economic growth and reaffirmed the importance of service in our nation's armed forces.

"The GI Bill changed the future of America in the 20th Century," Pouliot said. "Now we are looking today at the men and women in our armed forces to transform America in the 21st Century. To give them the opportunity to do this, we will go to Congress and emphasize the need for a new and revitalized GI Bill and urge the enactment into law of HR 1071.

LANGUAGE: ENGLISH

LOAD-DATE: March 16, 1999

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March 11, 2000, Saturday, FINAL EDITION

SECTION: NATION/WORLD, Pg. 15

LENGTH: 760 words

HEADLINE: Commander salutes military service;

BYLINE: MICHAEL L. DODSON;

BODY:

As an Army officer with 32 years of service and the current deputy commander in chief of all forces in and deploying to the central region of world, including the Middle East, I have special interest in the Army's recruiting success and the quality of our new soldiers. We must make sure that we attract the toughest, smartest, best soldiers we can to successfully carry out our missions throughout the world.

The Army is one of our nation's greatest enduring institutions. It is the underlying strength of our country. The Army is an organization that highly regards and preserves the values that our parents and grandparents hold dear. Soldiers are taught tough and exacting standards and are cared for by professional leaders. By the time soldiers arrive in their first unit, they will have undergone the best training in America and will have achieved what few can. The Army provides the best in professional, technical training, teaches the ability to work with people, offers an exposure to numerous cultures and life experiences, fosters lifelong friendships and promotes the qualities of dedication, integrity and leadership.

WORKING WITH YOUNG soldiers every day, I believe that today's youth continue to respond to the patriotic calling of military service just as their grandparents, parents, aunts, uncles and older siblings did before them. This, coupled with the opportunities for self-development the military provides, makes the Army a time-honored, meaningful profession.

For fiscal year 2000, the active Army has a mission to recruit 80,000 men and women, and the Army Reserve, 42,000. To ensure that military service remains an attractive career option, Congress and the Pentagon recently have increased retirement benefits, have approved the largest pay increase in several years and are working to improve health care and other quality-of-life issues. Yet these goals will be difficult to meet without the full support of the American public.

Ideas are being discussed that include issuing every new recruit a laptop computer, wiring all barracks for Internet access and providing all soldiers a permanent e-mail address that will stay with them throughout their military careers. A trial partnership with industry agreement will allow some enlistees to "apprentice" in the Army and, after their term of service, earn preferred hiring status at some of the country's most prestigious corporations.

The incentives to enlist today are the best you can find anywhere. The Army raised its top enlistment bonus to \$ 20,000 and for the first time allowed it to be combined with the Army College Fund/**Montgomery GI Bill**, which has a maximum payout of \$ 50,000. Also for the first time, enlistment bonuses can be given for two-year enlistments. Under an existing incentive, college grads can have up to \$ 65,000 of their student loans repaid.

THE ARMY CAN provide - as it has to millions of other Americans - an environment to grow, to learn

dedication and discipline and to become a leader, a leader with values. The Army today also offers improved pay and benefits, greater attention to quality-of-life issues, an upgraded recruiting force and better enlistment incentives, and new flexibility in reaching today's youth. They are all necessary elements to ensure that the volunteer Army continues to be a success. But the most important factor is the support and encouragement of the American people. Military service comes from a sense of duty, honor and desire to make something of oneself.

We look forward to the new century with confidence, and we get much of that confidence by looking backward into history. We see that the freedoms we so often take for granted, the prosperity we enjoy, the values and pride we take in our great nation were all secured by the men and women who demonstrated time and again the dedication and selflessness to serve in our armed forces. The public at large respects and honors those who choose to serve. It is important that we continue to instill in our sons and daughters a newfound pride in service to country. Join with me in encouraging our youth to raise their right hands and pledge an oath to their future and to the future of this great nation so that their sons and daughters may have the same chance to live free and prosper in the century ahead. Lt. Gen. Michael L. Dodson is deputy commanding general in chief and chief of staff of the U.S. Central Command at MacDill Air Force Base.

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TYPE: SATURDAY FORUM

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May 25, 1999, Tuesday

SECTION: CAPITOL HILL HEARING TESTIMONY

LENGTH: 1078 words

HEADLINE: TESTIMONY May 20, 1999 SIDNEY DANIELS DEPUTY DIRECTOR HOUSE VETERANS' AFFAIRS BENEFITS VETERAN EDUCATIONAL BENEFITS

BODY:

STATEMENT OF SIDNEY DANIELS, DEPUTY DIRECTOR NATIONAL LEGISLATIVE SERVICE VETERANS OF FOREIGN WARS OF THE UNITED STATES BEFORE THE SUBCOMMITTEE ON BENEFITS COMMITTEE ON VETERANS' AFFAIRS UNITED STATES HOUSE OF REPRESENTATIVES WITH RESPECT TO THE **MONTGOMERY GI BILL** AND THE SERVICEMEMBERS EDUCATIONAL OPPORTUNITIES ACT OF 1999 WASHINGTON, D. C. MAY 20, 1999 MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE: Mr. Chairman and Members of the Subcommittee on behalf of the men and women of the Veterans of Foreign Wars, I would like to express our thanks and appreciation for inviting us to participate in this very timely hearing on the GI Bill educational benefits. I would also like to extend my organization's gratitude to the members and staff of the Commission on Servicemembers and Veterans Transition Assistance for the excellent job they did in studying and reporting on the various benefits and services accrued to Servicemembers and veterans through honorable military service. Many of the Commission's recommendations for reforming and improving benefits and services, particularly as they relate to the GI Bill program, are progressive, forward reaching, and the right prescription for what ails the program as we prepare to head into the next millennium. For today's hearing, you asked that we comment on two measures pending before this committee: H.R. 1071, the "**Montgomery GI Bill Improvement Act**"; and H.R. 1182, the "Servicemembers Educational Opportunity Act of 1999". The VFW believes that if enacted, both measures will adequately address the recruitment and retention concerns of military leaders and provide sufficient resources to pursue a higher education as well as assist Servicemembers in making a smooth transition from the military to civilian life. Both bills contain key provisions that would provide for payment of all (or a substantial portion of) tuition fees, and books, along with a living stipend. We welcome these provisions which are very similar to key features of the original GI Bill that was an important success for World War II veterans. The WWII GI Bill has proven itself to be one of this nation's wisest and most productive 'investments. Although its original intent was to prevent any serious problems of unemployment, unrest, and dissatisfaction among veterans of WWII, it actually resulted in producing the largest middle class in the world, turning this nation into an economic superpower. In his study of "Who's Who in America", Dr. Amos Yoder said that the original GI Bill made it "possible for a sizable percentage of talented individuals to obtain a higher education, which equipped them to become leaders in our society", as well as increased our national productivity and economic strength. It is our view Mr. Chairman, that H.R. 1071 and H.R. 1182 could have the same benefit on this great nation. Over the past year, numerous military leaders have testified before various House and Senate committees concerning difficulties they are experiencing in recruiting and retaining quality personnel. On the recruitment side, high school graduates continue to represent a prime recruitment market for replenishing the nation's military ranks. For many high school graduates, the main attraction for joining the military has been the **Montgomery GI Bill (MGIB)**, which has made college a more realistic goal for those who otherwise could not afford. Furthermore, there appears to be a strong connection between the armed services' difficulties in recruiting high quality graduates and the modest payouts currently offered by the MGIB. Although the MGIB's total value was improved last year by 20% as a result of legislation sponsored by Rep. Bob Filner, the program continues to pale in comparison to funds available through other financial aid programs. We believe that the more generous benefits being proposed through the two bills now pending before the committee, will once again make the military a top choice among high school graduates searching for a way to finance their education. Although an enhanced GI Bill would have a positive impact on the retention rate of mid-career service members, there appears to be other factors at work, which may account for current retention concerns.

Some of the factors which may have a bearing on retention include a reduction in retirement benefits from 50% of pay to 40% of pay after 20 years of service, the residual fear of being downsized out of the service, too frequent deployments which detracts from family life, real or perceived pay inequities between senior NCOs and junior Officers, as well as pay inequities between military, personnel and their civilian counterparts. We believe that before the retention problem can be resolved, many of these issues must be effectively addressed. Mr. Chairman, we strongly support provisions -in H.R. 1071 and H.R. 1182 that would repeal the \$1200 pay reduction that is currently required of Servicemembers who enroll in the MGIB during the first year of service. Under current MGIB rules, Servicemembers who enroll in the program must agree to a pay reduction of \$100 per month for the first 12 months of service. The VFW opposed this measure when it was under consideration for adoption in 1985 and we continue to oppose it. We believe that the pay reduction provisions places an unnecessary financial strain on young Servicemembers, who during the first year of military service, are least able to afford such a hefty obligation on their salary. The accelerated payment provision found in H.R. 1071 is sorely needed and of particular value to the many veteran GI Bill recipients who pursue course work through providers that require lump sum payment up front, prior to beginning coursework. Under current guidelines the VA does not have authority to accelerate payments in order to accommodate such coursework. Consequently, the veteran must either come up with the money from other sources or forego the planned course of study. In addition to supporting legislation, which would provide for accelerated payments, we also favor giving the VA the flexibility to make future changes in educational assistance payments to veterans, without having to seek further authority. Mr. Chairman, we endorse the concepts embodied in H.R. 1071 and H.R. 1182 and will work with the Subcommittee to achieve passage of these measures. This concludes my remarks. I will be pleased to respond to any questions you may have.

LANGUAGE: ENGLISH

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July 05, 1999, Monday CITY EDITION

SECTION: NEWS; Pg. 8

LENGTH: 488 words

HEADLINE: Army Time Just Figures For Graduate

BYLINE: Jim Killackey, Education Editor

BODY:

The number 50,000 is helping a Chandler teen-ager be all that he can be.

The Army is recognizing Jason Reedy as the 50,000th enlistee to enroll in college before he goes on active duty.

After his four-year military obligation, Reedy will be eligible for \$ 50,000 toward earning a degree at East Central University in Ada.

"College is a waste of time until you're ready. In four years, I'll be college material. I know that then I'll be more mature and a better student," said Reedy, 18, a Chandler High School football and baseball star with a 3.2 grade point average.

"During my senior year, I didn't think much about what I would do after high school."

But after being contacted by an Army recruiter from Shawnee, Reedy assessed his future and decided that military service followed by more than enough money to earn a college degree in Oklahoma was the best route.

He leaves for Army basic training July 21 at Fort Benning, Ga. He plans to become an Army airborne ranger at the same post.

"They're paying me to stay in shape. I was very curious about the Army, and it actually sounded like fun," he said.

Reedy said if he attended college now, he would have to work to put himself through school, and that would be a sizable distraction. This summer, he makes three-gallon ice cream cans at Farm Fresh dairy in Chandler and has worked at a fast-food restaurant in Stroud.

He looks at the Army and college education as a package deal that will further a career in federal law enforcement, possibly the FBI. Four years in the Army also will offer him discipline, direction and a chance to see the world, Reedy said.

The teen also is following in his father's footsteps. Eddie Reedy was stationed in Germany during much of his Army service from 1980 to 1984.

"I know that I'll need a college education. In four years after my discharge, I'll better appreciate that higher education experience and be ready to hit the books," Reedy said.

Since 1991, the Army has been offering college incentives to sign up new recruits. Reedy is eligible for the large sum of financial aid under the Army's concurrent admissions program. The education money comes from the Army College Fund and the **Montgomery GI Bill** program.

Army enlistees who enroll in college before entering active duty can earn \$ 26,500 toward college expenses for a two-year commitment; \$ 33,000 for three years; and \$ 50,000 for four years.

East Central is one of 28 colleges and universities in Oklahoma participating in the Army's concurrent admissions program.

In 1998, \$ 7.1 million of Army College Fund money was granted to 202 Oklahomans who enlisted in the Army.

Reedy will be recognized at 2 p.m. Wednesday during a ceremony on the East Center campus in Ada. The ceremony will be attended by college President Bill Cole and military representatives from Washington.

GRAPHIC: Jason Reedy

LOAD-DATE: July 8, 1999

FOCUSTM

Search: General News;montgomery gi bill

To narrow this search, please enter a word or phrase:

Example: House of Representatives

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Fort Pierce News (Fort Pierce, FL)

August 27, 1999

SECTION: Lifestyles; Pg. B5

LENGTH: 591 words

HEADLINE: EDUCATIONAL ASSISTANCE AVAILABLE TO VETERANS

BYLINE: Paul Hiott special to the News

BODY:

The Veterans Affairs Educational Assistance Program provides training and educational assistance to veterans and qualified children, wives and widows of veterans.

In general terms, the program is designed to achieve the following goals: To make service in the armed forces more attractive, to extend benefits of secondary education to qualified persons who might not be able to afford it otherwise, to provide vocational readjustment and restore lost educational opportunities to those whose personal careers were interrupted by active military service and to create a climate in which veterans can aspire to greater educational advantages than they might normally have had.

The various types of educational benefits are:

Chapter 15 - Vocational rehabilitation for veterans receiving pension.

Chapter 30 - Montgomery GI Bill.

Chapter 31 - Vocational rehabilitation.

Chapter 32 - Post Vietnam-era educational assistance.

Chapter 35 - Survivors and dependents educational assistance.

Chapter 1,606 - Montgomery GI Bill for the Selected Reserves and Army National Guard.

One of the most widely used educational **benefits is the Montgomery GI Bill**. Eligibility is broken down into several categories, according to when the veteran first entered the armed forces. Basically, the program is provided to individuals who enter active duty for the first time after June 30, 1985, and receive an honorable discharge.

To receive the maximum benefit, a veteran must have served three years. A veteran may also qualify for the full benefit by initially serving two continuous years on active duty, followed by four years of selected reserve service, beginning within a year of release from active duty.

Active duty includes full-time National Guard duty performed after Nov. 29, 1989. Members of the Army and Air Force National Guard who enlisted between June 30, 1985, and Nov. 29, 1989, can be eligible.

Generally, veterans must have a high school diploma or a GED before the first period of active duty ends. Completing 12 credit hours toward a college degree also meets this requirement. Benefits under this program generally end 10 years from the date of the veteran's last discharge or release from active duty, but some extenuating circumstances qualify for extensions. To participate, service members have their military pay reduced by \$ 100 a month for the first 12 months of active duty. The money is not

refundable.

Courses at colleges and universities leading to associate's, bachelor's or graduate degrees, and accredited independent studies are available, as well as courses leading to a certificate or diploma from business, technical or vocational schools.

Apprenticeships or on-the-job training programs for individuals not on active duty also are available, as are correspondence courses, state-approved alternative teacher certification programs and tutorial assistance for those enrolled in school half time or more.

Many more benefits are available under the educational assistance program and additional eligibility criteria. To find out more about the Montgomery GI Bill and others, stop by a veterans office or visit the veterans representative at your local community college.

Veterans should call their respective county Veteran Service Office for transportation or assistance with any veterans benefits. In St. Lucie County, call the main office in Fort Pierce at (561) 462-1726 for transportation and benefit information.

Paul J. Hiott is the Veterans Service Manager for St. Lucie County.

LOAD-DATE: August 30, 1999

FOCUSTM

Search: General News;benefits of the Montgomery GI Bill

To narrow this search, please enter a word or phrase:

Example: House of Representatives

General News;benefits of the Montgomery GI Bill

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October 3, 1999 Sunday, CHICAGOLAND FINAL EDITION

SECTION: JOBS; Pg. 1; ZONE: C

LENGTH: 1542 words

HEADLINE: MAY THE ARMED FORCES BE WITH YOU;
UNCLE SAM STILL WANTS YOU--AND HE'S GOT THE INCENTIVES TO PROVE IT

BYLINE: By Barbara B. Buchholz. Special to the Tribune.

BODY:

ATTENTION! With the economy continuing to roar, unemployment remaining low, college enrollment up, the number of veterans decreasing and the draft almost as foreign a concept to Generation X- and Yers as having to walk miles barefoot to school, it's no wonder that attracting military recruits has become tougher.

"It is challenging to attract young people for service in the Navy," says Lt. Steve Zip, deputy public affairs officer in Millington, Tenn. "Field recruiters who have done multiple tours report that it is indeed more difficult now than in the past." His comments are echoed by the other military branch personnel.

In response, the armed forces have made the military a more attractive option for young high school graduates, with new levels of educational opportunity, more travel options -- and more money than ever before.

The Department of Defense sets a total annual goal for enlisted men and women in its branches. For fiscal 1999, which ended Thursday, the number was 196,193, far more grandiose than large conglomerates seek to fill. But the Pentagon reported last week that the military overall will fall short of that goal by about 8,000 recruits.

Each military branch sets its own yearly recruiting goal, with Congress mandating overall numbers, said Lt. Col. Tom Begines of the Defense Department.

As a result, competition for recruits has become fierce among the Army, Navy, Marine Corps and Air Force, with each deploying tactics typical of aggressive civilian employment specialists.

Top on today's list of tools is niche marketing.

The Marine Corps touts itself as the one true brotherhood, according to Master Sgt. Richard Ecker, public affairs chief for the Marine Corps Recruiting Command in Quantico, Va.

"Kids today want a place to belong and a chance to become leaders. We offer that and have historically been tagged as the elite fighting force," says Ecker.

The Navy sells its ability to send recruits off to see the world, enjoy high-tech adventures and gain "the best technical training in the world," explains Lt. Cmdr. Robert Newell, assistant chief of staff for public affairs at the Great Lakes Naval Training Center in North Chicago.

The Army, on the other hand, promises the greatest choice of jobs--more than 200, plus flexible enlistment terms and generous enlistment bonuses, says Lt. Col. Michael Wacławski, at the Sheridan Army Reserve Center in Highland Park.

In fact, the Army authorized its recruiters to pay enlistees \$6,000 bonuses if they signed up before the end of the fiscal year.

Sgt. 1st Class Ray Crowder in Loves Park, adds another perk: a college referral program that allows credits to be transferred to different schools.

"They can be deposited just like money in a bank account," he says.

The Air Force does its best to lure recruits with the appeal of a "wonderful lifestyle," says recruiter Tech. Sgt. Colin Kidd in Colorado Springs, Colo. "You get time off to go to college and choose from 175 different jobs."

To make their pitches heard, branches are setting aside healthy recruiting budgets. The Navy has increased its number of recruiters from 3,300 to 4,700, according to Zip. "We have to show young people that the Navy is a viable career option and a stepping stone to other military or civilian positions."

The Marines are working to select and train recruiters better and only put its best ones on the street, says Ecker. The tack is working, he adds. "In August, we had our 50th consecutive month of meeting our goal and are the only branch to do so."

What seems to work best for all four branches is simply to become more visible by talking to as many people as possible. Among the favorite destinations: high schools.

Recruiters are also hitting college campuses, shopping malls where they sometimes set up information tables, community events such as fairs and sporting events, which they often sponsor. And when they show up it's often in their crisp dress uniforms, which immediately telegraphs their presence to young people and their parents.

The service branches are also unveiling infomercials, advertising campaigns and Web sites to play up advantages. The Navy's newest ad campaign shows real sailors rather than actors discussing experiences. "It's done in a documentary style and shows how the Navy benefits young people by giving them an education," Zip says.

The Marines' Web site uses cartoon-style figures who speak in an authoritative but polite tone, which requires browsers to remember to insert a "Ma'am" or "Sir" each step of the way.

Each of the different branches also promotes the 3.6 percent pay hike from Congress that took effect Jan. 1, 1999, plus health and insurance benefits, good vacation schedules and educational stipends. The Department of Defense offers the same pay scale throughout its branches but certain careers and programs such as pilot, hazardous duty, doctor or sea pay add dollars.

Finally, the branches tout the chance to earn respect and grow through enhanced leadership and team-building skills.

"The Navy teaches you about yourself and what you want to do," Zip says. Who are they looking for? Men and women, mostly between ages 17 and 24, who can pass a physical test, score a certain percentile on an aptitude test, have a good attitude and reflect upstanding citizenry.

They must be willing to go through basic training, which varies in length by branch. At the Great Lakes Naval Training Center, 53,000 will have attended nine-week training courses this year by Sept. 30. After that they gain other training that depends on what they plan to do in the Navy.

While increased retention may compensate for a proportion of the shortfall when it comes to a particular skill, a sufficient influx of new recruits is still needed, says Begines of the Defense Department.

But not all who wish to serve are eligible to do so. Three red flags that disqualify potential enlistees and shrink the pool of available recruits include obesity, use of drugs or a criminal record.

With those who are eligible, however, recruiting has become more aggressive, allowing many young men and women a chance to be pickier in analyzing the options offered: funds to pay for college or graduate school, technical training, length of stay required and career opportunities available if they decide to re-enlist. The effects on family life if they are sent

overseas to combat is also a consideration.

Brad Derrick Cox, 17, who started Great Lakes' boot camp this past summer after graduating from high school in Vacaville, Calif., decided on the Navy because he felt it offered the best jobs, best schooling, chance to get out of California and to fulfill his sense of patriotism. He also had three grandfathers who had been in the Navy and says, "If I had joined the Marines my Mom would have had a nervous breakdown."

Chastity Nicole McDonough, 17 and a recent high school graduate from Smithfield, Pa., decided on the Navy for quite different reasons. She was seeking discipline. "I was pretty spoiled, never even made my bed and wanted to make my family proud," she says. She hopes to study oceanography and become a marine biologist by taking courses through the **Montgomery GI Bill**.

Sgt. Fatugygenea K. Bukle, 22, from Glendale Heights, decided on the Army because she felt it offered the best chance for her to choose a job. She decided to become an ammunition specialist. Although she expected to stay in just four years, she re-enlisted for another four because she enjoyed her time. "I'm studying to be a psychologist and have been able to travel all over the world."

Some still sign up because of that old-fashioned but still viable feeling: patriotism. Pvt. Michael A. Teske, 19, enlisted in the Army five months ago for four years and received an \$11,000 enlistment bonus. Teske, who is from Bradley, Ill., felt the Army offered the best way to serve his country.

DO YOU HAVE WHAT IT TAKES?

What to ask a recruiter

- How long is basic training and what is it like?
 - Do you get paid while at Basic or Recruit Training?
 - How much money do I get for college?
 - Does my military training count towards college credit?
 - How long do I have to enlist for?
 - Can a friend and I go to basic training together?
 - Do women coming in have all their hair cut off?
 - Can I take college courses while stationed?
 - What is the minimum time I can enlist?
 - What do I have to score on the Armed Services Vocational Aptitude Battery test to qualify?
 - What kind of physical condition do I need to be in before entering basic training?
 - How do you qualify for jobs?
 - Will I have time for sports?
 - How old do you have to be to enlist?
 - How long can I be in the delayed entry program before going to basic training?
 - Can the service branch guarantee me a job?
- Adapted from Navy recruiting materials

GRAPHIC: PHOTOS 2 GRAPHICPHOTO (color): Recruits at Great Lakes Naval Training Center in North Chicago get their pant legs hemmed. To help boost its recruiting effort, the Navy has increased its number of recruiters from 3,300 to 4,700.; **PHOTO (color):** Enlistees march at Great Lakes. The military as a whole will fall short of its annual recruiting goal for the fiscal year by about 8,000 recruits. Tribune photos by Jim Robinson.

LANGUAGE: ENGLISH

LOAD-DATE: October 3, 1999

FOCUS™**Search: General News;montgomery gi bill**

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February 25, 2000, Friday

SECTION: WASHINGTON DATELINE

DISTRIBUTION: TO NATIONAL AND POLITICAL EDITORS

LENGTH: 529 words

HEADLINE: VA Committee Recommends \$100 Million Increase To Administration's FY 2001 VA Budget;
Stump to Emphasize Education Benefits, Veterans' Employment After Congressional Success of Last Year

DATELINE: WASHINGTON, Feb. 25

BODY:

House Veterans' Affairs Committee Chairman Bob Stump (R-AZ) said Friday he sees this year's budget as a golden opportunity to build on recent legislative gains, and hinted he would oppose any effort to undo them.

The VA Committee heard testimony on the VA budget from Secretary of Veterans Affairs Togo D. West Jr. and officials from veterans' organizations on February 17. The \$48 billion VA budget proposal includes a \$1.4 billion increase for VA health care. Conspicuous by its absence, according to several VA Committee members, is any upgrade in the **Montgomery GI Bill** to cover rising costs of higher education. But overall, members were far more receptive to this spending plan than last year's version.

Chairman Stump said the goal this year was "building upon the success Congress had last year" by expanding veterans' access to health care, speeding decisions on disability claims, and increasing available space in veterans' cemeteries.

"I think we're all aware that you are proposing a much better budget than you brought us last year," Stump told Secretary West while praising the funding levels for health care, benefits, and cemeteries.

"This is the best VA budget proposed by any Administration since I have served on this Committee," Rep. Lane Evans (D-IL), the VA Committee's Democratic leader, told Secretary West. "Veterans and the Congress have spoken out. This budget clearly demonstrates the Administration has listened and responded."

The VA Committee recommended an increase of \$25 million above the President's request for VA medical research, including \$11 million to prevent erosion of current research activity. The VA Committee also recommends increasing the Administration's \$60 million proposal for state home grant programs to \$140 million. Chairman Stump predicted VA Committee resistance to the Administration's proposal to return to the U.S. Treasury co-payment collections authorized under last year's Veterans' Millennium Health Care and Benefits Act. Stump said he wants the collections spent entirely on veterans' health care as mandated by the law.

"Congress worked very closely with the veteran service organizations last year to devise a plan for those copayments that would maximize incentives at the local level to collect and use such payments on veterans' health care at each facility," Stump said. "The President signed that bill into law on November 30, 1999. I'm disappointed that less than three months later his budget now recommends that we break faith with the veterans' organizations on that legislation."

In the area of veterans' employment, Stump said the VA Committee will examine a number of incentive-based initiatives, such as an allocation system that requires competition among states for available dollars based on performance. Current programs, Stump said, include no means of rewarding success or penalizing failure.

SOURCE U.S. Department of Veterans' Affairs

CONTACT: Dan Amon of the U.S. Department of Veterans' Affairs, 202-225-3664

URL: <http://www.prnewswire.com>

LANGUAGE: ENGLISH

LOAD-DATE: February 26, 2000

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Search: General News;montgomery gi bill

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MARCH 1, 2000, WEDNESDAY

SECTION: PRESS RELEASE

LENGTH: 323 words

HEADLINE: COLLEGE

BYLINE: J.D. HAYWORTH, REPRESENTATIVE, HOUSE, HAYWORTH CALLS ON PRESIDENT TO STOP IGNORING, THE NEEDS OF VETERANS, SUPPORTS INCREASING GI BILL TO COVER THE COST OF ATTENDING

BODY:

FOR IMMEDIATE RELEASE MARCH 1, 2000 Hayworth Calls on President to Stop Ignoring the Needs of Veterans Supports increasing GI Bill to cover the cost of attending college WASHINGTON (March 1, 2000) - Congressman J.D. Hayworth (R- Arizona) this afternoon advocated increasing educational benefits for veterans under the **Montgomery GI Bill**, and also called on the president to stop ignoring the needs of veterans. Hayworth is Vice Chairman of the Veterans Affairs Benefits Subcommittee. "Serving in the military is the most fundamental form of national service. Our veterans have earned the right to an affordable college education, but the GI Bill has fallen behind in covering the cost of attending college. Our proposal today will give back that opportunity to our veterans," said Hayworth. Hayworth wants to increase the basic benefit under the **Montgomery GI Bill** from \$ 528 to \$ 975 per month. That nine-month amount would cover the \$ 8,774 cost of a typical public university. Hayworth also hopes the president will reassess his list of priorities and join the bipartisan effort in the House to increase benefits in the GI Bill. "The president is driving veterans out of the military in record numbers. Now he's driving them out of college as well. The president has always found money for dubious initiatives of his own, but he has consistently ignored the needs of our men and women in uniform. We have thousands of military personnel deployed overseas on questionable missions, while back home their families rely on food stamps. Now when they leave the military, he refuses to adequately fund educational opportunities for them," added Hayworth. Hayworth was joined by Congressmen Bob Stump (R-AZ), Jack Quinn (R-NY), Bob Filner (D-CA), and Lane Evans (D-IL) and former Congressman Sonny Montgomery, the namesake of the **Montgomery GI Bill**. Representatives of veterans organizations also spoke in support of the proposal.

LANGUAGE: ENGLISH

LOAD-DATE: March 2, 2000

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Example: House of Representatives

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March 3, 2000, Friday, Final

SECTION: BUSINESS, Pg. C9, Military Update

LENGTH: 905 words

HEADLINE: VETS' GROUPS SEEK 82% RISE IN EDUCATION STIPEND

BYLINE: TOM PHILPOTT COLUMNIST

BODY:

House leaders on veterans' issues have offered words of encouragement to a coalition of 47 veterans groups and higher-education organizations calling for an 82 percent rise in monthly education benefits under the **Montgomery GI Bill**, or MGIB.

But away from cameras and microphones, lawmakers and their staffs indicated that a 12 percent increase in the MGIB stipend, from \$536 a month to \$600, is more likely this year as a first step toward making veterans' educational benefits more competitive with other federal education programs.

The coalition, called Partnership for Veterans' Education, wants GI Bill benefits raised to \$975 a month for the current 36-month program. Assuming a nine-month academic year, that would be enough, on average, to cover tuition and educational expenses for a commuter student at a four-year public college.

That's a reasonable goal, agreed a stream of sympathetic lawmakers who took turns saying so at a Capitol Hill news conference Wednesday. Only Rep. Bob Filner of California, ranking Democrat on the House veterans affairs subcommittee on benefits, hinted at the daunting fiscal challenge blocking the coalition's goal.

"The budget process makes it very difficult for all of us," said Filner. "We're all painfully aware that, under the rules we are working, improvements to this program require that we withdraw money from other programs ... for veterans."

Rep. Bob Stump, chairman of the full House Veterans Affairs Committee, told coalition representatives that he supports their cause.

"This is something long, long overdue," Stump said. "Recruitment is at an all-time low. Only one branch of service - the Marines - met their recruiting goals last year. We need to do this and we need to do it now for those young men and women in uniform."

Interviewed moments later about how he might pay for such an increase, Stump conceded that it would be difficult, given the budget law that required his committee to offset the cost of any added entitlements with program cuts of equal value.

Only a vote to suspend the law, through a "unanimous consent" agreement, could neutralize the offset rule, Stump said.

"But the likelihood of that," he added, "is pretty slim."

Sources on the House Veterans Affairs Committee said Stump privately hopes to make more gradual improvements in MGIB benefits. That effort began with a request to the House Budget Committee to allow Stump to add \$125 million to veteran education benefits in 2001.

About \$100 million of that would go to raise the MGIB monthly stipend by \$64 a month to reach \$600. This would restore most purchasing power lost since MGIB began in 1985. But the benefit would

remain far short of what veterans need to cover four years of tuition and books at a modestly priced land grant college.

In the Senate, the veterans affairs committee already has voted out a bill, S1402, to raise the MGIB benefit to \$600 a month.

The same bill would pump an additional \$200 million into veterans education programs in different ways.

For example, MGIB participants already contribute \$1,200 in their first year of service to buy 36 months of education benefits, which has a pay-out rate of \$536 a month or \$19,296 total.

The Senate bill would allow MGIB participants still on active duty to buy additional benefits.

For every additional \$4 contributed, up to a maximum of \$600, participants could buy \$36 more (or an extra \$1 a month) in MGIB benefits, for a total benefit boost of \$5,400.

Another provision in the bill would allow accelerated payments at the start of a semester, rather than only monthly payments.

Also, active-duty members who turned down MGIB participation during their first year of service could buy in later by making a \$1,500 contribution, or \$300 above the original requirement.

A House committee staff member said Stump was open to some of these same ideas but was committed first to raising MGIB monthly benefits significantly over time.

The first step is to get the budget committee "to front us for two years," by allowing the monthly benefit jump to \$600 in 2001 and 2002.

By 2003, the committee anticipates "some fairly heavy savings" on other veterans' programs, which the staff member declined to name.

But Stump would use the savings to raise benefits to \$700 that year and perhaps go higher in subsequent years.

The cost of raising MGIB benefits, said Filner and Rep. John Dingell, D-Mich., is more than recovered later through a higher-quality military and the extra taxes collected by the Treasury from better-educated and, therefore, more productive veterans.

Rep. Jack Quinn, R-N.Y. and chairman of the veteran benefits subcommittee, said MGIB payments were so modest now, and alternatives to MGIB so attractive, that "most college-bound students and their families see a tour of military service today as a detour from college plans."

The only partisan shot fired at the press conference came from Rep. J.D. Hayworth, R-Ariz.

He noted that President Clinton's final budget request calls for "\$30 billion in college opportunity tax cuts and tax credits, \$1 billion for Pell Grants, \$200 million more for Americorps volunteers.

"But, sadly, no money for a realistic **Montgomery GI Bill.**"

LANGUAGE: ENGLISH

LOAD-DATE: March 4, 2000

FOCUS™**Search: General News;montgomery gi bill**

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Bill Summary & Status for the 106th Congress**NEW SEARCH | HOME | HELP****S.1402**

Sponsor: Sen Specter, Arlen (introduced 7/20/1999)

Latest Major Action: 7/27/1999 Referred to House committee

Title: An original bill to amend title 38, United States Code, to enhance programs providing education benefits for veterans, and for other purposes.

Jump to: [Titles](#), [Status](#), [Committees](#), [Related Bill Details](#), [Amendments](#), [Cosponsors](#), [Summary](#)**TITLE(S):** (*italics indicate a title for a portion of a bill*)

- **SHORT TITLE(S) AS INTRODUCED:**
All-Volunteer Force Educational Assistance Programs Improvements Act of 1999
- **OFFICIAL TITLE AS INTRODUCED:**
An original bill to amend title 38, United States Code, to enhance programs providing education benefits for veterans, and for other purposes.

STATUS: (*color indicates Senate actions*) ([Floor Actions/Congressional Record Page References](#))**6/23/1999:**

Committee on Veterans Affairs ordered to be reported an original measure.

7/20/1999:Committee on Veterans Affairs. Original measure reported to Senate by Senator Specter. With written report No. 106-114.**7/20/1999:**

Placed on Senate Legislative Calendar under General Orders. Calendar No. 222.

7/26/1999:

Passed Senate without amendment by Unanimous Consent.

7/27/1999 10:06am:

Received in the House.

7/27/1999:

Message on Senate action sent to the House.

7/27/1999:

Referred to the Committee on Veterans' Affairs, and in addition to the Committee on Armed Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

7/27/1999:

Referred to House Veterans' Affairs

7/27/1999:

Referred to House Armed Services

COMMITTEE(S):**Committee/Subcommittee:**House Armed ServicesHouse Veterans' AffairsSenate Veterans' Affairs**Activity:**

Referral

Referral

Origin, Reporting

RELATED BILL DETAILS:

NONE

AMENDMENT(S):

NONE

COSPONSOR(S):

NONE

MOST RECENT SUMMARY:

7/20/1999--Introduced.

All-Volunteer Force Educational Assistance Programs Improvements Act of 1999 - Amends Federal veterans' educational assistance benefits provisions to: (1) authorize the use of such benefits for preparatory courses for tests for admission to colleges and graduate schools; (2) increase the monthly rate of basic educational assistance; and (3) increase the rate of survivors' and dependents' educational assistance, including assistance used for correspondence courses, special restorative training, and apprenticeship training.

Authorizes individuals eligible for basic educational assistance as either active-duty or Selected Reserve personnel to make contributions (not to exceed \$600) for an increased amount of such assistance.

Continues eligibility for basic educational assistance for individuals who are discharged for immediate reenlistment to accept a commission as an officer and who subsequently complete the resulting period of obligated active duty service as such an officer.

Allows an individual who previously elected not to participate in the educational assistance program to withdraw such election at any time before his or her discharge or release from active duty or reserve service. Requires such individual's monthly basic pay to be reduced for program participation..

Authorizes the Secretary of Veterans Affairs to pay basic educational assistance on an accelerated basis, at the request of an individual. Reduces the total assistance entitlement for such an individual by the appropriate amount.

Directs the Secretary to report annually to the congressional veterans' committees on veterans' education and vocational training benefits provided by the States.

Expresses the sense of Congress that each of the States should admit qualified veterans to publicly-supported higher educational institutions on a tuition-free basis.

106TH CONGRESS
1ST SESSION

H. R. 1071

To amend title 38, United States Code, to improve benefits under the Montgomery GI Bill by establishing an enhanced educational assistance program, by increasing the amount of basic educational assistance, by repealing the requirement for reduction in pay for participation in the program, by authorizing the Secretary of Veterans Affairs to make accelerated payments of basic educational assistance, and by reopening the period for certain VEAP participants to elect to participate in the program of basic educational assistance, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 11, 1999

Mr. EVANS (for himself, Mr. DINGELL, Mr. FILNER, Mr. SHOWS, and Ms. BROWN of Florida) introduced the following bill; which was referred to the Committee on Veterans' Affairs

A BILL

To amend title 38, United States Code, to improve benefits under the Montgomery GI Bill by establishing an enhanced educational assistance program, by increasing the amount of basic educational assistance, by repealing the requirement for reduction in pay for participation in the program, by authorizing the Secretary of Veterans Affairs to make accelerated payments of basic educational assistance, and by reopening the period for certain VEAP participants to elect to participate in the program of basic educational assistance, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Montgomery GI Bill
 5 Improvements Act of 1999”.

6 **SEC. 2. ENHANCED BENEFITS UNDER MONTGOMERY GI**
 7 **BILL FOR FOUR YEARS OF ACTIVE-DUTY**
 8 **SERVICE.**

9 (a) IN GENERAL.—Chapter 30 of title 38, United
 10 States Code, is amended by adding at the end the follow-
 11 ing new subchapter:

12 “SUBCHAPTER V—ENHANCED EDU-
 13 CATIONAL ASSISTANCE

14 “§ 3041. Enhanced educational assistance entitlement

15 “(a) ENTITLEMENT.—An eligible individual is enti-
 16 tled to enhanced educational assistance under this sub-
 17 chapter.

18 “(b) ELIGIBLE INDIVIDUAL DEFINED.—For pur-
 19 poses of this subchapter, the term ‘eligible individual’
 20 means an individual who meets the service requirement
 21 described in subsection (c) and whose status after comple-
 22 tion of such service is described in section 3011(a)(3) of
 23 this title. Such term does not include an individual de-
 24 scribed in paragraph (1) or (2) of section 3011(c) of this
 25 title.

1 “(c) SERVICE REQUIREMENT.—(1) The service re-
2 quirement referred to in subsection (b) is as follows:

3 “(A) After September 30, 1999, the
4 individual—

5 “(i) first enters on active duty;

6 “(ii) reenlists or extends an enlistment on
7 active duty as a member of the Armed Forces;
8 or

9 “(iii) in the case of an officer, continues to
10 serve on active duty after that date.

11 “(B) From the date of such entry, reenlistment,
12 extension, or continuation, as the case may be, the
13 individual—

14 “(i) serves a continuous period of active
15 duty of at least four years in the Armed Forces;
16 or

17 “(ii) serves on active duty in the Armed
18 Forces and is discharged or released from ac-
19 tive duty—

20 “(I) as provided in subelause (I) of
21 section 3011(a)(1)(A)(ii) of this title;

22 “(II) for the convenience of the Gov-
23 ernment, after having completed not less
24 than 42 months of continuous active duty;
25 or

1 “(III) as provided in subclause (III)
2 of section 3011(a)(1)(A)(ii) of this title.

3 “(2) In determining service under paragraph (1), the
4 following rules apply:

5 “(A) Any period of service described in para-
6 graph (2) or (3) of section 3011(d) of this title that
7 applies to an eligible individual under this section
8 shall not be considered a part of the individual’s pe-
9 riod of active duty.

10 “(B) A member described in paragraph (2) of
11 section 3011(f) of this title who serves the periods
12 of active duty referred to in such paragraph shall be
13 deemed to have served a continuous period of active
14 duty the length of which is the aggregate length of
15 the periods of active duty referred to in such para-
16 graph.

17 “(C) Subsections (g) and (h) of section 3011 of
18 this title apply with respect to an eligible individual
19 under this section in the same manner as they apply
20 to an individual under section 3011 of this title.

21 “(d) ELECTION OF BASIC EDUCATIONAL ASSIST-
22 ANCE.—(1) An eligible individual entitled to enhanced
23 educational assistance under this subchapter may elect (in
24 a form and manner prescribed by the Secretary) to receive
25 basic educational assistance under subchapter II in lieu

1 of such enhanced educational assistance for an enrollment
2 period. Such an election shall be made by not later than
3 30 days before the beginning of the enrollment period.

4 “(2) An eligible individual may revoke an election
5 made pursuant to paragraph (1), but in no case may such
6 revocation be made later than 30 days before the begin-
7 ning of the enrollment period.

8 **“§ 3042. Duration of enhanced educational assistance**

9 “(a) IN GENERAL.—Subject to section 3695 of this
10 title and except as provided in subsection (b), each individ-
11 ual entitled to enhanced educational assistance under sec-
12 tion 3041 of this title is entitled to a monthly enhanced
13 educational assistance allowance under this subchapter for
14 a period or periods not to exceed a total of 36 months
15 (or the equivalent thereof in part-time enhanced edu-
16 cational assistance).

17 “(b) SPECIAL RULE FOR CERTAIN EARLY SEPARA-
18 TIONS.—Subject to section 3695 of this title, in the case
19 of an individual described in subclause (I) or (III) of sec-
20 tion 3041(c)(1)(B)(ii) who does not serve a continuous pe-
21 riod of active duty of at least four years in the Armed
22 Forces (as described in section 3041(c)(1)(B)(i) of this
23 title), the individual is entitled to one month of enhanced
24 educational assistance benefits under this subchapter (not
25 to exceed a total of 36 months (or the equivalent thereof

1 in part-time enhanced educational assistance)) for each
2 month of continuous active duty served by the individual
3 beginning with the date on which the entry on active duty,
4 reenlistment, enlistment extension, or continuation appli-
5 cable to that individual under section 3041(c)(1)(A) of
6 this title begins.

7 **“§ 3043. Payment of educational expenses**

8 “(a) IN GENERAL.—(1) Subject to paragraph (2), the
9 Secretary shall pay to the educational institution providing
10 a course under an approved program of education to an
11 eligible individual under this subchapter who is enrolled
12 in the course the actual cost of tuition and fees otherwise
13 payable by the individual.

14 “(2) Such cost may not exceed the amount charged
15 to similarly circumstanced nonveterans.

16 “(b) STIPEND; COSTS OF BOOKS AND SUPPLIES.—
17 The Secretary shall pay to each eligible individual under
18 this subchapter who is pursuing an approved program of
19 education—

20 “(1) a stipend as provided in section 3044 of
21 this title; and

22 “(2) in accordance with regulations prescribed
23 by the Secretary, an amount equal to the average
24 cost of books and supplies payable by individuals

1 pursuing courses of education at educational institu-
2 tions.

3 “(c) EXCLUSION FROM INCOME FOR ELIGIBILITY
4 DETERMINATIONS FOR FEDERAL EDUCATIONAL
5 LOANS.—Notwithstanding any other provision of law,
6 amounts payable by the Secretary under this subchapter
7 with respect to an eligible individual shall not be consid-
8 ered as income for purposes of determining eligibility of
9 such individual for education grants or loans under any
10 other provision of Federal law.

11 **“§ 3044. Amount of stipend**

12 “(a) IN GENERAL.—Except as provided in section
13 3042 of this title, the stipend under this subchapter shall
14 be paid at a monthly rate (as that rate may be increased
15 pursuant to subsection (b)) as follows:

16 “(1) At the monthly rate of \$800 for an ap-
17 proved program of education pursued on a full-time
18 basis.

19 “(2) At the monthly rate of \$600 for an ap-
20 proved program of education pursued on a three-
21 quarter-time basis.

22 “(3) At the monthly rate of \$400 for an ap-
23 proved program of education pursued on a half-time
24 basis.

1 “(4) At the monthly rate of \$200 for an ap-
 2 proved program of education pursued on less than a
 3 half-time basis.

4 “(b) ADJUSTMENT FOR INFLATION.—With respect to
 5 any fiscal year beginning after fiscal year 2000, the Sec-
 6 retary shall increase the rate paid under subsection (a)
 7 for the previous fiscal year by the percentage applicable
 8 under section 3015(g) of this title.

9 **“§ 3045. Tutorial assistance**

10 “An individual entitled to an enhanced educational
 11 assistance allowance under this subchapter shall be enti-
 12 tled to benefits provided an individual under section 3019
 13 of this title, subject to the conditions provided in such sec-
 14 tion.”.

15 (b) CONFORMING AMENDMENTS.—(1) Section 3002
 16 of such title is amended by inserting at the end the follow-
 17 ing new paragraph:

18 “(9) The term ‘enhanced educational assistance’
 19 means educational assistance provided under subchapter
 20 V.”.

21 (2) Section 3011 of such title is amended in sub-
 22 section (f)(1) and (g) by striking “chapter” each place it
 23 appears and inserting “subchapter”.

24 (3) Section 3018 of such title is amended by striking
 25 “educational assistance under this chapter” each place it

1 appears and inserting “educational assistance under this
2 subchapter”.

3 (4) Section 3018A(a) of such title is amended by
4 striking “education assistance under this chapter” and in-
5 serting “educational assistance under this subchapter”.

6 (5) Section 3018B of such title is amended by strik-
7 ing “education assistance under this chapter” each place
8 it appears and inserting “educational assistance under
9 this subchapter”.

10 (6) Section 3018C of such title is amended—

11 (A) in subsection (a), by striking “educational
12 assistance under this chapter” and inserting “edu-
13 cational assistance under this subchapter”; and

14 (B) in subsection (b), by striking “education as-
15 sistance under this chapter” and inserting “edu-
16 cational assistance under this subchapter”.

17 (7) Section 3019 of such title is amended by striking
18 “chapter” each place it appears and inserting “sub-
19 chapter”.

20 (8) Section 3031 of such title is amended—

21 (A) in subsection (f), by inserting “or 3042 of
22 this title” after “section 3013” each place it ap-
23 pears; and

1 (B) in subsection (g), by inserting “or
 2 3031(c)(1)(B)(ii)(III)” after “section
 3 3011(a)(1)(A)(ii)(III)”.

4 (9) Section 3032(e)(3) of such title is amended by
 5 inserting “, or section 3044(a)(1)” after “section 3015”.

6 (c) CLERICAL AMENDMENT.—The table of sections
 7 at the beginning of chapter 30 of title 38, United States
 8 Code, is amended by adding at the end the following new
 9 items:

“SUBCHAPTER V—ENHANCED EDUCATIONAL ASSISTANCE

“3041. Enhanced educational assistance entitlement.

“3042. Duration of enhanced educational assistance.

“3043. Payment of educational expenses.

“3044. Amount of stipend.

“3045. Tutorial assistance.”.

10 **SEC. 3. INCREASE IN RATES OF BASIC EDUCATIONAL AS-**
 11 **SISTANCE UNDER MONTGOMERY GI BILL.**

12 (a) ACTIVE DUTY EDUCATIONAL ASSISTANCE.—Sec-
 13 tion 3015 of title 38, United States Code, is amended—

14 (1) in subsection (a)(1), by striking “\$528” and
 15 inserting “\$900”; and

16 (2) in subsection (b)(1), by striking “\$429”
 17 and inserting “\$730”.

18 (b) EFFECTIVE DATE.—The amendments made by
 19 subsection (a) shall take effect on October 1, 1999, and
 20 shall apply with respect to educational assistance allow-
 21 ances paid for months after September 1999.

1 **SEC. 4. REPEAL OF PAY REDUCTION, ELECTION OF BENE-**
2 **FITS, AND HIGH SCHOOL GRADUATION RE-**
3 **QUIREMENT FOR PARTICIPATION IN BASIC**
4 **EDUCATIONAL ASSISTANCE UNDER MONT-**
5 **GOMERY GI BILL.**

6 (a) REPEAL OF PAY REDUCTION AND ELECTION OF
7 BENEFITS.—

8 (1) ACTIVE DUTY PROGRAM.—(A) Section 3011
9 of title 38, United States Code, is amended—

10 (i) by striking subsection (b); and

11 (ii) in subsection (c), by striking paragraph
12 (1) and redesignating paragraphs (2) and (3)
13 as paragraphs (1) and (2), respectively.

14 (B) Section 3012 of such title is amended—

15 (i) by striking subsection (c); and

16 (ii) in subsection (d), by striking para-
17 graph (1) and redesignating paragraphs (2) and
18 (3) as paragraphs (1) and (2), respectively.

19 (2) OPPORTUNITIES TO WITHDRAW ELECTION
20 NOT TO ENROLL.—(A) Section 3016(a)(1) of such
21 title is amended by striking “, and does not make
22 an election under section 3011(c)(1) or section
23 3012(d)(1)”.

24 (B) Sections 3018A and 3018B of such title
25 are each amended by adding at the end the following
26 new subsection:

1 “(e) Notwithstanding subsection (b), no reduction in
2 the pay of an individual under this section shall be made
3 for months beginning after September 30, 1999. Any obli-
4 gation of such individual under subsection (b), as of Sep-
5 tember 30, 1999, shall be deemed to be fully satisfied as
6 of such date.”.

7 (3) EFFECTIVE DATE.—The amendments made
8 by this subsection shall take effect on October 1,
9 1999, and apply to individuals whose initial obli-
10 gated period of active duty under section 3011 or
11 3012 of title 38, United States Code, as the case
12 may be, begins on or after such date.

13 (4) TERMINATION OF PAY REDUCTIONS IN
14 PROGRESS.—Any reduction in the basic pay of an
15 individual referred to in subsection (b) of section
16 3011 of title 38, United States Code, by reason of
17 such subsection, or of any individual referred to in
18 subsection (c) of section 3012 of such title by reason
19 of such subsection, shall cease commencing with
20 months beginning after September 30, 1999, and
21 any obligation of such individual under such sub-
22 sections, as the case may be, as of September 30,
23 1999, shall be deemed to be fully satisfied as of such
24 date.

1 (b) REPEAL OF HIGH SCHOOL GRADUATION RE-
2 QUIREMENT.—

3 (1) ACTIVE DUTY.—(A) Section 3011(a) of title
4 38, United States Code, is amended—

5 (i) by striking paragraph (2); and

6 (ii) by redesignating paragraph (3) as
7 paragraph (2).

8 (B) Section 3011 of such title is amended—

9 (i) by striking subsection (e); and

10 (ii) by redesignating subsections (f), (g),
11 and (h) as subsections (e), (f), and (g), respec-
12 tively.

13 (C) Section 3012(a) of such title is amended—

14 (i) by striking paragraph (2); and

15 (ii) by redesignating paragraph (3) as
16 paragraph (2).

17 (D) Section 3012 of such title is amended—

18 (i) by striking subsection (f); and

19 (ii) by redesignating subsection (g) as sub-
20 section (f).

21 (2) OPPORTUNITIES TO WITHDRAW ELECTION
22 NOT TO ENROLL.—(A) Section 3018 of such title is
23 amended—

24 (i) by striking paragraph (4) of subsection

25 (b);

1 (ii) by inserting “and” at the end of para-
2 graph (3)(C); and

3 (iii) by redesignating paragraph (5) as
4 paragraph (4).

5 (B)(i) Section 3018A(a) of such title is
6 amended—

7 (I) by striking paragraph (2);

8 (II) by redesignating paragraphs (3), (4),
9 and (5) as paragraphs (2), (3), and (4), respec-
10 tively; and

11 (III) by striking “paragraph (3)” in para-
12 graphs (3) and (4), as so redesignated, and in-
13 serting “paragraph (2)”.

14 (ii) Section 3018A(c) of such title is amended
15 by striking “subsection (a)(3) of this section” and
16 inserting “subsection (a)(2)”.

17 (iii) Section 3018A(d)(1) of such title is amend-
18 ed by striking “subsection (a)(4) of this subsection”
19 and inserting “subsection (a)(3)”.

20 (C)(i) Section 3018B(a)(1) of such title is
21 amended—

22 (I) by striking subparagraph (B);

23 (II) by redesignating subparagraphs (C),
24 (D), and (E) as subparagraphs (B), (C), and
25 (D), respectively; and

1 (III) by striking “subparagraph (C)” in
2 subparagraphs (C) and (D), as so redesignated,
3 and inserting “subparagraph (B)”.

4 (D)(i) Section 3018B(a)(2) of such title is
5 amended—

6 (I) by striking subparagraph (B);

7 (II) by redesignating subparagraphs (C),
8 (D), and (E) as subparagraphs (B), (C), and
9 (D), respectively;

10 (III) by striking “paragraph (1)(C) of this
11 subsection” in subparagraph (B), as so redesign-
12 ated, and inserting “paragraph (1)(B)”;

13 (IV) by striking “subparagraph (C)” in
14 subparagraphs (C) and (D), as so redesignated,
15 and inserting “subparagraph (B)”.

16 (ii) Section 3018B(c) of such title is amended
17 by striking “subsection (a)(1)(C) or (a)(2)(C) of this
18 section” and inserting “subsection (a)(1)(B) or
19 (a)(2)(B)”.

20 (iii) Section 3018B(d)(1) of such title is amend-
21 ed by striking “subsection (a)(1)(D) or (a)(2)(D) of
22 this section” and inserting “subsection (a)(1)(C) or
23 (a)(2)(C)”.

24 (E)(i) Section 3018C(a) of such title is
25 amended—

1 (I) by striking paragraph (3);

2 (II) by redesignating paragraphs (4) and
3 (5) as paragraphs (3) and (4), respectively; and

4 (III) by striking “paragraph (5)” in para-
5 graph (3), as so redesignated, and inserting
6 “paragraph (4)”.

7 (ii) Section 3018C(b) of such title is amended
8 by striking “as specified in subsection (a)(4)” and
9 inserting “as specified in subsection (a)(3)”.

10 (iii) Section 3018C(c)(1) of such title is amend-
11 ed by striking “election described in subsection
12 (a)(5)” and inserting “election described in sub-
13 section (a)(4)”.

14 (3) EFFECTIVE DATE.—The amendments made
15 by this subsection shall take effect on the date of the
16 enactment of this Act and apply with respect to indi-
17 viduals applying for basic educational assistance
18 under chapter 30 of title 38, United States Code, on
19 or after such date.

20 (c) EDUCATION OUTREACH SERVICES TO MEMBERS
21 OF THE ARMED FORCES.—

22 (1) IN GENERAL.—Section 3034(e)(1) of title
23 38, United States Code, is amended to read as fol-
24 lows:

1 “(e)(1) Not later than one year after an individual
2 initially enters on active duty as a member of the Armed
3 Forces, and at such additional times as the Secretary de-
4 termines appropriate, the Secretary shall furnish the indi-
5 vidual the information described in paragraph (2).”.

6 (2) EFFECTIVE DATE.—The amendment made
7 by paragraph (1) shall take effect on October 1,
8 1999, and apply to individuals whose initial obli-
9 gated period of active duty under section 3011 or
10 3012 of title 38, United States Code, as the case
11 may be, begins on or after such date.

12 **SEC. 5. AUTHORITY OF SECRETARY TO MAKE ACCELER-**
13 **ATED PAYMENTS OF BASIC EDUCATIONAL AS-**
14 **SISTANCE UNDER MONTGOMERY GI BILL.**

15 (a) IN GENERAL.—Section 3014 of title 38 is
16 amended—

17 (1) by inserting “(a) IN GENERAL.—” before
18 “The Secretary”; and

19 (2) by adding at the end the following new sub-
20 section:

21 “(b) ACCELERATED PAYMENT.—(1)(A) Notwith-
22 standing any other provision of this chapter and subject
23 to subparagraph (B), an individual entitled to basic edu-
24 cational assistance under this subchapter may elect to re-

1 receive an accelerated payment of the basic educational as-
2 sistance allowance.

3 “(B) The Secretary may not make an accelerated
4 payment for a course to an individual who has received
5 an advance payment under section 3680(d) of this title
6 for the same enrollment period.

7 “(2)(A) Pursuant to an election under paragraph (1),
8 the Secretary shall make an accelerated payment to an
9 individual for a course in a lump-sum amount equal to
10 the lesser of—

11 “(i) the amount of the educational assistance
12 allowance for the month, or fraction thereof, in
13 which the course begins plus the educational assist-
14 ance allowance for each of the succeeding four
15 months; or

16 “(ii)(I) in the case of a course offered on a
17 quarter, semester, or term basis, the amount of ag-
18 gregate monthly educational assistance allowance
19 otherwise payable under this subchapter for the
20 course for the entire quarter, semester, or term; or

21 “(II) in the case of a course that is not offered
22 on a quarter, semester, or term basis, the amount of
23 aggregate monthly educational assistance allowance
24 otherwise payable under this subchapter for the en-
25 tire course.

1 “(B) In the case of an adjustment under section
2 3015(g) of this title in the monthly rate of basic edu-
3 cational assistance that occurs during a period for which
4 an accelerated payment is made under this subsection, the
5 Secretary shall pay—

6 “(i) on an accelerated basis the amount of the
7 allowance otherwise payable under this subchapter
8 for the period without regard to the adjustment
9 under that section; and

10 “(ii) on the date of the adjustment any addi-
11 tional amount of the allowance that is payable for
12 the period as a result of the adjustment.

13 “(3) Pursuant to an election under paragraph (1),
14 the Secretary shall pay the accelerated payment to the in-
15 dividual for a course by not later than the date on which
16 the course begins.

17 “(4) For each accelerated payment made to an indi-
18 vidual, the individual’s entitlement under this subchapter
19 shall be charged at the same rate at which the entitlement
20 would be charged if the individual had received a monthly
21 educational assistance allowance for the period of edu-
22 cational pursuit covered by the accelerated payment.

23 “(5) The Secretary shall prescribe regulations to
24 carry out this subsection, and include in such regulations
25 the requirements, conditions, and methods for the request,

1 issuance, delivery, certification of receipt and use, and re-
2 covery of overpayment of an accelerated payment.”.

3 (b) EFFECTIVE DATE.—The amendments made by
4 subsection (a) shall take effect on March 1, 2000, and
5 apply with respect to courses of education beginning on
6 or after such date.

7 **SEC. 6. AVAILABILITY OF MONTGOMERY GI BILL BENEFITS**
8 **FOR PAYMENT FOR LICENSING OR CERTIFI-**
9 **CATION TESTS.**

10 (a) IN GENERAL.—Section 3452(b) of title 38,
11 United States Code, is amended by adding at the end the
12 following new sentence: “Such term also includes licensing
13 or certification tests required under Federal, State, or
14 local law, or regulation, for vocations or professions.”.

15 (b) AMOUNT OF PAYMENT.—Section 3032 of such
16 title is amended by adding at the end the following new
17 subsection:

18 “(g) The amount of educational assistance payable
19 under this chapter for a licensing or certification test de-
20 scribed in section 3452(b) of this title is the fee charged
21 for the test.”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall take effect on October 1, 1999, and apply
24 with respect to licensing and certification tests approved
25 by the Secretary offered on or after such date.

1 **SEC. 7. AVAILABILITY OF MONTGOMERY GI BILL BENEFITS**
 2 **FOR PREPARATORY COURSES FOR COLLEGE**
 3 **AND GRADUATE SCHOOL ENTRANCE EXAMS.**

4 (a) IN GENERAL.—Section 3452(b) of title 38,
 5 United States Code, as amended by section 6, is further
 6 amended by adding at the end the following new sentence:
 7 “Such term also includes a preparatory course for a test
 8 that is required or utilized for admission to an institution
 9 of higher education or to a graduate school.”

10 (b) EFFECTIVE DATE.—The amendment made by
 11 subsection (a) shall take effect on October 1, 1999, and
 12 applies with respect to preparatory courses approved by
 13 the Secretary beginning on or after such date.

14 **SEC. 8. AVAILABILITY OF MONTGOMERY GI BILL BENEFITS**
 15 **FOR TRAINING FOR TECHNOLOGICAL OCCU-**
 16 **PATIONS OFFERED BY ENTITIES OTHER**
 17 **THAN EDUCATIONAL INSTITUTIONS.**

18 (a) IN GENERAL.—Section 3452(c) of title 38,
 19 United States Code, is amended to read as follows:

20 “(c) The term ‘educational institution’ means—

21 “(1) any public or private elementary school,
 22 secondary school, vocational school, correspondence
 23 school, business school, junior college, teachers’ col-
 24 lege, college, normal school, professional school, uni-
 25 versity, or scientific or technical institution, or other
 26 institution furnishing education for adults;

1 “(2) any entity that provides training required
2 for completion of any State-approved alternative
3 teacher certification program (as determined by the
4 Secretary); or

5 “(3) any entity that provides, either directly or
6 under an agreement with another entity, training re-
7 quired for certification in a vocation or profession in
8 a technological occupation (as defined by the Sec-
9 retary).”.

10 (b) **EFFECTIVE DATE.**—The amendment made by
11 subsection (a) shall take effect on October 1, 1999, and
12 applies with respect to training courses, approved by the
13 Secretary, for certification for technological occupations
14 beginning on or after such date.

15 **SEC. 9. ENROLLMENT OF CERTAIN VEAP PARTICIPANTS IN**
16 **BASIC EDUCATIONAL ASSISTANCE UNDER**
17 **MONTGOMERY GI BILL.**

18 (a) **IN GENERAL.**—Section 3018C(a) of title 38 is
19 amended—

20 (1) in subsection (a), by striking “an individual
21 who—” and inserting “an individual who is de-
22 scribed in subsection (e) or who—”; and

23 (2) by adding at the end the following new sub-
24 section:

1 “(e) An individual referred to in the matter preceding
2 paragraph 1 of subsection (a) is an individual who meets
3 the following requirements:

4 “(1) Before October 10, 1996, the individual
5 was enrolled in the educational benefits program
6 provided in chapter 32 of this title.

7 “(2) The individual has continuously served on
8 active duty since October 9, 1996.

9 “(3) The individual, if discharged or released
10 from active duty after the date on which the individ-
11 ual makes the election described in paragraph (4), is
12 discharged or released therefrom with an honorable
13 discharge.

14 “(4) During the 18-month period beginning on
15 the date of the enactment of the Montgomery GI
16 Bill Improvements Act of 1999, the individual makes
17 an election pursuant to procedures established under
18 subsection (a)(4).”.

19 (b) ELIMINATION OF PAY REDUCTION.—(1) Section
20 3018C(b) of such title is amended by striking “With re-
21 spect” and inserting “Except as provided in subsection (f),
22 with respect”.

23 (2) Section 3018C of such title, as amended by sub-
24 section (a), is further amended, by adding at the end the
25 following new subsection:

1 “(f) No reduction in the pay of an individual under
2 this section shall be made for months beginning after the
3 date of the enactment of the Montgomery GI Bill Improve-
4 ments Act of 1999. Any obligation of such individual
5 under subsection (b), as of such date, shall be deemed to
6 be fully satisfied as of such date.”.

○