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STATEMENT OF OLNEY B. OWEN
CHIEF BENEFITS DIRECTOR
BEFORE
THE SUBCOMMITTEE ON EDUCATION AND TRAINING
COMMITTEE ON VETERANS' AFFAIRS
HOUSE OF REPRESENTATIVES

November 30, 1971

Mr. Chairman and Members of the Subcommittee:

It is a pleasure to appear before you today to present the views of the Veterans Administration on various bills pending before your Committee which would amend the current GI Bill educational program.

These proposals generally have as an objective the encouragement of our returning veterans--and their widows and orphans--to take education and training which will fit them for productive and rewarding employment in our civilian economy. I would therefore like to review briefly the extent to which these deserving men and women now are taking advantage of benefits already enacted by the Congress. Since enactment in May, 1966 the Vietnam Era GI Bill has provided education and training to 1.8 million Vietnam veterans, together with an additional .8 million veterans who left service after 1955.

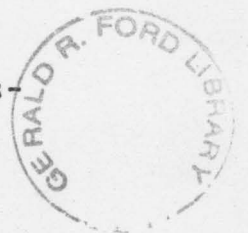
The participation rate has shot upward by any index. In the past three years, the participation rate of Vietnam era veterans, on a cumulative basis, has risen from 16% to 35.2%. There is evidence that men are entering training more quickly after discharge; the first year participation rate in this period has risen by 25%. The GI Bill, moreover, has fitted the aspirations and talents not only of the college-bound individual but



also of the man who wants technical training, who wants a job with built-in training opportunities, and the man who wants to finish high school and learn a trade. The enrollment of veterans in on-the-job training (OJT) has risen by 121% in FY 1969-1971, from 66,000 to 146,000. The enrollment in courses below college level has risen from 330,000 to 522,000.

This impressive record results, we believe, from the motivation and drive of our veterans, encouraged by the active concern of the Congress and the President. To assure that this momentum is maintained, the Congress and President have acted on two occasions since the present GI Bill was enacted in 1966 to adjust GI Bill allowances to the rising costs of living and education. Over this period, the basic monthly allowance for a single veteran rose by 75%, from \$100 to \$175, with matching increases for dependents.

The President has been keenly aware that despite these massive increases, veterans do not have it easy on most campuses. Studies by the Veterans Administration show that veterans often must augment their income by part-time employment. We recognize the GI Bill was not designed--and given the diversity of tuition charges among schools, could not be equitably designed--to cover all of a veteran's educational costs. Nevertheless, the President has been greatly concerned that rises in living costs since the last adjustment of February, 1970, not tip the balance adversely against a veteran's decision to enter or continue training. There are other adjustments in the basic program needed to improve educational opportunities, including those provided service-disabled veterans and those extended for war widows and orphans.



Accordingly, this Administration has designed an omnibus bill to meet this very real concern shared by your Committee and the President. The bill is divided into four titles. The first title would increase the present rates of subsistence allowance payable to veterans training under chapter 31 of title 38, would increase the educational assistance allowance payable to veterans pursuing educational programs under chapter 34, and would increase the educational assistance allowance payable to wives, widows and children of veterans pursuing educational programs under chapter 35; title II would permit advance payment of the subsistence and educational assistance allowances payable under chapters 31, 34 and 35 to veteran-trainees, veterans, wives, widows and children; title III contains a number of proposed improvements in the GI Bill educational program; and title IV sets out various effective dates for the changes which would result from this proposal.

The rate increase proposals which we have included in title I of our draft would, in general, provide increases approximating 8.6% for veteran-trainees under chapter 31 and for veterans, widows, wives and children training under chapters 34 and 35. This increase reflects the rise in consumer prices since the last increase in education and training benefits. A larger increase is proposed for veterans who are pursuing on-job and apprentice training programs, where experience has shown that the greatest need and a requirement for further stimulus of job opportunities for veterans.

We believe that such rate increases are in accord with the policy and purposes sought to be accomplished under Phase II of the President's economic control program.

\$190
no



It is estimated that the rate changes which are proposed in title I of the draft bill would cost approximately \$175 million for the first full year.

Title II of the draft bill would authorize the Administrator to make initial advance payments of the subsistence allowance to veterans training under chapter 31 and of the educational assistance allowance to veterans, widows, wives and children pursuing educational programs under chapters 34 and 35.

The advance would be limited to those individuals who are pursuing educational training on a half-time or more basis and would consist of the partial or "stub" month payment covering the month in which the pursuit of the program of education or training is to commence plus one full month's benefit. Thereafter, payments of subsistence or educational assistance allowance would be made at the beginning of each month in which the trainee, veteran or eligible person pursues his program.

The advance would not be made earlier than the first day of the month in which pursuit of the program of education or training is to commence and would be made only upon receipt of proof that the eligible veteran or eligible person has, in fact, been enrolled in an approved educational institution.

Administrative controls over the program have been provided by permitting the Administrator to withhold the final payment of an enrollment period until proof of satisfactory pursuit has been submitted and, in cases where the eligible veteran or person fails to pursue the course after receiving an advance, the advance may be recovered from any other benefit otherwise



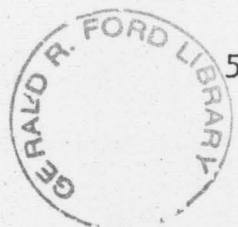
due such individual under any law administered by the Veterans Administration. Otherwise, such overpayment would constitute a liability of such individual and may be recovered in the same manner as any other debt due the United States.

Present certifications for veterans pursuing programs of flight or correspondence training under chapter 34 would continue to be required.

No cost would be incurred if title II were to be enacted, but additional outlays would be required in the first fiscal year of approximately \$89 million because of advances made in that year which would normally not be paid until the following fiscal year. This amount would, however, be recouped from subsequent payments made to these veterans or eligible persons.

The proposal incorporated in section 202 of this title is virtually identical with the proposal which we transmitted to the Congress on January 26, 1971. It has, however, been tightened up to some degree in that the present proposal requires proof of the enrollment of the individual before the advance may be made. We believe it is only equitable to extend this advance pay principle to the vocational trainees and wives, widows and children instead of limiting it to chapter 34 veterans, as provided by our original presentation.

In title III of our proposal, we are recommending various amendments to the current GI Bill educational program designed to: Place correspondence training on a partial reimbursement basis as presently provided in other GI Bill education programs;



liberalize the restrictions on enrollment of veterans and persons in schools which have moved their locations; modify measurement of certain limited vocational courses; extend on-job and apprentice training to certain wives and widows and children; extend secondary level training and correspondence training to certain wives and widows; eliminate mandatory counseling for certain children; permit lump sum benefit payments to wives, widows and children pursuing less than half-time training; and make certain technical changes.

For the convenience of the Committee, we have attached, as Appendix A, a detailed analysis including cost data and a statement of our reasons for advocating your favorable consideration of these several title III provisions. This Appendix also includes an explanation of the provisions of title IV which would set the effective dates for this legislation.

Mr. Chairman, I would now like to turn my presentation to the various proposals pending before your Committee on which you have requested the views of the Veterans Administration. These bills have been summarized in Appendix B which is also attached to my statement. With your permission, I would like to approach these measures in the same order as provided in our draft proposal, namely, rate increases, advance pay and program adjustments.

H. R. 11571 would amend section 1504(b) of chapter 31 to increase the rate of vocational rehabilitation subsistence allowances by an average of from 5% to 6%. It would also amend various sections of chapter 34 to increase the educational assistance allowance for pursuit of institutional, cooperative, active duty, correspondence, farm cooperative, on-job, apprenticeship and PREP courses. The basic rate for many of these areas would be increased

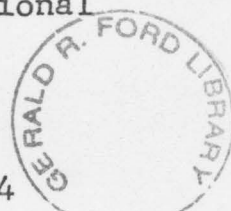
We oppose
from the current rate of \$175 to ~~\$220~~ per month. In most areas the increases would range from 25.7% to 35.8%--higher in the case of dependents in excess of two. However, in the farm cooperative, on-job and apprentice areas the increases amount to only 5.5%. The bill would also amend chapter 35 to increase benefit rates for wives, widows and children ranging between 19.9% and 35.8%. No increase would be provided under the bill in the entitlement charge rate for those veterans pursuing flight training programs.

H. R. 10169 would amend section 1504(b) of chapter 31 to increase the rates of vocational rehabilitation subsistence allowance ranging from 12.8% to 20.8%. This measure would also require the Administrator to annually adjust such rates in accordance with the average percentage change in the cost of living for the preceding calendar year.

H. R. 10168 would amend section 1682(a) of chapter 34 to increase the rates of educational assistance allowance for veterans pursuing institutional training on a half-time or more basis and cooperative training. The increases would range from 20% to 30%.

The bill would also provide for reimbursement for these veterans for the costs of necessary textbooks; would require the Administrator to annually adjust such rates in accordance with the average change in the cost of tuition and the cost of living for the preceding year; and would provide a maximum of 48 months of educational entitlement for veterans.

H. R. 9824 would add a new section 1683A to chapter 34 providing for payments up to \$3,000 for an ordinary school year to cover costs incurred for tuition, laboratory and other fees and



expenses, exclusive of board, lodging and other living or travel expenses for those veterans who served in the Indochina theater of operations during the Vietnam era. In addition to this benefit, the measure also provides for designating the present educational assistance allowance as a subsistence allowance and increasing the current rates substantially for these veterans. Increases in subsistence rates for institutional training would range from 22.2% to 86% and even higher in a few instances. Ceilings would be set on the amount of combined wages and subsistence allowance an eligible veteran may receive.

H. R. 9779 would provide rate increases of 59.1% across-the-board for pursuit of institutional, cooperative, farm cooperative, on-job and apprenticeship training by veterans, as well as rate increases of nearly 58.3% for correspondence training by veterans, servicemen on active duty, and veterans training on less than a half-time basis. Rate increases for wives, widows and children training under chapter 35 would range from 58.3% to 59.3%. All rate increases would become effective for months commencing after December 1971, and further increases would be provided by a percentage equal to any increase in the minimum wage enacted after January 1972.

Mr. Chairman, we oppose the enactment of these measures.

For the most part, they propose rate increases far in excess of price increases. As I stated earlier, the Veterans Administration favors increases in benefit rates, but believes they should, in most cases, be adjusted to an amount which would compensate for price increases which have occurred since benefits were last increased on February 1, 1970.



Instead of the rates proposed in these bills, we would favor the rate increases proposed in our draft proposal, with increases being made in all programs and not limited to a few as proposed in some of the pending measures. We oppose automatic adjustments in these rates as proposed in some of the bills. This form of adjustment is without precedent in the veterans benefit programs and we feel it should be considered more carefully before being embodied in legislation for this program. We oppose the payment for tuition and other education costs as returning to the inequities of the World War II GI Bill program and the abuses which occurred. We also oppose the increase in the maximum entitlement from 36 to 48 months since the current total is sufficient, in most cases, to take a veteran through a four-year program of college education. We further oppose the granting of additional benefits to certain veterans who served in certain areas. The period of service, rather than the area where the veteran served, has been the criterion in awarding benefits.

H. R. 3349 and H. R. 6904 are identical measures which authorize the Administrator to make advance payment of the educational assistance allowance to veterans training under chapter 34 on a half-time or more basis. These bills are also identical with a draft proposal which the Veterans Administration transmitted to Congress by letters to the Speaker of the House and President of the Senate dated January 26, 1971.

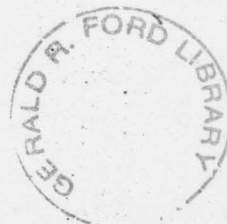
The proposal on advance pay which we have made in title II of our draft bill is virtually identical with that contained in H. R. 3349 and H. R. 6904, except that we have extended the payment proposal to veterans training under chapter 31 and



wives, widows and children training under chapter 35. We believe this is a logical extension to these two chapters of the benefit which would be extended only to the chapter 34 beneficiaries under the earlier proposal. In addition, we have tightened to some degree the requirement for entitlement to receipt of the advance payment. The earlier proposal would permit the payment to be made upon receipt of proof that the veteran had been accepted for enrollment. Our revised plan calls for submission of proof that the individual has been enrolled.

It is our view that our current proposal is more equitable in that it extends the advance payment benefit to eligible participants in all three of the educational programs under the GI Bill, rather than limiting it to chapter 34. We have also, as I mentioned, tightened the qualification to some degree to provide greater administrative control over the program.

H. R. 4223 and H. R. 6130 are identical bills to authorize an advance educational assistance payment not to exceed \$250 to certain veterans training under chapter 34. To qualify for the advance, the veteran would have to submit evidence showing he is an eligible veteran; must certify he is enrolled in, has applied for, has been accepted by, or intends to enroll in a specified school; must certify whether the school defines the courses to be full-time and the number of semester or clock hours he intends to pursue; and certify he has at least six months of entitlement remaining. The advance would be considered a loan to be repaid by deduction, in approximately equal amounts, from the veteran's

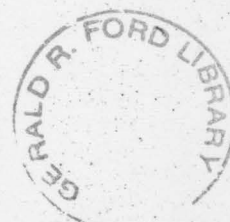


monthly educational assistance allowance. If the veteran fails to qualify for the advance after receiving it, or if he fails to pursue the program, the amount would be recoupable under specified procedures.

These bills also permit a veteran who has received an advance, is pursuing a full-time program of education, agrees to work up to 15 hours a week, is in need of augmentation of his educational benefit to remain in school, and is capable of maintaining good standing in school while working, to perform services for the Veterans Administration and have his loan cancelled at the rate of \$2.00 for each hour worked.

These two bills also provide that all or part of any educational assistance allowance payment may be made directly to an educational institution on behalf of any eligible veteran if the veteran requests it and the school agrees to accept the payment. Direct payment would not be made where a veteran is pursuing correspondence courses, where he is training on a less-than-half-time basis, or where he receives an advance payment. The direct payment would be used to cover tuition and other educational costs and expenses the school usually requires to be paid in full before a non-veteran student is admitted to class.

H. R. 10543 is virtually identical with S. 3657, 91st Congress, as passed by the Senate, and on which we presented our views to your Subcommittee on September 29, 1970. H. R. 10543 is also identical to S. 740, which has been introduced in the 92d Congress. Briefly, this measure contains an advance payment plan,

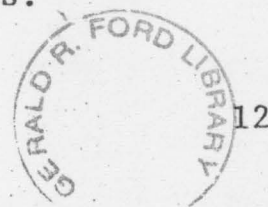


a work-study program, permits cancellation of certain Federal education loans through the use of earned GI Bill educational entitlement, and makes various technical and administrative changes in the GI Bill program.

Mr. Chairman, concerning these advance pay and work-study proposals, we wish to reiterate our opposition as presented last year. We believe that the advance pay provisions contained in title II of our draft proposal would be more administratively feasible than those put forward in these bills cited above and would provide greater controls to prevent overpayments.

Concerning work-study, we strongly support the idea that ~~needy veterans attending school under the GI Bill should have an~~ opportunity to augment their income through work-study arrangements. The Administration is seriously concerned with the financial plight of all college students, including veterans, who struggle with the rising costs of higher education in their efforts to enter or finish school. For any student in this difficult situation, help is most effective if it takes into account his total financial situation.

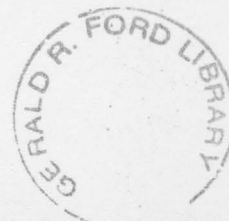
Under the Higher Education Act of 1965, student assistance in the form of loan, grant, and work-study programs reach colleges throughout the country and already go far to meet the needs of students, including veterans. Accordingly, while we endorse the objective of the work-study provisions of H. R. 10543, we must oppose them as duplicative of the existing work-study program which is better designed to reach the neediest veteran students and provides them with higher benefits.



Moreover, amendments to the Higher Education Act proposed earlier this year by the Administration and now under consideration by the Congress provide a comprehensive approach to students' financial problems through loans, grants, and work-study assistance which would be more effective, better targeted, and simpler to administer than the work-study provisions of this bill. The Office of Education estimates that 95 percent of all returning veterans would be found eligible to participate in the general higher education programs.

We recognize that one intent of the proposed work-study provisions of H. R. 10543 is to increase the possibilities for GI student employment in the Veterans Administration. While the Veterans Administration already has a substantial work-study program and hires sizable numbers of returning veterans, we believe it would be more desirable to diversify our authority in this area. Accordingly, our omnibus bill contains a provision permitting the Administrator to employ, as intermittent employees, students enrolled in full-time programs, rather than the work-study program as suggested in the bill. Instead of the basis set forth in the subject bill for paying these student-veterans, we would recommend paying them in accordance with the going rate for the job classification. We believe that in nearly all instances this would be more per hour than that payable under the bill.

We also oppose the loan cancellation proposal made in H. R. 10543 as we do not believe it is consistent with the purposes of the educational assistance program. It would simply refill the loan coffers of other agencies at an accelerated rate to provide the non-veteran population more funding and could very well negate the purpose for which many Federal educational loan programs were designed.



We do favor the provision of the bill which would increase the amount of the loan available to vocational rehabilitation trainees from \$100 to \$200. This provision is included in Title I of our omnibus educational amendments.

Finally, Mr. Chairman, I would like to address myself to those proposals pending before your Committee which propose various other changes in the GI Bill educational program and on which we have been requested to testify.

H. R. 7668 and H. R. 10774 are identical bills to permit wives and widows to pursue secondary level training without charge to entitlement. Similar authority has already been granted to educationally disadvantaged veterans under chapter 34. This proposal would, we believe, be a logical extension of similar benefits to educationally disadvantaged wives and widows since they, due to the death or disability of their veteran-husbands, have had to assume the responsibility for support of themselves and their families. These wives and widows would, thereby, be given an opportunity to obtain the necessary training required for entrance into higher education without losing their eligibility for follow-on college training.

In favoring this proposal, we would recommend that the program be limited to training within a State, thereby eliminating pursuit of secondary level training in the Philippines. Most of those wives and widows who would be made eligible by this proposal are now over age 50 and the purpose of the program would be of little benefit to them. In addition, many of them have already



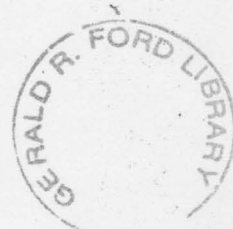
taken advantage of the vocational training benefits already available to them under chapter 35 and thus have been trained for a vocation designed to help them support themselves and their families. Our omnibus bill contains a section almost identical to these bills, limited to such training within a State.

H. R. 5188 would amend chapter 35 to permit eligible wives, widows and children to pursue programs of on-job and apprenticeship training. The purpose of the benefit program for wives, widows and children is to assist them in preparing to support themselves and their families at a standard of living which the veteran, but for his service, could have expected to provide for his family.

We, therefore, favor the extending of the on-job and apprenticeship training opportunities to wives, widows, and children. Our omnibus bill contains provisions similar to H. R. 5188, limited to training within a State.

H. R. 10166 would permit eligible wives and widows to pursue programs of education through correspondence courses. It is our view that correspondence courses would be useful to provide these women, as they do now for men, with the opportunity for a productive place in society. We favor the extension of correspondence training programs to this class of beneficiaries, provided that they are also required to pay 10% of course costs as proposed in Title III of our omnibus bill.

H. R. 232, 298, 2523, 4864 and 6148 are related bills permitting certain active duty for training to be counted as active duty for purposes of entitlement to educational benefits under chapter 34.

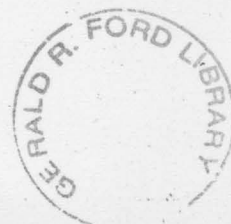


The current GI Bill, as well as the Korean conflict GI Bill, have specifically excluded counting of any period of active duty for training in computing eligibility and entitlement for such benefits. The rationale for such an exclusion has been that a person who had no prior service, by enlisting in a standard six-year period of Reserve obligation, would only receive up to six months of basic training in an active duty for training status. Thereafter, he would generally be expected to merely attend a designated number of drills annually, usually in the evenings or on weekends, and serve a two-week tour of active duty for training each year for a limited number of years.

The granting of educational benefits premised on service, such as is proposed in these bills, would be a departure from the readjustment concept of the GI Bill program, since those persons serving for these comparatively short periods of time on active duty for training would not require readjustment to civilian life as is the case with the man under strict military control for longer periods of time--generally not less than 18 months. We, therefore, oppose enactment of these bills.

H. R. 8282, 9662, 10391 and 10565 are bills having as their purpose the restoration of educational entitlement to veterans of World War II and the Korean conflict not utilized by them under prior provisions of the World War II and Korean conflict GI Bills.

The primary purpose of both of these earlier programs was to assist veterans in their readjustment from military to civilian life. It should be noted that World War II was officially



terminated on July 25, 1947--approximately 24 years ago--and that the Korean conflict officially ended on January 31, 1955--over 16 years ago. Most veterans who served in World War II had until July 25, 1956, or nine years after the official termination date, to complete their education, while most veterans who served during the Korean era had until January 31, 1965, in which to complete their training.

It is our view that World War II veterans and Korean conflict veterans have had ample time to pursue education or training to assist them in meeting the concept of the respective GI Bills, namely, readjustment from military to civilian life. We are, therefore, opposed to enactment of any of these bills which would reopen these benefits to these veterans.

H. R. 9894 would have the effect of permitting the payment of GI Bill educational assistance benefits for full-time adult evening secondary school attendance.

In enacting the Veterans' Readjustment Benefits Act of 1966, authority was given to the Administrator to establish certain standards for the measurement of high school programs. Pursuant to that authority, the Administrator promulgated regulations defining full-time high school training to consist of at least 25 clock hours of instruction per week and also provided that no enrollment in an adult evening secondary program would be approved in excess of half-time training. This limitation was subsequently enacted into law by Public Law 90-77.

In enacting Public Law 91-219, the Congress changed the measurement of high school courses to premise them on the Carnegie unit, but did not see fit to change the restriction on evening enrollment. We believe that enactment of legislation lifting the



restriction could very well again lead to abuses of the program, such as those which occurred during the Korean conflict program, which led to the enactment of the current limitation. We, therefore, oppose this legislation.

H. R. 2505, 3965 and 10130 are identical bills which would, in effect, place the husbands of female veterans on a parity with wives of male veterans for purposes of payment of veterans benefits in behalf of a spouse. The change would remove the requirement that the husband be incapable of self-maintenance and permanently incapable of self-support due to mental or physical disability to qualify for the dependency benefit.

The change would have a broad effect on many programs administered by the Veterans Administration. In the educational program, the effect would be to grant to female veteran students, who are married, the additional benefit provided for a dependent.

In recent years, the circumstances of and attitudes toward the employment of females have changed considerably. Women, today, generally work because the family needs the money and the income they earn is significant in the support of the family. We believe it would be appropriate to drop the requirement of actual dependency for the husbands of female veteran students and we, therefore, would favor enactment of this measure as it applies to educational benefits.

We do not believe that any significant benefit costs would be incurred by enactment of this bill.



H. R. 8094, 9613 and 9823 are similar purpose bills which would revise the counting of absences in the case of veterans pursuing courses which do not lead to a college degree. They would exclude vacation periods established by the institution in conjunction with certain holidays in computing the educational assistance allowance for these veterans.

Under current law, no allowance may be paid to any veteran enrolled in a course which does not lead to a standard college degree (excluding apprenticeship and on-job training) for any day of absence in excess of 30 days in a 12-month period, not counting as absences weekends or various legal holidays.

Based upon the current formula, a veteran may be absent 11-1/2 percent of the time and still be paid the full allowance. We believe that allowance for pay with such an amount of permissible absence provides a most reasonable amount of time away from school. We would, therefore, oppose enactment of these bills.

I would like to add that in our omnibus proposal we are recommending a semester-hour, instead of a clock-hour basis for measuring benefits for veterans pursuing technical and trade courses at institutions which also furnish college level courses. In connection with this change, we would, in those limited cases, place those individuals under the absence provisions already applicable to college level training.



H. R. 6042 would apply the same criteria for determining satisfactory pursuit of course work in the case of college level and noncollege level educational institutions.

The effect of the bill would be to remove the requirements for certifications of attendance for veterans pursuing below college level courses under chapter 34 and for wives, widows and children pursuing such courses under chapter 35 as well as to remove provisions on absence counting which are presently contained in title 38.

Under current law, these individuals may not be paid an educational assistance allowance for any day of absence in excess of thirty days in a twelve-month period, not counting as absence weekends or legal holidays established by Federal or State law during which the institution is not regularly in session. The 30-day absence allowance permits the veteran or person to be absent 11-1/2 percent of the time and still be paid the full benefit. We believe this provides a most reasonable amount of time away from school.

Further, certifications of attendance reports have been required under all three GI Bills (World War II, Korean conflict and current law). We believe that this is a requirement which should be continued as it has the effect, in many cases, of holding down the number of overpayments which could result if we are not informed of interruptions or discontinuances of training. We, therefore, oppose the enactment of this bill.

I would again like to mention that in conjunction with our omnibus proposal we are recommending that technical or trade



courses offered by schools which also offer college level courses be measured on the semester-hour, rather than the clock-hour basis. In these limited cases, we would also eliminate the absence and certification requirements for those persons.

Mr. Chairman, this concludes my presentation. My associates and I will be pleased to respond to any questions you may have.



APPENDIX B

Rate Increase Proposals

H. R. 9779 - Provides increases of 59.1% in educational assistance allowances payable to veterans under chapter 34, and increases ranging from 58.3% to 59.3% for widows and children under chapter 35. Also authorizes Administrator to further adjust rates after January 1972, on the basis of any adjustments made in the minimum wage. Ultimate purpose is to establish minimum wage structure under the Fair Labor Standards Act as the base and criteria for educational assistance payments.

Assuming no change in the minimum wage, first year direct cost would be \$516.3 million with 5 year total costs of \$3,731.3 million.

Assuming a raise in minimum wage to \$1.80 (from January 1972) and to \$2.00 (from February 1974), first year costs would amount to \$659.1 million with 5 year costs of \$5,583.7 million.

H. R. 9824 - Amends chapter 34 to pay additional educational benefits to veterans who served in Indochina theater of operations during Vietnam era. Monthly rate for full-time veteran without dependents would increase from \$175 to \$214. Also pays up to \$3,000 per ordinary school year for costs of tuition, laboratory, books, supplies, etc., exclusive of board and room and other living and travel expenses. Sets limits on amount of compensation veteran training on the job or in apprentice programs may receive in wages and VA subsistence.

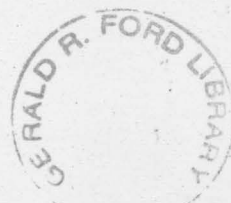
Estimated first fiscal year cost would be \$485.3 million and first five fiscal years would be \$2,266.3 million.

H. R. 10168 - Amends chapter 34 to increase monthly rate of educational assistance allowance payable to veterans pursuing institutional and cooperative training. Monthly rate for a full-time single veteran without dependents would increase from \$175 to \$210. Comparable increases provided for veterans with dependents pursuing full-time, three-quarter-time or half-time institutional training. Also authorizes future rate increases adjusted annually premised upon average percentage change in cost of tuition and cost of living for preceding calendar year; authorizes Administrator to reimburse veterans for costs of textbooks; and extends maximum GI Bill entitlement from 36 to 48 months.

First fiscal year estimated cost, premised upon enactment in third fiscal quarter, is \$187.8 million and \$1,569.9 million for first five fiscal years.

H. R. 10169 - Amends chapter 31 to increase monthly rate of subsistence allowance payable to veterans pursuing vocational rehabilitation training. Monthly rate for single veteran without dependents would increase from \$135 to \$162. Also authorizes future rate increases adjusted annually premised upon average percentage change in cost of living for preceding calendar year.

First fiscal year estimated cost, premised upon enactment in third fiscal quarter, is \$3.4 million and \$32.6 million for first five fiscal years.



H. R. 11571 - Provides increases of between 5% and 6% in subsistence allowances payable to vocational rehabilitation trainees; increases in rates of educational assistance allowances ranging from 25.7% to 35.8% for veterans pursuing institutional and cooperative training; increases in rates for veterans pursuing training on less-than-a-half time basis, for servicemen on active duty, and for servicemen pursuing PREP training by 25.7%; increases rates for veterans pursuing farm cooperative training, on-job and apprentice training by 5.5%; and provides increases for wives, widows and children training under chapter 35 ranging from 19.9% to 35.8%.

Estimated first fiscal year cost is \$425.6 million and \$1,943.4 million for the first five fiscal years.



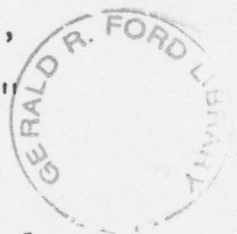
APPENDIX A

Section 301 of our draft bill would require a serviceman on active duty who wishes to pursue GI Bill educational training to have his application for benefits approved by a service education officer before it is submitted to the Administrator. This change would allow the service education officer to review and discuss with the serviceman the program of education the serviceman proposes to pursue; would permit the service education officer to determine whether the selected program is suitable for the individual serviceman's aptitudes; and would also permit the service education officer to determine whether the program selected could be satisfactorily completed within the serviceman's current environment.

We believe this recommendation would be beneficial to the individual serviceman and could assist in alleviating problems which have arisen in certain areas. It is estimated that enactment of this section would not result in any additional cost.

Sections 302 and 310 would amend chapters 34 and 35 of title 38 to modify the present bar on the enrollment of eligible veterans and eligible persons in courses where a school has made a complete move to a new location which is outside the general locality of its former site.

Current law prohibits the Administrator from approving the enrollment of eligible veterans and persons in any course offered by an educational institution where such course has been in operation for less than two years. If the course has been in operation for more than two years, but the school moves to a new location which is not within the same general locality as its prior site, the two-year bar is reimposed. The term "same general locality" has been defined by regulation to mean a move to a new location within normal commuting distance of the original site. The regulation also requires, in such a case, that the faculty, student body and curricula must remain essentially the same.



Under our proposed changes in the law, the Administrator would be able to approve enrollment in a course where the school has moved but has substantially retained the same faculty, curricula and student body, without a change in ownership. This proposal would provide greater flexibility in the area of school relocations so as to recognize today's changing conditions whereby schools are required to relocate due to the need to expand because of increasing numbers of students or perhaps the need for larger facilities. Often the unavailability of nearby land or other conditions preclude such expansion unless the entire school is moved to another site which may be some distance removed.

It is estimated that enactment of these sections would not result in any additional cost.

Section 303 would add a new section 1678 to chapter 34 to incorporate in a separate section those provisions on correspondence course training which are presently contained in section 1682(c) of title 38.

In proposing this change, we suggest revision of the program in two major respects. The first change would provide for computation of the educational assistance allowance based upon 90 percent of the established charge which the institution requires nonveterans to pay for pursuit of the same course or courses. The second proposed change would impose a requirement calling for a refund to the veterans of monies paid prorated on the basis of lessons completed and serviced by the school. It would also set a limitation of \$50 on charges a school may make for registration or similar fees. In addition, the current rate of \$175 per month charge against entitlement for pursuit of correspondence course training would be increased to \$190.

Current law provides for computation of the correspondence benefit based upon the full cost of the program. This form of training is the only program under chapter 34 which will return to the veteran the full cost of his tuition. All other programs



require him to have a stake in his own training. The first change proposed would put correspondence training on a par with the flight training program currently authorized by section 1677 of title 38. It would also require this program to meet the criteria set forth in section 1681(a) which states that the educational assistance allowance provided for chapter 34 programs is designed "to meet in part" the veteran's cost of tuition and other expenses. By having the veteran pay a minimal 10% of the correspondence course cost, he will have a stake in his own training and will, in addition, give greater thought to his choice of a training objective and the means of achieving his goal.

Courses offered by educational institutions are approved for the training of veterans under two standards. Those courses which have been accredited require less supervision and control by the state authorities than nonaccredited courses. Accredited courses, for the most part, fall under the control of a nationally recognized accrediting agency or association. In the case of correspondence schools this is the National Home Study Council.

A number of abuses have occurred in the correspondence field. To help alleviate this situation, we believe that closer supervision over the accredited schools should be maintained by state authorities. This can be had if the accredited schools are required to meet the stricter standards for nonaccredited schools. Those schools which are not accredited are required to refund charges on a pro rata basis, which essentially means the veteran pays proportionally for the amount of training received. The schools may also retain \$10 for registration paperwork, and the like.

The accredited correspondence schools, on the other hand, have as a refund policy one that is based on the passage of time. The standards set for these schools call for the school to retain 10 percent of the contract price of the course, not to exceed \$50, if the student cancels within 48 hours. If the student cancels within 30 days, the school may retain 15 percent of the contract price

plus \$50, without regard to the number of lessons serviced. Should the student cancel after three months it can cost him 50 percent of the contract price plus \$50. Yet, it may take him that amount of time to find that the course is not suited for him.

It is our view that charges made by these schools should be based upon the services rendered to the veteran student--the lessons serviced. The schools should be entitled to a reasonable fee for administrative work which is necessary to set up the course for the student. We feel that a fee of up to \$50 would be reasonable to cover this expense for each individual enrolled.

Under existing law the serviceman or veteran may be responsible for the entire cost of the course without receiving any payments from the Veterans Administration. The proposal made here would offer protection to the eligible person while at the same time there would be no financial loss to the school.

It is estimated that enactment of this section would result in savings the first full year of \$7 million and a five-year saving of \$35 million.

Section 304 of the proposal is technical and merely reflects the switch of the correspondence provisions of chapter 34 from section 1682(c) into the proposed new section 1678.

Sections 305 and 314 of the draft bill are proposed changes which we believe would help alleviate another problem which has arisen in the administration of the educational programs. The changes proposed here would permit the measurement of technical or trade courses, which are given at an institution which also offers courses leading to a standard college degree, on a semester-hour rather than a clock-hour basis for the purpose of the payment of the educational assistance allowance. These changes would apply to both chapters 34 and 35. Under current law, these trade or technical courses are measured on a clock-hour basis with a minimum of 25 hours weekly required to qualify for full-time attendance.



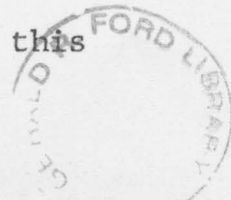
Today, many junior and community colleges are offering both professional courses which lead to a degree and technical courses which generally lead to certification for a trade or a technical license. The former courses are measured on a semester-hour basis while the latter courses are measured on a clock-hour basis. (Under a conversion formula equivalent semester hours are determined where a course is offered on a quarterly, trimester, or other time basis.) Both the professional and technical courses are given in the same school and they both meet the same high educational standards established by the accrediting association for the area.

Dissatisfaction has arisen in certain areas where veterans attend the same school, but are paid under the different criteria. The standards established for technical courses at these college-level institutions generally insure that quality training is being offered for these courses -- equivalent to the college level courses which are measured on a credit-hour basis. The changes recommended here would permit the school to have these technical courses, which meet their high standards for college-level work, measured on a semester-hour basis.

It is estimated that there would be no significant additional cost should this proposal be enacted.

Section 306 of the draft proposal would change the title of the Predischarge Education Program (PREP) to Preparatory Education Program (PREP), and would also amend the purpose clause of the program to reflect such change.

Although eligibility for PREP assistance begins early in military service -- after completion of 181 days of active service -- many servicemen consider the program to be designed for an individual who is about to leave military service. Changing the name of the program would, we believe, help alleviate this misunderstanding.



Section 307 has two purposes. The first amends subsection 1701(a) of title 38 to revise paragraph (6) to include correspondence schools within the definition of educational institution so as to accommodate the change in chapter 35 by section 311 permitting wives and widows to pursue correspondence training. The rationale and cost estimate are set forth in the discussion of that section.

The second change adds a new paragraph (9) adding the term "training establishment" to the definitions currently applicable to chapter 35. The change made here (as well as the changes made in chapter 35 by sections 309, 312(a), 314, 315, and 316 of the bill), is designed to extend to wives, widows and children the opportunity to pursue on-job and apprentice training.

Under current law, wives, widows and children are entitled to other educational benefits, but they are not eligible to pursue apprentice or other on-job training programs. The change made in this section (as well as those changes made in chapter 35 by sections 309, 312(a), 314, 315 and 316 of this bill) extend such training opportunities to them.

A college education may not be suitable for everyone. Offering these individuals the opportunity to pursue on-job and apprenticeship training programs would afford those desiring post high school training another way of entering an occupation. Such programs would also offer forms of training in which these individuals would be able to receive high financial reward upon completion.

The basic authority for extending these programs to wives, widows and children is contained in section 315, which proposes adding a new section 1738 to chapter



35. Other changes have also been proposed to be made in chapter 35 which would: add a definition of "training establishment" to section 1701; amend section 1723 to remove the current bar to pursuit of such programs; amend section 1731 to specifically exclude these programs from the annual absence counting provisions of that section; amend section 1733 to insert a measurement basis which is identical with that extended to veterans pursuing such programs under chapter 34; and amend section 1777 of title 38 to incorporate therein references to wives, widows and children to reflect these new programs under the approval authority for State approving agencies. Provision has also been made to limit the program to training within a State, thereby excluding pursuit of such training in the Philippines. Most of those individuals in the Philippines who would become eligible under this program would be the wives of disabled Philippine veterans who served during World War II. The majority of these persons are now over age 50 and the programs extended here would be of little benefit to them. It should be pointed out that most of them have already taken advantage of the vocational training benefits which have been made available to them under chapter 35 and they thus have been trained for a vocation designed to help them support themselves and their families.

It is estimated that enactment of this benefit extension would cost \$1.4 million the first half-year (assuming an effective date of the third quarter of fiscal year 1972) and \$21.3 million over the first five years.

Section 308 of the draft proposal would amend section 1720 of chapter 35 to eliminate mandatory counseling for certain children training under the provisions of that chapter.



Current law requires the Administrator to arrange counseling for all children entering training to assist the parent or guardian and the child in selecting an educational or vocational objective. There are, however, many cases where a child, upon becoming eligible for benefits, is already enrolled at or is attending a college and it can be assumed that in those cases a reasonable choice has already been made and a suitable objective chosen. Mandatory counseling would, in such cases, be a duplication. It should be emphasized that while the mandatory requirement would be removed, any further counseling or guidance the child might need would still be available through the school or the Veterans Administration, if requested.

It is estimated that enactment of this section would result in savings in the program of approximately \$1 million per year over the next five years.

Section 311 of the draft would add a new section 1726 to subchapter III of chapter 35 to provide authority for eligible wives and widows to pursue secondary level training without charge to their basic entitlement. Similar authority has already been given educationally disadvantaged veterans by section 1691 of chapter 34. The authority granted here would be a logical extension of similar benefits to educationally disadvantaged wives and widows. These individuals, due to the death or disability of their veteran-husbands, are required to assume the responsibility for support of themselves and their families. By permitting them to pursue secondary level training they would be given an opportunity to obtain the necessary training required for entrance into higher education without losing their follow-on eligibility for college training.



In extending this authority, pursuit would be limited to training within a State. This would have the effect of eliminating secondary training for Philippine wives and widows. It should be pointed out that the majority of those individuals who would be made eligible are already over the age of 50 and the purpose of the program would be of little benefit to them. Further, most of them have already taken advantage of the vocational training benefits previously provided to them under chapter 35 and thus they have been trained for a vocation designed to help them support themselves and their families.

It is estimated that enactment of this proposal would result in additional direct benefits cost the first year of \$784,000 and a total five year cost of \$9,968,000.

Section 311 of the draft would also add a new section 1727 to subchapter III of chapter 35 to provide authority for eligible wives and widows to pursue correspondence courses. This would provide these wives and widows with still another means of obtaining an education which would aid them in helping to support themselves and their families in the manner in which the veteran, but for his death or disability, would have provided for them. The extension of correspondence school training to wives and widows would be subject to these same safeguards proposed for veterans under section 303 of the draft bill. In essence, this means that the entitlement of a widow or wife would be charged one month for each \$190 paid to her in the form of an educational assistance allowance; the educational assistance allowance would be computed based upon 90 percent of the established charge which the institution requires other individuals pursuing



the same program to pay; and would require institutions offering correspondence courses to have a pro rata refund policy premised upon the number of lessons serviced and would allow a maximum registration of similar fee of \$50.

It is estimated that enactment of this new authority would result in costs ranging from under \$500,000 in the first year to approximately \$1 million in the fifth year. There is no experience in the chapter 35 program to use as an indicator of any precise figures.

Subsection (a) of section 312 of the draft bill would amend clause (2) of subsection (b) of section 1731 to exempt programs of apprentice or other on-job training pursued by wives, widows and children from the absence counting provisions for courses not leading to a college degree. This would equate such measurement with that presently applicable to veterans pursuing similar training under chapter 35.

Subsection (b) of section 312 would repeal the present language of subsection (e) of section 1731 which is no longer applicable in view of the advance payment proposal set forth in section 203 of the draft bill. In lieu of the present subsection (e), new language would be inserted which would establish a requirement, comparable to that now applicable to correspondence courses pursued by veterans under chapter 34, that correspondence course benefits may not be paid to those wives and widows made eligible to pursue such training by the new section 1727 added by section 311 of the draft bill until the Administrator has received a certification from the eligible person and the institution as to the number of lessons completed by the eligible person and serviced by the institution. The same requirement is imposed in conjunction with the correspondence program pursued by veterans under chapter 34.



Section 313 of the proposal would amend clause (2) of subsection (a) of section 1732 to permit lump sum educational assistance payments to be made to eligible widows, wives and children who are pursuing educational programs on less than a half-time basis. Payment would be made for an entire term, semester or quarter in the month following the month in which certification is received from the educational institution that the person is enrolled in and is pursuing his program of education. This would equate the less than half-time payment system for chapter 35 with that already established for chapter 34. This would improve the administrative procedures for handling these payments.

It is estimated that enactment of this section would not result in any additional costs.

Section 314 would amend subsection (a) of section 1733 to incorporate three revisions. The first inserts a new clause (3) which provides for the measurement of high school courses under chapter 35 so as to accommodate the authority granted by section 311 permitting eligible wives and widows to pursue secondary training. The second inserts a new clause (5) providing for the measurement of certain on-job and apprenticeship training programs which would be permitted under the authority of the new section 1738 added to chapter 35 by section 315 of this proposal. The third change is identical with the one contained in section 305 of the proposal and relates to the measurement of technical courses pursued at schools offering degree programs.



Sections 317 and 318 of the proposal are merely technical changes required to be made in the tables of sections for chapters 34 and 35 because of the proposals to add employment of veterans authority; to change the correspondence program for veterans; to permit widows, wives and children to pursue on-job and apprenticeship programs, and to permit wives and widows to pursue secondary training.

Title IV, the final title of the draft, contains certain proposed effective dates. The rate increase and advance pay proposals in titles I and II would become effective on the first day of the second calendar month following the month in which enacted; the change in the correspondence course pursuit by veterans would become effective on the first enrollment of a veteran which occurs on or after the first day of the second calendar month following the month in which enacted thereby continuing the present computation and entitlement charge for those veterans in training prior to that date; and the change in measurement of technical courses at certain schools would be made effective on the first enrollment or re-enrollment of a veteran or person occurring after the effective date of the proposal's enactment.

There is one other proposed substantive change in the law on which I would like to comment - our proposed change in section 101 of title I to increase the amount of the loan which may be made to trainees under the vocational rehabilitation program in chapter 31 from \$100 to \$200. We believe this would be of assistance to these trainees and would not result in any net additional cost.



Advance Pay-Work Study Proposals

H. R. 3349 and H. R. 6904 - Identical bills to amend chapter 34 to make advance payments of educational assistance allowance benefits to veterans enrolled half-time or more. Advance would be made no earlier than first of month school term begins; would be made upon receipt of proof veteran has been accepted for enrollment in an approved school; and would consist of partial month's allowance plus one full month in advance with subsequent monthly payments made at beginning of each month. Final payment could be withheld if satisfactory pursuit of program is not furnished. If veteran fails to enroll after receiving advance, amount would be recouped or become a debt.

Proposals would not result in any additional cost, but would result in increased outlays of \$98 million in fiscal year 1973 which would be recouped from subsequent payments.

H. R. 4223 and H. R. 6130 - Identical bills to amend chapter 34 to authorize advance payments of educational benefits up to \$250 to veterans pursuing half-time or more training. The advance would be made prior to or at beginning of school year; would be considered a loan to be repaid by deductions from veteran's monthly allowance; would be made upon a certification by veteran concerning application for or enrollment in a school; and would be paid to him no earlier than 30 days prior to enrollment. Also provides a work-study program under which veterans may cancel their loans by agreeing to work up to 15 hours a week performing certain services for the Veterans Administration. Also permits payment, at veteran's request, of all or part of his educational benefit direct to the school to cover tuition or other costs providing he is attending on a half-time or more basis.

Estimated annual cost for advances and work study is \$32.9 million, plus \$750,000 for direct payment to schools.

H. R. 10543 - Increases vocational trainee loan to \$200; authorizes advance educational payments to veterans, children, wives and widows training on a half-time or more basis, no earlier than 30 days prior to commencement of training, upon application setting forth certain data concerning entitlement to benefits, dependents, etc.; establishes a work-study program under which veterans may be paid up to \$250 in return for an agreement to perform certain types of services for the Veterans Administration or at schools processing veterans' educational applications; permits cancellation of Federal education loans through utilization of GI Bill entitlement; and makes various administrative changes in the provisions of chapters 34 and 35.

No cost involved for advance payments. Annual estimated cost of work study is \$35.1 million. Nominal cost for loan cancellation during fiscal 1972 -- five year cost would be \$113.4 million.



Educational Assistance Program Adjustments

H. R. 9894 - Permits veterans to enroll in and pursue full-time evening secondary educational courses.

Estimated first fiscal year cost, premised upon an effective date of the third quarter, would be \$4 million and the five-year fiscal cost would be \$33 million.

H. R. 5188 - Authorizes wives, widows and children to pursue programs of on-job and apprentice training.

Estimated first fiscal year cost would be \$1.4 million and estimated five-year cost would be \$21.3 million.

H. R. 10166 - Permits wives and widows to pursue programs of education through correspondence courses.

There is no experience in the chapter 35 program that might be used as an indicator as to the number of eligibles who would utilize such training. No cost estimate possible.

H. R. 7668 and H. R. 10774 - Identical bills to provide educational benefits to widows and wives, without charge to entitlement, while pursuing secondary level training.

Estimated first year cost would be \$952,000 and first five year cost would be \$11,480,000.

H. R. 8094, H. R. 9613 and H. R. 9823 - Excludes vacation periods as absences in computing educational allowances payable for vocational educational courses not leading to a standard college degree.

Estimated one year cost \$1.5 million and 5 year cost \$6.2 million.

H. R. 8282, H. R. 9662, H. R. 10391 and H. R. 10565 - Identical to H. R. 10391. Similar to H. R. 9662.

To restore to World War II and Korean conflict veterans entitlement to educational benefits unused under the World War II and Korean conflict GI Bills.

Unable to estimate costs because of unknown factors relating to these veterans.

H. R. 232, H. R. 2523 and H. R. 4864 - Identical bills which would, in effect, authorize the inclusion of up to six months of active duty for training performed after January 31, 1955 as a reservist or National Guardsman for purposes of computation of entitlement to educational assistance benefits if such reservist or guardsman became eligible by virtue of active duty service after August 4, 1964.

Estimated first year cost would be \$1,194,000 and five-year cost would be \$9,413,000.

H. R. 298 and H. R. 6148 - Similar purpose bills to H. R. 232, H. R. 2523 and H. R. 4864 having the same objective except that they would require that the service after August 4, 1964 have been in a combat zone as designated by the President.

Costs under these bills would be considerably less than the cost for the other measures cited.



H. R. 10130 - This bill introduced by Congresswoman Heckler, and the identical bills H. R. 2505 and H. R. 3965, would, in effect, place husbands of female veterans on a parity with wives of male veterans for purposes of payment of veterans benefits in behalf of a spouse.

H. R. 6042 - Amends section 1681(b) to make the same criteria for determining satisfactory pursuit of course work apply to college level as well as non-college educational institutions.

Estimated cost of first fiscal year, premised on a third quarter effective date, is \$800,000 and \$6.1 million for first five years.

H. R. 11400 and H. R. 11534 - Similar bills which would establish criteria under which an educational institution which has moved its location from the general locality of its former site may be authorized to enroll veterans in courses which have been in operation for two years.

It is estimated that enactment would not result in any additional costs.

H. R. 8266 - Amends section 1677 to permit reimbursement for cost of flight school courses taken to qualify for a private pilot's license to individuals who have completed a flight training program, have obtained a commercial pilot's license, and have not exhausted their GI Bill entitlement. Reimbursement would be limited to unused entitlement.

Estimated first fiscal year cost is \$27.8 million and \$55.2 million for first five years.

