

**STATEMENT OF
THE RETIRED OFFICERS ASSOCIATION**

on

H.R. 1291

before the

**Subcommittee on Benefits
House Veterans' Affairs Committee**

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Presented by

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INTRODUCTION

The Retired Officers Association (TROA) is grateful to the Chairman of the House Veterans' Affairs Committee, Rep. Christopher Smith (R-NJ), and the Chairman and distinguished members of the Subcommittee on Benefits of the House Veterans' Affairs Committee for the opportunity to express our views on Chairman Smith's H.R. 1291, a bill to increase educational benefits for veterans under the Montgomery GI Bill (MGIB).

TROA is the fourth largest military veterans organization with more than 391,000 members. Our membership includes active duty, National Guard / Reserve, retired, and former officers of the seven uniformed services and their surviving spouses.

TROA does not receive any grants or contracts from the federal government.

H.R. 1291 – An Important “Next Step” in Restoring the Value of the MGIB

TROA is pleased to support H.R. 1291. Chairman Smith's bill takes an important “next step” in restoring the value of the MGIB. TROA also commends the members of the Subcommittee, full Committee and the House for swift passage of H.R. 801, the Veterans' Opportunities Act, which includes a number of MGIB improvements.

H.R. 1291 would increase the rate of basic educational assistance under the MGIB for full-time study in three steps of \$150 each over the next three years beginning in 2002. The benefit would increase from the current \$650 per month to \$800 in 2002, \$950 in 2003 and \$1100 per month in 2004. Service entrants must serve for three years and agree to have their pay reduced \$100 per month in the first year of service (\$1200 total) to receive the maximum monthly rate for full-time study. Rates would be adjusted proportionally for those who complete a two-year service agreement. During the 2002-2004 period, the Consumer Price Index adjustments to the benefit would not be authorized.

It is encouraging to note the full Committee's recommendation in its Views and Estimates to the Budget Committee for fiscal years 2002 – 2006 of a \$222 million increase in direct spending for the MGIB above the administration's baseline for 2002 and a total of \$1.344 billion from 2002 to 2006. TROA recommends that the Subcommittee work with the VA-HUD Appropriations Subcommittee to ensure that, as a minimum, these increases above the administration's submission are included in the House VA – HUD Appropriation for 2002.

We note, however, that the Views and Estimates points out a Defense Department (DoD) report that estimates a \$950 monthly benefit is needed just to meet the

current average cost of a four-year education at a public college (academic year 2000 –2001). That year ends this month, May 2001. Thus, the 2002 increase that would be authorized under H.R. 1291, \$800, would already be substantially below DoD's own estimate of basic benefit needs for students now, to say nothing of next year. That's why TROA sees this legislation as an important, but not final, "next step" on the road to restoring the MGIB for our nation's 21st century servicemembers and veterans. We would, therefore, like to offer some observations and recommendations about this legislation and the future of the MGIB.

Partnership for Veterans' Education Vision of the MGIB

TROA believes that it is vitally important that the nation continue to invest in the remarkable potential of its veterans. In keeping with the Administration's emphasis on education as an important national priority, we believe that veterans must be a major part of that concern in the 21st century. A key way to unleash the potential of veterans is to provide an education benefit that keeps pace with the cost of education. By sustaining the value of the MGIB, the national security also will benefit through improved military recruitment, especially at a time when the services are struggling to meet their quotas.

In recent years, the Subcommittee on Veterans' Benefits has recommended and Congress has enacted very encouraging improvements to the MGIB, and TROA is grateful for them. In 1998 the basic benefit for full-time study was \$436 per month for 36 months, a total benefit of \$15,228. Since then, Congress has increased the basic benefit by about 50% to its present value of \$650 per month for 36 months, a total benefit of \$23,400. But even these generous increases leave the MGIB lagging far behind the average cost of a public college or university education. The long-term solution for the 21st century is to tie education benefits under the GI Bill to the cost of education.

Indexing MGIB benefits to the average cost of higher education at a public college / university is a concept embraced by TROA, The Military Coalition and 20 other military veterans and higher education organizations, known collectively as the *Partnership for Veterans Education*. The *Partnership* now numbers 51 organizations including the VFW, DAV, AMVETS and the major higher education associations in this country. (The *Partnership* is also supported by The American Legion).

The College Board's annual survey of public institutions of higher learning shows that the average cost of a public college or university education for a non-resident student is \$9225 per year or a total four-year cost of \$36,900. That works out to \$1025 per month for 36 months of full-time study. The current \$650 benefit only covers about two and a half years of study at the average public college or university. But, by the time the "stair-step" improvements under H.R. 1291 are completed in 2004, the average monthly cost is likely to be higher than the

proposed \$1100 rate. More importantly, Congress would continuously have to revisit the same “catch-up” issue that is the main purpose of this legislation.

The Partnership for Veterans’ Education proposal would change the methodology for calculating the MGIB benefit in the 21st century. This would be done in two steps. The full-time study benefit would increase to \$1025 per month for 36 months. Then each year thereafter, it would be automatically adjusted to reflect the cost of education (for a commuter student) at a four-year public college or university. The benchmark to be used would be The College Board's highly respected annual survey of higher education.

H.R.1291 and the Concept of Indexing the MGIB

Under H.R.1291, the College Board benchmark of \$1025 for the current academic year (2000-2001) would be surpassed, but not for another three years. After that, the benefit would fall further behind without a mechanism to keep it on par with the cost of education.

To accomplish H.R. 1291’s purpose – raising the MGIB in three stages over three years – and to index the MGIB benefit to the cost of education, an amendment to H.R. 1291 is needed that would authorize an indexing “trigger.” If funding for the benchmark (\$1025) is not available for FY2002, the index could at least be “deployed” to keep the benefit within range of the benchmark.

TROA strongly recommends amending H.R. 1291 to authorize an automatic annual adjustment of educational assistance under the MGIB on the basis of the average cost of a four-year education for a commuter student at a public college or university.

STRUCTURING THE GI BILL TO MEET 21ST CENTURY NEEDS

There are other MGIB issues that TROA recommends the Subcommittee address. Unlike its post-World War II predecessor, the MGIB is used both as a recruiting / retention tool and as a veterans’ transition assistance benefit. The MGIB should therefore be evaluated periodically to ensure its objectives are being met. TROA believes that more research is needed to assess the dynamics of the MGIB on DoD manpower requirements and on its historic purpose as an essential bridge for veterans to achieve their goals following military service.

We do not believe that the dual purposes of the MGIB are mutually exclusive or necessarily compete against each other. For example, the Services program for and expect a substantial number of first term enlistees to separate upon completion of their service obligation. Without a constant intake and outflow of young recruits, the Services would not be able to fill their high number of entry-level positions. Thus, increasing MGIB benefits should help recruiting. On the other

hand, reenlistment and retention programs can be aided through other MGIB initiatives.

Congress recognized the need to make the MGIB more accessible to active duty servicemembers by including a provision in the FY01 National Defense Authorization Act (NDAA) to allow payments of MGIB benefits for off-duty training and education not provided by the Service. This change can be beneficial to servicemembers provided it is not used to cut back or eliminate Service off-duty education budgets. The FY01 NDAA also authorized servicemembers to “buy up” additional MGIB benefits up to \$5400. TROA also supports this change provided it is not used to justify deferring MGIB upgrades, which would force more of the responsibility to fund education benefits onto servicemembers and veterans.

Active Duty Servicemembers with No Education Benefits

TROA notes that there are a number of active duty career servicemembers who will exit the service with no education benefits. These are career individuals who entered during the era of the fatally flawed Veterans Educational Assistance Program (VEAP), but declined to enroll in it. There are also a number of servicemembers who made a youthful, but irrevocable mistake in declining the MGIB upon entry. Some simply could not afford the \$1200 enrollment premium taken out during the first year of their service. Both groups now face the prospect of having no educational benefits at separation (or to use on active duty).

TROA recommends that the Subcommittee sponsor legislation permitting a one-time opportunity for servicemembers who declined VEAP or MGIB to enroll in the MGIB. To be consistent, the fee for such enrollment would be the same as the \$2700 fee for the current VEAP conversion program.

Improving the Selected Reserve MGIB

Former Chairman Sonny Montgomery championed inclusion of National Guard and Reserve servicemembers in his landmark legislation for the MGIB because he recognized the need to infuse the reserves with high-quality recruits and active duty veterans. But in recent years, few MGIB improvements have found their way, proportionally, into Reserve GI Bill programs. This results in unequal and, ultimately, unfair treatment of reservists and is contrary to the DoD’s stated policy of “seamless integration of the total force.”

MGIB benefits are available to members of the Selected Reserve under two separate authorities.

- Active duty members who agree to a four-year commitment in the Selected Reserve after successfully completing their active duty commitment are authorized certain enhanced benefits under Section 3012 of Title 38.
- Individuals who join the Selected Reserve directly (i.e., non-prior service) are authorized educational assistance under Chapter 1606 of Title 10.

TROA encourages the Subcommittee staff to work with the Military Personnel Subcommittee of the House Armed Services Committee to develop proportional increases and access improvements to the Title 10 “SelRes” MGIB.

For the longer term, it may be beneficial to transfer the Selected Reserve MGIB authority under Chapter 1606, Title 10 to Title 38. After all, the VA administers this program. More importantly, proposed upgrades to the MGIB such as H.R. 1291 often do not address appropriate changes to the DoD-funded reserve MGIB. As a result, Guard and Reserve MGIB participants are stuck with inferior education benefits.

TROA recommends authorizing proportional adjustments to Selected Reserve MGIB programs and transferring the Chapter 1606, Title 10 program to Chapter 38. TROA also continues to support changing the delimiting use date for the “SelRes” MGIB as an incentive for continued participation by these servicemembers.

Repeal of \$1200 MGIB Enrollment “Tax”

The theory that servicemembers who agree to pay \$1200 from their first year’s pay would be motivated to use their MGIB benefits has not panned out. To the contrary, even though sign-up rates for the MGIB have held steady at about 98%, MGIB usage averaged only 37.3% between 1987 and 1997. Although the rate has risen in recent years -- averaging about 55% in the last few years -- it still lags behind the Vietnam era GI bill usage rate of 63.6%. Moreover, federal student loan programs do not require enrollment premiums. The 21st century MGIB should not impose an enrollment tax on young citizens who volunteer to serve the nation’s interest in the armed forces.

Transferability of MGIB Benefits

TROA has testified in the past in favor of permitting career servicemembers to transfer unused MGIB benefits to their dependents. Today's veteran is different from veteran populations under previous GI Bills. 68% of all separating servicemembers are married. MGIB usage is lower for married than single veterans. One reason is that married veterans have greater financial responsibilities and must focus their attention on post-service employment rather than education or training. Raising MGIB rates to more adequately cover the cost of education might encourage greater usage of the benefit in married veterans. But it seems reasonable that the 21st century veteran, whose spouse and family serve at her / his side, should be able to decide how best to advance the family's education / training goals. Transferability has potential value in this context.

While we believe the idea has merit, TROA believes this initiative should have lower priority than other MGIB improvements discussed earlier in this testimony. TROA believes that transferability may be beneficial as a career incentive for servicemembers with about 15 years of service. At that point, in exchange for an agreement to serve at least 20 years, unused MGIB benefits could be transferred to the servicemember's dependents at the 20th year. TROA has significant reservations regarding Service Secretary discretion to use or not use transferability; and we also have concerns about transferring benefits at the six-year service point, effective at the tenth year. In short, transferability could be a useful career incentive, and should not come at the expense of essential upgrades to the MGIB.

CONCLUSION

TROA deeply appreciates the opportunity to testify before the Chairman and distinguished members of the Subcommittee on Veterans Benefits. The MGIB has proven its value to the nation and to veterans over the past 16 years. We support all proposals that will restore and improve the academic buying power of the MGIB so that it will continue to meet its objectives in the 21st century. H.R. 1291 is a vigorous "next step" in that direction and we are pleased to support its passage. TROA urges the Subcommittee to continue working toward enactment of legislation to index education assistance benefits to the average cost of a four-year public college or university. TROA will do all that it can to advance H.R.1291 and other initiatives that will provide servicemembers and veterans the educational benefits they deserve as a result of their voluntary decision to serve their country.

Biography of **Robert F. Norton, COL, USA (Ret.)**
Deputy Director, Government Relations
The Retired Officers Association (TROA)

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

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

While assigned to the Office of the Secretary of Defense (Reserve Affairs), Colonel Norton was responsible for implementing the Reserve Montgomery GI Bill. He served as the senior military assistant to the Assistant Secretary of Defense for Reserve Affairs from 1989-1994. Reserve Affairs oversaw the call-up of more than 250,000 National Guard and Reserve component troops for the Persian Gulf War. Colonel Norton completed his career as special assistant to the Principal Deputy Asst. Secretary of Defense, Special Operations / Low Intensity Conflict and retired in 1995.

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

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

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

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