

GAO

Report to the Ranking Minority
Member, Committee on Veterans'
Affairs, U.S. Senate

March 2007

VA STUDENT FINANCIAL AID

Management Actions
Needed to Reduce
Overlap in Approving
Education and
Training Programs
and to Assess State
Approving Agencies



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Abbreviations

Education	Department of Education
IHL	institution of higher learning
Labor	Department of Labor
NASAA	National Association of State Approving Agencies
OJT	on-the-job training
RPO	regional processing office
SAA	state approving agency
SAC	state apprenticeship council
VA	Department of Veterans Affairs

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United States Government Accountability Office
Washington, DC 20548

March 8, 2007

The Honorable Larry E. Craig
Ranking Minority Member
Committee on Veterans' Affairs
United States Senate

Dear Senator Craig:

In fiscal year 2006, the Department of Veterans Affairs (VA) paid approximately \$2.1 billion in education assistance benefits to more than 470,000 beneficiaries and about \$19 million to state approving agencies (SAA) to assess whether schools and training programs offer education of sufficient quality for veterans to receive VA education assistance benefits when attending them. Qualified individuals—veterans, service persons, reservists, and certain spouses and dependents—receive benefits through a number of education assistance programs for the pursuit of various types of programs, such as a degree program, vocational program, apprenticeship, or on-the-job training. In general, these programs must be approved by an SAA in order for qualified individuals to receive VA education assistance benefits. Under contracts with the VA, SAAs ensure that education and training programs meet federal VA standards through a variety of approval activities, such as evaluating course quality, assessing school financial stability, and monitoring student progress.

The Departments of Education (Education) and Labor (Labor) also assess education and training programs for various purposes, primarily for awarding student aid and providing apprenticeship assistance. These assessments are based, in part, on evaluations against standards set by laws and regulations, such as those applicable to accrediting agencies. In 2006, under Title IV of the Higher Education Act, Education provided nearly \$77 billion in student aid in the form of both grants and loans. The Department of Education assesses and certifies postsecondary institutions for participation in Title IV programs through various oversight functions to ensure that these schools meet federal administrative and financial requirements and that they are accredited and licensed. Similarly, under the National Apprenticeship Act of 1937, the Department of Labor is authorized to formulate and promote the furtherance of labor standards to safeguard the welfare of apprentices. To ensure programs comply with federal standards, Labor directly registers and oversees apprenticeship programs in less than half of the states and has given state apprenticeship

agencies or councils in the remaining states such authority over their own programs.

Given each agency's role, the potential of duplicative efforts among federal agencies has been a congressional concern. In 1995, GAO reported on this matter and concluded that there was a substantial amount of overlap between the efforts of SAAs and the other federal agencies.¹ In light of continued congressional interest in this issue, we have now answered the following questions: (1) What changes have occurred in state approving agencies' duties and functions since 1995? (2) To what extent does the SAA approval process overlap with efforts by the Departments of Education and Labor? (3) What, if any, additional value do the SAA approval activities bring to VA education benefit programs?

To address all three questions, we reviewed legislation, regulations, federal guidance, and other documents relevant to the approval processes for education and training programs. We also interviewed officials from each of the entities involved in the approval processes of VA, Education and Labor. Specifically, we interviewed federal officials from VA, Education, and Labor as well as officials representing three SAAs, three institutions of higher learning (IHL), and state apprenticeship councils in Connecticut, Maryland, and Washington. We also interviewed officials from one IHL that operates in multiple states and officials from the National Association of State Approving Agencies (NASAA), an accrediting agency (Accrediting Commission of Career Schools and Colleges of Technology), the Connecticut state licensing agency, and three apprenticeship programs (in Connecticut, Illinois, and Maryland). We selected Connecticut, Washington, Illinois, and Maryland based on VA's recommendation of knowledgeable SAA officials, to include both state and federally monitored states for apprenticeship programs, and geographic diversity. To identify the programs that were approved by the Departments of Veterans Affairs, Education, and Labor, we compiled and analyzed data on approved programs from each of the three agencies. To assess the reliability of the data, we talked with knowledgeable officials in each of the agencies, reviewed relevant documentation, and performed electronic testing of files. We determined that the data we have included in this briefing were sufficiently reliable for this purpose. We conducted our work

¹GAO, *VA Student Financial Aid: Opportunity to Reduce Overlap in Approving Education and Training Programs*, [GAO/HEHS-96-22](#) (Washington, D.C.: Oct. 30, 1995).

from October 2006 to January 2007 in accordance with generally accepted government auditing standards.

On February 1, 2007, we briefed your office on the results of our analysis. This report formally conveys information provided during that briefing, which is contained in appendix I. In summary, we reported the following findings:

- Since 1995, legislative changes effective in 2001 created additional responsibilities for SAAs, including promoting the development of apprenticeship and on-the-job training programs, providing outreach services, and approving tests for occupational licensing.² From fiscal years 2003 to 2006, SAA funding increased from \$13 million to \$19 million to expand services and support the additional responsibilities. However, funding is scheduled to decrease beginning in fiscal year 2008.
- Many education and training programs approved by SAAs have also been approved by Education or Labor, and VA and SAAs have taken few steps to coordinate approval activities with these agencies. In addition, information is not available to determine the amount of resources spent on SAA duties and functions, including those that may overlap with other agencies and programs.
- SAAs reportedly add value to the approval process for education and training programs through (1) a focus on student services for veterans and on the integrity of VA benefits, (2) more frequent on-site monitoring of education and training programs than provided by Education or Labor, and (3) assessments and approval of a small number of programs that are not reviewed by other agencies. However, VA's lack of outcome-oriented performance measures for evaluating SAAs makes it difficult to assess the significance of these efforts.

In conclusion, while VA spends \$19 million (less than 1 percent of the total benefit amount) to fund SAA duties and functions, it does not track the amount it spends on specific SAA activities, especially those that may also be performed by other agencies. Without knowing the amount of resources spent on specific duties and functions, VA does not have all relevant information for making resource allocation decisions and cannot determine if it is spending its federal dollars efficiently and effectively. In addition, VA, Education, and Labor have various standards and processes

²Veterans Benefits and Health Care Improvement Act of 2000, Pub. L. No. 106-419 (2000); and Veterans Education and Benefits Expansion Act of 2001, Pub. L. No. 107-103 (2001).

in place, in part to ensure that federal funds are being spent on quality education and training programs. While we have identified some overlap in approval efforts across agencies, the full extent of the overlap between SAA duties and other agencies' oversight efforts is unknown. It is important that VA work with other federal agencies to determine how the scope of the approval process could be streamlined to reduce overlap and ensure that federal dollars are spent efficiently. Finally, it is difficult to assess the effectiveness of SAA activities, in part because VA does not have outcome measures in place to fully evaluate SAA performance. Evaluating the effectiveness of VA's approval process is vitally important in order to manage the program and improve program results.

To help ensure that federal dollars are spent efficiently and effectively, we are recommending that the Secretary of the Department of Veterans Affairs take steps to monitor SAA spending and identify whether any resources are spent on activities that duplicate the efforts of other agencies. The extent of these actions should be in proportion to the total resources of the program. Specifically:

- VA should require SAAs to track and report data on resources spent on approval activities such as site visits, catalog review, and outreach in a cost-efficient manner; and
- VA should collaborate with other agencies to identify any duplicative efforts and use the agency's administrative and regulatory authority to streamline the approval process.

In addition, we are recommending that the Secretary establish outcome-oriented performance measures to assess the effectiveness of SAA efforts.

We provided a draft of this report to officials of the U.S. Department of Veterans Affairs for review and comment. In addition, we provided a draft of this report to officials of the U.S. Departments of Education and Labor for their technical review. In written comments on a draft of this report, VA agreed with our findings and recommendations and stated that it will (1) establish a working group with the SAAs to create a reporting system to track and report data for approval activities with a goal of implementation in fiscal year 2008, (2) initiate contact with appropriate officials at the Departments of Education and Labor to identify any duplicative efforts, and (3) establish a working group with the SAAs to develop outcome-oriented performance measures with a goal of implementation in fiscal year 2008. While VA stated that it will initiate contact with officials at Education and Labor to identify duplicative efforts, it also noted that amending its administrative and regulatory

authority to streamline the approval process may be difficult due to specific approval requirements of the law. We acknowledge these challenges and continue to believe that collaboration with other federal agencies could help VA reduce duplicative efforts. In addition, VA may wish to examine and propose legislative changes needed to further streamline its approval process.

Labor provided technical comments and we incorporated them into this report where appropriate.

We are sending copies of this report to relevant congressional committees and other interested parties and will make copies available to others upon request. In addition, this report will be available at no charge on GAO's Web site at www.gao.gov. If you or your staff have any questions about this report, please contact me at (202) 512-7215 or scottg@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff that made major contributions to this report are listed in appendix III.

Sincerely,



George A. Scott
Acting Director
Education, Workforce, and Income Security Issues

Appendix I: Briefing Slides



VA Student Financial Aid: Management Actions Needed to Reduce Overlap in Approving Education and Training Programs and to Assess State Approving Agencies

**Briefing for Staff of
Senator Larry Craig, Ranking Minority Member
Committee on Veterans' Affairs
United States Senate**

February 01, 2007

1



Objectives

Since the 1940s, the Department of Veterans Affairs (VA) and its predecessor agencies have contracted with state approving agencies (SAA) to assess whether schools and training programs offer education of sufficient quality for veterans to receive VA education assistance benefits. SAAs are created or designated by state governments but are federally funded and responsible for enforcing federal law. Concerns have been raised about whether SAA approval activities are duplicative of efforts conducted under other federal programs.

Key questions

- What changes have occurred in State Approving Agencies' duties and functions since 1995?
 - To what extent does the SAA approval process overlap with efforts by the Departments of Education and Labor?
 - What, if any, additional value do the SAA approval activities bring to veterans' education benefit programs?
-



Scope and Methodology

To address our key questions, we:

- Reviewed legislation, regulations, federal guidance, and other documents relevant to the approval processes for education and training programs.
 - Compiled and analyzed data on approved programs from the Departments of Veterans Affairs, Education, and Labor.
 - Interviewed federal officials from VA, Education, and Labor.
 - Interviewed officials representing three SAAs, three institutions of higher learning (IHL), and state apprenticeship councils in Connecticut, Maryland, and Washington. We also interviewed one IHL that operates in multiple states.
 - Interviewed officials from the National Association of State Approving Agencies (NASAA), an accrediting agency (Accrediting Commission of Career Schools and Colleges of Technology), Connecticut state licensing agency, and three apprenticeship programs (in Connecticut, Illinois, and Maryland).
 - Our work was performed from October 2006 to January 2007 in accordance with generally accepted government auditing standards.
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Summary of Findings

- Since 1995, legislative changes effective in 2001 created additional responsibilities for SAAs, including promoting the development of apprenticeship and on-the-job training programs, providing outreach services, and approving tests for occupational licensing.
 - Many education and training programs approved by SAAs have also been approved by Education or Labor, and VA and SAAs have taken few steps to coordinate approval activities with these agencies.
 - SAAs reportedly add value to the approval process for education and training programs, but the lack of outcome-oriented performance measures makes it difficult to assess the significance of their efforts.
-

Background



VA Funding for Education Assistance Programs and SAAs

- In fiscal year 2006, VA provided over \$2.1 billion in educational assistance benefits to more than 470,000 beneficiaries.
- In the same year, SAAs received \$19 million to assess the quality of schools and training programs for veterans.

Programs *	Beneficiaries	Expenditures
Montgomery GI Bill (Chapter 30)	313,766	\$1,909,014,605
Reserve Educational Assistance Program (Chapter 1607)	23,747	\$151,397,610
Educational Assistance for the Selected Reserve (Chapter 1606)	65,145	\$48,716,031
Dependents and Survivors Educational Assistance Program (Chapter 35)	74,532	\$38,787,332
Veterans Educational Assistance Program (Chapter 32)	575	\$59,113
Total	477,765	\$2,147,974,691

*No payments for the National Call to Service program were made in fiscal year 2006.

Source: VA.

Background



VA Education Assistance Programs

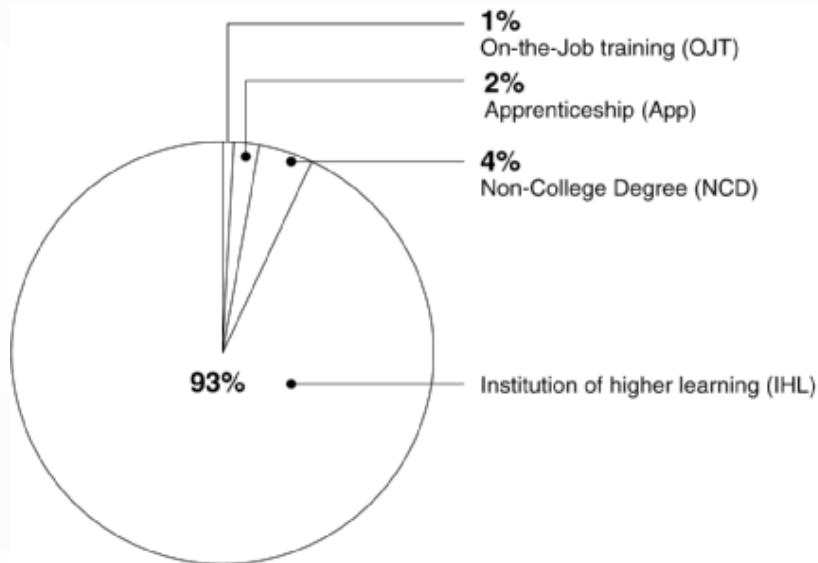
- Benefits are designed to assist individuals in gaining access to postsecondary education or training for a specific occupation. Benefits can be used to pursue a degree program, vocational program, apprenticeship, and on-the-job training.

- Qualified individuals include veterans, service persons, reservists, and certain spouses and dependents.

Background



Veteran Enrollment by Program Type in Fiscal Year 2006



Source: GAO analysis of VA enrollment data.

Background



Agencies Responsible for the Approval Process for Education and Training Programs



Source: GAO Analysis.

Background



VA's Approval Process: Purpose and Responsible Entities

- Purpose – To ensure education and training programs meet VA standards for receipt of veteran education assistance benefits.
- Entities, Roles and Responsibilities
 - VA national office oversees the four regional processing offices (RPO) and national contract with SAAs.
 - RPOs administer the education assistance programs and process benefits for veterans.
 - SAAs review education and training programs to determine which programs should be approved and ensure schools and training providers are complying with VA standards.
 - Duties and functions – SAAs have six core duties: (1) approval of programs, (2) visits to facilities, (3) technical assistance to individuals at facilities, (4) outreach, (5) liaison with other service providers, and (6) contract management.
 - Structure – 60 SAAs exist in the 50 states, the District of Columbia, and Puerto Rico. Eight states have two SAAs. SAAs are usually part of a state's department of education (31 SAAs). In some states, SAAs are organizationally located in other departments such as labor (9 SAAs) or veterans' services (19 SAAs).*

* The Washington, D.C. SAA office is overseen by VA.

Background



Education's Approval Process: Purpose and Responsible Entities

- Purpose –To ensure schools meet federal Education standards to participate in the student financial aid programs. As part of Education's approval process, the state licensing agencies, accrediting agencies, and certain offices within Education are responsible for various approval activities.
- Entities, Roles and Responsibilities
 - State licensing agencies grant legal authority to postsecondary institutions to operate in the state in which they are located. Each of the states has its own agency structure, and each state can choose its own set of standards.
 - Accrediting agencies develop evaluation criteria and conduct peer evaluations to assess whether or not those criteria are met by postsecondary institutions. Institutions and/or programs that meet an agency's criteria are then "accredited" by that agency. As of November 2005, there are 60 recognized private accrediting agencies of regional or national scope.
 - Office of Postsecondary Education evaluates and recognizes accrediting agencies based on federal requirements to ensure these agencies are reliable authorities as to the quality of education or training provided by the institutions of higher education and the higher education programs they accredit.
 - Office Federal Student Aid determines the administrative and financial capacity of schools to participate in student financial aid programs, conducts ongoing monitoring of participant schools, and ensures participant schools are accredited and licensed by the states.

Background



Labor's Approval Process: Purpose and Responsible Entities

- Purpose – To establish and promote labor standards to safeguard the welfare of apprentices.
- Entities, Roles and Responsibilities
 - Department of Labor establishes standards and registers programs that meet the standards. Labor directly registers and oversees programs in 23 states but has granted 27 states, the District of Columbia, and 3 territories authority to register and oversee their own programs, conducted by State Apprenticeship Councils (SACs). Labor reviews the activities of the SACs.
 - SACs ensure that apprenticeship programs for their respective states comply with federal labor standards, equal opportunity protections, and any additional state standards.



Objective One: Changes in SAA duties and functions

Legislative Changes Effective in 2001 Created Additional Responsibilities for SAAs, Including Promoting the Development of Apprenticeship and On-the-Job Training Programs, Providing Outreach Services, and Approving Tests for Occupational Licensing

In 2001, SAAs received additional responsibility for:

- Actively promoting the development of apprenticeship and on-the-job training programs.
- Conducting more outreach activities to eligible persons and veterans to increase awareness of VA education assistance.
- Approving tests used for licensing and certification, such as tests to become a licensed electrician. (For those tests that have been approved, veterans can use VA benefits to pay for testing fees.)

From fiscal years 2003 to 2006, SAA funding increased from \$13 million to \$19 million to expand services and support the additional responsibilities. Funding will begin to decrease in fiscal year 2008.



Objective Two: Overlap in Approval Efforts

Many Education and Training Programs Approved by SAAs Have Also Been Approved by Education or Labor, and VA Has Taken Few Steps to Coordinate Approval Activities with These Agencies.

- Many education and training programs approved by SAAs have also been approved by Education and Labor.
- Similar categories of approval standards, such as student achievement and institutional capacity (e.g., fiscal stability), exist across agencies, but the specific standards within each category vary and the full extent of the overlap is unknown.
- VA and SAAs have made limited efforts to coordinate approval activities with other federal agencies.
- Information is not available to determine the amount of resources spent on SAA duties and functions, including those that may overlap with other agencies.

Objective Two: Overlap in Approval Efforts



Many Education and Training Programs Approved by SAAs Have Also Been Approved by Education and Labor

69% of all programs approved by SAAs are offered by institutions that have been certified by Education.

- 78% of SAA approved programs in institutions of higher learning (e.g., colleges and universities) have been certified by Education.
- 64% of SAA approved non-college degree programs are in institutions that have been certified by Education.

Less than 2% of all programs approved by SAAs are apprenticeship programs. VA and SAA officials reported that many of these programs have also been approved by Labor.



Objective Two: Overlap in Approval Efforts

Similar Categories of Standards Exist Across Agencies, but the Specific Standards within Each Category Vary and the Full Extent of Overlap is Unknown

Similar categories of standards exist across agencies.¹

Categories of approval standards	SAA ²³				Education ⁴			Labor
	IHL/NCD accredited	IHL/NCD non-accredited	apprenticeship	On the job training	Education's certification	Federal Standards for Accrediting Agencies	Connecticut state licensing agency	Apprenticeship
Student achievement	X	X	X	X		X	X	X
Curricula, program objectives, and faculty	X	X	X	X	X	X	X	X
Facilities, equipment, and supplies	X	X	X	X		X	X	X
Institutional objectives, capacity, and administration	X	X			X	X	X	X
Student support services						X	X	
Recruiting and admissions practices	X	X			X	X	X	X
Record of student complaints						X		X
Process related requirements (e.g. application requirements)	X	X	X	X	X		X	X

Source: GAO analysis of VA, Education, and Labor Standards

Note: GAO constructed these categories to encompass the numerous and broad range of standards used by agencies.

¹SAA has different sets of standards for each program type (e.g. IHL and NCD). Education's approval process involves different sets of standards used by different entities, such as accrediting agencies. Labor has one set of standards that is applicable to apprenticeship programs. ²By statute, courses must meet certain criteria. These relate to: (1) record-keeping of student progress; (2) record-keeping of students' previous education; (3) quality, content and length of courses; (4) qualifications of administrators and instructors; and (5) equipment, space, and instructional materials. We categorized the first two criteria as student achievement, criteria (3) and (4) as Curricula, Program Objectives and Faculty, and criterion (5) as Institutional objectives, capacity, and administration. ³SAA approval requirements for non-accredited courses encompass a number of additional criteria, such as having a tuition refund policy and enrollment limitations. ⁴ Connecticut's standards may not be representative of standards across the country.

Objective Two: Overlap in Approval Efforts



Similar Categories of Standards Exist Across Agencies, but the Specific Standards within Each Category Vary and the Full Extent of Overlap Is Unknown

Specific standards within each category vary across agencies.

- For example, while VA and Education’s approval standards have requirements for student achievement, the New England Association of Schools and Colleges, an accrediting agency, requires that students demonstrate competence in various areas such as writing and logical thinking, and VA does not have this requirement.
- Also under student achievement, VA requires schools to give appropriate credit for prior learning while Education does not have such a requirement.

Objective Two: Overlap in Approval Efforts



Similar Categories of Standards Exist Across Agencies, but the Specific Standards within Each Category Vary and the Full Extent of Overlap Is Unknown

While agencies have the same standards in some instances, the interpretation and application of these standards may differ.

For example:

- VA, accrediting agencies, and Labor require that facilities have adequate space, equipment and instructor personnel to provide quality training, but the definition of adequacy differs in the level of specificity.
- VA and accrediting agencies require that schools have policies related to student achievement such as minimum satisfactory grades, but the requirements differ in level of specificity.



Objective Two: Overlap in Approval Efforts

VA and SAAs Have Made Limited Efforts to Coordinate Approval Activities with Education and Labor

- VA reported that while it has coordinated with Education and Labor on issues related to student financial aid and apprentices' skill requirements, it believes increased coordination is needed for approval activities in order to determine the extent of duplicative efforts.
- Most of the SAA officials we spoke with reported that they have coordinated with SACs to register apprenticeship programs in their states.
- Labor reported that it coordinated with VA's national office in several instances, including providing a list of registered apprenticeship programs.
- Education reported that it does not have formalized coordination with VA but has had some contacts to inform VA of its concerns regarding specific institutions.



Objective Two: Overlap in Approval Efforts

Information Is Not Available to Determine the Amount of Resources Spent on SAA Duties and Functions, Including Those That May Overlap with Other Agencies

- VA does not require SAAs to collect information on the amount of resources they spend on specific approval activities.
- The SAA officials we spoke with said that their most time consuming activity is conducting inspection and supervisory visits of schools and training facilities.
- Lack of data on resource allocation prevented us from determining what portion of funds spent by SAAs were for approval activities that may overlap with other agencies.



Objective Three: Value of SAA Services

SAs Reported Add Value to the Approval Process for Education and Training Programs, but the Lack of Outcome-oriented Performance Measures Makes It Difficult to Assess the Significance of Their Efforts

- SAA and other officials reported that SAA activities add value because they provide enhanced services to veterans and ensure program integrity.
- VA uses output measures rather than outcome-oriented performance measures to evaluate SAA performance and progress.

Objective Three: Value of SAA Services



SAA and other Officials Reported that SAA Activities Add Value because They Provide Services to Veterans and Ensure Program Integrity

SAA and other officials reported SAAs' added value includes:

- A focus on student services for veterans and on VA benefits;
- More frequent on-site monitoring of education and training programs than Education and Labor; and
- Assessments and approval of a small number of programs that are not reviewed by other agencies.



Objective Three: Value of SAA Services

The SAA Approval Activities Focus on Student Services for Veterans and on VA Benefits

SAA approval activities:

- Ensure that veterans are taking courses consistent with occupational goals and program requirements.
- Ensure that schools and training programs have evaluated prior learning and work experience and grant credit as appropriate.
- Ensure that school or program officials know how to complete paperwork and comply with policies required by VA educational assistance through technical assistance.

States, schools, and apprenticeship officials we spoke with reported that without SAAs, the quality of education for veterans would not change; however, their receipt of benefits could be delayed and the time required to complete their education and training programs could increase.



Objective Three: Value of SAA Services

SAs Generally Conduct More Frequent On-Site Monitoring of Education and Training Programs Than Education and Labor

Oversight of veterans assistance is generally more frequent than oversight by Education and Labor, which may prevent fraud, waste, and abuse.

- Some officials reported that SAs' frequent visits were beneficial because they ensure schools properly certify veterans for benefits, ensuring that benefits are distributed accurately and quickly.
- Officials from one school reported that SAs' visits were unnecessary because many schools are sufficiently monitored by their accreditors and Education.

1 Education also performs ongoing monitoring by reviewing schools' annual compliance audits and financial statements.

2 Accrediting agencies' frequencies vary depending on whether the agency is a national or regional agency.

3 Labor –See Registered Apprenticeship Programs: Labor Can Better Use *Data to Target Oversight*, GAO-05-886 (Washington D.C.: August 29, 2005).

Entity	Frequency of site visits to each school
SAA	1-3 years
VA's RPOs	3 years
Education	Only schools that have performance issues are visited ¹
Accrediting agencies	2-10 years ²
Labor	1-3+ years ³

Source: GAO analysis.

Objective Three: Value of SAA Services



SAs Approve a Small Number of Programs That Are Not Reviewed by Other Agencies

SAs approve a small number of programs that are not reviewed by other agencies:

- Programs, such as cosmetology and massage training, offered by unaccredited schools.
- On-the-job training programs.
- Apprenticeship programs not approved by Labor.

Objective Three: Value of SAA Services



VA Uses Output Measures Rather Than Outcome Measures to Evaluate SAA Performance and Progress

Although VA does have some output measures in place, such as the number of supervisory visits SAAs conduct, it does not have outcome-oriented performance measures to evaluate the overall effectiveness and progress of SAAs.

Examples of Existing VA output Measures	Examples of Potential Outcome Measures
Percentage of visits to facilities for supervisory and inspection purposes completed within VA specified timeframes	Amount of benefit adjustments resulting from SAAs' review of school certification transactions
Number of times technical assistance provided to interested parties such as individuals and schools	Error rate of certification transactions identified by SAAs
Number of approved facilities with approved programs	Completion rates of beneficiaries

Source: GAO analysis.



Conclusions

- While VA spends \$19 million (less than 1% of total benefit amount) to fund SAA duties and functions, it does not track the amount it spends on specific SAA activities, especially those that may be performed by other agencies. Without knowing the amount of resources spent on specific duties and functions, VA does not have all relevant information for making resource allocation decisions and cannot determine if it is spending its federal dollars efficiently and effectively.
- VA, Education, and Labor have various standards and processes in place, in part to ensure that federal funds are being spent on quality education and training programs. While we have identified some overlap in approval efforts across agencies, the full extent of the overlap between SAA duties and other agencies' oversight efforts is unknown. It is important that VA work with other federal agencies to determine how the scope of the approval process could be streamlined, such as to determine the extent to which SAAs could rely on recognized accreditors' assessments of institutions' policies on student achievement to reduce overlap and ensure that federal dollars are spent efficiently.



Conclusions (Cont'd)

It is difficult to assess the effectiveness of SAA activities, in part because VA does not have outcome measures in place to fully evaluate SAA performance, such as the outcomes of site visits. Under the Government Performance Results Act, federal agencies must report on their results in achieving their agency program goals. Outcome-oriented performance measures are should be used to assess program activity. Evaluating the effectiveness of VA's approval process is vitally important in order to manage the program and improve program results.



Recommendations for Executive Action

To help ensure that federal dollars are spent efficiently and effectively, we are recommending that the Secretary of the Department of Veterans Affairs take steps to monitor its spending and identify whether any of its resources are spent on activities that duplicate the efforts of other agencies. The extent of these actions should be in proportion to the total resources of the program. Specifically:

- VA should require SAAs to track and report data on resources spent on approval activities such as site visits, catalog review, and outreach in a cost-efficient manner.
- VA should collaborate with other agencies to identify any duplicative efforts and use the agency's administrative and regulatory authority to streamline the approval process.

In addition, we are recommending that the Secretary establish outcome-oriented performance measures to assess the effectiveness of SAA efforts.

Appendix II: Comments from the Department of Veterans Affairs



THE DEPUTY SECRETARY OF VETERANS AFFAIRS
WASHINGTON

February 27, 2007

Mr. George Scott
Acting Director
Education, Workforce, and
Income Security Issues
U. S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Scott:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office's (GAO) draft report, ***VA STUDENT FINANCIAL AID: Management Actions Needed to Reduce Overlap in Approving Education and Training Programs and to Assess State Approving Agencies*** (GAO-07-384). VA agrees with your findings and concurs with your recommendations. The enclosure details VA's actions to implement Government Accountability Office's recommendations.

I appreciate the opportunity to comment on your draft report.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Gordon H. Mansfield".

Gordon H. Mansfield

Enclosure

Enclosure

Department of Veterans Affairs (VA)
Comments to the Government Accountability Office (GAO)
Draft Report, *VA STUDENT FINANCIAL AID: Management Actions Needed
to Reduce Overlap in Approving Education and Training Programs and to
Assess State Approving Agencies*
(GAO-07-384)

To ensure that federal dollars are spent efficiently and effectively, GAO recommends that the Secretary of the Department of Veterans Affairs take steps to monitor its spending and identify whether any of its resources are spent on activities that duplicate the efforts of other agencies. The extent of these actions should be in proportion to the total resources of the program. Specifically:

- VA should require SAAs to track and report data on resources spent on approval activities, such as site visits, catalog review, and outreach in a cost-efficient manner.

Concur - VA will establish a working group with the SAAs to create a reporting system for approval activities with a goal of implementation in the FY08 budget cycle.

- VA should collaborate with other agencies to identify any duplicate efforts and use the agency's administrative and regulatory authority to streamline the approval process.

Concur - VA will initiate contact with appropriate officials at the Department of Education and Labor to identify any duplicative efforts. However, amending the agency's administrative and regulatory authority to streamline the approval process may be difficult due to the specific approval requirements of the law.

- VA should establish outcome-oriented performance Measures to assess the effectiveness of SAA efforts.

Concur - VA will establish a working group with the SAAs to develop outcome-oriented measures with a goal of implementation in the FY08 budget cycle

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

George A. Scott (202) 512-7215 or scottg@gao.gov

Staff Acknowledgments

In addition to the contact named above, Heather McCallum Hahn, Assistant Director, Tranchau T. Nguyen, Jacqueline Harpp, Cheri Harrington, Richard Burkard, Susannah Compton, John Mingus, and Jim Rebbe made key contributions to this report.

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