POST-9/11 GI BILL

Veterans Affected by School Closures

Statement of Melissa Emrey-Arras, Director, Education, Workforce, and Income Security
What GAO Found

In fiscal year 2017, nearly 700,000 student veterans used their Post-9/11 GI Bill benefits from the Department of Veterans Affairs (VA) to attend programs at almost 6,000 schools. Of the almost $4.5 billion in Post-9/11 GI Bill tuition and fee payments VA made to schools in fiscal year 2017, about 40 percent went to public schools, 30 percent to nonprofits, and 30 percent to for-profits. A small number of schools received a large share of the tuition and fees paid, with 30 percent of payments totaling $1.4 billion going to 50 schools that enrolled over 190,000 veterans in fiscal year 2017.

Although a relatively small number of schools close each year, these closures can affect thousands of student veterans. School closures, which have increased in recent years, are particularly harmful when they involve large schools that close abruptly with little or no advance warning. For example, more than 7,000 veterans receiving Post-9/11 GI Bill benefits were attending schools operated by Corinthian Colleges and ITT Educational Services when they abruptly closed in 2015 and 2016, respectively. Although veterans affected by school closures may qualify to have their GI Bill benefits restored, these closures can create hardships for veterans and significant costs for taxpayers. For example, veterans can face challenges transferring credits and continuing their education at a new school. This may make it more difficult for veterans to complete their degrees before exhausting their eligibility for Post-9/11 GI Bill benefits. School closures also pose a financial risk for the government and taxpayers due to the costs associated with restoring benefits.
Chairman Levin, Ranking Member Bilirakis, and Members of the Subcommittee:

I am pleased to be here today to discuss the effect of school closures on student veterans. The Department of Veterans Affairs (VA) has provided $94 billion in education benefits under the Post-9/11 Veterans Educational Assistance Act of 2008 (Post-9/11 GI Bill) to over 2 million veterans since the program began in 2009, according to VA.\(^1\) This program provides funding that helps cover eligible veterans’ tuition and fees (that VA pays directly to schools), as well as monthly housing benefits and book stipends (that VA pays directly to veterans). These benefits enable veterans to pursue a higher education and develop skills to help them re-enter the workforce. However, recent news reports about school closures have raised questions about the effect of these closures on student veterans’ education benefits.

My remarks today address three objectives: (1) the distribution of Post-9/11 GI Bill tuition and fee payments among schools, (2) the outcomes of students at schools that receive the most Post-9/11 GI Bill tuition and fee payments, and (3) how school closures can affect student veterans. To answer objective one, we analyzed school-level data from VA on Post-9/11 GI Bill beneficiaries, tuition and fee payments, and school characteristics for fiscal year 2017, the most recent data available. For our second objective, we analyzed school-level 4-year program graduation rates, retention rates, and school characteristics from the Department of Education’s (Education) Integrated Postsecondary Education Data System (IPEDS) for school year 2017-2018, the most recent data available.\(^2\) In addition, to estimate how many student veterans receive federal student aid we reviewed data from Education’s National Postsecondary Student Aid Study (NPSAS) for school year 2015-16, the most recent data available. We assessed the reliability of the VA and Education data by performing electronic tests on specific data.


\(^2\)Graduation rates are as of August 2017 and measure the percent of first-time full-time bachelor’s (or equivalent) degree/certificate-seeking undergraduate students who completed a program within 150 percent of the program length (6 years). Retention rates are as of fall 2017. The retention rate is the percent of first-time bachelor’s (or equivalent) degree/certificate-seeking students who enrolled in one fall and either successfully completed their program or re-enrolled in the next fall.
elements used in our analyses and by reviewing documentation about the specific data systems and our prior work that assessed the reliability of similar data. As a result of this assessment, we concluded that the VA and Education data were sufficiently reliable for our reporting purposes. My testimony related to objective three is based on our prior reports on this topic issued between 2013 and 2017 and cited throughout this statement. We used multiple methodologies to develop the findings, conclusions, and recommendations for these reports. A more detailed discussion of the objectives, scope, and methodologies, including our assessment of data reliability, is available in each report.

We provided a copy of the applicable new information that we are reporting in this testimony to VA and Education for comment. VA and Education provided technical comments, which we addressed as appropriate.

The work upon which this statement is based was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Post-9/11 GI Bill Benefits

VA has been providing veterans educational assistance benefits since 1944. We previously reported that these benefits have been put in place over time to compensate for compulsory service, encourage voluntary service, avoid unemployment, provide equitable benefits to all who served, and promote military retention.\(^3\) The Post-9/11 GI Bill, which took effect on August 1, 2009,\(^4\) is now VA’s largest educational program. This program generally provides benefits to veterans who served on active duty for at least 90 days beginning on or after September 11, 2001. Full benefits are generally available to those who served on active duty for 36


months, for which VA will pay the net cost for in-state tuition and fees at public schools and up to an annual maximum amount at nonprofit and for-profit schools ($24,477 in academic year 2019-2020). VA pays schools directly for tuition and fees and sends additional payments for housing and books directly to veterans who are eligible for these payments. To receive education benefits through the Post-9/11 GI Bill, students submit applications to VA, schools certify enrollments, and VA processes claims and payments.

Other Sources of Student Aid

For help covering the costs of their postsecondary education, veterans may also be eligible for grants and loans available from federal student aid programs administered by Education, such as Pell Grants and Direct Loans. According to Education data, an estimated 32 percent of student veterans had received Pell Grants and 28 percent had taken out Direct Loans, during school year 2015-16. VA education payments, such as Post-9/11 GI Bill benefits, are not considered when calculating eligibility for federal student aid and do not affect the amount of aid a veteran can receive from Education. Student veterans may also be eligible for state and institutional aid (scholarships from state governments or schools, for example).

5The Post-9/11 GI Bill provides up to 36 months of education benefits. Veterans can also receive full benefits if they served on active duty for at least 30 continuous days beginning on or after September 11, 2001 and were discharged or released for a service-connected disability, and in some situations in which a veteran was awarded the Purple Heart. Veterans who served on active duty for less than 36 months beginning on or after September 11, 2001 are eligible for a portion of the maximum tuition amount based on their time served. Certain veterans attending participating nonprofit or for-profit schools may receive additional benefits to cover tuition and fees through the Yellow Ribbon G.I. Education Enhancement Program. Through this program, schools enter into voluntary agreements with VA to pay a portion of the tuition and fees that exceed an individual’s Post-9/11 GI Bill benefit and VA matches the schools’ contribution. 38 U.S.C. § 3317.

6Pell Grants are awarded to undergraduate students with financial need to help finance their postsecondary education. Education issues several types of loans under the William D. Ford Federal Direct Loan program, including subsidized and unsubsidized loans.

7Data are from NPSAS and results are within a +/-2 percentage point margin of error. NPSAS data are based on a nationally representative sample of college students and are collected from multiple sources, including school records, government databases, and student interviews. School year 2015-16 data are the most recent available.
Nearly 700,000 student veterans received Post-9/11 GI Bill tuition and fee benefits to attend almost 6,000 schools in fiscal year 2017. VA paid about 40 percent of the Post-9/11 GI Bill tuition and fee payments to public schools, 30 percent to nonprofits, and 30 percent to for-profits (see fig. 1).  

Student Veterans Attend a Wide Range of Schools, but a Small Number of Schools Receive a Large Share of Post-9/11 GI Bill Payments

![Figure 1: Post-9/11 GI Bill Beneficiaries and Tuition and Fee Payments in Fiscal Year 2017, by Sector](image)

- **Post-9/11 GI Bill payments** ($4.5 bil. total):
  - 40% Public schools ($1.8 bil.)
  - 30% Nonprofit schools ($1.3 bil.)
  - <1% Other schools ($21.9 mil.)
  - 30% For-profit schools ($1.3 bil.)

- **Veterans receiving benefits** (688,481 total):
  - 56% Public schools (382,774)
  - 23% For-profit schools (159,685)
  - 21% Nonprofit schools (142,985)
  - <1% Other schools (3,037)

Source: GAO analysis of Department of Veterans Affairs data. Note: Payment amounts include only tuition and fee payments made directly to schools, not additional housing allowance or other payments. The “other” category includes foreign, correspondence, and flight schools.

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8We calculated the total number of schools using VA and Education data. VA’s data include tuition and fee payments at the campus level, meaning schools that have multiple campuses have unique data for each campus. To roll up campus-level data to the school-level, we matched VA campus-level payment data with campus- and school-level identifiers in IPEDS when available. Some schools that receive Post-9/11 GI Bill payments are not in IPEDS because they do not participate in Education’s federal student aid programs. In these cases, we treated each non-matched campus-level record as a school in our aggregate count.

9VA paid less than one percent to other types of institutions, including foreign, correspondence, and flight schools, in fiscal year 2017.
Most student veterans used Post-9/11 GI Bill tuition and fee payments to attend schools that provided 4-year undergraduate programs (see fig. 2). Veterans may also use Post-9/11 GI Bill benefits for training opportunities at schools that do not offer college degrees, including training in areas such as driving, emergency medical training, and barber or beautician skills. These programs received about $360 million Post-9/11 GI Bill tuition and fee payments in fiscal year 2017.

Figure 2: Post-9/11 GI Bill Beneficiaries and Tuition and Fee Payments in Fiscal Year 2017, by Program Length

A relatively small number of schools received a large share of Post-9/11 GI Bill tuition and fee payments. In fiscal year 2017, the 50 schools that received the highest total amount of Post-9/11 GI Bill tuition and fee payments accounted for over 30 percent of all such benefits, collectively receiving $1.4 billion for over 190,000 beneficiaries. These 50 schools consisted of 14 public, 16 nonprofit, and 20 for-profit schools (see fig. 3). In fiscal year 2017, the 50 schools received between $11 million and $191 million each in tuition and fee payments and enrolled between around 350 and 28,000 Post-9/11 GI Bill beneficiaries. In contrast, among all schools receiving Post-9/11 GI Bill benefits in fiscal year 2017, the majority of them enrolled fewer than 15 veterans.
Student outcomes at the 50 schools that received the most Post-9/11 GI Bill tuition and fee payments were, on average, generally comparable to the national average, but varied more widely across sectors. Since available data on student veteran outcomes is currently limited, we analyzed common outcome measures for the broader student populations at each school: 10

- 4-year program graduation rates: the percent of first-time full-time students who completed a 4-year program within 6 years. 11
- Full- and part-time retention rates: the percent of first-time students who enrolled in one fall and either successfully completed their program or re-enrolled in the next fall. 12

10 VA has several efforts underway to collect more specific data on student veteran outcomes. Federal law requires that as a condition of approval of a course offered by a school, each year such school that received a payment in that year on behalf of an individual entitled to relevant educational assistance must submit to VA information regarding the academic progress of the individual. 38 U.S.C. § 3326(a). In June 2018, VA notified schools that receive Post-9/11 GI Bill payments that they are required to submit graduation and completion data as a condition of receiving certain benefits.

11 The graduation rate only includes degree- and certificate-seeking students. Seven of the 50 schools were not included in the 4-year program graduation rate because they did not offer 4-year programs or did not report graduation rate data.

12 The full- and part-time retention rates only include bachelor’s (or equivalent) degree- and certificate-seeking students.
When examined as a whole, the average student outcomes for the 50 schools that received the most Post-9/11 GI Bill tuition and fee payments were generally comparable to the national average. For example, the average 4-year program graduation rate at the top 50 schools was 61—the same as the national average. For one of the outcome measures—full-time retention rate—the average was higher for the top 50 schools (83 percent) than the national average (75 percent).

Within the 50 schools that received the most Post-9/11 GI Bill tuition and fee payments, student outcomes varied across schools in different sectors (see fig. 4). For-profit schools had lower 4-year program graduation and retention rates compared to public and nonprofit schools among these 50 schools, although there was wide variation among schools in each sector.

**Figure 4: Student Outcomes for the 50 Schools Receiving the Most Post-9/11 GI Bill Tuition and Fee Payments in Fiscal Year 2017, by Sector**

*Top 50* = The 50 Schools Receiving the Most Post-9/11 GI Bill Tuition and Fee Payments from Fiscal Year 2017

Source: GAO analysis of data from the Departments of Veterans Affairs and Education | GAO-19-553T

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*The 4-year program graduation rate indicates the percent of first-time full-time bachelor’s (or equivalent) degree/certificate-seeking undergraduate students who completed a 4-year program within 150 percent of the program length. Graduation rates are from Education’s Integrated Postsecondary Education Data System as of August 2017. Seven of the 50 schools were not included in the 4-year graduation rate because they did not offer 4-year programs or did not report graduation rate data.

bThe retention rate is the percent of first-time bachelor’s (or equivalent) degree/certificate-seeking students who enrolled in one fall and either successfully completed their program or re-enrolled in the next fall. Retention rates are from Education’s Integrated Postsecondary Education Data System as of fall 2017. Retention rates are calculated separately for full-time and part-time students.
School Closures Affect Thousands of Student Veterans

Although a relatively small number of schools close each year, these closures can affect thousands of student veterans. In 2017 we reported that about 95 schools closed in school year 2015-16, according to Education data, which was higher than in previous years, primarily due to a rise in for-profit school closures (see fig. 5).13

Figure 5: School Closures by School Type, School Years 2006-07 through 2015-16

Schools can close in different manners and for a variety of reasons, including declining enrollments, financial problems, loss of accreditation, and legal actions. When a school ceases operations in an orderly process over several months it gives students time to complete the current school term and make arrangements to transfer and continue their education at

another school. The effect of school closures is often worse when the closures occur abruptly with little or no advance warning, because these schools generally do not have time to establish transfer arrangements that allow students to easily continue their education at another school.

Abrupt closures of large schools, although infrequent, can affect thousands of student veterans and result in large financial losses for the federal government and taxpayers. For example, Corinthian Colleges Inc. (Corinthian) enrolled more than 72,000 students before its closure in April 2015. The following year, ITT Educational Services Inc. (ITT), another large for-profit provider of higher education, closed all of its 136 campuses in September 2016, affecting more than 35,000 students. More than 7,000 Post-9/11 GI Bill students were pursuing educational programs at schools operated by ITT and Corinthian at the time of their closures, according to VA. More recently, closures at Education Corporation of America in 2018 and Dream Center Education Holdings in 2019, which operated schools under multiple brands, including Argosy University and several campuses of The Art Institutes, affected tens of thousands of students, including thousands of Post-9/11 GI Bill recipients.

Student veterans attending a school that closes may be eligible to have some or all of their Post-9/11 GI Bill benefits restored. As a result of the Harry W. Colmery Veterans Educational Assistance Act of 2017, VA restores GI Bill entitlements to eligible beneficiaries affected by recent and future school closures. Student veterans may also be entitled to a discharge on eligible federal student loans they may have received from Education or to have their Pell Grant eligibility restored if they are unable to complete a program because their school closed.

14The vast majority of schools that closed in the 5 years from school years 2011-2012 to 2015-2016 enrolled fewer than 500 total students.

15Pub. L. No. 115-48, § 109, 131 Stat. 973, 978, codified at 38 U.S.C. § 3699. According to VA, for schools that close after August 16, 2017, the term, quarter, or semester the veteran was attending when the school closed will not count against their 36 months of benefit eligibility. Veterans attending schools that closed from January 1, 2015 to August 16, 2017, may also qualify for restoration of their GI Bill benefits if they have not transferred any of their credits to another college.

16The Pell Grant program imposes a lifetime limit equivalent to 6 years of eligibility. In late 2017, Education implemented a statutory requirement to restore periods of Pell Grant eligibility to students who were unable to complete their course of study due to the closure of their school, according to Education.
Despite these options for having benefits restored and loans discharged, school closures can still create hardships for veterans. As we have previously reported, college students in general can face challenges transferring credits and continuing their education at a new school under any circumstances.\textsuperscript{17} Students who transferred lost, on average, an estimated 43 percent of their credits, and credit loss varied depending on the transfer path, based on data from 2004 to 2009. For example, students who transferred between public schools—the majority of transfer students—lost an estimated 37 percent of their credits. In comparison, students who transferred from for-profit schools to public schools—which happens less frequently—lost an estimated 94 percent of their credits.\textsuperscript{18}

Even if a student’s credits transfer, they may not apply toward fulfilling degree requirements for their intended major. In these cases, a student will likely have to take additional courses at their new school, which could potentially delay graduation and result in additional costs to pay for repeated courses. Further, some student veterans with credits that do not transfer may exhaust their Post-9/11 GI Bill benefits before completing their degree.

School closures can also exacerbate other challenges veterans may face pursuing their education. As we have previously reported, many student veterans already cope with challenges transitioning from the military to an academic environment.\textsuperscript{19} For example, they can face challenges navigating the academic bureaucracy, whether in attempting to receive transfer credit for previous college courses or in determining what other sources of financial aid may be available to them. Many student veterans are also trying to balance school with family and work obligations or dealing with the effects of combat-related physical and psychological injuries. When a school closes, the burden of finding and enrolling in a new school may be especially difficult for these veterans.

Closures can also pose a financial risk for the government and taxpayers to the extent that Post-9/11 GI benefits are restored and federal student loans are discharged. For example, in 2017 the Congressional Budget


\textsuperscript{18}Of the students who transferred, an estimated 62 percent of them transferred between public schools. Students who transferred from for-profit schools to public schools accounted for 4 percent of students who transferred.

\textsuperscript{19}GAO-13-338.
Office estimated that restoring Post-9/11 GI Bill benefits and other VA education benefits to student veterans who attend schools that closed will increase direct spending by $320 million over the 10 year period from 2018 to 2027.\(^{20}\) School closures can also result in hundreds of millions of dollars in financial losses for the federal government and taxpayers due to discharged federal student loans.

In conclusion, the Post-9/11 GI Bill has provided valuable education benefits to millions of veterans who attend a wide range of schools. However, when schools abruptly shut their doors, it can leave student veterans—who already face unique challenges in an academic environment—without a clear path to continuing their education and can force taxpayers to cover the cost of restoring their benefits and discharged student loans. Student veterans who continue their education at another school may also find that many of the credits they earned will not ultimately help them after they transfer, delaying their degrees and resulting in additional costs. As the number of school closures has increased in recent years, the risks and challenges associated with such closures are particularly salient for student veterans, their families, and the federal government.

Chairman Levin, Ranking Member Bilirakis, and Members of the Subcommittee, this completes my prepared statement. I would be pleased to respond to any questions that you may have at this time.

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\(^{20}\)This estimate was for enactment of section 109 of the Harry W. Colmery Veterans Educational Assistance Act of 2017 which restores certain benefits to student veterans who attend schools that close. According to the Congressional Budget Office, most of the estimated increased spending is a result of restored Post-9/11 GI Bill benefits, but some other VA education programs that are used by fewer individuals and cost less per person than the Post-9/11 GI Bill are also included in the total spending estimate. Congressional Budget Office, Cost Estimate: H.R. 3218 Harry W. Colmery Veterans Educational Assistance Act of 2017, (Sept. 6, 2017).
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