

# PREVENTING ABUSE OF THE MILITARY'S TUITION ASSISTANCE PROGRAM

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## HEARING

BEFORE THE

FEDERAL FINANCIAL MANAGEMENT, GOVERNMENT  
INFORMATION, FEDERAL SERVICES, AND  
INTERNATIONAL SECURITY SUBCOMMITTEE

OF THE

COMMITTEE ON  
HOMELAND SECURITY AND  
GOVERNMENTAL AFFAIRS  
UNITED STATES SENATE

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## CONTENTS

Opening statements:	Page
Senator Carper .....	1
Senator Brown .....	6
Senator Coburn .....	7
Prepared statements:	
Senator Carper .....	39
Senator Brown .....	57

### WITNESSES

WEDNESDAY, MARCH 2, 2011

Hon. Tom Harkin, a United States Senator from the State of Iowa .....	7
Robert Gordon, Deputy Assistant Secretary of Defense for Military Community and Family Policy, U.S. Department of Defense .....	13
George Scott, Director of Education, Workforce, and Income Security Issues, U.S. Government Accountability Office .....	14
Kathy Snead, President, Servicemembers Opportunity Colleges .....	16

### ALPHABETICAL LIST OF WITNESSES

Gordon, Robert:	
Testimony .....	13
Prepared statement .....	66
Harkin, Hon. Tom:	
Testimony .....	7
Prepared statement .....	60
Scott, George:	
Testimony .....	14
Prepared statement .....	74
Snead, Kathy:	
Testimony .....	16
Prepared statement .....	86

### APPENDIX

Questions and responses for the Record from:	
Mr. Gordon .....	101
Chart referenced by Senator Harkin .....	118
Chart referenced by Senator Harkin .....	119
Chart referenced by Senator Harkin .....	120
Chart referenced by Senator Harkin .....	121
Chart referenced by Senator Carper .....	122
Chart referenced by Senator Carper .....	123
Chart referenced by Senator Carper .....	124



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**WEDNESDAY, MARCH 2, 2011**

U.S. SENATE,  
SUBCOMMITTEE ON FEDERAL FINANCIAL MANAGEMENT,  
GOVERNMENT INFORMATION, FEDERAL SERVICES,  
AND INTERNATIONAL SECURITY,  
OF THE COMMITTEE ON HOMELAND SECURITY  
AND GOVERNMENTAL AFFAIRS,  
*Washington, DC.*

The Subcommittee met, pursuant to notice, at 2:38 p.m., in room SD-342, Dirksen Senate Office Building, Hon. Thomas R. Carper, Chairman of the Subcommittee, presiding.

Present: Senators Carper, Brown, and Coburn.

### **OPENING STATEMENT OF SENATOR CARPER**

Senator CARPER. Well, good afternoon, everybody. It is great to be here with our Republican Senator for, I think it is our first hearing together, Scott Brown, but to our colleague from Iowa, thank you for not only for being here, but I understand your schedule is such that you can stay for a few minutes while we do our opening statements, but we are delighted that you are here and thank you for your leadership on this. We welcome our other guests, our other witnesses, and we will be welcoming you up to this table in just a short little while.

But the hearing will come to order. As we gather here for this afternoon's hearing, our Nation's debt stands at \$14 trillion, actually just over \$14 trillion. Ten years ago on this date, it stood at less than half that amount, a little over \$5.5 trillion. If we remain on the current course, it may double again before this decade is over.

The debt of our Federal Government held by the public as a percentage of Gross Domestic Product (GDP) has risen to almost 65 percent. That is up from about 33 percent a decade ago. The last time it was this high was at the end of World War II. In fact, the only time it has ever been as high, I believe, was at the end of World War II. That level of debt was not sustainable then and it is not sustainable today. We need only ask our friends in Greece and Ireland about that.

The Deficit Commission led last year by Erskine Bowles and former Senator Alan Simpson has provided us with a road map out of this morass, reducing the cumulative deficits of our Federal Government over the next decade by some \$4 trillion and skewering a

number of our sacred cows, including some of my sacred cows, along the way.

The purpose of this hearing, though, is not to debate the merits of the Commission's work. The purpose of our hearing today is to look at yet another area of government spending and ask this question: Is it possible to achieve better results for less money, and if not, is it possible to achieve better results without spending a whole lot more money, or maybe even spending the same amount of money that we are spending today?

A lot of Americans believe that a culture of spendthrift prevails in Washington, D.C., and has for many years. They are not entirely wrong. We need to establish a different kind of culture. We need to establish a culture of thrift. We need to look in every nook and cranny of Federal spending—domestic, defense, entitlements, along with tax expenditures—and find places where we can do more with less.

The Subcommittee has spent the last half-dozen years trying to do just that. In those days, Senator Tom Coburn sat right here where Senator Brown is sitting, or he sat here in this seat. We took turns chairing this particular Subcommittee. But we have worked over those years closely with the Office of Management and Budget (OMB), with the Government Accountability Office (GAO), with Inspectors General (IG), with nonprofits like Citizens Against Government Waste and the Committee for a Responsible Federal Budget, to reduce wasteful or inefficient spending.

In doing so, we sought to reduce improper payments. We sought to combat fraud in Medicare and Medicaid, to unload surplus Federal properties, thousands of pieces of unused, unneeded Federal property. We sought to decrease cost overruns in major weapons systems procurement and in the procurement of information technology (IT) systems by Federal agencies that were over-budget and, frankly, were not able to do what they were supposed to do in the first place. We sought to begin to close a \$300 billion tax gap. We sought to introduce efficiencies in the way that the mail is delivered and the way that the Census is taken. And we have sought, and I think may prevail on this year, to provide the President with a constitutionally sound statutory line item veto power. And the list goes on. That gives you a flavor of the kinds of things we have worked on. It is a good list.

Most of us in this room today, however, understand that we cannot simply cut our way out of the debt. We cannot tax our way out of the debt. And we cannot save our way out of all this debt. We need to grow our way out of this debt, too. That means we need to invest in ways that will grow our economy and make our Nation more competitive with the rest of the world by building a better educated, more productive workforce, by reversing the deterioration of our Nation's infrastructure, broadly defined, and by funding the kind of research and development that will enable us to out-innovate the rest of the world again.

If we are really serious about out-innovating the rest of the world, we need to start by out-educating them, and frankly, we have not done that for some time. This means a major focus on early childhood education so that when kids walk into the first grade at the age of six, they are ready to compete. They are ready

to be successful. I think I can get an "amen" from Senator Harkin on that one.

It means that we must continue to transform our K to 12 public schools so that fewer students drop out and those who do graduate are able to read, write, think, do math, use technology, go on to become productive members of our society. And it also means, for purposes of our hearing today, it means ensuring that the post-secondary education that Americans receive truly will make them more productive workers and more productive citizens.

For years with our service academies, with programs like the Reserve Officer Training Corps (ROTC) and the G.I. Bill, we sought to raise the skill levels of those who serve in our armed forces as well as the skill levels of those who later return to civilian life. Senator Harkin and I both served a number of years ago in the Navy. Scott Brown still serves, I believe, in the military in a role in Massachusetts National Guard, a leadership role. So this is personal for us, given our background. This is personal for us.

Traditional education programs like ROTC scholarships and the G.I. Bill are still in place, and now the new G.I. Bill is much improved from when we were there. However, we also offer our active duty military personnel another lesser-known education benefit. It is called the Tuition Assistance Program (TA), and that is going to be the focus of our hearing today.

Under this program, American taxpayers will pay about \$250 per credit hour toward the cost of a service member's tuition for a maximum of about \$4,500 per year. In fiscal year (FY) 2000, the Department of Defense (DOD) spent about \$157 million on tuition payments under this program. By 2009, that number had risen to over \$500 million, a three-fold increase in just 9 years.

This program does require service members to continue their active duty service while they complete their courses. As you might expect, this requirement somewhat limits the choices available to active duty personnel, like the ones at Dover Air Force Base, where you never know when you are going to head out on a detachment or deployment in Afghanistan, Iraq, or some other place around the world.

But active duty personnel members basically have three options when it comes to post-secondary education. One of them is that they can take courses on base with schools that have permission to offer courses there. We have some of that at Dover. You probably have that in your States, as well. Second, they can attend courses at nearby college campuses. Some of our folks at Dover Air Force Base do that as well. Last, our military personnel can enroll in distance learning courses.

Each of these three options includes providers who do an excellent job, of educating their students. Each of these three options also include providers who, frankly, do not. These three options include private and nonprofit schools, public colleges and universities, and for-profit schools. In today's hearing, we will focus primarily on the latter, and that does not mean we are taking our eyes off of the former.

For-profit schools that operate almost entirely online have become the frequent choice of many military personnel who have opted for the distance learning option. At the Dover Air Force Base

in Delaware, the most popular school is a for-profit, and this for-profit university has enrolled, I am told, twice as many Dover air-men and women as the two local colleges that offer courses on base. The fact probably should come as no surprise, since the distance learning services are in high demand. For-profits have sought to fill our military's needs for post-secondary education, in part because of the accessibility of their classes and the variety of courses that are offered.

While some for-profit schools return real value for taxpayers' money—we have heard and talked to a number of them—serious questions have also arisen with respect to the recruiting practice of some for-profits and to the quality of the education that they provide.

Over the past year or two, Senator Harkin's Health, Education, Labor, and Pensions Committee (HELP) has sought to put a spotlight on both of these areas. In cooperation with the Government Accountability Office, the Committee uncovered unethical recruitment practices by a number—not all, but by a number of for-profits that they investigated. In addition, the Committee found a disturbing trend. Many for-profit institutions depend heavily on Federal student aid dollars, but fail to consistently provide a quality education. I said many, but by no means all. Some of them do an excellent job, and we want to make that perfectly clear.

In a number of cases, 90 percent or more of these for-profit schools' revenues come from taxpayer-funded student aid programs, over 90 percent. This would not be objectionable if the overwhelming majority of these schools were producing students with strong skill sets that led to careers with livable wages and good benefits. However, at too many of these schools, that simply is not the case and far too many students are provided with minimal instruction and support. They drop out. Others may actually graduate, but they subsequently have difficulty finding the kinds of jobs that would enable them to pay off their sizeable student loans and to support their families.

Recent data shows that some 25 percent of students at for-profit colleges have defaulted on their loans within 3 years while only about 10 percent of students at not-for-profit institutions have defaulted.

The Department of Education (DOE) is addressing the issues of default rates and accountability in for-profit industry through regulation. Our post-secondary education system will be better off, I believe, as a result of these efforts. While some folks contend that these efforts by the Department would cut off higher education access to many of our most vulnerable citizens, I do not agree with that thinking. The Department of Education's regulations would only cut off access to programs at schools that are clearly not offering a good product, an education that costs too much, offers little instruction and training, and often saddles students with mountains of debt that is difficult, if not impossible, for them to repay.

Currently—and as I have gone through the preparation for this hearing, I have talked with a number of folks from schools themselves and from the Department of Defense, from Education, from the Committee, and it occurs to me that, currently, the incentives at many for-profit colleges are misaligned, somehow, the incentives



that we are providing for them to perform and to provide education, in this case, for our military personnel. The institutions are rewarded for enrolling more students, but they have little, if any, incentive to make sure that their graduates are prepared for the workforce and are able to enter careers that enable them to manageably repay their student loan debt and begin to live the American dream.

Having said that, let me again say as clearly as I can, this is not an issue solely for for-profit institutions. There are many community colleges experiencing similar issues with extremely low degree completion rate and very high default rates. And to be fair, there are also a number of for-profit institutions that offer a quality education and have a history of success with placing students in well-paying jobs.

We have reached the time, though, when we need to be doing all that we can to ensure that we get the best bang for our bucks across all aspects of our Government. Student aid spending needs to be at or near the top of our list, not just because of the amount we spend on these programs—and it is a lot—but also because the future and the dreams of our students depend on spending that money wisely.

Nowhere is that need more evident than with our troops participating in the Tuition Assistance Program. Over the past year, several reports have described troubling stories of how some schools come close to abusing our veterans and active duty military personnel. The accounts of that abuse range from deceptive recruitment practices by school recruiters to schools' hollow promises about the transferability of credits to students becoming saddled with unnecessary debt.

In one case, our staff uncovered a service member who used his tuition assistance benefit to earn his Bachelor's degree from a for-profit college that promises his credits would fully transfer after graduation. However, when he went on to apply for a Master's program at another school, he found that none of his credits would be accepted there, rendering his Bachelor's degree far less valuable than he thought it would be.

In another case, one soldier enrolled in a for-profit institution based on the school's promise that they accepted tuition assistance payments, but because the Department of Defense only pays the benefit after successful completion of a course, the soldier discovered that after taking a class that the Army would not give payments to his school, instead sticking him with the bill.

As some of you know, I have four core principles that I try to incorporate into everything that I do and they are, number one, treat other people the way I want to be treated; number two, to try to do the right thing, not the easy thing, but try to do the right thing, really to focus on excellence in everything that we do, and to really never give up. If I think I am right, know I am right, I just do not give up. I think a lot of us are that way.

The idea that some schools take advantage of our service members really offends each of those four core principles that I claim as my own. We demand so much of our men and women in uniform and of their families. We must also demand more of our schools and get better results from our government.

We are here today because I think it is a moral imperative to ensure that the Department of Defense is doing everything that it can to prevent these kinds of abuses. We have asked the Government Accountability Office to investigate and assess the Department of Defense's ability to identify and stop these abuses. GAO will share its findings with us today.

And finally, let me just say, we also have with us today representatives from the Department of Defense and the Servicemembers Opportunity Colleges, a consortium of schools empowered to police these schools that are serving our troops. We welcome you. These witnesses will help us better understand the current safeguards against abuse of the Tuition Assistance Program, how well they work and how we can improve them.

In turning this over to Senator Brown, he has spent over 20 years in our armed forces. How many years is it, close to 30, is it not?

Senator BROWN. Thirty-one years.

Senator CARPER. Yes, 31 years. I spent 4 years of Midshipman, 5 years active duty during the Vietnam War, another 18 years as a Naval flight officer (NFO), ready reservist in the military, retired as a Navy Captain, 8 years as the Commander in Chief of the Delaware National Guard. This is personal for him. This is personal for me and the men and women with whom I served, sometimes in war, sometimes in peace. They deserve the best that we can give them and I just want to make sure that as we go through this, that we are giving them our best effort and we are giving them every chance that they have to be successful when they turn to getting the skills they need to be employable and to go on with their lives. Thank you.

#### **OPENING STATEMENT OF SENATOR BROWN**

Senator BROWN. Mr. Chairman, thank you very much for that presentation. First of all, I am honored to be on this Subcommittee. I think the last time people saw us together, we were sitting together at the State of the Union in the new arrangement that we have, so that was enjoyable.

I am going to submit my comments for the record. You said a lot of what I felt is important. The bottom line is, for somebody who is still serving and has really participated with the educational process in Massachusetts for Massachusetts Guard and Reservists, I understand what the needs are and look forward to working with you to get to the bottom of it, maybe ways to improve and streamline and consolidate.

I know that Senator Harkin is on a tight schedule and I do not want to take any time from anybody else, so I will submit my comments for the record and just say I am looking forward to working with you and honored to be on the Subcommittee. Thank you.

Senator CARPER. Thank you. We are delighted that you are here. You fill some big shoes, this guy's shoes over here. It is how I got a job sitting in this seat. I said this before you arrived, Tom, but sitting here and sitting there, and we are pleased to be able to work with you on so many issues, including this one.

### OPENING STATEMENT OF SENATOR COBURN

Senator COBURN. Thank you. I will just take a few short minutes.

One is a letter I received yesterday on the, I will say it more gently than what I think, some very significant and inappropriate behavior at the Department of Education in tipping hedge funds on short selling of private education funds, which this Subcommittee definitely needs to take a look at.

The second point I will make is the significant problems with the Forensic Issue at GAO and the report they issued and the modifications they have issued since. As we all know, they are redoing their Forensic Unit because of the errors associated with a report on for-profit colleges which was, to a great extent, in many areas, highly inaccurate. It was almost like we had something we wanted to show, so let us make the figures put to that.

Nevertheless, there are real problems. I am not concerned about the increase in the utilization, because with the new G.I. Bill and the fact that the 90/10 rule does not apply for for-profit colleges, you would expect them to go after many more veterans because that is the way they can balance out their numbers with the Department of Education.

I apologize I will not be able to stay for the entire hearing. We have a judiciary hearing ongoing. But the issue in terms of the lack of proper utilization of facts in the Department of Education in advantaging investors in one segment to make significant dollars over something the government is thinking about doing is highly unethical, and if proven to be the case, some people ought to be going to jail in the Department of Education. This is not a light statement. I recognize that. But it is a serious statement, and I promise you, if we do not get on it in this Subcommittee, the Permanent Subcommittee on Investigations will, in fact, do that.

Thank you, Mr. Chairman.

Senator CARPER. Thanks. I guess, reiterating, the purpose here is not to demonize for-profit colleges and universities. The purpose is to try to make sure that the men and women that are serving our country are getting the best deal that they can, a fair deal, and that the taxpayers are getting a fair deal, as well.

With that having been said, let me recognize Senator Harkin. I have a long introduction, but I will not use that. Let me just say, you and your staff have been terrific on these issues and we applaud you for trying to do what you believe is right, what I think is right, and you are recognized for as long as you wish.

### TESTIMONY OF HON. TOM HARKIN,<sup>1</sup> A UNITED STATES SENATOR FROM THE STATE OF IOWA

Senator HARKIN. I appreciate it very much. Thank you very much, Mr. Chairman, for your leadership on this and for having this hearing, and Senator Brown, Senator Coburn. This is an issue that all of us have to pay more attention to.

I would just start off by saying that we have decided as a country and as a Congress that it is important for the Federal Government to be involved in higher education. We have been for a long time—

<sup>1</sup> The prepared statement of Senator Harkin appears in the appendix on page 60.

the G.I. Bill, Pell Grants, student loans. I think it is equally important that we make sure the taxpayers get a good value for their dollar, and I think it is equally important that students get a good education and that they do not take on more debt than they can pay back. That is just a general overview.

Concerning the for-profit schools, what got us into this about a year ago as I took over the Chairmanship of the Committee were more and more reports were coming out about the tremendous growth in this segment of education over the last few years, 225 percent growth in just a few years, just a burgeoning of this, and the more and more money that we saw going from Pell Grants and others into the for-profits compared to how many students were there. They were getting a disproportionate share of the money.

For example, 10 percent of the higher education students are in for-profit schools, but they are getting 23 percent of the Pell money and 24 percent of student loans. So 24 percent of the student loans, 23 percent of the Pell Grants, but they only have 10 percent of the students.

So we saw this burgeoning, this growth, and so we began to ask questions, and we began to ask questions about the students and who were these students and how were they doing and what was the graduation rate and we could find out nothing. There were no answers out there. No one was keeping track of anything. And so we started an investigation of this, of the for-profits, trying to find out if we could get some answers from this.

And so we started this investigation that has been going on for about a year. We have asked for documentation from a number of these schools. I think about 20 of these schools we have looked at and asked for documentation. Some of it has been forthcoming, and as we looked at it and delved into it, we got a clearer picture of what was happening, at least in this segment. We could not go into all of them, but we took 20 across the spectrum.

And thus far, the findings of our investigation are that, number one, as a sector, for-profit higher education has experienced disproportionate growth, more than doubling enrollment over the last decade.

Two, that growth has been fueled by Federal subsidies. The 15 publicly-traded for-profit colleges receive almost 90 percent, and in some cases more than 90 percent, because as Senator Coburn indicated, military money is not counted on the 90 percent side, it is counted on the other side. So sometimes they can go over the statutory limit of 90 percent. So they are getting about 90 percent, overall, of the revenue from taxpayer dollars. I have often wondered, how can you be for profit when you are getting 90 percent of your money from the taxpayers.

Three, as a result, many of these companies have been extremely successful, sometimes with profits exceeding 30 percent per year—30 percent of gross revenue profits in these schools.

Next, in what appears to be a systemic failure, however, schools are extremely profitable even when the students are failing. Nearly every for-profit student borrows a Federal loan to attend college. Twenty-five percent are defaulting within 3 years of leaving the school, compared to 11 percent at public institutions and 8 percent at nonprofit colleges.

Last, these default rates should not come as a surprise when the data provided to the Committee shows that more than 54 percent of students enrolling in for-profit schools, the ones that we looked at, dropped out within a year. Fifty-four percent dropped out within 1 year, after having taken on a substantial debt load. So they are getting huge debts, but they have no diploma.

So the question, I think, before us is not whether for-profit colleges should exist, but how to make sure they are doing their utmost to serve students and to give taxpayers good value for their dollar.

Now, for-profit colleges, as they exist, must spend a large percent of their Federal dollars on aggressive marketing campaigns and sales staff in order to grow, sometimes as much as 60 percent. The GAO, which visited 15 campuses of 12 companies, found misleading, deceptive, overly aggressive, or fraudulent practices at every one of those campuses. Investigators posing as prospective students were lied to about the costs of the program, about what they could expect to earn, about how many students graduated, about whether the credits would transfer, and about whether the program was accredited.

In addition, my Committee has reviewed recruiting and training manuals from several different campuses and they all have one thing in common. It is called manipulation. They encourage their sales staff to identify the emotional weaknesses of prospective students and to exploit what they call the students', quote, "pain" in order to motivate them to enroll. These high-pressure sales tactics are designed to maximize enrollments and profits, not to ensure a good match between a student's educational needs and the school. And in my testimony, I have provided some of these documents to the Committee.

Now, this brings us to the military. Unfortunately, our military bases are by no means safe havens from these types of aggressive and misleading recruitment practices. According to a Bloomberg article on for-profit colleges and service members, some of the schools are recruiting on base without permission, circumventing the education coordinator on the base. Again, this is happening in the military, and one of the reasons they are going after the military is because they do not have to count that on the 90 percent side.

Now again, despite the disturbing record of dropouts and defaults, Congress has acted to increase educational benefits available to active duty troops and families and to veterans of Iraq and Afghanistan, the Webb bill. In December, I released a report examining these two programs and found that revenue from DOD educational programs at 18 for-profit education companies increased from \$40 million in 2006 to \$175 million by 2010, a startling 337 percent increase.

I gave you some charts. I do not have them on a big board, but if I could refer to Chart 1,<sup>1</sup> the blue line and the red line, the red line is the total company revenue and how much it has gone up since 2006, and it has incrementally gone up. But you see the huge

increase in the amount of money coming from the military. That is Department of Veterans Affairs (VA) and DOD revenues.

Chart 2 is a similar one.<sup>2</sup> The green line shows the total educational benefit programs, VA and DOD, going up. But what is pulling the line up is the revenue that is coming into those schools, that blue line is going up. So you can see that they are aggressively going after the military.

Chart 3, I think, is also instructive.<sup>3</sup> It is the Department of Veterans Affairs educational benefits received by 18 for-profit schools. You can see in 2006, it was \$26 million. In 2010, it was \$285 million, just in 4 years.

The last chart is the DOD educational benefits.<sup>4</sup> The previous chart was VA. This one is DOD at these 18 schools. As you can see, it has gone from \$40 million to \$175 million just last year. So this tremendous, tremendous increase in the amount of money going from the military.

So in sum, what I am saying is that what I have heard and what I have learned from this investigation makes me deeply concerned that there is inadequate oversight of our nearly \$30 billion in Federal aid to for-profit schools. At the beginning of this investigation, I found an alarming lack of information. When we first went after the schools a year ago on investigation, we had no information, so we had to do this investigation. So I went to the military and I asked them for information. Nothing. They do not track students. They have no idea what is happening to this money. They have no idea what is happening to graduation rates. The figures I have shown you here, Mr. Chairman, are just for 18 schools that we investigated. You cannot get it for the whole military. I cannot get it from anyone in the military.

So I would just sum up by saying this. We have to remember—you mentioned, Mr. Chairman—I am like you. I went through ROTC, spent my time in the military, used the G.I. Bill to further my education, and it is a great benefit. It is a great benefit. But we have to remember one thing. These benefits are one time, finite, one time. You get them one time, and if they are wasted, if they are thrown away and you do not get a good education, you do not ever get them again.

And again, when I asked questions about the military, I got the same problem as I got a year ago when I asked just about the general for-profit schools, no answers. No answers.

So, Mr. Chairman, I would just say that there is something wrong when students are failing, they are dropping out in their first year, they are taking on huge debts, and these schools are making profits, big time profits, up to 30 percent per year profits on them. And now, what has happened, as bad as it has been in the past, it is now seeping into the military, and more and more of our taxpayers' dollars going out through DOD and to VA into the for-profit schools.

And the DOD is not tracking this, Mr. Chairman. They are not doing anything that can tell you what is happening to these stu-

<sup>1</sup> The chart referenced by Senator Harkin appears in the appendix on page 118.

<sup>2</sup> The chart referenced by Senator Harkin appears in the appendix on page 119.

<sup>3</sup> The chart referenced by Senator Harkin appears in the appendix on page 120.

<sup>4</sup> The chart referenced by Senator Harkin appears in the appendix on page 121.

dents. I can tell you because we did an investigation of 18 schools. But I cannot tell you if this is representative. If this is representative of the entire military, we have a real problem out there, and I think it behooves us as, as you said, taking care of the taxpayers' dollar, to find out where that money is going, how it is being used, and also, I think, as guardians of our troops, those who have risked their lives for us and to defend our country, are they being aggressively recruited? Are they being taken advantage of? Are they getting the money to go to these schools, dropping out within a year, and not getting a diploma or a good education of the kind that we got when we used our G.I. Bill?

So, Mr. Chairman, this warrants looking into. I congratulate you for your endeavors in this area and I look forward to working with you to, again, get the answers we need.

Senator CARPER. Thank you very, very much for that, not only for the statement, but for the yeoman's labor that you and your colleagues on the Committee and your staff have done.

I have a number of questions I could ask you, but I am not going to do that. I will just ask a rhetorical question and we will pursue this with our other witnesses and maybe you and I can talk about this with Senator Coburn and with Senator Brown later.

But when we focus on health care reform, we focus on one of the issues that is one of the drivers for health care is the cost of defensive medicine. We almost reward the doctors, nurses, hospitals for quantity rather than for quality. Sometimes, I think maybe, we have our incentives misaligned, and rather than incentivizing not just churning more people through the door, somehow, we have to figure out how to incentivize making sure at the end of the day that the folks who come through the door actually leave with a degree and with an education, with completion of a program that will enable them to move on to live more productive lives. Somehow, we have to figure out how to change those incentives, and my hope is that with your help, the help of your Committee and the folks who are before us today, and people within the industry itself, especially the for-profit community that are doing a great job, we can learn from them.

Is there anything you want to add to this, Scott?

Senator BROWN. No, thank you.

Senator CARPER. All right, good. All right. Thank you so much. Great to see you.

Senator HARKIN. Thank you.

Senator CARPER. If our second panel would come up and join us, that would be great. [Pause.]

Let me just go ahead and briefly introduce our witnesses, starting with Robert Gordon. Nice to see you again. You are going to actually be our lead-off hitter, now that spring training is underway. But Mr. Gordon is the Deputy Assistant Secretary of Defense for Military Community and Family Policy. In this position, Mr. Gordon is responsible for overseeing the various aspects of support services for military members and for their families. He is here today because one of these services is the Volunteer Education Program for Military Personnel, which includes the Tuition Assistance Program.

In addition to serving as the Deputy Assistant Secretary of Defense, Mr. Gordon is also a retired Army Colonel, so good for you. Thanks for your service. During his 26-year military career, Mr. Gordon held numerous assignments, including being selected to be aide de camp to then Brigadier General Colin Powell, one of my heroes, from 1981 to 1982.

Colonel Gordon, we thank you for being here and, again, for your service.

Next, the real George Scott, is here to speak with us today. Mr. Scott is the Government Accountability Office's Director for Education, Workforce, and Income Security. He is responsible for leading the Government Accountability Office's work that is related to higher education issues, including oversight of the Department of Education's student financial aid programs.

Last spring, my office asked the Government Accountability Office to investigate the adequacy of the Department of Defense's oversight of the Tuition Assistance Program. Mr. Scott is here today to testify on the findings of this report and the work that they have done.

Mr. Scott, we thank you for the strong work of the Government Accountability Office and specifically for the work of your team. I talked with Senator Brown recently and saw he was joining this Subcommittee and I said we are just one little Subcommittee, but in terms of what we can do by working with OMB, GAO, and the Inspectors General and a number of nonprofits that are really committed to spending money wisely, we are able to get a whole lot done, but we really are grateful to the work that GAO does—

Mr. SCOTT. Thank you.

Senator CARPER [continuing]. As our partner in this.

Last but not least, we have Dr. Kathy Snead. Dr. Snead is the President of the Servicemembers Opportunity Colleges (SOC), as I am sure it will be referred to here today. The Servicemembers Opportunity Colleges is a membership consortium that contracts with the Department of Defense to serve as a connection between our military personnel and the schools that serve them. I was interested to learn this week from you and our testimony and all that this consortium consists of almost 2,000 schools and was created to provide educational opportunities to service members who, because they frequently move, as Scott and I know, Tom Harkin knows, frequently move from place to place, have trouble sometimes completing their college degrees.

Prior to becoming President in 2004, Dr. Snead served in a number of positions within the Servicemembers Opportunity Colleges, beginning in 1995, and we thank you very much for joining us today.

I am going to ask to have Mr. Gordon lead us off. Again, your entire testimonies will be made part of the record and we will invite you to summarize as you see fit. Thanks so much. We have 5 minutes on the clock. If you run a little bit over that, that is OK. If you run a lot over that, that is probably not OK. We will rein you back in. Thanks very much.

Please proceed, Mr. Gordon.



**TESTIMONY OF ROBERT GORDON,<sup>1</sup> DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR MILITARY COMMUNITY AND FAMILY POLICY, U.S. DEPARTMENT OF DEFENSE**

Mr. GORDON. Thank you, Chairman Carper, Senator Brown. The Secretary of Defense and the men and women of the Armed Forces as well as our families thank you for your support and also thank you both for your service.

My role today is to focus on what the Defense Department is doing to provide quality lifelong education and learning opportunities through our off-duty voluntary education programs and how we effectively manage those programs.

Each year, a third of our service members enroll in post-secondary educational courses leading to Associates, Bachelor's, and advanced degrees. This past year alone, there were more than 857,000 course enrollments and 45,290 service members earned degrees and certifications. In the spring of 2009 and 2010, we have held graduation ceremonies in Iraq and Afghanistan for 432 service members.

Service members enrolled in voluntary education programs are non-traditional students, as we know. They attend school part-time during off duty, taking one or two classes a term. When the military mission, deployments, transfers, and family obligations impinge upon their ability to continue their education, it can result in an interruption of studies and breaks of months or even years between taking courses and completing degrees.

The military is keeping pace with the civilian millennial generation's expectations to access information through technology. To facilitate education in today's high operations tempo environment, colleges and universities deliver classroom instruction via the Internet and on military installations around the world. There are no geographical confines. Courses are offered on board ships, submarines, and at deployed locations.

To help us ensure our service members are receiving a quality education, all for-profit, non-for-profit, and public post-secondary institutions participating in Tuition Assistance Programs must be accredited by an accredited body recognized by the U.S. Department of Education. Also, colleges and universities on our installations adhere to additional criteria.

To support these efforts, the Defense Department previously contracted with the American Council on Education (ACE) to conduct the Military Installation Voluntary Education Review (MIVER), which provided a third-party independent review of our on-installation programs. Currently, we are pursuing another contract, to be awarded by October 1 of this year, which will have an enhanced quality criteria and include all modes of delivery and all institutions, on and off military installations, participating in the Tuition Assistance Program. With the new review, we will track the third-party recommendations and monitor all corrective actions to ensure there is continuous quality improvement.

To ensure this occurs, we are implementing a new policy requiring every institution participating in the Tuition Assistance Program to have a Memorandum of Understanding (MOU) with DOD

<sup>1</sup>The prepared statement of Mr. Gordon appears in the appendix on page 66.

which includes an agreement to participate in the new review process. The policy is effective next year, January 1, 2012.

As you are aware, our Tuition Assistance Program recently underwent a very detailed examination by the Government Accountability Office. I am pleased to say that I believe their report on our management of this large and complex program was favorable. We will find out in a minute. The GAO made five administrative recommendations. We concurred with all of them and we are implementing them now.

To help us better leverage Department of Education's knowledge and expertise in the future, we are developing a partnership sharing agreement to receive reports from accrediting agencies, school monitoring reviews, and requirements for State authorizations of schools. We will apply this information, where applicable, to the DOD Voluntary Education Programs and use it prior to issuing tuition assistance funds.

Also, the DOD is developing an automated tracking system to document all concerns and complaints. The web-based system will allow students, DOD personnel, and schools to submit comments. The system will track all submissions and record resolutions. Information gleaned from the system will be used to address improper behavior or questionable marketing practices by an institution participating in the Tuition Assistance Program.

One of the reasons recruits join the military is because of educational opportunities, and many of them continue to reenlist because of those opportunities. None of this could have been possible without Congressional support and the funding designated for our Volunteer Education Programs.

Thank you again for your strong support of our military members and their families. I will be happy to respond to any questions.

Senator CARPER. Thanks so much for your testimony.

Mr. Scott, please proceed.

**TESTIMONY OF GEORGE SCOTT,<sup>1</sup> DIRECTOR OF EDUCATION, WORKFORCE, AND INCOME SECURITY ISSUES, U.S. GOVERNMENT ACCOUNTABILITY OFFICE**

Mr. SCOTT. Mr. Chairman and Senator Brown, I am pleased to be here today to discuss the Department of Defense's oversight of its Tuition Assistance Program.

In fiscal year 2010, the program provided \$531 million in tuition assistance to over 300,000 service members pursuing post-secondary education. The Department offers these benefits to service members to help them fulfill their academic goals and enhance their professional development. The Under Secretary of Defense for Personnel and Readiness is responsible for oversight of the program. In addition, the military services are responsible for operating the program and Education Centers on military installations.

Today, I will discuss DOD's oversight of schools receiving tuition assistance funds and the extent to which the Department coordinates with accrediting agencies and the Department of Education.

In summary, DOD is taking steps to enhance its oversight of the Tuition Assistance Program, but areas for improvement remain.

<sup>1</sup> The prepared statement of Mr. Scott appears in the appendix on page 74.

Specifically, DOD could benefit from a risk-based approach to overseeing schools, increased accountability in its quality review process, and a centralized system to track complaints. We also found that DOD's limited coordination with accreditors and the Department of Education may hinder its oversight.

First, we found that DOD does not systematically target its oversight efforts. Instead, DOD's policies and procedures vary by a school's level of involvement with the program. Further, schools that operate on base are subject to the highest level of review, even though over 70 percent of courses taken by service members are through distance learning programs. DOD is taking steps to create a more uniform set of policies.

Despite these changes, the Department's oversight activities still lack a risk-based approach. For example, while DOD monitors schools' enrollment patterns and addresses complaints about schools on a case-by-case basis, its oversight activities do not systematically consider such factors when targeting schools for review. Additionally, the lack of accountability for schools and installations to follow up on findings and recommendations from educational quality reviews may limit the effectiveness of this oversight tool.

Second, while DOD has several ways for service members to report problems associated with their tuition assistance funds, it lacks a centralized system to track complaints and how they are resolved. According to DOD officials, the Department's practice is to resolve complaints locally and to only elevate issues that warrant greater attention to the military service level. However, DOD and the military services do not have a formal process or guidance in place to help staff determine when they should elevate a complaint. Without formal policies and a centralized system to track complaints and their outcomes, DOD may not have adequate information to assess trends or determine whether complaints have been adequately addressed.

Finally, DOD's oversight process does not take into account monitoring actions by accrediting agencies or the Department of Education. For example, DOD could consider whether a school has been sanctioned by an accreditor or is at risk of losing its accreditation when considering which schools to review. Likewise, the Department does not utilize information from Education's reviews to inform its oversight of schools. The results of Education's oversight efforts can provide important insight on a school's financial stability and compliance with regulations that protect students and Federal student aid dollars. Further, DOD may also be able to leverage information from Education's ongoing efforts to improve its oversight of distance education.

In conclusion, the significant amount of tuition assistance funds spent on distance learning programs creates new oversight challenges for DOD. This is especially true given that the Department has traditionally focused on schools offering classes on military installations. Although DOD is taking steps to improve its oversight, further actions are needed to address the gaps we identified. Additionally, DOD could enhance its efforts by leveraging information from accreditors and the Department of Education.

I am encouraged that the Department has agreed with our recommendations and is taking actions to address them. We will con-

tinue to monitor the Department's progress in improving its oversight of the Tuition Assistance Program.

Mr. Chairman, this concludes my remarks and I would be happy to answer any questions you or Senator Brown have at this time.

Senator CARPER. Great. Thanks so much, Mr. Scott.

Dr. Snead, please proceed. Thank you.

**TESTIMONY OF KATHY SNEAD,<sup>1</sup> PRESIDENT,  
SERVICEMEMBERS OPPORTUNITY COLLEGES**

Ms. SNEAD. Chairman Carper and Senator Brown, thank you very much for the opportunity to talk about the Department of Defense's Voluntary Education Program.

SOC's primary role in the Voluntary Education Program, as defined by our contractual relationship, is verifying that institutions that provide undergraduate education on military installations are appropriately accredited and that they adhere to academic principles and criteria regarding the transfer of credit from other colleges and universities and the evaluation of military credit from training and experience that they have had, and we look at those academic policies that facilitate completion of the degree. That is the primary goal for that educational program.

Beginning in 2005, the SOC principles and criteria have been expanded with some operating guidelines for member institutions that are related to college recruiting, the marketing, and student services. The guidelines have really evolved over the years into really standards of good practice, and the member institutions adhere to those and they affirm that every 2 years, letting us know that those principles are in place at their institutions.

In those guidelines and standards of good practice, we talk about outreach efforts and that those advertising and marketing efforts need to really focus on the educational programs to make sure that students are aware of the cost, also the requisite skills that they need to have to be able to successfully complete that program. In addition, those principles and criteria really state that the high-pressure promotional activities and enrollment incentives are inappropriate practices for our member institutions.

With the increased funding levels in the recent years, both with military tuition assistance and the G.I. Bill programs that contribute toward the veteran and the service member's education, I think some institutions have sought to limit their capital risk by heavily recruiting students who are supported by guaranteed Federal monies, whether it be the financial aid program Title IV, military tuition assistance, VA educational benefits, and this is done to really reduce the risk of enrolling students who are solely relying on their out-of-pocket funding sources, which fluctuate in the economic downturns. To focus on recruiting students to start college without regard to the student success metrics may be where some of the potential abuse of the DOD Tuition Assistance Program may lie.

Mr. Gordon referenced the Department of Defense instruction that has been revised and has the Memorandum of Understanding. In addition to the MIVER, all of the institutions who participate

<sup>1</sup>The prepared statement of Ms. Snead appears in the appendix on page 86.

in the Tuition Assistance Program will be required to adhere to the SOC principles and criteria and to our Military Student Bill of Rights, and we have included that as an appendix with the written testimony. So these added measures, I think, will help document, identify, and also track adherence to standards of good practice and there will be greater focus there on the compliance.

SOC's contract also identifies a second role that is related to college and university compliance and standards of good practice. We serve as an ombudsman for counseling and troubleshooting, academic counseling and troubleshooting. In this capacity, the staff serve as ombudsmen for individual students who identify a grievance or a complaint or the military services through the Education Services Office (ESO) who have cited a complaint or a grievance against an institution. To the best of our ability, we investigate, we problem solve and try to negotiate or resolve those issues. If we are unable to resolve that, then we do forward those complaints and issues to the Inter-Service Working Group, the Department of Education, and to accrediting agencies, as appropriate.

With respect to improving the fraud prevention in the Tuition Assistance program, my recommendation would be for more frequent and systematic analysis of the student TA enrollment data. The accountability measures that have been employed are primarily focused on program accountability. Is the student who is being funded with tuition assistance being paid? Are those colleges being paid? And if the student does not successfully complete his or her course, is that being repaid to the government? So they have been following government procedures there.

And I think we could extend that same analysis at the individual level to the institutional level, to look at the tuition assistance data for the institutions, look at course completion, course withdrawals to be able to get a better handle on some of the concerns there. Systematically reviewing those course completions, I think, would prove insightful, and as well, collecting and aggregating such data across the Armed Services would be instructive.

Finally, I would suggest that you replicate similar data analysis with the VA educational benefits. That would also go across tuition assistance. Since some service members top up their tuition assistance funding with VA educational benefits, some of the same advertising, marketing strategies may be employed by institutions that are working both with veterans and our service members. Thank you.

Senator CARPER. And thank you very, very much.

I have asked Senator Brown if he would like to lead off. I think we are going to maybe have a vote or two sometime after 3:30, and he has got to be on the road at 4:00, so I am going to go first with him. Thank you.

Senator BROWN. That is very thoughtful, Mr. Chairman. That is why everyone loves you.

So my concerns are that you have somebody who is back from military service. They take advantage of the wonderful programs that we offer. They go and they take part in one of the long-distance learning programs. They complete the course. And then maybe they want to go and get a Master's and then those credits are not counted and/or they do not finish, and what is the cost to

the government by—well, I want to know why they did not finish. Was there a breakdown? Did they realize that their diploma maybe is not as good as it should be? And then what happens to the funds to the institutions? Do we get some type of reimbursement to the government? So a lot of it with me is about the accountability part and to make sure that we are getting the best value for our dollars.

And with that being said, Mr. Gordon, when will the new contract for the MIVER be awarded?

Mr. GORDON. Senator, it will be October, basically, of this year. So we had our old contract with ACE that ended in October of this last year. We are in the process of putting that new contract together and we will compete that contract in the next couple of months.

One of the questions has been, well, why the gap, for example, between last year and this year.

Senator BROWN. That was my question.

Mr. GORDON. Right. [Laughter.]

Well, and one of the answers to that is the old contract did not cover online institutions. So with this rapid growth in online institutions and then the consumption of such on the part of our service members, we felt that we can take this time to ensure that we are doing it right, building the clock right in terms of this new contract to incorporate online institutions, all institutions, take some time to learn about how to do that, to partner with the Department of Education and others to figure out what that contract should look like, what the protocols and regulations should be. So usually, any given year, the old MIVER covered roughly about five installations, roughly about 20 to 25 schools. But again, they were brick-and-mortar schools on post or on base. So we think we can take this time to do it right and get a good contract there to cover all institutions.

Senator BROWN. So, as you know, distance learning is nothing new and we know there has been a significant enrollment by our service members. It has been happening for 3 or 4 years. Do you hear anyone saying, or do you feel that the DOD has been a little bit behind the curve on this issue?

Mr. GORDON. Actually, I think we have been ahead of the curve, because DOD has been doing distance learning for years and years and years. What is new is the online aspects of distance learning. We have had, as we all know, sailors on ships for a long time and—

Senator BROWN. Yes, I have taken them—

Mr. GORDON. Yes, absolutely.

Senator BROWN. Still do.

Mr. GORDON. Right, and so distance learning is not new to the military. What is new is the online aspect of it. So I think we are learning with everyone else. We are seeing this evolution across the country of online education, of blended learning.

I just had a group into my office, I think it was yesterday or the day before, that had a virtual blended education, basically, for social workers. Some of that blended education focused on our military community.

So things are changing, I think, in terms of education across the country. We are all learning about that sort of evolution. I think

what is important is to give our service members opportunities to take and consume education from great colleges and universities across the country, and at the same time ensure we do have the safeguards in place for those who do not provide it to steer our service members away from it.

Senator BROWN. Thank you.

Mr. Scott, do you have any concerns at your organization, there is a gap at all?

Mr. SCOTT. Senator Brown, of course, being from the GAO, any gap in coverage, per se, would at least from our perspective be somewhat troubling because we do want to make sure that during this period of transition and change, that there continues to be sufficient oversight of the schools.

As I mentioned in my oral statement, we are encouraged by the number of actions DOD has committed to take in response to our recommendations. We feel that our report and our recommendations provide a good road map for the Department in terms of enhancing its oversight of all schools participating in the program. That said, though, I would hope there would be some plan in place to provide some interim coverage during this year, during this period of transition.

Senator BROWN. Thank you.

And Mr. Gordon, I know that about \$3.7 million is what the duration of the previous MIVER contract with the ACE was. So after that amount of money and about 4 years of work, what kind of insight do you have as to whether the ACE's recommendations were fully implemented at the 60 or so installations that were actually reviewed?

Mr. GORDON. Well, I think the good news story there is that we worked with those installations once the ACE has findings in terms of some improvements. We work with those installations to ensure that those improvements take place so that our service members are provided a better education.

So I think the advantage of our system in the past has been that, clearly, areas have been uncovered that should be improved. It has been very collegial in terms of working with those institutions. But again, the shortfall is that we did not cover online institutions with that old contract. We will be able to do so.

Senator BROWN. And Dr. Snead, I do not want to let you look lonely over there.

Ms. SNEAD. I am fine, really. [Laughter.]

Senator BROWN. So I was wondering if the SOC has any involvement in keeping service members better informed about their benefit qualifications and educational opportunities. Is there anything you need to let us know on that front?

Ms. SNEAD. Certainly, one of the things that we do is to provide information to all of the military installations through the Education Offices. So the publications we provide on identifying the right fit in terms of an institution, the right type of degree program, we make that available through the Education Centers. Our troubleshooting and counseling, function, as I mentioned also, we have both a Web site and phone service. It is not 24/7, but we are able to respond within 24 hours to a lot of the both service mem-

bers' and their spouses' questions about education, about the financial assistance, and directing a program, finding one.

Senator BROWN. Thank you, Mr. Chairman. I will wait until the next round.

Senator CARPER. I want to follow up, if I can, on one of the questions that Senator Brown was asking. I have a couple of charts up here. I do not know if we can put them up, if we could.

But, Mr. Scott, in your testimony, I think, you raised a number of important points, but I want to try to illustrate one or two of them with some charts. And the first chart here on the left, the one that reads "DOD Tuition Assistance,"<sup>1</sup> it looks like we spent—we, the taxpayers—spent about \$517 million in fiscal year 2009 on tuition assistance benefits. Is that a correct number?

Mr. SCOTT. I believe that is correct.

Senator CARPER. OK.

Mr. GORDON. That is correct.

Senator CARPER. The next chart that we have here, one that labeled "Lack of DOD Oversight,"<sup>2</sup> you see that about \$360 million of this number was not subject to DOD's quality review. In fact, only about \$157 million was subject to this review. Is that correct?

Mr. GORDON. I have not seen that before—

Senator CARPER. Mr. Scott, is that—

Mr. SCOTT. Well, I think the one thing we will want to note about the lack of DOD oversight, the \$360 million, I believe, relates to the distance education portion, while the \$157 million would relate to funds spent for in-classroom instruction on military installations. The one thing I would clarify with that, though, is that simply because it involves in-classroom instruction on military installations does not necessarily mean it was actually reviewed as part of the process, because as we know, there is only a limited number of reviews that are conducted each year.

Senator CARPER. It strikes me as strange, if that is the way it breaks out, \$360 million on tuition assistance payments for distance learning courses, and the—so that is the bulk of this \$517 million. But we actually did the quality review when the course was actually provided on base in person. It just seems like—it seems strange.

Mr. SCOTT. I think, as Mr. Gordon has pointed out, though, they are taking steps to address that gap through the new process they are developing.

Senator CARPER. Yes. And I think we have a third chart here. It says, "No DOD Oversight Until October 2011."<sup>3</sup> The contract lapsed December 31, 2010. I think October—it is not entirely clear to me what happens on October 1, 2011. Do we have a quality review in place for all these many courses that are being offered through distance learning? Is that when a contract is awarded? Is it possible that there will be a contract awarded and then litigation maybe that grows out of the awarding of the contract? We see that all the time. We finally just awarded a contract to Boeing for tankers and it has been years in the making. So what are we looking

<sup>1</sup> The chart referenced by Senator Carper appears in the appendix on page 122.

<sup>2</sup> The chart referenced by Senator Carper appears in the appendix on page 123.



at here in terms of—I want to actually have the quality review in place and somebody doing the job and doing it well.

Mr. GORDON. Right, Senator. We plan to start that quality review in October. We will award that contract before then.

Just some thoughts, I think, on the numbers. Of course, that is a snapshot, when you see the \$360 million in fiscal year 2010. Over time, of course, we have had this growth of online institutions and we had a review process in place that was focused on installations. So over time, of course, the number of our service members who were migrating over to online institutions grew, and, of course, our MIVER did not cover that. So we plan to cover that now. So I think the good news story is we are going to cover now, with our new MIVER, that \$360 million that you see up there.

My response in terms of this gap, tough business, I think, in terms of really understanding what it is that we really need to look at for online institutions. We have to have time to get this right. And we are working, I think, with the right groups to do that. We are thinking comprehensively and judiciously about it. But I would just submit to you, because we have to get that 360 covered, we do need some time to ensure that we have a clock that is built to cover it adequately.

And the whole idea is, no, let us not award the contract in October. Let us begin in October. So we plan to award that contract before then.

Senator CARPER. All right. A question—in a minute I want to ask you about incentives, the way you have aligned incentives here to get better performance out of the schools, better product for the military personnel. But let me just take another minute and ask on my first question, why did we not just keep the current contract going?

Mr. GORDON. Well, the contract—

Senator CARPER. It ended at the end of last December, right?

Mr. GORDON. Right, and the—well, October, the contract did expire.

Senator CARPER. So, basically, we are running without pretty much anything, as I understand it, for about a year.

Mr. GORDON. For a year.

Senator CARPER. That seems strange—

Mr. GORDON. Well, one thing—

Senator CARPER [continuing]. Especially in a climate where we know that the product that is being delivered, the education that is being delivered to a lot of our students, frankly, is disappointing, even disturbing.

Mr. GORDON. Yes, Senator, but I would submit that contract would not have covered the \$360 million. Now, it would have covered those brick-and-mortar schools, basically, that we currently have on our installations, but it would not have helped us one bit to get to that \$360 million in those online institutions. So what we decided to do was focus this year on developing that new contract that would do it.

Senator CARPER. All right. I want to go back, and maybe, Dr. Snead, we can lead off with you on this. We talked a little bit about

<sup>3</sup>The chart referenced by Senator Carper appears in the appendix on page 124.

this when you were kind enough to meet with my staff and me, the issue of aligning incentives in a way to drive good public policy behaviors. It is something that intrigues me. I studied a little bit of economics at Ohio State. My professors would say, not enough. I studied a little bit more when I got my MBA at Delaware. My professors would say, probably not enough.

But I have always been fascinated with how do we harness market forces to drive good public policy behavior, and I just want to make sure that we do not continue to have our incentives maybe misaligned, that we actually do a better job of saying we are going to compensate schools, not just for the number of people that they put through the program, or actually bring into the program, but the number that they actually say at the end of the day, well done. You have completed these requirements. Here is your diploma. Here is your certificate of completion. And that it actually means something. It actually means that they have the ability to go out and get a job and to be able to make money to repay not just their loan, but to go out and support their families and live a decent life.

Talk to us a little bit about how we might change the way we align the incentives to get the product that we all want, and, frankly, to reduce the need for regulation.

Ms. SNEAD. Well, I am with you in terms of economics. I did not have an economic course in any of my three degrees, so you are ahead of me there.

And I would see it more perhaps turning it the other way. My expectation is that colleges and universities that participate in the Tuition Assistance Program meet certain guidelines for success. They have success metrics in place and they can demonstrate to us that they are doing a good job. If they cannot do a good job, if they are not providing the education that we want, we do not then fund them. So in a way, it is a disincentive, that if they are not providing the services and we cannot look at measures of success, then they should not be in the tuition assistance or education benefits for the Veterans Affairs program.

Senator CARPER. If we want to reward success, how should we be measuring success and this Tuition Assistance Program? That is a question for you, Dr. Snead, and Mr. Scott, as well. But how should we be measuring success?

Ms. SNEAD. And that is—

Senator CARPER. Sometimes, we like—and we had an event this morning, Senator Brown, where some of us were over at a school here in Washington and we were talking about how do we measure success in schools. And sometimes in education—in a lot of programs—we try to say that we measure process. We do not measure product, we measure process, and we reward process. That does not work anymore. I mean, we have to figure out how to measure success and reward product, not process, but go ahead. How do we measure success in this?

Ms. SNEAD. Well, and that is difficult. Our organization actually—

Senator CARPER. That is why we ask you. [Laughter.]

Ms. SNEAD. I know. Well, we hosted a burning issue summit on that very thing in February, and—

Senator CARPER. This last month?

Ms. SNEAD. Just this past month, and had probably 200 educators in the room discussing the issue. Part of it has to be quantitative, to be able to look at course completion. How/where does the student start? Are they successful? And part of that also is looking at the qualitative measures of what tools or what sort of support is the student getting, whether that is tutorial assistance, whether it is some guidance before they start, are you ready for an online or a distance learning program.

The Army, probably 4 or 5 years ago, had a program called PREP, and I do not even remember what the acronym stands for, but I can get that for you. Before soldiers entered in eArmyU, which was an online, 100 percent distance learning program, soldiers had to go through PREP training, to see whether they have the online computer skills, whether they have the reading skills to be able to do independent work, and also writing skills. And this inventory did not deny participation, but it was one of those mechanisms that said to a student, you may have difficulty in this online program because your reading level is not what might be at a college level. And so then it was a discussion point with the Education Services Office or the base commander to say for you to succeed, you need to make sure you have everything in place and you are willing to study.

So it is a process and I think the piece I would say, and I will defer to others, is to look at the quantitative as well as the qualitative measures and what do colleges and universities have in place to help students be successful.

Senator CARPER. I am over my time, but Senator Brown, just bear with me here just for a minute.

Senator BROWN. All right.

Senator CARPER. Thank you, Colonel. [Laughter.]

This school that we visited today, one of the things that those students have to do, they have to—they take a test that measures their progress toward the academic standards that are in place for math and English and science and social studies, and they take—it used to be they would take, like, an annual photograph to see, like, where they were in the spring. But now we take tests throughout the year. Students take tests throughout the year that measure student progress. A lot of it, they do it on computers, so it is a computer-assisted thing. And we actually use the data that we get from those testing to mine the data and we use it for individual instruction for the students. But we actually are measuring success throughout the school year.

And for, I think there is a raging battle, or a raging debate going on in this country right now about how do we—about teacher tenure in our public schools and whether or not if school students are not making progress, should they continue to be discontinued or eliminated. It is an important battle, or issue, and it is one that is actually relevant here.

How do we measure success, Mr. Scott, and then I will yield to Senator Brown.

Mr. SCOTT. As Dr. Snead mentioned, this issue of outcomes and accountability is a key challenge, not only for the Tuition Assistance Program, but for higher education overall.

One of the key things that folks are having trouble figuring out is what does success look like in terms of post-secondary education? What exactly does that mean? I would respectfully suggest that what we might want to also think about is what should those metrics look like. They need to be meaningful, they need to measure what we want them to measure. They actually have to be measurable. There has to be some quantitative aspect to this. And they should also be transparent so that everyone understands what the ground rules are, that we have buy-in from key stakeholders. And once we have those ground rules, then I think it is fair to apply those metrics across all sectors of higher education, not just for-profits, but the not-for-profits and the public, as well.

It is a process. I think this is a key challenge facing higher education as we speak. There are lots of dollars going into the system and there are lots of questions about the benefit we are deriving from those investments.

Senator CARPER. Thanks, and I thank you very much, Scott, for your patience. You are recognized for as long as you wish.

Senator BROWN. All righty. Well, let me just walk through, for people who may be listening or observing. So somebody serves. They become eligible for the benefits, and that is accurate, correct? And then they go and they say what? I really want to further myself. I want to be a better educated soldier or person. And then they would go, let us say if they were still serving, they would go to the base commander, or the Learning Center on the base to get that guidance.

How is it determined what type of guidance they actually get? Let us say someone is working on the motor pool or someone is a hard-charging 11-Bravo infantry soldier. I mean, is there a test that they take to determine where they are best qualified to kind of focus their skills on, or what?

Mr. GORDON. The services do it a little bit differently. The Air Force, for example, has the Community College of the Air Force, so they have a number of strategic planks that are associated, basically, with tuition assistance. So each service does it a little bit differently. What is baseline, though, is having access to counseling on the part of service members through our education programs, and then access to education about the kinds of opportunities that are available.

Then I think what is important to underscore when we talk about quality and we talk about schools, that only those schools, those colleges and universities that are accredited by the Department of Education are available for tuition assistance, and that is absolutely key in the process.

Senator BROWN. Right. Let us take it a step further. And I understand that, but one of the things that we are kind of wrestling with is we are spending all this money and we are finding out that some of these folks really are not getting a good job based upon their training or their schooling after they decide to take that step. I mean, I would suggest that measuring progress is curriculum development, building a course load towards a degree, and then ultimately graduation to a junior or a four-year college. I mean, is that—when you are saying, how do you measure it, is that not—am I missing something?

Mr. GORDON. I think coaching—well, coaching is available and tuition support and assistance. I do want to get back to this measurement piece, because when we see the \$517 million—

Senator BROWN. Well, what is the goal? I guess, so I am asking myself, I am listening, I have been reading, I mean, what is the goal? Is the goal to take a course and feel good about it, or is the goal to get somebody graduated with a degree in something meaningful and then get them employed? So what is the goal?

Mr. GORDON. I think a number of things. Lifelong education. Lifelong education is a good thing, and what we have as a vision is lifelong learning for DOD adult members.

Senator BROWN. What does that mean, lifelong education? Do you mean you just want to learn about how to play the violin? I am never going to be a violinist. What does that mean, just enhancing my cerebral cortex, or what does that mean exactly?

Mr. GORDON. Well, I think some of the evidence does suggest that, especially with today's new technologies, we have available to us the ability to continue to be educated and to grow.

Senator BROWN. Well, it is always good to grow and be educated, but the bottom line is we are spending taxpayer dollars to basically provide the tools and resources for our soldiers to go out and get jobs and be employable. As you know, Guard and Reservists, it is over 20 percent unemployment and we are dealing with that in the veterans' community. That is one of the reasons I filed the Hire a Hero Act, to try to get those people employed. But if we are not giving them the guidance at the basic, initial entry level as to what, Scott? You are never going to be a concert violinist, but you could be a good fill-in-the-blank. I mean, are they getting that guidance? When I measure success, it is course completion towards a degree to get a degree so I can go get a job.

Mr. GORDON. And our service members are getting their degrees. I just want to say that with that \$517 million, we have over 500,000 service members who are going through our educational system, 500,000. So when we take a look at success in terms of education, 45,000 degrees that were conferred, I mean, those are large numbers—

Senator BROWN. How many degrees have there been?

Mr. GORDON. Over 45,000.

Senator BROWN. OK. Out of how many?

Mr. GORDON. Well, we have 500,000 going through the system.

Senator BROWN. OK.

Mr. GORDON. And what is important, I think what is important here is multiple deployments where our soldiers and our service members in general need time, basically, to finish their education. And we are deployed. We are a deployed force overseas. Our service members need time, basically, to complete those courses. And so I still think it is a good news story that we have an increase in the consumption of education.

And yes, there are taxpayer dollars. Taxpayers have spent money on me to be educated as an Army officer, both my undergraduate and graduate degrees. Hopefully, I am providing something back to the country for that, and I think that is the great benefit of this program.

Senator BROWN. All right.

Ms. SNEAD. And I would, if I could add on to that—it is the educator in me, I am sorry—but part of the process is when someone goes to the Education Center, it is identifying what the service member's educational goal is. This is a voluntary—an off-duty, voluntary education program. So whether it is a certificate, an Associate degree, a Bachelor's degree, they have identified the goal, and then it is the counselor's role to figure out how to get there.

As a counselor, some of the times it is the service member says, what is the fastest way to a degree? I just need a degree in order to gain employment—

Senator BROWN. Regardless of just get it, just to check the box.

Ms. SNEAD. Exactly.

Senator BROWN. Right. OK.

Ms. SNEAD. For others, it is, I want a degree so that I can then aspire in X, Y, and Z—

Senator BROWN. Computer science, so I can go out and work in computers or whatever. OK.

Ms. SNEAD. So those are the conversations, and again, it is the individual educational goal. Sometimes, we do not have a college graduation, or degree completion as being the ultimate goal. The measure is whether people achieve the goal that they had in mind, whether it is gaining employment after five or six courses, whether it is getting an associates degree in management so they can own their own motorcycle shop or other kind of business. They have acquired the skills, so then they are satisfied and they are more productive in that way, so—

Senator BROWN. Well, I think one of the reasons I am going down this line is that I do not think we are talking about those people that want to be a manager of motorcycles. I think we are trying to zero in on some of the, maybe the high-pressure tactics that some of the Marine Corps and other IG offices investigated. I wonder, did some of those institutions get kicked off or barred from the installations, number one, and if so, how many instances are you aware of and how were they handled? Did they go up and down the chain of command? So that would be kind of my first thing.

And, listen, I know there is a lot of good. That is great. Amen. But we are not here to talk about the good. I do not think we are having a hearing to talk about the good stuff. I think we are having a hearing because we are worried and concerned about the oversight and we are also concerned about are we getting the best value for our dollar, and if not, then how can we do it better? And if we need to provide you some tools and resources to do things better, what is it? So that is kind of where my head is at, Mr. Chairman, and so if maybe you could just—

Mr. GORDON. Yes, Senator, and we are really happy to do that and to be working basically as a government to ensure that we are providing that correct oversight. And you are correct, there are some institutions that are very aggressive in marketing. I think what we can do and will do better is help to educate our commanders, actually, in addition to the Education Officers. It is really about the education, I think, of our post and our base commanders about some of these practices and some of the protocols that they can use and procedures they can use to both monitor when these

actions take place and then take action. So there is some additional work to be done, quite frankly, and we are going to do it.

Senator BROWN. Thank you, Mr. Chairman.

Senator CARPER. Thank you, Senator Brown.

I think you just made a good point there, Mr. Gordon. One of the values of what we are doing here, this Subcommittee asked GAO to do this study. We have asked them to put this program really under a microscope and find out what we are doing well and what we are not and to try to figure out what we could do better. They have spent the time, I think a fair amount of time, a lot of human resource hours, to drill down and to look at the good, the bad, the ugly, and to come back with a set of recommendations.

We are now holding this hearing to illuminate what they have found and for you to have the opportunity on the part of DOD to say, this is what was found. We, frankly, agree with all the recommendations, the major recommendations that were made, and we are beginning to follow up and act on those recommendations.

If that is all that happens out of the work that has gone into this last year, that is all that happens, that is a good thing. If base commanders, the base commanders and folks that are, whether it is Dover Air Force Base or a base in Oklahoma or Massachusetts or any other place, if they get wind of what is going on and they have a better sense that some of these—it is not just the brick-and-mortar schools that are offering courses on their bases that is important to monitor and to be concerned about the welfare of their men and women, they need to be concerned about the quality education that their folks are getting on these online schools and distance learning schools, that is really important here, as well. So that is part of the value of this hearing.

Another comment I would make, I think, in response to Senator Brown's question about measuring success, and I think, Mr. Gordon, you mentioned one of our goals is lifelong learning, and I strongly agree with that. One of the reasons why we have hearings in the Senate is to help us, as Senators, to actually get a little smarter and hopefully a lot smarter on the broad range of issues that are before us.

I like to say—I said it already once today, I will say it again—I know everything I do, I can do better. And one of the ways that I hopefully can get better is get smarter, and one of the ways I get smarter is to prepare for these hearings and to actually sit through them and participate in them.

But if you have a student, maybe a student who had not done all that well in public school, K to 12, and they are in the military, they sign up, for classes maybe for reasons that are not all that good or maybe they are well intentioned but maybe they are under some pressure, but they are signed up to participate in a course, a portion of which the cost is borne by the Tuition Assistance Program, and they have a bad experience, or maybe a couple of bad experiences in terms of not getting the kind of support they need, maybe being in over their head right from the start.

We see every semester at Delaware Technical and Community College, a very good community school, where students graduate with a high school degree, start at Del Tech. They cannot do Del Tech math. They cannot do Del Tech English. They need remedial

training. They need preparation before they are going to even have a chance of being successful. So if we want to encourage people to really buy into lifelong learning for themselves, part of it is to make sure that they have some success right from the get go.

I have another question, if I could, for Mr. Scott. I just want to revisit this a little bit before I turn to the next line of questioning. But Mr. Gordon characterizes the audit that GAO has done as, I think the word that was used was "favorable." I am not sure that is quite what I came away with. In fact, I think your audit says that DOD has taken, I think the word was "steps," but you believe that areas of improvement remain.

Could you just take a moment and elaborate again on what are some of those areas of improvement that remain and talk to us about how you, GAO, how we, the Legislative Branch in our oversight role, how we can make sure that those areas of improvement do not remain all that long, that they are actually addressed. Please.

Mr. SCOTT. Thank you, Senator. As I said in my statement, we believe that the Department of Defense is taking some steps, but we also want to make sure that we continue to monitor their progress in the areas we identified. That includes working with the Department of Education and leveraging information that is available there, taking steps to hold installations and schools accountable for the MIVER process. I think some of the things they have laid out in the MOU and the new process will help address those concerns.

So the five recommendations I believe that we laid out in the report, we see as key steps in helping to improve oversight. And as I mentioned earlier and Mr. Gordon mentioned, the Department is committed to following through on those recommendations. So from our perspective, that is encouraging, but as I also said, we will continue to monitor them to ensure that they do, in fact, follow through.

Senator CARPER. All right. Dr. Snead, Mr. Gordon, any comments on what Mr. Scott has just said?

Mr. GORDON. We plan to follow through, and we do concur with those five recommendations.

Senator CARPER. Dr. Snead.

Ms. SNEAD. No.

Senator CARPER. No? OK. If I can, a question for Mr. Gordon, please. GAO, I think, indicated that they feel that DOD lacks a centralized tracking system to catalog and monitor complaints. You have indicated that in response, the DOD has established a new centralized complaint tracking system that satisfies this criticism. What does your new complaint tracking system look like? Does it require every base's Education Service Officer or whoever fills that kind of role, does it require every base's Education Service Officer to register and catalog complaints, every significant complaint, at least, that is received from military students, or is it just really a hotline or maybe a web form?

Mr. GORDON. Well, we have instituted a web-enabled system because we feel that can be very effective. Our base, basically, of service members who are engaged in online education, or tuition assistance, should I say, do know of these Web sites that are avail-



able that they go to to learn more about the program and then use that information to sign up for tuition assistance. So these are not unknown Web sites. They can go to them. They can log a complaint or a concern. We already have put that system into place. A number of things can happen as a result of that. We can either ping one of the services to have them follow up or follow up also at our level, as well. So we have put a system in place. We will continue to refine it. But it is a web-enabled system and we feel that it will be very effective.

Senator CARPER. Could you all comment on that, Mr. Scott and Dr. Snead, please?

Ms. SNEAD. I have only seen the paper diagram that walks you through that process. I have not participated in the resolution experience yet.

Senator CARPER. Should we be encouraged by what Mr. Gordon has explained? Let us say I am the Education Service Officer at Dover and we have some folks that are taking—it sounds like for every one student there who is taking a brick-and-mortar on-base course, or maybe two, they are using distance learning—not a bad thing, necessarily. It could be a very good thing. But let us say if there are complaints, whether it is for on-base or the remote stuff, under the system that you have envisioned or are instituting, I get the complaint. Do I have any obligation as the Education Service Officer at our base to—what am I obligated to do with it?

Mr. GORDON. Well, I just want to be clear that there are some complaint systems already in place. The Army has a great system and we are learning from that system, as well.

Senator CARPER. Could you just briefly talk about that and say how we are learning from it?

Mr. GORDON. Well, a number of things. We are designing our system by collaborating also with the Army. They have not only got a system of complaints, but they have a follow-up system in terms of a survey to see what customer support was like, as well. So they do have a good system in place and I think the advantage of that is we can build upon it and institute more of a global system at our level to ensure that we are being able to log those complaints and then take some sort of action.

Now, some of those actions will be the same as before in terms of the services looking into those and solving those complaints. But now that we have this in place, there is much more visibility and resolution on the part of OSD.

Senator CARPER. OK. Not long ago, my family, my wife and our two sons and I, were trying to figure out where to go for a vacation over the Christmas holidays and we were looking at some different hotels to go to in a place where the weather was warmer than Delaware. In looking into the different hotels that we looked at, we noted that there were a number of comments, people who stayed there and liked it, a number of opportunities for people to comment that were not all that crazy about some things that they encountered. My guess is you all have seen the same sort of thing. It is very helpful to have that. And also, it serves to—it really serves to incentivize the provider of the lodging to actually work a little harder to do a better job.

How is this—is this part of what we are anticipating doing, like if I am thinking of taking a course from School XYZ and I can go on and look online and actually see there are 100 comments from people who are thrilled with it, delighted with it, and then I say, oh, this is good, but I see 200 comments from those who thought this was just a very disappointing experience, that is going to inform my decision. How do we use that kind of technology?

Mr. GORDON. Right. Two thoughts. I do not know if we have that incorporated into our system, so I will have to take that for the record and find out if that is a part of it.

#### INFORMATION FOR THE RECORD

The Department does use this kind of technology. However, the Department's formal Feedback, Concerns and Record Keeping processes do not include a section for military students to rate and review their college or university. This is due to the overlapping inefficiencies we noted as we started investigating adding this capability to our formal system. We discovered that of the many web-based programs already in existence which rate schools, several of which provide for student rating. Rather than developing an additional system and duplicating efforts, we are currently reviewing the existing programs for possible inclusion into DOD's current system.

I think, though, that what we can also encourage or that can grow out of this new way of education is the degree to which our communities share information about schools that provide quality education, for example, and if there is some sort of assessment system for that is really more community-based on the part of our service members. So I think that is an area that certainly can be explored and that you see emerging, I think, across a number of other sectors, as well, whether they are hotels or auction services or a host of different sort of venues.

Senator CARPER. OK. Yes, ma'am? Dr. Snead.

Ms. SNEAD. There are a couple. The distance learning institutions have actually set up some Web sites much as you describe. It is not necessarily about customer feedback, but there are sites called transparent—one is Transparency by Design, where the institutions themselves provide you some information about degree completion, different rates that they have, experiences, cost, a variety of information. So I think there can be some lessons there, whereas we are looking at colleges and universities trying to help service members find the right fit of institution that we use tools like that to help provide them some information. And there are a number of them out there. What we need is really buy-in from other colleges and universities to be more forthcoming with that information.

Senator CARPER. So you think that what we need is more buy-in from—

Ms. SNEAD. More institutions who are willing to share that information, and so essentially open their books and say, here is our—when we are talking about course completion rates or we are talking graduation rates, not just their general student population but the military student population. Let us look at service members, how they are doing through this process, whether they are completing their courses, and again, satisfaction ratings are certainly good. Having dealt with students long enough, I am also skeptical that the "Rate My Professor" and a couple of those sites may or

may not be the most useful. So we just need to build in the right pieces there to look at institutions and to look at the quality of the program offerings that we have. What are their employment statistics or their promotion rates once someone has completed a degree with that institution?

Senator CARPER. If I were running a school, it was for-profit, private, public, I would—I am enrolling a lot of students with the taxpayer dollar and I were asked to provide course completion information, graduation completion information, if I were proud of the work we were doing and happy to compare that with anybody else, that could be a real good marketing tool for me. But my sense is that we do not always get that information.

And I was talking earlier about aligning incentives and trying to measure success, but not everybody in the military that is taking these courses under the Tuition Assistance Program, not everybody wants to get a degree. Not everybody wants to get ready to find a job when they leave the military. But a lot of people do. A lot of people do.

When I think of how do we measure success, set aside the people that want to learn more about auto mechanics or playing the guitar or just things that are interesting to do and maybe make life richer or more interesting. But those that really are looking for improving their standing in the military, their ability to get promotions in the military, in addition to be successful when they leave the military, because a lot of us have gone into second careers, third careers. But it would certainly be helpful to know that kind of information that you just mentioned—course completion, graduation completion, and, frankly, it would be helpful to know something about job placement. That would be very helpful things to know.

At the end of the day who is paying for it? Taxpayers are, and we are way in over our head. We have a trillion-and-a-half-dollar deficit this year. The President said, we want to out-educate, out-compete, out-innovate the rest of the world and we do not have a whole lot of money to play with. So it behooves us all to figure out how to, as I said earlier, to get more without paying a whole lot more, better results.

Let me—I want to go back to Mr. Gordon, if I can, and I just want to make sure I have this. My staff gave me this question and I am just going to read it verbatim. It says, from the system in place, what have you learned? How many complaints so far this year?

Mr. GORDON. Right. Since we have placed it—and I just want to make sure I am correct—we have had at least 10 complaints at our level. What we have learned, well, it is new. We have instituted this system fairly recently. I think the big learning is that the complaint process is being used at this point in time and we will continue to refine it and to improve it. But the big learning is that it provides us yet another lens, I think, through which we can better understand some shortcomings in the community that we can solve and resolve.

Senator CARPER. Let me come back to you, Dr. Snead, if I could. We have some public schools, public colleges, some private colleges, we have some for-profits that are actually doing a very good job of trying to make sure they are not abusing anybody when they re-

cruit, they are recruiting in a fair and open way, in ways actually mindful of the Golden Rule of treating other people the way we want to be treated, that when they bring in people who, frankly, are going to be challenged by the coursework, they try to make sure that they get the, maybe the earlier training or the remedial work before they actually start doing the more rigorous coursework. They make sure that folks get tutoring if that is needed. One of the reasons why we included tutoring in the G.I. Bill for, I think it is about maybe, I do not know if it is a thousand dollars a year or whatever it is, but we want to make sure that we are not just throwing good money after bad and we are paying all that tuition money, but to ensure that the tutoring is there if it is needed.

But when you look at the folks that are doing a good job—I think you had 1,800 or 1,900 colleges or universities—when you look at the ones that are doing a good job of making sure that folks are ready, walking them through this process, getting their classwork done, their courses completed, hopefully get their degrees completed if that is what they want, when you look at the ones that are doing a really good job and those that, frankly, are not, what can we learn from the ones that are doing an especially good job, whether it is public, non-profit, or for-profit?

Ms. SNEAD. And I think one of the defining factors is that they have the good of the service member at the center focus of their efforts. So they are really in touch with the needs of the service member and they are looking at the variety of services, and they are also providing that feedback. And as you said, many institutions, we are spending time talking about probably a very small number of institutions in the aggregate when you look at that total number of institutions, and many of them are doing great things.

They have training for their faculty members in terms of military culture, helping them understand their military students. They have online training for their faculty who are going to be teaching online so it is not a professor who has been teaching in a brick-and-mortar institution or in a classroom for 30 years and now being given an online lesson. So there are lots of positive things, and again, the service member and the military student is always at the heart of that institution when they are planning their course work, when they are planning their curriculum. They have the best interest of the student at heart.

Senator CARPER. Mm-hmm. Mr. Scott, same question. I realize you wear a different hat than Dr. Snead does—you probably wear several hats—but just put your taxpayer hat on or your GAO hat on and give me your thoughts.

Mr. SCOTT. Well, interestingly enough, Senator, GAO actually has a couple of studies underway right now that are trying to better understand this issue of outcomes and accountability, including what might potentially be some promising practices that we might identify as it relates to distance education and some other areas. So with that said, I am hoping to have more to say along those lines this fall when those studies become public.

Senator CARPER. So you think we will have something from you this fall?

Mr. SCOTT. There are a number of studies that we have currently underway that will, I believe, help inform this issue about outcomes across all higher educational sectors. We have an engagement going on right now looking at distance education, what are some of the challenges with distance education, what are some of the safeguards, what are some of the promising practices. We are also looking at what steps is the Department of Education taking in terms of improving its oversight of distance education. So I believe this study is on track to be issued this fall.

Senator CARPER. Good. Do we have to wait until this fall before we can be better informed what is going on at the Department of Defense? That was a question I would ask of you, or is there something that you think maybe there is a dialogue going on or some lessons learned that you can share with them prior to this fall? Is that possible?

Mr. SCOTT. Well, we are always happy to share information, where appropriate, with the cognizant Federal agencies. I think one of the things that is really important, especially during this period of transition, is for the Department to work closely with the Department of Education, both in terms of the distance education issue, but also just more generally in terms of the higher education community is a very large and diverse community. And so I think to the extent that the Department of Defense can leverage the expertise and the knowledge that is within the Department of Education, it will really benefit them as they transition to their new oversight regime.

Senator CARPER. Mr. Gordon, do you want to take 60 seconds on that, or do you want to pass?

Mr. GORDON. Well, I agree with that. I think we do and we are working much more closely with the Department of Education. The Department of Defense globally is involved in education for kids. We have 1.2 million military children coursing through the veins of our education system, our spouses are roughly around 750,000 spouses, and our service members. So what it means is developing a comprehensive education strategy is important and working very closely with the Department of Education is essential to do that.

Senator CARPER. Good. That actually leads me into the next question I wanted to ask, and I just want to make sure I have this right. GAO's report, I believe, indicated that the Department of Defense had actually fairly limited interaction with the Department of Education. When my staff met with DOD last, I think it was last June, they reported that there was no formal or regular interaction between DOD and the Department of Education on issues of fraud and on waste and quality of the curriculum. Has that changed at all, and if so, when and how did that change?

Mr. GORDON. Well, I have been in the Department of Defense since July, actually July 19 of last year, and I can tell you that I have been a party to and witness of a number of meetings between our staff, between me, of course, and the Department of Education so we can much more closely coordinate our efforts.

Does that mean that more can be done? Yes, and I hope to do that. I think the beauty of this report is it helps to give us an azimuth for how we can also collaborate in different sorts of ways. I think the strength of the GAO is it gives you that additional set

of eyes where you can do things more and better to improve both the quality and ensure that we are providing the kind of access we need to education for military service members. So I have seen collaboration, but I think we can do better and we will continue to do so.

Senator CARPER. Well, as I said earlier, everything we do, certainly me, I know we can do better. That is why I am pleased to see that the GAO investigation that we had requested has helped to spur the Department of Defense and the Department of Education to begin a better dialogue about these issues, and we want to improve even beyond that. We would like to have seen it happen some time ago. However, having said that, we are just pleased to see it appears to be in effect now.

I am going to ask one more question, I think, of Dr. Snead and Mr. Gordon, and then my last question will be sort of asking you to—we do not often give witnesses a chance to do a closing statement. We always ask you to do an opening statement. I want you to give a closing statement—not now, not now, but after I ask this next question. Just be thinking about your closing statement, maybe just kind of reacting to what you have heard from the other witnesses, maybe reacting to what you heard from Senator Harkin or the questions that Senator Brown and I asked. Just be thinking about it, if you will. While you are thinking about that, I will ask this question.

And thanks to the efforts of Senators Webb and Durbin and others, the Department of Veterans Affairs just announced that it would suspend the G.I. Bill payments to several schools because of the questionable recruiting policies that were being used by those institutions. You will recall, Senator Webb was really the driver in the new G.I. Bill, the most generous G.I. Bill we have ever seen in the history of our country. Has the DOD ever been forced—this is, again, for Mr. Gordon and Dr. Snead, but do you know if the DOD has ever been forced to refuse tuition assistance payments to a school or put them in a sort of like a “do not pay” list? We have contractors who we sort of have a “do not pay” list because they owe obligations. They have not paid taxes to the Federal Government. But has the DOD ever been forced to refuse tuition assistance payments to a school or put them on a “do not pay” list, and is DOD maybe working with the VA to ensure that tuition assistance payments are not just going to these same schools?

Mr. GORDON. To my knowledge, we have not. We do not have that sort of list. Using the military installation Volunteer Education Review that we currently had in place, it really portended, actually, working together with the schools to make improvements in any anomalies or shortcomings that we found. We felt very comfortable that through working with the MIVER findings and making those sorts of improvements, the schools were very responsive to that and were providing an education for our service members.

I am knowledgeable about this recent action. The good news is, to my knowledge, we do not have any service members who are part of those schools that have been put on those lists, but clearly, what it means is that we can also do more in terms of ensuring we have coordination with the VA, because there is that transition from active duty, when you qualify for tuition assistance, of course,

into being a veteran, where you qualify for the G.I. Bill, and so the coordination is important.

Senator CARPER. I am going to submit some follow-up questions. One of the follow-up questions I am going to ask is, do you think there might be some value in DOD working with VA to ensure that the schools that they have identified as schools that are sort of like on a "do not pay" schools list because of some of their behavior, questionable behavior, objectionable behavior, that maybe there is some overlap here that you all should follow up on. I will ask that question—

Mr. GORDON. Absolutely.

Senator CARPER [continuing]. And look forward to your response. I would urge you to do that.

Mr. GORDON. Mm-hmm.

Senator CARPER. And this would be for Dr. Snead. Has your organization ever referred a school to an accrediting body because of unethical or improper behavior, that you are aware of?

Ms. SNEAD. Yes, we have, and, in fact, one that we have recently been involved in, we were unable to resolve. It was Army and Air Force issues with tuition assistance and improper behavior on an installation, aggressive marketing, and we filed a complaint with the accrediting body, and as a result, the institution most recently has lost their accreditation. So that is essentially—will be a "do not pay" because they will not be accredited by that agency. Therefore, they would not be on the Department of Education list and they would not be eligible for tuition assistance then.

Senator CARPER. OK. Thank you.

Well, we very much appreciate your preparation for today and we appreciate your testimony today and your response to our oral questions and we look forward to responses to some written questions.

I would just ask, how long do our Subcommittee Members have to submit letters? Two weeks? Over the next 2 weeks, our Subcommittee Members can submit in writing follow-up questions within 2 weeks. We just ask that you respond to those promptly.

And now, this is a chance for each of you, if you will, to let us have a closing statement, some reflections, just based on what we have talked about here today. Dr. Snead, why don't you go first, and then we will go to you, Mr. Scott, and then Mr. Gordon. Some good take-aways for us.

Ms. SNEAD. Well, I think we have all discussed today the value of the Voluntary Education Program and how it is really important to—

Senator CARPER. Let me just interrupt. One of the things I want to ask you to do as you do this—I should have said it—think of yourself—we are all taxpayers, all right, so we all have a dog in this fight. This is our tax money. We care about the men and women that serve us on active duty, and a lot of them are putting their lives on the line for us, literally, as we gather here today. We care about them and we care about their families and we want them to have the best that we can provide for them. So keep that in mind as you respond. Thank you.

Ms. SNEAD. I think all of us do have the best interest in mind and it is extremely important that we make sure that it is a qual-

ity product that we provide. Our organization takes that seriously. We look at colleges and universities and sometimes we do have to ask the tough questions. Our role in this process is really more of what I would describe as really a facilitator. We want the institution to improve services to their service members, to their families, and also to the veterans. So I think our take-away is to continue to be vigilant in the complaints and the issues that we see and really try to do the best we can to improve on that educational setting.

Senator CARPER. OK. Thank you.

Mr. Scott, some closing thoughts, please?

Mr. SCOTT. Thank you again, Senator, for the opportunity to testify today. Clearly, the DOD Tuition Assistance Program is an important program in terms of supporting the education of our service members and the work that we have done on this program highlights some areas for the Department to continue to improve upon.

Generally when I discuss oversight and what good, effective oversight looks like, I always put it in terms of you need clear rules, safeguards, in place to protect students and the Federal investment. You need tools. You need an effective set of tools to provide ongoing monitoring and oversight. And finally, you need a range of mechanisms to hold schools accountable.

So to the extent that as the Department of Defense moves forward in developing its new oversight regime, I think it is important to keep those goals in mind. Having clear rules, safeguards in place, having a range of tools to allow you to effectively monitor and oversee schools, and finally, having mechanisms in place to hold schools accountable. And so to the extent that the Department can make progress in those areas, I think that it will just ensure that the TA funds are being properly used and our service members are receiving the quality education they deserve. Thank you.

Senator CARPER. Thank you.

Mr. Gordon, please, closing thought, please.

Mr. GORDON. Well, I just want to thank you, as well, Senator, for giving us the opportunity to testify.

My closing thoughts are our education system in this country continues to evolve, and I think the good news about that evolution is the potential access to education by more citizens in the United States and our service members are a subset of that. We do owe those service members, in fact, our commitment to ensure that they have an access to the best quality education, especially given our multiple deployments and the fact that our service members are asked to sacrifice for their country in ways that often impede their ability to consume that education at a rate that others can.

And so what I am just delighted by is that I think we have the kinds of partnerships and can grow them, both between DOD and Education, Congress and GAO and our agencies, to ensure that we can sharpen the point of a quality education for our service members, and I am happy to be a part of collaborating on that process.

Senator CARPER. All right. Thank you.

Let me just give a closing thought or two, if I could. I was 17—actually, 16 years old when I learned that I had applied too late to go to the Air Force Academy. I had been a Civil Air Patrol Cadet and I was bitterly disappointed. I went to three high schools. I was



barely learning, like, where the restrooms were and it was time to move on and go to another school. I like to joke and say I went to three high schools until I finally found one that would let me graduate, but actually, my father kept getting transferred and we just ended up living in a lot of different places at a tough time, tenth, eleventh, twelfth grade. And I missed the filing deadline, the application deadline for the Air Force Academy and was really very disappointed. It was a sad time in my life.

And 1 day, sitting in homeroom in my high school, early morning, doing the announcements on the homeroom, they announced on the PA, anybody interested in winning a Navy scholarship, go see your guidance counselor, and I did. And my dad had been a Chief Petty Officer in World War II, spent a lot of time in the Reserves in the Navy. So I went and I learned about Navy ROTC and the fact that I could, if I won a scholarship, get an education, would have a chance to get a commission and go on and serve our country. And I wanted to do that for, oh, about 23 years.

But I really needed some help to be able to afford to go to college and the Navy was there to extend that help. Really, taxpayers through the Navy were there. And I went to Ohio State, got a good education, and have been fortunate enough to get to go to graduate school through the G.I. Bill.

But for me, the military was a way to sort of improve my standing, improve my ability to contribute to the society and to play the kind of roles that I have played. I really want to make sure that a whole new generation of young men and women receive a similar kind of opportunity and that it is not a hollow opportunity, but it is an opportunity that really leads them somewhere where they want to go. Whether it is to be better sailors, airmen, marines, whatever, we want to make sure that they have the chance to do that. If it means finishing up their service duty and going out and starting a business or working for somebody else, working for a nonprofit or becoming a teacher, we want to make sure that they have the opportunity to do that.

Two big challenges that we face—I know I am probably speaking to the choir here—one is the huge deficits, spending way more money than we can afford. And the second, we compete in a world where competition is a lot stronger than it was when I was a senior in high school listening to those announcements all those years ago in homeroom. So this needs our best effort.

I mentioned earlier my sort of four core values. Figure out the right thing to do and just do it. Treat other people the way I want to be treated. Focus on excellence in everything we do. If it is not perfect, I like to say, make it better. And finally, just do not give up.

We can do better here. I think we are trying to do better here, and with the help of GAO and the good efforts of a bunch of people in DOD and from SOC and from a bunch of the colleges, whether they are for-profit, nonprofit, whether they are public, a bunch of them are showing us the way to get a better product and doing right by our young men and women, or not-so-young men and women. We will learn from them. But the folks that are not doing the best that they can, we need them to measure up. This is not a threat. We want to help the ones that are not doing the kind of

job that they should be proud of or could be proud of, we want to make sure they start doing that.

One of the things I am pretty good at is being persistent, and when I sense that there are wrongs being committed out there, I would like to right wrongs. I think most of us feel that way. There is a lot of good that is being done through this program, but there are some wrongs that are being committed with taxpayer money, and to the best of our ability, I just want to eliminate that and I want to eliminate it as quickly as we can. Our servicemen and women deserve that. And when I look them in the eye at Dover or over in Afghanistan or Iraq or wherever they might be, I want them to know from my heart, we are doing our best for them, and I know you feel that way, too.

With that having been said, this is going to be a dialogue. It is going to be a dialogue that continues. I would encourage certain GAO and the Department of Education and the Department of Defense, SOC, and others to be part of that dialogue, and I would encourage the institutions themselves, whether they are for-profit, nonprofits, publics, to be a part of that dialogue. At the end of the day, when we have a chance to see our sailors, soldiers, airmen, marines going out there and doing a great job and going on and being successful with their lives, we can feel really, really proud of them and good about what we have helped them to accomplish.

With that having been said, thank you all very much for joining us today and this hearing is adjourned.

[Whereas, at 4:35 p.m., the Subcommittee was adjourned.]

## A P P E N D I X

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### **Opening Statement DoD Tuition Assistance Hearing**

**This hearing will come to order.**

**As we gather here today for this afternoon's hearing, our nation's debt stands at \$14.1 trillion. Ten years ago on this date, it stood at less than half that amount -- \$5.7 trillion. If we remain on our current course, it may double again by the end of this decade.**

**The debt of our federal government held by the public as a percentage of GDP has risen to 63 percent -- up from 33 percent a decade ago. The last time it was this high was at the end of WWII. In fact, the only time it has ever been this high was at the end of that war.**

**That level of debt was not sustainable then, and it is not sustainable today. Just ask our friends in Ireland and in Greece.**

**The deficit commission, led last year by Erskine Bowles and former Senator Alan Simpson, has provided us with a roadmap out of this morass, reducing the cumulative deficits of our federal government over the next decade by some \$4 trillion and skewering a number of our sacred cows along the way.**

**The purpose of this hearing, though, is not to debate the merits of the commission's work. The purpose of our hearing today is to look at yet another area of government spending and ask the question, "Is it possible to achieve better results for less money? If not, then how can we achieve better results for the same amount of money that we're spending today?"**

**A lot of Americans believe that a culture of spendthrift prevails in Washington, DC and has for many years. They're not entirely wrong. We need to establish a different kind of culture. We need to establish a culture of thrift. We need to look in every nook and cranny of federal spending – domestic, defense and entitlements, along with tax expenditures – and find places where we can do more with less.**

**This subcommittee has spent the last half-dozen years trying to do just that. We've worked closely with OMB, GAO, Inspectors General, non-profits like Citizens Against Government Waste and the Committee for a Responsible Federal Budget to reduce wasteful spending.**

**In doing so, we've sought to reduce improper payments, combat fraud in Medicare and Medicaid, unload surplus federal property, decrease cost overruns in major weapon systems procurement and in the procurement of IT systems by federal agencies, begin to close a \$300 billion tax gap, introduce efficiencies to the way that the mail is delivered and to the way that the Census is taken, provide the President with constitutionally sound line-item veto powers, and the list goes on.**

**Most of us in this room today, however, understand that we can't simply cut our way out of debt, tax our way out of debt or save our way out of debt, though. We need to grow our way out of debt.**

**That means we need to invest in ways that will grow our economy and make us more competitive as a nation – building a better educated, more productive workforce, reversing the deterioration of our nation’s infrastructure and funding the kind of research and development that will enable us to out innovate the rest of the world once again.**

**If we're really serious about out innovating the rest of the world, we need to start by out educating them. Frankly, we haven't done that for some time. To succeed, we must. This means a major focus on early childhood education so that when kids walk into the first grade at age six, they are ready to compete. It means continuing to transform our K-12 public schools so that fewer students drop out and those who do graduate are able to read, write, do math, use technology and go on to become productive members of our society.**

**And, it means ensuring that the post-secondary education that Americans receive truly will make them more productive workers and citizens.**

**For years, with our service academies, with programs like ROTC and the GI Bill, we've sought to raise the skill levels of those who serve in our armed forces, as well as the skill levels of those who later return to civilian life.**

**Traditional educational programs like ROTC scholarships and the new GI Bill are still in place; however, we also offer our active duty military another lesser known education benefit called the Tuition Assistance Program. It will be the focus of today's hearing.**



**Under this program, American taxpayers will pay \$250 per credit toward the cost of a service member's tuition for a maximum of \$4,500 per year.**

**In Fiscal Year 2000, the Department of Defense spent \$157 million on tuition payments for this program. By 2009, that number had risen to \$517 million, a threefold increase in just nine years.**

**This program does require service members to continue their active duty service while they complete their courses. As you might expect, this requirement somewhat limits the choices available to active duty service personnel as they head out on detachments and deployments in Afghanistan, Iraq and other places around the world.**

**Active duty service members basically have three options when it comes to post-secondary education:**

- 1) They can take courses on-base with schools that have permission to offer courses there,**
- 2) They can attend courses at nearby college campuses, or**
- 3) They can enroll in distance learning courses.**

**Each of these three options includes providers who do an excellent job of educating their students. Each of these three options also includes providers who, frankly, do not. These three options include private non-profit schools, public colleges and universities, and for-profit schools. Today's hearing will focus primarily on the latter.**

**For-profit schools that operate almost entirely online have become the frequent choice of many military personnel who have opted for the distance learning option.**

**At the Dover Air Force Base in Delaware, the most popular school is a for-profit. This for-profit university has enrolled twice as many Dover airmen as the two local colleges that offer courses on base.**

**That fact probably should come as no surprise. Since distance learning services are in high demand, for-profits have sought to fill our military's need for post-secondary education in part because of the accessibility of their classes and the variety of courses offered.**

**While some for-profits return real value for taxpayers' money, serious questions have arisen with respect to the recruiting practices of some for-profits and to the quality of the education they provide.**

**Over the past year or two, Senator Harkin's Health Education Labor and Pensions (HELP) Committee has sought to put a spotlight on both of these areas. In cooperation with the Government Accountability Office (GAO), the Committee uncovered unethical recruitment practices by a number of the for-profits that they investigated.**

**In addition, Senator Harkin's Committee found a disturbing trend. Many for-profit institutions depend heavily on federal student aid dollars, but fail to consistently provide a quality education.**

**In a number of cases, 90 percent or more of these schools' revenues come from taxpayer-funded student aid programs. This wouldn't be quite so objectionable if the overwhelming majority of these schools were producing students with strong skill sets that led to careers with livable wages and good benefits. However, at too many of these schools, that simply is not the case. Far too many students are provided minimal instruction and support, and they drop out.**

**Others may actually graduate, but they subsequently have difficulty finding the kind of jobs that would enable them to pay off their sizeable student loans and support their families. Recent data show that 25 percent of students at for-profit colleges have defaulted on their loans within three years, while only about 10 percent of students at not-for-profit institutions have defaulted.**

**The Department of Education is addressing issues of default rates and accountability in the for-profit industry through regulation. Our post-secondary education system will be better off as a result of these efforts.**

**While some folks contend that these efforts by the Department would cut off higher education access to many of our most vulnerable citizens, I disagree with that thinking. The Department of Education's regulations would only cut off access to programs at schools that are clearly offering a bad product – an education that costs too much, offers little instruction and training and oftentimes, saddles students with mountains of debt that is difficult, if not impossible, for them to repay.**

**Currently, the incentives at many for-profit colleges are misaligned. The institutions are rewarded for enrolling more students but they have little, if any, incentive to make sure that their graduates are prepared for the workforce and are able to enter careers that enable them to manageably repay their student loan debt and begin to live the American dream.**

**Having said that, let me say as clearly as I can that this is not an issue solely at for-profit institutions. There are many community colleges experiencing similar issues with extremely low degree completion rates and very high default rates. And to be fair, there are also a number of for-profit institutions that offer a quality education and have a history of success with placing students in well-paying jobs.**

**We have reached a time, however, when we need to be doing all that we can to ensure that we get the best “bang for our buck” across all aspects of our government.**

**Student aid spending needs to be at or near the top of our list, not just because of the amount we spend on these programs, but also because the future and dreams of our students depend on spending that money wisely.**

**Nowhere is that need more evident than with our troops participating in the Tuition Assistance Program.**

**Over the past year, several reports have described troubling stories of how some schools come close to abusing our veterans and active duty military personnel.**



**The accounts of abuse range from deceptive recruitment practices by the school recruiters, to schools' hollow promises about the transferability of credits, to students becoming saddled with unnecessary debt.**

**In one case that our staff uncovered, a service member used his Tuition Assistance benefit to earn his bachelor's degree from a for-profit that promised his credits would fully transfer after graduation. However, when he went on to apply for a Master's program at another school, he found that none of his credits would be accepted there, rendering his bachelor's degree far less valuable.**

**In another case, one soldier enrolled in a for-profit institution based on the school's promise that they accepted Tuition Assistance payments.**

**But because the Department of Defense only pays the benefit after successful completion of the course, the soldier discovered after taking the class that the Army would not give payments to this school, instead sticking him with the bill.**

**I have four core principles that I try to incorporate into everything I do. They are--**

- Treat others as you would want to be treated.**
- If it's not perfect, make it better.**
- Never give up.**
- Always do the right thing.**

**The idea that some schools take advantage of our service members offends all four of my core principles.**

**We demand so much of our men and women in uniform and their families. We must also demand more of our schools and get better results from our government.**

**We are here today because I believe we have a moral imperative to ensure that the Department of Defense is doing everything it can to prevent these kind of abuses.**

**We have asked the Government Accountability Office to investigate and assess the Department of Defense's ability to identify and stop these abuses. GAO will share its findings with us today.**

**We also have with us today representatives from the Department of Defense and the Servicemembers Opportunity Colleges—the consortium of schools empowered to police those schools serving our troops.**

**These witnesses will help us better understand the current safeguards against abuse of the Tuition Assistance Program, how well they work and how we can improve them. We welcome each of you.**

**Now, I'd like to turn to Senator Brown – our Subcommittee's new ranking member – for any comments he would like to make.**

STATEMENT OF SENATOR SCOTT BROWN, RANKING MEMBER  
 SUBCOMMITTEE ON FEDERAL FINANCIAL MANAGEMENT, GOVERNMENT  
 INFORMATION, FEDERAL SERVICES AND INTERNATIONAL SECURITY  
 COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS  
 "Preventing Abuse of the Military's Tuition Assistance Program"

March 2, 2011

Thank you Chairman Carper. Since today is my first day as the Ranking Member of this Subcommittee, I just want to take a moment to thank you for the warm welcome you have extended to me and my staff. In the last Congress, you and Senator McCain examined some very important issues. During this time of record high deficits, there is a sustained call for fiscal discipline. As such, the oversight role of this Subcommittee has never been more significant. I look forward to working with you in the coming months to find new ways to meet the public's demand for more accountability. This hearing today will be a good start to these efforts.

Since World War II, the federal government has provided financial support to service members and veterans who wish to pursue personal and professional enrichment through higher education. As a 30-year member of the National Guard, I am well aware of how important these incentives are to the recruitment and retention of our all-volunteer force. In addition, they provide the military services with a better educated and better trained force to conduct the increasingly difficult mission of defending our nation.

Page 1 of 3

The challenges of that mission, such as long deployments and inconsistent hours, have created a high demand for alternatives to traditional classroom instruction. As such, the proportion of distance education programs receiving tuition assistance dollars has risen rapidly in recent years. While I welcome the added flexibility that these programs provide our service members, it is up to DoD and the Military Services to help ensure that these programs are delivering a quality education to our service members and sustained value to the taxpayer.

Unfortunately, it seems that the Department of Defense has been slow to react to this new trend. GAO reports that distance education courses accounted for over 70% of total courses taken in fiscal year 2009. Yet, the institutions providing these courses have not been subject to the same quality review process as those providing on-site instruction. According to a recent Bloomberg article, the Defense Department has been working since 2004 to update its policies to include distance education courses. Meanwhile, the contract for conducting the quality reviews has lapsed, and it won't be until late this year that the new policies and contract will be fully implemented.

While I appreciate Mr. Gordon's recent efforts, I implore him to push DoD to stay ahead of the curve in the future. The Department spent over half a billion dollars in fiscal year 2009 on the Tuition Assistance program alone. Taxpayers are demanding more robust oversight over these programs. They must be assured that their hard earned dollars are going towards quality programs that meet the high-standards our service members deserve.

All of us in this room have a role to play in maintaining those high-standards. As a service member, it is deeply troubling to read about soldiers and veterans being left overburdened with student loan debt or taken advantage of by dishonest college recruiters. These are serious problems that require immediate action from the academic community and government alike. Yet, as when examining any heated issue, proper context should be maintained. We must be careful not to target or condemn entire education sectors unfairly, while putting the necessary protections in place to defend against the abuses of those putting profit above student performance.

Distance learning education has provided service members with access to academic and professional opportunities which they previously might not have enjoyed. Effective coordination between DoD, the Military Services, and the Department of Education must be assured to provide the essential visibility and oversight into these programs department-wide. We must ensure that those who serve us honorably are provided the promised quality services and value they deserve.

That said, we welcome Senator Harkin to the Subcommittee. I know he has spent a considerable amount of time looking into these issues. I welcome the chance to listen to his concerns. Thank you again, Mr. Chairman.

**Statement of Senator Tom Harkin (D-IA), Chairman of the  
Committee on Health, Education, Labor and Pensions**

At the Homeland Security and Government Affairs Subcommittee on Federal Financial Management, Government Information, Federal Services and International Security Hearing "Preventing Abuse of the Military's Tuition Assistance Program."

Chairman Carper, Ranking Member Brown, members of the Subcommittee on Federal Financial Management, Government Information, Federal Services and International Security, thank you for your attention to the important issue of safeguarding our federal investment in higher education, and for your invitation to be here today.

More than 75 years ago, the Federal Government embarked on an ambitious plan to provide education support to service members returning from World War II. The GI Bill was a spectacular success, helping to usher in a new era of American prosperity. Since that time, we have expanded our support beyond veterans, to also include active-duty service members and all Americans who seek to better themselves through higher education. On the whole, this has been a wise investment in our people and in our nation.

As Congress continues to invest in support for higher education, the question is: How do we ensure that students and taxpayers get what they deserve from institutions of higher education? Last summer, following growing media scrutiny about abuses at for-profit colleges, I began an investigation in the Health, Education, Labor and Pensions Committee to ensure our students are being well served, and that our taxpayer investment is resulting in the intended educational success and economic advancement.

While we call these schools "for-profits" to distinguish them from public community colleges and four-year colleges and the non-profit universities, they are largely funded through student loans, grants, and military benefits. As a group, publicly



traded companies receive at least 85.6 percent of their revenue from Federal money of one sort or another.

For-profit colleges have long played a role in our diverse system of higher education. The question before Congress is not whether for-profit colleges should exist, but how to make sure that they are doing their utmost to serve students and to give taxpayers good value for the dollar.

Over the past eight months, my Committee has been compiling a comprehensive picture of this industry, and we have been documenting some of the widespread practices used by many of its largest schools. The Committee has uncovered some troubling facts that I think should guide your inquiry into the Department of Defense Tuition Assistance Program used by many members of our military and their families to advance their educations.

For-profit colleges have existed in our country for over a hundred years, primarily offering professional training and short-term degrees and certificates. The GI Bill marked the first time for-profit schools were made eligible to receive significant Federal subsidies. With this new source of revenue, for-profit schools set their tuition rates to the maximum amount of aid a GI was eligible for. There was significant growth in the for-profit industry as a result of the GI Bill, and the schools began to aggressively market their programs to veterans, in order to maximize revenue from the Federal Government. In the early 1970s, we would see schools repeat this behavior when Congress made for-profit colleges eligible to receive student loans and Pell grants.

Unfortunately, the availability of Federal aid spawned widespread abuses throughout the 1980s, leading to a year-long series of bipartisan hearings into fly-by-night schools, chaired by former Senator Sam Nunn. The combination of public scrutiny, and new laws passed in the wake of the Nunn hearings, was meant to put an end to abuses in this sector. Unfortunately, many of the same problems identified by those bipartisan hearings 20 years ago have returned with a vengeance.

Over the past two decades, the for-profit higher education industry has grown and evolved, bringing innovation to postsecondary education and expanding the number of students enrolled. In 2008, nearly two million students were enrolled in for-

profit institutions to pursue everything from technical certificates to graduate degrees. Enrollment has grown by 225 percent over the past 10 years, and there have been tremendous increases in the numbers of students taking classes online.

The growth of for-profit colleges has been entirely dependent on generous Federal subsidies, including Pell grants, and Federal student loans, as well as military and veterans' benefits. And while the for-profit share of enrollment has grown significantly, the sector's share of Federal student aid dollars has grown even larger. In 2008, the sector enrolled approximately 10 percent of students but received approximately 23 percent of all Federal Pell grants and student loans – more than \$23 billion.

The potential for rapid growth, combined with a large available pool of Federal subsidies, has made for-profit colleges an attractive prospect for investors. Currently, 15 companies enrolling 1.3 million students are publicly traded, while many smaller schools with enrollment up to 20,000 have been purchased by private equity companies. The challenge for these companies is how to satisfy their legal obligation to maximize profits for shareholders while still serving students. Unfortunately, some companies have prioritized enrollment growth over student success.

For-profit colleges must spend a large percentage of their Federal dollars on aggressive marketing campaigns and sales staff to grow. There have been dozens of articles and news reports about deceptive marketing by schools, and there is an abundance of evidence that schools are more focused on enrolling students than making sure the students are prepared to succeed. These stories were corroborated by the Government Accountability Office, which visited 15 campuses of 12 companies and found misleading, deceptive, overly aggressive or fraudulent practices at every one of those campuses. Students were lied to about the cost of the program, about what they could expect to earn, about how many students graduated, about whether their credits would transfer, and about whether the program was accredited.

In addition, my Committee has reviewed recruitment training manuals from several different campuses and they all have one thing in common: manipulation. They encourage their sales staff to identify the emotional weaknesses of prospective students

and to exploit what they call the student's "pain" in order to motivate them to enroll. In my testimony, I provided some of these documents to the Committee.

Unfortunately, our military bases are by no means safe havens from these types of aggressive and misleading recruitment practices. According to a Bloomberg article on for-profit colleges and service members, some of the schools are recruiting on base without permission, circumventing the education coordinator. In one instance, a for-profit recruiter met in the barracks for wounded Marines after the education coordinator gave permission only to meet with students at the base's education center.

For-profit colleges tend to be more expensive than their peer public institutions offering similar degrees. As a result, nearly every student who attends a for-profit school borrows to pay the tuition. In 2008, while only 16 percent of community college students took out loans, 95 percent of for-profit students at two-year schools took out loans.

Unfortunately, students are far more likely to take out a student loan at a for-profit college than they are to receive a diploma. At the HELP Committee's third hearing on for-profits, in September, we sought to answer the question: What is happening to all the students that these schools are pushing so hard to bring in the door? Unfortunately, according to information provided by the 30 schools and analyzed by the HELP Committee, it appears that these students are not faring well. Of the 30 companies we analyzed, 54 percent of students who came in the door in the 2008-2009 school year had left without a degree by the following year. For some schools and programs, the withdrawal rate was as high as 84 percent of students. This is not even the total amount of students dropping out; it is just the students withdrawing within one year of enrolling.

One consequence of high tuition combined with high withdrawal rates is a rapid increase in loan defaults. According to data released last month by the U.S. Department of Education, students taking loans to attend for-profit colleges now account for 46.6 percent – nearly half – of all student loan defaults.

Despite this disturbing record of dropouts and defaults by for-profit students, Congress has acted to increase educational benefits available to active duty troops and

families and to veterans of Iraq and Afghanistan. In December, I released a report into these two programs and found that revenue from DoD educational programs at 18 for-profit education companies increased from \$40 million in 2006 to an unexpected \$175.1 million in 2010, a 337 percent increase. Revenue from VA educational programs for the same 18 for-profit education companies increased from \$26.3 million in 2006 to an unexpected \$285.8 million for 2010, including a fivefold increase between 2009 and 2010.

Revenues from military education benefits at 20 for-profit education companies increased more rapidly than overall revenues in every year between 2006 and 2010. Finally, in the first year of Post-9/11 GI Bill implementation, the VA spent comparable amounts on tuition for students attending public schools and students attending for-profit schools, but the VA funded 200,000 students at public schools compared to just 75,000 at for-profits. This growth is fine if service members and veterans are receiving good value for their education. However, Tuition Assistance and GI Bill benefits are finite. And if schools are misleading students and serving them poorly, they are encouraging students to waste hard-earned benefits.

In sum, because of the high costs, high withdrawal rates, and high default rates among the general student population, combined with troubling stories I have heard from veterans, I am deeply concerned that there is inadequate oversight of our nearly \$30 billion in Federal aid to for-profit schools. I applaud this Committee for turning its attention to this issue as it pertains to the Department of Defense.

After an in-depth examination of the for-profit college sector, spanning nearly a year, my central concern is that a company can be very profitable even when its students are suffering and being shortchanged by every available measure. This dynamic does not exist in other industries. If an airline charges four times its rivals for the same flight, it loses passengers. If a restaurant serves bad food, it loses diners. In the for-profit higher education sector, a company can have two-thirds of its students withdraw within a year of entering, and have 30 percent of its students default on government loans within three years of leaving school, yet still post a 14 percent profit.

That's not a hypothetical. Those are the statistics of an actual company -- a company that, by my Committee's calculations, receives 85 percent of its revenue from taxpayer dollars. Let me repeat those numbers. Two-thirds of students withdraw within a year, a 30 percent default within three years of leaving, a 14 percent profit, and an 85 percent federal subsidy. We can and should expect better.

I believe this disconnect between student success and corporate success is the sad consequence of extending vast sums of Federal aid without adequate incentives to safeguard the interests of taxpayers and students. The challenge that Congress faces now is this: In the wake of these deeply disturbing revelations about taxpayer waste and student failure, how do we ensure that the companies the Federal Government subsidizes are profitable only when their students are successful. I believe your hearing is pursuing answers to very similar questions, and I look forward to the results of your inquiry. Thank you again for the invitation to speak before you today.

STATEMENT BY  
MR. ROBERT L. GORDON III  
DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR  
MILITARY COMMUNITY AND FAMILY POLICY  
REGARDING  
PREVENTING ABUSE OF THE MILITARY'S TUITION ASSISTANCE  
PROGRAM  
  
BEFORE THE  
FEDERAL FINANCIAL MANAGEMENT, GOVERNMENT INFORMATION,  
FEDERAL SERVICES, AND INTERNATIONAL SECURITY  
SUBCOMMITTEE  
OF THE  
SENATE HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS  
  
FIRST SESSION, 112<sup>TH</sup> CONGRESS  
MARCH 2, 2011

Chairman Carper and distinguished members of the Homeland Security and Governmental Affairs Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security, thank you for the opportunity to appear today to discuss the management of the Department of Defense's (DoD) Voluntary Education Tuition Assistance Program and the steps we take to protect this taxpayer-funded benefit.

The Department's Voluntary Education Programs provide lifelong learning opportunities for the off-duty military community, contributing to enhanced unit readiness for our Nation. Education helps prepare our Service members to be better Soldiers, Sailors, Airmen, and Marines; better thinkers, better analysts, and better leaders who will continue to make valuable contributions to our nation. Our programs meet the unique needs of the military off-duty student and, therefore, continue to attract a large percentage of the military population. Each year approximately one-third of our Service members enroll in post-secondary courses leading to associate, bachelors, masters, and doctoral degrees. Colleges and universities, through an extensive network, deliver classroom instruction to hundreds of military installations around the world. Service members also earn college credits for learning that has taken place outside the traditional classroom.

There are certain proclivities that make our military off-duty students and their needs unique. They attend school during off-duty hours, usually during the evening. They take courses in a part-time capacity, one or two classes a term. Often the military mission,

deployments, transfers or family obligations take precedence over their education so they have breaks of months or even years between taking courses, and completion of their degrees normally takes a long time. DoD provides assistance with these challenges through its programs and services, ensuring that opportunities for lifelong learning continue to exist for Service members throughout their careers.

The Military Tuition Assistance (TA) Program: DoD supports Service members in the pursuit of their educational goals via the military TA program to help defray the rising cost of tuition. Military TA often makes the difference between whether or not a Service member can afford to take a class. DoD is very cognizant of this fact and has set a requisite system in place for the management and oversight of the TA program. DoD has standardized the TA program across the Services for consistency providing uniform tuition assistance for voluntary off-duty college courses and degree programs. Under the current uniform TA policy which commenced in Fiscal Year 2003, all Service participants may receive up to \$4,500 of assistance per fiscal year and individual course costs have a \$250 per semester hour cap. Under the DoD management system, participation and accountability is required from multiple stakeholders to include the Office of the Secretary of Defense, the Services, installation commanders, education officers, and the installation education center staff, all working together to ensure a positive experience for our Service members and that our education dollars are well spent. A Service member's participation in DoD-supported voluntary education programs begins with a visit to an installation education center or on-line through their Service



Education portal. There are approximately 350 DoD education sites worldwide, to include contingency areas like Iraq and Afghanistan. At these centers, education officers and education guidance counselors present Service members with an extensive menu of options, provide details about specific programs, help members design courses of study, and provide information on the tuition assistance program, grants, loans and other available funding options. Counselors also accomplish various administrative tasks to ensure that Service members receive maximum exposure to and benefits from available programs.

Oversight of Military TA - Prevention of Predatory Practices. Managing and protecting the quality of education provided our Service members is essential to the Department. In managing the tuition assistance program, all stakeholders must do their part and be held accountable, and a key stakeholder in this endeavor is the post-secondary institution. Underpinning these protections is DoD's requirement that all post-secondary institutions participating in the TA program, whether they are physically on our installations or not, must be accredited by an accrediting body recognized by the U.S. Department of Education. The criteria for being allowed to operate on our installations are even more stringent. Prior to allowing a school to operate on a military installation, an education officer seeks favorable tuition rates, and ensures appropriate student services and instructional support is provided by the schools. The base education staff conducts an education needs assessment to ensure that the colleges and universities providing post secondary instruction on the installations are offering education opportunities which are

appropriate for the population. Institutions granting undergraduate academic credit must also adhere to the Servicemembers Opportunity College (SOC) Consortium Principles and Criteria regarding the transferability of credit and the awarding of credit for military training and experience. In addition to the aforementioned, to operate on an installation, institutions must meet all of the following requirements: (1) Be chartered or licensed by a State government or the Federal Government, and have State approval for the use of veterans' educational benefits for the courses to be offered; (2) Conduct on-installation courses that carry identical credit values, represent the same content and experience, and use the same student evaluation procedures as courses offered through the main administrative and academic campus; (3) Maintain the same admission and graduation standards that exist for the same programs at the main administrative and academic office, and include credits from courses taken off-campus in establishing academic residency to meet degree requirements; (4) Charge tuition and fees that are not more than those charged to nonmilitary students; (5) Have established policies for awarding credit for military training by examinations, experiential learning, and courses completed using modes of delivery other than instructor-delivered, on-site classroom instruction.

Oversight of Military TA - Education Programs. In addition to the requirement that all schools must be accredited by an agency recognized by the U.S. Department of Education, DoD evaluates the education programs that utilize TA dollars to ensure our Service members are receiving the highest caliber education. To accomplish this, DoD contracted with the American Council on Education (ACE) in 1991 to conduct a third

party, independent review of our on-installation programs called the Military Installation Voluntary Education Review (MIVER). This review assesses the quality of voluntary education programs at selected military installations each year and assists in the improvement of voluntary education programs through appropriate recommendations to colleges and universities and installation commanders.

To enhance this third-party review process, DoD is negotiating a new contract that will take the review approach one step further by including those programs not on our installations. We will use improved quality criteria to review programs of those institutions receiving TA dollars that provide traditional 'brick and mortar' based instruction and those in the rapidly expanding distance learning arena. The new contract will also institute a formal monitoring process requiring all schools, installations and the services to respond in writing to recommendations and actions taken to ensure there is continuous quality improvement in the educational services provided to our Service members. In addition, our new voluntary education policy, which has completed all coordination and is enroute to the Under Secretary for signature, requires all institutions participating in the TA program to have a Memorandum of Understanding (MOU) with DoD which articulates the commitments and agreements of the educational institutions receiving TA. The policy applies to both traditional classroom and distance learning institutions operating on and off military installations.

DoD's contract with SOC helps to strengthen its interaction with post-secondary institutions. SOC advocates for and communicates the needs of the military community

to the higher education community. SOC also ensures institutions are responsive to the special needs of Service members, assists the higher education community to understand the requirements of the military, and serves as the DoD liaison with institutions to resolve concerns and share program information to strengthen education relationships with DoD. These measures will assist DoD in ensuring that TA dollars are being applied to programs that are current and relevant.

Government Accountability Office (GAO) Evaluation. Our TA program recently underwent a very detailed examination by the GAO. I am pleased to say that their report on our management of this large and complex program was very favorable. The GAO made five administrative recommendations, all of which we concurred with and are implementing. We are developing a partnership and a series of sharing agreements with the Department of Education which will further enhance our interaction with post-secondary institutions. This partnership will provide DoD information to ensure schools are in compliance with the new Department of Education requirement that all schools have state authorization to offer distance or correspondence learning prior to our determining whether to issue tuition assistance funds. In addition, DoD is developing a sharing agreement to utilize information from the Department of Education's requirements reports from accrediting agencies and school monitoring reviews to assist in better targeting our third-party review process toward schools which have potential problems. This information will also be used to ensure TA funds are not being used to

pay for courses and programs that are not included within the scope of an institution's accreditation.

In addition to this partnership with the Department of Education, DoD is developing a more formal process to track recommendations for improvement from the third –party review which I mentioned previously. Finally, DoD is developing an automated system to document all concerns and complaints with regards to voluntary education, whether by students, DoD personnel, or schools. The system will track the complaint, status and record resolutions and will be operational by the third quarter of this year.

Conclusion. DoD is committed to offering high quality, comprehensive, lifelong learning opportunities for Service members and effectively delivering voluntary education programs that meet the changing needs of the military. Our programs assist Service members in gaining the knowledge they need for their chosen education and military career paths; ensuring they acquire the skills necessary to operate in a dynamic national security environment; and in returning to civilian life, that they are prepared to be successful in their chosen careers, leading contributors to their communities, and productive citizens in the 21<sup>st</sup> century.

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**GAO**

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**United States Government Accountability Office****Testimony****Before the Subcommittee on Federal Financial  
Management, Government Information, Federal  
Services, and International Security, Committee on  
Homeland Security and Governmental Affairs, United  
States Senate**

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## **DOD EDUCATION BENEFITS**

### **Further Actions Needed to Improve Oversight of Tuition Assistance Program**

Statement of George A. Scott, Director  
Education, Workforce, and Income Security

**GAO-11-389T**

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Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss the Department of Defense's (DOD) oversight of its Military Tuition Assistance (TA) Program. In fiscal year 2010, the TA Program provided \$531 million in tuition assistance to approximately 302,000 service members who elected to pursue off-duty<sup>1</sup> postsecondary education.<sup>2</sup> DOD offers these benefits to service members in order to help them fulfill their academic goals and enhance their professional development. Program oversight for voluntary education programs is the responsibility of the Undersecretary of Defense for Personnel and Readiness.<sup>3</sup> In addition, the military services are responsible for establishing, maintaining, operating, and implementing the programs at 350 education centers on military installations worldwide.<sup>4</sup> Education centers are managed by an education services officer (ESO) and staff, such as education guidance counselors.

Today I will discuss (1) DOD's oversight of schools receiving TA funds and (2) the extent to which DOD coordinates with accrediting agencies and the Department of Education (Education) in its oversight activities. This testimony is based on GAO's recent report, titled *DOD Education Benefits: Increased Oversight of Tuition Assistance Program Is Needed*.<sup>5</sup> Our report and testimony are based on work we performed between August 2010 and February 2011. Our work was performed in accordance with generally accepted government auditing standards.

In summary, DOD is taking steps to enhance its oversight of schools receiving TA funds. However, we found that areas for improvements

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<sup>1</sup>DOD defines "off-duty time" as the time when service members are not scheduled to perform official duties.

<sup>2</sup>TA funds may be used for educational activities such as (1) completion of an associate's degree, bachelor's degree, or master's degree; (2) for courses leading to technical, vocational, or professional certificate or license; (3) building academic foreign language skills when not part of a degree program; and (4) to pursue prerequisite courses for academic skill development or preparation for a degree program, according to the Joint Service Uniform Tuition Assistance Policy.

<sup>3</sup>DOD Directive 1322.08E (May 3, 2010) and DOD Instruction 1322.25 (April 23, 2007).

<sup>4</sup>Education centers located on military installations are equipped with office space, classrooms, laboratories, and other features to conduct voluntary education programs and provide on-installation classes.

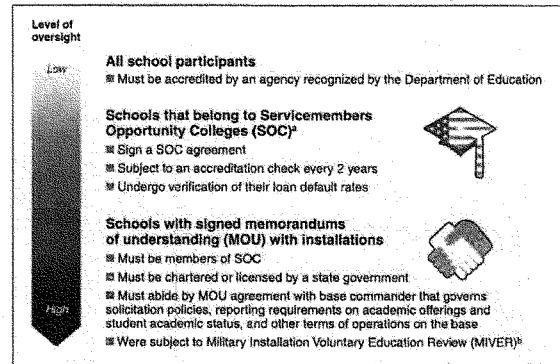
<sup>5</sup>GAO-11-390 (Washington, D.C.: Mar. 1, 2011).

remain. Specifically, DOD could benefit from a systematic, risk-based oversight approach, increased accountability in its education quality review process, and a centralized system to track complaints. We also found that DOD's limited coordination with accrediting agencies and Education may hinder its oversight efforts. We make several recommendations to DOD that are intended to improve its oversight of schools receiving TA funds. DOD agreed with our recommendations.

### DOD's Oversight Could Benefit from a Systematic, Risk-based Approach, Increased Accountability in its Education Quality Review Process, and a Centralized System to Track Complaints

DOD does not systematically target its oversight efforts based on factors that may indicate a higher risk for problems. Instead, DOD's oversight policies and procedures vary by schools' level of program involvement and schools that operate on base are subject to the highest level of oversight, as shown in figure 1.

Figure 1: DOD Participation Requirements by School Level of Program Involvement



Source: GAO analysis of program policies and testimonial evidence from DOD and SOC officials.

\*SOC is funded by DOD through a contract with the American Association of State Colleges and Universities. SOC functions in cooperation with 15 higher education associations, DOD, and active and reserve components of the military services to expand and improve voluntary postsecondary education opportunities for service members worldwide.

†MIVER had two purposes: (1) to assess the quality of selected on-installation voluntary education programs and (2) to assist in the improvement of such education through appropriate recommendations to institutions, installations, DOD, and the military services. DOD contracted with the American Council on Education (ACE) to administer the MIVER.



DOD is taking steps to address the varying levels of oversight and create a more uniform set of oversight policies. DOD recently published a proposed rule for its voluntary education programs in the *Federal Register* for public comment.<sup>6</sup> Included in this rule, among other things, are guidelines for establishing, maintaining, and operating voluntary education programs, including instructor-led courses offered on and off installations, distance education courses,<sup>7</sup> and the establishment of a DOD Voluntary Education Partnership memorandum of understanding (MOU) between DOD and all educational institutions receiving TA funds. DOD estimates that this new rule will become effective at the beginning of 2012.

While DOD is creating more uniform oversight policies, its oversight activities still lack a risk-based approach. While DOD monitors enrollment patterns and schools' funding levels, and addresses complaints about postsecondary schools on a case-by-case basis, its oversight activities do not include a systematic risk-based approach that considers these factors when targeting schools for review.<sup>8</sup> Collectively, this information could provide DOD with data that can be used to better target schools for review or inform other oversight decisions.

Until recently, DOD depended on an education quality review process that was narrow in scope and needed increased accountability. From 1991 to 2010, DOD relied on the Military Installation Voluntary Education Review (MIVER) to ensure quality education services for its service members.<sup>9</sup> MIVER was limited to institutions that offered face-to-face courses at

<sup>6</sup>Voluntary Education Programs, 75 Fed. Reg. 47,504 (Aug. 6, 2010) (to be codified at 32 C.F.R. pt. 68).

<sup>7</sup>DOD defines "distance education" as the delivery of education or training through electronically mediated instruction, including satellite, video, audio graphic, computer, multimedia technology, and other forms of learning at a distance, such as correspondence and independent study.

<sup>8</sup>According to the following report, GAO, *Internal Control: Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C. November 1999), to better achieve their missions and improve accountability, federal agencies are required to employ certain internal controls, including assessing the risk agencies face from both external and internal sources. Applying the federal risk assessment standard to the TA Program suggests that DOD needs to consider all significant interactions between its entity and other parties, as well as internal factors at both the entitywide and activity level. Risk identification methods may include qualitative and quantitative ranking activities, and consideration of findings from audits and other assessments.

<sup>9</sup>The most recent MIVER contract was a 4-year contract (January 1, 2007, to December 31, 2010) with a total value of \$3,743,440.

military installations and did not account for distance learning courses paid for with TA funds. In fiscal year 2009, about \$360 million of TA funds paid for distance learning courses (71 percent of courses taken by service members). Moreover, three of the four military services lacked a process to follow up on and respond to MIVER findings. During the MIVER review process, reviewers developed a report listing their recommendations, commendations, and observations of the educational services provided by the installation and the institutions offering courses at that installation. MIVER final reports were distributed to the institutions and installations that were reviewed as well as DOD officials and its military services. The Army was the only military service that required installations that received a site visit to submit a follow-up report indicating actions taken in response to the MIVER reviews. One DOD official reported that MIVER reports were helpful in identifying the strengths, weaknesses, and areas for improvement in DOD educational programming, and ESO's told us that some recommendations were implemented with successful results.<sup>10</sup> Given that there was no DOD-wide requirement to track the outcomes of MIVER recommendations and some of the military services did not require schools and installations to formally respond to MIVER findings, it is unclear the extent to which recommendations that could improve the quality of education services offered at schools and installations were addressed.

DOD is developing an expanded review process to strengthen its oversight of postsecondary institutions. Under this new review process, Military Voluntary Education Review (MVER), all institutions receiving TA funds, regardless of whether the school delivers courses face to face or by distance education, will be subject to a review. The contract for MIVER ended in 2010, and DOD is currently in the process of obtaining a contractor for its new review process. According to DOD, a contractor will be selected in 2011 and the new third-party review process will commence on October 1, 2011.

While DOD has several mechanisms for service members to report problems associated with their TA funding, it lacks a centralized system to track complaints and how they are resolved. If service members have a

<sup>10</sup>The military services also had the option to request a MIVER revisit. During a revisit, a MIVER team would return to the installation to determine the extent to which the recommendations had been implemented. The revisits usually occurred in cases where the original MIVER visit resulted in many negative findings and commensurate recommendations.

complaint or issue regarding a school, they can speak with a counselor at their installation's education center, contact a representative from SOC, use the call center service,<sup>11</sup> or use the Interactive Customer Evaluation (ICE)—DOD's online system to collect customer feedback.<sup>12</sup> DOD reported that most of the complaints it receives are administrative in nature, such as billing issues. However, a few complaints involve schools' improper or questionable marketing practices, such as school representatives conducting marketing activities at installations without the installation commander's or ESO's permission. According to DOD officials, DOD's practice is to have education center staff resolve complaints at the installation level and to only elevate issues that warrant greater attention to the military service level. However, DOD and its military services do not have a formal process or guidance in place to assist education center staff in determining when they should elevate a complaint to their military service chief or DOD. Without policies and a centralized system to track complaints and their outcomes, DOD may not have adequate information to assess trends across its military services or determine whether complaints have been adequately addressed.

### DOD's Limited Use of Information from Accreditors and Education May Hinder Its Efforts

DOD's oversight process does not take into account accrediting agencies' monitoring results of schools. Schools can be sanctioned by accrediting agencies when they fail to meet established accrediting standards, such as providing sound institutional governance, accurate information to the public, and offering effective educational programs. For example, on the basis of an accrediting agency's monitoring results that were publicly available, a school was warned it could be at risk of losing its accreditation in part because it lacked evidence of a sustainable assessment process to evaluate student learning. The school was required to submit a report to the accrediting agency providing evidence of its process and that the results were being used to improve teaching, learning, and institutional effectiveness. According to accrediting agency officials,

<sup>11</sup>The military services established call centers to handle issues such as complaints related to the TA Program, according to DOD officials.

<sup>12</sup>ICE is an online portal operated by DOD to collect feedback on DOD products and services, including educational programming.

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schools are given multiple opportunities to correct deficiencies before having accreditation revoked and can be sanctioned for up to 2 years.<sup>13</sup>

DOD also does not use accrediting agency information about schools' substantive changes in its oversight efforts. DOD does not currently require schools to have their substantive changes approved by their accrediting agency in order to receive TA funds. Schools may introduce new courses or programs significantly different from current offerings, and such changes may be considered substantive and outside the scope of an institution's accreditation. Unlike DOD, Education requires a school to obtain its accrediting agency's approval on any substantive change and report this information to Education for approval before it can disburse federal student aid under the Title IV programs<sup>14</sup> to students enrolled in new courses or programs considered to be substantive changes.<sup>15</sup> DOD recently proposed that tuition assistance funds should be available for service members participating in accredited undergraduate or graduate education programs and that approved courses are those that are part of an identified course of study leading to a postsecondary certificate or degree.<sup>16</sup> According to Education, schools seeking Title IV funds generally wait for approval before enrolling students in such new courses and programs, but can collect other federal education assistance and out-of-pocket funds during that time. Students enrolled in unapproved courses or

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<sup>13</sup>Accrediting agencies may also be challenged in their decisions to revoke a school's accreditation, and legal proceedings may take a number of years to be finalized.

<sup>14</sup>Title IV of the Higher Education Act of 1965 (HEA), as amended, authorizes financial assistance to help students and families pay for postsecondary education through student grants and loans, such as Pell Grants for low-income students, PLUS loans to parents and graduate students, and Stafford loans.

<sup>15</sup>Education requires accrediting agencies to have substantive change policies in place to ensure that any substantive change to an institution's educational mission or programs does not adversely affect its capacity to continue to meet its accrediting agency's standards. In order to be recognized by Education, accrediting agencies must require an institution to obtain the agency's approval of a substantive change, and have a definition of substantive change, which includes such changes as any change in the established mission or objectives of the institution; any change in the legal status, form of control, or ownership of the institution; the addition of courses or programs that represent a significant departure from the existing offerings of educational programs; or method of delivery; from those that were offered when the agency last evaluated the institution, or the addition of programs of study at a degree or credential level different from that which is included in the institution's current accreditation or pre-accreditation.

<sup>16</sup>Voluntary Education Programs, 75 Fed. Reg. 47,508 (Aug. 6, 2010) (to be codified at 32 C.F.R. pt. 68).

programs have less assurance that they are receiving a quality education, according to Education officials. On the basis of Education's fiscal year 2009 Program Compliance Annual Report, we determined that there were over 1,200 substantial changes processed in fiscal year 2009.

DOD does not utilize information from Education's monitoring reviews to inform its oversight efforts. This information can alert DOD to problems at schools that may affect the quality of education provided to students, including service members. Education determines schools' initial eligibility to participate in federal student aid programs through eligibility reviews and continuing eligibility through program reviews, compliance audits, and financial audits. The results of these oversight activities provide additional insight into a school's financial stability, quality of education, and compliance with regulations that provide consumer protections for students and the federal investment. See table 1 for a summary of Education's oversight activities.

**Table 1: Education's Monitoring of Schools Participating in the Title IV Program**

Focus of oversight	Types of school monitored	Activity
Financial health <sup>a</sup>	Private nonprofit and for-profit	<b>Financial responsibility:</b> Education determines schools' financial responsibility by assessing its cash reserves and the school's history of meeting its past financial obligations. In 2008 and 2009, at least 249 schools failed the financial stability test, and Education placed some of these schools on heightened monitoring.
Related to quality of education	All schools	<b>Student loan cohort default rate:</b> According to Education officials, Education uses student loan cohort default rates implicitly as a proxy for education quality. A large number of students in default may indicate that a school may be poorly preparing students for employment. Schools with default rates above certain thresholds lose eligibility to participate in Title IV programs.
	For-profit only	<b>90/10 rule:</b> In order to participate in Title IV programs, for-profit schools cannot receive more than 90 percent of their revenue from Title IV funds. <sup>b</sup> Between 2003 and 2008, 7 schools lost eligibility for federal student aid because of noncompliance with the 90/10 rule.

Focus of oversight	Types of school monitored	Activity
Consumer protection related to schools' recruiting practices	All schools	<b>Incentive compensation:</b> Schools participating in Title IV programs are prohibited from compensating recruiters based directly or indirectly on their success in enrolling students or securing financial aid for them. Between 1998 and 2009, Education substantiated incentive compensation violations at 32 schools. <sup>6</sup>
	All schools	<b>Misrepresentation:</b> Institutions participating in Title IV programs may not engage in substantial misrepresentation of the nature of the institution's educational program, its financial charges, or the employability of its graduates. According to Education's compliance data, Education found at least 16 misrepresentation violations between 2004 and 2009 through compliance audits and closed program reviews.

Source: GAO analysis of laws and regulations, as well as testimonial evidence and program documents from Education.

<sup>6</sup>Education considers a public institution financially responsible if it demonstrates legal designation as a public institution and has not violated past performance requirements.

<sup>7</sup>DOD tuition assistance funds are counted toward meeting a proprietary institution's minimum of 10 percent non-Title IV funds. A school's revenue percentage must be calculated in accordance with 34 C.F.R. § 668.28.

<sup>8</sup>GAO, *Higher Education: Information on Incentive Compensation Violations Substantiated by the U.S. Department of Education*, GAO-10-370R (Washington, D.C. Feb. 23, 2010).

The results of Education's monitoring activities can provide DOD and its military services with additional insight into a school's ability to provide a quality education and services to students. Schools that are financially unstable or fail to comply with student loan default rate and 90/10 requirements may be unable to fulfill their promises to provide students with quality program offerings, according to Education. Military education center staff we spoke with at two military installations indicated that ensuring the consumer protection of service members amidst sometimes deceptive recruiting practices of some schools can be a challenge. Education's monitoring results in these areas could provide relevant information to help DOD and its Military Services to better target their oversight and provide additional consumer protection for service members.

DOD may also be able to leverage information from Education's ongoing efforts to improve oversight of distance education. Education has recently developed additional provisions to better address distance education. For example, Education has developed a review process and guidance for its staff to assess the integrity of distance learning programs, such as whether schools have a process to verify student attendance. DOD has proposed

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that distance education schools be subject to MVER reviews by 2012, but currently does not generally evaluate these courses.<sup>17</sup>

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## Conclusions

In fiscal year 2010, nearly 302,000 service members relied on TA funds to help further their academic and professional goals. The amount of TA funding going toward distance learning programs creates new oversight challenges for DOD and its military services, especially since DOD oversight has primarily focused on schools offering traditional classroom instruction on military installations.

Although DOD is taking steps to improve its oversight of schools receiving TA funds, increased oversight is still needed to remedy gaps in the accountability of its third-party quality review process and the process to address complaints against schools. Additionally, DOD could further enhance its oversight efforts by leveraging information from accrediting agencies and the results of oversight actions by the Department of Education. We are recommending that DOD take a number of actions to improve its oversight of schools, including (1) improving accountability for recommendations made by third-party education quality reviews, (2) developing a centralized process to track complaints against schools, (3) conducting a systemic review of its oversight processes, and (4) taking actions to ensure TA funds are used only for accreditor approved courses and programs. Measures like these could strengthen DOD's oversight activities and help ensure that TA funds are used properly and help enable service members to receive a quality education. DOD concurred with our recommendations.

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<sup>17</sup> A school on a military installation selected for a MIVER review were subject to questions MIVER developed for distance education providers, such as how to verify the identity of students enrolled in online courses.

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Mr. Chairman, this concludes my prepared remarks. I would be happy to answer any questions that you or other members of the subcommittee may have.

For further information regarding this testimony, please contact George A. Scott, (202) 512-7215 or ScottG@gao.gov. Contact points for our Office of Congressional Relations and Public Affairs may be found on the last page of this statement. Individuals who made key contributions to this testimony include Tranchau (Kris) Nguyen (Assistant Director), Raun Lazier (Analyst-in-Charge), James Bennett, Jessica Botsford, Susannah Compton, Catherine Hurley, Edward (Ted) Leslie, Katya Melkote, and Luann Moy.



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86

STATEMENT BY  
DR. KATHRYN MCMURTRY SNEAD  
DIRECTOR, SERVICEMEMBERS OPPORTUNITY COLLEGES  
REGARDING  
MILITARY'S TUITION ASSISTANCE PROGRAM  
BEFORE THE  
FEDERAL FINANCIAL MANAGEMENT, GOVERNMENT INFORMATION,  
FEDERAL SERVICES, AND INTERNATIONAL SECURITY  
SUBCOMMITTEE  
OF THE  
SENATE HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS  
FIRST SESSION, 112<sup>TH</sup> CONGRESS  
MARCH 2, 2011

Servicemembers Opportunity Colleges (SOC) is a DoD contractor supporting government-sponsored education to servicemembers. SOC is funded by DoD through a contract with the American Association of State Colleges and Universities (AASCU) and managed for DoD by the Defense Activity for Non-Traditional Education Support (DANTES). The statements and opinions expressed in this testimony are those of its author and do not necessarily reflect the views or policies of DoD.

Chairman Carper and distinguished members of the Homeland Security and Governmental Affairs Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security, thank you for the opportunity to discuss the management of the Department of Defense's (DoD) Voluntary Education Tuition Assistance Program.

It is DoD policy, defined by the Department of Defense's Directive 1322.08E, that members of the Armed Forces serving on active duty or actively drilling members of the Reserve Component shall be afforded the opportunity to complete their high school education, earn an equivalency diploma, improve their academic skills or level of literacy, enroll in vocational and technical colleges, and enroll in postsecondary education programs that lead to undergraduate and graduate degrees. Further, the costs of servicemembers participating in these Voluntary Education program are authorized by law to be funded by the tuition assistance program administered uniformly across the Military Services.

SOC's primary role in supporting the Department of Defense's Voluntary Education Program, defined in our Department of Defense contractual statement of work, is verifying that institutions that provide undergraduate educational programs on military installations are appropriately accredited, agree to adhere to academic principles and criteria regarding the transferability of credit and the awarding of credit for military training and experience, and have academic policies that facilitate completion of an academic degree or credential by servicemembers.

Built into the SOC Principles and Criteria are initial conditions for SOC Consortium membership that include: degree-granting authority by an institutional accrediting agency recognized by the Department of Education and/or Council for Higher Education Accreditation (CHEA), institutional approval by state approving agencies to receive VA education benefits, and meeting U.S. Department of Education student loan default guidelines.

Beginning in 2005, the SOC Principles and Criteria were expanded to include Operating Guidelines for member institutions related to college recruiting, marketing, and student services. The guidelines evolved into Standards of Good Practice for SOC Consortium institutions that are formally attached to the Principles and Criteria to which SOC Consortium members biannually affirm their compliance. New members pledge adherence when they become part of the SOC Consortium.

Participating academic institutions agree that their outreach efforts to servicemembers employ advertising and recruiting practices that focus on the educational programs and services available, accurately depict requisite knowledge and skill sets needed to succeed in these educational programs, and list all costs and conditions required for admission and enrollment. Our Standards of Good Practice also state that high-pressure promotional activities or enrollment incentives are inappropriate recruiting practices by our members.

With the increased funding levels in recent years that DoD Tuition Assistance and Veterans Affairs GI Bill programs contribute toward servicemembers'/veterans' education, some institutions have focused their recruiting and enrollment efforts on military student populations funded by federal government agencies. Given the volatility of the stock, banking, and housing markets, some institutions have sought to limit their capital risk potential by heavily recruiting students supported by guaranteed federal monies (e.g., federal Title IV financial aid, Tuition Assistance, and Veterans Affairs education benefits) to reduce the risk of enrolling students solely reliant on these personal funding sources which fluctuate with the economic downturns. A focus on advertising and recruiting students to "start" college without regard to student success metrics is where potential abuse of the DoD Tuition Assistance program may lie.

In the revised policy DoD Instruction, 1322, DoD Memorandum of Understanding (Appendix A to Part 68), a signed agreement with all institutions who participate in the DoD TA program, schools are required to affirm their commitment to adhere to the SOC Principles and Criteria and our Military Student Bill of Rights as a condition for program eligibility. Institutional adherence to the SOC Principles and Criteria and Military Student Bill of Rights will be monitored by a DoD compliance program managed by DANTES. With these added measures to document, identify, and continuously track adherence to SOC Principles and Criteria and the Standards of Good Practice, greater emphasis will be focused on compliance and elimination of any abusive enrollment practices in the Voluntary Education Program.

SOC's services contract with DoD identifies a second role related to college/university compliance with standards of good practice: serving as an academic forum for "academic counseling and troubleshooting." One of SOC's contract requirements is to research, problem-solve, and resolve (where possible) military student issues or grievances with SOC Consortium member institutions as

well as concerns brought to SOC by Education Services personnel and third parties. In this capacity, SOC staff research, document, and serve as ombudsmen for individual students or the military services to resolve alleged academic grievances or complaints with the specific college cited. In cases where there is no successful resolution to the problem or issue, SOC forwards the complaint/issue to other agencies: DoD Voluntary Education Inter-service Working Group, Department of Education, and/or the appropriate institutional accrediting agency.

With respect to improving fraud prevention in the DoD TA program, my recommendation would be more frequent and systematic analysis of student enrollment data for TA users. Historically, the accountability measures and account analysis employed by the military services have focused on micro-level data, i.e., whether federal monies funding an individual servicemember's educational endeavor needed to be repaid in cases where the military student did not successfully pass/complete the courses in which they enrolled using federal funding. The DoD could extend this analysis to examine course completion and TA usage data on the institutional level as well as the individual servicemember level. Systematically reviewing course completion rates—to include withdrawal for other than military/ deployment reasons, course failures, incomplete grades, or no grade reported—of TA usage by receiving institutions may prove useful. Collecting and aggregating such data across the Armed Services would also be useful for all tuition programs. Replicating similar data analyses for institutions receiving VA educational benefits might assist the federal government's overall financial accountability efforts. Since some servicemembers top up their tuition assistance funding with VA education benefits, it is likely that similar advertising and marketing strategies will be employed by institutions in both these military student markets.

### SERVICEMEMBERS OPPORTUNITY COLLEGES SOC PRINCIPLES AND CRITERIA 2011-2013

Servicemembers Opportunity College (SOC), co-sponsored by the American Association of State Colleges and Universities (AASCU) and the American Association of Community Colleges (AACC), functions in cooperation with 14 other higher education associations, the Department of Defense, Active and Reserve Components of the military Services, and the Department of Veterans Affairs to expand and improve voluntary postsecondary education opportunities for servicemembers worldwide.

The SOC Consortium, comprised of more than 1,900 college and university members, enrolls hundreds of thousands of servicemembers, their family members, and veterans annually in associate, bachelor, and graduate-level degree programs on school campuses, military installations, armories within the United States and overseas, and through distance learning and learning assessment. These voluntary programs are a significant joint venture and require strong commitment and coordination among academic institutions and agencies, the military Services including the National Guard, the Coast Guard, and the Office of the Secretary of Defense (OSD).

SOC is a vehicle to help coordinate voluntary postsecondary educational opportunities for servicemembers. SOC does this by:

- seeking to stimulate and help the higher education community understand and respond to special needs of servicemembers;
- advocating the flexibility needed to improve access to and availability of educational programs for servicemembers;
- helping the military Services including the National Guard and the Coast Guard, understand the resources, limits, and requirements of higher education;
- helping the higher education community understand the resources, limits, and requirements of the military Services including the National Guard and the Coast Guard; and
- seeking to strengthen liaison and working relationships among military and higher education representatives.

#### SOC PRINCIPLES

To achieve its goals, SOC is founded on principles agreed to collectively by the higher education community through the SOC Advisory Board, the Office of the Secretary of Defense (OSD), and the military Services including the National Guard, and the Coast Guard.

SOC Principles are predicated upon such principles as those set forth in the *Joint Statement on the Transfer and Award of Credit* of the American Association of Collegiate Registrars and Admissions Officers (AACRAO), the American Council on Education (ACE), and the Council for Higher Education Accreditation (CHEA), and are drawn principally from the cumulative experience of educational institutions and agencies judged successful in their work with servicemembers. The Principles embody a needed institutional flexibility with thoughtful development of programs and procedures appropriate to the needs of servicemembers, yet recognize the necessity to protect and assure the quality of educational programs.

**Principle 1.** In order to enhance their military effectiveness and to achieve their educational, vocational, and career goals, servicemembers should share in the postsecondary educational

opportunities available to other citizens.

**Principle 2.** Educational programs for servicemembers should rely primarily on programs, courses, and services provided by appropriately accredited institutions and organizations, including high schools, postsecondary vocational and technical schools, colleges, and universities.

**Principle 3.** To enhance access to undergraduate educational opportunities for servicemembers, institutions should maintain a necessary flexibility of programs and procedures, particularly in admissions, credit transfer, and recognition of other applicable learning, including that gained in the military; in scheduling and format of courses; and in academic residency requirements to offset servicemembers' mobility, isolation from campuses, and part-time student status.

#### **SOC INSTITUTIONAL MEMBERSHIP**

Institutions may join the SOC Consortium as entire institutions or appropriate subdivisions (e.g., colleges, schools, or major divisions). For membership in the SOC Consortium, an institution must meet three requirements:

- Each institution must satisfy six initial conditions.
- A responsible administrative official must commit the institution or the appropriate major subdivision to fully comply with and support the SOC Principles and Criteria as it delivers undergraduate postsecondary programs, courses, and supporting services to servicemembers on military installations or at locations accessible to them.
- The prospective institutional member must be approved as meeting SOC Principles and Criteria by the Director of SOC.

#### **INITIAL CONDITIONS FOR MEMBERSHIP**

Institutional members must meet the following conditions:

- be listed in the Council for Higher Education Accreditation's (CHEA) *Database of Programs Accredited by Recognized U.S. Accrediting Organizations*;
- be a degree-granting institution that is duly accredited by an institutional accrediting agency recognized by the U.S. Department of Education or by the Council for Higher Education Accreditation (CHEA);
- meet appropriate provisions of DOD Directive 1322.8, *Voluntary Educational Programs for Military Personnel*, DOD Instruction 1322.25, *Voluntary Education Programs*, and appropriate Service regulations when providing educational services on military installations;
- be approved for educational benefits by the appropriate State Approving Agency for veterans' benefits;
- agree to submit data for the *SOC Consortium Guide*; and
- not be listed by the U.S. Department of Education as having an excessive student loan default rate.

#### **SOC CRITERIA**

Inherent in the SOC Principles are expectations and standards essential to their translation into

performance and action. The SOC Criteria express those expectations and standards and constitute an operational framework for SOC member institutions to extend to servicemembers undergraduate educational opportunities that are sometimes distinct from common institutional practice. The Criteria characterize flexibility essential to the improvement of access by servicemembers to undergraduate educational programs. The Criteria stipulate that institutional policies and practices be fair, equitable, and effective in recognizing special and often limiting conditions faced by military students.

**Criterion 1. Transfer of Credit.**

Since mobility makes it unlikely that a servicemember can complete all degree program requirements at one institution, a SOC Consortium institution designs its transfer practices for servicemembers to minimize loss of credit and avoid duplication of coursework, while simultaneously maintaining the integrity of its programs. It is recognized that SOC Consortium institutions must maintain quality and integrity within a complex academic and regulatory environment where resource, regulatory, and academic realities sometimes militate against the broad spirit of flexibility that SOC advocates. Consistent with this reality and with the requirements of a servicemember's degree program, a SOC Consortium institution follows the general principles of good practice outlined in the *Joint Statement on the Transfer and Award of Credit*. Each institution may be required to submit documentary evidence that it generally accepts credits in transfer from other accredited institutions, and that its credits in turn are generally accepted by other accredited institutions.

**Criterion 2. Academic Residency Requirements.**

A SOC Consortium institution limits academic residency requirements for active-duty servicemembers to no more than 25 percent of the undergraduate degree program; recognizes all credit course work offered by the institution as applicable in satisfying academic residency requirements; and allows servicemembers to satisfy academic residency requirements with courses taken from the institution at any time during their program of study, specifically avoiding any "final year" or "final semester" residency requirement, subject to stated requirements in specific course areas such as majors. If a SOC Consortium institution offers one hundred percent of an undergraduate degree online, that institution may require active-duty servicemembers to take thirty percent of that degree program to obtain residency. (Institutions joining SOC for the purpose of participating in the Concurrent Admissions Program (ConAP) are exempted from this criterion.)

**Criterion 3. Crediting Learning from Military Training and Experience.**

A SOC Consortium institution provides processes to determine credit awards and learning acquired for specialized military training and occupational experience when applicable to a servicemember's degree program. A SOC Consortium institution recognizes and uses the *ACE Guide to the Evaluation of Educational Experiences in the Armed Services* in determining the value of learning acquired in military service, and awards credit for appropriate learning acquired in military service at levels consistent with *ACE Guide* recommendations and/or those transcribed by the Community College of the Air Force, when applicable to a servicemember's program.

**Criterion 4. Crediting Extra-Institutional Learning.**

Recognizing that learning occurs in extra-institutional and non-instructional settings, a SOC Consortium institution provides processes to evaluate and award appropriate undergraduate-level credit for such learning through practices that reflect the principles and guidelines in the statement on *Awarding Credit for Extracurricular Learning*. This shall include awarding credit through use of one or more of the nationally-recognized, non-traditional learning testing programs provided for servicemembers by the OSD, such as described in the *ACE Guide to Educational Credit by Examination*. These examinations include CLEP, DSST, and ECE whether or not they supplement institutional challenge examinations or test-out procedures.



### SOC INSTITUTIONAL OPERATING GUIDELINES

In addition to the SOC Criteria, some operating guidelines can be drawn from the SOC Principles and the experience of educational institutions and agencies that have shown success and quality in their educational offerings to servicemembers.

**Admissions.** In recognition of the preparation and experience of many servicemembers, SOC Consortium institutions facilitate the admission and enrollment of qualified candidates by providing means to determine levels of ability and achievement of servicemembers. Admissions practices, developed primarily for recent high school graduates, often work to the disadvantage of a servicemember who may be qualified for college-level work, yet may be unable to satisfy commonly imposed requirements. Specialized training and experience in the military Services or elsewhere, that may qualify individuals for college admissions and credit, often go unrecognized.

To facilitate admission and enrollment of qualified servicemembers, SOC Consortium institutions:

- recognize the GED high school equivalency certificate/diploma, utilizing ACE recommendations concerning academic performance;
- accept and record previously successful postsecondary study as part of the servicemember's program requirements, if appropriate;
- recognize learning gained from specialized training and experience in the military Services or elsewhere;
- establish competency by nationally-recognized means, such as standardized tests;
- publicize alternative admission procedures available to servicemembers;
- conduct timely evaluation of the educational records and relevant experiences of servicemembers;
- waive formal admission for servicemembers seeking enrollment in course work for transfer to another institution; and
- complete an education plan or degree plan for all servicemembers.

**Extra-Institutional Learning.** The military is an employer committed to providing genuine access to educational opportunity clearly connected to military workplace learning. In recognition of this commitment, SOC Consortium institutions help servicemembers and veterans to incorporate credits in their degree programs based on collegiate-level learning achieved not only through formal school training but also through occupational experience, and nationally-recognized, non-traditional learning testing programs. This learning can occur both in the military and in civil society.

Military occupational experience represents a legitimate area of learning outside the formal classrooms of specialized military training courses. A SOC Consortium institution should recognize the value of such experience and award appropriate credit for Military Occupational Specialties (MOS) and Navy Rates and Ratings as recommended by the ACE *Guide to the Evaluation of Educational Experiences in the Armed Services*.

Learning may also be acquired through other experiences, civilian non-collegiate courses, and collegiate non-traditional courses. Courses in the last group have evaluative mechanisms recognized by the

operating institution. Credit recommendations for training courses offered by business and industry, government, labor unions, and other public and private sectors are given in the *ACE National Guide to College Credit for Workforce Training*, the *ACE Guide to Educational Credit by Examination*, and *A Guide to Educational Programs in Noncollegiate Organizations* by the Board of Regents, The University of the State of New York.

The portfolio evaluation method, sponsored by the Council for Adult and Experiential Learning (CAEL) and used in some form by hundreds of institutions, is also an important aid in determining credit equivalence and applicability of experiential learning.

**Distance Learning (Also see Attachment B, Principles of Good Practice for Higher Education Institutions Providing Voluntary Distance Education to Members of the U.S. Armed Forces and their Families).** Increasing numbers of accredited colleges and universities offer distance learning opportunities to qualified students. Distance learning comes in a wide variety of modalities including online courses, video cassette courses, paper-based correspondence courses, instructor-enhanced independent study courses, and many variations of these and other methodologies. Instruction can occur synchronously among sites using a network of videoteleconferencing systems and locations. Most often instruction is asynchronous whereby students do not engage in learning together at a distance on a pre-set schedule. With distance learning, as with extra-institutional learning, SOC Consortium institutions must determine the comparability of the nature, content, and level of transfer credit in relation to their own course offerings. SOC Consortium institutions are diligent in evaluating the appropriateness and applicability of credits earned in transfer through distance learning from properly regionally and nationally accredited institutions. Generally SOC Consortium institutions can determine comparability by examining the course learning outcomes, course descriptions and other materials obtained from institutional catalogues, and from direct contact between knowledgeable and experienced faculty and staff at both the receiving and sending institutions.

DANTES provides useful listings of available independent study courses in its *Independent Study Catalog* and distance learning programs in its *External Degree Catalog*.

To enhance study opportunities for servicemembers, SOC Consortium institutions:

- advise and assist servicemembers to make maximum use of distance learning;
- provide their own modes of distance learning. Through advisement and listing in their publications, they make students aware of acceptable forms of distance learning available through other sources; and
- consider the acceptance in transfer, when appropriate to a servicemember's program, of credit earned through distance learning from other regionally and nationally accredited institutions.

**Graduate Education.** SOC Consortium institutional Operating Guidelines facilitate graduate program admissions, enrollment, and degree completion by servicemembers. SOC Consortium institutions offering graduate programs:

- recognize the maturity and experience of servicemembers as adult learners in admissions and enrollment policies and procedures;
- maximize institutional delivery options to meet the special needs of servicemembers;

- have flexible policies regarding the transfer of graduate credit by servicemembers and veterans from accredited institutions, and apply those credits where appropriate to meet degree requirements; and
- recognize graduate-level learning gained from specialized training and experience in the military Services as recommended by the *ACE Guide to the Evaluation of Educational Experiences in the Armed Services* and apply that credit to a student's degree program where appropriate.

**Institutional Commitment.** In order to achieve consistent application of policy in offering programs for servicemembers, SOC Consortium institutions make appropriate assignment of responsibility and monitor institutional performance in the delivery of such programs.

Programs for military students, whether offered on-campus or on an installation, require added institutional attention and supervision. Procedures that may have been effective for the traditional campus or student population no longer suffice. The nature of the institutional commitment to servicemembers needs to be made clear to institutional representatives as well as to the student.

Demonstrating their understanding of and commitment to servicemembers, SOC Consortium institutions:

- publicize widely to their faculty and students the nature of their commitment and programs and activities offered on behalf of servicemembers and include a statement of commitment to SOC in their catalogs;
- provide effective administrative staffing and processes to give adequate support to programs for servicemembers;
- develop procedural directives for instructors, counselors, admissions officials and program officers governing special requirements of servicemembers;
- ensure the comparability of off-campus courses to on-campus, while recognizing and accommodating programs to the particular needs of the adult learner;
- designate a contact office or person for servicemembers;
- designate a senior administrative official to oversee programs for servicemembers and veterans, monitor institutional compliance with the SOC Criteria, and serve as principal spokesperson and respondent on SOC matters;
- conduct staff orientation programs to prepare full-time and adjunct faculty to work with the adult part-time learner;
- provide scheduling on a planned program basis rather than by individual courses; and
- ensure access to all courses needed for degree completion by scheduling at appropriate locations and times, not necessarily related to regular academic terms.

**College Recruiting, Marketing, and Student Services (See Attachment A, Standards of Good Practice for Servicemembers Opportunity Colleges for expanded information regarding these areas).** To facilitate the enrollment process and continued student success of qualified servicemembers in postsecondary education, SOC Consortium institutions will:

- Outreach to servicemembers using advertising, college recruiting, and admissions information that adequately and accurately represents the programs, requirements, and services available. Military students considering course enrollments require adequate time to make informed decisions and consult with education service counselors. High-pressure promotional activities or “limited time only” enrollment discounts are inappropriate recruiting activities by SOC Consortium institutions.
- Provide adequate access to the range of student services appropriate to support the programs, including admissions, financial aid, academic advising, delivery of course materials, competency testing, course placement, and counseling.
- Ensure that students admitted into college programs possess the requisite knowledge and academic preparation to succeed. Where technology aids (computers, personal digital assistants, or other technology packets) are employed in the program as key instructional components, institutions must provide assistance to students who are experiencing difficulty using the required technology.
- Provide adequate, clearly established means for resolving student grievances. In particular, provide transparent due-process procedures related to tuition and financial aid matters, course withdrawals due to unanticipated deployments, lack of consistent computer connectivity, and changes of duty.

**Veterans’ Services.** For veterans returning to civilian life to begin or continue study, civilian SOC Consortium institutions provide appropriate evaluation of their training, experience, and prior study and other services similar to that afforded servicemembers. Some of the SOC Criteria apply equally to the institution’s treatment of veterans—admission practices, transfer of credit, and recognition of other forms of learning, including military experience. When a servicemember has completed the residency requirement while on active duty at a SOC Consortium college, that college is obliged to recognize that fact when the servicemember becomes a veteran. Although broader instructional offerings and services may be available to returning veterans, counseling, evaluation, and planning are of particular importance in assisting them to reach their personal and career goals.

Recognizing the continuing educational needs of veterans, civilian SOC Consortium institutions:

- encourage veterans to continue or complete study started during service or interrupted by duty requirements;
- offer opportunities to veterans similar to those extended to servicemembers under the SOC Criteria, including provision of information and counseling services to ensure that veterans are aware of the benefits, regulations, and potential problems of veterans’ assistance programs;
- comply with the provisions of *38 USC 1775* pertaining to veterans’ educational assistance; and
- provide veterans, previously admitted as SOC Degree Network System students, with opportunities to complete their programs under the conditions of their Student Agreements.

**Family Members’ and DOD Civilians’ Services.** Families of active-duty servicemembers and DOD civilians, including Non-Appropriated Fund (NAF) employees, experience many of the same kinds of disruptions in pursuing a college degree as do active-duty servicemembers. Because of that, SOC Consortium and Degree Network System member institutions assist them by extending the considerations described for veterans under Veterans’ Services.

**Attachment A**  
**Standards of Good Practice for Servicemembers Opportunity Colleges**

1. Communications with military members are clear, comprehensive, and completely truthful. Specifically, an institutional representative:
  - a. provides information on program requirements, course descriptions, tuition and related costs, schedules, and course delivery formats prior to the collection of personal contact information;
  - b. provides accurate and complete information to prospective students on accreditation status and what programs are covered;
  - c. clearly and truthfully presents prospective students with the prospects for academic degree or credit acceptance;
  - d. accurately describes occupational opportunities for program graduates;
  - e. accurately describes any partnerships with military or government agencies or endorsements or testimonials used in promotional actions; and
  - f. provides *bona fide* scholarship information that is unambiguously separate and distinct from any federal monies.
2. Enrollment and recruitment policies are appropriate to a higher education institution. Specifically, an institution will be held accountable for all recruitment and enrollment actions whether conducted by staff, faculty, partners, or other third party agents acting on the institution's behalf. The institution should:
  - a. primarily emphasize educational programs and services in all advertisements, promotional literature, and recruiting activities;
  - b. develop and use promotional and recruitment materials and practices that are ethical in every respect toward military members; promotional materials should not have the capacity to mislead or coerce students into enrolling;
  - c. establish legitimate enrollment deadlines, and *bona fide* scholarships and grants based on published criteria, and refrain from promotional tuition discounts that do not serve the best interest of the military or its members;
  - d. refrain from exerting undue pressure to enroll through follow-up calls or other forms of personal contact;
  - e. refrain from marketing/recruiting practices in which ancillary technology devices (laptops, printers, electronic readers, etc.) are offered as **inducements to enroll in an educational program**. Any conditions for receiving such an inducement must be readily achievable by the military student and must not pose significant financial hardship or undue burden for receipt;
  - f. perform telemarketing in accordance with the Federal Trade Commission and other state and federal regulations; and

- g. follow Department of Defense and military service guidance governing installation access and the use of retiree/dependent ID cards; retiree/dependent ID cards should not be used to gain base access for business purposes. All education-related activities on an installation or at an armory should be routed through the education center or Education Services Officer for authorization.
3. Fees charged to military members are clear and do not give a false, or misleading impression about the costs to either the military member or the military service. Specifically, an institution:
- a. provides prospective students with a clear understanding of the total financial obligation they have undertaken by engaging in specific academic pursuits. Information provided in catalogs, Web sites, and other media outlets should include the following minimum, clearly defined, financial information: cost of admissions, tuition (including the cost of instruction and associated fees), all mandatory fees, and the estimated cost of instructional materials;
  - b. agrees that the total cost of a program is the same for military members as that charged to any other student, except for legitimate military enrollment discounts that may apply;
  - c. applies military discounts to all servicemembers uniformly and equitably without restrictions unless further defined by specific contract requirements;
  - d. avoids the words “free” or “at no cost” to describe any item or service that is regularly included as a part of the institution’s program or services. These words should not be used to describe educational funding paid for with Department of Defense tuition assistance or Department of Veterans Affairs educational benefits due to the student obligation for government reimbursement in the event of unsuccessful course completion. The word “guarantee” is not used at all in promotional literature;
  - e. makes clear through a full explanation of what an electronic signature and online enrollment mean and the commitments they represent. There are personnel support and resources available for students who are unsure of what they may be signing and require additional explanation;
  - f. refrains from compensating or offering significant incentives or products to military members for providing referrals or directly influencing military students to attend a specific school; and
  - g. confirms that students have read and acknowledged their personal financial obligations and refund protections before they submit their registration.
4. Admissions policies and practices ensure appropriate academic screening and proper placement in courses and programs. Specifically, an institution:
- a. clearly states if any course or program prerequisites are needed for successful assimilation of the academic materials;
  - b. determines that students have the qualifications necessary to successfully enroll in a course or program, including most commonly a high school diploma or legitimate equivalent;
  - c. avoids an automatic renewal or continuous enrollment process with any courses or programs; and
  - d. clearly states a cooling-off or withdrawal period in which the student incurs no financial obligation for course enrollment.

5. Among the student services provided, there is a clearly defined process that includes a point-of-contact and a phone number for military/veteran students to communicate grievances and/or to discuss enrollment, instruction, and student service concerns/issues.
6. For institutions for which they apply, adhere to the **Title 16 Commercial Practices requirements in Chapter I – FEDERAL TRADE COMMISSION, – Part 254**. For-profit institutions should adhere to those standards when providing education courses and programs to servicemembers.
7. In addition, the spirit of **TITLE 16 – Commercial Practices, CHAPTER I – SUBCHAPTER D – Part 429** – “rule concerning a cooling-off period for sales...” applies to SOC Standards of Good Practice regarding financial commitments for academic coursework or programs. In terms of a cooling off period for financial/business transactions with servicemembers:
  - a. There should be a clearly stated period after enrollment in coursework or an academic program during which a student may withdraw the commitment and all financial liability. Said withdrawal period should comply with established state regulations.
  - b. The process for withdrawal from the commitment must be communicated clearly and plainly, in writing, without any misrepresentation.
  - c. The institution is required to establish and honor a formal, printed prorated tuition refund policy that is consistent with its drop/add policies for students who withdraw from course enrollment after the 100% financial refund deadline.

### **SOC Consortium Military Student Bill of Rights**

The Military Student Bill of Rights spells out ten specific “rights” that military students should have as they explore, enroll, and work toward degrees or certificates at SOC Consortium colleges and universities.

#### **Military Student Bill of Rights**

All military student populations have basic rights to satisfactory college marketing, admissions, and student services practices including the right to:

- Accurate information about a school’s programs, requirements, accreditation, and its potential impact on course transferability.
- Access basic college/university information and fees without disclosure of student personal information.
- Educational planning and career guidance without high-pressure registration and enrollment efforts from institutions.
- A clear and complete explanation of course/program enrollment procedures and all resulting financial obligations.
- Explore, without coercion, all financial aid options before signing up for student loans or other financial assistance.
- Accurate scholarship information, free of misleading 'scholarship' offers based on military tuition assistance.
- Appropriate academic screening and course placement based on student readiness.
- Appropriate, accessible academic and student support services.
- Clearly defined institutional “drop/add” and withdrawal policies and procedures including information about the impact of military duties (e.g., mobilization, activation, temporary duty assignments) on their academic standing and financial responsibilities.
- Clearly defined grievance/appeals processes.



*Gordon*  
*QFRs*

CHARRTS No.: SHSGAC-02-001  
Senate Committee on Governmental Affairs  
Hearing Date: March 02, 2011  
Subject: Preventing Abuse of the Military's Tuition Assistance Program  
Witness: DASD(MC&FP) Gordon III  
Senator: Senator Brown  
Question: #1

Participation in the Service members Opportunity Colleges Consortium

Question. According to the brochure for the Service members Opportunity Consortium (SOC), there are 1,800-plus institutions who are currently members of SOC. However, there are well over 6,000 institutions that eligible for federal funding through the Department of Education. a) What percentage of institutions that receive Tuition Assistance funds are part of SOC? b) Why are more institutions not a part of SOC? c) Why wouldn't an institution want to be a member of SOC? d) Considering the benefits to DoD, the Services, and service members, should participation in the SOC be mandatory to receive military funds? Why or why not? e) The Air Force does not participate in the SOC. Why does the Air Force have its own program? f) Would Airman be better served by Air Force participation in the SOC? Why or Why not?

Answer.

a) What percentage of institutions that receive Tuition Assistance funds are part of SOC?

The Department does not maintain the data that would allow us to answer the question as written since there are over 4000 institutions eligible to participate in the Tuition Assistance (TA) program, many of which only infrequently have any military students. However, the overwhelming majority of military students using Tuition Assistance attend Service members Opportunity Consortium (SOC) member schools with approximately 93% of military students attending 64 SOC member schools.

b) Why are more institutions not a part of SOC?

This is due to the fact that membership of institutions is voluntary. An institution, after reviewing the SOC requirements and if eligible, makes the decision to become a member or not. Membership eligibility in the SOC Consortium is based on adherence to a defined set of academic Principles and Criteria and initial eligibility conditions. Additional information on institutional membership conditions is located on the SOC web page:  
(<http://www.soc.aascu.org/socconsortium/SOCPrinCriteria.html>)

c) Why wouldn't an institution want to be a member of SOC?

There are a few reasons why an institution may not want to be a member of SOC. For example:

- SOC Membership requires that institutions be degree-granting and a school that is not degree-granting would not be eligible.
- If a college's academic policy does not comply with one of the four SOC membership criteria, then the institution would not be eligible to join.
- Reduced academic residency (no more than 25%), requiring a final year/semester in

residence at the institution, or not awarding academic credit for military training are the most common institutional policies that restrict/limit membership eligibility.

- Institutions in geographic areas with very low numbers of Service members in their service area (or with limited or specialized degree offerings), may determine there is not enough return on investment or value in becoming a SOC Consortium school.

d) Considering the benefits to DoD, the Services, and service members, should participation in the SOC be mandatory to receive military funds? Why or why not?

The Department cannot mandate that schools be members of SOC since it is a contract operation run by the American Association of State Colleges and Universities (ASSCU). However, even if DoD had that authority, it would not be wise to exercise it since as mentioned in c) above, doing so could eliminate some very good educational institutions from TA eligibility thus limiting choices for Service members.

e) The Air Force does not participate in the SOC. Why does the Air Force have its own program?

The Air Force has its own program because the Community College of the Air Force (CCAF) has federal degree-granting authority to award job-related associate degrees and is regionally accredited. CCAF was created in 1976 through DoD Congressional Appropriations deliberations which were enacted into law. CCAF is an accredited two-year college open to USAF enlisted on active duty, or enlisted in Reserve or Guard. CCAF offers associate degree programs in areas such as aircraft and missile maintenance, electronics and telecommunications, allied health, logistics and resources, and public and support services. Similar to the SOC program, credits toward a CCAF degree can be accumulated at Air Force advanced training schools by enrolling in colleges that offer accredited courses, and through credit by examination.

f) Would Airmen be better served by Air Force participation in the SOC? Why or Why not?

No, it would not necessarily better serve Airmen if the Air Force participated in the SOC because the Air Force has created an affordable and efficient solution for their Airmen. They can obtain an associate's degree by combining AF job-related schooling and experience, non-traditional testing, and course work completed through the TA program into an associate degree recognized from a regionally accredited school.

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 Senate Committee on Governmental Affairs  
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 Witness: DASD(MC&FP) Gordon III  
 Senator: Senator Brown  
 Question: #2

Compliance to SOC Standards

Question. The new Memorandum of Understanding (MOU) agreements include a requirement that the institution adhere to all SOC principles and standards:a) Is the MOU an annual agreement? How often are the MOU's renewed?b) When must institutions reaffirm their compliance to the SOC standards?c) How will DoD ensure and monitor compliance of an institution to the SOC standards?d) If a school falls out of compliance, what are the repercussions?e) What is SOC's role regarding compliance oversight over non-members?

Answer.

a) Is the MOU an annual agreement? How often are the MOU's renewed?

The MOU is effective for five (5) years. For the implementation year, for all institutions who sign before January 2012, the implementation date will be January 1, 2012. After January 2012, the MOU will be effective on the date of the latest signature from DoD. The MOU will expire five (5) years from the effective date, unless terminated or updated prior to that date in writing by the Department of Defense or the institution. DoD will consider waivers for institutions with legislative restrictions regarding signing of the MOU.

b) When must institutions reaffirm their compliance to the SOC standards?

Service members Opportunity Consortium (SOC) Consortium institutions reaffirm their compliance to SOC Principles and Criteria through a membership renewal process every two years. Institutions renewing SOC Consortium membership for the 2011-13 cycle will have signed an affirmation to SOC standards in the January to July 2011 time frame.

c) How will DoD ensure and monitor compliance of an institution to the SOC standards?

DoD will address concerns and/or allegations of non-compliance from comments submitted on the MOU web page ([www.dodmou.com](http://www.dodmou.com)) via the feedback button or the Voluntary Education web site (<http://apps.mhf.dod.mil/voled>) via the "Register Voluntary Education Concerns" button. These concerns and non-compliance issues can be submitted by institutions, military education counselor/staff and/or a student.

All concerns and allegations will be reviewed by the portal management. If an issue cannot be resolved locally, it will be forwarded to the appropriate Service or office for resolution. The office could be SOC and/or OSD, Military Community and Family Policy, State Liaison/Educational Opportunity Office, depending on the issue.

d) If a school falls out of compliance, what are the repercussions?

If the violation is a major in scope, SOC and/or the Department will consult with the institution's accrediting agency and receive that agency's advice on appropriate resolution. If attempts to resolve a violation fail, the Department will discuss with the institution if the institution wants to continue to participate in the DoD Tuition Assistance Program. If resolution cannot be accomplished, and the institution remains in violation, with Office of General Counsel's concurrence, DoD will take action to terminate the institution's MOU, SOC membership and the institution will be removed from the DoD TA Institution Participation List. This notification is sent to the Services, Department of Education and the Department of Veteran's Affairs stating the institution is no longer eligible for the TA program.

e) What is SOC's role regarding compliance oversight over non-members?

SOC has no compliance oversight of non-members schools.

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Witness: DASD(MC&FP) Gordon III  
Senator: Senator Brown  
Question: #3

Consistency of DoD Oversight and Policy

Question. After reviewing the GAO report, one gets a sense that oversight and policy over these education programs has been very ad-hoc on the part of the military services, and even from installation to installation. In an absence of adequate direction from DoD, the Services have put their own policy and processes in place. The question is whether these are the types of programs that require a Service-specific approach. All of our service members deserve the same quality programs and the oversight and accountability of institutions providing these programs should be consistent.a) What has been preventing more consistent guidance from DoD on this and broader oversight policy over these programs in the past? Please explain.

Answer.

The question is whether these are the types of programs that require a Service-specific approach.

The Tuition Assistance (TA) program is a uniform program within DoD. However, it requires Service-specific management. The Services, following DoDI 1322.25, implement the policy and manage the day to day operations: establish automated record/management systems; establish and manage education centers on military bases; distribute TA dollars; monitor the Service member's education progress; and ensure the uniform policy is followed.

a) What has been preventing more consistent guidance from DoD on this and broader oversight policy over these programs in the past? Please explain.

There have been consistent oversight efforts made through DoD instructions. A new directive was published March 15, 2011 to provide guidance and the previous directive DoDI 1322.25 Voluntary Education Program, dated February 5, 1997, also provided guidance. This current DoDI provides instruction on implementing policy, assigning responsibilities and prescribing procedures for the operation of voluntary education programs in the DoD. The DoDI directs the Services to establish and maintain the TA program uniformly across the Military Services and the Under Secretary of Defense for Personnel and Readiness to monitor their compliance with the instruction. The instruction also provides guidelines for establishing, maintaining and operating Voluntary Education Programs on bases; gives guidelines on bringing institutions on the bases to provide instruction; requires all Services to participate in the DoD third party review; and requires all schools participating in the TA program to have an MOU with DoD.

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 Witness: DASD(MC&FP) Gordon III  
 Senator: Senator Brown  
 Question: #4

#### The Department's Dependence on Accreditation

Question. In your testimony, you point out that all educational institutions authorized to receive Tuition Assistance funding are accredited by agencies approved by the Department of Education. In its report, GAO contends that DoD and the Services do not do a good enough job monitoring the accreditation status of institutions on a continual basis.a) With the understanding that it can take years for an institution to lose its accreditation, has an institution ever lost its accreditation based on complaints and concerns raised by DoD or the Services?b) How are DoD or the military services made aware when an institution loses its accreditation?c) What Department of Education resources is DoD monitoring on a regular basis to determine the accreditation status of institutions in the Tuition Assistance program?d) How does SOC track the accreditation status of its members in comparison to DoD's monitoring of non-member institutions?e) If there is an institution at risk of losing its accreditation, does SOC notify DoD or the affected military service? If so, how? If not, why not?

Answer.

a) With the understanding that it can take years for an institution to lose its accreditation, has an institution ever lost its accreditation based on complaints and concerns raised by DoD or the Services?

Yes, institutions have lost accreditation, but not based solely on complaints or concerns raised by OSD or the Services. OSD and the Services have provided concerns and documentation to accrediting agencies about institutions participating in the TA programs. The documentation contributed to the accrediting agencies' findings, which resulted in schools losing accreditation.

b) How are DoD or the military services made aware when an institution loses its accreditation?

When an accrediting agency notifies Department of Education (DoED) an institution has lost their accreditation, DoED Office of Postsecondary Education (DoED/OPE) notifies OSD, Military Community and Family Policy, State Liaison/Educational Opportunity Office. OSD in turn notifies the Services to take appropriate action and not permit the school to participate in the TA program.

c) What Department of Education resources is DoD monitoring on a regular basis to determine the accreditation status of institutions in the Tuition Assistance program?

DoD has direct access to the DoED/OPE to regularly monitor accreditation status. The following resources are available for checking accreditation status:

- Information on Accreditation: <http://www.opec.ed.gov/accreditation/>

<http://www2.ed.gov/admins/finaid/accred/index.html>

- School Search: <http://www.ope.ed.gov/accreditation/Search.aspx>
- Student Federal Aid:

<http://studentaid.ed.gov/PORTALSWebApp/students/english/PellGrants.jsp>

- To look up a school's 8-digit Office of Postsecondary Education Identification number:
- <http://nces.ed.gov/collegenavigator>
- School and Accreditation Web Pages

d) How does SOC track the accreditation status of its members in comparison to DoD's monitoring of non-member institutions?

Both DoD and SOC track and ensure a school is accredited using the Department of Education's (DoED) monitoring systems/sources listed in 4c above. If a school loses their accreditation, they are removed from the DoED data bases. SOC monitors the accreditation status of its members and then notifies OSD if an institution's status changes. Initially, when a school applies for SOC membership, SOC checks with the accrediting agency. SOC Consortium institutions reaffirm their compliance to SOC Principles and Criteria through a membership renewal process every two years. Institutions renewing SOC Consortium membership for the 2011-13 cycle will have signed an affirmation to SOC standards in January - July 2011 time frame. At the time of reaffirmation SOC reviews the school's status again. Subsequently, SOC monitors any probationary actions that have been taken against an institution and if a school loses its accreditation or is removed from the SOC Consortium, SOC notifies OSD and removes the institution's name from SOC's published list and website. OSD ensures the Services are aware of the school's status; the Services take the appropriate action to ensure only eligible schools participate in the TA program.

DoD uses the DoED's monitoring systems to ensure a school is accredited. When a Service member requests TA funds, the Services' check the sources in 4c prior to approving the request to attend the institution using TA.

e) If there is an institution at risk of losing its accreditation, does SOC notify DoD or the affected military service? If so, how? If not, why not?

If there are indications that an institution may be at risk of losing accreditation, SOC notifies OSD and Services via email to ensure we are aware of the school's status.

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 Witness: DASD(MC&FP) Gordon III  
 Senator: Senator Brown  
 Question: #5

#### The Department's Dependence on Accreditation

Question. According to the GAO report, in order to track accreditation status, "DoD regularly searches Education's web site to verify schools' accreditation status." Yet, if you go to the Department of Education's accreditation monitoring website, it states specifically that Education "recommends that the database be used as one source of qualitative information and that additional sources of qualitative information be consulted." Further it states that the Department "cannot...guarantee that the information contained in the database is accurate, current, or complete." a) Has this been the only means of "continuous monitoring" that DoD has used to track accreditation? b) What other means has DoD used to continuously monitor and track school accreditation?

Answer. a) Has this been the only means of "continuous monitoring" that DoD has used to track accreditation?

No, this has not been the only means of "continuous monitoring" that DoD has used to track accreditation.

b) What other means has DoD used to continuously monitor and track school accreditation?

DoD has direct access to the Department of Education, Office of Postsecondary Education (OPE), to regularly monitor accreditation status. DoED/OPE notifies the DoD when a school has substantive changes, has voluntarily withdrawn from accreditation, lost accreditation, shown cause actions, or is at risk of losing accreditation. The notification is sent to all Services, via an email, stating the school status and advocating extra vigilance in monitoring the school prior to issuing TA to a Service member seeking to enroll in the institution.

The following resources are used to check accreditation status:

- Information on Accreditation: <http://www.ope.ed.gov/accreditation/>  
<http://www2.ed.gov/admins/finaid/accred/index.html>
- School Search: <http://www.ope.ed.gov/accreditation/Search.aspx>
- Student Federal Aid:  
<http://studentaid.ed.gov/PORTALSWebApp/students/english/PellGrants.jsp>
- To look up a school's 8-digit Office of Postsecondary Education Identification number:  
<http://nces.ed.gov/collegenavigator>
- School and Accreditation Web Pages



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 Witness: DASD(MC&FP) Gordon III  
 Senator: Senator Brown  
 Question: #6

Accountability in the MIVER Process Past and Future

Question. The MIVER process has been around for decades. According to GAO, however, only the Army has policies in place requiring installations to follow up with actions taken post MIVER review. The Air Force is considering adopting a policy and the Navy and Marine Corps simply have no established policy. So even if serious deficiencies were found at a school as a result of a MIVER review, in most cases, it seems that DoD had no insight into whether remediation actions were successful or implemented in the first place.a) The previous 4-year MIVER contract with the American Council on Education (ACE) was worth \$3.7 million dollars. After 4 years of work and \$3.7 million, what kind of insight do we have into whether ACE's recommendations were fully implemented at the 60 or so installations that were reviewed? Please explain.b) Why wasn't the Army's approach part of greater department-wide policy in the past?c) Will this be part of department-wide policy in the future? Please explain how accountability is being built into the new MIVER process. For instance:- Will the new contract require that the reviewing agency follow up to ensure that the institution has implemented its recommendations in a satisfactory manner?- If a installation fails to do so, what will be the consequences for that institution? Would it include: eliminating access to an installation, disqualification from Tuition Assistance funding, or simply referral to the accrediting agency?d) With the new contract opening up to include distance learning institutions, do you expect an expansion of the MIVER program to reach more schools and installations?- If not, please explain why. Is it a matter of resources, budget or otherwise?

Answer.

a) The previous 4-year MIVER contract with the American Council on Education (ACE) was worth \$3.7 million dollars. After 4 years of work and \$3.7 million, what kind of insight do we have into whether ACE's recommendations were fully implemented at the 60 or so installations that were reviewed? Please explain.

OSD has limited insight into whether ACE's recommendations were fully implemented at the installations reviewed because the Services were responsible for taking corrective actions. The MIVER was sponsored by DoD in 1991 to assess the quality of voluntary education programs at selected military installations and to assist in the improvement of voluntary education programs through appropriate recommendations to institutions, installations, and the military services. Because Voluntary Education has operated through centralized policy and decentralized execution, the implementation of MIVER recommendations has historically been at the discretion of the Commanding Officer of the installation. A Service could request the MIVER contractor (ACE) to return an installation previously visited to evaluate installation and institutions in their progress toward changes and improvements cited as recommendations in the previous MIVER report, but that was not mandatory. Corrective action was at the discretion of the Services which

had informal processes for following-up but only the Army established it in a regulation. Other than receiving the MIVER reports, there was no visibility by OSD on corrective actions; it was a Service responsibility.

That was the old program. DoD did not take the MIVER 2011 option year because the scope of the contract needed to expand to all institutions participating in the DoD Tuition Assistance (TA) program. The old contract only covered institutions operating on military bases while the new scope includes on and off-base, traditional and on-line schools. In addition, the new MVER contract provides a mechanism so that OSD can monitor all corrective actions to ensure compliance and continuous quality improvement.

b) Why wasn't the Army's approach part of greater department-wide policy in the past?

The Department has adopted a more Army-like approach with the new Voluntary Education third-party review contract. OSD will review all findings and recommendations and track progress of corrective actions taken by the Services. Our past policy permitted the Services to regulate and monitor the MIVER (Military Installation Voluntary Education Review) findings; corrective actions were taken at the Service level.

c) Will this be part of department-wide policy in the future? Please explain how accountability is being built into the new MVER process. For instance: - Will the new contract require that the reviewing agency follow up to ensure that the institution has implemented its recommendations in a satisfactory manner?- If a installation fails to do so, what will be the consequences for that institution? Would it include: eliminating access to an installation, disqualification from Tuition Assistance funding, or simply referral to the accrediting agency?

Yes, as stated in DoDI 1322.25, OSD will now track and require Service follow-up for all corrective actions taken to recommendations and findings identified in the MVER process. Accountability is being built into the process and if a serious finding is identified during a MVER (Military Voluntary Education Review), on an installation or with an institution (which could violate portions of the MOU and/or DoD policy), the finding will be referred to OSD for resolution and adjudication. The consequences for non-compliance, depending on the severity of the allegation, could result in an institution being denied from operating on all military bases and declared ineligible to participate in the TA program.

d) With the new contract opening up to include distance learning institutions, do you expect an expansion of the MVER program to reach more schools and installations?- If not, please explain why. Is it a matter of resources, budget or otherwise?

Yes, we expect more schools and installations will be reached with the new contract opening up to include distance learning institutions. In the past, DoD only reviewed schools operating on bases. DoD will expand the number of schools to include institutions operating on-base, off-base and via distance learning.

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 Witness: DASD(MC&FP) Gordon III  
 Senator: Senator Brown  
 Question: #7

Accountability in the MIVER Process Past and Future

Question. According to your response to questions for the record submitted to Congressman Jones during the HASC subcommittee hearing last year, the American Council on Education (ACE), who held the previous contract, conducted 60 MIVERs on behalf of DoD in the last five years. During that time, however, no college or university has ever been "delisted." This is taken to mean that no colleges or universities has ever been kicked off an installation or disqualified from receiving Tuition Assistance funding as a result of these MIVERs.a)Is this correct?b) Was getting kicked off an installation or disqualification even a possible consequence as a result of the previous MIVER process?- If not, why not?- If so, is this because the findings of these previous MIVERs never rose to that level of consequence or another reason? Please explain.

Answer. a) Is this correct?

Yes, MIVER (Military Voluntary Education Review) never identified a violation or non-compliance of the gravity to warrant an institution being banned from an installation or "delisted".

b) Was getting kicked off an installation or disqualification even a possible consequence as a result of the previous MIVER process?- If not, why not?- If so, is this because the findings of these previous MIVERs never rose to that level of consequence or another reason? Please explain

Yes, being removed from the TA program or an installation was a possibility. However, no MIVER findings ever rose to that level because institutions must meet all of the following requirements before being allowed to operate on military bases: (1) Be chartered or licensed by a State government or the Federal Government, and have State approval for the use of veterans' educational benefits for the courses to be offered; (2) Be accredited by an agency recognized by the U.S. Department of Education; (3) Conduct on-installation courses that carry identical credit values, represent the same content and experience, and use the same student evaluation procedures as courses offered through the main administrative and academic campus; (4) Maintain the same admission and graduation standards that exist for the same programs at the main administrative and academic office, and include credits from courses taken off-campus in establishing academic residency to meet degree requirements; (5) Charge tuition and fees that are not more than those charged to nonmilitary students; (6) Have established policies for awarding credit for military training by examinations, experiential learning, and courses completed using modes of delivery other than instructor-delivered, on-site classroom instruction; and 7) Comply with regulatory guidance provided by the Department of Defense and the Services.

During the 90's, the vast majority of Service members were enrolled at schools delivering

postsecondary education courses on the installation. The MIVER process, which only looked at on-installation schools, was initially very effective in identifying problems or deficiencies in the delivery of postsecondary education on installations and the majority of schools complied with the MIVER recommendations. During the last ten years, the MIVER has been looking at the same body of schools (on installation) which in many cases have been previously inspected, know all the rules, and definitely want to remain on the installation. This has resulted in very few areas of needed improvement being found, and the few that have been, were minor in nature.

In recent years, technology and the use of the internet have expanded exponentially. Consequently, so did the number of Service members selecting DL schools for their postsecondary education opportunities. By FY10, enrollment via distance learning has increased to 71 percent. DoD recognized that the MIVER process was no longer an effective method to assess the delivery of postsecondary education since it did not include schools outside the installation or on-line selected by Service members. DoD decided to end the current MIVER contract and develop a new total redesign for a third party evaluation (now termed MVER) to capture all types of educational delivery modes, both on and off an installation. With the inclusion of these additional schools and the enhanced monitoring process that is part of the new contract, we believe MVER can again be an effective to help ensure our Service members are receiving quality education.

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 Subject: Preventing Abuse of the Military's Tuition Assistance Program  
 Witness: DASD(MC&FP) Gordon III  
 Senator: Senator Carper  
 Question: #8

Interagency Meetings

Question. Has DOD set up regular meetings with the Department of Education and the Department of Veterans Affairs to address school quality, accrediting, and student complaints with specific schools? Please provide specifics of these meetings?

Answer. Has DOD set up regular meetings with the Department of Education and the Department of Veterans Affairs to address school quality, accrediting, and student complaints with specific schools?

Please provide specifics of these meetings.

Yes, there are two partnership meetings with DoEd and VA that meet quarterly or more frequently if necessary. The specifics of those meetings are listed below.

1. The Joint Meeting on Higher Education. The purpose of the meetings is for the sharing of information on common issues concerning administration of federal education benefit programs as they relate to the three agencies involved and the benefits provided to Service members and veterans. Attendees are the Department of Defense (DoD), the Department of Education (DoED) and the Department of Veterans Affairs (VA).

- There have been two meetings this fiscal year: January, May and the next one is scheduled for July. Topics of discussion: 90/10 Rule; Gainful Employment Programs; DoED's state licensure rule; VA approved schools requirements; schools changing from For-Profit to Non-Profit; and sharing information between agencies.

2. Department Exchange of Information Partnership Meetings. The purpose of the meetings is to formally establish a Memorandum of Understanding (MOU) between the DoD, DoED and VA. The MOU defines the relationship between the DoD, DoED, and VA and articulates the exchange of information and communication on issues relevant to providing education opportunities to Service members, veterans and family members.

The MOU will:

- Facilitate the process between the signed Departments whereby information on policies and procedures, as well as information relating to postsecondary institutions is shared.
- Provide the Departments with relevant information that can be incorporated within their education programs as is applicable and in accordance with their Department's regulations and guidance.
- Will be used as a tool for communicating shared oversight concerns regarding institutions.

The Departments will share information including but not limited to:

- Information on a institution's accreditation including:
  - o Notices;
  - o Substantive changes;
  - o Voluntary withdrawal from accreditation;
  - o Loss of accreditation; and
  - o Show cause actions
- Office of Postsecondary Identification number (OPE ID).
- Change in an institution's ownership that results in a change in control.
- Actual and pending school closures.
- Credible complaints against an institution.
- Instances of suspected school fraud or abuse.
- Administrative actions that FSA takes against an institution that result in the loss of eligibility to receive federal student aid funds, which include termination, limitation, suspension, denial, revocation and fine actions.
- School State license information including:
  - o State authorization requirements; and
  - o Notice of a state's termination or intention to terminate an institution's state license
- Access to Postsecondary Education Participants System (PEPS) school data extracts and Case Management Weekly Institutional Update Reports.
- Access to DoED's eZ-Audit System (which houses financial and compliance audit data submitted by institutions).

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 Witness: DASD(MC&FP) Gordon III  
 Senator: Senator Carper  
 Question: #9

New Quality Review

Question. According to your testimony, DOD's new quality review-the successor to the MIVER reviews-is likely to be fully operational in October 2011. However, we understand that there will be a bidding process for the rights to conduct the review. When will that start? When will the bid be awarded? What will happen if there is a bid-protest that delays implementation beyond October 2011? Do you have a contingency plan in place? Moreover, how often will the quality reviews be performed? By what date will all of the schools receiving Tuition Assistance have undergone the new quality review?

Answer. When will that start?

The entire process started nearly a year ago and the 'request for proposals' for the successor to the Military Installation Voluntary Education Review (MIVER) closed on April 18, 2011, with four proposals (bids) being submitted. A Technical Evaluation Team composed of Subject Matter Experts from each Service & OSD met May 3-5, 2011 at the Fleet and Industrial Supply Center (FISC), Philadelphia contracting office to evaluate the technical proposals submitted. Currently, FISC is completing the technical evaluation and a cost analysis of each proposal submitted.

When will the bid be awarded?

FISC cannot project an exact award date, but believes the contract award will occur well before the required September 1, 2011 date.

What will happen if there is a bid-protest that delays implementation beyond October 2011?

A GAO protest can take up to 120 days, which is a worst case scenario, assuming the protest is not dismissed and it runs its full course. However, an institution cannot undergo an assessment until their MOU with DoD becomes effective, which is January 1, 2012. If the award is delayed, the protest will have run its course by January 1, 2012, and the reviews will take place on time.

Do you have a contingency plan in place?

No. There is no need for a contingency plan for the reason stated in the question above. If the award is delayed, the protest will have run its course by January 1, 2012, and the reviews will take place on time.

Moreover, how often will the quality reviews be performed?

Until the award of the contract, the schedule is not known. The first three months (September - December 2011) of the Third Party Assessment will be utilized to work with the contractor to formalize the process; develop a Standard Operating Procedure for the Education Centers; announce the schedule of reviews for FY12; inform institutions and military they will be reviewed; and provide training to participants in the review process for FY12.

By what date will all of the schools receiving Tuition Assistance have undergone the new quality review?

A concrete date cannot be reported because there are many variables involved in the new quality reviews. Once the contract is awarded, DoD will establish the number of reviews, schools and locations. DoD anticipates once the new contract is awarded the number of schools will expand to include institutions with MOUs with the Department operating on-base, off-base and via distance learning institutions. However, because there are approximately 4,000 schools eligible to participate in the TA program, it would be many years, if ever, that all of the schools could receive a MVER. Therefore, DoD's focus will be high enrollment schools, schools with perceived allegations of non-compliance with the DoD MOU or policy and regulations, and high risk schools as defined by Department of Education. In the future, all reviews will be followed up for corrective action taken on the recommendations and findings identified in the MVER process.



CHARRTS No.: SHSGAC-02-010  
 Senate Committee on Governmental Affairs  
 Hearing Date: March 02, 2011  
 Subject: Preventing Abuse of the Military's Tuition Assistance Program  
 Witness: DASD(MC&FP) Gordon III  
 Senator: Senator Carper  
 Question: #10

Global Tracking System

Question. Your testimony mentioned that DOD has stood up a new 'global tracking system'. Does this tracking system allow DOD to be notified when every service member goes to his or her education service officer with a complaint about a school? How many complaints has DOD received so far? What are the nature of these complaints? Please provide specifics."

Answer. Does this tracking system allow DOD to be notified when every service member goes to his or her education service officer with a complaint about a school?

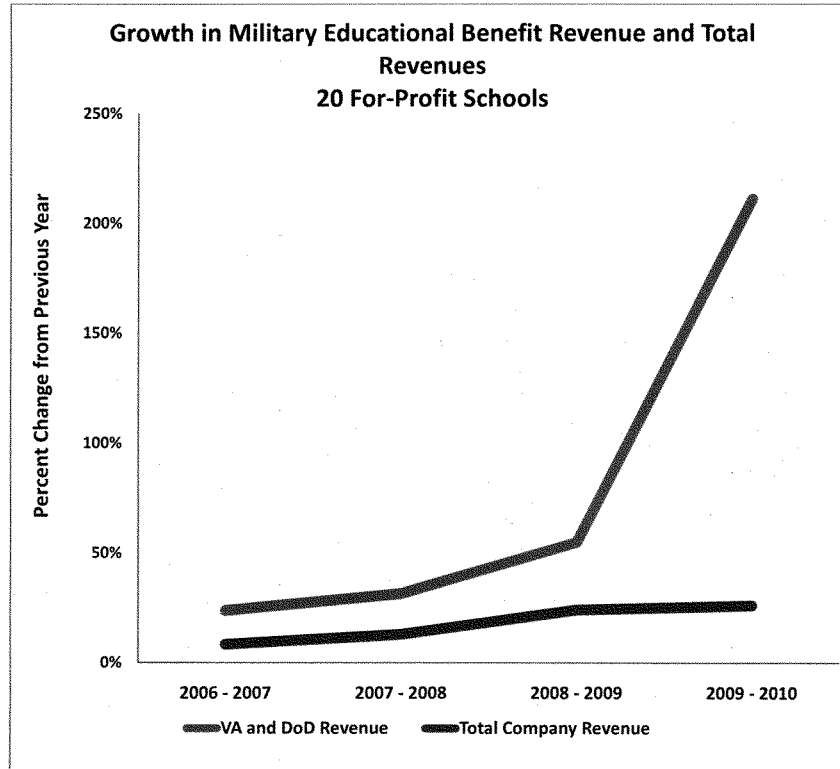
Yes, DoD has visibility on all complaints and the data can be provided to the Service Chiefs on a recurring basis or immediately, depending on the severity of the complaint(s).

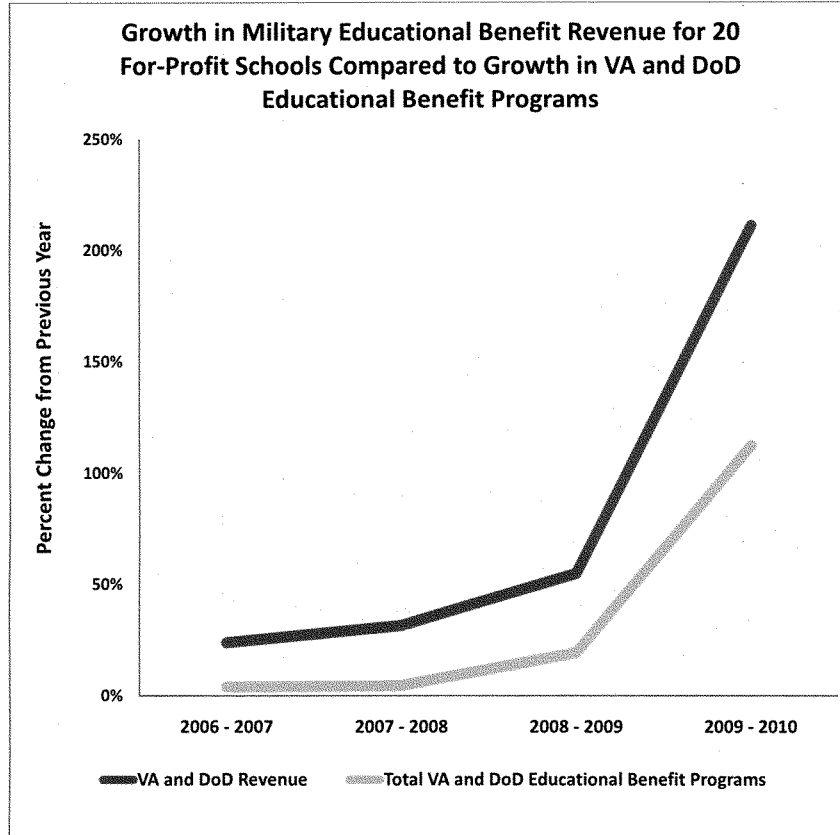
The concern and resolution process works in the following way:

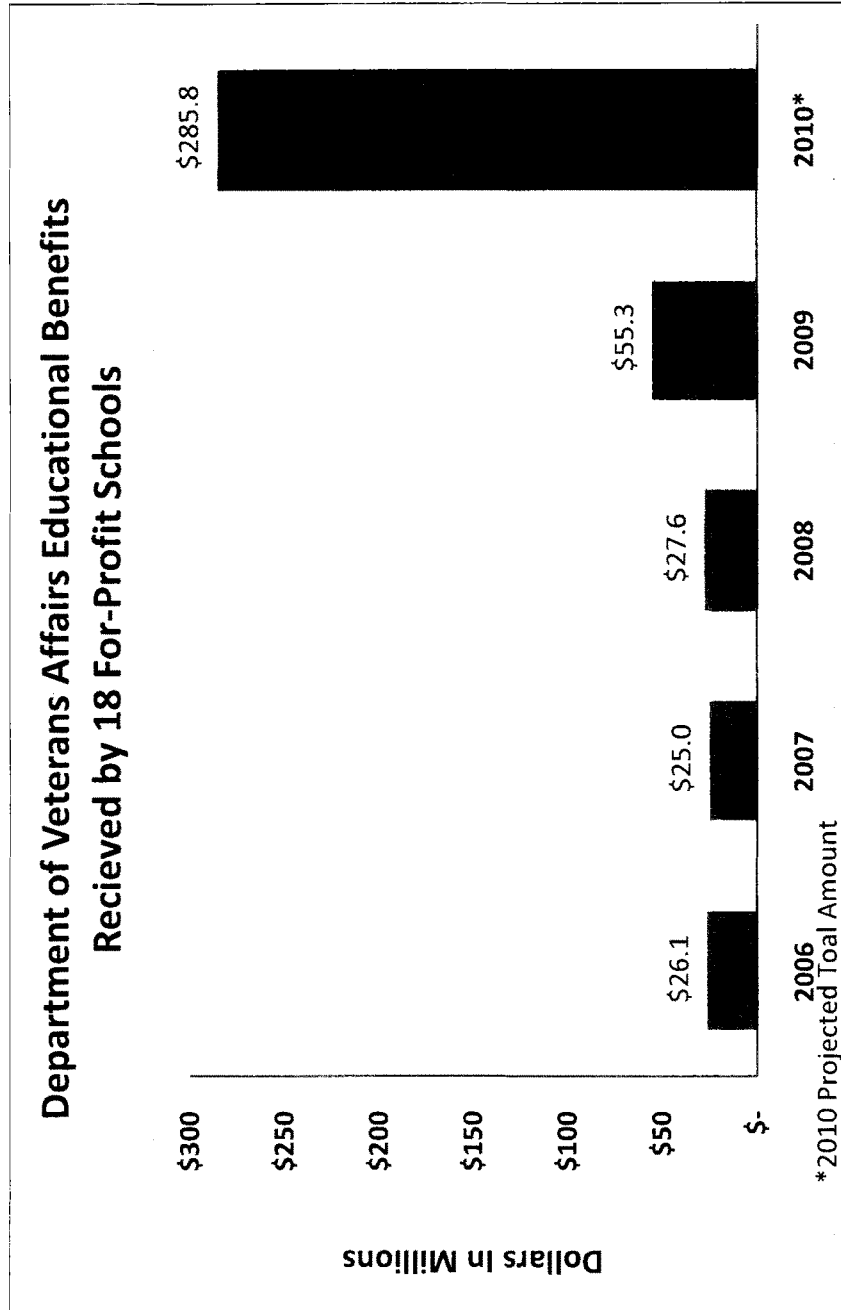
If anyone (institutions, education counselor or student) has a concern, the concern can be submitted on the MOU web page ([www.dodmou.com](http://www.dodmou.com)) via the feedback button or the Voluntary Education web site (<http://apps.mhf.dod.mil/voled>) via the "Register Voluntary Education Concerns" button. The Education Center staff will be trained to direct Service members to one of the web pages and/or enter the concern for the Service member. Also, Education Center staff can submit concerns based on independent information they have.

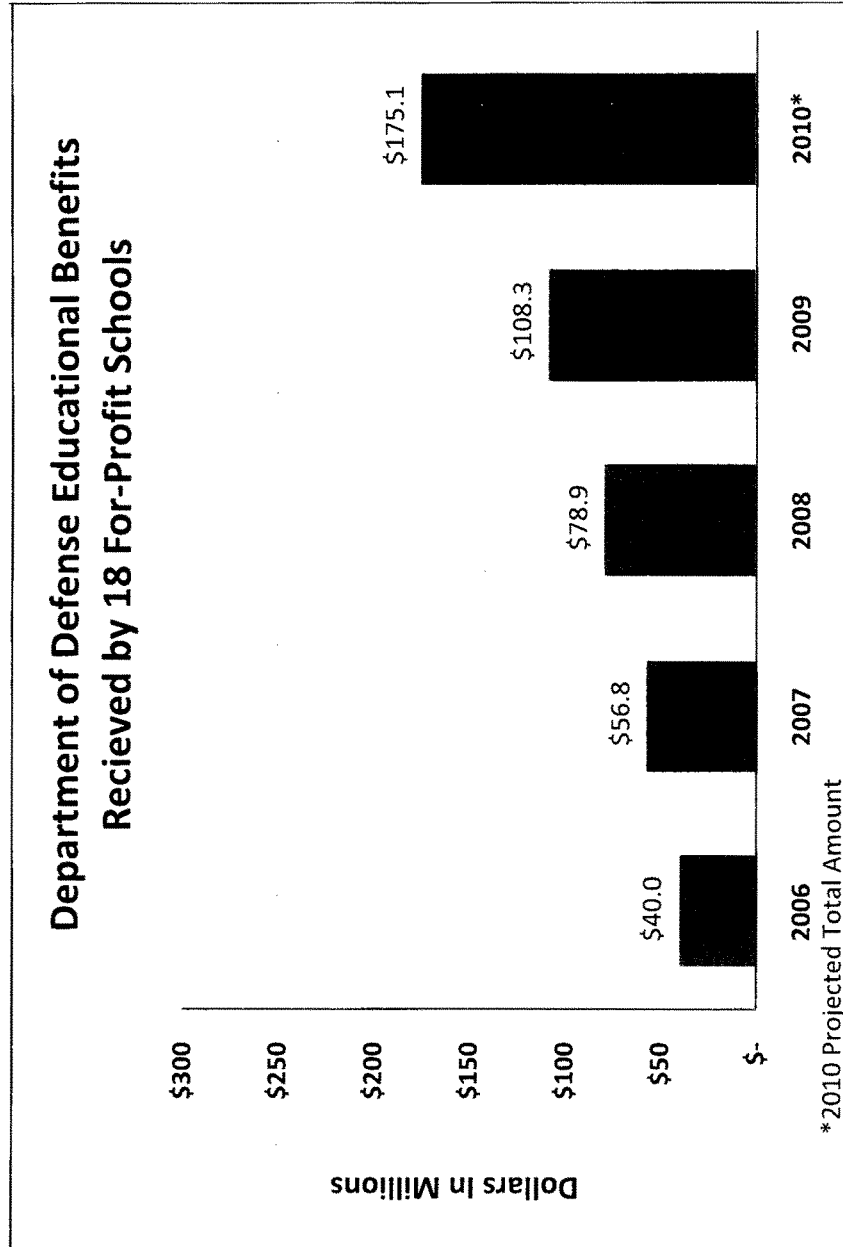
How many complaints has DOD received so far? What are the nature of these complaints? Please provide specifics.

So far, since the program began operation in March 2011, the Department has not had any submissions from Service members. However, institutions and Education Center staff have submitted 41 questions concerning the new MOU policy requiring all schools to sign an MOU with the Department before January 1, 2012, to participate in the military TA program, and the process to sign the MOU.









# DOD Tuition Assistance

**Amount Spent in FY2009:**

**\$517 Million**

