

Dear President Atkins,

Members of our board of directors have voiced concerns regarding the stewardship of GI Bill payments to for profit schools. Please see the attached letter summarizing those concerns and requesting the assistance of MOAA to advocate for corrective actions by Congress and the President. Thank you.

Respectfully,

John W. Swartzwelder, Jr.
President
Central Virginia Chapter
MOAA

Dana T. Atkins, Lt. General, USAF, (Ret.)
President and CEO
Military Officers Association of America
202 North Washington Street
Alexandria, Virginia 22314

May 13, 2019

Dear President Atkins:

Fraudulent and self-serving. Those are just a few of the words which come to mind when I think of the current manner in which some universities are manipulating billions of Veterans Administration (VA) dollars. MOAA has repeatedly documented funds from the VA to several for-profit schools are being misused, spent on misleading and predatory recruitment ads, instead of for the betterment of our veterans. The Central Virginia Chapter (CVC) proposes MOAA petition the White House and members of Congress to clearly state these practices are abusive, fraudulent and must end.

MOAA leadership and members repeatedly, and vocally, state our organization is, "*dedicated to ... ensuring our nation keeps its commitments to ...former members of the uniformed services.*" A great way to demonstrate our dedication is to persuade the White House and Congress to immediately monitor, evaluate and censure the violating schools. Withholding funds from offenders and taking legal action, when warranted, will help protect our veterans and ensure better stewardship of our tax dollars.

The public outcry following the release of a study reported in the *Washington Post* on April 19, 2019, demands action. Who better to take such leadership than MOAA?

The advocacy group, "Veterans Education Success", has used U.S. Education Department data to demonstrate seven of the top ten colleges that received money from the GI Bill spent less than one-third appropriately. Funds intended for academic instruction were re-directed to other purposes like recruitment.

Writing for the *Post*, Danielle Douglas-Gabriel reported the top three recipient schools, "spent just 11 to 15 percent on educating students." For-profit schools dominated the findings of those

who were most guilty of these egregious practices. As an example, the for-profit group "Career Education Corp." spent 8.2% on instruction, while allocating 37% of VA funds on recruiting and marketing.

Clearly, not all schools are to be condemned and valid allocations from VA should continue. Just as clearly, MOAA should use its considerable influence to advocate correcting these obvious wrongs. Thank you for your consideration of this proposal and for all you do for our active duty, retired and separated troops as well as their families and surviving spouses.

Very Respectfully,

John W. Swartzwelder, Jr.
President, CVC MOAA
On behalf of the Officers, Board of Directors and Members of CVC/MOAA

From: Dana Atkins [<mailto:dt@moaa.org>]
Sent: Thursday, May 16, 2019 5:00 PM
To: John <jnblueridge@embarqmail.com>
Cc: GovernmentRelations <governmentrelations@moaa.org>; Jim O'Brien <jimo@moaa.org>; Genelle Cox <genellec@moaa.org>; Jim Carman <jimc@moaa.org>; Terri Coles <terric@moaa.org>; Erin Stone <erins@moaa.org>
Subject: RE: For profit schools redirect GI Bill payments

John – Thank you for your patience to allow me and the staff to provide a more comprehensive reply to the concerns you and the Central Virginia chapter have raised with respect to GI Bill payments to for profit schools. There can be no doubt that there are predatory, unscrupulous actors in the education space. Where there is a benefit of service, there is someone who seeks to make a quick dollar at the expense of those who have served and sacrificed. Even now, we see that characterizing schools as “for-profit” or “non-profit” does not adequately characterize which schools are bad actors and which are not. The lines become blurred as for-profit institutions convert to non-profit status to skirt regulation while bragging about their continued profitability (as in the case of Grand Canyon University), non-profit institutions legitimize bad actors by bringing them under their umbrella (as with Purdue University acquiring Kaplan University), and predatory practices are adopted by non-profit institutions facing stiff competition and administrative pressure to grow enrollments. It is certainly true that for-profit institutions by their nature are required to be profitable for their stakeholders, and are thereby incentivized to enact many of these troubling and fraudulent practices of targeting servicemembers and their families. Some of these institutions; however, invest heavily in student instruction, comfortably meet the established metrics for student success, while some non-profit institutions act in questionable ways.

As this issue becomes more complex, so our methods for addressing it through legislative and regulatory means must become more sophisticated. This is not an effort that MOAA undertakes alone, but in

tandem with many in the MSO/VSO community, including the American Legion, Student Veterans of America, Iraq and Afghanistan Veterans of America, the National Military Family Association, Veterans Education Success, and especially through our work with The Military Coalition. The goals of these groups to address GI Bill fraud and abuse can be characterized in two ways: to make whole those who have been defrauded, and to enact protections that will prevent future abuse. These goals are enacted through legislation, regulation, and oversight of implementing both of these.

The Colmery Act of 2017, commonly referred to as the Forever GI Bill, created provisions to restore GI Bill benefits to those who were defrauded by for-profit institutions that closed without conferring a degree. Further regulation developed within the Department of Education will permit those who are approved for borrower defense to have any loans discharged, and to reimburse payments on loans already paid. In the case of servicemembers who have had loans taken out in their name, or whose GI Bill benefits did not cover the full cost of tuition at their institution, this can ameliorate their financial hardship. In February of this year, MOAA joined 35 other organizations in a letter (attached) to VA Secretary Robert Wilkie urging action and oversight of post-9/11 GI Bill benefits to prevent \$2.3B in wasted payments to fraudulent institutions.

We are presently engaged actively in advocating to close a loophole in the 90-10 rule, which requires at least 10% of a for-profit institution's revenue to come from non-federal sources. However, because this rule defines federal financial aid as Title IV funds only, educational benefits such as the GI Bill are exempt from the 90-10 ratio. Consequently, we see institutions practicing the predatory behaviors that you described. We have supported past legislation to close this loophole, and intend to support both a standalone bill to be reintroduced in the next few weeks, and a provision to accomplish the same through the reauthorization of the Higher Education Act. Earlier this month, MOAA and 36 other organizations sent a letter (attached) to the leadership of the Senate Committee on Health, Education, Labor & Pensions urging them to pass a bipartisan, comprehensive reauthorization of the Higher Education Act that would include this provision. Closing the 90-10 loophole is one of the primary means by which servicemembers, veterans, and their families may be protected from predatory institutions.

You alluded to another means by which we can address these issues when you wrote about investment in instruction by institutions. MOAA advocates for improved measures of institutions receiving GI Bill and other federal funds, such as instructional investment, employment and repayment outcomes. We also advocate for the transparency to determine when institutions are meeting minimum standards, and to be sure that VA and the Department of Education are adequately sharing information about institutions that are out of compliance.

There are several other challenges in the education space that we are also monitoring. You may have read that full implementation of the Forever GI Bill was delayed due to VA housing payment delays that have had catastrophic results for some servicemembers. Implementation is as important as the passage of the legislation, and so MOAA remains engaged on this issue. I hope that you and the Central Virginia Chapter will remain engaged, and I invite you to contact me directly if you have any further questions or concerns about how MOAA advocates to defend the GI Bill and other earned benefits. I hope you and the chapter members find this update both helpful and reassuring that we (MOAA) are standing guard. R,
DT

Dana T. Atkins

Lieutenant General, U.S. Air Force (Ret)

President and CEO

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