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Partnership for Veterans' Education

STATEMENT

of

The PARTNERSHIP for VETERANS' EDUCATION

on

The Montgomery GI Bill for Members of the
Selected Reserve

before the

MILITARY PERSONNEL SUBCOMMITTEE

House Armed Services Committee

and the

ECONOMIC OPPORTUNITY SUBCOMMITTEE

House Veterans' Affairs Committee

September 27, 2006

Presented by

VADM Norbert Ryan, Jr., USN (Ret.)
National President
Military Officers Association of America

Mr. CHAIRMAN AND DISTINGUISHED MEMBERS OF THE COMMITTEE, on behalf of the Partnership for Veterans Education, a consortium of military, veterans, and higher education associations which advocate for improving educational benefits under the Montgomery GI Bill, I am honored to have this opportunity to present our collective views on the Montgomery GI Bill for the Selected Reserve.

The Partnership for Veterans Education does not receive any grants or contracts from the federal government.

- Air Force Association
- Air Force Sergeants Association
- Air Force Women Officers Associated
- American Logistics Association
- Army Aviation Association of America
- Association of the United States Army
- Blinded Veterans Association
- Chief Warrant Officer and Warrant Officer Association, U.S. Coast Guard
- Commissioned Officers Association of the U.S. Public Health Service, Inc.
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- American Association of State Colleges and Universities
- National Association of Veterans Program Administrators
- Servicemembers Opportunity Colleges

EXECUTIVE SUMMARY

Total Force Montgomery GI Bill. The active duty, National Guard and Reserve forces are operationally integrated under the Total Force policy but their educational benefits are not structured commensurate with types and duration of service performed.

The Partnership for Veterans Education strongly supports enactment of legislation that would consolidate military / veteran MGIB programs in Title 38 and align benefit rates according to the length and type of service performed – a Total Force MGIB.

Initial Entry Reserve MGIB Benefits

The Partnership for Veterans Education urges Congress to address the growing benefit gap between the Reserve MGIB (Chapter 1606) and the active duty program as soon as possible. The Partnership also recommends continuous in-service usage of Chapter 1606 benefits until exhausted.

Reserve Educational Assistance Program (Mobilization) MGIB Benefits

The Partnership for Veterans Education recommends that Chapter 1607, 10 USC be transferred to Title 38 and that the rate formula for the program be adjusted to provide one month of active duty benefits under Chapter 30, 38 USC for every month mobilized.

Portability of Benefits

The Partnership for Veterans Education urges Congress to authorize use of reserve MGIB benefits earned during a mobilization under contingency operation orders for a period of 10 years after leaving service – the same portability active duty members enjoy.

Benchmarking MGIB Benefit Rates

The Partnership for Veterans Education urges Congress to benchmark MGIB benefit rates to keep pace with the average cost of education at a four-year public college or university.

Background on the Evolution of the Montgomery GI Bill

Our nation's total Armed Forces – active duty, National Guard, and Reserve -- are operationally integrated to carry out national security missions, but educational benefits under the Montgomery GI Bill (MGIB) do not reflect this “total force” policy, nor match benefits to the length and type of service performed.

The enactment of MGIB programs early in the All-Volunteer Force era sheds light on the current disconnect between the MGIB structure and the policies used today to ensure reserves are embedded in all military missions.

Congress re-established the GI Bill in 1984. The MGIB was designed to stimulate All-Volunteer Force recruitment and retention and to help veterans readjust to the civilian world on completion of their service. Active duty MGIB educational benefits were codified in Title 38, ensuring a readjustment purpose by authorizing use for up to 10 years after leaving service. But the Selected Reserve MGIB program was codified under Chapter 1606 of Title 10, and post-service benefits were not authorized.

The father of the modern G.I. Bill named for him, the late Representative G.V. ‘Sonny’ Montgomery, long-time Chairman of the House Veterans Affairs Committee, envisioned that Guard and Reserve service men and women deserved to participate in the GI Bill program in exchange for their voluntary service. But at the time, there was ‘pushback’ on the issue of “veteran status” for reservists. Moreover, leaders then did not anticipate today’s routine usage of Guard and Reserve forces for active duty missions. Some groups felt that reservists who had not served on active duty had not earned veterans (readjustment) benefits. Chairman Montgomery forged a compromise that resulted in placing the new reserve GI Bill programs into the Armed Forces Code, Title 10.

From the inception of the MGIB until the late 1990s, Reserve MGIB benefits maintained proportional parity with the basic active duty program, paying nearly 50 percent of active duty benefit rates. Subsequently, active duty rates were increased significantly, but the Reserve benefits were not – largely because they were under a different committee’s jurisdiction. Erosion of Reserve MGIB value relative to that of the active duty program began to occur at the very time that hundreds of thousands of Guard and Reserve servicemembers were being called up following the September 11, 2001 attacks.

The administration attempted to rectify the growing gap between reserve and active duty benefit rates by proposing legislation establishing a new Reserve MGIB for reservists activated for more than 90 days for a contingency operation. But the complexity of the new program (enacted as Chapter 1607, 10 USC), coupled with inadequate funding, poor correlation with other MGIB programs and the absence of a portability feature, has in our view compromised statutory objectives for the MGIB as envisioned by Sonny Montgomery.

A new architecture is needed to align the MGIB with the realities of the Total Force policy in the 21st Century.

Toward a Total Force MGIB for the 21st Century.

The Total Force MGIB has two broad concepts. First, all active duty and reserve MGIB programs would be consolidated under Title 38. DoD and the Services would retain responsibility for cash bonuses, MGIB “kickers”, and other enlistment / reenlistment incentives. Second, MGIB benefit levels would be structured according to the level of military service performed.

The Total Force MGIB would restructure MGIB benefit rates as follows:

- ❑ Tier one – Chapter 30, Title 38 – no change. Individuals who enter the active armed forces would earn MGIB entitlement unless they decline enrollment.
- ❑ Tier two – Chapter 1606, Title 10 -- MGIB benefits for initial entry into the Guard or Reserve. Chapter 1606 would transfer to Title 38. Congress should consider adjusting benefit rates in proportion to the active duty program. Historically, Selected Reserve benefits have been 47-48% of active duty benefits.
- ❑ Tier three – Chapter 1607, Title 10, amended -- MGIB benefits for mobilized members of the Guard / Reserve on “contingency operation” orders. Chapter 1607 would transfer to Title 38 and be amended to provide mobilized servicemembers one month of “tier one” benefits (currently, \$1034 per month) for each month of activation after 90 days active duty, up to a maximum of 36 months for multiple call-ups.

A servicemember would have up to 10 years to use remaining entitlement under Tier One or Tier Three programs upon separation or retirement. A Selected Reservist could use remaining Second Tier MGIB benefits only while continuing to serve satisfactorily in the Selected Reserve. Reservists who qualify for a reserve retirement or are separated / retired for disability would have 10 years following separation to use all earned MGIB benefits. In accordance with current law, in cases of multiple benefit eligibility, only one benefit may be used at one time, and total usage eligibility extends to no more than 48 months.

The Partnership for Veterans Education strongly supports enactment of legislation that would consolidate military / veteran MGIB programs in Title 38 and align benefit rates according to the length and type of service performed, a Total Force MGIB.

Montgomery GI Bill Benefits for Members of the Selected Reserve

The Total Force MGIB concept outlined above would drive particular changes in the Selected Reserve MGIB programs.

Initial Entry Reserve MGIB Benefits. For the first 15 years of the Reserve MGIB program (Chapter 1606, 10 USC), benefits earned by individuals who initially join the Guard or Reserve for six years paid 47 cents to the dollar for active duty MGIB participants. Since 9/11, however, the ratio has dropped to 29 cents to the dollar. One consequence of the rate drop is that reservists feel their service is devalued. The chart below illustrates the sharp decline in rate parity since 9/11.

**Montgomery GI Bill Program
Benefit History – Full Time Study Rates**

<u>Month</u>	<u>Year</u>	<u>Active Duty Chapter 30</u>	<u>Selected Reserve Chapter 1606</u>	
Jul	1985	\$300.00	\$140.00	47%
	1986	\$300.00	\$140.00	47%
	1987	\$300.00	\$140.00	47%
	1988	\$300.00	\$140.00	47%
	1989	\$300.00	\$140.00	47%
	1990	\$300.00	\$140.00	47%
Oct	1991	\$350.00	\$170.00	49%
	1992	\$350.00	\$170.00	49%
Apr	1993	\$400.00	\$190.00	48%
Oct	1994	\$404.88	\$192.32	48%
Oct	1995	\$416.62	\$197.90	48%
Oct	1996	\$427.87	\$203.24	44%
Oct	1997	\$439.85	\$208.93	48%
Oct	1998	\$528.00	\$251.00	48%
Oct	1999	\$536.00	\$255.00	48%
Oct	2000	\$552.00	\$263.00	48%
Nov	2000	\$650.00	\$263.00	40%
Oct	2001	\$672.00	\$272.00	40%
Dec	2001	\$800.00	\$272.00	34%
Oct	2002	\$900.00	\$276.00	31%
Oct	2003	\$985.00	\$282.00	29%
Oct	2004	\$1004.00	\$288.00	28.6%
Oct	2005	\$1034.00	\$297.00	28.6%
Oct	2006	\$1075.00	\$309.00	28.7%

The Partnership for Veterans Education urges Congress to address the growing benefit gap between the Reserve MGIB (Chapter 1606) and the active duty program as soon as possible. The Partnership also recommends continuous in-service usage of Chapter 1606 benefits until exhausted.

Reserve Educational Assistance Program (Mobilization) Benefits. The design of the REAP (currently, Chapter 1607, 10 USC) for reservists called to active duty on contingency operation orders of at least 90 days was determined with little or no consultation with Defense Department, VA officials, and other stakeholders. The benefit rate structure is inconsistent with actual duty performed using Chapter 30 rates as a benchmark.

The Total Force MGIB proposal would establish the same month-for-month entitlement rate for mobilized reservists as for active duty members. Some have suggested this would amount to a benefit cut. With enactment of a portability feature, however, the REAP program ultimately would be fairer to all members of the force and more generous to mobilized troops. A restructured REAP also would be more closely aligned with the DoD policy of using the “operational reserve” on active duty every five or six years. The proposal would enable a G-R member potentially to acquire full MGIB benefits for 36 months combined service on contingency operation orders. Presently, Chapter 1607 awards \$14,890 for 91 days active duty service, \$22,300 for one year plus one day of active duty service, and \$29,779 for 24 months active duty, assuming full-time training or study. Additional service offers no additional benefit, even though over the course of a 20 year Guard or Reserve career, reservists can expect to spend four or more years on active duty.

The Partnership for Veterans Education recommends that Chapter 1607, 10 USC be transferred to Title 38 and that the rate formula for the program be adjusted to provide one month of active duty benefits under Chapter 30, 38 USC for every month mobilized.

Portability of Benefits. A key element of the Total Force MGIB proposal is that reservists mobilized for at least 90 days under federal contingency operation orders would be able to use remaining REAP benefits under Chapter 1607 after separation. That is, they would be entitled to post-service readjustment benefits under the MGIB. Some government officials are concerned, however, that this proposal would hurt National Guard and Reserve reenlistment and retention programs.

The Partnership for Veterans Education would offer the following analysis in reply. America's volunteer military – active duty and reserve component – become veterans when they complete their active duty service agreements. For mobilized reservists, when they return from an active duty call-up (under contingency operation orders) they are veterans and no American would dispute that fact, no less their sacrifice. Why then should they be treated as second-class citizens for purposes of the MGIB? If an active duty member who serves two years on active duty and one tour in Iraq may use MGIB benefits for up to 10 years after leaving service, do we not owe equal treatment to a Guard or Reserve member who serves two or more years in Iraq over a period of six or eight years of Guard/Reserve service?

DoD's own survey data indicate that "education" is not a key variable in extension or reenlistment decisions. Moreover, a reenlistment or extension decision enables the service member to retain original Reserve MGIB benefits (currently, Chapter 1606) as well as the potential to earn more active duty MGIB entitlement through successive call-ups. Reservists who choose to remain in the Selected Reserve and later are mobilized again (and again) would earn one month of active duty MGIB benefits for every month mobilized, up to 36 months of benefits, under the Total Force MGIB proposal. They would still have 12 months remaining usage under Chapter 1606, since current law allows dual-benefit accrual up to 48 mos. maximum entitlement. In short, there is a built-in incentive to continue serving in the Selected Reserve because of the potential to earn more MGIB entitlement.

Over the twenty-one year history of the MGIB, no research has shown that active duty veterans "get out" because of the MGIB. Many other valid personal and family reasons drive these volunteers' decisions to serve or not. To argue that they should be compelled to remain in service to retain their REAP benefits is unfair and an insult to their spirit of voluntarism.

The Partnership for Veterans Education urges Congress to authorize use of reserve MGIB benefits earned during a mobilization under contingency operation orders for a period of 10 years after leaving service – the same portability active duty members enjoy.

\$1,200 MGIB Enrollment "Tax". The MGIB is one of the only government-sponsored educational programs in America that requires a student to pay \$1,200 (by payroll deduction during the first 12 months of military service) in order to establish eligibility. The payroll deduction is nothing more than a penalty that must be paid for before the benefit is received. Sadly, this fee causes some enlisted service members to decline enrollment simply because they are given a one-time, irrevocable decision when they are making the least pay and are under the pressure of basic military training.

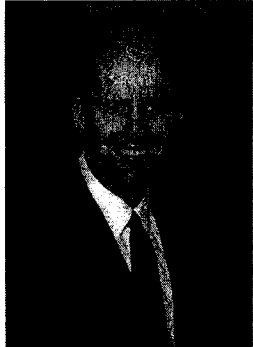
Those who decline enrollment—many due to financial necessity—do not have a second chance to enroll later. This is a major heartburn item from our lowest-ranking volunteers entering

military service. New recruits feel tricked when they enter service and learn they must forego a substantial amount of their first year's pay to enroll in the MGIB. The practice sends a very poor signal to those who enter service expecting a world-class educational benefit.

The Partnership for Veterans Education has not adopted a formal position on this issue at this time, but we would expect that Congress address the long-term impact of an MGIB access "tax" in consolidating MGIB programs for the 21st century.

Benchmarking MGIB Rates to the Average Cost of Education. Department of Education data for the 2005-2006 academic year show the MGIB reimbursement rate for full-time study covers 81%* of the cost at the average public four-year college or university (* percentage reflects average costs only for tuition, room, board; does not include actual expenses to veterans of commuting, living costs, or books and supplies).

The Partnership for Veterans Education urges Congress to benchmark MGIB benefit rates to keep pace with the average cost of education at a four-year public college or university.



**Vice Admiral Norbert R. Ryan, Jr.,
United States Navy, Retired**

Admiral Ryan became President of the Military Officers Association of America (MOAA) in September 2002. He is MOAA's ninth President in the organization's 76 years.

A native of Mountainhome, Pennsylvania, Admiral Ryan graduated from the United States Naval Academy in June 1967. He is also a graduate of George Washington University, with a Master of Science Degree in Personnel Administration, and the Senior Officials in National Security Program at Harvard University's John F. Kennedy School of Government.

He was designated a Naval Aviator in 1968, and his numerous operational and sea duty assignments included command at the Squadron and Wing level culminating with command of Commander, Patrol Wings, U.S. Pacific Fleet/Commander, Task Force Twelve (CTF-12).

In addition to his operational assignments, Vice Adm. Ryan has also served as Company Officer/Midshipman Personnel Officer, U.S. Naval Academy; Deputy Executive Assistant/Aide to the Chief of Naval Operations; Executive Assistant to the Vice Chairman, Joint Chiefs of Staff; Assistant Chief of Naval Personnel for Total Force Programming and Manpower (Pers-5); Assistant Chief of Naval Personnel for Distribution (Pers-4); and Chief of Legislative Affairs.

In November 1999, Admiral Ryan assumed the duties of Chief of Naval Personnel/Deputy Chief of Naval Operations (Manpower & Personnel), a position he held until his retirement in August 2002.

Among his awards and decorations Admiral Ryan is authorized to wear the Navy Distinguished Service Medal (w/1 Gold Star), Defense Superior Service Medal, Legion of Merit (w/3 Gold Stars), and the Meritorious Service Medal (w/2 Gold Stars).

The Admiral and his wife Judy, have two adult children, and reside in Fairfax Station, Va.

11/05

**DISCLOSURE FORM FOR WITNESSES
CONCERNING FEDERAL CONTRACT AND GRANT INFORMATION**

Witness name: VADM Norbert R. Ryan, Jr., USN (Ret.)

Capacity in which appearing: Representing the Partnership for Veterans Education

The Partnership for Veterans Education has received no federal grants / contracts in fiscal year 2006 or in previous years.