

**Statement of Mr. Keith Wilson  
Director of Education Service  
Veterans Benefits Administration  
Department of Veterans Affairs  
Before the  
House Committee on Armed Services  
Subcommittee on Military Personnel  
Washington, DC**

**February 28, 2007**

Good morning Mr. Chairman, Ranking Member McHugh, and members of the Subcommittee. I appreciate the opportunity to appear before you today to discuss the impact of changes to two existing title 10 Reserve/Guard education benefit programs administered by the Department of Veterans Affairs (VA), namely, the Montgomery GI Bill—Selected Reserve (MGIB—SR or chapter 1606) and the Reserve Educational Assistance Program (REAP or chapter 1607). In particular, my testimony will address the major changes to those programs as proposed in HR 1102. This bill would consolidate the two programs into a new chapter 33 in title 38, United States Code. The bill would also make significant changes to both programs.

**Current Education Programs**

The MGIB – SR (Chapter 1606) provides members of the Selected Reserve with educational assistance, generally in the form of monthly benefits, to assist them in reaching their educational or vocational goals. The REAP (Chapter 1607) provides an enhanced benefit for reservists and those in the National Guard who are activated for more than 90 days due to an emergency or contingency as defined by the President or

Congress. Education benefits assist in the readjustment to civilian life, support the armed services' recruitment and retention efforts, and enhance the Nation's competitiveness through the development of a more highly educated and productive workforce.

The MGIB-SR is the first GI Bill to provide educational assistance to members of the Selected Reserve (including National Guard members). The Department of Defense (DOD) funds this program and is responsible for determining eligibility for this program. VA's Veterans Benefits Administration (VBA) administers the program. MGIB-SR participants must agree to a six-year Selected Reserve obligation after June 30, 1985; must have completed the requirements of a secondary school diploma, or its equivalent, before applying for benefits; and generally must remain a member in good standing in the Selected Reserve. The maximum entitlement under this program is 36 months, and participants must generally use benefits within 14 years of the date eligibility began.

The REAP provides educational assistance to members of the Guard and Reserve who serve on active duty in support of a contingency operation under federal authority on or after September 11, 2001. The Department of Defense determines eligibility to REAP. To establish eligibility, members must have served for a minimum of 90 consecutive days. The maximum full-time entitlement allowed under this program is 36 months, and the benefit rate is a portion of the Montgomery GI Bill -- Active Duty program (MGIB or Chapter 30) three-year enlistment rate.

## **Workload and Usage**

The education claims processing workload for Chapter 1606 increased steadily from 2001 through 2006. Incoming claims are numerically measured by end product, or work credit attached to the receipt of the claim. In 2006, VA received more than 261,000 MGIB-SR benefit claims and 68,000 REAP benefit claims. In the first quarter of fiscal year 2007, we received nearly 54,000 MGIB-SR benefit claims and 29,000 REAP benefit claims. From first quarter 2006 to first quarter 2007, claims for benefits under Chapter 1606 increased by 10%, in addition to the new workload created by the Chapter 1607 program.

The Department of Defense has informed us that between 1986 and 2006, more than 1.5 million Selected Reserve members have gained eligibility for the MGIB-SR benefits. Forty-two percent of them have applied for educational assistance.

In fiscal year 2006, over \$ 122 million in benefits were paid to over 66,000 Selected Reserve members participating in the MGIB-SR program. This does not include those who received benefits under the Reserve Education Assistance Program (REAP). In fiscal year 2006, over \$153 million in benefits were paid to almost 24,000 REAP participants. In the first quarter of fiscal year 2007, over \$28 million in benefits were paid to more than 35,500 Selected Reserve members participating in the MGIB-SR program, and over \$75.5 million in benefits to over 23,000 REAP participants.

## **Proposed Program Changes**

HR 1102 seeks to consolidate certain reserve education benefits programs and to provide enhanced educational benefits to Reserve and Guard members. As these changes are considered, the basis for the programs should be a major guiding factor. The “three R’s” of recruitment, retention, and readjustment must continue to be the foundation upon which “Total Force” education benefits should be structured.

We believe the proposed changes should be transparent to eligible persons and facilitate program administration. Based on our experience in administering the educational benefits programs, we have noted that the cause of some of the greatest confusion and processing delay stems from the extensive eligibility criteria and myriad program elections that are required.

Shifting the governing statutes for the Chapter 1606 and 1607 programs from title 10 to title 38 of the United States Code may seem appealing, on the surface. However, while this may facilitate VA oversight, it has other broader implications. Clearly, it invests VA with new funding authority and responsibilities beyond the Department’s traditional role. In some cases, moreover, this may intrude upon matters more appropriately within the jurisdiction of the Department of Defense. One example of this is the provision in HR 1102 making VA partly responsible for determining “kicker” amounts. Not only is such a decision not within our area of expertise, but the required departmental consensus also could create unnecessary and inappropriate tension between domestic spending initiatives for veterans and force management objectives

for service members. Decisions on the latter, in our view, should reside solely with the Department of Defense. Otherwise, we have not yet fully assessed the impact on our Department of transferring the mentioned title 10 programs to title 38 as proposed by H.R. 1102. Although we have not yet assessed the full cost of the bill, the proposed program changes could result in significant costs that are not included in the President's Budget. For this and previously stated reasons, the Administration cannot support this legislation at this time.

Mr. Chairman, this concludes my statement. I would be pleased to answer any questions you or any of the other members of the Subcommittee may have.