

**TESTIMONY BEFORE THE HOUSE
COMMITTEE ON VETERANS' AFFAIRS
Subcommittee on Economic Opportunity**

**Hearing on Executive Order #13607
And Its Impact on Schools and Veterans
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**On behalf of the
National Association of College and University Business Officers**

Mr. Chairman and Members of the Committee: My name is Judith Flink. I serve as Executive Director of University Student Financial Services for the three campuses of the University of Illinois. I have worked in the University's business office and been actively involved in higher education for over 30 years. I am testifying today on behalf of the National Association of College and University Business Officers (NACUBO), which represents chief financial officers and their staff at more than 2,100 public and nonprofit colleges and universities. NACUBO's mission is to promote sound administrative and financial management of institutions of higher education. On behalf of the University of Illinois, NACUBO, and my colleagues at institutions across the country who strive to encourage and support our nation's veterans, service members, and their families seeking higher education, I thank you for this opportunity to testify. In particular, I would like to thank Rep. Stutzman and his staff for this invitation – it is an honor for me to be here today.

NACUBO shares the President's goals as outlined in his April 27th Executive Order establishing principles of excellence for educational institutions serving veterans, service members and their families. We affirm that these students—indeed all students—deserve high quality academic and support services that enable them to make informed decisions about their education. We strongly support safeguards against abusive and deceptive recruiting practices.

Most, but not all, of the President's principles align with existing U.S. Department of Education (ED) requirements for institutions that participate in Title IV federal student aid programs. Those principles will not inflict additional cost or burden on our member institutions. But we do have serious concerns about some of the provisions and potential implications of the Executive Order. Our concerns are as follows:

1. Section 2(a) requires institutions “prior to enrollment, [to] provide prospective students who are eligible to receive Federal military and veterans’ educational benefits with a personalized and standardized form...to help those prospective students understand the total cost of the educational program; the type and amount of financial aid they may qualify for; their estimated student loan debt; information about student outcomes; and other information to facilitate comparison of aid packages offered by different educational

institutions.” The intended outcome of this requirement may sound beneficial but in reality it makes assumptions about what institutions know about prospective students and when they know it. Prospective students seldom identify themselves by which federal aid benefits they are eligible to receive. Often, particularly at open access community colleges, students don’t file their Free Application for Federal Student Aid (FAFSA) or identify themselves as eligible for veterans’ benefits until after they have enrolled. They routinely wait until after classes start to apply for aid and veterans’ educational benefits rendering this requirement impossible for schools to administer and enforce.

The requirement also fails to understand that institutions do not have access to the information that would enable them to accurately estimate a student’s eligibility for veterans’ educational benefits. ED relies on the privacy strictures of the Family Educational Rights and Privacy Act (FERPA) to trust institutions with detailed information about students concerning the amount of their federal financial aid package. The Department of Veterans Affairs (VA), on the other hand, historically had little or no direct communication with schools until the advent of Chapter 33. So the VA has not developed procedures to communicate that information to schools and holds tightly to information about veterans and their eligibility for education benefits.

Furthermore, the requirement under Section 2(a) assumes that institutions will use a prototype of the standardized financial aid award letter being drafted by ED and the Consumer Financial Protection Bureau. However, consensus on this issue has not been reached in the higher education community. While there is broad support for the use of standardized terms and definitions, we are concerned that imposition of specific formats will not serve the needs of students and their families given the enormous variation in educational programs. The National Association of Student Financial Aid Administrators has convened a task force to make recommendations in this area. We strongly encourage the President, VA, and Department of Defense (DoD) to await and consider the task force’s final report which is expected to be released soon.

2. Section 2(e), to allow service members and reservists to be readmitted to a program if they are temporarily unable to attend class, needs further clarification. It fails to stipulate how long an absence might be termed temporary or what an institution is required to do when service members return to a program that has been eliminated during their absence.
3. Section 2(f) is even more ambiguous. It requires institutions to agree to an institutional refund policy aligned with the rules for unearned student aid developed by the Department of Education. While it references ED’s statutorily mandated return of Title IV funds policy, it appears to go further and could create significant enrollment planning and budgeting challenges for institutions of higher education.

The Department of Education’s refund policy applies only to federal aid and permits colleges and universities to set their own institutional refund policies. Some institutions

have aligned their refund policies with the ED policy but the vast majority has not. This is because when a student enrolls in a class and takes that seat, the institution has committed its resources to provide the promised instruction. If the student drops out, the institution cannot go out and find another student to fill that slot, so the committed resources are lost.

If the intent of this provision is to dictate an institution's refund policy for Veterans' educational benefits, that policy will be costly for schools to administer. The cost will vary depending on the institution and the number of veterans served. But all institutions, especially those that enroll significant numbers of veterans and service members, already struggle to keep up with the manual effort required to certify veterans. In many instances, institutions must certify a service member twice, once for their housing allowance and once for tuition and fees. Schools must also comply with DoD billing and payment processes that are not standardized across the various branches, as well as untangle the inevitable knots of confusion that arise in both programs. Creating a separate refund policy for this population of students would add yet another layer of disruptive, if not prohibitive, administrative burden associated with educating these students.

4. Section 2(g) also needs clarification. Its requirement to "provide educational plans for all individuals using Federal military and veterans' educational benefits" is similar to the confusing provision that appeared in the DoD Memorandum of Understanding for the Tuition Assistance program last year. The confusion caused by that requirement took months to clarify and turned out to mean something very different to institutions than it did to DoD. In order to forestall needless confusion and misunderstanding, it is important that institutions have the opportunity to discuss the intent of the underlying policy before it is implemented.
5. We support the requirement in section 2(h) that institutions "designate a point of contact for academic and financial advising...to assist service member and veteran students and their families..." Those of us at the University of Illinois, and my colleagues at other colleges and universities who assist service members and veterans, are passionate about providing the best possible advice and support to these students. Many schools have instituted special programs designed to help ensure their success. Much as we support this requirement, however, our ability to provide adequate financial counseling to veterans is severely impeded by the VA's tightly held control over most veteran information including their eligibility for VA education benefits and their indebtedness to the agency. College and university advisors cannot assist veterans who have debts to settle with the VA, or inform them about the consequences of failing to make payment arrangements, if we do not know the debt exists. Nor can we help veterans resolve payment discrepancies when VA staff members refuse to speak with us. So we ask Congress to consider revising applicable privacy statutes to allow the VA to share pertinent debt and benefit eligibility with the veteran's educational institution. Without that, it will be challenging for institutions to comply with this provision.

6. Section 3 which addresses student outcomes is not directed at institutions, but we are concerned because it will have an impact on us. Student outcomes may be difficult to measure and may prove misleading to the public. Many veterans and service members are nontraditional students; many attend multiple institutions during their educational career and each of the institutions contributes to the student's success. Some veterans and service members achieve their educational goals by completing a small number of classes that provide specific knowledge or skills required for their service or employment. These students would regard their completion of these courses as a successful outcome, whereas the measurements included in the Executive Order which are based solely on graduation rates would not.

Mr. Chairman, I have outlined problems that NACUBO and its members have with Executive Order 13607. In light of these significant concerns, we ask that the agencies tasked with implementing this Executive Order actively consult with institutions and the organizations that represent them (like NACUBO, ACE, AACSCU, and AACRAO) as they develop the necessary rules. ED is required by law to utilize a negotiated rulemaking process when drafting Title IV rules. This process solicits input from stakeholders thereby giving ED a clearer understanding of the impact, obstacles, and potential consequences of its actions enabling it to write better rules. The lack of similar negotiated rulemaking processes or consultation between the DoD, VA, and educational institutions has created mountainous obstacles due to a simple lack of understanding of each party's policies, procedures, and language. Greater collaboration in the development of rules and sub-regulatory guidance would much better serve not just the DoD, VA, and institutions, but most importantly, the veterans, service members, and their families we all strive to serve. Indeed when discussions between the VA, DOD, and institutions have occurred, consensus, clarity, and workable policy have been achieved.

I can personally attest to the success of such dialogue. Since implementation of the Post-9/11 GI Bill, I have had the pleasure of participating in a NACUBO work group that has met quarterly with VA representatives to address issues involved in processing Chapter 33 tuition benefits. These meetings always end with both sides walking away better informed about how the other party operates. VA participants gain a better understanding of institutional processes; institutional participants gain a better understanding of VA policies, procedures, and challenges. These meetings have established a productive relationship that we hope will continue. We sincerely appreciate the dedication of our VA participants and the difficult challenges they face as they implement a large scale educational benefits program.

And while these dialogues have been helpful, there is no established or formal structure to them. They have occurred only because of the willingness and commitment of the parties involved in the process. I would therefore like to propose the creation of an official Advisory Group with a defined membership and structure to work in partnership and develop workable solutions as we implement new VA and DoD policy and procedures. I believe this will go a long way to bring

consensus and efficiency to the schools, our partner agencies in the Federal government and service members alike.

In conclusion, let me reiterate the commitment of NACUBO's membership to ensuring that our service members receive the education they deserve in a streamlined and efficient process. We understand the need to protect our returning soldiers from unscrupulous practices but we have significant concerns with the implementation of the requirements in the President's recent Executive Order. We believe that further clarification and discussions are necessary so that all parties can gain understanding and move toward consensus on developing an efficient, sensible policy.

Thank you again for the opportunity to present NACUBO's position on Executive Order 13607. I'd be happy to answer any questions that you might have.