

**TESTIMONY OF
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THE AMERICAN LEGION
BEFORE THE
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
ON
PENDING AND DRAFT LEGISLATION**

October 11, 2017

Chairman Arrington, Ranking Member O'Rourke, and distinguished members of the subcommittee; On behalf of our National Commander, Denise H. Rohan, and the over 2 million members of The American Legion, we thank you for this opportunity to testify regarding The American Legion's positions on pending legislation before this committee. Established in 1919, and being the largest veteran service organization in the United States with a myriad of programs supporting veterans, we appreciate the subcommittee focusing on these critical issues that will affect veterans and their families.

H.R. 815

To amend title 38, United States Code, to adjust certain limits on the guaranteed amount of a home loan under the home loan program of the Department of Veterans Affairs.

VA's Home Loan Guaranty program has been in effect since 1944 and has afforded over 20 million servicemembers and veterans the opportunity to purchase homes. The Home Loan programs offer veterans a centralized, affordable and accessible method of purchasing homes in return for their service to this nation. The program has been so successful over past years that not only has the program paid for itself, but it has also shown a profit. In addition, statistics released by the Mortgage Bankers Association's National Delinquency Survey through the years have shown that veterans using VA loans have the lowest foreclosure rate in the United States.^{1,2} The home loan program has been a tremendous benefit for the military and veteran community.

H.R. 815 would add to this great benefit by allowing the VA flexibility to determine the appropriate limit of the veteran's loan for those who choose to buy homes in high-income areas. This would give a servicemember and/or veteran additional options for finding a home through a VA-backed loan. This bill is a commonsense approach to providing a meaningful benefit to those who have honorably served America. It is the sincere desire of The American Legion to see all veterans realize the American dream of owning their own home.

¹ <https://www.va.gov/opa/pressrel/pressrelease.cfm?id=2255>

² <https://www.blownmortgage.com/va-loans-lowest-foreclosure-rate/>

Through Resolution No. 329: *Support Home Loan Guaranty Program*, The American Legion supports any administrative and/or legislative efforts that will improve and strengthen the Loan Guaranty Service's ability to serve America's veterans.³

The American Legion supports H.R. 815.

H.R. 3018: Veterans' Entry to Apprenticeship Act

To amend title 38, United States Code, to ensure that veterans may attend pre-apprenticeship programs using certain educational assistance provided by the Secretary of Veterans Affairs, and for other purposes.

Currently, GI Bill benefits cannot be used to cover the cost of Department of Labor approved pre-apprenticeship programs. In certain industries, many veterans face financial barriers entering into apprenticeship programs because they lack pre-apprenticeship credentials and training.

Pre-apprenticeship programs provide instruction and/or training to increase math, literacy, and other vocational and pre-vocational skills needed to gain entry into a Registered Apprenticeship program. For example, the Robert C. Byrd Institute partners with West Virginia Women Work to offer training to women to prepare for machinist and industrial apprenticeships. Implementing Registered Apprenticeship and pre-apprenticeship models that are aligned with the needs of key industry sectors creates opportunities to advance veterans who are students, job seekers, or workers along the talent pipeline.

With skilled trade programs expected to grow faster than average as a growing economy spurs infrastructure development, The American Legion believes it is important that the Post-9/11 GI Bill incorporate this training.⁴

The *Veterans' Entry to Apprenticeship Act* would allow veterans to use their educational benefits under the GI Bill to attend pre-apprenticeship programs that are compliant with state standards and sponsorships with Registered Apprenticeship Programs. Through *Resolution No. 318: Ensuring the Quality of Servicemember and Veteran Student's Education at Institutions of Higher Education*, The American Legion supports any legislative or administrative proposal that improves the GI Bill.⁵

The American Legion supports H.R. 3018.

³ The American Legion Resolution No. 329 (2016): [Support Home Loan Guaranty Program](#).

⁴ <https://www.bls.gov/ooh/construction-and-extraction/home.htm> *Construction and Extraction Occupations*, Occupational Outlook Handbook

⁵ The American Legion Resolution No. 318 (2016): [Ensuring the Quality of Servicemember and Veteran Student's Education at Institutions of Higher Education](#).

H.R. 3634: SERVE Act of 2017

To amend title 38, United States Code, to ensure that individuals may access documentation verifying the monthly housing stipend paid to the individual under the Post-9/11 Educational Assistance Program of the Department of Veterans Affairs.

Many veterans utilizing the Post 9/11 GI Bill do not live in dormitories or on-campus housing but instead, find housing in the local market. Because many veterans who transfer from the military into higher education are generally older, have families, or are not comfortable with the dorm lifestyle, the best option is to rent a home or apartment on the local market near their institution of higher learning. Improvements to the GI Bill Comparison Tool have allowed veterans the ability to make informed decisions by viewing their estimated basic allowance for housing (BAH) rate in the location they are contemplating attending school. However, for purposes of income, the veteran has no official verification of their monthly housing stipend. This can be burdensome to veterans when having to explain the specifics of a government benefit to landlords and rental agencies as a reason they should waive a standard component of a rental application.

H.R. 3634 provides a common sense and zero cost solution that would allow documentation to be available to veterans online. This documentation would verify the amount of their monthly housing stipend the veteran would receive to show proper documentation of benefits.

Through *Resolution No. 318: Ensuring the Quality of Servicemember and Veteran Student's Education at Institutions of Higher Education*, the American Legion supports any legislative or administrative proposal that improves the GI Bill.⁶

The American Legion supports H.R. 3634.

Draft Bill

To amend title 38, United States Code, to eliminate the applicability of certain provisions of the Administrative Procedure Act to housing and business loan programs of the Department of Veterans Affairs.

Predatory lending schemes, under the guise of refinancing, have plagued veterans and their families for quite some time. These schemes, a painful reminder of the harmful practices seen during the housing boom, are targeting thousands of veterans and their families nationwide. Examples of these exploitations involve chronic refinancing that creates large fees for lenders, but leave veteran homeowners in dreadful shape financially. Lenders are luring veterans in with lower monthly payments and “official looking” marketing materials resembling DOD documents. Frequently, veterans end up in negative-equity positions, owing more on their loan balance than their house is worth.

⁶ The American Legion Resolution No. 318 (2016): [Ensuring the Quality of Servicemember and Veteran Student's Education at Institutions of Higher Education](#).

A recent analysis found numerous instances where veterans were influenced to shift from a long-term fixed-interest rate to a lower-rate short-term adjustable in which the principal amount owed to the lender jumped by thousands of dollars.⁷ In an average refinancing of this type, veterans added \$12,000 of debt to reduce their monthly payment by \$165, which could result in negative equity.⁸

The Administrative Procedure Act (APA) governs the process by which federal agencies develop and issue regulations. The APA exempts most loan programs from the formal rule making provisions, which includes requirements for publishing notices of proposed and final rulemaking in the Federal Register, and provides opportunities for the public to comment on notices of proposed rulemaking. The APA requires most rules to have a 30-day delayed effective date. In addition to setting forth rulemaking procedures, the APA addresses other agency actions such as issuance of policy statements, licenses, and permits. It also provides standards for judicial review if a person has been adversely affected or aggrieved by an agency action.

Title 38, U.S.C. requires the Secretary of VA to issue official regulations related to the home loan program, which gives the VA less flexibility. For instance, the VA home loan program is unable to react swiftly enough to predatory refinancing practices because VA must issue formal regulations each time. This draft bill would allow the home loan program to create changes without rulemaking, fixing the current law to provide the Secretary of VA a greater flexibility to avoid issuing regulations related to home loans.

The goal of enacting this bill would be to ensure that servicemembers and veterans have the proper protections from predatory lending schemes. The American Legion believes this bill would take a positive step towards limiting this kind of scheme that is affecting too many of our nation's heroes.

Through Resolution No. 329: *Support Home Loan Guaranty Program*, The American Legion supports any administrative and/or legislative efforts that will improve and strengthen the Loan Guaranty Service's ability to serve America's veterans.⁹

The American Legion supports this draft bill.

Draft Bill

To amend title 38, United States Code, to provide for the designation of State approving agencies for multi-State apprenticeship programs for purposes of the educational assistance programs of the Department of Veterans Affairs.

⁷ https://www.washingtonpost.com/realestate/agency-warns-that-questionable-refinancings-may-be-costing-veterans-big-money/2017/09/25/00955ff4-a208-11e7-b14f-f41773cd5a14_story.html?utm_term=.6090a1903d3c

⁸ *Id.*

⁹ The American Legion Resolution No. 329 (2016): [Support Home Loan Guaranty Program](#).

The Post-9/11 GI Bill offers living stipends to nonstudents who seek on-the-job training (OJT) or apprenticeships. Their inclusion dates back to the original GI Bill, where over 2 million World War II veterans utilized this benefit for on-the-job and on-the-farm training. Comparatively, the Post-9/11 GI Bill has only had 27,000 veterans, or about 2% according to a 2015 GAO report¹⁰. The report recommended that VA improve outreach, ease administrative challenges, and establish outcome measures for its OJT and apprenticeship program.¹¹

The American Legion agrees with the GAO's recommendations, but advises that administrative challenges must be eased before outreach and outcome measures can be conducted. No amount of marketing or salesmanship can make up for a flawed program, and initial feedback suggests that reforms are needed.

The American Legion believes it is irresponsible for the Department of Veterans Affairs to focus on outreach and outcome measures of the GI Bill for apprenticeships while these concerns remain unaddressed. Promoting a flawed program has the potential to poison the good will that our nation's employers have for servicemembers and veterans, accomplishing the exact opposite of the VA's mission to honor America's veterans.

This draft bill is an important first step to addressing the problems with Post-9/11 GI Bill Apprenticeship program, by streamlining approval for organizations with multi-state apprenticeship programs. Under current law, Registered Apprenticeship programs must be approved by all of the State Approving Agencies they are operating in order to be deemed eligible for GI bill use. This extra step in the process clouds the use of these funds for Registered Apprenticeship programs. Companies operating in several states can be vulnerable to these different interpretations, adding opportunity costs, and financial uncertainty. Through designating the state approving agency in which the headquarters of the apprenticeship program is located the authority for approving all state locations, this effort can be streamlined.

Through *Resolution No. 318: Ensuring the Quality of Servicemember and Veteran Student's Education at Institutions of Higher Education*, the American Legion supports any legislative or administrative proposal that improves the GI Bill.¹²

The American Legion supports this draft bill.

Draft Bill

To amend title 38, United States Code, to make certain improvements to the use of educational assistance provided by the Department of Veterans Affairs for flight training programs.

¹⁰ United States, Government Accountability Office. "Increasing Outreach and Measuring Outcomes Would Improve the Post-9/11 GI Bill On-the-Job Training and Apprenticeship Programs" [GAO-16-51]

¹¹ *Id.*

¹² The American Legion Resolution No. 318 (2016): [Ensuring the Quality of Servicemember and Veteran Student's Education at Institutions of Higher Education](#).

The American Legion supports measures to improve cost control for flight programs offered by colleges and universities. In 2015, The Los Angeles Times exposed that some institutions of higher learning had instituted extreme costs for flight fees as there are presently no caps in place for public schools.¹³ Since that time, increased oversight from the Department of Veterans Affairs and State Approving Agencies (SAAs) has resulted in lowered overall expenditures for flight training to \$48.4 million in 2016, from a height of \$79.8 million in 2014.

Among the external factors responsible for this reduction was a 100% compliance survey conducted by SAAs in 2015 that resulted in 12 suspensions and withdrawals; largely due to violations of the 85-15 rule. However, the mandate to micromanage flight programs is unsustainable, even as institutions learn to adjust to the requirements while hedging veteran credit enrollment. For these reasons The American Legion believes that a solution is still necessary to ensure that the Post-9/11 GI Bill and the Harry W. Colmery GI Bill remain an honorable investment of public dollars.

This obligation must be measured with the responsibility that our nation has to veterans using the Post-9/11 GI Bill who aspire to careers in aviation. Legislation that caps the maximum GI Bill amount per year for flight would have the inevitable consequence of discouraging pursuit of this vocation, with greater debt incurred by veterans and servicemembers who remain committed.

This draft legislation takes both of these considerations into account in language that sets a specific cap and provides the option for veterans to elect to spend remaining months of entitlement to accelerate payments at a rate of up to twice the amount for tuition and fees. As a practical example, suppose a veteran enrolls in a flight program costing \$45,700 in tuition and fees. This draft bill would cap their GI payment at \$22,850 (the maximum 2017 amount per private schools), leaving them to pay for half. The veteran can then elect to have the GI Bill cover the remainder by accelerating his GI Bill payments for 12 additional months, covering the full cost of tuition.

This would appear to alleviate concerns for discouraging pursuit of aviation, while putting the choice in the hands of the veteran for how to appropriately allocate their GI Bill. The American Legion commends the Committee for this measured approach, and is encouraged by the cost savings that have been made at aviation programs.

In order to consider support, The American Legion calls for all cost-savings projected by this measure to be returned to VA education programs. Absent this, and with no resolutions addressing the provisions of the legislation, The American Legion is researching the material and working with our membership to determine the course of action which best serves veterans.

The provisions in this bill fall outside the scope of established resolutions of The American Legion. As a large, grassroots organization, The American Legion takes positions on legislation based on resolutions passed by the membership. With no resolutions addressing the provisions of the

¹³ U.S. taxpayers stuck with the tab as helicopter flight schools exploit GI Bill loophole – March 15, 2015
<http://www.latimes.com/nation/la-me-adv-gibill-20150315-story.html#page=1>

legislation, The American Legion is researching the material and working with our membership to determine the course of action that best serves veterans.

The American Legion has no current position on this Draft Bill and will bring this issue to our committee for additional review.

Draft Bill

To authorize the Secretary of Veterans Affairs to make grants to eligible organization for the provision of transition assistance to member of the Armed Forces recently separated from active duty service.

The American Legion supports this bill as drafted because it would bolster the services and programs for transitioning servicemembers that lead to gainful employment and financial stability. By placing veterans in suitable employment, the country benefits from increased income tax revenue and reduced unemployment compensation payments. Having adequate assistance for transitioning servicemembers is a tremendous value for both the transitioning veteran and America.

The American Legion recognizes that in spite of the employment assistance available through already existing resources and platforms, many veterans still face difficulties transitioning quickly and successfully to the civilian workforce. In fact, unemployment is slightly higher among veterans than non-veterans of similar age (25-34).¹⁴ A good job is often the difference between a veteran having feelings of well-being or worthlessness. Depression, which can often be substantially alleviated by having a good job, is recognized as a significant contributor to the extraordinary number of suicides, level of drug use, and instances of aberrant behavior, which tend to disproportionately affect our veteran population.

Furthermore, The American Legion believes that by strengthening American veterans, we in turn strengthen America. Approximately 250,000 servicemembers leave the military each year. Recently separated service personnel will seek immediate employment, or increasingly, have chosen some form of self-employment.

Through *Resolution No. 70: Improve Transition Assistance Program*, The American Legion supports helping servicemembers transition to civilian life and find gainful employment.¹⁵

The American Legion supports this draft bill.

Conclusion

The American Legion thanks this committee for the opportunity to explain the position of the over 2 million veteran members of this organization. For additional information regarding this

¹⁴https://content.govdelivery.com/attachments/USVAVBA/2017/10/06/file_attachments/892299/BLS_Employment_Data_-_September_2017.pdf

¹⁵ The American Legion Resolution No. 70 (2016): [Improve Transition Assistance Program](#).

testimony, please contact Mr. Larry Lohmann, Assistant Director of the Legislative Division at The American Legion, at (202) 861-2700 or llohmann@legion.org.