

THE NEW ERA OF EXECUTIVE ACTION

PROTECTING VETERANS AGAINST FRAUDULENT AND AGGRESSIVE HIGHER EDUCATION PRACTICES

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Background

Since the passage of the G.I. Bill in 1944, access to a reduced-cost college education has become a core part of the benefits afforded to military veterans. The enactment of the “Post-9/11 G.I. Bill” in 2008 strengthened this federal commitment via the creation of several new initiatives tailored to recently discharged servicemembers from the wars in Iraq and Afghanistan.

On balance, G.I. Bill programs have been enormously successful, enabling millions of veterans to afford college educations. In recent years, however, evidence has emerged that certain aspects of the system are vulnerable to abuse from overly aggressive educational institutions.

In particular, for-profit colleges such as DeVry and the University of Phoenix have been implicated in scandals involving aggressive recruiting tactics among servicemembers at military bases. A PBS “Frontline” exposé in 2012 described the extent of the problem in detail, noting that some recruiters went so far as to attempt to enroll soldiers still recovering from war wounds at Camp LeJeune in North Carolina.

The incentives for for-profit institutions to target veterans for their tuition money are obvious. Apart from the fact that veterans typically have little previous experience in higher education, their G.I. Bill tuition payments are allowed to count toward the 10 percent of revenue that for-profit colleges must collect from private sources. (Legislative attempts to amend this “90/10 rule” have thus far been unsuccessful.)

For-profit college recruitment efforts have been shown to be wildly successful. A study commissioned by Senator Tom Harkin found that one in every four Post-9/11 G.I. Bill dollars was going toward for-profit colleges, which tend to redirect far more of that revenue back to advertising and recruitment

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than traditional nonprofit institutions. Along with Senator Dick Durbin, Harkin introduced the POST Act, which would have restricted for-profit colleges' use of federal veterans funds, but the bill died in committee. (Harkin retired from the Senate this year.)

Such recruitment trends would not necessarily be problematic, if outcomes for students enrolled at for-profit institutions were comparable to those at nonprofit schools. But a wealth of evidence, including work by TCF's own Suzanne Mettler, has shown this is not the case. For instance, most for-profit colleges have little incentive to ensure that veterans progress toward graduation and make their student-loan payments on time. At some schools, both the loan default rate and the dropout rate are well above 50 percent.

Action

On April 27, 2012, President Barack Obama issued Executive Order 13607: Establishing Principles of Excellence for Educational Institutions Serving Service Members, Veterans, Spouses, and Other Family Members.

What It Does

EO 13607 is designed to protect veterans from predatory higher education practices through new federal guidelines regarding veterans' education, as well as stricter enforcement of existing rules.

The order reinforces and strengthens several provisions related to veterans and current members of the military who are enrolled in higher education, in the form of several "Principles of Excellence." Following EO 13607, educational institutions must:

- Allow prospective students with military affiliation to compare financial aid across institutions by personally informing them of the cost of their education, the amount that federal programs will assist in paying, other available financial aid, and the estimated debt they will incur as a result of their enrollment ("Know Before You Owe").
- Desist from "unduly aggressive recruiting techniques" directed at veterans and active-duty members, including financial incentives based on the number of students whom recruiters can attract. EO 13607 also restricts recruitment on military installations to those educational institutions that have already signed agreements with the federal government pursuant to EO 13607.
- Permit military-affiliated students to leave an institution for military service and be readmitted upon return, as well as provide refunds for unused tuition in certain situations upon request, in compliance with existing Department of Education regulations.

- Provide proactive guidance for military-affiliated students that keeps them informed of their progress toward graduation via a designated campus “point of contact.”
- Report “veteran student outcome measures” to the Department of Education so that potential students have a means of comparing the quality of programming for veterans among different schools.

EO 13607 uses several mechanisms to enforce the provisions outlined above including:

- agreements between the federal government and institutions participating in military tuition reimbursement programs;
- amendments to Title 34 of the Code of Federal Regulations, which governs practices among educational institutions;
- the Department of Education College Navigator website (to report “outcome measures”);
- the Department of Veterans Affairs’s eBenefits website (for financial aid documents);
- existing education counseling programs at the Department of Defense and Veterans Affairs; and
- a “centralized complaint system,” coordinated between Veterans Affairs and State Approving Agencies, that allows military-affiliated students to report violations of EO 13607.

Status

As of October 2013, per a report from the Veterans Benefits Administration, the following steps have been taken:

- The Department of Education established its “College Scorecard” website, which allows prospective students to compare borrowing costs, loan-default rates, and graduation rates across universities.
- The G.I. Bill website now includes the Department of Education College Navigator search engine.
- A contract was signed for the construction of the Veterans Complaint System of Record Notice.

- Universities committed to the Principles of Excellence are now required to provide military-affiliated prospective students with a “Financial Aid Shopping Sheet” that outlines the costs the student will incur while enrolled.
- Criteria for “veteran student outcome measures” have been discussed but not finalized.
- “G.I. Bill” is now a registered trademark, which will prevent against abusive websites that direct veterans to for-profit colleges while masquerading as government information portals.

Impact

While it is too soon to gauge the order’s effectiveness in improving educational outcomes for veterans, response from the higher education community has been encouraging. To date, over 6,000 educational institutions have agreed to adhere to the Principles of Excellence. The agreements can usually be found on university websites, such as this one from Portland State University.

Response

Public reaction has been limited mostly to veterans and education organizations, and has generally been positive.

- In May 2012, Ryan Gallucci, the deputy director of the Veterans of Foreign Wars (VFW) National Legislative Service, testified before the House of Representatives Veterans Affairs Subcommittee. The VFW’s stance on EO 13607 is strongly supportive, though Gallucci acknowledged that “executive action, by nature, can be very limited in scope” and called for congressional action to strengthen the president’s plan.
- Vietnam Veterans of America (VVA) special advisor Joe Wynn announced his organization’s support for EO 13607, but noted that the core remaining problem is the 90/10 rule, by which hundreds of millions of federal-aid dollars are directed to for-profit colleges in the first place.
- Barmak Nassirian, associate executive director of the American Association of Collegiate Registrars and Admissions Officers (AACRAO), praised the executive order but reiterated the same point as VVA: congressional reform of the “90/10 rule” should be swift and immediate, calling it “the single most effective legislative amendment” possible. (Nassirian suggested a still-generous “80/20 rule” instead.)
- The National Association of College and University Business Officers (NACUBO) supports the general goals of EO 13607, but expressed concern about the vagueness of some provisions, which could pose difficulties for educational institutions. In particular, the provision that institutions must personally inform students of their estimated aid before enrollment is difficult

in light of the fact that many students only fill out federal financial-aid forms after their first semester has already begun. NACUBO also noted that Veterans Affairs has been hesitant in the past to share relevant aid-eligibility information with universities, potentially impacting the advisory role that EO 13607 requires of them.

- RAND Corporation did not take a specific position on EO 13607 itself, but cited a study it conducted, with the American Council on Education, of veterans' satisfaction with their experiences in higher education. Rather than the alarming portrayal of veterans' entrapment in for-profit colleges, the RAND survey found that the satisfaction level of veterans in such institutions was only slightly below those in traditional nonprofit universities.
- Association of Private Sector Colleges and Universities (APSCU) was, unsurprisingly, the only organization to directly criticize the executive order. President Steve Gunderson, a former congressman, said APSCU supported the idea of a centralized complaint system but feared that it would become "a conduit for politically motivated attacks . . . by those who are intent to destroy the reputation of any institution." He went on to call the more liberal refund policy in EO 13607 "an increased cost and administrative burden" and "inconsistent with our existing refund procedures." More generally, APSCU believes that the existing regulations related to for-profit institutions are sufficient, as they are already "one of the most highly regulated groups in the country."