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**VETERANS' EDUCATION AND EMPLOYMENT
ASSISTANCE ACT OF 1976**

HEARINGS
BEFORE THE
SUBCOMMITTEE ON
READJUSTMENT, EDUCATION, AND EMPLOYMENT
OF THE
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE
NINETY-FOURTH CONGRESS
FIRST SESSION
ON
S. 969 and Related Bills

—————
OCTOBER 1 AND 2, 1975
—————

PART 4

—————

Printed for the use of the Committee on Veterans' Affairs



U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1976

78-226 O

881738

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VETERANS' EDUCATION AND EMPLOYMENT ASSISTANCE ACT OF 1976

THURSDAY, OCTOBER 2, 1975

U.S. SENATE,
SUBCOMMITTEE ON READJUSTMENT, EDUCATION, AND
EMPLOYMENT OF THE COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in room 4200, Dirksen Office Building, the Honorable Vance Hartke (chairman of the Subcommittee on Readjustment, Education, and Employment, presiding.

Present: Chairman Vance Hartke, presiding; Senators Robert T. Stafford and Strom Thurmond.

Also present: Frank J. Brizzi, staff director and Guy H. McMichael III, general counsel.

[CONTINUATION OF HEARING ON OCTOBER 2, 1975, FROM PART 3]

Chairman HARTKE. The next witness is the American Association of Community and Junior Colleges, Dr. Abel Sykes, Jr., president of Compton Community College.

STATEMENT OF DR. ABEL B. SYKES, JR., PRESIDENT, COMPTON COMMUNITY COLLEGE, THE AMERICAN ASSOCIATION OF COM- MUNITY AND JUNIOR COLLEGES

Dr. SYKES. I am Abel Sykes, Jr., president of Compton Community College in California and the chairman of the American Association of Community and Junior Colleges' board of directors. Accompanying me today is Dr. John E. Tirrell, vice president for governmental affairs of AACJC.

In addition to having many veterans on my campus and representing a State with a large number of veterans. I had the opportunity to visit South Vietnam a few years ago during the conflict. As a result of this visit, the American Association of Community and Junior Colleges programs for servicemen and veterans, and later the Servicemen's Opportunity College, were developed. The Servicemen's Opportunity College has since grown to include other institutions of higher education and with Carnegie Corporation and Department of Defense funding there are now 159 community colleges and 176 4-year colleges participating.

My statement on veterans educational benefits is being submitted on behalf of the American Association of Community and Junior Colleges (AACJC) and its member institutions. Some 60 percent of veterans attending institutions of higher education are enrolled in com-

munity and junior colleges. AACJC institutions are very appreciative of the actions this subcommittee has taken over the years to provide educational assistance for American veterans.

Briefly, for the record, we would like to offer for your consideration the views of our member institutions on the extension of benefits to 45 months, the costs of administering the program, the PREP program, and the very existence of the GI bill itself.

As you are aware, the House Veterans Committee voted out a bill that included the extension of educational assistance benefits from 36 to 45 months without restriction as to whether undergraduate or graduate education could be pursued. We support that provision for a number of reasons, most of which are apparent. The educational requirements needed to compete for many jobs in today's job market have been increased beyond the undergraduate level. A great many more people are pursuing their studies on a part-time basis, thus increasing the time needed to complete their programs.

There should be no discrimination between graduate and undergraduate degrees, nor should there be a requirement that the veteran be enrolled in an institution at the time he or she requests the extension. We urge that this provision be reported favorably out of this committee as soon as possible to remove this restriction.

Second, since there will be thousands of veterans for the next 10 years, and Veterans' Administration figures indicate currently over 600,000 as enrolled in community colleges, we have a concern for the administrative costs for processing a veteran.

Community colleges are reimbursed \$3 per veteran for these costs, with an additional dollar paid for each veteran the institution certifies for advance payment. While at one time the reimbursement may have been sufficient, the more detailed reports required and tightening of accountability now make that figure seriously deficient.

The requirement to recertify each veteran for each school year rather than for the 2-year enrollment period has also increased the workload on the staffs of veterans affairs offices in community colleges. Recent directives from the Veterans' Administration concerning cooperative education restrictions, work-study limitations and audit requirements have also increased the workload significantly. Some of our California community colleges have a shortage of adequate help which has made it increasingly difficult for them to process the paperwork necessary for the veteran-student to receive subsistence payments on time.

The \$3 per veteran reimbursement to educational institutions for administrative costs does not begin to approach the actual costs. In an AACJC spot check of 13 community colleges enrolling more than 28,000 veterans, the average cost of administration was about \$10 per veteran. This is an average loss of more than \$6 to the college for each veteran. The average cost per veteran at the colleges contacted ranged from \$4.10 to \$13.33, depending on services offered, salaries, and the inclusion of supplies in cost figures. Among 16 other community colleges responding to our inquiry about the costs of administration for veterans, only one thought that the \$3 actually covered the costs of administration (see example in appendix I).

There is a need to increase the reimbursement figure. While community colleges are willing to support some administrative costs for

the veteran, the loss now incurred by the colleges is more substantial than it was a few years ago, and we believe the \$3 reimbursement figure is no longer reasonable.

A reimbursement figure of \$6 per veteran, and an additional dollar, or \$7, for advance payment, would more adequately enable the colleges to register a veteran without great financial loss. Thus, we urge the subcommittee to act to increase the reimbursement to educational institutions for processing veterans.

Third, we oppose the elimination of the predischage education program, or PREP. PREP has allowed military personnel preparing to leave the service to bring themselves up to a high school level proficiency, and has offered a second chance for many undereducated servicemen.

Our most serious objection to the House bill, however, is the termination of the GI bill for persons entering the armed services after December 31, 1975. As no one entering the military service on or after January 1, 1976, would be eligible for receipt of educational assistance, the GI bill would be effectively ended.

Our member institutions support the continuation of educational benefits for young men and women volunteering for military service. Our concerns for the GI bill are best stated in chapter 34, education benefits, subchapter I, which outlines the purpose of the law.

This subchapter gives four reasons why "The Congress declares" that the bill is necessary. One is readjustment and lost opportunities. Another is "enhancing and making more attractive service in the Armed Forces," and another is "extending the benefits of a higher education to qualified and deserving young persons who might otherwise not be able to afford such an education."

We think those of us who support continuation should stress our belief that the GI bill continues to be a way in which a great many young people, including many from lower income and minority families, may have a chance they otherwise would not have for further education.

As a case in point, the only Puerto Rican president of a college in the United States, in testimony before the House Subcommittee on Postsecondary Education, just 3 weeks ago noted that it was through the veterans benefits that he was able to pursue his own education. Cases of other minority and low-income persons who have advanced their education, careers, and I might add, public service, are in abundance. I might add also that I managed my education through the same route.

The characteristics of veterans using the GI bill differ significantly from those of the general student population. According to a special analysis in the 1971 American Council on Education (ACE) survey of first-time, full-time students, titled "The Vietnam Era Veteran Enters College" (ACE, Office of Research, 1972) veterans tend to have poorer high school academic records than male nonveterans, and lower educational aspirations upon entrance to college.

Veterans express less concern about financing their education than their freshmen peers, indicating the importance of their GI benefits. Veterans also plan business or technical majors and careers more than other male freshmen, and are less likely to be planning professional careers. Veterans' institutional decisions are more likely to be

based on proximity to home, or special educational programs, and less on institutional reputation than other male freshmen.

The factors in choosing an institution are quite different for a 17-year-old high school graduate than for a veteran in his mid-20's who is more likely to have a family and/or financial responsibilities, less mobility, and a desire to acquire a marketable skill in the shortest time possible. Furthermore, our colleges have made special efforts to accommodate veterans and their special needs, are more likely to accept veterans upon discharge at any time of year, and do not require applications far in advance.

In addition to the broad social objectives discussed above, the role which the GI bill continues to play in the maintenance of our military establishment's strength should be considered.

The armed services have wanted the GI bill as a recruitment device, especially for higher ability people, and feel they would lose a large number of these people without the GI bill educational benefits. A survey conducted by the Army Testing Service last September revealed that one of every four individuals tested indicated he would not have enlisted had it not been for the availability of GI educational benefits.

When these servicemen were asked to list their three most important reasons for joining the service, 50 percent listed postservice educational benefits. The Department of Defense in national advertising has used the GI bill as a recruiting tool and recently stated educational benefits are important to recruiting. The GI bill is also used for education and upgrading within the Armed Forces, because military personnel may use the benefits after 180 days of service.

Moreover, it has been shown that for every dollar spent on the GI bill at least \$3 have returned to the Government in the form of higher taxes paid by those with more education. Veterans educational assistance benefits continue to be a source of opportunity, of upgrading our labor force, and a measure of reward for those who have served their country and in addition has given back to the country over three times what it has cost.

It is difficult to understand why at this point in our history, when the GI bill has proven itself and continues to receive plaudits, that this classic model for the extension of education within a democratic tradition should be terminated. It is of utmost concern to us that this benefit, which has been tried and found true, should continue.

We thank the subcommittee for the opportunity to appear, for its attention, and consideration of our views.

I will be pleased to attempt to answer any questions you might have. Chairman HARTKE. I want to thank you for a fine statement.

Senator STAFFORD?

Senator STAFFORD. I don't have any questions. I do think the testimony will be helpful to the subcommittee.

Chairman HARTKE. Yes. The question of reimbursement is a matter we'll go into in depth. We appreciate your information on PREP and the statement on the GI bill.

It's a very comprehensive statement and we appreciate it.

Dr. SYKES. Thank you, sir.

[The appendix of Dr. Sykes' statement follows:]

APPENDIX I—TYPICAL COSTS FOR ADMINISTERING VETERANS' BENEFITS

Estimated college costs for handling veterans certification at Community College of Allegheny County, Pittsburgh, Pa.

<i>Personnel and percentage of salary</i>	<i>Amount</i>
Certification clerk, 100 percent-----	\$7, 589. 00
Secretary, 40 percent-----	2, 654. 40
Veterans' Affairs office:	
Allegheny, 30 percent-----	2, 794. 50
Boyce, 20 percent-----	1, 620. 00
South, 20 percent-----	1, 620. 00
Veterans' Affairs director, 30 percent-----	4, 950. 00
Part-time employee-----	1, 200. 00
Subtotal -----	<u>22, 427. 90</u>
Postage (yearly)-----	1, 000. 00
Paper/envelopes (yearly)-----	200. 00
Total -----	<u>23, 627. 90</u>
Received from Veterans' Administration (approximate)-----	<u>8, 000. 00</u>
Cost to college-----	<u>15, 627. 90</u>

The estimated costs above are conservative in that they represent only the expenses which are directly related to veterans certification.

Number of veterans enrolled at college, 2,800. Cost per veteran for administration, \$8.44.

[Subsequently, the following material concerning VA reimbursement fees was ordered placed in the record at this point:]

WARREN G. MAGNUSON, WASH., CHAIRMAN
 JOHN O. PASTORE, R.I.
 VANCE HARTKE, IND.
 PHILIP A. HART, MICH.
 HOWARD W. CANNON, NEV.
 RUSSELL B. LONG, LA.
 FRANK E. MOSS, UTAH
 ERNEST F. HOLLINGS, S.C.
 DANIEL K. INOUYE, HAWAII
 JOHN V. TUNNEY, CALIF.
 ADLAI E. STEVENSON, ILL.
 WENDELL H. FORD, KY.

JAMES B. PEARSON, KANS.
 ROBERT P. GRIFFIN, MICH.
 TED STEVENS, ALASKA
 J. GLENN BEALL, JR., MD.
 LOWELL P. WEICKER, JR., CONN.
 JAMES L. BUCKLEY, N.Y.

United States Senate

COMMITTEE ON COMMERCE
 WASHINGTON, D.C. 20510

FREDERICK J. LORDAN, STAFF DIRECTOR
 MICHAEL PERTSCHNIK, CHIEF COUNSEL
 ARTHUR FANKOFF, JR., MINORITY COUNSEL

July 7, 1976

The Honorable Vance Hartke
 Senate Veteran's Affairs Committee
 Suite 414
 Russell Senate Office Building
 Washington, D.C.

Dear Vance:

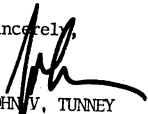
A problem has recently been brought to my attention regarding the reimbursement of educational institutions for the certification of veterans. A survey of the ten public colleges and universities in the San Diego area, initiated by the San Diego County Veterans Task Force, was completed the first of this year. The statistics provided indicate that the cost of the certification process far exceeds the fees which these institutions receive from the Veterans Administration. This problem, as I am sure you realize, is not indigenous to the San Diego area alone. A GAO report completed in March 1976 suggests that in light of rising school operating costs, throughout the U.S., the V,A, should reevaluate the current \$3 reporting fee.

It is my understanding that within the educational amendments to this years G.I. Bill, there is a provision that will increase the amount of compensation schools receive for administrative activity and the preparation of required reports. While the present fee per student is \$3, the Veterans Task Force study indicates that the average cost for processing is \$25.19. It is quite evident from these statistics that there is a substantial discrepancy between the cost of certifying veterans and the amount the institutions are reimbursed for the process.

I believe that the recommendations made by the GAO support the Veterans Task Force contention that many schools are in need of

additional funds. I am, therefore, in full support of a provision to increase reporting fees. In light of the present costs, I feel that a \$7 to \$12 increase would be most reasonable. I would hope that the Committee will give this matter its immediate attention and full consideration when the future reporting fee rate is determined.

Sincerely,



JOHN V. TUNNEY
United States Senator

JVT/std

California State University, Chico
Chico, California 95926

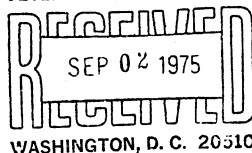


Veterans Affairs

August 25, 1975

Senator Vance Hartke, Chairman
Committee on Veterans' Affairs
United States Senate
Washington, D.C. 20510

VETERANS' AFFAIRS COMM.



Dear Senator Hartke:

I am referring to your letter to Mr. Ed Mendez, Director, Office of Veterans Affairs, at CSU, San Diego in which you discussed your awareness of the need to change the current reporting fee received by educational institutions for certifying veterans and their dependents.

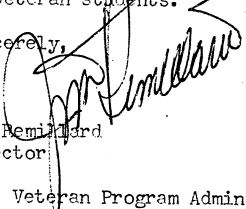
I have no specific data on what it takes materially to certify a veteran student for the G.I. Bill, but have been aware that individual schools have acknowledged that it takes roughly \$10 to \$25 per person for certification. This would include staff salaries, computer programs, logistics support, supplies and materials, telephone utilization, and the like.

I personally feel that these figures are somewhat out of line, but that there is no question that the \$3 and \$4 that institutions presently receive is not adequate to meet the existing requirements. Daily it seems, the Veterans Administration adds new demands on the institutions for providing additional information and services relative to certification. All of these demands make it unusually difficult for us to operate within the parameters defined by the Veterans Administration and the Bureau of School Approvals.

I therefore strongly urge that you and your colleagues address yourselves to the issue of the reporting fee and suggest that it should be somewhat in the neighborhood of \$10 per veteran student per certification. Our experience at CSU, Chico, indicates that with a veteran population of approximately 1,500 persons, generates roughly \$5,000 from the Veterans Administration to certify these students. As a result, we must employ one person on a full time basis to meet only the basic requirements as defined by the V.A. This means roughly \$10,000 a year, and as you can see the \$5,000 which we receive from the Veterans Administration only covers one half of the individual persons salary, not counting any other expenses associated with this process.

Anything that can be done to upgrade this system will certainly be appreciated. We appreciate your continued efforts on behalf of veteran students.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Jim Remillard". The signature is written over the word "Sincerely," and extends upwards and to the right.

Jim Remillard
Director

cc: Veteran Program Administrators of California Representatives



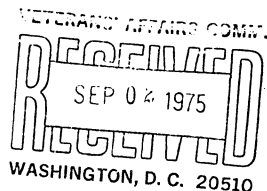
SAN DIEGO STATE UNIVERSITY

SAN DIEGO, CALIFORNIA 92115

Veterans Affairs Office

August 26, 1975

Senator Vance Hartke
 Chairman
 U.S. Senate Committee on
 Veterans Affairs
 Washington D.C. 20510



Dear Chairman Hartke

Your response to my letter, regarding the Veterans Administration reporting fee to educational institutions for processing VA forms for veterans, was most heartening. It is reassuring to know that your committee is also concerned with the inadequacy of the current fee.

I do plan to submit material in support of my contention; however, I think it necessary first to have an understanding of how the original and current fees were computed. With this understanding and/or formula my calculation, for processing all forms necessary to insure prompt payment of G.I. Bill benefits to student veterans, will be much more accurate.

Many other institutions in California want to submit material to the committee; if we all work from the same formula, I believe the information will be more valid than if each institution computed its own cost analysis from its own formula.

I trust my request is clear, should you require additional information please do not hesitate to contact me.

Wishing you continued success with veterans legislation I remain,

Sincerely

Edward R. Mendez
 Director
 Veterans Affairs Office

EM:jb

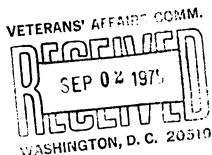
cc: Michael Keeton
 Chairman, San Diego County
 Veterans Task Force

Cerritos College

11110 East Alondra Boulevard, Norwalk, California 90650 (213) 860-2451
 Serving Artesia, Bellflower, Cerritos, Downey, Hawaiian Gardens, Lakewood, La Mirada, Norwalk

August 26, 1975

The Honorable Vance Hartke
 United States Senator and
 Committee on Veterans' Affairs
 Washington, D. C. 20510



Dear Senator Hartke:

This letter is to support proposal of increasing school reporting fee from present \$3 per veteran to approximately \$15 per veteran. Cerritos College has found the cost this past year to be far in excess of the current \$3 fee. Staff salaries for necessary school reporting exceeded \$10 per veteran. In addition, supplies and auxiliary services connected with required reports brought total cost to between \$13 and \$14 per veteran.

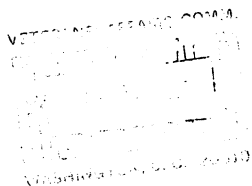
This year the Veterans' Administration has increased the required school reporting services which will add to the cost per veteran. Such services as certification of attendance cards, degree or seventy unit evaluations, checks for previous college credit, and evaluation of progress on a semester basis are now required.

The increase in fee is justifiable and should be supported by the Senate Veterans' Affairs Committee.

Very truly yours,

Wilford Michael
 Superintendent-President

WM:emn



MiraCosta College

OCEANSIDE - CARLSBAD COMMUNITY COLLEGE DISTRICT
Barnard Drive, Oceanside, Calif. 92054, Tel. (714) 757-2121



August 27, 1975

The Honorable Vance Hartke
Chairman of the Committee on Veterans' Affairs
The United States Senate
Senate Office Building
Washington, D.C.

My dear Senator:

Veterans and eligible dependents comprise more than one third of the total student population at MiraCosta College. They carry a "B" average in their academic work and represented 36 percent of the 1975 graduating class.

While we recognize the contributions of the Veterans to our educational community, we are greatly concerned with the rising costs to the institution for certification and record keeping required by the Veterans Administration in order for these students to receive education benefits under Title 38.

We are grateful to hear that the Senate Committee on Veterans' Affairs will open hearings soon on the Veterans Administration reporting fee and hope that the following information will be of assistance to the Committee.

Under the provisions of 38 US Code, the Veterans Administration allows a reporting fee of \$3 for each veteran enrolled as of October of each year -- \$4 if that person was processed for advance payment -- to be paid to institutions certifying eligible students enrolled under Chapters 34 and 35.

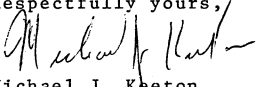
Increases in enrollment, added certification responsibilities, such as advance pay, end-of-term certification, and satisfactory progress determination and increased costs for personnel and equipment have caused the cost of reporting to the Veterans Administration to greatly exceed the reporting fee originally authorized by Congress.

While our veteran enrollment has tripled in the past two years, due to the success of the Veterans' Cost of Instruction (VCOI) Program, our certification staff has increased by only 50 percent from one to one and one half full-time staff. Increasing record keeping and reporting responsibilities imposed by the Veterans Administration and increasing veteran enrollment without corresponding increases in the VA reporting fee, may soon make certification and reporting of veteran status difficult. The result will be late and improper pay for the veteran.

A recent analysis of the required certification and record keeping procedures at our campus, shows the cost of this work to be \$13.01 per veteran per year.

We hope your committee will favorably consider increasing the Veterans Administration reporting fee.

Respectfully yours,



Michael J. Keeton
Veterans Program Advisor
MiraCosta College

MJK:mjo

VANCE HARTKE, IND., CHAIRMAN	
HERMAN E. TALMADGE, GA.	CLIFFORD P. HANSEN, WYO.
JENNINGS RANDOLPH, W. VA.	STROM THURMOND, S.C.
ALAN GRANSTON, CALIF.	ROBERT T. STAFFORD, VT.
RICHARD (DICK) STONE, FLA.	
JOHN A. DURKIN, N.H.	

FRANK J. BRIZZI, STAFF DIRECTOR
 GUY H. MC MICHAEL III, GENERAL COUNSEL

United States Senate

COMMITTEE ON VETERANS' AFFAIRS
 WASHINGTON, D.C. 20510

June 4, 1976

Mr. Michael J. Keeton
 Office of Veterans Affairs
 Mira Costa College
 One Barnard Drive
 Oceanside, California 92054

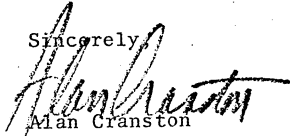
Dear Mr. Keeton,

Thank you very much for your letter of May 6 and for sending me a summary of the study on the costs of certification for veteran-students.

It is most helpful for me to have this information. It is expected that legislation to increase the reimbursement fee will be considered later this summer by the Committee on Veterans' Affairs as a part of a 1976 G.I. Bill education amendments package. You may be sure that I will have your correspondence in mind at that time. Moreover, I have sent a copy of this letter and your letter and enclosure to Senator Hartke who is Chairman not only of the full Committee but of the Subcommittee on Readjustment, Education, and Employment.

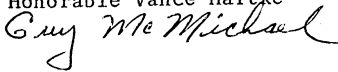
With best wishes,

Sincerely,



Alan Granston

cc: Honorable Vance Hartke



Guy Mc Michael

DIEGO
 COUNTY
 VETERANS
 TASK FORCE

May 6, 1976

Alan Cranston
 Senator
 815 E. Street
 San Diego, CA 92101

Dear Senator Cranston:

Since the inception of the present GI Bill in 1966, the Veterans Administration has reimbursed colleges for the paperwork associated with the certification process by which schools provide the information to the Veterans Administration that that agency needs to pay students their educational assistance allowances. The three dollar figure that was originally settled on was, to the best of the ability of those within the educational community to check, chosen arbitrarily.

Several years ago, when the VA began providing advance payment checks to schools to distribute to veterans whose certification was submitted sufficiently far in advance of the semester in question to permit the preparation of such checks, the VA began paying a four dollar fee for each student so certified. At present, the majority of veterans are not certified for advance payment checks. Therefore, the rate at which schools are reimbursed is closer to the three dollar level.

Furthermore, each year there have been increased demands placed upon the schools to counsel veterans, monitor their progress, and make the required reports to the VA. These demands have not only made more complicated the certification process, but have also necessitated schools hiring new counselors and academic evaluators. Therefore, adding to the obviously very high rate of inflation in the cost of administrative service over the past eight years, the VA has made even more costly the burden imposed on schools to assist their veteran students to receive their payments. At the moment, there is some indication that the advance payment program may end. The cost to the schools, however, would be only minimally affected, since little of the certification cost is associated with that program.

In an effort to ascertain the true cost of providing these services, the San Diego County Veterans' Task Force commissioned the enclosed study by the Office of Planning and Evaluation of the San Diego Community College District. The team surveyed each of the ten public colleges and universities in San Diego

MIKE KEETON
 Chairman
 MiraCosta College
 JOHN DIBBLE
 Grossmont College

PENNY BERGER
 Univ. of Calif.
 at San Diego
 SYLVESTER LYON
 Community College
 District

GEORGE WESTON
 Southwestern College
 ANGELO CARLI
 Palomar College

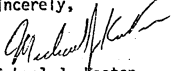
ED MENDEZ
 San Diego State
 University

County to determine how much certification and related activities actually cost the schools.

As you can see from the figures enclosed, the cost is \$25.19, considerably above the three to four dollar amount schools receive.

We hope that once you have seen this documentation you will consider asking your colleagues to assist us by raising the amount schools are to be reimbursed to a more realistic level.

Sincerely,



Michael J. Keeton
Chairman
San Diego County Veterans'
Task Force

MJK:mjo

Enclosure: Summary of the Survey

The Veterans Administration currently reimburses the San Diego County public colleges and universities to allay the cost of certification paper work at a rate of \$3.00 for veteran certification and \$4.00 for advance payment certification. This research project establishes the true cost for certifying San Diego County Veterans.

We surveyed the ten (10) San Diego county public institutions (viz, Grossmont College; Mira Costa College; Palomar College; San Diego City College; San Diego Evening College; San Diego Mesa College; San Diego Miramar College; San Diego State University; Southwestern College; University of California, San Diego). Employees directly involved with the certification process at these institutions included both counselors and the secretarial-clerical staff.

The Federal Government provided factors to be used in the computation of indirect costs (i.e. benefits and overhead) for employees involved in veteran certification. The median factor used in San Diego County was 39% of the salary of the employee. The indirect costs coupled with the direct costs (i.e. salary) gives the total compensation and overhead for employees.

During the 1975 calendar year, seventy-one (71) employees worked a total of 2605 hours per week of which 1664.5 hours were spent on veteran certification. Veteran certification therefore accounted for 64% of the employees time. Yearly compensation and overhead costs was \$686,710.62. During 1975 the ten (10) San Diego County public colleges and universities certified 27,258 veterans and their dependents. The costs for certification of veterans averaged \$25.19 per capita. The lowest rate at which a veteran was certified was \$15.50. \$45.58 was the highest rate for certification in the county.

The chart (see addendum) gives a breakdown by college and university. All figures are from the 1975 calendar year.

SCHOOL	Number of employees involved in certification process.	Hours worked per week	Hours worked per week on veteran certification	% of time spent on certification	Yearly compensation overhead costs	Number Veterans & Dependents Certified	Addendum Per Capita Cost to Certify
Grossmont College	7	270	242	90%	104,673.00	4797	\$21.82
Mira Costa College	11	300	170.5	57%	78,254.00	1717	\$45.58
Palomar College	10	400	193	48%	84,629.00	3585	\$23.60
San Diego City College	9	360	207	58%	70,661.06	9600 *	\$31.10
San Diego Evening College	10	390	277	71%	125,048.85	See San Diego City College	\$31.10
San Diego Mesa College	9	360	210	58%	61,884.56	See San Diego City College	\$31.10
San Diego Miramar College	5	195	102	52%	40,987.15	See San Diego City College	\$31.10
San Diego State University	5	120	120	100%	60,888.00	3723	\$16.35
Southwestern College	3	130	115	88%	52,759.00	3402	\$15.50
University of California S.D.	2	80	28	35%	6,926.00	434	\$15.96
TOTAL	71	2605	1,664.5	64%	686,710.62	27,258	\$25.19
	* Includes entire San Diego Community College District Figures (i.e., San Diego City College, San Diego Evening College, San Diego Miramar College, San Diego Mesa College, San Diego Evening College).						

Chairman HARTKE. The next witness is John O. Eidson, vice chancellor of the University System of Georgia representing the American Association of State Colleges and Universities.

**STATEMENT OF DR. JOHN O. EIDSON, VICE CHANCELLOR,
UNIVERSITY SYSTEM OF GEORGIA**

Dr. EIDSON. I am John O. Eidson, vice chancellor, University System of Georgia, speaking on behalf of the American Association of State Colleges and Universities (AASCU). These colleges enroll about one-fourth of all American college students, including a large proportion of the veterans now attending institutions of higher education.

Our organization has already gone on record as supporting the continuation of the GI bill for members of the armed services. We do not agree with the decision of the House Committee on Veterans' Affairs to terminate these benefits for those entering the service after December 31, 1975.

There are a number of reasons for our feeling. One is that the GI bill has always been seen by Congress as serving at least four different purposes, as defined in section 1651 of chapter 34 of the United States Code, which sets out the purpose of this program.

Here is the wording of section 1651:

The Congress of the United States hereby declares that the education program created by this chapter is for the purpose of (1) enhancing and making more attractive service in the Armed Forces of the United States, (2) extending the benefits of a higher education to qualified and deserving young persons who might not otherwise be able to afford such an education, (3) providing vocational readjustment and restoring lost educational opportunities to those service men and women whose careers have been interrupted or impeded by reason of active duty after January 31, 1955, and (4) aiding such persons in attaining the vocational and educational status which they might normally have aspired to and obtained had they not served their country.

Several things should be noted about these four points. The first is that the GI bill is seen by Congress as serving several different national purposes. One purpose is to provide readjustment benefits to those whose careers have been interrupted by service since January 31, 1955. This is the traditional readjustment benefit.

However, Congress also gave importance to the purpose of making services in the Armed Forces of the United States attractive, and to extending the benefits of a higher education to qualified and deserving young persons who might not otherwise have that opportunity.

On the first point, there is every reason to believe that the GI bill helps to attract a great many people to the services, especially people with ability and potential. There have been serious questions of whether the volunteer armed services, especially in times of prosperity, will become made up heavily of people of relatively low ability as well as low income.

To attract high-quality people for the modern armed services, in the judgment of many people, requires extensive educational and training opportunity—which the GI bill now provides both for those in service and those who leave. This, we think, has to do with the quality of persons involved.

Several Defense Department studies indicate that GI bill and education benefits are seen by a great many volunteers as a major reason for joining the military.

The point about extending educational opportunity to many who otherwise would not have it is self-explanatory. Millions of Americans have benefited from the GI bill programs since World War II.

A great many were from lower-income or working-class backgrounds, and otherwise would not have had this chance. Many leaders in every walk of American life have benefited from the GI bill and in turn, had the chance to benefit America. Further, through increased earnings and higher taxes they have paid back the original GI bill costs several times over. I note this has not been mentioned previously.

Chairman HARTKE. As aware as I am of it, do you know that there has been no mention of it in these hearings until you testified just now. So I compliment you for that.

Dr. EIDSON. There is one further point in section 1651 which is worth noting. Some who would end the GI bill have said that it is a wartime program. However, the extension of benefits to those in service after January 31, 1955, often called the cold war GI bill, is a clear recognition by Congress that the bill is not wartime alone and also that the country is in a more or less permanent cold war state which one Communist leader once called no peace, no war. Military duty in today's uncertain times must always mean the risks associated with a crisis such as the *Mayaguez* and *Pueblo* incidents, the Cuban missile crisis, the Berlin airlift, and other crisis which may not be technically war but are not exactly peace, either.

It is our understanding that some who want to end the GI bill believe that the Defense Department will somehow provide comparable benefits. But no plan has been put forth which would provide benefits even faintly comparable to the GI provision of at least 36 months of full-time education with a payment of \$270 a month, plus a dependency allowance.

A great many men who leave the service will still need additional skills and training. Many will be married and have families, like many Vietnam veterans, and will not be in a position to attend college on a full-time or even a part-time basis, without GI help. Many will leave after their first or second term of duty, and many still will be untrained for civilian life, without this additional assistance.

I would like to emphasize here the matter of us helping not only our military and defense, I think it helps to raise the quality there, having more education, a bigger percentage of the educated, but it also benefits society.

It sees to it that someone who might not be able to get an education then could do so, and society, over and above the matter of its connection to the military, would be helped.

I think that that shows up in many ways in the 317 colleges and universities that are in our association, the American Association of State Colleges and Universities.

For these and many other reasons, it is our belief in the American Association of State Colleges and Universities that the Congress

should not terminate one of the most successful and important programs in American history.

I really think that very few programs have proven more valuable than this one, and we hope that this program will be continued.

I appreciate the opportunity to testify in this regard.

Chairman HARTKE. Thank you, Dr. Eidson. I also want to point out that Senator Talmadge who is an extremely valuable member of this Committee had other appointments this morning and could not be here. We will certainly call the testimony to his attention.

Senator STAFFORD. I have no questions, Mr. Chairman.

Chairman HARTKE. Without objection, I order the following communication placed in the hearing record.

[Subsequently, the following material from the Servicemen's Opportunity College of the American Association of State Colleges and Universities was submitted for the record:]

American Association of State Colleges and Universities One Dupont Circle/Suite 700/Washington, D.C. 20036 (202) 293-7070

May 27, 1975

From: Jim Nickerson, Director, SOC
Re: More Comment re the Impact of an End to the G.I. Bill

There are substantial data in reports of the VA, HEW, National Alliance of Businessmen, National League of Cities, US Conference of Mayors, among others, showing various G.I. Bill impact factors. Data such as total payments to veterans by state, average per capita payment (also by state), use-rate of the G.I. Bill among eligible veterans, are readily available. Other studies reveal sharp inequities in the ability of mid-western and eastern veterans to avail themselves of the Bill because of a larger gap between the total cost of subsistence and schooling in these areas and the G.I. entitlement. For example, a vet attending San Francisco State University has to spend only 19% of his yearly G.I. Bill benefits for education costs, while the vet at SUNY College at Buffalo, a comparable institution, must spend 56% of his benefits. This is reflected in participation rates of 41.4% by California veterans in contrast to 23.2% in New York in 1974.

The dollar impact of the G.I. Bill on a local economy is substantial. For example, from FY 1968 through FY 1974 the VA paid G.I. Bill benefits to California in excess of 1.7 billion. In FY 1974 alone nearly \$457 million went to California vets. If one applies a "multiplier factor" similar to that used for the tourist dollar (approximately 2.5), the impact upon California's economy would approach \$1.2 billion. (2.5 x \$457 million) At a recent conference a representative of San Diego County estimated monthly G.I. Bill payments to vets within the county to be approximately \$14 million per month or nearly \$170 million per year. This would have a \$425 million impact on the county's economy in a single year.

Not reported in the phone poll of student aid officers conducted by the SOC office the week of May 19-23 is an estimate of impact on total veteran enrollments in 2-year and 4-year colleges. In 1974 approximately 1.8 million veterans were enrolled in 2-year and 4-year institutions or 18% of the 9.98 million in these in-

Alan W. Cole, Executive Director

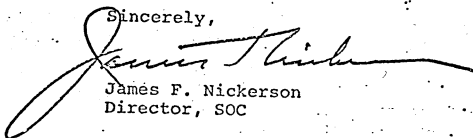
stitutions. If as reported by our phone respondents, 80-90% would not be in school were it not for the G.I. Bill, enrollments would be decreased by approximately 1.5 million. This would seriously affect the programs most used by veterans, for staffing and support depends heavily upon enrollments in particular programs.

The dollar impact on institutions is more difficult to assess. Since budgets are based heavily upon anticipated number of students served, authorized expenditures will reflect the anticipated enrollment reductions. For example, a loss of 100 student veterans in a 2-year college (average tuition is \$287) would be reflected in a tuition loss of approximately \$28,700. However, tuition in 2-year public colleges represents only about one fifth of the cost to the state for the student's year of schooling. Thus, the total expenditure authorization would be reduced approximately \$150,000. (5 x \$28,700)

These data are merely suggestive of the impact of an end to the G.I. Bill upon veterans, institutions, and communities, to say nothing of related social consequences pertaining to an all-volunteer military service and loss of access to education for a substantial group of men and women.

I hope these data and the two attached reports will be of interest and assistance to your office.

Sincerely,



James F. Nickerson
Director, SOC

A sample poll of college and community reaction
to a probable end to the G. I. Bill.

by

The Servicemen's Opportunity College
AASCU AACJC
One Dupont Circle
Washington, D.C. 20036

Report of a phone poll of veterans' program administrators on 17 campuses,
May 19 - 23.

The proclamation by President Ford and his request of the Congress to take action to end the G. I. Bill on June 30 poses substantial problems of adjustment for the military services, educational institutions, future veterans and the communities and states where they live and attend school.

With the decision of the Congress two years ago to abolish the draft and rely on voluntary enlistment, the military services took steps to make the services more attractive. Educational opportunity has become a leading inducement for a majority of recruits. However, the major share of educational entitlement and support has come more from the G. I. Bill than from educational assistance received while in service. Cooperative programs between institutions and the services such as the Servicemen's Opportunity College and Project AHEAD of the Army which seek to enhance program planning and orderly study opportunities among institutions will find with the loss of the G.I. Bill increasing difficulty in encouraging institutions to adjust their procedures.

Institutions can expect the proportion of veterans in school to shrink dramatically, perhaps from an average of 18 percent to possibly 2 - 3 percent of their total enrollments. This translates into a sharply reduced dollar flow through the veteran to institutions and communities and will have significant economic impact upon college and city budgets, and local business and industry.

With no intent to argue the wisdom of a public policy decision of this magnitude at this time, the Servicemen's Opportunity College sought to assess the awareness of veterans, institutions and communities to the impact of an end to the G.I. Bill. SOC polled a series of college officials (veterans' program administrators) by telephone with questions probing the extent of awareness, the level of discussions, possible action and more specifically, their estimates of the impact upon college, community and future veterans, if and when the G. I. Bill is ended.

Fifteen representative institutions were polled two weeks after President Ford's May 7 proclamation (May 19-23). The sample included eight two-year institutions and seven four-year; one was private and the rest were public institutions. (The poll actually began with seventeen schools, but two were completely unaware of the impending end of the G.I. Bill and so were not asked to respond further.) Respondents were read a brief statement as follows:

"On May 7, President Ford asked Congress to take necessary action to end the G. I. Bill, perhaps as soon as July 1. Thus, enlistees after that date would receive no benefits. However, those now in service or enlisting prior to July 1 would be eligible for benefits under the present law."

Fifteen questions were asked of each veterans' administrative officer and discussion was invited. The responses have been categorized and, where appropriate, illustrative statements were included. As an extension of the study, response to each item was invited relative to any selective impact on minorities. These data are reported separately. Ten institutions responded to these questions relative to impact upon minorities.

minority answers on right

THE FINDINGS

Readiness of probable action

	Some Awareness	Unaware	Aware	Some Awareness	Unaware
Were you aware of this probable action?	15	n/a	2	n/a	n/a

Were you aware of this probable action?
 the 17 student officers polled are unaware of any action to end the G.I. Bill. Therefore, in their case, no further questioning was in order and the sample was reduced to 17.

	Some Awareness	Unaware	Aware	Some Awareness	Unaware
Are your veterans aware?	6	5	4	2	5
How about your administration?	3	3	9	n/a	n/a
Your faculty?	2	2	11	n/a	n/a
Your student body?	2	5	8	2	0
Is the community aware?	2	3	10	2	0
How about the local VFW, American Legion, etc.?	8	2	5	2	1

	Yes	A Bit	None	Yes	A Bit	None
<u>Newspaper & media coverage</u>						
Has there been [any] coverage in your student newspaper?	1	2	12	n/a	n/a	n/a
Has there been comment or report in community newspaper(s) or other media?	2	6*	7	2	0	8

*one article only.

C. Public statements or proposed action
 1. Are you aware of any action or proposed action or public statements

	Yes	No	Yes	No
a. by campus veterans	1	14	0	10
b. by college or administration	0	15	n/a	n/a
c. by any community group	1	14	1	9
d. by VFW, American Legion, etc.	0	15	1	9

D. Extent of concern

1. How would you characterize the concern of:

	Quite Concerned	Mildly Concerned	Indifferent	Uninformed	Quite Concerned	Mildly Concerned	Indifferent	Uninformed
a. your veterans' group	2	6	4	3	2	2	2	4
b. the general campus	2	2	7	4	1	1	4	4
c. the community	1	2	8	4	2	0	3	5
d. VFW, American Legion, etc.	2	6	3	4	n/a	n/a	n/a	n/a

E. About the veterans

1. How would you judge the caliber of your present veterans relative to the rest of the student body?

	Better Than Average	Below Average	Better Than Average	Below Average
12.	3	0	2	0

Other: "more stable, older, have better focus, serious, more visible as a group, etc." (Same characteristics listed for minority veterans.)

2. In what areas of study (or programs) do your veterans concentrate their work? List a few.

Program	Frequency of Mention	Program	Frequency of Mention
Business	9	Business	4
Voc/Tech	4	Voc/Tech	2
Engineering	3	Liberal Arts	2
Liberal Arts	3	Social Sciences	2
Law Enforcement	2	Minority Studies	1

	80%+	50-80%	50%-	80%+	50-80%	50%+
3. What proportion of your present veterans would discontinue if the G.I. Bill were unavailable to them?	9	5	1	5	2	1

(On the minority survey, 1 school replied "would find other means" and 1 did not know.)

Other comments

Any other comments re the impact of an end to the G.I. Bill?

Will need something in its place	10
Will hurt the institution	8
Certain programs will suffer	6
Will be contrary to the good of the economy	5
Will help retention in the military	2
Will have little impact	2
Will cause staff cutbacks	1
Will kill PREP and special programs for vets	1

G. Summary

These data suggest that colleges and communities are largely unaware of any impending action to end the G. I. Bill. Only campus veterans and local service clubs appear to have been alerted, though not uniformly. Press/media coverage appears to have been limited: almost no coverage by the student press and largely limited to one article or newscast in the community media. Virtually no actions, anticipated action or public statements by campuses or community groups appear to be in the making.

by
 Much as was revealed by the WWII influx of veterans to the campus, the current veteran is performing above average, is better focused in his work and as a person, and is considered more stable.

Current campus veterans choose programs with the better job prospects -- and perhaps more closely related to his military experience -- business, vocational and technical training, engineering, law enforcement.

In the judgment of the student veterans' office administrators polled the G. I. Bill was clearly the dominant factor in whether the veteran could be in school. Fourteen of the fifteen respondents judged that from 50 - 95 percent would be unable to continue in school if the G. I. Bill was unavailable to them.

In probing perceptions of the impact upon minority students or as reflected in awareness or possible action by minority groups, minority press, etc. there are few differences to be noted: slightly less awareness by minority groups; less attention in minority press outlets; almost no detectable action or anticipated action; and substantially greater indifference to consequences. Minority veterans were considered to be no different from the average of the student body. Major study emphases were quite consistent with all veterans, with heavy emphasis on business, vocational, technical and engineering programs. Minority studies was mentioned by only one respondent as an area of major emphasis for the campus veteran. An overwhelming majority of minority veterans would be unable to continue without the G. I. Bill or an equivalent.

Chairman HARTKE. The next witness will be the Non Commissioned Officers Association of the United States of America, Mr. C. A. "Mack" McKinney, director of legislative affairs.

STATEMENT OF C. A. MCKINNEY, DIRECTOR OF LEGISLATIVE AFFAIRS, NON COMMISSIONED OFFICERS ASSOCIATION OF THE UNITED STATES OF AMERICA

MR. MCKINNEY. Mr. Chairman and distinguished members of the subcommittee: I am C. A. "Mack" McKinney, director of legislative affairs for the Non Commissioned Officers Association of the U.S.A. (NCOA), and a retired sergeant major, U.S. Marine Corps.

The Non Commissioned Officers Association represents the largest group of active duty military enlisted personnel of all quasi-military organizations. Of a membership in excess of 150,000, nearly 85 percent are currently serving as noncommissioned and petty officers in either the Army, Navy, Marine Corps, Air Force, or Coast Guard.

In their behalf, the association is here today to oppose the bill, S. 1805, that would "amend title 38, United States Code, to set a terminal date for veterans' educational benefits under chapters 34 and 36 of such title, and for other purposes."

Under the proposed legislation, persons entering the U.S. Armed Forces on or after July 1, 1975, would not be eligible for educational benefits, and those on active duty prior to that date and entitled to such benefits would have only until June 30, 1985, to utilize their entitlement.

Recently, the House Veterans' Affairs Committee marked up a similar bill, H.R. 9576, which would extend the dates to December 31, 1975, and June 30, 1987, respectively. The NCOA also opposes this bill. In fact, if the NCOA had been in existence in 1946 and 1954, it would have strongly objected to terminating any and all GI benefits, particularly those dealing with education.

However, what has happened is not the issue before this distinguished panel today. What can happen is—and the NCOA hopes to do all within its power to influence this distinguished panel to see that educational benefits are neither terminated nor restricted for those serving on active duty now and in the future.

Mr. Chairman, please permit me to say that the NCOA is acutely aware of this Nation's budgetary restrictions. Our president, Mr. James O. Duncan, our international board of directors, our headquarters legislative committee, and our national capital office legislative staff are as concerned with Federal deficit spending as any American citizen.

We, too, would like to see money saved whenever and wherever possible, but we do not agree with President Ford when he states that his proposal, as contained in S. 1805, will "guard the Nation against unwarranted future expenditures" amounting to "\$1.5 billion over the next 5 years after termination."

We do not deny that huge expenditures are involved in maintaining the status quo, but we do disagree that the funding is unwarranted. It is an investment in the future of America. Hon. John Paul Hamerschmidt, Member of Congress, pointed this out last year when discussing the Veterans' Education and Rehabilitation Amendments of 1974. Veterans using the GI bill return to the Federal treasury more

than the Nation invests in them to pay for the 36 months of college. (Congressional Record, February 19, 1974.) Surely the President, or this Congress, cannot continue to spend \$6 billion a year for food stamps, then claim expenditures for educating our GI's are unwarranted.

We also disagree with the President's argument that the United States is now in a peacetime climate. The NCOA submits that the Nation has not had 1 year free of conflict or a threat thereof since 1947. (Congressional Record, July 20, 1973, and World Almanac.) We have fought two wars since that year. We have lost tens of thousands of our young men, and we are still losing them all over the world. In fact, in approximately the same time frame, the Executive Office was preparing the letter and statement requesting the termination and limitation of GI education benefits when the President ordered the Marines, Navy, and Air Force to retake the U.S.S. *Mayaguez*. (Document No. 94-151, U.S. House of Representatives, 94th Congress, first session.)

Mr. Chairman, we lost some good men in that operation, and toward the middle of last month one noncommissioned officer and one petty officer were kidnaped in Ethiopia by rebel forces. (Washington Star, September 15, 1975.) Last week, both in West Germany and near the El Toro Marine Corps Air Station, Calif., the military suffered the loss of 20 men in air crashes. (Washington Star, September 27, 1975.) Meanwhile, according to one "special" U.S. Ambassador and certain high officials of our State Department, American servicemen are "sitting on a powder keg" defending the Panama Canal Zone.

What do we say to the 485,000 American troops stationed in foreign countries? Do we advise them that there is no threat to their safety? Do we say to them that being away from family and friends for 2 to 3 years is a tourist's dream? And how do we explain the continued erosion of military pay and benefits, particularly to approximately 200,000 enlisted military persons in Germany who are subject to exorbitant automobile insurance premiums? (See annex "A" for premium costs.) Do we tell these dedicated men and women, many of them Vietnam veterans, that GI education benefits will be terminated before many of them finish their careers in the military? And what do we say to the young man or woman who wants to volunteer for active duty for 3 or more years in order to take advantage of veterans education benefits?

And last but certainly not least, is the question of the effect this bill, if enacted, will have on future defense costs. Surveys conducted by the military indicate that a significant proportion of enlistees would not have joined the services if there was no GI bill. With the high costs of education at the college level, many high school students turn to an enlistment in the Armed Forces as a means to a college degree. If the way is barred by enactment of S. 1805, or similar legislation, the quality of enlistees may drop significantly.

At the present, the military is recruiting a higher proportion of high school graduates—exactly what Congress has asked them to do. But that higher percentage will drop if GI education benefits are terminated. Additionally, training loss rates will rise and more people will have to be recruited. For example, if estimated training losses rise to a percentage factor of 20 percent instead of 10 percent, the military would have to recruit an additional 20,000 enlistees a year. (Based on

200,000 accessions, a conservative estimate.) At an estimated cost of \$4,300 for each trainee loss, the services would have to spend an additional \$86 million per annum for replacement. This amount, by the way, does not take into consideration added training instructors costs and the costs to increase general educational development for more non-high-school graduate accessions. Total costs could run, conservatively, \$138 million. (Estimates obtained from data requested of the armed services.) And I repeat, this is an extremely conservative estimate.

And we should not forget the costs that can be related to the replacement of existing and highly skilled military personnel who would leave the services early to take advantage of their GI education benefits. The limitations of 10 years, or even 12 as in H.R. 9576, is not sufficient to allow all Vietnam veterans presently in service to utilize these benefits. The average low cost of an adverse separation after training is nearly \$17,000, and more for those with highly technical skills. For every 60 persons separating at this cost, the military would lose more than \$1 million.

President Ford's statement referred also to the All-Volunteer Force. We gather from his remarks that he assumes that the all-volunteer concept is working, and that the receipt of "high pay" justifies the termination and limitation of further educational benefits under the GI bill. We cannot agree with this assertion.

First of all, the all-volunteer concept has been tested only during a period of high unemployment; we must wait until the unemployment figures drop to normal before the concept can be adjudicated. On August 1975 the Army's recruiting objective fell short as only 81.7 percent of its goal was attained.

As for high pay, the NCOA does not argue the fact that the military is financially better off than it was some years ago. However, while others—Federal employees, postal workers, and civilians—are reaping increased gross pay and benefits, the military has been on the losing side for the past 3 years.

Can you imagine that a service member can be the recipient of one promotion, four annual pay raises, and one in-service pay increase and perhaps gross less pay in 1976 than in 1973, or less pay in 1975 than in 1974 or 1973? (See annex B.) And the President wants to further erode this member's benefits by terminating educational benefits before that person has an opportunity to utilize the entitlement.

Mr. Chairman, the military—past, present, and future—has been the economic scapegoat of the past two administrations and the 93d Congress. To date the combined actions of the two governmental bodies have either reduced or terminated such items and programs as: Pay increases, project transition, enlisted personnel degree training, Armed Forces Institute, parachute jump pay, cost of living allowances, permanent changes of stations, CHAMPUS and in-service medical care, special and proficiency pay, automatic reenlistment bonuses, space-available travel, reenlistment travel payments, accrued leave payments, and retired pay. (Rept. No. 93-662, U.S. House of Representatives, 93d Cong., 1st sess.; Rept No. 93-1225, U.S. House of Representatives, 93d Cong., 2d sess.; and HASC No. 93-49.)

In one action alone, the recomputation to determine future military pay raises and retired pay (Public Law 93-419), the Federal Government estimates a savings of nearly \$1.1 billion by 1980. (Rept. No. 93-1132, U.S. Senate, 93d Cong., 2d sess.)

In another change in law dealing with reenlistment bonuses, the estimated saving for a 6-year period was \$44.5 million. (Rept. No. 93-857, U.S. House of Representatives, 93d Cong., 2d sess.)

Other congressional actions mentioned earlier estimated savings of approximately \$389 million in fiscal year 1974 and \$688 million in fiscal year 1975. Of these amounts over \$35 million was a reduction in graduate schooling or terminal funds for degree-seeking training for enlisted military personnel. (A quick review of fiscal year 1974 and 1975 DOD appropriation bills.)

These are but a few of the reasons why the NCOA believes that Congress should reject the President's request to terminate veterans' education benefits. These are the only "wartime entitlements" remaining for present and future military members as of May 7, 1975. On that date the President terminated all others.

There is, of course, another reason—one we believe is a threat not only to Congress, but to the military. The threat is not posed by the NCOA or any veterans' or military organization, but by a union of Federal employees. That union is seriously contemplating unionizing the military forces.

Should Congress continue to erode military pay, allowances, and benefits, and fail to listen to the petitions of the organizations now representing military personnel, it will join the administration in "adding fuel" to the union's rationale that it is now time to organize the U.S. Armed Forces.

The NCOA abhors the thought of military unions. It believes 'the idea to be utterly ridiculous. But, gentlemen, it could happen.

Mr. Chairman, may I make a few comments?

Chairman HARTKE. You certainly can.

Mr. McKINNEY. Yesterday, testimony was received before this distinguished panel from the American Legion and the National Association of Concerned Veterans, and each of their representatives made a statement that I believe needs to be clarified.

In the case of the American Legion their spokesman noted that American youths enlisted in the Armed Forces during wartime for different reasons than they do during peacetime.

This may have been the case in World War II and it may have been the case in the Korean war. I had the opportunity if one prefers to call it that, of serving in the recruiting branch of the U.S. Marine Corps during a peacetime period, 1960 to 1963 and again during a wartime period of 1969 to 1971. There was no difference in the reasons why these young men enlisted in either period except there was a motivating factor, the draft, in the 1969-1971 period; however, the majority of them did enlist because of the training and educational benefits that were available.

These were surveys conducted at our recruiting station at the time the young man enlisted.

In the case of the National Association of Concerned Veterans, their spokesman noted that certain military members may qualify for readjustment pay after serving 4, 10, 12, or 16 years.

Mr. Chairman, only commissioned officers and warrant officers, and certain Reserves, are entitled to readjustment or severance pay. Approximately 86 percent of the total active forces or more than 1.9 million enlisted members received not one cent from this Government if they are honorably separated from the armed services to assist them in readjusting to civilian life.

Mr. Chairman, you may recall that last year, at our request, you introduced legislation in the 93d Congress to correct this discriminate practice. Senator Thurmond, a member of this panel, was one of your cosponsors.

The fact that the regular enlisted member is not entitled to severance or readjustment pay, we feel, under the present law, is certainly a sufficient reason to continue the GI bill.

There is also one other additional item that I'd like to bring up and that is yesterday the House passed a defense appropriations bill, H.R. 9861. It completely terminates any cash settlements beyond the total of 60 days accrued leave for enlisted personnel.

For years enlisted personnel were entitled to receive cash payments for unused leave whenever they completed an enlistment. Now that law has been limited by the House Committee on Appropriations without any public hearings.

Here went another entitlement, along with the others, and we're talking about 86 percent of the military force who never got a chance to have his or her day in court to contest the action of this Committee that has no jurisdiction over military law. That privilege belongs to the Committee on Armed Services.

Thank you very much, sir.

Chairman HARTKE. That appropriation bill has not passed the Senate yet, has it?

Mr. McKINNEY. No, sir; it has not.

Chairman HARTKE. Is there still a good chance to put it in?

Mr. McKINNEY. I hope so, sir.

Chairman HARTKE. All right, fine. Let's try that.

Thank you. I appreciate both of those, Mac. As usual, you're right on the ball.

Mr. McKINNEY. Thank you, sir.

[Annex A and B as submitted by Mr. C. A. McKinney follows:]

ANNEX "A"

Rates for U.S. Forces auto liability insurance in Germany

<i>Category</i>	<i>Rates for all automobiles</i>
Officers 25 or over and married.....	DM 364 (\$146)
Civilians, E-8s, and E-9s 25 or over and married; Officers under 25 and married.....	DM 514 (\$206)
Officers, civilians, E-8s and E-9s 25 or over and single.....	DM 654 (\$262)
E-1 through E-7 25 or over and married.....	DM 732 (\$293)
All civilians under 25; E-1 through E-7 under 25 and married.....	DM 867 (\$347)
All E-1 through E-7 single.....	DM 1184 (\$474)
Officers under 25 and single.....	DM 1250 (\$500)

Sources: Fortune, Zurich and Alu. Average rates charged by the three companies for minimum liability coverage only are listed. Full coverage on a new car will roughly double the amount listed.

The dollar-deutschemark exchange rate used throughout this Stars and Stripes series, "Insuring Your Car in Europe," is 2.50 marks to the dollar. Exceptions to this rate have been made, of course, in references to the exchange rates of the past.

ANNEX B

MAN ENLISTS JAN. 1, 1970, IN U.S. ARMY FOR 3 YR—REENLISTED JAN. 1, 1973, FOR 3 ADDITIONAL YEARS AND PROMOTED TO PAY GRADE E-5 UPON REENLISTMENT—IS A BACHELOR RESIDING AND EATING IN GOVERNMENT FACILITIES AND IS A VIETNAM COMBAT VETERAN

Dates	Monthly			1-time payment			Annual receipts ⁴
	Basic pay	Parachute pay	Proficiency pay	Accrued leave ¹	Reenlistment bonus ²	Separation travel ³	
1973:							
Jan. 1 to Dec. 31.....	438.90						
Oct. 1 to Dec. 31.....	\$ 19.20	\$55	\$75	\$387.00	\$1,316.70	\$60	\$8,590.50
Total.....							57.60
1974:							
Jan. 1 to June 30.....	486.30	6 55	75				3,697.80
July 1 to Sept. 30.....	486.30		75				1,683.90
Oct. 1 to Dec. 31.....	513.00		7 75				1,764.00
Subtotal.....							7,145.70
(Oct. 1 to Dec. 31).....	§ (521.30)						24.90
Total.....							(1,170.00)
1975:							
Jan. 1 to Sept. 30.....	513.00						4,617.00
Oct. 1 to Dec. 31.....	538.50						1,615.50
Subtotal.....							6,232.50
(Jan. 1 to Sept. 30).....	§ (521.30)						*74.70
(Oct. 1 to Dec. 31).....	§ (556.20)						*53.10
Total.....							(6,360.30)
1976 (Reenlists for another 3-yr term, 2d reenlistment):							
Jan. 1 to Sept. 30.....	538.50				683.30		5,529.80
Oct. 1 to Dec. 31.....	565.50						1,696.50
Subtotal.....							7,226.30
Difference.....					§ 559.50	¹⁰ 60	*619.50
Total.....							(7,845.80)
(Jan. 1 to Sept. 30).....	§ (556.20)						*159.30
Difference.....							*83.70
(Oct. 1 to Dec. 31).....	§ (593.40)				§ (577.20)		¹¹ 17.70
Total.....							(8,106.50)

¹ 1 day's basic pay for each day (30 percent) of accrued leave, plus 70c daily for subsistence.

² 1 mo's basic pay multiplied by number of years reenlisted for 1st reenlistment; 20 days' basic pay multiplied by number of years reenlisted for 2d reenlistment.

³ 6c per mile multiplied by number of miles (1,000)—distance between home of record or place of enlistment and place of discharge.

⁴ Taxes not included. Amount shown is gross pay.

⁵ Actually received in 1974 due to President's "illegal" delay of Oct. 1, 1973, pay raise by 3 mo.

⁶ Parachute jump pay reduced by Congress; Public Law 93-238.

⁷ Proficiency pay terminated by Congress/Army Jan. 1, 1975; Public Law 93-238.

⁸ Monthly basic pay if raise was computed under previous law. New law (Public Law 93-419) charged method of computation. [5.5 percent was equal to 7.2 percent; 5 percent is equal to about 6.7 percent].

⁹ Congress instructed DOD to tighten up on payments of settlements for accrued leave. DOD issued new directive and submitted legislation to 94th Cong. to change system for enlisted personnel.

¹⁰ Payments terminated by Public Law 93-437.

¹¹ Difference between new method and old method of computation. See 8 above.

* Difference.

Chairman HARTKE. The next witness is Mr. John A. Lancaster, the Administrative Assistant of Paralyzed Veterans of America.

**STATEMENT OF JOHN A. LANCASTER, ADMINISTRATIVE
ASSISTANT, PARALYZED VETERANS OF AMERICA**

Mr. LANCASTER. It is my pleasure to respond to your invitation to comment on S. 969. The Paralyzed Veterans of America is in favor of extending to 45 months the basic educational benefits available to veterans under chapter 34 of title 38 and to their dependents under chapter 35. We hope that this Committee, along with the whole Senate, will not consider, as is presently being done in the House of Representatives, a simultaneous cessation of GI bill benefits for our future veterans.

The Paralyzed Veterans of America realize, better than any other veterans organization, the potential rehabilitation benefits of education. A great many of our nonservice connected members have turned to the GI bill following their injuries in order to make up with additional training and education what they had lost in physical ability. The result has been that many of them have returned to our Nation's productive work force in spite of their injuries.

The education benefits provided by the GI bill have made it possible for many individuals, who would not have been able to afford it otherwise, to further their education whether it be academic or vocational.

Historically, GI education benefits were meant to assist veterans returning from wartime service. It has been argued that these benefits are peculiar to wartime service. However, for 32 of the past 35 years, in war and in peace, education benefits have been provided for all veterans. Congress felt strongly enough about the value of this program that, in 1966, they made GI bill education benefits permanent, rather than terminating upon a Presidential proclamation that a war had ended.

In section 1651 of title 38, United States Code, Congress declared that "the education program created by this chapter is for the purpose of (1) enhancing and making more attractive service in the Armed Forces of the United States * * *"

The facts indicate that the GI educational program is one Government program that has worked in the past and is working now. Studies have shown that for every dollar spent on GI educational benefits at least \$4 is realized in additional tax revenue from increased earnings resulting from increased education and training, and there is no doubt that there are some savings in reduced unemployment compensation paid out to veterans who have used these benefits.

Partly due to our economic situation, minority and disadvantaged youths are enlisting in the armed services in disproportionate numbers. The GI bill gives them a chance to improve their education upon discharge, thus increasing their productivity and life potential. Cancellation of this program will thus eliminate this opportunity for them. It will further eliminate educational opportunities for veterans who become catastrophically disabled following service.

We urge unrestricted entitlement of 45 months of educational benefits for Vietnam era veterans and veterans of this future.

We have heard a number of arguments from the administration in support of the program's elimination. One argument offered is that educational benefits should be the responsibility of the Department of

Defense rather than the Veterans' Administration. Other arguments offered are that these benefits are too expensive and encourage servicemen to leave the military.

These arguments bear further examination. The program does involve significant costs although such costs will be considerably reduced in the future: The number discharged annually will be substantially less than the number released from the service during the peak years of the Vietnam conflict. Perhaps the Department of Defense should bear the cost of the program. However, there has been no serious discussion of these important issues. No alternative proposal is pending before Congress, nor has the administration made any formal recommendations in this respect. Consequently, we believe it would be precipitous to terminate the existing program prior to developing an alternative program, whatever that program may be. Thus, we hope your Committee will not consider what the House is going to consider Monday.

The argument that VA educational benefits encourage people to leave the service ignores the reality that there will always be a certain turnover in the lower ranks where personnel are needed in large numbers than career military who advance in rank over the years. Thus, the real question is what will be the composition of those in the lower ranks? If we wish a representative Armed Forces which includes those who score relatively high on aptitude tests, then we believe educational benefits will be needed for them as recruitment incentive.

Further, the current depressed state of the economy should not deceive us as to the importance of GI bill benefits. A recent survey conducted by the Army Testing Service last September revealed that one out of every four individuals tested indicated that they would not have enlisted if GI educational benefits had not been available.

When servicemen were asked to list the three most important reasons for their joining the military, one out of every two listed post-service educational benefits.

We applaud the extension of GI educational benefits to from 36 to 45 months and hope that you will not consider any future termination of those benefits.

Mr. Chairman, I would like to comment on one aspect of our testimony and that is the rehabilitation benefits of the GI bill. I not only speak for members of our organization who, following service possibly came upon a catastrophic disability, and then they looked, in turn, to whatever rehabilitation they could get, to find out that the GI bill was the best thing going, and they generally ran with it because many states' "rehab" programs just are not nearly as adequate or as good as the GI bill benefits.

There is also a rehabilitation benefit and readjustment benefit for those who have no disability following service, just from the mere fact that, we would contend and I think you would agree, there is a certain amount of culture shock and a certain amount of rehabilitation needed when one leaves the military and goes back into civilian life.

I do not think that the modern Army has changed that significantly, and I know, indeed, the Marine Corps and the Navy have not. They are not so close to being a civilian type organization that there is not some readjustment that needs to be taken into consideration.

We think these educational benefits provided by the GI bill are one of the things that can do that.

Chairman HARTKE. You put your finger on something which has concerned me for quite some time. What you're really dealing with here is the psychological and sociological effect of military service. I appreciate you bringing that to our attention again.

I might point out, to put it a little differently that there is a problem for infantrymen, for example, to find corresponding work activity in civilian life; isn't there?

Mr. LANCASTER. Yes, indeed, there is.

Chairman HARTKE. As I said, about the only thing you might even classify in this day and age as available could be an urban guerrilla.

I don't mean to be disrespectful to the military. The military service is there in case of an emergency to do some rather disagreeable work.

Mr. LANCASTER. That's very true, Senator.

Possibly, he could work for the Mafia, too.

Chairman HARTKE. I don't want to train him for either one of those.

Mr. LANCASTER. The point is well taken. What is the average Marine, or the average infantryman in the Army, or even your normal deck-hand, say, in the Navy, what is he actually trained for?

Chairman HARTKE. Swab down the cafeteria.

Thank you John for a fine statement. We appreciate it very much.

Mr. LANCASTER. Thank you.

Chairman HARTKE. The last witness scheduled for this morning is Mr. Richard Shaffner, Assistant Division Chief of the Division of Programs to Advance Veterans Education, from the Bureau of Equal Opportunity, the Pennsylvania Department of Education.

**STATEMENT OF RICHARD SHAFFNER, ASSISTANT DIVISION CHIEF,
DIVISION OF PROGRAMS TO ADVANCE VETERANS EDUCATION,
BUREAU OF EQUAL OPPORTUNITY, PENNSYLVANIA DEPARTMENT OF EDUCATION**

Mr. SHAFFNER. Good morning, sir. Mr. Chairman, members of the Committee, and distinguished guests, I want to thank you for affording me this opportunity to address your group and present justification for continuation of the GI bill.

My name is Richard Shaffner, Assistant Division Chief, Division of Programs to Advance Veterans Education, Bureau of Equal Opportunity, Pennsylvania Department of Education.

There has never been a scholarship program that has benefited so many and returned at least \$6 for every dollar initially invested. Never, has one program reached out and afforded so many an opportunity to pursue educational and training objectives, as the GI bill. Our educational institutions have expanded and grown to their present size, in part, due to GI bill dollars that accompanied the increasing numbers of World War II veterans who pursued postsecondary institutional training after the war.

This one piece of legislation has greatly shaped our country's continuing role in providing world leadership. If we are to remain in our present position and continue to serve as an example for others we must preserve those ideals which we hold dear to us.

I encourage each Member of Congress to consider several factors before terminating one of this country's most benevolent laws ever to be enacted. Groups that will be affected, should the GI bill be terminated, include: (1) All infantry-related military personnel, (2) large numbers of minority persons, and (3) disabled veterans.

Other factors to be considered are as follows: (1) Definition and purpose of the GI bill, (2) alternative program, (3) investment and return, in terms of dollars, and (4) developing a GI bill that is permanent to provide needed educational and vocational opportunities for all veterans.

Our servicemen and women deserve the opportunity to continue their educational and occupational training beyond the time afforded during their military service. Many military occupational specialties require additional off-hours training and permit little or no free time for service persons to pursue educational or training programs preparing them for civilian occupations. For example, one-half of the blacks and one-third of the whites separating from the armed services in 1970 were in military occupations not readily transferable to civilian life.

What happens to the service person who has come from a low socioeconomic class upon entry into the armed service, and upon separation or discharge can't find gainful civilian employment because his military training is not transferable to a civilian related occupation?

This person can't begin to identify sufficient financial resources to finance an educational or training program to acquire the necessary skills to become a productive member of society. Also, more and more minorities are entering the armed services, for various reasons. What place in society can they expect to attain if upon reentry into the civilian job market they have no transferable skills?

Certainly, we can't assume that every military person will make a career of the Armed Forces. Therefore, an alternative must be available to accommodate those persons needing additional education or training to make the transition from military to civilian life.

In the Army 25.1 percent of enlisted personnel are "ground-combat", and 28.8 percent in the Marine Corps. Myself, having been in the infantry in the Marines, have had no chance to pursue an educational program because of time constraints, field maneuvers, overnight bivouacs, training, et cetera. When I had applied for an educational program I was denied access because it interfered with infantry training.

Also, service-connected disabled veterans will continue to reenter the civilian job market. Hazardous types of military occupations will result in veterans being discharged due to their on-the-job accidents. Just because we are no longer engaged in a war does not eliminate the number of disabled vets who will reenter civilian life. These veterans deserve educational and vocational training opportunities to overcome their disabilities in order to become productive members of society.

State bureau's of vocational rehabilitation should not be held accountable for providing these veterans with training and readjustment programs. Clearly, the Veteran's Administration's vocational rehabilitation program should be the program addressing the needs and services for these veterans.

It is imperative that we define the purpose and intent of the GI bill. Title 38, U.S.C., chapter 34, Veterans' Educational Assistance, Subchapter I—Purpose-Definition, section 1651. Purpose, states the following:

The Congress of the United States hereby declares that the education program created by this chapter is for the purpose of (1) enhancing and making more attractive service in the Armed Forces of the United States, (2) extending the benefits of a higher education to qualified and deserving young persons who might not otherwise be able to afford such an education, (3) providing vocational readjustment and restoring lost educational opportunities to those servicemen and women whose careers have been interrupted or impeded by reason of active duty after January 31, 1955, and (4) aiding such persons in attaining the vocational and educational status which they might normally have aspired to and obtained had they not served their country.

As the purpose in fact has indicated, the GI bill is to provide educational and vocational opportunities to veterans, along with enhancing and making more attractive service in the Armed Forces. Therefore, one can't generalize and specifically say that the GI bill is only for readjustment purposes. Whether we are involved in wartime or peacetime activities veterans should be afforded readjustment benefits.

Alternative plans that would have the equivalent impact as the GI bill have not been introduced or proposed. It has been stated that the Department of Defense will develop a program that would be similar to the GI bill. I don't see such a commitment becoming a reality or having the impact and reaching as many persons as have benefited from the current and previous GI bills.

Also, I am concerned about DOD's involvement and commitment once a service person has been separated or discharged.

In terms of investment, no program has returned as much from its original dollar investment. The GI bill has been a blue chip investment: Our Government has received back in additional tax dollars at least \$6 and perhaps more for each dollar spent on GI bill training.

In addition, by the time the World War II GI bill ended, America had been given over 450,000 engineers; 180,000 doctors, dentists, and nurses; 360,000 teachers; 150,000 scientists; 107,000 lawyers; 243,000 accountants; 36,000 ministers; 280,000 metalworkers; 138,000 electricians; 83,000 policemen and firemen; 700,000 businessmen, and over 17,000 writers and journalists, not to mention the educational opportunities afforded many of our senators and representatives.

Since the GI bill's track record speaks for itself, why is there such opposition to continue a program that has benefited so many and with the potential to serve so many more Americans?

There is just no logic in repealing a program that has demonstrated nothing less than success since its enactment. Many programs exist that have not and are not fulfilling their goals and expectations. These are indeed the programs we should be focusing in on to see whether they merit continuation or should be canceled.

In support of my position allow me to read the following excerpt from Mr. Olson's book, titled: "The GI Bill, the Veterans and the Colleges":

To support their calls for a third GI bill The American Legion, congressional leaders, the Veterans' Administration and other organizations repeatedly cited the success of World War II and Korean bills. The AFL-CIO, for example, reminded the House Committee on Veterans' Affairs that the first two bills increased "the standard of living of the veterans and their families," raised

"the levels of education and skills of the Nation." and proved "an exceptionally wise investment." Senator Ralph Yarborough, Texas Democrat, who led the unsuccessful campaign for a Cold War GI bill and then worked for the Vietnam GI bill, called the World War II Act, "one of the most beneficial, far-reaching programs ever instituted in American life." Like the AFL-CIO, Yarborough pointed out that the veterans who utilized the GI bill paid higher taxes than nonveterans or veterans who failed to use the benefits. The larger tax payments, Yarborough reasoned, more than repaid what the program cost. In 1965 Cyril F. Brickfield, the Veterans' Administration's Deputy Administrator of Veterans' Affairs, publicly agreed. He published an article reporting the Veteran's Administration's conclusions that the GI bill already had repaid its initial cost, and that the GI bill, "was one of the most successful pieces of legislation ever enacted."

Another aspect that merits consideration is to enact legislation to continue the GI bill as a permanent educational and training program. This is not just a wartime program as pointed out in the purpose of the GI bill. Home loans began as wartime benefits but this program has been transformed into a near permanent home loan program. Education and training are essential ingredients in one's life.

Without these attributes one would have limited choices to make in considering a career occupation. This would also put constraints on purchasing power in using the home loan program to its best advantage.

I have upheld a philosophy regarding specific program evaluation and impact, that is, "everyone has the opportunity and freedom to criticize and speak his or her piece be it regarding a program or whatever, but before condoning the system, be able to offer an alternative that could produce at least equivalent results. I believe there hasn't been an alternative offered that could reach and positively affect as many lives as the GI bill has done for so many Americans."

In closing, I would like to leave you with two important issues for consideration. First, Senator Hartke introduced S. 969 on March 5, 1975, which would greatly assist many of our veterans. This bill provides for extending the additional 9 months of educational assistance from 36 to 45 months to include graduate study.

Due to the high unemployment figures for Vietnam veterans, especially minority veterans, this bill, if passed, will allow veterans to continue their education and training during a period when our current economic situation is resulting in an increasing number of layoffs and cutbacks in personnel in many occupations.

Many veterans would benefit from this timely legislation. Many currently unemployed veterans could take advantage of continuing their education and obtain gainful employment once our economic difficulties are resolved and we achieve economic stability.

Second, we are approaching our country's bicentennial celebration. Our strengths as a country, in part, are due to the many sacrifices made by our servicemen and women and our veterans. Will we begin our celebration by expressing our gratitude toward service persons by eliminating their opportunities to achieve an education that they could not otherwise afford?

The GI bill is as patriotic as mom's homemade apple pie and has been a way of showing our veterans a deep appreciation for their service, and that they, indeed, deserve the best opportunities our country has to offer them.

Thank you.

Chairman HARTKE. I want to thank you for your testimony this morning. It's been very helpful, as usual.

[With objection, I order the following report placed in the hearing record.]

[Subsequently, the following material concerning veteran-inmates in Pennsylvania was submitted for the record:]

*CHARACTERISTICS AND NEEDS OF VETERAN-INMATES
IN PENNSYLVANIA STATE CORRECTIONAL INSTITUTIONS*

*Darryl Kehrer
Chief
Division of Programs to Advance
Veterans Education (PAVE)
Office of Equal Opportunity
Pennsylvania Department of Education*

*Dr. Sitansu Mitra
Chief
Systems and Operations Research
Bureau of Correction
Pennsylvania Department of Justice*

May 30, 1975

SUMMARY

The purpose of the study is to determine characteristics and needs of veteran-inmates in Pennsylvania state correctional institutions.

The conclusions derived from the study follow:

1. Approximately 25% or 1521 inmates incarcerated in 8 state prisons are veterans.
2. Approximately 4.8% of veteran-inmates received a dishonorable discharge from the military service.
3. Approximately 26.8% of veteran-inmates received an undesirable, bad conduct, or dishonorable discharge from the military service.
4. Approximately 61% of veteran-inmates served in the Army.
5. Average months of active duty of veteran-inmates was 33.2.
6. Average length of minimum sentence of veteran-inmates is 4 years.
7. Average age of veteran-inmates is 33.6 years.
8. Average grade level of education of veteran-inmates is 10.7 years.
9. Fifty-two per cent of veteran-inmates are black.
10. On the average 64% of veteran-inmates had no prior offense, 14% had 1 prior offense, and 22% had 2 prior offenses or more.
11. On the average burglary and robbery are the most

predominant offenses of veteran-inmates.

12. *Fifty-two per cent of veteran-inmates are Vietnam era; 20% are post-Korean but pre-Vietnam era; 10% are Korean era; 10% are post WWII but pre-Korean era, or not separated from military service, or information is not available; 8% are WWII veterans.*
13. *Fifty per cent of veteran-inmates are eligible for Vietnam era GI Bill educational benefits; 21% are ineligible for educational benefits because of a less-than-general discharge; 8% are ineligible for educational benefits because they are WWII veterans; 7% are ineligible for educational benefits because they are not separated from the military service or are temporarily considered ineligible because discharge information is not available; 6% are ineligible for educational benefits because they are Korean conflict veterans; 6% are ineligible for educational benefits because they have served less than 181 days active duty; 2% are ineligible for educational benefits because they are post-WWII but pre-Korean conflict veterans.*
14. *Veteran-inmates assessed their needs revealing that institutional skill training was most prevalent; the second next most prevalent need was securing post-release state or federal grants or loans for education; the third most prevalent need was using*

GI Bill benefits while incarcerated.

RECOMMENDATIONS

Based upon experiences gained in conducting this study, recommendations are offered in the form of supporting the detailed inter-agency chronology written by PAVE in September, 1974 and amended in February, 1975. This chronology indicates the importance of utilizing educational and vocational programs as well as the GI Bill in veteran-inmate prescriptive planning. It also indicates the importance of benefits counseling. Several goals of the chronology have already been completed. The entire chronology follows on pages four through seven.

CHRONOLOGY
 SEPTEMBER 1974 - SEPTEMBER 1975

<u>Date</u>	<u>Goal</u>
9/74	1.1.1 A video tape outlining benefits and services to veterans in the Commonwealth has been produced and is available for Bureau of Correction staff training.
9/74-continuous	1.6.1 State Correctional Institution (SCI) education and treatment staff, probation and parole persons, community treatment staff etc. receive periodic resource information via PAVE information clearinghouse.
9/74-continuous	2.9.1 Recommendations reference educational financial aid opportunities for veteran ex-offenders have been made to the Commissioner, OHE, as needed.
12/74	1.2.1 General advice has been received from Veterans Administration (VA), Department of Military Affairs-Bureau of Veterans Services (DMA-BVS), etc. reference their roles in assisting incarcerated veterans.
1/75	1.1.2 Veterans education/benefits information sessions have been held for treatment staff at each state correctional institution; resource material has been provided; procedures in which Pa. Dept. of Education (PDE), DMA-BVS, VA can assist incarcerated veterans are outlined. 1.3.1 Multi-agency benefits information sessions have been provided to incarcerated veterans at each SCI; a needs assessment has been completed by each vet who attends; after-action reports have been written. 1.3.2 DMA-BVS has provided discharge review information to vets with other than honorable discharges.
2/75	2.2.1 A memorandum of agreement outlining PAVE and DMA-BVS responsibilities in

SCI's has been signed and implemented.

3/75

1.3.3 Personalized follow-up interviews have been conducted with each veteran at each SCI; DMA-BVS, VA, PAVE, and SCI-education officers participate; after-action reports have been requested from participating agencies.

1.3.4 Continuous inmate counseling has been completed by DMA-BVS and VA; individual inmate caseworkers have been advised of services rendered for case file.

1.8.1 Guidelines and proposal formats for having prison GED, voc-ed, and other programs approved for veterans training (preferably on a $\frac{1}{2}$ or full-time basis) have been provided to each SCI; assistance is provided as necessary.

4/75

1.4.1 VA has been requested to provide assistance to incarcerated veterans who have drug/alcohol problems, service connected physical or psychological disabilities or who need diagnostic testing.

1.7.1 On a continuous basis, the Bureau of Correction maintains listings of veterans and appropriate data.

1.8.2 Proposals have been submitted to state approving agency.

1.9.1 Provisions have been made by SCI's to hold GI Bill payments in inmates' accounts.

2.0.1 Action has been taken to insure that inmates already enrolled in college level programs have been certified for educational payments. Certification assistance has been requested from VA, DMA-BVS, and SCI's as needed.

2.8.1 Recommendations have been provided to PDE, Correction Education, reference placing inmate apprentice tradesmen in jobs via the proposed inmate placement program.

3.2.1 Coordination has been maximized between Act 101, Veterans Preparatory, and other

programs so that SCI's may recommend such programs to veteran-inmates as post-release resources.

5/75

- 1.2.2 Correction education subcommittee to PAVE Advisory Committee has been established.
- 1.5.1 The inmate veteran counseling aide program has been initiated with trained counselors at participating institutions; "tie-ins" have been made with the para-teacher program.
- 1.8.3 Approved proposals have been submitted to the VA by the state approving agency.
- 1.8.4 VA has approved programs; prisons have been advised of approval (or disapproval).
- 1.8.5 VA and DMA-BVS have been requested to assist in certifying inmate student-veterans for educational benefits.
- 1.9.1 The Bureau of Correction has been asked to encourage single inmates to save GI Bill funds for post-release purposes and married inmates (while incarcerated) to provide some funds to their dependents.
- 2.1.1 Guidelines for using the GI Bill in inmate prescriptive planning have been provided to the Bureau of Correction for implementation; PAVE monitors this process.
- 3.1.1 A report has been provided to the Chief, Correction Education, PDE, reference initiating skill training to incarcerated veterans via Pa. Assn. of Private School Administrators and the GI Bill.
- 2.3.1 A GI Bill educational pre-release guide has been written and provided to SCI's and DMA-BVS for implementation.
- 2.4.1 A GI Bill educational parole guide has been written and provided to SCI's, Board of Parole, and DMA-BVS for implementation; PAVE monitors this process.
- 2.6.1 Per regional need, the station house intercept concept has been implemented by the DMA-BVS.

6/75

- 6/75 3.0.1 A plan to assist veterans on probation has been developed by PAVE, DMA-BVS, and VA.
- 7/75 2.5.1 An inmates handbook on veterans benefits and programs for ex-offenders has been developed and provided to SCI's for distribution.
- 9/75 2.7.1 Evidence has been received that the number of incarcerated veterans using the GI Bill for ABE, GED, voc-ed, and college level programs has increased significantly; a report has been issued.
- 2.7.2 Evidence has been received that the number of incarcerated veterans using educational pre-release and educational parole plans has increased significantly; a report has been issued.

*Characteristics and Needs of Veteran-Inmates
in Pennsylvania State Correctional Institutions*

1. WHO ARE THE VETERANS

Late in 1974 the Pennsylvania Bureau of Correction started mobilizing its efforts to gather necessary information on veterans among inmates of the eight state correctional institutions. The purpose was to identify veterans and inform them primarily of GI Bill educational benefits as well as other federal and state benefits which could be useful to them. This effort was made in conjunction with Pennsylvania Department of Education, Office of Equal Opportunity, Division of Programs to Advance Veterans Education (PAVE).

2. HISTORY AND MISSION OF PAVE

In October, 1971, Governor Milton J. Shapp hired ten Vietnam-era veterans to work regionally with postsecondary educational institutions and various agencies to motivate and assist veterans in furthering their education and training. At that time only 13.5 per cent of Pennsylvania Vietnam-era veterans were enrolled in college level programs.

PAVE developed on-campus advocacy services and out-reach programs. During 1973, 5,068 young veterans received assistance via a network of 53 college counseling centers. By mid-1974 the veterans cost of instruction, state veteran action center, and VA man-on-campus programs were initiated to meet veterans needs. PAVE was fortunate enough to assist veterans for a two to three year period prior to government agencies provision of comprehensive services per their mandate.

PAVE redefined its mission in July of 1974 to include the following priorities:

- (1) Improve educational opportunities and advocacy services for veterans incarcerated in state correctional institutions.
- (2) Develop veterans remedial and preparatory programs regionally on college campuses.
- (3) Improve opportunities for educationally and economically deficient veterans.
- (4) Improve educational opportunities for wheelchair-bound veterans.
- (5) Explore methods for granting credit for life experiences.

3. JOINT EFFORT OF PAVE AND CORRECTION

Secretary of Education John C. Pittenger and Commissioner of Correction Stewart Werner signed a memorandum of agreement on July 1, 1974 which gave the Department of Education primary responsibility for administering educational programs in state correctional institutions. Late in 1974, Pennsylvania Bureau of Correction joined with PAVE to design a course of action for assisting veteran-inmates. After some initial discussion, the following plan was adopted:

During budget year 1974-75 PAVE agreed to be responsible for the development, improvement, and expansion of educational opportunities and services for veteran-inmates in the eight state correctional institutions. PAVE also agreed to seek assistance from state and federal agencies and write a chronology of service.

During November and December 1974 steps were taken to identify incarcerated veterans in the eight state correctional institutions. The

following data elements were gathered on each veteran-inmate:

- (1) Name
- (2) Bureau of Correction number
- (3) Armed Forces Service Number
- (4) Branch of Service
- (5) Months of active duty
- (6) Date of separation from active duty
- (7) Type of discharge
- (8) Type of offense committed
- (9) Minimum Sentence
- (10) Date of expiration of minimum sentence
- (11) Age
- (12) Educational level i.e., last grade completed before incarceration, or Wide Range Aptitude Test reading level, or Stanford Achievement Test.
- (13) Race
- (14) Prior offense committed

4. SERVICES RENDERED BY BUREAU OF VETERANS
SERVICES AND VETERANS ADMINISTRATION

The Department of Military Affairs, Bureau of Veterans Services, agreed to be responsible for providing benefits counseling and advisory services to veteran-inmates and ex-offenders. The Bureau participated in initial group benefits briefings and needs assessment sessions. The Bureau also agreed to initiate the following:

- (1) An early identification program in which inmates would receive GI Bill and other information at the

diagnostic and classification point. GI Bill would be used in prescriptive planning as various educational programs were approved for veterans training by the Department of Education.

- (2) Assistance in making application to upgrade other-than-honorable discharges.
- (3) Visit each prison at least bi-weekly.

The Veterans Administration offices in Pittsburgh and Philadelphia agreed to participate in initial group benefits briefings and needs assessment sessions. They also agreed to initiate the following:

- (1) Follow-up assistance for inmates.
- (2) Guidance with regard to VA laws and regulations and how they affect benefits for incarcerated veterans.
- (3) Visit each prison at least twice each year; visit the Pittsburgh Institution more often, as needed.

5. STATISTICAL ANALYSIS OF VETERANS' DATA

The data collection process took nearly six weeks to complete. Since most of the data were not available in the computer files, they had to be gathered manually. Some general facts are stated below pertaining to these data elements.

As of December 31, 1974, there were 1,521 veterans among a total of 6,039 inmates in the eight state correctional institutions. This indicates that approximately 25 per cent of inmates are veterans. The actual breakdown by institutions follows:

TABLE 1: VETERAN INMATE POPULATION

<u>INSTITUTION</u>	<u>POPULATION</u>	<u>VETERANS</u>	<u>PERCENTAGE</u>
Camp Hill	895	83	9
Dallas	745	143	16
Graterford	1570	384	24
Greensburg	179	55	30
Huntingdon	822	254	30
Muncy	173	13	7
Pittsburgh	879	285	32
Rockview	776	304	39

Camp Hill and Muncy have remarkably low percentages of veterans because the former institution has a large percentage of juveniles and the latter is for women. Due to the nature of the security classification and the offender type for any institution, the incarcerated population at Muncy could be regarded as somewhat unique. Accordingly, the data collected on the 1,521 veterans was taken as a basis for stratified random sampling with proportional allocation. A flat 20% sample of the veteran population was chosen from each institution and estimates were made for the following:

- (1) Percentage of dishonorable discharges
- (2) Percentage of bad conduct, dishonorable and undesirable discharges
- (3) Percentage of veterans who served in the Army
- (4) Average number of months in active duty
- (5) Average length of minimum sentence
- (6) Average age group

- (7) Average grade level of education
- (8) Percentage of blacks
- (9) Number of prior offenses committed
- (10) Breakdown of the offense types

The statistical results are incorporated in tables 2 through 11.

All results are based on a 99% confidence level.

A 100% sample was taken from each institution to gain information on the following:

- (1) Breakdown of military service by war era (See Table 12)
- (2) Eligibility/non eligibility for GI Bill educational benefits in prescriptive planning (See Table 13)

TABLE 2: DISHONORABLE DISCHARGE

<u>INSTITUTION</u>	<u>PERCENTAGE OF DISHONORABLE DISCHARGE</u>	<u>ERROR OF ESTIMATE</u>
Camp Hill	0	0
Dallas	8.0	.13
Graterford	3.9	.05
Greensburg	0	0
Huntingdon	4.0	.05
Muncy	0	0
Pittsburgh	3.5	.06
Rockview	1.7	.04
Entire Bureau Population	4.8	.22
Six Institutions (Except Camp Hill and Muncy)	3.1	0

TABLE 3: BAD CONDUCT, DISHONORABLE AND UNDESIRABLE
DISCHARGE (BCD, DD, UD)

<u>INSTITUTION</u>	<u>PERCENTAGE OF BCD, DD AND UD</u>	<u>ERROR OF ESTIMATE</u>
Camp Hill	44	.33
Dallas	20	.20
Graterford	26	.11
Greensburg	18	.33
Huntingdon	16	.05
Muncy	33	2.24
Pittsburgh	35	.15
Rockview	23	.13
Entire Bureau Population	26.8	.31
Six Institutions (Except Camp Hill and Muncy)	24.6	0

TABLE 4: VETERANS SERVING IN ARMY

<u>INSTITUTION</u>	<u>PERCENTAGE OF VETERANS IN ARMY</u>	<u>ERROR OF ESTIMATE</u>
Camp Hill	44	.37
Dallas	76	.21
Graterford	64	.13
Greensburg	64	.43
Huntingdon	52	.12
Muncy	67	2.46
Pittsburgh	58	.01
Rockview	63	.15
Entire Bureau Population	61	0
Six Institutions (Except Camp Hill and Muncy)	62	0

TABLE 5: NUMBER OF MONTHS IN ACTIVE DUTY

<u>INSTITUTION</u>	<u>MONTHS IN DUTY</u>	<u>ERROR OF ESTIMATE</u>
Camp Hill	21	7.96
Dallas	28	7.58
Graterford	41	8.48
Greensburg	47	37.08
Huntingdon	32	6.89
Muncy	60	112.45
Pittsburgh	31	3.51
Rockview	28	4.63
Entire Bureau Population	33.2	.02
Six Institutions (Except Camp Hill and Muncy)	31.4	.02

TABLE 6: LENGTH OF MINIMUM SENTENCE

<u>INSTITUTION</u>	<u>MINIMUM SENTENCE (in years)</u>	<u>ERROR OF ESTIMATE</u>
Camp Hill	2.5	3.48
Dallas	3.7	1.29
Graterford	5.0	1.48
Greensburg	0.8	2.66
Huntingdon	4.0	2.33
Muncy	10.0	51.61
Pittsburgh	5.5	1.76
Rockview	2.5	1.57
Entire Bureau Population	4.0	0
Six Institutions (Except Camp Hill and Muncy)	3.8	0

TABLE 7: AVERAGE AGE

<u>INSTITUTION</u>	<u>AGE (in years)</u>	<u>ERROR OF ESTIMATE</u>
Camp Hill	24.2	4.50
Dallas	30.9	3.79
Graterford	37.3	2.85
Greensburg	30.7	7.80
Huntingdon	32.3	2.11
Muncy	46.3	74.24
Pittsburgh	36.0	2.55
Rockview	31.7	2.61
Entire Bureau Population	33.6	.01
Six Institutions (Except Camp Hill and Muncy)	31.9	.01

TABLE 8: AVERAGE GRADE LEVEL OF EDUCATION

<u>INSTITUTION</u>	<u>GRADE LEVEL COMPLETED</u>	<u>ERROR OF ESTIMATE</u>
Camp Hill	10.7	1.11
Dallas	10.3	0.86
Graterford	8.6	3.33
Greensburg	10.5	1.24
Huntingdon	10.0	0.48
Muncy	10.5	0.61
Pittsburgh	12.4	1.18
Rockview	10.0	0.63
Entire Bureau Population	10.7	0
Six Institutions (Except Camp Hill and Muncy)	10.7	0

In computing the average grade level in Table 8 above, the grade equivalence of the Wide Range Aptitude Test was used for those inmates who did not have any data pertaining to the grade level completed.

TABLE 9: PERCENTAGE OF BLACKS

<u>INSTITUTION</u>	<u>PERCENTAGE OF BLACK VETERANS</u>	<u>ERROR OF ESTIMATE</u>
Camp Hill	53	.35
Dallas	44	.25
Graterford	74	.12
Greensburg	27	.38
Huntingdon	36	.16
Muncy	0	0
Pittsburgh	46	.16
Rockview	33	.15
Entire Bureau Population	52	0
Six Institutions (Except Camp Hill and Muncy)	51.9	0

TABLE 10: NUMBER OF PRIOR OFFENSES

<u>Number of Prior Offenses</u>	<u>Percentage of Inmates</u>							
	<u>Camp Hill</u>	<u>Dallas</u>	<u>Graterford</u>	<u>Greensburg</u>	<u>Huntingdon</u>	<u>Muncy</u>	<u>Pittsburgh</u>	<u>Rockview</u>
None	93	52	29	100	68	67	69	57
1	0	24	24	0	10	33	9	12
2	0	8	15	0	10	0	19	8
3	7	8	2	0	16	0	11	10
4	0	0	8	0	0	0	4	3

(TABLE 10 CONT)

5	0	4	11	0	6	0	4	7
6 or more	0	4	11	0	0	00	4	3

TABLE 11: BREAKDOWN OF OFFENSE TYPES

<u>Offense Type</u>	<u>Camp Hill</u>	<u>Dallas</u>	<u>Graterford</u>	<u>Greensburg</u>	<u>Huntingdon</u>	<u>Muncy</u>	<u>Pittsburgh</u>	<u>Rockview</u>
Assault	6	0	4	0	6	0	4	7
Burglary	40	28	23	19	18	0	18	13
Forgery	0	4	0	0	8	0	2	5
Homicide	12	12	29	0	22	67	36	10
Narcotics	0	4	3	18	6	0	12	10
Prison Breach	0	4	0	0	6	0	2	0
Robbery	18	32	31	0	16	0	20	21
Sex Offense	18	12	5	0	10	33	14	12
Theft	6	4	4	18	2	0	4	18
Vehicle Violations	0	0	0	18	2	0	0	2
Others	0	0	1	27	4	0	0	2

TABLE 12: BREAKDOWN OF MILITARY SERVICE BY WAR ERA

<u>INSTITUTION</u>	<u>POST KOREA</u>				
	<u>WWII</u>	<u>KOREA</u>	<u>PRE</u>		<u>OTHER</u>
			<u>VIETNAM</u>	<u>VIETNAM</u>	
<u>N (%)</u>	<u>N (%)</u>	<u>N (%)</u>	<u>N (%)</u>	<u>N (%)</u>	
Camp Hill - 83	2 (2)	4 (5)	10 (12)	61 (74)	6 (7)
Dallas - 143	10 (7)	12 (8)	27 (19)	82 (57)	13 (9)
Graterford - 384	42 (11)	47 (12)	91 (24)	169 (44)	35 (9)
Greensburg - 55	2 (4)	3 (5)	7 (13)	38 (69)	5 (9)
Huntingdon - 254	12 (5)	22 (9)	47 (18)	136 (53)	37 (15)

(TABLE 12 CONT)

Muncy - 13	2 (15)	1 (8)	2 (15)	5 (39)	3 (23)
Pittsburgh - 285	35 (12)	37 (13)	77 (27)	111 (39)	25 (9)
Rockview - 304	20 (7)	19 (6)	51 (17)	183 (60)	31 (10)
TOTAL - 1521	125	145	312	785	156
PERCENTAGE OF TOTAL BUREAU POPULATION	8%	10%	20%	52%	10%
	WWII	KOREA	POST KOREA PRE VIETNAM	VIETNAM	OTHER

TABLE 13
 ELIGIBILITY/NON ELIGIBILITY FOR GI BILL EDUCATION BENEFITS IN PRESCRIPTIVE PLANNING

Institution	Eligible		Ineligible		Ineligible		Ineligible		Ineligible		Ineligible		Ineligible		Not separated from military service c info not available	
	N	(%)	N	(%)	N	(%)	N	(%)	N	(%)	N	(%)	N	(%)		
Camp Hill	31	(37)	5	(6)	4	(5)	0	(0)	2	(2)	20	(24)	14	(17)	7	(9)
Dallas	63	(44)	24	(17)	12	(8)	1	(1)	14	(10)	24	(17)	0	(0)	5	(3)
Graterford	112	(29)	69	(18)	36	(9)	9	(2)	38	(10)	82	(22)	12	(3)	26	(7)
Greensburg	28	(51)	7	(13)	2	(4)	0	(0)	3	(6)	4	(7)	7	(13)	4	(6)
Huntingdon	89	(35)	33	(13)	16	(6)	7	(3)	10	(4)	49	(20)	21	(8)	29	(11)
Muncy	2	(15)	0	(0)	1	(8)	1	(8)	3	(23)	4	(30)	1	(8)	1	(8)
Pittsburgh	73	(26)	49	(17)	14	(5)	5	(2)	35	(13)	69	(24)	26	(7)	14	(5)
Rockview	126	(41)	41	(13)	13	(4)	8	(3)	14	(5)	68	(22)	13	(4)	21	(7)
Entire Bureau Population TOTAL	524		228		98		31		119		320		94		107	
Percentage of TOTAL Bureau Population	(35)		(15)		(6)		(2)		(8)		(21)		(6)		(7)	

TABLE 14
 TYPES OF REQUESTS FOR ASSISTANCE

Request of Need	CAMP HILL	DALLAS	GRATERFORD	GREENSBURG	HUNTINGDON	MUNCY	PITTSBURGH	ROCKVIEW	TOTAL
	N	N	N	N	N	N	N	N	N
Institutional Skill Training/Education	49	175	378	34	206	8	59	131	1040
GI Bill Education Benefits (while incarcerated)	13	42	78	12	42	2	23	50	262
Post-Release Skill Training/Education	8	32	59	6	35	0	4	44	188
GI Bill Education Benefits (when released)	11	38	82	10	42	3	0	48	234
State or Federal Grants or Loans for Education (when released)	14	37	75	9	41	1	39	50	266
Emergency Assistance (family)	6	14	34	4	13	0	5	17	93
Discharge Review	22	31	53	4	60	2	25	50	247
Vietnam Bonus	3	6	23	3	9	0	1	10	55
Employment (when released)	12	31	70	7	50	1	8	39	218
Home Loan (when released)	8	28	50	8	38	1	12	49	194
Other (while incarcerated and when released)	11	10	66	9	27	2	22	37	184
TOTAL	157	444	968	106	563	20	198	525	2981

TABLE 15: FREQUENCY OF REQUESTS FOR ASSISTANCE

<u>Number</u>	<u>Request or Need</u>
1040	Institutional Skill Training/Education
266	State or Federal Grant or Loans for Education (when released)
262	GI Bill Education Benefits (while incarcerated)
247	Discharge Review
234	GI Bill Education Benefits (when released)
218	Employment (when released)
194	Home Loan (when released)
188	Post-release skill training/education
184	Other; while incarcerated and when released
93	Emergency Assistance (family)
55	Vietnam Bonus

6. GENERAL PARAMETERS OF VETERAN POPULATION

Tables 2 through 11 show the following general characteristics of veteran-inmates:

- (1) Only 4.8% have dishonorable discharges while 26.8% have bad conduct, or dishonorable, or undesirable discharges
- (2) 61% of the veterans served in the Army
- (3) On the average, a veteran served 33.2 months in service and has 4 years of minimum sentence
- (4) On the average, a veteran is 33.6 years old and has a level of education between 10th and 11th grades
- (5) 52% of the veterans are black
- (6) On the average, burglary and robbery are the most prevalent offenses
- (7) On the average, 64% had no prior offense, 14% are first offenders, 22% had 2 or more prior offenses

All these results are derived with a 99% confidence level, and except for Table 2, the error of estimate is virtually zero. Hence the facts above are highly reliable. Since the age level of the total (veteran and non-veteran) inmate population is nearly 27 years and the grade level is approximately 5th grade, clearly the veterans indicate a higher age level and more maturity in education.

A look at the last column (error of estimate) in each table shows that Muncy has relatively high amount of error. The reason is that Muncy is the only state correctional institution for women in Pennsylvania and only 7% (Table 1) of the population are veterans. Consequently, the sample esti-

mates for Muncy are widely divergent from those at other institutions.

Table 12 shows the following characteristics of veteran-inmates:

- (1) 52% are Vietnam era veterans
- (2) 20% are post-Korean but pre-Vietnam era veterans
- (3) 10% are Korean era veterans
- (4) 10% are post-WWII but pre-Korean era, or not separated from military service, or information is not available
- (5) 8% are WWII veterans (July 1946 was used as the WWII cut-off date)

Table 13 shows the following characteristics of veteran-inmates:

- (1) 50% are eligible for Vietnam era GI Bill educational benefits; 35% are Vietnam era veterans while an additional 15% are post-Korean but pre-Vietnam era who are eligible under Vietnam era GI Bill
- (2) 21% are ineligible for educational benefits because of a less-than-general discharge; this figure is based on a 100% sampling and varies slightly from the 20% sampling
- (3) 8% are ineligible for educational benefits because they are WWII veterans
- (4) 7% are ineligible for educational benefits because they are not separated from the military service or are temporarily considered ineligible because information is not available
- (5) 6% are ineligible for educational benefits because they are Korean conflict veterans

- (6) 6% are ineligible for educational benefits because they have served less than 181 days of active duty
- (7) 2% are ineligible for educational benefits because they are post-WWII but pre-Korean conflict veterans

In Table 13 those veterans ineligible for more than one reason were counted only once beginning with the right ineligible column and working left.

7. VETERAN-INMATES ASSESS THEIR NEEDS

Six hundred and forty-three veteran-inmates attended small group benefits briefings organized and coordinated by PAVE in January, February, and March 1975. This was accomplished with cooperation from the Bureau of Correction, Department of Military Affairs-Bureau of Veterans Services, and Veterans Administration. This figure represents 54.4% of veterans incarcerated on the briefings days. Inmates filled out Veteran Request for Assistance (need assessment) Forms following the briefings. Results of this 54.4% sampling are incorporated in Tables 14 and 15.

Tables 14 and 15 show the following:

- (1) Each inmate asked for assistance in approximately 4 - 5 categories of the request for assistance form.
- (2) Institutional skill training/education was the most prevalent request; many inmates indicated first, second, and third preferences for training; requests totaled 1,040.
- (3) Two hundred and sixty-six requested post-release state or federal grants or loans for education
- (4) Two hundred and sixty-two requested to use GI Bill benefits while incarcerated

- (5) Two hundred and forty-seven requested a review of military discharge
- (6) One hundred and eighty-four requested assistance on individual problems which were indicated under "other" category.

After identifying veterans and completing initial benefits briefings and needs assessment the Pennsylvania Department of Military Affairs-Bureau of Veterans Services arranged personal follow-up counseling for more than 700 veterans in a wide variety of need areas. The Veterans Administration offices in Philadelphia and Pittsburgh assisted in this follow-up.

8. WHAT NEXT

As reported in Section 3, the primary purpose of gathering data on veteran-inmates is to assist them in taking advantage of veterans educational benefits.

Veteran-inmates will be encouraged to take advantage of educational benefits. In order to be eligible a veteran must meet the following three requirements:

- (1) Separated from military service under honorable conditions
- (2) Separated from service after January 31, 1955
- (3) 181 days active duty or more

Participation in educational programs will not be restricted by grade level completed. In view of the statistical facts reported in Section 6, 50 per cent will be eligible for GI Bill educational benefits.

The monetary value of such benefits is quite significant: \$270 per month for full-time instruction and \$135 per month for half-time instruc-

tion. After meeting educational expenses, a veteran can save the balance of the monthly allowance. This could provide a source of support for the veterans family or be kept in trust to meet educational (or other expenses) upon release.

In order to insure the highest success of the project, corrections staff will be encouraged to give veterans fullest consideration for enrollment in institution secondary and post-secondary programs. Prison caseworkers are following-up to enroll veteran-inmates in requested education programs. Many will not begin until summer and fall, 1975. Follow-up is being documented. The goal will be to increase significantly veterans participation in educational programs.

The Pennsylvania Department of Education will develop curriculum guidelines to have non-college academic and vocational programs approved for veterans training. Instructional hours will have to be expanded to at least 12-15 or 25-30 hours per week. The Department of Military Affairs will provide maximum assistance to incarcerated veterans and veteran ex-offenders and will visit institutions on a bi-weekly basis. Early identification of the veteran at the time of incarceration will be implemented to include the GI Bill in prescriptive planning. Educational goals will be established for each veteran-inmate to meet while incarcerated.

Pennsylvania is probably unique in that it has initiated a joint project by the state Education, Correction and Military Affairs Departments and Veterans Administration in helping incarcerated veterans help themselves.

Chairman HARTKE. Our next witness is Ron Bitzer, coordinator of Swords to Plowshares, San Francisco, Calif. Please proceed.

**STATEMENT OF RON BITZER, COORDINATOR OF SWORDS TO
PLOWSHARES, SAN FRANCISCO, CALIF.**

Mr. BITZER. Mr. Chairman and members of the Committee. My name is Ron Bitzer and I am coordinator of Swords to Plowshares, a veterans rights organization based in San Francisco that works with veterans who have serious readjustment problems: Physical and psychological disabilities, bad discharges and prison records. In the midst of the 1974 battle over the GI bill for education. I wrote to Senator Hartke thanking him for his work and indicating to him that he is clearly the best friend Vietnam-era veterans have in Congress.

I am pleased to have the opportunity to enter comments at these hearings as one who has daily contact with people who are on the receiving end of Veterans' Administration programs and policies.

The task of this Committee is to examine the operation of the current GI bill program and to consider its future.

The GI bill has been particularly important to veterans who live in California. The number of veterans in school in California is reflected in the fact that more than 120 schools have veterans cost of instruction program offices. The San Francisco VA stated last year that more than 16 percent of the veterans in school receiving the GI bill were enrolled in California schools; this trend reflects among other conditions the lower tuition rates in California.

Some of the problems in the current GI bill were addressed by Mr. Rufus Wilson of the Veterans' Administration yesterday, and I would like to comment on the problems of overpayments and work-study.

Mr. Wilson explained that the VA has taken steps to reduce the number of overpayments that occur, but little discussion ensued about retrieving the money once the overpayment has occurred. Veterans tend to be more mobile than other segments of society; it is safe to say that abrupt changes in school attendance will continue with overpayments.

A veteran with an overpayment faces the prospect of the VA taking the full amount of the GI bill checks until the debt has been canceled. This procedure has the effect of discouraging the veterans from returning to school. Veterans would prefer to spread repayments over the months they intend to be receiving the GI bill. I have requested this procedure from the San Francisco VA; the response was that creation of the Centralized Accounts Receivable System in St. Paul renders this step more difficult. Each month a letter must be written to St. Paul requesting that part of the education benefits check be issued.

Swords to Plowshares knows veterans who are not returning to school because of the overpayment they face with the VA. As long as no arrangement can be reached, then neither the veteran nor the VA can gain from this impasse.

Mr. Wilson also discussed the work-study program which was expanded under Public Law 93-508. He stated, "We envision a great deal of work-study usage in terms of outreach services and other activities of the VA, and the increased efforts by other activities and organiza-

tions with which we share our mission. These groups encompass agencies of Federal, State and local governments, as well as recognized national and local organizations."

Outreach is indeed a worthwhile project for work-study; for example, the low participation of veterans in the loan program as described by Mr. Wilson yesterday suggests the need to make this resource better known. In San Francisco, however, work-study has been a pork barrel for the assistant director to reward people whom he favors and to deny support from groups that he opposes. Through written communications the San Francisco VA has made it known that Swords to Plowshares, the principal outreach group in San Francisco, is off-limits for any VA personnel. The fact that the VA does not recognize our organization for the purpose of representing veterans in VA hearings is the subject of the lawsuit Swords to Plowshares, Flower of the Dragon, and San Francisco Neighborhood Legal Assistance Foundation filed against the VA in Federal district court last month.

Apart from the difficulties we are experiencing with the VA, I endorse the broadest possible use of work-study projects. The GI bill needs to be supplemented and academic endeavors are complemented with work in other areas.

The future of the GI bill is in doubt in view of the statements of the President and the bills in Congress. Trends in the veteran and military populations suggest that termination of the GI bill would have serious and long-ranging ramifications for our country.

First, consider the people who are now entering the military. They are draftees. Not draftees in terms of conscription. They are draftees in terms of the chronic unemployment which falls so heavily on the poor Third World and white people of this country. For them the GI bill offers some freedom of opportunity to return to school when they are ready and financially able to do so. Do we want to deny this opportunity to those who see going into the military as a step up for them?

Second, consider the nature of the volunteer military. Disciplinary problems have not decreased from the era of the Vietnam war and conscription. Bad discharges are being given at the same rate and nonjudicial punishment has actually increased. For many, however, the honorable discharges with benefits has been a powerful incentive to put up with the military life. Indeed, one of the first training sessions I had pertained to the benefits of an honorable discharge. If future GI's have only the prospect of inadequate medical care from the VA to look forward to, will the volunteer military become more restive?

Third, look at the readjustment problems of the people who come out of the military. Unemployment has been much higher than the national average, although the GI bill is available. Without the GI bill more people will face the choice of either remaining in the "volunteer" military or running the risk of not finding employment on the outside.

Finally, some study must be given to the impact of ending the GI bill for future veterans on the educational establishment. Consultation with schools could yield some alternatives to the present system of benefits. If some time is given to the study of the legislation the President desires, I submit that much more evidence will become apparent

to show how successful the GI bill has been for so many people in this country.

Chairman HARTKE. Thank you, Ron. Anyone else who wants to submit material for the record may do so. We will keep it open for a short period of time in order to obtain additional views and comments.

Without objection, the Committee on Veterans' Affairs stand in recess, subject to call of the Chair. Thank you, gentlemen.

[Whereupon the hearings were adjourned.]

[Subsequently, the following written statement from the National Association of College Admissions Counselors was submitted for the record:]

STATEMENT FOR

THE NATIONAL ASSOCIATION OF COLLEGE ADMISSIONS COUNSELORS

by

Laura M. Trexler

732 9th Street, S. E.
Washington, D. C.

BEFORE THE

SUBCOMMITTEE ON READJUSTMENT, EDUCATION, AND EMPLOYMENT
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE

October 2, 1975

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

The National Association of College Admissions Counselors, an Institutional Membership Association representing High School Counselors and College Admissions Counselors welcomes this opportunity to present justification for continuation of G. I. Bill entitlements for future peacetime veterans.

This organization has a commitment to the counseling and guidance of the youth of this nation so that each individual shall have the opportunity to develop his skill and expertise to its full potential so that he may better serve his community, State and nation; to provide a smoother transition from the secondary school to a post secondary educational experience, whether or not it has been interrupted by military service.

Many qualified and well motivated students from the stable middle income families are unable to qualify for financial aid for post secondary education. Their parents have been thrifty, refrained from contracting a heavy indebtedness and responded honestly to the information requested on the Confidential Statement which is used to determine eligibility for financial aid. These young men and women have in the past, and continue, to interrupt their educational experience by enlist-

-2-

ment for military service so that they may qualify for the educational benefits provided by the current Veterans Readjustment Assistance Act.

The G. I. Bill has served its purpose well. It has provided an opportunity for many of the veterans of World War II, the Korean War and the Vietnam Era to complete their education and develop leadership potential. There has never been a financial aid program that has benefitted so many and generated the financial return to our government that this program has. Statistical reports demonstrate a six to seven dollar return on each dollar thus invested. In contrast, there is no financial return on the investment in Unemployment Benefits or Welfare Payments.

We encourage each member of this Committee and the Congress to consider these factors before terminating one of this Countries most rewarding laws. (1) What effect will the termination of this legislation have on the voluntary enlistment of high school graduates at a time that our military is operating with sophisticated technological equipment? (2) Will this result in fewer enlistments, the loss of trained leadership and the need to train more new recruits resulting in a more expensive military training program? (3) Will it result in a disproportionate enlistment by high school drop outs, poor morale, and inefficient use of complicated and sophisticated weaponry? (4) What alternative program is available or developed to motivate and to provide a well trained, efficient and effective military for the defense of this Country?

Title 38-United States Code, Chapter 34-Veterans Educational Assistance, Sub Chapter I - Purpose, Definitions, Section 1651 states:

"The Congress of the United States hereby declares that the education program created by this chapter is for the purpose of (1) enhancing and making more attractive service in the Armed Forces of the United States, (2) extending the benefits of a higher education to qualified and deserving young persons who might not otherwise be able to afford such an education, (3) providing vocational readjustment and restoring lost educational opportunities

to those servicemen and women whose careers have been interrupted or impeded by reason of active duty after January 31, 1955, and (4) aiding such persons in attaining the vocational and educational status which they might normally have aspired to and obtained had they not served their country."

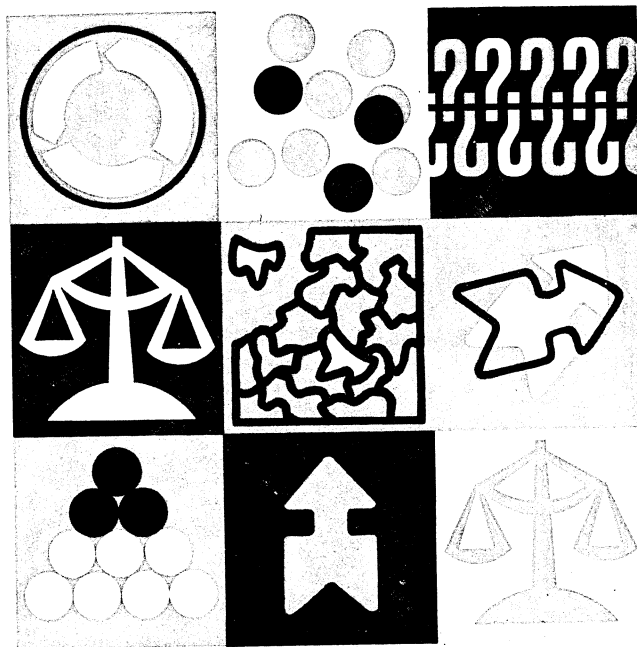
This legislation provided educational and vocational opportunities to veterans, which has enhanced and made more attractive service in the Armed Forces. Veterans should be afforded readjustment benefits to assist in the transition from the military to civilian pursuits. However, since President Gerald Ford has fixed the termination date of the Vietnam Era for the purpose of certain veterans benefits by the Presidential Proclamation dated May 7, 1975 the extension of these benefits to men and women in the peacetime service should be clearly differentiated from wartime benefits.

The National Association of College Admissions Counselors recognizes that the motives of those who choose to serve in the Armed Forces during times of peace are different from those who serve in wartime, especially since the United States has now initiated an all-volunteer military establishment for our national security. Therefore, it recommends and proposes for serious consideration the continuation of a post-service education benefit and suggests that the appropriation be identified as post-service educational benefits separate and distinct from wartime benefits.

Thank you for the opportunity to provide this testimony. The peacetime veteran will then be able to make his contribution through his leadership and commitment to the same degree as his wartime counterpart.

[Subsequently, the following material concerning education was placed in the hearing record:]

GATEKEEPERS IN EDUCATION: A Report on Institutional Licensing



NATIONAL
ADVISORY COUNCIL
ON EDUCATION
PROFESSIONS
DEVELOPMENT



APRIL 1975

2711

Gatekeepers in Education:

A Report on Institutional Licensing

from the

National Advisory Council on

Education Professions Development

April 1975

Room 308

1111 20th Street, N.W.

Washington, D.C. 20036

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Preface

In the annual report of the Council, submitted on January 31, 1975, as required by law, we mentioned that we had two reports in preparation and hoped to have them available in the Spring of 1975. Gatekeepers in Education: A Report on Institutional Licensing is now ready, as scheduled, and presents our recommendations pursuant to a request by the Assistant Secretary for Education presented to the Council at its meeting on September 11, 1974. In the context of education professions development, we are pleased to be able to identify a specific Federal role where there is a promise of cost-effective savings and improvements, in the larger context of State and local responsibility.

Copies of the report are now being distributed to interested Federal and State officials, to leaders in education; after our free supply is exhausted, the report also will be available through the ERIC system.

--Lyle E. Anderson
Chairman

April 1975

April 1975

Gatekeepers in Education:A Report on Institutional Licensing

From the National Advisory Council on Education Professions Development

Not only are there abuses in American education, but there is evidence that the abuses are on the rise, or at least that there is increasing awareness that something should be done to protect educational consumers.

At the same time there is a strong tradition of state and local control of education. This puts into question any massive Federal effort to introduce and enforce standards of honesty and quality. Further, there is a continuing preference for educational pluralism, for diversity in higher education, for choices in postsecondary education; this makes it extremely difficult for any agency -- Federal, state, local, or voluntary association -- to establish standards, much less to enforce them.

Nevertheless, the fact remains that every American school exists by permission of the state (license), or by toleration of the state in the sense that some states have no adequate licensing laws or fail to enforce them. Accordingly we have diploma mills and high-pressure salesmen, fraudulent use of Federally guaranteed loans, administrators who have been run out of one state only to start over again somewhere else, school dropouts who still owe tuition, and graduates who cannot find the jobs they have been promised. To be sure, these conditions are

not endemic, but they are sufficiently prevalent to call for counter-measures to protect students and also to prevent the diversion of Federal funds. Since the licenses permitting these schools to exist are the responsibility of the States, it is to the States that we ought to look for remedies, assisted by Federal funds.

The nonsystem of American education is a collaborative effort which involves several levels of government and relies heavily on voluntary standards. To point an accusing finger at the States is not very helpful, especially because the Federal interest may be said to be greater than that of the States. The Federal government has not done enough to alleviate or prevent existing problems.

In preparing this report, our Council had expected to recommend a Federal effort to strengthen the hand of the administrators and staff in the various State licensing agencies, including the State Approving Agencies. And this is what we recommend, relying on Title V of the Higher Education Act which calls for the strengthening of educational professions and their development -- the Education Professions Development Act.

More than that, however, our Council concluded that we need to rethink the larger problem of educational abuse. We need to formulate a collaborative new system in which state officials can do a better job, acting with private accrediting bodies, Federal officials, school administrators, and students -- all of whom have a stake in the integrity of American schools. It is this systems analysis and design which

makes up the bulk of our report which then offers some specific recommendations on what Federal agencies can and should do to help themselves, the States, and all of American education.

The present system is not working because it seeks to rely on the work of accrediting bodies which are voluntary associations. Their purposes are not the same as those of the Federal agencies which must by law rely on them, thus the system is less than adequate. Educational abuses are on the rise; students are being defrauded, both financially and educationally. Fortunately, there is a rising chorus of alarm.

* The Federal Trade Commission, which has jurisdiction only over profit-seeking schools, has held hearings on how to stop abuses.¹

* The Department of Health, Education, and Welfare is sensitive to the problem. Virginia Trotter, Assistant Secretary for Education, specifically asked this Council for our recommendations and thus provided the stimulus for this report.²

* The Education Commission of the States formed a Task Force to prepare a Model State Licensing Law,³ and has now sponsored two conferences on consumer protection in postsecondary education.⁴

* The Veterans Administration has voiced concern over problems in the G.I. Bill of Rights; the Chief Benefits Director told Congress last year that correspondence schools are our "biggest problem."⁵

* The U.S. Commissioner of Education is greatly concerned over the rising default rate in the Guaranteed Student Loan Program. He has hired

a large number of bill collectors and hopes to keep defaults down to a mere 18.5 percent.⁶

* The Commissioner also arranged for a major study of eligibility; this culminated in Private Accreditation and Public Eligibility, a two volume report (October 1974) by Harold Orlans, Jean Levin, Elizabeth Bauer, and George Arnstein (Washington: Brookings Institution and National Academy for Public Administration).⁷ We want to acknowledge our heavy reliance on this report for our understanding of the problem; our recommendations, on the other hand, are our own.

* The General Accounting Office has predicted that defaults in the GSLP may exceed 24 percent.⁸

* The Federal Interagency Committee on Education formed a Subcommittee on Consumer Protection whose report recommends a variety of needed reforms.⁹

* The clamor in the media, both popular and professional, is rising:

-- The Boston Globe ran a series of articles which was inserted in the Congressional Record and reprinted by the thousands.¹⁰

-- The Washington Post ran a four-part series of articles by Eric Wentworth, plus additional follow-up stories.¹¹

-- American Education ran two articles by George Arnstein which described abuses but also noted the difficulties of dealing with them.¹²

-- The Reader's Digest, in June 1974, printed an article by

Jean Carper entitled "Career Schools Aren't Always What They Appear to Be."

-- The Phi Delta Kappan denounced diploma mills and focused on proposals to deal with abuses in proprietary schools.¹³

* Congress has held hearings on the subject:

-- The House Committee on Government Operations, Special Investigations Subcommittee, looked into proprietary schools and issued a report on them and recommendations in late 1974.¹⁴

-- The House Education Subcommittee chaired by Representative James O'Hara heard witnesses as to problems and suggested solutions, especially in student financial assistance programs.¹⁵

-- The Senate Subcommittee on Education, under Senator Claiborne Pell, asked several witnesses about accreditation and eligibility for Federal funding, and is still looking for a way to narrow eligibility to those schools which are "clean."¹⁶

In short, there are serious problems and they are becoming more visible. Competition among schools is also on the rise, thus raising the spectre of increasingly nasty practices involving a large number of Federally funded programs.

It is the rise in these programs which explains the Federal interest, and which supports our recommendations for several forms of immediate Federal assistance.

1. There is a Federal interest in combating fraud and abuses. They undermine our national well-being, our confidence in ourselves,

and weaken our confidence in law, orderly government, and the stability of society.

2. Federal funds are not being used for the purposes intended. When a grateful Nation enacted the G.I. Bill of Rights, it sought to make a monthly stipend available to veterans, not to have the money diverted into schools for bartenders,¹⁷ correspondence schools with dropout rates as high as 90 percent,¹⁸ or to sharp operators hiding behind quasi-educational trappings.

* When Congress passed the Federally Insured Student Loan Program, it intended the guarantee and the interest subsidy to help deserving students. The program has been exploited by salesmen on commission and by advertising brochures which deceive or distort. For example, some schools talk about high-paying jobs for computer programmers but actually offer courses for key punch operators at lower pay rates.

* When Congress enacted the Basic Opportunities Grants to help students pay for tuition, it did not envision the diversion of these and other Federal funds for the enrichment of self-annointed pseudo-educators, operating diploma mills while hiding behind some church affiliation.

3. As education becomes more innovative and flexible, it increasingly is open to use -- and abuse -- across state lines, thus providing a third dimension to the Federal interest, in this case the National interest to help the States work together in the accomplishment of better systems to help each other.

Again, in short, there is a Federal interest in keeping the education system open, flexible, honest and effective, under traditional state and local control. There also is a whole series of laws which prohibit Federal control or intervention. Here is just one example (Sect. 1782, Title 38 U.S. Code):

No department, agency, or officer of the United States... shall exercise any supervision or control... over any State approving agency, or State educational agency, or any educational institution....

We affirm the responsibility of the States in education. We also note that every school in the United States exists by permission of the States. (The exceptions are noted only for the record: The various military academies, certain schools on Federal Indian reservations, and a few universities in the District of Columbia with Congressional charters.) It also follows that existing abuses are the responsibility of the States, sometimes attributable to nonexisting and obsolete laws, sometimes to weak laws, sometimes to weak administration, and sometimes to mere neglect. Further, the State responsibilities have been undermined by the private, voluntary accrediting bodies which (in all innocence) pursue their own purposes and have been used increasingly as indicators of quality and competence, by State and Federal officials alike, when their original purpose was not to be so used.

Without going into the weaknesses of the accrediting bodies at this time, we merely note that we agree with the Federal Trade Commission which said that the Federal government does not accredit schools or regulate their quality. Further, "if a school is accredited, it means

that it meets the minimum standards required by a particular accrediting agency...."¹⁹

Similarly, the U.S. Commissioner of Education, charged by law with recognizing the accrediting bodies, nevertheless has acknowledged their shortcomings.²⁰ And the accrediting bodies sometimes feel exploited by State and Federal officials who want them to do things and to enforce standards which the accreditors do not wish to undertake or which they feel they lack the competence to assess.

Since our purpose, in this report, is not merely to point out shortcomings in the existing practices but to identify needed remedies, we need to describe, in very simple terms, just how the present system of accreditation, licensing, and eligibility works.

Eligibility for Federal Funds

Given the various Federal funding programs, the question arises how Federal administrators are to identify the good schools, the competent schools, the schools worthy of being eligible for Federal programs, as juxtaposed to the schools which should be excluded. One answer could be the establishment of a national Board of Eligibility (or some variation of this idea), but this has been resisted by the Congress and many education officials but not by all of them.²¹

Instead of some form of Federal approval, there are in operation at least two systems which are neither fully separate, nor fully merged, and which furthermore are somewhat competitive. A case could even be made that there are three systems, reflecting the intertings of the operations.

1. State Licensing: Every school, to be eligible for federal funding, must exist with the approval or by permission of the State. Normally we would say that it must have a state license, but in practice most state laws have so many exceptions, and so many loopholes, that the wording must be as awkward as it is here: The school must exist by permission of the State. In practice, this means that a school which has its license revoked, also will or should have its Federal eligibility revoked. Unfortunately there is no effective communication system, no clearinghouse, so that revocation does not always lead to prompt cancellation or suspension of eligibility. Because State licensing tends to reflect minimum standards, a kind of permit to exist at some minimal level, there have arisen two additional systems to determine quality: Accreditation and State Approval (for veterans).

2. Accreditation: This single word hides within it several different concepts and arrangements. There have been a few accrediting associations which were set up to deceive. They are intended to look legitimate: since accreditation is a private, voluntary matter, there is nothing much that can be done about them, although some have been abolished by court order.

In order to identify at least some of the more effective and reputable accrediting associations, the U.S. Commissioner of Education is charged by law to "recognize" them. Here is the exact wording:

... the Commissioner of Education shall publish a list of nationally recognized accrediting agencies and associations

which he determines to be reliable authority as to the quality of training offered by an educational institution....
(38 USC 1775, emphasis added)

When educational administrators speak of recognized accrediting bodies, this is normally what they have in mind. On the other hand, the reputable National Commission for Accrediting, housed at One Dupont Circle in Northwest Washington, also recognizes accrediting associations, and the NCA list is similar to the Commissioner's list, but it is not identical. (NCA, on January 1, 1975, merged with Federation of Regional Accrediting Commissions for Higher Education (FRACHE), to form the new Council on Postsecondary Accreditation (COPA), which also recognizes accrediting bodies.)

Within the recognized accrediting bodies there are two major groupings: The regional associations which make up FRACHE perform institutional accreditation. This means that the entire college is accredited; it does not mean that all of its departments are equally good, just that the school as a whole meets the standards of the regional accrediting body.

On top of regional, institutional accreditation, there also is specialized accreditation, normally conferred by a specialized body which will accredit a specialty or department only if the college as a whole has previously been regionally accredited. Examples are the American Psychological Association or the National Council for Accreditation of Teacher Education (NCATE).

Vocational schools and business schools may apply to become members

of such accrediting bodies as the National Association of Trade and Technical Schools or the Association of Independent Colleges and Schools (formerly the United Business Schools Association), or other specialized bodies which, if they are recognized by the U.S. Commissioner, makes the schools and their students eligible for Federally funded programs. Proprietary schools -- i.e., schools organized to make a profit -- compete for accreditation in many fields, especially in the vocational and home-study sector.

Accreditation, even when performed by an association recognized by the U.S. Commissioner, is not necessarily an indicator of quality, no matter how many students, parents, high school counselors, and newspaper columnists adhere to a different opinion. The confusion derives from the historic beginnings of accreditation, when the associations in fact sought to inspect for quality. Over the years that concept has changed, however, and the accrediting bodies now seek to determine whether each school is making satisfactory progress toward its goals. More than one critic has ridiculed this procedure by a reductio ad absurdum: This should mean that a diploma mill which openly states that its goals are to make money and to satisfy customers with educational pretensions, should be accredited if it successfully progresses toward its goals.

In fact, the Federal Trade Commission advises students applying for proprietary schools that accreditation is not a reliable indicator of quality; the Congress has instructed the Veterans Administration and its approval system that it may rely on accreditation but need not do so.²²

Most accrediting bodies will admit that they lack the funds, the staff, and the scope to inspect truly an entire school, its staff, facilities, budget, finances, and then render a timely and well-rounded verdict.

The problem with private voluntary accreditation is not that it is being done badly, but rather that State and Federal officials need some kind of a judgment in the absence of an inspection and rating staff of their own. Federal officials have no such staff, and many states do not have an effective one.

3. State Approvals: Recognizing the shortcomings of private, voluntary accreditation, the Veterans Administration spends about \$10 million a year in an effort to assure the integrity of its educational programs for veterans which cost more than \$2 billion in recent years. The system is mandated by law and calls for the Governor of each State to appoint a State Approving Agency whose job it is to review every course as to its eligibility for veterans benefits.

Given the thousands of courses in every state, the State Approving Agency may rely on accreditation as an alternative, despite the fact that accreditation is institutional (or departmental) and the State Approving Agency is supposed to review every course.

What is interesting about the SAA/VA system are the following points:

- * It is operated by State officials but under Federal contract and reimbursement from the Veterans Administration.
- * It reflects a lack of confidence in the State licensing system.

If State licenses were effective, as indicators of quality and probity, there would be no need for the redundant State approval system.

* It reflects a lack of confidence in the accrediting bodies, even though they have been recognized by the U.S. Commissioner as providing assurance of quality of the schools they accredit. If accreditation were reliable, there would be no need to leave discretion with the States whether to rely on accreditation or not.

* The SAA/VA system does not prevent abuses and fraud, as shown by the continuing problems of the Veterans Administration. Admittedly the system works better today than it did in the late 1940's when things got so bad that the Congress and the President of the United States called for urgent improvements.²³

* In some States, the licensing and approval functions are combined, with the same staff performing both functions. State decisions, within limits, are then verified by the Veterans Administration through so-called compliance visits. The State/Federal combination has its limits, because the Federal inspectors confine their work to administrative matters, carefully observing the prohibition against Federal control of education (meaning content, curriculum, etc.).

* Finally, when we analyze SAA/VA system through every appeal and review procedure, we wind up with a Federal determination of eligibility: The Administrator of Veterans Affairs has the last word regarding approval and eligibility. We add hastily that we know of no abuses of this authority but we do note that the decision is Federal, in accordance with the law and with V.A. regulations.

4. To close the loop; State licensing laws are heavily intertwined with accreditation. In many States, a college which is regionally accredited is exempt from licensing; i.e., the State relies on a private body for its determination of standards. Florida is an example of this. In California, there is not only a similar exemption, but the licensing standards actually derive from accreditation. According to Section 29077 (a) 2 of the Education Code, the Superintendent of Public Instruction is to make sure that his licensing staff satisfies itself that the non-accredited college is of a caliber essentially equivalent to the standard exacted by the private accrediting bodies. It is ironic that some accrediting bodies may put a school on probation, or may put conditions on its renewal or extension, while the state, which relies on accreditation, may be totally ignorant of such limitations.

We know of cases where a school had its accreditation revoked, while its license (or exemption from licensing) continued. Conversely, we know of schools which had been enjoined from certain abuses under court order, while Federal eligibility continued. In still other cases, State officials clamped down under a new licensing law, while some schools closed and other merely moved to another state.

Each State, each accrediting body, and most State approving agencies could be operating at great effectiveness and with great diligence, but lacking a national clearinghouse and open accountability, the abuses sometimes merely move across state lines. It is against this defect that the Denver Conference (March 1974, convened by the Education Commission of the States) called for the establishment of a national clearinghouse to exchange relevant information.²⁴

The Need for Federal Leadership and Support

Laws, regulations, and site visits all depend on human beings. They, in turn, must have competence and dedication, as well as funds and political support to carry out their assigned functions effectively.

In the case of State licensing staffs, the gatekeepers of American education have been neglected and there is no systematic body of knowledge on how to license and approve schools. For example, we know of no American university which offers a course in techniques of site visits (which is a polite way of saying inspections), of licensing and accreditation. Similarly, we know of no major effort to develop better techniques, to train licensing staff, to design better systems, to develop indicators of quality, and all of the related subjects.

There have been some scattered efforts, including the work of Leland Medsker at the University of California, of Wellford Wilms under the sponsorship of the National Institute of Education, and of Harold Orland and his colleagues at the Brookings Institution and the National Academy of Public Administration. Similarly, the Southern Association of Colleges now runs summer workshops for the chairmen and some members of visiting teams, while the New York State Department of Education has a training course for visitors to technical schools and two-year colleges. Further, the V.A. has made some recent efforts to run training sessions for SAA staff, while the annual meeting of the National Association of State Approving Agencies includes some sessions where members exchange information and techniques.

What these scattered efforts lack is a common focus, effective linkage, and the funds needed to provide staff training. Our Council, under the heading of education professions development, recommends the use of Federal funds to bring about needed improvements in the staffing, training, and effectiveness of these gatekeeping functions, especially because weak licensing efforts defeat the efforts of thousands of competent teachers and students who may be relying on illusory criteria of quality.

Toward a Self-Enforcing System

Given the fragmentation of the various Federal efforts, the compartmentalization of the States, the separate existence of the private accrediting bodies, it is not surprising that abuses continue. Worse yet, where they are known to exist, there is little effective enforcement or countermeasures, reflecting to a great extent the finding by Virginia Knauer, Director of the Federal Office of Consumer Affairs, who told a national conference in Knoxville that nobody is in charge of protecting the educational consumer.²⁵

If nobody is in charge, it follows that nobody is taking effective steps to eliminate the undesirable schools and their administrators, even though an occasional warning or revocation may give the illusion of enforcement. If nobody is in charge, it could also be concluded -- and we emphatically do not so conclude -- that there is a need for some kind of a central enforcer, assisted by a phalanx of school inspectors.

Since we seek neither central supervision and control, nor a large number of inspectors representing several different Federal agencies,

we look to a reform of the system in such a way that it will be as nearly self-policing and self-enforcing as possible. An example of a self-enforcing law is the issuance of license tags for automobiles, with annual expiration clearly noted. These tags make it possible for every police officer to spot an offender, for every citizen to point an accusing finger and, because the system is so nearly self-explanatory, provides major incentives for automobile owners to observe the law by timely purchases of their annual license plates (or renewal stickers).

In our search for a comparable system for providing educational quality and probity, we identified these criteria for a largely self-enforcing system:

1. Information and Disclosure: Schools and colleges must publish the standards and rules according to which they operate. Participation in this disclosure program should be voluntary, but there will be major incentives to participate by linking eligibility for all Federal programs to full disclosure. If schools have a policy of no refunds, they ought to say so clearly and openly, thus avoiding complaints from students who think they have refunds coming. If they offer a liberal education, the goals should be stated openly, and if they provide a narrow job-oriented offering, possibly without such "frills" as counseling and placement services, let them disclose this openly.

Adequate disclosure and ready access to school policies will enable the student to complain or seek redress.

2. Redress of Grievances: Complaints, however, do not serve much useful purpose if the student does not know where to address his

complaint, or if there is no agency with the power to investigate the claim and then, if warranted, to do something about it.

We suggest that the State licensing authority may be the right place for the receipt of complaints, with a competent staff to keep track of complaints statistically; further, to effect redress of grievances or to suspend or revoke the license of the school, in order to put some muscle behind the license.

It is our hope that the system will serve to prevent complaints in the first place, that the system will be largely self-policing and enforcing, but this will happen only if there is some ultimate enforcement and penalty in sight, including the revocation of eligibility for Federal funds.

3. Intermediate Steps: We visualize a series of intermediate steps in making this new system more effective. It should start quickly, although the early list of items to be disclosed by the schools may well be imperfect and incomplete.

Because this area of licensing and standard-setting has been neglected, the state of the art is relatively primitive. This explains in turn why some of the personnel now performing licensing and related functions are working at often nonprofessional levels.

We urge Federal support to underwrite five areas of activity which will help to make the proposed system work more effectively, will save Federal funds now being diverted to fraudulent and unintended purposes, and will help to professionalize a group of practitioners who operate

largely on the basis of improvisation rather than a base of knowledge.

There is no useful estimate as to the size of the wasted Federal funds, or the amount of diverted Federal dollars. What is known is that the default rate under the Guaranteed Student Loan program was "much too high" even before the emergence of the economic recession. There is widespread agreement that the defaults were largely attributable to willful abuse, to exploitation, although economic hardship is now an increasing factor. Federal budget requests to cover the defaults have been rising; for FY 1975 they rose from \$89 million to \$115 million.²⁶

4. Staff Development: Not only do we recommend that the system be redesigned so as to be largely self-policing, but we also recommend a focused effort to develop the competencies and performance of those persons charged with operation and safeguarding and improvement of the system. We include here the State licensing staffs, State approving agencies (which in some states are the same as the licensing staff), Federal officials charged with institutional eligibility, and the participants in the private, voluntary accreditation enterprise.

In too many cases today, the State licensing and State approval staffs suffer from neglect. The State approving agencies often lead more or less separate lives, while actual site visits are performed by essentially untrained amateurs: a dentist, for example, probably is expert in the matter of dental technicians, but unskilled in his capacity as inspector of educational, administrative and fiscal aspects of an entire institution.

Accrediting teams are made up of subject-matter specialists who are in most cases untrained in those areas where educational abuses abound: false promises, misleading advertisements, shady fiscal arrangements, diverted loans, and all of the other collisions which occur between the interests of two or more different parties.

5. Students as Monitors: To the extent that there are abuses and fraudulent practices, they reflect the conflicting interests of students (who are exploited) and administrators, who seek to make a profit and, in some nonprofit schools, seek to make the school grow, or at least, to keep it from going under. Students are the transients while the administration is more or less permanent. Students are individual purchasers of services while the administration is a single purveyor. Students, in short, are at a disadvantage, especially because too often they cannot even learn what their rights are and how to secure them.

The remedy thus lies in a commonly shared list of public disclosures. By providing the fullest possible information to students, they can assert their rights, they can object if they are promised modern tune-up equipment in a class for auto mechanics but actually are taught on equipment which is demonstrably obsolete. Students, on their own, can assert their own rights, but only if they know what they have been promised. Students can discharge many of the functions theoretically assigned to visiting teams, licensing staff, and others, always provided that they have access to full information to be disclosed by the schools.

Further, students need to know where to file a complaint, where to seek redress. Without such knowledge, they can assert their rights only with great difficulty. It is in this context that we visualize the students as the cornerstone of a self-enforcing system based on adequate disclosure of what the school promises and how it operates, plus the knowledge that the student can seek redress.

In practice, we hope that the system will operate in such a way that the schools will provide no reason to complain, that the schools will openly proclaim what their goals are, how they operate, thus providing the student with a clear choice between a proprietary school which claims no frills, not even counseling services, as juxtaposed to a course of study at a competing school which may take longer but may also include a larger range of services.

The intent of our proposed system is not to multiply complaints but to obviate them.

Five Areas for Federal Support

As indicated earlier, there are several areas of Federal interest in designing a system which will be more honest, and which will give greater evidence of educational quality (which, in turn, may be defined in a variety of ways). This system, however, will not come into being by itself but will require continued leadership along the lines well begun by the Federal Interagency Committee on Education (FICE) under the chairmanship of the Assistant Secretary of HEW for Education.

Concurrently, we recommend the establishment of a Center (by whatever name) to be operated by a nonprofit organization with five very specific assignments. The Center could be entrusted, for example, to the Education Commission of the States; it could be funded by several Federal agencies or by a single agency. Its purposes would be to help create a system which would be synergistic rather than fragmented, essentially free of Federal control, but organized in such a way that schools would find it desirable to operate under rules of full disclosure and clearly defined rules.

The Center, which would quickly cost several millions of dollars per year (after an initial development grant of, say, half a million dollars for the first year), should cover five areas worthy of Federal support:

1. Technical assistance to the States: The idea here is not so much to bring in "experts" but rather to help State officials to meet, to compare experiences, to share successful techniques, and thus to help each other, assisted by the staff of the Center.
2. Development of evaluation tools and techniques: Out of shared experiences the Center would design, test, and publish checklists, tools, techniques, handbooks, to help State licensing and Approving Agencies do a better job. For example, current Federal law says that the State Approving Agency shall ascertain that a school's administrators, directors, owners, and faculty are "of good reputation and character." (38 USC 1776, c,12). Since it is difficult to ascertain such reputation,

the States typically disregard this requirement and a shady operator may leave one state in order to set up a new corporation in the next state. The Center would devise techniques to deal with this type of problem.

3. Establishment of an information clearinghouse: At the March 1974 meeting on consumer protection in postsecondary education (sponsored by the Education Commission of the States, the Federal Interagency Committee on Education, and other agencies including the V.A.) the conference report emphasized the need for a clearinghouse of information, for a sharing of data between state agencies, Federal agencies, private bodies (like accrediting agencies) and among the States.

4. Evaluation and research: There is increasing interest in enhancing honesty and quality in education, but there is not enough evaluation and research of current licensing and accrediting activities. Very little is known; the V.A., under the law, tends to support traditional methods and educational structures, in part because it lacks knowledge and evidence permitting it to encourage change and approval of innovative practices. Obviously a research and demonstration effort will help improve regulatory efforts.

5. Staff Development and Training: The State Approving Agencies now operate an annual workshop in Washington which enjoys indirect V.A. support, in part because the V.A. authorized the use of Federal contract funds for this type of travel and subsistence, and also because the V.A. provides speakers and resource persons. The State licensing staffs get

no Federal help at all, except for general funds under Title V of ESEA.²⁷

In addition, at the instigation of the Director of Benefits, the V.A. Education and Rehabilitation staff held a series of training sessions during 1974.

These efforts, though positive, lack continuity; they also would benefit from administration through an agency which is neither Federal nor State, thus offering less of a threat to either party.

The shortcomings of presently employed staff in many of the State licensing and approving agencies are well known, can be documented, and call for major improvements. The idea is not to find blame; the idea is to benefit all students. First we need to reform the system; and then we need to help the gatekeepers to operate the system in the public interest. And that is why our Council calls for the professional development of the institutional gatekeepers.#

FOOTNOTES

1 Federal Trade Commission, Notice of Public Hearings, Federal Register, August 15, 1974, 39 F.R. 29385.

2 Meeting of the National Advisory Council on Education Professions Development, September 11-13, 1974, Washington, D.C.

3 Model State Legislation - Report of the Task Force on Model State Legislation for Approval of Postsecondary Educational Institutions and Authorization to Grant Degrees, Report Number 39, Education Commission of the States, June 1973.

4 First Conference on Consumer Protection in Postsecondary Education, March 18-19, 1974, Denver, Colorado; Second Conference on Consumer Protection in Postsecondary Education, November 14-15, 1974, Knoxville, Tennessee.

5 Odell W. Vaughn, in testimony before the House Subcommittee on Education and Training of the Committee on Veterans' Affairs, September 25, 1973.

6 Testimony before the Subcommittee on Education of the Senate Committee on Labor and Public Welfare, Wednesday, September 18, 1974.

7 Private Accreditation and Public Eligibility by Harold Orlans, Norma Jean Levin, Elizabeth Bauer, and George Arnstein, is the result of a study at the Brookings Institution and the National Academy for Public Administration under a contract with the U.S. Office of Education.

This report will be published in abbreviated form by Lexington Books in May 1975. The full, two-volume version (October 1974) is available through the ERIC system, microfiche or printout. A limited number of multilithed copies are available through the National Academy for Public Administration.

8 Speech by Virginia Knauer, Special Assistant to the President for Consumer Affairs, at the Second National Conference on Consumer Protection in Postsecondary Education, November 14, 1974, Knoxville, Tennessee.

9 A Federal Strategy Report for Protection of the Consumer of Education, Federal Interagency Committee on Education, Subcommittee on Educational Consumer Protection, September 18, 1974.

10 Congressional Record, Washington, D.C., Thursday, April 4, 1974, reprinted from Boston Evening Globe, March 25, 1974 et seq.

11 Eric Wentworth, "The Knowledge Hustlers," The Washington Post, June 23-28, 1974.

12 George Arnstein, "Ph.D., Anyone?" American Education, Volume 10, Number 6, July 1974; "Bad Apples in Academe," American Education, Volume 10, Number 7, August/September 1974.

13 Stanley M. Elam, Editor, "Nova, as in Innovate;" Morland, Richard B. "The External Doctorate in Education: Blessing or Blasphemy?" Phi Delta Kappan, Volume 55, Number 3, November 1973; Also, Arnstein, George, "Accreditation, State Licensing and Approvals: Why is the System Not Working?" Volume 56, Number 6, February 1975.

14 Hearings before a Subcommittee of the House Committee on Government Operations, July 16, 17, 24, and 25, 1974; "Reducing Abuses in Proprietary Vocational Education," a report by the House Committee on Government Operations, December 30, 1974.

15 Testimony before the Special Subcommittee on Education of the House Committee on Education and Labor, July 25, 1974.

16 Hearings held September 11 and 12, 1974.

17 Ineligible under the G.I. Bill of Rights since 1952 when Congress rewrote the law and eliminated many abuses.

18 "Most Veterans Not Completing Correspondence Courses -- More Guidance Needed from the Veterans Administration," Report of the Comptroller General of the United States No. B-114859, March 22, 1972, p.9.

19 Federal Trade Commission, Consumer Bulletin No. 13, U.S. Government Printing Office: 1973, p.9.

20 Peter Muirhead, Deputy Commissioner for Postsecondary Education, on July 17, 1974, testified before the Special Subcommittee of the House Committee on Government Operations regarding difficulties in determination of eligibility:

"The objectives of some of the accrediting organizations occasionally are not targeted fully on broader public or social goals. Under present regulations, there often is nothing that can be done when such unfavorable impact occurs...." (p.20)

21 Cf. the so-called Newman Report, Report of Higher Education, U.S. Department of Health, Education, and Welfare, Washington, D.C.: 1971; and Private Accreditation and Public Eligibility, by Harold Orlans et al.

22 38 USC, 1775.

23 For details, cf. Educational Assistance to Veterans: A Comparative Study of Three G.I. Bills, Princeton: Educational Testing Service, September 1973. Reprinted by the Veterans Affairs Committees as Senate Committee Print No. 18, and House Committee Print No. 81, Sept. 1973.

24 The Report of the National Invitational Conference on Consumer Protection in Postsecondary Education, Report No. 53, (Denver, Colorado: Education Commission of the States), June 1974.

25 The Report of the Second National Invitational Conference on Consumer Protection in Postsecondary Education is being edited by the Education Commission of the States (Pending, 1975).

26 Testimony, June 4, 1974, before the Senate Subcommittee on Appropriations for FY 1975, presented by Edward T. York, Acting Deputy Commissioner for Management. The quotation is from Peter Muirhead, Deputy Commissioner for Postsecondary Education, pp. 2755 ff. Hearings, Part 4, 93rd Congress, Second Session.

27 Murphy, Jerome. Report to USOE, Grease the Squeaky Wheel, (Lexington: 1974).

**TOWARD A FEDERAL STRATEGY
FOR PROTECTION OF
THE CONSUMER OF EDUCATION**

**Federal Interagency Committee
on Education**

JULY 1975

THE FEDERAL INTERAGENCY COMMITTEE ON EDUCATION

Toward A Federal Strategy
For Protection
Of The Consumer of Education

Report of the Subcommittee on Educational Consumer Protection

JULY 1975

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Washington, D.C.

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 Subcommittee on Educational Consumer Protection

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Foreword

The educational activities of Federal agencies tend to be fragmented because of the decentralized nature of American education. With a view toward achieving better coordination and providing advice to the Secretary of Health, Education, and Welfare concerning educational policy and procedures, the Federal Interagency Committee on Education was created by Executive order in 1964. The Committee has been in operation since that time; the Presidential order was reissued as Executive Order No. 11761 on January 17, 1974.

Chaired by the HEW Assistant Secretary for Education, Virginia Y. Trotter, FICE represents the 30 major Federal agencies and departments administering educational support programs. (See Appendix I for list of FICE members.) Its operational organs consist of 11 subcommittees devoted to critical educational issues. One of the most important of these is the Subcommittee on Educational Consumer Protection.

Created in 1972, to improve coordination among agencies, and to study the major problems and issues confronting the educational consumer (defined as the student), the Subcommittee is chaired by John R. Proffitt, Director of the Accreditation and Institutional Eligibility Staff in the United States Office of Education. Sixteen Federal agencies are represented on the Subcommittee.

Initial activities of the Subcommittee included a review of the efforts of Federal agencies in the emerging field of educational consumer protection with a view toward improving coordination. They

also included the building of linkages with non-Federal organizations. One of the most successful of these was the support of efforts of the Education Commission of the States (ECS) which had created a task force in 1973 to draft model State Legislation for use in regulating postsecondary educational institutions. The Subcommittee was also successful in obtaining multi-agency support for two invitational conferences on educational consumer protection organized by the Education Commission of the States and held in Denver, Colorado, during March 1974, and Knoxville, Tennessee, in November 1974. The model State legislation, as well as other aspects of protection for the educational consumer, were deliberated by representatives of Federal and State agencies, academic institutions, student and consumer groups and others concerned with educational consumer protection. Proceedings and recommendations from both conferences were published by ECS and distributed widely.

As a direct result of the report of FICE on the recommendations of the Denver conference, the Subcommittee was charged by FICE to prepare a strategy paper dealing with the Federal role in educational consumer protection. This report, Toward A Federal Strategy for Protection of the Consumer of Education represents the findings and recommendations of the Subcommittee.

The initial draft of the report was prepared under contract by Mr. George Arnstein with the assistance of Ms. Kim Krekel. A small steering group of the Subcommittee refined the draft and

prepared the recommendations. Ms. Alison Kirkpatrick of the AIE Staff, USOE, served as staff assistant to the Subcommittee. The report was typed by Ms. Mary Cox of the FICE staff.

In addition to an executive summary and recommendations, the report includes a statement of purpose, a review of Federal responsibilities in protecting the consumer of education, and analysis of the issues and implications of improving protection for educational consumer, and some recommended principles and action steps recommended for adoption by Federal agencies.

Bernard Michael
Executive Director
Federal Interagency Committee
on Education

July 1975

TOWARD A FEDERAL STRATEGY FOR PROTECTION
OF THE CONSUMER OF EDUCATION

Summary and Major Recommendations

Chapter I cites major consumer abuses, discusses their effect, and outlines the type of Federal actions considered by the Subcommittee. It also offers a helpful definition of terms such as "licensing," "accreditation," and "eligibility," which are too often confused and used interchangeably.

Chapter II outlines current Federal efforts to protect the educational consumer, and moves briefly through the positive aspects and shortcomings of several major agencies. The general picture shows that Federal efforts in protecting the student consumer are under way, but have yet to achieve a fully developed thrust. Policies are largely reactive. Information provided to the student is inadequate. Safeguards against outright fraud and simple abuse are weak. Few agencies have systematic procedures for handling complaints from students and parents, or for redressing valid claims. Coordination between Federal agencies is at an embryonic stage, and the educational community itself has not activated consumer protection concepts or mechanisms where consumer problems exist. Among the Federal departments and agencies, the response to educational consumer problems varies considerably.

Chapter III focuses upon the current roles of the States, accrediting agencies, and consumer agencies. It notes the importance of, and positive developments in, effective State licensing activities.

It cites the central role of the voluntary, private accrediting bodies to create consensus on norms and standards, and to help set State and Federal standards. It cites potential resources for the protection of educational consumers that will have to be employed if linkages between educational agencies and consumer organizations are to be strengthened.

Chapter IV poses several questions:

1. What should be the Federal effort in protecting educational consumers? The discussion outlines the existing tension between the deep-rooted opposition to Federal intervention in educational administration versus the obvious responsibility of Federal officers to reduce exploitation of Federal programs and their beneficiaries.
2. Who is to provide Federal leadership? The subsection underlines the need for greater Federal coordination and for aggressive and coordinated Federal leadership.
3. How should the Federal "delivery system" respond to consumers and how should it handle complaints at the Federal level? Students with educational consumer complaints have no organized and publicized redress mechanisms.

4. What is the proper role of the accrediting agencies?
There is heavy reliance by the Federal government on accrediting agencies and associations to assure quality. If the accrediting process is an indicator of quality, we need to better comprehend the limitations and assets of this process as it relates to protecting the educational consumer.
5. What is the proper role of the States? We now rely on the States to provide minimum compliance with approved standards. The question is whether the responsibilities of the States can and should be strengthened so that their criteria can become more meaningful indicators of quality.

Recommendations

Chapter V lays down four major principles and accompanying action steps as the foundation for a proposed Federal strategy in behalf of educational consumers. The principles are stated below. Outlined with them are the more significant action steps which attend each principle.

Principle I: The student is the primary consumer of educational services. As a result of educational inexperience coupled with the expensive and intangible nature of the services he is purchasing, and in light of the potential for consumer abuse in

"future service contracts" used by most schools, the educational consumer not only has responsibilities, but also has important "consumer rights." When these rights are not respected, the student should be protected and should have redress mechanisms available to him. Where he has responsibilities, he must be fully informed of, and held accountable for, these responsibilities.

Major Actions Recommended

Students who apply for Federal program benefits should be given an informative statement of their rights and their responsibilities. The statement should be stated clearly and in readable type; it should be made part of the application so that the student will have direct exposure to it.

Federal agencies should relinquish any rights they may have as "a holder in due course" of student loan obligations if a student has established a legitimate claim of unfair or misleading practices. In such instances, the government should proceed against the school to recover all sums paid out, for example, under the Guaranteed Student Loan Program.

Principle II: Consumer concepts, legislation and mechanisms should be activated in the

educational marketplace as is now
occurring in the traditional marketplace.

Major Actions Recommended

- . A Federal Student Tuition Insurance Corporation should be created to protect students and their tuitions when postsecondary schools close.
- . There should be a central mechanism on educational consumer complaints that would handle consumer complaints. Such a center would either resolve complaints directly or refer and follow up on them. It would also serve as an informal research instrument and an "early warning system" against educational abuses.

Principle III: When the Federal Government disburses funds to support educational institutions, programs and students, it must assume responsibility for the way those funds affect the educational consumer as well as educational and program objectives.

Major Actions Recommended

- . Institutional eligibility for Federal funds for occupational or vocational schools should be contingent upon:
 - a. disclosure of student dropout and course completion rates. and in the event that

an organization or school publicly advertises job-related claims, it must disclose job-placement rates.

- b. achievement of occupational objectives through placement of graduates in the positions for which they sought training.
- c. a pro-rata tuition refund policy.

Principle IV: State educational agencies and private associations or agencies which have direct responsibility for accrediting, approving, licensing and certifying educational institutions and students, should do so with issues of consumer protection clearly in mind. The overall effort to protect the educational consumer must involve consumer agencies and organizations, both public and private, in a vital way.

Major Actions Recommended

FICE should encourage ECS, the National Association of State Administrators and Supervisors of Private Schools and other State and local-oriented organizations to provide assistance to those States which do not possess "approval" legislation, or which are interested

in streamlining the existing legislation. The purpose of this assistance should be the adoption by States of legislation at least as strong and pro-consumer as the Model Legislation developed by ECS.

Federal assistance and guidance should be provided under appropriate guidelines to State, private agencies and consumer organizations for the purpose of developing greater competence in systems analysis and design, improving the educational evaluative process, and encouraging the exchange of information between organizations concerned with consumer protection and education. Any such assistance should be for developmental rather than operational purposes.

Chapter I

Background, Purpose of the Report and A Vocabulary of Terms

Background

The "age of consumerism" has coincided with the emergence of education as a business. Education has been sold to consumers who are seldom recognized as such. Laws typically refer to the educational consumer as a "student," as a "beneficiary" (under the G.I. Bill), as a "dependent," and so on. Students are educational consumers. They invest time, energy and money in the pursuit of programs of self-improvement, with or without direct faculty supervision, in formal or informal setting, with vocational as well as avocational objectives.

In recent years there has been growth not only in number of students, but also in Federal programs which provide for student financial support. Federal agencies have become increasingly aware of the abuses of educational consumers resulting from unethical operations of some educational institutions. In postsecondary education, a number of common malpractices have been identified. They are found in public, private nonprofit, and proprietary institutions. These malpractices include:

- (1) misleading and inaccurate advertising,
- (2) indiscriminate and overly aggressive recruiting,
- (3) lack of full disclosure of salient institutional, characteristics useful to the consumer, such as its history, financial policies, academic standards, and other relevant information,

- (4) inferior facilities, course offerings, staff,
- (5) false promises of job placement, and
- (6) insufficient refund policies (or failure to live up to stated policies).

One example of consumer (student) abuse is that of salesmen who represent a school for computer technicians in New Mexico who solicited Indians to enroll in courses and promised them careers as highly-paid computer programmers. Potential students borrowed thousands of dollars in Federally insured student loans through the same company that offered the courses, never saw the money, and were academically out of their field at the first class meeting primarily because of their inadequate background in mathematics. The school offered no refunds, but charged interest on the loans which no longer received Federal subsidy.

When Federal educational programs, such as the Federally insured student loan program, are abused through malpractice, there are four major results:

- (1) Students who are to be the beneficiaries of the programs do not get the full benefits intended; they often lose out instead.
- (2) The Nation, which seeks to develop its human talent, is not getting an adequate return for public funds expended.
- (3) Federal officials, who have a responsibility to safeguard public funds, find their efforts undermined by those who distort the system through unethical and questionable practices, whether by administrators, students, or financial managers.

- (4) All forms of fraud, abuse, or diversion of funds, tend to undermine the integrity of American society and should be combatted.
- (5) High student dropout rates and subsequent loan defaults.

Purpose of the Report

The purpose of this report is to initiate formulation of a Federal strategy for consumer protection that works in conjunction with efforts of the States, localities, consumer groups, and other private organizations. This report will describe the responsibilities of Federal agencies in postsecondary education as they deal with educational consumer protection, examine the status of Federal programs and efforts to improve them, and discuss the issues and implications involved.

The thrust of the report is the recommendation of actions which are designed to prevent abuses of the educational consumer and misuse of educational programs. The strategy for Federal action, which is at the heart of the present report, emphasizes:

- (1) steps to be taken by Federal agencies to help insure students' rights in the marketplace;
- (2) steps to be taken by Federal agencies, singly or jointly, to prevent or protect against abuses of educational consumers;
- (3) measures to be taken by various Federal agencies which arise out of their particular responsibility as funding or guaranteeing agencies; and
- (4) efforts to be made by Federal agencies to strengthen activities of State and private agencies dealing with postsecondary institutions and their consumers.

Above all, these actions should provide incentives for all schools and colleges to maintain their integrity and, where appropriate, to improve their performance. The task is immensely difficult because American education is diverse and decentralized to the point where it is difficult to ascertain the numbers of postsecondary schools in the United States. (See Chart A, Appendix II, for illustration of vocational and technical schools, and Chart B, Appendix III, for colleges and universities.)

Following are several commonly reported abuses of students by educational institutions:

- (1) The delivery of programs of instruction which are different from those which both the student and the student funding organization were led to expect.
- (2) The use of educational funding programs for meretricious rather than educational purposes, whether through meaningless enrollment, non-attendance, default or misleading applications (e.g., use of insured loans to induce students to enroll and borrow money which is then diverted either by students or others).
- (3) The award of certificates, degrees, or diplomas based on payment of fees rather than on educational accomplishment; the enrollment of foreign students for the purposes of securing residency permits and other noneducational benefits.
- (4) The claim to hold a degree, certificate, or diploma which has no standing or whose name is misleading or whose standards are known to be clearly or deliberately inferior to those in common use in the United States (degree mills, diploma mills).

For purposes of this paper, we are concerned primarily with (1) and (2).

The Subcommittee wishes to acknowledge the fact that millions of Americans have received highly satisfactory educational benefits from the Nation's diverse universe of public and private post-secondary schools. It could well be that because of the satisfaction which many persons have experienced, the inequities and abuses which may be observed sometimes in postsecondary education have been obscured. This report focuses upon those inequities and abuses, and recommends some approaches for dealing with them.

A Vocabulary of Terms

Every school exists by permission of the State although some states fail to insist on the issuance of a license, permitting instead an individual or institution to operate without a license, sometimes as a profit or nonprofit incorporated or chartered institution.

State licensing laws normally call for the observance of minimum standards, may authorize the awarding of degrees or regulate the use of titles, and may even restrict the use of such words as "college" or "academy." There are few examples of Federal licensing although radio operators and pilots, for example, hold Federal licenses and some nonprofit educational associations (The National Education Association is one) are chartered by the Congress. The best known exception is the Federal Aviation Administration which licenses flight schools.

Accreditation normally means that a school voluntarily has applied to an agency or organization for evaluation and recognition for meeting certain established standards. It is important to

distinguish between regional accreditation, which looks at entire institutions, and specialized accreditation, which deals with certain departments, specialties or segments within an institution. It also is important to ask about the standing of the accrediting agencies because they differ among themselves.

- (a) Some States accredit schools or colleges (Maryland, Indiana, and New York are examples), an action which is more nearly akin to licensing.
- (b) More than 60 accrediting agencies are recognized by the U.S. Commissioner of Education who is charged in several Federal laws with maintaining a list of those accrediting agencies which he has determined to be reliable authorities on the quality of training offered by an institution.
- (c) There is a similar list (but not identical) of accrediting agencies which are recognized by the National Commission on Accrediting, an organization which is supported by most segments of the educational community but has no legal standing for most Federal programs.
- (d) There have been instances of recognition by self-appointed so-called accrediting bodies, seeking to give plausibility to low-caliber educational institutions, including some diploma mills. State officials have been successful in some efforts to ban or enjoin this type of "recognition."

Accreditation is usually conferred for a specified period of years, then is subject to renewal. Few accrediting bodies use probation; instead they use such phrasing as "renewed with stipulation" or other conditions which must be remedied before accreditation is renewed. Probation may or may not be public; it seldom is publicized and consumers are slow to learn of those cases where it has been imposed, or where accreditation has been revoked. The stipulations of conditions, since they are presumed to be

temporary, are normally considered confidential although they may be disclosed by officials of the school concerned.

In summary, accreditation is voluntary, private, and often used as an indicator of quality and reliability by State and Federal officials, and by others.

Certification normally is used by nongovernmental bodies to grant recognition to an individual for having met specified criteria. It is also used by governmental bodies and applied to institutions, such as the FAA certificates of airworthiness.

Teachers in most States must have a license to teach; the process is known as certification, credentialing, or licensing.

Some States insist that educational salesmen be licensed by the State and/or bonded by an approved bonding company.

Approval is conferred by the State Approving Agencies, designated by the governor but funded by the Veterans Administration under contract to make sure that courses meet specified criteria before they can be approved for veterans benefits. (For foreign schools, the VA approves courses directly after consulting other sources--including the Department of State and its consular service, and sometimes the U.S. Office of Education.)

Eligibility (for educational purposes) has two major aspects:

Student eligibility deals with such criteria as are imposed by each program. For example, for veterans

benefits, an eligible student must meet criteria specified in Chapter 38 of the U.S. Code. For the Basic Opportunity Grants Program, there are limitations on income as spelled out in OE regulations.

Institutional eligibility deals with the requirements of various programs as to which schools may participate or what makes a school eligible so that its enrolled students will become beneficiaries. A veteran entitled to student benefits, for example, can use them only if he attends an eligible course, i.e., one which is approved by the State Approving Agency. Similarly, a foreigner planning to study in the U.S. will be issued a student visa if he meets various personal criteria and if an eligible school (as determined by INS) certifies that it accepts him. Most forms of institutional eligibility derive from accreditation.

Control falls under three categories. Some Federal programs are confined to public institutions, others are confined to accredited schools, and still others encompass proprietary schools.

Public institutions usually are open to all, are operated and controlled by a publicly elected or appointing group of school officials and are supported by public funds.

Private-nonprofit institutions are established and maintained by nongovernmental bodies under the control of a private group of officials. Many enjoy additional public support for specific

programs or activities, including Federal institutional support under certain conditions of eligibility.

Proprietary schools seek to make a profit, operate under private control, and number in the thousands (see Appendix II). Some belong to specialized accrediting bodies, some award degrees (while others merely issue certificates of completion). Many proprietary schools serve businesses and industry while others are avocational.

Students receiving veterans benefits, social security payments, BEOGs, or Federally supported vocational rehabilitation may choose to attend a public institution, a privately controlled one, or a proprietary school subject to the known and published criteria of institutional eligibility.

Chapter II

Federal Responsibilities

The Latin wording of caveat emptor expresses the historic concept that the consumer is expected to fend for himself, something he could do on a more reliable basis in the days of relatively stable communities, face-to-face business transactions between principals, and the more personal accountability of neighbors and fellow citizens.

State and Federal efforts to protect the consumer in the United States have increased in recent decades. In 1964, a Special Assistant to the President for Consumer Affairs was established; concurrently, there was an increase of consumer agencies and representatives at State and municipal levels.

Legislative efforts have been aimed primarily at inducing full disclosure, and at regulating the financial aspects of transactions. Recently, there have been Federal laws to stimulate Truth in Lending (with full disclosure of interest rates and finance charges) and pending legislation to establish a Federal consumer protection agency. Similarly, Congress authorized the U.S. National Commission on Consumer Finance which issued a report on Consumer Credit in the U.S. (1972) that recognized the inequities of the Holder in Due Course (HIDC) doctrine which is one of the persistent points of friction in school and other lending transactions.

HIDC maintains that when a purchaser signs a note as payment or partial payment--perhaps for a car or for tuition--the financing institution holding the note is the HIDC and entitled to receive payment even if the car is defective, or never delivered, or is delivered but not as represented at the time of sale. This mechanism leaves the student with a loan payable for an education that may not be delivered.

A bill to counteract the HIDC doctrine is being drafted under the sponsorship of Rep. Lenore K. Sullivan, (Mo.); it seeks to protect the consumer so that he is not liable for services or articles purchased but not rendered. It was this type of difficulty at Riverside University in California which caused Representatives Alphonzo Bell and Jerry Pettis to introduce their bill, HR 11927, calling for more stringent standards for eligibility for Federal funding. They were distressed that residents of their districts, students at Riverside University, were left with Federally insured student loans, now payable, for which the college had not delivered the promised services.

Several Congressional committees have become aware of the student as a consumer. In the House, Representative Floyd Hicks' Special Studies Subcommittee of the Committee on Government Operations heard educators, scholars, and representatives of various Federal agencies testify as to the plight of postsecondary educational consumers, as did Representative James O'Hara's Special Subcommittee on Education. In the Senate, Senator Vance Hartke's Committee on

Veterans Affairs listened to similar testimonies. Senator Pell conducted hearings during September 1974.

While members of Congress are studying the issue of educational consumer protection, awareness of the general public has been initiated through recent articles in the Boston Globe,¹ Washington Post,² American Education,³ and Reader's Digest.⁴

However, substantive action regarding the educational consumer exists primarily at the agency level, where awareness varies and policies are largely reactive. Individual agencies do not have enough power to remedy a system with loopholes which permit school administrators to operate illicitly. Few agencies have avenues of redress for disillusioned educational consumers; students often do not know where to direct their complaints, which often are shelved because no single agency has a comprehensive mandate.

Complaints represent only one segment of students victimized by malpractices. Others do not think to complain; others view both the Federal government and State with hostility for their implicit or explicit endorsement of schools "approved for veterans" and for loan programs that got them into debt in the first place. With

¹"Spotlight on Vocational Education," The Boston Globe, March 25, 1974.

²Eric Wentworth, "The Knowledge Hustlers," The Washington Post, June 23-28, 1974.

³George E. Arnstein, "Ph.D. Anyone?" American Education, July 1974; "Bad Apples in Academe" August-September, 1974.

⁴Jean Carper, "Career Schools Aren't Always What They Appear to Be," Reader's Digest, June 1974.

increasing awareness of the student's dilemma, policies to assist him or her--and to make the educational consumer aware of the practices that exist and of recourse available through Federal agencies--are slowly being developed. An overview of agency policies indicates how much is being done for the consumer of education now.

What are the Federal agencies doing?

As noted, consumer protection is a relatively recent development, juxtaposed to the more historic concept of letting the buyer look out for himself. The activities of Federal agencies tend to be uneven because education, historically a primarily nonprofit field, has surfaced only recently as an area where consumers need a greater measure of protection.

Few agencies have established consumer protection for students. Most lack master or central files for complaints, analysis of complaints, outcome feedback regarding educational consumer protection, and standard grievance procedures for students with educational problems.

The listing of agency policies which follows is illustrative rather than exhaustive, based on interviews, telephone calls, and other sources.

Department of Health, Education and Welfare
Office of Consumer Affairs

The Office of Consumer Affairs (OCA) maintains contact with private consumer organizations and acts as a liaison between them and the

Federal agencies responsible for educational consumer protection. OCA co-organized the two conferences on educational consumer protection and co-authored this report. Office of Consumer Affairs handles a small but increasing number of complaints and publicizes consumer problems in the educational sector. OCA basically promotes educational consumer protection from within the Federal and State governmental structure, and advocates "self-help" mechanisms within the private sector. Because its director is also Special Assistant to the President for Consumer Affairs, OCA promotes educational consumer protection at the White House level.

Office of Education

The main focus of OE activities relative to this subject is in the Accreditation and Institutional Eligibility Staff (AIES), the Office of Guaranteed Student Loans, the Office of Student Assistance, and to some extent, the Division of International Education which renders advice to the AIES as to the value and comparability of foreign degrees and courses. In addition, it is anticipated that the new Basic Educational Opportunity Grant program will become a major area for concern regarding protection of the student.

Since many decisions about eligibility of schools, as made by various Federal and other agencies, derive from the actions of the U.S. Commissioner of Education, the role of the AIE Staff in OE is central. It took an active part in the ECS Task Force, the Denver

meeting, and in planning follow-up activities. Its decisions determine which schools are listed in the various OE directories of schools (and with what kind of annotation as to eligibility or accreditation). Its recommendations heavily influence the Commissioner of Immigration and Naturalization, various State agencies for teacher certification (and other purposes), but only on a voluntary and consultative basis. Protection of the educational consumer is promoted through the following AIES activities:

- (1) Recognition of State approval and private accrediting bodies. This function of serving the mandate to the Commissioner of Education, of determining which State and accrediting agencies provide assurance of educational quality, determines the actions of numerous other State, Federal, and private bodies which rely on the Commissioner's recognition and determination whether a school is to be eligible for certain programs or not. Criteria for recognizing State approval bodies and private accrediting agencies have been published and are under periodic review. Currently, the Commissioner recognizes 62 accrediting agencies, 8 State approval agencies, and 8 State boards of nursing.
- (2) Recommendations to the Administration and the Congress on legislative changes regarding institutional or program eligibility for Federal funds.

- (3) Review and processing of complaints regarding "eligible institutions," recognized accrediting or approval bodies, and violations of student and institutional assistance program regulations. During the period 1969-1974, the AIE staff processed over 500 complaints pertaining to proprietary schools.
- (4) Determination of institutional eligibility for OE assistance programs such as the Guaranteed Student Loan Program. Over 8000 institutions are recorded in the AIES master file.

Health Resources Administration, Bureau of Health
Resources Development

The Bureau of Health Resources Development (BHRD) serves as the principal focus within the Department of Health, Education and Welfare for programs concerned with development and utilization of health manpower. The BHRD engages in health manpower education programs in the fields of medicine, nursing, public health, and allied health professions and occupations. Within BHRD, the Division of Associated Health Programs serves as the Federal focus for public health and allied health professions with respect to education, practice, and manpower research; it supports and conducts programs with respect to the need for and development, use, credentialing, and distribution of such personnel.

Liaison is carried out with other Federal and non-Federal programs having a common interest in improving the nation's capacity to

deliver health services. Most health manpower education legislation expired at the close of Fiscal Year 1974. There are a number of health manpower bills currently before the Congress.

Eligible applicants for legislatively mandated programs in the past have been public and private nonprofit junior colleges, colleges and universities, nonprofit agencies, organizations and institutions.

Directories of allied health programs in both junior and senior colleges are compiled periodically. No consumer protection literature has been produced in the Bureau or Division.

The Division of Allied Health Professions co-sponsored the ECS Conference on Consumer Protection in March 1974.

Social Security Administration

The Social Security Administration is the second largest Federal source of student financial aid. In FY 1974, it distributed almost \$700 million to 600,000 students who were eligible beneficiaries.

Schools which qualify include:

- *Publicly supported schools and colleges

- *Private schools or colleges which are approved by a State or accredited by a State-recognized or nationally recognized accrediting agency. This includes State approval for veterans benefits.

- *Unaccredited private schools if at least three accredited schools or colleges accept their credits on transfer on the same basis as credits transferred from an accredited school.

SSA uses broader criteria for institutional eligibility than any other Federal agency, has no field staff of its own (for this educational purpose), receives few complaints, and occasionally refers questions about proprietary schools to the Federal Trade Commission. SSA informs beneficiaries about the institutional eligibility of a school (and relies heavily on the Education Directory published by OE) but provides no further guidance.

Department of Defense

Issues of major concern to DOD are accreditation of correspondence schools since 80% of all in-service G.I. benefits go for correspondence study, according to a study by the Government Accounting Office (Report No. B-114859, March 1972). The DOD is aware of illicit solicitation practices, misrepresentations, ease of entry and poor completion rates in various schools. DOD has attempted to decrease chances of misrepresentations, problems of recruitment, and general misuse of Federal funds. It co-sponsored the Denver ECS meeting, and has a four-point program:

- (1) To enhance consumer safeguards through efforts to strengthen the G.I. Bill;
- (2) To support the FTC in its consumer education campaign;
- (3) Reform through its own education officers and personnel officers who control the flow of people and the conduct of business on military bases; and
- (4) Publication of its Information Guidance Series.

Department of Housing and Urban Development

Under the Model Cities program, HUD has a special concern for exploitation of inner city residents, including their educational

programs. It is concerned with trade schools which have unfair training costs, unreliable tuition refunds, inadequate job placement, and misrepresentation of transferability of credit. HUD is supportive of actions to be taken by FICE or individual agencies to assist the educational consumer, but has taken no steps of its own to alleviate problems in this area.

Department of the Interior
Bureau of Indian Affairs

The Bureau of Indian Affairs recognizes specific problems in the handling of Indian student funds through Educational Opportunity grants and other specially funded USOE-BIA programs. However, all complaints are channeled to local Agency offices or one of the 12 BIA Offices. There are no standard policies for handling grievances, and no central record file of them.

BIA was a co-sponsor of the Denver Conference in March 1974.

Department of Justice
Law Enforcement Assistance Administration

The LEAA funds over 1,000 schools through a number of student programs. It attempts to avoid questionable schools (1) by insisting that the students in their programs attend accredited institutions, and (2) by specifying that 80% of the credits (taken through LEAA) in a two-year program be transferable to a 4-year institution.

Next year the requirement will be stiffened: a higher percentage of the credits must transfer, thus increasing the emphasis on nonprofit higher education.

Immigration and Naturalization Service

For a foreign student to receive a U.S. student visa, he must be accepted by an eligible school. Eligibility is determined by the Immigration and Naturalization Service of the U.S. Department of Justice, with heavy reliance on the publications and listings of the Accreditation and Institutional Eligibility Staff of the U.S. Office of Education.

It is not uncommon for an eligible school to advertise itself as "recognized by the U.S. Department of Justice" which is stretching the truth. INS has designed a system to eliminate the notion of "approval" by making schools apply for eligibility. Form I-17, the petition for approval, says:

If the school is approved, THE PETITIONER AGREES:

That in any advertisement, catalog, brochure, pamphlet, literature, or other materials hereafter printed or reprinted by or for this school... shall be limited solely to the following:

"This school is authorized under Federal law to enroll non-immigrant alien students."

Since INS does not operate a domestic educational enforcement system, schools seem to suffer no penalties if they violate the promise. However, Form I-17, below the signature, carries a notation that "If the agreement is not complied with, approval may be withdrawn."

Department of Labor

The Department of Labor places workers in appropriate jobs after they have been trained. However, the selection of institutions in which training is provided is determined by HEW, which approves and recommends various institutions through the Office of Education.

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Since the Manpower program relied on OE judgment for selection of training institutions, independent action for protection of the trainees was not deemed necessary.

The DOL publication, Occupational Outlook Handbook, and the reprints from this biennial reference work, are valuable career planning guides which have been exploited by some unscrupulous managers and salesmen for schools. Where the Handbook may forecast demand in a certain occupation--computer programmers used to be an example--certain schools have used the information to persuade potential students that this meant an assured job placement for them.

DOL co-sponsored the ECS meeting in Denver.

Department of Transportation
Federal Aviation Administration

FAA interests cover every aspect of aviation education, including safety, competency of aviation machines, mechanics, and crews.

Through a prescribed certification process governed by Federal Aviation Regulations, FAA approves nearly 3000 pilot/flight schools for technicians, and 150 aviation maintenance technician schools.

Protection of the consumer of aviation education is promoted through the following FAA program.

- (1) Air worthiness: inspecting, approving, licensing aircraft and all their components utilized during instruction.
- (2) Prescription of aviation training via detailed curricula, including clock hours, cited in Federal Aviation Regulations for pilots/air-crew, mechanics, controllers, and technicians.

- (3) Individual certification of competency of aviation professionals, as well as all air carrier and general aviation pilots.
- (4) The Agency is specifically charged not only with safety-competency activities, but its functions also include those of serving as advocate and promoter of aviation industry and activities.

A noteworthy aspect of FAA educational functions is that it is the only Federal agency which directly licenses and approves public and privately owned schools. This Federal license deals with the quality of instruction but not with the recruiting practices or similar aspects of the schools. Thus for a school to offer courses eligible for veterans benefits, it must turn to the State Approving agency for such eligibility. The FAA has recently included in its regulations a restriction against flight schools advertising courses that are not offered.

Federal Communications Commission

Since the FCC has no mandate in its law, it has no active program or materials on consumer protection in education. The FCC does not certify schools or provide advice on schools other than to provide information sources or occasional referrals to other agencies.

Federal Trade Commission

The Federal Trade Commission has been answering consumer complaints for several years. It established a 5-point program to accommodate the consumers of vocational education.

(1) "Guidelines for Private Vocational and Home Study Schools" is an attempt to let the vocational school industry know what practices in the industry are deceptive and unfair.

(2) Consumer Education Campaign is a multi-media affair which began in 1973 to inform consumers of the industry and its problem areas.

(3) Litigation work includes investigation of complaints issued by FTC against 25 schools since 1970.

(4) Federal/State Cooperation and Coordination is a plan for bridging the information gap between States and Federal agencies, and has involved a general exchange of ideas concerning standards for proprietary schools. FTC participated in the Denver ECS conference.

(5) On August 15, 1974, the Commission proposed a binding trade regulation rule having the force of law.* The rule would require that prospective students be provided with information which may aid them in making an informed and intelligent decision whether or not to enroll in a school. The proposed rule contains a pro rata tuition refund provision and a ten-day cooling-off/reaffirmation provision, in addition to disclosure and advertising substantiation requirements.

Fraud Branch, Postal Inspection Service, U.S. Postal Service

The Postal Service has been helpful to the educational consumer through its distribution of a general guide for consumer protection, parts of which are applicable to the student. Information on

*Federal Register, Vol. 39 (159), August 15, 1974, p. 29385.

Legislation and enforcement against mail fraud has been especially helpful to the educational consumer. The Postal Service's Fraud Branch distributed a 28-page guide for consumers titled "Mail Fraud Law - Protecting: Consumers, Investors, Businessmen, Patients, Students," which contributed to the discovery of 21 home study schools involved in mail fraud. As a result, a number of illicit correspondence schools were closed. The Fraud Branch has also been instrumental in closing down some diploma mills.

Veterans Administration

The V.A. operates the largest of all the Federal student financial aid programs. As of February 1974, it cost approximately 3 billion to send about 2 million veterans to school last year, including certain widows, orphans, and active-duty military personnel.

The V.A. operates through 58 regional offices which handle local complaints; there is no central clearinghouse. The role of the VA Central Office is to help assure quality education for its constituents; but consistent with the basic Federal policy of avoiding or minimizing direct Federal intervention in the operations of schools, the VA itself does not examine the quality of instruction offered, but leaves that to the State to review and approve.

The VA supports the FTC's attempts to inform the educational consumer, has distributed the FTC guidance packet on vocational schools, and is printing a comparative information packet, "US Facts," outlining correspondence school data for veterans' use.

The VA participated in the ECS Task Force on a Model State Law to license schools and was a co-sponsor for the ECS Denver Conference.

U.S. Civil Service Commission

The U.S. Civil Service Commission receives many complaints regarding activities of schools that offer correspondence courses for civil service examinations--so-called "civil service" schools. Inasmuch as the Civil Service Commission has no jurisdiction in such matters, it cooperates with the U.S. Postal Service, the Department of Justice, the Federal Trade Commission, and State Consumer Protection Agencies by referring appropriate complaints to these agencies.

The Commission desires to warn the public of the misleading information given by many such schools, and has distributed a fact sheet regarding so-called "civil service" schools and their relation to Federal employment. The fact sheet emphasizes that the Commission does not support any "civil service" schools or any claims they have regarding Civil Service testing or employment with the Federal government.

Coordinating Federal Agencies Efforts--The FICE Subcommittee on Educational Consumer Protection

To make a beginning toward achieving better coordination of the Federal agencies concerned with various aspects of protecting the educational consumer, the FICE Subcommittee on Educational Consumer Protection was created in 1972. As one of its first efforts the Subcommittee began the study of major problems and issues.

confronting the educational consumer whom it defined as the student. Early planning sessions revealed the need for a subcommittee whose primary concerns were determination of Federal mechanisms for educational consumer protection, and legal questions concerning the authority of the Federal Government in dealing with educational problems. Also considered were the development and dissemination of information, facilitation of Federal-State cooperation and coordination, and the improvement and coordination of interagency treatment of problems related to educational consumer protection.

Subcommittee efforts have produced results in several directions.

(1) A Task Force of the Education Commission of the States last year produced model State legislation (Model State Legislation Report No. 39, June 1973). Funding was arranged through FICE and participation included representatives from FICE, VA, OE and accrediting agencies.

(2) Co-sponsorship with ECS and other Federal agencies of the National Invitational Conference on Educational Consumer Protection, held in Denver, Colorado, in March 1974, which formulated several recommendations. A second conference was held on November 14-15, 1974, in Knoxville, Tennessee. A report on this conference, including recommendations, is available from the Education Commission of the States, Denver, Colorado.

(3) Consumer guidance through educational materials developed by the Federal Trade Commission pertaining to vocational schools. OE is preparing additional materials. A pamphlet explaining how the

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victimized educational consumer may gain redress is being designed for the Subcommittee by FTC and OCA.

(4) Reports concerning the consumer protection interests and activities of the various Federal agencies, such as this Federal strategy report for educational consumer protection.

(5) Contribution to the rising public awareness of the need for better consumer protection. The Subcommittee encouraged preparation of additional materials, including publication of two articles on consumer protection (with several thousand reprints) by George E. Arnstein in American Education.

(6) Served as a catalyst for consumer activities in various States.

(7) Improved communications among Federal agencies, and between the agencies and other groups with consumer interests.

Chapter III

Role of Non-Federal Agencies

Current role of the States

The States vary greatly in their laws, their enforcement policies, their results, and in their protection of educational consumers. At least three States--Tennessee, North Carolina, and Montana--have enacted the ECS Model legislation which was endorsed by the Committee on Suggested Legislation of the Council of State Governments. Some States are hospitable to diploma mills, others are not. Some recognize the performance of vocational/technical accrediting agencies, others do not. For higher education institutions, most States rely on regional accrediting agencies, directly or indirectly through various forms of equivalency. All of them operate one (or more) State Approving Agency to approve courses for veterans, and this activity is underwritten by the VA at an annual cost of about \$10 million.

State approving bodies often rely on private accrediting agencies; both play an important part in determining eligibility for Federal funds. They affect both the Federal government and the educational consumer. Criteria for Federal eligibility today derive largely from the work done by others. For example, before the Social Security administration will send out a check, the "dependent" must be enrolled in a course approved by a State or private accrediting agency.

The Federal reliance on State standards implies great trust in their eligibility requirements, although standards vary from State

to State as does enforcement of the laws that require standards. A dishonest school operator may be forced to leave one State after his malpractice is discovered, but State A typically fails to alert State B and he may set up a similar operation there. State C may know something unknown to either State; and the Federal files may contain information relevant to the State approving agency, if only the agency knew where to ask and how to get it. Lack of interstate cooperation and coordination has resulted in the following cases and more:

*California is an example of good administration, where the staff in the Department of Public Instruction enforces the licensing laws and approves courses for veterans. But a loophole in its licensing law allows a college incorporated for profit or nonprofit to operate without supervision of the State Superintendent of Public Instruction. It is under this loophole that Riverside College-Riverside University was able to operate legally, prior to its being enjoined under court order.

*Florida demonstrates the effectiveness of a new licensing law, for degree granting institutions, enacted in 1971, with increasingly diligent enforcement. A member of the Florida licensing board told the Denver Conference that certain undesirable "colleges" had left Florida and set up in other States. Prior to the new law, Florida had been a notorious haven for diploma mills.

*More general examples include home-study courses, approved by the State agency and approved for veterans benefits, relating to forest ranger education, although no State department of forestry

will hire a forest ranger solely on the strength of his correspondence training.

*There are schools that have State licenses, that have State approval for veterans, but which treat veterans differently from non-veteran students, mostly because the combined Federal-State laws and regulations force them to set up more generous refund policies for veterans.

*In some States employees of the State Department of Education visit a school for licensing purposes, while another team from the same State Department of Education visits the school for purposes of veterans approval, but they do not compare notes or share information derived from the visits.

*Under the Education Amendments of 1972, the U.S. Commissioner of Education has been given the additional task of "recognizing" State agencies. He recognizes those which the Advisory Committee on Accreditation and Institutional Eligibility determines to be reliable authorities regarding the quality of public postsecondary vocational education in their respective States, for the purpose of determining eligibility for all Federal student assistance programs. (Sect. 438a, HEA 1965 amended 1972.) The effect of the so-called Mondale amendment is to increase the work and scope of AIES and the State agencies so recognized.

What is the role of the accrediting agencies?

The accrediting agencies are the normative regulators despite their voluntary, private nature. States tend to fall back on criteria established by a nongovernmental body instead of establishing their

own criteria as to quality. For example, many State licensing laws specify that accredited schools shall be exempt from licensing, and nonaccredited schools shall be inspected to see if they approximate the standards set by the accredited schools. Federal agencies do the same. Many laws require accreditation, or equivalent or some standard derived from accreditation.

The results of this reliance vary. On the one hand, accrediting agencies have taken the view that they came first, that they have their own purposes and that Federal agencies should not now force them to do things which may be useful to Federal officials, may even serve Federal purposes, but present a distortion of their own procedures and intent. Federal insistence on adherence to equal opportunity or affirmative action are examples, with some accrediting bodies objecting to their proposed role of becoming Federal enforcers (regardless of the merit of the rules to be enforced).

All of the accrediting agencies now recognized by the U.S. Commissioner achieved such recognition by virtue of applying for it, thus demonstrating their willingness to meet the published criteria for recognition. But at the same time, the accrediting bodies are reluctant to engage in full disclosure, to publicize those institutions which have been put on probation, or to disclose some of their findings which could be used by students and applicants as an early warning system.

Conversely, the accrediting agencies began life--some started at the turn of the century--with an institutional agenda; their standard-setting function and recognition has been useful to consumers.

Role of consumer agencies

Further assistance to the consumer is provided through a variety of consumer leaders and organizations, including national consumer advocate associations, better business bureaus, municipal consumer officials, various ombudsmen, and the growing number of groups seeking to organize, defend and protect consumers. Trade unions have also stepped up their interest in the consumer field, and private business is becoming increasingly responsive.

In addition to their current consumer and educationally oriented activities, these organizations could also play a role in the awarding of licenses or approval of courses. The State Approving Agencies, under the law, must inquire as to the reputation of the faculty, staff, administrators and owners of a school. They would be free to consult consumer organizations regarding their knowledge of the schools, their personnel and their performance. State and accrediting agencies could also ask consumer organizations for recommendations regarding consumer participation in their procedures.

While linkages between the educational agencies and the consumer organizations have been weak, the Denver conference sponsored by ECS, FICE and others last March, and the follow-up conference in Knoxville, served as a force to strengthen these links.

Chapter IV

Issues and Implications

Not only is there a historic trend toward greater consumer protection, there also is growing Congressional interest, rising activity by governmental agencies at all levels, and increasing clamor by consumer groups to have a voice in the structuring of the rules by which business is done in the United States.

Education, because it has been traditionally and predominantly non-profit, has not achieved great visibility in the area of consumer protection. The proprietary sector, which comes under the mandate of the Federal Trade Commission, has undergone scandals, exposures, and legislative counterthrusts, especially in the reforms embodied in the Second GI Bill of Rights (1952) which overcame some of the abuses of the original, 1944, version. Today's workload of the FTC shows that about six percent of all FTC consumer protection activities concern proprietary schools.

In short, there are notable pressures for Federal agencies to make a greater effort to protect consumers in education, and there is widespread agreement on the need to prevent or counteract illegal and objectionable consumer practices in education. There are unresolved issues as to just how the Federal effort is to be carried out.

To be sure, each agency has responsibility for improving its own procedures, including systems designed to overcome malfunctions.

But it is also true that the consumer probably will be served better if there is a coordinated effort designed to combine the efforts of Federal, State, and local agencies, as well as voluntary bodies.

What should the Federal effort be to protect educational consumers?

On the one hand, there is the tradition against Federal control or interference in education, reinforced by explicit legislative provisions in many educational laws. For instance, the following statement appears in Section 422 of the General Education Provisions Act:

No provision shall be construed to authorize any department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over the curriculum, program of instruction, administration, or personnel of any educational institution, school, or school system, or over the selection of library resources, textbooks, or other printed or published instructional materials by any educational institution or school system, or to require the assignment of transportation of students or teachers in order to overcome racial imbalance.

On the other hand, there is the obvious fact that consumers are being exploited in a variety of educational settings, that State licenses are often weak or nonexistent, that accreditation provides inadequate assurance of business ethics or financial stability, that none of the existing agencies, singly or in combination, has solved these problems.

Further, there is the obvious fact that Federal administrators are charged with the protection of Federal funds. Thus, they have a mandate to exert diligence in determining who is to be eligible for the receipt of Federal funds and services.

Today, with the great amount of money available from public funds for student assistance, we see an apparent parallel increase in abuse of funding assistance programs and victimization of students; therefore, pressures for a greater and stronger Federal effort are building up, and putting to the fore the question of how far the effort may properly go and how it should be organized and managed.

The issue is unresolved and probably should be defined pragmatically in the sense that increased Federal efforts will be accepted because they are helpful, supportive, noncontrolling, or an evident part of Federal vigilance over Federal interests. The challenge is to resolve the issue constructively and cooperatively.

Who is to provide Federal Leadership?

Another unresolved issue is the matter of leadership. There exist differences in readiness, mandate, timing, and enthusiasm for consumer protection among various Federal agencies; there is no past history of shared or pooled funding (with the significant exception of support for the ECS Task Force and the Denver and Knoxville Conferences).

As matters now stand, both power and funding rest with different Federal agencies, each of which follows its own agenda. The VA, for example, is very diligent in enforcing certain standards, especially regarding refunds, so that veterans get a more generous refund from some schools than do comparable nonveterans. Conversely, the VA and its State Approving Agencies appear to do little in the way of

consulting the Federal Trade Commission as to information about schools in the FTC files.

Similarly, the Office of Education administers Congressionally mandated standards of eligibility, designed at least in part to protect Federal funds. The OE system, however, with its heavy reliance on private accreditation, is essentially separate from the VA system with its mandated reliance on State Approving Systems.

The Federal Interagency Committee on Education has demonstrated leadership but lacks authority. The present strategy report is designed to achieve further interagency cooperation and may become a building block toward coordinated Federal leadership.

The question of Federal "delivery" systems

No single agency today has been given a mandate to protect the educational consumer. This raises the question of how the consumer is to be protected if there is nobody in charge. Stated differently: Various agencies now make some effort to protect the consumer, but could or should there be a better "delivery" system for student protection, and who is to operate it (and pay for it)?

There is the initial problem that the student, who thinks he has been "ripped off," has no obvious place to complain. The Office of Consumer Affairs (HEW), with FTC and the Subcommittee on Educational Consumer Protection, has designed complaint forms which list numerous potential places where complaints should be lodged. But the very length of the list (which includes the Fraud Division

of the U.S. Postal Service)--and the list is quite realistic--may discourage the potential complainant and also scatter complaints among the various agencies in such a way that points of abuse and friction will emerge only slowly. The dispersal of complaints increases when private agencies (accrediting associations) and State agencies are included. Every agency, in good faith, may be able to report that it receives very few complaints and that the problem therefore is minor.

The weakness of the complaint form reflects the fragmentation of the Federal agencies and poses the questions not only of which (and how many) Federal agencies are involved but also who is to operate a system of consumer protection, who is to coordinate the probable subsystems, and how they can best be made to dovetail.

There are several alternative means of "delivering" one or more aspects of the Federal thrust.

- (1) A single Federal agency may become the lead agency, a kind of primus inter pares.
- (2) FICE itself could become the administrative mechanism, based on the fact that substantially all of the relevant agencies belong to FICE.
- (3) An interagency group other than FICE could administer a program.
- (4) At least part of the effort--technical assistance, training, as well as evaluation and research--could be entrusted to a non-governmental third party such as the Education Commission of the States.

How can existing agencies (Federal, State, local and private) be stimulated to improve their systems and make the common effort more effective?

While any Federal strategy in this or other areas of effort must emphasize direct actions to be taken by components of the Government, no effective strategy in this area can ignore the real and potential contributions of non-Federal agencies and organizations. In developing the cooperative assistance of these groups, the Federal government should engage in a role of leadership and developmental support.

What is the role of the accrediting agencies?

First, a word of caution: Accreditation takes many forms (see page 12, supra) and even those accrediting agencies which are "recognized" by the U.S. Commissioner of Education differ greatly in their self-assigned roles and standards. A self-study for one of the traditional regional accrediting associations tends to put a much stronger emphasis on educational content and quality than the vocational/technical accrediting associations, most of whose members are proprietary and profit-seeking. Thus, the vocationally orientated accrediting agencies put greater stress on financial stability and business practices, tend to look at specific courses and curricula of a school, while the regionals undertake institutional accreditation which makes no claim to accredit every course, every department, every aspect of an entire institution.

These distinctions are important because the Office of Education relies heavily on the private accrediting agencies for its

determination of eligibility for Federal programs. For certain publicly supported vocational schools, the Office of Education also recognizes State approval agencies and, in any event, seeks to make sure that all schools operate legally (which may be without a license if the State law does not require a license).

The determination made by the AIE Staff of OE tends to have many consequences, because other Federal agencies tend to rely on this determination. The approval system for veterans may rely on accreditation (according to the law) and the Immigration and Naturalization Service may recognize schools for nonresident alien students on the strength of OE recognition. Further, many State certification boards, Federal and State civil service commissions, foreign agencies (seeking to determine validity of U.S. degrees, for example) and even the editors of dictionaries who include lists of domestic colleges and schools--all of these often rely upon the "recognition" of accrediting bodies awarded by USOE.

The issue is whether the system which is now prescribed in current laws is the best and most effective one to achieve the results intended or whether it has become obsolete since "recognition" was legislated in 1952. Further, there is the question: If accreditation is not a reliable indicator of quality, then what can or should be put in its place?

What is the role of the States?

Every known domestic system of approval or eligibility relies on the States, but only as a minimum, and always with the imposition of

additional criteria. The issue then is not whether State licensing laws are adequate--in many States they are not, and in still others they are poorly enforced--but rather whether the hand of the States can or should be strengthened so that their criteria can become reliable indicators of quality.

While the licensing of educational institutions is a State responsibility, performance has been sufficiently weak that the Congress mandated, and the VA funds, the operation of a separate State Approval System for eligibility for veterans benefits. This system operates in such a way that it may rely on private accreditation as a criterion of approval, or it may rely on an alternative system. We thus see the strange arrangement of a system which relies on accreditation (mostly in higher education) and also competes with accreditation (mostly in the non-degree area).

Very few States or Federal agencies rely on the VA/SAA system, although the Social Security Administration does include it as one of its four alternative means of determining eligibility for its 600,000 student beneficiaries.

The question is similar to the one about accrediting agencies: If State licensing or approval for veterans is not a reliable indicator of quality, then what can or should be put in its place? Conversely, what can or should be done to strengthen the performance of the States?

Chapter VRecommended Principles and Action Steps--Federal StrategyPrinciple 1

All of us--Federal officials and school administrators, professionals and private citizens--need to develop greater sensitivity to the rights of others. As Federal officials, we are charged with the constructive and conscientious use of Federal funds; we are concerned with the integrity of our society and its ethical standards. As members of this task force (subcommittee) we are specifically charged with safeguarding the rights of educational consumers.

These guiding principles become meaningful only if they are translated into actions, into very specific steps which we enumerate below, although the list is by no means exhaustive.

We think students can better protect themselves if they have access to meaningful information, and accordingly our recommendations deal with full disclosure. We think schools should not mislead in their advertising (and neither should food stores, automobile dealers, or anyone else), and that educators should be held to the highest standards of ethics because education is supposed to lead to truth and personal growth; educators have assumed certain functions of leadership and guidance which automobile dealers have not assumed.

We also are conscious of the fact that students are incompletely informed, because students qua students have shown that they seek additional knowledge and may thus be presumed to be less capable of fending for themselves than other consumers.

The student is the primary consumer of educational services. As a result of educational inexperience and as a result of the expensive and crucial nature of the service he is purchasing and finally as a result of the potential for consumer abuse in the future service contract used by most schools, the educational consumer not only has responsibilities, but he has important "consumer rights." When these rights are not respected, the student should be protected and have redress mechanisms available to him. Where he has responsibilities, he must be fully informed of, and held accountable for, these responsibilities.

Action Steps

We recommend that:

- A. Students who apply for Federal funds should be given an informative statement of their rights, and their responsibilities. The statement should be stated clearly and in readable type; among other possible uses, such a statement should be made part of the application so that the student will have ready exposure to it before he signs the application.
- B. When students' rights are not respected, they should have redress mechanisms available and adequate information to use them effectively. The attached Complaint Guidelines (see Appendix IV) prepared by the Subcommittee, are designed to provide such information.
- C. Federal agencies should relinquish any rights they may have as a "holder-in-due-course" of student obligations if a

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student has established a legitimate claim of unfair or misleading practices. In such cases, the government should proceed against the school to recover all sums paid out under, for example, the Guaranteed Student Loan Program.

Principle 2

Consumer concepts, legislation and mechanisms should be activated in the educational marketplace as they are in the traditional marketplace.

Action Steps

We recommend that:

- A. There be created a Federal Student Tuition Insurance Corporation which should have as its essential purpose the protection of students and their tuitions if postsecondary schools close.
- B. There be established a Federal Interagency Center on Educational Consumer Complaints with the primary purpose of developing and coordinating interagency activities in this area. Among the functions of the center would be that of collecting, recording and disseminating consumer complaints and information to appropriate Federal agencies. In addition, the center would attempt to improve links of communication between consumer organizations, Federal and State agencies, accrediting agencies, and education groups. It would act as a research instrument on volume and nature of complaints as well as an early warning system against possible educational abuses.

- C. Federal agencies should continue to develop and to disseminate educational consumer information and materials such as that of the Federal Trade Commission.
- D. All Government and other publications regarding the job market (and all reprints of the same), capable of being used in any way by particular schools as a selling tool, should have a disclaimer in larger type to the effect that the estimates made are general and do not necessarily apply to graduates of any particular school; the only reliable information is that school's placement rate. In addition, all such publications should be clearly dated.
- Federal agencies, individually or in concert, should direct resources to the identification and evaluation of consumer education problems. In addition, all Federal agencies should undertake a systematic analysis of their own programs of educational assistance in order to uncover and correct opportunities for abuse of such programs.
- F. The educational consumer finds it difficult to distinguish between accreditation, approval, renewal with stipulations, recognition by the U.S. Commissioner of Education, and other subtle distinctions in connection with the approval or accreditation process. Federal agencies need to take the lead in standardizing the use and meaning of these and related terms.
- G. The action steps enumerated in Principle 3. D. (2) and (3) following should be applicable to all postsecondary educational institutions.

Principle 3

The Federal Government, whenever it disburses funds, directly or indirectly to support educational institutions, programs and students, must assume responsibility as to how those funds affect the consumer of education as well as education and program objectives.

Action Steps

We recommend that:

- A. All Federal agencies which recognize, approve or certify post-secondary institutions or programs should make protection of the educational consumer part of their criteria for recognition, approval or certification. In cases when an approval or certifying function is assigned to an agency which does not possess the requisite skills involved, the agency should delegate this responsibility to, or contract with another agency which has the necessary mechanism for carrying out the function.
- B. Agencies should review their criteria at least yearly to insure that they are providing maximum possible protection to the consumer of postsecondary education.
- C. If such protection is not achieved, agencies shall take the necessary steps to meet their criteria and/or change their criteria to achieve the desired level of educational consumer protection.
- D. In reviewing the statutory requirements for establishing institutional or program participation in Federal aid programs, agencies should include the following consumer-oriented measures:
 - (1) Alternative evaluative processes for determining

institutional probity and the quality of training or education offered.

- (2) As conditions for eligibility of postsecondary occupational institutions or programs, the institution should be required to:
 - (a) Make full public disclosure of student dropout and course completion rates, and in the event the school publicly advertises job claims, it makes disclosure of job placement rates, and all other "material information" concerning the school and its programs.
 - (b) Demonstrate achievement of occupational objectives through placement of graduates in the positions for which they sought training.
- (3) As a condition for eligibility of postsecondary institutions or programs, the institutions should be required to charge only for services actually rendered. For that reason, institutions should establish and publish a pro-rata refund policy.
- (4) Procedures for terminating the eligibility of any institution participating in Federal student or institutional assistance programs when it is established that such institution utilizes advertising, sales, enrollment, or other practices of any type which are erroneous, deceptive, misleading, or unfair either by acts or omission.

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- E. Use by a postsecondary institution of deceptive or high pressure sales techniques should be considered as negative factors pertaining to eligibility for participation in Federal funding programs. Serious consideration should be given to an outright prohibition against use of such techniques as a condition for participation.
- F. Government funding and guarantee agencies should require schools to have a ten-day affirmation period as a requirement for eligibility. An affirmation period is a variant of the "cooling-off" concept. It is where the student is required to take affirmative actions to continue in force a contract for educational services rather than to take affirmative actions to cancel the contract as is seen in the conventional "cooling-off" formulation. This would conform to the affirmation requirement presently utilized by the Veterans Administration.

Principle 4

State educational agencies and private associations or agencies which have direct responsibility for accrediting, approving, licensing and certifying educational institutions and students, should do so with issues of consumer protection clearly in mind. The overall effort to protect the educational consumer must involve consumer agencies and organizations, both public and private.

Action Steps

We recommend that:

- A. FICE explore with the Education Commission of the States development

of a clearinghouse of information, which in effect would be a data bank of information on all postsecondary education programs. Such a data bank might serve to enable students, prospective students, counselors, and other consumers of postsecondary education services to make informed judgments regarding selection of institutions and/or programs that would be responsive to their needs.

- B. FICE continue to support the Model State Legislation for Approval of Postsecondary Educational Institutions, as recommended by the Education Commission of the States, June 1973.
- C. FICE encourage ECS and the National Association of State Administrators and Supervisors of Private Schools to provide assistance to those States which do not possess "approval" legislation, or which are interested in streamlining the existing legislation. The purpose of this assistance should be the adoption by States of legislation at least as strong and pro-consumer as the Model Legislation.
- D. Federal assistance and guidance should be provided under appropriate guidelines to State and private agencies and organizations for the following purposes: developing greater competence; improving systems analysis and design in the educational evaluative process; and encouraging the exchange of information between organizations concerned with consumer protection and education. Any such assistance should be for developmental rather than operational purposes.

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- E. FICE encourage and work with the National Office of Consumer Affairs to involve consumer agencies and organizations in educational consumer protection activities.

In summary, we recommend that Federal agencies look to their own systems, cooperate with other Federal agencies, and also take a supportive stand in effecting better liaison and cooperation with State, local, public and private agencies to protect the educational consumer.

APPENDICES

APPENDIX I

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FEDERAL INTERAGENCY COMMITTEE ON EDUCATION

Virginia Y. Trotter, Chairperson
 Assistant Secretary for Education
 Department of Health, Education,
 and Welfare

Members

- *Commissioner of Education
- *Director, National Institute of Education
- *Department of State
- *Department of Defense
- *Department of Agriculture
- *Department of Labor
- *National Science Foundation
- *Energy Research and Development Administration
- *National Aeronautics and Space Administration

ACTION

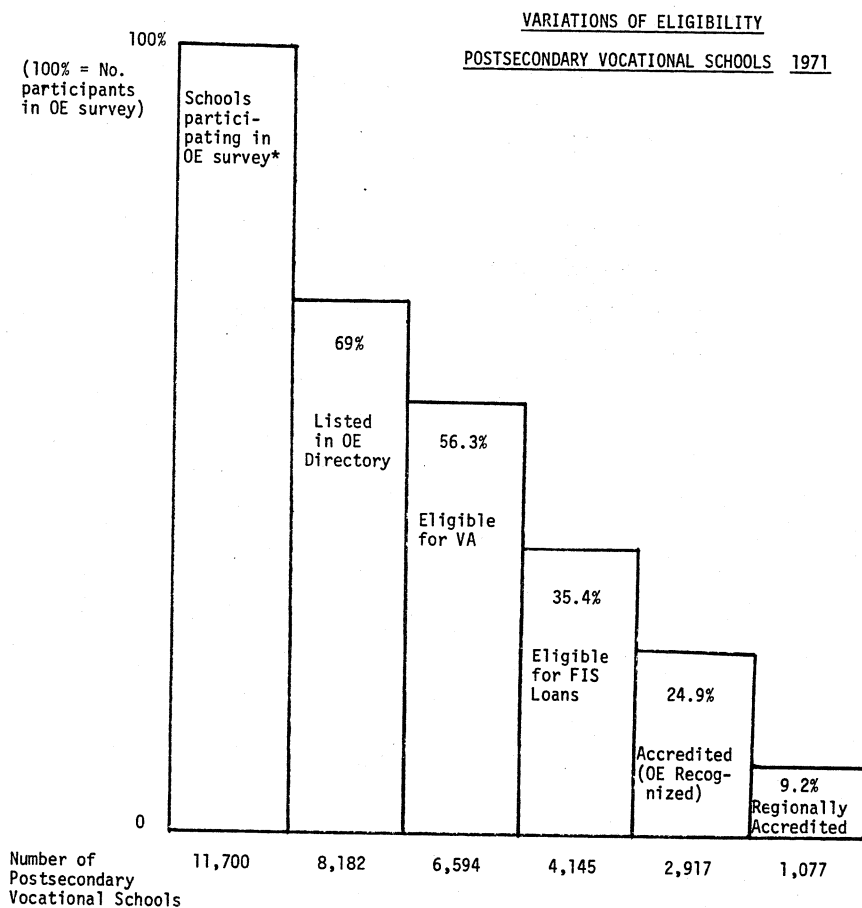
Alcohol, Drug Abuse, and Mental Health Administration
 Civil Service Commission
 Community Services Administration
 Department of Commerce
 Department of Housing & Urban Development
 Department of the Interior
 Department of Justice
 Environmental Protection Agency
 National Endowment for the Arts
 National Endowment for the Humanities
 National Institutes of Health
 Office of Child Development
 Social and Rehabilitation Service
 Veterans Administration

Observers

- *Office of Management and Budget
- *Council of Economic Advisors
- Council on Environmental Quality
- National Academy of Sciences
- Smithsonian Institution

Bernard Michael
 Executive Director

*Agencies named in Executive Order 11761

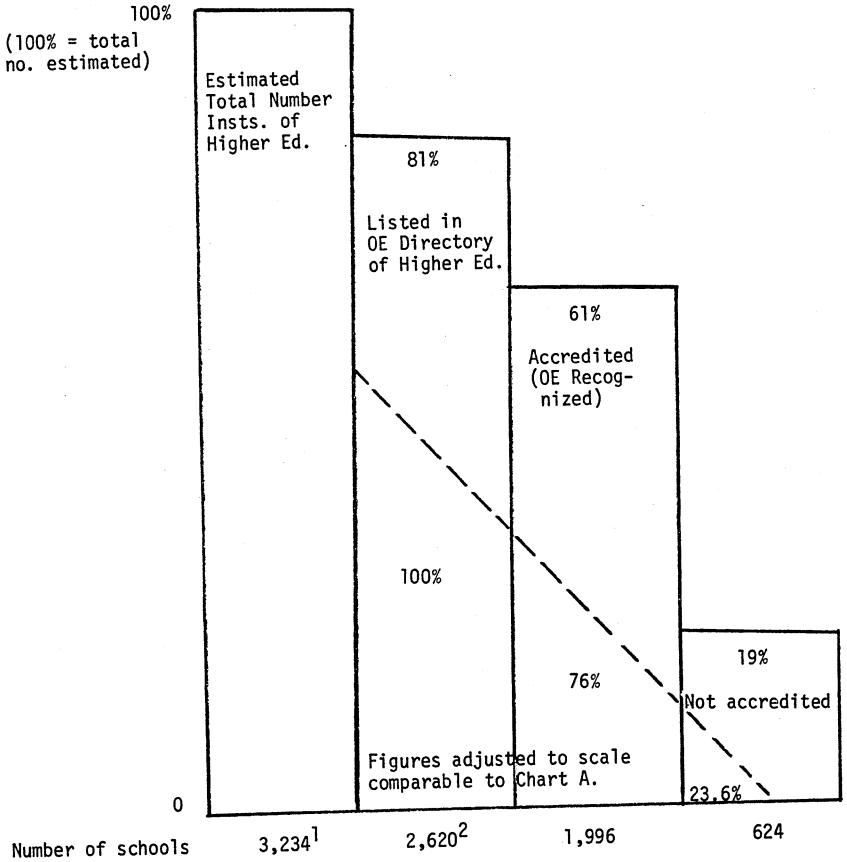


*Total number of postsecondary vocational schools is unknown, and there is no reliable estimate. This survey taken from Orleans et al., Table 6, p. 317.

Source: Directory of Postsecondary Vocational Schools, 1971, (OE 1973) p. XIX.

VARIATIONS OF ELIGIBILITY

HIGHER EDUCATION - 1972



¹Orlans et al, p. 308, from SAA Survey.

²As adjusted by Orlans et al, p. 296.

A P P E N D I X

IV

DRAFT SUGGESTIONS BY THE
FICE SUBCOMMITTEE ON EDUCATIONAL CONSUMER PROTECTION
FOR EDUCATIONAL COMPLAINT GUIDES

EDUCATION COMPLAINT GUIDES

No organized and well-publicized mechanism exists at any level to handle complaints concerning educational consumer problems. These problems are increasing, as is the number of agencies and organizations -- educational and consumer-oriented, Federal and local -- involved in solving these problems. Likewise, more consumers are now voicing their complaints and concerns. The need for effective action, therefore, has been intensified.

The FICE Subcommittee on Educational Consumer Protection has incorporated into its strategy for Federal action its personal concern about the present unreliable, or non-existent, redress system. It has also incorporated the recommendations of the first National Conference on Consumer Protection in Education and recommends to FICE as part of the strategy that a Federal Educational Complaint Clearinghouse be established. Attached are two drafts of complaint guides.

D-R-A-F-T (A) is the simpler version.

- It asks the student to document his or her complaint and submit it directly to a Federal office.
- This Federal office, which is not yet established, would acknowledge receipt of the complaint to the student.
- It would forward to, and follow-up with, the Federal or State, public or private, agency having legal authority to take action.
- It would also notify appropriate Federal offices if and when a certain number of complaints were received concerning the same school. This warning could alert the Federal student assistance programs, for example, that they should watch closely, if not curtail, loans they insure or benefits they approve for students to attend that school.
- The Federal office would also issue show-cause orders or take other legal action to investigate potential abuses by, or temporarily halt Federal outlays to, a certain school.
- The Federal office would serve as an information and research center, coordinating and documenting information and issues on educational consumer problems. It would be able to keep informed the other interested Federal, State and local agencies and organizations. It could also handle some of the badly needed research into educational consumer issues.

D-R-A-F-T (B) represents a fairly complex redress mechanism under which the student must figure out which agency has authority to help him. The student must also be willing to send a copy of his complaint to a yet undesignated Federal office. This office would simply record complaints and coordinate with other agencies actively involved in complaint handling.

The FICE Subcommittee is now studying possibilities for educational redress in greater detail. Obviously much thinking will be needed on the establishment of a Federal office, pilot test for the complaint guide, involvement of consumer organizations, dissemination, research, etc.

D-R-A-F-T (A)

EDUCATIONAL COMPLAINT GUIDE

Misled? Signed in a hurry? Promised a job? Hit with unfair refund policies?
The professors and administrators don't respect your adult consumer rights?

**** INTRODUCTION ****

This guide may help you if you or your parents believe you are, or have been, victimized by an educational institution or an employee of such an institution. It provides a complaint form for use by you, by those who can help you, and by the Federal agencies who want to resolve educational consumer problems.

The word "consumer" here means you -- the person who agrees to purchase educational services of an institution, program or skills center at the post-secondary level (meaning after high school).

This guide can be most useful to consumers with specific complaints or definite concerns. People with "gripes" against an institution should more properly express these dissatisfactions to the institution's student council or administration.

---- HOW TO COMPLAIN ----

If you have a serious complaint:

1. Contact the school and discuss your problem with a school official.
2. Put your complaint in writing (see the attached form). Keep a copy for yourself. Save copies of all correspondence.
3. Mail a copy of your complaint to the Federal Student Complaint Center, _____

_____. This office will acknowledge receipt of your complaint, forward your complaint to the public or private agency with legal authority to handle your complaint and follow up on the progress that agency makes to resolve your complaint.

4. Be patient and thorough. Document your discussions and correspondence. And collect all relevant information such as copies of school catalogs and advertisements.

COMPLAINT FORM (Please Print) Today's Date _____

(Information You Provide Will Be Considered Confidential)

My Full Name _____

My Address _____

My Telephone Number (Area Code _____) _____

School Name _____

School Address _____

School Telephone Number (Area Code _____) _____

THIS COMPLAINT CONCERNS - check one or more of the following:

- 1. Money owed to me by the school _____
- 2. Money owed by me to a bank or school _____
- 3. Misleading claims or ads about the school _____
- 4. Misrepresentation of school's refund policy, contracts or agreements _____
- 5. Misrepresentation of the school's job placement services _____
- 6. Abuse of student rights _____
- 7. Other (Please identify) _____

EXPLAIN IN FULL YOUR COMPLAINT - describe events in the order in which they happened; include dates and names; identify what you can about the school (e.g., were you told it was accredited by the Federal government or approved by the Veterans Administration?)

Name of school official with whom I have discussed this matter: _____

When: _____ His/her title: _____

D-R-A-F-T (B)

EDUCATIONAL COMPLAINT GUIDE

Misled? Signed in a hurry? Promised a job? Hit by unfair refund policies?
The professors and administrators don't respect your adult consumer rights?

**** INTRODUCTION ****

The purpose of this complaint guide is three-fold: to offer guidance to students or parents who believe they are, or have been, victimized by an educational institution or an employee of such an institution; to provide a complaint form for use by the consumer or agency; and to identify some of the public and private agencies who can help resolve educational consumer problems.

We also hope to research consumer problems in the educational sector. Therefore, this complaint guide may serve both consumers and agencies attempting to resolve educational consumer problems.

The word "consumer" here means the person who agrees to purchase the educational services of an institution, program or skills center. The guide is concerned, therefore, with students as consumers, particularly at the postsecondary level.

This guide can be most useful to the consumer with a specific complaint or definite concern. People with "gripes" against an institution should more properly express these dissatisfactions to the institution's student council or administration.

---- HOW TO COMPLAIN ----

If you have a serious complaint:

1. Contact the school and discuss your problem with a school official. Keep a record of your discussion.
2. Put your complaint in writing (use the attached form). Keep a copy for yourself. Save copies of all correspondence.
3. Submit your written complaint to one or more of the agencies listed on pages 69-70 with a notice that you will follow up in 10 days with a telephone call (if at all possible; if not, write again).
4. Mail a copy of your complaint to the Federal office listed on page 70.
5. Call the agencies in (3) above to see how they are progressing with your problem.
6. Be patient and thorough. Document your discussions and correspondence. And collect all relevant information such as copies of school catalogs and advertisements.

REDRESS

There is no one office which can solve all educational consumer problems. You may have to write to several offices; please be patient. The list below is not exhaustive, but we have tried to identify the major educational and consumer offices that could produce results for you. Be sure to send a copy of your complaint to the Federal office mentioned on page 70.

1. Federal Agencies

- A. Accreditation and Institutional Eligibility Staff
Bureau of Postsecondary Education
U.S. Office of Education
Washington, D.C. 20202
(If the educational institution or program is participating in Federal assistance administered by the U.S. Office of Education, such as the Guaranteed Student Loan Program)

In most instances where the school or program is accredited by an accrediting agency or association recognized by the U.S. Commissioner of Education, the staff conducts its review in conjunction with the appropriate accrediting body.
- B. Bureau of Consumer Protection
Federal Trade Commission
Washington, D.C. 20580
(If the educational institution is a proprietary profit-seeking vocational or home study school)
- C. Fraud Branch, Postal Inspection Service
U.S. Postal Service
Washington, D.C. 20260
(If the educational institution or program does business by mail, or uses the mail to transport its advertisement which you believe leads to fraud)
- D. Education and Rehabilitation Service
Veterans Administration
Washington, D.C. 20420
(If the institution or program is approved for veterans education benefits)
- E. Aviation Education Programs Division
Office of General Aviation, Federal Aviation Administration
Washington, D.C. 20590
(If the institution is a flight school or aviation mechanics school approved by the FAA)
- F. Office of Consumer Affairs
Department of Health, Education and Welfare
Washington, D.C. 20201
(This office will be interested in your complaint, but will only be able to refer your complaint)

II. State and Local Agencies

- A. State Licensing Agencies
(Find out from the school which State agency, if any, licensed the school -- probably the State Department of Education or the State Approving Agency for veterans benefits)
- B. State, Regional or National Accreditation Agency
(Find out from the school if it is accredited and by which agency)
- C. State Attorney General's Office
(Assistant Attorney General for Consumer Protection)
- D. County or City Offices
(Call the Mayor's Office or check the telephone book)

III. Private Consumer Organizations

- A. Citizen Consumer Councils
- B. Legal Aid Society
- C. Better Business Bureau
- D. Newspaper and TV "Action Lines"
(To find addresses of the above, ask a friend or consult the telephone book)

IV. If all else fails, write your State or U.S. Senators and Congressmen.

NOTE: Please mail a copy of your complaint to the Federal office located at _____

You will be helping us serve you. This copy will be used for official purposes only.

YOUR OWN NOTES

[From the Change, December 1976]

VIEWPOINT—IS THERE FRAUD IN EDUCATION?

(by George Arnstein)

Yes, there is fraud in American post-secondary education, ranging from diploma mills to phony student loans. There also is friction because various agencies, including state and federal governments, are trying to clean things up. The colleges, feeling overregulated and virtuous, tend to resist, and the whole issue of consumer fraud—and consumer protection—is attracting increasing attention.

The problem has several dimensions, deriving essentially from the long tradition of state and local control and the prohibitions against federal interference. This means that federal administrators have resisted federal licensing of schools (with some unusual exceptions such as aviation schools licensed by the Federal Aviation Administration), have relied on state charters and licenses, and above all have turned to private voluntary accreditation as a means of quality control.

This nonsystem worked reasonably well in the past when college students tended to be the sons of college graduates who went to established colleges or their more recent replicas: Everyone knew the rules of the game and how to cope with the puffery of college catalogs, the policies of no refunds, the bending of rules for promising athletes, the favoritism for offspring of alumni, and the courtesies extended to certain trustees or prospective donors. Besides, colleges were expected to function *in loco parentis*, to the satisfaction of the parents and with the acceptance of students who were told when to register and when to attend chapel and physical education. Further, there was no federal money involved, so there was no need for federal regulation, except for an occasional postal inspector who sought to restrain an occasional diploma mill.

Federal funds entered the picture with the passage of the GI Bill in 1944 including stipends for veterans attending college, trade school, on-the-farm training, and other forms of "postsecondary" education (a word not then in common use). The result was an immediate increase in fraud, scandals that provoked a Presidential message on reforms, and revisions in the second (1951) edition of the GI Bill devoted to veterans of the Korean war.

As federal programs multiplied—basic grants, federally insured loans, supplementary grants, work-study, Social Security for dependents, graduate fellowships—so did the opportunities for abuses. Veterans learned how to sign up for courses they did not intend to complete just to collect a monthly stipend. College administrators used such nonattending students to boost their enrollment figures to justify larger budget requests. Profit-making schools hired more salesmen, collected tuition, and encouraged federal loans, including the diversion of the proceeds to buy automobiles and other goodies. Education is not unique but it may have been unprepared. Educational administrators sometimes were taken in by enterprising students and sometimes acted in collusion with them to exploit the flow of federal funds.

The dimensions of the problem are massive: In the case of the federally guaranteed student loan program, the General Accounting Office (GAO) estimated the defaults would reach 24 percent; the U.S. Commissioner of Education objected that this was too high, that the defaults would reach "only" 18 percent. As for veterans' payments, the GAO has found rising and massive overpayments, probably exceeding \$800 million in 1976 for all educational beneficiaries under the GI Bill.

Some of the defects go back to Congress, which authorized prepayments to veterans and thus helped to swell overpayments. Other errors are at the administrative level, such as the heavy reliance on state approving agencies that in many states have neither the manpower nor the talent to carry out the tasks they agree to perform. And a central weakness rests with the accrediting bodies that were never intended to be inspectors of the business office and are less than reliable guardians of the quality of educational services. Nevertheless the Commissioner of Education annually lists accrediting agencies that he deems to be reliable authorities on the quality of education offered by their institutions.

While some students gleefully exploit the system, others are frustrated because they are being promised too much and are getting too little. Profit-making schools are the worst offenders, with offers of free lifetime placement services, modern equipment, references to high salaries after training, and aggressive salespersons on commission. Some colleges use equally offensive tactics, including

false claims of accreditation, invocations of faculty who are not part of the teaching staff, allegations of student financial aid that is actually minimal or heavily restricted, and general reliance on the obsolescent finding that college graduates have much better lifetime earnings than high school graduates.

When students learn that the free placement service consists of a referral to the yellow pages, or when they learn that the high salaries go to programmers while the school has trained them in low-paying keypunching skills, they feel cheated and alienated, and have been known deliberately to default on their loans. Some think they are punishing the school when in fact their personal liability continues.

It is possible that part of the problem derives from a series of misunderstandings. But in fact, many colleges and trade schools have often been reluctant or unmotivated to deal with shortcomings such as misleading and inaccurate advertising, indiscriminate and overly aggressive recruiting, lack of salient institutional information, inferior facilities, course offerings, and staff, false promises of job placement and learning opportunities, and inadequate refund policies (or failure to abide by them). This list was used by Terrel H. Bell, former U.S. Commissioner of Education. It notably omits the overpayments to veterans who drop out of school, probably because the Commissioner has no responsibility for a program entrusted to the Administrator of Veterans Affairs. What seems most startling is that nobody is in charge of preventing fraud and abuse in American education, a fact that reflects the deliberate diversity and decentralization that provide student financial aid to almost every type of student. No single set of regulations is likely to cover the range of contingencies, and thus the regulations multiply and go into increasing detail as they seek to keep up with the variety of educational experiences.

Institutions are having trouble with full disclosure because they have trouble describing accurately their own educational requirements for programs that have no regular classes, no single traditional textbook, no uniform requirements of students, and no final examination. While the Newman Report claimed that there is increasing homogeneity among colleges, which would make regulation rather more simple for the federal watchdogs, there is in fact great reliance on life experience, fieldwork, individual projects, and other variations. The Veterans Administration is going mad trying to keep its disbursement system honest and responsive. Life was so much simpler when schools took daily attendance and things were neat and orderly and homogeneous.

What to do cannot be described in a short essay, but clearly the schools and colleges can begin by providing better, more candid disclosure. What can a student reasonably expect in the way of equipment, staff, courses, and facilities? What is the attrition rate and how do the graduates fare in the labor market? What are the various charges and refund policies? How much student financial aid is readily available?

State authorities need to tighten their operations in most states. They now issue charters and licenses rather generously, and state approving agencies approve courses for veterans without offering any assurance that this "approval" means a damned thing. The approval system is heavily subsidized by federal funds, authorized by rather detailed federal standards; it tolerates continuing violations. For example, there is a federal statute prohibiting misleading advertising that state approving agencies are charged with enforcing.

The accrediting bodies are a weak link in the chain. While students are told, sometimes by implication and sometimes explicitly, that accreditation means quality control and integrity, the accrediting bodies, when pressed, claim at best that they inquire into *educational* standards, that there are no absolute standards, that each school is free to state its own goals and objectives (which are not necessarily the same goals or standards fed to the students in catalogs). In short, the accrediting bodies are being used for purposes never intended, and are expected to ensure standards they cannot or will not enforce.

As for the federal government, it is trying to come up with a regulation for every evil rather than a system that provides incentives for preventing evil. When the default rate goes up, the answer at the Department of Health, Education, and Welfare is to hire another hundred bill collectors. When rising overpayments to veterans were disclosed by the GAO, the Veterans Administration tried to force the colleges to take daily attendance (and then explained that the instructions were misunderstood in some regional offices and on many campuses).

The basic flaw is simple: Academics have usually assumed that education is a clean, honorable enterprise that could do without the petty regulations of the world of commerce and profit. The first thing to do is to change this assumption, and the second is to design a system that takes advantage of self-regulation and disclosure, clarifies the role of private voluntary accreditation, and links the efforts of state licensing and approval staffs with an overall federal effort that could and should be kept to a minimum. It certainly could include some financial support to pay for the services to be performed by state and accrediting officials on behalf of the federal administrators and programs.

The reformed system also ought to recognize that students are adults, that they can and should be expected to look out for themselves, but that this calls for truthful and usable information. It also calls for the establishment of a place to complain if disclosures are thought to be false, misleading, or incomplete. Few schools and colleges today have an ombudsman, and there is no central agency where an aggrieved party (who may well be wrong) can take an appeal.

Nobody is in charge; there is no system; and there is no agreement as to suitable ethical standards.

The National Academy of Education

THROUGH EDUCATION TO EARNINGS?

A review by

Mary Jean Bowman
The University of Chicago

of

Formal Education and Adult Earnings, by
Ingemar Fägerlind

*Education, Occupation, and Earnings: Achievement
in the Early Career*, by William H. Sewell and
Robert M. Hauser

*Higher Education and Earnings: College as an
Investment and a Screening Device*, by
Paul Taubman and Terence Wales

*Proceedings of the
National Academy of Education*
Vol. 3, 1976, pp. 221-292

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BOOK REVIEW*

Mary Jean Bowman[†]
The University of Chicago

Through Education to Earnings?

Formal Education and Adult Earnings, by Ingemar Fägerlind.
Stockholm: Almqvist & Wiksell, 1975. 105 pp. SKr12.50.

Education, Occupation, and Earnings: Achievement in the Early Career, by William H. Sewell and Robert M. Hauser, with the assistance of Duane R. Alwin, Dorothy M. Ellegaard, Janet A. Fisher, Kenneth Lutterman, and Vimal P. Shah. New York: Academic Press, 1975. xviii + 237 pp. \$16.50.

Higher Education and Earnings: College as an Investment and a Screening Device, A Report Prepared for the Carnegie Commission on Higher Education and the National Bureau of Economic Research (General Series 101), by Paul Taubman and Terence Wales. New York: McGraw-Hill, 1974. xxxiii + 302 pp. \$17.50.

Each of these books is concerned with the processes of career development, and each is a longitudinal study. Each gives central attention to what schooling may or may

*Preparation of this review has been sponsored by the National Academy of Education under a grant from The Ford Foundation for support of activities of the Academy concerning public understanding of research on education. The opinions expressed are those of the author and do not necessarily represent the position of either the National Academy of Education or The Ford Foundation.

[†]The reviewer is indebted to the Guggenheim Foundation for the opportunity to extend her study of the literature that constitutes the background of this essay. More personally, she is heavily indebted to C. Arnold Anderson for his generous service throughout as teacher and editor.