



THE SECRETARY OF VETERANS AFFAIRS
WASHINGTON

October 20, 2008

Mr. James Bombard
Chairman
Veterans Advisory Committee on Education
Division of Veterans' Affairs
5 Empire State Plaza
Suite 2836
Albany, NY 12223-1551

Dear Mr. Bombard:

Thank you for your letter describing the issues raised at the Veterans Advisory Committee on Education's recent town hall meeting at the Fort Hood, Texas, military reservation.

The Department of Veterans Affairs' (VA) immediate focus is the successful implementation of the new Post-9/11 GI Bill. The challenges of establishing the procedures and systems to support this new program before August 1, 2009, are significant. VA pursued an aggressive strategy to secure private sector expertise to assist VA in developing the IT component of this new education program. Unfortunately, private-sector contractors did not respond with viable solutions within an acceptable cost and risk range. As a result, the Department will use VA staff to develop and implement the necessary IT component.

We are coordinating implementation of the Post-9/11 GI Bill with Department of Defense (DoD) officials to ensure we have all the data elements needed to successfully implement the new benefit, as well as the necessary data to support transfer of benefits to dependents. In the upcoming months, our efforts will expand to communicating with educational institutions and organizations, veterans service organizations, State approving agencies, the Advisory Committee, and other stakeholders.

VA will work with Committee members to identify needed improvements to the Post-9/11 GI Bill as well as to the other educational assistance programs VA administers. With the addition of the new program, VA is administering three programs based on active-duty service and one program for dependents and survivors. All of these programs are governed by the general administrative provisions in chapter 36 of title 38, United States Code. Each program has its own purpose, eligibility criteria, and program features. Some of the active-duty service eligibility criteria under the Post-9/11 GI Bill overlap Montgomery GI Bill eligibility criteria for those individuals who have active service after September 10, 2001.

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As part of the Post-9/11 Educational Assistance Act of 2008, the rate payable under the Montgomery GI Bill—Active Duty (MGIB-AD) significantly increased. In addition, future rate increases will be tied to the cost of education increases, versus the old formula for increases based on the consumer price index.

MGIB-AD benefits are paid directly to the student. Under the Post-9/11 GI Bill, tuition payments are made to the school, and the book stipends and housing allowances are paid to the student. As you noted, not all individuals will be eligible for the housing allowance. As such, individuals may find that the MGIB-AD provides them a greater benefit than the Post-9/11 GI Bill. In addition, veterans who are able to attend state colleges and universities tuition-free may find that the MGIB-AD program better serves their needs.

Although combining the programs based on active-duty service into one program may be a good idea, we believe we can better serve veterans by considering these recommendations after the Post-9/11 GI Bill has been in effect for an academic year or two. We would then be better able to assess trends and identify the true needs of eligible individuals. In addition, the 2-year time period would let us see how the transfer of benefits feature is utilized. It is possible that an increased number of veterans will transfer their benefits to their dependents, rather than using the benefits themselves for readjustment purposes. How the transferability option is used will have an impact on any potential recommendations to modify the Post-9/11 GI Bill or combine it with the other readjustment benefits.

In addition to the educational assistance programs in title 38, United States Code, VA administers three programs for DoD. The authority for these DoD programs resides in title 10, United States Code, and DoD funds the benefits. The DoD programs for reserve and guard members are geared toward retention and recruitment, versus readjustment. DoD is opposed to moving its retention and recruitment educational benefits to VA and has testified before Congress repeatedly that moving the programs would adversely affect force management. Consequently, Congress required the Secretary of Defense to submit a report that addresses the effect of transferring its educational assistance programs for reserve and guard members to VA. Specifically, DoD must address how the transfer would impact recruitment, retention, and funding for the programs.

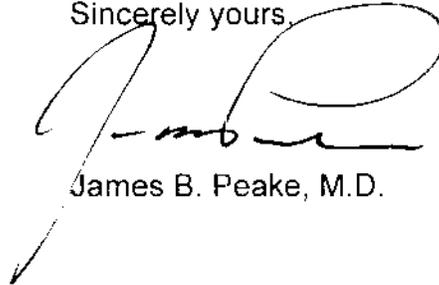
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When the report is complete, DoD must share the report with VA. In addition, before the report is transmitted to Congress, the statute requires that VA provide the report to the Advisory Committee for comment. We understand that we may receive the report within the next 60 days. It is imperative that VA and the Committee review the report and determine whether we should support transfer of DoD programs for reserve and guard members to VA.

I appreciate the careful consideration the Committee has given to veterans' education issues, especially its support of the new legislation.

Sincerely yours,

A handwritten signature in black ink, appearing to read "J. Peake", with a large, stylized flourish at the end.

James B. Peake, M.D.