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United States Senate

WASHINGTON, DC 20510

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The Honorable David J. Shulkin
Secretary
U.S. Department of Veterans Affairs
810 Vermont Avenue, NW
Washington, D.C. 20420

Dear Secretary Shulkin:

I am writing to request an update on the Department of Veterans Affairs' (VA) efforts to administer reforms and policies that would protect veterans receiving Post-9/11 GI Bill Benefits. An entire year has passed since your confirmation hearing and I continue to have a number of serious concerns over the VA's tedious and inefficient implementation of existing policies that would protect veterans from predatory schools and profit-centered industries. I urge VA to review these shortcomings and take immediate action to strengthen oversight, enforcement, and accountability to make the promise of educational opportunity a reality for veterans nationwide, and protect student veterans from unscrupulous, predatory schools.

In the past several years, it has become exceedingly apparent that a number of colleges and post-secondary education programs have engaged in widespread misconduct, breaking the law and harming student veterans in pursuit of a profit. Many of these schools – like Corinthian Colleges and ITT Technical Institutes (ITT Tech) – are for-profit colleges, part of an industry that has leached off students and taxpayer dollars funneled through the 90/10 loophole for far too long. As you know, these schools often aggressively recruit large numbers of veterans by misrepresenting their respective job prospects, transferability of credits, and accreditation status. These practices have enabled colleges with dubious educational outcomes to evade regulatory requirements and employ abusive tactics in order to gain access to veterans' education benefits. This growing problem demands your immediate attention and prioritization – in 2016 alone, for-profit colleges received 34 percent of all VA GI Bill education funds or \$1.7 billion.

As you know, the Miller-Blumenthal Veterans Health Care and Benefits Improvement Act of 2016 was signed into law in December 2016. This legislation includes a critical provision that requires the VA to disapprove GI Bill benefits for programs that lack the appropriate accreditation for graduates to earn state licenses and certifications. I raised this issue during your confirmation hearing in January 2017 and you offered your full commitment to ensure that this provision be rapidly implemented. Fully implementing this law will protect veterans from wasting GI Bill benefits on worthless degrees from unaccredited education programs – enabling veterans to pursue legitimate education and employment opportunities.

During your confirmation hearing in January 2017 you also committed to using all resources and authorities available to you, as well as working with other federal agencies, to crack down on colleges that lie to veterans and cheat them and the taxpayers out of veterans' hard-earned GI Bill support. However, I remain deeply concerned that the VA is not using its existing authority under 38 USC 3696 to prohibit predatory schools from benefiting from veterans' education benefits. According to a 2016 report by the Veterans Legal Services Clinic at Yale Law School, the VA has stood idly by for years as veterans fell prey to the deceitful practices of for-profit institutions such as Corinthian Colleges and ITT Tech. Under 38 USC 3696, the VA has clear authority to suspend or otherwise restrict a school's receipt of benefits if the educational institution in question engages in misleading recruiting and advertising or provides a commission, bonus, or incentive based payment related to securing enrollments or student admissions activities. These limitations exist to protect veterans and their dependents from being targeted by deceptive recruiting tactics and must be fully exercised when appropriate.

In June 2015, I wrote then Secretary McDonald to request that the VA create a "risk index" that includes schools under investigation for fraud by the DOJ, FTC, and state Attorney Generals in the GI Bill Comparison Tool. While the VA has added flags to delineate the institutions that are under Heightened Cash Monitoring, or additional oversight by the Department of Education for financial or federal compliance issues, these caution flags are sparse and I am concerned that they do not cover the scope of the problem. Furthermore, the VA has yet to establish a risk index to define which schools are under the aforementioned types of investigation. Under section 13(a) of the Securities Exchange Act of 1934, companies must notify investors if they are under legal scrutiny or if there is a significant financial change that could impact their investment. Unfortunately, students are not afforded the same warning. The continued omission of accurate, complete, and timely information on the quality of a college or university encourages veterans to unknowingly spend their taxpayer funded benefits at predatory institutions. This risk index would highlight the unscrupulous bad actors in the for-profit industry and empower student veterans to be conscious consumers when determining their respective postsecondary education pathway.

While I commend VA's work to finalize the Principles of Excellence Executive Order and to develop the GI Bill Comparison Tool, much more must be done. Currently, this tool allows students to compare potential educational options, examine a limited number of caution flags, and includes veteran-specific outcome information as required in the Improving Transparency of Education Opportunities for Veterans Act of 2012. However, improvements are needed as its utility continues to be diminished by overly broad definitions of completion of non-degree programs, participating schools' failure to report the appropriate information, inconsistencies in the caution flags, and the lack of user feedback.

With more than \$4.8 billion in Post-9/11 GI Bill dollars flowing to colleges each year, VA must do more to hold deceitful colleges accountable for providing high-quality education and preventing high-pressure recruitment tactics. The United States Government has a responsibility to ensure that our veterans receive the high-quality educational opportunities they have earned.

Therefore, I request VA take immediate action on these overdue steps by committing to the following:

- 1.) Provide my office with a written report on the steps VA is taking, or has taken, in the last year to carry out the education provisions outlined in the Miller-Blumenthal Veterans Health Care and Benefits Improvement Act of 2016.
- 2.) Identify actions VA has taken – within the past year – to use its authority established under 38 USC 3696.
- 3.) Add a risk index to the GI Bill Comparison Tool that will assign each school a risk level. This common sense measure should be based – but not limited to – whether the school is under heightened cash monitoring, whether the school is under investigation or has settled with a state Attorneys General or the federal government, and whether the school’s credits can easily transfer to another postsecondary education institution. In addition, VA should ensure prospective veteran students have access to this critical consumer protection tool.
- 4.) Improve the caution flags on the GI Bill Comparison Tool to further enhance VA’s capacity to identify any future acts of deceptive marketing or fraud.

I encourage you to continue to work closely with veterans, service organizations, and veteran education advocates, and urge you to seek feedback wherever possible when considering implementation of the aforementioned policies, or any policy that may impact student veterans and their families. I look forward to working with you to ensure these laws and programs are implemented expeditiously. Please provide a response no later than January 31, 2018.

Sincerely,



RICHARD BLUMENTHAL
United States Senate