VA EDUCATION BENEFITS

VA Needs to Ensure That It Can Continue to Provide Effective School Oversight

Accessible Version
Why GAO Did This Study

In fiscal year 2017, VA provided about $11 billion in education benefits to about 14,460 schools to help eligible veterans and their beneficiaries pay for postsecondary education and training. VA typically contracts with state agencies to help it provide oversight of schools participating in this education benefit program.

The Harry W. Colmery Veterans Educational Assistance Act of 2017 included a provision for GAO to review VA's and states' oversight of schools receiving VA education benefits. This report examines (1) how, if at all, the available level of funding to state agencies has affected states' and VA's ability to carry out their oversight responsibilities, (2) to what extent VA and state agencies use risk-based approaches to oversee schools, and (3) to what extent VA coordinates and shares information with the states to support their oversight activities. GAO reviewed VA documents; assessed VA funding data for fiscal years 2003-2018; interviewed VA and selected state agency officials; and reviewed correspondence between these officials. GAO interviewed officials from eight state agencies who were past or present officials at the association representing state agencies, and officials from three other states, including one that did not renew its contract with VA in fiscal year 2018.

What GAO Recommends

GAO recommends that VA complete the identification and assessment of oversight risks, and prepare a contingency plan for overseeing schools if additional states do not renew their oversight contracts. VA concurred with the recommendation.

What GAO Found

The Department of Veterans Affairs (VA) is responsible for overseeing schools nationwide that provide VA education benefits to veterans. To help provide this oversight, VA contracts with state agencies to oversee schools in their states and provide outreach and training to school officials and allocates them funding to cover the cost of oversight, outreach, and training activities. However, since fiscal year 2006, funding for oversight, outreach, and training has remained at about $19 million, and only recently increased in fiscal year 2018 to $21 million. State agency officials told GAO that the limited level of funding they have received from VA has been a long-standing problem that has strained their ability to (1) adequately cover staff costs, (2) pay for travel for school visits, and (3) provide needed technical assistance and training to the schools about VA education benefit requirements. As a result, a few states, such as New Mexico, have chosen to withdraw from their school oversight roles. When this happens, VA must take over the state agencies' oversight responsibilities. GAO found that assuming additional oversight responsibilities is likely to stretch VA's staff resources, especially in large states, where schools are geographically dispersed and school visits are time consuming and costly. VA has begun but has not completed an assessment of the risks that potential future state agency withdrawals could have on its ability to provide school oversight. Moreover, VA has not developed a contingency plan for how it will oversee more schools if additional states do not renew their oversight contracts. Federal standards for internal control state that agencies should identify and assess risks related to achieving objectives, and define contingency plans for assigning responsibilities if key roles are vacated. Until VA takes these steps, the agency runs the risk of being unprepared to conduct effective oversight in the event that more state agencies withdraw from their contracts in the future.

VA and state agencies use certain risk factors to select schools for oversight. VA officials said that they prioritize schools for annual reviews of compliance with program requirements based on findings from prior reviews as well as other risk factors, such as schools with a history of VA benefit payment errors. GAO found that VA and state agencies have recently begun a joint effort to explore a new strategy that they expect will strengthen the school review selection and prioritization process. According to VA officials, as of mid-October 2018, VA used this strategy to select five schools to undergo risk-based reviews. VA officials said they expect these five reviews to be completed by late December 2018.

VA and state agencies coordinate and share information about their oversight activities in a variety of ways. For example, VA has shared information with the state agencies on how to conduct annual reviews of schools in their states. However, according to officials at the association representing state agencies, VA has not provided specific direction on conducting targeted reviews in response to complaints. VA officials acknowledged that the procedures they currently have in place are outdated and said that they are being revised to provide state agencies with more details. As of late October 2018, VA officials said these procedures were undergoing internal review. Once implemented, VA's new procedures have the potential to enhance VA's and state agencies' efforts to conduct reviews at those schools for which they have received complaints.

Highlights of GAO-19-3: a report to congressional committees

November 2018

VA EDUCATION BENEFITS

VA Needs to Ensure That It Can Continue to Provide Effective School Oversight

View GAO-19-3. For more information, contact Melissa Emrey-Arras, (617) 788-0534, emreyarrasm@gao.gov.
Accessible Data for Figure 1: Core Functions of State Agencies Contracted by VA to Oversee Schools Receiving VA Education Benefits for Students

Accessible Data for Figure 2: VA Funding Provided to State Agencies to Oversee Schools Receiving VA Education Benefits, Fiscal Years 2003 through 2018, As Reported by VA

Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>Colmery Act</td>
<td>Harry W. Colmery Veterans Educational Assistance Act of 2017</td>
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<tr>
<td>NASAA</td>
<td>National Association of State Approving Agencies</td>
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November 14, 2018

The Honorable Johnny Isakson
Chairman
The Honorable Jon Tester
Ranking Member
Committee on Veterans’ Affairs
United States Senate

The Honorable Phil Roe
Chairman
The Honorable Tim Walz
Ranking Member
Committee on Veterans’ Affairs
House of Representatives

The Department of Veterans Affairs (VA) provided about $11 billion in education benefits (VA education benefits) in fiscal year 2017 to about 14,460 schools to provide approved programs of education and training to eligible veterans and their beneficiaries and help them afford postsecondary education. Eligible individuals can use these payments to cover education costs—including up to the amount of in-state tuition and fees at public institutions of higher learning, or up to $22,805 at private institutions—in the 2017-2018 academic year.¹ VA contracts with State Approving Agencies (state agencies) to help VA oversee postsecondary schools’ compliance with program requirements to ensure they are appropriately using VA education benefits for their eligible students.² The Harry W. Colmery Veterans Educational Assistance Act of 2017 (Colmery Act), enacted on August 16, 2017, included a provision for GAO to review and report to the Veterans’ Affairs Committees on several issues related


² There are a total of 51 State Approving Agencies. New Mexico and Hawaii currently do not have a state agency; Washington has 2 state agencies (to oversee different types of schools); and the remaining states, the District of Columbia, and Puerto Rico each have 1 state agency, as of the end of fiscal year 2018.
to veterans’ education benefits. This report answers the following questions:

1. How, if at all, has the available level of funding to state agencies affected states’ and VA’s ability to carry out their responsibilities in overseeing schools receiving VA education benefits?
2. To what extent do VA and state agencies use risk-based approaches to oversee these schools?
3. To what extent does VA coordinate and share information with the states to support their oversight activities?

We reviewed VA policies, procedures, practices, and applicable federal laws and regulations. In addition, we interviewed VA officials and eight officials from the National Association of State Approving Agencies (NASAA), the organization that represents the interests of state agencies overseeing schools receiving VA education benefits. These selected NASAA officials have held a variety of leadership positions within the organization, including on the NASAA Executive Board as well as on select NASAA committees. During these interviews, we obtained NASAA officials’ perspectives about state agencies in general, and about their specific experiences as directors or members of their own state agencies. NASAA officials we interviewed represented the views of state agencies across all four NASAA regions (East, South, Central, and West), and were from states that received both recent increases and decreases in VA funding, and with a varied number of schools and beneficiaries that received VA education benefits. We also interviewed officials from three additional states selected to provide more in-depth information at the state level. These included a state with a recent decrease in VA funding.

3 The Colmery Act (also referred to as the “Forever Gi Bill”) expanded education benefits available to veterans and their beneficiaries. In this report, we refer to all programs under Title 38 of the U.S. Code, chapters 30 through 35, collectively as “VA education benefits.” Along with education benefit programs provided under the Colmery Act, other programs covered by state approving agency activities related to approval of schools and/or oversight are: (1) The All-Volunteer Force Educational Assistance Program (Montgomery GI Bill), (2) Training and Rehabilitation for Veterans with Service-Connected Disabilities, (3) Post-Vietnam Era Veterans Educational Assistance, (4) Post-9/11 Educational Assistance (Post-9/11 GI Bill), (5) Veteran’s Educational Assistance, and (6) Survivors’ and Dependents’ Educational Assistance. See 38 U.S.C. § 3670 et seq.

4 In this report, we use “schools” to refer to any educational institution or training provider participating in VA education benefits, including institutions of higher learning, non-college degree programs, flight schools, apprenticeship programs, and on-the-job training programs.
(New Hampshire), a state with a recent increase in funding (California), and a state that did not renew its contract with VA in fiscal year 2018 (New Mexico). We chose these states to obtain different perspectives on how the level of funding affected their ability to carry out school oversight. For all three questions, we also reviewed VA documents and written correspondence between VA, NASAA, and the state agencies in fiscal years 2014 to 2018 related to VA education benefits. In addition, we reviewed a 2016 report from VA’s Office of Inspector General (Inspector General) and a 2017 study conducted by an external contractor hired by VA that discuss VA’s use of risk factors in selecting schools for its annual reviews.

We obtained VA data on the amount of funding allocated by the agency to the state agencies in fiscal years 2003 to 2018. We assessed the reliability of these data by reviewing key documents and written responses from knowledgeable officials. We determined the data to be sufficiently reliable for our purposes. We used as criteria federal standards for internal control regarding (1) identifying, assessing, and responding to risks related to achieving objectives and (2) defining contingency plans if key roles are vacated to help the entity continue to achieve its objectives.

We conducted this performance audit from November 2017 to November 2018 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

VA provides education benefits to eligible veterans and their beneficiaries enrolled in approved programs of education and training to help them afford postsecondary education. VA staff conduct oversight of schools receiving these benefits. In addition, each year, VA contracts with state agencies to help provide this school oversight. In fiscal year 2017, there were about 14,460 schools receiving VA education benefits for about 750,000 veterans and their beneficiaries across the country.

State agencies’ core oversight functions, as generally required by statute, VA regulations, and their VA contracts, include approval of schools to
receive VA education benefits, annual compliance surveys of schools—which are reviews to ensure schools’ compliance with program requirements—and technical assistance to schools, among other things (see fig. 1).5 VA and state agencies both conduct annual compliance surveys of selected schools, which generally entail a visit to the school.6 For veterans to receive the education benefits, school employees must certify to VA that they are enrolled in classes and notify VA of any changes in enrollment.7

5 Accredited programs offered by public and private, not-for-profit institutions of higher learning need to meet fewer requirements than non-accredited programs for program approval. If an accredited program meets these requirements, the institution is “deemed approved” for VA education benefits. 38 U.S.C. § 3672(b)(2)(A). Such programs are still subject to oversight from VA and state agencies on program-specific requirements, such as timely and accurate reporting of the enrollment, and changes in enrollment, of eligible beneficiaries. 38 U.S.C. § 3684.

6 VA is generally required by statute to conduct an annual compliance survey of schools with 20 or more enrolled veterans at least once every 2 years. 38 U.S.C. § 3693. However, VA may use the services of state agencies for conducting these compliance surveys. 38 U.S.C. § 3673.

NASAA was founded to coordinate the efforts of state agencies and is managed and administered by an executive board and several leadership committees, such as a contract committee and a legislative committee. All members of NASAA leadership are also either directors or have other roles at individual state agencies. VA’s Education Service is led by a Director and is under the Veterans Benefits Administration. This office works with NASAA to prepare annual contracts to allocate federal funding and specify workload requirements for each state agency.8

Limited Funding Has Impacted States’ Oversight Abilities, Leading State Agencies to Withdraw from This Role, and VA Has Not

8 NASAA, on behalf of the state agencies, annually negotiates with VA to generally set the terms of the state agency reimbursement contracts. See 38 U.S.C. § 3674.
Assessed How It Will Respond to Future State Withdrawals

Funding Has Remained Relatively Constant Over a Decade and VA Recently Revised Its Allocation Method

For over a decade, funding provided by VA to state agencies remained at the same level of $19 million. In fiscal year 2018, VA allocated $21 million for state agencies—the first increase in funds allocated to states since fiscal year 2006 (see fig. 2).

Figure 2: VA Funding Provided to State Agencies to Oversee Schools Receiving VA Education Benefits, Fiscal Years 2003 through 2018, As Reported by VA

Notes: According to VA officials, (1) the funding amounts above are obligated by VA, which refers to the aggregate amounts of all funds offered to states for reimbursement of State Authorizing Agency expenses under 38 U.S.C. § 3674, (2) the amounts obligated may differ from the amounts expended by State Authorizing Agencies, and (3) the actual amounts obligated may differ due to funds held by VA in reserve.

Programs under Title 38 of the U.S. Code, chapters 30 through 35, are referred to collectively as “VA education benefits.”

Each year, state agencies can also request supplemental funding from VA if their costs exceed their allocated funding amount. VA has the
discretion to approve an agency’s request based on its justification of need and the amount of VA funding available for supplemental requests. NASAA officials said that supplemental funding is helpful, but that it is not a reliable funding source because there is no guarantee that VA will be able to provide states with the requested amount. According to NASAA officials, some state agencies also receive additional funding from their state governments if they request these funds, but many states do not provide this additional funding. NASAA officials also noted that in some cases, states do not want to provide their own funds to state agencies because their view is that the agencies already receive VA funding through their federal contracts.

VA recently changed its method of allocating funding to state agencies. VA hired an external contractor to develop a new funding allocation method. Before fiscal year 2017, VA funded state agencies primarily based on the number of schools in the state with at least one veteran student receiving VA education benefits in the previous year. In fiscal year 2017, VA implemented a new funding allocation method. VA officials told us this new method was a significant improvement over the previous method they used, which was very limited. For example, VA officials said the prior funding method did not estimate how long it took state agencies to perform certain oversight activities. The officials said this limitation was a key reason they decided to develop a new funding method. VA’s new method to fund states more equitably is based on their work requirements, i.e., their school oversight activities and the amount of time needed to complete them. The new funding method factors in, among other things:

- the number of staff needed to complete a state’s workload in overseeing schools;
- national salary averages ($80,000 for professional and $50,000 for support staff), including benefits;

9 The amount of funds VA has available to provide to states that request supplemental funding is based on the amount other states return to VA. For example, according to VA, state agencies may have unused funds to return to VA because funds were not sufficient to hire additional staff. In addition, if a state agency chooses not to contract with VA after VA has already allocated funds, VA will use those allocated funds to address other states’ requests for supplemental funding.

10 VA began phasing in the new funding method in fiscal year 2017 and fully implemented it in fiscal year 2018.
a national travel allowance based on the number of professional staff required to complete work requirements;

- the number of schools receiving VA education benefits in the state; and

- the estimated time needed to review different school types, the type of review (such as approvals vs. compliance surveys), and the number of student veterans enrolled.

State Agencies Identified Impacts of Limited Funding on Their Ability to Fulfill Oversight Responsibilities

VA, NASAA, and selected state agency officials we spoke with said that limited funding before and after the recent changes to the funding method has impacted state agencies’ ability to fulfill their oversight responsibilities in three areas: (1) ability to pay and train oversight staff, (2) ability to visit geographically dispersed schools due to travel costs, and (3) ability to provide technical assistance and training to schools. Under their contracts with VA, state agencies have been meeting their core school oversight functions, according to NASAA officials. VA and NASAA officials we interviewed, however, said state agencies have been underfunded for many years. They said states’ funding concerns and challenges existed prior to the new method to allocate funds to state agencies and remain despite a total funding increase to state agencies from about $19 million to $21 million in fiscal year 2018.

Personnel Costs

NASAA officials we interviewed said some state agencies have difficulty paying for the number of staff they need because there is a mismatch between VA’s average salary and benefits used to calculate states’ funding and the actual salaries and benefits some state agencies are required to pay under state laws.\(^\text{11}\) VA officials acknowledged that some states have required salary and benefit levels that exceed the average levels used in VA’s new funding allocation method. VA’s new funding method uses an average salary of $80,000 (including benefits) for professional staff. VA officials noted that some states have annual

\(^\text{11}\) NASAA officials we interviewed discussed examples of staff from state agencies that oversee schools receiving VA education benefits that are state government employees, and therefore are subject to any applicable state laws mandating salary and benefit levels for state employees.
salaries for professional staff of over $100,000 excluding benefits. A state agency official we spoke with said the salary and benefit costs for professional staff in her state average $130,000, with some salary and benefits costing up to about $150,000. The official said this can make it difficult for the state agency to be able to pay a sufficient number of staff, which hinders its ability to fulfill its VA-contracted oversight. In another case, a NASAA official said his state agency did not have enough funds to pay for a second full-time employee because the state’s required salary and benefits were higher than VA’s $80,000 allotment for professional staff.

Limited funding for state agency oversight staff has led to state requests for additional funds, as well as higher turnover and less training of the staff. VA officials said that the primary reason that some state agencies requested supplemental funding from VA in fiscal years 2016 and 2017 was that their initial allocation was not sufficient to cover salary, benefits, and travel expenses. Some state governments have had to cover those costs, hoping that VA would reimburse the state at the end of the fiscal year, according to VA officials. In addition, some state agencies have had significant turnover due, in part, to the uncertainty about the amount of annual VA funding, according to NASAA officials. NASAA officials also said that funding amounts limit the professional development provided to state agency staff, including travel to conferences. VA officials said that they support professional development and routinely provide funding for travel to conferences. However, according to VA officials, VA has denied requests from state agencies for travel to additional, repetitious conferences during the same year.

Travel Costs

NASAA officials said limited VA funding also makes it difficult for state agencies in geographically large states to pay travel expenses to visit schools as part of their oversight responsibilities. For example, NASAA officials said state agencies in Alaska, Montana, and Washington find it difficult to afford mileage and hotel costs for school visits that require travelling long distances—sometimes over mountain ranges—and overnight stays. NASAA officials also said VA’s new funding method does not allocate sufficient funding for travel.

Officials we interviewed at selected state agencies have had mixed experiences with travel costs. One state agency official told us her agency selected schools to visit that were physically near her office because of insufficient travel funds. In contrast, a state agency official in a
geographically small state said the agency has sufficient funding to travel throughout the state to visit schools, mainly because overnight stays are unnecessary. VA and NASAA officials said some state agencies have been able to address travel costs by stationing agency staff in different parts of the state. VA officials, however, acknowledged that this is not possible in all states because some states require agency staff to be located in a central office.

VA’s new funding allocation method calculates a national travel allowance for all states based on the total number of professional staff it estimates would be required to complete work requirements in all states. VA officials explained that this travel allowance does not account for individual differences in geographic size among states. VA officials said that in developing the new funding method, the contractor reviewed the historical travel costs of states and determined that a distinction by the geographic size of a state did not need to be factored into the funding method. The contractor based this decision on several factors, including that some state agencies: (1) paid their travel costs using state funds, not VA funds; (2) have located their staff in offices across the state and, as a result, their travel costs were lower than in other states; and (3) planned their travel so they visited schools within a short timeframe, which reduced travel costs.

Technical Assistance and Training

When faced with funding difficulties, many state agencies reduce their technical assistance to schools and outreach activities because they need to use available funds on salaries, benefits, and travel related to compliance survey and approval workloads, according to NASAA officials. For example, one state agency official told us her agency has significantly reduced its technical assistance to schools because it does not have the funds to travel across the large, rural state to provide it. A NASAA official said available funding has reduced his state agency’s ability to conduct outreach, such as connecting veterans with education and benefit resources, or holding in-person meetings to educate employers on providing apprenticeships to veterans using VA education benefits.

NASAA officials also said that many state agencies have reduced the number of visits to train school employees on VA education benefits requirements. They noted that this training is important because it helps reduce over- and under-payments and the misuse of VA education benefits. A 2016 report from VA’s Inspector General estimated that VA makes $247.6 million in improper payments of VA education benefits
annually, mostly over-payments. The Inspector General found that many of the improper payments occurred because school employees provided VA incorrect or incomplete information on student enrollment.¹²

VA Plans to Revise the New Funding Method to Address Ongoing Concerns by States

NASAA officials told us that they continue to have concerns that the new funding method’s time estimates for completing certain oversight activities are inaccurate and, as a result, this method does not allocate sufficient funds. For example, NASAA officials said the funding method does not properly estimate the time it takes state officials to travel to schools and carry out oversight functions, including conducting certain school approvals, and providing schools with technical assistance and training. NASAA officials said the time estimates used to fund approvals are inaccurate and need to be revised because different types of schools and education programs—including flight schools, degree programs, and non-degree programs—take different amounts of time to review and approve. For example, NASAA officials said that state agencies need less time to conduct an approval for an on-the-job training program than for a large public university.

VA officials said they are aware of the concerns that NASAA and state agencies have raised that the time estimates for oversight in the new funding method are inaccurate—with some being too high and others too low. They are also aware that NASAA and state agencies believe that the analysis to develop these estimates should have more accurately factored in the time needed to approve and review different types of schools and education programs.

To address the concerns states have raised about its new funding allocation method, VA provided documentation to us of its plans to hire a contractor in fiscal year 2018 to improve and update its funding method. In September 2018, VA hired a contractor to carry out a contract with a 6-month period of performance. VA reported that the contractor would review the new funding allocation method to determine if any specific

¹² Department of Veterans Affairs, Office of Inspector General, Veterans Benefits Administration: Audit of Post-9/11 G.I. Bill Tuition and Fee Payments, 14-05118-147 (Washington, D.C.: September 30, 2016). This report refers to the $247.6 million as improper payments, which includes over- and under-payments, but it states that the under-payments were statistically insignificant.
changes are needed to more equitably distribute funding across state agencies. Specifically, VA officials said the contractor would review the accuracy of the funding method’s allowances for state agencies’ salary, benefits, and travel costs, and its time estimates for states to conduct oversight activities to determine if changes are needed. VA officials reiterated that allowances for salaries and travel, and the time estimates are critical factors in the funding method. VA officials noted, however, that regardless of how VA divides the funding up among the state agencies, the total amount of program funding to these agencies will remain the same within any one fiscal year.

Two State Agencies Have Discontinued Their Oversight Contracts, but VA Has Not Assessed These Impacts or How It Will Address Future Withdrawals

States have the option of not renewing their school oversight contracts with VA, and two have exercised this option in recent years, citing insufficient funding levels from VA to fulfill their responsibilities. When this happens and the state withdraws from its school oversight role, VA must perform all oversight responsibilities for VA education benefits in that state. New Mexico—which currently has 4,754 veteran students and 107 schools receiving VA education benefits—did not renew its contract with VA in fiscal year 2018 because funding was not sufficient to cover its costs for salaries, travel, and technical assistance to schools, according to VA officials (see text box).
New Mexico Did Not Renew Department of Veterans Affairs (VA) Contract Due to Lack of Funding

New Mexico’s state agency began to face significant funding difficulties starting in fiscal year 2015, according to a state official, and it did not renew its VA contract to oversee schools receiving VA education benefits in fiscal year 2018. Although the state agency was able to conduct the oversight activities required by its VA contract in fiscal year 2017, the official said the agency had to reduce its staff, and the one remaining employee was frequently required to work long hours and weekends to meet contract requirements. Further, New Mexico did not receive adequate funding for travel costs to visit schools in its geographically large, rural state, the state official noted. As a result, the official said the state agency opted not to renew its VA contract in fiscal year 2018.

VA and New Mexico officials have differing views on how well VA staff will be able to provide effective oversight of schools receiving veterans’ education benefits in the state. In January 2018, New Mexico state officials stated that although VA regional staff have assumed the former state agency’s oversight responsibilities, they are unlikely to be able to provide the same level of oversight the state agency did because the VA staff are also responsible for overseeing schools in three other states in addition to New Mexico. As a result, state agency officials said schools in New Mexico would likely receive fewer oversight visits. VA officials, on the other hand, believe that their regional staff are handling oversight of schools in New Mexico effectively, although they acknowledged the staff may be conducting fewer compliance surveys and providing schools less technical assistance.

Other states have also expressed concerns about their ability to conduct oversight given available funding levels. For example, Alaska—which currently has 4,011 veteran students and 53 schools receiving VA education benefits—also chose not to contract with VA for about 5½ years (fiscal year 2012 through January 2017), according to VA officials and the director of Alaska’s veterans affairs office. Alaska’s director also said that a major reason that Alaska did not renew its contract was limited VA funding. During this time, regional VA staff based in Oklahoma handled Alaska’s oversight, which VA officials said often had to be conducted remotely given that schools are spread throughout the state, and travel to those areas can be expensive as well as challenging given weather conditions. VA officials said that VA’s presence was not as strong in Alaska as in other states because VA staff overseeing Alaska are located in another state and in a different time zone. Further, according to VA data for fiscal years 2014 and 2015, VA staff were unable to complete all the compliance surveys they were assigned in Alaska. In addition, California officials told us they almost did not renew

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13 NASAA officials initially told us that Alaska did not renew its contract with VA due in part to limited funding. We confirmed this with the director of Alaska’s veterans affairs office. Further, Alaska’s director said the main reason that the Alaska state agency did not contract with VA for about 5½ years was the addition of conducting compliance surveys to the state agencies’ mission. The Alaska director added that Alaska did not have sufficient funding to meet this new requirement to conduct compliance surveys.
their oversight contract in fiscal year 2018 due in part to funding concerns. California has the largest number of veteran students (86,926) and schools receiving VA education benefits (1,091) of any state, yet state agency officials told us that they lacked sufficient funding to pay salaries for staff to conduct necessary oversight of these schools, including approvals and technical assistance visits. VA officials noted, however, that California receives the most funding of any state and has received the greatest increases of any state in the last two years.

Although VA stepped in to provide oversight of schools in New Mexico and Alaska, the agency does not have a plan for how it will oversee additional schools if other states choose not to renew their oversight contracts. VA officials told us their current approach is to assign the state agency’s workload to regional VA staff who already have their own school oversight responsibilities. However, providing oversight in states without a contract in addition to VA staffs’ existing workload is likely to stretch agency resources. For example, existing VA regional staff may not be able to oversee all schools in states with a large number of schools. In addition, VA staff may be strained in providing oversight in geographically large states where schools are widely dispersed because school visits would be time consuming and costly.

VA has begun some initial steps to identify and assess how it would handle additional oversight. In August 2017, VA began working with its Office of General Counsel regarding what options the agency has when a state agency chooses not to contract with VA, and the Office issued a legal opinion in September 2017. In April 2018, VA formed a workgroup, which also met a few times in May and once in July, to prepare a draft paper of possible scenarios and response options based on this legal opinion. In August 2018, the workgroup followed up with the field supervisor responsible for approval, compliance, and liaison and produced a new draft paper of scenarios and options. As of September 2018, VA’s Education Service Director is holding discussions with VA leadership regarding assessing the options and developing a formal plan. However, VA has not completed an assessment to ensure the agency can handle additional school oversight responsibilities in states that do not renew their contracts and has yet to prepare a contingency plan.
Federal standards for internal control state that agencies should identify, assess, and respond to risks related to achieving objectives. After identifying risks, the agency should assess the significance—or effect on achieving the objective—of these risks, which provides a basis for responding to the risks. Then, in responding to these risks, the standards state that agencies should define contingency plans for assigning responsibilities if key roles are vacated to help the entity continue to achieve its objectives. Specifically, if the agency relies on a separate organization to fulfill key roles, then the agency should assess whether this organization can continue in these key roles, identify others to fill these roles as needed, and implement knowledge sharing with replacement personnel. Without fully identifying and assessing the risks of additional state withdrawals, and without a contingency plan to address how VA can oversee additional schools, the agency runs the risk that if more states withdraw from their oversight responsibilities, then VA will be unprepared to oversee the schools in these states.

### VA and State Agencies Use Certain Risk Factors to Select Schools for Review, and Have Taken Steps toward a New Oversight Approach

### VA and State Agencies Use Payment Errors and Other Risk Factors to Select Schools for Compliance Surveys

Each year, VA uses findings from prior compliance surveys and other information to develop a strategy for prioritizing a sample of schools to receive annual reviews, according to VA officials. VA is generally required by statute to conduct an annual compliance survey of schools with 20 or

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15 A contingency plan could also help VA in cases where it assumes state agency oversight responsibilities due to performance concerns. According to VA officials, in the past, VA has stepped in to perform state agency oversight duties in Hawaii and Vermont due to performance concerns in these states. In addition, as of September 2018, VA officials have indicated that there are state agencies with whom VA may not contract in fiscal year 2019 due to performance issues under the current (fiscal year 2018) contract.
more enrolled veterans at least once every 2 years.\textsuperscript{16} VA officials said with the help of state agencies, VA uses these surveys to determine if schools are meeting legal requirements and are using VA education benefits funds appropriately, including whether they are making over- or under-payments on students' education expenses. According to a VA document, in conducting the surveys, VA and state agencies review various statutory and regulatory requirements, such as the accuracy of a school's student enrollment records, tuition payments, and whether a school has corrected deficiencies identified in previous compliance surveys.

According to VA officials, the agency has taken steps to incorporate risk factors into its compliance survey strategy in response to recommendations from our prior work and recent VA studies. The examples below show how VA has responded to recommendations to use risk in overseeing schools.

- In 2011, we recommended that VA adopt risk-based approaches to ensure proper oversight of schools.\textsuperscript{17} As part of the agency's official response to this recommendation, VA reported to us that in fiscal year 2012 the agency began prioritizing compliance surveys at for-profit schools.\textsuperscript{18} Further, VA officials said that the agency added this focus to its written annual compliance survey strategy for fiscal years 2016 and 2017 based on prior years’ compliance survey findings and congressional priorities.

- In a 2016 report, VA's Inspector General recommended that VA consider particular risk factors in selecting schools for compliance surveys.\textsuperscript{19} Specifically, the report recommended that VA prioritize schools at risk of payment errors including (1) making errors resulting

\textsuperscript{16} 38 U.S.C. § 3693. VA may use the services of state agencies for conducting these compliance surveys. 38 U.S.C. § 3673. Previously, VA was required to conduct compliance surveys at all schools with 300 or more veterans every year. In 2016, the Miller Blumenthal Act changed this requirement to schools with 20 or more veterans not less than once every 2-year period. Pub. L. No. 114-315, Title IV, § 411, 130 Stat. 1536, 1561.

\textsuperscript{17} GAO, VA Education Benefits: Actions Taken, But Outreach and Oversight Could Be Improved, GAO-11-256 (Washington, D.C., February 28, 2011).

\textsuperscript{18} For-profit schools are institutions of higher education that are privately owned or owned by a publicly traded company and whose net earnings can benefit a shareholder or individual.

\textsuperscript{19} Department of Veterans Affairs, Office of Inspector General, 14-05118-147.
in over- or under-payments of VA education benefits, and (2) neglecting to recover unspent VA education benefit funds, such as when students receive funds but then reduce their course loads or repeat classes. In response, VA officials stated that the agency began using data on these payment errors to prioritize schools with high error rates. For example, VA officials said that when data revealed that flight schools were particularly prone to such errors—along with charging high tuition and fees and failing to meet some VA education benefits criteria, among other issues—VA decided to prioritize these schools for compliance surveys in its fiscal year 2018 strategy (see text box).

### VA’s Compliance Survey Strategy for Schools Receiving VA Education Benefits for Fiscal Year 2018

The Department of Veterans Affairs (VA) is generally required by statute to conduct an annual compliance survey of schools receiving VA education benefits and that have 20 or more enrolled veterans at least once every 2 years. For its fiscal year 2018 compliance survey strategy, VA prioritized the following types of schools for review:

- 100 percent of schools with flight programs;
- 100 percent of schools with fewer than 20 veterans, with priority to those that had not received surveys for the longest time period;
- 100 percent of federal on-the-job training and apprenticeship programs;
- schools with serious deficiencies identified in previous compliance surveys;
- schools newly approved for the program with enrolled VA beneficiaries;
- schools that have never received a compliance survey (for example, VA officials said some schools have not received a compliance survey due to a shortage of VA oversight staff or due to the fact that in prior years, the statute did not require VA to conduct compliance surveys at schools with fewer than 300 veterans); and
- a sample of foreign schools receiving VA education benefits for students from the United States (conducted by VA via remote survey).

Source: Department of Veterans Affairs (VA). Programs under Title 38 of the U.S. Code, chapters 30 through 35 are referred to collectively as “VA education benefits.”

An August 2017 study, conducted by an external contractor hired by VA, reviewed ways to strengthen VA’s compliance survey process and outcomes. The report found that VA has not placed enough emphasis on improving school compliance over time. For example, VA has historically prioritized completing a certain number of surveys each year rather than ensuring that schools are actually demonstrating compliance. Among other recommendations, the report identified the need for VA to more effectively use data to measure schools’ compliance over time and to establish priorities to select schools for compliance surveys based on their risk level. As of July

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2018, VA officials said that the agency has begun analyzing the study’s recommendations to improve its compliance survey process and that its new compliance survey strategy for fiscal year 2019 and future years will address many of these study recommendations.

VA Conducts Reviews in Response to Complaints at Schools

VA officials said that in 2014 they began conducting targeted reviews of schools in response to complaints received from students, government officials, or others.21 VA’s policies and procedures state that, in addition to complaints, other factors that could trigger a targeted review include compliance survey results, management mandates, and a school self-reporting a violation, among others. VA officials said, however, that VA has not initiated a targeted review in response to anything other than a complaint.

To determine whether to conduct a targeted review, VA officials said they review each complaint and may corroborate it with other sources of information, such as compliance survey data on that school and input from states or other agencies. According to VA’s policies and procedures, the focus of targeted reviews varies based on the nature of the complaint, and VA assigns a higher priority to complaints that are higher risk, i.e., those that allege fraud, waste, or abuse (see table 1). As of July 2018, VA and state agencies have conducted about 160 targeted reviews of schools in response to complaints since 2014, resulting in the withdrawal of program approval for 21 schools, according to data provided by VA officials.

Table 1: Comparison of VA’s School Reviews for Participation in VA Education Benefits

<table>
<thead>
<tr>
<th>Category</th>
<th>Compliance surveys</th>
<th>Targeted reviews in response to complaints</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency of review</td>
<td>Annual reviews scheduled for a different sample of schools each year.</td>
<td>Sporadic, depending on complaints received.</td>
</tr>
<tr>
<td>Who conducts the review</td>
<td>Regional VA and state agency staff generally divide the workload.</td>
<td>Regional VA and state agency staff, with VA having conducted the majority, according to VA officials.</td>
</tr>
<tr>
<td>School selection criteria</td>
<td>Legal requirements and annual priorities determined by VA.</td>
<td>Nature and perceived risk level of received complaint.</td>
</tr>
</tbody>
</table>

21 For our prior reporting on VA’s complaint system and targeted reviews, see GAO, VA Education Benefits: VA Should Strengthen Its Efforts to Help Veterans Make Informed Education Choices, GAO-14-324 (Washington, D.C.: May 13, 2014).
Category | Compliance surveys | Targeted reviews in response to complaints
--- | --- | ---
Scope of review | Student records, tuition and fee payments, and enrollment, among other items, to assess schools’ adherence to laws and regulations. | May be the same scope as a compliance survey or have a more narrow scope focused specifically on issue that triggered the review.
Possible outcomes | Schools with deficiencies may receive additional oversight or have approval status to participate in the program revoked. Schools with consistent compliance may receive exemption from a compliance survey the following year. | If complaints are validated by VA, schools may lose approval status or be referred to the VA’s Office of Inspector General or other entity. Complaints may be deemed not valid, which has been the most common outcome.

Source: GAO analysis of information from the Department of Veterans Affairs (VA) and federal law. | GAO-19-3

VA Has Taken Steps to Adopt a New Risk-Based Oversight Approach

VA has taken steps to adopt a new risk-based approach to overseeing schools receiving VA education benefits, including selecting schools based on risk factors such as those identified in the Colmery Act. Among other things, the Colmery Act explicitly authorizes VA to use the state agencies for risk-based surveys and other oversight based on a school’s level of risk, and identifies specific risk factors that can be used for school oversight (see text box).

### Risk Factors Identified in the Harry W. Colmery Veterans Educational Assistance Act of 2017

The Colmery Act explicitly authorizes the Department of Veterans Affairs (VA) and state agencies to use risk-based surveys (reviews) in oversight of schools receiving VA education benefits. The Colmery Act identifies specific risk factors that can be used for school oversight, but does not require VA or state agencies to use these risk factors in their oversight of these schools:

- rapid increases in veteran enrollment,
- increases in the amount of VA education benefits a school receives per veteran student,
- volume of student complaints,
- rates of federal student loan defaults of veterans,
- veteran completion rates,
- deficiencies identified by accreditors and other state agencies, and
- deficiencies in VA program administration compliance.


VA officials told us that they have not yet used the risk factors cited in the Colmery Act in conducting their compliance surveys. VA officials acknowledged, however, that adopting a more risk-based oversight approach could help prevent problems, such as some schools’ use of deceptive practices in recruiting veterans and receipt of overpayments.
from VA. VA officials said that the agency is exploring risk factors to consider in developing its compliance survey strategy for selecting schools in fiscal years 2019 to 2021.

State agency officials we spoke to said that they use the risk factors cited in the Colmery Act to varying degrees in their oversight of schools receiving VA education benefits. For example, one state agency official said that he tracks all of the risk factors cited in the Colmery Act except the rates of veterans’ student loan defaults. On the other hand, a NASAA official said that her state agency tracks the volume of student complaints and deficiencies identified by accreditors and other state agencies. States generally have limited opportunities to select specific schools for compliance surveys, because VA develops the annual priorities for compliance surveys, according to NASAA officials. In some cases, NASAA officials told us, state agency staff work with regional VA staff to select schools for visits based on VA’s priorities.

VA has recently taken steps to explore a new risk-based approach to oversee schools receiving VA education benefits that would be in addition to compliance surveys, according to VA officials. Specifically, VA officials told us that VA has participated in a joint working group with NASAA officials focused on developing a new type of school review in which VA would select schools based on specific risk factors, including those identified in the Colmery Act. NASAA officials told us they were supportive of VA’s efforts in this area. As of February 2018, NASAA officials had drafted a possible approach to state agencies’ oversight to monitor one risk factor—rapid increases in veteran enrollment for VA’s consideration. VA officials told us the working group plans to build on this effort in reviewing other risk factors. In May 2018, VA prepared a draft charter for the working group, which, among other things, outlines the potential scope and implementation of new risk-based surveys, and provided it to NASAA for review. Documentation we reviewed from a VA and NASAA working group meeting held in May 2018 stated that in its upcoming meetings, the working group plans to continue developing the charter, including agreeing to roles and responsibilities, establishing the risk factors to be used, and identifying data sources related to these risk factors. VA officials said that at an August 2018 joint working group meeting, the charter was deemed to have served its purpose and the decision was made to establish a risk-based review policy and procedures moving forward. According to VA officials, as of mid-October 2018, VA used this strategy to select five schools to undergo risk-based reviews. VA officials said they expect these five reviews to be completed by late December 2018.
VA and State Agencies Have Approaches to Coordinate Oversight Activities and VA Is Developing Additional Guidance for States on Targeted Reviews

VA and State Agencies Identified Various Ways They Coordinate on Oversight Activities

VA and state agencies coordinate to divide responsibility for who will conduct compliance surveys of schools receiving VA education benefits in a variety of ways, according to VA and NASAA officials. After VA provides state agencies information about its annual strategy for selecting schools for these surveys, VA regional staff work with state agency staff to select the specific schools for that year, according to these officials. NASAA officials we interviewed said their working relationships with regional VA staff are excellent—they have good communication and understand and help each other. For example, one state official we interviewed said the state agency and regional VA staff in the state coordinate to make sure they alternate who visits which schools to obtain multiple perspectives. They also have discussions before and after each visit, the official said. In some cases, VA officials said, VA and state agency officials collaborate to conduct compliance surveys together.

VA also provides information to states on how to conduct and report on compliance surveys, including a checklist to help guide the states’ review of items tied to specific statutory requirements, as well as a template for reporting compliance survey results. VA leadership also holds conferences twice a year that NASAA and state agency staff can attend, and communicates throughout the year on school oversight issues, according to officials from these entities.

In addition, VA officials told us they collaborate with NASAA on providing training for state agency staff that NASAA provides through the National

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22 This checklist includes statutory and regulatory requirements, such as whether the school has accurate records on student veterans’ enrollment dates, tuition and fees, and whether the school notified VA of changes in credit hours or tuition and fees which could affect the payment amounts to student veterans. Although the checklist itself is optional for state agencies to use, all of the items for review listed on the checklist reflect legal requirements.
Training Institute. According to NASAA’s website, the Institute provides an overview of state agency responsibilities and activities, including information on public laws, accreditation, VA education benefits approval criteria, and compliance surveys. New state agency staff must attend this training, according to NASAA officials.

VA Is Developing New Guidance for States on Targeted Complaint-Based Reviews

NASAA officials told us that VA has not provided state agencies with sufficient information on how to conduct targeted school reviews in response to complaints, and as a result it is difficult for states to conduct these types of reviews. VA officials acknowledged this lack of information. NASAA officials reported that many state agencies want more direction on how to conduct and report on targeted school reviews in response to complaints. A policy and procedures document on targeted school reviews that VA developed in 2014 describes the criteria to use in determining when to conduct targeted, complaint-based reviews, including what issues to prioritize. VA officials acknowledged, however, that the document is outdated and does not provide sufficient detail. VA officials said the agency is in the process of revising the document to provide more clarity. In July 2018, VA provided a draft document to us showing the changes it plans to make in its policy and procedures on targeted, complaint-based school reviews, which includes specific information about how state agencies should conduct and report on these reviews. As of late October 2018, VA officials said these procedures were undergoing internal review. VA officials said they are open to state agency feedback on the new procedures. In addition, VA officials said they are currently updating their database for complaint-based reviews to add specific, standard data fields for states to use in reporting the results of these reviews. VA officials told us that the revised database and procedures will allow state agencies to develop their own template to electronically report information collected during these reviews in a standardized way. We believe that when implemented, VA’s new procedures could help enhance VA’s and state agencies’ efforts in responding to complaints about schools receiving VA education benefits.

Conclusions

It is critical for VA to ensure that schools receiving VA education benefits are complying with program requirements and that veterans receive the
education they have been promised. Because funding concerns have led to states withdrawing from their oversight roles, decisions by other states to not renew their school oversight contracts could result in VA taking on additional school oversight responsibilities. However, VA has neither completed identification nor assessment of the risks posed by any future state withdrawals that could leave VA unprepared to conduct oversight in these states. Further, VA’s lack of a contingency plan for assuming the responsibilities of state agencies in these cases raises the risk that schools receiving VA education benefits would not be overseen and student veterans could be adversely affected.

**Recommendation for Executive Action**

We recommend that the Secretary of Veterans Affairs direct the Under Secretary for Benefits to:

(1) Complete efforts to identify and assess risks related to future withdrawals by state agencies in overseeing schools and (2) address these risks by preparing a contingency plan for how VA will oversee additional schools if more states choose not to renew their oversight contracts. (Recommendation 1)

**Agency Comments and Our Evaluation**

We provided a draft of this report to VA for review and comment. VA’s comments are reproduced in appendix I. VA agreed with our recommendation. VA also provided technical comments, which we considered and incorporated as appropriate.

In addition, we provided relevant excerpts from a draft of this report to NASAA leadership for review and comment. NASAA provided technical comments, which we considered and incorporated as appropriate.

We are sending copies of this report to the appropriate congressional committees; the Secretaries of Veterans Affairs and Education; and other interested parties. In addition, the report is available at no charge on GAO’s website at http://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (617) 788-0534 or emreyarrasm@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on
the last page of this report. GAO staff who made key contributions to this report are listed in appendix II.

Melissa Emrey-Arras

Melissa Emrey-Arras, Director
Education, Workforce, and Income Security Issues
Ms. Melissa Emrey-Arras  
Director  
Education, Workforce,  
and Income Security Issues  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Ms. Emrey-Arras:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office’s (GAO) draft report: “VA EDUCATION BENEFITS: VA Needs to Ensure that it Can Continue to Provide Effective School Oversight” (GAO-19-3).

The enclosure includes technical comments and sets forth the actions to be taken to address the GAO draft report recommendation.

VA appreciates the opportunity to comment on your draft report.

Sincerely,

[Signature]

Robert L. Wilkie

Enclosure
Appendix I: Comments from the Department of Veterans Affairs

Department of Veterans Affairs (VA) Comments to Government Accountability Office (GAO) Draft Report

VA EDUCATION BENEFITS: VA Needs to Ensure that it Can Continue to Provide Effective School Oversight (GAO-19-3)

GAO Recommendation: We recommend that the Secretary of Veterans' Affairs direct the Under Secretary for Benefits to: (1) Identify and assess risks related to future withdrawals by state agencies in overseeing schools and (2) address these risks by preparing a contingency plan for how VA will oversee additional schools if more states choose not to renew their oversight contracts.

VA Comment: Concur. The Veterans Benefits Administration (VBA) is in the process of assessing the risks associated with state agencies not renewing their contracts and will develop a formal contingency plan for assuming and accomplishing those additional oversight responsibilities. The target completion date is April 1, 2019.
Appendix II: GAO Contact and Staff Acknowledgments

GAO Contact

Melissa Emrey-Arras, (617) 788-0534 or emreyarrasm@gao.gov

Staff Acknowledgements

In addition to the contact named above, Elizabeth Sirois (Assistant Director), Linda L. Siegel (Analyst-in-Charge), Jessica Ard, and Rachel Pittenger made key contributions to this report. Also contributing to this report were Susan Aschoff, James Bennett, Deborah Bland, Sheila R. McCoy, Jean McSween, Benjamin Sinoff, and Sarah Veale.
## Appendix III: Accessible Data

### Data Tables

#### Accessible Data for Figure 1: Core Functions of State Agencies Contracted by VA to Oversee Schools Receiving VA Education Benefits for Students

<table>
<thead>
<tr>
<th>Core function</th>
<th>Description of function</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval of programs</td>
<td>Review, evaluate, and approve programs of education and training for receiving VA education benefits according to state and federal criteria.</td>
</tr>
<tr>
<td>Compliance surveys and other visits to</td>
<td>Conduct visits to ensure school compliance with state and federal laws and VA regulations (referred to as compliance surveys). Compliance survey visits include reviewing school policies and practices, along with a detailed review of veteran student files including VA payments for education benefits, such as checking for over- and under-payments to VA. Conduct other on-site visits to approved schools as needed and at VA's request, and monitor and address feedback on the school's performance in administering VA education benefits.</td>
</tr>
<tr>
<td>schools</td>
<td></td>
</tr>
<tr>
<td>Technical assistance</td>
<td>Assist school officials with any aspect of the approval or training process, veteran student certification process, and clarification of statute or policy changes.</td>
</tr>
<tr>
<td>Outreach</td>
<td>Provide information on VA education benefits to eligible persons through briefings and presentations, websites, and networking with a variety of stakeholders.</td>
</tr>
<tr>
<td>Liaison</td>
<td>Collaborate with government, veteran, and educational entities to resolve issues, identify and formulate training needs, share best practices, and identify additional opportunities. Also hold periodic meetings with VA staff, bi-annual conferences with other state agencies, and conferences for school officials.</td>
</tr>
<tr>
<td>Contract compliance</td>
<td>Fulfill VA contract requirements on a timely basis, including submission of reimbursement invoices and quarterly activity reports and completing annual training requirements.</td>
</tr>
</tbody>
</table>

Source: GAO analysis of Department of Veterans Affairs (VA) documents, National Association of State Approving Agencies information, and federal law. | GAO-19-3

#### Accessible Data for Figure 2: VA Funding Provided to State Agencies to Oversee Schools Receiving VA Education Benefits, Fiscal Years 2003 through 2018, As Reported by VA

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>Total funding (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Fiscal year | Total funding (in millions)
---|---
2003 | 14
2004 | 18
2005 | 18
2006 | 19
2007 | 19
2008 | 19
2009 | 19
2010 | 19
2011 | 19
2012 | 19
2013 | 19
2014 | 19
2015 | 19
2016 | 19
2017 | 19
2018 | 21

Source: GAO analysis of Department of Veterans Affairs (VA) data. | GAO-19-3

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### Agency Comment Letter

**Accessible Text for Appendix I: Comments from the Department of Veterans Affairs**

**Page 1**

September 18, 2018

Ms. Melissa Emrey-Arras

Director

Education, Workforce,

and Income Security Issues

U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

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VA appreciates the opportunity to comment on your draft report.

Sincerely,

Robert L. Wilkie

Enclosure

Page 2

Department of Veterans Affairs (VA) Comments to Government Accountability Office (GAO) Draft Report

VA EDUCATION BENEFITS: VA Needs to Ensure that it Can Continue to Provide Effective School Oversight

(GAO-19-3)

GAO Recommendation: We recommend that the Secretary of Veterans’ Affairs direct the Under Secretary for Benefits to: (1) Identify and assess risks related to future withdrawals by state agencies in overseeing schools and (2) address these risks by preparing a contingency plan for how VA will oversee additional schools if more states choose not to renew their oversight contracts.

VA Comment: Concur. The Veterans Benefits Administration (VBA) is in the process of assessing the risks associated with state agencies not renewing their contracts and will develop a formal contingency plan for
assuming and accomplishing those additional oversight responsibilities. The target completion date is April 1, 2019.
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Strategic Planning and External Liaison