

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.

View [GAO-19-3](#). For more information, contact Melissa Emrey-Arras, (617) 788-0534, emreyarrasm@gao.gov.

VA EDUCATION BENEFITS

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

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.