

# CBO

## The Post-9/11 GI Bill: Beneficiaries, Choices, and Cost



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## At a Glance

Beginning August 1, 2009, the Post-9/11 GI Bill extended educational benefits to service members who were on active duty in the military after September 10, 2001. This GI Bill is the most extensive educational package ever offered to current and former service members. The Congressional Budget Office examined the law's cost, its beneficiaries, and their educational choices and reviewed research related to some of the law's stated purposes.

- **Benefits.** Beneficiaries are eligible for 36 months of education, including full tuition and fees at the in-state rate for programs at any public institution of their choice (or up to \$23,672 for the 2018–2019 academic year toward tuition and fees at private schools), a housing allowance, books and supplies, and other related expenses. Benefits may be transferred to family members once service members have been in the military between 6 and 16 years.
- **Choices.** Beneficiaries choose colleges—often public—more than other types of educational programs or training. However, veterans and spouses are more likely than the average U.S. student to choose for-profit programs. For-profit schools have received a disproportionate share of money for tuition and fees relative to the number of Post-9/11 GI Bill students.
- **Spending.** The Veterans Benefits Administration spent \$65 billion (in 2018 dollars) on about 1.6 million beneficiaries in the seven years from the law's inception through 2016, including about \$11 billion in 2016 (an average of \$17,400 per student). Most spending was for veterans, and the remainder was for spouses and children. Housing accounted for about half of annual total spending. Tuition and fees were most of the rest.
- **Success of Program.** Recent research indicates that, like prior educational benefits, the Post-9/11 GI Bill attracts additional high-quality military recruits but makes retaining service members more difficult.



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## Notes


Unless otherwise specified, all years referred to in this report are federal fiscal years, which run from October 1 to September 30 and are designated by the calendar year in which they end.

All dollar values are expressed in 2018 dollars and are adjusted for inflation using the Bureau of Economic Analysis's price index for the gross domestic product.

This report uses the terms spending and payments to refer to outlays, which are payments by the federal government to meet a legal obligation. Outlays may be made for obligations incurred in a prior fiscal year or in the current year.

Numbers in the text and tables may not add up to totals because of rounding.

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# The Post-9/11 GI Bill: Beneficiaries, Choices, and Cost

## Summary

Beginning August 1, 2009, the Post-9/11 GI Bill extended educational benefits to service members who were on active duty in the military on or after September 11, 2001. This GI Bill (officially the Post-9/11 Veterans Educational Assistance Act of 2008), the latest version of a law that helps veterans pay for higher education, provides more extensive benefits than have ever been offered to current and former service members, enabling them to transfer its benefits to certain family members and to enroll in a wide array of educational and training programs. In March 2019, the Department of Veterans Affairs (VA) reported that in 2018 it spent about \$10.7 billion on 700,000 beneficiaries of the Post-9/11 GI Bill.

At the request of the House Budget Committee, the Congressional Budget Office analyzed data from VA to understand the law's cost, the types of educational programs beneficiaries enrolled in, and the institutions they attended. CBO also reviewed research related to some of the law's stated purposes, such as motivating people to join or stay in the military and using the educational benefits as part of readjusting to civilian life. This analysis primarily describes spending in 2016, with some information from 2017 and some historical data from 2009 onward.

## What Benefits Does the Post-9/11 GI Bill Offer?

The Post-9/11 GI Bill is more generous than earlier GI bills. Beneficiaries are eligible for 36 months of post-secondary education, including full tuition and fees at public colleges and universities (or up to \$23,672 for the 2018–2019 academic year toward tuition and fees at private schools), as well as a housing allowance, books and supplies, and other related expenses. After 2009, the Congress further expanded the law, among other things allowing benefits to be used for nondegree and apprenticeship programs. The amount of benefits people receive depends on the length of their qualifying active-duty service (partial benefits are available with a minimum

of 90 days' service), enrollment status (full time or part time), and the type of school or program they enroll in.

The Post-9/11 GI Bill differs from its predecessors in several important ways: There is no specific dollar limit on tuition and fees for programs at public institutions; benefits may be transferred to spouses or children once members have served between 6 and 16 years in the military; and students generally may use the benefit at any point in time.

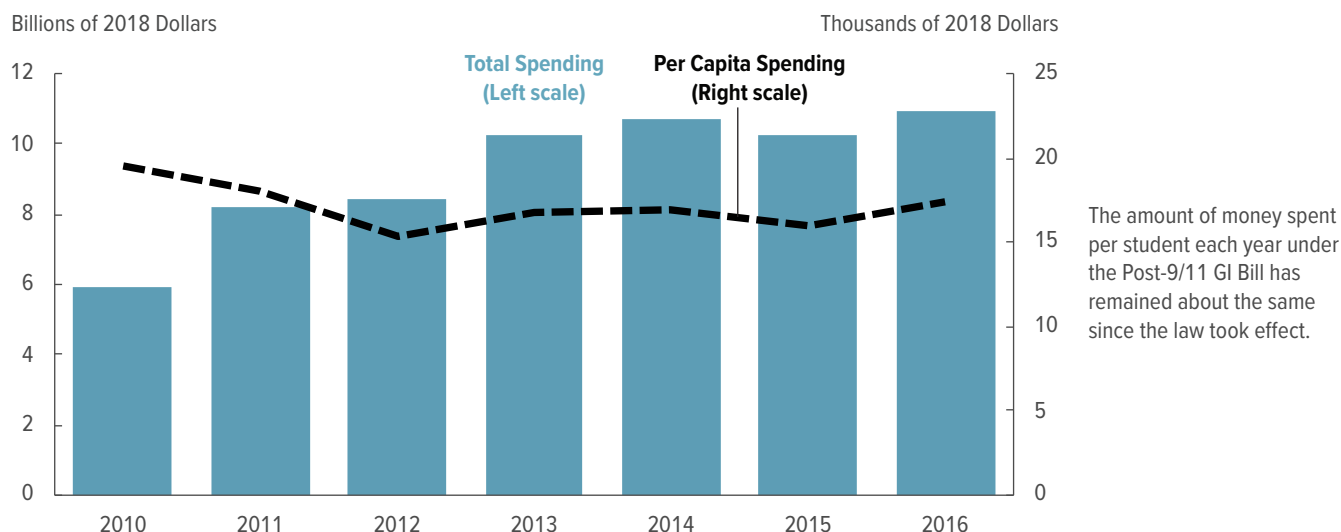
## How Much Is Spent on the Law's Benefits?

The Veterans Benefits Administration (VBA) spent \$65 billion (in 2018 dollars) on about 1.6 million beneficiaries in the seven years from the law's inception through 2016, CBO estimates (see Figure 1). In that year (the most recent year for which beneficiary data were available), most spending on the Post-9/11 GI Bill (82 percent) was for veterans, and the remainder was for spouses and children. Total annual benefits were, on average \$17,400 per person. (Active-duty personnel, who are about 10 percent of Post-9/11 GI Bill recipients annually, were excluded from the analysis of beneficiaries.) Tuition, fees, and housing accounted for 95 percent of total spending in that year.

The housing allowance, the most expensive of the law's benefits, is set at the amount of the Department of Defense's monthly basic housing allowance. It accounted for about half of the spending for veterans, about 45 percent of the spending for children, and 30 percent of the spending for spouses, who often received housing through the service member. Most beneficiaries (90 percent) attended programs more than half time, which qualified them for part or all of the housing benefit.

Spending was less per capita for students who enrolled in programs that were primarily online than it was for beneficiaries who attended brick-and-mortar schools, CBO estimates. That is because tuition and fees for online programs tend to be lower compared with other programs and

Figure 1.

**Historical Spending on the Post-9/11 GI Bill**

Source: Congressional Budget Office, using data from the Department of Veterans Affairs.

Spending excludes active-duty service members, who are about 10 percent of all annual beneficiaries.

because the housing allowance for students in online programs is set at half of the monthly basic housing allowance.

**What Types of Schools Do Beneficiaries Attend?**

Veterans and spouses who used the law's benefits chose different types of education than their children did. Veterans and spouses were less likely than their children to enroll in public institutions; they were more likely to pursue postsecondary programs at junior colleges, private nonprofit and for-profit institutions, and graduate schools. By contrast, most children, like many college-age students nationwide, attended undergraduate programs at public universities and colleges.

Veterans and spouses enrolled in online programs at about the same rate as all students nationwide (13 percent of veterans and 17 percent of spouses in 2016, compared with about 13 percent of all students). Children of veterans enrolled in such programs at much lower rates (about 2 percent). Overall, 8 percent (about \$900 million) of total spending on the Post-9/11 GI Bill in 2016 was for beneficiaries in online programs.

The majority of beneficiaries in 2017 (the most recent year for which data on payments to institutions were available) attended public institutions; VBA paid those

schools less per capita than it paid private nonprofit and for-profit institutions.

Since the law's inception, 8 of the 10 institutions that received the largest amounts of tuition and fees have been private for-profit institutions. For-profit firms accounted for a very large share of the online programs used by beneficiaries.

**Does the Law Meet Its Objectives?**

The degree to which the Post-9/11 GI Bill achieves the purposes set out in the bill is difficult to measure. Because VBA collects little data on the number of beneficiaries who complete programs and no information on employment outcomes, the effectiveness of the benefits in helping service members readjust to civilian life is unclear. (Lawmakers enacted legislation in 2016 and 2017 to require VBA to provide more data on outcomes, but as of April 2019 VBA had not delivered its report.)

Recent research indicates that the newest GI Bill is comparable to prior veterans' education benefits in that it makes retaining service members more difficult because in order to use the educational benefits themselves, service members usually must separate from the military. The option to transfer benefits to dependents, which was designed to encourage longer service, appears to have

had little impact. Furthermore, because beneficiaries have broad latitude in choosing a program, VBA has limited ability to ensure that beneficiaries enroll at institutions whose graduates have strong employment prospects and relatively high earnings. About one-third of veterans using Post-9/11 GI Bill benefits in 2016 attended for-profit programs, and most research indicates that graduates of such institutions have worse labor market outcomes than similar students in public institutions.

## Overview of Benefits

The Post-9/11 GI Bill provides education and certain associated benefits to service members and veterans who served on active duty after September 10, 2001, and to their eligible dependents.<sup>1</sup> In addition to receiving in-state tuition and fees at public colleges and universities (or a capped amount toward private and foreign schools), participants may also qualify for a housing allowance and funds to cover expenses such as books and supplies, moving costs, and licensing fees.<sup>2</sup>

## Objectives of the Law

The Post-9/11 GI Bill was designed to achieve a variety of purposes. The law states that active-duty service has been particularly difficult since September 11, 2001, asserting that:

Educational assistance for veterans helps reduce the costs of war, assist veterans in readjusting to civilian life after wartime service, and boost the United States economy, and has a positive effect on recruitment for the Armed Forces.<sup>3</sup>

In its *Annual Benefit Reports*, VBA provides a similar list of assertions about the benefits of educational assistance, adding that such support helps the military retain

1. Originally enacted as title V of the Supplemental Appropriations Act, 2008, 38 U.S.C. §§3301–3327 (2008), the Post-9/11 GI Bill was amended in August 2017 by the Harry W. Colmery Veterans Educational Assistance Act of 2017, Public Law 115-48, 131 Stat. 973.
2. For an extensive explanation of the history and benefits of the Post-9/11 GI Bill, see Cassandra Dortch, *Harry W. Colmery Veterans Educational Assistance Act of 2017 (P.L. 115-48)*, Report for Congress R45205 (Congressional Research Service, May 16, 2018), [www.crs.gov/reports/pdf/R45205](http://www.crs.gov/reports/pdf/R45205), and *The Post-9/11 GI Bill: A Primer*, Report for Congress R42755 (Congressional Research Service, September 13, 2017), [www.crs.gov/reports/pdf/R42755](http://www.crs.gov/reports/pdf/R42755).
3. Sec. 5002 of title V of the Supplemental Appropriations Act, 2008, P.L. 110-252, 122 Stat. 2323, 2358.

service members and enhances America's competitiveness through the development of a more highly educated and more productive workforce.

## Benefits Provided by the Law

The law's basic benefits include tuition, fees, and a housing allowance. The total cost of tuition and fees at public institutions is covered at the in-state student rate; that is, there is no explicit dollar maximum for tuition and fees, but the amount is limited to actual charges for an in-state student.<sup>4</sup> (Beneficiaries who reside in a different state from the public school they choose are charged the in-state tuition rate if they attend within three years of discharge from the military or under certain other circumstances, depending on the institution.<sup>5</sup>) VBA covered up to \$23,672 in tuition and fees at private or overseas institutions in the 2018–2019 academic year.<sup>6</sup>

Beneficiaries enrolled at institutions with tuition and fees that exceed the cap (such as students at private schools or students at public schools who are charged out-of-state tuition) may be eligible for the Yellow Ribbon GI Education Enhancement Program. Under the Yellow Ribbon program, colleges and universities agree to waive all or a portion of the difference between the tuition charged and the amount VBA would otherwise pay; VBA matches the amount not covered as an additional contribution.<sup>7</sup>

Housing is the other main expense for postsecondary students. Almost all Post-9/11 GI Bill beneficiaries

4. Schools must deduct scholarships, grants, and tuition waivers from tuition and bill VBA for the remainder (the net cost). In general, VBA pays last.
5. See 38 U.S.C. §3679(c) (2019). In an email to CBO, VBA indicated that most Post-9/11 GI Bill beneficiaries at state schools are charged the in-state rate.
6. Payments to those institutions were first capped in 2011. The maximum amount is indexed to the annual rate of inflation for undergraduate tuition as determined by the Department of Education.
7. Starting in August 2018, recipients of the Purple Heart—which is awarded to service members who are wounded or killed in action—and certain survivors could use the Yellow Ribbon program; in August 2022, active-duty service members will also be eligible. In 2016, VBA made Yellow Ribbon payments for approximately 8 percent of eligible beneficiaries, averaging \$4,000 per student. See Congressional Budget Office, cost estimate for H.R. 3218, the Harry W. Colmery Veterans Educational Assistance Act of 2017 (August 1, 2017), [www.cbo.gov/publication/52988](http://www.cbo.gov/publication/52988).

receive a partial or full housing allowance.<sup>8</sup> Unlike tuition and fees, the housing benefit is not determined by a person's actual housing costs. Rather, the amount is equivalent to what the Department of Defense pays as a monthly housing allowance to an enlisted service member with a family and rank of E-5 near the physical campus where the beneficiary attends the majority of classes.<sup>9</sup> Students must attend school more than half time to qualify for the housing allowance. Veterans engaged in on-the-job training or an apprenticeship may also receive the housing allowance.

Other covered expenses include books, licensing or certifications, national exams, tutoring, and one-time payments to rural veterans for moving expenses. Beneficiaries who participate in the veterans' work-study program accept part-time jobs that are related to the mission of the Department of Veterans Affairs, such as working at a campus veterans' center or at the regional VA office, and may be paid partly or fully by VBA.<sup>10</sup>

There is no maximum amount of tuition or housing to which Post-9/11 GI Bill beneficiaries are entitled. Rather, tuition and housing benefits are measured in terms of the amount of time (days and months) for which the student receives the benefits. Anyone who qualifies can receive payments for 36 months of education or training, but the share of expenses that VBA covers each month

8. Beginning in January 2018, the housing allowance for Post-9/11 GI Bill beneficiaries was the same as that for the Department of Defense, which in 2019 is 5 percent below the average rental cost in each locality; before enactment of the Harry W. Colmery Veterans Educational Assistance Act of 2017, VBA was exempt from that reduction. Data in this report reflect the 100 percent rate with no reductions.

9. The military uses pay grades for enlisted service members, starting with E-1. Service members in the first three pay grades are usually in training status; an E-5 is an experienced mid-level service member who has finished training or is on assignment. The Department of Defense publishes E-5 housing rates for service members with dependents that are about 10 percent higher than the rate for those without dependents, but the percentage increase for dependents varies considerably by location.

10. About 1,300 beneficiaries in 2016 requested reimbursement for certification and licensing tests (required by some states as proof of an individual's qualifications to obtain a license for certain professions, such as mechanics, locksmiths, or aestheticians), national tests (for example, the Scholastic Assessment Test or Medical College Admissions Test), tutorial assistance, or relocation expenses from rural areas. About 8,000 beneficiaries participated in the veterans' work-study program. About 11,000 were given a onetime reimbursement, generally to cover a previous shortage in one of the above-listed payment categories.

varies. The 36 months is cumulative rather than counted by calendar month; that is, if a student attends half time, he or she may take 72 calendar months to use 36 benefit months. Benefits are prorated on the basis of the recipient's benefit level (a fraction that is calculated on the basis of the duration of active-duty service), program, and attendance status (full time or part time). For example, a full-time student entitled to three-quarters of the benefits would—for all 36 months—receive three-quarters of the tuition payments (paid directly to the school), three-quarters of the housing allowance, and three-quarters of the book stipend. The lowest benefit level begins at 40 percent for those with active-duty service of least 90 days but less than 6 months.<sup>11</sup> In 2016, most beneficiaries (80 percent) were eligible for 100 percent of the benefit.

### Eligibility for Benefits

Service members who have 90 total days of active-duty service (after completing basic and skills training) after September 10, 2001, or who are discharged after at least 30 continuous days of active-duty service with a service-connected disability are entitled to some benefits under the Post-9/11 GI Bill.<sup>12</sup> Those who have served 36 months are eligible for the full amount of benefits, but they must serve longer to transfer their benefits to dependents. To qualify, a service member must have received an honorable discharge. Veterans who left service on or after January 1, 2013, may use their 36 months of Post-9/11 GI Bill benefits whenever they like; those separating from the military before that date must use the benefits within 15 years. Members of the National Guard and reserves whose active-duty service qualifies them are also eligible for Post-9/11 GI Bill benefits.<sup>13</sup>

Qualifying members currently serving in the armed forces may transfer all or part of their educational benefits to dependents—a spouse, one or more children under age 23, or a combination thereof—when the service members complete at least six years of service and

11. Starting in August 2020, the minimum benefit level will be 50 percent, for 90 days to six months of active-duty service.

12. Beginning August 2018, all Purple Heart recipients were eligible at the 100 percent level regardless of the length of qualifying active-duty service. The Purple Heart medal is awarded to service members wounded or killed by enemy action.

13. No type of inactive-duty training (drills and funeral honors), including annual training, qualifies as service for Post-9/11 GI Bill educational benefits, but time used for medical care that is authorized by the Department of Defense does.



agree to serve four additional years.<sup>14</sup> Up to 36 months' worth of benefits may be transferred. For example, a service member may use 6 months' worth of benefits while on active duty, transfer 15 months' worth to one child, and transfer the remaining 15 months to another child.<sup>15</sup>

Spouses can use the benefits immediately after receiving them or up to 15 years after the service member's last date of active duty if the service member separated before January 2013; otherwise, the spouse may use benefits whenever he or she chooses. However, spouses do not receive the monthly housing allowance if they use the benefits while the member is on active duty.

A dependent child may use the benefits only for postsecondary education and only after the service member has completed 10 years of service. In the case of children, the service member must make the required designation before the child is 23 years old, although the child does not have to be a dependent when using the benefits. In addition, children must have a high school diploma or be 18 years old, and they must finish using the benefits before age 26.<sup>16</sup>

### Eligible Schools and Programs

To oversee participating educational institutions, VBA contracts with state agencies. With few exceptions, any program or course with an educational, professional, or vocational objective may receive funds through the Post-9/11 GI Bill as long as it has been approved by the state

where it is located.<sup>17</sup> Schools apply to a state approving agency (SAA), which is partly or fully paid for by VBA.<sup>18</sup> SAAs differ in structure, and their standards for approval differ as well, although they must follow federal statutory criteria in approving programs that will be used by GI Bill beneficiaries.

The person or persons constituting the SAA need not be employed full time by the state nor work only on veterans' education benefits; they may be housed within the state's department of education, governor's office, or elsewhere. Some states provide very little supervision of educational institutions, whereas others have rigorous requirements. (States are permitted to have more stringent standards than VBA for approving educational institutions.) After ensuring that a school complies with its regulations, the SAA sends its information to VBA.<sup>19</sup>

Programs in fields that require a license or similar credential (for example, builders, dental hygienists, and real estate agents) must be certified by the state, accredited by a national or regional recognized agency, such as the American Medical Association or the New England Association of Schools and Colleges, or be a candidate for accreditation.<sup>20</sup> Otherwise, Post-9/11 GI Bill students may choose to use their benefits for non-accredited programs.

VBA relies heavily on the states to monitor programs' compliance and quality. Given the different structure and varied levels of oversight among SAAs, some states may recognize a program that others do not. Institutions

14. Transfer requests are submitted and approved while a member is in the armed forces. Starting in July 2019, the eligibility to transfer benefits will be limited to service members with at least 6 but less than 16 years of active-duty or selected reserve service.

15. According to the Department of Defense, as of September 30, 2018, 581,787 service members had received approval to transfer their Post-9/11 GI Bill benefits to 1,342,069 family members.

16. The Marine Gunnery Sergeant John David Fry Scholarship (Fry Scholarship) provides Post-9/11 GI Bill benefits to the children and spouses of service members who died in the line of duty after September 10, 2001. Beneficiaries receive 36 months of benefits at the 100 percent level, and children may use benefits until age 33 if they became eligible before January 2013; otherwise, there is no restriction on when they may claim benefits. Starting in August 2018, all recipients of the Fry Scholarship could use the Yellow Ribbon program. Because the Fry Scholarship was available only to dependent children until January 2015, and most (about 80 percent) of Fry recipients are still children, Fry recipients—who are less than 1 percent of all Post-9/11 GI Bill beneficiaries—are grouped with children in this report.

17. Bartending programs are ineligible for any veterans' educational benefits; see 38 U.S.C. §3680A (a) (1) 2012.

18. An SAA currently works with a VBA liaison in every state except New Mexico; for programs in that state, VBA's regional staff evaluates applications and provides oversight directly. The amount that can be paid to SAAs each year is set in statute and adjusted for inflation. In 2018, VBA paid states \$21 million for oversight, outreach, and training. See Government Accountability Office, *VA Education Benefits: VA Needs to Ensure That It Can Continue to Provide Effective School Oversight*, GAO-19-3 (November 14, 2018), [www.gao.gov/products/GAO-19-3](http://www.gao.gov/products/GAO-19-3).

19. SAA's core functions for VBA include approving programs, visiting schools, offering technical assistance to schools, providing outreach to veterans, and monitoring contract compliance. *Ibid.* For a list of minimum standards and legal definitions of educational terms, see 38 C.F.R. §21.400(h) (2018).

20. See Approval of Nonaccredited Courses, 38 U.S.C. §3676(c) (14)–(15).

are not necessarily subject to the standards established in titles IV and IX of the Higher Education Act of 1965 and later amendments, because those standards apply only to schools that receive federal student aid or federal loans, and benefits paid under the Post-9/11 GI Bill are not considered federal student aid for that determination.<sup>21</sup> Therefore, schools paid under the GI Bill are not required to provide quality measures such as academic progress and employment outcomes of students unless they also accept students who receive federal financial aid. Nevertheless, some schools opt to provide such information.<sup>22</sup> Because such voluntary reporting has been extremely limited, VBA was required by legislation enacted in 2016 and 2017 to publish an annual report including information on participation, expenditures, and students' outcomes.<sup>23</sup> As of April 2019, VBA had not provided the Congress with that information.

### How the Post-9/11 GI Bill Compares With Other Educational Aid

The Post-9/11 GI Bill substantially expands benefits compared with its predecessors. The first GI Bill, the Servicemen's Readjustment Act of 1944, provided enough support to fully cover tuition and living expenses for most four-year undergraduate programs in the mid-to-late 1940s. (That legislation also provided for unemployment pay and loan guarantees for homes.) Following the Korean and Vietnam wars, similarly comprehensive GI Bills were enacted. Eligibility for benefits terminated at the end of each conflict. In general, those educational benefits had to be used within a specified number of years from discharge or release from active duty.

The Montgomery GI Bill, which came between the Vietnam and Post-9/11 GI bills, was enacted in 1984 and is still used by some veterans. The Montgomery GI Bill provides veterans who are enrolled full time in postsecondary education with direct payments of about \$2,000 per month for both education and living expenses (up to a maximum of about \$72,000, assuming all 36 months are used), regardless of actual tuition charges and housing expenses. Enrolled service members are required to make a onetime \$1,200 contribution and must use the benefits within 10 years of leaving service. The cost of tuition in the United States, which started to grow rapidly about 10 years after the Montgomery GI Bill took effect, means the tuition allowance may not fully cover expenses for some beneficiaries, as previous GI Bills had done. In 2016, about 110,000 people used Montgomery GI Bill benefits; those beneficiaries, along with participants in several other programs, represented about 10 percent of all recipients of VBA's educational assistance that year.

Among veterans who are eligible for the Post-9/11 GI Bill, fewer have chosen the Montgomery GI Bill's benefits, perhaps because the Post-9/11 GI Bill is in many ways more generous. Unique features of the Post-9/11 GI Bill include the absence of an explicit monetary cap for beneficiaries, the option to transfer benefits to dependents, and the fact that there is no deadline for using the benefits. The higher cost per beneficiary for the Post-9/11 GI Bill partly reflects such benefits, but it also shows the increasing cost of postsecondary tuition at all types of educational institutions since the 1990s. The most recent modifications to the Post-9/11 GI Bill, such as eliminating the deadline to use benefits, were part of the Harry W. Colmery Veterans Educational Assistance Act of 2017. Some of the changes made by that legislation took effect immediately (such as restoring benefits if a student's current school closed). Others took effect in August 2018 (for example, expanding the types of test fees eligible for reimbursement) or become effective at a later date (such as extending the Yellow Ribbon program to active-duty service members).

Other federal student aid for education is much less generous than the Post-9/11 GI Bill. A well-known federal grant is the Pell Grant for low-income students, which can be a maximum of \$6,000 for the

21. The Higher Education Act of 1965, 20 U.S.C. §§1001–1161, provides federal funding for postsecondary students and institutions. Title IV covers financial assistance for students. Title IX prohibits discrimination in educational institutions on the basis of sex.

22. VBA pays a fee to educational and training institutions to compensate for GI Bill-related reporting requirements. In addition, most institutions have a certifying official to comply with GI Bill requirements, although that official's training varies. See Cassandra Dortch, *Harry W. Colmery Veterans Educational Assistance Act of 2017 (P.L. 115-48)*, Report for Congress R45205 (Congressional Research Service, May 16, 2018), [www.crs.gov/reports/pdf/R45205](http://www.crs.gov/reports/pdf/R45205). (PDF, 1,185 KB)

23. *Ibid.* Also see Cassandra Dortch, *GI Bill Legislation Enacted in the 114th Congress*, Report for Congress R44586 (Congressional Research Service, March 2, 2017), [www.crs.gov/reports/pdf/R44586](http://www.crs.gov/reports/pdf/R44586) (939 KB).

2018–2019 academic year.<sup>24</sup> The federal government also offers Stafford loans, which have annual caps of \$5,500 to \$20,500 as well as overall limits; and Direct PLUS Loans (for graduate students and parents of dependent undergraduates), which are capped at the total cost of a student's education, and in most cases must be fully repaid with interest. Tax preferences such as deductions and exclusions also subsidize education for some students.<sup>25</sup> Some schools participate in the Federal Work-Study program, in which the government typically pays half of a student's salary and the school pays the remainder for on-campus jobs or community service. The Department of Education reported that in 2012, one-quarter to one-half of veteran students used grants and loans—that is, financial assistance that was not part of Post-9/11 GI Bill benefits.<sup>26</sup>

### The Veterans Benefits Administration's Data on the Post-9/11 GI Bill

VBA collects information about the beneficiaries and, separately, about the institutions receiving funds under the Post-9/11 GI Bill. For beneficiaries, demographic data are limited to date of birth and sex. VBA also has data on beneficiaries' branch of service, separation date, maximum award level, share of award already used, enrollment status (full or part time), and the type of degree or training pursued. Payment data are separated into tuition and fees, housing, and several smaller categories.<sup>27</sup> VBA does not collect data on completion rates—that is, how long it takes beneficiaries to complete their degrees or programs, how many drop out, how those rates compare with those of students in the general

population, or how veterans' outcomes differ across institutions.<sup>28</sup> (Some institutions voluntarily supply data on completion rates and related statistics, which can be found by using the online GI Bill Comparison Tool.<sup>29</sup>)

The data VBA collects on institutions are limited to each school's name, state, highest degree offered, institutional type, number of students using Post-9/11 GI Bill benefits, and two payment categories (tuition and fees, and Yellow Ribbon).

### Beneficiaries

For its analysis of beneficiaries, CBO divided the population into three groups: veterans, the spouses of veterans or active-duty service members, and their children. (Members of the National Guard and reserves, who account for about 17 percent of beneficiaries in any given year, were included with veterans.<sup>30</sup>) This report focuses on the use of the GI Bill by those groups of beneficiaries in 2016. However, results for years 2010 through 2015 were very similar.

### Institutions

CBO analyzed institutions in three categories: public, private nonprofit, and private for-profit.<sup>31</sup> CBO then

24. In 2017 approximately 8 million Pell Grant recipients received a total of \$27 billion. The Federal Supplemental Educational Opportunity Grant has a maximum of \$4,000 a year, and the Teacher Education Assistance for College and Higher Education Grant is approximately \$3,700 annually.

25. For more information on federal assistance for higher education, see Congressional Budget Office, *Federal Aid for Postsecondary Students* (June 2018), [www.cbo.gov/publication/53736](http://www.cbo.gov/publication/53736), and *Distribution of Federal Support for Students Pursuing Higher Education in 2016* (June 2018), [www.cbo.gov/publication/53732](http://www.cbo.gov/publication/53732).

26. See Alexandria Walton Radford and others, *After the Post-9/11 Bill: A Profile of Military Service Members and Veterans Enrolled in Undergraduate and Graduate Education* (National Center for Education Statistics, 2016), <https://nces.ed.gov/pubs2016/2016435.pdf>.

27. The other disbursement categories are payments for books, licenses and certifications, national exams, onetime payments, tutoring, work-study jobs, and a payment to rural residents to assist with moving expenses.

28. In a 2015 report, VBA stated that 48 percent of veterans who used the Post-9/11 GI Bill completed degrees within six years, a rate similar to that of students in the general population (49 percent). See Department of Veterans Affairs, *2015 Veteran Economic Opportunity Report*, <https://go.usa.gov/xmX5N> (PDF, 4,525 KB).

29. See Department of Veterans Affairs, "GI Bill Comparison Tool," [www.va.gov/gi-bill-comparison-tool](http://www.va.gov/gi-bill-comparison-tool).

30. CBO could not differentiate between National Guard and reserves members who qualified for Post-9/11 benefits on the basis of their service as part of the Guard and reserves and those who qualified on the basis of their prior active-duty military service.

31. Although there is no statutory definition of each category, the Department of Education defines each type of institution as follows: *Public institutions* have programs and activities that are operated by publicly elected or appointed school officials and are supported primarily by public funds. *Private nonprofit institutions* are those in which the agency in control receives no compensation, other than wages, rent, or other expenses, for the assumption of risk, including both independent nonprofit schools and those affiliated with a religious organization. *Private for-profit institutions* are those in which the agency in control receives compensation other than wages, rent, or other expenses for the assumption of risk. See Department of Education, National Center for Education Statistics, "Integrated Postsecondary Education Data System," <https://go.usa.gov/xEkzv>.

grouped institutions in each category by the highest degree offered: university, college, or professional; junior college;<sup>32</sup> noncollege or certificate program; and nursing and health sciences programs. Individual institutions with multiple locations were treated as a single institution based on their governance or headquarters. For example, all community colleges in California were considered a single entity; likewise, the University of Phoenix, which has approximately 30 campuses throughout the United States and a large online program, was categorized as one institution. (The exception was University of Maryland University College, which is affiliated with Maryland's public higher education system but is a separate entity that is mainly online.)

The most recent year of institutional data was 2017 (the first being 2009). As with beneficiaries' data, results for earlier years were similar, with the exception of the program's first full year (2010), when public institutions accounted for a slightly larger share of enrollment. In addition, noncollege programs were not eligible before 2012. A change in law at the start of 2012 modified Post-9/11 GI Bill rules, so that benefits could be used for several more types of education and training.<sup>33</sup> As a result, for-profit institutions began receiving tuition and fees for noncollege programs in 2012.

### Additional Data

CBO supplemented the data provided by VBA with information from the Department of Education and the Distance Education Accrediting Commission regarding institutional type and online programs, respectively. CBO considered a program to be online if VBA described it as such or if the majority of an institution's programs were offered online.

VBA's annual beneficiary data covered every enrolled student (or trainee) for whom VBA made a payment.

32. A junior college is a two-year college that prepares students for additional education at a college or university or for skilled trades. Community colleges are public junior colleges.

33. In 2011 lawmakers added on-the-job training, apprenticeships, flight programs (a designation that does not include pilot training at public institutions), and correspondence courses to the types of programs that could be deemed eligible under the Post-9/11 GI Bill. CBO included those programs in the noncollege category shown in Figure 4. Such programs at public institutions have no cap on tuition and fees; tuition is charged at the state residents' rate.

However, VBA's data on institutions may have included payments for students who were not enrolled in that year, because institutions may submit tuition bills to VBA up to a year after a Post-9/11 GI Bill student has left. In addition, the same students might have been counted more than once in a year, depending on how and when the school billed VBA that year. This means that the number of students reported by institutions in a given year may be larger than the number of students who were actually enrolled—about 10 percent to 12 percent larger in CBO's estimation.

### Limitations of CBO's Analysis

This report only contains information on Post-9/11 GI Bill benefits paid for by VBA, although veterans may receive educational and vocational assistance from VBA's other programs.<sup>34</sup> CBO received information for each year separately with no way to link records across time. Therefore, results reflect only a single year's outlays rather than the total amount spent by the average beneficiary for his or her entire education. Because data were for fiscal years rather than academic years, a record may contain information for two or more separate programs attended by an individual during that year.

In addition, VBA collected different data on institutions than it did on beneficiaries. As a result, CBO's analyses are not perfectly correlated with each other. For example, CBO's analysis of beneficiaries excluded active-duty personnel, but its analysis of institutions included them. Active-duty personnel account for about 10 percent of Post-9/11 GI Bill recipients annually; they were excluded when possible, because that group probably makes decisions about using educational assistance differently from veterans and their dependents. The data on institutions, however, combined all student types (active-duty, veterans, and dependents) in a way that could not

34. Chapter 33 benefits in the U.S. Code refer only to the Post-9/11 GI Bill; other educational assistance includes Chapter 30 (Montgomery GI Bill—Active Duty), Chapter 32 (Post-Vietnam Veterans Educational Assistance Program), Chapter 35 (Survivors' & Dependents' Educational Assistance), and Chapter 1607 (Reserve Educational Assistance Program). The last of those programs ended in November 2015, but some people remain eligible for benefits through November 2019. VBA has notified approximately 3,200 people about converting their Chapter 1607 benefits to those of the Post-9/11 GI Bill. (Chapter 1606 benefits, the Montgomery GI Bill—Selected Reserve program, are paid by the Department of Defense because that program is considered a retention tool for the U.S. military.)

be separated, so active-duty students were included in that portion of the analysis. In addition, CBO excluded schools located outside the United States from its analysis of institutions but included them in its analysis of beneficiaries. Foreign institutions receive less than 1 percent of payments for tuition and fees, and many have characteristics that are very different from domestic educational institutions. However, VBA's data on beneficiaries do not incorporate the geographical location of their educational institution.

### Spending on the Post-9/11 GI Bill

In 2010, the law's first full fiscal year, spending for enrolled students totaled about \$6 billion, CBO estimates (see Figure 1 on page 2). Annual spending for tuition and fees (including Yellow Ribbon payments), housing, and other categories rose noticeably in 2011 and then again in 2013, when it reached approximately \$10 billion. It has grown slowly since then. The large increase from 2012 to 2013—real (inflation-adjusted) growth of 22 percent—occurred because the number of students continued to rise and about half of them chose private programs that were, on average, about twice as expensive as public programs. That development stemmed in part from a change in law at the start of 2012 that allowed noncollege programs to qualify for payments under the Post-9/11 GI Bill.

Payments for beneficiaries of the Post-9/11 GI Bill in 2016 represented 13 percent of VBA's entire budget, more than twice the share that VBA had spent on the Montgomery GI Bill (5 percent) in 2008, before the Post-9/11 GI Bill took effect.

CBO does not anticipate large increases in real growth in the future because the number of beneficiaries is declining, although per-person spending will probably increase as long as tuition and rent costs rise.<sup>35</sup>

35. The number of beneficiaries declined by about 1 percent from 2015 to 2016. The reason for the decline is unclear. It might be that there was an unusually large number of beneficiaries in the early years of the Post-9/11 GI Bill, because veterans who had not used their educational benefits found the new program attractive. If so, the number of annual beneficiaries in the future could be expected to be smaller than in the law's early years.

### Spending for Beneficiaries in 2016

Veteran beneficiaries of the Post-9/11 GI Bill had a different demographic profile than spouses and children. In addition, veterans and spouses did not use their benefits like children did: Older beneficiaries enrolled in different schools and kinds of programs. Although this analysis focused on 2016, CBO found similar results for earlier years.

#### Demographic and Other Characteristics of

**Beneficiaries.** Veterans who used Post-9/11 GI Bill benefits were not traditional college students. The Department of Education defines nontraditional undergraduate students as being independent for financial aid purposes, having one or more dependents, lacking a high school diploma, delaying postsecondary enrollment, attending school part time, or being employed full time. Almost all veterans have a high school diploma, but they have other features of nontraditional students. Demographic information on Post-9/11 GI Bill beneficiaries is limited, but about half of veterans are married by the time they separate from the military. Most of them (the main exception being officers) finish college or other training later than other undergraduates, because they join the armed forces in their late teens.

In 2016, 68 percent of veteran beneficiaries attended a program full time; among veterans from the National Guard and reserves, that share was slightly smaller, 63 percent. Among all veterans, a small minority (11 percent) attended half time or less. The majority of veteran beneficiaries, 78 percent, were men, and those beneficiaries' average age was 33, although those who had served in the National Guard and reserves were typically older (37 years old, on average).

Spouses' use of benefits was similar to that of veterans: About 61 percent were full-time students, and 7 percent attended a program less than half time. Most spouses (97 percent) were women, and they were slightly older, on average, than veteran beneficiaries (35 years).<sup>36</sup>

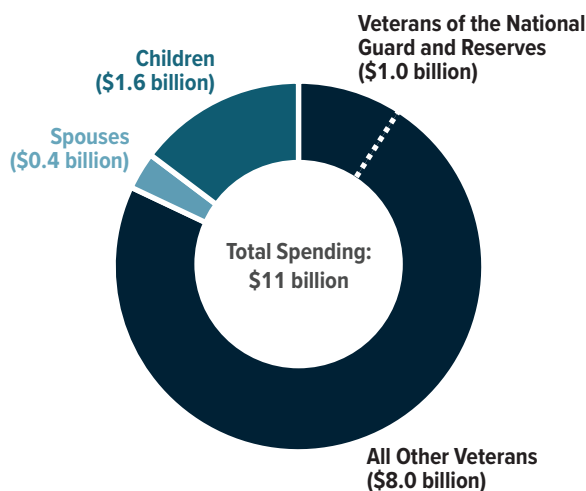
36. Female service members constitute about 16 percent of the armed forces. Those who are married are more likely than male service members who are married to have a spouse who is also in the military. Thus, many spouses of female service members probably qualify for the Post-9/11 GI Bill benefits on their own and are not counted in the spousal category.

Figure 2.

### Total Spending on the Post-9/11 GI Bill by Beneficiary Type, 2016

Although the Post-9/11 GI Bill allows service members to transfer their benefit to a spouse or child, the vast majority of the benefits were used by veterans themselves.

2018 Dollars



Source: Congressional Budget Office, using data from the Department of Veterans Affairs.

Spending for dependent children includes all recipients of the Marine Gunnery Sergeant John David Fry Scholarship. The Fry Scholarship was available only to dependent children until November 2014, and most (around 80 percent) of Fry recipients still are dependent children. Less than 1 percent of all Post-9/11 GI Bill beneficiaries are Fry Scholarship beneficiaries.

Total number of beneficiaries: veterans = 505,000; spouses = 31,300; children = 92,700.

By contrast, children who used the benefits were more likely to be traditional students: 83 percent were relatively young (average age 21) and most were full-time students in undergraduate programs. Sixty percent were women.

In 2016, most spending on the Post-9/11 GI Bill (82 percent) was for veterans (see Figure 2). Of that amount, spending on members of the National Guard and reserves made up about 11 percent (\$1 billion). Of the remainder, 15 percent was for children, and the rest was for spouses.

**Types of Schools and Programs that Beneficiaries Attended.** About half of the veterans and veterans' spouses who enrolled in education under the

Post-9/11 GI Bill attended public institutions in 2016 (see Figure 3). Veterans and spouses used private for-profit programs at a much higher rate than students nationwide; in 2016, about 10 percent of all postsecondary enrollment in the United States was at private for-profit schools, compared with 32 percent of Post-9/11 GI Bill beneficiaries.<sup>37</sup> By contrast, the children of veterans and active-duty military who used the Post-9/11 GI Bill benefits were much less likely than veterans to enroll in private for-profit programs.

About half of veterans and spouses who received benefits enrolled in college (four-year undergraduate programs) in 2016, and about three-quarters of children did (see Figure 4). Next to college, veterans and their children were most likely to enroll at a junior college, whereas for spouses the second largest share enrolled in graduate programs. The children's age partly explains their very low enrollment in graduate programs, as does the requirement that they use the benefits before age 26. Relatively few beneficiaries in 2016 enrolled in noncollege programs (10 percent of veterans, 7 percent of spouses, and 3 percent of children) or participated in on-the-job training and apprenticeships (6,000, or 1 percent, of veterans, and fewer than 100 spouses or children).

More than 90 percent of beneficiaries in all groups attended a program more than half time, with the exception of those at junior colleges (where the rate was slightly lower, between 80 percent and 84 percent). Overall, among beneficiaries of the Post-9/11 GI Bill, 89 percent of veterans and spouses, and 93 percent of children, attended school more than half time.

The rates of enrollment in programs that were offered mostly or entirely online were about the same for Post-9/11 GI Bill veterans and spouses as for all students nationwide: 13 percent for veterans and 17 percent for

37. The estimate of students enrolled in private for-profit institutions that participate in Title IV programs is 1.4 million; Stephanie Cellini and Claudia Goldin estimated that another 670,000 students attend for-profit institutions that do not receive federal aid. See National Center for Education Statistics, "Digest of Education Statistics," Table 303.20, <https://go.usa.gov/xEkXA>, and Stephanie Riegg Cellini and Claudia Goldin, "Does Federal Student Aid Raise Tuition? New Evidence on For-Profit Colleges," *American Economic Journal: Economic Policy*, vol. 6, no. 4 (November 2014), [www.aeaweb.org/articles?id=10.1257/pol.6.4.174](http://www.aeaweb.org/articles?id=10.1257/pol.6.4.174).

spouses (see Figure 5 on page 13).<sup>38</sup> However, just 2 percent of children who used the GI Bill enrolled in online programs. The most popular online programs were for four-year undergraduate study, which constituted about 75 percent of all online use. Most of the online programs were offered by for-profit firms. (Many institutions, however, offer some online courses even if an entire program is not online.)

**Spending per Beneficiary.** The average payment for a beneficiary of the Post-9/11 GI Bill was \$17,400 in 2016. Spousal beneficiaries had the lowest average payments (\$11,400) because half of them did not receive a housing allowance under the law (see Figure 6 on page 14). Average payments for veterans and children using the benefits were about the same (\$17,800 and \$17,400, respectively).<sup>39</sup> The average payment for veterans from the National Guard and reserves was considerably lower (\$12,500) than payments for all other veterans (not shown).

Housing allowances accounted for the largest share of payments to veteran beneficiaries, 50 percent. Tuition and fees composed most of the remainder, 45 percent. Spousal beneficiaries received 64 percent of their payments in tuition and fees; housing accounted for 30 percent. For children, tuition and fees also accounted for the largest share of spending, 51 percent, and housing was 44 percent. (Eligible children receive the same housing benefit as veterans and spouses even though many children are undergraduates with no dependents.) Other spending was mainly for books: Almost all beneficiaries (97 percent) received money for books.

Total payments in 2016 were highest, on average, for beneficiaries in college (\$18,900), followed closely by noncollege students (\$18,300) and graduate students

38. The Department of Education reported that among schools participating in Title IV programs in 2012, approximately 12.5 percent of students enrolled in programs that were exclusively online programs, and 13.5 percent enrolled in some distance courses. See Richard Reeves and others, *Enrollment in Distance Education Courses, by State: Fall 2012* (National Center for Education Statistics, June 2014), <https://nces.ed.gov/pubsub2014/2014023.pdf> (903 KB).

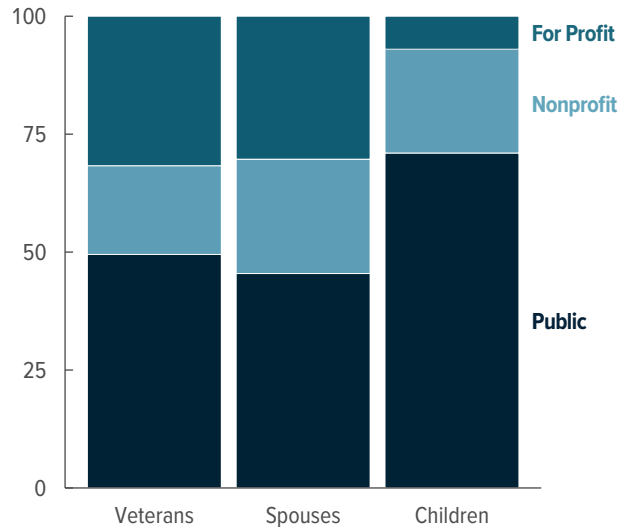
39. Those 2016 averages were slightly higher than average total payments across the seven years (2010 to 2016) that CBO examined: \$16,300 for veterans, \$9,900 for spouses, and \$15,100 for children.

Figure 3.

### Type of Institution Attended Under the Post-9/11 GI Bill by Beneficiary Type, 2016

For-profit schools accounted for a substantial share of the programs attended by veterans and spouses under the Post-9/11 GI Bill. By contrast, most service members' children used the benefit to attend a public college or university.

Percentage of Beneficiaries



Source: Congressional Budget Office, using data from the Department of Veterans Affairs and Department of Education.

Total number of beneficiaries by type: veterans = 499,600; spouses = 31,100; children = 92,100. Those numbers are smaller than the numbers used elsewhere in this report because the for-profit/nonprofit status of institutions attended by 6,200 beneficiaries was unknown and therefore those institutions are excluded.

(\$17,400). Junior college enrollees cost less, an average of \$14,300. The highest tuition payments per student in 2016 (\$100,000 or more) were for programs that train helicopter and fixed-wing aircraft pilots at community colleges. Programs at professional schools (such as law and medicine) at public universities were also among those that received the highest tuition and fees.

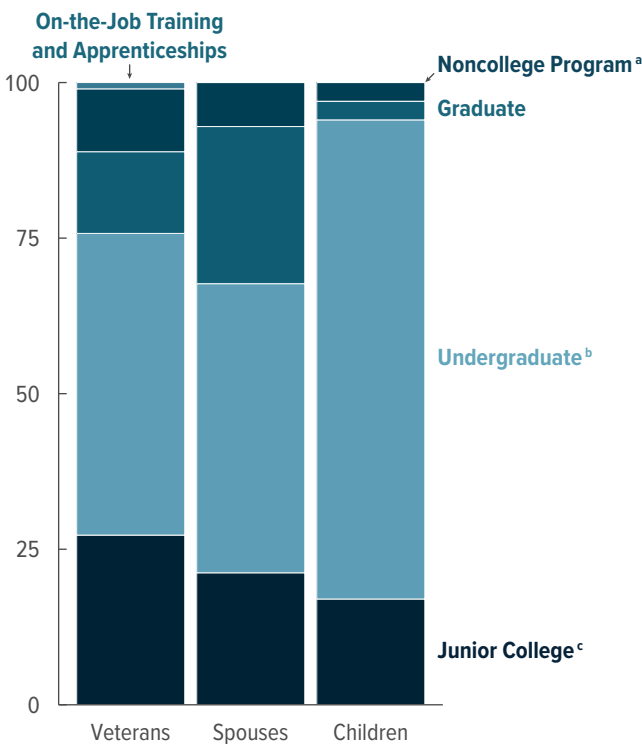
Students using programs that were primarily online cost less per capita in 2016 than other Post-9/11 GI Bill beneficiaries, because tuition and fees for online programs tend to be lower (\$6,800 in 2016) than the average for all programs (\$8,200). Housing costs were also lower, because that allowance for students in online programs is set at half the national average of what the Department of Defense pays for an E-5 with dependents. Overall, 8 percent of total spending (about \$900 million) on the

Figure 4.

### Type of Education Chosen Under the Post-9/11 GI Bill by Beneficiary Type, 2016

Beneficiaries chose undergraduate programs more often than other types of educational programs, but children were much more likely to choose undergraduate programs than were veterans and spouses.

Percentage of Beneficiaries



Source: Congressional Budget Office, using data from the Department of Veterans Affairs.

- a. Primarily trade and technical schools.
- b. Refers to four-year college programs.
- c. Refers to two-year programs.

Post-9/11 GI Bill by VBA in 2016 was for beneficiaries attending programs that were primarily online.

### Payments to Institutions in 2017

Post-9/11 GI Bill benefits are used at an array of educational and training institutions such as universities, hospitals, and private businesses, which receive tuition and fees directly from VBA. CBO grouped institutions into four types based on the highest degree offered: university, college, or professional; junior college; noncollege program (often a certificate program); and nursing and health sciences. (The categories for institutional data differ from those for beneficiary data because VBA grouped

them differently.) The number of institutions participating in the program grew from fewer than 1,600 in the fall of 2009 to more than 5,000 by 2017. After the 22 percent increase noted earlier in overall spending from 2012 to 2013, the total amount VBA pays in tuition and fees has remained at around \$5 billion a year.

**Differences Between Institutions.** Among the four types of institutions, universities, colleges, and professional programs received the most in tuition and fees from VBA, about \$3.8 billion in 2017. They also had by far the largest share of Post-9/11 GI Bill beneficiaries, 65 percent. Junior colleges were the second largest, reporting approximately 28 percent of beneficiaries and receiving about \$750 million. The numbers for noncollege and nursing and health sciences programs were much smaller—6 percent of beneficiaries and approximately \$440 million in tuition and fees, and 1 percent of students and \$55 million in payments, respectively.

Although institutional categories differed, there was considerable overlap in the programs offered. In the case of junior colleges, the data did not record how many students were pursuing a two-year degree (associate's degree), working toward a certificate, or simply taking classes that would not lead to either outcome. VBA did not identify the course of study beneficiaries pursued, but the name of the school often indicated the professional field. For-profit junior colleges generally offered the same programs available at public junior colleges (community colleges), including cosmetology, commercial driving licenses, culinary sciences, information technology, and media. For-profit junior colleges did not train law enforcement officers or firefighters, who attend public institutions. Most institutions in the nursing and health sciences category also offered related certificates or degrees in diagnostic, technical, and other patient care and support services. Some, however, conferred a four-year Bachelor of Science degree in nursing. Many private nonprofit junior colleges were small women's colleges or institutions with Christian affiliations, such as Bible institutes.

Viewed from the perspective of institutional control—public, private, and for profit—public schools received the most in tuition and fees, and they also had the most Post-9/11 GI Bill beneficiaries.<sup>40</sup> Their per capita payments were

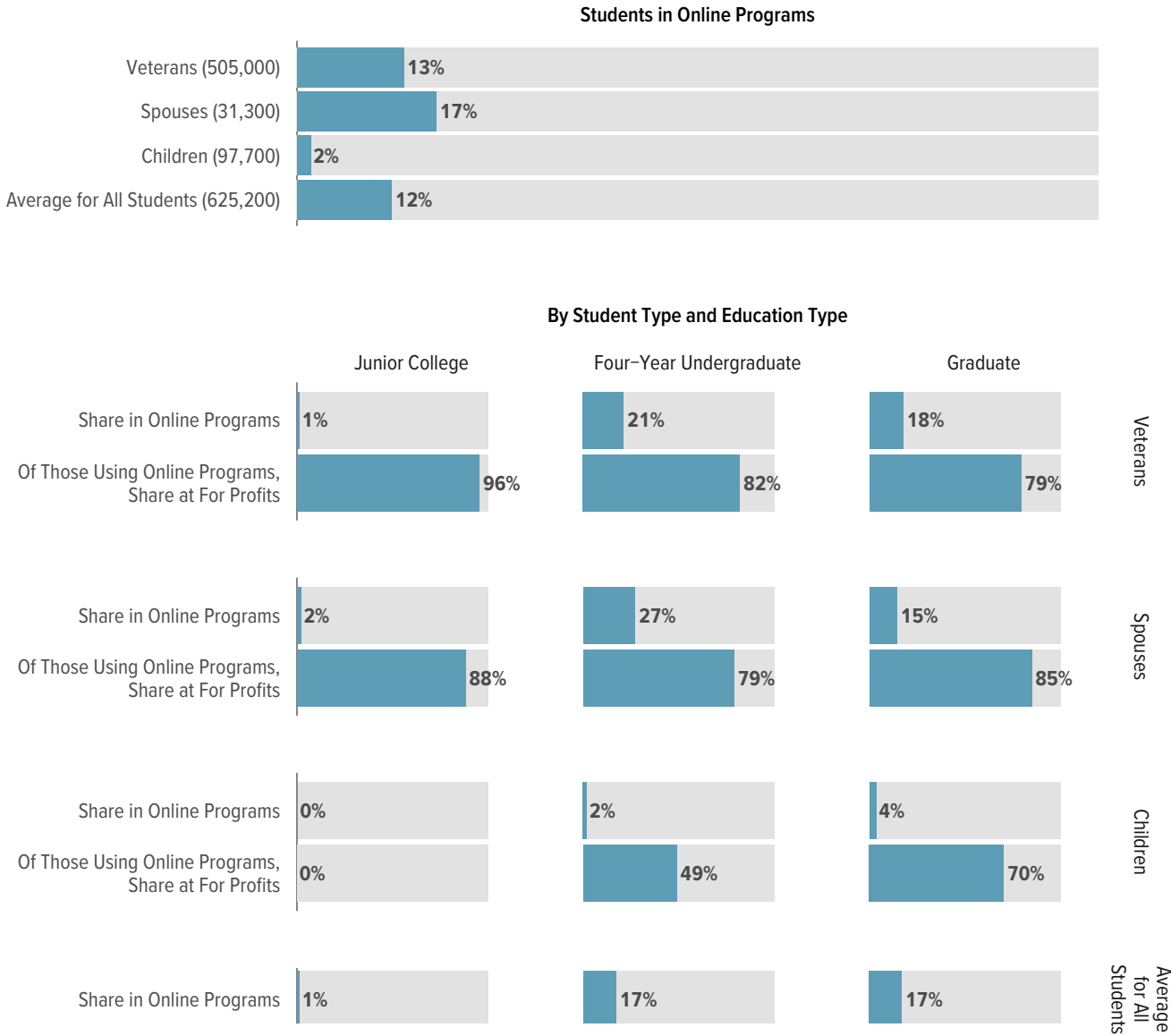
40. In 2017, VBA paid tuition and fees totaling \$1.9 billion to public institutions, \$1.5 billion to nonprofit institutions, and \$1.7 billion to for-profit institutions.



Figure 5.

**Online Program Use Under the Post-9/11 GI Bill by Beneficiary Type, 2016**

Few beneficiaries chose online programs. Of those who did, most enrolled in for-profit programs.



Source: Congressional Budget Office, using data from the Department of Veterans Affairs, the Department of Education, and the Distance Education Accrediting Commission.

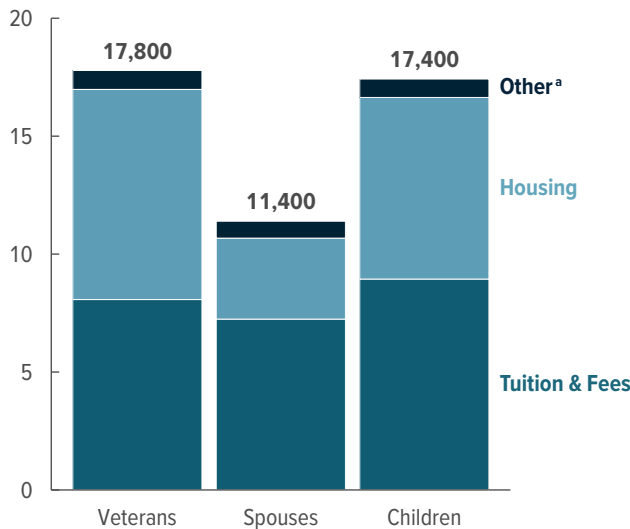
Some programs that CBO considered to be online may have some campus-based students but serve the vast majority of their students online.

Figure 6.

### Average Outlay on the Post-9/11 GI Bill's Benefits by Beneficiary Type, 2016

After housing, tuition and fees accounted for the greatest share of the money spent for veterans and children. Many spouses attend school while the service member is on active duty, so they already receive a housing benefit through the service member.

Thousands of 2018 Dollars



Source: Congressional Budget Office, using data from the Department of Veterans Affairs.

Spending for dependent children includes all recipients of the Marine Gunnery Sergeant John David Fry Scholarship.

Spending is for benefits during one year, not total benefits per recipient. (Recipients may receive up to 36 months of benefits.)

Total number of beneficiaries by type: veterans = 505,000; spouses = 31,300; children = 92,700.

a. Includes payments for books, licenses and certifications, national exams, onetime payments, tutoring, work-study jobs, and some moving expenses.

much lower than those made to private institutions (see Table 1 on page 15). The starkest difference in per capita payments was among public and private junior colleges: Public junior colleges received about one-fifth as much per student as private institutions. Overall, private nonprofit schools collected more per capita than private for-profit schools, with the exception of noncollege programs.

**Payments to Institutions.** In 2017, 5 of the 10 most popular institutions among Post-9/11 GI Bill students were public, and 5 were for-profit (see Figure 7 on page 16). Measured by the amount collected in tuition and fees, however, 8 of the top 10 were for-profit institutions, one

was nonprofit, and only one was public. Over the entire span of the program, 2009–2017, 8 of the 10 institutions that have received the most in tuition and fees have been private for-profit schools (see Figure 8 on page 17). Among those, ITT Technical Institute declared bankruptcy in 2016, as did Education Management Corporation in 2018. Career Education Corporation has sold or closed most of its campuses. The University of Phoenix collected the largest share of tuition and fees in 2017, as it has since 2010, the first full year of the Post-9/11 GI Bill.

### Effectiveness in Achieving Program Objectives

The Congress has identified several reasons for providing educational benefits to service members. Two primary objectives that are stated in the law include assisting military recruitment and retention during periods of conflict and helping veterans readjust to civilian life through the pursuit of higher education.<sup>41</sup> Although not explicitly stated in the statutory language, another important reason for the GI Bills is to enable service members who might have otherwise had to choose between serving in the military and attending college to do both. On that front, the law has probably been successful.

Because GI Bills date back to World War II, there is a body of research on the general impact of postservice educational programs.<sup>42</sup> There is much less research measuring the effectiveness of the Post-9/11 GI Bill, particularly features such as the ability to transfer the benefit to dependents, because the law is relatively recent and has been revised several times since 2009.

### The GI Bill's Effects on Recruitment and Retention

Post-service educational benefits are one of several mechanisms, such as easing enlistment restrictions and offering attractive pay, that enable the military to achieve its personnel goals. In general, post-service educational benefits increase recruitment of high-quality people but decrease retention, because in order to use most educational

41. For information on readjustment programs that assist with veterans' labor force integration, see Congressional Budget Office, *Labor Force Experiences of Recent Veterans* (May 2017), [www.cbo.gov/publication/52418](http://www.cbo.gov/publication/52418) and *Transitioning From the Military to the Civilian Workforce: The Role of Unemployment Compensation for Ex-Servicemembers* (May 2017), [www.cbo.gov/publication/52503](http://www.cbo.gov/publication/52503).

42. For example, RAND has a library of research that focuses on education benefits for service members and veterans. See "Veterans Education," <https://tinyurl.com/ybgwbtty>.

benefits, the service member must separate from the military. The magnitude of those influences is uncertain.

As the Post-9/11 GI Bill took shape, it developed into the most comprehensive educational benefit package ever offered by the federal government. Concerned that such benefits might motivate service members to leave the military earlier than they would have otherwise, the Department of Defense argued during the drafting of the legislation that the ability to transfer benefits to dependents would be critical to retention goals. However, that option appears to have had little effect.

Because the benefit is relatively new, CBO found only one study using administrative data specific to the Post-9/11 GI Bill.<sup>43</sup> Researchers at RAND compared the new benefit to the Montgomery GI Bill. They concluded that the Post-9/11 GI Bill attracted some additional high-quality recruits. Although new recruits know that the military offers educational benefits, they do not understand the scope of the program, which may partially explain the small effect on recruitment that RAND found. That study concluded that the Post-9/11 GI Bill has had larger negative effects on retention than the Montgomery GI Bill, although those effects are within the range of annual variation that the Department of Defense typically experiences.<sup>44</sup> Other tools, such as increasing the number of recruiters and offering enlistment and re-enlistment

43. A study by CNA in 2009 analyzed the Navy College Fund Program in combination with the Montgomery GI Bill, with possible implications for the effects of the Post-9/11 GI Bill. Researchers found that sailors who received the combined assistance separated from the Navy at a higher rate than they did without the Navy College Fund benefit. However, the higher rate of departure was within the Navy’s range of variation for departures in a given year. Based on a survey of service members, the study suggested that the ability to transfer benefits might have a positive effect on retention, although actual behavior in later years was not measured. See Edward J. Schmitz and Michael J. Moskowitz, *Analysis of the Post-9/11 GI Bill Benefits* (CNA, August 2009), [www.cna.org/CNA\\_files/PDF/d0020603.a2.pdf](http://www.cna.org/CNA_files/PDF/d0020603.a2.pdf).

44. RAND found that the Post-9/11 GI Bill was linked to a decrease in continuation rates, but the decrease was smaller among service members with dependents, suggesting some service members may remain in the military in order to transfer their benefits. See Jennie W. Wenger and others, *Are Current Military Education Benefits Efficient and Effective for the Services?* (RAND Corporation, 2016), [www.rand.org/pubs/research\\_reports/RR1766.html](http://www.rand.org/pubs/research_reports/RR1766.html).

Table 1.

**Average Tuition Outlay per Beneficiary Under the Post-9/11 GI Bill, 2017**

2018 Dollars

Type of Education	Public	Nonprofit	For Profit
University, College, or Professional	7,000	10,500	7,600
Junior College	2,400	11,300	11,000
Noncollege Program	4,700	8,700	10,900
Nursing and Health Sciences	9,700	10,000	9,900
<b>Average Tuition Outlay for Each Type of Institution<sup>a</sup></b>	<b>4,800</b>	<b>10,500</b>	<b>8,700</b>

Source: Congressional Budget Office, using data from the Department of Veterans Affairs and Department of Education.

Data provided by the Veterans Benefits Administration did not differentiate beneficiaries at junior colleges who were enrolled in a two-year degree program (associate's degree) from those who were enrolled in a non-degree program (such as a certificate program).

Nursing and health sciences includes a limited number of institutions that offer a Bachelor of Science in nursing.

Information excludes institutions located outside the United States, which represented less than 1 percent of tuition and fee payments.

Number of beneficiaries pursuing each type of education: university, college, professional = 470,800; junior college = 207,900; noncollege program = 45,400; nursing and health sciences = 5,700.

The total number of beneficiaries reported by institutions in a given year may be higher than the number of Post-9/11 GI Bill students who are currently enrolled. Because institutions may submit multiple tuition invoices in a year for a single student depending on their billing practices, some students are counted more than once.

a. Number of institutions in each category: public = 2,400; nonprofit = 2,400; for profit = 3,900.

bonuses, appear to be much more effective in attracting and keeping the desired number of personnel.<sup>45</sup>

**The GI Bill’s Effect on Veterans’ Readjustment to Civilian Life**

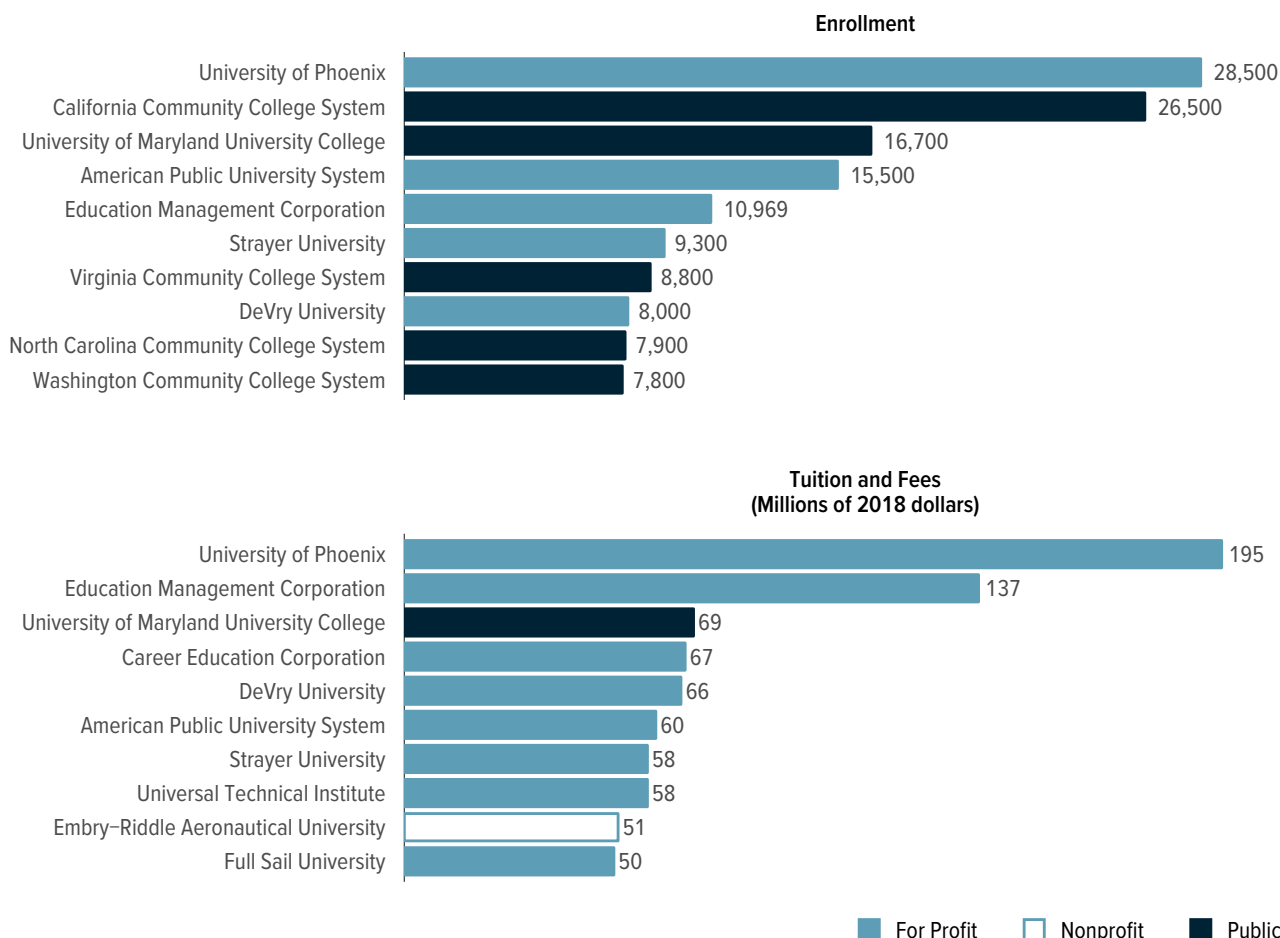
One of the primary goals of the Post-9/11 GI Bill (and all previous GI bills) has been to aid veterans in readjusting to civilian life. The current Post-9/11 GI Bill allows beneficiaries to choose any course of study or training as long as VBA has approved the program. Although the freedom to select any program may ease the transition from military life, some programs may not prepare beneficiaries for jobs that pay enough for a service member to buy a home, raise children, or pursue other common aims. That is because the standards

45. See Congressional Budget Office, *Recruiting, Retention, and Future Levels of Military Personnel* (October 2006), [www.cbo.gov/publication/18187](http://www.cbo.gov/publication/18187).

Figure 7.

### Most Popular Institutions Under the Post-9/11 GI Bill Compared With Institutions That Received the Most Tuition, 2017

Schools with the most enrollees do not always receive the most tuition. A number of for-profit schools receive a disproportionate share of tuition payments, while community colleges receive less money relative to the number of students they enroll.



Source: Congressional Budget Office, using data from the Department of Veterans Affairs and the Department of Education.

Individual institutions were grouped by their governance or headquarters (except for University of Maryland University College). Institutions located outside the United States, which receive less than 1 percent of tuition and fee payments, are excluded.

The total number of beneficiaries reported by institutions in a given year may be higher than the number of Post-9/11 GI Bill students who are currently enrolled. Because institutions may submit multiple tuition invoices a year for a single student depending on their billing practices, some students are counted more than once. In addition, institutions have up to a year after a student leaves to bill the Veterans Benefits Administration.

for VBA’s approval vary by state and may be poorly understood by veterans. For example, as long as the SAA approves, many nondegree programs do not need accreditation from a professional society—such as those regulating medical schools and teachers’ colleges—in order to receive Post-9/11 GI Bill funds, and beneficiaries may not be aware of

their program’s accreditation status. To address quality issues, lawmakers enacted legislation in 2016 that aimed to make the standards for program approval more rigorous.<sup>46</sup> That

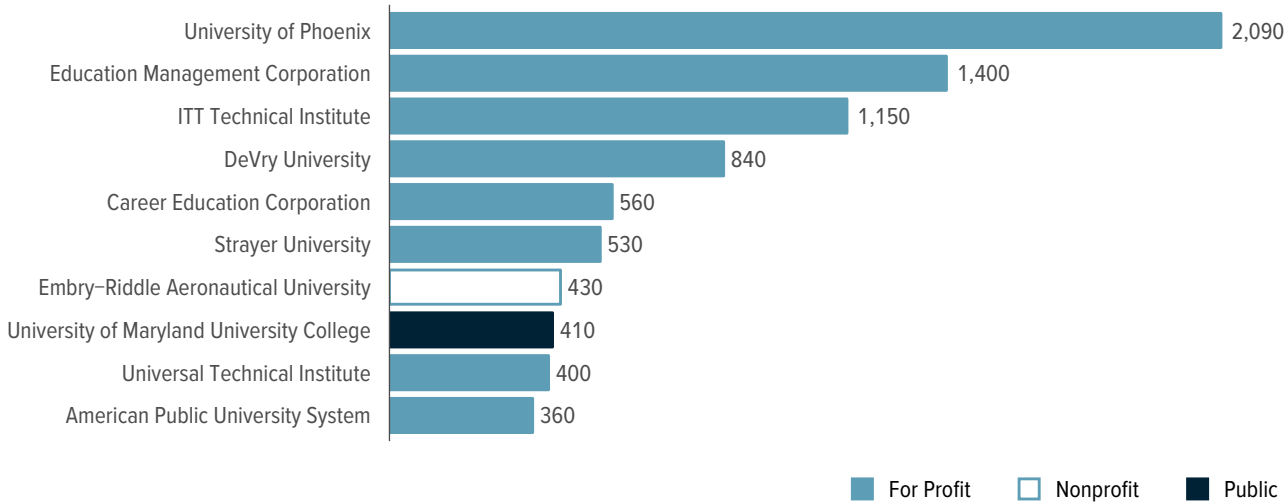
46. See Cassandra Dortch, *GI Bill Legislation Enacted in the 114th Congress*, Report for Congress R44586 (Congressional Research Service, March 2, 2017), [www.crs.gov/reports/pdf/R44586](http://www.crs.gov/reports/pdf/R44586).

Figure 8.

**The 10 Institutions That Received the Most Tuition Under the Post-9/11 GI Bill, 2009 to 2017**

Since the start of the Post-9/11 GI Bill, a disproportionate share of the money spent on tuition has gone to for-profit schools. Eight of the 10 institutions that received the most in tuition and fees were for-profit schools. Of those, two (ITT Technical Institute and Education Management Corporation) have declared bankruptcy, and Career Education Corporation has sold or closed most of its campuses.

Millions of 2018 Dollars



Source: Congressional Budget Office, using data from the Department of Veterans Affairs and Department of Education.

Individual institutions were grouped by their governance or headquarters (except University of Maryland University College). Institutions located outside the United States, which receive less than 1 percent of tuition and fee payments, are excluded.

concern is not new: Even before the Post-9/11 GI Bill, the Congress expressed concern about the quality of workforce preparation paid for under previous GI bills.<sup>47</sup>

Some of the concern expressed about the quality of training available to veterans relates to for-profit programs. (In 2016, about one-third of veterans using Post-9/11 GI Bill benefits attended for-profit institutions.) Research on for-profit institutions largely concludes that students at such schools have poorer outcomes. Some studies have found that for-profit schools perform well in limited areas: They educate a larger share of minority, disadvantaged, and older students, have better completion rates than public institutions for certificate and two-year degree programs, and have more

innovative program offerings.<sup>48</sup> Most research, however, indicates that graduates of private for-profit institutions have worse labor market outcomes than similar students in public institutions and have higher rates of default on

47. For a historical perspective of Congressional goals and concerns about earlier GI Bills, see Cassandra Dortch, *GI Bills Enacted Prior to 2008 and Related Veterans' Assistance Programs: A Primer*, Report for Congress R42785 (Congressional Research Service, October 6, 2017), [www.crs.gov/Reports/R42785](http://www.crs.gov/Reports/R42785).

48. Research was not specific to veterans using VA educational benefits. Conclusions were mixed with regard to student performance at for-profit institutions. For-profit schools offering associate's degrees and certificates had the positive attributes stated above, but students in college programs had lower rates of degree completion than students in public and private nonprofit college programs. See David J. Deming, Claudia Golden, and Lawrence F. Katz, "The For-Profit Postsecondary School Sector: Nimble Critters or Agile Predators?" *Journal of Economic Perspectives*, vol. 26, no. 1 (Winter 2012), [www.aeaweb.org/articles?id=10.1257/jep.26.1.139](http://www.aeaweb.org/articles?id=10.1257/jep.26.1.139). Differences in student demographics may be related to innovations in the for-profit sector. See Gregory Gilpin and Christiana Stoddard, "Does Regulating For-Profit Colleges Improve Educational Outcomes? What We Know, What We Don't Know, and What We Need to Find Out," *Journal of Policy Analysis and Management: Point/Counterpoint*, vol. 36, no. 4 (Fall 2017), <https://onlinelibrary.wiley.com/doi/10.1002/pam.22007>.

their student loans.<sup>49</sup> In addition, several large for-profit schools, such as ITT Technical Institute, recently closed, leading to federal legislation in 2017 that will restore used Post-9/11 GI Bill benefits to students who do not receive credit as a result of permanent closure of a school.<sup>50</sup> Finally, VBA addresses more grievances about

for-profit institutions than for other types of schools. In spring 2019, the GI Bill Feedback System, which allows beneficiaries to submit criticisms about educational institutions that they believe have acted erroneously or deceptively, reported that VBA had resolved more complaints about private for-profit institutions (2,000) than about public (1,300) or private nonprofit schools (500).<sup>51</sup>

49. Students with degrees from for-profit institutions were less likely to be employed and, once they had jobs, received lower earnings than students in public institutions; outcomes were particularly poor for students at for-profit colleges that offered most courses online and that were multi-campus chains. See Stephanie Riegg Cellini and Nicholas Turner, *Gainfully Employed? Assessing the Employment and Earnings of For-Profit College Students Using Administrative Data*, NBER Working Paper No. 22287 (National Bureau of Economic Research, January 2018), [www.nber.org/papers/w22287](http://www.nber.org/papers/w22287), and Stephanie Riegg Cellini and others, "The Case for Limiting Federal Student Aid to For-Profit Colleges," *Journal of Policy Analysis and Management: Point/Counterpoint*, vol. 36, no. 4 (Fall, 2017), <https://tinyurl.com/yaphuzja>. For more information on student loan defaults, see Adam Looney and Constantine Yannelis, "A Crisis in Student Loans? How Changes in the Characteristics of Borrowers and in the Institutions They Attended Contributed to Rising Loan Default," *Brookings Papers on Economic Activity* (Fall 2015), <https://tinyurl.com/ycmrcted>.

50. See Cassandra Dortch, *Harry W. Colmery Veterans Educational Assistance Act of 2017 (P.L. 115-48)* Report for Congress R45205 (Congressional Research Service, May 16, 2018), [www.crs.gov/reports/pdf/R45205](http://www.crs.gov/reports/pdf/R45205). A special application process

restores educational benefits to students who did not receive credit because the school they attended went out of business. See Department of Veterans Affairs, "Restoration of Benefits After School Closure or if a School Is Disapproved for GI Bill Benefits," [www.benefits.va.gov/gibill/fgib/restoration.asp](http://www.benefits.va.gov/gibill/fgib/restoration.asp).

51. Of the top 10 institutions with the most complaints, nine were for-profit. VBA has addressed approximately 3,800 complaints, the largest share (50 percent) related to for-profit schools. See U.S. Department of Veterans Affairs, GI Bill Comparison Tool (accessed March 4, 2019), [www.va.gov/gi-bill-comparison-tool](http://www.va.gov/gi-bill-comparison-tool). Several years earlier, however, RAND presented results from a small survey (230 respondents) indicating that Post-9/11 GI Bill beneficiaries who enrolled in private for-profit programs expressed greater satisfaction in a number of areas (such as the receipt of academic credits for military service and the ability to enroll in required courses without wait lists) than beneficiaries attending public schools. See the testimony of Jennifer L. Steele, RAND Corporation, before the Subcommittee on Economic Opportunity of the House Committee on Veterans' Affairs, *Military Veterans' Experiences in For-Profit Higher Education*, (May 16, 2012), [www.rand.org/pubs/testimonies/CT376.html](http://www.rand.org/pubs/testimonies/CT376.html).



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## About This Document

This Congressional Budget Office report was prepared at the request of the Ranking Member of the House Budget Committee. In accordance with CBO's mandate to provide objective, impartial analysis, the report makes no recommendations.

Elizabeth Bass prepared the report with guidance from David Mosher and Edward G. Keating. Nabeel Alsalam, William Carrington, Heidi Golding, Paul Holland, and David Newman provided useful comments.

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CBO continually seeks feedback to make its work as useful as possible. Please send any comments to [communications@cbo.gov](mailto:communications@cbo.gov).

A handwritten signature in black ink, appearing to read "Keith Hall", located below the contact information.

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