



American Council on Education

Post-9/11 Veterans Educational Assistance Improvements Act of 2010

The Post-9/11 Veterans Educational Assistance Act of 2008, known as the Post-9/11 GI Bill, expanded the federal education benefits available to veterans, members of the armed services, and their spouses and dependents. On Jan. 4, 2011, President Obama signed into law the Post-9/11 Veterans Educational Assistance Improvements Act of 2010 (“Improvements Act”), which will alter Post-9/11 GI Bill benefits in several important ways. This Q&A summarizes selected key changes included in the Improvements Act. Because the information provided below is based on the statute, it does not reflect any new interpretive regulations or guidance that the U.S. Department of Veterans Affairs (VA) may issue.

1. What are the most significant changes in the new law?

- The benefit for tuition and fees will be based on the net cost to the student after accounting for state and federal aid, scholarships, institutional aid, fee waivers and similar assistance, rather than the total charges established by the institution.
- The current state-by-state cap on the tuition-and-fees benefit will be replaced with a single national cap of \$17,500 for students at non-public and foreign institutions. For students at public institutions, the benefit in effect will be capped at in-state tuition and fees for the program in which the student is enrolled.
- Service members enrolled in an education program while on active duty will be subject to the same tuition-and-fees benefit cap as would apply to similarly situated veterans in that program.
- Students who are pursuing an education program solely through distance learning will now be entitled to a housing stipend, albeit in an amount less than the housing stipend available to students who enroll in classroom-based and “blended” programs.
- Service members and veterans will be able to attend programs at institutions that do not offer college-level degrees.
- Certain members of the National Guard who were inadvertently excluded from the original Post-9/11 GI Bill are now eligible for benefits.

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- Many college degree programs offered by accredited public and non-profit institutions will be deemed “constructively” approved for purposes of veterans education assistance programs, which in effect eliminates the current requirement that designated state agencies approve those degree programs.
- Institutions will be paid more in connection with their obligation to submit reports to VA, but there will be new restrictions on the uses to which those reporting fees may be put.

2. How does the Improvements Act change the way in which the tuition-and-fees benefit is calculated?

Under current law, the benefit for tuition and fees is based on the established charges for the relevant education program, subject to applicable caps. The Improvements Act changes both the method of calculating the benefit and, as discussed in Question 3, the applicable caps.

- For public institutions, the benefit will equal the net cost for the student’s program based on in-state tuition and fees, after accounting for state and federal aid, scholarships, institutional aid, fee waivers and other assistance paid directly to the institution for the “sole purpose” of defraying the student’s tuition and fees. Loans and Pell Grants will not be counted in determining net cost.
- For non-public and foreign institutions, the benefit will equal the net cost to the student for tuition and fees, after accounting for state and federal aid, scholarships, institutional aid, fee waivers and other assistance paid directly to the institution for the “sole purpose” of defraying the student’s tuition and fees. Loans and Pell Grants will not be counted in determining net cost.

VA regulations may clarify how institutions are to administer this approach. Among other matters, the new approach would seem to require institutions to determine whether a student’s other assistance is for the “sole purpose” of defraying tuition and fees and to certify to VA the actual net cost to the student.

3. Does the Improvements Act change the maximum tuition-and-fees benefit a student may receive?

Yes. Currently, the tuition-and-fees benefit is capped at the cost of in-state undergraduate tuition at the most expensive public institution in the state where the veteran is enrolled. The Improvements Act changes the cap.

- For students enrolled in degree granting programs at public institutions, benefits will be based on in-state tuition for the program regardless of whether the student pays in-state or out-of-state tuition. Accordingly, the tuition-and-fees benefit in effect will be capped at in-state tuition and fees for the program.

- For students enrolled in degree-granting programs at non-public and foreign institutions, the benefit will be capped at a single national cap of \$17,500, which will be adjusted each year to reflect increases in the average cost of undergraduate tuition.
- Students enrolled in non-degree-granting programs will be subject to different caps, depending upon the type of program attended. (See Question 12.)

4. How will the changes to the tuition-and-fees benefit affect the overall amount of assistance veterans and service members receive?

According to the Congressional Budget Office (CBO), the switch from assistance based on institutions' established charges to assistance based on the actual net cost to the student will not change significantly the total amount of assistance per student. The CBO assumes that the switch will prompt institutions to shift their limited aid dollars from veterans to non-veterans and will discourage veterans from applying for outside scholarships. Overall, the CBO estimates that veterans education assistance will decrease by an average of \$215 per student per year.

Similarly, the change in the tuition-and-fees benefit cap is not expected to change dramatically the overall amount of aid. However, particular institutions may experience significant changes depending upon the current cap in their state.

5. Does the change to the tuition-and-fees benefit cap affect students in graduate and professional degree programs at public institutions?

Yes. Under the Post-9/11 GI Bill, the tuition-and-fees benefit sometimes does not cover the full cost of a public institution's graduate and professional programs, because the cap is tied to the cost of in-state tuition and fees for full-time undergraduates at the most expensive public institution in the relevant state. Under the Improvements Act, the tuition-and-fees benefit for students enrolled in degree programs at public institutions will be based on in-state tuition and fees for the student's program regardless of whether the program is at the undergraduate, graduate or professional level. However, a graduate or professional student possibly will still receive less than full tuition and fees for the program to the extent such student is paying out-of-state tuition and fees.

6. Does the Improvements Act modify the Yellow Ribbon Program?

No, the Improvements Act does not formally alter the Yellow Ribbon Program, which allows the government and participating institutions to share the cost of any tuition and fees in excess of the tuition-and-fees benefit cap. However, as described above, the Improvements Act alters the tuition-and-fees benefit calculation to require that institutions apply certain financial assistance first before Post-9/11 GI benefits are applied towards the cap. At this time, VA's interpretation of the interplay between the tuition-and-fees benefit calculation and Yellow Ribbon Program benefits—such as whether Yellow Ribbon Program benefits must be applied to determine net costs or are applied after the cap is reached—is unclear.

7. Does the Improvements Act change the tuition-and-fees benefit available to active-duty service members?

Yes. Current law imposes no tuition-and-fees benefit cap for service members who pursue an education program while on active duty. The Improvements Act will apply to active-duty service members the same caps that are applicable to veterans, as described in Question 3. In addition, as with veterans, the standard tuition-and-fees benefit for active-duty service members will be based on net cost rather than the institution's established charges. Active-duty service members will also be subject to the eligibility tiers that currently apply only to veterans; the relevant tier will be based on the service member's length of service. Active-duty service members whose tuition and fees are paid in part by the military are entitled only to the difference between the military assistance and the actual net cost of the program. The new eligibility tiers for active-duty service members will take effect on March 5, 2011. We understand that VA has interpreted the Improvements Act to provide that the \$17,500 tuition-and-fees benefit cap for active duty service members attending private and foreign institutions will go into effect Aug. 1, 2011.

8. Does the Improvements Act make the Post-9/11 GI Bill's monthly housing stipend available to students in wholly distance learning programs?

Yes. The Act establishes monthly housing stipends for students who are pursuing a program solely through distance learning on a more than half-time basis, albeit in an amount less than the housing stipend amount available to students in classroom-based and blended programs. Students in wholly distance learning programs currently are entitled to no housing stipend. Under the Improvements Act, such students who are enrolled on a more than half-time basis will be entitled to receive up to 50 percent of the national average of the monthly amount of the basic housing allowance available to service members who are at pay grade E-5 and have dependents. According to VA, that monthly stipend would be up to \$673.50 in 2011.

Students enrolled in "blended" programs that combine classroom learning and distance learning currently are entitled to the same monthly housing stipend as students enrolled in wholly classroom-based programs. The Improvements Act includes no provisions that appear to alter that approach.

9. Does the Improvements Act make other changes to the monthly housing stipend rules?

Yes. The following changes will be applicable to all recipients of a monthly housing stipend, including those enrolled in wholly distance learning programs.

- The stipend will be pro-rated based on the veteran's credit load relative to a full-time credit load. For example, a veteran taking 18 credits in a program where 20 credits are considered full-time status will be entitled to 90 percent of the otherwise applicable stipend. Currently, all veterans who are eligible for the housing stipend are entitled to the full stipend amount.

- With limited exceptions, stipend payments will not be made for “interval periods,” which VA’s regulations currently define as “period[s] without instruction between consecutive school terms, quarters, or semesters.” For example, most students will no longer be able to receive stipend payments during a winter break between fall term and spring term. The change will apply to all veterans education assistance programs. The student will suffer no loss in entitlement because any stipend reduction will be available to the student for use during future enrollment. The Improvements Act does not seem to affect the allowance for stipend payments during short holidays that occur during a term, such as Veterans Day.

As before, active-duty service members and veterans enrolled on a half-time basis or less will not be entitled to a monthly housing stipend.

10. Does the Improvements Act address the stipend available for books and supplies?

Yes. Veterans currently are entitled to a stipend of up to \$1,000 per academic year for books and supplies, but active-duty service members are not. The Improvements Act extends the \$1,000 book stipend to active-duty service members.

11. How does the Improvements Act change the course approval process?

Currently, veterans and service members may receive benefits under the Post-9/11 GI Bill and other veterans education assistance programs only if they enroll in a program of study that has been approved by a designated state agency. The Improvements Act substantially loosens the approval requirements for “accredited standard college degree program[s] offered at a public or not-for-profit proprietary institution,” deeming them to be “constructively” approved if they are offered by an institution that is accredited by a U.S. Department of Education-approved accreditor. The change does not apply to for-profit institutions. The Act also authorizes VA to disapprove an education program directly, rather than requiring it to rely on designated state agencies.

12. Does the Improvements Act change the availability of benefits for students in non-degree-granting programs?

Yes. The Improvements Act extends benefits to students enrolled in certain trade and technical schools, flight schools, correspondence schools and similar programs not covered under current law. Post-9/11 GI Bill benefits are currently available for non-degree programs only at institutions that also offer one or more degree programs. The Improvements Act will permit students to receive benefits in connection with approved non-degree programs at any institution. Students enrolled in certificate and other non-degree programs will be entitled to the same benefits as veterans and service members enrolled in degree programs. Students enrolled in flight training or correspondence programs will be subject to lower tuition-and-fees benefit caps of \$10,000 and \$8,500, respectively, and will not be entitled to a housing stipend or book stipend.

13. Will benefits be available to individuals participating in apprenticeships and other on-the-job training?

Yes. The Improvements Act will extend certain benefits to veterans pursuing a full-time program of apprenticeship or other on-the-job training. Such veterans will be eligible for a full monthly housing stipend for the first six months and decreasing amounts over the following 30 months. They will also be entitled to an \$83 monthly stipend for books and supplies. The benefits will be paid directly to the student.

14. Does the Act change the eligibility criteria for service members and veterans?

Yes. Certain members of the National Guard and others who were inadvertently excluded from the original Post-9/11 GI Bill are now eligible for benefits. For eligible members of the National Guard, the change is retroactive to the effective date of the Post-9/11 GI Bill.

15. Does the Improvements Act alter the benefits available for licensing and certification tests?

Yes. The Improvements Act will eliminate the current one-time limit on the use of benefits for licensing and certification tests. Students will be able to seek reimbursement for as many licensing and certification tests as they like. Each licensing or certification test will remain subject to a \$2,000 benefits cap. The Act also will permit veterans and service members to receive funds to pay for national admission tests (e.g., SAT, GMAT). Those tests will not be subject to the \$2,000 benefits cap. For both types of tests, the individual will be “charged” one month (out of the remaining months of the individual’s entitlement) for every \$1,460 in testing fees paid by VA, with such dollar amount adjusted in future years to reflect increases in the average cost of undergraduate tuition.

16. Does the Improvements Act change the reporting fees paid to institutions?

Yes. Institutions that enroll students under the Post-9/11 GI Bill and other veterans education assistance programs are currently paid a per-student fee to defray the cost of submitting reports to VA. The Act modestly increases the amount of those fees. It also adds a new restriction on the use of reporting fees, requiring that they be used either to comply with the statutory reporting obligations or otherwise to support veterans programs.

17. When do the changes go into effect?

Most changes will take effect on Aug. 1 or Oct. 1, 2011. The changes to the benefits eligibility criteria are effective immediately or retroactively to the effective date of the Post-9/11 GI Bill. Please see Question 7 for information regarding the effective dates of certain changes related to service member benefits. VA has created a web page, (URL: <http://goo.gl/rIJkY>), that summarizes the changes and effective dates.