



A NEW GI BILL:

Rewarding our Troops, Rebuilding our Military

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EXECUTIVE SUMMARY

In 1944, President Franklin Delano Roosevelt signed the original GI Bill, ensuring that eight million combat veterans coming home from Germany and Japan would be able to afford an education. Called the “Servicemen’s Readjustment Act,” the World War II GI Bill covered tuition, fees, and books, and gave veterans a living stipend while they were in school. Presidents Gerald Ford and George H.W. Bush, Senators Bob Dole and Patrick Moynihan, and authors Norman Mailer and Frank McCourt all relied on the GI Bill.

Experts have argued that the GI Bill “reinvented America” after a half-decade of war. Indeed, a 1988 Congressional study showed that every dollar spent on educational benefits under the original GI Bill added seven dollars to the national economy in terms of productivity, consumer spending and tax revenue. But in his signing statement, President Roosevelt spoke more simply:

“[The GI Bill] gives emphatic notice to the men and women in our armed forces that the American people do not intend to let them down.”¹

Today, 1.5 million troops are returning from Iraq and Afghanistan to a very different future than the one FDR made possible for the Greatest Generation. The current educational benefits offered to veterans are far lower than the original GI Bill. Today, after paying a nonrefundable contribution from their first military paychecks, troops can receive a total of up to \$39,600 towards their education. Unfortunately, this covers only 60-70% of the average cost of four years at a public college or university, or less than two years at a typical private college.

In addition, structural problems and bureaucratic delays discourage veterans from using their GI Bill benefits. National Guardsmen and Reservists, including those who have served multiple combat tours, typically receive only a fraction of their GI Bill benefits. Moreover, 30% of troops who pay the nonrefundable \$1,200 contribution do not end up using the GI Bill at all. These veterans have paid the government \$230 million, but received nothing in return.

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Today's veterans deserve a real reintegration program to help adjust to the civilian world. At the same time, a renewed GI Bill is a practical answer to the military's troop shortage. Despite investing \$4 billion dollars in recruiting annually, the military has had serious problems recruiting high-caliber personnel. The Pentagon has responded by lowering age, education, and aptitude standards for new recruits, as well as upping the number of recruiters and increasing enlistment bonuses. These stop-gap measures will not address long-term problems with recruiting, especially as the overall size of the Armed Forces is expanded.

Rather than continuing to spend billions in bonuses for lower-standard enlistees, increasing GI Bill benefits would encourage high-aptitude young people to join the military. The GI Bill is the military's single most effective recruitment tool; the number one reason civilians join the military is to get money for college. As our military recovers and resets in the coming years, an expanded GI Bill will play a crucial role in ensuring that our military remains the strongest and most advanced in the world.

THE ORIGINAL GI BILL

The Servicemen's Readjustment Act of 1944, better known as the "GI Bill of Rights," helped almost eight million veterans of World War II afford an education. The original GI Bill, which expired in 1956, covered tuition, fees, and books, and gave veterans a living stipend while they were students. The only requirements were at least 90 days of military service and an honorable discharge.

The GI Bill has given many of our nation's leaders their start, including Presidents Gerald Ford, George H.W. Bush, former Senators Bob Dole, George McGovern, and Pat Moynihan, Representative Charles Rangel, former Supreme Court Chief Justice William Rehnquist, and former Secretary of State Warren Christopher. Additionally, 14 Nobel Prize winners and two dozen Pulitzer Prize winners used the GI Bill, including authors Joseph Heller, Norman Mailer, and Frank McCourt.²

But the GI Bill has benefited more than just a handful of America's leaders and luminaries. 2.2 million veterans attended a college or university on the original GI Bill. It is estimated that almost half a million of these veterans would not have been able to go to college without it.³ An

The GI Bill, Then and Now

	Then	Now
Covered full cost of tuition	✓	✗
Paid for room and board	✓	✗
Full benefits available to all combat veterans	✓	✗
Nonrefundable pay-in requirement	✗	✓

While the WWII-era GI Bill covered tuition, room and board, and gave full benefits to all combat veterans, the current GI Bill does none of these things—and requires an initial, nonrefundable contribution.

additional 3.5 million veterans went to vocational schools, 1.5 million vets got on-the-job training, and 700,000 more received farm training.⁴ The GI Bill produced "238,000 teachers, 91,000 scientists, 67,000 doctors, 450,000 engineers and a million assorted lawyers, nurses, businessmen, artists, actors, writers and pilots."⁵ Although the vast majority of beneficiaries were men, the GI Bill also put 64,000 women through college.⁶

Perhaps most impressively, every dollar spent on educational benefits under the original GI Bill added seven dollars to the national economy in terms of productivity, consumer spending and tax revenue.⁷

TODAY'S GI BILL

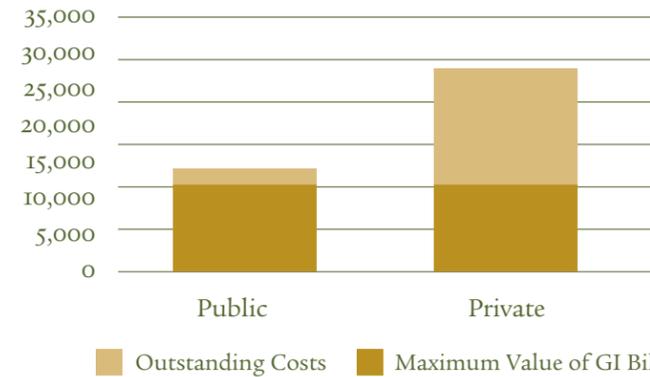
About 300,000 Iraq and Afghanistan veterans have used some part of their GI Bill.⁸ But many aspects of the current system, including lower benefit rates, bureaucratic delays, and eligibility issues, discourage people from taking full advantage of these benefits.

Lower Benefits

Today's GI Bill benefits simply do not cover the cost of college. Troops must pay \$1,200–\$1,800 from their first military paychecks to be eligible for the GI Bill, and this money is nonrefundable, even if the service member never uses their education benefits. Once they have paid into the system, troops can receive a total of roughly \$39,600 towards their education.⁹

Unfortunately, this covers only 60-70% of the average cost of four years at a public college or university.¹⁰ At the typical private college, GI Bill benefits will not pay for even two years of tuition.¹¹ As a result, many of America's top-caliber schools are out of the reach of veterans relying on GI Bill benefits.

GI Bill Benefits Do Not Cover Annual College Costs



Even for troops receiving the maximum GI Bill benefits, college costs can leave an education out of reach. College costs are based on the average for four-year public and private institutions in 2005. Source: Rob Kelley, "College costs going nowhere but up," CNN, October 18, 2007.

Structural Problems

There are several technical problems with the current GI Bill. First, the GI Bill is paid out in monthly increments, so students must pay upfront costs out-of-pocket. Moreover, the GI Bill precludes veterans from qualifying for many federal grants and most scholarships, because

benefits under the GI Bill count as income for federal student aid.¹² Finally, although the GI Bill payout is linked to inflation,¹³ rising education costs far outstrip these increases.¹⁴ As a result, the GI Bill loses value every year.

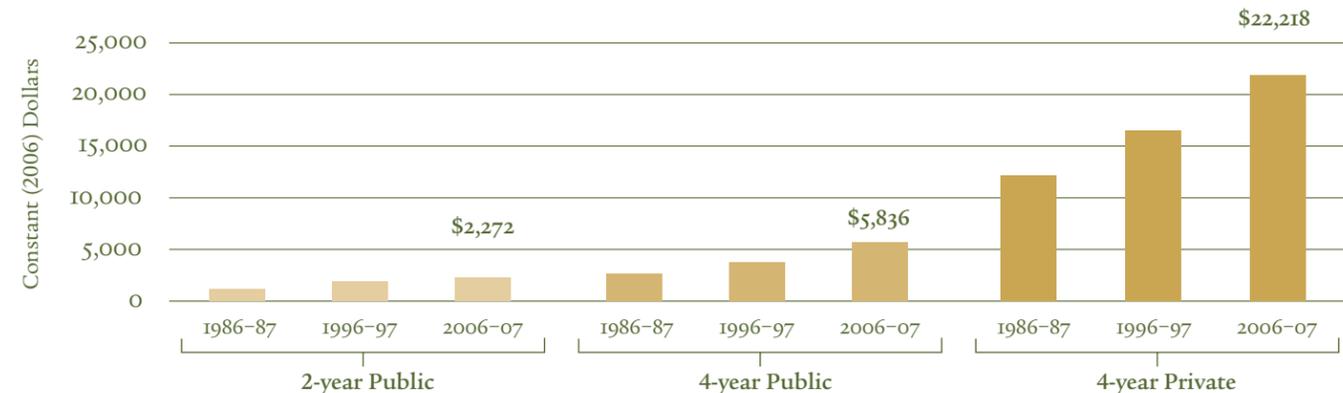
The timing of GI Bill benefits receipt is also a serious issue. There have been reports of serious delays in receiving benefits; more than 118,000 veterans education claims are waiting to be processed.¹⁵ Furthermore, benefits expire. Active-duty service members have only ten years to use their benefits after leaving the military.

Because of these challenges, many veterans do not take advantage of their GI Bill. "In fact, although 95% of troops pay the nonrefundable contribution, only 8% of veterans use their whole benefit and 30% of veterans don't use their GI Bill at all."¹⁶ These veterans have paid the government a total of \$230 million¹⁷ without receiving any benefit.

Reserve and National Guard Issues

In 2007, nearly 100,000 Reserve and National Guard service members attended school on the GI Bill.¹⁸ Forty percent have been deployed at least once.¹⁹ But Guardsmen and Reservists, even those with extensive combat experience, get lower benefits than their active-duty peers, and face unique bureaucratic obstacles. Their educational benefits are based on continuous deployments,²⁰ so reservists who serve shorter but more frequent tours are unfairly penalized. For example, an Army National Guardsman who served twelve consecutive months on active duty will receive almost \$2,000 a year more in GI Bill benefits than a

Average College Tuition, 1986–2007



In the past twenty years, the cost of college has skyrocketed. Source: College Board, "Trends in College Pricing," 2006.

Marine Reservist who served two seven-month tours. Moreover, eligibility for reservists' education benefits can be confusing,²¹ and the maximum benefit is only \$31,000.²²

A NEW GI BILL: A MUCH-NEEDED RECRUITING TOOL

The current GI Bill cost the Department of Veterans Affairs \$1.6 billion in 2004.²³ As the original GI Bill demonstrated, however, the value of the GI Bill far exceeds its cost, generating returns in terms of productivity, consumer spending and tax revenue.²⁴ Moreover, the cost of the GI bill should be understood within the framework of sky-rocketing recruitment and retention costs, serious shortages of highly-skilled troops, and the looming burden of an expanded military force.

In polls, new recruits list "money for college" as their number one reason for joining the military.²⁵ As the military works to rebuild a force strained by the Iraq War, the GI Bill will be a crucial recruitment tool. Improving GI Bill benefits is critical if the military is to attract high-caliber enlistees, the kind of troops needed to fulfill the challenging and multi-faceted roles in the modern military.²⁶

The High Cost of Recruiting

Although recruitment costs more than \$4 billion annually,²⁷ the military has recently encountered serious difficulties getting enough people to enlist. In 2004 and 2005, the Army, National Guard, Army Reserves, and Marines all missed months of recruiting goals. Recruitment figures have improved,²⁸ but signs of trouble persist. The Army missed its monthly goals in May and June 2007,²⁹ and started the FY2008 recruiting year dramatically behind schedule.³⁰ Moreover, thousands of new recruiters, lowered standards, and upped signing bonuses are necessary to hold a recruitment crisis at bay.

The Army has lowered standards in terms of age, education, and aptitude. The maximum age for a new recruit has been raised to 42 from 35.³¹ The goal of having 92% of enlistees with regular high school diplomas was lowered to 90% in October 2004,³² but even this lowered standard has not been met in the past two years. In 2006, only 81% of enlistees had a high-school diploma.³³ In fact, the military is now reaching out to high-school dropouts, helping 13,000 recruits earn their GEDs since 2005.³⁴

Moreover, almost 4% of recruits are being accepted despite failing the enlistee aptitude test.³⁵

In addition, the Army is now accepting far more people with criminal backgrounds. In 2006, 8,129 recruits received waivers,³⁶ one-tenth of the total number of new enlistees. Of this number, 900 waivers were for felonies, double the amount in 2003. In 2007, the percentage of recruits receiving waivers increased again, to 12 percent.³⁷ Reports by the FBI and the Army's Criminal Investigation Command link looser recruiting standards and more criminal waivers to an increase in gang-related activity in the military.³⁸

The maximum enlistment bonus in 2006 was \$40,000, up from \$20,000 in previous years, while the average enlistment bonus reached \$11,000.³⁹ Naturally, the overall cost of enlistment bonuses has risen dramatically. The Army's expenditures for enlistment bonuses for active-duty, National Guard and Reserve troops have more than doubled from 2000 to 2005.⁴⁰

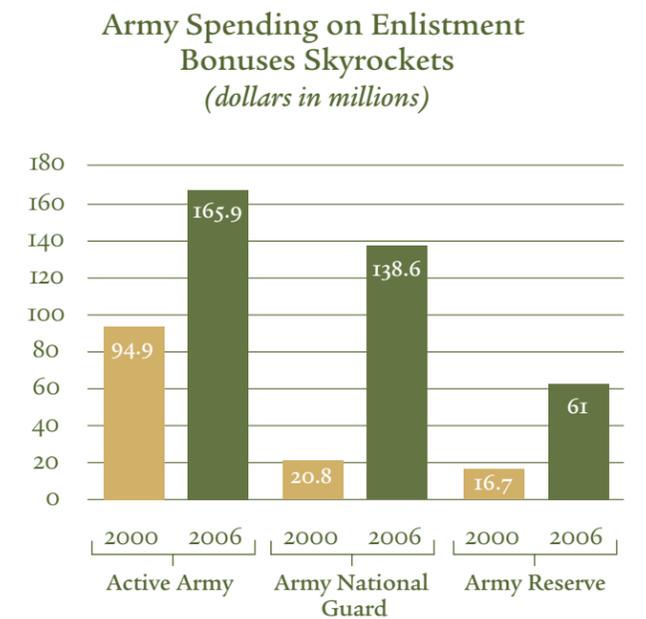
These high recruitment costs will only increase as the Defense Department begins a planned expansion of the Armed Forces. Defense Secretary Gates has recommended "a total increase in the two services of 92,000 soldiers and Marines over the next five years—65,000 soldiers

and 27,000 Marines."⁴¹ Finding ten thousand-plus new soldiers per year would raise annual recruitment goals by at least 13 percent,⁴² a huge burden on the already strained recruiting process.

CONCLUSION

President Roosevelt knew that returning combat troops both require and deserve a comprehensive plan to help them reintegrate into civilian life. The promise made to the Greatest Generation can still be kept to the veterans of today. A new GI Bill would increase the future earnings of our veterans,⁴³ and as a result would increase consumer spending, productivity and tax revenue. And unlike simple cash recruitment bonuses, the GI Bill will actually pay for itself in the long run.

For IAVA's recommendations on education and on military readiness, see our Legislative Agenda, available at www.iava.org/dc.



Source: Commission on the National Guard and Reserves, Second Report to Congress, March 2007.



IN PERSON: TODD BOWERS

Marine Corps Reservist Sgt. Todd Bowers was halfway through his degree in Middle Eastern studies at George Washington University and two weeks away from finals when he was activated for his second deployment to Iraq. Sgt. Bowers' school made no accommodations to allow him to take his exams early, and he was forced to withdraw from his classes.

While he was deployed to Iraq, Bowers was wounded when a sniper's round penetrated the rifle scope he was using and sent fragments into the left side of his face. Sgt. Bowers was awarded the Purple Heart and Navy Commendation medal with "V" device for Valor.

But when Bowers returned home, he was not greeted as a hero by his university and credit lenders. Despite notifying his lenders that he was leaving on a combat deployment, he returned home to find that his student loans had been sent to collection. Struggling to make payments and keep up with classes, Bowers was eventually forced to leave school, and his credit rating was ruined.

RECOMMENDED READING AND ONLINE SOURCES

For more information about the national security implications of the Iraq War, please see the IAVA Issue Report, “A Breaking Military: Overextension Threatens Military Readiness.” All IAVA reports are available at www.iava.org/dc.

You can also learn more about the GI Bill and recruiting and retention problems from the following sources:

- Edward Humes, author of “Over Here: How the GI Bill Transformed the American Dream.” Many of his articles and blogs are available online, including “Nine Words,” *The Huffington Post*, October 30, 2006: http://www.huffingtonpost.com/edward-humes/nine-words_b_32838.html and “When Dreams Came True,” *Orange County Register*, November 5, 2006: http://www.ocregister.com/ocregister/homepage/abox/article_1345180.php.
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ENDNOTES

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- ⁴ Milton Greenberg, “How the GI Bill Changed Higher Education,” *The Chronicle of Higher Education*, June 18, 2004.
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- ⁸ “VA Benefit Activity, Veterans Deployed to the Global War on Terrorism, June 2007 Update,” prepared by VBA Office of Performance Analysis and Integrity, June 25, 2007, p. 8: http://www.veteransforcommonsense.org/files/VFCS/VBA_GWOT_Claims_June_2007.pdf. Currently, about 500,000 veterans of all generations are using the VA’s various educational benefits. U.S. Department of Veterans Affairs, “2008 Budget, Congressional Submission,” February 6, 2007, p. 1-17: <http://www.va.gov/budget/summary/VolumeIVSummaryVolume.pdf>.
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- ¹⁸ Data from Department of Veterans Affairs Education Services Division.
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- ²⁰ A reservist who serves more than 90 continuous days of active duty is entitled to 40% of the active duty GI Bill rate. Those serving more than 1 year of continuous service receive 60% of the active duty benefits, and those serving more than 2 years on active duty receive 80%. Department of Veterans Affairs, “Reap Questions and

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- ²⁵ Elizabeth Farrell, “GI Blues,” *The Chronicle of Higher Education*, 13 May 2005.
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