



NATIONAL DEFENSE COMMITTEE

Alternate Military and Veteran Student Borrower Negotiator Data Submission for RISE Committee

Summary

- Military and veteran educational benefits are *earned* benefits “purchased” with additional military service.
- Profligate issuing and forgiveness of student loans raises the cost of tuition beyond the previously sufficient levels of those earned military and veteran educational benefits, forcing those students to take out loans they were not expecting.
- Student loan reform cannot be divorced from the additional exogenous factors of punitive college regulations like the 90/10 Rule, the Financial Transparency Rule, and the Gainful Employment Rule,

“Free College” Diminishes Veterans’ Benefits, Impairs Military Recruiting and Reduces the Value of Military & Veteran Educational Benefits

- Education benefits are one of the military’s greatest recruiting tools.
 - o A 2021 study found more than half (53%) of veterans, activity duty personnel, reservists, and National Guard members said they [enlisted because of education benefits](#).
 - o Those rates were even higher among women (62%) and minorities (61 to 71%, depending on segment).
- Previous attempts at mass student loan cancellation plan—which would have eliminated the debt of about [three in four borrowers](#)—discouraged military enlistment. Why would a young person consider military service as an avenue to a college education, when they knew that they could effectively get free college by taking out a loan and then counting on regulators to forgive their debt for their own economically questionable decisions?
- In fact, it has been the accessibility of such “easy money” that has driven the cost of college so high, as schools are driven to raise tuition to take advantage of the relatively unlimited loan amounts.
 - o This, combined with the history of essentially free tuition when student loans are so easily forgiven cheapens the value of military and veteran educational benefits by [irrationally inflating the cost of higher education](#) beyond the maximum value of military and veteran educational benefits, tuition rates that would beforehand been under those benefit caps.
 - o This in turn forces [military and veteran students to take out loans](#) to meet the emergent shortfall of their earned educational benefits.

- For military and veteran students, this is tantamount to the government subsidizing the cost of groceries, giving free groceries to non-veteran students, and then wondering why veteran students can't buy food because the cost to them is now so much higher.

Accountability Measures Will Restore Value of Earned Benefits, Shift Responsibility to Borrowers Instead of Taxpayers

- The accountability measures slated to be considered in by the RISE Committee—notably, caps on graduate program loan amounts—offer practical solutions to shift the burden of educational decisions from taxpayers back to the individuals making those decisions.
 - These limits, if set appropriately both in terms of dollar amounts and in terms of appropriate classification of educational programs (especially the potentially false distinction between “graduate” and “professional” educational programs), recognizes students are competent to determine whether a program is worth the cost and delegates the responsibility of securing private financing to cover above-and-beyond costs, if necessary.
 - For military and veteran students, this is even more important as America trusts the military personnel who lead with the lives of their sons and daughters, but when they become students, whether military or veteran, suddenly America seems to believe are no longer competent to choose where they study, and imposes false “protective” measures on how they use those benefits, such as the 90/10 Rule, Gainful Employment requirements, and meaningless Financial Transparency stipulations.
- To that end National Defense Committee understands the crux of this issue for the RISE Committee is how to differentiate between “professional” and “graduate” degree programs, and what will qualify for the higher loan caps.
 - Both degree and non-degree post-undergraduate programs that focus on what most would consider a “professional” field of work (such as nursing, law, computer science, physical, occupational, and speech therapy, and a host of other industries both useful for meeting military readiness requirements, and for best leveraging military experience for future civilian occupations), are forced into a traditional college structure not because that is what is needed to learn that profession, but because that's how colleges are structured to deliver degrees.
 - Therefore, National Defense Committee believes the RISE Negotiated Rulemaking Committee should take as expansive a point of view as legally possible to classify programs as “professional” programs to recognize that juxtaposition of the round peg of modern professional education being forced into the likely outdated square hole of traditional public and private nonprofit college education models.

Loan Accountability Should be Combined with General Regulatory Reform to Restore Parity for Veterans and Servicemembers

- Rules that apply exclusively to career colleges—namely, Gainful Employment and Financial Value Transparency (FVT)—effectively prevent servicemembers and veterans from freely using their earned education benefits at the schools of their choosing.
- About 40 percent of programs at private non-profit institutions and 70 percent at public colleges and universities would fail the current Gainful Employment standard, and public and private colleges would account for nearly 80% of Gainful Employment Rule violations, if the rule were applied uniformly to all schools.
- While National Defense Committee understands the need to segment regulatory actions to make large regulatory changes digestible for the overall rulemaking process, it is still difficult to determine appropriate student loan reforms without combining that review with a review of these punitive non-loan college regulations which place military and veteran students at a unique disadvantage.
 - Those military and veteran students made their military enlistment decisions based upon the expected value of their earned educational benefits to cover all of the costs of higher education.
 - But because of these after-the-fact punitive regulations applied discriminatorily against the types of educational programs which military and veteran students disproportionately use, those military and veteran students discover those benefits now are insufficient because the educational landscape is corrupted by these exogenous government mandates.
 - It is also difficult to properly evaluate loan reform proposals' impact on military and veteran students separately from these non-loan reform punitive regulations because, as is the case with the 90/10 Rule which forces higher education schools to raise tuition upon military and veteran students by about 20%, beyond the cost that would apply without that 90/10 Rule, and thereby force military and veteran students to take out unnecessary loans, so that the schools subject to the 90/10 Rule do not violate it.
 - **In other words, the 90/10 Rule forces military and veteran students to take out loans that would not otherwise be necessary, raising the cost for them unnecessarily.**
- A better solution would be to rescind these Rules entirely—as was proposed in the House of Representatives' version of the *One Big Beautiful Bill*—stop trying to regulate away criminal activity, and make criminal charges against bad actors on a case-by-case basis.