



NATIONAL SECURITY RESEARCH DIVISION

CHILDREN AND FAMILIES
EDUCATION AND THE ARTS
ENERGY AND ENVIRONMENT
HEALTH AND HEALTH CARE
INFRASTRUCTURE AND
TRANSPORTATION
INTERNATIONAL AFFAIRS
LAW AND BUSINESS
NATIONAL SECURITY
POPULATION AND AGING
PUBLIC SAFETY
SCIENCE AND TECHNOLOGY
TERRORISM AND
HOMELAND SECURITY

The RAND Corporation is a nonprofit institution that helps improve policy and decisionmaking through research and analysis.

This electronic document was made available from www.rand.org as a public service of the RAND Corporation.

Skip all front matter: [Jump to Page 1](#) ▼

Support RAND

[Browse Reports & Bookstore](#)

[Make a charitable contribution](#)

For More Information

Visit RAND at www.rand.org

Explore the [RAND National Security Research Division](#)

View [document details](#)

Limited Electronic Distribution Rights

This document and trademark(s) contained herein are protected by law as indicated in a notice appearing later in this work. This electronic representation of RAND intellectual property is provided for non-commercial use only. Unauthorized posting of RAND electronic documents to a non-RAND website is prohibited. RAND electronic documents are protected under copyright law. Permission is required from RAND to reproduce, or reuse in another form, any of our research documents for commercial use. For information on reprint and linking permissions, please see [RAND Permissions](#).

This report is part of the RAND Corporation research report series. RAND reports present research findings and objective analysis that address the challenges facing the public and private sectors. All RAND reports undergo rigorous peer review to ensure high standards for research quality and objectivity.



NATIONAL SECURITY RESEARCH DIVISION

Understanding the Cost and Quality of Military-Related Education Benefit Programs

Paco Martorell, Peter Bergman

Prepared for the Office of the Secretary of Defense

Approved for public release; distribution unlimited

This research was conducted within the Forces and Resources Policy Center of the RAND National Defense Research Institute, a federally funded research and development center sponsored by the Office of the Secretary of Defense, the Joint Staff, the Unified Combatant Commands, the Navy, the Marine Corps, the defense agencies, and the defense Intelligence Community under contract W74V8H-06-C-002.

The RAND Corporation is a nonprofit institution that helps improve policy and decisionmaking through research and analysis. RAND's publications do not necessarily reflect the opinions of its research clients and sponsors.

Support RAND—make a tax-deductible charitable contribution at www.rand.org/giving/contribute.html

RAND® is a registered trademark.

© Copyright 2013 RAND Corporation

This document and trademark(s) contained herein are protected by law. This representation of RAND intellectual property is provided for noncommercial use only. Unauthorized posting of RAND documents to a non-RAND website is prohibited. RAND documents are protected under copyright law. Permission is given to duplicate this document for personal use only, as long as it is unaltered and complete. Permission is required from RAND to reproduce, or reuse in another form, any of our research documents for commercial use. For information on reprint and linking permissions, please see the RAND permissions page (www.rand.org/pubs/permissions.html).

RAND OFFICES

SANTA MONICA, CA • WASHINGTON, DC
PITTSBURGH, PA • NEW ORLEANS, LA • JACKSON, MS • BOSTON, MA
DOHA, QA • CAMBRIDGE, UK • BRUSSELS, BE

www.rand.org

Summary

Since the passage of the original GI Bill following World War II (*Serviceman's Readjustment Act*, 1944), the military has provided veterans with a collection of financial aid benefits designed to help them attend college. While research has shown that these programs have helped many veterans acquire a college education (e.g., Bound and Turner, 2002; Stanley, 2003), less is known about the impact of more recent educational benefits for veterans. This is especially true of the Post-9/11 GI Bill, which, in conjunction with a number of other assistance programs, has afforded veterans new educational opportunities. The Post-9/11 GI Bill offers tuition subsidies paid directly to institutions, a housing allowance tied to cost of living, and a book stipend, which in combination are usually more generous than preceding GI Bills. However, issues such as rising tuition costs; an increasing presence of low-quality, for-profit institutions that target veterans; and a potentially confusing array of benefit options could mitigate the impact of these programs on the recruitment, retention, and human capital development of service members.

This report contextualizes these issues and formulates a research agenda to address them. Specifically, this report addresses the following research questions:

- What are the key features of the military-related education benefit programs, including changes to these programs and historical utilization patterns of some of the key programs?
- What has been found in prior research on the impacts of these programs?
- What are the primary challenges policymakers face for improving the evaluation, implementation, and efficiency of the benefit programs?
- How can future research help overcome the challenges policymakers face?

Veterans' Educational Assistance Programs and Benefit Usage

Currently, veterans can choose from a wide selection of education benefit programs, the two most significant of which are the Montgomery GI Bill (MGIB) and the Post-9/11 GI Bill. The former offers veterans a monthly stipend of \$1,426 paid directly to students for up to 36 months, and is available to veterans serving after 1985 who are on active duty for at least three years.

The Post-9/11 GI Bill is the largest expansion of benefits since the original GI Bill (Steele, Salcedo, and Coley, 2011), with tuition assistance offsetting the net in-state tuition cost of the institution a veteran attends for up to 36 months. In contrast to the MGIB, this assistance is paid directly to the institution. The housing allowance varies by state, equaling the Basic Housing Allowance for an E-5 military paygrade with dependents.

The MGIB and Post-9/11 GI Bills are complemented by several other programs, such as the Yellow Ribbon Program, which expands the generosity of benefits for more expensive participating schools, and the MGIB-Selected Reserve and the Reserve Educational Assistance Program, which extend benefits to reservists serving on active duty for extended periods of time.

Our analysis of personnel records of service members linked to benefit participation data revealed several noteworthy patterns:

- Nearly half of all veterans separating before 2000 have claimed benefits before the option to do so expires.
- Claim rates are highest for Marines, Hispanic veterans, and those with higher Armed Forces Qualifying Test (AFQT) scores.
- Take-up rates have been increasing over time, which suggests that an even greater fraction of service members are taking advantage of the Post-9/11 GI Bill (although our data do not allow us to confirm this conjecture).

Prior Research on the Impact of Veterans' Educational Benefits

Research has found that previous GI Bills had large effects on college enrollment.

- The World War II-era GI Bill increased college attainment by 32–40 percent (Bound and Turner, 2002; Stanley, 2003).
- Stanley (2003) finds a 33 percent increase in college completion for veterans of the Korean War.
- Angrist and Chen (2011) use the Vietnam draft lotteries to compare veterans with non-veterans and find similar schooling gains as for earlier GI Bills.

These large enrollment gains for earlier GI Bills may have been facilitated by low baseline rates in college attendance. Studies of more-recent benefits have found smaller effects and changes in the composition of service members.

- Simon, Negrusa, and Warner (2010) study the effects of the MGIB and find that an additional \$10,000 in benefits leads to an increase of five percentage points in benefit use.
- MGIB benefits encourage the enlistment of individuals more motivated to go to college, which leads to higher separation rates.

To date, there has been no rigorous impact analysis of the Post-9/11 GI Bill on service members' outcomes.

Challenges Facing Policymakers

While research on the original GI Bill had important implications for policy, there is little research on the impact of the current educational assistance programs on veterans' outcomes. Several challenges for policymakers emphasize the need for improved data collection and evaluation of program impacts on the quality and quantity of education that veterans receive.

Concerns About Cost and Quality: The Rise of For-Profit College Attendance Among Veterans

For-profit colleges have grown rapidly in recent years, which is potentially problematic for several reasons:

- For-profit colleges charge relatively high tuition, which might increase the cost of veteran educational benefits.
- Current financial aid regulations indirectly incentivize for-profit colleges to recruit veterans to apply.
- There are concerns about the quality of educational offerings that for-profit colleges provide; students in for-profit colleges are less likely to complete degree programs (Lynch, Engle, and Cruz, 2010; Elgin and Silver-Greenberg, 2009) and face greater unemployment and student loan burdens (Deming, Golden, and Katz, 2012).

Complexity of Educational Benefit Programs

The complexity of benefit options and quality of outreach to inform veterans about these choices also present a challenge to policymakers.

- Certain benefit decisions are irrevocable, and there are instances in which the MGIB is more generous than the Post-9/11 GI Bill.
- Steele, Salcedo, and Coley (2011) find that 38 percent of survey respondents said understanding benefit eligibility for the Post-9/11 GI Bill was a moderate to major challenge.
- We do not know the effectiveness of existing Department of Veterans Affairs (VA) outreach programs that aim to assist veterans' decisionmaking.

Costs of the Post-9/11 GI Bill

Veterans face high tuition costs, and there is no research about the effectiveness or efficiency of the Post-9/11 GI Bill's tuition assistance program.

Lack of Information and Data Needed to Address These Challenges

Addressing these challenges will require data on benefit take-up and related costs, as well as the ability to track veterans' outcomes through their education and into the labor market. Currently, these types of data do not exist.

Recommendations for Future Work

We recommend several priorities for future research:

- Extensive data collection to help track veterans' outcomes during school and through their transitions into the labor market
- Quantifying how tuition subsidies and other benefits affect recruitment, retention, education, and labor-market outcomes
- A rigorous research design to measure the extent to which benefits affect college choice decisions and how this affects program costs

- Measuring the consequences of benefit-choice complexity on veterans' choices, financial aid, and education
- Testing interventions to reduce this complexity and improve benefit choices.

We believe this research will help guide policies that ensure programs to assist veterans provide the maximum benefit given their cost.