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.”

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.
At the same time, the Pentagon has been cutting the military’s overall size. In 1991, the Department of Defense was spending $263 billion dollars in defense, compared to $68 billion dollars in 2009. 

The Pentagon has reduced the size of the armed forces and has cut back on recruiting new troops, reducing the opportunities for people from all walks of life to join the military. As a result, the size of the military has shrunk, and the number of military personnel has declined. This has led to fewer veterans being available to take advantage of GI Bill benefits.

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

**TODAY’S GI BILL**

About 300,000 Iraq and Afghanistan veterans have used some part of their GI Bill. 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 leaves the service.

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

**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 there is no penalty for inflation, rising costs, or increases as a result. The timing of GI Bill benefits is often more than a year after the GI Bill is paid out.

Because of these issues, even the advantage of GI Bill benefits is often lost when a veteran tries to use their whole benefit. As one veteran explained, “I GI Bill at all.”

The average college tuition in 1986 was $2,272, but it has increased to $8,843 in 2006.

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.

**Reserve and National Guard service members**

In 2007, nearly 20% of the National Guard service members had not used their GI Bill. Forty percent of the Guard members who did use their benefits used them for the first time.

But Guard members who serve with extensive combat experience are left with bureaucratic obstacles. GI Bill benefits are based on combat experience, so service members who serve shorter tours are penalized. For example, a GI Bill recipient who served eight months in Iraq is likely to receive almost $2,000 less in benefits than a GI Bill recipient who served twelve months in Iraq.
In addition, the Army is now accepting far more people with criminal backgrounds. In 2006, 8,129 recruits received waivers, 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. Reports by the FBI and the Army’s Criminal Investigation Command indicate that loose recruitment standards and more criminal waivers to an increase in gang-related activity in the military.

The maximum enlistment bonus in 2006 was $40,000, up from $20,000 in previous years, while the average enlistment bonus reached $11,000. 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.

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

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, 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.

IN PERSON: TODD BOWERS

Marine Corps Reservist Sgt. Todd Bowers
Middle Eastern studies at George Washington from finals when he was activated for his tour of duty. Bowers’ school made no accommodations early, and he was forced to withdraw from classes.

While he was deployed to Iraq, Bowers was wounded in a roadside bomb that penetrated the rifle scope he was using. The shrapnel hit the left side of his face. Sgt. Bowers was awarded the Purple Heart and the Commendation medal with “V” device for valor.

But when Bowers returned home, he was pleasantly surprised by the support he received from his university and credit lenders. Despite notifying his banks that he would be overseas for a year, he was able to continue to receive his education benefits, including private loans.