

The Montgomery GI Bill at 25 Years: A Continuing Legacy of Service

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Summary

Enacted in 1987, June 1, 2012 marks the 25th anniversary of the Department of Veterans Affairs-administered educational assistance program known as the Montgomery GI Bill.

Transitioning to the All-Volunteer Force in 1973 was the most important change the Army made since World War II. The Montgomery GI Bill would prove the policy vehicle that ultimately allowed the transition to happen, as it would serve as the educational incentive to address 1979 quality issues commonly known as “a hollow Army”. The late Representative G.V. “Sonny” Montgomery [MS] and a bipartisan handful of colleagues in the House and Senate worked on the legislation for seven years.

Some 2.6 million veterans have used the Montgomery GI Bill in their transition to civilian life producing untold numbers of businessmen and women, engineers, teachers, bankers, and first responders, to name just a few. The Montgomery GI Bill made Reservists eligible for the first time.

The ratio of government benefits to Montgomery GI Bill costs is more than \$2 received for every \$1 spent. Private economy returns are more than \$8 received for every \$1 spent. Active-duty servicemembers must “buy in” to the Montgomery GI Bill through a pay reduction of \$100 per month for 12 months, which has produced some \$2.2 billion for the U.S. Treasury; unprecedented.

The ‘hard skills’ that veterans obtain under the Montgomery GI Bill coupled with the ‘soft skills’ they learn in the military has proven to make veterans a competitive business asset and unique national resource in our domestic economy.

Background

The New GI Bill Continuation Act that created the Montgomery GI Bill -- as signed into law by President Ronald Reagan on June 1, 1987 (Public Law 100-48) -- has served with distinction our military veterans, domestic economy, and national defense/homeland security.

After September 11, 2001, Congress did not need to create a 'war-time' GI Bill program because the Montgomery GI Bill was already in place and has served/continues to serve servicemembers who deployed to Iraq; and it serves servicemembers who continue to serve in Afghanistan. It's part, too, of the Veterans Retraining Assistance Program, the cornerstone of the VOW to Hire Heroes Act of 2011 (Public Law 112-56), which accords Montgomery GI Bill benefits to 100,000 unemployed veterans over age 35.

From 1980 until enactment in 1987, Congressman G.V. "Sonny" Montgomery of Mississippi championed the bipartisan legislation creating this permanent, continuous "New GI Bill."

First enacted into law as a "test" program on October 19, 1984 [Public Law 98-525), Congress limited New GI Bill eligibility to servicemembers who enlisted during July 1, 1985 to June 30, 1988.

Congress wanted to learn if college-age youth would respond to the limited, three-year New GI Bill as a military enlistment incentive/post-service educational opportunity. Mr. Montgomery and his "team of many" designed the New GI Bill to replace the ineffective Post Vietnam-era Veterans' Educational Assistance Program (VEAP) that had taken effect on January 1, 1977, per Public Law 94-502.

Due to the large number of high-quality enlistees who signed up for the New GI Bill "test" program, Congress in Public Law 100-48 enacted on June 1, 1987, would make the program permanent law; unprecedented in previous GI Bill programs. And Congress officially named it the "Montgomery GI Bill" in honor of the wisdom and foresight of Representative Montgomery. Congress made this designation retroactive to October 19, 1984.

A Seven-Year Legislative Journey

Colonel Michael Meese, a PhD labor economist and head of the Social Sciences Department at West Point noted retrospectively in 2005 that:

“Transitioning to the All-Volunteer Force [in 1973] was the most important change the Army made since World War II. The Montgomery GI Bill was the policy vehicle that allowed this to happen.”

The United States indeed abolished its military draft in 1973 and by the late 1970's the success of the All-Volunteer Force concept was in peril. The service branches had difficulty recruiting quality volunteers thus leaving the nation with what then-Chief of Staff of the Army Edward “Shy” Meyer would refer to in 1979 congressional testimony as “a hollow Army”. The Montgomery GI Bill would prove to successfully fill that enlistment void with a cost-effective educational incentive popular with college-age youth.

Among others, Representatives Montgomery, John Paul Hammerschmidt (AK), Marjorie Holt (MD), Bob Edgar (PA), Bill Nichols (AL) and Senators Bill Armstrong (CO), Bill Cohen (ME), Alan Cranston (CA) and Spark Matsunaga (HI) worked on the bipartisan Montgomery GI Bill legislation for seven arduous years [1980-1987].

The House and Senate Veterans' Affairs and Armed Services Committees conducted nearly two dozen hearings. The bill's many principled opponents believed the “economic rent” and “opportunity cost” of a continuous New GI Bill program would be too high to justify yet another veterans' entitlement; especially when we were not at war.

Indeed Representative Montgomery and colleagues proposed a paradigm shift in the form of a permanent, ongoing New GI Bill program as opposed to Congress's normal practice of creating such GI Bill education benefits solely during a period of war; as was the case during WWII and the Korean and Vietnam Conflicts.

In effect, the Montgomery GI Bill and the success of the All-Volunteer Force arguably would become inextricably linked. Montgomery's vision – as Admiral Vern Clark would say of leaders – “reversed expectations of failure and planted the promise of success” in our post-Vietnam era military; a military free of the divisiveness of the Vietnam-era draft policy but one challenged to find high-quality military volunteers.

Achievement in Serving Our Military Veterans

Since 1984 about 2.6 million veterans have used Montgomery GI Bill education and training benefits in transitioning to civilian life producing untold numbers of business men and women, engineers, teachers, public servants, fire fighters, pilots, bankers, social workers, and the full range of specialized technologists, to name just a few professions.

During the bill's long legislative journey, Allan Ostar, President, American Association of State Colleges and Universities -- and a highly-decorated World War II combat veteran -- testified in 1987 in support of a permanent New GI Bill, including for peacetime:

“The GI Bill is an important aid to the quality of American education in general in that it provides confident, motivated students...who bring a sense of responsibility to our Nation's college classrooms...

“The strength of our society is based on a strong and balanced relationship between three major elements of American life:

the national defense;

a productive healthy economy; and

effective system of higher education.

“America cannot be strong if any one leg of the three-legged stool is weak.

“In effect, the GI Bill is a model for this triad. It strengthens all three.

America's sons and daughters who have worn the military uniform -- and subsequently pursue training under the Montgomery GI Bill -- have proven themselves as value-added contributors to all three elements. Having served in the active Army and Mississippi National Guard for 35 years attaining the rank of Major General, Mr. Montgomery and his associates helped soldiers see their futures.

Achievement in Serving Our Economy

Even though Congress designed the Montgomery GI Bill for a modern-day economy, society, technology, and veteran, it's nevertheless a “direct descendant” of the original Servicemen's Readjustment Act of 1944, enacted in Public Law 78-346, and popularly known as the “GI Bill of Rights”.

Michael Bennett, author of *When Dreams Came True: The GI Bill and the Making of Modern America* (Brassey's, 1996) observed that the World War II GI Bill “made the United States the first predominantly middle-class nation in the world...and produced the tax revenues to help fund the Marshall Plan to rebuild war-torn Europe.”

It's also instructive that the 2000 Klemm Analysis Group's cost-benefit analysis of the Montgomery GI Bill found economic returns similar to what The Joint Economic Committee of the Congress found retrospectively in 1988 (S. Hrg. 100-1045) regarding the World War II GI Bill, as cited below:

“Based on an estimate of the increase in the nation's total output of goods and services produced by [World War II] GI Bill beneficiaries, this analysis found that the ratio of benefits to costs for the government's investment in education under the GI Bill was a minimum of 5 to 1 and as high as 12.5 to 1 – that is, for every dollar the government invested in education under the GI Bill, the nation received at least \$5 of benefits and as much as \$12.50 of benefits. These are extraordinarily high ratios of benefits to costs, far above the returns earned by most other forms of investment, either government or private.

“Furthermore, the additional taxes paid by these college-educated veterans during their working lives more than paid for the cost of the program.

“Whether or not government investment in post-secondary education today [in 1988] would have precisely the same ratio of benefits to costs as resulted from the investment made under the GI Bill is a question that requires further research.”

Under contract to the U.S. Department of Veterans Affairs, the 2000 Klemm program evaluation of the Montgomery GI Bill helped answer the Joint Economic Committee's question.

Klemm concluded that: “The Federal Government realizes a sizable financial return on its investment for [Montgomery GI Bill] benefit users who complete a traditional academic program.” For example:

“The *Government* return [projected increases in federal taxes collected as derived from the income gain beneficiaries realize] on [Montgomery GI Bill] investment is slightly more than 2½ to one (2.54) for beneficiaries who complete a *four-year* college degree. The *Government* return on investment for beneficiaries who complete a *two-year* college degree is more than two-to-one (2.14).

“The *private* return on investment [income gain beneficiaries realize as a result of their added educational attainment] is more than

8½-to-one (8.60) to a *two-year* degree and more than seven-to-one (7.36) to a *four-year* degree.

An ultimate judge of the Montgomery GI Bill's cost effectiveness is employers who determine whether the program meets employers' marketplace-workforce development needs. The "hard skills" that our military veterans gain through the Montgomery GI Bill, coupled with the "soft skills" of character, commitment and resolve that they learn in our all-volunteer military, make them valued employees and leaders in our domestic economy.

Many concur with the views expressed in 2004 by Representatives Christopher Smith (NJ) and Mike Simpson (ID):

"Hiring former servicemembers for patriotic reasons expresses appreciation and respect. Hiring them for business reasons gets results."

For example, Beth Buehlmann, vice president and executive director, Center for Workforce Preparation, U.S. Chamber of Commerce, in testifying before the House Committee on Veterans' Affairs in 2004 observed:

"Over 200,000 military personnel transition into the civilian workforce annually...

"Veterans bring added value to the American workforce because veterans have:

training that meets industry standards...

knowledge of cutting-edge technologies that are of concern to employers as they evaluate the abilities of their current workforce in meeting the skill needs of the future marketplace...

education and certification credentials necessary in a global economy...

and demonstrated leaderships skills and managerial experience.

"[And] hiring veterans is simply good business sense.

Noted Bob Lutz, Vice Chairman of General Motors in a 2006 statement to the President's National Hire Veterans Committee: "Veterans personify

economic strength...veterans represent the ready work force for the 21st century.”

Further, Steve Wohlwend, senior division manager of Industrial Relations for John Deere & Company, 167-year-old global enterprise testified in 2004 that “when citizen/soldiers return home and bring their added skills, training, and work ethic, they assist our company in meeting the competitive challenges of the global marketplace.”

About 71 percent of servicemembers who sign up for the Montgomery GI Bill – through an initial \$1,200 pay reduction -- use it for post-service education and training. To date, active-duty servicemembers who signed-up for the Montgomery GI Bill at enlistment have contributed more than \$2.2 billion to the U.S. Treasury; many Americans find this fact highly laudable but difficult to comprehend.

Add-in that about 420 military occupational specialties transfer directly to the civilian workplace – coupled with the veterans’ “soft skills” -- and veterans add a vibrant, leadership dimension to our domestic economy.

Achievement in Serving Our National Defense and Homeland Security

Congress sees to it that we have the best-educated, best-informed, most-effective fighting force in the world.

To this end, author Michael Bennett observed in 2003 that “disciplined by duty and enlightened through experience, our war-time military is America’s most demanding prep school.”

Indeed the complexity of our modern military systems requires engaging, resourceful youth who value the Montgomery GI Bill educational incentive in joining our all-volunteer, professional military.

Representative Henry Brown (SC) expressed his appreciation for such servicemembers rhetorically at a bipartisan March 24, 2004 House Veterans’ Affairs Committee press conference on members of our military as a unique national resource, by asking:

“In what other aspects of our society do technology-savvy 20-year olds maintain multi-million dollar tactical aircraft; navigate and troubleshoot multi-billion dollar nuclear powered ships; and operate and maintain [outer] space-based technologies to keep us safe in an increasingly unsafe world?”

Indeed Representative Montgomery and colleagues proved through empirical data during the bill's seven-year legislative journey that the proposed educational incentive increased enlistments. And it also increased the enlistments of persons who scored in the upper quartiles on the Armed Force Qualification Test. Such increases applied to both the active-duty force and the Guard/Reserves. Under the Montgomery GI Bill, Guard and Reserve members became eligible for education benefits for the first time.

And our military does not limit their educational endeavors only to the Montgomery GI Bill -- and now the robust Post 9-11 GI Bill, as well, created under the leadership of Senators Jim Webb [VA] and Chuck Hagel [NE]. Some 377,000 servicemembers pursued undergraduate and graduate degrees in fiscal year 2011 through the Department of Defense's off-duty voluntary education program. Indeed while deployed to 115 countries worldwide, in fiscal year 2011, 45,220 servicemembers earned degrees, "on-base", "on-ship" and "on-line". Enterprising Americans indeed.

Conclusion

The historic Montgomery GI Bill – the first permanent GI Bill in the history of the republic – arguably is a law that works.

The law works because serving in Congress from 1967 to 1997-- and as Chairman of the Committee on Veterans' Affairs from 1981 to 1995 -- Representative Montgomery's civility, bipartisan spirit, down-home friendliness, powerful listening skills, and old fashioned perseverance earned him the respect of all with whom he came in contact.

For Mr. Montgomery's indefatigable efforts, in 2005 the United States honored him with the Presidential Medal of Freedom. His life spanned four decades of public service, war eras, and generations.

Mr. Montgomery died on May 12, 2006, at age 86. The visionary GI Bill program that bears his name continues to endure by creating opportunity at every turn and promise at every door for veterans, our economy, and through our everyday liberties.

Darryl Kehrer and Michael McGrevey assisted the late Representative G.V. Montgomery in writing *Across the Aisle: The Seven-Year Journey of the Historic Montgomery GI Bill* (University Press of MS, 2011, www.upress.ms.us/books/1406)

