



DCUC
DEFENSE CREDIT UNION COUNCIL

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Jason Stverak
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February 10, 2025

The Honorable Derrick Van Orden
Subcommittee Chairman
Economic Opportunity
Veterans Affairs Committee
United States House of Representatives
Washington, D.C. 20515

The Honorable Chris Pappas
Subcommittee Ranking Member
Economic Opportunity
Veterans Affairs Committee
United States House of Representatives
Washington, DC 20515

Subject: Subject: Statement for the Record – “Bureaucratic Barriers: Making VBA Education Services Work for Veterans and Not the Bureaucracy”

Dear Chairman Van Orden and Ranking Member Pappas:

On behalf of the Defense Credit Union Council (DCUC) as well as the millions of service members, veterans, and military families we serve, we submit this letter in advance of the hearing titled “*Bureaucratic Barriers: Making VBA Education Services Work for Veterans and Not the Bureaucracy.*” DCUC represents credit unions stateside and overseas serving military and veteran communities as well as their families, encompassing over 40 million members and having over \$525 billion in assets. For decades, defense credit unions have been at the forefront of providing financial readiness, education, and resources that support veterans in accessing and managing their earned benefits, including those administered by the Veterans Benefits Administration (VBA).

Defense credit unions play a crucial role in helping veterans navigate the VA benefits system, including GI Bill education benefits, VA home loans, and disability compensation. As not-for-profit, member-owned financial cooperatives, defense credit unions provide financial counseling, direct deposit services, loan programs, and educational workshops to help veterans maximize their benefits and achieve long-term financial success.

Facilitating VA Benefits Access and Financial Education

We continuously develop and disseminate educational resources for our members, including our [Veterans Guide: Understanding Your Benefits](#). This guide helps credit unions keep their veteran members informed about available programs and benefits while providing practical strategies for achieving both immediate and long-term financial goals. Designed to empower veterans and their families with valuable financial insights, our guide has also been thoroughly reviewed by the Veterans Benefits Administration (VBA) to ensure accuracy and relevance.

1. GI Bill and Educational Benefits Support:

- Defense credit unions provide financial literacy programs to student veterans to help them understand how to manage their VA education benefits, tuition payments, and cost-of-living expenses.
- Many defense credit unions offer customized financial products tailored to student veterans, such as low-interest emergency loans or grants to cover unexpected education-related costs.

2. VA Home Loan Assistance:

- Defense credit unions are leading participants in the VA Home Loan Program, ensuring veterans receive the benefits of zero-down mortgages with competitive interest rates.
- They offer one-on-one counseling to veterans on navigating the VA loan application process and overcoming common obstacles, such as appraisal delays and lender overlays.

Serving Those Who Serve Our Country

3. Direct Deposit and Banking Services:

- Many veterans rely on defense credit unions to receive their VA disability compensation and GI Bill payments through direct deposit, ensuring fast and secure access to their benefits.
- Credit unions provide free checking accounts with no minimum balance requirements and low-cost financial services to help veterans avoid high fees associated with traditional banks.

Challenges Credit Unions Face When Working with the VA

While defense credit unions play a pivotal role in ensuring veterans can fully utilize their benefits, several bureaucratic and regulatory barriers hinder their effectiveness.

1. Delays in VA Direct Deposit Processing

- Many veterans report delays in receiving their disability and GI Bill benefits when using VA direct deposit. This issue disproportionately affects credit union members, as defense credit unions rely on timely processing from the VA to ensure benefits are deposited correctly.
- Solution: The VA should streamline and modernize its electronic payment processing systems to reduce payment delays. Additionally, better communication between the VA and financial institutions is needed to promptly resolve direct deposit errors.

2. Inconsistent VA Home Loan Processing and Appraisal Challenges

- The VA Home Loan Program, while highly beneficial, suffers from inefficiencies that make it difficult for veterans to compete in today's housing market.
- VA appraisals are slower than conventional and FHA appraisals, often taking weeks longer. This delays loan approval and can cause veterans to lose out on home purchases.
- Solution: The VA should modernize its appraisal process by increasing the number of VA-approved appraisers and allowing alternative appraisal methods to speed up the process.

3. Lack of Coordination Between the VA and Credit Unions

- The VA does not consistently engage with defense credit unions to ensure veterans receive accurate financial information regarding their benefits. This lack of coordination results in misinformation and financial difficulties for veterans.
- Solution: The VA should establish a formal partnership program with defense credit unions to improve communication and coordination on benefit delivery. This partnership could include regular briefings, shared resources, and streamlined data-sharing mechanisms.

4. Challenges with the GI Bill Housing Stipend Payments

- Many student veterans rely on the Monthly Housing Allowance (MHA) provided under the GI Bill to cover rent and living expenses. However, delays in these payments can lead to financial instability, late rent payments, and eviction risks.
- Solution: The VA should improve its claims processing system and ensure that MHA payments are issued on time, particularly at the start of each semester when delays are most common.

Many of our member credit unions proudly support veterans, their beneficiaries, and caregivers by providing a safe, reliable, and cost-effective way to receive and manage VA monetary benefits through the [Veterans Banking Benefit Program \(VBBP\)](#). This program enables them to securely deposit funds into their existing accounts or open new ones with participating banks and credit unions, ensuring financial stability and accessibility.

- VBBP seeks to simplify banking choices by helping eligible Veterans select the right credit union for themselves and their families.
- VBBP introduces banking options to eligible veterans who do not currently have bank accounts.
- VBBP does not require Veterans satisfied with their current financial situation to change how they receive their VA monetary benefits.

Policy Recommendations to Improve VA-Credit Union Collaboration

To enhance the effectiveness of VA education services and ensure veterans receive their benefits efficiently, DCUC urges the Subcommittee to consider the following policy recommendations:

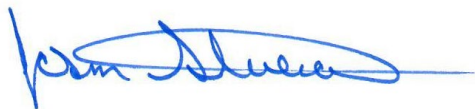
1. **Mandate VA Collaboration with Financial Institutions:** Require the VA to coordinate with credit unions in developing benefit delivery solutions and financial education programs for veterans.
2. **Enhance the VA Home Loan Process:** Reduce processing delays and increase appraisal flexibility to ensure veterans can compete in today's real estate market.
3. **Improve GI Bill Payment Timeliness:** Implement reforms to ensure student veterans receive their MHA payments without unnecessary delays.
4. **Modernize VA Direct Deposit Systems:** Invest in infrastructure to improve the speed and accuracy of benefit disbursements to veterans' credit union accounts.

Defense credit unions are uniquely positioned to support veterans by providing financial services that maximize the effectiveness of VA benefits. However, bureaucratic barriers continue to impede the efficient distribution of these benefits. By addressing these challenges through improved coordination, streamlined processes, and modernization efforts, the VA can ensure that veterans receive their benefits in a timely and effective manner.

DCUC appreciates the Subcommittee's leadership in addressing these critical issues and stands ready to collaborate with Congress, the VA, and other stakeholders to improve outcomes for veterans. Thank you for your attention to this matter.

Should you or your team have any questions or desire additional information, please do not hesitate to contact me at 202.557.8528 or by email at jstverak@dcuc.org.

Sincerely,



Jason Stverak
Chief Advocacy Officer
DCUC

CC: House Veterans Affairs Committee Members