School Debt vs Student Debt

PRASFAA 2019
Debts & Returns

➢ Where do debts come from?
➢ Whose debts are they?
➢ When do you return money to VA?
➢ How do you return money to VA?
What Action Creates Debts?

- **Terminations**
  - Student stopped attending or never attended

- **Reductions/Adjustments**
  - Student reduces course load

- **Amendments**
  - Tuition and/or fees changed
  - Received other tuition and fees based (waivers/scholarships)

- **Incorrect Amount Certified to VA**

- **VA Processing Errors**
  - Paid for Wrong Student
  - Paid more $$$ than certified
Whose Debts Are They?

➢ School Debts
  – Student never attended classes for which he/she was certified regardless of the reason for non-attendance
  – Student completely withdraws from all classes on or BEFORE 1st day of term
  – School amends tuition and fees (not based on student action)
  – School received duplicate payment
  – VA issued incorrect payment amount
  – Student died during or before the term
  – School receives payment for the wrong student (not attending your school)
Example 1: Determine Whether the Debt is a School or Student Debt

Termination Information: Withdrawal after drop period - non-punitive grades assigned
Date of Termination: 07/21/2015
Period Beginning: 06/30/2015
Period Ending: 08/14/2015

<table>
<thead>
<tr>
<th>Enroll Dates</th>
<th>Revised Res</th>
<th>Dist</th>
<th>R/D</th>
<th>Clock</th>
<th>T&amp;F Program Yellow Ribbon</th>
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Adjustment Change-In-Student-Status Certification

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<th>Begin</th>
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<th>Hrs</th>
<th>Hrs</th>
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<td>$347.31</td>
</tr>
</tbody>
</table>

*** Withdrawal after drop period - non-punitive grades assigned *** Effective 07/21/2015 ***
Answer:

**STUDENT DEBT**

- The student withdrew after the first day of the term (FDOT)
- The student reduced hours (whether the reduction occurred before or during the term)
- If the student attended more than one day of any of the classes certified and a payment has been issued, any debt created by the withdrawal should be charged to the student
- The school submitted a change in enrollment (1999b) and reported a reduction in tuition, and fees due to student action reducing or terminating training
- If a student drops a course and adds a course so that there is no net change in training time, any change to tuition, fees, and/or Yellow Ribbon is a student debt
Example 2: Determine Whether the Debt is a School or Student Debt

Notice of Change in Student Certification VA-ONCE ver. P061-Chapter 33

Termination Information: Withdrawal before beginning of term

Date of Termination: 01/18/16
Period Beginning: 01/19/16
Ending: 05/23/16

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Adjustment Change-In Student-Status Certification

01/19/16 05/23/16 00 $0.00

Remarks

**Withdrawal before beginning of term** **Effective 01/18/16**
Answer:

SCHOOL DEBT

• 1. Student never attended the term
• 2. **Student completely withdraws from all classes on or before the first day of term**
• 3. School receives payment for the wrong student
• 4. School receives duplicate payment
• 5. School submits an amended certification that reduces tuition/fee amount and/or yellow ribbon amount
• 6. Student passed away before or during the term.
• 7. VA incorrectly processed the claim and paid too much to the school
Example 3: Determine Whether is a School or Student Debt

<table>
<thead>
<tr>
<th>Enroll</th>
<th>Dates</th>
<th>Res</th>
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Adjustment Change-In Student-Status Certification

<table>
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Remarks

**Reduction on first day of the term**

*Effective 01/20/16*
Answer:

STUDENT DEBT

➢ The student withdrew after the first day of the term (FDOT)
➢ The student reduced hours (whether the reduction occurred before or during the term)
➢ If the student attended more than one day of any of the classes certified and a payment has been issued, any debt created by the withdrawal should be charged to the student
➢ The school submitted a change in enrollment (1999b) and reported a reduction in tuition, and fees due to student action reducing or terminating training
➢ If a student drops a course and adds a course so that there is no net change in training time, any change to tuition, fees, and/or Yellow Ribbon is a student debt
Student Debt

When a student debt is created, schools must refund tuition and fee payments to students in accordance with their established refund policies, so that the students can resolve over-payments.
Federal Agencies Roles and Responsibilities Regarding School Debts

1. Department of Veterans Affairs (VA) – Veterans Benefits Administration (VBA) – Regional Processing Office (RPO). Processes school certifications, adjustments, and amendments of all approved educational facilities and initiates overpayment action if warranted. Assists Debt Management Center in clarifying and/or mitigating debt inquiries.

- **First Over Payment Letter**: RPO sends informational copy of overpayment reason and debt amount to applicable schools. SCO’s should provide copy of this letter to Bursar’s Office.

2. Department of Veterans Affairs (VA) – Debt Management Center (DMC). Receives overpayment amounts generated by any RPO on school debts. Sends three Notices of Indebtedness (NOIs) to schools regarding school debts. Takes action to clear debts or forward inactivity to the Treasury Offset Program (TOP).

- **Notice 1**: Sent three to five days after debt is established by RPO. Informs school of debt amount and addresses the payment options.
  - If you have not received the RPO letter, request it through RNW
Federal Agencies Roles and Responsibilities Regarding School Debts

- **Notice 2:** Sent to school 30 days after first notice sent for past due accounts. Informs school of impending actions if the debt is not addressed. Provides an additional 30 days for the school to clear the debt.

- **Notice 3:** Sent to school 30 days after the second notice sent for all past due accounts. Gives school a final warning and allows for another 60 days to pay debt. Failure to clear debt after additional 60 days will result in debt amount being sent to the Treasury Offset Program (TOP).

3. US Department of the Treasury (DOT) – Financial Management Services (FMS) – Debt Management Services (DMS) – Treasury Offset Division (TOD) – Treasury Offset Program (TOP). *Processes delinquent payments to Federal Government Agencies. Provides payment vouchers to schools. Takes action to clear debts by offsetting future Federal Government designated funds to the school if the school fails to take action to the pay debt and/or clear the debt through DMC.*

**The Treasury Offset Program does not issue notices that funds are offset.**
The Department of Veterans Affairs recently notified you that education benefits were adjusted due to non-enrollment. Since the funds for this enrollment were sent directly to the school, we ask that you return these funds.

### WHAT ARE YOUR RIGHTS?
You have the right to contest either the existence or amount of the debt. Your request should be submitted in writing and should explain why you are contesting the debt. You have the right to inspect and copy VA records associated with the debt. You have an opportunity for a review within the Agency of the decision related to the establishment of the debt.

### WHAT WILL HAPPEN IF YOU IGNORE THIS NOTICE?
If the debt remains unpaid, your account could be referred to the Department of the Treasury for offset under the Treasury Offset Program. If the debt is scheduled for referral to Treasury and we have not received your settlement within 30 days of the referral notice, enforcement of the debt as described above, will suspend referral until the issue has been addressed.

### WHERE DO YOU CALL IF YOU HAVE QUESTIONS?
If you have questions regarding payment of the debt, you should contact the VA Debt Management Center at 1-800-827-6648. Payment options are described on the back of this letter. Our office hours are 7:30 AM to 6:00 PM Central Time. Please note that we experience our heaviest call volumes on Mondays and throughout the first work of each month. By avoiding these peak times, you will minimize your wait time. Your call may be monitored to ensure quality information. You can also contact us via email at dmcedu.va@va.gov. If you have questions regarding specific Veterans or payments, please submit a separate inquiry for each.
Options

- School Options
- Pay in Full
- Dispute
- Payment Plan
- Compromise

- Student Options
- Pay in Full
- Dispute
- Payment Plan
- Waiver
- Reduced Benefit Offset
- Compromise
How to Pay a Debt

• Pay by check: mail the check, payment coupon(s) and/or letter to:
  VA Debt Management Center
  Bishop Henry Whipple Federal Building
  P.O. Box 11930
  St. Paul, MN  55111-0930

• Return electronic payment
  Payments received through EFT can be returned through your bank/financial institution using return code R31

• Pay online: www.pay.va.gov

• Return **un-cashed** hard copy check(s) to:
  U.S. Department of the Treasury
  Financial Management Service
  P.O. Box 51318
  Philadelphia, PA  19115-6316
Questions...