

School Debt vs Student Debt

PRASF~~AA~~ 2019



VA



U.S. Department
of Veterans Affairs

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

Enroll Dates	Revised End Date	Res Hrs	Dist Hrs	R/D Hrs	Clock Hrs	T&F Program Amt	Yellow Ribbon Amount	Out St Chg	TT/FT=
06/30/2015	08/14/2015	0.0	3.0	0.0	0.0	\$347.31			

Adjustment Change-In-Student-Status Certification

06/30/2015	08/14/2015	0.0	0.0	0.0	0.0	\$347.31			
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*** 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

Enroll	Dates	Res	<u>Dist</u>	R/D	Clock	T&F	Yellow Ribbon Program
Begin	End	<u>Hrs</u>	<u>Hrs</u>	<u>Hrs</u>	<u>Hrs</u>	Amount	<u>Amount</u>
01/19/16	05/23/16				20	\$0.00	

Adjustment Change-In Student-Status Certification

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

Withdrawal before beginning of termEffective 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

Enroll	Dates	Res	Dist	R/D	Clock	T&F	Yellow Ribbon Program
Begin	End	Hrs	Hrs	Hrs	Hrs	Amount	Amount
01/20/16	03/24/16	6				\$0.00	
01/20/16	05/21/16	6				\$0.00	
03/29/16	05/25/16	6				\$0.00	

Adjustment Change-In Student-Status Certification

01/20/16	05/21/16	3				\$0.00
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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.*****

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...

