

SCHOOL FISCAL ISSUES, STUDENT OVERPAYMENTS, AND DEBT COLLECTION

CHAPTER 33 FISCAL ISSUES

Generally overpayments of VA benefits are the responsibility of the student. However, there are instances under the Post 9/11 GIBILL when an over-payment is created on a school and funds need to be refunded to VA.

Debts and Over-Payments

A debt is established on a school when:

- The student never attended classes for which he/she was certified regardless of the reason for non-attendance
- The student completely withdraws **on** or before the first day of the term. If student reduces, the debt is a student debt
- The school received payment for the wrong student
- The school received a duplicate payment
- The school submitted an amended enrollment certification and reported reduced tuition and fee charges, reduced Yellow Ribbon amount, or reduced both. (Reductions based on student's action should be reported on a 1999B with the changes in the enrollment and will result in a debt to the student.)
- The student died during the term, or before start of the term
- VA issued payment above the amount certified on the enrollment certification that was used to process the payment (VA data entry error)

A debt is established on the student for tuition/fees/yellow ribbon when:

- The student withdrew **after** the first day of the term (FDOT)
- If the student completely withdrew on the FDOT, treat as if student never attended
- The student reduced hours whether the reduction occurred before or during the term
- If the student attended at least one day of any of the classes certified and a payment has been issued, any debt created by the reduction/withdrawal should be charged to the student
- The school submitted a change in enrollment (1999b) and reported a reduction in tuition, fees, and/or Yellow Ribbon 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

Schools must refund tuition and fee payments to students in accordance with their established refund policies, so that the students can resolve over-payments.

If a school debt has been established and your school believes that it is not appropriate, please notify VA through the [Internet Inquiry System](#) or by letter to the [RPO](#) (not the Agent Cashier).

Returning Funds to VA

Schools should wait to refund payments to VA until a collection notice from the VA Debt Management Center (DMC) is received. In those instances where schools are responsible for making a remittance to VA for excess Tuition, Fees, or Yellow Ribbon payments, schools may make a refund to VA in one of five options.

Note: If making a payment directly to VA (see options 1, 2, & 3 below).

1. Schools may send a check, payable to the **US Department of Veterans Affairs**, to the VA Debt Management Center. It is essential that schools include the student's name and VA file number when making a payment to VA. If you have received a collection notice from DMC, VA requests the tear off sheet from the collection notice be included with the payment. The address to the VA Debt Management Center is:

VA Debt Management Center
Bishop Henry Whipple Federal Building
P.O. Box 11930
St Paul, MN 55111-0930

2. Schools may make a payment using a major credit card, debit card, or by electronic funds transfer from a checking or savings account. You may do this on-line by visiting the DMC website www.pay.va.gov, or by calling the DMC toll free number at 1-800-827-0648. Schools paying on-line or by phone will be required to provide details from the DMC collection notice.
3. Schools may also send a payment to VA from any Western Union Agent location, or by visiting www.westernunion.com. The Western Union Agent or the website will require a host city code, which is "VADMC". You will need the code to complete the transaction.
4. Should the school receive payment in the form of a paper check, the school may return the **uncashed Treasury check** to:

U.S. Department of the Treasury
Financial Management Service
P.O. Box 51318
Philadelphia, PA 19115-6316.

5. Should the school receive payment via Electronic Funds Transfer, schools may refund VA electronically via Automated Clearing House (ACH). To do so, schools shall request their banks return the full payment amount using an R31 ACH return code. Each bank has its own procedures and time constraints for returning direct deposit payments. Please speak with your bank's representative to obtain specific instructions on this process.

Refunds to VA not submitted in one of the approved methodologies may result in delays in debt processing. These delays may result in erroneous collection notices to students and/or schools and possibly referral of the debt to private collection agencies and the credit reporting bureaus.

LOST CHECKS

If a student does not receive a VA education check or EFT deposit that he/she believes was issued, the VA should be called immediately on our toll-free number at 1-888-442-4551. Education Case Managers can check the date and amount of any VA education check issued to a student and whether or not it has been returned. If a check or EFT payment was issued, but not received within three business days from the date of the check, then we can initiate tracer action with the U.S. Treasury Department (VA education checks are issued by the U.S. Treasury Disbursement Office in Philadelphia, PA). Once Treasury has completed its review, the following action will be taken, as appropriate:

If the check is not cashed, a courtesy disbursement check will be issued to the student.

If Treasury finds the check to have been negotiated (cashed), they will send a photocopy (front and back), a claim form and instructions on how to complete the form. The student will return the completed form to the address provided (in Hyattsville, Maryland). A Treasury claim form review could take over six weeks. The results of their review will determine if Treasury replaces the check. If the student claims non-receipt of a benefit check, is issued a courtesy disbursement check, and the original check is received, only one of the checks should be cashed. The other check should be marked "VOID" and returned to the U.S. Treasury in Austin, Texas, immediately. If both checks are negotiated, VA will then be responsible for collecting this dual payment from future benefits.

STUDENT OVERPAYMENTS

When an overpayment is created, a first demand letter is sent notifying the student of the overpayment. When the letter is received, the student should immediately contact VA regarding the debt. The response should be sent (in writing) directly to the office sending the letter, unless otherwise stated. Responding immediately and reaching a valid repayment agreement in a timely manner could prevent future benefits from being withheld. Due process (rights to appeal or waiver) as well as time limits for each step in the process is given in the first demand letter.

Time limits - A request for waiver must be received no later than 180 days (6 months) from the date of the initial notification of the overpayment. If a waiver request is received within 30 days of the first demand (notification) letter, no benefits will be withheld until the decision is made. If benefits were withheld and the waiver request was found to be timely, a refund will be issued. If a waiver is granted, any funds that have been applied will be refunded. Note: If a waiver is requested after the first 30 days, but within 180 days, offset of benefits will continue. If a waiver is granted, the amount collected will be refunded.

- Compromise offers can be made any time. The offer must be a lump sum offer, in writing, and accompanied by a current Financial Status Report (form available through our toll-free telephone number).
- If a waiver is denied, the student will receive a written notification of the decision that will also indicate when future benefits will start being withheld. An appeal to a waiver denial must be made within one year from the date of the denial letter. Withholding of benefits will continue while this issue is pending.

- Second and third demand letters and one warning letter are sent before referrals are made to nationwide credit bureaus.
- Second and third demand letters and two warning letters are sent before referral to the Internal Revenue Service to offset the debt from any federal payments being made to the claimant.

DEBT MANAGEMENT CENTER (DMC)

P.O. Box 11930
St. Paul, MN 55111-0930
1-800-827-0648

www.va.gov/debtman

Business hours are 7:30 am to 12:15 pm and 12:45 pm to 6:00 pm, Central Time. Mondays and the first business day of the month are always the busiest. The best times to call on those days are 10:30 am to 12:15 pm and 1:15 pm to 3:00 pm, Central Time.

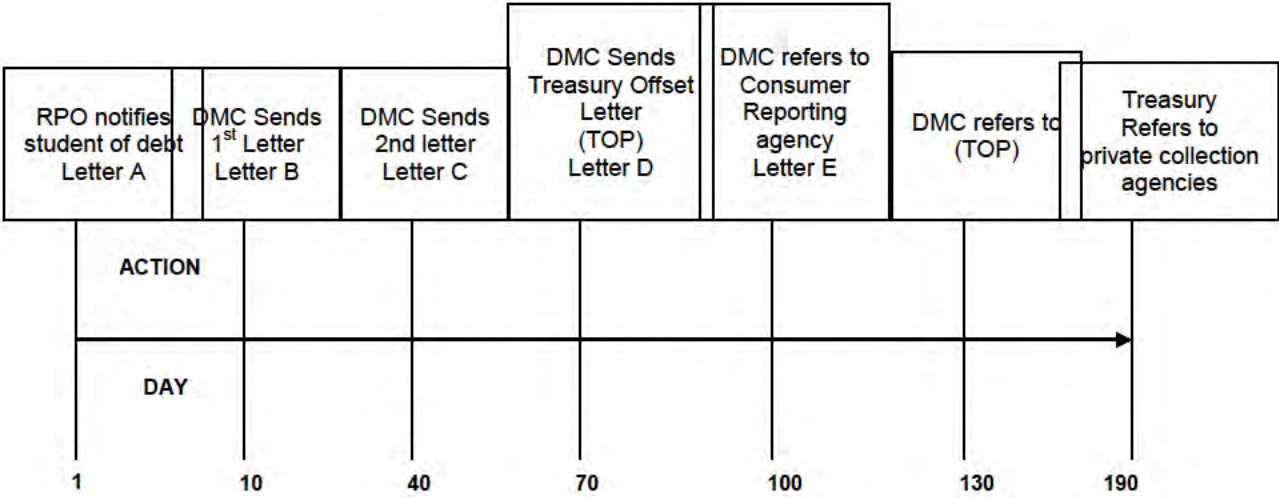
If you cannot reach the DMC by phone, try later in the day or consider e-mailing: dmc.ops@va.gov.
There is specific information about debt resolution on the DMC web-site.

Committee on Waivers and Compromises

The Committee on Waivers and Compromises (COWC) at each RPO has the authority to consider waiver of all student benefit overpayments.

Should a veteran/claimant have an overpayment and desire waiver consideration, a request must be received at VA no later than six (6) months from the date of initial notification of the overpayment. When an overpayment is established, written notification is sent to the veteran/claimant detailing the information needed to be considered for waiver. Briefly, the request must be in writing, specifically stating the reasons for the waiver request, accompanied with a financial status report listing all income, living expenses, installment contracts, assets, etc. The request should be sent to the Regional Office having jurisdiction for collection; the address can be found on the indebtedness notification letter.

DEBT COLLECTION TIMELINE



This timeline reflects letters sent by VA and Debt Management Center reference A-F.

*Treasury Offset Program (TOP) <http://fms.treas.gov/debt/top.html>



DEPARTMENT OF VETERANS AFFAIRS
810 VERMONT AVE. NW
WASHINGTON DC 20420

JANUARY 28, 2011

MR. CHARLES M. NEW
4346 MAIN STREET
SUITE 50
FAIRFAX, VA 22030

Letter A

101/22
CFNEW
XXX-XX-6666

Dear Mr. New:

We reduced your benefits for the term(s) that began on the date(s) below. We did this because you or your school sent us a noticed that you reduced your training.

- September 9, 2009 at George Mason University

What You Need to Know About Your Overpayment

You were overpaid for the following enrollment(s):

- Beginning September 1, 2009, and ending December 1, 2009 at George Mason University

This is a debt you must repay.

Our Debt Management Center will send you information about the amount of the debt, how to repay it, and your rights regarding your debt. If you have questions about your debt, please call our Debt Management Center toll-free at 1-800-827-0648, or write to:

Debt Management Center (389)
Bishop Henry Whipple Federal Building
P. O. Box 11930
St. Paul, MN 55111-1930

How Much Do You Owe

Your total overpayment of **\$8,500** for George Mason University during the term that began on **May 5, 2010** was determined as follows.

- **Tuition and Fees:** We paid your school \$15,000.00 for 12 credit hours on your behalf; however, you are only due \$7,000.00 based on your current course load. Your Tuition and Fees overpayment is \$8,000.00.

LTSver5.0 SR1

- **Yellow Ribbon Program:** We paid your school \$1,000.00 for 12 credit hours on your behalf, however, you are only due \$500.00 based on your current course load. Your Yellow Ribbon Program overpayment is \$500.00.

If You Have Questions or Need Assistance

If you have questions or need assistance, contact us. See the "If You Need Help" enclosure for contact information. If you disagree with us, you have the right to appeal our decision. You must write and tell us why you disagree. The enclosed VA Form 4107 explains your rights.

Sincerely,

Education Officer

Enclosures: VA Form 4107
If You Need Help

cc: American Legion



DEPARTMENT OF VETERANS AFFAIRS
Debt Management Center
Bishop Henry Whipple Federal Building
P.O. Box 11930
St. Paul, MN 55111-0930

Letter B

File Number:
Payee Number:
Person Entitled:
Deduction Code:
E-Mail Address: dmc.cps@va.gov
(Please provide the information above
on any e-mail correspondence)

The Department of Veterans Affairs recently sent you a letter explaining that your entitlement to benefits had changed. As a result, you were paid \$ more than you were entitled to receive.

WHAT ARE YOUR OPTIONS?

- You can pay the debt in full, by check or money order. Payment instructions are on the back of this letter. We also accept VISA, MasterCard, American Express, Discover, and Western Union "Quick Collect". Please call our toll-free number for more information.
- If you cannot make payment in full, we will work with you to establish a monthly payment schedule to clear the debt within a reasonable time frame.

WHAT ARE YOUR RIGHTS?

You have the right to dispute the debt and the right to request waiver. If you request waiver, you also have the right to request an oral hearing. Information regarding these options is on the enclosed document entitled, Notice of Rights and Obligations. Read it carefully.

WHERE DO YOU CALL IF YOU HAVE QUESTIONS?

You can contact this office by calling toll-free, 1-800-327-0648. Our office hours are 7:30 AM to 6:00 PM Central Time. Your call may be monitored to ensure quality information.

FOR PROPER CREDIT TO YOUR ACCOUNT, PLEASE DETACH AND RETURN WITH YOUR PAYMENT



PAYMENT REMITTANCE

FILE NO.	AMOUNT ENCLOSED	ENTER YOUR CURRENT ADDRESS BELOW ONLY IF THE PAYEE NUMBER IS RECORDED PLEASE INCLUDE YOUR ZIP CODE.
PAYEE NO.	\$	
PERSON ENTITLED	YOUR TELEPHONE NO. (PLEASE USE G044)	
DEDUCTION CODE		

* Please include this number on your check or money order.

10-124, OCT 2010



DEPARTMENT OF VETERANS AFFAIRS
 Debt Management Center
 Bishop Henry Whipple Federal Building
 P.O. Box 11930
 St. Paul, MN 55111-0930

Letter C

File Number:
 Payee Number:
 Person Entitled:
 Deduction Code:
 E-Mail Address: dmc.ops@va.gov
 (Please provide the information above
 on any e-mail correspondence)

The Department of Veterans Affairs paid you benefits to which you were not entitled. We asked you to pay the debt in full or contact this office to establish a repayment plan. The balance on your account is \$ _____ which may include interest and administrative costs, if applicable.

WHAT WILL HAPPEN IF YOU IGNORE THIS LETTER?

We will report your delinquent balance to credit reporting agencies within 60 days from the date of this letter. This will affect your ability to obtain credit in the future. We will also refer your delinquent balance to the Department of Treasury for further collection, which will include offset of any federal payment to which you are entitled. This includes tax refunds, social security benefits, and salary or retirement benefits. Any future VA benefits to which you may become entitled will be withheld to satisfy this debt.

HOW CAN YOU AVOID THIS ACTION?

You can pay the debt in full or make arrangements to pay the debt in monthly installments. To be considered for monthly installments, you will need to complete and return the enclosed Financial Status Report in the envelope provided. Make sure you fill in Item 24B. To pay your debt, make your check or money order payable to the U. S. Department of Veterans Affairs and write your VA file number or social security number on the check to ensure proper credit. Include the remittance slip from the bottom of this letter with your payment and mail it in the enclosed envelope. We also accept VISA, MasterCard, American Express, Discover and Western Union "Quick Collect". Call us for information regarding payment by credit card or "Quick Collect". Our toll-free telephone number is 1-800-827-0648.

Other options for eliminating your debt are explained on the back of this letter.

FOR PROPER CREDIT TO YOUR ACCOUNT, PLEASE DETACH AND RETURN WITH YOUR PAYMENT

Department of Veterans Affairs	PAYMENT REMITTANCE
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FILE NO. ▶	AMOUNT ENCLOSED	CHECK YOUR CURRENT ADDRESS BELOW ONLY IF THE ONE ABOVE IS INCORRECT. PLEASE INCLUDE YOUR ZIP CODE.
PAYEE NO. ▶	\$	
PERSON ENTITLED ▶	YOUR TELEPHONE NO. (Include Area Code)	
DEDUCTION CODE ▶		
* Please include this number on your check or money order.		

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DEPARTMENT OF VETERANS AFFAIRS
 Debt Management Center
 Bishop Henry Whipple Federal Building
 P.O. Box 11930
 St. Paul, MN 55111-0930

Letter D

File Number:
 Payee Number:
 Person Entitled:
 Deduction Code:
 E-Mail Address: dmc.opa@va.gov
 (Please provide the information above
 on any e-mail correspondence)

You have a delinquent debt with the Department of Veterans Affairs.
 The balance is \$ _____ plus interest and administrative costs, if applicable. We have tried to contact you on numerous occasions to satisfy this debt. If you do not pay the balance in full or establish a satisfactory payment agreement within 60 days, we will refer your debt to the Department of the Treasury for offset under the Treasury Offset Program (TOP).

Under TOP, the Department of the Treasury will collect this debt by reducing or withholding Federal and State payment(s) to which you are entitled. This offset process is authorized by the Debt Collection Improvement Act of 1996.

Before we refer your debt to TOP, we are required to tell you that you have the right to inspect and copy records related to your debt. When your debt was first established, you were notified of your right to dispute the existence or amount of the debt and your right to request waiver of collection. You were also advised of the time frame allowed for pursuing these actions. If you have questions about the appellate process or your status within that process, call this office immediately on the toll-free number shown below.

You must pay the debt in full or establish a satisfactory payment plan with this office within 60 days of the date of this letter to avoid referral to TOP. You have the option of submitting a compromise offer if you cannot pay the total debt. We have the authority to accept a lesser amount in full settlement of the debt but we normally require a lump sum payment. A compromise offer must be submitted in writing and include a completed Financial Status Report which is enclosed with this letter. Please include the remittance stub at the bottom of this letter with any payments you send to this office. If you have any questions regarding your debt or actions you need to take to prevent referral, please call us toll-free at 1-800-827-0648.

Chief, Operations Division
 Enclosure

FOR PROPER CREDIT TO YOUR ACCOUNT, PLEASE DETACH AND RETURN WITH YOUR PAYMENT

Department of Veterans Affairs PAYMENT REMITTANCE

* FILE NO.	▶	AMOUNT ENCLOSED	ENTER YOUR CURRENT ADDRESS BELOW ONLY IF THE ONE ABOVE IS REQUIRED. PLEASE INCLUDE YOUR ZIP CODE.
PAYEE NO.	▶	\$	
PERSON ENTITLED	▶	YOUR TELEPHONE NO. (Include Area Code)	
DEDUCTION CODE	▶		

* Please include this number on your check or money order.

Et 4-5072, 08 2016



DEPARTMENT OF VETERANS AFFAIRS
 Debt Management Center
 Bishop Henry Whipple Federal Building
 P.O. Box 11930
 St. Paul, MN 55111-0930

File Number:
 Payee Number:
 Person Entitled:
 Deduction Code:
 E-Mail Address: dmc.cps@va.gov

Letter E

The following information on your delinquent indebtedness, along with your name and address, was reported to a number of consumer reporting agencies.

VA File No.:
 Type of Debt:
 Date of Debt:
 Original Amount of Debt:
 Co-Obligor Name and Address (If applicable):

Social Security No.:
 Date of Last Payment:
 Current Total Balance:

In order to protect your credit rating, you should contact us to make arrangements to repay this debt as soon as possible. You may contact us at the following toll-free telephone number (1-800-827-0648) to make arrangements to repay your debt.

Please make your check or money order payable to the U.S. Department of Veterans Affairs and return it in the enclosed envelope along with the bottom portion of this letter. Please include your name and file number on your check or money order to insure proper credit.

If you have any questions concerning this letter, please contact this office for assistance. However, if you have already been contacted by a VA District Counsel or U.S. Attorney, any inquiries should be made to that office.

Chief, Operations Division

FOR PROPER CREDIT TO YOUR ACCOUNT, PLEASE DETACH AND RETURN WITH YOUR PAYMENT



FILE NO. ▶		AMOUNT ENCLOSED	ENTER YOUR CURRENT ADDRESS BELOW ONLY IF THE ONE ABOVE IS INCORRECT. PLEASE INCLUDE YOUR ZIP CODE.
PAYEE NO. ▶		S	
PERSON ENTITLED ▶		YOUR TELEPHONE NO. (Include Area Code)	
DEDUCTION CODE ▶			
* Please include this number on your check or money order.			

FI 4-501, SEP 2007