

SCHOOL DEBT PROCEDURES REFERENCE GUIDE

There is much confusion from School Certifying Officials on how school debts are established and more importantly, the actions schools need to take to clear a school debt. The goal of this School Debts Procedures Reference is to help:

- ✚ Determine why school debts are established (7 reasons for a school debt).
- ✚ Understand what agencies are tasked to establish and process school debts.
- ✚ Give you a step-by step set of options to help you resolve school debt issues.
 - Option 1 - Agree to Pay the Debt
 - Option 2 - The amount of the Debt is incorrect
 - Option 3 - School sent check to the RPO
 - Option 4 - School sent overpayment to the student
 - Option 5 - The Notice of Indebtedness from DMC was unexpected.
 - Option 6 – Switching a school debt to a student debt

NOTE: With the recent addition of the Treasury Offset Program (TOP) in debt collection procedures, schools that have failed to act or have been unsuccessful at mitigating their VA based school debts have found that the Treasury Offset Program has withheld other federal funds from being distributed to their school. This has caused both frustration and concerns from School Officials charged with ensuring that anticipated federal government payments to schools are received. A regimented timeline has been implemented by VA in order to clear debts.

Warning: After DMC has issued 3 Notices of Indebtedness, your debt is transferred to the Treasury Offset Program.

I would recommend that you print off a copy of this guide for yourself and one for your staff that are responsible for school debts.

Harry Dulick
Education Liaison Representative
216.522.3531
harry.dulick@va.gov

VA Regional Processing Office

www.gibill.va.gov -submit a question link

1-855-225-1159 Schools Only National Call Center

TREASURY OFFSET PROGRAM

1-800-304-3107 – Customer Service

<http://fms.treas.gov/debt/top.html>

DEBT MANAGEMENT CENTER

dmcedu.vbaspl@va.gov - Schools only email address
dmc.ops@va.gov – Students and Schools email address
1-800-827-0648 – Schools and Students phone number

US Department of Veterans Affairs
Debt Management Center
PO Box 11930
St Paul MN 55111

GENERAL DEBT INFORMATION

REASONS FOR A SCHOOL DEBT

1. Student never attended classes
2. Student **completely** withdraws 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 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

FEDERAL AGENCIES ROLES AND RESPONSIBILITIES REGARDING SCHOOL DEBTS

1. Department of Veterans Affairs (VA) – Veterans Benefits Administration (VBA) – ST Louis Regional Processing Office (RPO). *Processes school certifications, adjustments, and amendments of all Central Region VA approved Educational Facilities and initiates overpayment action if warranted. Sends informational copy of overpayment reason and debt amount to applicable schools. Assists Debt Management Center in clarifying and/or mitigating debt inquiries.*

2. Department of Veterans Affairs (VA) – Debt Management Center (DMC). *Receives overpayment amounts generated by 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.

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 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.

GENERAL DEBT INFORMATION**HOW TO PAY SCHOOL DEBTS THROUGH DEBT MANAGEMENT CENTER**

1, Paying by mail: Send a check and include the payment tear-off stub you received from the Notice of Indebtedness letter (DMC letter). You may send one check to cover multiple payments as long as the tear-off stubs for each corresponding debt letter is included. Do not send a copy of the tear-off remittance stub. Send the original stub. Send payments to:

US Department of Veterans Affairs
Debt Management Center
PO BOX 11930
ST Paul MN 55111

2. Paying by Plastic Card or ACH Debit: Pay each debt separately at DMC's online payment site. Follow the directions found in the online site.

<https://www.pay.va.gov/>

HOW TO DETERMINE THE BALANCE OF YOUR SCHOOL'S DEBT

Contact DMC at:

DMC 'Schools Only' email address: dmcedu.vbaspl@va.gov
DMC – Phone: 800-827-0648

NOTE: DMC REQUESTS THE ORIGINAL TEAR-OFF REMITTANCE STUB IN ORDER TO CLEAR THE DEBT

Due to the systems in place at DMC, schools should always make a copy of the Notice of Indebtedness for their records. DMC can quickly and efficiently process debt payments when you send in the original tear-off remittance stub along with your payment.

SCHOOL DEBTS OPTIONS**OPTION 1 – AGREE TO PAY THE DEBT:**

You agree with the St Louis Processing letter. There is a valid reason for the school debt and you agree with the amount.

1. File the informational letter received from the RPO. Wait for the Notice of Indebtedness from DMC.
2. Upon receiving the Notice of Indebtedness from DMC, you send in the payment along with the Notice of Indebtedness tear-off payment stub to DMC. (note: always keep copies of inquiries, notes, notices)

OPTION 2 – THE AMOUNT OF THE DEBT IS INCORRECT:

You DON'T agree with the St Louis Processing (RPO) letter you received. The debt amount is more or less than expected.

1. File the informational letter received from the RPO.
2. Inquire through the Submit a Question link (Right Now Web), or the School's Only National Call Center to inquire on how the Processors calculated the amount of debt.

Submit a question: www.gibill.va.gov – look for the Submit a Question link on the home page.
National Call Center: 1-855-225-1159.

After VA's response, if you agree with the debt amount:

- 3a. Upon receiving the Notice of Indebtedness from DMC, send in the payment along with the Notice of Indebtedness (NOI) tear-off payment stub to DMC.

After VA's response, if you DON'T agree with the VA,

- 3b. Ask the VA to audit the student's account to ensure that the amount is correct.
- 3c. Ask the VA to place the debt on hold with DMC until an audit can be completed and verified as accurate.
- 3d. Upon the completed audit results, you agree with the debt. Send payment along with (NOI) tear-off payment stub to DMC.

After VA's audit, if you STILL DON'T agree with the VA,

4. Contact your Education Liaison Representative.

SCHOOL DEBTS OPTIONS**OPTION 3 – SCHOOL SENT CHECK TO THE ST LOUIS RPO (2009 - 2011 terms).**

You receive a letter of debt from the St Louis Processing Office explaining that an old debt needs to be paid by the school. VA had informed you in 2009 and 2010 that overpayments should be sent to RPO. You have proof that the RPO cashed the check.

1. File the informational letter received from the RPO. Wait for the Notice of Indebtedness from DMC.
2. Contact the Debt Management Center's "Schools Only: email, scan a copy of both sides of the check and other pertinent information and submit that information to DMC in order to clear the debt.

DMC 'Schools Only' email address: dmcedu.vbaspl@va.gov
DMC – Phone: 800-827-0648

3. Upon receiving your inquiry, DMC will verify that the payment was made and clear the debt, or advise you of further actions that should be taken by the school to clear the debt.

OPTION 4 – SCHOOL SENT THE OVERPAYMENT TO THE STUDENT (2009 – 2011 Terms)

You receive a letter of debt from the ST Louis Processing Office explaining that an old debt needs to be paid by the school. VA had informed you that in 2009 and 2010, overpayments should be given to the student. The student would eventually be notified of the debt.

1. File the informational letter received from the RPO. Wait for the Notice of Indebtedness from DMC
2. Contact the Debt Management Center's "Schools Only: email, scan a copy of both sides of the check you sent to the student and other pertinent information and submit that information to DMC to contact ST Louis Processing to change the school debt to a student debt.

DMC 'Schools Only' email address: dmcedu.vbaspl@va.gov
DMC – Phone: 800-827-0648

3. Upon receiving your inquiry, DMC will verify that ST Louis Processing changed the debt to a student debt, or advise you of further actions that should be taken by the school to clear the debt.

SCHOOL DEBTS OPTIONS**OPTION 5 – NOTICE OF INDEBTEDNESS (NOI) WAS UNEXPECTED.**

You did not receive a letter of debt from the St Louis Processing Office. However, you did receive a Notice of Indebtedness (NOI) from DMC.

1. Verify that the debt amount is accurate as stated on the NOI;

If the debt amount is verified accurate based on your school records

2. Send payment along with the NOI tear-off pay stub to DMC to clear the debt.

If you do not agree with the NOI and request to challenge the reason and/or amount of the debt

3. Contact the Debt Management Center through the DMC "Schools Only: email address. Request that you receive an explanation of the debt or its amount. You can also contact DMC by phone.

DMC – 'Schools Only' email address: dmcedu.vbaspl@va.gov

DMC – Phone: 800-827-0648

4. Upon receiving your inquiry, DMC will correspond with VA Processing and provide detailed information, or advise you of further actions that should be taken by the school to clear the debt.

WARNING: If you have not reached a satisfactory answer from DMC by the 2nd NOI, please contact your ELR to assist you.

OPTION 6 – REQUESTING TO SWITCH A SCHOOL DEBT TO A STUDENT DEBT

You receive a letter of debt from the ST Louis Processing Office stating that your school has received a school debt. You review your records and believe that the student should receive the debt.

1. File the informational letter received from the RPO.
2. Contact the St Louis Processing office through Submit a question or our National Call Center.

Submit a question: www.gibill.va.gov – look for the Submit a Question link on the home page.

National Call Center: 1-855-225-1159.

3. If you did not get the results you were looking for, contact your ELR for assistance.

NOTE: *This document was produced by an ELR and is not an official document being presented to all schools from VA Central Office. This document is solely being offered to you as a tool to understand and deal with school debts.*