



Overpayments for GI Bill Tuition and Fees and VA's Process for Collecting These Debts

On January 5, 2021, the [Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act of 2020](#) (H.R. 7105) was signed into law. This bill contains a number of important changes affecting veterans' education benefits and college and university eligibility requirements to participate in the GI Bill program.

This brief focuses on the changes made in Section 1019 of the bill regarding “overpayments” and provides a high-level overview of the process that the Department of Veterans Affairs (VA) is currently using to notify institutions of these overpayments and to collect these debts.

Section 1019

Under prior law, when an overpayment of tuition and fees occurred after the first day of the term, it was the veteran's responsibility to repay this debt to the VA. In collecting these debts, VA would work with the veteran to provide flexible repayment options, including payment plans or offsetting incremental amounts from the veteran's monthly housing allowance.

Under Section 1019, colleges and universities are now responsible for paying back to the VA “any overpayment” of tuition and fees paid directly to the institution on behalf of a veteran. In essence, this change makes colleges and universities the VA's debt collector: institutions will be responsible for returning any overpayments to the VA and then, based on institutional refund and other policies, the institution will determine whether a debt will be placed on the veteran's school account and in what amount. This change in the law took effect January 5 when the bill was signed into law. On February 18, VA began notifying colleges and universities of overpayments that occurred after January 5 which they are now responsible for repaying.

What causes an “overpayment”?

Overpayments of tuition and fees are the result of changes in a veteran's enrollment status that lower the amount of the tuition and fee benefit the veteran is entitled to receive after the institution has already certified, and received, a higher amount from the VA. For example, overpayments can occur due to a veteran dropping a course, changing his or her program of study, or withdrawing entirely from a program of study before the end of the term.

Unlike federal financial aid provided by the Department of Education, which is considered “fully earned” after the student has passed the 60 percent mark of the term, GI Bill benefits are “fully

earned” only after a veteran has completed the course and has earned a letter grade that is not a “non-punitive grade.”¹

VA’s debt collection process

When the VA determines that an institution is liable for an overpayment under section 1019, the institution should expect to receive two letters from the VA, both via the U.S. Postal Service. The first letter will come from the Regional Processing Office (RPO) of the VA, notifying the institution that an overpayment of tuition and fees has occurred and providing information about the amount and the specific enrollment change that has resulted in the overpayment. (A copy of this letter will also be sent, simultaneously, to the veteran by U.S. Mail or, in some cases, email). The second letter will come from VA’s Debt Management Center (DMC) and will provide additional information and about the overpayment and the procedures to repay. The DMC cautions that institutions should not make any attempt to remit the payment until they have received the second letter from the DMC.

Institutions have 60 days from the date of the initial debt notification letter issued by the RPO to remit payment to the DMC. If the institution fails to make a payment, the DMC will refer this debt to the U.S. Treasury for collection. Normally, the Treasury would use its Treasury Offset Program to collect these debts, but this program has been put on hold during the pandemic. However, the Treasury may instead place the institution on its “Do Not Pay” list. This list is made available to all federal agencies and allows them to withhold federal payments to entities on the list until the debt is cleared.

Colleges and universities have raised concerns about VA’s notification of these important debts through U.S. Mail including the possibility of delay, misdelivery, or delivery to institutional offices closed due to the pandemic. At this time, VA is unable to send copies of these notices via email to a designated email address at the institution but hopes to add this functionality in the future as part of their efforts to update and modernize their GI Bill benefit processing systems.

In the meantime, institutions may request to receive from the DMC, via email, a monthly roll-up of any debts owed by the institution to VA, grouped by institutional facility code. This will allow institutions to ensure that they have received all debt letter notices sent from the VA and to clear any outstanding debts before they are referred to the Treasury. To receive this list, institutional representatives should email their request to the DMC at dmcedu.vbaspl@va.gov.

Prepared April 19, 2021

¹ A “non-punitive grade” is a grade that is not factored into the GPA or that does not count toward degree progress, such as a NP-No pass or U-Unsatisfactory. “D”s and “F”s are acceptable provided there is no evidence of a “walk-away” from all courses.