

June 01, 2015

Compliance and Liaison Advisory 223-16-01

SUBJECT: Refunds of Tuition and Net Charges When A Student Reduces or Terminates Enrollment.

Purpose: To provide clarifying information and guidance to GI Bill-approved schools, State Approving Agencies, Education Liaison Representatives (ELRs) and Education Compliance Survey Specialists (ECSSs) concerning reporting requirements for Educational Institutions when a student drops one or more classes for which Post-9/11 GI Bill benefits have been paid and for which a tuition and fee refund is due.

Background: Since August 1, 2009, VA has not factored tuition and fee refunds into award (and debt amounts) associated with tuition and fee charges when a student reduces his/her rate of pursuit or terminates his/her enrollment completely. Instead, VA has created debts based on the initial submission of tuition and fee charges, schools are required to follow their refund policies and remit any refunds to the students, and the students are then responsible for repaying VA.

Based on a recommendation contained in GAO report (GAO-16-42), VA reviewed the statutory language governing benefit payments for tuition and fee charges in section 3313 of title 38, United States Code (as amended by the Post-9/11 Veterans Educational Assistance Improvements Act of 2010), which states that such payments are based, at least in part, on the actual net cost for tuition and fees assessed by the institution for the program of education after the application of any waiver of, *or reduction in*, tuition and fees. VA agrees that tuition and fee refunds associated with a reduction in, or termination of, enrollment should be factored into calculations for benefits, as a refund is a reduction in the actual net cost.

Action: ELRs will disseminate the following requirements to their respective State Approving Agency (SAA) and to each of the schools within their jurisdictions:

If a Post-9/11 GI Bill beneficiary reduces his/her rate of pursuit or terminates his/her enrollment and is due a tuition and fee refund, you should perform the following tasks in the order enumerated below-

1. Submit an Amended Enrollment Certification (VA form 22-1999) reflecting the reduction in net charges after the application of the tuition and fee refund associated with that term.
2. No sooner than the following day, submit a Notice of Change in Student Status (VA form 22-1999b)

Example 1: A student enrolls in 12 credits and the actual net cost of \$6,000 is certified to VA. The student drops 3 credits on the third day of the semester (during the school's drop/add period) and a refund of \$1,500 is due. The School Certifying

Official should first submit an Amended VA form 22-1999 listing \$4,500 as the new tuition and fees. On the next day, submit a VA form 22-1999b indicating the reduction to 9 credits along with all required information including the charges that would be applicable if the student had initially enrolled in 9 credits.

Example 2: A student enrolls in 12 credits and the actual net cost of \$10,000 is certified to VA. The student withdraws from all classes on the 15th day of the semester and school policy mandates that 60% of the charges (\$6,000) can be refunded. The School Certifying Official should first submit an Amended VA form 22-1999 listing \$4,000 as the new tuition and fees. On the next day, submit a VA form 22-1999b reporting the termination.

NOTE: *Tuition and fee refunds associated with dropped classes for which GI Bill benefits have been paid should no longer be remitted to the student.*

Effective Date: This guidance applies to changes in enrollment in any term, quarter, or semester that begins on or after August 1, 2016.

Questions: If you have any questions, please direct them to the Education Service Compliance and Liaison Team at VAVBAWAS/CO/223B.

/s/

Robert M. Worley II
Director, Education Service