

Procedural Advisory: Public Law (PL) 116-315, Section 1019, Remediation Procedures to assign Student Debts for Tuition and Fees to Schools for Post 9/11 GI Bill benefits.

February 19, 2021

What Changed: Effective January 5, 2021, Section 1019 of PL116-315 made schools financially liable, instead of the student, for payments directly paid to a school. Effective the date of enactment, tuition and fees or Yellow Ribbon overpayments must be established and collected as 75B (04E) school debts. Student overpayments, 74B (04E) transactions should no longer be established for any tuition and fees or Yellow Ribbon payments made to schools. Education Service (EDU) has coordinated with the Debt Management Center (DMC) to determine the process for collecting these debts. EDU, in coordination with the Office of Financial Management (OFM), developed system functionality to convert student tuition and fees or Yellow Ribbon overpayments to school overpayments (75B) in the Benefits Delivery Network (BDN). Students and schools are being notified of these changes and how these changes impact them as part of a comprehensive communications plan. Additional guidance will be issued for 74B debts created since January 5, 2021, through March 5, 2021.

NOTE: For consistency and alignment with the “74B” student debt type which applies to all beneficiary types, this advisory will use the term “student” throughout. For the same reasons while discussing the “75B” school debt type, the term “school” used, throughout this advisory, applies to all forms of educational institutions or training providers.

What has not Changed. System rules in the Long-Term Solution (LTS) determine the overpayment type, manage tuition and fee annual caps, and letter generation based upon data entry changes made. While the LTS will have updated capability, the timeline for system changes is not immediate. STEM Scholarship payments and debts are managed through the Financial and Accounting System (FAS) which only receives fiscal instructions manually by VCEs processing STEM Scholarship claims.

RPO Impact: Effective **March 6, 2021**, Veterans Claims Examiners (VCEs) will be required to supplement system limitations by following the guidance in this advisory.

VCE Processing Procedures for Changes Due to Section 1019:

- a. **Determine if remediation is required.** When processing VA Form 22-1999B (Notice of Change in Student Status) or amended VA Form 22-1999 enrollment certifications.
 1. The following actions should **not** require remediation:
 - A. Adjustments which increase amounts payable. (e.g., Results in payments only, no overpayments.)

- B. Reduction in tuition and fees or Yellow Ribbon amounts reported only (processed as corrections).
- C. Terminations effective on the first date of the term.
- D. Any processing when tuition and fees (and Yellow Ribbon) amounts reported are \$0.00 or the cap was reached on an enrollment period during the same academic year.
- E. Permanent or Temporary Closures. The LTS is programmed to assign 75B overpayments for permanent closures and programming or manual procedures for temporary closures isolate tuition and fees (and Yellow Ribbon) which are generally offset. If tuition and fees (and Yellow Ribbon) overpayments cannot be offset, those debts will be established as 75B debts. (See Letter Edits and Fiscal procedures sections).
- F. Administrative Errors resulting from a change in eligibility only. These overpayments are not established and may remain in the LTS as 74B overpayments when the liability for the error is on VA or DoD.
- G. Adjustments involving the death of the student. VCEs should continue the practice to not establish tuition and fees or Yellow Ribbon overpayments for deaths during an enrollment period. A 75B debt will be established for the purpose of appropriating funds returned in the amount determined by a school as they are received. Accrued benefits should continue to be paid per the December 20, 2010, Advisory: [School Debt Review \(75B\) – Post-9/11 GI Bill](#). (Authority 38 USC 3319 (i)).
- H. System generated “STUDENT” payments do not require any manual action. Allow system rules to generate or offset payments to function as programmed. **NOTE:** Only when 74B overpayments appear in the LTS Net Awards section remediation in this advisory will need to be applied.

NOTE: A separate advisory is forthcoming for Transfer of Entitlement (TOE) overpayments resulting from the failure to complete the service obligation. The March 6, 2020 advisory for Creation of TOE Debts has been rescinded. Contact the Procedures Team for guidance in the interim until updated guidance is released.

All other processing which would normally create a 74B overpayment (without mitigation as described in paragraph 1) **must** use the following procedures until a system update is made available.

b. **LTS Procedures (all claims)**

1. Process award changes as they are certified.
2. No changes to mitigating circumstances or the 6-credit exclusion rules. VCEs should continue to update the LTS appropriately when mitigating circumstances are required, received, or accepted as non-punitive grades are certified or information provided after development.
3. If **NO** 74B results on the Work Product Summary (WPS) page, no remediation is required. Continue only if the WPS contains 74B debts.
4. Letter Instructions.
 - a. LTS generated letters may be released unedited.
 - b. Using Attachment A; "Section 1019 School Debt Letter" letter template, VCEs must manually create a "School Debt" letter which includes all 74B overpayment amounts.
 - c. Insert information on the letter template as indicated and delete any unnecessary instructional text on your letter before saving or printing.
 - d. The student's name and full address must be included in courtesy copy "cc" field to facilitate manual addressing.
 - e. Follow local guidance for manual letter processing.
5. Authorization.
 - a. **Non-STEM Scholarship claims:** Authorize with automatic payments unless other procedures require a different authorization method.
 - b. **STEM Scholarship Claims:** Authorize the LTS with manual payments. DO NOT establish ANY 74B debts on the Payment Instructions page as a "Participant Transaction" in FAS. All of these overpayments will be manually established as a "04E Vendor Transaction" in FAS in accordance with the procedures outlined in the [STEM FAS Processing Guide](#).
NOTE: FAS terminology uses "vendor" for "school" and "participant" for "student" (payments and debts) or "transactions" in the application.

c. **Fiscal processing when necessary.**

1. Whenever a non-STEM Scholarship cannot or should not be authorized with automatic payments, authorized individuals will FIST all 74B debts as 75B debts. ([See M22-4 Part 12, Chapter 9](#), Subchapter 2)
2. Authorizing individual will FAUT the 75B and approve when correct or reject and return if necessary. ([See M22-4 Part 12, Chapter 9](#), Subchapter 2)
3. Record approved 75B by capturing the F95 (FAUT screen) into The Image Management System (TIMS).

NOTE: STEM Scholarship claims will continue to be paid in FAS according to the [STEM FAS Processing Guide](#).

d. **End Product (EP) credit.** Appropriate EP credit may be taken when all actions have been completed.

NOTE: Single signature is authorized for processing these claims unless there are other reasons which require multiple signatures. Fiscal processing actions always require two signatures and do not warrant EP credit.

Questions: If you have any additional questions, please direct them to the [Procedures Team](#).

V/R

Procedures Team

Enclosure: Attachment A Section 1019 School Debt Letter Template