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I would like to welcome everyone to today’s training. My name is Karen Scofield. I am a compliance specialist with the quality assurance team. I will be presenting training on Award Reduction and Withdrawals. This training will focus on reducing or stopping subsistence allowance awards when there is a change in enrollment.

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Further information can be found in the Code of Federal Regulations, Unites States Code, and VRE Manual.

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Upon completion of this training participant’s will be able to

* Define and apply Mitigating Circumstances
* Define and apply the Six-Credit Hour Exclusion
* Correctly reduce or terminate an Award
* understand how and when to inform the Claimant

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What happens if a claimant stops attending training or reduces training time?

VA may not pay benefits for a course in which a claimant withdraws and receives a non-punitive grade.

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What is a non-punitive grade?

Non-punitive grades

* have no quality point value toward fulfilling a facility’s graduation requirement

AND

* are not calculated in the grade point average (GPA)

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When a claimant does not complete training and does not receive a grade, or receives a non-punitive grade, training time must be reduced effective the first day of the term UNLESS one of the following exceptions applies:

* The student was ordered to active duty.
* The course withdrawal occurred during the drop/add period.
* The student can establish that the failure to complete the course was due to mitigating circumstances.

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What are mitigating circumstances?

Mitigating Circumstances are conditions beyond the claimant’s control which prevent continuous pursuit of his or her training program. Examples of mitigating circumstances include, but are not limited to the following:

* Illness of the claimant
* Illness or death in the claimant’s family
* Unavoidable change in the claimant’s employment
* Unavoidable geographical change in the claimant’s employment
* Immediate family or financial obligations beyond the claimant’s control
* Discontinuance of a course or program by the educational institution
* Unanticipated active duty for training
* Difficulty with childcare issues beyond the claimant’s control

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Each claimant is allowed a six-credit hour exclusion. This is a one-time exclusion from the requirement to establish mitigating circumstances. This allows the claimant, one instance of withdrawal, up to 6 credit hours. A claimant who withdraws from fewer than 6 credit hours in the first instance will exhaust this benefit. A claimant who withdraws from more than 6 credit hours will receive exclusion only for 6 credit hours. Mitigating circumstances must be established for the remaining credits.

The six-credit hour exclusion applies to a course withdrawal only if all the following criteria are met:

The withdrawal is the first instance of withdrawal from a course which changes the rate of pursuit. The claimant has been awarded subsistence for the withdrawn course(s). Mitigating circumstances would normally be an issue (e.g., the withdrawal was beyond the drop period and a non-punitive grade was assigned for the course).

VA automatically grants six credit hour exclusion for the first time a claimant reduces or withdraws from training and mitigating circumstances must be considered.

* Six-credit hour exclusion must be documented in an electronic case note.

Claimant is notified using VR-73, Reduction or Withdrawal and Six Credit Hour Exclusion Letter

The six-credit exclusion does not apply in the following situations:

* + The Veteran withdraws from a course during the drop period.
	+ The Veteran completes a course and receives a non-punitive grade.
	+ The Veteran withdraws from a course and receives a punitive grade.

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To develop for Mitigating Circumstances

* Send letter to claimant notifying them of the reduction, termination, or overpayment of subsistence (VR-73). This letter should explain:

His or her right to present information to establish mitigating circumstances

AND

inform claimant he or she has 30 days to submit the requested information.

* Once evidence is received, the evidence is reviewed to determine if mitigating circumstances were established.

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If it is determined that mitigating circumstances do not exist, the subsistence allowance payment must be reduced or stopped on the first day of the term.

The decision must be documented in an electronic case note.

The claimant is notified of the decision using VR-58 Adverse Action letter.

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If it is determined that mitigating circumstances do exist, the subsistence allowance award must be reduced or stopped as follows:

* For a complete withdrawal, stop the award on the last date of attendance This applies to overlapping terms. For instance, if a claimant is enrolled in 9 credit hours for fall term with enrollment dates of 08/22/22-12/18/22, and also enrolled in 3 credit hours for an 8-week term from 08/22/22-10/16/22 and withdraws completely from the 3-credit hour 8-week term on 09/16/22, the award would be amended with end date 09/16/22 for 8-week term.
* For a partial withdrawal, reduce the award on the last day of the month or the last day of the term, whichever is earlier.
* The decision must be documented in an electronic case note.
* The claimant must be notified of the decision using VR-64.

It is important to note, that even when mitigating circumstances are granted, the claimant may still have an overpayment. While awards must be reduced or terminated within 10 business days of receipt, enrollment certifications are not always received timely from training institutions, and SAM/CWINRS may have already released monies to the claimant. Mitigating circumstances does not equal no change in subsistence allowance. Mitigating circumstances allows the claimant to retain the money he or she was paid up to reduction or withdrawal.

Slide 12 Conclusions

VA may not pay benefits for a course in which a claimant withdraws and receives a non-punitive grade. When a claimant reduces or terminates training, the VRC must determine if mitigating circumstances, or the 6-credit hour exclusion can be applied. The 6-credit hour exclusion is a one-time exclusion from the requirement to establish mitigating circumstances. Mitigating Circumstances are conditions beyond the claimant’s control which prevent continuous pursuit of his or her training program.

When a reduction or withdrawal occurs and mitigating circumstances do not exist, and award is reduced or stop first date of term. First date of term also applies when a reduction takes place the first date of term, and claimant does not attend course.

When there is a reduction in training time and mitigating circumstances are established, or the six-credit hour exclusion is applied, award is reduced last date of month.

When a complete withdrawal occurs, and mitigating circumstances are established, award is stopped last date of attendance.