



THE UNDER SECRETARY OF VETERANS AFFAIRS FOR BENEFITS
WASHINGTON, D.C. 20420

JUL 9 2012

Mr. John Walda
President and Chief Executive Officer
National Association of College and
University Business Officers
1110 Vermont Avenue, NW
Suite 800
Washington, DC 20005-3544

Dear Mr. Walda:

The Secretary of Veterans Affairs asked me to respond to your letter expressing concern over the Department of Veterans Affairs (VA) policy regarding offset of Post-9/11 GI Bill debts from tuition and fee payments.

It is VA's longstanding policy to offset debts in all of its benefit programs from future benefit payments unless an alternate repayment plan has been established with VA's Debt Management Center. VA temporarily suspended offset of Post-9/11 GI Bill tuition, fee, and Yellow Ribbon payments shortly after implementation of this new education program in order to accommodate the emergency advance payments VA issued to Veteran students whose education benefit payments were delayed. We took this action to prevent recoupment of the advance payments from the Fall 2009 or Spring 2010 tuition and fee payments before Veterans had an opportunity to make alternate repayment arrangements.

We continued the suspension of debt offset from tuition, fee, and Yellow Ribbon payments because we had not completed the automation of our debt management processes for the Post-9/11 GI Bill program. Because our systems development resources were initially concentrated on building and automating the payment portion of the program, automation of the debt management functionality was delayed. As a result, debt notifications to students and schools were not timely made. However, there is no longer a delay in posting debts to the Debt Management Center's records or in notifying either schools or students when debts are established.

VA is therefore currently conducting an in-depth analysis of the law (including the Debt Collection Improvement Act, the Improper Payment Elimination and Recovery Act, and the Privacy Act) and our financial policies regarding debt collection to determine the most appropriate way forward for our Post-9/11 GI Bill recipients, educational institutions, the federal government, and taxpayers. As you outlined in your letter, this is a complex issue for educational institutions, for students, and for VA. VA has not dealt with this issue in other education programs, as all benefits in these earlier programs are paid directly to the individual students, with the students then responsible for paying their tuition and fees.

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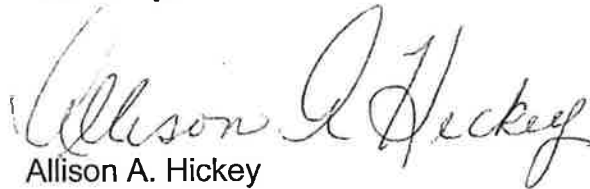
Mr. John Walda

The amount of debt in the Post-9/11 GI Bill program continues to rise as a result of the growing number of participants and the greater amount of benefits paid out under this program. As you may be aware, there are also groups of Post-9/11 GI Bill students (active duty Servicemembers and Veterans and family members attending half-time or less) who are entitled to only tuition and fee payments. With the suspension of offset from tuition and fees, VA does not currently have a source from which to recover education debts in many of these cases, even though benefits continue to be paid.

To help resolve this issue, VA proposed in its FY 2013 budget submission that all Post-9/11 GI Bill benefits, including tuition and fees and Yellow Ribbon payments, be paid directly to the individual students. The students would then be responsible for making tuition and fee payments to their school (as is the usual practice for all other students), and all debts would be offset from benefits paid to the students unless alternate repayment plans have been established with VA's Debt Management Center. We believe this legislative proposal offers the best solution to this difficult problem.

Your concern on behalf of our Nation's Servicemembers and Veterans is very much appreciated.

Sincerely,



Allison A. Hickey