

## Guidance as of January 17, 2013 (Florida ELR)

**Chapter 33, Net Charges, and Books & Supplies:** There is some confusion regarding what charges a school can certify to VA for chapter 33 students with regards to fees, in particular with regard to books and supplies. Our procedures with regard to these issues are outlined below.

**Validity of Fees** –Before a fee can be certified to VA it must:

1. Be listed in the school's approved catalog as a fee;
  2. Be listed on the student invoice/payment ledger as a fee;
  3. Be listed in the enrollment agreement/contract between the student and school as a fee;
- and
4. Be "mandatory" or otherwise "required."

The key provision above is the enrollment agreement because it is the binding legal agreement between the school and student with regard to the terms of enrollment, enrollment costs, etc. The catalog and ledgers may be amended, but once signed, enrollment agreements generally cannot. In those cases where the school and student do not sign a contract or enrollment agreement, then provisions 1, 2, and 4 above apply and must still be met.

Additional requirements and clarifications for fees once the above criteria have been met:

**Fees** – The only fees schools may include in net charges for chapter 33 cases are "required" or "mandatory" fees, i.e., fees the students must pay regardless of circumstances. Some fees are charged as a convenience, i.e., students can buy some supplies from the school rather than having to go to an outside source. These fees cannot be certified to VA. Some fees may be waived under certain circumstances. For example, if the school charges a student health fee, but it may be waived if the student can show proof of self-insurance, then the school can still certify the fee to VA if the student is not self-insured. Pre-admission fees may not be certified to VA (e.g., application fees). There have been found instances where application fees and registration fees were erroneously interchanged. Registration fees can be certified to the VA because they are applicable to the program and not for admission purposes. Parking fees may not be certified to VA unless they are charged to all students regardless of circumstances, even if the student has no motor vehicle, bicycle, etc., in which case they may be certified to VA. Graduation fees may be included in the net costs certified to VA, but only if they are charged as a part of the student's enrollment during his/her graduating term. Graduation fees charged separately at the end of the course may not be included in net charges because they are not considered to be part of the student's enrollment. Once again, a graduation fee must be mandatory and charged to all students. Most such fees are intended to cover the cost of a graduation check and the cost of the diploma. If the graduation fee is charged only for the student's participation in a voluntary graduation exercise or otherwise is not charged to all graduating students, it may not be charged to VA.

Other fees that may not be certified as part of net charges include, but are not limited to:

- Add/drop course fees
- Fees for any food or lodging expenses, meal ticket fees, etc.
- Overload fees for pursuit of courses that require special permission
- Penalty fees, i.e., late registration, late course changes, returned checks, repeated courses, etc.

**Books** – Because VA pays a book stipend to chapter 33 students, it should be very rare that a school will be allowed to certify a book fee to VA. Even if the book fee is required for all students regardless of circumstances, schools cannot certify a book fee to VA. There is one exception having to do with proprietary books. If the school publishes its own books, those books cannot be obtained from any other source outside of the school, and the school requires all students in that class to buy those books, then the school may certify that fee to VA for reimbursement. Even if the school still requires students to purchase books from the school, but those books are not proprietary and may be found from other sources, then that book fee may not be certified to VA.

How do you tell if a book is proprietary or not? The Library of Congress requires all publishers to provide them with two copies of each book published and then the LOC assigns a unique ISBN number to each book. Any book that has an ISBN number can be purchased outside the school such as through Amazon.com, Barnes & Noble, eBay, etc. So far we have seen only one school with proprietary books and that was a diving school that printed all its own materials, none of which could be purchased anywhere else. That was truly proprietary and we paid that mandatory book fee.

In many cases, especially cosmetology schools, books are included in the mandatory charges for supplies, sometimes labeled “kit” or even “books and supplies”. If a school just shows a kit fee, but does not detail what goes into that fee, then even if we know that books are included the school can certify that fee for reimbursement. If the school breaks it out as kit, books and supplies fees, for example, then they must break out the cost of the books and refrain from certifying that cost to VA as part of the total charges.

**Supplies** – Although the book stipend also includes supplies, if a school requires all students to pay a supply fee, then they may certify that fee to VA for reimbursement even if such supplies may be obtained from other sources. Once again, if the supply fee is not mandatory and is a convenience for the students, the school may not certify that fee to VA.

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