



DEBT MANAGEMENT CENTER

School Liability Debt Payment Procedures

Shawn Kroener

Cindy Gerdes



DMC Mission Statement



Our primary mission is to collect debts in the most efficient and cost effective manner possible while maintaining compassionate, high quality service to Veterans and their families.



Debt Management Center



- We are located with the VA Regional Office in St. Paul, MN
- Debt Management Center (DMC) was established in July 1991.
- We provide debt collection services to the Veterans Benefits Administration (VBA) and the Veterans Health Administration (VHA).
- We have jurisdiction for collection of overpayments for Compensation, Pension, Vocational Rehab, Education, and Home Loan Guarantee benefits.
- We service approximately 575,000 accounts with a portfolio totaling about 1.5 billion dollars.
- Our office is staffed by 154 employees; almost half of our staff are veterans.
- 56 telephone operators answer about 2,300 phone calls per day.



What action creates debts?



- Terminations
 - Student stopped attending or never attended
- Reductions/Adjustments
 - Student reduces course load
- Amendments
 - Tuition and/or fees changed
 - Received other tuition and fees based (waivers/scholarships)
- Incorrect Amount Certified to VA
 - Paid for wrong student
 - Paid more \$\$\$ than certified



Why would a school have a debt?



- Student never attended classes for which he/she was certified (regardless of the reason for non-attendance).
- The student completely withdraws on or before the first day of the term. If a student reduces, the debt shall be assessed to the student.
- The school received a payment for the wrong student.
- The school received a duplicate payment.
- The school submitted an amended enrollment certification and reported reduced tuition and fee charges, reduced Yellow Ribbon amount, or both.
- The student died during the term or before the start of the term.
- VA issued payment above the amount certified on the enrollment certification that was used to process the payment (VA data entry error) and was refunded to the student is a valid debt.



The Collection Process



Amended 1999B is submitted to the Regional Processing Office (RPO)

- Letter sent to School Certifying Office (SCO).
- Letter contains Term dates and reason for debt.
- Letter advising Notification of Indebtedness (NOI) will be sent by the Debt Management Center (DMC). DMC letter will contain payment and dispute information.



The Collection Process cont.



First Notice of Indebtedness sent by DMC, letter provides information regarding:

- Where to send payment, including return envelope and payment remittance
- E-mail address: dmcedu.vbaspl@va.gov
- Toll-free number for DMC: 1-800-827-0648

All disputes should be processed through DMC to ensure proper follow-up and possible suspension of collection action, all disputes should be submitted via email to dmcedu.vbaspl@va.gov.

All payments to VA should go to the Debt Management Center not the RPO.



The Collection Process cont.



Second **Notice of Indebtedness** sent by DMC, 30 days from initial notification letter, advises:

- Where to send payment, including return envelope and payment remittance
- E-mail address: dmcedu.vbaspl@va.gov
- Toll-free number for DMC: 1-800-827-0648

All disputes should be processed through DMC to ensure proper follow-up and possible suspension of collection action, all disputes should be submitted via email to dmcedu.vbaspl@va.gov.

All payments to VA should go to the Debt Management Center not the RPO.



The Collection Process cont.



Third **Notice of Indebtedness** sent by DMC, 30 days from second notification letter, advises:

- Where to send payment, including return envelope and payment remittance
- E-mail address: dmcedu.vbaspl@va.gov
- Toll-free number for DMC: 1-800-827-0648

If payment is not received and applied within 60 days, account will be referred to the U.S. Department of Treasury, Treasury Offset Program (TOP).



Why TOP?



- On occasion, an entity's indebtedness to the Federal Government will become delinquent. As required by Federal law, Federal agencies submit these delinquent debts to the Treasury Offset Program (TOP) for interception of eligible Federal and state payments payable, to the delinquent debtor, a process known as "centralized offset".
- TOP is a centralized offset program managed and operated by the Department of Treasury's Financial Management Services (FMS).
- Before submitting a debt to TOP, a creditor agency must certify that the debt is valid, delinquent and legally enforceable and that the agency complied with all the due process pre-requisites prior to offset. This means that, at least 60 days prior to the submission to TOP, the creditor agency has sent notice to the debtor stating the amount and type of debt and the agency's intention to refer the debt to TOP for offset. The creditor agency provided the debtor with the opportunity to resolve the debt through a repayment agreement and/or to dispute the agency's claim.



Why TOP cont.



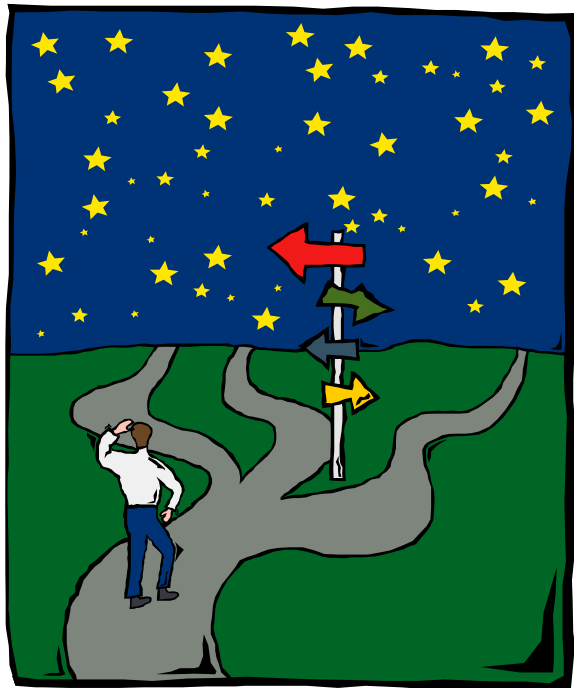
- After a nontax debt has been submitted for offset, TOP compares a payee's taxpayer identification number (TIN) and name. If there is a match, the payee's account is intercepted in the amount and to extent authorized by Federal law. The intercepted payment is applied to the debtor's debt balance.
- A TIN identifies the debtor in the same way that it identifies the taxpayer for purposes of the Internal Revenue Code. Pursuant to regulations governing TOP, all subdivisions or organizations sharing a single TIN are responsible for all debts associated with that TIN.

TREASURY DIRECT CONTACTS

- Treasury Help Line: 1-800-304-3107
- Sheila Moss: 202-874-6937



Why did VA consolidate the processing of school liability payments?



- Prior to January 2012, schools were required to return payments to their servicing Regional Processing Office. That process required school officials to contact multiple VA offices for information regarding school debts and returned payments. It became clear that VA had to streamline school payment procedures.
- The decision was made to have DMC process and deposit the school payment, and Muskogee would research education files to ensure correct application of an unapplied payments.



What procedures should you follow when sending payments to DMC?



1. You should not send any funds to DMC until your school receives a collection letter from DMC.
2. If you did not receive a collection notice or letter from DMC or a letter from your education RPO referencing a debt, verify with the certifying official at your school that the information regarding any change in enrollment or tuition and fee charges was forwarded to the Education RPO before you send your check.
3. If you have not received a letter from DMC, then VA has not processed the change and a receivable/debt has not been established.



What procedures should you follow when sending payments to DMC?



4. If you forward a check without verifying that a debt exists and you do not include the tear off payment stub from the DMC letter, **application of your payment will be delayed.**
5. Your check must include the student's full name and social security number, and be made payable to the U. S. Department of Veterans Affairs.
6. Your check should also be accompanied by the tear off payment stub from the bottom of the collection letter you received from DMC. This will expedite the application of your payment.



What does DMC do when . . . ?



What does DMC do when they receive a school check with no debt?

A manual remittance stub is created and the check is processed in our check processing room. The check will be deposited but the funds will be transferred to the Muskogee RPO for research and application.

What does DMC do when they receive a payment that is more than the school debt ?

Funds are applied to the debt and the remaining balance is transferred to Muskogee for research and application.

What does DMC do when they receive a payment and there is a student debt, and no school debt?

The payment is applied only if the facility code matches the student debt and the debt is equal to or less than the payment received. If DMC cannot determine the facility code or the payment is more than the student debt, the funds will reject as a school debt and will be sent to Muskogee for further research. If you are aware that a debt has been assigned to the student for a payment received by the school, please issue the refund to the student and DMC will make arrangements with them for repayment.

DMC does not refund school payments to students, that is a decision made by the RPO.



Can you send one check for multiple students?



Yes, however, you should send the remittance stubs with your payment and a list with the file numbers and dollar amounts the check covers. You need to make sure that the check you send totals the amount of debts you want it applied to. If you send additional funds and DMC does not know what debt to apply it to, DMC may have to return the check to you for additional information.





What if you sent payment to the RPO before the DMC/Muskogee consolidation and the debt has not cleared?



- Gather information about the payment. We will need to know the date, amount, and number of the check, as well as the Social Security Number of the student.
- If it was cashed, please provide DMC with a copy of the front and back of the check.
- Fax the information to DMC, Attention: Correspondence Unit. DMC we will follow up with the RPO.
- Once DMC has a response from the RPO, we will contact you.



How does the school make a payment with DMC?



ACH payments can be made on our PayVA website:

www.pay.va.gov

The person making the payment will need some of the information listed on DMC's letter to ensure proper credit.

DMC's mailing address is:

DMC (389)

PO Box 11930

St. Paul, MN 55111-0930



What if you need to contact DMC directly?



E-mail inquiries may be directed to:

dmcedu.vbaspl@va.gov

Otherwise, the toll free number to our call center is:

1-800-827-0648

1-612-970-5782 fax

The caller should specify that they are calling from a school and will need the full VA file number of the student account the payment was addressing.

DEPARTMENT OF TREASURY CONTACTS

Treasury Help – 800-304-3107

Sheila Moss – 202-874-6937



Things you should know



- All disputes should be mailed to dmcedu.vbaspl@va.gov
- Wait to receive the DMC letter before submitting your payment. Include the payment remittance slip with your check.
- DMC's toll-free number is 1-800-827-0648.
- DMC can provide you with an updated spreadsheet to include all your current debts. Send an e-mail request with your facility code(s) to dmcedu.vbaspl@va.gov
- If you have received a DMC letter advising your account will be referred to TOP, your payment must be applied to the debt within 60 days of the date of the DMC's letter. Try to sent your payment by day 50.



Questions

