



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

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The Honorable Vance Hartke, Chairman  
Committee on Veterans' Affairs  
United States Senate

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Dear Mr. Chairman:

In September 1973, your Committee requested that we make a limited examination into the impact that certain provisions of the Vietnam Era Veterans' Readjustment Assistance Act of 1972 (Public Law 92-540) have had on veterans taking correspondence training. This law made major amendments to the GI Bill benefiting veterans, including

--requiring that enrollment agreements fully disclose the obligations of both the institution and the veterans, providing veterans with a full 10-day period after the date of enrollment to change their mind about taking the training and receive a full refund of all monies paid, and

--requiring correspondence schools to charge veterans based on a percentage of lessons completed rather than on length of time enrolled.

The law also provided that the Veterans Administration (VA) reimburse veterans for 90 percent, rather than 100 percent, of the cost of correspondence courses and made certain wives and widows eligible for correspondence training under the GI Bill.

As requested by your Committee, we have examined into the implementation of these provisions at eight selected correspondence schools. Specifically, we were requested to determine if

--the veterans are being given a 10-day period after enrollment to reconsider their enrollment and, if they decide to cancel, the schools have made a full refund of any tuition payments made;

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--the veterans understood that VA will pay only 90 percent of the cost of their training; and

--the veterans understood the refund provisions of the law.

The eight schools selected are all accredited by the National Home Study Council and offer a diverse range of courses including mechanics, electronics, computer science, law, accounting, and others. VA records show that as of December 31, 1973, the combined veteran enrollment at these eight schools was about 180,000, or 63 percent of the 288,000 veterans enrolled in correspondence training nationwide under the GI Bill. D 2981

We visited each of the eight schools to discuss the implementation and administration of the new provisions of Public Law 92-540. At the schools, we obtained course listings and copies of the forms used by the schools for enrolling veterans under the GI Bill. We also examined a selected number of student files to determine whether refunds were made in compliance with the law.

We also discussed VA policies and practices relating to the changes made by P.L. 92-540 with VA central and regional office officials.

We contacted a total of 160 veterans--20 from each school--evenly divided between current enrollees and veterans who had discontinued their training before completing. The veterans selected had enrolled since January 1, 1973, and were selected at random from the schools' files and/or from VA educational files at the VA Hines Data Processing Center. We discussed with the veterans their understanding of their rights and obligations in connection with correspondence training under the GI Bill.

#### SUMMARY OF WHAT WE FOUND

We found that the eight correspondence schools were generally adhering to the major provisions of P.L. 92-540. For the most part, contracts and refund policies have conformed to the requirements of the law. However we did note the following:

--Certain actions by the schools did not appear to fully comply with the spirit and intent of the law.

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- VA could take action in some instances to facilitate compliance with the law.
- There is confusion as to how to precisely compute the 10-day period for reconsideration of enrollment.
- The wording on the VA affirmation form seems to be confusing.
- At two of the eight schools, veterans had to notify the schools of their intent to cancel at least twice before a refund would be made.
- At one school, collection letters were sent to the veteran indicating the refund provision would be cancelled unless tuition payments were made.
- 13 percent of the veterans we talked with stated they were not aware that VA would pay for only 90 percent of the course.
- 20 percent of the veterans indicated they did not fully understand the school's refund policy.

These matters are discussed in more detail below.

#### ENROLLMENT DOCUMENTS

One of the new provisions of P.L. 92-540 states that, "The enrollment agreement shall fully disclose the obligation of both the institution and the veteran. . .and shall prominently display the provisions for affirmance, termination, refunds, and the conditions under which payment of the allowance is made by the Administrator to the veteran or wife or widow."

We reviewed the enrollment contract forms used by each of the eight schools and found that all forms met the requirements of P.L. 92-540 as well as VA instructions regarding the required substance and format of the contract.

#### AFFIRMATION PROCEDURES

Another provision of P.L. 92-540 states with respect to enrollment agreements that, "No such agreement shall be effective unless such veteran or wife or widow shall, after the expiration of 10 days after the enrollment agreement is signed, have signed...a written statement...specifically affirming the enrollment agreement." In the event the veteran or wife or widow at any time notifies the institution of his intention

not to affirm the agreement in accordance with the preceding sentence, the institution, without imposing any penalty or charging any fee must promptly make a full refund of all amounts paid.

We found that all eight schools, in accordance with the law, require veteran applicants to affirm their enrollment agreements. However, we noted that many veterans did not understand the purpose of affirmation and were executing the affirmation forms before the full 10-day period had expired. We believe this was, in part, caused by (1) considerable confusion on the part of the VA and the schools concerning the minimum time required between date of enrollment and date of affirmation; (2) the methods of delivering the affirmation forms to the veterans; and (3) unclear wording on the affirmation form.

#### Minimum Time for Affirmation

VA central office officials have interpreted the law to mean that veterans should be given a full 10-day period to reconsider their enrollment and have indicated that an affirmation is not valid unless it is signed on or after the 11th day following the date of enrollment. For example, an enrollment contract signed on the 1st of the month would not be valid unless affirmed on the 12th or later. However, we found that seven of the eight schools and one of the VA regional offices accept affirmations dated on the 10th day after enrollment.

In these cases, the veterans did not receive the benefit of the full 10-day period in which to reconsider their enrollment. It should be noted however, that because three of the seven schools allowed veterans additional time after the 10-day affirmation period to cancel and receive a full refund, their misinterpretation of the proper affirmation date did not adversely affect veterans. We discussed this problem with VA officials who agreed that considerable confusion exists. We were informed that instructions will be issued clarifying the minimum required time for affirmation.

#### Delivering Affirmation Forms

The delivery of affirmation forms to prospective students differed among the eight schools. The policy of five of the schools is to mail the affirmation agreement to the enrollee directly from the school. Officials at one of these schools told us that by the time they receive the signed enrollment

document from the salesman, process it, and mail an affirmation form to an enrollee at least 10 days will have elapsed, thus precluding the premature signing of the affirmation by veterans. At the other three schools, however, salesmen give the student the affirmation form at the time of enrollment. In our opinion, this procedure may result in the premature signing of affirmation forms.

During our contacts with veterans, we were told by some that they signed the enrollment and affirmation forms at the same time.

VA central office officials acknowledged the possibility of premature signings if salesmen handle affirmation forms. They have not, however, indicated whether they plan to pursue this matter.

#### Wording of Affirmation Form

The VA has developed and distributed official affirmation forms which state:

"I have read and I understand the enrollment agreement that I entered into with the above named school on the date indicated in item 4. I hereby affirm such enrollment agreement and certify, under penalty of law, that I have not signed this affirmation until after the expiration of 10 days from the date I signed the aforesaid enrollment agreement."  
(See Appendix I)

We found that two schools used exact copies of the VA form while the other six used their own forms. We noted that the wording of both the VA- and school-designed forms may confuse the veteran. Neither form states that the purpose of the affirmation period is to allow veterans time to reconsider their decision to enroll.

One-third of the veterans we contacted who remembered signing the affirmation form told us that they did not understand the purpose of the document.

We advised VA central office officials that, in our opinion, the best interest of the veteran would be served if the wording on the form were revised to state its purpose. These officials agreed and indicated that they plan to revise the form accordingly.

CHARGES FOR COURSES

P.L. 92-540 provides that charges shall be based on the percentage of the course completed rather than on the percentage of time enrolled. More specifically, the law states that, once a veteran has affirmed his enrollment agreement but has not completed any lessons, the school may charge him a registration fee of 10 percent of total tuition or \$50 whichever is less. If the student completes at least one but less than 25 percent of the total number of lessons in the course, the school may charge the registration fee plus 25 percent of total tuition. Where the veteran completes at least 25 percent but less than 50 percent of the lessons, the school may charge the registration fee plus 50 percent of the tuition. After completion of 50 percent or more of the lessons, no refund is required. Appendix II summarizes these refund policies.

Our review of the files at each of the eight schools of veterans who had cancelled their training showed that, for the most part, the students were properly charged. However, during our review we noted that the policies of three schools could result, or have resulted, in overcharges to veterans.

Charges to Veterans Completing No Lessons

We found that during the first two months of 1973 the policy of one school was to charge a student, who completes no lessons, for both the registration fee and 25 percent of the costs of the course rather than just the registration fee. A school official told us that during this period the school had actively tried to collect the additional 25 percent. He told us also, however, that, in March 1973, they realized their error and began charging only the registration fee. We were advised by this official that the original policy had been based on VA's Department of Veterans Benefits Circular 20-72-86, Appendix C.

We examined this circular and believe it could be misinterpreted because it does not specifically state that at least one lesson must be completed before veterans are obligated to pay 25 percent of the cost of the course. The circular states:

"If a veteran, wife, or widow terminates an affirmed agreement with an institution approved as an accredited institution, it may charge him a registration or similar fee not in excess of 10 percent of the tuition for the course or \$50, whichever is the lesser. Where termination is made prior to

completion of 25 percent of the lessons for the course, the institution may retain the registration or similar fee plus 25 percent of the tuition."  
(Underscoring supplied.)

VA officials have agreed that the circular could be misleading and have stated that it will be clarified.

### Requests for Refunds

We noted another policy of two schools which appears to conflict with the intent of P.L. 92-540. According to the law, veterans who notify institutions of their intention not to affirm their enrollment agreement are entitled to a prompt and full refund of all amounts paid.

During our review, however, we noted that for the first 10 months of 1973 two schools generally did not make a refund to non-affirmed veterans upon receipt of first notification to cancel. It was their policy to send veterans a series of "re-sell letters" urging them to reconsider their decision. If the veterans confirmed their intent to cancel, the schools terminated their enrollment and sent a refund. If veterans did not respond, their enrollment was cancelled but no refund was made. In our review of veterans' files at one school we noted several cases where this occurred.

We were subsequently informed by officials of these two schools that as of November 1973, this policy was changed. According to these officials, the new policy provides that all non-affirmed veterans will receive a refund upon first notification to cancel.

VA central office officials indicated to us that veterans are entitled to refunds after first notification to cancel. They stated that a "dual notification" policy was not in accordance with the intent of the law.

### COLLECTION LETTERS

One of the eight schools was using collection letters which threatened to cancel the terms of the GI Bill refund policy. In part, the letter read. . .If I don't hear from you within fifteen days, the terms of the cancellation policy will be withdrawn and the full amount of your tuition balance will become due and payable.

A school official stated that these letters were used to persuade veterans to pay for their course and that the school had no intention of cancelling the refund policy. He agreed

that the phrase was inappropriate and stated that it would be deleted from future collection letters.

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As requested by your office, we have not obtained formal comments on this report from VA officials nor officials at the eight selected schools we visited. We did however obtain informal comments from both VA and several school officials during the course of our review and their comments have been recognized to the extent appropriate in finalizing this report. A copy of this report is being sent to the Administrator of Veterans Affairs for his information and any comments he may wish to submit directly to the Committee.

We trust that the information in this report will serve the needs of your Committee.

Sincerely yours,

A handwritten signature in cursive script that reads "James P. Stacks". The signature is written in dark ink and is positioned above the typed name and title.

Comptroller General  
of the United States



VETERANS ADMINISTRATION		
CERTIFICATE OF AFFIRMATION OF ENROLLMENT AGREEMENT—CORRESPONDENCE COURSE		
<i>(Under Chaps. 34 &amp; 35, Title 38, U.S.C.)</i>		
1. LAST NAME - FIRST NAME - MIDDLE INITIAL OF ELIGIBLE PERSON		2. VA FILE NO.  C-
3. NAME OF COURSE	4. DATE ENROLLMENT AGREEMENT SIGNED	5. NAME AND ADDRESS OF SCHOOL
<p>I HAVE READ AND I UNDERSTAND THE ENROLLMENT AGREEMENT THAT I ENTERED INTO WITH THE ABOVE NAMED SCHOOL ON THE DATE INDICATED IN ITEM 4. I HEREBY AFFIRM SUCH ENROLLMENT AGREEMENT AND CERTIFY, UNDER PENALTY OF LAW, THAT I HAVE NOT SIGNED THIS AFFIRMATION UNTIL AFTER THE EXPIRATION OF 10 DAYS FROM THE DATE I SIGNED THE AFORESAID ENROLLMENT AGREEMENT.</p>		
6. DATE SIGNED	7. SIGNATURE OF ELIGIBLE PERSON	

VA FORM 22-1999c  
FEB 1973

(SUBMIT WITH ENROLLMENT CERTIFICATION)

VA COPY 1

GI BILL CHARGE POLICY

NON-AFFIRMED veterans who notify the school of their intention not to affirm receive a FULL REFUND of any monies paid.

AFFIRMED STUDENTS who notify the school of their intention to terminate (and return any materials as required) are obligated based on the number of lessons completed as follows:

<u>Lessons completed</u>	<u>Tuition Obligation</u>
No lessons completed .....	registration fee (lesser of \$50 or 10% of the course cost).
1 lesson but less than 25% . . . . . of total lessons	registration fee plus 25% of total tuition
25% but less than 50% of total lessons ...	registration fee plus 50% of total tuition
50% or more of total lessons . . . . .	Total tuition cost.