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COMPTROLLER GENERAL OF THE UNITED STATES  
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Dear Mr. Chairman

In accordance with arrangements made with your office on September 9, 1970, we reviewed, at the nine flight training schools listed below, certain administrative practices related to the enrollment of veterans in the schools. The Veterans Administration (VA) relied upon these practices to assure compliance with certain legislative requirements concerning the enrollment of veterans at the schools and the reimbursement to the veterans for the cost of school tuition and fees.

Our review was completed in November 1970 and included visits to the following schools.

California

- California Aviation Service, Oakland;
- Capitol Sky Park, Inc., Sacramento, and
- Sierra Academy of Aeronautics, Inc., Oakland

Texas

- Amarillo Flight Service, Amarillo;
- Brown and Brown Flying School, Dallas, and
- Flying Inc., Amarillo

Washington

- Pacific Aviation, Inc., Seattle,
- Seattle Flight Service, Inc., Seattle, and
- Vagabond Aviation, Inc., Olympia

We visited the State approving agencies in Austin, Texas; Sacramento, California, and Olympia, Washington. The State approving agencies are paid by VA to approve and inspect flight training schools. We also visited VA regional offices in San Francisco, California, Waco, Texas; and Seattle, Washington.

We found that the schools, generally, were (1) collecting from veterans the full amount of the schools' established charges for tuition and fees for flight training, (2) charging veterans the same

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tuition and fees as nonveterans, and (3) not enrolling veterans in flight courses when the number of veterans already enrolled comprised 85 percent or more of the total number of students taking such courses in a school.

COLLECTION OF FULL TUITION  
AND FEES FROM VETERANS

Section 1677(b) of title 38 of the United States Code provides for payment by VA of an education assistance allowance to veterans for flight training at the rate of 90 percent of a school's established charges for tuition and fees. Although not explicitly stated, the presumption is that the veteran is to pay the remaining 10 percent of the tuition and fees.

Generally, we found that the schools were collecting the full amount of tuition and fees from veterans. However, we noted some instances where veterans had not made payment of amounts due the schools, or were slow in making payment. In most of these instances, the amounts past due included only the veterans' 10 percent share, in two cases the amounts past due also included the VA's payment to the veterans for the VA's 90 percent share of the schools' charges.

In Texas, two of the three schools we visited had some delinquent veterans' accounts. At Flying, Inc., which had 79 veterans' accounts, we noted that prior to our visit, the State Approving Agency had reported to VA that four veterans had been delinquent in paying for flight training. VA officials informed us that they were contacting these four veterans. At the time of our review, one of the four delinquent accounts had been paid in full. The delinquent account of one veteran showed that he owed the school \$205 for several months of flight instruction, including both his 10 percent share and the VA's 90 percent share previously paid to him by VA. Other veterans' accounts that we examined at the school were not delinquent.

At Amarillo Flying Service, eight of the school's 55 veteran accounts were delinquent. One of these delinquent accounts showed a balance of \$1,445 which included the veteran's 10 percent share and VA's 90 percent share of the school's charges for flight instruction. The operator of the school advised us that he hoped to collect on some of the accounts and did not propose to write any of the accounts off as uncollectable.

Although these two schools were not aggressive in collecting delinquent accounts, the records did not evidence that the schools had followed the practice of routinely forgiving the veterans' 10 percent share of the cost of the training.

At two of the three schools we visited in the State of Washington, we noted that a number of veterans were over 30 days past due in paying their 10 percent share of tuition and fees. At the Seattle Flight Service, Inc., our review of 25 veterans' accounts showed that four of the veterans were over 30 days past due in paying their 10 percent share of the school's charges for tuition and fees. Only three of these veterans were enrolled in the school at the time of our visit. The other veteran had graduated in September 1970, but had not paid any part of his 10 percent share of the tuition and fees as of November 4, 1970. An official of the school told us that the veteran had been contacted and that the school did not anticipate any problem in collecting the account or in collecting the other three past due accounts.

Our review of the records at the Pacific Aviation, Inc., showed that seven of the 26 veterans enrolled in the school were over 60 days past due in paying their 10 percent share of the tuition and fees. We noted that one of the seven veterans had not paid any part of his 10 percent share. A school official told us that four of the seven veterans, who owed the school amounts ranging from about \$25 to \$84, had been contacted about payment. The other three veterans, whose past due accounts ranged from about \$3 to \$14, had not been contacted.

In California, we did not find any cases where the three schools failed to collect the full amount of tuition and fees from veterans. However, we found that the California Aviation Service employed as flight instructors, two veterans who were also students at the school and, because of their employment, allowed them discount rates for flight training. Nevertheless, the school reported the gross cost of the courses to VA and, as a result, the VA overpaid the two veterans a total of about \$150. School officials indicated they had been unaware of the effect of this action. VA regional office officials told us that they planned to visit the school to make a detailed review of the matter and that they would then be in a position to take appropriate action.

VETERANS CHARGED SAME TUITION  
AND FEES AS NONVETERANS

Section 1677(b) of title 38 of the United States Code provides that VA pay the veteran an educational assistance allowance for flight

training computed on the basis of a school's established charges for tuition and fees, which similarly circumstanced nonveterans enrolled in the same flight course are required to pay.

We found that the flight schools charged veterans and nonveterans the same tuition and fees for the same flight courses. We noted an unusual situation at the Pacific Aviation, Inc., where members of a university flight club were allowed discount rates for flight training courses. Although the flight club did not include veterans, membership in the club was open to all students of the university, including any veterans who were students at the university.

VA officials advised us that discount rates to flight club members are permissible as long as veterans are permitted to enroll in the club. They stated that, since club members are required to pay initiation fees, dues, and other charges, club members are not considered to be "similarly circumstanced" to veterans who are not club members; therefore, the school can charge club members less than veteran students who are not members of the club. They stated that in those cases where veterans are members of flight clubs which receive discount rates, the veterans are reimbursed for 90 percent of the discount rate.

PERCENTAGE OF VETERANS  
TO TOTAL ENROLLMENT

Section 1673(d) of title 38 of the United States Code provides for the VA to disapprove the enrollment of any eligible veteran, not already enrolled, in any nonaccredited course below the college level, for any period during which 85 percent or more of the students enrolled in the course are having all or part of their tuition and fees paid for them by the VA.

VA regulations provide that flight schools may compute the percentage of veterans enrolled to total enrollment on the basis of either flight hours of instruction or charges for tuition and fees. The VA regulations provide further that veterans may not be enrolled in flight courses if the percentage of veteran enrollment in the courses is 85 percent or more for the 30 day period immediately preceding their applications for enrollment.

Because of the lack of adequate records, we had difficulty in determining whether five of the nine schools we visited had complied with the 85 percent provision of the law. For example, the schools'

flight records did not always clearly show whether aircraft were used by veterans or nonveterans for flight instruction or were rented for private use. Similarly, the accounting records did not always show the nature of the charges to nonveteran students. Therefore, there was an inadequate basis on which to compute the percentage of the total charges for flight training applicable to veterans. However, our review of the data that was available at the nine schools did not disclose any violation of the 85 percent requirement.

To assure compliance with the 85 percent requirement, we plan to inform VA Central Office officials of our findings concerning the inadequate records maintained by some of the schools.

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We have not obtained formal comments from VA on the results of our review.

We plan to make no further distribution of this report unless copies are specifically requested and then we shall make distribution only after your agreement has been obtained or public announcement has been made by you concerning the contents of the report.

Sincerely yours,



*Assistant*

Comptroller General  
of the United States

The Honorable Olin E. Teague, Chairman  
Committee on Veterans' Affairs  
House of Representatives