

CHAPTER 15

EDUCATIONAL ASSISTANCE PROGRAMS1501 OVERVIEW

150101. Purpose. This chapter provides guidance relative to recording transactions for the Educational Assistance Programs and establishes the accounting principles and standards relative to those requirements.

150102. General.

A. Entitlements under the Educational Assistance Programs are established by law and are available to any person meeting eligibility requirements. Authorizations for entitlements constitute a binding obligation on the part of the Federal Government, and eligible recipients may have legal recourse if the obligation is not fulfilled. Legislation authorizing entitlements does not necessarily include a corresponding appropriation of funds; thus, the subsequent enactment of appropriations may be necessary.

B. Entitlements for veteran educational assistance shall be established in accordance with DoD Directive 1322.16, "Montgomery GI Bill (MGIB) Program" and DoD Instruction 1322.17, "Montgomery GI Bill for the Selected Reserve."

1502 EDUCATIONAL ASSISTANCE PROGRAMS

150201. Background. The Veteran's Educational Assistance Act of 1984 (P.L. 98-525) referred to as the Montgomery GI Bill (MGIB), provides for an educational assistance program to aid in the recruitment and retention of members of the Armed Forces and the readjustment of members to civilian life after their separation from military service. The Act also provides a program of educational assistance to the Selected Reserve.

150202. Accounting Treatment. The accounting treatment to be followed for entitlement programs depends on the program and the nature and other circumstances surrounding the requirements to pay benefits. Generally, the unexpended appropriation shall be reduced by the amount of the liability and recorded as a financing source when the liability and expense are recognized.

150203. Eligibility Requirements

A. Active Duty (Chapter 30, Title 38 USC). Eligibility is obtained when an individual:

1. Becomes a member of the Armed Forces.
2. First enters on active duty.
3. Does not opt out of the basic program.
4. Meets the initial Service-defined criteria for additional or supplemental benefits of any type.

B. Selected Reserve (Chapter 1606, Title 10, USC). Members of the Selected Reserve who meet the following criteria are entitled to educational assistance. Eligibility occurs whenever an individual either:

1. On or after July 1, 1985, enlisted, reenlisted or extended an enlistment in a Reserve component for service in the Selected Reserve for a period of not less than 6 years or, in the case of officers, agree to serve in the Selected Reserve for 6 years beyond any existing Selected Reserve obligation.
2. Completed the requirements for award of a high school diploma or equivalency certificate before completing initial active duty training (IADT) or, in the case of an individual reenlisting or extending an enlistment, completed this educational requirement before such reenlistment or extension.
3. Entitlement may not be provided to a member until the member has completed the initial period of active duty for training required of the member.
4. Each person who becomes entitled to educational assistance shall be given a written Notice of Basic Eligibility (DD Form 2384-1) summarizing the provisions of Chapter 1606, Title 10, USC. This notice provides a date of basic eligibility contingent on meeting initial eligibility criteria established in 150203.B.1, 2, and 3 above.

1503 TYPES OF PROGRAMS

150301. Education benefits are comprised of two major categories--contributory programs and noncontributory programs.

150302 Contributory Programs. Enrollees in these programs, Sec. 3011 and Sec. 3012, Chapter 30, Title 38 USC, have \$100 deducted from their pay each month for the first 12 months of active duty. All participating service members are required to have completed the requirements for a high school diploma or an equivalency certificate, or have successfully completed the equivalent of 12 semester hours in a program of education leading to a standard college degree before completion of their initial active tour of duty. Some exceptions exist for early discharge for service connected disability.

A. Educational Assistance Program for Service on Active Duty.

Participation in this program is limited to persons who:

1. After June 30, 1985, first becomes a member of the Armed Forces or first enters on active duty as a member of the Armed Forces.

2. Serves at least three years of continuous active duty in the Armed Forces.

3. Serves at least two years of continuous active duty in the case of an individual whose initial period of active duty is less than three years, (see further stipulations in paragraph 150302.B below).

4. After completion of the service described above:

a. Continues on active duty;

b. Is discharged from active duty with an honorable discharge;

c. Is placed on the retired list or temporary disability retired list, or is transferred to the Fleet Reserve or Fleet Marine Corps Reserve;

d. Is released from the Armed Services under honorable conditions by the Secretary of Defense for further service in a reserve component of the Armed Forces.

B. Educational Assistance Program for Less than Three Years Service

on Active Duty. Participation in this program is limited to persons who:

1. After June 30, 1985, first becomes a member of the Armed Forces or first enters on active duty as a member of the Armed Forces.

2. Serves at least two years of continuous active duty.

3. Beginning within one year after completion of the service on active duty, serves at least four years of continuous duty in the Selected Reserve during which the individual participates satisfactorily in the training as required by the Reserve Unit or the Department of Defense.

150303. Noncontributory Programs

A. Educational Assistance Program for Service in the Selected Reserve. Enrollees in this program, Chapter 1606, Title 10 USC, are required to have completed the requirements for a high school diploma or an equivalency certificate before completion of their initial active duty for training. In the case where an individual reenlists or extends an enlistment in the Selected Reserve for a period of not less than six years, is required to have completed the requirements for a high school diploma or an equivalency certificate before such reenlistment or extension. Individuals may not receive credit for service in both this program and the programs under paragraph 150302. Participation in this program is limited to persons who:

1. After June 30, 1985, enlist, reenlists, or extends an enlistment as a Reserve for service in the Selected Reserve for a period of not less than six years.

2. Are appointed as, or are serving as, a Reserve Officer and agrees to serve in the Selected Reserve for a period of not less than six years in addition to any other period of obligated service.

3. After completion of the requirements above:

a. Has completed the initial period of active duty training required of the member by the Reserve Unit.

b. Has been given a statement in writing summarizing the provisions of Sec. 16134 and 16135, Chapter 1606, Title 10 USC, which prohibits educational assistance under this program to members receiving financial assistance as a member of the Senior Reserve Officers' Training Corps Program, or to a member who fails to participate satisfactorily in the required training as a member of the Selected Reserve.

B. Vietnam Era GI Bill Service. This program required service during the period February 1, 1955, through December 31, 1976.

C. Inservice Enrollment in a Program of Education. Participation in this program is limited to individuals who are a member of the Armed Forces who did not elect to participate in the contributory programs in 150302 above, and:

1. After June 30, 1985, has completed at least two years of service on active duty.

2. Continues on active duty or in the Selected Reserve without a break in service. Some exceptions apply for not being able to find a vacancy in, or locate a unit of the Selected Reserve within stipulated timeframes.

D. Supplemental Educational Assistance for Additional Service. Benefits payable under this program are prescribed by the Secretary of Defense, and may provide

for the payment of supplemental educational assistance to individuals eligible for educational assistance under paragraph 150302 above. Eligible persons for this program:

1. Must have served five or more consecutive years of active duty in the Armed Forces beyond the years of active duty counted under paragraph 150302 without a break in service.
2. Must have been discharged from service with an honorable discharge, or is placed on the retired list, or is transferred to the Fleet Reserve or Fleet Marine Corps Reserve, or is placed on the temporary disability retire list without a break in service after completion of five or more consecutive years of active duty beyond the years of active duty as specified in the above.
3. Must have completed two or more consecutive years of active duty in the Armed Forces beyond the years of active duty counted under paragraph 150302 without a break in service, and four or more consecutive years of duty in the Selected Reserve.

E. Educational Program for Tutorial Assistance. Benefits for participation in this program is in addition to other educational benefits received, but is limited in benefit amount and number of months.

F. Additional Educational Assistance for Qualified Individuals with Critical Skills or Specialties. The Secretary of Defense, without regard to application, may authorize educational assistance to individuals in specialized categories such as physicians and registered nurses in critical specialties, students in the nursing program, and other health professions.

1504 BENEFITS UNDER CONTRIBUTORY PROGRAMS

150401. Veterans entitled to basic educational assistance with regard to paragraph 150302.A who are pursuing an approved program of education are entitled to receive benefits at the monthly rate of \$350, beginning October 1, 1991, for an approved program of education pursued on a full-time basis. Veterans will received an appropriately reduced rate, as determined under prescribed regulations, for an approved program of education pursued on less that a full-time basis.

150402. With regard to paragraph 150302.B, veterans entitled to basic educational assistance who are pursuing an approved program of education are entitled to receive benefits at the monthly rate of \$250 beginning October 1, 1993, for an approved program of education pursued on a full-time basis. Veterans in this category also will received an appropriately reduced rate, as determined under prescribed regulations, for an approved program of education pursued on less that a full-time basis.

150403. With respect to the fiscal year beginning on October 1, 1993, and each fiscal year thereafter, the monthly rates for each previous fiscal year may provide for a percentage increase in such rates equal to the percentage by which the Consumer Price Index for the 12-month period ending on the June 30 preceding the beginning of the fiscal year for which the increase is made.

150404. In the case of an individual who has a skill or specialty designated by the Secretary of Defense as a skill or specialty in which there is a critical shortage of personnel or for which it is difficult to recruit, individuals who first became a member of the Armed Forces before November 29, 1989 are entitled to receive a basic monthly rate of up to \$400 in excess of the prescribed monthly rate; and individuals who first became a member of the Armed Forces after this date, are entitled to received a basic monthly rate of up to \$700 in excess of the prescribed monthly rate.

1505 BENEFITS FOR THE NONCONTRIBUTORY PROGRAMS IN THE SELECTED RESERVE

150501. Veterans entitled to basic educational assistance with regard to paragraph 150303.A who are pursuing an approved program of education are entitled to receive benefits, beginning April 1, 1993, at the monthly rate of \$190 for a full-time pursuit of a program of education; \$143 per month for three-quarter-time; and \$95 per month for half-time. Individuals will received an appropriately reduced rate, as determined under prescribed regulations, for an approved program of education pursued on less that a full-time basis if tuition assistance is not available to the person from the respective military department.

150502. With respect to the fiscal year beginning on October 1, 1994, and each fiscal year thereafter, the monthly rates for each previous fiscal year may provide for a percentage increase in such rates equal to the percentage by which the Consumer Price Index for the 12-month period ending on the June 30 preceding the beginning of the fiscal year for which the increase is made.

150503. Educational assistance is available for veterans pursuing a program of education consisting of a program of apprenticeship, other on-the-job training, a cooperative program, a correspondence program of education, flight training program, or a program of approved individualized tutorial assistance. The amount of monthly educational assistance allowance for each program varies and is a predetermined percentage of the monthly allowance otherwise payable to a veteran entitled to receipt of assistance, or a percentage of the cost of the program. With regard to an approved program of individualized tutorial assistance, individuals may receive an amount of up to \$100 per month in addition to the amount of educational assistance allowance otherwise payable to an individual. However, after \$600 is paid, an individual's period of entitlement is reduced at the rate of one month for each dollar amount paid that is equal to the amount of the monthly educational allowance a person is eligible to receive.

1506 FUNDING FOR EDUCATIONAL ASSISTANCE PROGRAMS.

150601. The Veteran's Educational Assistance Act of 1984 established a trust fund to finance DoD education liabilities on an actuarially sound basis. The DoD Education Benefits Fund is a trust fund used to accumulate funds for transfer to the Department of Veterans Affairs (DVA) to cover the DoD share of benefits. The Fund, 97X8098 - Department of Defense Education Benefits Fund (Education Fund), contains the following assets:

A. Amounts paid into the Education Fund from the active duty and reserve personnel appropriations.

B. Any amount that may be appropriated by the Congress to the Education Fund.

C. Interest earned as a result of the investment of available Education Fund cash balance in U.S. Government securities. This method of funding the educational assistance program became effective July 1, 1985.

150602. Amounts payable to the Education Fund shall be based on determinations by a board of actuaries as to the amounts necessary to finance DoD educational liabilities on an actuarially sound basis. The accounting principles contained in Chapter 16 of this Volume also apply to the education benefits programs.

150603. Amounts to be transferred to the Education Fund shall be obligated by Components at the same time military pay is obligated as required in Volume 3, Chapter 8, of this Regulation and further explained in Chapter 16 of this Volume.

150604. The Act provides for withholding a total of \$1,200 (in 12 equal monthly installments) from the basic pay of active duty military members who elect to participate in the new educational program. The Military Departments shall deposit the withheld funds to the general fund of the Treasury as miscellaneous receipts. The miscellaneous receipts subaccounts are identified in paragraph 150606.B, below.

150605. The DVA pays all claims for benefits under the educational program. The DVA also funds the basic educational benefits for active duty military members from a general fund appropriation. An additional basic benefit may be paid at the discretion of the Secretary of Defense. However, this is funded in the military personnel appropriations by the Department of Defense as are all supplemental benefits. These funds shall be paid into the Education Fund for subsequent transfer to the DVA.

150606. The Education Fund is used to accumulate funds for transfer to the DVA to cover the DoD share of benefits. The Director, DFAS, shall account and report for the DoD Education Benefits Fund since it is an Office of the Secretary of Defense account. In addition, the

Director, DFAS, shall invest the cash balances of the Education Fund not actually needed to cover transfers to the DVA for payment of benefits.

A. For amounts withheld from active duty members, a general fund proprietary receipt account has been established to which collections of military personnel contributions are deposited. However, the funds collected are treated as proprietary receipts of the DVA, rather than of the Department of Defense, with the appropriate offset against budget subfunction 702 (Veterans' Education, Training, and Rehabilitation).

B. Even though the Department of Defense does not receive credit for the offsetting receipts, it is responsible for collecting the contributions from individuals participating in the program. To ensure proper crediting of the collected funds, all contributions shall be deposited monthly to miscellaneous receipt account 362473 - Contributions from Military Personnel, Veteran's Educational Assistance Act of 1984. At the DVA's request, actual deposits shall be made to the following subaccounts:

- 362473.1 - Army
- 362473.2 - Air Force
- 362473.3 - Navy
- 362473.4 - Marine Corps

It is essential that the funds be deposited to Treasury index number "36" (DVA) rather than the index numbers for each Military Department.

150607. Each Military Department shall provide the DVA a monthly letter report of funds deposited to Miscellaneous Receipt account 362473. The report shall show only the net amount deposited with no detail.

A. Submit the report in time to reach the DVA no later than the close of business on the seventh workday after the close of the reported month. The following address shall be used for sending the reports:

Department of Veterans Affairs (047H1)
810 Vermont Avenue, NW
Washington, DC 20420
ATTN: C.O. Finance (047H1)

B. If the report cannot be submitted in time to reach the DVA by the seventh workday after the reported month, the Military Department shall report by facsimile (FAX) machine the amount deposited. The report should be "faxed" to the Department of Veterans Affairs Central Office, Field Finance Division.

1507 FUND TRANSFERS OF MILITARY PERSONNEL APPROPRIATIONS

Transfers from the military personnel appropriations to the DoD Education Benefits Fund shall be processed as indicated below. (The determination of the amounts to be transferred and the accounting for these amounts shall follow the accounting requirements contained in Chapter 14, Volume 4, of this Regulation.)

150701. Receipt and Expenditure Accounts. The DoD Education Benefits Fund is classified as a trust fund and uses both receipt and expenditure accounts since it is not designated a trust revolving fund. Receipts are available immediately for expenditure; therefore, the Treasury Department requires deposits to be made using “X” symbolization for the receipt account. Deposits are made to the following trust fund receipt accounts as applicable.

A. 97X8098.1 - Employing Agency Contribution, Department of Defense, Education Benefits Fund. Payments from DoD military personnel appropriations.

B. 97X8098.2 - Earnings on Investments, Department of Defense, Education Benefits Fund. Payments of interest by Treasury on Education Fund investments in U.S. securities.

C. (62) 97X8098 - Disbursements-Unamortized Premium and Discount, Department of Defense Military Retirement and Education Benefits Funds. Purchase of premium, interest, and discount.

D. (72) 97X8098 - Receipts-Unamortized Premium and Discount, Department of Defense Military Retirement and Education Benefits Fund. Write-off and amortization of premium and discount and collection of interest purchased.

E. 20X6825.01 - Unamortized Discount, Department of Defense Military Retirement and Education Benefits Funds. Purchase of discount, write-off, and amortization of discount.

F. 20X6825.02 - Unamortized Premium, Department of Defense Military Retirement and Education Benefits Funds. Purchase of premium, write-off, and amortization of premium.

G. 20X6825.03 - Accrued Interest Purchased, Department of Defense Military Retirement and Education Benefits Funds. Purchase of interest and collection of interest purchased.

150702. Calculation of Transfers. Transfers to the Education Fund from the active duty and reserve component personnel appropriations shall be accomplished monthly. The amounts to be transferred shall be calculated using the formulas provided in paragraphs 150702.A

and 150702.B, below, which are based on existing legislation and, therefore, subject to change upon any enacted amendments. The per capita normal costs to be used in the calculations shall be determined by the DoD Education Benefits Board of Actuaries. This information shall be provided to the Military Departments when it becomes available.

A. Active Duty Appropriations. The per capita normal cost multiplied by the number of new entrants who become eligible during the month. Eligibility is defined in paragraph 150203.A, above.

B. Reserve and National Guard Appropriations. The per capita normal cost multiplied by the number of Reserve Component members who become eligible during the month. Eligibility is defined in paragraph 150203.B, above. A contribution is made for an eligible member only one time. Eligibility date is established in the Notice of Basic Eligibility also described in paragraph 150203.B. This eligibility date never changes.

150703. Timing. Transfers of funds for a given month shall be accomplished on or before the last day of that month. If the transfers are accomplished on an estimated basis, they shall be adjusted in the subsequent month when actual figures become available.

150704. Method for Transfer of Funds.

A. Transfers are made on an expenditure basis. Funds shall be disbursed from the military personnel appropriations and collected into the Education Fund. The disbursement and collection transactions are accomplished using the Online Payment and Collection System (OPEC). However, the disbursement and collection transactions also can be made on an SF 1081, "Voucher and Schedule of Withdrawals and Credits." The disbursing officer making the payment shall forward a copy of the completed SF 1081 to the DFAS, and also report both the disbursement and collection transactions on the monthly DD 1329, Statement of Transactions. Completed forms shall be forwarded to the following address:

Director
Defense Finance and Accounting Service
Trust Fund Investment Office
ATTN: DFAS-HQ/GC
1931 Jefferson Davis Highway
Arlington, VA 22240-5291

B. The total amount transferred from the military personnel appropriation to the Education Fund shall be detailed by the Military Service obligation program and reported on the face of the SF 1081 or on a separate attachment.

1508 FUND TRANSFERS TO DVA

Transfers from the DoD Education Benefits Fund to the DVA shall be processed as follows:

150801. The DFAS shall transfer funds to the DVA on an expenditure basis. This is required because VA pays the benefits from general fund appropriation account 36X0137 - Readjustment Benefits, Veterans Administration.

150802. The actual transaction is accomplished by using OPEC which is preferred; however, it also can be accomplished using an SF 1081. The DFAS shall report the payment from the Education Fund account 97X8089 and the collection to general fund appropriation account 36X0137 on its DD 1329. A copy of any completed SF 1081s shall be forwarded to the DVA immediately at the following address:

VADPC (201/35)
Lock Box 66303
AMF O'Hare, Illinois 60666

1509 PAYROLL DEDUCTIONS

150901. Deductions from pay for the education benefits program are governed by the order of precedence for deductions from gross pay established by the Treasury Department in TFM 3-7040. The order of precedence shall be used when the gross entitlement payment is not sufficient to permit all deductions to be made. The order of precedence is in Volume 7 of this Regulation.

150902. When an individual enters on active duty as a member of the Armed Forces, participation in the education benefits program is automatic, unless the service member makes an election not to enroll for education benefits using DD Form 2366. Once enrolled in the program, a deduction from the service member's pay becomes mandatory. The deduction is considered an "Indebtedness Due the United States" and, therefore, ranks ahead of state income taxes and all other deductions of lower precedence. Within the "Indebtedness" category, it takes precedence below any debts due to the Department of Defense since the deduction is deposited to a civil agency account.

1510 REFUNDS OR ERRONEOUS DEDUCTIONS

Refunds or erroneous deductions from active duty members shall be processed as follows:

151001. Current Year Deductions. If the refund takes place within the same fiscal year as the erroneous deduction was made, the payment to an active duty member shall be charged to miscellaneous receipt account 362473. Such transactions will reduce the monthly deduction deposited to miscellaneous receipt account 362473 and reported to the DVA.

151002. Prior Year Deductions. If the refund takes place after the close of the fiscal year in which the erroneous deduction was made, the payment to an active duty member shall be made from Treasury appropriation 20X1807 - Refund of Monies Erroneously Received and Covered. Such payments shall be reported routinely on the Military Department's monthly Statement of Transactions. The Treasury Department shall be contacted by telephone if payments from 20X1807 in excess of \$100,000 are to be made in a given month. The report shall be provided to the Credit and Debt Management Branch, Financial Management Service.

1511 COLLECTION OF EDUCATIONAL DEBTS OWED TO THE GOVERNMENT

Collection of educational debts owed to the government by members of the Selected Reserve shall be processed as follows.

151101. Members of the Selected Reserve receiving educational assistance benefits under Title 10, United States Code, Chapter 1606, and who are determined to be unsatisfactory participants in required reserve training, may be required to refund an amount to the United States. This amount is calculated in accordance with the formula established in Title 10, United States Code, Section 16135(b)(1).

151102. The refund shall equal the product of the following:

A. The number of months of obligated service remaining under the agreement entered into by the reservist divided by the original number of months of the original obligation.

B. The total amount of educational assistance provided to the reservist increased by interest equal to the highest rate being paid by the Treasury on securities having maturity of 90 days or less on the day on which the refund is determined to be due. The interest shall accrue from the day on which the reservist first is notified of the amount due to the U.S. Government as a refund.

151103. Each Military Department shall maintain data on Selected Reserve members who are:

A. Eligible for educational assistance.

B. Determined to be unsatisfactory participants.

C. Not excused from the responsibility to refund overpayments received under the Selected Reserve educational assistance program.

151104 Responsibility for administering the collection of debts owed to the program has not been established. This matter will be addressed in the memorandum of

understanding with the DVA covering financial matters. The Military Departments shall be advised of the determination when the memorandum of understanding is ratified.

151105. The reporting requirements and related standards contained in chapter 14, Volume 4, of this regulation, also apply to the education benefits programs.

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