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SENATE COMMITTEE PRINT NO. 28

THE NECESSITY AND DESIRABILITY OF INCLUDING RECIPIENTS OF FEDERAL GRANTS OTHER THAN FROM THE VETERANS' ADMINISTRATION IN THE 85–15 RATIO COMPUTATION

SEPTEMBER 1978

A REPORT

PREPARED BY THE

VETERANS' ADMINISTRATION

(Pursuant to Section 305 of Public Law 95–202)

SUBMITTED TO THE

COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE

DECEMBER 5, 1978

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LETTER OF TRANSMITTAL

VETERANS ADMINISTRATION
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS
WASHINGTON, D.C. 20420

NOVEMBER 16 1978

The Honorable
Alan Cranston
Chairman, Committee on
Veterans' Affairs
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

I am pleased to submit for your information, two copies of the enclosed report on "The Necessity and Desirability of Including Recipients of Federal Grants Other Than From the Veterans Administration in the 85-15 Ratio Computation."

A study was made and the report was prepared in compliance with Section 305, Public Law 95-202. The report presents our findings and recommendations concerning the necessity for including in the computation of the 85-15 ratio those students in receipt of grants from Federal agencies other than the Veterans Administration, as is presently required by section 1673(d), title 38, United States Code. The report also examines the problems incurred by educational institutions in the implementation of the provisions of the law.

Copies are also being furnished to the President, the President of the Senate, the Speaker of the House of Representatives, and the Chairman of the House Committee on Veterans' Affairs.

Sincerely,

Max Cleland

MAX CLELAND
Administrator

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INTRODUCTION

Public Law 94-502 amended section 1673(d), title 38, United States Code to provide that the Administrator of Veterans' Affairs shall not approve the enrollment of any eligible veteran, not already enrolled in any course (other than one offered pursuant to subchapter V, any farm cooperative training course, or any course described in section 1789 (b)(6) of title 38) for any period during which the Administrator finds that more than 85 percent of the students enrolled in the course are having all or part of their tuition, fees or other charges paid to or for them by the educational institution, by the Veterans Administration under title 38 and/or by grants from any Federal agency. The Administrator may waive the requirements of the law in whole or in part if the Administrator determines it to be in the interest of the eligible veteran and the Federal Government. The provisions (added by Public Law 95-202) shall not apply to any course offered by an educational institution if the total number of veterans and persons receiving assistance under Chapters 31, 32, 35, or 36 of title 38 and enrolled in the institution equals 35 percent or less of the total student enrollment at the institution, except that the Administrator may apply the provisions of the law in cases where there is reason to believe that the enrollment of such veterans and persons may be in excess of 85 percent of the total student enrollment in a course.

Previously funds received from Federal agencies other than the VA were not factors in making the required computation. Since enactment of Public Law 94-502, numerous groups, organizations and individuals have informed the Congress of what they perceive to be the harmful effects of the inclusion of Federal grant recipients in the 85-15 ratio computation. These criticisms have continued despite the permanent waiver by the Veterans Administration of the requirement to include all Federal grant recipients, with the exception of Basic Educational Opportunity Grant recipients and Supplemental Educational Opportunity Grant recipients, and the temporary waiver by the Veterans Administration of the requirement to include the Basic Educational Opportunity Grant and the Supplemental Educational Opportunity Grant recipients. During June 1977 Congressional hearings, representatives of the Veterans Administration were asked if it would be disadvantageous to the Veterans Administration's efforts in curbing abuse to eliminate from the computation of the 85-15 ratio the inclusion of the Basic Educational Opportunity Grant and Supplemental Educational Opportunity Grant recipients by legislation rather than through regulation. The Veterans Administration officials responded that the Congress might wish to examine the implications of such a move.

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The Senate Committee on Veterans' Affairs believes its important to reevaluate the need for the inclusion of recipients of Federal grants other than from the Veterans Administration in the 85-15 ratio computation. Therefore, section 305 of Public Law 95-202 contained a mandate for the Veterans Administration to conduct a study and to submit to Congress a report examining the necessity for including in the computation those students in receipt of grants from any Federal agency or department and reviewing the problems incurred by educational institutions in the implementation of the provisions of the law.

HISTORY OF THE 85-15 RATIO RULE

The 85-15 ratio requirement was not enacted until 1952 when the Korean Conflict G.I. Bill program became effective. Under the World War II G.I. Bill there were no general requirements regarding a minimum nonveteran enrollment. However, effective October 1, 1950, as a result of the abuses which were prevalent during the period of the World War II program, schools which operated on a profit basis had to meet specific, established standards when they had fewer than 25 students or when less than one-quarter of their students were paying their own tuition.

Between 1944 and 1949 there was a great increase in the number of private schools operating on a profit basis. A large majority of these schools had exclusive enrollments of veterans and had never enrolled any nonveterans. In July, 1952, the General Accounting Office reported to the Congress that two out of three privately operated trade and vocational schools were established subsequent to the World War II G.I. Bill of Rights and that a total of 5,635 privately operated schools on the Veterans Administration approved list as of October 31, 1949, were established since the enactment of the World War II G.I. Bill of Rights. Most of the schools had enrollments in which veterans constituted ninety to one hundred percent of the student body.

Also in 1952, the House Select Committee to Investigate the Educational Program Under the G.I. Bill reported that many of the private profit schools had little or no experience in designing and providing educational and vocational programs and that such programs were of questionable quality. The Select Committee's Report (known as the Teague Report) recommended that the enrollment of veterans in institutional training programs should be limited to courses offered by public schools and colleges or to courses in private schools which have been successfully in operation for at least one year and which maintain an enrollment which consists of at least 25 percent nonveterans.

Subsequent to the Teague Report, Congress enacted the Korean Conflict Veterans' Readjustment Assistance Act of 1952 (Public Law 550, 82nd Congress) which contained the provision that nonaccredited, below-college-level courses offered by proprietary schools must have enrollments in which no more than 85 percent of the students enrolled in the course are having all or any part of their tuition, fees, or other charges paid to or for them by the educational instituion or the Veterans Administration. In 1974, Public Law 93-508, section 203(3) extended the requirements of the 85-15 ratio to accredited courses,

not leading to a standard college degree, offered by proprietary institutions. In 1976, after examination of the principles and philosophy of the so-called 85-15 rule, the Senate Veterans Affairs Committee concluded that if an institution of higher learning cannot attract sufficient nonveteran and nonsubsidized students to its programs it presents a great potential for abuse of the veterans' educational benefits program. Public Law 94-502 extended the 85-15 ratio provisions to all institutions of higher learning and also required the inclusion of those students in receipt of grants from other Federal agencies in the computation of the 85-15 ratio.

HISTORY OF THE BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM

The Basic Educational Opportunity Grant Program is intended as a means of assisting students in the continuation of their training and education at the postsecondary level by providing a "foundation" or "floor" of financial aid to help defray educational costs. The Basic Educational Opportunity Grant program was established to provide basic access to higher education for students from low and lower-middle income families. Educational institutions must determine the student's enrollment status, calculate the cost of education, determine the scheduled award and compute the expected disbursement. Eligible students may receive their awards from either the institution or the Office of Education. The program statutory authority is section 411 of the Higher Education Act of 1965 (20 U.S.C 1070a).

The program began operation in the 1973-74 award period with an appropriation of $122.1 million. During the initial year of operation eligibility was limited to full-time students who began their postsecondary education after July 1, 1973. Awards ranged from $50 to $452, and 185,249 students were aided. In the 1974-75 award period eligibility was expanded to include a second class of full-time

students who enrolled after April 1, 1973. The appropriation was $475 million, and 573,402 students were aided with awards ranging from $50 to $1,050.

During the 1975-76 award period eligibility was expanded to include students who had enrolled on at least a half-time basis after April 1, 1973. A total of $1.0 billion was available, and awards ranging from $200 to $1,400 were made to more than 1.2 million students. During the 1976-77 award period eligibility was no longer limited to students who enrolled after April 1, 1973. Basic Grants were available to all undergraduate students enrolled on at least a half-time basis. A total of $1.5 billion was available, and awards ranging from $200 to $1,400 were made to an estimated 1.9 million students. For the 1977-78 award period it is estimated that 1.975 million students will receive awards ranging from $200 to $1,400 based upon an appropriation of $1.7 billion. In the 1978-79 award period, estimates indicate that 2.398 million students will receive awards ranging from $50 to $1,600 based on an appropriation of $2.168 billion.

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HISTORY OF THE SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT PROGRAM

The Supplemental Educational Opportunity Grant program was established to assist in making the benefits of postsecondary education available to qualified students of exceptional financial need who, without the grant of money, would be unable to continue their education. To award a Supplemental Educational Opportunity Grant, the educational institution must determine that the recipient would be financially incapable of pursuing a course of study at the institution without the grant. Supplemental Educational Opportunity Grant recipients must demonstrate evidence of academic or creative promise and have the capability of maintaining good standing in their course of study. The Supplemental Educational Opportunity Grant legislation states that the institutions should make efforts to identify qualified youth of exceptional financial need and encourage them to continue their education beyond secondary school.

The grants are made directly by the Office of Education to institutions of postsecondary education. Allotments to states are based upon the ratio of full-time higher education students and full time equivalent of part-time students in a state or one-half of the amount of other student aid provided by the institution to the total such enrollment in the United States. Allocations to institutions within a state are made on the basis of approved institutional

applications. The institutions then select students for the awards. Eligible students include undergraduate students enrolled on at least a half time basis. Graduate students are not eligible for support under the Supplemental Educational Opportunity Grant program.

Grants awarded to a student cannot exceed $1,500 per year or one-half of the amount of other student aid provided by the institution. A student may receive grants for four academic years. The total amount awarded to the student may not exceed $4,000.

The program began operation in the 1973-74 award period with an appropriation of $210.2 million. During the 1976-77 award period, the program was expanded with an appropriation of $240.1 million. The appropriation for the 1977-78 award period is $240.4 million. The Office of Education estimates that 440,000 students will receive grants for the award period.

The Educational Opportunity Grant program was supplanted by the Supplemental Educational Opportunity Grant program, with the intention of allowing both students who qualify for Basic Educational Opportunity Grants and those who

do not qualify to be eligible for Supplemental Educational Opportunity Grants. The Supplemental Educational Opportunity Grant program is authorized under subpart II, part A of title IV of the Higher Education Act of 1965, as amended by the Education Amendments of 1968, 1972 and 1976.

METHODOLOGY

The study was conducted from May 15, 1978, through July 24, 1978, by three staff members of the Veterans Administration Central Office Department of Veterans Benefits. Officials of sixteen schools in five States - California, Georgia, Illinois, New York, and Texas - were interviewed (see Appendix B). The wide range of educational institutions offering training to veterans and eligible persons was reflected in the selection of the sixteen schools. Technical institutes, business schools, community and junior colleges, and 4-year colleges and universities were included in the study.

The officials of these institutions were asked to describe in detail their school's administrative organizations, registration procedures, policies for declarations of majors by students, and the automated data processing systems or manual information systems which are used by their schools to collect, store, and report data concerning students, including veterans and eligible persons, financial aid recipients, courses, and curricula.

The information processing systems used by the sixteen schools included in this report can be divided into five basic categories:

1 - a sophisticated, fully automated data processing system capable of collecting, storing, interfacing, and reporting basic student registration data, curriculum data, veterans' education benefit data, and financial assistance data;

2 - a sophisticated, fully automated data processing system with similar capabilities as the category 1 system, but lacking certain minor informational and programming elements which would permit the interfacing of financial assistance information with other data;

3 - an automated data processing system which has limited capabilities for collecting, storing, interfacing, and reporting the data required for the computation of the 85-15 ratio and which has reached its operational parameters;

4 - an information system which combines some automated data processing capabilities with a manual records system; and

5 - a completely manual records system.

Of the sixteen educational institutions visited by the study team, one belongs in category 1, eight in category 2, three in category 3, two in category 4, and two in category 5.

In addition to the interviews of various school officials, meetings were held with representatives of the Department of Health, Education, and Welfare and the national educational community. The opinions, comments, and recommendations of the Office of Education, Department of Health, Education, and Welfare, the American Council on Education, the American Association of Collegiate Registrars and Admissions Officers, the American Association of State Colleges and Universities, the American Association of Community and Junior Colleges, the National Association of Student Financial Aid Officers, the National Association of State Universities and Land-Grant Colleges, the National Association of Independent Schools, and the California Community Colleges were solicited.

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In addition to the interviews of various schools officials, meetings were held with representatives of the Department of Health, Education and Welfare and the national educational community. The opinions, comments, and recommendations of the Office of Education, Department of Health, Education and Welfare, the American Council on Education, the American Association of Collegiate Registrars and Admissions Officers, the American Association of State Colleges and Universities, the American Association of Community and Junior Colleges, the National Association of Student Financial Aid Officers, the National Association of State Universities and Land-Grant Colleges, the National Association of Independent Schools, and the California Community Colleges were solicited.

CONCLUSIONS

Our analysis of the information available including the data acquired by this study leads us to conclude that:

1. Prior to the change in the law requiring the inclusions of BEOG and SEOG recipients in the 85-15 ratio computations, the 85-15 ratio requirements were effective in preventing abuses found in schools' with all-veteran and all-eligible person enrollments.

2. A significant number of educational institutions do not have the administrative capability to report the ratio with BEOG and SEOG students included.

3. The integrity of the program could be maintained without inclusion of BEOG and SEOG students.

RECOMMENDATIONS

Based upon our findings and conclusions, we recommend that the law be amended to rescind the requirement that recipients of BEOG and/or SEOG benefits shall be considered in computing 85-15 ratios.

This recommendation can be accomplished by amending section 1673(d), 38 United States Code, to eliminate any reference to grants from any Federal agency (including BEOG and SEOG).

APPENDICES

APPENDIX A

Department of Veterans Benefits
Veterans Administration
Washington, D. C. 20420

DVB Circular 20-76-84
Appendix H, Revised
December 17, 1976

EXTENDED 85-15 PERCENT RATIO REQUIREMENTS

[NOTE: RESPONSES TO APPENDIX H HAVE INDICATED THAT CLARIFICATION OF CERTAIN PROVISIONS IS DESIRABLE. IN PARTICULAR, PROVISIONS FOR PROCESSING ENROLLMENTS DURING THE INITIAL INTERIM PERIOD HAVE BEEN ALTERED, AND REQUIREMENTS RELATING TO WAIVERS AND SUBMISSION OF 85-15% CERTIFICATIONS HAVE BEEN MODIFIED. MOST CHANGES ARE FOR CLARIFICATION RATHER THAN SUBSTANTIVE CHANGE; CHANGED MATERIAL APPEARS ENCLOSED BY BRACKETS.]

1. Purpose. This appendix provides instructions for implementing the provision of PL 94-502 which extends the 85-15% ratio requirements to additional types of courses and specifies additional types of financial support which must be computed into the 85% portion of the ratio. This appendix also explains the conditions under which the Administrator may waive the requirements because it is determined to be in the best interest of the veteran and the Federal Government.

2. General. PL 94-502 amends title 38 U.S.C. 1673(d) to provide that, effective December 1, 1976, the enrollment of an eligible veteran (not already enrolled) may not be approved in any course for a period during which more than 85 percent of the students enrolled are having all or part of their tuition, fees, or other charges paid to or for them by the school, the Veterans Administration, and/or by grants from any Federal agency. Specifically excepted from computing 85-15% ratios are special assistance payments for the educationally disadvantaged (under subchapter V of chapter 34), farm cooperative courses, and courses offered under contract with the Department of Defense on or immediately adjacent to a military base and which are available only to active-duty military personnel and their dependents if approved by the SAA (State approving agency) in the State where the base is located. In the case of a military installation located outside of the United States, approval will be by the SAA in the State where the parent school is located. As noted in paragraph 1, certain requirements can and will be waived by the Administrator. The new law extends the 85-15% ratio requirement to degree-granting institutions, and the requirement now applies to both proprietary profit, proprietary nonprofit institutions and public and other tax-supported schools. In addition, students receiving grants from all Federal agencies other than the VA, with certain exceptions as explained below, must now be counted in the 85% portion of the ratio.

3. Identification of Affected Courses. An 85-15% ratio must be computed for each course of study or curriculum leading to a separate approved educational or vocational objective. Computations will not be made for unit subjects, unless only one unit subject is approved by the SAA to be offered at a separate branch or extension of a school. Courses or curricula which are offered at separately approved branches or extensions must have an 85-15% ratio computed separately from the same course offered at the parent institution; the student figures from the branch may not be added to those of the parent institution even for the same courses or curricula. Courses or curricula offered at an additional facility, as opposed to a branch or extension, must be added for 85-15% computation purposes to the same course at the parent institution. Pursuit of a course or curriculum that varies in any way, although it may have the same designation as another curriculum, will require a separate 85-15% computation. A course or curriculum will be considered to vary from another if there are different attendance requirements, [ ] required unit subjects are different, required completion length is different, etc.

[a. For computation purposes, separate courses in IHL's (institutions of higher learning) will be determined by general curriculum only until the point at which it is reasonable to assume a major field would be declared. After that point, 85-15% requirements must be met for each specific curriculum based on a major field of study as certified to the VA. School policy for declaring fields of study must be equal for veterans and nonveterans alike. Because of numerous inquiries and comments, serious consideration has been given to broadening the definition of "course" for 85-15% purposes, but it has been determined that the following guidelines are the most lenient possible within the language of the statute and the underlying intent of Congress.]

(1) In 2-year IHL's, general curricula such as AA (Associate of Arts) or AS (Associate of Science) degrees with no major specified will require separate computations. Specific curricula for associate degrees will require separate computation for each curriculum. Terminal 2-year courses (e.g., AAS (Associate of Applied Science) Dental Technology, Auto Mechanics Certificate) must be computed separately for each objective.

(2) Students attending 4-year IHL's and graduate schools may be counted in general curricula such as BA (Bachelor of Arts) and BS (Bachelor of Science) only until the normal point at which the student must declare a major subject at the

particular school. Then the 85-15% computation must be made for each specific curriculum; e.g., BS (Bachelor of Science) in Electrical Engineering, MA (Master of Arts) in English, etc. The rules mentioned above regarding branches and extensions must be applied strictly to yield accurate computations and correct approvals.

b. NCD (noncollege degree) courses must be computed separately by approved vocational objective. If several curricula lead to the same coded vocational objective, each must meet the 85-15% requirement separately, unless it can be shown that two or more courses are identical in all respects (scheduling, hours devoted to each unit subject, etc.). Once again, branch or extension courses will be computed as separate courses or curricula. Courses offered on full-time and part-time bases which are identical in length and content will be combined for computing the ratio.

4. Waivers. The following waivers for 85-15% computation have been determined by the Administrator to be in the best interest of veterans and the Federal Government, and authority to apply them is hereby delegated to all station Directors. [Note that when a type of assistance received by a student is waived, that student must still be counted in the ratio. However, that student will be counted in the non-VA, nonsupported portion of the ratio as a result of the waiver. (See subpar. f.)

a. Graduate Students; waive counting all Federal assistance (other than VA benefits) and all support from the institution. No specific application for this waiver is required from the school.

b. Undergraduate and NCD Students:

(1) Waive counting all assistance provided by an institution, if the institution policy for determining the recipients of such aid is equal with respect to veterans and nonveterans alike. [A specific application for this waiver from the school to the station Director is not required.]

(2) Waive computation of the 85-15% ratio for any course offered by an IHL or NCD if 35 percent or fewer of the students in the course receive VA educational benefits, and the percentage of VA-supported students in the course plus the percentage of the school's total enrollment receiving BEOG (Basic Educational Opportunity Grants) or SEOG (Supplementary Educational Opportunity Grants) totals 85 percent or less. For example, if a school finds that 29 percent of the enrollees in a business AA degree curriculum receive VA payments and 52 percent of the school's total enrollment receives BEOG or SEOG

support, the total of the percentages (81%) qualifies that business AA degree for a waiver of any further 85-15% ratio computation. Satisfactory compliance with the 85-15% requirement is assumed when the above conditions are fulfilled. If the total of the two percentages exceeds 85 percent, the ratio must be computed for that course with BEOG and SEOG recipients included in the 85 percent portion of the ratio.

(a) When more than 35 percent of the enrollment in a course receives VA assistance, the ratio must be computed for that course with BEOG and SEOG recipients included in the 85 percent portion of the ratio.

(b) This count of VA-supported students and BEOG or SEOG recipients must be completed within 30 days of the beginning of each regular academic term (summer sessions excluded)[or before the beginning date of the next term, whichever is earlier,] for application to the next term for the purpose of waiving computation of an 85-15% ratio for each affected course. For schools not operating on a term basis, [counts as of the last day of the quarter] must be completed within 30 days of the end of each calendar quarter (March, June, September, December). If this count is not submitted for a course which previously had its ratio computation waived, a complete computation will be required before any new enrollments of eligible veterans may be processed for that course.

(3) Waive counting all forms of Federal assistance other than BEOG and SEOG. Specific examples of this type of waiver are benefits administered by the Social Security Administration, Federal grants supporting specific programs such as law enforcement (LEEP, Safe Cities Act grants), nursing, etc., Government Employees Training Act support, and tuition paid by an Armed Service to active-duty personnel. No specific application is required for this waiver.

(4) Waiver for all so-called military aero clubs which were previously exempt from 85-15% requirements under VAR 14202(C)(3). No specific application is required for this waiver.

(5) Waiver for courses open only to military personnel, their dependents, and civilian employees of a military installation when the course is offered on or adjacent to the base under contract with the Department of Defense and the branch or extension is approved by the SAA in the State where the military installation is located. In the case of foreign military installations, approval will be by the SAA in the State where the parent school is located. This waiver is an

expansion of the statutory exclusion explained in paragraph 2 above. If the course is offered to other students, the 85-15% ratio requirement must be met. [No specific application is required for this waiver.]

[c. Schools which submit satisfactory certifications of 85-15% compliance based on use of one or more of the above waivers must maintain records for a period of 3 years following termination of the enrollment period showing the basis for the waiver and the separate percentages of students falling into each waived category. The waivers and supporting data will be reviewed during compliance surveys.]

d. Schools which offer courses not meeting the 85-15% requirement for any reason may apply to the appropriate station Director for a [specific waiver of the requirements except for VA benefits. This generally will be a request for a waiver for BEOG and SEOG.] The school must state the specific basis of the specific waiver request, show the computation of the ratio for the affected course, and submit sufficient information to allow the Director to judge the merits of the request against the criteria shown below. The Director should use all VA sources as well as school-submitted data and statements when considering a specific waiver request in relation to these criteria. [(See subpar. f below.)]

(1) Availability of comparable alternative educational programs effectively open to veterans in the vicinity of the school requesting a waiver.

(2) Status of the school requesting a waiver as a developing institution primarily serving a disadvantaged population. The school should enclose a copy of the notification of developing status from the Office of Education, if applicable. Otherwise, the school should submit data sufficient to allow the Director to judge whether the school is similar to officially classified developing institutions, according to the criteria and data categories published in Part 169, Subpart B, title 45, Code of Federal Regulations. The requirement that a school be a "Public or Nonprofit" institution need not be met.

(3) Previous compliance history of the school, including such factors as false or deceptive advertising complaints, enrollment certification timeliness and accuracy, and amount of school liability indebtedness to the VA.

(4) General effectiveness of the school's program in providing educational and employment opportunities to the particular veteran population it serves. Factors to be considered

should include percentage of veteran students completing the first year of the course of study and completing the entire course, results of the 50 percent employment survey for vocational objective courses, ratio of educational and general expenditures to full-time equivalency enrollment, etc.

(5) If a school does not agree with a Director's determination concerning a specific 85-15% waiver, it may request that the application along with the Director's findings and recommendation be forwarded to Central Office (224C) for administrative review.

e. All waivers of 85-15% requirements, whether partial or total and whether granted by a station Director under delegated authority or by Central Office decision, will be made part of the school approval folder and will be subject to annual review for continuation.

[f. Waivers will not be granted for courses in which the percentage of veterans enrolled exceeds 85%, except that the percentage may be exceeded in courses offered by military aero clubs. Of course, the 85% limitation may also be exceeded in courses exempted by law (see paragraph 2 above.)]

5. Countable Assistance for 85-15% Computations. In conjunction with the delegated waivers provided for in the preceding paragraph, the following types of assistance must be counted for determining compliance with 85-15% requirements.

a. Accredited graduate and advanced professional courses; count [only VA assistance provided under chapters 31, 32, 34 and 35,] except for courses offered on or adjacent to a military installation as explained in paragraph 2.

b. All other courses:

(1) [Count only VA assistance provided under chapters 31, 32, 34 and 35] except farm cooperative, assistance under subchapter V of chapter 34, and courses offered on or adjacent to a military base open to only active-duty personnel and their dependents (and civilian employees of the base, if waived by the station Director).

(2) Count BEOG and SEOG as Federal assistance, unless computation for a course is waived by the station Director (see par. 4b(2)) under delegated authority or waived by Central Office.

6.

(3) Count all support offered by the institution, unless waived by the Station Director or Central Office.

6. Computation of 85-15% Ratio. To determine if this requirement has been met, the number of students in a course who are not veterans, are not receiving a form of Federal or institutional aid (exclusive of waivers and statutory exemptions), or are receiving a form of aid which has been waived, will be compared to the total number of students enrolled in the course. If the non-VA, nonsupported students (unless waived) do not comprise at least 15% of the total enrollment, the 85-15% requirement has not been met for that course.

a. If all students in a course are full-time trainees, the ratio is computed simply by dividing non-VA, nonsupported students by total students; e.g., 20 non-VA, nonsupported students divided by 100 total students equals .20; the 15% requirement would be met in this case.

b. Ratios which include less than full-time students may be computed by comparing full-time equivalent non-VA, nonsupported students to the total number of full-time equivalent students. For example, assume that there are 100 students enrolled in a particular course of study; 75 are full-time students and 25 are half time. The total full-time equivalency enrollment would be 75 plus 12.5 or 87.5. Similarly, if 20 non-VA, nonsupported students are full-time trainees and five are half-time students, the non-VA, nonsupported full-time equivalency would be 20 plus 2.5 or 22.5. The ratio is computed by dividing non-VA, nonsupported equivalencies by total full-time equivalencies: 22.5 divided by 87.5 equals .26. In this example the 15% non-VA requirement would be fulfilled.

[c. This appendix does not alter methods of 85-15% computation previously required of flight and correspondence schools. However, these schools must recognize the additional forms of aid which may have to be computed into the supported (85%) portion of the ratio.]

7. Certifications of 85-15% Compliance. [The provisions of the new law make it necessary to institute new procedures for initial and continuing certifications of compliance with the 85-15% requirements.]

a. [No initial 85-15% ratio computation is required for any course organized on a term basis which began before December 1, 1976. All computations for courses organized on a term basis beginning on or after December 1, 1976, must be received by the appropriate VA station within 30 days of the beginning date of the course or before February 1, 1977, whichever is later.

Computations for all courses not organized on a term basis must be received by the VA before February 1, 1977. This extension for initial certifications of compliance is provided to allow both VA and school personnel to familiarize themselves with the new statutory and administrative requirements.]

b. [If schools will provide reasonable assurance of 85-15% compliance, enrollment certifications for courses beginning on or after December 1, 1976 will continue to be processed without individual certifications of 85-15% compliance only until actual computations are completed and submitted as specified in subparagraph a above. A school may provide reasonable assurance based on percentages of VA-supported and otherwise federally-supported students enrolled in the school. If a station Director has reason to question any school's reasonable assurance, he or she is authorized to defer processing new chapter 34 enrollments for that school until actual computations are completed and certified to the VA. If a school cannot or will not provide reasonable assurance of compliance, new chapter 34 enrollments may be processed only if they are accompanied by the appropriate individual 85-15% certification.]

c. [After the initial computation for a course, continuing 85-15% ratio certifications for each course must be received by the VA no later than 30 days after the beginning date of the term (excluding summer sessions) or before the beginning date of the next term, whichever occurs first. Certification for courses not offered on a term basis must be received by the VA no later than 30 days after the end of each calendar quarter.

(1) New enrollments of eligible veterans in a course will be processed based on the most recent available computation and certification of the 85-15% ratio.
Upon receipt of information that either the initial or any subsequent computation shows that the 85% limitation is not met for a course, processing of new chapter 34 enrollments in that course will be discontinued immediately. Processing such new enrollments for that course may be resumed only after the school submits a certification showing that the proper ratio has been reestablished. In cases where a school shows a reestablished 85-15% ratio, the school must individually compute each new veteran enrollment submitted after reestablishment into the ratio for the course to ensure that the 85% limitation is not again immediately exceeded. Individual computations will be required until the end of the term for which the ratio was reestablished.

(2) Schools will maintain the records and computations showing 85-15% compliance for each course for a period of 3 years after the ending date of the enrollment period.]

[d.] Once a student is properly enrolled in a course either before December 1, 1976, or enrolls after November 30, 1976 in a course which meets the 85-15% requirement, such a student may not have benefits for that course terminated because the 85-15% requirement is subsequently not met, as long as the student's enrollment remains continuous. A student enrolled in an institution organized on a term basis need not attend summer sessions in order to maintain continuous enrollment. An enrollment may also be considered continuous if a "break" in enrollment is wholly due to circumstances beyond the student's control such as serious illness.

[e.] Compliance surveys performed after December 1, 1976 will include verification of 85-15% compliance under the criteria in this appendix for new enrollments effective on or after December 1, 1976. Item 10 on VA Forms 22-1936 and 22-1936A, Compliance Survey Worksheet for Students Pursuing Training Under Chapter 34 or 35, must be altered to delete the words "proprietary noncollege degree". Revision of these forms will be accomplished soon in accordance with the new provisions of PL 94-502.

[8. 85-15% Certifications on Enrollment Documents. Once a school has computed and certified 85-15% compliance to the VA as required in paragraph 7a., all enrollment documents submitted subsequently must bear or have attached the individual 85-15% certification statement shown below.]

[a. VA Forms 22-1999 and 22-1999-1 are being revised to show the proper 85-15% certification statement. Availability of the revised forms cannot be predicted at this time.]

b. Until the revised enrollment documents become available, institutional certifying officials must use interim measures to show compliance with the law. The 85-15% certification statement currently shown on enrollment documents must be deleted and a signed certification worded as follows attached to each document certifying a new enrollment covering a period beginning on or after December 1, 1976: "It is hereby certified that for enrollments under chapter 34, on the date training began or the first lesson was sent to the student, not more than 85% of the students enrolled in the course, including this student, are having all or part of their tuition, fees, or other charges paid to or for them by the educational institution, the Veterans Administration under title 38 U.S.C.,

and/or by grants from any Federal agency, unless such payments have been waived by the VA for purposes of this requirement." (Note: This provision does not apply to persons pursuing courses under 38 U.S.C. 1691, farm cooperative courses, or courses offered on military bases solely for military personnel and their dependents if approved by the SAA in the State where the base is located.) Each statement should show the name and VA claim number of the student whose enrollment is being certified. The statement itself may be duplicated, but each statement must bear an original or acceptable facsimile signature of the appropriate school certifying official. [ ]

c. No student will be counted more than one time in any computation of an 85-15% ratio. If a student receives both VA or other countable benefits and noncountable or waived type of benefit, that student must be included in the countable (85%) portion of the ratio.

[9. Recission: Appendix H, dated November 22, 1976 to DVB Circular 20-76-84.]

RUFUS H. WILSON
Chief Benefits Director

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NOTE: DVBE distribution not required on appendixes E, F, and G of this circular.

Department of Veterans Benefits
Veterans Administration
Washington, D. C. 20420

DVB Circular 20-76-84
Change 1
(Confirming Teletype Trans.)
January 7, 1977

EXTENDED 85-15 PERCENT RATIO REQUIREMENTS

1. Continued difficulty with reporting requirements contained in the revision of appendix H has made further simplification necessary. This change provides for a waiver of 85-15% computations for most schools with nominal VA-supported enrollments. It also provides a temporary waiver which delays full implementation of the difficult BEOG and SEOG portions of computation requirements. Finally, the wording of the 85-15% certification statement which will appear on individual enrollment documents has been altered to be consistent with the course or general certifications schools will be furnishing.

2. DVB Circular 20-76-84, appendix H, Revised, is changed as follows:

Page 3, paragraph 4: Following line 8, add

"IMPORTANT: Notwithstanding any type of waiver provided for below, station directors are authorized to waive 85-15% computations for institutions which certify that 35% or less of their enrollment receives Veterans Administration educational assistance (compute main campuses and branches separately). Such certifications must be provided to the VA on a continuing basis in accordance with the time limits shown in paragraph 7c. (Such waiver will not be granted for any course in which the percentage of VA-supported veterans enrolled exceeds 85%.) Station directors are responsible for taking forceful action to identify specific courses of study which may exceed 85% VA-supported enrollment even if such courses are offered by schools having 35% or fewer veterans in the total school population. All station directors will require full 85-15% ratio computations for such courses with extraordinarily disproportionate VA-supported enrollments to show compliance with the law. In addition, a temporary waiver is hereby granted to exclude counting recipients of BEOG (Basic Educational Opportunity Grants) and SEOG (Supplementary Educational Opportunity Grants) as federally supported students for purposes of 85-15% ratio requirements. This temporary waiver of the BEOG and SEOG computation requirements applies only to the 1976-1977 academic year ending June 30, 1977. After that date, computation and waiver provisions shown below relating to BEOG and SEOG will be in effect."

DVB Circular 20-76-84
Change 1

January 7, 1977

Page 9, paragraph 8b, lines 8 thru 11: Delete "on the date training began or the first lesson was sent to the student, not more than 85% of the students enrolled in the course, including this student," and insert "computation requirements (including allowable waivers) have been satisfied to show that not more than 85% of the students enrolled in this course".

RUFUS H. WILSON
Chief Benefits Director

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Department of Veterans Benefits
Veterans Administration
Washington, D. C. 20420

DVB Circular 20-76-84
Change 2
January 26, 1977
(Confirming Teletype Trans.)

EXTENDED 85-15 PERCENT RATIO REQUIREMENTS

DVB Circular 20-76-84, appendix H, Revised, is changed as follows:

Page 9, paragraph 8, line 5: After "below." add

"Attachment of such individual certifications is not required if the school has qualified for a waiver of 85-15% computations on the basis of 35% or fewer students receiving VA educational benefits, and the station director has granted the waiver without reservation (see par. 4 above). If a school cannot qualify for this waiver, the individual certification statement must appear on or be attached to each enrollment document. In cases where a director withholds the 35% waiver from a specific course or courses offered by a school, enrollment documents for only such courses must bear or have attached the individual certification statement. In order to apply this individual certification exception properly, liaison representatives will furnish to the Adjudication Division a list of schools which have been granted a 35% waiver. The list must also show individual courses from which the 35% waiver has been withheld at the director's discretion."

RUFUS H. WILSON
Chief Benefits Director

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Department of Veterans Benefits
Veterans Administration
Washington, D. C. 20420

DVB Circular 20-76-84
Change 4
(Confirming Teletype Trans.)
April 21, 1977

EXTENDED 85-15 PERCENT RATIO REQUIREMENTS

1. It has been determined that award actions required by appendix H when courses fail to meet 85-15% ratio requirements are not consistent with protection of the best interests of veterans who may have enrolled in such a course before the determination of 85-15% noncompliance. The required action in question is the immediate discontinuance of processing new chapter 34 enrollments upon receipt by the Veterans Administration of an unsatisfactory 85-15% certification. This procedure is changed to allow processing of new enrollments which have a beginning date before the date on which a school computes an unsatisfactory 85-15% ratio for a course. In addition, award procedures are clarified for instances when schools fail to submit a required 85-15% certification.

2. DVB Circular 20-76-84, appendix H, revised, is changed as follows:

Page 8, paragraph 7c(1), lines 4 through 7: Delete "Upon receipt...discontinued immediately." and insert

"If a computation is then received showing that a course fails to meet the 85-15% requirement, new chapter 34 enrollments in that course may be processed for payment of benefits only if the beginning date of the enrollment is prior to or the same as the date on which the unsatisfactory computation was completed by the school. If a school fails to submit a required 85-15% certification within the time limits specified in subparagraph c above, new chapter 34 enrollments with beginning dates beyond the expiration of the allowable computation period will not be processed until an acceptable 85-15% certification is received."

A. J. BOCHICCHIO
Acting Chief Benefits Director

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Department of Veterans Benefits
Veterans Administration
Washington, D. C. 20420

DVB Circular 20-76-84
Change 6
(Confirming Teletype Trans.)
June 10, 1977

EXTENDED 85-15 PERCENT RATIO REQUIREMENTS

1. In change 1 to DVB Circular 20-76-84 (appendix H), the Administrator granted a temporary waiver of the requirement to count recipients of BEOG (Basic Educational Opportunity Grants) and SEOG (Supplementary Educational Opportunity Grants) in the 85% (supported) portion of an 85-15% ratio. This temporary waiver was to expire on June 30, 1977. The Administrator has determined that the temporary waiver of counting BEOG and SEOG students will be extended to June 30, 1978 in the best interests of veterans and the Government.

2. DVB Circular 20-76-84, Appendix H, revised (as amended by change 1 to basic cir.) is changed as follows:

Page 3, paragraph 4, lines 30-31: Delete "applies only... June 30, 1977." and insert "will expire on June 30, 1978."

Dorothy L. Starbuck

DOROTHY L. STARBUCK
Chief Benefits Director

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APPENDIX B

STATE	EDUCATIONAL INSTITUTION VISITED	OFFICIALS INTERVIEWED	DATE OF VISIT
California	American River College (Sacramento)	-Don Pierce, Veterans' Affairs Coordinator -Vern Browne, Computer Services Manager -Richard Parker, Associate Dean of Student Personnel -Ernest Berg, Associate Director of the California Community & Junior College Association (CCJCA) -Thomas Shay, Coordinator of Special Projects, CCJCA	June 27, 1978
	National University (San Diego)	-Kara Lee Miller, Veterans' Coordinator -Carol Beth Hodgekiss, Director of Financial Aid	June 27, 1978
	San Diego College of Business (San Diego)	-Rosemary Graney, Director of Financial Aid and VA Advisor -Dennis Fortier, Dean of Academics	June 28, 1978
Georgia	Floyd Junior College (Rome)	-Bruce Pound, Financial Aid and Veterans' Affairs Director -Tony Price, Computer Services Manager	June 14, 1978
	Georgia State University (Atlanta)	-Richard Hodges, Associate Registrar -E. L. Secrest, Interim Head Registrar -C. D. Dalton, Director of Student Aid	June 13, 1978
	Troup County Area Vocational-Technical School (La Grange)	-Richard Shiver, Associate Dean	June 15, 1978
Illinois	City Colleges of Chicago (Chicago)	-Donald Scott, Vice-Chancellor	July 13, 1978
	Columbia College (Chicago)	-Laura Day, Director of Financial Aid	July 12, 1978

STATE	EDUCATIONAL INSTITUTION VISITED	OFFICIALS INTERVIEWED	DATE OF VISIT
Illinois (Cont'd)	Southern Illinois University at Carbondale (Carbondale)	-Gordon White, Director, Student Work and Financial Assistance Office -Joseph Zimny, Assistant Director, Student Work and Financial Assistance Office -Charles Crews, Veterans' Representative on Campus -John Layburn, Director, Office of Military Programs	July 11, 1978
New York	Bryant & Stratton Business Institute (Buffalo)	-Paul Eberhardt, Director of Academic Development -Dick Strong, Veterans' Advisor	June 15, 1978
	Canisius College (Buffalo)	-Dave Fischer, VA Representative -Tony Bellia, Financial Aid Director	June 16, 1978
	State University of New York at Buffalo (Buffalo)	-Clarence Dye, Veterans' Advisor -Joseph Stillwell, Financial Aid Director	June 14, 1978
	Suffolk County Community College at Selden (Selden, Long Island)	-Raymond Rienecker, Director of Registration -Paul Libassi, Director of Institutional Services	June 13, 1978
Texas	St. Mary's University (San Antonio)	-Art Tyler, Director of Student Financial Aid -Henry Krawiec, Veterans' Affairs Officer -Linda Thompson, Veterans' Certifications, Office of the Registrar	June 16, 1978
	Tarrant County Junior College	-Suzanne Goodwin, Veterans' Affairs Officer -Joe B. Rushing, Chancellor	June 13, 1978
	University of Texas at San Antonio (San Antonio)	-John Brown, Director of Admissions and Registrar -Fred Hample, Associate Registrar -Salvador Gomez, Director of Student Financial Aid -Rene Espinosa, Veterans' Certification Officer	June 15, 1978

EDUCATIONAL ORGANIZATION	OFFICIALS INTERVIEWED	DATE OF INTERVIEW
Office of Education, Department of Health, Education and Welfare	Peter Voight, Director, Division of Program Policy and Development	April 19, 1978
California Community College System	Gary Gallery, Legal Counsel	June 28, 1978
American Association of Collegiate Registrars and Admissions Officers*	Hazel Benn	July 24, 1978
American Association of Community and Junior Colleges*	Michael Edwards William Lawson	"
American Association of State Colleges and Universities*	John Mallan	"
American Council on Education*	Charles Saunders Sharon Coldren	"
National Association of Independent Schools*	Mary Wine	"
National Association of State Universities and Land-Grant Colleges*	Jerry Roschwald	"
National Association of Student Financial Aid*	Dallas Martin	"

*Group meeting held July 24, 1978 at offices of American Council on Education.

APPENDIX C

STATE	EDUCATIONAL INSTITUTION	TOTAL ENROLLMENT*	VETERANS/ELIG. PERSONS*	BEOG's **	SEOG's **
California	American River College	21,930	3,723	1,490	109
	National University	2,400	1,300	237	63
	San Diego College of Business	690	56	129***	
Georgia	Floyd Junior College	1,225	240	175	0
	Georgia State University	20,000	2,000	1,112	152
	Troup County Area Vocational-Technical School	350	125	35	0
Illinois	City Colleges of Chicago****	100,000	3,718	32,131	2,280
	Columbia College	2,488	134	1,086	17
	Southern Illinois University at Carbondale	23,000	1,294	3,255	92
New York	Bryant & Stratton Business Institute	4,000	1,025	1,112	28
	Canisius College	2,865	99	902	320
	State University of New York at Buffalo	24,000	1,644	3,390	453
	Suffolk County Community College at Selden	14,567	1,852	1,765	926

STATE	EDUCATIONAL INSTITUTION	TOTAL ENROLLMENT*	VETERANS/ELIG. PERSONS*	BEOG's**	SEOG's**
Texas	St. Mary's University	3,200	540	600	300
	Tarrant County Junior College	19,000	3,800	1,720	48
	University of Texas at San Antonio	7,694	1,286	800	96

* Figures for Spring, 1978 school terms.

** BEOG and SEOG recipient data for award period July 1, 1978 to June 30, 1979. Data furnished by the Bureau of Student Financial Assistance, Office of Education, Department of Health, Education and Welfare.

*** Figure of 129 includes both BEOG and SEOG recipients. Bureau of Student Financial Assistance had no data for this school. Figure of 129 was furnished by school officials.

**** Includes eight (8) junior colleges and one (1) skills institute.


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