

# KASFAA

## Federal Update

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# Regulatory Update




## Program Integrity Regs

- NPRMs published June 18, 2010 - To improve the integrity of the Title IV student assistance programs.
- Comment Period Ended August 2, 2010
- **Final regulations published on Oct. 29, 2010**
- **Generally effective July 1, 2011 (2011-2012 Award Year)**
- **Verification effective with the 2012-2013 Award Year**
- **GEN-11-05 posted to IFAP March 17, 2011**




## High School Diploma

- Requires institutions to develop and follow procedures to evaluate the validity of a student's high school diploma if the institution or the Secretary has reason to believe that the diploma is not valid or was not obtained from an entity that provides secondary school education



## High School Diploma


- FAFSA will ask student to indicate high school.
- First-year students only
- Being on the list does not mean "approved"
- Not being on the list does not mean "unapproved" or "questionable"



## High School Diploma

Public comments revealed some confusion

- Not a requirement to collect HS diplomas
- No ED master list
- Does not apply to home-schooled students



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### Ability to Benefit

- Extends eligibility for federal student aid to students without high school diplomas after they successfully complete six credit hours or 225 clock hours of college work applicable to a degree or certificate offered by the institution



### Ability to Benefit

- Can pay after completion of hours
- Can pay like a transfer student
- Cannot pay back to the beginning of the payment period
- "Testing out" does not satisfy completion of hours



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### Ability to Benefit

- Improved oversight of test publishers, test administrators, and testing centers
- Directly address GAO – identified deficiencies



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### Ability To Benefit Reporting

- Beginning 2011-2012 school must report to COD if student received aid based on Ability-to-Benefit.
- See COD Technical Specifications



### Satisfactory Academic Progress

Overall, new SAP regulations provide—

- Continued flexibility for institutions in establishing their SAP policies
- Additional flexibility for institutions that monitor SAP at each payment period (including summer if student attends summer)
- New definitions and process for "warning," "probation," and "appeal"



KASFAA Session – 4/28 at 1:30pm

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### Satisfactory Academic Progress

Flexibility for institutions that evaluate SAP each payment period—


- Student loses eligibility for Title IV aid
- Student may be placed **automatically** on Financial Aid Warning for one payment period



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### Satisfactory Academic Progress

- Student must make SAP or may be placed on Financial Aid Probation after an appeal
- After Financial Aid Probation, the student must be making SAP or successfully following an academic plan



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### Satisfactory Academic Progress

At institutions that evaluate SAP less often than each payment period—

- Student loses eligibility
- **Student may be placed on Financial Aid Probation after an appeal**
- After Probation, student must be making SAP or successfully following an academic plan




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### Misrepresentation

In general, the misrepresentation regulations describe—

- The actions ED may take if it is determined that an institution has engaged in substantial misrepresentation
- The types of activities that constitute substantial misrepresentation defined in Federal Register




Dear Colleague Letter GEN-11-05

### State Authorization

#### Basis of Operating Authority

- Established by name as an educational institution
  - Includes all State institutions
- Authorized to
  - Conduct business
  - Operate as a nonprofit charitable organization




Dear Colleague Letter GEN-11-05

### State Authorization

#### Student Complaints

- A State must have a process to review and address complaints directly or through referrals as determined by the State.
  - Applies to religious institutions
  - Does not apply to tribal and Federal institutions
- Tribal governments must have a process to review and appropriately act on complaints for tribal colleges



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### State Authorization

#### Student Consumer Information

- An institution must provide its students or prospective students with contact information for filing complaints with—
  - Its accreditor; and
  - Its State approval or licensing entity and any other relevant State official or agency that would appropriately handle a student's complaint



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## State Authorization

### Distance Education: basic provisions

State requirements, if any—

- Must meet the State's requirements, to be legally offering postsecondary distance, online, or correspondence education in the State
- Must be able to document the State's approval upon request



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## Credit Hour

### Definition

- Is an institutionally established equivalency of an amount of work represented in intended learning outcomes and evidence of student achievement that reasonably approximates not less than—
  - One hour classroom/two hours out of class student work or
  - Equivalent work for other academic activities as established by the institution



Dear Colleague Letter GEN-11-06

## Incentive Compensation

- Removes the "safe harbor" provisions and generally relies on the statutory language for guidance and enforcement.



Dear Colleague Letter GEN-11-05

## Incentive Compensation

Institutional requirement—

- School will not provide a commission/bonus or other incentive payment based, *in any part* directly or indirectly, on success in securing enrollments or financial aid to any person or entity engaged in any student recruiting or admission activities or in making decisions regarding awarding Title IV funds



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## Other Information



## Parent PLUS and FAFSA

- Beginning 2011-2012 student must file FAFSA for Parent PLUS Loan
- 98 percent already file
- COD will monitor
- Need to perform database matches to verify that student is eligible
  - Social Security Number
  - Citizenship Status
  - Selective Service
  - NSLDS for defaults and overpayments



## COD Processing Update

- COD System Maintenance Planned For April 29-30, 2011 (04/21/11)
- Federal Student Aid is planning to execute a COD System maintenance activity on April 29-30, 2011
- Users will not be able to submit or retrieve data via the COD Web site between 10:00 P.M. (ET) on Friday, April 29, 2011 through 6:00 A.M. (ET) on Saturday, April 30, 2011



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## Written Arrangements

- Limits the amount of a program that can be provided by another school under common ownership
- Requires disclosures to students and potential students
- Prohibits arrangements between ineligible institutions that have had their FSA participation revoked or application for certification or recertification denied



## Verification

Effective for the 2012-13 award year –

- Replaces the five verification items for all selected applicants with a targeted selection of items based upon each student's characteristics
- Eliminates the 30 percent institutional verification cap
- Requires the processing of all changes and corrections to an applicant's FAFSA information if any item > \$25 or Non-Dollar item change



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## Verification

### Updating

- Applicant required to update all changes in dependency status throughout the award year, except changes resulting from a change in the applicant's marital status
- Applicant's responsibility, not institution's
- FAA may require applicant to update marital status to address inequity or to reflect more accurately the applicant's ability to pay



## Verification

### Items to verify

- Annual Federal Register notice
  - Items to verify
  - Documentation
- Initially, will include the current five data elements



## Disbursement

- For Pell Grant eligible students
- Offers a way to purchase required books and supplies—
  - If institution could disburse 10 days before payment period and Title IV credit balance would be result
- Must provide by 7<sup>th</sup> day of payment period



### Disbursement

- Institution provides lesser of—
  - Presumed credit balance OR
  - Amount needed by student, as determined by the institution
- Institution uses
  - Actual costs or
  - Allowance in COA



### Disbursement

- Student must be able to buy books and supplies by 7<sup>th</sup> day of payment period unless the institution knows the student isn't attending
- May use stored value card, prepaid debit card, or book store voucher
- Student may opt out of school process



### Retaking Coursework

- Affects programs at term-based institutions
- Amends full-time student definition
  - Describes courses included in determining enrollment status for Title IV, HEA program purposes



### Retaking Coursework

- Current: Pay for unlimited retakes of failed classes only
- NPRM: Pay for any coursework previously taken
- Final rule: Pay for unlimited retakes of failed classes only
- Pay for one retake of any previously passed course (except not if due to the student failing previous courses)



### R2T4 – Modules

- For credit hour or clock hour programs—
  - Withdrawn if doesn't complete all days in payment/enrollment period scheduled to complete prior to withdrawing



KASFAA Session – 4/28 at 3:00pm

### R2T4 – Modules

- Student who ceases attending a module but who confirms that he/she will attend a module beginning later in the same payment/enrollment period is not considered a withdrawal



### R2T4 Modular Programs—Credit Hour 16 WK Semester

Example

**Enrolled Example Part 1**

Module A 4 weeks	Module B 4 weeks	Module C 4 weeks No Enrollment	Module D 4 weeks
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**Actual Attendance**      R2T4 Calc required?

Module A 4 weeks	Module B 4 weeks Withdraw	Module C 4 weeks No Enrollment	Module D 4 weeks Registered but no attendance
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### R2T4 Modular Programs—Credit Hour 16 WK Semester

Example

**Enrolled Example Part 2**

Module A 4 weeks	Module B 4 weeks	Module C 4 weeks No Enrollment	Module D 4 weeks
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**Actual Attendance**      R2T4 Calc required?

Module A 4 weeks	Module B 4 weeks	Module C 4 weeks No Enrollment	Module D 4 weeks Confirmed & Completes Module D
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Provides written Confirmation →

### R2T4 Modular Programs—Credit Hour 16 WK Semester

Example

**Enrolled Example Part 3**

Module A 4 weeks	Module B 4 weeks	Module C 4 weeks No Enrollment	Module D 4 weeks
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**Actual Attendance**      R2T4 Calc required? At what point? Which Module?

Module A 4 weeks	Module B 4 weeks	Module C 4 weeks No Enrollment	Module D 4 weeks Does not show up
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Provides written Confirmation →

### R2T4 Modular Programs—Credit Hour 16 WK Semester

Example

**Enrolled Example Part 4**

Module A 4 weeks	Module B 4 weeks	Module C 4 weeks No Enrollment	Module D 4 weeks
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**Actual Attendance**      R2T4 Calc required? At what point? Which Module?

Module A 4 weeks	Module B 4 weeks	Module C 4 weeks No Enrollment	Module D 4 weeks Withdraws after beginning Mod D
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Provides written Confirmation →

### R2T4 – Attendance

An institution is required to take attendance if an outside entity or the institution itself—

- Requires instructors to take attendance, or
- Has a requirement that can only be met by taking attendance or a comparable process

### Required To Take Attendance

- School is required to take attendance if –
  - Outside entity requires that attendance be taken OR
  - School has own requirement that instructors take attendance OR
  - Outside entity or school has requirement that can only be met by taking attendance or a comparable process

## Required To Take Attendance

- If required to take attendance—
  - For some students—use attendance records for those students
  - For a limited period of time—use attendance records for withdrawals during that limited period of time
  - On a specific date—NOT considered to be required to take attendance



## Attendance

- Attendance must be “academic attendance” or “attendance at an academically-related activity”. Examples include
  - Physical class attendance where there is direct interaction between instructor and student
  - Submission of an academic assignment
  - Examination, interactive tutorial, or computer-assisted instruction
  - Study group assigned by school
  - Participation in on-line discussion about academic matters
  - Initiation of contact with instructor to ask question about academic subject



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### Gainful Employment

NPRM published on July 26, 2010

- Final regulations for some provisions published on October 29, 2010
  - Reporting
  - Disclosures
  - New Programs
- Effective July 1, 2011
- More final regulations to come



Dear Colleague Letter GEN-11-10

### Gainful Employment

- All programs at for-profit schools except for—
  - A limited number of programs leading to baccalaureate degree in liberal arts (proprietary institution)



### Gainful Employment

- Any program at a public or not-for-profit school that is not—
  - A program leading to degree
  - A transfer program of at least two years



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### Gainful Employment - Reporting

Institution must annually submit information on *students who complete a program* leading to gainful employment including—

- Student and program information
- Amount from private loans or finance plans
- Matriculation information
- End of year enrollment information



### Gainful Employment - Disclosures


Required disclosures in promotional material for prospective students and on Web site to include—

- Programs' occupations
- Cost
- Completion rate
- Placement rate
- Median loan debt



### Gainful Employment – New Programs

- An institution must notify ED *at least 90 days before the first day of class* when it intends to offer a new educational program that leads to gainful employment in a recognized occupation
- Effective July 1, 2011



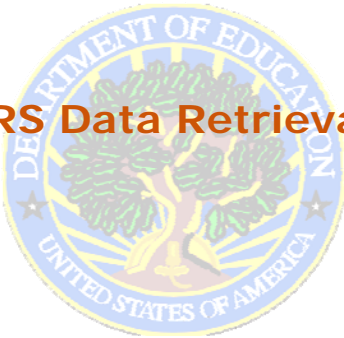
### Gainful Employment – New Programs

Notification includes—

- How program was designed to meet market needs
- Wage analysis information (optional)
- Program review/approval process
- Demonstrate approval through school accreditation
- Prior to first day of class



## IRS Data Retrieval




Dear Colleague Letter GEN-11-03



### ISIR Codes and Flags


- CPS will set flags and comment codes to indicate that the student and/or parent transferred IRS data into FOTW
- Comment codes will appear in –
  - FAA Information section of the ISIR
  - Student Inquiry section of FAA Access
- Flags and codes set based on certain conditions



### IRS Request Flag Values


IRS Request Flag on ISIR will begin to be populated


Student & Parent IRS Request Flag	Description
00	IRS data request for the student/parent was not submitted to IRS (default value)
01	IRS data request for the student/parent was sent to IRS
02	IRS data for the student/parent was returned from the IRS and was not changed by the user
03	IRS data for the student/parent was returned from IRS and was changed by the user
04	IRS data for the student/parent was transferred from the IRS and on a correction entry at least one IRS data field was changed by the user




### IRS Data and Verification

- An institution may consider as acceptable documentation IRS retrieved information if the Secretary has identified those items as having come from the IRS and not been changed – IRS Request Flag = 02





## Loan Servicing and Split Borrowers

 KASFAA Session – 4/28 at 10:30am


### "Split " Borrowers

- When a borrower has Title IV loans serviced by two or more servicers
- More about ECASLA FFEL loans purchased by ED than Direct Loan transition
- Direct Loans and ED-owned FFEL loans are federal assets.
- Non ED-owned FFEL loans are not federal assets




### "Split " Borrowers

- By law, federal assets cannot be combined with non-federal assets
- FSA is working to have all loans that it holds (Direct Loans and ED-owned FFEL loans) for a borrower serviced by one servicer
  - One bill, one payment
- Consolidation can combine all loans into one federal asset (Direct Consolidation Loan)



### IFAP – Recent Postings

- Handbook – 11/12 AVG
  - Now Available
- Dear Colleague Letters
  - GEN-11-11 – State Authorization
  - GEN-11-10 – Gainful Employment
  - ANN-11-10 – Regulatory Update Training Webinars
  - GEN-11-09 – Students & Study Abroad in Japan
  - GEN-11-08 – ATB
  - Gen-11-07 – Direct Loan Guidance (includes COA info)
  - GEN-11-06 – Credit Hour Definition
  - GEN-11-05 – Program Integrity Regulations
  - Gen-11-03 – IRS Data Retrieval




## QUESTIONS???



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