



Session 31

Issues Related to the Return of Title IV Funds: Beyond the Calculation

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Final Regulations November 1, 2002

- Late disbursements/post-withdrawal disbursements
- Institutions required to take attendance
- Approved leave of absence
- Timely returns
- Transfer or re-entry students
- Recalculation required
- R2T4 on the Web



Final Regulations November 1, 2002

- Early implementation was permitted
 - (see 67 FR 67050)
- Clarification of an institution that is required to take attendance--must apply to all students who withdraw on or after the institution's implementation date
- Leave of absence changes--must apply to all students who are granted a leave of absence on or after the institution's implementation date



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Late Disbursements/ Post-withdrawal Disbursements (PWDs)



Late disbursements/PWDs

Deadline for making a late disbursement/PWD

Old Regulation

- 90 days

New Regulation

- 120 days
- May request past 120 days on exception basis if not student's fault
- To request an exception, send an email to:
Jeff.Baker@ed.gov



Late disbursements/PWDs

Clarification of Must make vs. May make

Must make:

- Student withdraws during period
- Student completes period

May make: Student doesn't withdraw, but drops below 1/2 time enrollment



Late disbursements/PWDs

- The conditions that make a student eligible for a late disbursement must be met before the student withdrew in order for Title IV aid to be considered “aid that could have been disbursed” and included in the Return of Title IV Aid calculation.
- However, if limitations apply, that aid may not be used to make a PWD.



Late disbursements/PWDs

Conditions for a late disbursement
(668.164(g)(2))

- ED processed SAR or ISIR with official EFC (not needed for PLUS)
- FFEL/Direct Loan-institution certified or originated the loan
- Perkins/FSEOG-institution made the award



Late disbursements/PWDs

Limitations on making a late disbursement (668.164(g)(4))

- Second or subsequent disbursements of FFEL/Direct Loan, unless student completed period
- FFEL/Direct Loan if student did not complete the 30-day delay period, if applicable
- Pell Grant – need a valid SAR/ISIR by the deadline in the Federal Register



Late disbursements/PWDs – for example

- First time, first year student starts class on Sept. 1st and withdraws on Sept. 28th and his/her Stafford loan for \$1,000 has not been disbursed
 - Include the amount of the loan on the Return to Title IV worksheet as funds that “Could have been disbursed”
 - BUT, these funds cannot be disbursed because the student was not elig. due to the fact that the student had not been in attendance for 30 days



An Institution that is Required to take Attendance



An institution that is required to take attendance

Old Regulation

- The Department determines whether an outside entity requires an institution to take attendance

New Regulation

- Determination is made by the outside entity



An institution that is required to take attendance – for example

- XYZ Motor Corp. Scholarship – requires attendance taking for its recipients (even though, your school meets the definition of an institution not required to take attendance)
 - Student A, an XYZ scholarship recipient and Student B (his brother - who did not receive an XYZ scholarship) cease attendance at your school without contacting the “Withdrawal Office”
 - Withdrawal date for Student A = LDA
 - Withdrawal date for Student B = midpoint or the last date of an academically-related event that the institution can document



An institution that is required to take attendance

If you are required to take attendance for only some students, you are an institution that is required to take attendance for those students only.



An institution that is required to take attendance

- If you are required to take attendance for a limited period of time, you are an institution that is required to take attendance for that limited period of time only.
- Includes attendance for census date purposes if you are required to take attendance continuously for the period.



An institution that is required to take attendance

Remember, if the outside entity that imposes the requirement does not consider its requirement to require you to take attendance for the limited period of time, you are not an institution that is required to take attendance for the limited period of time.



An institution that is required to take attendance

- If you can demonstrate that a student is in attendance after the limited period and the student later withdraws, the withdrawal date is determined according to the requirements for institutions that are not required to take attendance.
- If not, the withdrawal date is the last date of academic attendance as determined by the institution from its attendance records.



Approved Leave of Absence (LOA)



Approved leave of absence

Old regulatory criteria for granting LOAs

- Generally, one LOA in a 12-month period
- One subsequent LOA of no more than 30 days permitted if necessary due to unforeseen circumstances
- Additional LOAs permitted for jury duty, military reasons, or circumstances related to FMLA
- Total LOAs in 12-month period not to exceed 180 days



Approved leave of absence

New regulatory criteria for granting LOAs

- Multiple LOAs permitted, total of all LOAs not to exceed 180 days in a 12-month period.



Approved Leave of Absence

Request from student

Old Regulation

- Institution's policy must require written, signed and dated request

New Regulation

- Institution's policy must require written, signed and dated request that includes the reason for the request
- See 67 FR 67058



Approved Leave of Absence

Coursework upon return

Old Regulation

- All students returning from LOA must return to same point in coursework they were at when LOA began

New Regulation

- Students on LOAs from clock-hour and non-term credit hour programs not required to begin where they left off



Approved leave of absence

Repeat coursework upon return

- Student is still considered to be on a LOA
- No additional charges permitted
- If student never begins attendance at point left off - the withdrawal date is the date the LOA began. The date of determination would be the earlier of either the date of the end of the LOA or the date the student contacted the school and indicated that s/he would not be returning



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Timely Returns



Timely returns

Timeframe for return of funds

An institution must return the amount of Title IV funds for which it is responsible as soon as possible, but no later than 30 days after the date of the institution's determination that the student withdrew. (§668.22(j)(1))



Timely returns

Why is this so important?

- Affects students
- May affect your institution's financial responsibility evaluation – see Subpart L of the Student Assistance General Provisions



Timely returns

Why is this so important?

- When your auditor examines your institution's return calculations, if 5% or more of the return calculations in the reviewed sample were late, your institution must post a letter of credit.
- Exception: There are only one or two late returns.



Timely returns

What it means to make a timely return

Institution does one of the following no later than 30 days after date determines student withdrew:

- Deposits or transfers the funds into the bank account it maintains for Federal funds
- Initiates an EFT
- Initiates an electronic transaction instructing an FFEL lender to adjust a loan for the amount of the returned funds
- Issues a check – (definition in next slide)



Timely returns

What it means to make a timely return

An institution is not considered to have issued a check within 30 days after the date it determines the student withdrew if:

- Institutions records show that the check was not issued by that date; OR
- The date on the cancelled check shows that ED or FFEL lender bank endorsed the check more than 45 days after the date institution determines the student withdrew.



Timely returns

Exceptional circumstances

- Allows for reconsideration of a finding if
- The institution believes the finding is a mistake;
OR
 - Noncompliance is due to exceptional circumstances beyond the institution's control.

Request for reconsideration and documentation must be submitted no later than the date the LOC would be due.



Timely returns

Letter of credit requirements

LOC is due no later than 30 days after the earlier of the date that

- The compliance audit is due
- The OIG issues a final audit report
- The designated ED official issues a final program review determination
- ED or a guaranty agency issues a preliminary report showing untimely returns for more than 10% of sampled students
- ED sends written notice explaining reasons for and requests LOC from the school



Timely returns

Letter of credit requirements

Less than \$5,000 letter of credit due, not required to submit if school demonstrate reserves of at least \$5,000 available at all times.



Timely returns

Tolerance threshold change

Old Regulation

- An institution is considered to meet the cash reserves requirement of the law if no more than one return is made untimely.

New Regulation

- An institution is considered to meet the cash reserves requirement of the law if no more than two returns are made untimely.



Transfer or Re-entry Students



Transfer or re-entry

Applies to:

- A credit hour non-term program; or
- A program that measures progress in clock hours.



Transfer or re-entry

- Re-entry into the same program within 180 days
 - The student stays in the same payment period
 - An R2T4 calculation will have been done
 - The student is immediately eligible to receive all Title IV funds that were returned when the student previously ceased attendance as well as any funds for the period that were not disbursed because the student withdrew.



Transfer or re-entry

- Re-entry into the same program after 180 days
 - The student starts a new payment period
 - The student will have withdrawn from the institution
 - An R2T4 calculation will have been done



Transfer or re-entry

- Transfer into a new program at the same or at a new school (within any # of days)
 - The student starts a new payment period
 - Assumes that the student was withdrawn from the institution
 - Assumes that an R2T4 calculation was done
 - If no withdrawal from school, student stays in the same payment period



Transfer or re-entry

- For the new payment period
 - The school treats the hours remaining as if those hours comprise the student's entire program.
 - If the remainder of a student's program is one-half of an academic year or less, the entire remaining period constitutes one payment period.



Transfer or re-entry - example

- Student A begins a 900 clock hour program. The student withdraws having completed 100 clock hours
- Returns after 180 days
 - 900 – 100 = 800 hours (more than ½ AY)
 - Payment Period #1 of 400 hours
 - Payment Period #2 of 400 hours
- Student B had completed 500 hours
 - 900 – 500 = 400 hours (less than ½ AY)
 - Payment Period = 400 hours



Transfer or re-entry

- A student's eligibility for Title IV aid may be subject to limitations.
- Example: Pell Grant-student may never receive more than scheduled annual award
- Example: FFEL-annual loan limits, existence of overlapping loan periods or award years



Recalculation required



Recalculation required

Recalculation of a student's eligibility for Pell and campus-based funds is required when a student withdraws before beginning attendance in all classes for which the student was registered.

See GEN-00-24 Q & A #4 Principle #1



Recalculation required

- First you recalculate the student's eligibility for Pell Grant and campus-based aid
- Then, you perform a Return calculation based on the student's revised eligibility



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R2T4 on the Web



How Do I Access Return of Title IV Funds on the Web?

- Web-based application
- Internet access
- FAA Access to CPS Online – FAA Main Menu – ‘Return of Title IV Funds’ option
- No need to install software



Security

- PC security options no longer apply
- Use Participation Management
- Destination Point Administrator (DPA) sets FAA User access rights
- Options
 - Write (Update, Submit, Delete, etc.)
 - Read (View)



Homepage and “Look and Feel”

- Homepage contains:
 - Help
 - FAQs (Frequently Asked Questions)
 - Navigation links
 - Links to lots of helpful information!
- Utilize “Look and Feel” of other ED web applications



How Does Moving to a Web Application Affect Me?

- Changes

Functionality	PC Product	Web Application
Security	Resides on PC	Participation Management
Installation	Yes – FSA Download	None – Need Web Access
Data/Database	PC or Local Server	VDC
Notepad/Notes	64,000 characters	250 characters
Grade Level	Uses 2000-2001 FAFSA values	Will use current FAFSA values
User Data fields	~250	15 (5 pre-defined, 10 user-defined)
Reports	Courier 10	Rich Text; PDF



Tech Slide

We appreciate your feedback and comments. We can be reached:

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