

Presenter 1:

We're really glad to be here with you today. We have a full agenda. So I'm going to – we've got lots of material to get through so I'm going to ask you to hold your questions to the end and there are various microphones throughout the center aisle. We'll ask you to use those so that everyone can have the benefit of what your question is and hopefully what our answer is to that question. In this session today we're going to cover the requirements related to students in the recently published program Integrity Regulation. So it's limited – our presentation today is limited to that.

First thing I would like to do is talk to you a little bit about the whole negotiated rule making process. It started a little over a year ago for this particular process in June of 2009. We had three public hearings in Denver and in Little Rock and in Philadelphia in June of 2009. We followed that up by publishing a Federal Register Notice in September and in that Federal Register Notice we announced our intent to negotiate, that there would be two teams and the topics that were team was going to negotiate and then we solicited nominations for non-federal negotiations. The two teams were Program Integrity and Foreign Schools. So I'm going to be talking to you today about the issues that were covered in the Program Integrity team.

We had 14 issues on that particular negotiating rule making agenda. We talked about high school diploma, ability to benefit, misrepresentation, incentive compensation, state authorization, definition of a credit hour, gainful employment, written agreements between institutions, satisfactory academic progress, return of Title IVA both taking attendance and modules, retaking coursework, timeliness of disbursements and verification. We met three times in November and December of last year and then in January 2010. We had some really, really good discussions and I can say that because I was the federal negotiator for half of the issues that we talked about. It was very, very helpful to us.

We did not reach consensus on the entire package although we did have tentative agreement on a number of the different topics that were under discussion. What happens – just a reminder – is if there's no consensus on the NPRM language the department is able to regulate as it sees fit. So we – that's what we did although we kept to the spirit of the tentative agreements I think in the vast majority of the cases in NPRM portion.

Okay, we published a notice of proposed rulemaking on June 18th, 2010 and we had a comment period that ended in August and we

received almost 1,200 comments. That was a lot of comments. It was a very – and there were 14 issues in this package. So there was a lot of meat in those comments. We published the final regulations governing this on October 29th, 2010. So we beat the November 1st master calendar deadline by a couple of days. The final regulations are effective July 1st, 2011 in accordance with the master calendar with the exception of the verification regulations which are effective July 1st, 2012. We extended that particular period of time because people needed additional time to get things and their systems set up.

Today's agenda; we're going to cover five of the topics that I just mentioned. I'm going to talk about high school diploma, ability to benefit and verification and then my colleague, **Marty Guthrie**, is going to cover satisfactory academic progress and retaking coursework. So as you can see this is the order we're going to follow and we'll start off with high school diploma.

Sort of arranged this in terms of each one of our topics that we're going over about, "Well why were we interested in regulating in this particular area," to kind of answer that question which some of you may have out there and then launching into that. So what was the deal and why were we regulating around high school diplomas? We've had a lot of concern from schools that have been expressed to us about researching the legitimacies of high school diplomas that have been presented by some students and – so we're also concerned that students who receive Title IV or HA Program Funds on the basis of having a high school diploma actually have a valid high school diploma.

We also were trying to address some recommendations that GAO had for us in a report that they issued on August 17th, 2009. They recommended that the department have clearer official policies about high school diploma mills and should use already existing information to provide guidance to institutions about confirming the validity of high school diplomas. So we had a lot of discussions during negotiations. I mean we started out – I don't want to spend a lot of time on this but we started out trying to define high school diploma and then we started just finding some other procedures and we backed away from an awful lot of that and we ended up with adding what I would refer to as minimal but very important language in the administrative capability standards. That language requires institutions to develop and follow procedures to evaluate a student's high school completion if either the institution or the secretary, meaning the department, has reason

to believe that the high school diploma was not obtained from an entity that provides secondary school education.

Now most schools already have procedures in place as part of their admissions process where they're looking at high school diplomas. Many, many schools do however this requirement does apply to all institutions even institutions that do not require their students to have a high school diploma and do not evaluate whether somebody has a high school diploma for their admissions process. We believe the institution is in the best position to make this determination. One of the things we heard in the negotiations was from our colleagues in the NACAC, National Association for College Admissions Counselors. They're very close to schools in their area particularly the local schools and they would know and they frequently have relationships with schools. So they're really the best ones to make this type of determination.

We added as I said this minimal language and what it does is it provides a couple of things. It provides you some authority. We've all – I was an aid officer 100 years ago and we've all had those students who say, "Well show me where you can ask for this? Why are you questioning me on this?" Well now you've got language that says, "If you've got reason to believe it was not obtained you've got the authority to ask for it." You always did but this just makes it really clear. It also allows the department to identify selected applicants for review by the institution. More on that in a minute.

This is kind of the minute. When we were looking at those 1,200 public comments that we received there was some confusion in the public comments. So I guess what I want to cover now is what this does not do. There's no requirement for all institutions to now go out and collect high school diplomas. Some people thought that this is what this was going to do, make every school in the country collect high school diplomas from everybody. We're not doing that. There's also not a master departmental list of good schools and bad schools. No Ed Master list out there.

People kind of wanted us to create one of those types of things but really not in the position to do that. Remember that K-12 education is really under the purview of the states. So there's no Ed Master list of good or bad schools. The other thing that was confusing to some people is this requirement does not apply to home school students who are separately eligible under the higher education act on the basis of having completed their secondary

school education in a home school setting. So this doesn't apply to home schooled students.

So what we're doing we're taking some baby, baby steps here. I want to emphasize the baby steps. Notice I said it twice. What we're doing right now is beginning with the 2011-2012 FAFSA students will be able to specify the name of the high school from which they received their high school diploma and the city and state in which it's located on their FAFSA. We're going to present this question on FAFSA on the Web only to first time students. They're going to be able to select from a drop down menu that was populated with high school data from information we have within the department as part of the National Center for Education Statistics.

They have – they do a couple of surveys. One for public schools and one for private schools. So we have a fairly lengthy list of high schools that – well we have a list of high schools that complete their survey and that's what we're going to use for populating the list. If the school is not on the list the student will have the opportunity to write the information in, the name and the city and the state. Now I want to stress, once again, this list that we're using to populate as I said it's not a good list or there's not a bad list. Being on or off the drop down list does not necessarily make the school legitimate or not legitimate. It's merely that the schools are ones that filled out the NCES survey. They're probably a pretty good list but we can't say unequivocally that this is all – this is a good list but it's the information that we had. It was the best information that we had.

There's also no requirement and really no provision for institutions to submit the names of high schools to the department. If it's a private school or a new public school NCES is the one who does their surveys and they do have some procedures and we'll probably try to make some of that clear. But the institution, the high school itself would have to be the one that would contact the department for that. There's no going to be any additional high school information reported on the ICER other than just what the person reported.

So what I'm also really telling you is that in the first year there's certainly not going to be anybody that the secretary is going to identify. There's not going to be a C code. It's not going to be something like that where you've got to go and collect and follow up information for the first year. We're going to use this information and do some analysis. We're going to use that

analysis to determine what actions we might end up taking in future years. We're going to be looking for patterns quite frankly. That would be one of the things we'll be looking for. So in future years we might identify some students that we want you to look at more closely.

We also may identify some institutions that we might call and follow up with because it's possible that we might find an institution that has a large number of students from a particular high school that hadn't appeared on the list and that might just cause some sort of a follow up which could be, "We opened a new school in our community. It's a local – it's the new local public high school that's brand new." That makes sense. That's really easy to clarify. That's why we said originally institutions are in the best position to know what the information is.

In cases in which the school or ED identifies a need for a more careful review of the student's high school credential I want to point out that you student certification is not sufficient. In other words, if you have reason to believe that this is not an accurate high school or if we identify in later years that this is the case collecting the student's self-certification, "That I really graduated from this high school," is not going to be sufficient to comply with the regulatory requirement.

There's not really an appeal process. People ask that in the comment period too whether there was going to be an appeal to the department on this. However I would also point out that there's still alternatives to having a high school diploma to qualify for Title IVA, ability to benefit testing and the new credit completion. So if for some reason somebody is not able to satisfy this requirement there's still alternatives that they can possibly meet to qualify for financial aid.

As I mentioned we're going to continue to analyze the data and refine our process. We're progressing cautiously and carefully. We don't want to place undue and inappropriate burden on institutions and students. Quite frankly if there's somebody out there, if there's a student out there that is just checking it off and not whatever we think that maybe not having to provide – just the providing of the name and the city and the state might be a slight deterrent to students who might otherwise just claim that they checked the wrong box if they were followed up on. Right?

We're also planning to issue some guidance and suggestions on how institutions can do some confirmation of the validity in

developing their evaluation processes through the Federal Student Aid Handbook. A couple of things to just kind of keep in mind. One is that a high school doesn't have to be accredited for their diplomas to be accepted for Title IV eligibility. There's no accreditation requirement.

In fact when we were talking about this earlier some people had said, "Well the department should rely on that, right, because if they're accredited they're good?" Well when we recognize accrediting agencies we're only recognizing them for purposes of post secondary education and quite honestly we found some high school diploma mills that are accredited by people you would be surprised about. So accreditation does not in and of itself mean that they're a good school or a bad school. It's a factor you might want to consider.

Generally just I mentioned the concern about the high school diploma mills that everyone has and if you sort of think about it this way what we found about the definition of diploma mill for post secondary sort of applies to high schools in the sense that a diploma mill is an entity that offers a credential typically for a fee and typically requiring little or no academic work on the part of the purchaser of the credential. So that's kind of a quick and easy thing that you could do in terms of trying to analyze quickly what might be coming from a high school diploma mill.

Moving on to ability to benefit. So why were we looking at these ability to benefit regulations in this negotiated rulemaking process? Well the first one was that HEOA had added a new alternative to the testing requirement that was already in the statute and in the regulations for students who do not have a high school diploma or GED to be able to establish their eligibility to receive student financial assistance. That requirement is that the student satisfactorily complete six hours that are applicable toward a degree or certificate offered by the institution. That's the wording of the statute. So there was no comparable clock hour measurement and we had not put anything in our regulations. So that's the first reason that we added this to our negotiating agenda was to implement that requirement.

The second is remember I mentioned that GAO report of August of 2009 when I was talking about high school diploma? Well they had some other recommendations also concerning ability to benefit. They recommended that we revise our regulations to strengthen our controls, the department's controls over the ATB testing process specifically with respect to oversight of test

publishers and the test approval process. So as I mentioned the HEOA added this new option for establishing ability to benefit for students without a high school diploma or it's recognized equivalent and they can now establish their eligibility based on the satisfactory completion of six semester, trimester or quarter hours or 225 clock hours that are applicable toward a degree or certificate offered by the institution. It doesn't have to be applicable to that student's current degree or certificate program because we know students sometimes do change majors and do change things. So it doesn't have to be applicable to their current certificate or degree program but it must be applicable to a degree or certificate that's offered by the institution.

You can only pay the student Title IV aid after he or she has successfully completed the hours and you need to pay the student as though he or she were a transfer student. This allows students in non-term programs to be eligible for payment beginning with credit number 7 and clock hour number 226. I want to remind you that these students may not have been admitted as regular students at your institution based upon your admissions requirements. In other words as a regular student they're not admitted as a degree seeking or credential seeking student initially but they have to have been converted to be a regular student before you can pay them Title IV aid.

Now unlike certain other student eligibility requirements you cannot pay these students back to the beginning of the payment period a cover cost for any period of ineligibility. If you have a term that consists of modules and a students, they complete six credits and then enrolls for another six credits in the same term you could disperse Title IV aid for the remaining modules and use an adjusted cost of attendance but you have to make sure that you're not covering any cost related to a period of ineligibility.

We also clarified in the final regulations that testing out, in other words if you have a student who comes in and they test out of credits that not sufficient to satisfy this requirement. The student really has to take six credits or the 225 clock hours worth of work in order to qualify under this. Now if you've got a student who's testing out of stuff it's very likely that they could pass and ability to benefit test and if they do that then you can pay them for – on that basis as opposed to waiting for the six credits.

Speaking of that I want to clarify something because we've had some questions about this. If you're school admits students without a high school diploma as regular students and the students

satisfy this requirement, this six credit requirement or the requirement for passing an ability to benefit test you have to pay them Title IV aid if they're regular students. If you've admitted them as regular students you've got to pay them if they meet this. It's not optional for institutions. This is assuming they meet the other student eligibility criteria but if you admit them as regular students – now it's possible you admit them as something other than a regular student that's different. But if you're admitting them as regular students and they satisfy this criteria you've got to pay them because they've now met the student eligibility criteria.

I mentioned that we also made some changes to sub-part J of part 668 which governs the test approval process and we did that to specifically address deficiencies that were identified in the GAO report. I'm not going to spend a lot of time going through these changes because they're basically geared to test publishers but I do want to highlight a couple of changes or areas that might be of interest to you. We added some new definitions and we revised some others. We have definitions of Assessment Center, Independent Test Administrator, Individual with a Disability Test, Test Administrator and Test Publisher. I guess this is probably a good time. I maybe should have said this earlier but what we're doing today and in the session that I'm going to be doing later today on the institutional requirements this is a really high level overview. There is no substitution honestly for going back and reading the NPRM and reading the final regulations and you need to read both. Don't count on the – a two second diversion here to explain why.

In the notice of proposed rulemaking we layout what we're proposing in a lot of detail. We talk about, "This is what we're proposing and why," what the current regulations are, what the proposed regulations are and why we're making the changes. So there's a lot of meat in the NPRM. When you get to the final regulations what we have in the preamble is an analysis of comments that we received responses to those comments and changes from NPRM to the final. We don't go back through the detailed explanation of what we proposed in the final regulation. So you need both of those documents. To give you an idea when – typewritten the final regulations were approximately 900 pages double spaced. So clearly I can't go through everything that was in all of that in this session. So I just wanted to give the little plug to go back and read them and read specific areas before I get into much detail.

So ability to benefit I'm really hitting the highlights here on the test approval procedures because I don't think it's relevant to most of you in the audience. One of the clarifications in this definition was we clarified that in order to administer ATB tests a test administrator must be certified by the test publisher whether they're an independent test administrator or are working or an employee of an assessment center at an institution.

We also in the changes to sub-part J consolidated the regulations that govern the approval processes for test publishers and states. We established requirements under which test publishers and states must provide descriptions of processes for identifying and handling test score abnormalities ensuring the integrity of the testing environment in certifying and decertifying test administrators. We also have – we require test publishers and states to describe any accommodations that are available for individuals with disabilities as well as the process a test administrator would use to identify and report to the test publisher instances in which the accommodations were used and we revise test approval procedures and criteria for ATB tests including the procedures related to the approval of tests for speakers of foreign languages and individuals with disabilities. I think that's probably all the detail you needed to know on the test approval provisions.

Moving onto verification. As I told you the effective date's a little different on this. So people are probably breathing a huge sigh of relief that they don't have to pay as much attention to this one right now. The first question is, "Why did we revise the verification regulations?" "Weren't they working well, all that other stuff?" Well we haven't really made any significant changes in the verification regs since they were first published back in 1985. So, hmm, that was 25 years ago. That's a long time ago to have – stability is good but sometimes you need to update things. Right?

So since then both the department and you at institutions have had 25 years of experience to draw upon to inform policy and operational decisions. There have been significant changes in the need analysis formulas over those years and particularly over the past several years and as we continue to work towards additional simplification of the FAFSA and need analysis there'll probably be more of them. At long last we have the IRS data retrieval tool and we can use that to help simplify verification. Finally, in the last 25 years there have been huge operational changes both at the department and at institutions in the way that we do business and we wanted to capitalize on some of those changes.

I mentioned that this was an area that we delayed the effective date language. We got a lot of comments based on that which make really good sense. If you think about us publishing regulations in early November or end of October it's really only two months between then and the start up of the application processing system for both the department and for institutions. So it made sense to have a delayed effective date for these provisions really for the 2012-13 award year. It's officially July 1st but it's really for that particular award year. We figure that will give you time to make changes that you might need for your institutional processing system as well as for the department to make any changes that we've identified.

Excuse me. Need a little sip of something there. Okay, so the first thing that we did was that we removed references to individual programs and by that what we did was we defined two terms that we're now using throughout the regulations. We defined the term Subsidized Student Financial Assistance Programs and we defined the term Unsubsidized Student Financial Assistance Programs. This will help us in terms of keeping our regulations current because we won't have to make – go through and try to find all the places we mention a specific program. If there's a new program added or if a program, for example, goes away.

So when we're talking about subsidized student financial assistance we are – this is sort of a simple rule. EFC is used in determining eligibility. Verification applies to the subsidized aid programs and currently that includes Pell, FSCOG, Federal Work Study, Perkins Loans and Direct Subsidized Loans. You'll notice that I didn't mention ACG and National Smart because they will be gone by the time these regs go into effect. *[Applause]* I'm like **Jeff Baker** on this one. I know that it's a lot of trouble but that's a lot of money for some needy kids particularly in the Smart Grant program that's not going to be replaced somewhere. So I know it's a lot of burden for you but I think it's kind of sad for students.

For unsubsidized aid EFC is not used in determining eligibility and verification is not required and currently that is for the Teach Grant, the unsubsidized, Direct Loan and the Plus Loan program. We also revised the regulations and used the phrase FAFSA Information throughout the regulations rather than using the term application. That's really to clarify that verification applies to subsequent transactions as well as to initial applications. We also added a definition of something called specified year to assist in the implementation of section 480A of the Higher Education Act

which gives the secretary the option of using income and other data from the second preceding tax year to calculate the EFC.

Years ago people called that prior prior year. But for example, for 2013-14 if we were to do something with this the base year would be 2012 and the second preceding tax year is 2011. If we move to this even as a pilot basis some of the ideas that allowing the use of data from an earlier tax year could help with the significant calendar difference between an application – when an applicant may file a FAFSA and when the data's available from the filed income tax return. By defining and using the term Specified Year in our regulations we can use that single term to mean either the base year or the year preceding the base year depending on the context in which it's used. There's no plan right now to use a year other than base year for even 2012-13.

Another change in the regulations is we codified our longstanding policy of having to complete verification prior to exercising professional judgment. We want to ensure that any adjustments are being made to correct base year data so that you have the correct data. If you're making a change, for example, to account for unusual medical expenses and you want to reduce the AGI you want to have the correct basis on which you're reducing the AGI before you're making such adjustments. So we put that in the regulations. Now one of the biggest changes in these regulations is that we eliminated the 30 percent limit. You now will have to verify all applicants that have been selected by the department.

Now we plan to and we do target the selection criteria based on the most error prone data elements specific to each applicant that has been selected. Based on our years of data analysis – as I said we've had 25 years worth of experience in doing this – we've made a lot of improvements to the verification process that will better help us identify and select error prone applicants. When we were in negotiations we heard some concerns because I'm not going to pretend that for some schools this is going to be an increase in burden because it is but we heard some concerns about the potential increase in workload for some institutions and we also heard that many institutions are already verifying 100 percent of the selected applicants by the department. We said, "When you do that what do you find?" The answer was, "They needed corrections." So clearly in most cases what we're selecting for error prone is turning out to be error prone applications.

So as I said, some institutions may in fact see an increase in the number of applications selected for verification under the new

process at their institution. We're not planning to select more than the current number than we are selecting. I should say that. But there's another big proposed change that should help mitigate some of that and that's that institutions will no longer be required to verify all five data elements for each applicant selected. I'll talk a little more in detail about that in a few minutes. But you're not going to have to verify five items for every single student. Instead the information that each applicant has to verify will be specific to that particular applicant based upon the models.

For example, an applicant might only have to verify household size and number in college. They might not have to provide you with income information or they might have to provide you with income information but not household size and number in college. Each year the department's going to publish a Federal Register Notice that will list the data elements that we may be selecting – so however many there are. Initially we're going to expect – we're going to stay with the five tried and true – will be five of the data elements that we might be selecting for individual applicants but with the additional analysis and experience we may expand that list to include a couple of other things. But we're moving – like I said, we recognize that there's – we're trying to do this as simplification for people. So we don't want to have unintended consequences and make it more burdensome for students and for their families.

We retained the requirement in our regulations that institutions must verify any information that they believe is inaccurate and we also retained the flexibility for institutions to select additional items or applicants for verification themselves. Of course, by doing either of these things you come under the various deadlines and extended deadlines and tolerances and things under the verification regulation. So we retained those flexibilities. We did some restructuring in the exclusion area to clarify who was excluded from providing information whether it's the applicant, whether it's the parent of a dependent applicant or whether it's spouses of independent applicants. Our current regulations were not really clear on that and the new regulations clarify that when the parent or the spouse does not have to verify some information the applicant still may need to verify their particular information.

We removed or modified certain ones of the exclusions that were there. Like I said, remember it's been 25 years since we really touched this. So for example, our current regulations didn't require verification if the parents of a dependent student or the spouse of an independent student could not be located because their address was unknown. Well now we've got a variety of

means that an individual can be contacted these days and we've modified that exclusion to only circumstances in which the parent or spouse's contact information is unknown. You might not know their address but you might be able to call them and you might have an e-mail address for them but if you don't have contact information that's what covered now.

We also eliminated really an obsolete provision that said that a dependent student didn't need to provide information if both of the parents were deceased or physically incapacitated. If both of the parents are deceased the student is what? An independent applicant, right? So that was kind of outdated. Basically parents who are physically incapacitated probably are able to provide documentation. So we didn't think that was appropriate. We also eliminated certain exclusions for recent immigrants and legal residents of Palau, the Republic of Marshall Islands, the Federated States of Micronesia, the Northern Marianas and the Samoas.

Okay, in the NPRM and during negotiations this has always been a bugaboo at colleges and universities. You've got the student who gets married after they file the FAFSA. Right? We wouldn't let you update marital status. The student it was like – it's a big no-no. So we went to the NPRM and we talked around the table. We said, "Okay now we're going to say that students have to update their dependency status if it changes as a result of a change in the student's marital status." It would happen throughout the award year and it would be regardless of whether this – updating it I just should remind you is regardless of whether somebody is selected for verification.

So during **break down** we talked about deadline dates and was there a point in time by which you could do this? We said, "No." That didn't seem to work. So we went ahead and proposed for the entire period of time that the students had to update this. Well let me tell you we heard loud and clear in those 1,200 comments that this really probably didn't work. Everybody had some – I shouldn't say really good points but they did. They had very good points about how to do this and there were a couple of concerns that kind of came through loud and clear that I'll talk about in a minute.

So we retained and sort of returned to the current language that provides that an applicant is required to update all of their changes in dependency status throughout the award year except for a change resulting from a change in the applicant's marital status with one exception that I'm going to tell you about in a minute. I

do want to stress that all of the updating changes are the – changes in the student's dependency status are the applicant's responsibility not the institution's responsibility because that's always important to keep in mind. It's not that we're expecting you to track everybody down.

So here's the exception that we put in the regulation that we think will help mitigate a lot of the circumstances. We added a provision that allows the financial aid officer to sort of intervene and have the applicant update his or her dependency status to reflect a change in the student's marital status on the basis of addressing inequity. You've got the student where the – I'll be – the young lady diligently filed her FAFSA prior to the wedding and so they're a dependent student and her spouse, her husband, her new husband who also goes to your school well he was busy out doing other things and he didn't file his FAFSA until after they were married.

So you've got a new married couple, one independent, one dependent and you want to address the inequity in those circumstances or to reflect more accurately the applicant's ability to pay because once again we know that people are filling FAFSAs out in January and in February eight, nine months before the academic year begins. So this allows you, the financial aid officer, to make a determination that you want the student to update their marital status to more accurately reflect the applicant's ability to pay based on inequity of just more accurately their ability to pay and it gives you that ability. It also, then, gives you the ability to establish a cutoff date. In other words the student who gets married Spring Break you're not going to – maybe you choose not to go back and update their dependency status for the year for that particular student but you could establish your own cutoff date.

Remember if you're exercising this option the student needs to accurately reflect the household size, the number in college and to include spouses and the common asset information if they're updating to be an independent student. We've continued to – this does not change our prohibition about a student projecting their marital status when they're completing the FAFSA. The FAFSA's still going to be what you're marital status as of today but somebody could come up to you and explain that they've since gotten married and why they need you to intervene. So we've got it back in your hands that way but giving you more flexibility than you have in the past and also not requiring you to be repackaging all the way to the last day of classes for these changes. So

hopefully that's a change you like. So we do listen to the comments.

Okay, I mentioned earlier we eliminated from the regulations the five – that you were going to have to verify the five specific items that institutions currently require to verify for all of your applicants that were selected for verification. Instead we're going to publish this Federal Register Notice annually that will specify the FAFSA information and the documentation that an institution and an applicant may be required to verify and the documentation that they may be required to present to do that verification. What we're going to do is we're going to specify on an individual student's SAR or ICER what information needs to be verified for that particular applicant.

With the recent need analysis changes and with the importing of data as part of the IRS data retrieval process we believe it's not longer necessary for all applicants to verify the same five data elements. Initially we plan to include the five data – our five trusted and true data elements as part of the list. May add an additional item or two and we're not going to be adding lots and lots of items. We're going to progress cautiously and carefully in choosing what data items we might choose to select.

As I mentioned earlier the Federal Register Notice would list the acceptable documentation in addition to the items to be verified. We retained the current documentation requirements actually in the regulations. We listed and updated them as appropriate at the current documentation requirements for the five currently required verification items and we made technical and conforming changes to those because we thought it was good to have some stability and for you to have those in the regulations because those won't change. We could add things but it's unlike that we would suddenly say that collecting an IRS form was not a good idea, for example. We also added as acceptable documentation the electronic importation of data that's been obtained from the IRS into an applicant's online FAFSA. Our goal here it relieve burdens on institutions and students by no longer requiring verification of information that's been imported as part of the IRS retrieval process and was not changed and not requiring you to collect additional documentation for those items.

There have been lots of sort of questions and concerns in the last year or so about a requirement that we had in the current regulations about applicants whose parents or who themselves have tax filing extensions. We revised the regulations. I'm not

even going to talk about what they currently are because when you look at them in a strange way they didn't make a lot of sense. We revised the regulations to now allow an institution to choose at the end of – right now somebody who's got a tax filing extension you collect a copy of that tax filing extension and you still do that.

Now under the new regulations we're going to allow an institution to choose whether or not they want to require that applicant or the parents of the applicant to submit a completed tax return when it's available as opposed to our current requirement where the applicant is required to. So now it can be an institutional choice. "Do I want them to submit that tax return once they've completed it or not?" However if you, the institution, do require the applicant to submit that tax return you're going to have to look at it. You're going to have re-verify the information when you get it. Right now you're not required to. That's the part that doesn't make a lot of sense. So we did make some changes in this area.

We clarified that a tax return that's not signed by the tax filer and instead is signed, stamped, typed or printed with the name and address of the tax preparer also much contain the preparer's Social Security Number, his or her employee identification number or the preparer tax identification number. So we sort of updated those requirements. Under the interim dispersment section which we understand that there are not a lot of schools out there that do in fact make interim dispersments but we retained it because once again we wanted to allow flexibility for schools that chose to make interim dispersments because every once in awhile there's that one or two students that you really need to help out and you choose to make an interim dispersment for. So basically here we made technical and conforming changes to this section.

There was one significant change that we made and that was to allow an institution to make a dispersment after verification is completed but prior to receiving the student's corrected SAR or corrected valid SAR or valid ICER. If the changes would not change the amount of aid that the student would receive. If the institution chooses to make a dispersment before receiving the corrected valid SAR or valid ICER it has to ensure that all required corrections have to be submitted to avoid any liability for the institution. We chose to allow them to make interim dispersments in such cases to increase institutional flexibility and to allow you to basically reduce potential harm to students who may really need money more quickly and might otherwise experience a delay in receiving his or her aid.

We updated the requirements in the regulations to require institutions to follow the cash management procedures for Direct Loans if the institution has received proceeds from Direct Loans and the applicant doesn't complete verification within the time period specified. This change really aligns the verification regulations with the cash management regulations. We also removed the language that required a student, a Pell Grant recipient to receive the lowest amount of a federal Pell Grant if the student submitted the valid SAR or valid ICER after verification when the student was no longer enrolled. We think students should be permitted to receive the correct amount of their Pell Grant regardless of when they complete verification. So that was a significant change that we hope will help students.

The final regulations requiring an institution to reimburse the program account using its own funds if it disperses subsidized student financial assistance to a student without receiving his or her corrected valid SAR or valid ICER. We allow interim dispersment to be made to such students but once again, institutions would be liable for the funds dispersed if the institution doesn't obtain the correct SAR or ICER.

Okay, here's another significant change here. We removed the \$400.00 tolerance. In the NPRM we proposed to remove the \$400.00 tolerance that's been there for a long period of time and to require all corrections to be submitted to the department for processing. We got a lot of comments on that. We continued to believe that requiring all corrections to be submitted to the department really does enhance our ability to identify error prone applications and will really help with this modeling and our ability to select. We heard from you loud and clear that submitting all corrections particularly really small dollar amounts because you know that everybody gave us the example of, "What if there's a \$5.00 change? You're going to make me submit this? It's not going to change the award." And so on and so forth.

So we added a provision in the final regulations that would require institutions to submit all corrections that are over \$25.00. So we – yeah. It's a small dollar amount. It's really not \$400.00 but it's a small dollar amount but it does take care of those rounding error problems that people have and other types of things of that nature. They do still have to submit non-dollar items that were subject to verification corrections, too.

One last thing on verification. People asked about is what I called this one because there are a number of sort of questions that were

permeated around about the time that we were doing this that I thought were important to concern. One was, “Okay, you’re changing this whole process and now you’re going to tell us each year what data elements and what the documentation’s going to be. So when are you going to tell us because we need some lead time and we want to be sure we’re going to have our stuff ready?” So we intend to publish our Federal Register Notice as early as possible. That’s what we always say, right?

[Laughter]

But probably and likely to be our goal is between four and six months prior to the beginning of the application processing system. So June to August prior to January processing system. We think that should give you sufficient time to make any systems changes that would be necessary to verify the required information. Like I said, we’re going to be moving somewhat cautiously and carefully and incrementally. We don’t want to totally disrupt things.

To give you a little assurance about why four to six months really does make sense we, the department, have to have our stuff nailed down with our contractor in that period of time. So we’re going to know what it is. It’s not like we’re going to be changing our minds in October. I’ll say that and something will happen but we really do believe we’ll be able to give you six months and at the outside four months worth of notice of what sort of changes. So that’s kind of the timing of the annual Federal Register Notice.

We’re also exploring a process that would automatically exclude from verification FAFSA items that came directly from the IRS and were not changed by the applicant. That could also be used for corrections. So we’re continuing to work with the IRS on various operational aspects. So that’s another improvement that we’re continuing to work on. The other question that we got a lot from QA Schools is, “Well what does this mean for us? Is there an impact on QA Schools?” It’s not going to alter the way that Quality Assurance program works. In fact we expect that the data and the results that are generated from the QA participants will help us assess the effectiveness of the new verification requirements. So we’re not expecting – there shouldn’t be any impact in QA Schools. So with that I’m going to turn it over to Marty to take it away with satisfactory progress after I find all my notes.

[Applause]

Presenter 2:

That was pretty awesome, wasn’t it? Oh man. I’m happy to be here this morning with you. Let’s just dive right into satisfactory

academic progress. I'm going to throughout this part of the session call it by satisfactory academic progress or one of its nicknames SAP or S-A-P so you don't get confused about what I'm talking about here.

Okay, starting off with the, "Why are we doing this," question. It's similar to verification. We haven't looked at these regulations in a broad fashion in a very long time. In this case it's even longer than verification since we last published the regs in 1983. Since then we've seen a lot of creative uses of probationary periods and found cases in which no one is ever ineligible because of SAP or where a student receives aid for as long as two years without making SAP. We're also aware that schools use different terms such as amnesty, warning, probation and they can mean totally different things which is confusing to students and it's confusing to us as well.

So repeated uses of these statuses or use of a combination of these statuses applied sequentially can lead to long periods in which students are not making progress continue to receive Title IV aid and that's a problem. We believe that it's critical for students to have a clear understanding of the institution's SAP policy to help them understand the institution's academic requirements and to help them increase the likelihood of the student's success. So in developing these regulations we wanted to retain institutional flexibility as we have tried to in other cases and to make rules that would result in a more structured, comprehensive and consistent approach.

So currently the bulk of the satisfactory progress requirements and provisions are contained in 668.16 under Administrative Capability and there we require institutions to establish, publish and apply reasonable SAP standards and then we specify there what's reasonable. Also in the current regulations under the General Student Eligibility Criteria we require a student to meet the SAP standards in 668.16 and .34. The new regulations on the other hand retain the provision and administrative capability that require the institutions to establish, publish and apply the reasonable standards that meet the requirements of .34 and in the Student Eligibility we require the student to maintain SAP according to the institution's standards that meet the requirements in 34 and then we moved all the specifics there to 668.34. So we've just cross-referenced in the other places and included all the detail in .34.

The new regulations in 668.34 describe all of the required elements of a SAP policy and continue to provide significant institutional flexibility in setting SAP standards that meet the needs of students.

The regulations also include additional flexibility for institutions that monitor satisfactory academic progress more often than annually. We define the terms warning and probation which I'll cover in a few minute and we make it clear in the regulations that in general a student who is not making SAP is not eligible for Title IV aid.

The new regulations require that a student's progress must be measured at least annually. This can be done at each payment period or it may be done less often than each payment period but must occur at the end of a payment period. That is to say it can't be in the middle of a payment period. The GPA or qualitative standard must be specified in the institution's policy. In addition the new regulations make explicit an area that's been a cause of some confusion over the last couple of years and that is that the institution's policy must specify the pace a student must progress in order to complete the program within the maximum time frame and must measure that pace at each evaluation. In other words the policy must align the student's pace along a continuum that allows for completion within the maximum timeframe.

In addition, the policy must specify the effective incompletes, withdrawals, repetitions or transfers of credit on a student's GPA and pace. The regulations require that institutions count any transfer hours that they accept toward completion of the student's program as both hours attempted and hours completed in measuring SAP. If a school uses the terms warning and probation the terms must be explained. That seems pretty reasonable. The conditions of each term must be clear to the students. If the institution permits appeals to regain eligibility the policy must describe how students may appeal. If the policy doesn't permit appeals it must describe what a student who is not making SAP must do to reestablish eligibility.

As I mentioned a minute ago the new regs add definitions of several terms to describe certain statuses that may be used in SAP determinations. We believe that by defining these terms we can help to ensure that students are treated consistently and equitably regardless of the institution they attend. So the first one up is the financial aid warning. This can only be used by institutions that evaluate SAP at the end of each payment period and that includes summer or other optional terms if the student attends those terms. It's for a student who fails to make SAP and is intended to function as an early alert system to put the student on notice and allow the institution to attempt to assist the student as soon as possible.

In this status the student may continue to receive Title IV aid for one payment period. The student does not have to appeal for the institution to place the student on financial aid warning. That's an important point. The institution can confer the warning status automatically.

Next up is financial aid probation. Under the new regulations financial aid probation could be a sign to a student who fails to make SAP and who has appealed and as a result of the appeal has had his or her Title IV eligibility reinstated. Institutions that measure SAP annually as well as institutions that measure SAP more frequently may use this status. An institution may add conditions for the student's continued eligibility to receive Title IV aid such as taking a reduced course load or taking specific courses.

The new regulations define appeal as the process by which a student who is not meeting the institution's SAP standards petitions the institution for reconsideration of his or her eligibility for Title IV aid. If the institution allows appeals the policy must specify the conditions under which the student may appeal which could include items such as the death of a relative, injury or illness of the student or other special circumstances. The student must include certain information in the appeal including why the student failed to make satisfactory academic progress and what has changed to allow the student to make SAP at the next evaluation. During negotiated rulemaking we heard from non-federal negotiators that they granted appeals only to students who can explain how the circumstances that cause their academic problems have changed. They argued that if the root cause of the student's problem isn't addressed and addressed successfully the student will continue to struggle and fail.

So what can be appealed? Failure to meet both the qualitative and quantitative measures as well as failure to complete within the maximum timeframe. The question in this instance about academic amnesty comes up regularly. The SAP regulations do not specifically address this concept but a school could allow students in those circumstances to appeal.

The new regulations are organized by whether the institution measures SAP each payment period or less frequently. I mentioned earlier that the additional flexibility is provided for institutions that measure SAP each payment period. During negotiated rulemaking non-federal negotiators stressed the importance of early intervention in assisting students to achieve their educational goals. The Higher Education Act requires institutions to evaluate SAP

annually. So we cannot require a more frequent evaluation however we wanted to encourage institutions to evaluate at the end of each payment period so we provided some additional flexibilities.

For institutions that evaluate SAP each payment period there are three options if the student fails to make progress. Number one is the student loses eligibility. Number two, the student may be placed on financial aid warning. Again, this does not require action by the student. During this warning period the institution may be able to provide some additional support for the student that could help them to succeed. Number three is the student may successfully appeal and be placed on financial aid probation.

If an institution places the student on financial aid warning after one payment period the student must either be making progress, satisfactory academic progress or the student may appeal and if the appeal is granted by the institution the student can be placed on financial aid probation. The student is placed on probation. After one payment period the student must be making SAP or be following an academic plan. Now we've received some questions about academic plans and you may wonder what we're talking about there. Our goal was to be flexible about this and to try to provide institutions with the opportunity to work with their student to develop an academic plan that would require them to meet the institution's graduation requirements by a specific point in time or the plan itself could be much more specific depending on what you feel is best.

For institutions that measure satisfactory progress less often than each payment period there are two options if a student fails to meet SAP. Number one is that they lose eligibility for Title IV aid and number two is that they may successfully appeal and be placed on financial aid probation. If the student is placed on financial aid probation after one payment period they must either be making satisfactory progress or following an academic plan.

The new regulations specify certain notifications that must be made to students. The institution has to tell the student about the results of an SAP review that impact the student's eligibility for aid. If an institution has an appeal process it must describe that process including the specific elements that are required for the student to appeal satisfactory academic progress determinations. If the institution does not have an appeal process it must notify students how to reestablish Title IV eligibility.

We've had some recurring questions about the new regulations. Some folks have asked whether they can use different rates of assessment for different groups of students and the answer to this question is yes. That would be permitted. Others have asked about evaluating one factor, for example the qualitative measure, at the end of each payment period and the other factor annually. This would be permitted however I must point out that an institution choosing this approach wouldn't be considered to be evaluating at the end of each payment period. So they wouldn't have the option of using the warning status.

We have also had questions about how to handle satisfactory academic progress for the summer 2011 crossover payment period. Basically you can choose to use your current SAP policy for that period or you can use a new policy based on these new regulations. So you have the option there. In terms of academic plan, again, this is an area that I mentioned earlier that we tried to keep things flexible for you at the institutional level so that you could decide what's best for your individual students. So we're leaving that up to you.

Now we'll finish things up with a few slides on retaking coursework. In this area we learned during negotiated rulemaking **and** before about some of the difficulties that institutions have in tracking courses that students repeat. During negotiated non-federal negotiations confirmed that institutions had a hard time tracking these repeated courses without performing a program audit on each student. We're also aware that some students need a particular grade in a specific course in order to be admitted to a program or they need a specific GPA to continue in a program. These revisions will hopefully and are intended to address both of these points.

In the new regulations this provision affects only term based institutions because as you know students in clock hour or non-term credit hour programs must complete their coursework in order to get a subsequent payment. This regulation amends the full time student definition and I wanted to emphasize that it's relevant in determining enrollment status for Title IV Program purposes only. This slide describes the differences between the current regulations, what was in the proposed rule and where we ended up in the final rule which is the important part.

Basically the Title IV funds can be used to pay for one retake of any previously passed course with the exception that it is not permitted if this is due to the student failing previous courses.

Here's the example that we used from the final rule. A student takes four classes in the fall, passes – fails three of them – no, I'm sorry. Passes three of them and fails one. The school requires the student to retake all four of the classes. In this situation the school may count the failed class in the next enrollment status however they may not count the passed classes. As you can see the final rule is more expansive than our current policy but slightly more restrictive than what we had proposed in the NPRM and this was the direction that we felt was necessary after learning about some of the institutional practices that we heard. Okay, now it's that time you've been waiting for. Questions?

Presenter 1: Okay, we've got people lining – thank – I was going to say please got to the microphones to answer. So I'll take the one in the back first because you were the first one up to the microphone.

Male: Thank you. I have a question regarding back to slide – if I can see with my glasses – 57 when you were talking about institutions that do not evaluate more frequently than once per year.

Presenter 2: Correct.

Male: The student – so if they do so and the school reviews it say at a term based school at the end of the spring semester and reviews the student and the student is granted an appeal and so they are put on probation for one semester. If would appear that this now places in effect all annually evaluating institutions to be payment period sensitive schools as well because that probation – period the appeal will last for one semester. So now we're talking fall spring in the term based school. Now I've got to evaluate all of those students who may be on appeal or were put on appeal with an academic plan after one payment period. So now I'm processing SAP just like a school that evaluates more often.

Presenter 2: That's correct. It would require more frequent evaluation for students who have been conferred one of those statuses like probation.

Presenter 1: Because remember we had seen – one of the abuses that we had seen was really long periods of time where people were continuing to get aid without that. So that's what changes.

[Crosstalk]

Presenter 2: So that's what we were trying to address. Yes, front mic.

Female: Hi. I have a number of questions so I'll keep going to the back of the line. My first question has to do with early implementation. I've read that no early implementation is allowed. Is that correct for any of these?

Presenter 1: That's basically correct.

Presenter 2: That's correct, yes.

Female: Basically.

Presenter 1: Although in a lot of the circumstances, for example, on the SAP if I'm thinking out loud if you were looking at the new regulations you would still be – you would be in compliance with the current regulations. So you could have done the new regulations under the current regulations.

Male: I have an SAP question. On the financial aid warning for non-term programs are payment periods extended for failed courses? Is there guidance on that or is it up to the school's policy?

Presenter 2: That's your _____ . I'm not – yeah, we couldn't clearly hear the question and we're not sure we understood it.

Male: Okay, let's try it again. For non-term programs specific to the financial aid warning where the evaluation that's done at the end of each payment period if there are failed courses within the payment period is the payment period extended in the evaluation period?

Presenter 1: So you're asking the question about for –

Male: It's non-term programs.

[Crosstalk]

Presenter 1: - for satisfactory progress purposes because you're correct. You can't make another payment to the student till they've completed all the courses in their payment period in a non-term program. So you're asking about whether that extends the payment period evaluation for those students' unsatisfactory progress?

Male: Right. Exactly.

Presenter 1: I haven't even thought about that.

Presenter 2: I don't –

Presenter 1: You know I think we need to go back and talk about that and figure out. I think that's a very good question. We may issue some sort of Dear Colleague letter guidance on some of the questions and I think that's something we need to take back to the office and talk about –

[Crosstalk]

Presenter 2: And reflect on.

Presenter 1: - but I appreciate the comment.

Male: Okay, thank you.

Male: Hi **Carney**. I have a question about the implementation timing on one of the verification provisions you discussed. Under verification you said those go into effect July 1st, 2012. Under verification you also spoke about updating marital status. I assume then that the – allowing us to make an exception to have a student become independent if they get married after filing their FAFSA that also won't go into effect till 2012 or prohibited in '11?

Presenter 1: That's correct.

Male: Okay.

Male: Question of clarification on the \$25.00 tolerance. Is that \$25.00 on any single item or \$25.00 in total of all items?

Presenter 2: It's not – I mean –

Presenter 1: I think it was on a single item. Yeah. It's not a net tolerance like the \$400.00. So you could have a \$2.00 error on taxes paid and a – as I recall it's like you could have a \$5.00 error on taxes paid but if you had a \$50.00 error on AGI you have to submit.

Presenter 2: I know that that's covered in the preamble to the final so you can –

[Crosstalk]

Presenter 1: It's in the **thing**.

Presenter 2: Use that _____ affinitive source.

- Presenter 1:* When you feel like reading those.
- Female:* Ability to benefit question. If we have a student who provides a transfer transcript of six or more credits that are applicable to a degree at our college will that satisfy ability to benefit?
- Presenter 1:* Yes, it will as long as you're accepting them on transfer, those credits. Yes.
- Female:* So it is good?
- Presenter 1:* Yeah.
- Female:* That was mine.
- Female:* I have a question about SAP. If a student successfully appeals and they're on an academic plan and then they have a second catastrophic thing happen can the school amend the academic plan?
- Presenter 2:* Absolutely. It would be – presumably that would be amended on the basis of a subsequent appeal that would describe the catastrophic plan.
- Female:* So a subsequent appeal is allowed?
- Presenter 2:* Mmm-hmm. Absolutely.
- Female:* Okay. That was my question.
- Female:* Carney, a high school diploma question.
- Presenter 1:* Okay.
- Female:* Your slide said if you're questioning the validity of the high school to ask for the diploma and transcript. Do we really have to get both?
- Presenter 1:* You don't necessarily but if you're trying to evaluate whether it's from a legitimate school or from – those are things that you could use. The requirement is that the student have a high school diploma. Sometimes the transcript – sometimes people don't give you the high school diploma but you can get a transcript that says, "The student graduated or diploma was issued on a particular day."

- Female:* Most schools will issue a transcript that gives the graduation date but it's hard to get a duplicate diploma.
- Presenter 1:* Yeah, I mean but I think that would satisfy that requirement because if you have a transcript that indicates that a diploma was granted that would satisfy the requirement. If you had a transcript that just had classes and didn't say anything about the diploma then it wouldn't.
- Female:* So if it just says they graduated that's sufficient with a date?
- Presenter 1:* I think so. Yeah.
- Female:* Thank you.
- Female:* Hi, this question is also about high school diploma. Just more clarification. You mentioned that there won't be a C code on the FAFSA regarding whether you're questioning the high school. Will there be any comment codes?
- Presenter 1:* There's not going to be anything the first year for sure because we're just doing analysis. Right now people are going to select or they're going to write in and we're going to be looking at the data in the background because we really don't know how large, how small this problem is. So there's nothing this year.
- Female:* So it might be in subsequent years though?
- Presenter 1:* Right. There could be in subsequent years and once again it also gives you the ability to ask for additional clarification if you think it's there or you start getting some suspect things. You suddenly get a group of – what was it? Somebody – I think the NCAA people when we were talking to them used the example of –
- [Crosstalk]*
- Presenter 2:* Somebody's basketball team.
- Presenter 1:* - "Carney's Basketball Team School," that suddenly I'm getting all these kids that graduated from there that are coming to your school. That might give you a flag of saying, "I've never heard of this place. Let me find out."
- Female:* Thank you.

- Female:* I have a question regarding the – who’s going to have to provide the high school information. On slide ten it talked about first time FAFSA on the Web filers but you mentioned students and a first time filer may not be a first year student.
- Presenter 1:* I believe it’s going to be presented to first year students. I’m not sure. You can double check with Michelle at the application processing update.
- Female:* Thanks.
- Female:* I have related questions about percentage for a school using the graduated standard of 50 percent completion by the end of the first year, 67 percent by the end of the second year. If a student in the second half of the first year doesn’t – isn’t at 50 percent goes on financial aid warning for the first semester the second year and then meets 50 percent but not 67 percent that student has to appeal for probation? Yes?
- Presenter 2:* I’m not _____ -
- Presenter 1:* I think you’re getting a little too specific with this but what you were saying – let me see if I can recap.
- Presenter 2:* We haven’t had lunch yet either.
- Presenter 1:* I was going to say – you’ve got a student and they are – they’re not making satisfactory progress. So you put them on warning. You evaluate every payment period. So you put them on warning. At the end of the warning period they’re not up – they’re not making progress, right? Is that what you’re saying?
- Female:* They’re at the point of making the 50 percent progress they were supposed to be making the prior semester –
- [Crosstalk]*
- Presenter 1:* Okay, so they are making progress.
- Female:* - but not on the road for 67 percent.
- Presenter 1:* Which is what they need to make for the second semester? Then they’re not making progress because in your warning –
- [Crosstalk]*

- Presenter 2:* They would have to appeal.
- Presenter 1:* - they would have to appeal then in order to be eligible.
- Female:* To get – right. Then on a related note, rounding. If a student – if you have, say, a student taking 12 semester hours and successful completes two or eight of those hours it's two-thirds. Is that 67 percent or is that – because I've seen some SAP policies that said 65 percent.
- Presenter 2:* Math? Hmm.
- Presenter 1:* I think it would be good to clarify – put that – make it clear in your policy.
- Female:* I hear conflicting opinions behind us.
- Presenter 1:* Yeah. We don't really have an answer for you on that.
- Female:* Thank you.
- Female:* I have an ATB question regarding the six degree applicable or certificate units. What is their – the certificate is not eligible for federal aid?
- Presenter 2:* I don't _____ -
- [Crosstalk]
- Female:* Our College offers several certificate programs that are not eligible. Would that still meet the requirement?
- Presenter 1:* I probably need to go back and refer to what we wrote in the NPRM or the final on that. I can't remember the answer off the top of my head. Certainly if it's applicable to a certificate or a degree that's Title IV eligible at your institution but I don't remember whether we made that –
- Presenter 2:* It would be Title IV eligible.
- Presenter 1:* It is definitely that way whether or not we made that clear or what the requirement is in the statute. So if you want to send me an e-mail or something afterwards I'll try to look that up for you.
- Female:* And there's –

- Female:* I have a SAP question in regard to annual SAP evaluations. We evaluate annually at the end of our winter or spring term. Our problem is the term ends, let's say, May 1st. The instructors have 20 days to post the grades. The summer starts May 8th. Are we not permitted to make that summer dispersment until we've checked academic progress from that year before?
- Presenter 2:* Yeah.
- Female:* Because if we wait till the grades are posted we will have already have dispersed for the summer. The students will be in school and then we'll fail them based on what they did the first two terms.
- Presenter 2:* Right.
- Presenter 1:* Yeah. That's – that is a problem. I mean there's always going to be possible issues with grade postings and that type of thing but at the end of the increment your increment has to correspond with the end of a payment period and you have to make the evaluation. Some schools have ways of doing a warning or doing a scrub where they kind of know that they're to X number of students that might be having a problem that they need to hold up for so you don't have to do it for everybody.
- Female:* Okay, and to piggyback on that we will – we used to use summer as a makeup term if they didn't successfully complete fall and winter. They can make up deficiencies in the summer. We will not be allowed to do that anymore because they will technically have not made SAP at the end of the winter?
- Presenter 2:* Correct. They wouldn't be eligible.
- Presenter 1:* They wouldn't be eligible.
- Presenter 2:* That's correct.
- Presenter 1:* Correct.
- Female:* Okay, thank you.
- Female:* Good morning. My question is on the SAP one warning period. We could have a student who was okay and of next semester went on warning and then the next semester became satisfactory for SAP again but then the next semester would fall below. Can they have another warning if they are just coming off of an acceptable period?

- Presenter 2:* Yeah. If they've – yeah. If they've been off that status –
- [Crosstalk]
- Female:* But they can't go more than one term?
- Presenter 2:* They can't have sequential warnings.
- Female:* Okay. But you could have a good period and then another warning?'
- Presenter 2:* Correct.
- Female:* Great.
- Presenter 1:* We could only take about three more – let's cut it off with everybody that's standing up there and try to make it fast because we have a session right after lunch.
- Presenter 2:* We have to move.
- Male:* Right. Carney, one of the issues that I've always had with SAP is with programs that are short programs where they're only checking SAP after one payment period. They only have two payment periods and I have always contended that it would be unreasonable to put a person on probation or warning and then pay them anyhow because it would essentially mean nobody can ever not make progress. I did not feel that that was exactly addressed in the regulation.
- Presenter 2:* Maybe we need to send that to **them**.
- Presenter 1:* Could you send this to us in writing because that might be something we want to address in a subsequent –
- Presenter 2:* In a subsequent – yeah, some guidance.
- Male:* Then one thing that might be helpful, the 66.66 percent people have always wanted to round it up and I tell them, "Well if you round it up not only are you facing a higher standard than two-thirds you have to change your timeframe too because they have to be mathematically equivalent." Anyway, so I thought that might be helpful.
- Presenter 1:* Thank you.

- Presenter 2:* Thank you.
- Female:* Hi, I have two questions, one in reference to SAP and just to clarify that we cannot evaluate SAP in the middle of a payment period. Is that correct?
- Presenter 2:* That's correct.
- Female:* What is the academic standing policy and the academic side of the **how** chooses to evaluate the qualitative component at the end of every course? How would that be conflicting with the financial aid SAP policy if we evaluate SAP at the end of every payment period if we choose to do so?
- Presenter 1:* I don't think there is a conflict, do you?
- Presenter 2:* I don't see that there would be a conflict but maybe there's something I'm missing.
- Female:* I just wanted to make sure because they would have their own academic standing policy and then we would have our own financial aid SAP policy. So I just wanted to make sure that it would not conflict with the intent of the regulation because it says it could be as strict or – it has to be as strict?
- Presenter 1:* Same as or stricter than.
- Female:* Right. My second question is in regards to high school diploma. What about international high school diplomas and the validity? How would we verify that? I know that some schools have a process by which they confirm that the high school is equivalent to a U.S. high school but –
- Presenter 1:* I think you answered your question. That would be a way of doing it. Right.
- Female:* Okay, I just wanted to make sure. Thank you.
- Female:* Hi. My question is on the one term of warning. We have what we call the continued warning. If they go on warning at the end of their next semester if they've completed all courses with the grade of C or better they go on continued warning and they don't file an appeal. If they don't complete all courses with the grade of C or better they go to suspension and have to file an appeal. So this

continued warning, it's like our equivalent of probation. Do they need an appeal?

Presenter 1: It's done after successful appeal?

Female: No.

Presenter 1: Then that won't work. You get one semester of warning and then they have to appeal. If they're not making standard – progress according to your standards.

Female: Right and they are. They have to complete all courses with a grade of C or better. All courses have to be completed with a grade of C or better to stay on continued warning which is equivalent to probation.

Presenter 1: I don't know that that – you're going to have to go back and look at your policy, vis a vis what the new regulations require – I mean I don't know whether that makes them in accordance with your policy based upon that.

Female: I mean it's basically like a probation it's just that they didn't file an appeal as long as they completed all of their courses.

Presenter 1: Right but the regulations are going to –

Presenter 2: The regulations would require an appeal after a payment period of warning.

Female: Okay, thank you.

Presenter 1: Okay.

Male: Hi, this is a question regarding SAP. I think it's fairly simple but I just want to make sure I've got this right. It kind of – it has to do with the timing of implementing these new regulations in the middle of the summer. Taking the crossover period off the table if you're assessing a student annually at the end of a spring term for the upcoming fall term, upcoming academic year because it's prior to July 1 of '11 we're still using – still allowed to use our current policy, correct, which would mean that maybe it has what's defined here as a warning period after an annual check? Or is that not correct? Is it because we're looking at a term that begins after July 1 of '11 is that where we're required to look at if we're only assessing the student annually we're required then to require the probationary period? Does that make sense?

- Presenter 2:* I was having a hard time following it.
- Presenter 1:* I was also having – I was hoping you would follow. Maybe if you could send us that in writing that might be something we would like to clarify, too.
- Presenter 2:* Yeah. That would be great. Thank you.
- Male:* Okay, thanks.
- Male:* I'll be quick. Student selects the wrong high school on their FAFSA application. Registrar has conflicting information. I assume that now needs to be resolved and if so does the financial aid administrator have the capability to change that?
- Presenter 1:* I think if you read the preamble to the final regulations we said there's not an expectation that you check everything in the various office but let's say this came to your attention. Don't know why if you've got the documentation you couldn't change it or just document that there had been a conflict and that you've got the actual transcript. They picked alphabetically the wrong one.
- Male:* Thank you.
- Female:* Hi. I have a confusing question. I just want to make sure I understand it. We have a lot of programs that are one academic year and with the old way – the SAP question. With the old regulations you have to do evaluation before midpoint. Now a program that's only two payment periods, one academic year that means the students will never go on SAP. They will always be eligible? I want to make sure I understand that.
- Presenter 1:* Well we need to go back and look at that. That was the question the gentleman asked before. Remember there's no requirement –
- [Crosstalk]*
- Female:* I'm sorry. I just wanted to make sure.
- Presenter 1:* There's no requirement that you put somebody automatically on warning. If you evaluate and you think they should be cut off you can always be cut off.
- Female:* Yeah, but based on your minimum requirement they will not be on SAP – they will always be eligible?

- Presenter 1:* Not necessarily. You don't have to put them on a warning, for example, but we also need to go back and look at that as we told the gentleman.
- Female:* My other question is – I'm sorry. I asked her if I could do two questions. On the out of the country high school diploma certifications. There's a lot of people that have them. What is the requirement for the school to do?
- Presenter 1:* The requirement right now is that the institution establish a process by which they can determine the validity which could be using an outside source or something like that to make that determination or your registrar. There are a number of resources available to schools.
- Female:* But are they required – that's what my question is on out of the country because you specify mostly on in the country.
- Presenter 1:* They're not going to be on the drop down menu for the FAFSA because they're not going to be a school that filled out an NCES survey.
- Presenter 2:* NCES.
- Presenter 1:* So they're going to be somebody that's written in. We're not necessarily identifying those for follow up and I don't know whether we will at what point in the future –
- [Crosstalk]*
- Presenter 2:* At this point.
- Presenter 1:* - but if you have reason to believe or if your school has a process by doing it – many schools do have a process for evaluating foreign high school diplomas already.
- Female:* All right. Thank you. Okay.
- Presenter 1:* Last question.
- Female:* Sorry.
- Presenter 1:* That's okay.

Female: It's about the repeated courses. So the slide said that you could count a course that had previously been passed as part of the full time evaluation one time but in your example it sounded like you couldn't count them. So I'm confused.

Presenter 1: The example was we learned of a school while we were in the comment period that had a requirement – let me see if I can explain this. They had a requirement that if you failed any one of the courses you took that term you had to take them all again. We said, "That's not good."

Presenter 2: We can't pay for that.

Presenter 1: We can't pay for that.

Female: But we can count if a student gets like a D and they need to improve their grade for grad school we count it up to one repeat?

Presenter 1: For one repeat, right.

Female: Thank you.

Presenter 1: That was a nice high note to end on.

Presenter 2: Yes.

Presenter 1: Thank you very much.

Presenter 2: Thank you very much.

[End of Audio]