Byron: So let's start. One of the first things you have to do in administering Title IV funds at your institution is to establish a bank account. And the bank account needs to be – the regulation says it needs to be federally insured or have collateral of equivalent value and identified as containing federal funds. If you do not have a U.S. bank account and you have a bank account in your home country, you need to make sure it's at a bank that is protected by whatever the deposit insurance scheme in your country is called. I know most countries have some kind of deposit insurance scheme and as long as wherever you have your federal account is protected by that system in Canada or the U.K. or Costa Rica or wherever it is, then you will comply with this requirement. How many of you have a U.S. bank account for administering Title IV funds? Okay, quite a few. We're gonna go through, as we talk about things today. We're gonna try and make some distinctions for U.S. bank account and non-U.S. bank accounts, so hopefully, we'll be able to address everybody's concerns.

Well what is cash management? It is how you request; how you maintain; how you disburse and you manage Title IV funds and work-study has different rules but you're not participating in that, so that doesn't really matter. And this applies both to you, the regulations, and any third-party servicer you might contract with to administer the Title IV programs. And one important thing to keep in mind is that Title IV funds – plenty of room up front, where everybody always likes to sit. You're welcome up front. That's what happens when you get here a little late – is that Title IV funds are held in trust for the students or the secretary or, as was the case in the FELD program, lenders of the guarantee agencies. It isn't really the school's money. It's the student's money. You earn that money by providing educational services to students but fundamentally, it's the student's money and it's important to keep that thought in your mind when you think about how the programs are administered.

So how do you get this federal, this U.S. money? Well, in this little logo are the dollar sign under the capitol dome is the U.S. Treasury, 'cause that's where you're actually drawing funds from, is the Treasury. And then the building on the right is a school. So how do funds flow? Well, you're the school at the top here and you're gonna communicate with G5. You will ask G5 for money. You will make a request, or your third-party servicer might. Those funds are gonna be transferred to your federal funds account, which then may often transfer to the school operating account, and they get disbursed to students. The key thing to remember when we – how many of you are familiar with the three-day rule? Right.

The three-day rule starts here. The day the money hits your federal account, it needs to be to the student's account within three business days. And then, depending on what the student's bill at your institution is, maybe they'll get a release of a Title IV credit balance or maybe all the loan funds will simply apply toward their tuition and fees.

So kind of how does this work? What's the life cycle for funding? One thing to keep in mind is that we talk about an authorization for funds and that's what's in G5, but because we always like to use a lot of different words to refer to the same thing, in COD it's called the current funding level, or CFL. So you may look in COD and see our current funding level is $50,000.00. That will also be your authorization in G5, so you need to understand that those two different words are referring to the same thing. And the authorization process starts when you originate a direct loan record and you say, "I'm going to give Claire a $5,000.00 direct loan." And we originate that record and then when you tell us your actually gonna make a disbursement, when you send us an actual disbursement record, that's when we will create the authorization in G5 for you to draw.

And we're gonna talk about this in a little more detail and then you, or someone at your institution for your third-party servicer accesses G5 and asks for the funds to be transferred to your account. And then, on a regular basis, every month you need to reconcile that and you'll see the final item on the slide is a link to some recorded Direct Loan reconciliation training and if you haven't viewed this, I highly recommend it to you. Some of our colleagues put this training together. It's a recorded training. It's got a case study where you'll actually worked through some examples of how to reconcile your Direct Loan account using things like the school account statement. So if you haven't watched this, it's an outstanding tool for you and especially if you're having any issues with reconciliation at your campus. I'd encourage you, not only to watch this yourself, but make sure that anyone else on your campus plays a role in reconciliation views the training as well, so the accounting office, business bursar, whatever that office will be called.

One thing to keep in mind: we're getting to – there's also, in addition to monthly reconciliation, there's also what's called program year closeout and that's 13 months; it's at the end of July after the award year, after the end of the award year. So like the 12-13 award year for Direct Loans program year closeout will be July 31 of 2014. So you've got 13 months from the end of the award year to close out. What does that mean? That you are fully reconciled with a zero cash on hand balance. We don't owe you money and you don't owe us money. So even if you've been reconciling regularly, you'll need to make sure that you close out every award year. And so those of you who were first in the Direct Loan program in 11-12 should have had your first program year closeout in July of this year for the 11-12 award year. So hopefully, you're all familiar with that.

So G5 is the Department of Education's system for giving thanks to people who receive them. So it's not just colleges and universities; American school districts, for example, would get their funding from the Department of Education this way and it is where you draw down money. It's where you can make adjustments, where you can send money back, and there's a variety of reports that are available to you in G5. How many of you have access to G5? Good. I'm glad to see that a lot of you do. If you don't, even if you're not the person, you're not the person who goes in and draws the money, you can get what's view on the access to G5 and that means you can look at it but you can't make any transactions and that can be a very powerful tool for you if you're having issues with, or even if you're not, with the people who draw the money, you can go on and see the same information they're saying. So if you're interested in getting that access and the resource Center when you go down and then back up again, G5 has a table and you can visit with them while you're here at the conference to sign up and get that view only access.

This is the homepage for G5 and I forgot to get organized to do this, so I'm gonna try to do it at the end if we have a moment. If you go up to this main button, and you'll click on that and they'll be a link for training. There's recorded training for G5 in the system and you can click on kind of a live demo and it'll walk you through things and then there's also an HTML version. You have two choices. And the HTML is static, but then you kind of control the speed that you go through things with. That demo is based on schools with a U.S. bank account, so a few things – if you don't have a US bank account, it's not gonna be identical for what you see but when you go into that training, you will look for, I think it's called, "Training for internal users". It's kind of confusing. I don't think of schools as the – I think of me as an internal user of G5 'cause I'm inside the department but that's actually what you want to click on, the training for internal users, and there's a section, for example, some of the screenshots that you're gonna see today we pulled out of that training. And there's a section about how to make refunds, how to make draws, how to make adjustments. So if you want some more information about G5, that'll be a good resource for you. Now when we talk about draw down adjustments in G5, that's a way that you, if you accidentally drew money from one award year and needed to move it to another – and I'll talk about that in just a minute.

Now as we said, direct loan funds you need to have a bank account to receive your federal funds in and it should be identified as containing federal funds. Direct loan funds need to be in an interest-bearing account unless you drew down less than three million in direct loan funds in the prior award year and you expect to draw less than three million this year. So lots of you do not draw three million in direct loan funds, so you don't need to worry about this but some of you do indeed draw more than three million and if you do, you can retain the first $250.00 in interest. If your interest rates and your country are like they are in the United States, it would be almost impossible to earn $250.00 and interest, since this money was never supposed to be in your bank account for more than three days, but if you do ever earn more than 250 dollars in interest, then you need to send that interest over $250.00 back to the department and you would do that via G5. And if you downloaded this slide earlier, there's a bullet that talks about an addendum which is not on this screen. You can just delete that. There is no addendum that you need to worry about with your bank account.

So how do you get the funds? Well, we're gonna start talking about U.S. bank accounts and I wanna let you know, as you may have seen there was an electronic announcement for foreign schools on the 21st, I think it was posted on Friday, talked about some new things we put out on the Internet and there are two documents out there. One's called the funding process overview and one is the disbursement process overview and those were both just updated. So they've replaced the versions that have been out there since 2010 – not any huge, significant changes, but so Page 7 of the funding process overview talks about U.S. bank accounts and Page 6 talks about international bank accounts.

So when you look at this slide, funds are electronically transferred. Let's start with a U.S. bank account. Requests made by 1:00 PM are deposited by – COB means close of business – on the second business day and if they're made after 1:00 PM, the next business day is the first business day. That's a little confusing, I think. Here's a way to think about this. As a general rule for a U.S. bank account, funds are available on the second business day after you draw them. The difference is when is the first business day? If you request funds before 1:00 Eastern Time, so that's the time zone we're in here in Florida, today is the first business day. But it's now 1:45, so if you went online today, okay it might be 9:45 in the UK right now or whatever – whatever time it is but let's say it's 1:45 U.S. time, tomorrow is the first business day. So, and the same thing works for international bank accounts, except it's the third business day.

So for example, here funds requested by 1:00 PM are available on the third business day. So if I requested those at 10:00 this morning, today's the first business day, tomorrow, Wednesday is the second business day, and Thursday is the third business day, so ideally, if all goes according to plan, you should have funds in your federal account by the close of business this time zone on Thursday. But if you went on right now and requested those funds and you have an international bank account, tomorrow, Wednesday's the first business day. Thursday's the second business day and then Friday would be the third business day and the funds should hit your account by the close of business, East coast time, on Friday and that's all if everything goes the way it's supposed to.

David Bartlett and I had a meeting with some people from COD and they're kinda like, "Well, you know," they're not – some of our funding people were like, "Well this is if everything goes the way it's supposed to," and just because of timing differences and you know if it's after 5:00 our time and it's Saturday, maybe your bank wherever you live isn't gonna be processing that deposit on a weekend. I think over time, you'll become familiar with how this timing sequence works for your particular institution based on whatever time zone you're in but these are the basic outlines of how it is supposed to work.

Now one important thing to know is your authorization at a foreign school is created by the actual disbursements you report. Many domestic schools for the Direct Loan program will have an initial authorization created. Last year, you drew this much, so on June 15, we're gonna put all this money out there that's available for you. For you, you can only draw what you're telling us that you're actually disbursing and you can report your actual disbursements to COD up to seven calendar days in advance of the date you make them. So if you knew that next Monday you wanted to make disbursements, you could report that Sunday, Saturday, Friday, Thursday, Wednesday, Tuesday, Monday. You could report it the preceding Monday. You can report it up to 7 days in advance and you must report it no later than 30 days after the date of the actual disbursement. An actual disbursement, depending on the data system you're using to process, also has to do with what setting – in ___ Express it's called setting the data release indicator to true but it's where you say, "This disbursement is really going to happen or has already happened."

One thing, too, to keep in mind is that when you request funds for the Direct Loan program and any other program, but they are specific by award year. They're not student-specific. There's no difference between Claire's money and Byron and Greg's money, but you don't wanna take money from 11-12 and give it to a student when it's really a 12-13 award. So you wanna make sure that you're working with whoever at your college is actually getting the funds from G5 to you. You don't wanna just say, "Draw $10,000.00 in direct loan funds," you need to tell them, "Draw $10,000.00 in direct loan funds from the year 12-13 or 11-12." If you make a mistake, that's usually where people will have to make what's called an adjustment in COD.

So let's say it's July 15 and you tell the Business Office, "I need $2,000.00 in 11-12 money," and you realize, "I really meant that to be 12-13 money." One way to deal with that, probably the way with the tidiest audit trail, you can send back the $2,000.00 from 11-12 and you can then draw down $2,000.00 from 12-13. That's probably the best way to do it in terms of a nice clean audit trail. However, we do provide you with another option and that is where you would make an adjustment, which is basically telling COD and G5, "Oops, I drew this $2,000.00 down from the wrong year. It isn't 11-12 money, it's 12-13." And then G5 will do a little accounting magic to move that money from one pot to the other without you having to send it back. But you wanna make sure then that you maintain a clear audit record on your institution of how that happened and what the adjustment is and of course, any time you have transactions in G5, you need to make sure that you're reporting the corresponding data to COD so you can stay reconciled. And I think because you are what's called records first – you might hear that phrase – what that means is we're not giving you direct loan money until you tell us about the disbursement, so records first. You might hear people use that term, especially domestic schools, because the Pell Grant program, we used to give them an authorization and now it's records first. Right? Pell is now records first, so you might hear people use that term and it means that it's functioning like it is for you in the Direct Loan program where you have to report disbursements.

Just a reminder of how your award number when you go in to look at G5, how do I know if it's 12-13 or 11-12 money. You can tell by everybody's direct loan award starts P268K, then there's a two digit number. The two digit number is the last year of the award year. So 11-12 money is P268K12; 12-13 money would be P268K13. And then the four Xs, that's a unique four number identifier for you.

Just a reminder then that you need to make sure that when you draw funds, you identify which award year you're drawing them from and that you make sure that you're keeping your records straight that way and then of course you never wanna request more than your immediate need. And your immediate need is the amount of funds that you will disburse to students within three business days from the date you receive those funds. And so part of the reason we talked about the timing how that flows is because we want you to have a some reasonable confidence that if I ask for money on this day, it will get to my bank account on that day and that starts my three-day clock to make sure I get this money to students in a timely manner. But I think being records first means that you're at lower risk of having excess cash.

Now there are three different ways that schools can – there are three different funding methods we call them. Most schools are on the advanced payment method, which means you just go into G5 and say, "Send me some money." Some schools are on cash monitoring and that can be either cash monitoring Level 1 or cash monitoring Level 2 and a few schools are on what's called reimbursement. We, the Department of Education, will determine your funding method. Since most of you are on advance pay where everything else we've said about that has been, everything we've talked about so far has really been about advance pay schools, but we're gonna talk just a moment about Heightened Cash Monitoring 1.

This generally applies to schools, both foreign and domestic, that have had some problems with financial responsibility. They might have a composite score in the zone or have posted a letter of credit. So in this case, you actually have to make disbursements to students before you can request the funds. So what does that mean? Now we talked earlier that you can report disbursements up to seven days in advance. If you're on Cash Monitoring Level 1, which is the most common version of cash monitoring, you can't request funds until you have already made a disbursement. So in that case, I would have to say, "Today, I gave Raquel $2,000.00 in direct loan funds. Today, I can report that to COD." You can still report it up to seven days in advance. You can report the disbursement up to seven days in advance but you can't go into G5 and request the funds until at least the day you've made the disbursement.

So if the Business Office says, "This morning I gave Raquel $2,000.00 in direct loan funds. It's on her account record," ledger, whatever you guys might call it, the same day, you can go into G5 and request the funds but you can't request them before you've actually made the disbursement. That's the key driver of HCM1 and that's the same rule for domestic and foreign schools. I used to be a financial analyst and lots of schools really didn't seem to kind of get disburse then draw.

Your auditor is supposed to express an opinion on your compliance with the zone alternative funding method. Generally, if you're on Heightened Cash Monitoring 1, we are not going to be asking you for documentation. So you still get to go into G5 and ask for your money the way you've always done it; you just have wait until you've made the disbursement but occasionally, the Foreign Schools Team might ask you for some documentation and they will for this special kind of HCM1. This is an option that's available only to foreign schools and it's available to foreign schools that have lost their eligibility to participate in the Direct Loan program for some reason.

So let's say today that a university in a nameless foreign country lost their eligibility to participate in the Direct Loan program. For the students who are at your institution today, for the American students, they could finish this year as well as next year, and you would be sending us a roster of students and we'd look at them to make sure they're individually eligible and then you would send a disbursement roster. So if this does happen to any of you that you were to lose your eligibility to participate, this regulatory provision is specific to foreign schools and the Foreign Schools Team would communicate to you whatever you needed to know the details about this.

So let's go back to timing a little bit. We've talked about the time from when you go into G5 and request money but how long does it take for money to go from COD to G5, because you have to tell COD that you've made a disbursement in order for COD to communicate to G5 to create your authorization or your current funding level. COD looks in the action queue and I'd originally heard that the action queue was a term that didn't really apply to everybody but I think it actually does because it's described in the funding process overview documents that I talked about. And so basically the action queue, think of it as I sent some information to COD and when we talk about disbursements, they always have to be accepted. So COD didn't reject it for any reason but so your disbursement has been accepted and COD's gonna go out and look at all those accepted disbursements twice a day at 10:00 AM in the morning and 10:00 in the afternoon, 10:00 in the evening Eastern Time, and if the active disbursement, the one you said is true, is in the action queue by 10:00 AM on a business day, funds are available for you to draw in G5 by 2:00 in the afternoon on the same business day.

So if you get your records to us by 10:00 in the morning, the disbursement record into COD and COD accepts that disbursement record by 10:00 AM in the morning, Eastern Time, four hours later, the funds will be available in G5. If it comes in after 10:00 in the morning – if it comes in by 10:00 PM, then funds are available by 7:30 in the morning the next business day. So as a general rule, when COD accepts your disbursement records, funds are going to be available in G5 by tomorrow, often the same day, for you to actually request those funds. Now depending on where you are on the planet, you know, your time is gonna be so different from this, you're not necessarily gonna worry about having things on the same day, and that's fine. But I think as a general rule, if COD accepts your disbursements today, the money's gonna be in G5 tomorrow, and in many cases, it'll be there sooner. So that can help you manage your cash flow and also, if you are on HCM1, it helps you manage that process, too. And the funding process overview document I'm talking about, you can find that on the foreign schools page on IFAP.

Now sometimes, occasionally, you may have to send money back to the department. That will happen most often as a result of an R2T4 calculation but it could happen if you needed to make an adjustment like we talked about or if you did ever have access cash or you've recovered some funds through another method – and Greg's gonna talk a little bit more about what recoveries are. Ideally, you will use G5, at least to initiate the refund process. Now if you have a U.S. bank account, the first time you try to send money back, G5 will say, "Set up a refund account." You can use your federal account as the refund account. I think that's what most domestic schools do, but you could choose another account and you only have to do that the first time you send money back. And then here's another slide that's changed a little bit. So your screen, if you have this downloaded, don't look quite like this.

So after you've logged in, you'd see a screen that looks something like this and here under payments, then here's the refund section. And so you would go here to refunds creation, would be where you would start the process of sending money back to G5 and we're gonna kind of show you screenshots of what you will see if you do not have a U.S. bank account. If you do have a U.S. bank account, you could go on and look at the screens in that tutorial I was talking about and you'll see what they look like.

Keeping the confusion coming, this is actually Slide 22 in the version you downloaded earlier, now it's Slide 21, we just flipped them, but they're the same screenshots. This is where you would create a new refund and I think if you do not have U.S. bank account, you would not see this bank account column here. But this is where you would say, like for example, "Direct loans 2012-13, I need to send back $538.00." This is where you would do that.

And this is what it would look like. The screen I just showed you, sorry, that's what it would look like – go back. Well, anyway, the screen we just looked at would be if you had a U.S. bank account. There we go. So if you had a U.S. bank account and you'd already established a refund account, that's where you would select here, if you were sending money back and then if you don't have a U.S. bank account, this is what you would see, is a screen like this. And you might be like, "Well, if I'm not sending the money back via G5, why do I have to do this?" Well, I will tell you in a minute. Yes, your question?

Audience: Just a quick question on U.S. bank accounts definition. Are we talking in U.S. dollars bank account in a foreign exchange or a U.S. dollar bank account in a U.S. –

Speaker: The question is, and I'm repeating these so we're not making you get up and go to the mics, but because this session's being recorded, we have to repeat all the questions – is when we say U.S. bank account, do we mean a U.S. dollar bank account at a foreign bank or do we mean a U.S. dollar account at a bank in the United States? I believe we mean a bank in the United States or one of its territories. I would say a good way to think about it would be if the bank account is protected under the FDIC, the Federal Deposit Insurance Corporation, it would be a U.S. bank. So this doesn't really have to do with the denomination of the account; it has to do with its domicile. So, like, I know Toronto Dominion Bank is here in the United States. It would have to be at a branch or location of Toronto Dominion that is in the U.S.

Because this is what you will see if you don't have the U.S. bank account, G5 is gonna give you this screen that tells you how to wire money to the department and the key thing is it's gonna give you all the details you need to make sure the bank uses so that one that wire gets to the big Department of Education bank account, that we give you the credit you deserve. We wanna make sure that when the Hertie School of Governance sends us $350.00, we credit it to them and not to the University of Toronto and we wanna make sure we put it to the right year, so that's why you need this information.

Now you can send money back via check. We really don't like you to do this, but you can. How many of you are returning funds be a check? Lots of you are. Have you ever had any problems with that? Now we have someone from COD here who's like, "Yes they do," but you all said no, so we're gonna go with your answer 'cause we like that better. This needs to be in U.S. dollars so don't send us Euros or Canadian dollars; this has to be in U.S. dollars and that needs to be on the memo portion of the check and then the information that needs to be on the check is your OPE number and the Direct Loan award year to which the funds are applied and if, for some reason, you were sending money back for two different award years at the same time, it would be better to send us to separate checks, one for each award year.

And then these are the mailing addresses; the first one is if you don't want a return receipt or don't want anyone to sign for it. The second one is if you're sending it via some kind of courier service that requires a signature. Yes ma'am?

Her question is if you're sending back a tech, do you need to update G5? In this case, since they're not actually sending money back, I would still go through the steps of creating the refund and it'll print out that screen. I think that that kind of let's G5 know to be looking for this. The key thing to remember when you send money back is you also need to make the downward adjustment in COD. So if you send us $1, 000.00, you need to tell us, "This thousand dollars applies to this particular student's account."

Just a reminder that funds are not student specific. So for example, if you draw $10,000.00, we actually know who's getting that $10,000.00, 'cause you told us via COD but G5 doesn't know and G5 doesn't really care. G5 wants to know what year it belongs to, but it's not student specific and what that means – and there's a talk about this on Page 8 of the funding process overview document –

and remember, you need to report transactions no later than 30 days after they occur, but what this means is for example if you drew money and you were gonna give it to Greg and great didn't show up, you could send that money back. Again, that's probably the cleanest audit trail but depending on maybe you're wire transferring money and that costs money all the time, well if Zoe starts the same day, you could give breaks money to her, as long as she meant all the eligibility requirements. But then you wanna make sure that you reduce Greg's disbursement and create the authorization for Zoe so that your money stays consistent.

Now another example, too, let's say somebody drops out, you do an R2T4 calculation, and you calculate that we have to send $500.00 back and Greg's eligible for a $2,000.00 disbursement; instead of sending that $500.00 back, you could get that $500.00 to Greg and just draw $1,500.00. That's an option, too, but you need to make sure if you're gonna do that that you can use the money from the R2T4 calculation within three business days 'cause if you can't, then it turns into excess cash. So unless your cycle is such that you know you're gonna use this money right away when you do and R2T4 calculation, probably the best practice is to just automatically send that money back to the department and then draw money that you need. Because the three-day rule doesn't just apply when you draw money from the department, but it also applies for adjustments or refunds; any kind, what's you put that money into your federal account, you need to make sure that gets to a student or gets back to the department within three business days.

Except – little wiggle room here 'cause, you know, it's not enough to have rules, you gotta have some flexibility. You can retain for up to seven days and amount of excess cash that does not exceed one percent of the school's prior-year drawdowns but if you then can spend it within that seven-day window, you've got to get it back to us right away. So depending on the number of students you have, one percent may not be very much or it could be quite a bit but if you don't have someone that you're gonna use that money within three days, depending on the number of American students you have, the chances that you'll be able to use it in seven days are probably pretty remote, so you may not wanna start thinking about how you can take advantage of this tolerance. Yes?

Has question is that if we're sending money back via check, and that's gonna take a while to clear 'cause where mailing it, it's an international check, how do we show that we've complied with the three-day rule. The regulations actually talk about, when they talk about timely refunds, they actually talk about what makes it timely and if you write that check within three days, you will be in compliance with this rule but you'd also want to make sure that it gets in the mail within three days and you wanna be able to document that. And it would depend, too, if there was a pattern or practice. If we saw – most of you don't have very many refunds, but if there were lots of checks that were written and none of them cleared before 90 days, we might think there was a problem. If you have one check and it takes two weeks, we'd probably realize that your shipping it halfway across the planet, whatever it might be, but you wanna document the date you wrote the check and I would say the date that you mailed the check.

When you mail checks, are you sending them just via regular mail? Are you sending them insured or something like that? I would say, "Oh, I put that in the mail on Wednesday." Really? Can you prove that? So you wanna have probably a system that will enable you to document when you mailed something.

Because excess cash really catches the department I and not in a good way. We can fine you; we could put you on cash monitoring level one or two, so just do whatever you can to avoid excess cash and I'm gonna turn it over to Greg, now. Does anybody have any questions? All righty. Sure.

Let me make sure I'm understanding your question. You're talking about a student who ask you to return money and how long was it after the disbursement had been made? Okay. The regulations require that the disbursement was more than a month ago. The Direct Loan regulations require that whenever you make a disbursement to a student, you notify the student in writing, which can be email or some other way of the amount of that direct loan disbursement and that he or she can cancel all or a portion of it and you're supposed to give them a time limit to respond. I think it's 14 days. You could give them longer but let's say you said, "Hey, Byron, on June 15, we're gonna give you a $2,000.00 direct loan disbursement and here's what you need to do if you don't want it," and that happens and I come in July 30 and say, "I don't want this money anymore." You are not required to send it back. You can and then that's not really – in this case when we talk about refund via R2T4, that turns it into more what's called a cancelation and the same cash management rules would apply but as long as you've complied with your deadline, you can but you're not required to send it back. Does that answer your question? Okay.

Her question is about students who, at the time of disbursement, they're not quite eligible but you think they're gonna be. Let's say they're taking a makeup exam or something and I think what you're referring to is a provision in the regulations that talks about when you're gonna make a disbursement and the students not eligible, you can kind of hold got disbursement but were not really talking specifically about the cash. It's about an eligibility for disbursement as opposed to, like if someone dropped out but you thought they were gonna come back at least have time, that's separate from the cash issue. Right. Right.

Greg: Okay, that's better. All right, it's good to see all of you and I'll add my welcome to Byron's. I hope you're enjoying your time here in Orlando from wherever you started out. I hate long flights, so I always – whenever I see people like from Australia or something like that, just the idea of spending 14 of 15 hours in a plane is just horrific, especially in coach, so my hat goes off to all of you, you can do that. About four hours is my – that's about it for me can't take any more than that. So I know people who live in places like Australia, New Zealand would find me to be very wimpish, indeed and I think I am.

Okay, were gonna next talk about, you know, the cost of attendance and thus far, we've been looking at issues related to drawing funds, bank accounts. Byron's been talking about the mechanics of getting the money. Let's talk a little bit now about, you know, you're originating these loans and what you're originating these loans for, hence the discussion about cost of attendance and the statute or law sets up various categories for cost of attendance and these are the categories for which a student may receive Title IV funds or, in this case, direct loan. And they're prescribed, as I said, in law and you can see what they are here. They're all related to the cost of the students' attendance at your institution. It's important to remember that tuition and fees is not the only charge for which a student may borrow funds.

I find it kind of interesting in some cases where schools will say, "We think students are borrowing too much money so we wanna arbitrarily limit the amount a student can borrow. You know, just cut down on whatever the annual limit is. We're not gonna give the student that; were gonna give the student less." It's always interesting when schools do that; they always want to cut something like the living expense, the transportation expense – never their tuition. They always make certain that the student has borrowed up to the tuition amount, right. The law does not discriminate against any category. They're all equal, so your tuition and fees are no more important under the law than is, for example, room and board for transportation or miscellaneous personal expenses.

All of these together are sometimes collectively referred to as a program's budget your program has a budget for purposes of originating a direct loan and we're pretty flexible about these costs. You get to determine what they are within reason. Generally speaking, we don't question the schools cost of attendance unless it's something which is really outrageous. Well, obviously, your tuition and fees are what they are; that's a pretty set category. Look here at books and supplies, room and board, transportation, dependent care, allowance for the cost of a licensure exam, study abroad costs, loan fees, disability related expenses not covered by some kind of an outside agency. So these elements are pretty sweeping in scope. They take into consideration all aspects of the students cost of attendance at your institution.

Bear in mind these have to be related to the students' attendance. We get some of the foreign school questions that come in and it kind of embarrasses me because of some of the things American students are asking for to borrow and to all of your collective credit, you are looking at this and go, "Wait a minute. This doesn't look right but I think I'll ask." So, no. They have to be related to the students' cost of attendance. It costs me money to bring my family over – sorry about that, but that's not related to your cost of attendance. That's a lifestyle decision that you made to become a student and study overseas. If you wanna take a family over there as well, that also is a lifestyle decision. The cost of attendance is not meant to keep somebody in the same standard of living to which they were accustomed before they became a student. It's supposed to allow that person to live as a student.

So there you see the categories. Again, we do have, you know, some degree of flexibility there. I should go back – well, no, that's not gonna work. I should've learned from Byron that it doesn't work this way. But no, did I pay attention? Not at all. All right, let's see, I'm gonna click on that and go back and go back. I just wanted to point out that the ones on the left are generally the ones that you're always going to have right, and the ones on the right are as they apply. Obviously, you know, a single student probably isn't gonna have dependent care expenses and so all these might not be there. Of course loan fees will apply because you wouldn't be here if they weren't borrowing the loans – just wanted to point that out.

Audience: I just had a quick question on ______.

Greg: Certainly. The question was some of her students are dual citizens of both Canada and the United States, so there is an international fee that's applicable in certain circumstances. Is it acceptable to have that international fee only on the cost of attendance for those students? Absolutely. The cost of attendance can be, even for a single program, by categories of students. In the United States, there might be an out of state budget, something like that, so there's no problem with that. Also, I do professional judgment, you can make changes to your budget or cost of attendance where you feel is warranted. Maybe my transportation expenses really are more than the allowance that you've given for all students and I can show that that's the case. Now if it's because I wanna fly first-class back home, obviously the answer's no, but if it's legitimate, maybe you do make a change. Yes?

Right. The question was a student's studying – the students are already obviously in a foreign institution because there in Australia, a U.S. student in Australia, and just part of that program there's an element of that program which encompasses traveled to Japan for something. If it's part of the students program at your school, even if it's not something they have to do – it can be elective but they do, they go over there, they're going to get some credit at the Japanese institution or maybe even the trip is part of a class they're taking at your university and Australia – can that be part of the cost of attendance? Yes, it can. Yes it can. And of course, these costs can get quite high. We all know that. Yes?

Audience: Can a student has double citizenship, for example from the United States and Italian and he requests funds to G5, can he be billed in Euros? Can he be charged ____ or simply because ___ our university, for example, chooses that students with a double citizenship can choose and the beginning of their status in which ____ ____ could be ________ ___?

Greg: Okay, the question basically has to do with charging a student's tuition and fees. Must that be in U.S. dollars or can it be in euro according to how – in Italy, obviously, euro or dollars, according to circumstance. We require, as far as U.S. dollars go, we require that all your transactions with us, obviously, be in U.S. dollars. We would have to know, for instance, what's the cost of attendance in U.S. dollars. When you disperse, it's gonna be so much in U.S. dollars; refunds, U.S. dollars; but as far as like how you are charging the student, the tuition bill you want to send the student, if you want to send it in Euro, I would say – what, Byron? I would say it's not a business, yes. Yes?

Right, dependent care expenses, what dependent care means in the law is say that I'm attending school and for me to attend school, I have a daughter for instance, so say that I was separated from my wife or whatever, something like that, and I wanna go back to school. I have dependent care expenses because while I'm at school, it's a school expense, because while I'm at school I need to do what? Have my daughter cared for. There is an expense involved with that so you could have an allowance for dependent care expenses. If you do have somebody overseas who has their child with them and they need dependent care expenses during the daytime, day care, you could include that as a cost of attendance but that does not mean packing into the cost of attendance all kinds of costs for somebody to house a family overseas or to bring a family over there. So it is a bit of a nuance, I will concede that, but a lot of students see this cost of attendance as a way to not, you know, "I'm giving up my job to do this graduate course or whatever and I want to continue my same lifestyle, so put that into the cost of attendance." You can't do that.

Cost of attendance is only in the statute. It's not a regulation. There is guidance on it in the handbook. I think some of these cases, you know, and I maybe ask Byron to come in here – you just have to be able to get to know in some of it, you know? It's not within the intent of what cost of attendance is for; it simply isn't. The cost of attendance – you're borrowing for the student, not for the students family, not for these other areas around, you know? Dependent care is very specific. Care for those dependence while the student's in school. Yes?

No, I don't see – the question was about bringing, is dependent care bringing the student up to the poverty level. No, I would say dependent care is just what it seems on its face – caring for those students –

Byron: It's the babysitter charge.

Greg: The babysitter, thank you. The babysitter?

Byron: Not like the ____ pay for daycare.

Greg: Reasonable daycare. Not the best daycare, reasonable day care. Although in some of your countries, it's provided gratis but probably not to U.S. citizens. So – okay.

No. The question was can you borrow for something like child-support. No, absolutely not. You should be conservative when it comes to the cost of attendance and some of these students are gonna push you, you know, and just say no or else email me and I'll say no. Email Byron, he'll say no. All right, we get a move on here.

Getting ready to disburse – some things you have to think about. Check the student's eligibility status. General eligibility program, you know, determine what the payment periods are. All of you probably done this already; you know what your payment periods are. Remember with the specific program eligibility with Direct Loan, is that the student must be enrolled at least half-time, right? So before you disburse, you wanna check that half-time enrollment status at the point in which you disburse. It's very important to do that. We do have, obviously, there are some situations where you have nonstandard terms. In most cases, though, the direct loan payment period is gonna be the academic term and most of you do have standard terms. Some vary in type of semester, quarter, something along those lines.

So for it to be the academic term, there has to be standard terms or nonstandard terms that are substantially equal. The length of terms is the same or it varies by no more than two weeks. So as long as this is the case, then you're dispersing on those terms, which obviously, is the easiest thing to do, it's the cleanest thing, it makes the most amount of sense.

Disbursement. We do have a definition of what disbursement is right and the regulations and it's when a school credits a student's account or tuition and fee account or paste the student directly with funds received from Ed and what's more interesting, I should say, is institutional funds used in advance of receipt of funds from Ed. So you can see here that the disbursement date has nothing to do with when you draw the funds from G5 or when you receive those funds, or even if you've drawn them at all, yet. It has everything to do with what you're accounting records say. So disbursement, the definition of a disbursement's keyed by what's in your accounting records. Whatever would go, feed up to the general ledger as to the day that I disbursed those funds, when you go in and actually credit me or whatever the equivalent is in whatever accounting system you're using with those funds were paid me directly – that's the day of disbursement. Now that all keyed to when those funds were drawn in G5 or received.

Oy. Okay. There probably is a way to do it with this; we just haven't figured it out. Okay, define the day of disbursement. So we already talked about this a little bit – date on which the account is credited or the school pays the student or parent directly. The data in the ledger must match the COD recorded disbursement date. It's very important. The COD date is how we base the charge of interest. There can be two situations: you could have the government paying interest on a subsidized loan or an unsubsidized loan would be the student paying interest or parent. In either event, it's important that the disbursement date be accurate, because we're going to base our calculation of interest off of that.

When you go into COD, COD asks for an actual disbursement date. Actual disbursement means just what it says – actual disbursement. A lot of people think, "Well, I can put any date in there." No you can't because it says actual disbursement. So if it says actual disbursement, what date is it using? Our definition of disbursement date, which would be the date that you credited the student's account or gave the funds directly to the student. So what's in COD should match what's in your ledger. They should not be different and if you're ever reviewed or looked at and audited, which you are all audited, that's something they'll probably look at.

Disbursements are made by payment periods and the payment period is, in most cases, going to be your term. Academic instructional programs are measured in three different ways; we have standard terms, which hopefully most of you are in here. That would be semester, trimester, or quarter. Sometimes there are nonstandard terms. We talked a little bit about those. Those are any terms which don't meet the definition of a semester or trimester or quarter and I'll just review it quickly. Generally speaking, a semester is anywhere from 15 to 17, sometimes people say 18 weeks in length. A trimester's the same. A quarter is anywhere from 10 to 12 weeks in length.

Non-term, probably none of you have a non-term situation here, but if you have a clock hour program, it would be non-term. Some credit hour programs are non-term as well. Going to assume most of you don't have that or it's not something you do. Yes? You're clock hour, okay. Well that was a – they say when you assume you make the proverbial ass of you and me, and it was me. If you're clock hour, then your disbursements are not going to be on a term basis. In fact, we don't recognize terms with clock hours. You will disburse when one half of the clock hours and one half of the weeks in the academic year are completed, you would make your second disbursement.

Actual disbursements reported in COD. We already talked about the fact that actual disbursements need to be reported and it must accurately reflect the amount disbursed, the date on which the disbursement occurred – we talked about why that needs to be there – actual disbursements may be submitted to COD no earlier than seven days before the actual disbursement date. So within seven days, you can disburse that and again you wanna make certain that that is agreeing with what is in your ledgers.

Let's talk about crediting the student account and what you can credit the student account for because most of you, when you receive direct loan funds are going to credit the student's account for any tuition and fees the student owes you before you give the student any money, right? So you can only do that – this is without an authorization. So without an authorization, current charges for tuition, fees, room and board, if it's contracted with the school, so that would be your tuition fees and room and board if the student's staying in some kind of a dorm facility or some apartment that's contracted with the school. With authorization right, that's with authorization and most of you are going to get this authorization, current charges for educational activities if the student or parent provides written authorization. So if you get that authorization, you can also use direct loan funds for charges that are related to those educational activities that are not just tuition, fees and room and board.

So things like, I don't know, some schools have a, maybe you give the students transportation checks or something like that – transportation vouchers. Could that be an educational charge? Absolutely. Could you use the student's money to pay for that? Sure, but you'd have to have the student's authorization. You should collect this authorization up front. You only need get it one time. It's good for the entire time the student's at your school, unless the student were to rescind it. So it allows you to use Title IV aid to pay for other things besides what you see in that first bullet.

Let's talk a little bit about term-based programs; program with multiple payment periods, which is probably what you're going to have. The loan amount is evenly divided per term when terms are substantially equal and most of your circumstances you've got a situation where you've got two semesters, three quarters, something along those lines. You must disburse the loans in equal disbursements. What you can't do, and this is a thing that happens in this country all the time, is schools consistently think that, "Well, I have a student who has more expenses in this term than they do in a subsequent term, so why can't I just take the loan and skew the disbursement to my first semester because he has more expenses in the first semester than the second semester? So it seems like I should be able to do that. Why can't I do it?" Very simply, you'd be breaking the law if you did it. The law says substantially equal disbursements. If you have a situation where you need to account for a lot more costs in one particular term, you should do a term-only loan but not skew the disbursements. They need to be substantially equal. If you do have a single term loan, you may make, or you must make two equal disbursements, the second payment may not be prior to the calendar mid-point of the payment period. There is an exception which I'm sure a lot of you meet.

So for a single term-only loan, we still require the two disbursements – I think on this next slide we don't talk about it. Did I get rid of the bullet? Oh well, anyway. I know it's on one of these slides. I'm gonna wait. The term-based credit hour program, what's the earliest you can make a disbursement? Ten days prior to the beginning of the term. So that would be the earliest point in time at which you can make a disbursement to a student – ten days prior to the beginning of the term. You do take a risk, right, some risks when you do that. Namely what? If you make a disbursement ten days prior, there's always the chance the student won't what?

Audience: Show up.

Greg: Won't show up, right? And then that leaves you holding the bag for any amount of money that anything you credited to the student's account t, you would be required to repay. So you are taking a risk there. Yes?

Yes. Okay, that's a good question. A student, in his scenario, the student took – you had a loan divided equally into two equal disbursements. The student received the entire first disbursement in the first term. Second term comes, you disburse the entire second disbursement and the student says not to cancel the entire thing, but I'd like to cancel a portion of this disbursement. Fine, you go ahead and do that – are you then in violation? No, because you did disburse in two equal disbursements. It's just that with the adjustment, the student canceling it, it winds up that you are going to have a reduced amount in that second term but that's not going to be a problem. Only problem would be is if it were shown that up front you were purposefully saying, you know, "The student has $2,000.00 more costs in term one than term two, therefore, I'm going to skew the disbursement that way," but in your scenario, that would not be an issue. Yes?

Audience: What if just the reverse happens where a student comes in and decides they want more money than the second term ____. I can't disburse money without ____ the first time ____ payments. How do I adjust that?

Greg: So the student comes in in the second term and now, because the student didn't borrow up to the full loan eligibility and now says, "I want the remaining eligibility," do a term-only loan for that, right?

Byron: Well, you have a paper trail showing Betty came in and asked for more money and I gave it to her. In the same way we gave him $2,000.00 he told us to send money back. You have a paper trail that would show the reason for the transactions. There'd be no violation.

Greg: In COD you could just raise the disbursement amount. With Direct Loan, you could do it that way, effectively but I think Byron makes a good point. The paper trail would have to show, you know, show that. You could also do another loan for that term only if you wanted to do it that way but COD will accommodate the increasing of the loan amount. You just can't show that up front you're consistently doing that to account for differences in costs.

Okay. Early disbursement exceptions. And for installment of Direct Loan for the first year, first-time borrower you may not credit the student's account or release funds until 30 days after the first day of the student's program of study; however, if you have a cohort default rate of less than 15 percent for the three most recent years for which one has been published, you need not do this delay and I should've had this on the other slide. Also, when you do a single term loan or a term-only loan, if your default rate is less than 15 percent, for the three most recent years, you're not required to do two disbursements. So you do get a pass on that rule if your cohort default rate is less than 15 percent. You do have to have a cohort default rate that has been published in order to meet this. If you're a new school, you didn't have a rate, then you would not be able to use this exception.

Late disbursements. Let's talk a little bit about late disbursements here – I know we're getting, speaking of late, we're coming up on the end of this session. What is a late disbursement? Well, for a direct loan, it's a disbursement made any time after a student is no longer enrolled half time and that could be because they dropped below half time or they withdrew completely, one or the other. It's used for educational expenses incurred while the student was there and it must be made within 180 days after the student becomes ineligible.

This last bullet, a little confusing. If the student is eligible, you must attempt to make a late disbursement. It basically goes like this: If I have completed the payment period, right, then you are required to attempt to make that late disbursement. The only time you don't have to try to make the late disbursement is if I drop below half-time attendance, half-time attendance during the term, for instance. So before you disburse, I drop below half-time attendance. You could make a late disbursement in that case but if I finish at at least half time and you haven't made the disbursement, you must offer me that late disbursement.

Okay, the use of Title IV funds for the current year. This is the situation which is a perennial favorite in the United States. I don't know if it's an issue where you are but see what it says here. Title IV funds credited to a student's account must first be used to pay current year charges. The law states that the Title IV funds are to be used for current year charges. Which leaves you wondering, then, what can you do about charges the student incurred in a previous year but has not paid and is coming back to your school?

First thing you can do is say you can't enroll unless you've paid your previous year charges, right? We do allow, because we're so friendly and so nice and so accommodating, we allow this when we're actually kind of going out on a limb here, according to what the law says in even allowing this. But we do give you this latitude. No more than $200.00 of current FSA funds, which in your case will consist entirely of direct loan, may be used to pay the immediate prior year charges. Actually I should say that when I did this slide a couple years ago, we used to say immediate prior year. We now say that it could be for another prior year before the immediate prior year. Policy's clarified that, so you might wanna just amend that to be prior year charges.

We get the question, "What if the student owes more than $200.00?" What do you think the answer to that is? Too bad. Right, exactly. You can, of course, pursue the student for it, not let the student start, but you cannot take it from Title IV. So only $200.00 may be used for prior year charges and it does not require the student's authorization to do this. Note that it's for tuition, fees, room and board or other expenses with the student's permission.

Conditions for late disbursement – we talked a little bit about late disbursement before. I don't like late disbursement 'cause it gets so complicated, you know? It's always a hassle. If you're going to do a late disbursement for a student, that would be that the student was there, for whatever reason you did not disburse while the student was still attending at least half time. For Stafford loans, Direct Loans, what conditions have to exist before you can do a late disbursement? The loan would've had to have been originated. Right, you would've had to originated the loan and the definition of origination is you created the loan record electronically. Not that it's accepted by the department, that we created, that you just created it in your system. That's an origination. Thirty-day is past if applicable.

You also have to have a valid SAR ISR. So this is another area where what's in your slides is different from what is up here. We had, on the previous slide it said that for Plus Loans, the valid SAR ISR wasn't required. That's no longer the case. That has changed. You do have to have a valid SAR ISR to actually make a late disbursement and that is a SAR ISR in which all the information is correct.

So when would you do a late disbursement? Well I might come in and say, you know, well into the term. I told you I didn't want a loan, so at the end of the term, I say, "Guess what? I want a loan," all right? And maybe I'm done with the whole year before you can make that disbursement to me, right? So can you make it as a late disbursement? Yes, if you've originated the loan, right, and if you have a valid SAR ISR at the point at which you're going to make that late disbursement. You can go ahead and make the late disbursement.

So I don't know how often you deal with late disbursements. I'm thinking that in the foreign school environment, you have a lot of Americans going over there; they have heavy expenses, they have to borrow. I'm guessing there's not a whole lot of delay with any of it, right? They need their money up front pretty quick because they have expenses to pay, airfare, that kinda thing, so it's probably may be rare that you would have a student come in later in the term or something like that, but it could happen.

Audience: It happens a lot.

Greg: Does it really? I stand corrected. It shows you what I know about being over there.

Audience: They can make it through the year and then they discover that –

Greg: And they discover at the end they can't. Well, it's important that youth originated the loan for them and, you know, you don't have to disburse. You can originate a loan and not disburse it, you know? But if you haven't originated the loan when they ask for the late disbursement, you can't do it.

Audience: _____ apply for the loan?

Greg: Pardon?

Audience: If you have a, if you had a student pops up out of nowhere –

Greg: Right.

Audience: And then he says to you ____ way through the, halfway through first term or even ________, "I'm ______ ________," maybe –

Greg: That's correct. The question is if you have a student who just, well I assume they show up and they're enrolled, right, Obviously you're gonna give them a loan. You haven't done anything for that student thus far. The student now says, "I would like a loan," you package the student for a loan. There's a certain amount of time involved there but what would have to happen is that you'd have to have originated that loan before the student ceases attendance or else you would not be able to do a late disbursement for him. You can disperse after he stops but you must have that origination while he was still eligible.

You can't make a – this is just one of those things in the law which it's one of those crazy things – you can't make a second or subsequent late disbursement unless the student has graduated or has successfully completed the period of enrollment, unlike a first late disbursement. You could if you wanted to – don't have to. I'm attending your school. Before you disburse, I drop below half-time attendance, right? So you can't disperse to me but you could do a late disbursement, right? You could look at me and say to I wanna do a late disbursement for Greg? Okay? You could if you wanted to do that. However, with a second or subsequent disbursement, so now we're in the spring, right? You couldn't make that late disbursement to me unless I have successfully completed the entire period of enrollment a graduated, one or the other.

There are some notices you have to be aware of. Just wanna quickly go over this. Some required notices that you have to be aware of. How and when funds will be dispersed if the loan funds are subsidized or unsubsidized. You also have to notify the borrower of funds credited to the student account except in the case of post-withdrawal disbursement. There is a separate process for that which will discuss if you go to the R2T4 session tomorrow, but you have to notify students of the date and the amount of the disbursement as Byron talked about earlier. The right to cancel all or part of the loan; what those cancellation procedures are; and I do note there, there is a separate notification process for those post withdrawal disbursements which are part of R2T4 so we're not going to discuss those here today.

You do have to get some authorizations from students occasionally. You should talk about this. An authorization prior to using Title IV funds to pay for anything other than tuition, fees, room and board, if contracted. If you wanna hold credit balances – are any of you holding credit balances for students? You're giving them the credit balance, right? They needed to live on. So we're not gonna go into that, then.

The question was a student might ask to have the credit balance held. If the student does that, then you will have to get an authorization from the student to hold that credit balance for the student, if you're doing that.

Is an email authorization from a student okay? Yes, an email authorization is okay as long as you have some means of authenticating that's it is an email to that student. Like this is the student's email account with the school and you can show us that it's a true email account, then yes an email authorization would be fine.

Okay. If you want to apply Title IV funds for any prior charges other than tuition, fees, room and board, you need an authorization. Credit balances – this comes up when the Title IV funds credited exceed the total amount of allowable charges. We give you an example here. Institutional charges of $10,000.00. You have credits to the student account of $19,000.00. You have a subsidized Stafford Loan of $5,500.00, unsub of $12,500.00 and a scholarship of $1,000.00. This shows the Title IV credit balance as being $8,000.00 the important thing to remember is that a Title IV credit balance only consists of Title IV funds in excess of allowable charges. We don't care about any other funds that come in. We don't care about order of posting, either. It's only if the Title IV funds exceed the amount of allowable charges that you have a credit balance for the student.

You must pay within 14 calendar days of the date the balance occurs or 14 calendar days after the first day of classes if it occurs before the first day of classes. We're very adamant about credit balances and the time frames here. There are no excuses you can use for not doing it within 14 days; you have to get it out to the student within 14 days. Wanna reference back to Byron's comment about checks and timeliness of checks. If you're cutting checks, we determine timeliness based upon when you issue the check. So if you've issued the check within 14 days, that's okay. It might take the student longer to cash that check but your within your regulatory confines because you issued it within 14 days.

Recovery – I'm gonna skip this. Thanks, Byron. Yeah, I'm gonna – because this doesn't happen too often but it is in there. Just remember that if for whatever reason, a student doesn't cash his check, there are requirements to get it back to us. So I'm not gonna go through all that.

Returning funds – all the reasons for which you may have to return funds; if you overpaid a student, withdraws, Title IV funds with no expectation of dispersing to eligible borrowers within three business days. Byron said before, you can't keep excess cash. It has to go back. Cancellation or reduction of a loan or any excess interest. Direct loans must be reconciled monthly. Remember that. Byron referenced that reconciliation session that we have out there. Reconcile these things for Direct Loans – the Title IV funds received from G5, actual disbursements in COD, and your internal records. Byron also referenced the SAS or school account statement that you use to reconcile your funds and I won't go into that.

Any questions about what we talked about today before we leave? I know it was rather rushed at the end. I do apologize for that but we did talk a lot about cost of attendance, so I mean there's a – yes ma'am?

Audience: I did have another question around the cost of attendance.

Greg: Okay. Cost of attendance.

Audience: Well number one is flights, are they covered? I wasn't sure I heard that correctly.

Greg: Okay.

Audience: And number two are cars allowed, car expenses?

Greg: Two excellent questions. Are flights allowed in the cost of attendance? Are cars allowed in the cost of attendance? Next year, I think we just have a session called "Cost of Attendance," it'll probably be good. In answer to the first one, flights, yes. The flight that the student needs to get from the United States to that school is a transportation expense. You could even include, some schools in this country include going home for Christmas break, something along those lines. Any reasonable expenses along those lines are allowable. As regards automobiles, that answers a huge, absolutely no. The cost for operating an automobile to get to class, yes. Gasoline – some of your countries it's like $9.00 a gallon or something – Italy, where you at? They're the big gas country, right? And that's okay but not to buy the car. Cost to maintain the car, yes, but not purchase of an automobile.

Insurance costs, well you have to look again at what – you know if they have an automobile already, they have to have insurance as it is. I'm not so sure I would go for that. You know maintenance because there's additional wear and tear on the car because they're driving to school, those kinds of things, yeah, I would allow. But certainly the big thing is not the purchase. That's no gray area there. Anything else about cost of attendance?

All right, we wanna thank you for being here. Oh, I'm sorry, yes. Leasing a car? Would leasing a car be an expense allowed? Boy, that's not one we've ever covered but I'm gonna say – I'll go to Byron on this one. Byron, leasing a car? I'd say no.

Byron: Probably not.

Greg: Yeah.

Byron: A lot of you are in countries where the government regulates what people ____ pay or ____________________ look at what your government does with how it treats car expenses. Like in the U.S. we say if we drive our cars to work, we get reimbursed 55 1/2 cents a mile. So you could say that most of our students who drive, drive ten miles a day or 15 kilometers and in Italy the government says we pay you 37 Euro cents a kilometer, therefore our mileage is –

Greg: That's a really good way to do it; look at whatever the government allowance is in your country. Well, you know, the thing – we do have, as again, cost of attendance, we purposely leave a little vague. I know sometimes it's difficult because you can't find it in regulation but you might be right. Maybe we should have a policy on that but I would say no on the lease but I think Byron's got a good point. If you say, "I have to lease a car," well, whatever the allowance is in your country, give them that. Give them that. Yes ma'am?

The cost of attendance is generally going to go for the whole loan period. So if you're doing a loan for fall/spring, the cost of attendance is for the entire loan period. If you're doing a loan just for the one term, then the cost of attendance would be applicable to that particular term.

Audience: Okay, like semester, right?

Greg: Yes, if it was a loan only for one semester, the cost of attendance would be for that semester. We're way out of time, so I have to let all of you go. If you have any other questions, feel free to come up and ask us and thanks for coming.