

Dan Klock:

My name is Dan Klock. I've been with the department for about 12 ½ years, and for 24 ½ years before that, I was doing what most of you do, working at various institutions. I had the honor and privilege to work – start at a state institution. I was doing my undergrad and grad work, but I also worked at proprietary sector, other state institutions, private institutions, and for a while, I had also did some consulting, so I worked with some community colleges. And the answer is no, I didn't have a problem keeping a job. I just liked, you know, I like to try different things in different settings.

So that's how I got around. So what we're going to do today, I mentioned this before, but these people came in after the fact. This is the back-to-basics session. If you're here to learn about the new things that we did as a result of the October 29th regulations, you need to come to tomorrow's session at 3:00 PM, and hopefully it's in a lot bigger room than this. We'll need a big room. Anyways, so good morning, and the first thing I want to do is ask you how many people have been working with Return to Title IV? Or I'm going to call it R2T4 for a year or less? Raise your hand.

Okay, keep your hands up. How many have been working with it for a year to two years? Raise your hand. That's about – do that again, both of those groups, raise your hand. That's at least 50 percent, maybe more. That's why we need to do this session often. Because we know a couple things. One thing is if you go to the session on top ten things that are found in audits and program reviews – I haven't looked at this year's list, but traditionally, Return to Title IV issues are probably four of the top ten things on that list.

So it's a complex area, as you well know. There's a lot of turnover, as evidenced with the earlier show of hands, and as a result, you need to repeat this, and that's why I'm glad we're doing it today. A couple things. One of the things I like to do with my presentations is to point out tactics for things to think about taking back to your campus for a conversation with your staff or other colleagues across campus that also participate in the Return to Title IV process on your campuses. So while you may have printed out this presentation and you can be making some notes, or even if you haven't, a couple things about that. Seven to ten days after the conference, we will post these presentations on our IFAP website.

There have been some changes. There were some errors in this, and we made the changes on the day before yesterday when I arrived, and they still didn't get picked up. So we'll try that again

later. So it's just to let you know that even if you did print it out, you might want to go to our website later and get the corrected version because there were a couple little mistakes that were made, and we'll have those corrected for you. But these ideas, trips, tips, and tricks – maybe not tricks, but tactics, they're all about risk aversion, reducing your amount of risk. Any time you can do some little extra work ahead to do some self study, of course, that's going to save you pain on the back end when the auditor or program reviewer comes in. So I'll try to point those what I think are good ideas out, and you can jot those down if you like.

Here's a listing of the statute, the regulations, and a variety of your colleague letters on R2T4. In addition, you want to remember probably the single item that most of you use is Volume 5 of the Federal Student Aid Handbook because that's where we give you all the examples and we go into a lot more detail than we can with a Power Point presentation. So this is really your reference library for this topic. All these areas plus Volume 5. And I want to also take this opportunity to remind you that many times over, we get questions, and in the preamble to both the NPRM, but more especially with the final regulations, they're set up in a manner where we're discussing the comments that we've received, and then there's a discussion, and then we tell you whether we have made a change or not.

Often, the questions that you have and the answers that we've provided that you're looking for are in those preambles, so that's a good place to look. If you're relatively use to this, you may not be use to doing that. So I want to encourage you to know. When you can't get somebody on the phone from the department and you need an answer right away, that's another way to derive that answer. So again, why are we covering some of the basics? Customer feedback, high turnover, and again, among the top findings in audits and program reviews. This outlines, basically, the underpinnings of how R2T4 works, and I relate it to what I call a checkbook theory.

Unlike our established pay dates where that's once a week, every other week, once a month, as you know, when students receive Title IV funds, they get paid the amount – they get paid upfront for the amount of time. And when a student isn't there, just like if someone who has a job runs out of vacation time or sick leave time, guess what? They've got to give some of that pay back. And that's all that we're doing here. We're trying to determine the earned and unearned portions of the Title IV that the student should receive.

So earned funds. If the amount of the Earned Title IV funds exceeds the amount that has been dispersed, then the difference is due to the student as a post-withdrawal disbursement, or PWD is the way I shortened it here. Some schools have been asking us if we know that the student has attended more than 60 percent of the term, must we perform the R2T4 calculation. And generally, we – our answer has been yes, the institution must make a determination of whether the student has completed beyond the 60 percent point. Remember, if you do the math, the student has been there 60 days during a 100-day term. They haven't exceeded 60 percent, and until they do exceed it, and that can be .60 and as many zeroes out there.

If there's a one, they have exceeded the 60 percent. Then they have attained or earned 100 percent of their Title IV for the payment period or the period of enrollment. Whichever is applicable. The other reason that a calculation or determination is needed is to know whether or not all the Title IV aid has been dispersed and to know whether or not a post-withdrawal disbursement is required. Now if a school calls me or e-mails me and says, "We know that the student has attended more than 60 percent because we mark our calendars, and we have this rigid schedule, so we know exactly when they've exceeded that point. And we know from our other systems that all the aid has been disbursed. Do we really have to do the calculation?"

My answer would be, "No." Generally, we think it's a good idea so there can't be any lapses or mistakes there, but if you have within your systems design, your processes, a way to make those two earlier determinations, then you wouldn't have to do the calculation. So we'll talk a little bit more about making a post-withdrawal disbursement and a late disbursement. On the left-hand side there, we're talking about a student who has withdrawn. On the right hand side, totally different but in the same area, relative area of the regulations. We're talking about a student whose enrollment status changes, and as a result, what's the impact on late disbursements.

So the first column are the requirements for when a student withdraws. The institution must make or offer the post-withdrawal disbursement. This was a change that we made in the November 11th, 2002 final regs. And basically, if the student has earned it or the student has earned it, the institution must make or at least offer that post-withdrawal to the student. Now in terms of when we look at what makes up that post-withdrawal disbursement, if it's

composed of or some portion of it is composed of Title IV grants, let me just remind you that the school can automatically credit the student's account. Let me give you a little list there of what you can automatically credit their account. It's those four things. Tuition and fees, room and board if contracted with the institution, and authorized educationally related expenses. You remember in 668.165 where we have notices. That's where you collect all those authorizations.

Excuse me. If the post-withdrawal disbursement or any portion of it is made up of Title IV loans, again, if everything has occurred in a manner that will allow disbursement, you can automatically disburse for those three things that you see up there. However, because the institution is required for a Title IV loan to give notification to the borrower, you might be in a situation where the borrower writes back and says, "No, I don't want that loan. I want it reduced to zero." So you would have to reverse those. So the important thing here, and maybe this is the takeaway, is for you to think about what are your written policies with regard to how soon you do the return calculation when a student withdraws.

For example, if your written policy is we do our calculation once a week on Fridays, then what the program reviewer auditor is going to do is going to check and see, obviously, that you're meeting that standard of your written policy. Well, if you have a student who is do one of these post-withdrawal disbursements, and maybe it would be beneficial for those students to have some type of asterisk in your written procedure that says, "except if it's a post-withdrawal disbursement, we're going to wait 15 days, 21 days, a little bit longer time to give you the opportunity to provide the notification to the borrower and receive that back within 14 days."

Then you wouldn't have to do the double work. You wouldn't be making the – posting the account, and then retracting it again, but it's just an idea. In the second column, we're talking about a situation where there is a late disbursement, and the student has had some type of change in their status. A quick example would be the student has a direct loan, hasn't been disbursed yet. They've completed the first payment period, and they intended to be full-time for both payment periods, but in the second payment period, there's a change in the student's enrollment status, and now they're less than half time. So obviously, one could not disburse the second half of the loan.

But under this rule in 668.164 (g) (3) (iii), if the student did not withdraw but ceased to be enrolled at least on a halftime basis, the

institution may disburse the direct loan in this case based on the recalculated period on which the student was still eligible. So they'd be eligible for the first half is what that amounts to. And it would be – you would go through the process in terms of making sure that you met the conditions in 668.164 (g) for the late disbursement rules.

Now here is an example where the fix didn't work. It should just say unearned funds up there. For some reason, it says 46. I don't know what that one is about. The important thing is the error on this slide is it says, "Unearned Title IV funds that are the responsibility of the institution must be returned to the programs no later than 45 days after the date of termination." Not 30 days. So if any of you have already copied – made a copy of this presentation, you want to make that change because that's significant.

Initially, when these rules were written and published in November '99, we only gave you a 30-day period, but subsequently, we've expanded that because we've found schools, particularly common at state community colleges, they have a centralized disbursement process, so they do this in batch, have to send it somewhere else. It was taking them longer. So that's when and why we expanded this to 45 days.

So likewise now, this one is fine. Double check there. The institution must return funds within 45 days of the date of determination. If you need additional details, again, I would refer you to Volume 5 of the Federal Student Aid Handbook because it'll give you lots of examples there. If through the return calculation the school determines that the student has received an over-payment of Pell Grant, Iraq Afghanistan service grant, ACG, National Smart or Teach Grant, the school should reduce the student's award or disbursements and return the funds. Now let's talk a little bit about the mechanics of how you do that.

At first, you go into the COD System, and you reduce the student's award by entering a replacement value in COD. The replacement value would be in the original values less only the amount the school has returned. So and then you have two options. So let's say for whatever reason, the amount to be returned was \$1,000.00 of Title IV funds in Pell Grant. So you're going to go into COD, and you're going to reduce the amount you're going to – the replacement amount would be \$1,000.00 less. But now you have this \$1,000.00 sitting on your books. You remember under our

cash management rules, you have to take action. You have to get rid of that money. How long? Within three days.

So let's say it's November 29th, and you draw down funds the first of each month. That's your normal process. And for the first of December, you're going to draw down \$100,000.00. If you have a student where you can – you're ready to make that disbursement and you can use that \$1,000.00 within the first three days, fine. When you get to December 1st, you're only going to draw down what? \$99,000.00. The net difference. However, if it's going to be a longer period, up to seven days, if you look at the rules in our refund reserve rules in 668.173, there's actually an expanded amount of time, up to seven days, where that expense can be held.

However, there's an annual standard that you have to look at. What we say there is you would still be in compliance if no more than five percent of the total amount of Title IV funds that you receive for the preceding year. If you haven't exceeded that, you're okay. If you have exceeded that, it's a violation. You don't want to get into that kind of scenario because that violation could lead to the requirement of the institution posting a letter of credit. And whoever you report to is not going to be happy when the vice president of finance says, "Hey, we've got to post a letter of credit, and it costs this much." So again, we're avoiding risk, and these are some of the ways of working the flexibilities, but avoiding the penalties, and that's very important.

By a show of hands, how many are familiar with the term escheat or an escheatment? And how many of you are from North Carolina? Some of you? That's where I first learned that. When I first went to North Carolina. Escheatment, if you look at Laws Black Dictionary, it defines it as the reversion of land ownership back to the Lord when the immediate tenant dies without heirs or a will. I read that, and I said, "How does this help me? I still don't know what escheatment is." Well, the simple definition of escheatment is when funds intended – in this case, funds intended for the first party, the student, are not negotiated in a timely fashion, and those funds, that check, goes stale. They escheat back to the originator, whoever wrote the check.

And the reason I point this out is one of the findings over time that we've seen it again and again is that institutions, if they're not careful – and this is one of those conversations that you could have with your business officer when you get back to town is what's our process for (a) how long do we have in this state before a check becomes stale, and (b) what's our process. Are we doing the

monthly reconciliation? If we send a check, either a credit balance check or post-withdrawal disbursement check to a student of Title IV funds, how long before that check goes stale? And then what's our process to get that back to the feds? Because if you're not sure what that is, that's a potential violation you want to know. Further, we changed our regs not too long ago, 2002, and we put a maximum limit because when we looked across the 50 states, there aren't 50 different standards, but it's all over the place.

It can be as short as 90 days in some states. A hundred and eighty days is pretty standard, but it can be as long as five years in some states, so we decided that the maximum for our purposes will be 240 days. So again, when you're having that conversation with your business officer and he says, "Well, we hold them for 365 days," well, again, if that's your process, it's going to be potentially you're going to run into a violation. So to avoid that situation and remain in compliance, that would be a helpful conversation to have.

But the bottom line is you must have to have a process to identify un-negotiated checks and return the funds to the department promptly. So here's another suggestion for audit and program review finding prevention. Take a sample of students who have withdrawn and have either opted to make repayment arrangements with the school or requested to make repayment arrangements with the department and determine the following. Number one, did the institution within 45 days of the date of determination send a notice to the student about options for Title IV overpayment? Number two, did the institution track the 45-day period of extended eligibility to determine what action – what positive action the student took? They either repaid in full, they made arrangements with the school if you allow that, and you don't have to. That's your option.

You don't have to provide that option if you don't want to. Did the student make arrangements to repay with the department, and was this information reported by the school via NSLDS? Those are all the steps. If the student did not take positive action within the 45-day extended period, or let's say they decided to make arrangements with the institution they were going to pay X number of dollars per month for so many months, and they did that for payment number one, payment number two, and after payment number two, payment stopped, you have to then promptly refer that student to the department was that referral made.

Were the indicators that are required on NSLDS changed? Whose responsibility is that, and is it being conducted timely? Review the institution's process to refer students who begin the repayment process with the school but who do not continue to meet the repayment terms. Has the reporting and the referral action been taken by the school? All those things can save you from an audit exception. Okay, so now we're going to talk a little bit about whether you use a payment period as the basis for your calculation when a student withdraws or a period of enrollment.

When you think about it, the vast majority of cases... the institution would always want to calculate the return on the payment period basis rather than the period of enrollment basis if it has the option. And I'll remind you again that for standard term schools or programs, you have to use the payment period. You don't have an option, but if you're non-standard or non-term and clock hour, then you have the option. You could use either one. Most people are going to always use the payment period. Here's why. A school has two 100-day non-standard terms. Student A withdraws ten days into the initial term. If the institution has chosen to calculate on the payment period basis, then the student has earned ten percent of the total aid disbursed and aid that could have been disbursed.

If the institution had chosen to compute on the period of enrollment basis, both terms are 200 days. The same student would have only earned ten days that they were there over 200 or five percent. So most cases, you know, again when you think of a profile of a student who withdraws, when do they withdraw? Well, it's usually close to the front of the program. Isn't it? It's very rare that you get somebody 90 percent of the way through and they say, "Oh." That's when they have a medical condition either for themselves or somebody in their family. Something that's out of their control occurs. That's when you get those late withdrawals. Programatically, the only time I've seen a period enrollment work in favor or over a payment period scenario is I used to have a nursing program, was pretty technical, and it was taught in modules, and they were all incremental and lock step.

You had to pass the first one before you could take the next one, and they all built on each other. So what did you have? You had a program where the level of difficulty went up and up and up. And where did the withdrawals occur? At the end when the difficulty level was so high. Well, if I had a program like that and I had the option to use either one of these, period of enrollment would be a better basis because when those withdrawals are occurring, it's so

late in the game, it's usually always after the 60 percent point. So the students earned 100 percent of the funds.

But absent that kind of scenario, you're probably all going to use a payment period. So we'll look at a couple of examples. In this example, student one leaves after 23 days in the first term of a two-term academic year. So as you can see, now the other thing I want to point out here, I was just talking about the advantages and differences between using a payment period or a period of enrollment, and you'll see that while the percentage is double if you're using a payment period because you're looking at the aide that was disbursed or could have been disbursed for the entire period of enrollment, the amount earned remains the same.

That's because this withdrawal occurred in the first payment period. As you'll see in some of the other examples, if that happens at a later point in time, the money changes and the amount earned changes significantly. Right now, it doesn't matter. Now in this one, students who leaves after 21 days in the second term, and you can see that the amount earned is hugely impacted by this because the student in this scenario in a period of enrollment basis has completed the first 100 days plus 21 days to the second payment period.

So when you do the calculation, they've earned in excess of 60 percent, so they've earned 100 percent. So it could make a big impact. Now we're going to switch gears and talk a little bit about approved leaves of absences. Another area where findings are common is this area, and this is in 668.22 (d). It's very important if you think you have in your program meets the definition that we provide in D – in D, you can – if you look at it and read it, it's just like a checklist. It's very functional. It tells you you have to meet all these things. I think that's a future slide, but if you're not absolutely sure, one of the distinguishing characteristics of having an approved leave of absence for R2T4 purposes is that when the student returns after the leave, they're going right back into their program of study where they left off.

That means if the student as in our last little example withdrew at day 21, they're picking up their lesson plan at day 22. Most of the institutions don't offer programs like that. When a student comes back, they have to start over. If you have a program like that, it's never going to meet this definition. So when we talk about leave of absences, I always talk about it conceptually in two ways. For R2T4 purposes and for academic purposes. Now you probably all have a leave of absence policy for academic purposes. When a

student can't complete their academic work within the term, you have some process to give them an extension so they have more time to finish their work product, submit that, take tests, whatever it is. That's on the academic side of the ledger.

Has nothing to do with the R2T4 side. So typically, it's going to only be clock hour institutions, could be non-standard term, but it'll usually be non-term programs where a student who has completed 116 hours can come back at hour 117 and pick up their program again. So if you're sitting here now thinking, "Yeah, we have a leave of absence policy that meets for R2T4 purposes," but the student can't pick up exactly where they left off, that's when you want to write down and go home and review those regs and avoid a compliance hit.

Okay, an institution must do what? Well, before you can determine the withdrawal date, one must know whether your institution meets the definition of an institution required to take attendance or an institution that is not required to take attendance. This is an area that change with the October 29, 2010 final regulations. We modified greatly the definition of an institution required to take attendance. And again, I'll suggest if you're interested in that in more detail, you can come to the session tomorrow at 3:00 PM. It's on the third floor here somewhere. I just don't remember where.

Remember that while a school that normally considers itself to be an institution that is not required to take attendance, it may have a student or cohort of students who are the recipients of some type of aid provided by an outside entity that requires attendance for recipients, either for the entire term or even a subset of time or portion of that time. So while many of you are sitting here thinking, "I don't have to worry about this. I'm at an institution that's not required to take attendance," you don't know. The next academic year, you might have a student that receives some type of aid from an outside agency that says, "We want you to take attendance for the first month, the first two weeks."

If that's the condition for that student's scholarship, then for that student, they would be processed if they withdraw under the rules for an institution that is required to take attendance. Another example. Many of you have state grant programs, and as a condition for that state grant, the state requires that you take attendance for the first week or first two weeks. That'd be another example. So for all students that are recipients of the state grant, for that first two weeks, then those students if they withdraw their

cohort, the rules that apply to an institution that is required to take attendance would be applicable to them. So that's why you need to know these.

Let's see if there's anything else on that slide. So you would determine the student's withdrawal date, calculate the percent of the period completed, determine the amount earned, return the unearned portion, and we're going to talk in a little bit here about the responsibility of the institution versus the responsibility of the student. Also, you determine or make a determination if there was a Title IV overpayment if any. So now, let's drill down on the institutions required to take attendance. Another common situation occurs when an institution that normally considers itself to be an institution that's not required to take attendance has a requirement by an outside entity to take attendance for a limited period of time. And this is sort of repeating what I just said here about the state grant that has a requirement that attendance must be taken continuously for the first two weeks.

And I'm going to cut this with several different slices because I want to use the example for several different things. Should a student cease to be enrolled during that limited period, the withdrawal date would be what? Well, if you're at an institution that's required to take attendance, the last date of attendance is always the withdrawal date. If you're at an institution that's not required to take attendance, we have six or seven options. You only have one option if you're an institution required to take attendance. A requirement or one change that we made to this definition about institutions required to take attendance is that if there is a requirement by the institution or an outside entity that can only be met by taking attendance, then you meet the definition of an institution required to take attendance.

So the other thing is that we tried to clear up some sub-regulatory guidance that's been around for a long time, and that's relative to the idea of a census state or snapshot date, and what we've said is that if there is a census state or snapshot that that – while you're taking attendance that one time, that does not make you an institution that's required to take attendance. For example, let's say you have a different state grant, and they want to know at the end of the first week let's do the census. Who are in the seats? That does not throw you into this definition. So you would still be an institution not required to take attendance.

So while the institution may consider itself to meet the definition of an institution not required to take attendance in these two

examples, the institution meets the definition of an institution that is required to take attendance for this limited cohort in the second column for the abbreviated period of time where attendance taking is required by an outside entity. So you can well imagine that you're going to have some of these over time. So what's your system to know who these students are?

Because it's not necessarily by a program. Again, it could be as a result of an award. Or I'll give you another example. Let's say you have 120 different programs at your institution, and they're all, you know, normal, standard term programs. But you have one program where an outside entity such as the FAA has a requirement for this certain type of technician for them to sit for the licensure or certification test that they have to prove that they've had so many contact hours or days. Well, that would be an example of one of these requirements that could only be met by attendance taking.

So now we're going to talk a little bit about institutions not required to take attendance, and you'll remember that, again, July 1, 2011, there were changes that affected these two regulations. I think if you're looking for the underlying reason here is part of the reason we changed this part of the regs is that we want to use the best data available, and so even if we get down to a situation where your institution doesn't have a requirement that your faculty take attendance, but you find out that this one professor who teaches econ has done some research, and he feels or she feels that if students show up and he can affect that behavior by taking attendance and he or she does so, if you know that person has attendance records, and one of those students withdraw, you're not required to use that.

But you have that available to you. Again, the underlying thought here is use the best data available. So you contact that professor and get some information. For an institution not required to take attendance, we have multiple definitions. It is the date the student began the formal withdrawal process or notified you. It would be if there's no notification, and we call this the 50 percent rule. You've used the mid-point. Anybody here have someone just disappear in the middle of the night? Has that ever happened at your campus? Really? Okay, yeah, I think I've had that happen a couple times in some of mine, too.

Well, again, for clock hour non-term programs, they have to use their attendance records. For other schools that are not required to take attendance, you have greater flexibilities. Flexibilities are

always good, but they can also be more complex. The next one is date of illness, accident, personal grievance, loss. This is something that happens that's beyond the student's control. Student comes to the school for the first 17 days, and then on their way home, they're in a car wreck, they're in the hospital, they're unconscious. They're not going to be calling you and letting you know that they aren't coming back to school right away, but their roommates might be calling the school in a week or so and letting you know that this student is not going to be able to return because they're going to be recuperating.

So what's the date of determination? Or not the date of determination. What's the withdrawal date? The withdrawal date is the date that is closely associated with the event. So in this case, it'd be what was the date of the accident. Since I mentioned what would be the date of determination because that relates to all kinds of timing events, the date of determination would be when that roommate called and notified the institution. That's when you, the institution, became aware that this student wasn't going to return. So in this case, the date of determination comes after the withdrawal date. Doesn't it? The withdrawal date would also be the beginning of an approved leave of absence if the student has not returned or the last date of an academically related activity.

We're going to talk more about the last one because there were some changes with the new regs there as well. This is another administrative tool that you have available if you're at an institution that's not required to take attendance or it's a program where you – program where a student that meets that definition of an institution not required to take attendance. And unlike most of our rules that are applied to a program, this one is actually applied student-by-student, case-by-case basis. So you get to decide whether in the case of a student, for example, who disappears and does not notify you, you can either use the midpoint, or you can use an academically related – the last date of an academically related activity.

So for example, a student does not notify the institution that he or she has withdrawn, and therefore, since this is at an institution not required to take attendance, the midpoint rule applies. But the institution realizes that the student has begun classes elsewhere and wishes to minimize the percentage of earned Title IV funds. The institution chooses to use the last date of an academically related activity, which turns out to be day two of the term, as indicated by Professor X's records of when the student took their last quiz.

So this is a – you know, a little far fetched, but it's to show the math rule here. If you took the midpoint, that means the student earned 50 percent of their Title IV aid and they're going to have only 50 percent remaining in some cases for the remainder of that program that they've started down the street. So the student comes in, and you're working with them. They don't come in because this is one that left in the middle of the night, and you decide, "Well, we're going to give this guy a break, and we're only going to use the last eight of an academically related activity." That was two days in.

It was a 100-day term, so they've only earned two percent. You've helped them preserve 98 percent now. So that's the way the example would work. The key is that determination and the documentation that's needed to use the last eight of an academically related activity has to be institutionally documented. So in this case, you might get an e-mail from the professor, or it could be some other person, typically administrator, on your campus that's going to provide you the factual information that you're going to use for your document.

It can't be from the student. However, you could reach out to the student and say, "We're trying to help you and figure this out. When was the last day that you were in attendance or turned in a project or took a quiz or participated in a required discussion group?" That student could get back to you and tell you what course it was and that date, and that would make it a lot easier for you to go then to that faculty member rather than all the faculty members. It could actually save you some work.

But the key is just only based upon the student's information, the auditor, a program reviewer, would disallow that. So you don't want to get caught in that trap. Okay, I won't read through these, but these are some examples of academically related activities. You can read through them. They should all make sense. And here is the new part. Now while we never intended for living in institutional housing to be considered an academic related activity, I suppose there's some learning going on there or could be. Or participating in a meal plan.

Even if you're a home ec major, that can't be considered an academically related activity. Where we provided – but we're now using those described and let people know within the regulations that these cannot be used. We've also added some information in. I think it's very useful within the preamble language, talking about online classes. Of course, it's just been a mushroom growth in –

burgeoning growth in online classes, which is great. However, what we found over time is that unless there's active participation, we're not going to allow just logging on. Anyone could practically log on for you if you told your roommate what your password is, so we want active participation. So there has to be let's say some dialogue going on in a chat room or maybe an inquiry from a student to a professor asking them questions or responding to some questions. Something like that a higher level.

And then this is the big one, the last one here. Academic counseling and advisement is off the list. As often the case, when we develop a set of final regulations. Over time, we learn things. Things change in your shops, in your environment, as well as in ours. This is an example in the last bullet there. What we found in too many cases is that students who had been there a relatively short period of time and then they were gone, and then they would come back to the school, or maybe the school was visibly trying to contact them and say, "Give them some options."

Part of what we saw happening at some schools – I'm sure it was no one in this room, is those – those schools that don't come for our training. We're telling students, "Hey, just go down and see the academic advisor, get a note, and bring it back to me, and I can make today your last date, and we'll recognize that as an academically related activity. And oh by the way, this is day 61 of a 100-day term, and you'll get all your financial aid." So we had to put a stop to that, so that's why this one is no longer on the list. And it's on the, "No, you can't count this," list.

We're still talking about institutions not required to take attendance. The date of determination is the later of the withdrawal date or the date the student provided official notification. If there's no notification the date the institution became aware of the withdrawal, just like the car accident one we talked about earlier or the earlier of the end of the approved leave of absence if the student does not return or the date the student contacted the school. You have a leave of absence policy that meets our definition for R2T4 purposes.

The student says, "I need a leave of absence from November 29th until January 15th," or January 30th. And so they – you have a written procedure, they follow it, you approve it, and the student calls you back and says, "Hey, my medical condition has been resolved. I know there's a class that starts two weeks earlier than I was intending. Can I come back for that?" That would be an example of them contacting you and shortening their leave of

absence. So that's fine if the student wanted to come back and do that. Now we're switching to institutions not required to take attendance. If the student withdraws without notification, then the institution must make a determination of the withdrawal date no later than 30 days after the earlier of the end of the payment period or period of enrollment, the end of the academic year, or the end of the student's educational program. Those in many cases are all going to be the same thing. It's at the end of the payment period. Right? So you're – you all have some kind of a process to deal with this, but again, when you're thinking about how your processes are working and you're doing some self-evaluation, that's often another good one to look at.

Quick comment or two about credit balances. If there are some credit balances that are generated as a result of the student withdrawing, and there can be some differences when you look at our federal rules and that calculation, and presumably, if your institutional refund policy isn't mirroring ours exactly – in other words, it's not pro rata up beyond the 60 percent point. Then there could be some differences as a result. Maybe they're going to owe you more as a result of the institutional refund policy, and therefore, the credit balance would be smaller.

But we suggest that you hold all the credit balances until you've done those calculations. You want to do the calculations as quickly as possible, but hold the credit balances if you can until you get those completed. Remember that the credit balance in terms of the calculation is always treated as aid dispersed. It can't be considered aid that could have been dispersed because what is a credit balance? It's the amount – total amount of Title IV funds to disperse minus what they owed the school, and if there's anything left over, that's the credit balance amount.

Use the credit balance to repay any kind of grant on behalf of the students. So if they owe a Title IV grant overpayment, that's what you're going to pay back first, and then you have to release the credit balance in 14 days. So there could be scenarios where you want to do the – you want to hold the credit balance, but the 14-day rule still applies here, so if you bump up against that, you're going to have to release the credit balance. We're going to talk a little bit about aid that could have been disbursed. Our old policy, our original policy in 1999 was aid must have been disbursed to be included in the calculation. Well, we took a look at that, and we decided that what we were most concerned about, our top priority here was students who were grant recipients.

Because we know what – they’re our neediest students. And when we – after we got a couple years under our belt, we decided we would make this change to our revised policy, our new policy here that all aid for the period, depending on whether you’re using a payment period or period of enrollment, so the applicable period. If conditions for a late disbursement were met before the student withdrew, you would consider that as aid that could have been disbursed. However, if limitations apply, that aid may not be paid to the student. So if you’re unfamiliar with or need a refresher on the late disbursement rules, again, you want to go back to 668.164 (g) and just give those a quick review.

In a nutshell, in order to be able to establish that someone is eligible for a late disbursement, we have to look at these various components. First of all, for all student aid, did the student have a processed SAR or ISIR. If they didn’t they never met the threshold for a late disbursement. And notice there that we don’t say that they had to have SAR or ISIR with a valid EFC, meaning the EFC was correct. You still have time. So even if the EFC is not valid, let’s say the student hadn’t completed verification. That’d be a good reason to get a hold of the student and let them know that, “Hey, you’re going to owe this amount of money to the school. We’ll give you a certain amount of time to complete your verification. If you do and nothing changes, you’re going to get this amount of aid. It can help pay down your bill so you don’t have as large a balance due.”

When we look at the components then of some of the other programmatic areas and we consider direct loan, we need to ask the question had the student originated that direct loan as of the withdrawal date. If you hadn’t, had a school call the other day. Student withdrew last May. And they just discovered, “Whoops, we forgot to disburse this student’s loan.” We asked them one question. Had the loan been originated? They said, “No.” We said, “End of story. You can’t disburse it to that student. So you can’t include it.” And the same thing with Perkins and FSEOG as you see on the bottom there. The award would have had to have been made prior to the withdrawal.

So some of the limitations on making a late disbursement. No second or subsequent disbursements of a direct loan unless the student completes the period. So if a student is in a two-term award year, they drop out some time in the second award year – or second payment period, excuse me, you can never disburse the second part of that loan. And no direct loan unless the student completes the 30-day delay period when that’s applicable. If you

have first time first year students, and at your institution, you're required to delay their disbursements for the first 30 days, again, you can't make a late disbursement. However, and this is very important, going back to our old rule and our revised rule, you would count that amount as aid that could have been disbursed.

So again, for that grant student, it means they're going to get more grant dollars, so it's going to benefit them, and you can see the rest there. The Pell Grant, you have to have a valid SAR or ISIR. No additional Pell if the first payment period is not completed. No second disbursements of direct loan unless the student passes the midpoint and completes half the course work. Now the last one is in reference to those students – remember, we had the two columns up where we were talking about in the second column when you can do a late disbursement for a student that has a change in enrollment status? That's what we're talking about in the last bullet there.

Importance of aid that could have been disbursed. Well, if the total aid, aid that could have been disbursed plus aid disbursed, is greater – if you just think of the math, again, this is the whole theory behind why we change from the old policy to the new policy. It's going to mean that greater amounts of dollars will be earned by increasing the acknowledgement and including the aid that could have been disbursed. It also results in a smaller amount that has to be returned or in a smaller post-withdrawal disbursement. Generally, those are good things.

But aid must correspond to the period for which you're doing the calculation. We have run into, although I think this one is a concept that everybody has grasped. At first, when we changed the policy, we confused some people. So what they were doing was they were doing their calculations on a payment period basis, but they were looking at the aid for the entire period of enrollment, and that's what I mean. It's got to be compared apples to apples. If you're doing your calculation on a payment period basis, you're only looking at the aid for that payment period. You're not looking at aid for the whole period of enrollment.

So we'll look at a couple quick examples. Sometimes this helps. So here is under the old rule. And the basic scenario here is the length of the period is 1,000 clock hours. The aid for the period is \$2,000.00 Pell, \$2,000.00 direct loan. And 1,000 of each have been disbursed, and then the student withdrew after 400 hours, scheduled hours. So the other 2,000 had not been disbursed, of

course. So the amount of aid that could have been disbursed under the old rule was zero. We didn't really apply that concept yet.

So the student completed 40 percent of the period. So what amount did they earn? Well, it would have been 40 percent of the amount disbursed of \$2,000.00, so they earned \$800.00, and the amount to be returned would be the difference. Under the revised rule, same scenario, \$1,000.00, same amount of money, same amount of hours before the student withdrew, but by adding the amount of aid that could have been disbursed to the amount – that says not disbursed. It was disbursed. The student still completed 40 percent, but it's 40 percent of the higher value now, 4,000. So the amount earned is significantly higher, \$1,600.00, and only \$400.00 has to be returned.

So there are a couple other examples in here. You can look at them, and this is a way for me to preserve some more time for questions and answers. In this example, it's a first time first year student who starts class on September 1st and withdraws on September 28th. The staff **were** loan for \$1,000.00 that has been originated – has not been disbursed because of the 30-day delay rule. You would include the \$1,000.00 loan as aid that could have been disbursed, but of course, you can never disburse the funds to the student. Right? Because of our disbursement rules.

Now if this had been something other than a first year first time student, then the 30-day delay rule wouldn't apply, and that student probably – not probably, would have been owed a post-withdrawal disbursement. And that's what this next example shows, just the inverse of that. In this example, student in a 900-clock hour program that uses a period of enrollment for R2T4 withdrawals after completing only 300 hours. The first 1,312 of the loan has been disbursed, so you include that as aid disbursed, and the remaining 1,313 as aid that could have been disbursed. But again, no additional funds can be disbursed because subsequent loan disbursements, the only way you can do a subsequent loan disbursement is if the student has completed the hours or the period for which that loan was intended.

So you're going to include in the calculation, that's going to increase the amount of grant aid or the amount of aid the student earned, and hopefully, they'll be able to keep more grant dollars. So sometimes, students withdraw, and they haven't completed verification. Again, the fundamental rule is you have to complete the R2T4 calculation within 45 days of the date of determination. Right? So if verification is not completed, you would – if you've

done any interim disbursements, you would return those interim disbursements as a result of not completing the verification. They would come back to the program.

If verification – so you – and then of course, you would do the return calculation, but if everything came back, the student basically is going to receive zero Title IV funds. However, if the student – and here again, because you do a lot of counseling with students to try to help them pay their bills, that’s beneficial to the institution and for the student. So one of the things I could well imagine you would do is have the student’s financial aid counselor contact the student and say, “We did your calculation. You owe Y dollars to our institution for the time that you were here, but you never completed the verification process.” If we can complete that within the following days, then we may be able to – and it doesn’t change your award significantly or reduce your award to zero. We may be able to disburse some aid to help you pay your bill. Now the late disbursement rules still apply here.

So if you haven’t originated a loan, you don’t have a valid – not valid. An ISIR or SAR with an EFC, a calculated EFC, and for FSEOG and Perkins, if they haven’t been awarded, you don’t waste your time. But if you had met the rules for late disbursement, this would be a student that you might want to pursue, finish up the verification, see whether it made a change to any of the awards. If it didn’t in particular or if it didn’t reduce them to zero, you can then make those awards and pay off part of their bills. No passing grades. This is one that still is troublesome for many institutions, so let’s talk about it for a couple minutes.

One good thing is since 1999, and been presenting on this topic, I’ve seen a dramatic shift in the way schools are changing their grading systems. Many of you have – in the old days, you just had a letter – a grade of F, and you didn’t have way to distinguish an earned F from an F through withdrawal. But more and more institutions – and you know, originally, financial aid administrators will tell me, “I’m not going to my faculty senate and telling them we have to change our grading system. They’ll ride me out on a rail.”

But when the financial aid administrators worked with maybe the academic deans and said, “You know, at the end of each term, we have to call all the professors and send them e-mails. We’re trying to find out whether these F’s were earned F’s or whether they were as a result of the student dropping out in the middle of the night. We’re pestering all your professors. They’re sick of it. Here is the

way we can fix this. Let's change our grading system." Once they saw the benefits for themselves, quite honestly, more schools moved in that direction. So that's a good thing.

But as it says here, school must have a process for determining if the student completed at least one passing grade, no passing grade. The institution must document the completion of the period, and you – hopefully, you have a grading policy that differentiates between failing, completed, and failing, did not complete. You have to have some kind of process. We don't tell you what that process is, but for an institution that doesn't have a grading system that will distinguish between earned F's and F through non-completion, you know, like I said, it probably means some of your staff, maybe some of your work study staff are e-mailing and calling professors who are all away on vacation now and aren't going to respond to you, and that can be quite difficult.

Again, some of you are also contacting students to find out when you give them examples of – or you're telling them, "Can you provide us whether you completed these courses or not," because that can sometimes target which professor that you want to go after. Some people in the hall yesterday after I did this presentation were asking, "Will we have- we'll take a student that has five different courses. Our full time faculty are very good about getting back to us on this, but our adjunct faculty don't do such a good job. They're not timely." And I reminded that person that we do not have a requirement that you have to have a response from all the faculty.

You have to have a response from a faculty member. For example, the student completed the course. Well, if they completed the course, that's an earned F. This is not a withdrawal. You don't do an R2T4. Or if the – one of the faculty says, "Yeah, that student left two days in, never contacted us," and you have on your records they never went through the formal process, never contacted you, so at that point then, it's either a 50 percent point or last day of academically related activity. But you have to have that process. So maybe you have some questions about that at the end.

Now for institutions that are required to take attendance, we have a scenario where let's say a student went the first week – so the first five days of school, and then the next two days, and then they start missing class. If you have an excused absence policy, maybe you allow a student to miss a certain number of days of class before you administratively withdraw them. One of the things we saw over time was our first set of rules on this were if you're at an

institution and it's required to take attendance, and a student stops coming to class, we're going to put a limitation. You have to make a determination of whether they've withdrawn. And first, we said, "Within seven days." But then we realized that's probably too tight, and we need to be a little less rigid. So in [Gen 04-12](#), we expanded that from seven days to 14 days.

So that's why you have the first bullet up here. So in this case, if the student stopped after – they went to school for seven days, and then they started missing days consecutively, at the 14th day, and that's 14 calendar days, not scheduled class days, no later than that, you have to make a determination whether this student is a withdrawal, and if so, administratively withdraw them. You can't let it go a month, two months beyond the 60 percent point. You can't do that. It has to be based on attendance records and the date of official notification if prior to that, and after the end of the school's absence policy. Now for me anyways, there's a regulation that I have a tough time remembering where it is in the regs, and it's on excused absence, and this is another one that you want to either mentally double check, or when you get back to your campus check.

And you'll find our regulations on excused absences in 668.4 (e), 668.4 (e). And what it says is for clock hour programs, you may include excused absences as time that the student has attended. If the – number one, the institution has a written policy that permits excused absences, and two, this is the important part, the number of absences does not exceed the lesser of what is provided for by the accrediting agency. So if they have a maximum limitation, the lesser of what the state provides, or three the lesser of, ten percent of the clock hours in the payment period. So let's think of an example. You have a 1,000 hour – 1,000-clock hour program. So 500 hours in each payment period. The accrediting agency in your state or in your area says you can have up to 65 hours in excused absences. Beyond that, we don't permit it. You have to meet this standard.

The state agency in your state says you can have up to 60 hours, but what's going to trump that? Our rule that permits as a maximum ten percent. That's only going to be 50 hours. So to the extent some student gets beyond that, you can't include those excused absence hours as hours attended in your calculation. So it's important to look back. Double-check your policies on that one. Next to last slide. How many people in here use our R2T4 software? R2T4 on the web. Good. There's no requirement that you use that. Hopefully, you find that a useful tool. We did have a

number of calls after or around July 1 saying – asking whether we were going to change the software for the new modules rules, and the answer is no for two reasons. We don't need to.

We have some workarounds for that. And two, it was going to cost us too much money, and we don't have money to do that. That's the simple truth. So I want to invite you, though, if you haven't used this, maybe you've changed schools or something happens with software that you always have this available to you, and you can go out and sign up through SAIG and utilize this software. It's free. Again, you don't have to use it. So see how much time we have. Actually, we have considerable amount of time. So at this point, we have a microphone. I would ask that you use the microphone so that everybody can hear your question, and who knows? Maybe I'll have an answer. I hope so.

And for those of you who are leaving, thank you very much. I hope this was helpful, and good luck staying out of the briars with compliance. Yes.

Audience: So to start the actual official process of withdrawal for our students –

Dan Klock: Hang on. Let's wait a minute because I can barely hear you. Speak up a little more and let's try it again.

Audience: Our school has a form for students to officially withdraw, and on that form, we have two sections for two dates. First is the day for us to be stamped that we received it, and so that's our date of determination. There's also a section for the student to state what was the last day they attended. So are you saying then we wouldn't be able to use that as our – and usually, that date is less than that because they stop attending a few days later. They turn in this form. Are you saying we would not be able to use that date that the student provided then?

Dan Klock: First question, are you an institution that's required to take attendance or not?

Audience: Not.

Dan Klock: Okay, just to clear that up. If you have a formal process, and I used to have one where you had to get signatures from all these different administrative offices on campus. The first thing is if that's your formal process and in your written policies and procedures, it says if you're going to withdraw, and it describes the

formal process, it tells the student where you go to pick up this form. You get all these signatures, and then where you take the form. The day the student starts that process, not when they come in to get it stamped three days later, the day they start that process is the date of determination.

And then the second part where you're asking the student what was the last date of an academically related activity, that is student provided documentation. So it wouldn't meet our requirements for institutionally provided documentation of the last date of academically related activity. Now it might be useful to you because let's say you have a place in there where you describe what can be considered an academically related activity, and the student wrote down, "I took a quiz in this class on this date."

That might target your research then to instead of going to all the student's professors, by going to that particular professor to obtain institutionally provided documentation from that professor. So it could be useful, but you can't use it as your last date of academically related event.

Audience: Hi, I'm from a college that is required to take attendance for this particular program that I'm going to be giving you.

Dan Klock: That's good to know.

Audience: And I have been finding this scenario more and more. Our period – payment period, let's say, is from August 30th until December 16th. We know a student has not been in class September 16th. They've dropped out. We have documentation from all of her instructors. She comes in, though, and this particular student attends a math class on the 60 percent – 61 percent of the enrollment period has passed. She then withdraws. Do we have to take when she came in to just – she attended the math class because she knows after that period, she will not have to pay any of her dollars back.

Dan Klock: I need to ask some clarifying questions. First of all, how are your programs set up? Are they 15, 16 –

Audience: We're a semester standard school, 16 week.

Dan Klock: So the student isn't starting a new module.

Audience: No, no module.

Dan Klock: So student begins all their classes, and then you said sometime in the middle of September –

Audience: September 16th, we heard from her instructors – or not on September 16th, but we did some research on it because we had heard some things through the grapevine. Find out she has not been in class actively participating since the 16th of September.

Dan Klock: So did the institution administratively withdraw her then?

Audience: We – no, I mean I know we can, but we don't have a policy to do that. But she did come, like I said, on the day we were no longer required to do the R2T4 and just showed up for a math class, and then we never saw her again.

Dan Klock: Do you have any kind of absence policy that you're not allowed to – so technically, you're finding out ahead of time that the student has ceased enrollment. You haven't taken any action, and then the student is coming in after 60 percent. That's a unique one. I never heard that one before. I think I'd want to mull that one over. My first inclination is that because you know the student has ceased enrollment, you should probably take some action there, and because the student is savvy enough to know that if they show participation, say they come in and can get some kind of institutionally documented – when she comes in and takes class after – as of the 61 percent point, is she then starting the formal withdrawal process after that, or not doing anything?

Audience: Yeah, she'll start the formal withdrawal process after that.

Dan Klock: She's very savvy.

Audience: Right, and I'm seeing this more and more. We're from a community college.

Dan Klock: Yeah, send me that one because I would like to share that with our discussion group. We have a small group of people at the department to talk about these kinds of issues to see whether – if this is a growing trend, put that in your e-mail, how we want to take that under consideration. In the meantime, if it were my institution, not a requirement, just a good practice, I would start moving in the direction of thinking about modifying my written policies to take administrative action. As soon as you know that the student is – and you can substantiate that this student has ceased enrollment, it's time to stop it so that the manipulation isn't there to obtain 100 percent of the funds because that's all that's

going on here from the way you described it. But send me that. I'll talk about it with a larger group. To be honest with you, after doing several presentations, I'm not as clear headed as I was yesterday, and I might not be considering some factors that would be important.

Audience: Okay, thank you.

Dan Klock: Sure, thank you. Next. Hi.

Audience: Post-withdrawal disbursement question. Institution must make an offer. I believe it doesn't necessarily have to be in writing. Is that correct?

Dan Klock: Well, unless you're – I was going to say you can't use smoke signals, but –

Audience: It could be a verbal conversation documented somewhere.

Dan Klock: Yes, certainly. It could be an e-mail. There are other forms of communication. The requirement is that an offer be made so that it has to be tangible. But yeah.

Audience: And then the second follow up is so even if it was a grant, let's say you did the R2T4, and there was a post-withdrawal disbursement, and it was just Pell Grant, do you still have to make the offer? Or you can just credit the account automatically.

Dan Klock: Even on a loan, you can credit the account. The important thing on a loan, of course, because the borrower always has the option to reduce or cancel, the notification achieves that as well.

Audience: So my question – if it was just Pell Grant –

Dan Klock: If it's just Pell Grant, we'll make – well, I guess we'll give you two examples. In Example A, it's \$1,000.00, and the student owes the institution \$1,000.00 or more, and it's for tuition and fees, room and board they contract with you, and other allowable educational expense. Pay the bill.

Audience: Yeah, so you don't have to document that you've actually made an offer? You could automatically do it? That's not a problem.

Dan Klock: Pay the bill.

Audience: But for the loan, obviously, you need –

Dan Klock: Right. Now if the student only owed you something less than the \$1,000.00, then – they owed you \$800.00, so you're going to have a \$200.00 credit balance. Normal credit balance rules take effect. You'd issue a check or an EFT to the student for the remainder and eliminate the credit balance.

Audience: Excellent, thank you.

Dan Klock: You bet. Hi.

Audience: Hello. I'm an auditor, and just something I've seen inconsistent from college-to-college.

Dan Klock: Yeah, I missed the first part.

Audience: Sorry. I'm an auditor. A question about something I've seen kind of inconsistent from college-to-college. Some schools using the last date of classes and some schools using the last date of finals to determine just the total number of days for the period. I haven't been able to find clear guidance either way.

Dan Klock: It's the last day of finals.

Audience: It is the last date of finals.

Dan Klock: Yeah, for everybody in that program.

Audience: So that's what it needs to be. It doesn't matter if the school has a policy and says, you know, that we use the last date of classes or –

Dan Klock: That's a good one. Our guidance has been it should be the last date of finals, and I don't think we've been asked the – and that's what it should be because we're looking at the entire, in this case, payment period, and to shorten that up to the last date of class when many schools, traditional ones especially, will have a brief period, two days from study, and then you're going to have exams over about a week. Well, that's nine days. So if it's – if you're doing the division by 100 versus 109 days, you're going to throw the percentages off.

Audience: Yeah, no, it definitely changes things.

Dan Klock: It should be the last day of finals.

Audience: Thank you.

Dan Klock: You bet. Next.

Audience: The question would be origination. Is that when you actually put it into the system? Origination date. Is that when you actually enter it into the system, it technically is originated for the CFRs, or is that actually when you get the mastery promissory note back for loans? Can you clarify the origination date?

Dan Klock: It's the date you enter the origination date into the system.

Audience: So if you entered in – like if you use we'll say a campus, if you enter it into campus, that technically is your origination date you're saying?

Dan Klock: And tell me how that works. I'm not familiar with that system.

Audience: Well, if you put it into the system and you're telling that the student is going to get X dollars of loans, is that when you actually originated it? It states the first day the student comes in there, tells you what they're going to get Title IV aid is. Is that your origination date of your loans?

Dan Klock: I believe so, but I will be glad – if you'll e-mail me, I'll double check with our systems folks.

Audience: And then my other question is about last date of attendance and DOD. If a student receives funds – if they're no longer attending and they receive funds after the last day of attendance but before the DOD, should it be included as could have been disbursed or disbursed?

Dan Klock: Runt hat by me one more time. I'm sorry.

Audience: If the student is no longer attending, but they – and the DOD is were say a couple days later, but the funds come in before the DOD, how should the funds be treated as? Could have been disbursed or disbursed?

Dan Klock: Were they disbursed earlier when they came in?

Audience: They were disbursed after the last date of attendance?

Dan Klock: Are you an institution – okay.

Audience: We are required to take attendance.

Dan Klock: You're required to take attendance. Okay, this is the scenario like we had with the student in the car wreck. The last date of attendance – no.

Audience: The last date of attendance –

Dan Klock: Happens first.

Audience: Yeah, it was like on Friday, and the funds came in on a Monday.

Dan Klock: Determination happens afterwards, next Wednesday.

Audience: Correct.

Dan Klock: And when is the disbursement made?

Audience: They dropped out. They were no longer there on Friday. The funds came in on Monday. They drop out on Friday.

Dan Klock: So a couple things going on. First of all, you're going to have to determine whether the student met the late disbursement rules.

Audience: They met all the late disbursement requirements.

Dan Klock: So then, the – and so what was the final question? I'm sorry, I'm losing it.

Audience: I guess the question is would you include it as could have been disbursed or disbursed? Because it would be a difference. It would be a post-withdrawal disbursement if you did it as could have been disbursed.

Dan Klock: Yeah, it would be included in the calculation as disbursed.

Audience: As disbursed.

Dan Klock: Yes.

Audience: Okay, thank you.

Dan Klock: Sorry. Other questions? This is great. We might get through all the questions. This is a first.

Audience: I want to ask you the questions –

Dan Klock: Can you step closer to the mic? I can't hear you.

Audience: I want to ask you the question – my student drop the first within two week of the semester start. And then I calculated –

Dan Klock: Come on up here, and I'll repeat the question in my mic. Just come on up here. *[Speaking off microphone with audience member]* And so when, 15, 16 weeks? Okay, so the question is or the scenario is we have a student who starts class. We'll assume they're full time, and a standard term institution – stay here in case I get it wrong. And they drop out after attending two weeks. The institution does the return to Title IV funds calculation, and then late in the payment period, the student is able to register for another class that's going to start like in October and go for some number of weeks. Okay. So what's your question?

Audience: *[Asking question off microphone]*

Dan Klock: What would you do? Okay, because this – I'll give the answer in several different scenarios. Because this is a standard term program, although you have some class that is starting at a weird time in the cycle, that student is basically done for that payment period. If this were a non-term or clock hour program and they came back within 180 days, the rules in 668.4 (f) would apply, and you would just – they would be in the same payment period, and you would just give them – (a) you couldn't charge them anymore, and you would give them the aid that you had previously given to them. It was like they were on a leave of absence, and they came back. But because you said this is a standard term program, they're actually going to start a new payment period with the start of that new class.

Right. Right. Right, yeah, because they withdrew and they started a new payment period. Are we done? Okay, thank you very much. I hope this was helpful, and I really appreciate you all being here today. Have a great conference.

[End of Audio]