

# Introduction

*The purpose of this publication is to describe how a school becomes eligible to participate in the Federal Student Aid (FSA) programs and to explain the administrative and fiscal requirements of FSA program participation. In addition, this publication discusses other issues relevant to the general administration of the FSA programs.*

This chapter provides a *summary* of the changes and clarifications presented in greater detail in the chapters that follow. **Alone, the text here does not provide schools with the guidance needed to satisfactorily administer the Title IV, HEA programs.** For more complete guidance, you should refer to the text in the chapters cited, the Code of Federal Regulations (CFR) and the Higher Education Assistance Act (HEA) as amended.

Throughout this volume, new information is indicated with the following symbol.



When the text represents a clarification rather than a change, it is indicated with this symbol.



When we believe that historically there might be some misunderstanding of a requirement, we indicate that with



or



Finally, if we want to point out a bit of helpful information we indicate it with



## MAJOR CHANGES

At this year's Electronic Access Conferences in San Diego and New Orleans we announced a reorganization of the Handbook, and sought your input. Subsequently, the first thing you will notice about this year's edition of Volume 2 is a change in its organization.

Two major topics have moved to other volumes. The material covered in the former Chapter 5, Cash Management will now be included in *Volume 4 – Processing Aid and Managing FSA Funds*. The material covered in the former Chapter 6, Return of Title IV Funds will now be included in *Volume 5 – Overawards, Overpayments, and Withdrawal Calculations*.

## NEW CHAPTER DESIGNATIONS AND MATERIALS

### *Chapter 1– School Eligibility*

### *Chapter 2 – Applying for Participation*

- √ We have clarified that After completing its review, if a school's application has been approved, the Department will send an electronic notice to the president and financial aid officer notifying them that the school's PPA is available to print, review, sign, and return.

### *Chapter 3 – General Participation Requirements*

- √ If you are determining the payment periods for a program for which one of the measures (either credit hours or length of instructional time) is less than an academic year and the other measurement is not, you follow the payment period rules for a program that is less than an academic year.

### *Chapter 4 – Program Eligibility*

- √ We have clarified that as part of your school's Satisfactory Academic Progress (SAP) policy, your institution is required to define the effect of noncredit remedial courses (including ESL courses) on SAP.

### *Chapter 5 – Updating Application Information*

- √ We have clarified that a school wishing to add a program at least 300 clock hours but less than 600 clock hours, must apply for and wait for written approval from the Department before awarding FSA funds to students in the program.

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- ✓ We have added a chart summarizing the section of the E-App you need to update when changes occur.

### **Chapter 6 – Providing Consumer Information**

- ✓ Loan Counseling has been added to the topics covered in this chapter.
- ✓ We have clarified that you may release personally identifiable information on an F, J, or M nonimmigrant student to the Department of Homeland Security without violating FERPA.

### **Chapter 7 – Written Agreements Between Schools**

- ✓ We have clarified that credits earned through a study abroad or exchange program must be acceptable toward graduation in the student's program by the home school.

### **Chapter 8 – Distance Education**

### **Chapter 9 – Recordkeeping and Disclosure**

- ✓ We have clarified when, without disclosure or authorization a school may disclose information about a student without violating FERPA..
- ✓ We have clarified the differing IRS and FSA definitions of dependence, and explained that if a student is a dependent as defined by the IRS, disclosure may be made to either parent, regardless of which parent claims the student as a dependent.
- ✓ We have clarified that schools are not required to notify a student in advance or keep a record of the disclosure when the disclosure of education records is made in compliance with subpoenas or court orders issued for certain law enforcement purposes.
- ✓ We have clarified when redisclosure is prohibited and when it is allowed under FERPA.

### **Chapter 10 – Administrative Capability**

- ✓ The treatment of – *Enrollment Reporting with NSLDS and the Roster file*, *Providing borrower information at separation*, and *Exchanging information about delinquency and default* have been moved to this chapter.
- ✓ We have expanded the discussion of consistency of information.
- ✓ Much of the discussion of Satisfactory Academic Progress previously found in Volume 1 has moved to this chapter.

- √ We remind schools that they must define in their SAP policies the effect of both ESL courses (not part of an ESL program) and remedial courses on both the qualitative and maximum timeframe components.
- √ We have clarified that an institution may not have a policy that excludes courses in which a student has remained past the drop/add period and earned a grade of “W” (or its equivalent) from its calculation of a student’s maximum time frame.
- √ We remind schools that in order to receive students’ financial aid history, they must register for the *Transfer Monitoring Process*.

### **Chapter 11– Financial Standards**

- √ We inform you that the Department has issued new guidance on the treatment of *long-term* and other debt in calculating primary reserve, equity, and net income ratios.

### **Chapter 12– Program Integrity**

- √ The treatment of the – Quality Assurance Program, FSA Assessment Tools, ISIR Analysis Tool, and Experimental Sites Initiative – has moved to this chapter.
- √ We remind you that the criteria for being required to submit an A-133 audit, increased for fiscal years ending December 31, 2003.
- √ We remind you that an institution that converts from a *for-profit* to a *nonprofit* status must report its compliance with the 90/10 revenue test for the first year after its conversion.