

BREAKOUT SESSION #7

Title IV Administration for Nonterm Credit Hour Programs

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2022 Virtual FSA Training Conference for Financial Aid Professionals

INTRODUCTION

- This session will include information on administering *Title IV* programs for schools with nonterm credit hour programs
- This session will also include information about administering the William D. Ford Federal Direct Loan (Direct Loan) program for academic programs with nonstandard not substantially equal (NSE) terms
 - This academic calendar structure means that the nonstandard terms are the payment period for all programs other than Direct Loan, but the Direct Loan payment periods are defined using nonterm payment period definitions
 - It is possible for an academic program to have one payment period definition for Direct Loans and a different definition for all other Title IV programs
- This session does not discuss requirements for clock hour programs

AGENDA

- Definitions and basic requirements
- Pell Grant administration
- When is a credit hour program nonterm for Direct Loan purposes?
- Awarding and disbursing Direct Loans for nonterm credit hour programs
- Satisfactory Academic Progress (SAP) and Return to Title IV (R2T4) for nonterm credit hour programs

DEFINITIONS AND BASIC REQUIREMENTS

DEFINED ACADEMIC YEAR

- Every eligible program must have a defined academic year for *Title IV* purposes
- Used to determine payment periods and calculate Direct Loan awards
- Must be defined in writing in policies and procedures
 - Must use that definition for all students in the same program
 - Must use that definition for all *Title IV* purposes for the entire length of the program
- **Specify weeks of instructional time and credit hours**
- Not dependent on start and end dates of award year

UNDERGRADUATE ACADEMIC YEAR MINIMUMS

	Minimum number of weeks of instruction	Minimum number of credit hours
Programs that measure progress in semester or trimester credit hours	30	24
Programs that measure progress in quarter credit hours	30	36

Program length may be shorter or longer than the definition of the academic year

See 34 C.F.R. § 668.3

GRADUATE ACADEMIC YEAR MINIMUMS

- For graduate programs, regulations specify the minimum number of weeks in an academic year, but there is no minimum standard specified for credit hours
- Minimum number of weeks of instruction is 30 weeks for programs that measure progress in semester, trimester, or quarter credit hours
- Defined academic year may be longer than minimum required

NONTERM PAYMENT PERIODS

- Defined academic year has two EQUALLY important components
 - Weeks of instructional time
 - Credit hours
- Payment periods for nonterm calendars are based on the weeks of instructional time and credit hours in the program or academic year
- Statute establishes minimum
- School defines its academic year for each program of study
 - Must meet minimum requirements
 - The defined academic year can be longer than the minimum required

NONTERM CALENDAR PAYMENT PERIODS

- No terms to use for payment periods
- Student's **successful completion** of weeks of instruction and credit or clock hours determine the student's payment periods
- For graduate or professional students, the Direct Loan payment period is half of what a full-time student would be expected to complete in the defined academic year, in both weeks of instructional time and credit or clock hours
- See 34 C.F.R. § 668.4(c)

NONTERM PAYMENT PERIODS

- A change in award years does not change the defined payment periods
- Programs are only offered in modules for *Title IV* purposes if the program uses a standard term or nonstandard term academic calendar
- There are never more than two equal payment periods in a nonterm academic year

PROGRAM OF ONE ACADEMIC YEAR OR LESS

- The program is divided into two equal payment periods
- First payment period is the period of time when the student completes half the number of credit hours and half the weeks of instructional time in the program
- Second payment period is the period of time in which the student successfully completes the remainder of the program

PROGRAM GREATER THAN ONE ACADEMIC YEAR

- If the remainder of a program longer than an academic year is more than half an academic year but less than a full academic year in length
 - First payment period is half the credit hours and half the weeks of instructional time remaining in the program
 - Second payment period is the time necessary to complete the remainder of the program
- If remainder of program is less than half an academic year in weeks or credit hours
 - Final payment period is remainder of academic program

PROGRAM GREATER THAN ONE ACADEMIC YEAR

- For the first academic year and any full academic year after that:
 - First payment period is the period of time when the student completes half the number of credit hours and half the weeks of instructional time in the academic year
 - Second payment period is the period of time in which the student successfully completes the remainder of the academic year

CROSSOVER PAYMENT PERIODS

- Payment period that includes 6/30 **and** 7/1 of same calendar year
 - Established payment period are determined by number of credit hours and weeks of instructional time
 - Must be assigned to and paid from one award year
 - Any aid drawn down for crossover period may pay all costs associated with the period (even if paying from next award year)
 - May use different award year for Pell Grants than for other *Title IV* assistance
 - Must have valid ISIR/SAR for assigned year

FULL AND HALF TIME DEFINITIONS

- A student carrying a full-time workload determined by the school under a standard applicable to all students enrolled in a program
- Workload may include any combination of courses, work, research or special studies that the school considers sufficient to classify the student as full time
- A half-time student is carrying a half-time academic workload as defined by the institution that amounts to at least half of the workload of the applicable minimum requirement defined for a full-time student

FULL-TIME STUDENT DEFINITION

- The minimum standard for a full-time undergraduate student in a credit hour program that does not have terms is 24 semester or 36 quarter credit hours over the weeks of instructional time in the academic year; or the prorated equivalent if the program is less than an academic year
- The regulations do not establish a minimum standard for full-time status for graduate students
- See 34 C.F.R. § 668.2

NONTERM DISBURSEMENTS

- Earliest date for disbursements for nonterm programs
 - 10 days before the first day of classes; or
 - The date that the student completed the previous payment period
- Funds cannot be disbursed 10 days prior to the start of second payment period, or the first payment period of subsequent year loan or grant
 - Students must complete first payment period before receiving second disbursement
 - Students must complete first academic year in weeks and credits before receiving first disbursement of subsequent year loan or grant
- See page 3-23 of 2021-22 *FSA Handbook*

PELL GRANT ADMINISTRATION

FIVE CALCULATION STEPS

- Determine enrollment status
- Calculate Pell Cost of Attendance (COA)
- Determine annual award
- Determine payment periods
- Calculate payment for each payment period

PELL GRANT COA

- Is student at least half time?
- If program is not equal to an academic year, prorate COA up or down to reflect one full academic year
- Pell Grant COA is always based on the cost for a full-time student for a full academic year

PELL GRANT COA PRORATION

Multiply program COA by the **lesser** of two fractions to determine Pell COA

Credit hours in program's defined academic year

Credit hours to which the costs apply

OR

Weeks of instructional time in program's defined academic year

Weeks of instructional time in enrollment period to which costs apply

ANNUAL/SCHEDULED PELL GRANT

- The maximum amount a student would receive during a full academic year for a given enrollment status, EFC and COA
- The annual award for a student in a nonterm credit hour program is always taken from the full-time payment schedule, even if the student is attending less than full time
 - Annual award will always equal the scheduled award

PELL GRANT CALCULATION FOR PAYMENT PERIOD

Formula 4

Scheduled Award times **THE LESSER OF:**

Number of credit hours in the payment period
Number of credit hours in program's academic year

or

Number of weeks of instructional time in the payment period
Number of weeks of instructional time in program's academic year

WHEN IS A CREDIT HOUR PROGRAM NONTERM FOR DIRECT LOAN PURPOSES?

NONTERM CALENDAR

- Postgraduate research program with students continuously enrolled for 36 weeks and there are no terms for academic work
 - Academic year defined as 30 weeks of instructional time
 - Loan period is 36 weeks
 - Each payment period is 15 weeks of instructional time and half the credits or equivalent in the academic year
 - Students must successfully complete the weeks and credits in the first payment period to be eligible for a second disbursement
 - Student must successfully complete the weeks and credits in the loan period in order to be eligible for a subsequent loan

NONSTANDARD NOT SUBSTANTIALLY EQUAL TERMS

- Undergraduate program with three terms
 - Fall term with 12 weeks of instructional time
 - Spring term with 12 weeks of instructional time
 - Summer term with 6 weeks of instructional time
 - Academic year definition includes 30 weeks of instructional time
- Terms are nonstandard and not substantially equal, therefore nonterm rules apply and BBAY 3 must be used
 - Two equal payment periods each with 15 weeks of instructional time and half the number of credits in the defined academic year
 - Students must successfully complete 30 weeks of instructional time and all the credits in the defined academic year in order to be eligible for a subsequent loan

NONSTANDARD NOT SUBSTANTIALLY EQUAL TERMS

- Example – 15-week semester and 23-week semester
 - Academic year definition includes 38 weeks of instructional time
 - One term in standard and one is nonstandard and they are not substantially equal
- Terms are not the payment periods
- Each payment period is 19 weeks of instructional time
 - Students must successfully complete 19 weeks and half the number of credits in the defined academic year in order to be eligible for a second disbursement
- Students must successfully complete 38 weeks of instructional time and all the credits in the defined academic year in order to be eligible for a subsequent loan

NONSTANDARD NOT SUBSTANTIALLY EQUAL TERMS

- Example – 13-week semester and 17-week semester
 - Academic year definition includes 30 weeks of instructional time
 - One term in standard and one is nonstandard and they are not substantially equal
- Terms are not the payment periods
- Each payment period is 15 weeks of instructional time
 - Students must successfully complete 15 weeks and half the number of credits in the defined academic year in order to be eligible for a second disbursement
- Students must successfully complete 30 weeks of instructional time and all the credits in the defined academic year in order to be eligible for a subsequent loan

NONSTANDARD NOT SUBSTANTIALLY EQUAL TERMS

- Direct Loan payment periods for programs that have nonstandard terms that are not substantially equal are defined in regulation 34 C.F.R. § 668.4(b)
- The definition is the same as the definition for credit hour programs that do not have terms
- For *Title IV* programs other than the Direct Loan program, each nonstandard not substantially equal term is a payment period

AWARDING AND DISBURSING DIRECT LOANS FOR NONTERM PROGRAMS

LOAN PERIODS

- Maximum loan period
 - Generally the program's academic year
- Minimum loan period
 - Academic year; or
 - Remaining portion of program; or
 - Remaining portion of an academic year

MONITORING ANNUAL LOAN LIMITS

- Borrower-based academic year 3
- Must be used for nonterm credit hour programs
- Moves with student's attendance and progression in program
- Student becomes eligible for new annual loan limit after successful completion of credit hours and weeks of instructional time in academic year

PRORATING ANNUAL LOAN LIMITS

Program less than an academic year	Final period less than an academic year*
Use lesser of: <u>Weeks enrolled</u> Weeks in academic year or <u>Credits enrolled</u> Credits in academic year	Use: <u>Credits enrolled</u> Credits in academic year

* Applies only to undergraduates

DETERMINING LOAN PERIODS

- Loan period may be the same as the period of enrollment for programs of one academic year in length or less
- Loan periods may cross award years
- Loans must be disbursed equally in each payment period
 - The loan period determines the payment periods
 - There cannot be more than two equal payment periods in a loan period

CROSSOVER PERIODS AND MULTIPLE LOANS

- If a loan period crosses two award years, the loan may be awarded from either award year
 - Example – Loan period from May 2022 to December 2022
 - If the student has a valid ISIR from both award years, this loan could be awarded from either the 21-22 or 22-23 award year
- More than one annual loan may be awarded from one ISIR
 - Example – Student has valid 21-22 ISIR and is enrolled in a program of two academic years that lasts from September 2021 until December 2022
 - Academic year and loan period 1 – September 2021 to April 2022
 - Academic year and loan period 2 – May 2022 to December 2022
 - Both loans may be awarded and disbursed from the 21-22 award year

CROSSOVER LOAN PERIODS

John

May – August 2022

September – December 2022

2021-22 Award Year

Maria

May – August 2022

September – December 2022

2022-23 Award Year

LOAN AWARDING FOR TRANSFER STUDENTS

- Upon transfer into a nonterm program at second school within the academic year of a loan at previous school -
 - New school certifies loan for remaining balance of annual loan period for period that covers remaining portion of **academic year** (not loan period) at first school
 - Abbreviated loan period starts with first day of enrollment at the new school and ends on the last day of the academic year that began at the previous school
 - Loan amount may not exceed annual loan limit for grade level applicable at new school
 - Cost of attendance for loan based on length of abbreviated loan period
 - See page 3-169 to 3-174 of 2021-22 *FSA Handbook*
- The key data element is the academic year, not the loan period from the loan at the previous school
 - Academic year data for the previous loan can be found in COD

LOAN AWARDING FOR TRANSFER STUDENTS (CONT.)

- After abbreviated loan period completed, student progresses to new loan period and annual loan limit
- There are special requirements for students who withdraw from an abbreviated loan period
 - The abbreviated loan period does not meet the definition of an R2T4 payment period and should not be used as the definition of a payment period for R2T4 purposes
 - See page 5-105 through 5-108 of the 2021-22 *FSA Handbook*

SAP AND R2T4 FOR NONTERM CREDIT HOUR PROGRAMS

SATISFACTORY ACADEMIC PROGRESS (SAP)

- Two scenarios for satisfactory academic progress policies for credit hour programs operating in a nonterm environment for *Title IV* purposes
 - Program has no terms for academic work
 - Program has nonstandard not substantially equal terms so the terms are not payment periods for Direct Loans and the payment periods for Direct Loans are defined using nonterm requirements

NONTERM CALENDAR SAP

- Regulatory change effective July 1, 2021 removed the requirement for a pace component in a satisfactory academic progress policy for nonterm credit hour programs and clock hour programs
 - Removed due to requirement that students complete half the hours and weeks of instructional time in an academic year before a subsequent disbursement can be made
 - See final regulation 34 C.F.R. § 668.34(a)(5) published in *Federal Register*, September 2, 2020
 - Nonterm programs still must determine at each evaluation point whether it is mathematically possible for a student to complete the program within the maximum timeframe

NONSTANDARD NSE TERMS SAP

- Credit hour programs that use standard or nonstandard terms and are not subscription-based programs are required to have a pace component in the SAP policy to ensure the student graduates within the published maximum time frame
- Two calculation options
 - Divide cumulative credit hours successfully completed by cumulative credit hours attempted, or
 - Determine the number of credit hours the student should have completed at the evaluation point in order to complete within the maximum time frame
- For additional discussion, see the preamble to the Notice of Proposed Rulemaking in the *Federal Register* dated April 2, 2020

NONTERM CREDIT HOUR R2T4

- For students who withdraw from a nonstandard term-based or nonterm-based programs, schools may perform R2T4 calculations on the period of enrollment or payment period
 - If using period of enrollment, the period must be consistent with the loan period used
 - This is the length of the period used as the denominator in the R2T4 calculation
- Choice must be defined in policies and procedures and consistently applied to all students within the program
 - Exception allowed for students who transfer into or re-enter these types of programs
 - If exception used must apply to all students who transfer into or re-enter the program
- Special requirements for students who fail or withdraw from some courses prior to complete withdrawal

PROJECTING COMPLETION DATE

- For students who withdraw from credit-hour nonterm programs when completion date depends on individual student progress, the end date of the period must be projected based on the student's progress as of the withdrawal date
 - Total number of calendar days in the period for R2T4 purposes must reflect the actual number of days the student would have had to attend to successfully complete all the credit hours originally scheduled in the period
- See Dear Colleague Letter GEN-04-03, revised November 2004

NOT PROGRESSING AS SCHEDULED

- Payment periods and periods of enrollment have scheduled end dates
- If as of withdrawal date the student is not progressing as scheduled through the period, the completion date of the period must be projected based on the student's individual progress
 - Withdrawal or failure of a class within the period
 - Taking longer than scheduled to complete a class or classes
 - Example – Student completed a class scheduled for five weeks in eight weeks

PROJECTING COMPLETION DATE

- If a student withdraws from self-paced nonterm program prior to earning any credits, the institution must have a reasonable method for projecting the completion date of the period
- If students do not earn credits or complete classes as they move through the program, schools must have reasonable procedures for projecting the completion date of the period based on the student's progress prior to withdrawal

PROJECTING COMPLETION DATE

- Four examples of methodologies for projecting the completion date for a student who withdraws from a nonterm credit hour program are found in Volume 5, Chapter 2, Step 2 of the 2022-23 *FSA Handbook*
 - Lessons completed
 - Nothing completed – Schools may use institutional records to identify the longest it took any student to complete the period
 - Percentage completed – Days attended are divided by the percentage of credits earned to project the number of days in the period
 - Projecting for withdrawal from self-paced nonterm program

WHEN AID IS DISBURSED USING DIFFERENT PAYMENT PERIODS

- Nonstandard terms programs with terms that are not substantially equal have different payment periods for *Title IV* grant programs and Direct Loan funds
- Only one payment period may be used in the R2T4 calculation
- Schools must use the payment period that ends later in the R2T4 calculation
- See pages 5-100 to 5-104 of the 2021-22 *FSA Handbook*

RETURN AFTER WITHDRAWAL

- A student who ceases attendance and returns within 180 days is considered to remain in the same payment period
 - R2T4 calculation is reversed and funds redisbursed
 - Extend original loan period and academic year dates
 - May need to request extended processing from COD if disbursement will extend past program-year closeout deadline
- A student who ceases attendance and returns after 180 days or begins a different program at the same school within any time period starts a new payment period
 - All periods of a student's attendance in a program are subject to SAP maximum time frame

QUESTIONS?

<https://fsapartners.ed.gov/help-center/contact-customer-support>

SCHOOL ELIGIBILITY AND OVERSIGHT SERVICES GROUP (SEOSG)

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