

BREAKOUT SESSION #14

General Q&As

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U.S. Department of Education

2023 FSA Training Conference for Financial Aid Professionals

AGENDA

1. Student Eligibility
2. Federal Work Study
3. Borrower Defense and Closed School Discharge
4. Cash Management
5. Return of Title IV Funds
6. COVID-19 Waivers and Flexibilities

STUDENT ELIGIBILITY



FOREIGN HIGH SCHOOL EQUIVALENCY

QUESTIONS

- What are the requirements for documenting foreign high school equivalency?
- When are schools required to document foreign high school completion instead of accepting a self-certification?
- When documentation is required but unavailable, what alternate documentation are schools required to obtain from the student?

ANSWERS

- The institution must determine whether the foreign secondary school credentials are evidence of completing the equivalent of a secondary education in the United States.
- You may accept a copy of their foreign high school diploma or transcript or a “secondary school leaving certificate” (or a similar document) from the Ministry of Education or similar agency
- If your school is qualified to evaluate the diploma, you may do so. Otherwise, you should use a foreign diploma evaluation service.

SELF-CERTIFICATION

You may accept self-certification that a student has completed a foreign high school (or equivalent) education if:

- The student is selected for verification tracking groups V4 or V5 (see the Application and Verification Guide for more information), in which the student must provide proof of high school completion; and
- It is impossible for a refugee, asylee, or victim of human trafficking to obtain documentation of his or her completion of a secondary school education in a foreign country.



ACCEPTING SELF-CERTIFICATION

In these cases, the applicant must:

- Present their entry status documentation that demonstrates their current or prior status as a refugee, asylee, or victim of human trafficking who entered the U.S. after the age of 15; AND
- Provide proof of their attempt to obtain documentation of their completion of a secondary school education in a foreign country, i.e. a copy of an e-mail or letter (including proof of mailing)*

* see item FHD-Q2/ A2 at

<http://www2.ed.gov/policy/highered/reg/hearulemaking/2009/hsdiploma.html>.

AFGHAN AND UKRAINIAN NATIONALS

QUESTION

- Do the special provisions for Afghan and Ukrainian nationals to be treated as eligible noncitizens still apply? Will those ever sunset?
- Afghans qualify if paroled into the U.S. between 7/31/21 and 9/30/22; a spouse, child, or parent/guardian of an individual paroled during the original dates can also qualify if paroled after that

ANSWER

- Both Afghan and Ukrainian parolees can qualify as eligible non-citizens if they are otherwise eligible and meet certain criteria
- See [DCL GEN-22-08](#) and [FSA Handbook](#), Volume 1, Chapter 2
- Ukrainians qualify if paroled into the U.S. between 2/24/22 and 9/30/23; can qualify if paroled after that if a spouse, child, or parent/guardian of a Ukrainian national previously paroled or the parent/guardian/primary caregiver of unaccompanied noncitizen child paroled during the original dates

CAMPUS-BASED PROGRAMS



FEDERAL WORK STUDY (FWS) OVERAWARDS

QUESTION

A student receives a full-year FWS award based on costs for the full year. The student receive FWS wages in the fall term, but then does not return for the spring term. The student received more FWS funds than their aid package can support once costs for spring are eliminated. What actions are we required to take?

ANSWER

- Students cannot be asked to repay wages earned
- You should first try to eliminate other types of estimated financial assistance in the student's aid package
- If you cannot sufficiently reduce other types of aid and there is still an overaward of FWS funds greater than \$300, **you must reimburse the FWS program from your school's funds**

REPORTING FWS WAGES

QUESTION

When reporting FWS wages in the Common Origination and Disbursement System (COD), will FSA be counting only the federal portion of the wages earned or will it include both the federal and the institutional portion?

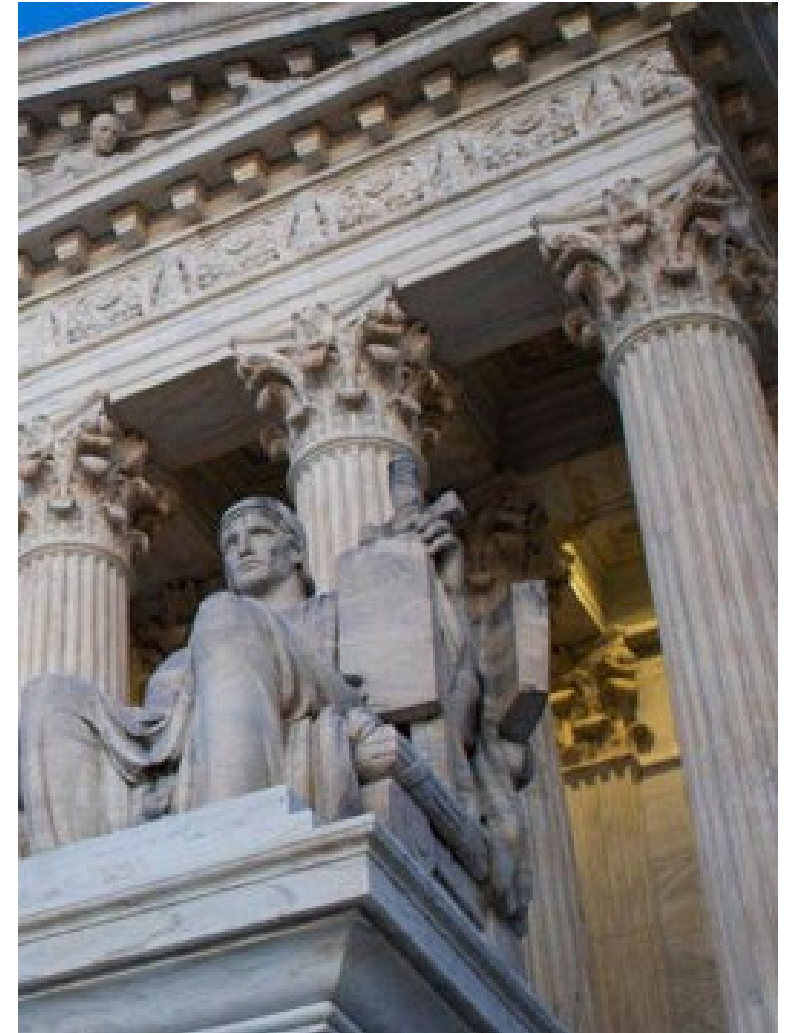
ANSWER

- Schools must report all FWS wages earned by an applicant, including both the institutional and federal portion. The full amount of the student's FWS wages will be excluded from income when calculating the applicant's Student Aid Index.

BORROWER DEFENSE AND CLOSED SCHOOL DISCHARGE

AUGUST 7, 2023 COURT INJUNCTION

- On Aug. 7, 2023, a federal court issued an injunction delaying the effective date of the latest regulations governing borrower defense and closed school loan discharges until at least November.
- The Department will not adjudicate any borrower defense applications under the latest rule unless and until the effective date is reinstated.



BORROWER DEFENSE CLAIMS

QUESTION

How will the injunction affect borrower defense claims? Are borrowers still permitted to file claims?

ANSWER

- While this injunction is in effect, borrowers may still apply online for borrower defense relief.
- The Department will continue to adjudicate borrower defense applications using the earlier version of the regulations where required under a court settlement.

PRE-DISPUTE ARBITRATION

QUESTION

While the injunction is in place, must schools comply with the Department's requirements for pre-dispute arbitration agreements?

ANSWER

No. The injunction prevents implementation and enforcement of all new borrower defense regulations published in the *Federal Register* on November 1, 2022 including requirements related to pre-dispute arbitration agreements.

CLOSED SCHOOL DISCHARGES

QUESTION

Does the injunction prevent the Department from implementing the new regulations for closed school discharges?

ANSWER

Yes. The court prevented the Department from implementing all new regulations related to closed school discharges until the matter is settled. Until then, the Department will continue to process closed school discharges until the prior rules.

CASH MANAGEMENT



DIRECT LOAN ORIGINATION DATE

QUESTION

Many cash management and R2T4 requirements are tied to the date of a Direct Loan's origination. Is the origination date the same as the date that the school transmits the origination to COD?

ANSWER

No. The date of origination for a Direct Loan is the date that the school creates the electronic loan origination in its computer system. This may or may not be the same date as the date the origination record is transmitted to COD.

TRANSFER TO OPERATING ACCOUNT

QUESTION

What is the deadline for transferring funds from a school's Title IV deposit account to their operating account once disbursements are made to student accounts?

ANSWER

Under [34 CFR 668.166\(a\)](#) you must ensure that you have made the disbursements to student accounts no more than three business days after you received the Title IV funds in your depository account (excluding the excess cash tolerance).

However, as long as the disbursements have been made to student accounts in a timely manner, there is no regulatory deadline for transferring funds from your school's Title IV depository account to your operating account.

FRESH START AND TITLE IV ELIGIBILITY

QUESTION

I have a student who just enrolled and says they have been taken out of default due to the “Fresh Start” initiative, but the National Student Loan Data System (NSLDS) still shows that they have been in default since 2015. Can I award and disburse Title IV aid to this student?

* Note that there is a different treatment for students with FFEL Program loans that went into default after March 13, 2020. See the DCL for more information.

ANSWER

- Yes, if the conditions for Fresh Start have been met.
- You must maintain in the student’s file an NSLDS screenshot showing that the loan went into default prior to March 13, 2020*.
- You must also retain in the file a signed acknowledgement that the student understands they are eligible for Title IV due to Fresh Start and that their loans will be transferred to another servicer.
- More information is available in [DCL GEN-22-13](#).

RETURN OF TITLE IV FUNDS (R2T4)

DISASTERS AND R2T4

QUESTION

- In disaster situations, schools are often forced to close temporarily and then reopen a few weeks later. Are students still subject to R2T4 in these cases? If so, are there special considerations for performing the calculation?

ANSWER

- Unless Congress or the Department explicitly waives R2T4 requirements due to an emergency (as we did during the COVID-19 pandemic), R2T4 requirements generally continue to apply during a disaster.
- There are unique considerations for all schools in these circumstances.

DISASTERS AND R2T4

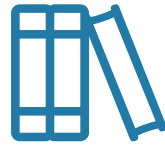
- If an institution ceases operation during a payment period or period of enrollment and fails to reopen by the end of that period, its students are considered no longer in attendance and must be considered withdrawn.
- Similarly, if an institution closes and subsequently reopens during a payment period, any students who began attendance during that payment period but failed to return when the institution reopens must be considered withdrawn for that payment period.

DISASTERS AND R2T4: WITHDRAWAL DATE



REQUIRED TO TAKE ATTENDANCE

If the institution is required to take attendance, the withdrawal date is the last day of documented attendance prior to the closure.



NOT REQUIRED TO TAKE ATTENDANCE

If the institution is not required to take attendance, the institution can use any applicable option under 34 CFR 668.22(c), including:

- Last date of academically-related activity
- midpoint of the period
- Date of circumstance that the student could not control



CLOSURE DATE

At a school not required to take attendance, for a student who does not return following the school's reopening, the school may determine that its closure was a circumstance that the student could not control and use that date as the student's withdrawal date.

DISASTERS AND R2T4: DAYS IN PERIOD



CREDIT HOUR PROGRAMS

When determining the number of days in the payment period or period of enrollment (the denominator of the calculation), the institution should include all the days that the student was scheduled to attend during that period on the date of the withdrawal.



CLOCK HOUR PROGRAMS

For a clock-hour program, an institution should not include as “scheduled hours” any hours on days that it was closed.

DISASTERS AND R2T4: TIMEFRAME FOR RETURNS

- Normally, if a student does not provide notification to an institution of their withdrawal, the date of determination that the student has withdrawn is the date that the institution becomes aware that the student ceased attendance.
- This is the date of the closure in most cases when an institution closes for reasons beyond its control.
- Therefore, the timeframes for completing Return of Title IV Funds calculations and making the appropriate returns or post-withdrawal disbursements generally begin on that date

RE-ENTERING THE SAME PAYMENT PERIOD



RE-ENTERING STUDENTS RETAIN TITLE IV ELIGIBILITY

If an institution that has closed subsequently reopens during the same payment period or period of enrollment and permits students to continue coursework they were taking at the time of the closure, students that return to class at that time are considered to have reentered the same period and retain their eligibility for Title IV aid.



RE-ENTERED STUDENTS SUBSEQUENTLY WITHDRAW

If a student in this situation subsequently withdraws, the institution must exclude the number of days that it was closed (if the closure was for at least 5 consecutive days, in combination with weekends or other scheduled breaks) from both the number of days the student completed and the total number of days in the payment period or period of enrollment.

LEAVES OF ABSENCE DURING CLOSURE

- Under normal requirements for leaves of absence, institutions are permitted to grant an approved leave of absence for a student who has been affected by unforeseen circumstances, even if the student requests the leave after it starts.
- In this circumstance, the institution is still required to collect the student's written request at a later date.

WAIVER OF R2T4 GRANT OVERPAYMENTS

- For a student who withdrew from a school subject to a major disaster, the provisions in [Dear Colleague Letter GEN-17-08](#) apply.
- The appropriate School Participation Division will address concerns about timeframes and deadlines on a case-by-case basis
- Department can waive the grant overpayment requirements of R2T4 process if:
 - Student was residing in, employed in, or attending an institution located in a disaster area;
 - Student withdrew because of the impact of the disaster on the institution; or
 - The student's withdrawal occurred within the academic year in which the disaster occurred or the next succeeding academic year

COVID-19 WAIVERS AND FLEXIBILITIES



SUNSET OF COVID-19 WAIVERS AND FLEXIBILITIES

- The COVID-19 national emergency ended on April 10, 2023, through enactment of H.J. Res. 7, Public Law No. 118-3. The COVID-19 public health emergency ended on May 11, 2023.
- These actions triggered the sunset of many waivers and flexibilities for the Federal student financial aid programs related to the COVID-19 pandemic.
- More information can be found in [Electronic Announcement GENERAL-23-46, Sunset of COVID-19 Waivers and Flexibilities](#)

COVID-19 WAIVER SUNSET TIMEFRAMES

- Most CARES Act waivers and flexibilities end at the end of the payment period in which the COVID-19 public health emergency ended on May 11, 2023. If May 11, 2023, occurred between payment periods, CARES Act waivers and flexibilities will not apply in the following payment period and thereafter.
- Most waivers provided to institutions under the HEROES Act will end at the end of the first payment period that begins **after** the national emergency ended on April 10, 2023.

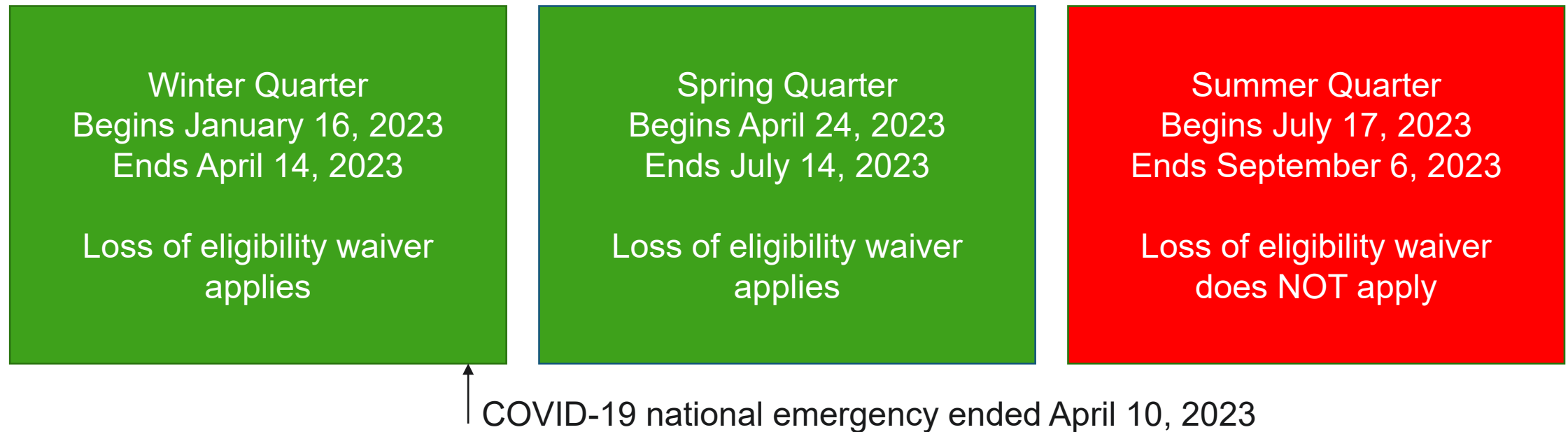
COVID-19 WAIVER SUNSET TIMEFRAMES

- Because different programs at the same institution may have different payment periods, waivers and flexibilities for those programs may end at different times for different programs.
- For programs with standard term academic calendars, waivers that are tied to the end of an academic year conclude on the last date of that academic year.
 - For example, a waiver's application to a program with a standard term academic calendar using semesters would end on the last date of the spring semester (or the summer semester, if it is treated as a trailer).

WIND-DOWN EXAMPLE 1: QUARTERS

Waiver of loss of institutional eligibility for temporary cessation of instruction

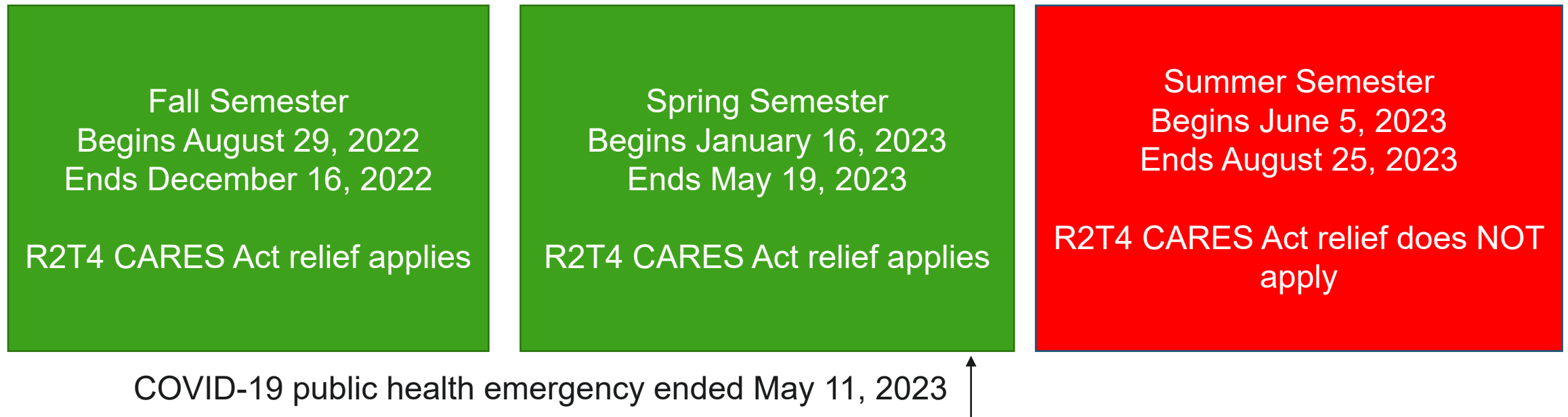
Sunset: Waiver ends on the last date of the first payment period that begins after the end of the COVID-19 national emergency.



WIND-DOWN EXAMPLE 2: SEMESTERS

CARES Act relief for withdrawals due to COVID-19

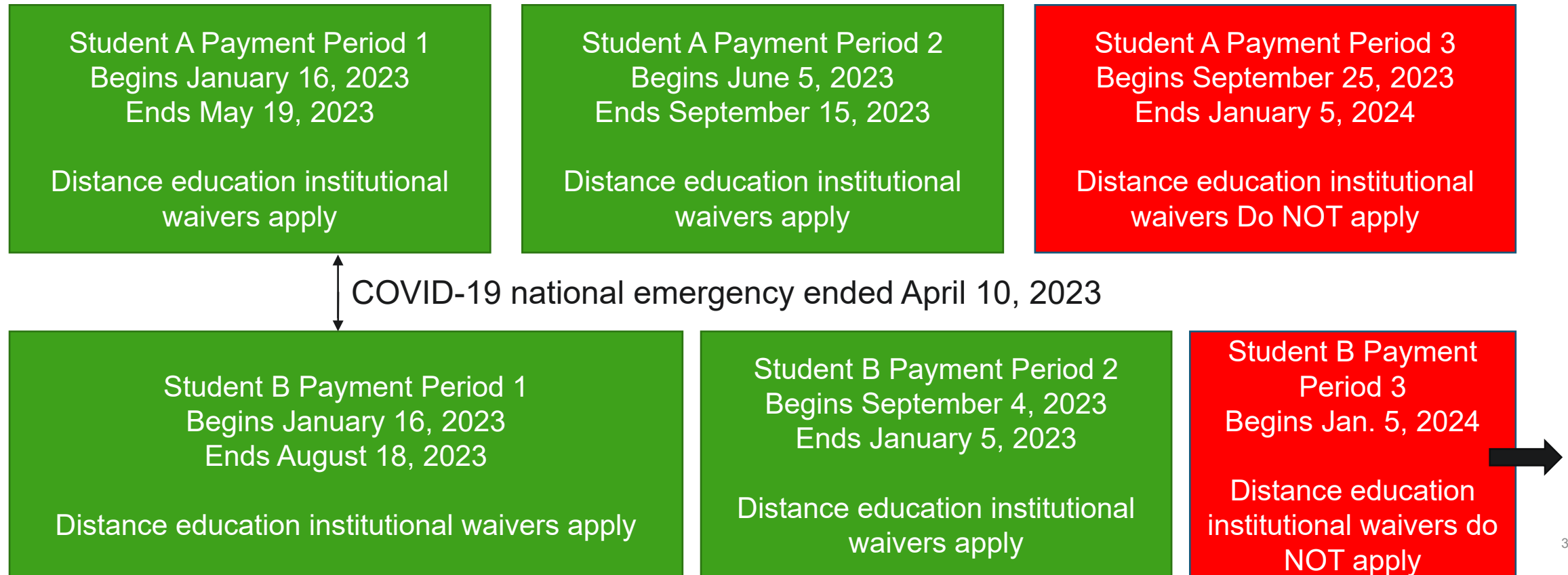
Sunset: End of the payment period in which the COVID-19 national emergency ends



WIND-DOWN EXAMPLE 3: NONTERM PROGRAM

Distance education flexibilities for institutions

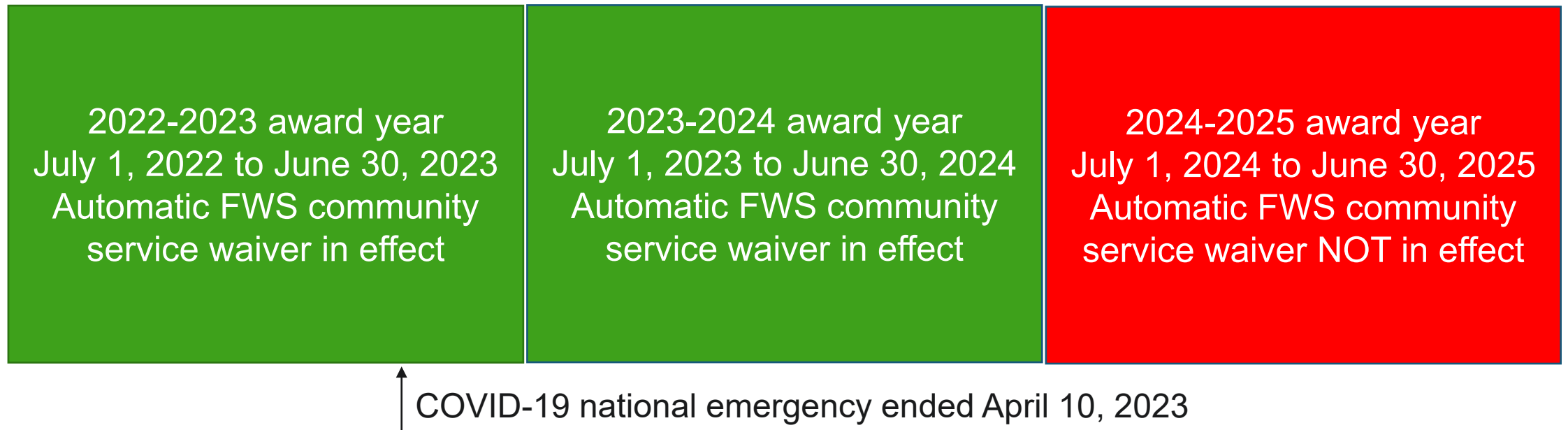
Sunset: Institutional waivers end on the last date of the first payment period that begins after the end of the COVID-19 national emergency.



WIND-DOWN EXAMPLE 4: AWARD YEAR SUNSET

FWS community service requirements are automatically waived for all FWS-participating schools.

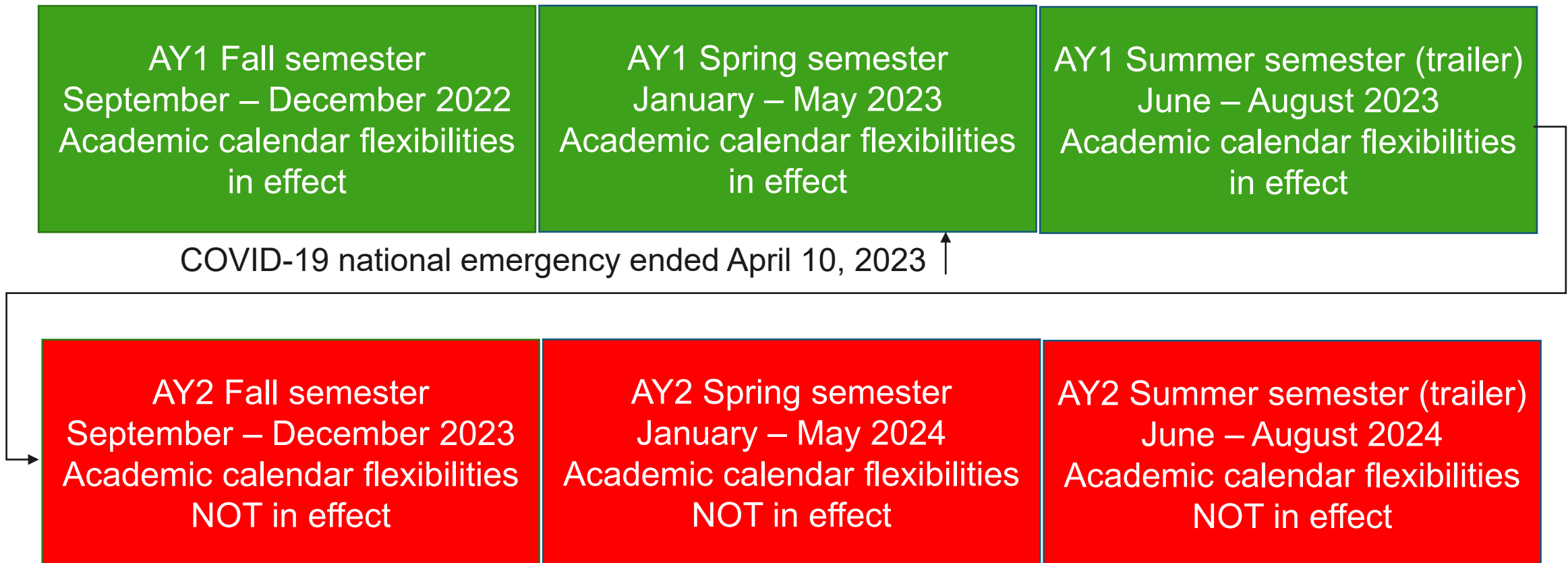
Sunset: This waiver expires at the end of the award year that begins after the date on which the Federally-declared national emergency related to COVID-19 is rescinded.



WIND-DOWN EXAMPLE 5: ACADEMIC YEAR SUNSET

Academic calendar flexibilities

Sunset: Applicable through the end of the academic year that includes the last date that the national emergency is in effect



SATISFACTORY ACADEMIC PROGRESS

- Under the CARES Act, schools were permitted to exclude from satisfactory academic progress (SAP) calculations any attempted credits that were not completed due to COVID-19.
- The SAP waiver ends at the end of the payment period that includes May 11, 2023.
- After that point a school cannot automatically exclude attempted credits with consideration of COVID-19 related circumstances in calculations of the SAP calculation.

SUNSET OF SATISFACTORY ACADEMIC PROGRESS WAIVER

QUESTION

Does the sunset mean that the SAP waiver can no longer be granted, even if the COVID-19 related circumstance relates to a period of enrollment that occurred during the national emergency? For example, if a student has a circumstance related to COVID-19 during Fall 2022, but does not notify the school until Fall 2023, then the waiver cannot be applied?

ANSWER

That is correct. In this circumstance, the credits taken during the Fall 2022 term cannot be automatically excluded from the student's SAP calculation. However, if the school allows SAP appeals, the school would be permitted to grant a student's appeal based on that COVID-19 circumstance.