BO3. The Revised Standards of Financial Responsibility: An Overview (Q&A)

Question:
You used an example of reporting a trigger if you do not disburse funds in a timely manner or within our policy. I assume an act out of our Institutions control, such as a snow day, would not constitute as a trigger because we would be completing this the next working day. OR do we have to report triggering event and provide an explanation?
Response:
SME Miller - Additional clarification and/or information is necessary to properly respond. Please email this question to the FSAFinancialAnalysisDivision@ed.gov mailbox so that we may ask those clarifying questions and get you an answer.

Question:
What about an accrediting agency that requires all of its schools to submit a teach out plan each year with the annual report? Is this a trigger?
Response:
SME Campbell If this is a requirement imposed by an accrediting agency, and assuming this is not associated with a financial concerns (which is a mandatory trigger 668.171(c)(2)(iv)) then it would be a discretionary trigger under 668.171(d)(13). The Department would evaluate the situation and determine if any action is required.

Question:
What constitutes a high drop out rate?
Response:
SME Miller - Guidance was issued in Electronic Announcement GENERAL-24-112 (Documentation requirements for Mandatory and Discretionary Trigger Reporting Under Financial Reporting). Institutions will not need to report anything to the Department for this discretionary trigger 668.171(d)(4). Regarding what constitutes a â€œhigh annual dropout rate,â€ the Department did not define the terminology. Instead, the Department opted for a case-by-case approach to determine whether there are indications of financial concern. In the final rule, the Department stated that it would assess the size of the institution, the number of students who drop out, and the cost associated with recruiting new students to replace those who drop out.

Question:
which part of Discretionary triggers is Discretionary ? Telling ED or ED taking security?
Response:
SME Campbell Discretionary triggers are those where ED determines whether some action is required based on the trigger. Actions may include a form of financial protection, provisional certification, or a change in method of payment.

Question:
Will there be any relief due to expected CDR increases after the payment pause?
Response:
SME Campbell This decision has not been made at this time.

Question:
Are there any updates as to when we will get a list of the programs the Department wants us to report?
Response:
SME Campbell See the session this afternoon called Get the Information you need on Financial Value Transparency and GE Reporting. It is BO 20 and will be broadcast at 2:05 pm ET.