

**DPL: GEN-01-09 – Attachment**  
**NSLDS Student Transfer Monitoring Process**  
**July 2001**

This attachment to Dear Partner Letter GEN-01-09, provides additional and detailed information about the revised regulatory requirement for obtaining financial aid history information for transfer students. It also contains a full discussion of the new “Inform, Monitor, Alert” process that schools will use with NSLDS to implement the new requirements.

## **Background**

Obtaining the financial aid history of a transfer student enables a school to confirm that the student is not in default on a Title IV loan or does not owe an overpayment of Title IV aid. It also helps the school determine the types and amounts of aid the student is eligible to receive. A student who is in default or owes an overpayment is not eligible to receive additional Title IV aid until the debt is paid in full or satisfactory arrangements are made to resolve the debt. Aid previously received may affect the student’s eligibility for additional aid because of the annual award maximums in the Pell Grant program and the annual and aggregate maximums in the FFEL, Direct Loan, and Perkins programs.

Prior to July 1996, the regulations (34 CFR 668.19) required a school to determine whether an applicant for Title IV aid previously attended another school or schools, and if so, to request the previous school(s) to complete and return a paper FAT. The requesting school then needed to wait until it received all the FATs before disbursing Title IV aid to the student.

On December 1, 1995, we amended the regulations (effective July 1, 1996) to allow schools to use NSLDS information for its transfer students. Dear Colleague Letter GEN-96-13, implemented the revised regulations by providing ways that schools could use NSLDS information for transfer students instead of using the paper FAT process. The most common way that schools obtain NSLDS information is from the Institutional Student Information Record (ISIR). Beginning July 1, 1996, a school could rely on NSLDS information (contained on the Financial Aid History page of the ISIR or otherwise obtained by the school as provided in GEN-96-13) for most transfer students. But for mid-year transfers - students that transfer from one school to another school during the same award year - a school had to obtain more current NSLDS information or obtain paper FATs from prior schools.<sup>1</sup> This was because NSLDS information would not in many cases be updated in time to reflect the aid recently received at their prior schools.

The next step in eliminating paper FATs took place last summer. We issued guidance that allowed a school to use NSLDS information for a mid-year transfer student if it obtained that information no earlier than 30 days before the first day of the student’s payment period (See Dear Partner Letter GEN 00-12). This guidance was intended to reduce the burden imposed on schools by the paper FAT process in a way that would help assure that schools would have the most current information before disbursing Title IV funds.

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<sup>1</sup> A school could use NSLDS information for a mid-year transfer if it obtained the information no earlier than 60 days after the end of the student’s enrollment at the prior school (for more information see, GEN-96-13, Question and Answer #44).

## **New Rules**

As part of negotiated rulemaking during the winter and spring of 2000, members of the financial aid community suggested that we should utilize more fully the capabilities of NSLDS to further reduce burden and to improve service. We agreed, and working with the community developed the new Transfer Monitoring Process described in this letter. To support the Transfer Monitoring Process we published, on November 1, 2000 (effective on July 1, 2001), new final regulations that officially eliminated paper FATs and provided that NSLDS information must be used for all students, including mid-year transfers. The new regulations also remove the requirement that a school must respond to another school's request for a paper FAT.<sup>2</sup>

Beginning July 1, 2001, the new regulations and the Transfer Monitoring Process discussed in this document replace prior rules and guidance regarding mid-year transfers that was provided in GEN-96-13 and GEN-00-12. As long as a school follows the guidance and procedures in this letter it may rely on NSLDS information in making student eligibility and award determinations.

## **Transfer Monitoring Process: “Inform, Monitor, Alert”**

This section begins with a brief summary of the new Transfer Monitoring Process. We then include an example that, in order to show several components of the process, is much more complex than we expect to actually occur. Following the example is a detailed description of how the new process will work.

Remember that you must set-up your school's Transfer Monitoring profile in NSLDS. Your profile will tell us your choice of options for both the “Inform” and “Alert” features of the new process. Your profile also establishes the email address you want NSLDS to use when you have “Alerts” that need your review. You set your profile by logging onto the [nsldsfap.ed.gov](http://nsldsfap.ed.gov) web site and clicking on the “Transfer Monitoring” tab.

### **SUMMARY:**

**Inform:** Instead of sending paper FAT requests to prior schools or checking NSLDS within the 30-day period, under the new “Inform, Monitor, Alert” process a school “Informs” NSLDS of its mid-year transfer students.

**Monitor:** For those students included on a school's “Inform” list, NSLDS “Monitors” changes to the student's financial aid history that have occurred since the latest ISIR for the student was generated and sent to the school. Such a change might be a new or cancelled loan or a new or revised disbursement of a loan or Pell Grant. NSLDS will continue to monitor changes to the student's financial aid history from the last alert, if any, and alert the school of any subsequent relevant changes.

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<sup>2</sup> For additional information on the new regulations please refer to the preambles to the Notice of Proposed Rulemaking (NPRM) published on August 10, 2000 (FR 65-155) and the Final Rule published on November 1, 2000 (FR 65-212). Both documents are available on IFAP.

Alert: NSLDS will “Alert” the school only if there is a relevant change in the student’s financial aid history. A relevant change is one that might have an impact upon the student’s eligibility for aid at the new school. NSLDS will not alert the school if there have been no relevant changes nor will it alert a school if the change is the result of aid awarded by that school.

A school must wait seven days after it informs NSLDS about a mid-year transfer student before it disburses Title IV aid to that student. However, the school does not have to wait if it receives an alert from NSLDS during the seven-day period or if it obtains the student’s financial aid history directly by accessing the NSLDS web site at [www.NSLDSFAP.ed.gov](http://www.NSLDSFAP.ed.gov). Note that, even if a school accesses NSLDS directly, it must still “Inform” NSLDS so that we can continue to monitor the student for any subsequent relevant changes.

For each Alert the school receives from NSLDS, it must, before making a disbursement of Title IV aid, determine if the change to the student’s financial aid history affects the student’s eligibility. If the school made a disbursement (e.g., the school waited seven days or longer and did not receive an alert) and later receives an alert, it must access and review the student’s financial aid history to determine (1) whether to cancel or adjust a planned disbursement, or (2) whether the student must enter into a repayment agreement for aid the student received but was not eligible for.

In many cases, a school will not receive an Alert because there have been no relevant changes to the student’s financial aid history. In other cases, the Alert a school receives will either not affect a student’s eligibility or will only require the school to adjust the student’s awards before making a disbursement.

**EXAMPLE:**

To more fully illustrate how the Transfer Monitoring Process will work, the following example describes a very complex case. We do not expect very many of your “Informs” to result in the number of “Alerts” described in this example.

Aug 1 - Student completes FAFSA and includes two schools (School A and School B).

Sep 5 - Student begins enrollment at School A.

Sep 10 - Student receives the first \$1,250 disbursement of a \$2,500 loan.

Oct 15 - Loan data provider (Direct Loan Servicer or FFEL Lender/Guaranty Agency) reports the loan of \$2,500 and the first disbursement of \$1,250 to NSLDS.

Oct 23 - Student notifies School B that she intends to enroll at School B for the Winter term beginning on January 7, 2002. School B has the ISIR that it received the previous August. The NSLDS information on the ISIR does not include anything about aid received at School A.

Example – continued

Nov 1 - School B, under the Transfer Monitoring Process, informs NSLDS about the student.

Nov 5 - NSLDS begins to monitor the student based upon the “Inform” submitted by School B. Because the loan that was awarded to the student by School A was not included on the last ISIR produced and sent to School B, it represents a change in relevant information.

Nov 6 - NSLDS Alerts School B that there is changed Title IV loan information for the student.

Before Jan 7 - School B accesses and reviews the student’s new information and, if necessary, adjusts the loan award it had planned to disburse to the student on January 7, 2002.

Dec 1 - School A reports a Federal Pell Grant payment to the Recipient Financial Management System (RFMS) that includes an annual award of \$3,000 for the student.

Dec 1 - RFMS transfers new Pell Grant information to NSLDS.

Dec 5 - At its next monitoring run, NSLDS determines that the addition of the Pell award is a relevant change that was not included on either the latest ISIR or in the prior alert to School B.

Dec 6 - NSLDS alerts School B that there is new Pell Grant information about the student.

Prior to Jan 7 - School B accesses and reviews the student’s new information and, if necessary, adjusts the student’s Pell Grant award.

Feb 1 - School A reports a Pell Grant change to RFMS because the student did not get the expected disbursement for the Spring term.

Feb 2 - RFMS transfers new Pell Grant information to NSLDS.

Feb 3 - At its next monitoring run, NSLDS determines that the change in the Pell award is relevant and was not included on either an ISIR or in the most recent alert to School B.

Feb 4 - NSLDS alerts School B that it has received new Pell Grant information about the student.

Feb 5 - School B accesses and reviews the student’s new information, and adjusts the student’s Pell Grant award accordingly.

## NSLDS PROCEDURES:

### General:

“Inform” information from schools to NSLDS and “Alert” information from NSLDS to schools can be accomplished either by the use of NSLDS web pages or through the submission of batch files. Specifications on both of these processes are available on IFAP. You must set-up your school’s Transfer Monitoring profile in NSLDS so that we will know how you want information transmitted. You set your profile by logging onto the [nslsdfap.ed.gov](http://nslsdfap.ed.gov) web site and clicking on the “Transfer Monitoring” tab.

### Details:

The following discussion provides details on how the “Inform, Monitor, Alert” process will work. It explains the role of both the school and NSLDS in the process flow.

#### Step 1: Inform

A school must inform NSLDS about all its mid-year transfers (students who transfer from one school to another during the same award year), including those for whom the school accesses NSLDS directly. A school may inform NSLDS about a student at any time it determines that a student may be transferring to the school and seeking Title IV aid, but it must do so prior to disbursing any Title IV aid to the student.

The school informs NSLDS by entering student identifiers and other information on the Transfer Monitoring pages at the NSLDS web site ([www.NSLDSFAP.ed.gov](http://www.NSLDSFAP.ed.gov)) or by sending a batch file with that information to NSLDS. Under either of these processes, the school provides NSLDS with the following information for each of its mid-year transfer students:

Student Identifiers: Used to establish a unique monitoring entity and to match with NSLDS data.

- Social Security Number
- First and Last Name
- Date of Birth

Monitoring Information: Used in the monitoring and alert processes.

- Enrollment Begin Date: The first day of the student’s expected enrollment at the school.
- Monitor Begin Date: The date NSLDS will begin monitoring the student. If the school informs NSLDS on or before the student’s Enrollment Begin Date, the Monitor Begin Date can be no later than the student’s Enrollment Begin Date. If the school does not provide a Monitor Begin Date or if it informs NSLDS after the student’s Enrollment Begin Date, NSLDS will use the date the school informs NSLDS as the Monitor Begin Date.

### Step 2: Monitor

When a school informs NSLDS of a mid-year transfer student, the student is added to the school's "monitoring list" in NSLDS. NSLDS begins to monitor the student on the Monitor Begin Date and continues to monitor the student for **90** days after the student's Enrollment Begin Date. **[The original letter that was posted to IFAP on July 12, 2001 set the monitoring period to be 180 days. This change to 90 days was posted to IFAP on July 16, 2001.]** At the end of the monitoring period, NSLDS will automatically remove the student from the monitoring list. A school may delete a student from the monitoring list only if the student will not enroll at the school or otherwise will not receive Title IV aid from that school.

NSLDS monitors a student by determining if there has been a change to the student's financial aid history that is relevant to the student's attendance at the new school. NSLDS does this by:

(A) Identifying new information it received after the last ISIR was generated for the student or after the last time NSLDS sent an Alert to the school regarding the student (see Step 3). New information is a previously unreported:

- New Loan
- Disbursement of loan or Pell Grant funds
- Adjustment to a previously reported disbursement of a loan or Pell Grant
- Change in the outstanding principal balance of a loan.

(B) Determining whether the new information could affect the eligibility of the student for a Pell Grant or Title IV loan.

NSLDS will consider that a change is relevant to a student's eligibility under the following conditions:

- Pell Grant and Perkins Loan – If a Pell Grant or Perkins Loan disbursement (or adjustment) at a prior school is made for the same award year as the Enrollment Begin Date at the school to which the student is transferring. For example, if the Enrollment Begin Date reported by a school in the Inform process is August 15, 2001, NSLDS will only consider as relevant Pell Grant and Perkins Loan disbursements made by other schools for the 2001-2002 award year, not for any made for the 2000-2001 award year.

Alternatively, if the Enrollment Begin Date was June 28, 2001, NSLDS will consider as relevant only Pell Grant and Perkins Loan disbursements made by other schools for the 2000-2001 award year, and not any made for the 2001-2002 award year.

- Overlapping loan periods - For FFEL and Direct Loans, if there is a loan period that overlaps the Enrollment Begin Date as reported by the new school. For example, if the loan period for a loan from School A is September 4, 2001 to May 10, 2002 and the Enrollment Begin Date at School B is January 7, 2002, the new loan (or change to a prior loan) from School A would

be considered relevant to School B. This is because School B needs to be aware of any loan whose loan period could overlap with a new loan that it may award.

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### Step 2: Monitor- continued

- Loan period less than 30 weeks prior to Enrollment Begin Date - The loan period for a loan from a prior school is less than 30 weeks before the Enrollment Begin Date at the new school. For example, the loan period at School A is August 6, 2001 to January 31, 2002 and the Enrollment Begin Date at School B is March 4, 2002. Even though the loan period does not overlap the Enrollment Begin Date, the new school (School B) needs to know that the student received a loan for a period that is less than a full academic year (30 weeks) prior to the loan period for a loan that the student might receive from the new school.

While these situations seem a bit complex, it is important that NSLDS monitor for them in order to ensure that proper eligibility determinations are made by the new school. However, we do not expect very many of these cases to occur. Our research shows that most transfer students do not receive aid that causes these potential problems.

### Step 3: Alert

When NSLDS, through its “Monitoring” process determines that new information could affect the eligibility of a student it will alert the school by including the student, and information about the change, on the school’s Monitoring Alert List (web page) or by sending the school a Transfer Monitoring Alert File if the school has chosen to receive Alerts via the batch process.

In addition, NSLDS will send the school an e-mail message saying that there is new Alert information to be reviewed (the e-mail message is intended to be a convenience so that a school does not have to constantly check NSLDS to look for any new Alert information). NSLDS will send the e-mail message to an individual at the school or to a group e-mail address provided by the school in the Transfer Monitoring profile. The school must then access the student’s updated financial aid history information on the NSLDS web site or in the batch Transfer Monitoring Alert File.

The Transfer Monitoring Process will not alert a school of loan defaults or overpayments. We will continue to provide default and overpayment information through the existing Pre-Screening and Post-Screening processes (see Dear Colleague Letter 98-6).

### Step 4: Review

For each Alert the school receives from NSLDS, it must review the student’s updated financial aid history information to determine if the new information affects the student’s eligibility for Title IV aid. It must do so before making any further disbursements of Title IV aid to the student. If the school receives an Alert after it has made a disbursement to an otherwise eligible student (e.g., NSLDS Alerted the school after the required 7-day wait period), it must determine whether the updated information affects the student’s eligibility for that disbursement or any subsequent

disbursements, and if necessary, take appropriate corrective actions. Corrective actions include canceling or adjusting future disbursements, and in limited instances, reporting and resolving overawards resulting from disbursements made before the school received the Alert.

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## **Other Information**

**HHS – Title VII Programs:** While we are pleased to have eliminated paper FATs in the Title IV aid process, we want to remind schools that NSLDS does not currently contain information on student aid programs administered by the Department of Health and Human Services (HHS). Although we continue to have discussions with staff from HHS about including HHS data in NSLDS, information on these programs may still need to be reported by one school to another using some type of paper transcript.

**Data Provider Information:** If a school believes that NSLDS information about a transfer student is incorrect it may obtain official documentation from the appropriate data provider and can rely upon that documentation. For example, if NSLDS shows that a student received \$3,000 in Pell Grant from a prior school, but the student claims to have received only \$1,500, the school could contact the prior school and obtain documentation of the correct amount. It may then rely on that information in making eligibility and award determinations.

**Liability:** Just as we have provided in DCL GEN-96-13 for other uses of data from NSLDS, a school will only be responsible for the financial aid history information it had obtained from the NSLDS at the time it made a disbursement of Title IV aid. If a school follows the requirements of the new regulations and this document, it will not be liable even if subsequent information from NSLDS (or other reliable sources) indicates that the student was not eligible for all or a portion of the aid that the school disbursed. Once a school becomes aware that a student is not eligible and/or was not eligible for aid previously disbursed, it must (1) not disburse or deliver additional funds to that student and (2) assist the Department or lender in requiring the student to make arrangements to repay any funds the student was not eligible to receive.

## **Summary**

The new Transfer Monitoring Process is designed to provide schools with the most current relevant data about the financial aid history of its transfer students – especially its mid-year transfers. The new regulations that became effective on July 1, 2001 (34 CFR 668.19) as published in the Federal Register on November 1, 2000, require the school to:

- Inform NSLDS of its mid-year transfer students.
- Wait at least 7 days after informing NSLDS before disbursing Title IV aid to those students so that NSLDS can perform its monitoring function.
- Access any Alerts sent to the school by NSLDS as a result of the monitoring function.
- Review the mid-year transfer students' revised financial aid history.
- Make any necessary adjustments to scheduled disbursements.
- Determine if the student is responsible for repaying any Title IV aid that was disbursed prior to the school's receipt of the revised history.

If you have any questions about the new Transfer Monitoring Process call the NSLDS Customer Service Center at 1-800-999-8219, from 8:00 A.M. to 8:00 P.M. Eastern time. Or, you can e-mail your question to [nsldscoe@raytheon.com](mailto:nsldscoe@raytheon.com).