Session #26

General Provisions and Non-Loan Program Issues - Student

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Negotiated Rulemaking

- Hearings in Denver, Little Rock, and Philadelphia—June 2009

- <u>Federal Register</u> Notice—September 2009

- Two teams—Program Integrity and Foreign Schools

Program Integrity

- 14 issues

- Three meetings—November and December 2009 and January 2010

- Consensus <u>not</u> reached

Program Integrity

- Notice of Proposed Rulemaking— June 18, 2010
- Comment period ended—August 2, 2010
- Nearly 1,200 comments received
- Final regulations—October 29, 2010
- Effective date—July 1, 2011
- Verification regulations effective July 1, 2012

Today's Agenda

- High School Diploma (§668.16(p))
- Ability to Benefit (§668.32(e) and Subpart J of Part 668)
- Verification (Subpart E of Part 668)
- Satisfactory Academic Progress (§§668.16(e), 668.32(f), and 668.34)
- Retaking Coursework (§668.2)

High School Diploma

§668.16(p)

High School Diploma

Why add this high school diploma requirement?

- To ensure that students who receive Title IV, HEA program funds have valid high school diplomas
- To address recommendations in the 8/17/09 GAO report

High School Diploma (cont'd)

New requirement for institutions to develop and follow procedures to evaluate a student's high school completion if—

- The institution <u>or</u> the Secretary has reason to believe the high school diploma was not obtained from an entity that provides secondary school education

High School Diploma (cont'd)

Public comments revealed some confusion

- <u>Not</u> a requirement to collect HS diplomas

- No ED master list

- Does not apply to home-schooled students

High School Diploma (cont'd)

Beginning with the 2011-12 FAFSA—

- Limited collection via FOTW for first time filers
- Specify HS name and city/state
- Select from drop-down list or write-in
  - Populated by NCES lists

High School Diploma (cont'd)

- If high school does not appear on NCES lists, documentation may include:
  - HS diploma, and
  - Final transcript showing the courses the student completed
- Student-certification is not sufficient
- No appeal process in regulations
- Alternatives to HS diploma

High School Diploma (cont'd)

- Continued analysis to refine process

- Guidance through FSA Handbook

Ability to Benefit

§668.32(e) and
Subpart J of Part 668

Ability to Benefit

Why revise ATB regulations?

- To implement the HEOA provision in Section 484(d)(4)
  - Satisfactory completion of 6 credit hours toward a degree or certificate
- To address recommendations in the 8/17/09 GAO report

Ability to Benefit (cont'd)

- New ATB option

  - Completing hours applicable to an eligible degree or certificate offered by the institution
  - 6 semester, trimester, or quarter hours OR 225 clock hours

Ability to Benefit (cont'd)

- Can pay after completion of hours
- Can pay like a transfer student
- <u>Cannot</u> pay back to the beginning of the payment period
- "Testing out" does not satisfy completion of hours

Ability to Benefit (cont'd)

- If school admits students with recognized equivalent of HS diploma OR under an ATB option, it cannot fail to accept the satisfactory completion of 6 credit hours or equivalent coursework that is applicable toward a degree or certificate at that institution

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Ability to Benefit (cont'd)

- Additional changes in Subpart J

- Directly address GAO-identified deficiencies

Ability to Benefit (cont'd)

New and revised definitions
- "assessment center"
- "independent test administrator"
- "individual with a disability"
- "test"
- "test administrator"
- "test publisher"

Ability to Benefit (cont'd)

- Consolidated approval processes for test publishers and states
- Procedures for handling test score irregularities
- Procedures to accommodate individuals with disabilities
- Revisions to test approval procedures

Verification

Subpart E of Part 668

Verification

Why revise the verification regulations?

- Last comprehensive look in 1985
- 25 years of experience
- Need analysis changes
- IRS data retrieval
- Operational improvements

Verification (cont'd)

- Effective date delayed until July 1, 2012
  - 2012-13 award year

- Institutions may need time to make changes to their institutional processing systems

Verification (cont'd)

General changes

- Removes references to individual programs

- Defines "subsidized student financial assistance programs" and "unsubsidized student financial assistance programs

Verification (cont'd)

- Subsidized—
  - Eligibility uses EFC
  - Verification applies
  - Pell, FSEOG, FWS, Perkins, Subsidized Loan

- Unsubsidized—
  - Eligibility does not use EFC
  - Verification does not apply
  - TEACH Grant, Unsubsidized Loan, PLUS Loan

Verification (cont'd)

- Uses "FAFSA information" instead of "application"

- Defines "specified year" as base year or year prior to base year
  - Allows for option of using income data from a different year

Verification (cont'd)

- Must complete verification prior to exercising professional judgment

- Codifies long-standing policy in regulations

Verification (cont'd)

Selection
- Eliminates 30% limit
- Department targeting error-prone items to select applications to verify
- Institutions must verify all applicants we select
- Annual Federal Register notice will list data elements that may be selected

Verification (cont'd)

Selection (more)
- Institutions must continue to verify information they believe is inaccurate
- Institutions keep flexibility to select additional information or applications for verification

Verification (cont'd)

Exclusions

- Removes certain exclusions
- Restructures to clarify provisions applicable to—
  - Applicants
  - Parents of dependent applicants
  - Spouses of independent applicants

Verification (cont'd)

<u>Exclusions (more)</u>

- Lists specific situations when parent's or spouse's information is not subject to verification

Verification (cont'd)

<u>Updating</u>

- Applicant required to update all changes in dependency status throughout the award year, <u>except</u> changes resulting from a change in the applicant's marital status
- Applicant's responsibility, not institution's

Verification (cont'd)

Updating (more)

- FAA may require applicant to update marital status to address inequity or to reflect more accurately the applicant's ability to pay

Verification (cont'd)

<u>Items to verify</u>

- Annual <u>Federal Register</u> notice
  - Items to verify
  - Documentation
- Initially, will include the current five data elements

Verification (cont'd)

<u>Documentation</u>

- Specified as acceptable in annual <u>Federal Register</u> notice
- Retained current documentation requirements with technical changes
- Added option to retrieve electronic data from IRS

Verification (cont'd)

Documentation (more)

- For applicants with tax filing extension
  - <u>May</u> require completed tax return when filed
  - <u>Must</u> reverify AGI and taxes paid, when/if the tax return is submitted

Verification (cont'd)

<u>Documentation (more)</u>
- Tax return not signed by the tax filer
  - Must be signed or stamped by the tax preparer and
  - Contain the preparer's SSN, EIN or PTIN

Verification (cont'd)

Interim disbursements
- Technical and conforming changes
- May make a disbursement after completing verification but prior to receiving a corrected ISIR if the changes would not change the amount of aid
- To avoid liability, must ensure all corrections are submitted to ED

Verification (cont'd)

Deadlines

- Require institutions to follow cash management procedures for Direct Loans
- Removed the requirement to pay Pell Grant on the higher EFC

Verification (cont'd)

Recovery of funds

- Require institution to reimburse program account if disbursement made without receiving corrected SAR or ISIR

Verification (cont'd)

Changes in FAFSA information
- Removed $400 tolerance
- Require all corrections over $25 to be submitted

Verification (cont'd)

People asked about…

- Timing of the <u>Federal</u> <u>Register</u> notice
- IRS Data Retrieval Process
- Impact on QA schools

Satisfactory Academic Progress

§§668.16(e), 668.32(f), and 668.34

Satisfactory Academic Progress

Why revise the satisfactory academic progress regulations?

- Last comprehensive look in 1983
- Inconsistent terminology used by institutions
- Repeated, sequential use of probationary periods
- More structured, comprehensive, and consistent approach

SAP (cont'd)

- Previously, SAP requirements and references were included in 3 regulatory sections
  - Administrative capability §668.16(e)
  - Student eligibility §668.32(f)
  - Satisfactory progress §668.34
- Now all requirements are in §668.34 with cross references in §§668.16(e) and 668.32(f)

SAP (cont'd)

New regulations provide—

- Continued flexibility for institutions in establishing their SAP policies
- Additional flexibility for institutions that monitor SAP more often than annually
- Definitions for "warning" and "probation"
- In general, a student who is not making SAP is no longer eligible for Title IV aid

SAP (cont'd)

SAP policy requirements

Specified in §668.34 and include—

- Measurement of student's progress at each evaluation—
  - Can take place each payment period, annually, or less often than each payment period
  - Must occur at the end of a payment period

SAP (cont'd)

SAP policy requirements (more)

- GPA that a student must achieve at each evaluation (qualitative standard)
- Pace of progression to ensure completion within the maximum time frame (quantitative standard)
  - Pace is measured at each evaluation

SAP (cont'd)

SAP policy requirements (more)

- How student's GPA and pace are affected by incompletes, withdrawals, repetitions, or transfers of credits
- Institutions to count transfer hours accepted toward completion of the student's program as both hours attempted and hours completed

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SAP (cont'd)

SAP policy requirements (more)
- Description of and conditions surrounding "warning" and "probation" statuses, if used
- The specific elements and process required for appeal
- How a student can reestablish eligibility

SAP (cont'd)

<u>Financial Aid Warning</u>

- Status assigned to a student who fails to make SAP at an institution <u>that evaluates SAP at the end of each payment period</u>
- Student may continue to receive Title IV aid for one payment period
- No appeal necessary

SAP (cont'd)

Financial Aid Probation

- Status assigned by an institution to a student who fails to make SAP and who has appealed and has had eligibility for Title IV aid reinstated
- Institution may impose conditions for student's continued eligibility to receive Title IV aid

SAP (cont'd)

Appeal

- Process by which a student who is not meeting an institution's SAP policy petitions the institution for reconsideration of the student's eligibility for Title IV aid
- Must specify the conditions under which a student may appeal

SAP (cont'd)

Appeal (more)

- The student's appeal must include—
  - Why the student failed to make SAP; and
  - What has changed that will allow the student to make SAP at the next evaluation

SAP (cont'd)

Institutions that evaluate SAP each payment period

- Student loses eligibility for Title IV aid
- Student may be placed on Financial Aid Warning for <u>one</u> payment period
- Student must make SAP or may be placed on Financial Aid Probation after an appeal

SAP (cont'd)

Institutions that evaluate SAP each payment period (more)

- After Financial Aid Probation—
  - The student must be making SAP, or
  - Must be successfully following an academic plan

SAP (cont'd)

Institutions that evaluate SAP less often than each payment period

- Student loses eligibility for Title IV aid
- Student may be placed on Financial Aid Probation after an appeal
- After Financial Aid Probation, the student must be making SAP or successfully following an academic plan

SAP (cont'd)

Notifications
- Institution must notify student of results of SAP review that impacts the student's eligibility for Title IV aid
- If the institution has an appeal process, must describe the specific elements required to appeal SAP

SAP (cont'd)

Notifications (more)

- If the institution does not have an appeal process, must describe how a student who has failed SAP reestablishes eligibility for Title IV aid

SAP (cont'd)

People asked about…
- Using different rates of assessment for different classes of students
- Evaluating one factor at end of each payment period and another annually
- Implementing SAP for the 2011 summer crossover payment period
- The definition of an academic plan

Retaking Coursework

§668.2

Retaking Coursework

Why are these revisions needed?

- To alleviate burden on institutions to track students who retake courses
- To help students who need a specific grade (or GPA) to be admitted to, or continue in, a particular program

Retaking Coursework (cont'd)

- Affects programs at term-based institutions

- Amends full-time student definition

  - Describes courses included in determining enrollment status for Title IV, HEA program purposes

Retaking Coursework (cont'd)

- Current: pay for unlimited retakes of failed classes only
- NPRM: pay for any coursework previously taken
- Final rule: pay for one retake of any previously passed course (except not if due to the student failing previous courses)

Retaking Coursework (cont'd)

- Final rule
  - More expansive than current policy
  - More restrictive than NPRM

- Changed due to additional information about some institutional practices

Questions??

Contact Information

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