

Hot Topics

Financial Aid News

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ED publishes rules, amends Title IV

By Dawn Davison

Oct. 29, 2007 and Nov. 1, 2007, the U.S. Department of Education (ED) published final rules in the *Federal Register*, amending the Title IV student assistance regulations.

The "Final Rule: ACG and SMART Grant Program" was published Oct. 29 and included rules about the ACG and National SMART Grant Programs. Nov. 1 the "Final Rule: Federal Perkins, Federal Family Education Loan (FFEL) and Direct Loan" and "Final Rule: Federal Student Aid Programs" were published. These rules were issued following meetings held December 2006 through April 2007 with ED and representative committees.

The final rules relate to the Title IV student loan programs and reflect changes made to the Student Assistance General Provisions regulations.

The following elements are a few highlights from these new publications.

Maximum Loan Period

The final rules eliminated the 12-month maximum for a loan period for annual loan limits in the FFEL program. Also, the loan period will now follow the academic year.

Minor Prior Year Charges

The amount of prior-year charges that can be paid with current-year funds has increased to \$200. An institution will not have to

obtain the student's permission to pay for prior-year charges for tuition and fees or room and board. An institution cannot use current year funds to cover prior-year charges of more than \$200.

Late Disbursements

The late disbursement period was extended from 120 to 180 days. The final rules eliminated the ability to request funds after that period expires.

Loan Notice and Confirmation

If an institution obtains affirmative confirmation, current loan notice procedures apply. However, without confirmation, the following will occur: The institution must notify the student no earlier than 30 days and no later than seven days after crediting the account and must give the student 30 days instead of 14 days to cancel a loan or loan disbursement.

Post-Withdrawal Disbursements (PWD)

Institutions are no longer required to notify and obtain the student's permission prior to making a direct



Photo courtesy of CNN.com

disbursement of any Title IV grant funds that make up a PWD. PWD of grant funds must be made no later than 45 days from the DOD and PWD of loan funds must be made no later than 180 days from the DOD.

Federal Pell Grant Calculations

The final rules modified the calculation of the Pell Grant (Formula 4), taking into account the credit hours and weeks of instructional time during the payment period.

Minimum Period for Certifying Loans

For clock or credit hours, without standard terms or terms that are substantially equal with no less than nine weeks, the minimum period is the lesser of the length of the program (or the remaining portion of the program) or the academic year.

To read the final rules, visit <http://www.gpoaccess.gov/fr/index.html>.

CCRAA changes student dependency status

By Dawn Davison

As a result of the recently enacted College Cost Reduction and Access Act (CCRAA), the criteria under which an undergraduate student is considered independent for Title IV purposes will be expanded. The new criteria will go into effect July 1, 2009 for the 2009–2010 award year.

Currently, a student is considered “independent” for Title IV purposes if he or she is at least 24 years of age on or before Dec. 31 of the award year, a graduate or professional student, married, has children or dependents other than a spouse for whom the student provides more than half support, an orphan or ward/dependent of the court or was a ward/dependent of the court until age 18, serving on

active duty in the U.S. Armed Forces for a purpose other than training and/or is a veteran of the U.S. Armed Forces. Effective July 1, 2009, the orphan/ward of the court criterion will be expanded to include any student who is an orphan, in foster care, or a ward of the court at any time after turning 13. If a student was adopted after his or her 13th birthday, he or she will not need to include his or her adoptive parents’ income, assets, or other information for determining need for federal student aid. Furthermore, the independent student definition will be expanded to include applicants who are emancipated minors or are in legal guardianship in the applicant’s state of legal residence. The definition will also include any

applicant who has been verified during the school year in which the application is submitted as an unaccompanied youth who is a homeless child or youth.

Under this criterion, unaccompanied youth must be verified as either homeless or at risk of homelessness during the school year in which the application is submitted, by at least one of the following: A local educational agency homeless liaison, the director or a designee of the director of a program funded by the Runaway and Homeless Youth Act, the director of a program funded under Subtitle B of Title IV of the McKinney-Vento Homeless Assistance Act, or a financial aid administrator. For purposes of making this determination, homeless

children and youths are defined as individuals who lack a fixed, regular and adequate nighttime residence. The definition does not include any individual imprisoned or otherwise detained under state or federal law. In addition, the CCRAA also simplified the dependency status override process. The CCRAA now allows a financial aid administrator to use a dependency override created by another financial aid administrator, at another school, within the same award year. This rule will also be effective July 1, 2009.

For more information on the McKinney-Vento Homeless Assistance Act, visit the following link: <http://www.ed.gov/programs/homeless/legislation.html>.

HEA allows administrators more discretion

By Dawn Davison

The Higher Education Act (HEA) gives financial aid administrators the ability to make adjustments to a student’s cost of attendance or to the values of data items used to calculate a student’s expected family contribution (EFC). However, financial aid administrators are to use this authority only on a case-by-case basis and when there are special circumstances that can be demonstrated by the student or family that justify those adjustments.

The College Cost Reduction and Access Act (CCRAA) added more examples of special circumstances where it may be appropriate to make adjustments. However, aid administrators are still cautioned from making across-the-board determinations without reviewing each case and documenting the special circumstances that exist. The CCRAA effective July 1, 2009, highlights special circumstances that may warrant changes to data elements used to calculate

a student’s EFC. Examples include dislocated workers and homelessness. Financial aid administrators must remember that even if a student meets the elements of special circumstances described in the law, the HEA still requires a case-by-case review and the financial aid office must maintain documentation of each decision. Ultimately, financial aid administrators must take steps to adhere to the law, review cases individually and properly use their professional judgment.



Photo courtesy of AAFP News

The Higher Education Act (HEA) was originally signed into legislation in 1965. President Bush signed the Third Higher Education Extension Act of 2007 to extend HEA through March 31, 2008.

FAFSA adds TEACH question

By Dawn Davison

Dec. 21, 2007, Federal Student Aid announced that a new question relating to the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program will be included on the 2008–2009 FAFSA on the Web. The question is for identifying potentially eligible TEACH grant recipients.

The TEACH grant provides up to \$4,000 a year in grant assistance to students who plan on becoming a teacher and meet certain specified requirements. If a student who receives a TEACH grant does not complete the required teaching, the grant must be repaid as a Direct Unsubsidized Loan under the William D. Ford Federal Direct Loan Program. The new TEACH grant question will read as follows: “Are you planning on completing coursework now, or in the future, necessary for you to become an elementary or secondary school teacher? A ‘yes’ response will inform your school that you may be interested in a new federal aid program for students who meet certain conditions and plan on becoming teachers.”

To learn about the program and FAFSA filing options, visit www.studentaid.ed.gov/.

IPD compiles R2T4 best practices

By Teresa Corno

Everyone has a task at work that they dread doing. I am sure R2T4s fall into this category for many of us. But did you know that the R2T4 is one of the top audit findings out there? How do you avoid falling into this trap? What can you do to ensure that timely and accurate calculations are performed? Below are some best practices that IPD employees have compiled to help make the job easier, more accurate, and efficient.

1) Ensure the institution is meeting the following consumer information requirements about withdrawals: withdrawal policy, refund policy, office (s) designated to receive official notifications of intent to withdraw, and requirements regarding the return of Title IV funds.

2) Make sure there is someone on campus monitoring attendance. Administrators know that students have a tendency to “fall off the face of the earth.” Even when policies and procedures are published, administrators must deal with “unofficial withdrawals.”

3) Ensure student attendance is tracked and all unexcused absences are followed up with a phone call to the student. Once a student breaks the attendance policy, a withdrawal form must be completed. See the below excerpt from page 5-40 of *2007–2008 SFA Handbook*: “**Official Notification Not Provided**

A student who leaves a school does not always notify the school of his or her withdrawal. There are two categories for these unofficial withdrawals for purposes of this calculation. First, if the school determines that a student did not begin the withdrawal process or otherwise notify the school of the intent to withdraw due to illness, accident, grievous personal loss, or other circumstances beyond the student’s control, the withdrawal date is the date the school determines that the student ceased attendance because of the aforementioned applicable event.

The second category of unofficial withdrawals encompasses all other withdrawals where official notification is not provided to the school. This rule applies only to schools that are not required to take attendance. For these withdrawals, commonly known as dropouts, the withdrawal date is the midpoint of the payment period or period of enrollment, as applicable, or the last date of an academically related activity that the student participated in.

Attendance Records

Only an institution that is required to take attendance by an outside entity is required to use its attendance records to determine a student’s withdrawal date. However, an institution that is not required to take attendance by an outside

entity but does take attendance may, in order to use the most accurate date of last attendance, use its attendance records to determine a student’s withdrawal date.”

4) Make sure the withdrawal form is completed for the student in the case of an unofficial withdrawal. Note the last date of attendance. The date of determination (DOD) would be the date the institution determined the student broke the attendance policy.

5) Route withdrawal forms to all affected offices on campus. Ideally the form would be scanned so that it could be e-mailed to the appropriate offices. This would ensure the paperwork doesn’t get lost along the way and the communication is documented.

6) Accounting should add this student to the R2T4 Listing and e-mails the list to Student Services and Financial Aid. All departments should review the listing for completeness and accuracy. This listing can then be used to track the completion of the calculation.

7) R2T4s should be completed weekly. Friday seems to work best for most employees. There are usually less student phone calls, allowing you to focus on the calculations.

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Financial aid administrators share best practices

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8) R2T4s should be completed electronically. The department-provided software is recommended. You will need a login and password to access the software.

9) Gather the transcripts, calendars, account histories, and last date of attendance. Map out payment period using the student's rate of progression.

10) Calculate scheduled breaks, using the days in between the last course night and the beginning of the subsequent course night. See the excerpt below from page 5-72 of the *2007–2008 SFA Handbook*:

“Institutionally scheduled breaks of five or more consecutive days are excluded from the return calculation as periods of nonattendance and therefore do not affect the calculation of the amount of Federal Student Aid earned. This provides for more equitable treatment of students who officially withdraw near either end of a scheduled break. In those instances, a student who withdrew after the break would not be given credit for earning an additional week of funds during the scheduled break, but would instead earn funds only for the day or two of training the student completed after the break. All days between the last scheduled day of classes before a scheduled break and the first day classes resume are excluded from both the numerator and denominator in calculating the percentage of the term completed.”

11) Leaves of absences should also be excluded from the calculation. See the excerpt below from pages 5-73 and 5-74 of the *2007–2008 SFA Handbook*: “For a credit-hour program, the percentage of the period completed is determined by dividing the number of calendar days completed in the payment period or period of enrollment, as of the day the student withdrew, by the total number of calendar days in the same period. The number of calendar days in the numerator or denominator includes all days within the period, except for

institutionally scheduled breaks of five or more consecutive days. Days in which the student was on an approved leave of absence (LOA) would also be excluded. The day the student withdrew is counted as a completed day. Scheduled breaks of at least five consecutive days and days in which the student was on an approved LOA are excluded from this calculation (34 CFR 668.22(f)(1)(i) and (2)). In a credit-hour, nonterm program, the ending date for a period and, therefore, the total number of calendar days in the period, may be dependent on the pace at which an individual student progresses through the program. Therefore, for a student who withdraws from a credit-hour, nonterm program in which the completion date of the period is dependent on an individual student's progress, an institution must project the completion date based on the student's progress as of his or her withdrawal date to determine the total number of calendar days in the period. (See the example that follows.) If a student withdraws from a self-paced, nonterm, credit-hour program before earning any credits, the institution must have a reasonable procedure for projecting the completion date of the period.”

12) Institutional charges should be calculated using the charges in the initial payment period. See the below excerpt from page 5-32 of the *2007–2008 SFA Handbook*: “The institutional charges used in the calculation usually are the charges that were initially assessed the student for the entire payment period or period of enrollment as applicable. Initial charges may only be adjusted by those changes the institution made prior to the student's withdrawal (for example, for a change in enrollment status unrelated to the withdrawal). If, after a student withdraws, the institution changes the amount of institutional



Photo courtesy of www.uscumter.edu

charges it is assessing a student, or decides to eliminate all institutional charges, those changes affect neither the charges nor aid earned in the calculation.”

13) Once the R2T4 is completed, a copy should be sent to the Accounting office. Accounting should review the forms and issue a check to the appropriate source if necessary. Completed forms should be sent to the accounting office regardless whether a check should be issued.

14) Once Accounting has received the form, the student's account should be audited against the student's transcript. Charges may now be adjusted if applicable. Any refund due to the student should be issued within 14 days of receiving the calculation. The student's collector and account status should now be changed if necessary to reflect the next step in the collection process.

Finally, if any office has trouble obtaining any of the required documents, such as transcripts, copies of calculations, or drop forms, do not hesitate to contact anyone on the compliance team.

This list is by no means an all-inclusive list but certainly a start to streamlining the return calculation process and starting the New Year off right. IPD is always looking for best practices, so if you have an idea, please send it to Teresa Corno at tmcorno@apollogrp.edu.

Surveys help schools estimate staffing needs

By Pam Harris

How do you know when you have enough staff members for the student population at your institution? The National Association of Financial Aid Administrators (NASFAA) completed several staffing surveys to help institutions answer this question. NASFAA published a survey in 1995, 1999 and most recently in 2006. The survey uses over 100 data elements that measure degree of automation, perceived student satisfaction, financial aid staff workload, and other institutional characteristics. The survey

was originally commissioned in 1999 due to a number of issues that had affected the staffing at many institutions. Since then there have been new technologies, higher numbers of aid applicants and the ever-changing regulations that govern the aid programs. Therefore, the survey was sent out again between Feb. 21 and April 19, 2006, to 2,582 NASFAA member institutions. The survey consisted of 32 questions. The results of the survey allow institutions to compare their staffing with others.

The survey results identified four major factors influence staff size: workload (number of aid applicants and recipients), staff size of other student services offices (the Registrar's Office, Admissions Office, and Career Services office), efficiency (volume of financial aid), and participation in specific programs (Stafford and Plus) The published survey contains three appendices which include the following valuable information: staffing model worksheet (which can be used by an institution as a guide), standards of Administrative Capability –

Sec. 668.16 (all institutions must demonstrate to the Secretary of ED the capability of adequately administering Title IV programs), and the survey. It is important to periodically review the needs of the Financial Aid office. Administrators should determine whether the student population is being adequately serviced by the Financial Aid office and whether the office is compliant with federal regulations. For more survey information, visit <http://www.nasfaa.org/PDFs/2006/2006staffingmodelsurvey.pdf>.

Monograph 21 examines judgment

By Pam Harris

The National Association of Financial Aid Administrators (NASFAA) issued *Monograph 21*, Oct. 2007, titled "Professional Judgment in Eligibility Determination and Need Analysis."

This publication identifies a variety of situations that may be appropriate in determining whether to utilize professional judgment in a needs analysis.

"Professional Judgment in Eligibility Determination and Need Analysis" is not intended to be inclusive but to provide guidelines or alternatives to assist the Financial Aid office in determining eligibility and analyzing a family's financial situation.

The paper gives an introduction to a needs analysis, which includes the following: the needs analysis principles, cost of

attendance and standard need analysis procedures. Adjustments in calculating financial need, determining adjustments, comparing distinction and verification, tools, and what data is used in reviewing the needs analysis.

The paper closes with two appendices. Appendix A is the Higher Education Act of 1965, as amended, section 479A Discretion of Student Financial Aid Administrators. Appendix B is a guide to addressing special circumstances. Topics and tables for the student or parent to complete are unusual medical and dental expenses, support of extended family, elementary or secondary school and dependent care expenses, unusual debts, income reduction or nonrecurring income, and dependency status. Each topic includes

the reason it may be used, what information to ask, and what data to gather for verification and possible implementation.

This is an updated publication in response to the Higher Education Reconciliation Act (HERA) and other policy changes. Some schools do not participate in professional judgment and this is stated in their policies. However, for schools that do participate, policies and guidelines for administering professional judgment should be outlined and followed to ensure consistent application for all recipients. All judgments are made on a case-by-case basis. Review the complete monograph at <http://www.nasfaa.org/NASFAACatalog.html#Management> and search under *NASFAA Monographs*. A login and password are required.

Guide identifies changes

By Dawn Davison

Nov. 6, 2007, Federal Student Aid announced the 2008–2009 Student Aid Report (SAR) Comment Codes and Text reference guide. The guide is designed as a stand-alone guide as well as a companion to the 2008–2009 EDE Technical Reference. The guide includes a description of changes to the SAR comments and also provides the complete text for all 2008–2009 comments. The 2008–2009 SAR Comment Codes and Text guide is available in PDF format on the Information for Financial Aid Professionals (IFAP) Web site, located at <http://ifap.ed.gov>.



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Thank you to everyone who contributed to the January issue of *Hot Topics*. For those individuals interested in submitting articles, please contact Teresa Corno at tmcorno@apollogrp.edu.

For archived issues of *Hot Topics* and to learn more about CAAHE, please visit the CAAHE Web site: www.caahe.org.

IPD offers training for new FA staff

By Teresa Corno

IPD will be offering training to any new or newly assigned staff processing nonterm programs. The training will be held in Nashville, TN, Feb. 21 and 22. IPD sponsors the training, so airfare, two nights at a hotel and daily meals will be provided for the attendees.

Also, the sessions will be limited to financial aid administrators. Any new accountants or contract directors who would like to attend the training should plan to attend in April. Space will not be as limited and some of the same information will be presented. If you need further information or missed the announcement containing the details of

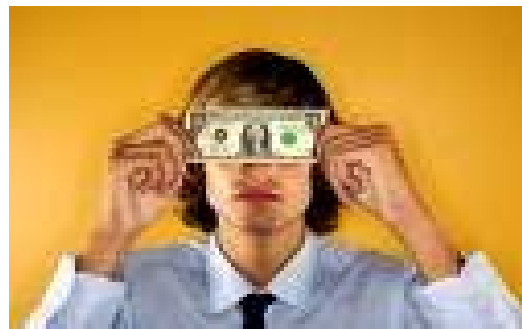


Photo courtesy of Universities Weblog

the training, please e-mail Gina Wren at gina.wren@apollogrp.edu or visit http://www.ipd.org/events/2008_fa_training/index.asp for the registration form.

Grant money increases for students

By Dawn Davison

Dec. 27, 2007, Federal Student Aid announced that the recently enacted Federal Fiscal Year 2008 appropriations bill set the maximum award money for the 2008–2009 Federal Pell Grant at \$4,731, and set the maximum expected family contribution (EFC) that a student can be eligible to receive at \$4,041. This appropriations bill provides funding for the Title IV student aid programs.

ED released the 2008–2009 Pell Grant Payment and Disbursement schedules Jan. 25. As stated earlier, the Pell Grant maximum amount will be \$4,731. This is an increase of \$421 over the 2007–2008 award year. To view these disbursement schedules and for more information about the Federal Pell Grant, go to the Information for Financial Aid Professionals (IFAP) Web site www.ifap.ed.gov.

IPD to host conference at Benedictine



Photo courtesy of Princeton Review
U.S. News ranked Benedictine as one of the top Midwestern universities.

By Teresa Corno

Mark your calendar for the next IPD Financial Aid Conference. The conference will be held at Benedictine University in Naperville, IL. The conference will be April 22 and 23. Additional training will also be offered April 24 and 25 for any new staff hired between February and April. Employees who are unable to attend the IPD training in February can sign up for the sessions in April. There will be a lot to discuss about the new regulations. If you have conference topics you would like to see on the agenda, please e-mail Teresa Corno at teresa.corno@apollogrp.edu. For those interested in attending, please look for follow-up information in the spring.

The *Hot Topics* Financial Aid Newsletter is produced and distributed by the Institute for Professional Development (IPD), a higher education development and management corporation that assists private colleges and universities in developing unique, adult-oriented degree programs. IPD is a member of the Consortium for the Advancement of Adult Higher Education (CAAHESM).