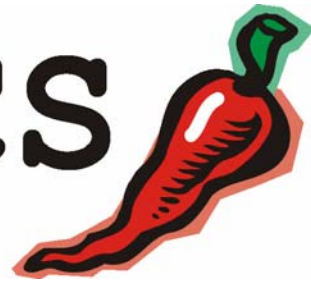


# hot TOPICS



IPD Financial Aid News  
Volume 4, Issue 4

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## Proposed Changes to Title IV Regulations are Published

Proposed amendments to the Higher Education Act were released in August. While these have been reviewed by many of you, we have received a number of inquiries to summarize the potential changes. Included below is a matrix that outlines the amendments. Please note that the changes are not yet a part of the regulations. To be effective for the next award year (July 1), they must be published in final form no later than November 1 of the preceding year. We are anxiously awaiting the deadline. In the meantime, we recommend that no changes to current policy or practices take place to accommodate any of the proposed rules.



To access the entire Federal Register, click on the following link:

<http://www.ifap.ed.gov/fregisters/FR0808200205.html>

## Proposed Changes to Title IV Regulations are Published, cont.

Topic	Current Rule	Proposed Changes
<b>Initial and Exit Counseling</b>	Schools must provide initial counseling to borrowers who are borrowing under the FFEL or Direct Loan programs for the first time. Schools must also provide exit counseling to students who have borrowed from any of the three Title IV student loan programs.	Schools do not have to provide the counseling, but have to make sure that it is provided.
<b>Initial and Exit Counseling</b>	N/A	New language: Schools must provide borrowers with information about the availability of NSLDS.
<b>Loan Limits</b>	N/A	Clarification: A student who is enrolled in a program that is one academic year or less in length is subject to the annual loan limits that apply to first-year undergraduates. A student who is enrolled in a program that is more than one academic year in length is subject to the first- and second- year annual loan limits for the first two years of the program. This provision is intended to prevent schools from linking together separate, stand-alone programs to allow students to be eligible for higher annual loan limits.
<b>Perkins MPN</b>	A school must obtain the borrower's signature on a promissory note for each award year before disbursing loan funds to the borrower for that award year.	To provide for the use of an MPN, the school is required to ensure that each loan is supported by a legally enforceable promissory note. The requirement for a new note for each year is eliminated. There are conditions under which the Perkins loan MPN would expire.
<b>Perkins Loan--Copies of Prom Notes</b>	Before a Perkins borrower ceases enrollment, the school must provide the borrower with a copy of the borrower's signed promissory note.	The school is not required to give each borrower a copy of his/her signed promissory note. Instead, the school must notify each borrower during the exit interview that a copy of the promissory note will be provided upon request. The school must provide the borrower with contact information that will allow him/her to make such a request.

## Proposed Changes to Title IV Regulations are Published, cont.

Topic	Current Rule	Proposed Changes
<b>12 Hour Rule</b>	Week of instructional time currently defined for nonterm programs as a week in which 12 hours of instruction, etc., is offered.	All types of programs will have a single definition of a week of instructional time: a week in which there is at least one day of regularly scheduled instruction or examinations, or after the last day of classes, at least one day of study in preparation for final exams.
<b>Payment Periods</b>	For nonterm programs, a student must complete half the number of credits in the academic year or program before he/she completes a payment period.	Will also require a student to complete the requisite number (usually half) of weeks in the academic year or program in addition to the credit hours.
<b>Payment Periods when a Student Withdraws and then Returns</b>	Current regulations do not specifically address how to determine the beginning and end of a payment period when a student withdraws before completing that payment period and returns to the same institution or transfers to another institution.	<p><input type="checkbox"/> If a student returns to the same program at the same institution within 180 days of the original withdrawal, he/she is considered to be in the same period he/she was in at the time of the withdrawal. The student would retain his/her original eligibility for the payment period. Once the student completes the payment period for which he/she has been paid, he/she becomes eligible for a subsequent Title IV student aid payment.</p> <p><input type="checkbox"/> A student who withdraws from a program during a payment period and then returns to that program after 180 days, or transfers, within any timeframe, into another program either at the same institution or at another institution would start new payment periods. The institution would calculate these new payment periods using the regular rules in the appropriate part of the definition of a payment period, except that it would consider the length of the program to be equal to the remainder of the program that the student has to complete upon return to the original program or transfer to another one.</p>

## Proposed Changes to Title IV Regulations are Published, cont.

Topic	Current Rule	Proposed Changes
<b>Institutions Required to take Attendance</b>	An institution that is “required to take attendance” for Return of Title IV funds purposes is one that is required to take attendance by an entity outside of the institution, such as the institution’s accrediting agency or a state agency.	Clarifies that an institution is considered to be one that is “required to take attendance” only when an outside agency determines that it requires that the institution take attendance for all or some of its students.
<b>LOAs</b>	Generally, only one LOA that meets certain requirements and does not exceed 180 days in a 12-month period may be granted to a student. However, additional leaves may be granted under certain exceptions.	Allows multiple LOAs at the discretion of the institution, as long as the total number of days for all leaves does not exceed 180 days within a 12-month period.
<b>LOAs</b>	An LOA must have been granted by the institution under its formal LOA policy. A formal LOA policy is one that is in writing and is publicized to students, and it requires students to provide a written request for an LOA.	The requirement that an institution’s LOA policy require a student to submit a written request would be modified to require that the request include a reason.
<b>Overpayments</b>	A student who receives a Perkins loan or Title IV grant overpayment (OP) of any amount is eligible to receive further Title IV aid only if the student repays the OP in full or makes arrangements, satisfactory to the holder of the debt, to repay the OP.	A student remains eligible to receive Title IV student aid if the amount of the Perkins loan or Title IV grant OP is less than \$25 and is neither a remaining balance nor a result of applying the overaward threshold for the campus-based programs.
<b>Overpayments</b>	For Perkins, FSEOG, and Pell Grant OPs, the student is liable for any OP made to the student regardless of the amount. The institution is liable for any OP that was the result of its failure to comply with the appropriate regulatory requirements. For any OP for which it is not liable, the institution must assist ED in recovering the OP.	A student is not liable for a Perkins loan, FSEOG, or Pell grant OP that is less than \$25 and is not a remaining balance, and is not a result of applying the overaward threshold for the campus-based programs.

## Proposed Changes to Title IV Regulations are Published, cont.

Topic	Current Rule	Proposed Changes
<b>Overpayments</b>	For Perkins and FSEOG OPs only, the institution must promptly send the student a written notice requesting repayment of the OP. For Pell, the institution must make a reasonable effort to contact the student and recover the OP.	Makes collection and referral requirements for Pell consistent with those for Perkins loans and FSEOG. The institution must provide written notice of the OP to the student.
<b>Overpayments</b>	For Perkins and FSEOG OPs only, the institution must consider any objection made by the student that the OP determination is erroneous and to determine whether the objection is warranted. The Pell regulations do not require this.	Makes collection and referral requirements for Pell consistent with those for Perkins loans and FSEOG. If the student objects to an OP determination on the grounds that it is erroneous, the institution must determine whether the objection is warranted.
<b>Overpayments</b>	For Perkins, the institution must attempt to collect any OP and cannot refer the OP to ED. Any amount collected must be returned to the institution's Perkins fund. For FSEOG, an institution must refer any unresolved OP of \$25 or more to ED. An unresolved Pell grant must also be referred to ED, but the regulations are silent on a minimum amount.	For student OPs that meet the conditions of the proposed <i>de minimus</i> standard, an institution would not be required to attempt recovery of the OP, report it to NSLDS, or refer it to ED.
<b>Late Disbursements</b>	In order to make a late disbursement, the institution must have received a SAR or ISIR for the student before the student became ineligible.	In order to make a late disbursement, a SAR or ISIR with an official EFC must have been processed by ED before the student became ineligible.
<b>Late Disbursements</b>	If all of the conditions for a late disbursement have been met, an institution has 90 days from the date the student became ineligible to make the late disbursement.	Increases the timeframe within which an institution may make a late disbursement from 90 to 120 days. Also, formalizes private-letter guidance that allows, for those cases in which the student is not at fault, ED to permit an institution to make a late disbursement after 120 days. If the proposed rule becomes final, ED would most likely establish a single point of contact that would approve these types of late disbursements.

## Proposed Changes to Title IV Regulations are Published, cont.

Topic	Current Rule	Proposed Changes
<b>Late Disbursements</b>	An institution may make a late disbursement to a student who completed the payment period or period of enrollment.	An institution is required to offer or make a late disbursement to the student (or student's parents, for a PLUS loan) for a student who completed the payment period or period of enrollment.
<b>Late Disbursements</b>	An institution must have received a valid SAR or ISIR before the student became ineligible in order to make a late disbursement of a Pell grant.	A student's eligibility for a late Pell grant disbursement would be based upon the rule that ED must have processed a SAR/ISIR with an official EFC while the student was still eligible. The institution still must receive the SAR or ISIR before the actual disbursement can be made.
<b>Late Disbursements</b>	An official SAR/ISIR is required in order to make a late disbursement of a PLUS loan.	Eliminates the requirement for an official SAR/ISIR for a late disbursement of a PLUS loan.
<b>Notices and Authorizations</b>	When an institution credits a student's account with Title IV loan funds, it must notify the student (or parent, for a PLUS loan) of the right to cancel. The notice may be provided in writing or electronically. If sent electronically, the institution must confirm that the notice was received.	The requirement that an institution confirm the receipt of a notice sent electronically is eliminated.
<b>Timely Return of Funds</b>	ED's Audit Guide specifies that if R2T4 refunds are made by check, the check used must clear the institution's bank within 30 days after the date of determination that the student withdrew.	Proposed regulations define specifically when the institution is considered to have returned funds, depending on the method used to return the funds. Specifically, the institution returns funds when it: <ul style="list-style-type: none"> <li><input type="checkbox"/> Deposits or transfers the funds into the bank account it maintains for Federal funds.</li> <li><input type="checkbox"/> Initiates an EFT to transfer the funds.</li> <li><input type="checkbox"/> Initiates an electronic transaction that instructs an FFEL lender to adjust a borrower's loan for the amount of "returned funds."</li> <li><input type="checkbox"/> Issues a check. If a check is used to return unearned funds, it must be received by an FFEL program lender or ED no later than 45 days after the institution determined that the student withdrew.</li> </ul>

## Student Transfer Monitoring Process

Under regulations that became effective July 1, 2001 (34 CFR 668.19), schools are no longer required to obtain a paper Financial Aid Transcript (FAT), or respond to another school's request for an FAT for any transfer student, including mid-year transfers. Instead, under a new process described in an attachment to Dear Colleague letter GEN-01-09, our National Student Loan Data System (NSLDS) will provide financial aid history information for mid-year transfer students directly to schools that request it. Institutions are required to set up their profile in NSLDS and are required to go through the inform monitor, alert process for ALL mid-year transfer students. See the link below for more information on this process.

<http://www.ifap.ed.gov/dpccletters/GEN0109.html>

## Expiring Provisions

As communicated previously, there are some cash management provisions that expired September 30th. The Dear Colleague letter below fully identifies the provisions involved.

Dear Colleague:

Sections 428G(a)(3) and (b)(1) of the Higher Education Act (HEA) of 1965, as amended, provide exceptions to the multiple disbursement and 30-day delayed disbursement requirements. These exceptions apply to FFEL and Direct loans made to students for attendance at a school whose cohort default rates (as determined under section 435(m) of the HEA) are less than ten percent for the three most recent years. Under, section 428G(a)(3), such schools may disburse an FFELP loan or Direct Loan in one installment if the loan period is only one term or, for non-term and non-standard term programs, the loan period is equal to or less than four months in length. Section 428G(b)(1) exempts such low default rate schools from the 30-day delayed disbursement requirement that normally applies to first-time, first-year undergraduate borrowers.

Both exceptions expired on September 30, 2002. Recent attempts to pass legislation to extend these provisions have been unsuccessful, and it is unclear if legislation will be enacted to extend these exceptions. After these exceptions expired on September 30th, loans certified in the FFEL Program or originated in the Direct Loan Program on or after October 1, 2002 for students at these schools would be subject to multiple disbursements and 30-day delayed delivery of loan proceeds. If legislation is enacted to extend these provisions, you will be notified immediately.

We have received a number of inquiries about the expiring provisions related to delayed disbursements for first time students. More specifically, the questions are related to the definition of a first time student. I have included the definition below (as reflected in archived regulations that applied at the time this rule was originally in effect), as well as a link to the *SFA Handbook* itself.

"Note that if a student is in the first year of an undergraduate program and is a first-time borrower under the FFEL or Direct Loan program, a school may not disburse the first installment of his or her loan until 30 days after the student's first day of classes."

[http://www.ifap.ed.gov/sfahandbooks/doc0175\\_bodyoftext.htm](http://www.ifap.ed.gov/sfahandbooks/doc0175_bodyoftext.htm)

Each location should define a process for ensuring disbursements are delayed, when appropriate. All newly defined processes should be communicated to the operating team at your location. Doing so will help to ensure compliance with the regulations.



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## Federal Student Aid Handbook Now Available Online

The 2002–2003 *Federal Student Aid Handbook* is now available online at IFAP. See link below for quick access.

<http://www.ifap.ed.gov/IFAPWebApp/currentSFAHandbooksYearPag.jsp?p1=2002-2003&p2=c>

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## Financial Aid Commission Update

Financial Aid commission information is now available on the CAAHE Web site. The home page and bylaws have been placed on the Web site. The newsletters and minutes are still in progress. Please visit the address below for more information.

<http://www.caahe.org/commissionsf.htm>

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## IPD Financial Aid Conference

Mark your calendars...the 2003 Financial Aid Conference will be held on April 7–8, 2003. We will be conducting this conference separate from the CAAHE conference this year, per the feedback from the 2002 conference surveys. Preparation has already begun. If you are interested in assisting in the planning process, please contact Lois Kelly or Kristen Vedder. We look forward to seeing all the locations represented this year!

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## Fourth Department of Education Letter on Terrorist Attack Relief Still Pending

The Department of Education is still working on the fourth “Dear Partner Letter” related to the September 11, 2001 terrorist attacks. This last letter is expected to cover additional issues related to regulatory and administrative relief for those affected by the attacks, including the treatment of students who withdrew from school.

The first three letters and other items related to the terrorist attacks can be found at the National Association of Student Financial Aid’s (NASFAA) Attack on America Resource Page at <http://www.nasfaa.org/linklists/terroristattackpage.asp> and at the Department of Education’s Information for Financial Aid Professionals Web site at

<http://www.ifap.ed.gov/IFAPWebApp/SFAGuidancetoTerroristAttacks.jsp>.



## IPD Financial Aid Training



IPD conducted financial aid training for directors/adult program processors in Phoenix, Arizona on October 14–15, 2002. There were nine participants from different locations who had the opportunity to enjoy the beautiful Arizona weather...and soak in some non-term processing knowledge. Kristen Vedder and Sandra Perez conducted the training, which focused on processing aid for non-term programs.

All participants enjoyed dinner at the “Rustler’s Rooste” in Tempe, and the feedback was, “Yummy”...even from those who tested the fried rattlesnake!

The next training session is tentatively scheduled for February 10–11, 2003.

## Other Financial Aid Training Opportunities

NAME OF ASSOCIATION	TENTATIVE DATES for WORKSHOP/CONFERENCE	LOCATION
<b>CASFAA</b>		
CASFAA Management Institute	December 12–15, 2002	San Diego, CA
<b>DEPT OF ED</b>		
Electronic Access	November 4–7, 2002	Orlando, FL
Electronic Access	December 3–6, 2002	Las Vegas, NV

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## Financial Aid Global Distribution List

The Financial Aid global (includes only CAAHE members) distribution list is available to allow you to consult with one another about the common problems you face and solutions that have provided positive results. To utilize the list, open a regular e-mail and type [ipdfinaid@apollogrp.edu](mailto:ipdfinaid@apollogrp.edu) in the TO: section of the message. When the e-mail is sent, it will go to all the members of the list. Clicking "Reply To All" in response to the e-mail will send the response to all members of the list. Thanks to all who have been utilizing this list, and to those providing timely responses to requests.



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## Goings On

Do you have information about job openings or upcoming events at your institution that you would like to share with the other IPD Partner Institutions? Just e-mail the information (including the name of the event or job opening; any relevant dates; and a name, telephone number, or e-mail address of a contact person) by December 15, 2002, to Kristen Vedder at [kristen.vedder@apollogrp.edu](mailto:kristen.vedder@apollogrp.edu) so that your information will be included in the next newsletter.

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