

# hot TOPICS



IPD Financial Aid News

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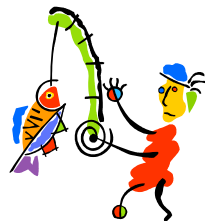
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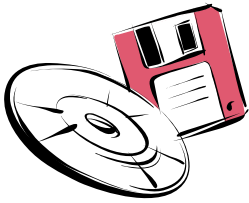
## Return of Title IV Funds Compliance



Return of Title IV (R2T4) funds noncompliance is one of the areas of Title IV administration that is most frequently cited in audits and program reviews. According to an article published in the National Association of Student Financial Aid Administrators (NASFAA) *Student Aid Transcript* (Volume 15, No. 2, 2004 "Recurrent Program Review and Audit Findings and How to Avoid Them!"), these citations can generate major compliance exceptions because the regulations treat late or inaccurate payments as an indication that the institution lacks financial responsibility. In addition, if an audit or program review reveals that 5 percent or more of Title IV returns sampled were late or inaccurate, the institution automatically must post within 30 days a letter of credit equal to 25 percent of the aid that the institution returned for withdrawn students during its most recent fiscal year (34 CFR §668.173(c) and (d)). The article goes on to state that appeal rights may be invoked if the institution can show that the untimely payments identified are the product of exceptional circumstances or were wrongly cited (34 CFR §668.173(e)). To access the Electronic Code of Federal Regulations (e-CFR), click <http://ecfr.gpoaccess.gov/>. A NAASFA member login is required to view the article at [http://www.nasfaa.org/publications/2004/Transcript/vol15no2/index15\\_2.html](http://www.nasfaa.org/publications/2004/Transcript/vol15no2/index15_2.html).



According to federal regulations, the institution's date of determination that a student withdrew is the starting point for counting several timeframes in which the institution must perform certain activities. Untimely return of funds (funds that are returned more than 30 days after the school's date of determination (DOD) that a student withdrew) is one of the most common findings related to Return of Title IV funds.



Another area of concern is valid Title IV leave of absences. If a leave of absence does not meet the conditions in 34 CFR 668.22(d), the student is considered to have ceased attendance and to have withdrawn from the school. As a result, the institution is required to perform a return of funds calculation (2004–2005 FSA Handbook pp. 5–17) within the above mentioned timeframe.

Given the time sensitive nature, effective process and adequate internal controls should be implemented to ensure the applicable regulatory requirements are met. To assist in this process, the Accounting Manager for each location will be completing a template listing any outstanding determinations for Title IV recipients that are no longer in attendance. This template will be sent to the appropriate contact at your institution on a regular basis. We ask that you review the listing upon receipt and provide required feedback and direction.



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## **President's FY2006 Budget Retires Pell Grant Shortfall, Eliminates Federal Role in Perkins Loan Program**

President Bush on February 7 sent Congress a \$2.57 trillion FY2006 budget request, which would take the first steps toward retiring the \$4.3 billion Pell Grant shortfall and increasing the maximum Pell award from \$4,050 to \$4,550 over five years (with \$4,150 proposed for FY2006). Among the cutbacks, the President has proposed to pay for this is the recall of the revolving funds used by institutions to fund the Perkins loan program, thereby effectively terminating the Perkins program. Overall, discretionary spending for areas other than defense and homeland security would fall by nearly 1%, the first such decrease in years. The complete 2006 budget is available on the White House Office of Management and Budget's Website at <http://www.whitehouse.gov/omb/budget/fy2006/budget.html>. You can read the complete February 9, 2005 San Diego Union-Tribune article at <http://www.signonsandiego.com/news/education/20050209-9999-1n9edbud.html> or the NASFAA publication on-line at <http://www.NASFAA.org/publications/2005/gfy06bushbudget020805.html>.

The new budget suggests that funds for the Pell increase could be found through implementing the aforementioned federal recall on Perkins Loans revolving funds, as well as reducing the amount that guaranty agencies may collect on defaulted loans, making permanent the moratorium on the 9.5% special allowance subsidies for lenders, and reducing the percentage of federal loan principle guaranteed against default, among other changes.

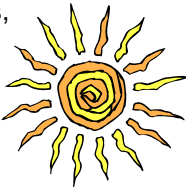
Several additional long-standing higher education programs have also been targeted. The budget request provides funding at the FY05 levels for FSEOG, Federal Work-Study, GAANN and Javits Fellowships, and terminates funding for Federal Perkins Loans Cancellations, the Byrd Honors Scholarships, LEAP, GEAR UP, and the Upward Bound and Talent Search portions of TRIO, among other programs. The mandatory FWS community service requirement would be replaced by a voluntary program to be funded by 20% of the FWS appropriation.

## Annual IPD Financial Aid Conference



Join us for the 2005 Financial Aid Conference on April 11–12, 2005 in Tempe, AZ. Get out of the cold and into the sun, while "soaking up" valuable regulatory information. Sessions include Title IV regulatory and reauthorization updates, roundtables (as requested by previous participants), and facilitated discussions on emerging Title IV issues and topics... not to mention the opportunity to network with other Consortium for the Advancement of Adult Higher Education (CAAHE) institutional financial aid representatives.

The conference will be held at the Wyndham Buttes Resort, in Tempe, AZ, which is located on a 25–acre mountaintop landmark overlooking the cities of Phoenix and Tempe. Rock formations, waterfalls, and the desert sky at sunset are the view from the top. Some features of the resort include a natural mountainside swimming pool, four secluded hillside spas, on site jogging and hiking trails and exercise facilities, lighted tennis courts, water and sand volleyball courts, and access to nearby championship golf courses.



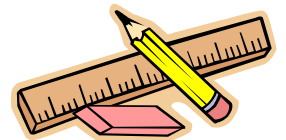
As in past years, IPD will pay for a two nights' stay at the conference hotel (Sunday, April 11, and Monday, April 12) and all sponsored meals for one representative from each institution. "Plane, train and automobile" your way to sunny Phoenix. We hope to see all of you there! All registrations were to be submitted by January 10, 2005. To complete the online registration for each participant, click [http://www.ipd.org/events/2005\\_fa\\_conference/](http://www.ipd.org/events/2005_fa_conference/).



### Changes Requiring the Department of Education's Approval

Just a friendly reminder: When any of the following situations occur, institutions are required to notify the ED and Title IV funds cannot be disbursed until ED has approved

- ◆ Change in accrediting agency;
- ◆ Change in state authorizing agency;
- ◆ Change in institutional structure;
- ◆ Increase in level of educational programs beyond the institution's current scope of approval;
- ◆ Addition of non-degree programs beyond the institution's current scope of approval;
- ◆ Addition of short-term programs (300–599 clock hours);
- ◆ Changes to the FSA programs for which the institution is currently approved;
- ◆ Change in ownership or type of ownership; or
- ◆ Adding locations when the institution
  - Is provisionally certified,
  - Is on the cash monitoring or reimbursement system of payment,
  - Has acquired the assets or another institution that provided educational programs at that location during the preceding year and the other institution participated in the Title IV FSA programs during that year,
  - Would be subject to a loss of eligibility under the cohort default regulations if the other location is added, or
  - Has been advised that ED must approve new locations before institutions disburse FSA funds.



## Department of Education Implements Changes to CPS with VA Matches

On January 3, 2005, ED implemented changes to the Central Processing System (CPS) Online database that performs matches with the Veterans Affairs (VA). These changes affect students for whom the VA is not able to confirm veteran status, including those students who have recently returned from active duty. The following summarizes the changes that were implemented:



- ◆ VA Match Flag values 2 (not a qualifying veteran) and 3 (not on VA database) will no longer have an assumed value of "No" to the veteran status question.
- ◆ Match Flag values of 2, 3, and 4 (active duty) will receive a SAR/ISIR comment and a SAR C flag if the student's veteran status is the only thing making him/her independent.
- ◆ Comment text for Match Flag values 2, 3, and 4 has been updated directing the student to contact his/her financial aid administrator (FAA) and provide necessary documentation of his/her status.

In summary, Comment codes 162, 173, and 180 were updated to reflect, "The Department of Veterans Affairs (VA) did not confirm that you are or will be a qualifying veteran for purposes of receiving federal student aid for the 2005–2006 school year. If you believe you are or will be a qualifying veteran, contact your financial aid administrator (FAA) and provide them with a copy of your DD-214 (military separation form). If you are currently on active duty but will be separated from the military during the school year, provide your FAA with a letter from your commanding officer indicating that you will be separated from the military prior to June 30, 2006. If you are not and will not be a veteran, you must change the answer to Item 54 from "Yes" to "No" and provide parental information, including the signature of at least one of your parents."

The goal of these changes is to minimize the disruption to returning soldiers and assist with a speedy resolution of the VA Match. For the complete electronic announcement, click <http://ifap.ed.gov/eannouncements/1223CPSVAMatchChanges.html>.

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## Return of Title IV Funds: Projecting Completion Dates for Nonterm Credit Hour Programs

Institutions must have a reasonable procedure for projecting the completion date of students in nonterm, credit hour programs in which the completion date of the period is dependent on an individual student's progress. The Department of Education's Dear Colleague Letter (DCL) GEN-04-03 Revised "Return of Title IV Aid," provided the following example:

A student is disbursed a Federal Pell Grant and a Stafford Loan while attending a 24 credit hour program at an institution that calculates Return of Title IV on a payment period. The student is expected to complete 12 credit hours each payment period in 15 weeks (15 x 7 = 105 days). The student completes the first payment period by completing 12 credit hours in 120 days (past the original program length of 210 days). As a result, the student is eligible for second disbursements of both his/her Pell Grant and Stafford Loan. On day 53 of the second payment period, the student withdraws having completed 4 credits. On day 53, the student completed one-third of the work (4 credits out of 12 credits) for the payment period. At his/her current pace of 4 credits completed in 53 days, the student would be projected to complete the additional 8 credit hours in the payment period in 106 days. As a result, the student is not scheduled to complete the 12 credit hours of the second payment period until day 159 (53 completed days + 106 projected days). Therefore, the total number of days in the second payment period would be 159 and the percentage of the payment period completed would be 33.3% (53 days completed divided by 159 total days in the payment period).



To read GEN-04-03 Revised "Return of Title IV Aid," in its entirety, click [www.ifap.ed.gov/dpclatters/GEN0403Revised.html](http://www.ifap.ed.gov/dpclatters/GEN0403Revised.html).

## Return of Title IV Funds: Date of Determination

When a student withdraws from an institution, his/her withdrawal date is not necessarily the same as the institution's date of determination (DOD) that the student has actually withdrawn. The student's withdrawal date is used to determine the percentage of the payment period completed, which is then used to determine the amount of aid the student has earned. The institution's DOD is used in the following circumstances:



- ◆ If the student is eligible for a post-withdrawal disbursement that is not credited to his/her account, the institution must offer the disbursement to the student or parent (PLUS loan) within 30 days of the DOD;
- ◆ If the student and/or parent submits a timely response to the post-withdrawal disbursement offer, the institution must disburse the funds within 120 days of the DOD;
- ◆ Institutions must document withdrawal dates and maintain the documentation as of the DOD;
- ◆ In order to recover Title IV grant overpayments in accordance with the regulations, institutions must send notices within 30 days of the DOD to students who owe grant overpayments as a result of their withdrawals;
- ◆ Institutions collecting Title IV grant overpayments must require full repayment within 2 years of the DOD;
- ◆ Institutions must return their portions of Title IV funds for which they are responsible as soon as possible but no later than 30 days after the DOD; and the amount of aid disbursed as of the DOD is used to determine the amount of unearned aid that must be returned.



## Procedures for Requesting Permission from the Department of Education to Make Late Disbursements after 120-Days

ED has revised the procedures for requesting permission to make late disbursements after the 120-day deadline. The following information supersedes the guidance in the 2004–05 FSA Handbook.

- ◆ In order for an institution to request a late disbursement after the 120-day deadline, the institution must fax a request to COD School Relations Center, Late Disbursement Request at 877-623-5082 and include the
  - Institution's name and OPE ID#;
  - Contact person's name, title, phone and fax numbers and email address;
  - Name and Social Security Number of the student (name and SSN of parent for a PLUS Loan);
  - Type(s) and amount(s) of Title IV Aid to be disbursed; and
  - Explanation of why the disbursement was not made within the 120-day deadline and why the delay was not the student's fault.
- ◆ A request for a late disbursement of a Pell Grant must include the information above and the
  - Award year,
  - Payment period begin and end dates, and
  - Date the student completed the payment period or withdrew from the institution.
- ◆ If the request includes a late disbursement of FFEL or DL, it must include the information above and the
  - Type of loan,
  - Date of certification or origination,
  - Loan period begin and end dates,
  - Indication of whether or not the student completed the loan period,
  - Date the student ceased to be enrolled at least half-time,
  - Indication of whether the late disbursement being requested is the first or second disbursement of the loan for the loan period,
  - Lender's name for an FFEL, and
  - Award ID for DL.

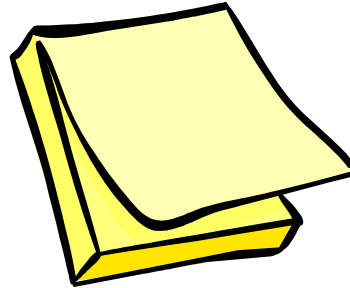


To access the Direct Loan Bulletin, click <http://www.ifap.ed.gov/dlbulletins/DLB0416.html>.

## IPD Announces Financial Aid Training

IPD is pleased to announce the IPD Financial Aid Training for Directors/Adult Program Processors. This offer is extended to new and existing IPD partner institutions with employees new to the financial aid position. The training is scheduled to be held in Phoenix, AZ, on April 13 and 14, 2005. Participants should plan to arrive on Tuesday, April 12, and stay until 12:00 p.m. on Thursday, April 14, 2005. Please e-mail Kristen Vedder at [kristen.vedder@apollogrp.edu](mailto:kristen.vedder@apollogrp.edu) as soon as possible if you would like to send a representative from your office. Topics to be discussed include

- ◆ Application Process
- ◆ Satisfactory Academic Progress
- ◆ Scheduling
- ◆ Cash Management
- ◆ Loan Processing
- ◆ Return of Funds
- ◆ Pell Processing
- ◆ Regulatory Update
- ◆ Verification



## Goings On

Do you have information about job openings or upcoming events at your institution that you would like to share with 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 March 1, 2005, to [kristen.vedder@apollogrp.edu](mailto:kristen.vedder@apollogrp.edu) so that your information will be included in the next newsletter.



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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 (CAAHE<sup>SM</sup>).