



MAY 2019 NEWSLETTER

IMPORTANT DATES:

May 1

DJA Webinar
Return of Title IV Funds
11:00 a.m. CDT

May 2

Special DJA Webinar
Borrower Defense to Repayment
11:00 a.m. CDT

May 27 – DJA Closed



June 2-5

CECU Convention & Exposition

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We enjoyed seeing those of you who were able to join us for the annual DJA Financial Aid Training Session last month! If you were unable to attend, you will find the presentation on the client portal of the DJA website. As always, DJA will continue to keep you updated via our monthly newsletter and webinars, as well as with timely client memos.

For those of you who are not currently DJA clients, I hope the information in the newsletter is beneficial to you in the administration of your institution's financial aid. If you would like to know more about DJA's services please give me, or Kristi Cole, Director of Client Services, a call at (800-242-0977); or, if you know someone that would benefit from our free newsletter please send an email to djohn@gotodja.com or kcole@gotodja.com and we will add them to the distribution list.

As Memorial Day approaches and plans are made to celebrate the official beginning of summer with a 3-day weekend, remember to pause in honor of those who sacrificed their lives for our freedom. I would personally like to thank all veterans and active service members for their service.

*Thank you and until next time, have fun!
Deborah John, President*

2019-2020 FINAL FUNDING AUTHORIZATIONS FOR THE CAMPUS-BASED PROGRAMS

In our February newsletter, we covered the [January 31, 2019 Electronic Announcement](#) informing schools of tentative 2019–20 funding levels for the Campus-Based programs. We now announce that final 2019–20 Campus-Based programs funding worksheets and the 2019–20 Statement of Account for each of the Campus-Based programs have been posted to the Common Origination and Disbursement (COD) Web Site.

A school's 2019–20 final funding authorization for each of the Campus-Based programs is based on the applicable statutory formula and on the amount of funds



appropriated by Congress for that program. A school will not receive a 2019–20 final funding authorization amount for a Campus-Based program that is in excess of its request for funds made for that program on the Fiscal Operations Report for 2017–18 and Application to Participate for 2019–20 (FISAP) that the school previously submitted to the Department of Education (the Department).

The Department of Defense and Labor, Health, and Human Services, and, Education Appropriations Act, 2019 and Continuing Appropriations Act, (Pub. L. 115-245) was enacted on September 28, 2018. It appropriated funds for the Federal Work-Study (FWS) and Federal Supplemental Educational Opportunity Grant (FSEOG) programs to be allocated to schools for the 2019–20 Award Year. The total 2019–20 federal funds available for allocation to schools under the FWS and FSEOG programs are as follows:

<u>Program</u>	<u>Total Federal Funds Appropriated for Allocation to Schools</u>
FWS	\$ 1,130,000,000
FSEOG	\$ 840,000,000

Note: The Higher Education Act of 1965, as amended (HEA), authorizes the Secretary to award up to 10 percent of the FWS appropriation that exceeds \$700 million in a manner other than the applicable statutory formula. In order to preserve this authority for the 2019-2020 Award Year, the total amount of FWS funds available for allocation to schools has been reduced by \$10 million. The Department plans to use this \$10 million to fulfill school requests for additional FWS funds as part of a new experiment under the Experimental Sites Initiative to be announced later this spring.

How the Campus-Based Awards for a School are Determined

A school's final funding level for each of the Campus-Based programs is determined in accordance with provisions of the HEA, and by the implementing regulations at 34 CFR Part 673. The final funding worksheets posted on the [COD Web Site](#) will show the information that was used in the calculation of each school's 2019–20 Campus-Based allocations.

Returning more than 10 percent of the 2017–18 Allocation for one of the Campus-Based Programs Affects a School's 2019–20 Allocation

As required by the HEA, unless a waiver has been granted, if a school returns more than 10 percent of its FWS or FSEOG program allocation for an award year, the school's allocation for that program in the second succeeding award year will be reduced by the amount returned. Thus, underutilization of 2017–18 funds could impact a school's allocation of 2019–20 funds.

We accepted requests for a waiver of any 2019–20 Award Year penalty for the underuse of 2017–18 Award Year funds with the initial submission of the FISAP or with any FISAP edit submissions received through the February 4, 2019 waiver request deadline. We reviewed the waiver requests received, notified the financial aid administrators at the requesting schools of our decisions, and posted the decision letters to the [COD Web Site](#). Any school that underutilized its 2017–18 allocation by more than 10 percent and did not receive approval of a waiver request will see an adjustment in the applicable final funding worksheet on the line labeled "Allocation Reduction."

Notification of 2019–20 Campus-Based Allocations



In addition to this announcement, individual schools will be notified by email that the 2019–20 Campus-Based allocation information has been posted to the [COD Web Site](#). Emails are sent to the school’s Financial Aid Administrator, as provided in the school’s most recently submitted FISAP or the FAA listed on the "Contact Info" page in the Campus-Based section of the [COD Web Site](#). This email will advise the school that it can access its 2019–20 Campus-Based allocation information for each Campus-Based program in which the school participates in the school's 2019–20 Statement of Account or Final Funding Worksheets posted on the COD Web Site. To access both documents:

- Log in to the [COD Web Site](#)
- From the School tab, select “Campus-Based” from the left navigation menu
- Select the "Self-Service" link from the left navigation menu, then “Notifications”
- Select the 2019–2020 Application Year from the drop-down menu to view the Statement of Account and Final Award Worksheet

Attached to this announcement is an explanation of the calculation of the final funding authorization contained in the worksheet for each program.

Reallocation of Additional Campus-Based Funds for the 2019–20 Award Year

All of the Campus-Based funds available for the 2019–20 Award Year, minus the \$10 million reserved for the experiment referenced above, have been allocated in this final Campus-Based allocation process. However, some schools may qualify for supplemental 2019–20 Campus-Based funds based upon a reallocation of funds not spent by institutions from 2018–19 allocations. Specific information on the reallocation process and the electronic application for requesting additional funds will be provided in subsequent communications.

Contact Information

For additional information about 2019–20 Campus-Based allocations, contact the COD School Relations Center at 1-800-848-0978. You may also email CODSupport@ed.gov.

For more information you may explore the attachments posted on IFAP by reviewing the announcement at <https://ifap.ed.gov/eannouncements/040119FinalFundAuthforthe201920CBProg.html>.

GAINFUL EMPLOYMENT ANNOUNCEMENT: DISTRIBUTION OF FINAL GE COMPLETERS LISTS AND DRAFT GE COMPLETERS LISTS CORRECTION RESULTS

GE electronic announcement 118 provides information about the distribution of institutions’ Final Gainful Employment (GE) Completers Lists as well as information on how institutions may view the outcome of the U.S. Department of Education’s (the Department’s) review of corrections submitted by institutions on their Draft GE Completers Lists.

Consistent with the GE regulations at 34 CFR 668.405, institutions had 45 days to submit corrections to the information included in their Draft GE Completers Lists. The 45-day period ended on July 13, 2018. The Department has completed reviewing all institutionally-submitted corrections. The results from the Department’s review of the corrections to the Draft GE Completers Lists are final determinations. No additional data corrections will be accepted.



Final GE Completers List Files Available in SAIG Mailboxes

The National Student Loan Data System (NSLDS®) will generate Final GE Completers Lists and send them to the institutionally-designated Student Aid Internet Gateway (SAIG) mailbox. Institutions were able to retrieve Final GE Completers Lists this past month on April 8, 2019. As with the draft version of the Completers List, the Final GE Completers List will use the GECOMBOP message class. The draft and final versions of the GE Completers List utilize the same file layout, available in the Appendix of the [NSLDS Gainful Employment User Guide](#). There are no differences in file layout between the two, other than the date on which they were created. The Final GE Completers Lists will also be available by request on the [NSLDS Professional Access](#) website under the Reports tab which began on April 8, 2019. The GE Completers List Report (GEPDC1) will be presented in the same format as the Final GE Completers List that will be automatically distributed, as described above. Once requested, the report will be sent with the GECOMPOP message class. After receiving their Final GE Completers List in their SAIG mailbox, either through the automatic distribution or by request, institutions can review the information using the [GE Completers List Viewer and Import tools](#).

Results of Department's Review of Draft GE Completers Lists Using NSLDS Professional Access

If an institution submitted Draft GE Completers List corrections, then the institution may review results of the Department's review of the institution's corrections on the NSLDS Professional Access website. The results will also be available beginning on April 8, 2019.

The results can be filtered for "Edited" records on the program's GE Completers List page, on the GE tab. Corrections that have been reviewed by the Department will appear with a checkmark next to the student's Social Security number. When viewing the GE student detail record, the correction outcome will be marked as follows, in the "Approved" column:

- **Yes** – Indicates the correction was approved by the Department and was accepted for the Final GE Completers List
- **No** – Indicates the correction was denied by the Department and was not accepted for the Final GE Completers List
- **N/A** – Indicates no correction was made by the institution and the original information on the Draft GE Completers List was maintained for the Final GE Completers List

Other Available NSLDS Reports

For institutions that submitted a large number of corrections, we have created a report to assist with a review of those corrections. The GE Completers List Case Outcomes Report (GEPDE1) provides a single listing of all GE Completers List correction results, grouped by GE program. This fixed-width report can be requested on the Reports tab of the [NSLDS Professional Access](#) website, and will be delivered to the user's SAIG mailbox, in message class GEFLFWOP.

If an institution does not see the complete list of reviewed corrections it expects to see, it is possible that the correction(s) were not submitted to the Department for review. The GE Completers List Unsubmitted Cases Report (GEPDD1) contains a list of the institution's programs which contained at least one correction to the program, but where the institution did not confirm and submit the correction to the Department. This report, also available for request on the Reports tab, will be delivered using SAIG message class GEIPFWOP.

Both reports will be available beginning on April 8, 2019. More information about viewing Draft GE Completers List correction results and GE reports is available in Chapter 7 of the [NSLDS Gainful Employment User Guide](#).

Debt-to-Earnings (D/E) Rates

Since the Memorandum of Understanding (MOU) under which the Social Security Administration (SSA) shared earnings data with the Department has expired, the Department is unable to calculate D/E rates in 2019.

Contact Information

If you have questions about NSLDS, contact the NSLDS Customer Support Center at 1-800-999-8219. You can also contact Customer Support by email at nslds@ed.gov.

The [Gainful Employment Information Page](#) on the IFAP website contains publications and resources on GE as well as Frequently Asked Questions (FAQs). If you have a policy question about the GE Regulations that has not already been addressed in the FAQs section of the [Gainful Employment Information Page](#), please submit the question to ge-questions@ed.gov.

<https://ifap.ed.gov/eannouncements/040519GEEA118FinalCompleterListDraftCompleterListCorrectionResults.html>

2018-2019 VERIFICATION REPORTING AND VERIFICATION STATUS CODE “W” WARNING MESSAGE

The regulations that govern the verification of Title IV Federal student aid application information are set forth in 34 CFR Part 668 Subpart E (34 CFR 668.51-668.61). In accordance with these regulations, a school is required to complete verification of information submitted by an applicant on the Free Application for Federal Student Aid (FAFSA) in connection with the calculation of the applicant's expected family contribution (EFC) for the Title IV Federal student aid programs if the applicant has been selected for verification.

For each Federal Pell Grant (Pell Grant) award disbursed to a student who was selected for verification, a school must report the student's verification status to the Department of Education (the Department) via the Common Origination and Disbursement (COD) System. To do this, the school includes a verification status code (“W,” “V,” or “S”) in the Common Record document it submits to the COD System via batch processing or when it creates the award online via the [COD Web Site](#). If you are a client of DJA, we handle this as part of the verification process when we review your student records.

Verification Status Code Reporting Reminders

As explained in the [2018–19 Federal Student Aid Handbook](#), generally, for each 2018–19 Pell Grant recipient selected for verification by the Central Processing System (CPS), a school should have reported a verification status code of “V” or “S.” Below are some reminders regarding verification status code reporting for recipients selected for verification by the CPS as well as recipients not selected for verification by the CPS.

Recipients Selected for Verification by the CPS

Your school is required to *verify* all recipients selected for verification by the CPS, as described below, unless a recipient is exempt from verification in accordance with the exclusions from verification provided for in the



regulations at 34 CFR 668.54(b). These exclusions are outlined in Chapter 4 of the “Application and Verification Guide” of the [2018–19 Federal Student Aid Handbook](#).

Even if your school does not need to verify a student under the exemptions referenced above, it is required to **report** a verification status code for every student selected for verification by the CPS. Your school should ensure that it

- has provided a verification status code for all recipients selected for verification by the CPS. If your school previously did not report a verification status code, (that is, the field was left blank), it must report a “V” or an “S.” Blank is not an acceptable verification status code, except in the case when a student is selected after he or she is no longer enrolled at your school.
- has reported an “S” only if the student is selected for verification but is exempt under the allowable exclusions.

If verification was not completed and the student is not exempt from verification, the Pell Grant must be adjusted to a zero dollar amount (\$0.00).

Recipients Not Selected for Verification by the CPS

A school may choose to verify recipients not selected for verification by the CPS.

- A school should ensure that it has 1) reported a verification status code of “V” if it chose to verify or 2) has left the field blank if it did not choose to verify.
- A school should ensure that it has not reported a verification status code of “S” for recipients in this category.

2018–19 Verification Status Code “W” Warning Message Processed on April 10, 2019

A school that has made an interim Pell Grant disbursement to a student selected for verification should be concluding verification activities and changing a student's verification status code from “W” to “V” or “S,” as appropriate. In the following two cases, it is acceptable for the verification status code field to be blank:

- If the student was not selected for verification or if a selected transaction was received by the school after the student was no longer enrolled and the school has reported the verification status code as “W,” the school should change the “W” to blank (nil = “True”).
- If the student was not selected for verification or if a selected transaction was received by the school after the student was no longer enrolled and the school has reported no verification status code to date, the school does not need to submit a verification status code and should leave the field blank (nil = “True”).

On April 10, 2019, messages were processed to schools that have one or more 2018–19 student records still reported with a verification status code of “W.” The message is a warning that disbursements to all students with a verification status code of “W” will be considered overawards and reduced to a zero dollar amount (\$0.00), even though the disbursements were previously accepted in the COD System. The reduction of the affected disbursements was scheduled to occur on April 24, 2019.

This warning message was sent to schools' Student Aid Internet Gateway (SAIG) mailboxes in the message class PGTX19OP. Additionally, schools will also receive a file of 2018–19 student records reported to the COD System with a verification status code of “W” in the Reconciliation Report message class PGRC19OP. Those schools that received the warning message had a deadline of April 24, 2019 to review the accompanying

Reconciliation Report and were to submit appropriate changes to the verification status codes for affected students.

Note Regarding Verification Deadline:

Some of the student records included in the Reconciliation Report may be for students who are still within the allowable timeframe for submitting verification documentation/completing the verification process by the deadlines specified in the “2018–2019 Award Year Deadline Dates” published in the Federal Register on December 4, 2018. The [December 4, 2018 notice](#) is also posted on the IFAP website.

Following the April 24, 2019 reduction, if a school needs additional time to complete verification for an individual student in accordance with the allowable timeframe in the Federal Register notice, the school may resubmit a disbursement record with a value greater than zero (\$0.00) until October 1, 2019. After October 1, 2019, the COD System will no longer accept “W” as a valid verification status code for 2018–19 Pell Grant awards.

Contact Information

If you have questions about the warning message or about reporting verification status codes to the COD System, contact the COD School Relations Center at 1-800-848-0978. You may also email CODSupport@ed.gov.

<https://ifap.ed.gov/eannouncements/041219VerifRptgVerifiStatusCodeWWarningMsg201819.html>

NOTICE OF THE DRAFT 2020-21 FEDERAL STUDENT AID APPLICATION MATERIALS

Draft versions of the proposed 2020–21 Free Application for Federal Student Aid (FAFSA[®]) form, the *Student Aid Report* (SAR) and the SAR Acknowledgement are available for public comment. These forms are used by individuals applying for federal student aid.

The federal student aid application process is required to collect and process the data necessary to determine a student’s eligibility to receive Title IV, HEA program assistance. The process begins with an applicant submitting a FAFSA form to the Department of Education. After submitting the FAFSA form, the applicant receives a SAR, which is a summary of the data provided on the FAFSA form. The applicant reviews the SAR for accuracy and if necessary, makes corrections or updates to the submitted FAFSA data.

The comment period is an opportunity for the community to provide feedback and input on the information that we collect on the FAFSA form. **Only comments regarding the FAFSA form and related forms should be submitted during this comment period.** Comments related to topics such as the FSA ID or the verification process should not be submitted using this process.

The community is invited to review the updated draft documents and submit comments on or before June 3, 2019. The drafts of the 2020–21 FAFSA form, SAR and SAR Acknowledgement can be viewed by clicking this link: <https://www.regulations.gov/docket?D=ED-2019-ICCD-0039>. Once the webpage opens, click on



“Supporting Statements” or “Form and Instructions” and each of the “DOC” or “PDF” icons to open the documents.

Comments submitted in response to this notice can be submitted electronically through the Federal eRulemaking Portal at www.regulations.gov by selecting Docket ID number ED-2019-ICCD-0039-0001 or by linking directly to the site here: <https://www.regulations.gov/document?D=ED-2019-ICCD-0039-0001>. Click on the “Comment Now!” button to submit a comment. Comments may also be submitted via postal mail, commercial delivery, or hand delivery. Please note that comments submitted by fax or email and those submitted after the comment period will not be accepted.

There are several changes to the application; these changes are explained in the FAFSA Enhancements Summary documents. The 2020–21 Paper Summary of Enhancements and 2020–21 Student Electronic Entry Summary of Enhancements (which also describes enhancements to the myFAFSA mobile app) documents can be found here: <https://www.regulations.gov/document?D=ED-2019-ICCD-0039-0006>. Click on the “DOC” or “PDF” icon next to the document you wish to review in order to open the document.

<https://ifap.ed.gov/eannouncements/040419NoticeofDraft202021FSAAppMaterials.html>

<https://ifap.ed.gov/fregisters/FR040319.html>

UPCOMING IMPLEMENTATION OF MYFAFSA ENHANCEMENTS

In a continued effort to improve users’ mobile experiences, Federal Student Aid (FSA) made enhancements to myFAFSA on April 14, 2019. Highlights of those changes are:

User Messaging

Generally, when an edit is triggered on myFAFSA, the messaging that a user sees displayed as a result of the edit is the same, regardless of whether the user is the student, the parent or a preparer. Beginning with this enhancement update, messages that users see will be customized when an edit is triggered, based on the role of the user. For example, if someone is logged in to myFAFSA as the student, the edit messaging that displays will be tailored to a student role. This will provide a more personalized user experience, regardless of the role under which someone is logged in to myFAFSA.

Signature Process Update

During the current myFAFSA signature process, users are instructed to provide a “swipe” signature (manual signature using a finger on the screen) prior to submission of the FAFSA[®] form. Based on specific customer feedback about the ease of the signature process, the “swipe” signature will now be removed from the signature process. Users will no longer be instructed to provide a touch signature and will now have the opportunity to provide active agreement to the terms and conditions on the Agreement of Terms view.

Masking of Social Security Number



As part of the ongoing effort to maintain a secure experience for applicants and their families, the Social Security Number (SSN) field on the Student Identifiers view will now be masked. This view displays when a user is logged in under the parent or preparer role to allow for identification of the student to whom the FAFSA form belongs. The user will have the ability to check a box and either hide or show the SSN. The SSN field will be masked by default.

Changes to the FSA ID

In last month's newsletter, we summarized changes that will be made to the FSA ID process. myFAFSA and fafsa.gov will be updated to incorporate those modifications.

Contact Information

For questions regarding myFAFSA, users should contact the Federal Student Aid Information Center (FSAIC) at 1-800-4-FED-AID (1-800-433-3243) or by email at FederalStudentAidCustomerService@ed.gov. TDD/TYY service is also available at 1-800-730-8913.

<https://ifap.ed.gov/eannouncements/032219UpcomingImplementofmyFAFSAEnhance.html>

IFAP UPDATE- UPCOMING TRANSITION OF FSA DOWNLOAD CONTENT AND FINANCIAL PARTNERS PORTAL TO THE IFAP WEBSITE

As part of the ongoing effort to improve efficiency and simplify the Title IV systems and processes, an opportunity has been identified to retire the stand-alone FSAdownload website and post software and user documentation on the [Information for Financial Aid Professionals \(IFAP\) website](#) instead. The Financial Partners Portal will also be incorporated into the IFAP website as well.

FSAdownload and Financial Partners Portal Transition Plan Summary

Software and user documentation is slated to move from FSAdownload to the IFAP website in May 2019.

- Software and user documentation from 2014 forward will be moved from FSAdownload to the IFAP website.
- If the most recent version of a software or user documentation item was posted prior to 2014, the most recent version will be moved to the IFAP website.
- Other software and user documentation posted on FSAdownload prior to 2014 will be stored and accessible via a user request on the IFAP Feedback page.
- The FSAdownload website will be retired after the implementation of this transition.

The Financial Partners Portal will also be moved and become a distinct area within the IFAP website.

Access to Documents and Software from FSAdownload

Until the transition is implemented, the financial aid community will continue to access the FSAdownload website for necessary documents and software. After implementation, all materials transitioned from the FSAdownload website to the IFAP website will be consolidated and easily accessible on a new Software and Other Tools page. A link to this page will be included on the IFAP Home page after implementation. The direct URL for this page will be posted at a later time.



User Preparation for Transition Implementation

Redirects for the FSAdownload website home page and the Financial Partners Portal home page will be in place temporarily after the transition is implemented.

Users that have bookmarked any FSAdownload website pages or reference the FSAdownload website in any materials will need to remove those references and replace them with the appropriate IFAP website URLs and references after implementation.

Users will also have to evaluate their bookmarks, websites, and documentation for any Financial Partners Portal URLs that will need to be updated after implementation.

Additional Information

All additional information and updates will be provided through Electronic Announcements posted to the [IFAP website](#). Monitor the IFAP website for this additional transition information.

<https://ifap.ed.gov/eannouncements/032819IFAPUpdateTransitionFSAdownloadFPPwebsitesetoIFAP.html>

CHECKING THE VALIDITY OF A HIGH SCHOOL DIPLOMA

If your school or the Department has reason to believe that the high school diploma is not valid or was not obtained from an entity that provides secondary school education, you must evaluate the validity of the student's high school completion. Students who indicate on their FAFSA that they graduated high school must give the name, city, and state of the high school. FAFSA on the Web will not allow students to skip these items, and it will have a drop-down list of both public and private high schools populated by the National Center for Education Statistics (NCES). Inclusion on the list does not mean that a diploma from the school is valid, nor does exclusion from the list mean that the diploma is invalid. Acceptable documentation for checking the validity of a student's high school completion can include the diploma and a final transcript that shows all the courses the student took.

Diplomas from unaccredited high schools can be valid and qualify students to receive FSA funds, as well as to meet college admission standards. One resource that a school may consider to determine if a high school diploma is valid is the Department of Education in the state in which the high school is located, if that department has jurisdiction over the high school. Colleges are also free to consult with each other as they develop their procedures for checking the validity of high school diplomas. For students who completed their secondary schooling outside the United States, comparable documents can help, as can the services of companies that determine the validity of foreign secondary school credentials.

The ISIR will not provide any more information than what the student submitted on the FAFSA. We do not expect you to check the high school data for every student against other information obtained by your school during admissions, but if you have reason to believe the high school diploma is dubious—e.g., the college



knows the student bought the diploma or transcript and was required to perform little or no work—you must validate the diploma.

A student's self-certification is not sufficient to validate a high school diploma that is in question. It should be remembered that for a college to be an eligible institution, it must admit as regular students only those with a high school diploma or the recognized equivalent or who are beyond the age of compulsory school attendance. As in other areas of FSA administration, schools have final authority in meeting this requirement. The Department does not plan to have an appeal process or to intervene in reasonable judgments of school administrators, such as a decision to move a high school from a college's acceptable to unacceptable list or a case where one school has different lists than another.

College diploma mill definition

An entity that:

1. Charges someone a fee and requires him to complete little or no education or coursework to obtain a degree, diploma, or certificate that may be used to represent to the general public that he has completed a program of postsecondary education or training; and
2. Lacks accreditation by an agency or association that is recognized as an accrediting body for institutions of higher education by the Secretary (pursuant to Part H, Subpart 2 of Title IV) or a federal agency, state government, or other organization that recognizes accrediting agencies or associations.

➤ **Do high schools have to be accredited for their graduates to be eligible for Title IV aid?**

For Title IV student aid purposes, there is no requirement that a high school be accredited. In determining whether a student's high school diploma is valid, the Federal Student Aid Handbook suggests that institutions check with the appropriate state agency in the State in which the high school is located to determine if a diploma issued from that school is recognized by that State as a high school diploma.

➤ **How can an institution determine whether a student's high school diploma is valid for purposes of establishing Title IV eligibility?**

Final regulations published on October 29, 2010, require postsecondary institutions to develop and apply procedures to evaluate the validity of a student's high school diploma if the institution or the Department has reason to believe that the diploma is not valid or was not obtained from an entity that provides secondary school education (34 CFR §668.16(p)).

Because USDE relies on a State's determination as to what constitutes a high school diploma in that State, institutions are encouraged to check with the relevant department or agency in the State in which the high school is located to determine if a diploma from the high school (which does not have to be accredited) is recognized by that State (see Volume 1 of the Federal Student Aid Handbook). Another resource within the State that an institution may want to consult with is the State attorney General's office. For example, one State attorney General's office has taken enforcement actions against entities that issue diplomas or other certificates of completion of secondary education without providing a legitimate secondary school education.



Another publication that may be helpful to institutions is the “State Regulation of Private and Home Schools” which provides a brief description for each state’s legal requirements that apply to K–12 private schools in the United States.

WHAT POST SECONDARY INSTITUTIONS SHOULD WORK TO AVOID WHEN ISSUING A FINANCIAL AID OFFER

The U.S. Department of Education recognizes that stakeholders within the postsecondary education community continue to work to reach agreement on standard terminology and format for financial aid offers. As that work continues, the Department has issued guidance on what schools should avoid when issuing financial aid offers. The Department feels strongly that avoiding these things will improve the clarity, transparency, and basic understandability of financial aid offers for students and families. When students and families understand financial aid offers, they make informed decisions that help to increase college enrollment, persistence, completion, and successful repayment of student loans.

To view this list in its entirety visit the electronic announcement in full at <https://ifap.ed.gov/eannouncements/041519RecWhatPostInstShouldWork2Avoid.html>.

COMPLIANCE CORNER

INSTITUTIONAL CHARGES – WITHDRAWALS AND THE RETURN OF TITLE IV FUNDS

Institutional charges are used to determine the portion of unearned Title IV aid that the school is responsible for returning. Schools must ensure that all appropriate fees, as well as applicable charges for books, supplies, materials, and equipment, are included in Step 5, Part G of the Return calculation. Institutional charges do not affect the amount of Title IV aid that a student earns when he or she withdraws. ***Keep in mind that application fees are excluded from institutional charges because they are not an educational cost.***

Use of institutional charges in determining a school’s responsibility for Return - 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 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.

The return regulations presume that Title IV program funds are used to pay institutional charges ahead of all other sources of aid. Institutional charges may not be reduced even if other sources of aid are used to pay those charges. For example, a school may not reduce institutional charges when an outside agency supplying aid requires that aid to be used for tuition.

When to prorate charges -When a school chooses to calculate the treatment of Title IV, HEA program assistance on a payment period basis for a non-term credit-hour or clock-hour program but the school charges for a period longer than the payment period (most likely the period of enrollment), there may not be a specific amount that reflects the actual institutional charges incurred by the student for the payment period. (Again, institutional charges incurred by the student are charges for which the student was responsible that were initially assessed by the institution for the payment period or period of enrollment.)

Allocating books, kits, supplies, equipment & registration fees - The determining factor in whether the proration requirement applies is whether or not the charge for books, supplies and equipment is an institutional charge. The Department's longstanding guidance has been that books and supplies must be considered an institutional charge if a student does not have a real and reasonable opportunity to purchase the required course materials from any place but the school. A student has a "real and reasonable" opportunity to obtain required course materials from another source if the required course materials are available for purchase at a relatively convenient location unaffiliated in any way with the institution; and the institution does not restrict the availability of financial aid funds, so the student can exercise the option to purchase the required course materials from alternative sources in a timely manner. If students do not have a real and reasonable opportunity to obtain the required books and supplies from another source, the institution must ensure that it meets requirements for including the costs for those items in tuition and fees, e.g. ensuring that the books and supplies are made available at or below market rates. See 34 C.F.R. § 668.164(c)(2).

If a charge is part of an enrollment agreement or any addendum, and/or the institution routinely debits the students' ledger accounts for the amount of the charge along with tuition and fees, it is an institutional charge. The Department considers all institutional charges to be part of a student's tuition and fees for purposes of implementing the regulatory language regarding the crediting of a student's account. See 34 C.F.R. § 668.164(c)(1)(i). The regulations provide a specific formula for prorating charges if an institution assesses charges for more than a payment period at a time. For programs with substantially equal payment periods, total institutional charges, including any book, supply or equipment charges, must be divided by the number of payment periods. For other programs, the institution must divide the number of credit or clock hours in the payment period by the number of hours in the program and multiply the result by total institutional charges for the program. 34 C.F.R. § 668.164(c)(5).

Regardless of whether the institution charges for other types of tuition and fees by payment period, the cost of books or supplies (including kits) must be prorated when determining the amount of Title IV aid to credit for a given payment period if students do not have a real and reasonable opportunity to purchase the books and supplies elsewhere and the books and supplies are intended for use over a period greater than a payment period. In cases where an institution charges tuition and fees by payment period, but is required to prorate the cost of books and supplies intended for use over more than one payment period, the institution should add the cost of the books and supplies prorated under the regulatory formula to the tuition and fees it charges for the payment period when determining the amount of Title IV aid to credit to the student's account for that payment period. Any other outcome would render the regulatory language above meaningless.

Note that when a student withdraws, the Department's guidance limits the amount of Title IV aid that an institution must return to the Department for aid credited for certain types of unreturned equipment, even if charges for such equipment would otherwise be considered an institutional charge under 34 CFR 668.164



(c)(1)(i). When performing a Return of Title IV funds calculation, an institution may exclude from institutional charges the documented cost of unreturnable equipment and the documented cost of returnable equipment if not returned in good condition within 20 days of withdrawal. 2018-2019 FSA Handbook, Volume 5, Chapter 2 at 5-17.

DJA CALENDAR

Monthly DJA Webinar: *Return to Title IV Funds—Wednesday, May 1, 2019 at 11 a.m. CST*

NOTE: There may be a difference between DJA local time and your time zone. To determine your time zone equivalent, click on this link to view a time zone map: <http://www.worldtimezone.com/time-usa12.php>

Webinars are free to clients. There is a fee of \$45 for all others who may be interested in joining us for these presentations. Invitations are automatically sent to all clients, however if you do not receive an invitation, email Andrew Packard at apackard@gotodja.com. After registering, you will receive the log-in information. Questions can be directed to Andrew by email or by calling toll free at 1-800-242-0977.

Special DJA Webinar Presentation: *Borrower Defense to Repayment and Negotiated Rulemaking—Thursday, May 2, 2019 at 11 a.m. CST.*

While we have covered this topic in previous newsletters, we feel strongly that the complexity of Borrower Defense to Repayment calls for a more focused instruction. We recommend that if the owner(s) and/or President of your institution are able to attend this webinar it would be extremely beneficial. However, if that is not feasible, DJA clients will be able to access a recording of this webinar on the client portal of our DJA website.

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2019 DJA MONTHLY WEBINAR SCHEDULE

MAY 1	Return of Title IV Funds (Including LOA)
MAY 2	Borrower Defense to Repayment and Negotiated Rulemaking
JUN 5	General Participation Requirements
JUL 3	Campus Crime Report
AUG 7	Entrance and Exit Counseling
SEPT 4	Cash Management
OCT 2	Enrollment Reporting Using NSLDS
NOV 6	Program Integrity (Audits, Program Review)
DEC 4	1098-T Reporting

2019 CECU Convention and Exposition

DJA will be an exhibitor at the Career Education Colleges and Universities (CECU) Convention & Exposition being held June 2-5 in New Orleans, LA. Please stop by and visit with us to see how DJA can be of service to you in meeting your Financial Aid processing needs. Details about this convention can be found at:

<http://www.cecuevents.org/>. See you there!

Disclaimer: The information presented in this Newsletter is provided as a service and represents our best efforts to assist institutions with federal student aid regulations. We have collected information we believe to be important in finding and obtaining the resources for administering federal student aid; however, we assume no liability for the use of this information. The information in this newsletter does not constitute, and should not be construed as, legal advice.

