MAY 2017 NEWSLETTER

IMPORTANT DATES:

May 3
DJA Webinar
Return of Title IV Funds
11:00 a.m. CDT

May 29 – DJA Closed

MEMORIAL DAY
REMEMBER AND HONOR

June 6-8
CECU Convention & Exposition

IN THIS ISSUE:

We enjoyed seeing those of you who were able to join us for the annual DJA Financial Aid Training Session last month, but 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

CHANGES TO 2016-2017 AND 2017-2018 VERIFICATION REQUIREMENTS

In response to concerns about the impact of the suspension of the Internal Revenue Service Data Retrieval Tool (IRS DRT) on students and families who have been selected for verification of their FAFSA/ISIR information, USDE is providing institutions with flexibilities they may choose to use as part of their verification procedures. These flexibilities begin immediately and apply to both the 2016-2017 and 2017-2018 FAFSA processing and verification cycles. This guidance replaces the guidance provided in the October 18, 2016, Electronic Announcement on alternative documentation for verifying 2015 income and tax information for the

2016-2017 FAFSA, and serves as the 2017-2018 guidance on alternative documentation.

- **IRS Tax Return Filers** – In lieu of using the IRS DRT, or obtaining an IRS transcript, institutions may consider a signed paper copy of the 2015 IRS tax return that was used by the tax filer for submission to the IRS as acceptable documentation to verify FAFSA/ISIR tax return information.
- **Verification of Non-filing** – Institutions are no longer required to collect documentation obtained from the IRS or other tax authorities verifying that the applicant, the applicant's spouse or the applicant's parents did not file a 2015 tax return (often referred to as Verification of Non-filing). However, as currently required, the applicant, the applicant's spouse or the applicant's parents, as applicable, must provide to the institution—
  - o A signed statement certifying that the individual has not filed and is not required to file a 2015 income tax return, and a listing of the sources of any 2015 income earned by the individual from work and the amount of income from each source; and
  - o A copy of IRS Form W–2, or an equivalent document, for each source of 2015 employment income received by the individual.
- **Additional Documentation Requirements** – Some individuals may be required to submit additional documentation to verify their 2015 income and tax information. That information as well as all other verification requirements can be found—
  - o For the 2016-2017 award year
    - § June 26, 2015, Federal Register Notice https://ifap.ed.gov/fregisters/attachments/FR062615FAFSA20162017BeVerified.pdf ; and
    - § June 29, 2015, Dear Colleague Letter GEN-15-11 https://ifap.ed.gov/dpcletters/GEN1511.html
  - o For the 2017-2018 award year
    - § April 1, 2016, Federal Register Notice https://ifap.ed.gov/fregisters/attachments/FR040116FAFSA20172018BeVerified.pdf; and
    - § April 5, 2016, Dear Colleague Letter GEN-16-07 https://ifap.ed.gov/dpcletters/GEN1607.html

https://ifap.ed.gov/dpcletters/GEN1704.html

GUIDANCE ON COD PROCESSING OF PELL GRANT RESTORATION FOR STUDENTS WHO ATTENDED CLOSED SCHOOLS

COD System – Pell Grant LEU Closed School Restoration Adjustments

COD System adjustments identify students who received a Pell Grant for attendance at a now-closed school, and who were not reported to NSLDS as having "graduated" from that school. The Pell Grant Lifetime Eligibility Used (LEU) is adjusted to remove the portion of the LEU attributable to the students' attendance at a closed school. The Pell Grant LEU adjustment will be equivalent to the Pell Grant Eligibility Used (EU) at the closed school for each award year for which the student received Pell Grant funds. FSA will make one LEU adjustment per school, per award year.

Important: Pell Grant LEU Closed School adjustments will not occur on a daily basis, but will be processed in batches after Federal Student Aid determines an official school closure date and verifies student data following the final school closeout.

NOTE: For auditing purposes, the Pell Grant adjustments will not be made to the Total Eligibility Used (TEU) percentages shown on the COD Web Site, but only to the LEU for each school for each year. However, if as a result of an adjustment, the student is eligible for additional funds for an award year (2016-2017 and forward), the COD System will allow the TEU to exceed 100.0000%. In such instances, a school would need to follow the procedure described below in the COD Web Site's Pell LEU History Page Information *section.*

School Notifications

When Pell Grant Closed School Restoration adjustments are made, schools will receive information about the adjustments in several ways:
- ➢ **Email Notification** – FSA will send an email alerting schools that a Closed School Pell Restoration list is available on the COD Web Site's File Share Communications page. The list will show all students who had their Pell Grant LEU adjusted and are associated with the school if, generally –
  - The student received any Title IV aid at the school during one or more of the five most recent award years; or
  - The school's Federal School Code was included on the student's highest ISIR transaction for the most recent of the last three FAFSA processing years for which the student submitted a FAFSA.
- ➢ **COD Web Site's Pell LEU History Page Information -** Schools will be able to view Pell Grant LEU Closed School Restoration adjustments on the COD Web Site's Pell LEU History Page. Pell Grant LEU adjustments made due to closed school restoration will be noted as "Closed School Restoration" in the Adjustment Type field.

  Note: While the LEU is not award specific, the LEU adjustments are attributed to an individual award year. Pell Grant adjustments will not be reflected in the TEU percentage for an award year, so an adjusted TEU for the current year will need to be calculated by the school. The adjusted TEU is calculated by subtracting the 2016-2017 Eligibility Used (EU) percentage(s) at the closed school(s) from the student's 2016-2017 Pell Grant TEU, as displayed on the Person Pell Information screen.

For example, a student has 2016-2017 TEU of 100.0000% based on disbursements at three schools, as follows:
- 25.2000% EU at School A, disbursed in May of 2016 for a cross-over summer term
- 33.3333% EU at School B (closed school), disbursed in September 2016 for the fall term
- 41.4670% EU at your school, disbursed in October 2016 for the fall term using the standard transfer student calculation for remaining eligibility

The student's adjusted 2016-2017 TEU is 66.6667% (100.0000 minus the 33.3333 that was attributable to the closed school). Thus, the student would have 33.3333% eligibility remaining for the 2016-2017 Award Year, beyond the 41.4670% disbursed at your school. Submitting new 2016-2017 disbursements for this student, in what will appear to be in excess of the 100.0000% TEU, but within the additional 33.3333% eligibility, will not hit POP edits, and will be accepted by the COD System, providing the submission meets all other Pell Grant processing edits.

Search Functionality – Schools can search for a specific student's Pell Grant LEU Adjustment under the Escalation Type Search screen on the COD Web Site by entering the student's SSN and Date of Birth.

➢ **COD Warning Edit 221 (Pell LEU Restoration Due to Closed School)** – FSA will return COD Warning Edit 221 when a student has received a Pell Grant LEU Closed School Restoration Adjustment. This COD Warning Edit 221 will be returned at the Student level <SSN> during origination or maintenance for any award type for a student who meets all of the following criteria:
  - Has a Pell LEU Closed School Restoration Adjustment of greater than 0;
  - Has an existing Pell Grant award for an active award year on the COD System or a Pell Grant award is being submitted for the student; and
  - Is not a graduate student (does not have an existing Direct Loan with a Grade Level of 6 or 7 on the COD System or a Direct Loan with a Grade Level of 6 or 7 is not being submitted for the student)

➢ **NSLDS Post-screening/Institutional Student Information Records (ISIRs)** – The COD System will send NSLDS the adjusted LEU for all students who have had a Pell Grant LEU Closed School Restoration. NSLDS post-screening will be triggered if the new Pell Grant LEU meets certain conditions that impact the student's Pell Grant eligibility (for example, a Pell Grant LEU of more than 500% changes to a Pell Grant LEU of 500% or less). In such instances, an updated ISIR and Student Aid Reports (SAR) will be generated.

Student Notifications

An email is also sent to each student who received a Pell Grant LEU Closed School Restoration adjustment and
- Who is not receiving aid as a graduate student,
- Has a Pell Grant LEU, after the Closed School Adjustment, of less than 600.000%,
- Has either additional Pell Grant eligibility restored for the 2016-2017 Award Year or forward, or had a Pell Grant LEU before the Closed School Adjustment of between 500.000% and 600.000%

https://ifap.ed.gov/eannouncements/040317GuidanceCODProcPellGrantRestorationforClosedSchools.html

NSLDS ENROLLMENT REPORTING - SUBMISSION DATES, EFFECTIVE DATES AND CERTIFICATION DATES

Schools are required to report enrollment data to the National Student Loan Data System (NSLDS) at least every 60 days. Schools are required to certify the enrollment status of all students who appear on the NSLDS Enrollment Roster sent to the school (or its designated third-party servicer), either in batch or online using the Enrollment Maintenance page of the NSLDS Professional Access website. Schools are strongly encouraged to add a new or transfer student who has received Title IV aid at another school, even if the student is not receiving aid at the new school. Many schools report enrollment information monthly, which NSLDS recommends as it allows for more current enrollment status changes.

Several dates are used by NSLDS in processing student enrollment data. Because each date has a different meaning and use, it is important for schools to understand the differences.

Enrollment Status Effective Date is the date that the current enrollment status reported for a student was first effective. This date only changes when the student's enrollment status changes, for example, when the student drops from full time enrollment to half time enrollment. The Enrollment Status Effective Date remains the same as long as the student stays continuously enrolled in the same enrollment status, and is reported with the same Enrollment Status Effective Date when the student most recently entered that status. The Enrollment Status Effective Date should not be automatically updated each term or each year, or with each NSLDS Enrollment reporting, unless the student's enrollment status changed since the last reporting. Enrollment Status Effective Date, and its related enrollment status, must be reported for both the campus level and the program level.

Certification Date is the date the school certified the enrollment information. The Certification Date, which changes with each reporting submission, roughly corresponds to the date the school (or its servicer) processes its NSLDS Enrollment Roster, and normally changes with each enrollment reporting submission to NSLDS. Note that to ensure that the reporting is correct before NSLDS removes a student from the school's Enrollment Roster, the terminal statuses of G, W, X and Z must be certified in two consecutive reporting cycles with different Certification Dates but with the same effective date.

Received Date is not reported by schools, but is the date NSLDS receives (from a school or its servicer) the school's Enrollment Roster and updates the enrollment information on NSLDS. This date appears on various pages of the NSLDS website and is used for informational purposes and in the calculation of enrollment reporting statistics.

See the NSLDS Enrollment Reporting Guide Section 4.4 for more information on the correct reporting of these dates and other enrollment data.

The following is an example of how these three dates are established. Consider a student who began enrollment at the school as a fulltime student with the start of the 2016 fall term and remained fulltime through that term before reducing to halftime for the 2017 spring term. The student then withdrew during that same spring term, only to re-enroll as a fulltime student for the 2017 fall term. The school's reporting would be as follows:

Certification Date	Enrollment Status	Enrollment Status Effective Date	Received Date
October 1, 2016	F-Fulltime	August 25, 2016	October 2, 2016
December 1, 2016	F-Fulltime	August 25, 2016	December 2, 2016
February 1, 2017	H-Halftime	January 26, 2017	February 2, 2017
April 1, 2017	W-Withdrawn	March 1, 2017	April 2, 2017
June 1, 2017	W-Withdrawn	March 1, 2017	June 2, 2017
August 1, 2017	Student no longer on the school's Enrollment Roster		
October 1, 2017 - School adds student	F-Fulltime	August 24, 2017	October 2, 2017

Given the dynamic nature of student enrollment, some schools may not be immediately aware of a student's enrollment status change when it happens. When the school does become aware of such a change, it must report

the change with the actual Enrollment Status Effective Date of the status change and not the date when the school became aware of the change. While it is not required that the update be received by NSLDS within 60 days of the Enrollment Status Effective Date, the school must report the retroactive status change in its next scheduled enrollment submission, or sooner if possible, although this might happen weeks after the actual effective date.

When reporting the Enrollment Status Effective Date it is also possible that the date reported will pre-date an Enrollment Status Effective Date of an earlier submission. This could happen, for example, when a school grants a student a retroactive withdrawal. The new Enrollment Status Effective Date will inactivate any previous status with a later effective date, as the newer status will be treated by NSLDS as more current. The Enrollment Detail page on the NSLDS website shows when newer data has inactivated a previously reported enrollment status.

As an example, a second-year student has been attending fulltime continuously throughout her first year and into the fall of her second year. In its November submission of the second year, the school incorrectly reported that the student had dropped to halftime on November 8. The school then determined that the student had actually withdrawn on October 5 and reports that withdrawal in its December submission. The reporting displayed on Enrollment Detail would look something like this:

Status	Effective Date	Active	Certification Date	Date Received
Withdrawn	10/15/2016	Yes	12/10/2016	12/12/2016
Half Time	11/08/2016	No	11/10/2016	11/11/2016
Full Time	09/10/2015	Yes	10/11/2016	10/12/2016
Full Time	09/10/2015	Yes	09/10/2016	09/11/2016
(Multiple monthly certifications of the same full time status and Effective Date)				
Full Time	09/10/2015	Yes	10/10/2015	10/11/2015
Full Time	09/10/2015	Yes	09/12/2015	09/13/2015

In this example, the withdrawn status effective date is earlier than the Enrollment status Effective Date reported for the half time status. This inactivates (Active = No) the previously reported half time status. Now the borrower will show as full time up to the 10/05/2016 effective date of the withdrawn status.

Note that in this example, while the withdrawn status with an Enrollment Status Effective Date of 10/05/2016 was received by NSLDS on 12/12/2016, more than 60 days after the effective date, this retroactive reporting does not violate the requirement to report every 60 days.

In another example, a student completes the coursework for a degree but it takes the school time to determine whether the student meets all graduation requirements. Therefore, the school would not be able to certify that the student graduated until later in the summer. When the school is able to confirm the student's graduation it will use an Enrollment Status Effective Date backdated to the date that the school assigns for graduation. In this case, the school should first report the student as withdrawn and later retroactively report the graduation.

For a school that reports monthly, the reporting displayed on Enrollment Detail might look something like this:

Status	Effective Date	Active	Certification Date	Date Received
Graduated	06/05/2017	Yes	08/12/2107	08/13/2017
Withdrawn	05/26/2017	Yes	07/10/2017	07/11/2017
Withdrawn	05/26/2017	Yes	06/10/2017	06/12/2017
Full Time	09/10/2015	Yes	05/11/2017	05/12/2017
(Multiple monthly certifications of the same full time status and Effective Date)				
Full Time	09/10/2015	Yes	10/11/2015	10/12/2015
Full Time	09/10/2015	Yes	09/12/2015	09/13/2015

Again, in this example, the graduation status was received by NSLDS more than 60 days after the effective date of that status, but this does not violate the requirement to report every 60 days. The withdrawn status remains active, but NSLDS will correctly use the graduated status to protect interest subsidy on the student's Direct Subsidized Loans, if it follows a properly reported withdrawn status. See 150% Direct Subsidized Loan Limit: Electronic Announcement #19 for additional guidance on proper reporting of G and W status and how it can affect interest subsidy.

https://ifap.ed.gov/eannouncements/092515AccurateDirectLoanReportingtoPreventLossofSubsidy150PercentEA19.html

Schools are reminded of the importance of reporting terminal statuses including graduations and withdrawals, and that these statuses need to be certified in two separate submissions. Failure to report a terminal status in two consecutive submissions will result in the student remaining on the school's enrollment roster. This will lower the school's enrollment reporting statistic and may lead to compliance letters being sent to the school.

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

SUMMER TERM ENROLLMENT REPORTING TO THE NATIONAL STUDENT LOAN DATA SYSTEM (NSLDS)

A student is considered to be continuously enrolled at least half time during the summer, or in another period in which students are not generally expected to attend, classes as long as:

- There is no reason for the school to believe that the student will not enroll on an at least half time basis for the next regularly scheduled term; and
- The student was enrolled at least half time at the end of the previous regularly scheduled term.

Such a student should not be reported to NSLDS as "Withdrawn" as of the end of the spring term if the student was enrolled at least half time during the spring term and is expected to enroll at least half time for the upcoming fall term. In this case, the school should continue to report, through the summer months, the student's

enrollment status from the spring term even if the student is not enrolled in the summer or is enrolled less than half time. If the student does not return in the fall as expected, the enrollment status must be changed to "Withdrawn" with the end of the spring term as the Enrollment Status Effective Date.

If the student is actually enrolled during the summer or other non-required term, the school should report the summer or other term's actual enrollment status if the student is enrolled for that term at least half time. For example, if the student was enrolled three-quarter time in the spring term, and is enrolled half time in the summer term, the school should report the student's half-time enrollment status for the summer months. If the student was instead enrolled less than-half time in the summer or not enrolled at all, the school should report the student's end of spring enrollment status (three-quarter-time).

The table below provides examples of how a student should be reported for a summer term based on how the student was enrolled in the preceding spring term. In all cases, it is assumed that the school has no reason to believe that the student will not be returning in the fall and that the summer is not a period during which students are generally expected to attend classes.

If the student is enrolled at the end of the spring term –	And during the summer term is –	The school should report during the summer –
Full time	Not enrolled	Full time
Full time	Full time	Full time
Full time	Half time	Half time (with an effective date of the beginning of the summer)
Full time	Less than half time	Full time
Half time	Not enrolled	Half time
Half time	Full time	Full time (with an effective date of the beginning of the summer)
Half time	Half time	Half time
Half time	Less than half time	Half time
Less than half time	Not enrolled	Less than half time
Less than half time	Full time	Full time (with an effective date of the beginning of the summer)
Less than half time	Half time	Half time (with an effective date of the beginning of the summer)
Less than half time	Less than half time	Less than half time

As stated above, if the student enrolls in the summer term (or other non-required term) at least half time, the student's actual summer enrollment status is reported. If such a student subsequently withdraws from the summer term, the student's most recent enrollment status of half time or greater should be reported throughout the remainder of the summer. If the student does not return in the fall as expected, the status must be changed to "Withdrawn" with the date the student withdrew from the summer term as the Enrollment Status Effective Date.

Reporting a student as continuously enrolled, as provided in the guidance in this announcement, will prevent the student from improperly going into grace on their student loans in the summer, only to be placed back in an in-school status in the fall. It may also prevent the improper application of loss of interest subsidy due to a student being reported as withdrawn from the program that is being used to calculate the student's maximum eligibility period for Direct Subsidized Loans.

https://ifap.ed.gov/eannouncements/042017SummerTermEnrollmentReportingtotheNSLDS.html

WITHDRAWAL VERSUS GRADUATION AND EFFECTIVE DATES (Section 4.4.2 of the NSLDS Enrollment Reporting Guide)

The implementation of the 150% subsidized loan limit makes the reporting of a Withdrawn 'W' or Graduated 'G' status even more critical. The completion of a program protects the student's interest subsidy.

> **Reporting of graduated statuses is critical to the protection of a student's interest subsidy and initiation of repayment periods.**

The effective date for a withdrawn ('W') status is defined in 34 CFR 685.305, which generally adheres to requirements under the Return to Title IV requirements in 34 CFR 668.22.

The effective date for a completion/graduation status ('G') is the date that the school assigns to the completion/graduation. In particular, a completion/graduation status could be either the same as the effective date of a previously reported 'W' or sometime after that date. Some schools may wait to assess a student's completion of program requirements and, therefore, report a 'W' when the student is no longer attending classes followed by a 'G' when completion is confirmed with whatever effective date the school gives the graduation status.

It is important to note that, for a student who has graduated, schools who initially report a withdrawn status must subsequently report the student as having graduated by certifying a 'G' status at the campus-level and/or program-level as appropriate. This is true even if the student or the student's applicable program no longer appears on the school's enrollment reporting roster because the school has certified the 'W' status twice. In this case, the school must add the student and/or program back to the roster to report the 'G'. The graduated status may protect the interest subsidy on the student's current loans.

Note that if the effective date of the 'G' status is later than the loan period end date of the student's last Direct Subsidized Loan, this could trigger loss of subsidy, since the student would be considered enrolled up to the graduation date. To prevent this, the school should (if the student received a loan for the final period of attendance prior to completing the program) first report a 'W' status with the appropriate effective date, and NSLDS will use the 'W' status date to protect the loan subsidy, provided that the date is not later than the last loan period end date. If the student did not receive a loan in the final period, the effective date of the 'W' status

should equal the student's last date of attendance in the final term or payment period in which the student completes the program.

Additionally, reporting the 'W' as soon as it occurs ensures the timely movement of loans into repayment. Take advantage of school procedures for students going through a withdrawal process to report the 'W' as soon as possible. This may mean giving enrollment online update capability to personnel at the school who can do an immediate update.

§685.305   Determining the date of a student's withdrawal.

(a) Except as provided in paragraph (b) of this section, a school must follow the procedures in §668.22(b) or (c), as applicable, for determining the student's date of withdrawal.

(b) For a student who does not return for the next scheduled term following a summer break, which includes any summer term(s) in which classes are offered but students are not generally required to attend, a school must follow the procedures in §668.22(b) or (c), as applicable, for determining the student's date of withdrawal except that the school must determine the student's date of withdrawal no later than 30 days after the start of the next scheduled term.

(c) The school must use the date determined under paragraph (a) or (b) of this section for the purpose of reporting to the Secretary the student's date of withdrawal and for determining when a refund or return of title IV, HEA program funds must be paid under §685.306.

ENROLLMENT REPORTING COMPLIANCE NOTIFICATIONS

NSLDS will begin sending Enrollment Reporting Compliance Notifications to schools that are not reporting program-level enrollment information for a sufficient portion of their students. NSLDS tracks whether a school has reported program-level enrollment information for at least 90% of the students on its Enrollment Reporting roster. When NSLDS determines that a school does not meet the 90% minimum threshold, the school will receive an initial warning notification from NSLDS@ED.GOV, addressed to the school's Financial Aid Administrator (FAA) Contact, as stored in NSLDS, as well as to the Enrollment Reporting Contact as provided on the ORG tab of the NSLDS Professional Access website. If your school has not yet provided an Enrollment Reporting Contact for each of its locations, such as a representative from the registrar's office, please do so as soon as possible. Note that this contact cannot be someone from a school's third party servicer. Schools will receive a separate Enrollment Reporting Compliance Notification for each of its locations that are under the 90% threshold.

If the school's reporting performance does not improve the school will receive a second warning notification addressed to the FAA and to the Enrollment Reporting Contact, with the school's President or CEO copied. If the school's performance still does not improve after two warning notifications, it will receive a third notification that the school has been referred to the Department's Federal Student Aid Program Compliance office for consideration of possible sanctions. This third notification will be addressed to the school's President/CEO, with copies to the school's Financial Aid Administrator and Enrollment Reporting Contact.

The program-level reporting threshold is set at 90% to allow for instances where a school may have a small percentage of the students included on its NSLDS Enrollment Reporting roster who are not enrolled in academic programs. While these students are not receiving aid at the reporting institution, they are enrolled in, for example, continuing education coursework.

If, after the school receives its initial notification, its believes that a significant percentage of its students are legitimately not enrolled in an academic program and, therefore, are properly reported only at the campus level and not at the program level for those students, the school should send an email requesting an Enrollment Reporting Compliance Notification Exception. The email should be sent to ERCompliance@ed.gov.

The Enrollment Reporting Statistics page, which is accessible through the Enrollment Reporting Profile, contains an Enrollment Compliance Notification History section. This section displays information about compliance notifications sent to an individual school location or to all the locations of the school. Additionally, school users can view the Enrollment Reporting Compliance Notification letter in its entirety online.

NSLDS newsletter Number 58: New Enrollment Reports, Enrollment Reporting Compliance Notifications, and Award ID Search Functionality, describes recent enhancements for school users of the National Student Loan Data System (NSLDS®) and the NSLDS Professional Access website. These changes include:
  ➢ Enrollment Reporting (ER) Enhancements
       o ER Program Level Certification Report (SCHER8)
       o NSLDS-COD Program Comparison Report (SCHE10)
  ➢ Enrollment Reporting Compliance Notifications
  ➢ Enrollment Reporting Statistics Reminder
  ➢ Award ID Search

https://ifap.ed.gov/nsldsmaterials/NSLDSNewsletter58.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 pro-

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cedures 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. See http://www2.ed.gov/about/offices/list/oii/nonpublic/regulation-map.html.

FSA ID ENHANCEMENTS FOR STUDENTS, PARENTS AND BORROWERS

The FSA ID—a user-selected username and password—is required for students, parents, and borrowers to authenticate their identity and access their federal student aid information online. The websites that require an FSA ID to log in are fafsa.gov, NSLDS Student Access, StudentAid.gov, StudentLoans.gov, and the Federal Student Aid Feedback System.

Short Message Service (SMS)/text messaging has been added as an option for FSA ID users when performing the following actions:

- Resetting a forgotten password
- Retrieving a forgotten username
- Unlocking an account

This new feature, which users can add to their account when creating or updating their FSA ID, will maintain the security of the FSA ID while providing an additional self-service channel. Users who have forgotten their username or password, or who have an FSA ID account that is locked, may request that a secure code be texted to their mobile phone. The user enters the secure code on the FSA ID website and may then continue with the process to reset their password, retrieve their username, or unlock their account.

Note: Users will still be able to use the existing account recovery methods (i.e., requesting that a secure code be emailed or by providing answers to the challenge questions) if desired.

To take advantage of this new option, the user must first register their mobile phone number on the FSA ID website.

Additional Enhancements

FSA has also implemented several other changes to the FSA ID website to allow users to manage their FSA ID account more effectively, to strengthen security, and to provide users with updated training resources:

- The fifth challenge question ("significant date") will become optional.
- Enhanced navigation on the User Account Management pages will simplify account changes.
- The option to link a Federal Student Aid PIN to the user's FSA ID will be removed. In the past, a PIN expired after 18 months of nonuse. All PINs that have not been linked to an FSA ID by May 14th will be treated as expired and will no longer be linkable to an FSA ID.
- A disclaimer prior to log-in will warn against unauthorized usage by third-party for-profit entities. The user must select "Accept" in order to proceed.

- Several new video tutorials ("How to Create Your FSA ID," "How to Retrieve Your FSA ID Username," and "How to Reset Your FSA ID Password") on the FSA ID website will assist users with the new processes.
- A new fact sheet, "Creating and Using Your FSA ID," will be available on StudentAid.gov and the FSA ID website in early June 2017.

FSA ID information, tips, and a link to create an FSA ID are available at https://studentaid.ed.gov/sa/fafsa/filling-out/fsaid.

Please direct students, parents, and borrowers who have questions about the FSA ID to that page. If additional help is needed, the user should contact the customer service center for the Federal Student Aid system they are trying to access. Each Federal Student Aid website that requires the FSA ID has a link to service center support, typically under "Help" or "Contact Us."

https://ifap.ed.gov/eannouncements/041817UpcomingImplementationofFSAIDEnhancements.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.)

When a student is charged for a period longer than a payment period, the institutional charges incurred by the student for the payment period generally are a prorated amount of institutional charges for the longer period. However, if a school has retained federal student aid funds in excess of the prorated amount to cover institutional charges, then the institutional charges for the payment period are the amount retained for the period.

If a school charges by the period of enrollment but performs its Return calculation on a payment period basis, before entering data in Step 5, Part L of the Return calculation, the school must determine whether to enter: (a) the prorated amount of all institutional charges, or (b) the amount the school retained. To do this, first, the school prorates all institutional charges. Then, the school must determine the amount actually retained. The school compares the two results and enters in Step 5, Part L the greater of the two amounts.

For example, institutional charges are $8,000 for a non-term-based program that spans two payment periods of 450 clock hours each. The school chooses to calculate the treatment of federal student aid funds on a payment period basis. A student withdraws in the first payment period. The prorated amount of institutional charges for each payment period is $4,000. However, the school has retained $5,000 of the federal student aid funds for institutional charges ($4,000 for the prorated portion of the tuition and $1,000 for books and supplies for the entire period of enrollment) for the payment period. Therefore, the institutional charges the school must use in the Return calculation for the payment period are $5,000. **2016/2017 FSA Handbook Volume 5; Chapter 1**

Prorating charges - 34 CFR 668.22(g)(3)

(g) *Return of unearned aid, responsibility of the institution.* (1) The institution must return, in the order specified in paragraph (i) of this section, the lesser of—

(i) The total amount of unearned title IV assistance to be returned as calculated under paragraph (e)(4) of this section; or

(ii) An amount equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of title IV grant or loan assistance that has not been earned by the student, as described in paragraph (e)(3) of this section.

(2) For purposes of this section, "institutional charges" are tuition, fees, room and board (if the student contracts with the institution for the room and board) and other educationally-related expenses assessed by the institution.

(3) If, for a non-term program an institution chooses to calculate the treatment of title IV assistance on a payment period basis, but the institution charges for a period that is longer than the payment period, "total institutional charges incurred by the student for the payment period" is the greater of—

(i) The prorated amount of institutional charges for the longer period; or

(ii) The amount of title IV assistance retained for institutional charges as of the student's withdrawal date.

DJA CALENDAR

Monthly DJA Webinar: *General Participation Requirements—Wednesday, June 7, 2017 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 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 Kim Onderek at konderek@gotodja.com. After registering, you will receive the log-in information. Questions can be directed to Kim by email or by calling toll free at 1-800-242-0977.

2017 DJA MONTHLY WEBINAR SCHEDULE

JAN 4	**Cohort Default Rate**
FEB 1	**Consumer Information, Record Keeping and Disclosures**
MAR 1	**Administrative Capability**
APR 5	**Satisfactory Academic Progress**
MAY 3	**Return of Title IV Funds**
JUN 7	**General Participation Requirements**
JUL 5	**Campus Crime Report**
AUG 2	**Entrance and Exit Counseling**
SEPT 6	**Cash Management**
OCT 4	**Enrollment Reporting Using NSLDS**
NOV 1	**Program Integrity (Audits, Program Review)**
DEC 6	**1098-T Reporting**

2017 CECU Convention and Exposition

DJA will be an exhibitor at the Career Education Colleges and Universities (CECU) Convention & Exposition being held June 6-8 in Las Vegas, Nevada. 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!

ACCREDITED IN PEACE OF MIND