



EVERYTHING MATTERS

# **Sail Through a Program Review Be Prepared – Know What to Expect**

*Third Annual Forum on New Federal Regulations  
for Title IV Postsecondary Institutions in Puerto Rico*

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# DISCLAIMERS

- **The contents of these materials and the accompanying discussion do not constitute legal or regulatory advice.**
- **No party should act or refrain from acting on the basis of any statements made today without seeking individualized, professional counsel as appropriate.**
- **These materials and the accompanying discussion are primarily focused on certain aspects of Title IV requirements and are not intended to be comprehensive of all Title IV requirements applicable to all educational agencies and institutions.**

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With more than 40 years of experience in the financial aid field, she has an extensive knowledge of Title IV of the Higher Education Act governing federal student financial aid.

Ms. Edelson served with the US Department of Education for 21 years as a lead program reviewer. In that role, she conducted over 100 program reviews of public, private, proprietary and foreign educational institutions.

Prior to entering the public sector, Ms. Edelson was Financial Aid Director and School Manager for a large publicly traded school chain.

## Sail Through a Program Review

### How to Prepare – What to Expect

- Program Review Triggers
- Types of Program Reviews
- Staying on Top of Regulatory Changes
- Common Findings to Avoid
- The Program Review Process
  - Notification, Entrance, On-site, Exit, Program Review Report, Final Letter of Determination
- Consumer Information and Required Policies
- Clarifying News for This Year and Next

# WHAT TRIGGERS A PROGRAM REVIEW?

- Audits with significant findings – especially findings related to the Return of Title IV (“R2T4”) (either late or unpaid).
- Failed or “zone” financials.
- A significant number of complaints – either from current or former students or current or former employees.
- Any negative information from:
  - Your accreditor or state licensing body.
  - Offices inside the Department (OIG for example).
  - Items reported by the media.



# WHAT TRIGGERS A PROGRAM REVIEW?

- Outlier on areas considered potential for risk:
  - Professional Judgment
  - Dependency Overrides
  - Same adjusted gross income (“AGI”) reported on FAFSAs from year to year
  - Anomalies in FISAP reporting
  - A significant and inexplicable increase in Title IV
    - No new programs or locations added
- High default rates

# WHAT TRIGGERS A PROGRAM REVIEW?

Campus Security and Crime Awareness deficiencies are a growing concern – and there are more reviews conducted by the Department that focus solely on Campus Security.

## Campus Security Review Triggers

- Incident on campus
- Inadequate annual campus security report (“ASR”)
- Complaints related to Clery violations

All may be avoidable through careful and consistent monitoring and training of staff.

What you can't avoid – being selected because you have never had a program review.

# TYPES OF PROGRAM REVIEWS

- General Assessment Reviews – all-inclusive and will include all offices within a school: financial aid, registrar, academic, admissions, and fiscal or business offices. It will also include your campus security.
- Focused Reviews – concentrated on a particular issue and are often driven by why the school was selected in the first place.
- Campus Security Review – only campus security is reviewed in depth. Reviewer may be accompanied by an FBI agent.

Regulatory authority to conduct program reviews

34 CFR § 668.24.



## Stay on Top of Regulations

## Minimize Findings – Maximize Case Team Relations

Once selected your goal, of course, is to have no findings – especially monetary ones.

### How to?

- Staff training: support/encourage staff attendance at conferences and other offerings by the Department, State, and various organizations within the financial aid community.
- Sign up for IFAP notifications and require financial aid staff to do so (go to “My IFAP” on the IFAP website).

# NOW YOU ARE SELECTED

- Keep up with rapidly changing regulations.
- Make sure your entire staff knows that you require 100% compliance and accuracy in the administration of Title IV. No shortcuts!
- It's important to have well maintained student files – whether electronic or paper.
- Develop a Policies and Procedures Manual.
- Have policies and procedures that are up-to-date and accurate.

- Use checklists for the various offices that mirror procedures.
- Coordinate checklists and procedures among all offices and all locations.
- Require open communication among offices – cross check work, cross check training.
- Shop your school.

**Conduct your own Program Review. Don't wait!**

# DON'T BE CAUGHT WITH YOUR COMPLIANCE DOWN!

**Monitor your compliance, especially in the areas that are consistently in the “top ten” findings.**

Most top ten findings relate to \$\$\$\$ , for example:

- Title VI funds improperly disbursed.
- Title IV funds not returned or returned late.
- SAP deficiencies.
- Unmade or late credit balances.
- Verification deficiencies.

# DON'T BE CAUGHT WITH YOUR COMPLIANCE DOWN!

- Common Clery violations - especially for career schools - are:
  - Inadequate/missing policies.
  - Failure to distribute the annual security report on time.
  - Failure to comply with the Drug-Free Schools and Communities Act/Subpart A, Part 86 requirements.

At more traditional schools common violations are:

- Improper Crime Classifications
- Failure to Issue Timely Warnings.

The Department is finding more and more violations in the areas of consumer information and early/late payments/disbursements.



# DON'T BE CAUGHT WITH YOUR COMPLIANCE DOWN!

## Common consumer information deficiencies include:

- Gainful Employment (the basics)
- Annual Notice\*
- Drug and Alcohol Abuse Prevention\*\*
- FERPA Notification
- Voter Registration
- Copyright Infringement
- Satisfactory Academic Progress (SAP) policies

# DON'T BE CAUGHT WITH YOUR COMPLIANCE DOWN!

**\*Annual Notice** – A consumer information notice that institutions must distribute each year to all enrolled students. The notice must list and briefly describe all of the information that a school is required to disclose and tell the student how to obtain the information. The Notice must include the URL for information on your website, and should be easily found. Students should also know that they can obtain a paper copy of any consumer information document upon request.

# DON'T BE CAUGHT WITH YOUR COMPLIANCE DOWN!

**\*\*Drug Free Schools** – Additional sources of information available for schools that are developing prevention programs.

- The Drug Free Workplace Helpline— Provides information to private entities about workplace programs and drug testing. Proprietary and private nonprofit schools may use this line (1-800-967-5752). [www.workplace.samhsa.gov/](http://www.workplace.samhsa.gov/)
- Substance Abuse & Mental Health Services Administration— SAMHSA (U.S. Department of Health & Human Services) Treatment and Referral Hotline 1-800-662-HELP (1-800-662-4357) Publications: <http://store.samhsa.gov/home>

**Shopping Sheet** – FSA is encouraging schools to adopt the Shopping Sheet that was introduced last year. While it is still not a requirement except for military students, currently 19,000 schools have signed up to use it. So, why not sign up?

# REVIEW PROCESS BEGINS

**You have done your homework, and now you are selected. What you should expect?**

## **The Announcement Letter**

- You will receive an announcement letter within two to four weeks of the start of the review.
- The letter will give you the date the review is scheduled to begin, the lead Reviewer's name, and his or her contact information.
- Typically a review covers the current and last closed award year.
- The Reviewer could expand the time frame to be reviewed.

# REVIEW PROCESS BEGINS

- The Reviewer will begin preparing by gathering a lot of information about your school from various sources, both internal and external.
- The Reviewer will also obtain a lot of information about your school from your Financial Aid Director prior to the visit, specifically:
  - How financial aid is processed.
  - Whether aid is processed centrally or each location operates autonomously.
  - How and where student files are maintained.
  - How much is maintained electronically, how much in paper.



## Items requested in advance

- Catalog/brochure of Institution
- Policies and procedures
- List of Third Party Servicers involved in marketing, recruitment, admissions, and the services they provide
- URLs for all financial aid consumer information
- Examples of institutional forms, applications, and worksheets used in administering the Title IV programs
- Total current enrollment and percentage receiving aid

**How quickly can you retrieve these documents?**

**Check now!**

# REVIEW PROCESS BEGINS

The Reviewer will examine your website for ease of access to consumer information. One or two clicks to retrieve most information, links clearly visible, clearly defined.

**Can you easily retrieve consumer information data?  
Check now!**

You will also receive electronically an excel worksheet titled “Recipient Data Spreadsheet.” You will be required to fill the Spreadsheet with specific data elements for every Title IV student in each award year, and return it electronically to the Regional Office within a specific period of time, but well before the start of the on-site review.

## Typical data elements requested:

- Student's name
- Social Security Number
- Address
- Funding received by Title IV program
- Student's academic status (current, withdrawn, graduated)
- Student's academic program
- Any R2T4
- Any other information the Reviewer deems necessary

# REVIEW PROCESS BEGINS



You will also be provided with detailed instructions on how to protect students' Personally Identifiable Information (“PII”) when submitting the spreadsheet electronically.

**Can you easily prepare the required spreadsheet  
within a few days' time?**

**Check now!**

If you can't put it together, fix it so you can.

As we become more and more paperless, easy retrieval can present challenges.

# REVIEW PROCESS BEGINS

The Reviewer will examine all of the documents you submitted, as well as the information provided in the Data Recipient Spreadsheet to get a clear picture of your Institution.

It is of the utmost importance to the success of the review that you are able to provide all of the requested information, timely, and in the required format.

**Failure to do so may call into question your administrative capability.**



## Administrative Capability 34 CFR § 668.16

Requirements met when:

- There is adequate staffing of financial aid department 34 CFR § 668.16(b).
- There is adequate training of financial aid staff.
- Reference material is available to financial aid staff.
- The institution has procedures to:
  - Resolve conflicting information 34 CFR § 668.16(f).
  - Report suspected fraud to OIG 34 CFR § 668.16(g).

# REVIEW PROCESS BEGINS

The Reviewer will use the Recipient Data Spreadsheet to extract a “statistically valid sample” from the universe of students provided. From that sample, an additional random sample, typically fifteen students, will be selected. Those will be the files the Reviewer will look at on-site. The list of students to be reviewed should not be revealed to you until the Reviewers arrive.

The Reviewer may also expand the sample of files to be reviewed – either by a specific demographic (withdrawn students, students selected for verification) or randomly to ensure a well-rounded, clear picture of your institution’s aid administration.

## What to expect

- Typically there will be two reviewers (the “Review Team”) to conduct the on-site review.
- An Entrance Interview will be conducted upon the Review Team’s arrival.
- It should include people from different offices within the Institution.
- It’s OK for Corporate Office folks to attend the Entrance Interview.
- Attorneys, however, are not welcome by the Review Team.

## The Review Team:

- Will provide an overview of the review process detailing what you can expect.
- Will give you an estimate of the length of the review.
- Will provide a general idea of what they'll be requesting.
- May tell you why the school was selected for review, but if not, you can always ask.

## First day discussion will likely include:

- How aid is processed, what's electronic, how systems are integrated.
- A walk through of “new student” process, starting with a potential student’s inquiry, start, through their receipt of aid, and finally to graduation, or withdrawal.
- How you identify students who unofficially stop attending.
- How different offices interact, for example, how information that the academic or admissions department has is communicated to the financial aid department.

## Items to be available at start of on-site visit:

### (Will be requested in Announcement Letter)

- Organizational chart of the Institution that includes, at a minimum, all administrators currently employed by the Institution.
- A complete set of fiscal records for financial aid, including a chart of accounts, general ledgers and subsidiary ledgers, and including lists of disbursements to students.
- Canceled checks, bank statements, deposit slips, checkbook or check register and any back-up documentation for cash transactions (including cash requests and refunds/returns of federal cash) with the Department's G5 System. (Electronic or paper).



# ON-SITE REVIEW BEGINS

- Fiscal Operations Report and Application to Participate, (“FISAP”) with supporting documentation (the two most recently filed reports).
- For each award year, list of all incarcerated students enrolled, with addresses, and the total student population.
- List of internal/external recruiters.
- Accreditation Statement of Affiliation (or equivalent) and any additional accreditation documents that demonstrate the accreditation of the Institution and describe the extent of the accreditor's recognition of the Institution (locations, academic programs, restrictions, etc.).
- Latest Annual Campus Security Report.

# ON-SITE REVIEW BEGINS

- Manuals or instructions for software programs used in the administration of Title IV, HEA programs.
- State agency documents that reflect the Institution's legal authority to provide educational services and description of the extent of the State's recognition of the Institution (locations, academic programs, restrictions, etc.).
- Contracts with third parties concerning the administration of Title IV program funds or the delivery of educational services for which the Institution received Title IV program funds. Be sure to notify any third-party servicers of the review, so that all of the records are available for immediate examination.

**Test your ability to provide these documents. Check now!**

## Document requests

In addition to the items listed in the announcement letter, the Review Team will usually ask for:

- Your policies and procedures manuals.
- At least thirty student files – selected from the Recipient Data Spreadsheet.
- PPA and ECAR with updated institution application information.
- Compliance audits and audited financial statements.
  - Timely? Repeat findings resolved?

- Other records, depending on the focus of the review.
- Information about any Third Party Servicers you use, specifically:
  - Details on the scope of service they provide.
  - Whether the contract between your institution and the servicer is adequate.
  - Procedures concerning the protection of Personally Identifiable Information (“PII”).

## Where to go from there? You should:

- Appoint a staff member to be *the* contact person for all questions or requests from the Review Team. That person should be totally dedicated to the review and committed to “making it happen” for the Review Team. This will ensure that all document requests are provided timely and efficiently.
- Prepare your staff. Let them know that the Reviewers may want to interview them, and that they should be comfortable in answering questions. It’s also important that everyone understands – if they aren’t sure of something – say so – and find out who is the best person to answer any question.

## The Review Team will need:

- A secure working space.
- Access to a photocopy machine.
- Staff and students upon request.
- Access (read only but print capable) to any databases containing information related to Title IV program eligibility or disbursements (e.g., computerized student account records). This is especially important if a lot of your records are stored electronically.



## What is the Reviewer looking for? And where?

- **Student file**

- Basic student eligibility:

- Enrolled in an eligible program
    - Valid ISIR on file
    - Any unresolved issues from the ISIR (“C” codes) pertaining to:
      - Selective Service
      - Citizenship
      - Drug conviction
      - Social Security Number
      - Default

- Pell recipient, no first BA degree
- High School graduation or equivalent documented
- Student's status – current, full or part time, drop, grad
- SAP requirements met
  - Appeal documented
  - Academic plan in place, if necessary
- Verification documents on file, accurate 34 CFR § 668.51 through 668.61

- Professional Judgment decisions adequate and documented 34 CFR § 668.53 (c)
- Dependency overrides adequate and documented 34 CFR § 668.53(c)
- Conflicting information resolved
- Entrance and Exit Interviews on file (if applicable)
- Attendance policy followed
- Student attendance record available (if applicable)
- Actual student posting available
  - if requested – distance education

- LOA requested in writing, does not exceed 180 days in any 12 month period
- Correct grade level used for DL
- PLUS denial (if applicable)
- Award amounts do not exceed cost of attendance (“COA”)
- DL within annual limit, aggregate limit
- Loan Period accurate
- COA met/not exceeded
- All aid considered in COA
- Overawards

## Ledger cards, fiscal records

- Disbursements made by payment period and timely
- For first time DL borrowers, 30 day delay in disbursement
- Credit balances paid timely or authorized to hold
- Title IV funds accurately identified
- R2T4 calculated correctly (if applicable) 34 CFR § 685.306
- Returns made timely (if applicable)
- Title IV calculations done correctly

## Fiscal Operation

- G-5 reports drawdowns, authorizations, and disbursements submitted to COD accurate
- Disbursement record, drawdowns disburse within 3 business days
- System of checks and balances 34 CFR § 668.16(c)
- Timely/accurate reconciliation
- Documentation of R2T4 (EFT transfer, offset, canceled check)



- Original canceled checks timely (if in check form)
- Bank documentation (deposit slips, check book or check register, cash transactions, electronic or otherwise)
- Bank notified that Federal funds are in the account

**Test your ability to provide these documents.**

**Check now!**

## Review team will examine:

- Academic Year Definition – is it adequate?
- Clock-to-credit hour programs conversion formula 34 CFR § 668.8 (k) and (l)
- Conversion is documented as credit equal to 37.5 clock hours
- 7.5 hours outside work relates to course and is documented
- Definition of Credit hour includes work measured in intended outcomes and approved by accreditor 34 CFR §600.2

# OTHER AREAS OF COMPLIANCE

- Default management plan (if required)
- COA budgets adequate/documentated
- Correct budget categories
- Use of single Master Promissory Note (“MPN”) as basis for all loans borrowed (multiyear use) if authorized, or
- New MPN each year 34 CFR § 685.402(f)
- If authorized for multi-year use process to confirm student notification for loans made

- NSLDS reporting – Student Status Confirmation Report (“SSCR”) accurate/timely
  - Process for completing and returning rosters including the schedule followed
  - Process for reporting changes in enrollment status
  - Who is responsible and how responsible party receives notification of change
- FISAP income grid correct, filed timely

## FSEOG Part 676

- Awarding/selecting policy adequate
- How students are informed of eligibility
- Pell eligible student
- Matching requirements met or waiver received
- Within award limit

## FWS Part 675

- Job descriptions adequate
- Time sheets adequate
- Signed by supervisor
- Procedures for documenting payroll made by off-campus employers
- How the required institutional match is made (school or off-campus employer)
- Frequency of payment and method used for paying student
- Payments to students timely, accurately documented
- Minimum wage requirements met



- Matching requirements met or waiver received
- How community service requirements are met (7% of allocation with at least one position as a reading tutor or performing family literacy)

## **TEACH Part 686**

- Student in eligible program (procedure for confirming) 34 CFR § 686.10, 686.11
- Minimum 3.25 GPA or within 75th percentile
- Within aggregate grant limits 34 CFR § 686.36
- Disbursements proper

## Perkins Loans Part 674

- Selecting and awarding policy adequate
- Returning MPN to the borrower after loan is satisfied
- Storing loan records (deferments, cancellations, forbearances, repayment schedules and other correspondence with borrower)
- Criteria for determining the award amount
- e-sign procedures (if used)

- How and when notifications are made to borrowers when a loan occurs
- Perkins MPN maintained in fire-proof container or cabinet
- Perkins loan disclosure, fiscal procedures and records adequate

## **Iraq and Afghanistan Service Grant Program (“IASG”) Electronic Announcement 11/6/09**

- Eligibility requirements met

## Meetings with Reviewers

- Reviewer will likely want to interview various staff who actually perform the work.
- Reviewer should keep you apprised as the review progresses.
- Reviewer should ask questions and give you an opportunity to resolve or explain potential issues.
- Reviewer may also interview students.
- Recommend asking for a daily update of the progress of the review.
- If you aren't getting any feedback, ask for it!

## Exit Interview – What to Expect

- Reviewers will usually provide an Exit Interview at the end of the on-site visit. There could be circumstances where the Reviewer doesn't provide an Exit Interview.
- Although it could be a cause for concern, there could also be a variety of reasons for not providing an Exit Interview, including that the Reviewers are simply not done reviewing all of the documents.
- If the Reviewers do not provide an Exit Interview inquire as to the reason.

- Whether or not they provide a reason, ask for an informal meeting to address any remaining questions or concerns, either theirs or yours.
- Who attends the Exit Interview is generally up to the school President, or the Review Team could request certain departments be represented. Again, Corporate Officials are welcome, Attorneys are not.

## What an Exit Interview should look like

### The Reviewers will:

- Discuss any findings identified during the course of the review.
- Answer any questions you may have concerning the review.
- Give an estimate of when you can expect to receive a report.
- Provide details of what the report will include.



If the Review Team does not specify, ask if any of the findings will require a file review. You should use this opportunity to resolve any issues or clarify any misunderstandings in advance of receiving the report.

Ask for specific information on what documents you will need to resolve findings.

Use the time waiting for the report to gather those documents so you will be able to respond to the report timely.

You will receive a “Draft Program Review Report” (“PRR”) with very specific instructions for resolving any findings. You should receive the report within a reasonable time frame, usually two or three months, but it could be longer.

- The PRR will:
  - Identify each finding.
  - Provide the regulatory citation that supports the finding.
  - Detail how the Institution was not in compliance.
  - Identify what action the school must take to be in compliance.
  - Provide a time frame for responding to the PRR.

It often happens that other work gets in the way and delays the timing of the report. Although it isn't necessarily a cause for concern, it could be.

The report is a draft document and may not be released under a Freedom of Information Act ("FOIA") request.

You could also receive an Expedited Determination Letter ("EDL"). The review is closed, there were no findings, and no further action needed.

In the case of several instances of a violation you might be required to review the files of all students related to that violation.

You could also be required to conduct a file review if there is an indication of a systemic error that could affect many students.

Some findings can be resolved retroactively, with no liability, for example, verification deficiencies.

A report could also include a recommendation.

Recommendations are just that – and do not have to be adopted. However, it is wise to carefully consider all recommendations.

If something in the report is unclear, call the Reviewer and ask for clarification.

Expect continued communication between you and the Reviewer until all findings are satisfactorily resolved.

Facts about findings:

- Findings could reveal serious problems.
- Findings could also be isolated errors without serious consequences.
- Findings could be an indication of insufficient or inadequate policies.
- Findings could indicate inadequate staffing or inadequate staff training.
- Findings may or may not result in a liability or fine.

After you have satisfactorily responded to the requirements of the PRR you will receive the Final Program Review Determination letter (“FPRD”)

The FPRD will:

- Indicate what findings have been satisfactorily closed.
- Provide details of each finding – any liability or fine.
- Provide appeal instructions.
- Detail instructions to pay any fines or liabilities.
  - Fines may or may not be the result of a serious violation.

If you fail to respond to the program review report you could incur liabilities equal to all the Title IV funding your Institution has received since your last audit.

The FPRD is subject to release under FOIA.



- Website navigable 34 CFR § 668.45
- Institutional information available and accurate 34 CFR § 668.43
- Availability of employees for dissemination of information 34 CFR § 668.44
- Student “Right to Know” Completion, Graduation, Placement rates published 34 CFR § 668.45
- Drug and Alcohol policy, Subtitle A, Part 86
- Biennial review of Drug and Alcohol policy



- Crime Statistics Report submitted timely 34 CFR § 668.46
- Campus Security Report on website – printed available upon request, including:
  - A policy regarding emergency response and evacuation procedures
  - For Institutions with on-campus student housing facilities:
    - Fire and safety policies and statistics 34 CFR § 668.49
    - Missing student notification procedures 34 CFR § 668.46
- Program cost 34 CFR § 668.43
- Financial aid availability 34 CFR § 668.42, 34 CFR § 601.11; 34 CFR § 601.30

- Athletic program participation (if applicable) 34 CFR § 668.47, 668.48
- Annual FERPA notice Subpart A, Part 99 Program disclosures on each program's home page 34 CFR § 668.41
- Student's Rights and Responsibilities 34 CFR § 668.16(h)
- Short term and ESL programs (if applicable)

Avoid any Consumer Information that could be identified as “Misrepresentation” 34 CFR § 668.71 through 34 CFR § 668.75

## Required policies and procedures

- Financial Aid awarding/disbursing policy
- Admission Policy
- Attendance policy
- Verification policies and procedures 34 CFR § 668.53
- Awarding policies – Campus based
- Academic year definition
- Satisfactory Academic Progress policies 34 CFR § 668.16(e), 34 CFR § 668.34

- Attendance policy
- Withdrawal policy
- Leave of Absence policy
- R2T4 procedures
- Credit balance authorization policy
- Policy to document start for withdrawal students
- Policy to determine last day of attendance for withdrawal students
- Correct Date of Determination used for withdrawal students

- Incentive compensation policy
- Distribution of consumer information
- Policy to determine <25% incarcerated students
- Disbursement Notification policy (include how and when notifications are made)
- Procedures for meeting requirements for Constitution Day (annually on September 17)
- Procedures to determine the validity of HS Diploma (if applicable)

- Procedures for distributing voter registration information. §487(a)(23) of the HEA, National Voter Registration Act of 1993 (“NVRA”).
  - Exempt: ID, MN, NH, ND, WI, WY, PR, Guam, the Virgin Islands, and American Samoa. Institutions in all other states must comply. DCL GEN 13-17, July 1, 2013
- Policy for requesting documentation and completing secondary confirmation of immigration status 34 CFR § 668.134 (G-845) 34 CFR § 668.135
- Red Flag rules – procedures on complying with the Federal Trade Commission’s Red Flag Rule to prevent identity theft 34 CFR § 668.16(g)



## Defining Credit Hour

34 CFR §600.2, CFR § 668.8(k) and (l), DCL GEN 11-06 3/1811

**Degree programs:** A credit hour is an *institutionally established equivalency that reasonably approximates some minimum amount of student work reflective of the amount of work expected in a Carnegie unit.*

A credit hour is a basic unit of student Title IV aid eligibility.

Institutions must identify the amount of work that is represented in *intended learning outcomes, verified by student achievement, and established by the institution.*

A credit hour is represented by one hour of classroom or direct faculty work and a minimum of two hours of out of class work each week for approximately fifteen weeks. (Ten to twelve weeks for one quarter hour).



Institutions may take into consideration alternative delivery methods, measurements of student work, academic calendars, disciplines, and degree levels.

The credit hour definition does not emphasize the concept of “seat time” as the primary metric for determining the amount of student work for Federal purposes.

Institutions may assign credit hours to courses for an amount of work represented by verifiable student achievement of institutionally established learning outcomes.

The Institution defines the credit awarded for student work; accrediting agencies approve the institution’s definition.

Accrediting agencies are not required to approve credit hour definitions unless or until that institution is reviewed for other issues.

Accrediting agencies must develop policies and procedures to assess an institution's method of evaluating outside work and report to the Department any significant areas of noncompliance.

The classroom and out of class student work requirement does not mean you must have a certain number of hours of those specific types of instruction every week; it is an average required over the length of the course and may be institutionally established equivalencies that ***reasonably approximate*** the minimum standard using different measures of student work.

There are flexibilities inherent in the definition.

## New in Clery

- Violence Against Women Reauthorization Act of 2013 (“VAWA”)(Pub. Law 113-4)
- The Campus Sexual Violence Elimination act (“Campus SaVE”) provisions of the VAWA will be added in October 2014. Section 485(f) of the HEA; 34 CFR § 668 Subpart D
- VAWA added a category of crime to be reported in Annual Security Report (“ASR”).

- Institutions will be required to provide additional statistics on:
  - Sexual assault
  - Domestic violence
  - Dating violence
  - Stalking
- Also required:
  - Prevention programs and awareness campaigns
  - Victim's bill of rights

- Revises requirements around institutional disciplinary proceedings.
- The ASR due by October 2014 must include statistics on the newly added crime category.

ED is in the process of implementing changes, but until final regulations are issued, institutions must make a good faith effort to comply with the statute.

## DOMA

The Supreme Court decision that overturned the Defense of Marriage Act (“DOMA”) requires the Federal government to recognize marriages between same sex couples for federal benefit purposes.

- If a student (or parent of a dependent student) is legally married they would file the FAFSA as married, regardless of gender.
- “Legally married” applies regardless of State of current residence. It applies to a student attending an institution located either in a jurisdiction that recognizes same-sex marriage or in a jurisdiction that does not recognize same-sex marriage.

- Students (or parents) who are in a same sex marriage, but who already filed their 2013-2014 FAFSA, but could have filed married at the time they filed, may now correct their ISIR and file married. (They may, but are not required to).
- New filers for remainder of 2013-2014 year must file married.
- Effective December 13, 2013, DCL 13-25, December 13, 2013.



Currently information about both legal parents is included on student's FAFSA only if the parents are married to each other. For 2014-2015 there will be a new parent marital status option of "Unmarried, but both parents living together."

- This allows for the collection of data from both legal parents when the parents are not married to each other.
- Mother and Father labels will become Parent 1 and Parent 2.
- Help text will be significantly enhanced to provide guidance for parents who file separate tax returns.
- Appropriate language will be included in the 2014-2015 FAFSA.

## 150% Subsidized Loan Limit

- Limits how many years a “first-time borrower” may receive subsidized loans.
- Applies to first-time borrowers on or after July 1, 2013. A first-time borrower is one who has no balance on any FFEL or Direct Loan when receiving first Direct Loan (any type) on or after July 1, 2013.
- Maximum eligibility period is 150% of the published length of borrower’s *current* or *upcoming* academic program.
- ED will calculate using school-reported information.

- Required to report Academic Year and Loan Period to COD for Direct Loans, DCL GEN 13-13, May 10, 2013.
  - The letter provides guidance and examples to schools related to how they must report the Direct Loan academic year and loan period dates to COD.
  - **This guidance is critical to the implementation of the 150 percent Direct Subsidized Loan time-limited eligibility provisions of Public Law 112-141.**

## Unusual Enrollment History (“UEH”)

- Not part of Verification.
- A UEH FLAG added to ISIR (“C” Code).
- Flag value will determine needed action, DCL GEN-13-09.
- FAA determines if circumstances of the failure of the student to receive academic credit support the continuation of Title IV, HEA program assistance eligibility.
- These institutional determinations are final and not appealable to the Department.
- The reasons for the decision must be documented and maintained for possible review.

Verification group V6 is a new addition for the 2014-2015 award year and will include situations where the household resources do not appear to provide sufficient financial support.

For tax filers it will be based on Adjusted Gross Income, Income earned from work, and Untaxed Income.

For non-tax filers, based on Income earned from work, and Household size.

In those cases the applicant and, if appropriate, the applicant's parents or spouse must explain how the family was financially supported during the 2013 calendar year. It is at the financial aid administrators' discretion to accept the explanation.

For 2014-2015 the Department has eliminated the verification group V2, which required verification of SNAP benefits.

There will be new information to resolve verification for victims of IRS identity theft who are not able to obtain a 2013 IRS Tax Return Transcript or use the IRS Data Retrieval Tool (“DRT”).

Those applicants must contact the IRS at 1-800-908-4490. Upon authentication of the tax filer’s identity, the IRS will provide, by U.S. Postal Service, a printout of the tax filer’s 2013 IRS income tax return information that can be used to complete verification.



# VERIFICATION

The Department is requesting schools to report verification results beginning with the 2014-2015 award year concerning students' identity and high school completion status.

Schools will be required to use FAA Access to CPS Online to report the results.

The Deadline date notice for 2014-2015 will specify reporting deadlines.

Whom to report? Any student for whom your Institution received an ISIR with a verification tracking group of V4 or V5 AND for whom you requested verification documentation.

Institutions should NOT report institutionally selected applicants.



## Gainful Employment (“GE”)

- New disclosure template available, must use by 1/31/14.
- Frequently missing GE disclosures specific to each program:
  - Occupations the program prepares students to enter.
  - Normal time to complete the program.
  - On-time graduation rate for completers.
  - Tuition and fees, books and supplies, room and board.
  - Placement rate for completers (as determined by State or Accreditor methodology).
  - Median loan debt.

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Questions?