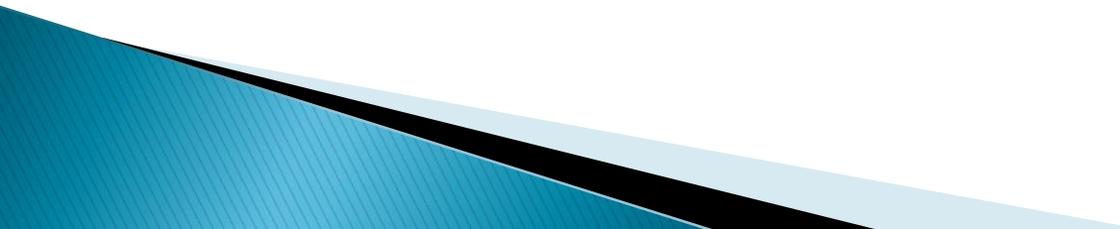


Financial Aid 101



Academic Calendars, Payment Periods, & Disbursements

- **Three basic types of academic calendars**
 - ✓ **Standard term**
 - ✓ **Nonstandard term**
 - ✓ **Non-term**
 - **A term is a period in which all classes are scheduled to begin and end within a set time frame**
 - **Academic progress is measured in credit-hours**
 - **If these periods overlap within a program, they may not be treated as a term-based program for FSA purposes**
 - **Term-based programs can have either standard terms or nonstandard terms**
- 

Standard terms: semesters, trimesters, and quarters

- **Semesters and trimesters are terms that are generally 15 to 17 weeks long**
 - **Semesters traditionally has two terms, in the fall and spring**
 - **Trimester academic calendar traditionally has three terms, in the fall, spring and summer**
 - **Academic progress is measured in semester credit-hours**
 - ✓ **Full-time is at least 12 semester credits**
- 

Weeks of instructional time in an academic year

- **Credit-hour or direct assessment program must be defined as at least 30 weeks of instructional time**
- **Clock-hour program must be defined as at least 26 weeks of instructional time.**

Credit or clock-hours in an academic year

The law and regulations set the following minimum standards for coursework earned by a full-time student in an academic year in an undergraduate educational program (including direct assessment program):

- **24 semester or trimester credit-hours or 36 quarter credit-hours for a program measured in credit-hours; or**
- **900 clock-hours for a program measured in clock-hours**

Multiple disbursements within a payment period

- **FSA regulations generally permit schools to pay FSA funds at such times and in such installments within each payment period as will best meet student's needs.**
- **This gives schools the ability to apportion the payment if doing so will be in the best interest of the student.**
 - ✓ **For example, if payment period is particularly long, a school might choose to pay in multiple installments to the extent program requirements permit to ensure that a student will have funds to pay rent later in the payment period**
- **Also bear in mind that FSA funds must be provided to students in a timely manner to best assist them in paying their educational expenses.**
- **Consequently, a school may not delay the disbursement of funds until after the 60% point.**
 - ✓ **For example, to avoid performing a Return of Title IV Funds calculation and the requirements that go along with it, or to prevent the student from having to return funds upon withdrawal**

Direct Loan Disbursements

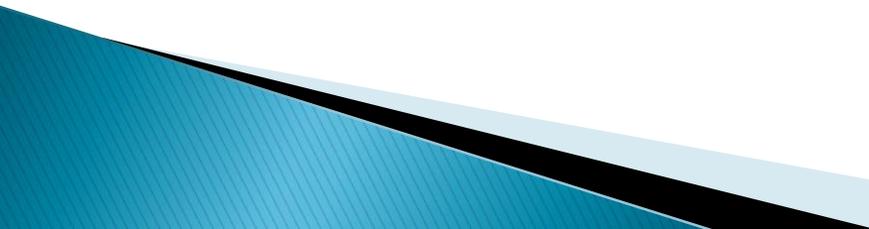
A *program* is considered to have substantially equal terms if no term in the program is more than two weeks of instructional time longer than any other term in the program

If the program uses:

- ***Standard academic terms (semesters, trimesters, or quarters) or***
- ***Nonstandard terms of substantially equal length***

At least one disbursement must be made in each term in the loan period.

Direct Loan Disbursements cont.

- If there is *more than one* term in the loan period, the loan must be disbursed over all terms of the loan period
 - ✓ If a loan period is for an academic year that includes three quarters, the loan must be disbursed in three substantially equal disbursements
 - If there is *only one* term in the loan period, the loan generally must be disbursed in two payments
 - ✓ In a credit-hour program that uses a semester, trimester, or quarter system, or is “SE9W”, the second disbursement may not be made until the student reaches the calendar midpoint between the first and last scheduled days of class of the loan period
- 

When student fails to begin attendance or attends less than half-time after receiving a Direct Loan disbursement

- **May make a first disbursement of a Direct Loan before the student begins attending classes**
 - **To remain eligible student must actually begin attendance at least a half-time**
 - **Student doesn't attend at least half-time, or doesn't begin attendance in any classes, they will lose eligibility for the loan**
 - **You must report the change in NSLDS**
 - **The loan servicer will then change the student's loan status**
- 

When student fails to begin attendance or attends less than half-time after receiving a Direct Loan disbursement

- **Student fails to begin attendance in ANY classes in the loan period**
 - ✓ **you must return any Direct Loan funds applied to the account, as well as the amount of any payments made on behalf of the student to the school, up to the amount of the loan funds disbursed**
- **If the student received Direct Loan funds begins attendance but does so on a less-than-half-time basis, student becomes ineligible for the loan**
 - ✓ **You must not make ANY FURTHER disbursements of the loan, but neither your school nor the student is required to return any loan proceeds**

Retaking Coursework in Term Programs

- You *MAY* count towards enrollment status and award Title IV funds to a student who is repeating, for the first time only a previously passed course in a term- based program
 - Students enrolled in non-term-based programs may not receive credit for retaking coursework
 - You *MAY NOT* pay a student for retaking previously passed courses if the student is required to retake those courses because they failed a different course
 - The regulatory definition for full-time enrollment status has been revised to allow a student to retake any previously passed course (one time only per previously passed course)
 - Passed means any grade higher than an “F”, regardless of any school or program policy
 - A student may be repeatedly paid for repeatedly failing the same course (normal SAP policy still applies to such cases)
- 

Cost of Attendance (Budget)

- ***Allowable Costs determined by school, taking into account:***
 - ✓ Tuition and fees
 - ✓ Books, supplies, transportation, personal, misc.
 - ✓ Room and board
 - ✓ Dependent care
 - ✓ Study-abroad expenses
 - ✓ Employment expenses for co-op study
 - ✓ Loan fees

- ***Exceptions***
 - ✓ Less-than-half-time enrollment
 - ✓ Correspondence study
 - ✓ Incarcerated students
 - ✓ Professional judgement

Cost of Attendance (Budget)

- ***Allowable Costs determined by school, taking into account:***
 - ✓ Tuition and fees
 - ✓ Books, supplies, transportation, personal, misc.
 - ✓ Room and board
 - ✓ Dependent care
 - ✓ Study-abroad expenses
 - ✓ Employment expenses for co-op study
 - ✓ Loan fees

- ***Exceptions***
 - ✓ Less-than-half-time enrollment
 - ✓ Correspondence study
 - ✓ Incarcerated students
 - ✓ Professional judgement

Calculating Pell and Other Grant Awards

- *Pell Grant awards are based on the 9 month EFC on the valid SAR or ISIR*
- *Scheduled Award amounts are specified on the Pell Payment schedules USDE*

Formula 1: Credit-Hour Term-Based Programs

Formula 2: Standard-term Program with less than 30 weeks in the Fall –Spring

Formula 3: General Formula for any Term-Based Program

Formula 4: Clock-Hour and Non-term Credit-Hour Programs

Calculating Pell and Other Grant Awards

- ***Summer Terms and Other Crossover Payment Periods***
 - ***Pell a crossover period must be considered to occur entirely within one award year (header or trailer is the common term for this selection)***
 - ***Cost of attendance for summer terms must be prorated to the length of the term (ie: 3 months or 1/3 of the 9 month COA used for fall/spring)***
 - ***Summer minisessions may be combined into a single term or payment period***
 - ***Students who do not begin attendance in all of the minisessions they were expected to attend then recalculation of prior disbursements is required based on the change in enrollment.***
- ***Note: Check remaining eligibility for any transfer student who was paid FSA funds at another school earlier in the award year. Annual limits at all schools combined still apply.***

Calculating Pell and Other Grant Awards

- ***Pell Recalculations***
 - ***Change in EFC (recalculation required)***
 - ***Student Doesn't Begin Attendance in Classes Within a Term (recalculation required)***
 - ***Change in Enrollment Status for Clock-Hour Programs and Programs without Terms (recalculation not required)***
 - ***Change in Enrollment Status Between Terms (recalculation required)***
 - ***Change in Enrollment Status Within A Term (optional recalculation)***
 - ***Change in Cost of Attendance (recalculation required for an enrollment status change; otherwise optional)***

Cost of Attendance changes between payment periods is optional

Cost of Attendance changes within a payment period is optional

Schools must have a policy that spells out when and how changes occur

Direct Loan Periods and Amounts

- ***Direct Subsidized and Unsubsidized Loans have annual and aggregate limits that are the same for all students at a given grade level and dependency status. In general, you may not originate a loan for more than the:***
 - amount the borrower requests***
 - borrower's cost of attendance***
 - borrower's annual or aggregate limit, or***
 - borrower's unmet financial need (with exceptions)***

Loan Certifications

- sent to Common Origination and Disbursement (COD) system***
- new certification each time a loan is made under a Master Promissory Note (MPN)***
- includes borrower's grade level, loan period, anticipated disbursement dates, and the amount of the disbursements***

Direct Loan Periods and Amounts

- ***Subsidized loan eligibility time limit (aka 150% limit) –important you accurately report the academic year dates and loan period start and end dates***
- ***Must update loan periods and academic years if borrower's actual attendance is different from the anticipated dates***
 - ***Borrower requests loan or disbursement be cancelled***
 - ***Borrower does not begin attendance on at least half-time basis***
 - ***Borrower loses eligibility for part of the originally reported loan***
 - ***Borrower withdraws or fails to progress (clock-hour, non-term)***

Annual loan limits at times must be prorated when the borrower is:

- enrolled in a program that is shorter than a full academic year; or***
- enrolled in a program that is one academic year or more in length, but is in a remaining period of study that is shorter than a full academic year***

Campus-Based Aid

- ***Campus-based aid includes: Federal Supplemental Opportunity Grants (FSEOG), Federal Work Study (FWS), and Federal Perkins Loan***
 - ***Based on need directly or indirectly***
 - ***Must offer a reasonable portion to part-time students at all locations***
 - ***Must meet general eligibility criteria similar to Pell grant program***
- ***FSEOG***
 - ***annual minimum of \$100 and maximum of \$4,000***
 - ***must select students with lowest EFCs who are also receiving Pell during the award year***
 - ***student does not have to receive Pell in the same payment period as FSEOG***
- ***Must have written policies of how recipients are determined***

Campus-Based Aid

- ***Federal Work-Study***
 - ***Does not require priority be given to students who have exceptional financial need (like FSEOG and Perkins)***
 - ***No specific award limits for FWS earning, other than not exceeding the student's financial need***

Packaging Aid

- ***Awarding of aid without exceeding the student's financial need***
 - ***Varies from school to school***
 - ***Pell Grant are the first source of aid and is never adjusted to take into account other forms of aid***
- 

Overawards

- *If, at any time during the award period, the student receives additional Estimated Financial Assistance (EFA) that was not considered in calculating the student's eligibility for Campus-Based aid, and if the EFA combined with the Expected Family Contribution (EFC) will exceed the student's need, the amount in excess of the student's need is considered an Overaward.*
- *Overawards in Direct/Direct Plus loans depends if the loans have been fully disbursed*
- *- if discovered before disbursed you must eliminate the overaward by cancelling or making a downward adjustment to the loan or institutionally controlled aid*
- *-if discovered after disbursed, there is not DL overaward to be adjusted but you might need to adjust aid package to prevent an overaward of campus-based funds*
- *-there is a \$300 overaward tolerance for the campus-based programs if based on a late outside award*

School-Determined Requirements

- ***Must enroll as a regular student in an eligible program to receive FSA funds***
- ***If student is admitted into an eligible program and takes remedial coursework within that program, he can be considered a regular student, even if taking all remedial courses before taking any regular courses***
- ***You may count up to one academic year's worth of these courses in his enrollment status for federal aid (30 semester hours)***
- ***Students enrolled in elementary or secondary school are not eligible for aid from the FSA programs even if concurrently enrolled in an eligible college program***
- ***Students cannot receive aid for high school equivalency training***
- ***Academically eligible if: has high school diploma (HSD), recognized equivalent such as GED, home schooling completed at secondary level according to state law***

- ***Students may self-certify on the FAFSA that he has received a HSD or equivalency. If admissions requires a diploma, you must rely on that rather than self-certification alone.***

School-Determined Requirements

- ***Satisfactory Academic Progress (SAP) Policy required***
 - ***Must have both qualitative(time-based) and quantitative (grade-based) criteria***
 - ***Must be AT LEAST as strict as your policy for students not receiving FSA***
 - ***Must apply to all students within categories***
 - ***Must require an evaluation at the end of each payment period for programs lasting one year or less and all other programs at least an annual review with a cumulative standard included***
 - ***After an official evaluation, a student must be placed on warning or probation status (if the appeal is successful) for an entire payment period when SAP is not achieved***
 - ***Only schools that check SAP at the end of a each payment period may place students on financial aid warning for not making SAP***
 - ***All schools may use financial aid probation as part of their SAP policy***
 - ***Schools have the option of permitting appeals and the process and documentation required***

Student Eligibility Issues

- ***Federal or state drug conviction (not local or municipal) can disqualify a student for FSA funds***
- ***Citizen or eligible noncitizen status required to receive FSA funds and a match is made with the Social Security Administration to verify***
- ***Persons who have defaulted on FSA loans or owe an overpayment to the USDE are not eligible for FSA funds***
- ***Students who have inadvertently exceeded annual or aggregate loan limits are ineligible for FSA funds***
- ***Students noted for Unusual Enrollment History must be reviewed to determine eligibility***

- ***Default Loan Status may be resolved by:***
 - ***Repayment in full***
 - ***Satisfactory repayment arrangements***
 - ***Loan rehabilitation***

Lisa R Hopper
Director of Financial Aid
National Park College
Hot Springs, AR

501-760-4241
lhopper@np.edu