

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
1245	Credit Hour Definition and Clock-Hour to Credit-Hour Conversion	<p>4.1.C Maintaining Eligibility 6.9 Defining Enrollment Status Appendix G</p> <p>Amends the rules regarding the requirement that a school measure its credit-hour standards against certain calculations to ascertain whether a program of study is eligible for Title IV participation.</p> <p>Provides that, if a school can demonstrate that its students enroll in and graduate from a degree-granting program, the school is exempt from the requirement to ensure that its program(s) of study comply with the clock-to-credit hour conversion criteria.</p> <p>Amends the clock-to-credit hour conversion formula, increasing the denominator for both, based on regulatory changes.</p> <p>Provides an explanation of the exceptions to the requirement that the school's program(s) of study meet the clock-to-credit hour conversion standards.</p> <p>Includes new policy regarding when a school is required to use clock hours to measure student progress.</p> <p>Updates the Manual with the requirement for a school that must use the clock-hour to credit-hour conversion calculation to determine whether a program of study is eligible for Title IV participation to use a clock-hour to credit-hour calculation to determine a student's maximum enrollment status in any payment period in that program.</p> <p>Provides the formulas, increasing the denominator based on regulatory changes.</p> <p>Describes the full-time, three-quarter-time, and half-time enrollment status standard based on the result of these calculations, and describes the impact of these calculations on a student's eligibility for a Pell grant, Stafford and PLUS loans.</p>	Federal	<p>For students enrolled in a program subject to these requirements as of July 1, 2011, the school may choose either of the following options:</p> <ul style="list-style-type: none"> • Apply the rules in effect before July 1, 2011 until all such students complete the program. • Implement the new rules for all students enrolled in a 2011-2012 payment period or students whom the school assigns to a 2011-2012 payment period. <p>A school must implement the new rules for all students who enroll or reenroll on or after July 1, 2011, in a program subject to these requirements.</p>

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		<p>Requires a school to continue to offer the program with the clock hours that make up converted credit hours, and to provide that upon completing the program's credit hours, the student has also completed all academic requirements including any required seat time for graduation from the program.</p> <p>Adds a definition of the term "credit hour."</p>		
1246	Purchasing Necessary Books and Supplies	<p>4.4.B Student Consumer Information 6.4.B When Disbursements May Be Scheduled 8.2.A Initial Notice of Funds 8.3 Required Authorizations 8.7.C Early Delivery 8.7.D Delayed Delivery 8.8.B Managing Credit Balances 8.9.B Return of Ineligible Borrower Loan Funds 9.5.A Return Amounts for Title IV Grant and Loan Programs</p> <p>Addresses the requirement that schools provide a means by which certain Pell grant-eligible students may receive early disbursements for necessary books and supplies.</p>	Federal	Title IV credit balances to Pell-grant eligible students for necessary books and supplies for the payment period for periods beginning on or after July 1, 2011.
1247	Last Date of Attendance at an Academically-Related Activity	<p>9.4 Withdrawal Dates</p> <p>Modifies the examples of events that constitute an academically related activity and clarifies that academically related activities do not include activities where a student may be present but not academically engaged.</p> <p>Provides new examples of activities that are not considered academically related.</p>	Federal	Student withdrawal determinations made by a school on or after July 1, 2011.

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
1248	Return of Title IV Funds in a Credit-Hour Program Offered in Modules	<p>9.4 Withdrawal Dates 9.5.A Return Amounts for Title IV Grant and Loan Programs</p> <p>States that a student is considered to have withdrawn from a credit-hour program offered in modules if the student does not complete all of the calendar days in the payment period or period of enrollment that the student was scheduled to attend.</p> <p>Clarification is provided for classes the student is "scheduled to attend" in cases when a student drops or adds a course prior to ceasing attendance. A student enrolled in a non-term-based or nonstandard-term-based credit-hour program offered in modules is considered to have withdrawn if the student is not scheduled to begin another course within 45 days after the end of the module that the student ceased attending, unless the student is on an approved leave of absence. If a student enrolled in a credit-hour program offered in modules does not earn at least one passing grade in the last course(s) of the last module that he or she was scheduled to attend and the school cannot demonstrate that the student completed the last course(s), the school must assume that the student unofficially withdrew.</p> <p>Clarifies the percentage of the period completed for a student who withdraws from such a program.</p> <p>Provides a decision tree for determining whether a student has withdrawn from a credit-hour program offered in modules, describes cases in which a student who ceases attendance in a credit-hour program offered in modules is not considered to have withdrawn, and describes events that may require a school to disburse unearned aid that was previously returned or canceled due a student's withdrawal when the student returns to a subsequent module within the same payment period or, as applicable, period of enrollment.</p>	Federal	School determinations of a student's withdrawal from a credit-hour program offered in modules on or after July 1, 2011

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: February 25, 2011

X	DRAFT	Comments Due	Mar 18
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Credit Hour Definition and Clock-Hour to Credit-Hour Conversion

AFFECTED SECTIONS: 4.1.C Maintaining Eligibility
6.9 Defining Enrollment Status
Appendix G

POLICY INFORMATION: 1245/Batch 178

EFFECTIVE DATE/TRIGGER EVENT: For students enrolled in a program subject to these requirements as of July 1, 2011, the school may choose either of the following options:

- Apply the rules in effect before July 1, 2011 until all such students complete the program.
- Implement the new rules for all students enrolled in a 2011-2012 payment period or students whom the school assigns to a 2011-2012 payment period.

A school must implement the new rules for all students who enroll or reenroll on or after July 1, 2011, in a program subject to these requirements.

BASIS:

§600.2 definition of *credit hour*; §668.8(k) - (l); §668.9(a); *Federal Register* dated October 29, 2010, pp. 66855 to 66857.

CURRENT POLICY:

Current policy describes existing rules regarding the required conversion of credit hours to clock hours for certain programs of study. Current policy does not include a glossary definition of the term "credit hour."

REVISED POLICY:

Revised policy amends the rules regarding the requirement that a school measure its credit-hour standards against certain calculations to ascertain whether a program of study is eligible for Title IV participation. Revised policy provides that, if a school can demonstrate that its students enroll in and graduate from a degree-granting program, the school is exempt from the requirement to ensure that its program(s) of study comply with the clock-to-credit hour conversion criteria. Revised policy also amends the clock-to-credit hour conversion formula, increasing the denominator for both, based on regulatory changes. Revised policy provides an explanation of the exceptions to the requirement that the school's program(s) of study meet the clock-to-credit hour conversion standards. Revised policy also includes new policy regarding when a school is required to use clock hours to measure student progress.

Revised policy updates the Manual with the requirement for a school that must use the clock-hour to credit-hour conversion calculation to determine whether a program of study is eligible for Title IV participation to use a clock-hour to credit-hour calculation to determine a student's maximum enrollment status in any payment period in that program. Revised policy provides these formulas, increasing the denominator based on regulatory changes. Revised policy also describes the full-time, three-quarter-time, and half-time enrollment status standard based on the result of these calculations, and describes the impact of these calculations on a student's eligibility for a Pell grant, Stafford and PLUS loans. Revised policy requires such a school to continue to offer the program with the clock hours that make up converted credit hours, and to provide that upon completing the program's credit hours, the student has also completed all academic requirements including any required seat time for graduation from the program.

Finally, revised policy adds a definition of the term "credit hour."

REASON FOR CHANGE:

The Manual is revised to comply with final rule changes described the October 29, 2010, *Federal Register*.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 4.1.C, page 10, column 1, paragraph 2, as follows:

Eligibility of Credit-Hour Programs

Schools that measure progress in credit hours must determine the Title IV eligibility of their undergraduate programs using the clock-hour to credit-hour conversion formulas listed below, except in the following cases:

- The program is at least 2 academic years in length and provides an associate, bachelor's, or professional degree or the equivalent, as determined by the Department. (Note: This exception does not permit a school to ask for a determination that a nondegree program is equivalent to a degree program.)
[§668.8(k)(1)]
- The program is offered by a public or private nonprofit hospital-based school of nursing that awards a diploma at the completion of the program.
[§668.9(b)]
- Each course within the program is acceptable for full credit toward that school's associate, bachelor's, or professional degree, or a degree that the Department has determined to be equivalent at the school, and that the program complies with each of the following requirements:
 - ~~and~~ The degree requires at least 2 academic years of study.
[§668.8(k)(2)(A)]
 - The school demonstrates that students enroll in and graduate from the degree program.
[§668.8(k)(2)(B)]
- ~~The program is offered by a public or private nonprofit hospital-based school of nursing that awards a diploma at the completion of the program.~~
~~[§668.9(b)]~~

If the program does not meet one of the preceding three criteria, the school must use the appropriate formula, as follows. Clock hours used in the formula must comply with the regulatory definition of a clock hour (see Glossary).

Clock-Hour to Credit-Hour Conversion

To determine the number of credit hours in a program for Title IV eligibility purposes, schools must use the appropriate formula, as follows:

For programs measured in semesters or trimesters

$$\frac{\text{Number of clock hours in the credit-hour program}}{30-37.5}$$

For programs measured in quarters

$$\frac{\text{Number of clock hours in the credit-hour program}}{20-25}$$

[§668.8(l)]

The school must use the resulting number of equivalent credit hours to determine if a program is eligible under the program requirements. For a program to qualify as eligible by providing at least 16 semester or trimester credit hours or 24 quarter credit hours, the program must include at least 480 clock hours of instruction. For a program to qualify as

eligible by providing at least 8 semester or trimester credit hours or 12 quarter credit hours, the program must include at least 240 clock hours of instruction.

In some cases, the school's accrediting agency or a recognized state agency for the approval of public postsecondary vocational institutions may identify deficiencies in a program's policies or procedures for determining credit hours. The program of study offered in credit hours still may be considered eligible if each of the following applies:

- The amount of work the program requires of a student outside the classroom combined with the clock-hours of instruction meets or exceeds the numeric equivalents calculated in the formulas.
[§668.8(l)(2)(i)]
- One of the following is true:
 - A semester or trimester hour includes at least 30 clock hours of instruction.
 - A quarter hour includes at least 20 hours of instruction.
[§668.8(l)(2)(ii)]

If a school determines that a program is an eligible program for Title IV aid using the clock-hour to credit-hour conversion formula, the school must also determine—for the purposes of Title IV aid—a student's maximum enrollment status for each payment period of the program using a similar formula. See Section 6.9 for more information.

Unless a program meets the conditions for one of the exceptions noted above, aA program that fails to include the minimum number of equivalent semester, trimester, or quarter credit hours of instruction does not qualify as an eligible program regardless of whether the Department previously designated that program as an eligible program. A school may not deliver the proceeds of any ~~loan~~ Title IV aid to a student enrolled in such a program regardless of when that program began. The school must return to the ~~lender~~ appropriate Title IV program any ~~loan~~ funds delivered to or on behalf of students enrolled in a program that does not qualify as an eligible program.

[DCL GEN-95-38; 09-10 FSA Handbook, Volume 2, Chapter 2, pp. 2-17 to 2-18]

Clock-Hour Programs of Study

A school must measure student progress in clock hours if any of the following criteria applies:

- The school must measure progress in a program in clock hours to receive federal or state approval or licensure.
[§668.8(k)(2)(i)(A); *Federal Register* dated October 29, 2010, p. 66855]
- The program requires that graduates complete a number of clock hours of study as a prerequisite to apply for licensure or authorization to practice the occupation for which the program prepares the student.
[§668.8(k)(2)(i)(B)]
- The credit hours that the school awards for the program of study do not comply with the definition of credit hour.
[§668.8(k)(2)(ii)]
- The school does not does not provide the clock hours that are the basis for the credit hours awarded in the program or each course in the program, and, except for excused absences, requires the student to complete the clock hours that are the basis for the credit hours that it awards.
[§668.8(k)(2)(iii); *Federal Register* dated October 29, 2010, pp. 66855 and 66856]

The school is not required to measure student progress in clock hours if a state or federal approval requirement or a state or federal licensure requirement specifies that a limited component of the program of study must include a practicum, internship, or clinical

experience comprised of a minimum number of clock hours.
[\$668.8(k)(iii)]

Revise Section 6.9, page 26, column 1, by adding a new paragraph 2, as follows:

Undergraduate Students

...

The school's definition of half-time enrollment for an undergraduate program must include . . .

In certain instances, a school measuring progress in credit hours in an undergraduate program must determine whether it is an eligible program for Title IV aid using a clock-hour to credit-hour conversion formula. See Subsection 4.1.C for more information about conditions that require a school to perform such a calculation for a program, and exclusions from this requirement.

A school that must perform a clock-hour to credit-hour conversion calculation to establish a program's eligibility for Title IV aid must also use a clock-hour to credit-hour conversion formula to determine—for the purposes of Title IV aid—a student's maximum enrollment status during each payment period of the program. The school must continue to offer the program with the clock hours that make up converted credit hours. The school must also provide that, upon completing the program's credit hours, the student has also completed all academic requirements including any required seat time for graduation from the program.

To determine the maximum number of credit hours offered during each payment period of the program, the school must use one of the following formulas, as appropriate:

For programs measured in semesters or trimesters

Number of clock hours in the payment period

37.5

For programs measured in quarters

Number of clock hours in the payment period

25

The result of the appropriate calculation above determines a student's maximum enrollment status for each payment period of the program, as follows:

- If the result of the calculation is at least 12, the maximum enrollment status for students enrolled in the payment period is full time.
- If the result of the calculation is at least 9 but less than 12, the maximum enrollment status for students enrolled in the payment period is three-quarter time.
- If the result of the calculation is at least 6 but less than 9, the maximum enrollment status for students enrolled in the payment period is half time.

The result of the clock-hour to credit-hour conversion formula used to evaluate a student's maximum enrollment status in each payment period of a program may affect a student's eligibility for a Pell grant, and for Stafford and PLUS loan funds. A school must calculate a disbursement of Pell grant funds for a payment period based on the appropriate Scheduled Award for the student's cost of attendance and full-time, three-quarter-time, half-time, or less-than-half-time enrollment status during that payment period. A student must be enrolled at least half time to qualify for a disbursement of Stafford or PLUS loan funds for a payment period. For further information, see the FSA Handbook, Volume 3, Chapter 1.
[\$668.8(l); \$668.9(a)]

Revise Appendix G, page 5, column 2, by inserting a new definition after the entry for “Cost-Less-Aid,” as follows:

Cost-Less-Aid: A figure calculated by deducting all financial assistance . . .

Credit Hour: A measure of work representing learning outcomes and verified by evidence of student achievement. The credit-hour measure is based on policies established by the school that must approximate, at a minimum, one of the following:

- One hour of classroom or direct faculty instruction and a minimum of two hours of out-of-class student work each week for approximately 15 weeks for one semester or trimester hour of credit, or ten to 12 weeks for one quarter hour of credit, or the equivalent amount of work over a different amount of time.
- An amount of time equivalent to those described in bullet one for other academic activities such as laboratory work, an internship, a practicum, studio work, and other academically-related work leading to the award of credit hours.
[§600.2, definition of *credit hour*]

This definition does not apply in a case when a school must use the clock-hour to credit-hour conversion formula to determine the Title IV eligibility of an undergraduate program. See Subsection 4.1.C for more information.

[§600.2, definition of *credit hour*; *Federal Register* dated October 29, 2010, p. 66856]

PROPOSED LANGUAGE - COMMON BULLETIN:

Credit Hour Definition and Clock-Hour to Credit-Hour Conversion

The *Common Manual* is revised to incorporate final rule changes published in the October 29, 2010, *Federal Register*. These include changes to the standards and formulas by which a school measures its credit-hour standards against certain calculations (i.e., the clock-hour to credit-hour conversion formula) to ascertain whether a program of study is eligible for Title IV participation. Revised policy provides that a school that can demonstrate that its students enroll in and graduate from a degree-granting program are exempt from the requirement to ensure that its program(s) of study comply with the clock-hour to credit-hour conversion criteria. Revised policy also amends the clock-hour to credit-hour conversion formula, increasing the denominator for both based on regulatory changes. Revised policy provides an explanation of the exceptions to the requirement that the school's program(s) of study meet the clock-hour to credit-hour conversion standards. Revised policy also includes new policy regarding when a school is required to use clock hours to measure student progress. Revised policy adds a definition of the term “credit hour.”

A school that must perform a clock-hour to credit-hour conversion calculation to establish a program's eligibility for Title IV aid must also use a clock-hour to credit-hour conversion formula to determine—for the purposes of Title IV aid—a student's maximum enrollment status during each payment period of the program. The Manual has been updated to include this requirement and provides the clock-hour to credit-hour formulas used to determine enrollment status, increasing the denominator based on regulatory changes. Revised policy also describes the full-time, three-quarter-time, and half-time enrollment status standard based on the result of these calculations, and describes the impact of these calculations on a student's eligibility for a Pell grant, Stafford and PLUS loans. A school that must perform a clock-hour to credit-hour conversion calculation to determine a student's maximum enrollment status during each payment period of a program must continue to offer the program with the clock hours that make up converted credit hours. The school must also provide that, upon completing the program's credit hours, the student has also completed all academic requirements including any required seat time for graduation from the program.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Student/Borrower:

Some programs of study may be deemed ineligible for Title IV assistance based on the revised policies, meaning that students enrolled in or intending to enroll in those programs would not be eligible for Title IV assistance to support that enrollment. Changes in a program's structure from a credit-hour program to a clock-hour program may result in changes to the program's Title IV academic year definition, frequency of Stafford

annual loan limits, timing of Title IV aid disbursements, etc. A student may not be able to receive loan funds for some programs of study previously considered eligible for Title IV aid.

School:

The school may be required to reevaluate its program structure, academic year, and the appropriate rules for administering Title IV aid based on changes from a credit-hour program to a clock-hour program. A school also may be required to reassess the eligibility of certain programs of study and to provide revised program eligibility and financial aid information to prospective and/or enrolled students.

Lender/Service:

None.

Guarantor:

None.

U.S. Department of Education:

The Department may be required to amend its program review procedures as well as its procedures and policies related to the approval of certain programs of study for Title IV eligibility.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

February 6, 2011

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

jcs-bg/edited-kk

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: February 25, 2011

X	DRAFT	Comments Due	Mar 18
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Purchasing Necessary Books and Supplies

AFFECTED SECTIONS:

- 4.4.B Student Consumer Information
- 6.4.B When Disbursements May Be Scheduled
- 8.2.A Initial Notice of Funds
- 8.3 Required Authorizations
- 8.7.C Early Delivery
- 8.7.D Delayed Delivery
- 8.8.B Managing Credit Balances
- 8.9.B Return of Ineligible Borrower Loan Funds
- 9.5.A Return Amounts for Title IV Grant and Loan Programs

POLICY INFORMATION: 1246/Batch 178

EFFECTIVE DATE/TRIGGER EVENT: Title IV credit balances to Pell-grant eligible students for necessary books and supplies for the payment period for periods beginning on or after July 1, 2011.

BASIS:
§668.164; *Federal Register* dated October 29, 2010, pp. 66929-66931.

CURRENT POLICY:
Current policy does not address providing early disbursements to certain Pell grant-eligible students for necessary books and supplies.

REVISED POLICY:
Revised policy addresses the requirement that schools provide a means by which certain Pell grant-eligible students may receive early disbursements for necessary books and supplies.

REASON FOR CHANGE:
This change is made to comply with Final Rules published in the *Federal Register* dated October 29, 2010.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 4.4.B, page 25, column 2, by adding a new subbullet 3, as follows:

General disclosures for enrolled and prospective students must include, but are not limited to, all of the following:
[HEA §485(a)(1)(A); §668.42(a)]

- The federal, state, local, private, and institutional financial aid programs available to students who enroll at the school, including descriptions of:
 - The procedures (including deadlines) and forms a student must use to apply for assistance.
[§668.42(b)](1)]
 - The requirements used in determining whether a student is eligible for aid.
[§668.42(b)](2)]
 - The procedures for certain Pell grant-eligible student to obtain or purchase necessary books and supplies required for the payment period including how aid is determined and disbursed, delivered, and applied to the student's account and the frequency of those disbursements. The disclosures must also include information on how a student may opt out of this the method. See the Subsection 8.7.C subheading *Provisions for Necessary Books and*

Supplies for more information.
[\$668.164(h)(i)]

- The terms and conditions of any FFELP, FDLP, or Perkins loans . . .

Revise Subsection 6.4.B, page 16, column 2, by adding a new paragraph 2, as follows:

If the loan period for a Stafford or PLUS loan consists of more than one payment period, the earliest date for which a second or subsequent disbursement from the lender may be scheduled is:

- 13 days before the first day of the first module that the student will actually attend in any subsequent payment period for a loan disbursed by EFT or master check.
- 30 days before the first day of the first module that the student will actually attend in any subsequent payment period for a loan disbursed by individual check.

Early Disbursement for Necessary Books and Supplies

A school must provide certain Pell grant-eligible students with a method to obtain or purchase necessary books and supplies required for the payment period. A school must ensure that the student has access to those funds or to the necessary books and supplies no later than the seventh day of the payment period. A school must provide this access to funds if all of the following criteria apply:

- The student is eligible for Pell grant funds.
- The school could disburse funds 10 days prior to the start of the payment period for that student.
- The disbursement of all funds for which the student was eligible 10 days prior to the start of the payment period would create a credit balance.

The school must make a single method available to eligible students and may provide an alternative method by which the students may obtain necessary books and supplies if a student opts out of the school's preferred method.

The school would not consider the amount of a Stafford loan disbursement subject to the 30-day delay in determining the credit balance, because the school is not permitted to deliver those funds 10 days before the start of that student's payment period. Also, the school would not consider as eligible funds any Title IV aid that has not yet been awarded to a student at least 10 days before the start of classes because the student missed a financial aid deadline date.

If, 10 days prior to the payment period, the student has not completed the verification process, has an unresolved "C" code on the SAR and ISIR, or has unresolved conflicting information the school would not be permitted to disburse the funds. See the Subsection 8.7.C subheading *Provisions for Necessary Books and Supplies* for more information.
[\$668.164(h)(i)]

Although this is a requirement for Pell grant-eligible students, a school may use the same process to make funds for necessary books and supplies available to all of its Title IV-eligible students.

Revise Subsection 8.2.A, page 2, column 1, paragraph 2, bullet 1, as follows:

8.2.A
Initial Notice of Funds

Prior to delivering any Title IV funds to the student or parent borrower, the school is required to provide a notice to the student providing information about the amount of funds that the

student or his or her parent can expect to receive under each Title IV program. Regulations require this notice (i.e., award letter) to be provided only to the student. The notice must include:

- The amount of proceeds the student or his or her parent can expect to receive for each loan type. For loans made using a Master Promissory Note (MPN), the school's award letter may include proposed loan amounts and loan types. It may also include instructions to the borrower either to accept the loans(s) offered by responding to the school in writing or electronically, or to take action only if requesting a cancellation or reduction of the loan amount offered (See Subsection 8.2.B for confirmation requirements). In the case of proceeds available to the certain Pell grant-eligible students or other Title IV-eligible students for necessary books and supplies, the school must describe the method by which aid is determined and disbursed, delivered, or applied to a student's account and the frequency of those disbursements. The information must indicate whether the school would enter a charge on the student's account at the school for necessary books and supplies or pay funds to the student directly. [§668.164(h)(i)]

Revise Section 8.3, page 4, column 1, paragraph 2, as follows:

8.3 Required Authorizations

A school must have written authorization from a student or parent borrower, as applicable, to perform the following activities:

- Deliver Stafford or PLUS loan proceeds received by EFT or master check ...
- Use the Stafford or PLUS loan proceeds to pay for current year charges other than tuition, fees, and contracted room and/or board . . .
- . . .
- . . .

A school must obtain a parent PLUS borrower's written authorization to deliver parent PLUS loan funds directly to the student in addition to any other authorization it must obtain from the student (e.g., an authorization to deliver funds to the student's bank account or to the student's stored-value card).

When a school is providing a method for Pell-grant eligible students to obtain necessary books and supplies by the seventh day of classes, the Department considers that a student authorizes the use of Title IV aid at the time the student uses the method provided by the school the school need not collect an additional authorization from the student. [§668.164(h)(i)]

Revise Subsection 8.7.C, page 11, column 2, by adding a new paragraph 3, as follows:

Applying Estimated Amounts

When a school credits an estimated amount of school funds to a student's account in advance of the receipt of FFELP proceeds, and this occurs earlier than 10 days before the first day of the payment period, the Department considers the loan proceeds to have been delivered on the 10th day before the first day of the payment period. If the school does not record the advance funds as an estimated amount, the Department considers the delivery to have occurred on the date the school recorded the credit to the student's account. [§668.164(a)(2)]

Provisions for Necessary Books and Supplies

A school must provide certain Pell grant-eligible students with a method to obtain or purchase necessary books and supplies required for the payment period. A school must ensure that

the student has access to those funds or to the necessary books and supplies no later than the seventh day of the payment period. A school must provide this access to funds if all of the following criteria apply:

- The student is eligible for Pell grant funds.
- The school could disburse funds 10 days prior to the start of the payment period for that student.
- The disbursement of all funds for which the student was eligible 10 days prior to the start of the payment period would create a credit balance.

The school must make a single option available to eligible students and the school may provide an alternative method by which the students may obtain necessary books and supplies if the student opts out of the preferred method. A school has several options for providing its students with a method to obtain the necessary books and supplies – for example: cash or check; stored-value card or bookstore voucher; or, a short term loan.

The school should not consider the amount of the Stafford loan disbursement in determining the credit balance, because the school may not disburse those funds 10 days before the start of that student's payment period. Also, the school would not consider Title IV aid that has not yet been awarded to a student at least 10 days before the start of classes because the student missed a financial aid deadline.

If, 10 days prior to the payment period, the student has not completed the verification process, has an unresolved "C" code on the SAR and ISIR, or has unresolved conflicting information the school would not be permitted to disburse the funds.

When two eligible schools have a consortium agreement, the payment period of the school that pays the funds dictates the timing of the student's ability to obtain the necessary books and supplies. If the "home" school pays the funds, then the student must be able to purchase the necessary books and supplies by the seventh day of the payment period of the home school; if the "host" school pays the funds, then the student must be able to purchase the necessary books and supplies by the seventh day of the payment period at the host school.

Although this is a requirement for Pell grant-eligible students, a school may use the same process to make funds for necessary books and supplies available to all of its Title IV eligible students.

[§668(h)(i)]

Revise Subsection 8.7.D, page 11, column 2, by adding a new paragraph 4, as follows:

8.7.D

Delayed Delivery

Unless a school qualifies for an exemption (see the following paragraphs), the school must not deliver the first disbursement of a Stafford loan to a first year undergraduate student who is a first time borrower (that is, an undergraduate student who is enrolled in the first year of a program of study and who has not previously received a Stafford (FFELP or Direct) or SLS loan until the student completes the first 30 days of his or her program of study. Delivery includes crediting proceeds to the student's account as well as delivering proceeds directly to the student. Before the delivery of proceeds, the school must confirm the student's eligibility.

Note: A school must make available a method by which a Pell grant-eligible student may obtain or purchase necessary books and supplies. A school may not consider a first disbursement of Stafford loan funds as funds for which the student would have been eligible 10 days prior to the start of the payment period if the student is subject to the 30-day delayed delivery provisions.

[HEA §428G(b)(1); §668(f)(3); §668(h)(i); §682.604(c)(5)]

Revise Subsection 8.8.B, page 16, column 1, paragraph 2, by adding a new cross reference, as follows:

8.8

Managing Credit Balances

A credit balance is created when a school credits Title IV funds to a student's account and the total amount of funds credited to the account exceeds the amount of tuition and fees, contracted room and board, and other authorized charges that the school assessed the student. See Section 8.3 for information about required authorizations and Subsection 8.7.1 for a description of what constitutes authorized charges. See Subsection 8.7.C subheading *Provisions for Necessary Books and Supplies* for more information on managing that credit balances.
[§668(i)]

Revise Subsection 8.9.B, page 20, column 1, by adding new paragraphs 5 and 6, as follows:

8.9.B

Return of Ineligible Borrower Loan Funds

If ~~FFELP~~ loan funds have been delivered to, or on behalf of, a student who did not begin attendance in a loan period, or payment period within the loan period, the borrower may be considered ineligible for those funds. A student did not begin attendance in any class during a loan period, or during a payment period within the loan period. The determination of whether the ineligibility is due to borrower, school, or lender error is contingent upon when the funds were delivered. See Section 5.16 for more information about ineligibility for loan funds due to borrower, school, or lender error.

If a student does not begin attendance at the school and the school has credited the student's account or delivered any Title IV aid directly to the student, the school must return all of those funds to the respective program(s). Those funds must be returned as soon as possible, but no later than 30 days after the date the school determined that the student did not begin attendance. The funds that the school must return are not a student Title IV liability and will not affect the student's Title IV eligibility. However, school charges not paid by financial assistance are a student liability owed to the school and subject to the school's own collection process.

If the school provides a bookstore voucher for a student to obtain or purchase necessary books and supplies, those expenses for the required course materials are considered school charges because the student does not have a real and reasonable opportunity to purchase the materials from any other source. The school must include those charges as school charges in determining the portion of unearned, Title IV aid that the school is responsible for returning.
[§668(ii)]

Revise Subsection 9.5.A, page 11, column 2, by adding new paragraphs 5 and 6, as follows:

9.5.A

Return Amounts for Title IV Grant and Loan Programs

If a student has completed more than 60% of the payment period, he or she is considered to have earned 100% of the Title IV grant and loan aid received for the payment period. In this case, no funds need to be returned to the Title IV aid programs.
[§668.22(e)(2)(ii)]

However, if a student withdraws before completing more than 60% of the payment period or period of enrollment, the amount of any Title IV aid loan and grant aid the student received for the payment period (or period of enrollment) must be calculated to reflect the portion of the payment period that he or she completed prior to withdrawal. The unearned Title IV loan and grant aid for the percentage of the payment period not completed must be returned to the applicable Title IV aid programs.

If a student does not begin attendance at the school and the school has credited the student's account or delivered any Title IV aid directly to the student, the school must return all of those funds to the respective program(s). Those funds must be returned as soon as possible, but

no later than 30 days after the date the school determined that the student did not begin attendance. The funds that the school must return are not a student Title IV liability and will not affect the student's Title IV eligibility. However, school charges not paid by financial aid are a student liability owed to the school and subject to its own collection process.

If the school provides a bookstore voucher for a student to obtain or purchase necessary books and supplies, those expenses for the required course materials are considered school charges because the student does not have a real and reasonable opportunity to purchase the materials from any other source. The school must include those charges as school charges in determining the portion of unearned Title IV aid that the school is responsible for returning.
[§668(i)]

PROPOSED LANGUAGE - COMMON BULLETIN:

Provisions for Necessary Books and Supplies

The *Common Manual* has been revised to incorporate final rules published in the *Federal Register* on October 29, 2010. The Manual has been updated to include information about the school's requirement to provide Pell grant-eligible students with a method to obtain or purchase necessary books and supplies. The school must provide the necessary funds or access to the necessary books and supplies no later than the seventh day of the payment period. A student who is eligible for Pell grant funds is eligible for the necessary books and supplies disbursement if the school could disburse funds 10 days prior to the payment period for that student and, if those funds were disbursed, they would create a credit balance.

The school must describe in its financial aid information and its notifications to the enrolled or prospective student, the way this aid is determined and disbursed, delivered, or applied to a student's account and the frequency of those disbursements. The information must indicate whether the school would enter a charge on the student's account at the school for necessary books and supplies or pay funds to the student directly.

A school determines whether a credit balance would be created by applying Title IV funds to authorized charges. If the student is subject to the 30-day delay for loan funds, the school may not consider the loan funds when determining the credit balance for these purposes. The school also would not include other aid not yet awarded to the student at that time. The amount the school must provide to an eligible student is the lesser of the presumed credit balance or the amount needed by the student. The amount to consider when determining the total needed for this purchase may be the necessary books and supplies estimate used in the student's cost of attendance or the actual cost of the necessary books and supplies. A school that includes the cost of necessary books and supplies in the student's tuition and provides the necessary books and supplies to its students at or prior to the payment has met the requirement.

If, 10 days prior to the payment period, the student has not completed the verification process, has an unresolved "C" code on the SAR and ISIR, or has unresolved conflicting information the school would not be permitted to deliver the funds.

A school has several options for providing its students with a method to obtain the necessary books and supplies – for example: cash or check; stored-value card or bookstore voucher; or, a short term loan.

A school must have an "opt out" policy for its students. If the student chooses to opt out of the school's method, the school may offer another method to the student. A school has several options for providing its students with a method to obtain the necessary books and supplies – for example: cash or check; stored-value card or bookstore voucher; or, a short term loan. If the student does use the school's method, no additional authorization from the student is necessary.

When two eligible schools have a consortium agreement, the payment period of the school that pays the funds dictates the timing of the student's ability to obtain the necessary books and supplies. If the "home" school pays the funds, then the student must be able to purchase the necessary books and supplies by the seventh day of the payment period of the home school; if the "host" school pays the funds, then the student must be able to purchase the necessary books and supplies by the seventh day of the payment period at the host school.

Although this is a requirement for Pell grant recipients, a school may use the same process to make funds available to all of its Title IV aid eligible students for the purchase of necessary books and supplies.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Student/Borrower:

Certain Pell grant-eligible students will be provided a method to obtain or purchase necessary books and supplies for the enrollment period in a timely manner.

School:

A school must provide a method for providing certain Pell grant-eligible students with a method to obtain or purchase necessary books and supplies required for the payment period no later than the seventh day of the payment period.

Lender/Service:

None.

Guarantor:

None.

U.S. Department of Education:

The Department may need to amend its program review procedures.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

November 10, 2010

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

om/edited-as and kk

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: February 25, 2011

X	DRAFT	Comments Due	Mar 18
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Last Date of Attendance at an Academically-Related Activity

AFFECTED SECTIONS: 9.4 Withdrawal Dates

POLICY INFORMATION: 1247/Batch 178

EFFECTIVE DATE/TRIGGER EVENT: Student withdrawal determinations made by a school on or after July 1, 2011.

BASIS:
§668.22(l)(7).

CURRENT POLICY:

Current policy permits a school that is not required to take attendance to use the last date of participation in an academically related activity as the withdrawal date for a student who withdraws without initiating the school's withdrawal process. Current policy also provides examples of events that constitute an academically related activity.

REVISED POLICY:

Revised policy modifies the examples of events that constitute an academically related activity and clarifies that academically related activities do not include activities where a student may be present but not academically engaged. Also, revised policy provides new examples of activities that are not considered academically related.

REASON FOR CHANGE:

This change is necessary to incorporate final rules published in the October 29, 2010, *Federal Register*.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Section 9.4, page 9, column 1, paragraph 1, as follows:

As an alternative to the preceding dates, the school may use one of the following as a withdrawal date when a student does not initiate the withdrawal process:

- The last date of participation by the student in an academically related activity as documented by the school. An "Academically related activities" "academically related activity" includes, but are-is not limited to: exams, tutorials, computer-assisted instruction, academic counseling, turning in class assignments, or attending study groups assigned by the school.
 - Physically attending a class where there is an opportunity for a direct interaction between the instructor and the student.
 - Submitting an academic assignment.
 - Taking an exam.
 - Participating in an interactive tutorial.
 - Engaging in computer-assisted instruction.
 - Attending a study group that is assigned by the school.
 - Participating in an online discussion about academic matters.
 - Initiating contact with a faculty member to ask a question about the academic

subject studied in the course.
[§668.22(l)(7)(i)(A)]

An academically related activity does not include an activity in which a student may be present but not academically engaged, including, but not limited to:

- Living in school housing.
- Participating in the school's meal plan.
- Logging into an online class without active participation.
- Participating in academic counseling or advisement.

[§668.22(l)(7)(i)(B)]

The school's must confirm and documentation of such document the student's participation in an academically related activity-activities must contain confirmation that the student participated. A school may not rely solely on a student's self-certification that he or she participated in an academically related activity.

[§668.22(c)(3)(i) and (ii); §668.22(l)(7)(ii)]

- The date, as determined by the school, when circumstances beyond the student's control occurred. . .

. . .

PROPOSED LANGUAGE - COMMON BULLETIN:

Last Date of Attendance at an Academically Related Activity

The *Common Manual* has been revised to incorporate final rule changes published in the *Federal Register* dated October 29, 2010. A school may use a last date of participation in an academically related activity as the withdrawal date for a student for whom the school is not required to record attendance, and who withdraws without initiating the school's withdrawal process. The Manual has been updated to include a revised list of examples of academically related activities, as follows:

- Physically attending a class where there is an opportunity for a direct interaction between the instructor and the student.
- Submitting an academic assignment.
- Taking an exam.
- Participating in an interactive tutorial.
- Engaging in computer-assisted instruction.
- Attending a study group that is assigned by the school.
- Participating in an online discussion about academic matters.
- Initiating contact with a faculty member to ask a question about the academic subject studied in the course.

An academically related activity does not include an activity in which a student may be present but not academically engaged, including, but not limited to:

- Living in school housing.
- Participating in the school's meal plan.
- Logging into an online class without active participation.

- Participating in academic counseling or advisement.

The school must confirm and document the student's participation in an academically related activity. A school may not rely solely on a student's self-certification that he or she participated in an academically related activity.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Student/Borrower:

A student for whom the school is not required to take attendance and who does not initiate the school's withdrawal process must participate in an academically engaging activity in order for the student's withdrawal date to be based on a last date of participation in an academically related activity.

School:

A school that has the option to base a student's withdrawal date on a last date of participation in an academically related activity—and that wishes to exercise that option—may find it necessary to modify its procedures to ensure that only appropriate activities are considered academically related. A school that provides online programs may no longer establish a last date of participation in an academically related activity solely on the basis of determining and documenting that a student logged into an online class or participated in academic counseling or advisement. The school may need to review its procedures to ensure that, in all cases, it independently confirms and documents the student's participation.

Lender/Service:

None.

Guarantor:

A guarantor may need to revise its compliance and training tools for schools.

U.S. Department of Education:

The Department may need to modify its program review procedures for schools.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

February 4, 2011

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

jcs/edited-kk

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: February 25, 2011

X	DRAFT	Comments Due	Mar 18
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Return of Title IV Funds in a Credit-Hour Program Offered in Modules

AFFECTED SECTIONS: 9.4 Withdrawal Dates
9.5.A Return Amounts for Title IV Grant and Loan Programs

POLICY INFORMATION: 1248/Batch 178

EFFECTIVE DATE/TRIGGER EVENT: School determinations of a student's withdrawal from a credit-hour program offered in modules on or after July 1, 2011.

BASIS:

668.22(a)(2) and (f); *Federal Register* dated October 29, 2010, pp. 66893 to 66897.

CURRENT POLICY:

Current policy states that a student is considered to have withdrawn from a standard term-based credit-hour program offered in modules if the student withdraws prior to the completion of at least one course in one module. Current policy also explains special principles that apply when determining the appropriate values used to calculate the percentage of the payment period completed in a standard term-based credit-hour program offered in modules.

REVISED POLICY:

Revised policy states that a student is considered to have withdrawn from a credit-hour program offered in modules if the student does not complete all of the calendar days in the payment period or period of enrollment that the student was scheduled to attend. Clarification is provided for classes the student is "scheduled to attend" in cases when a student drops or adds a course prior to ceasing attendance. A student enrolled in a non-term-based or nonstandard-term-based credit-hour program offered in modules is considered to have withdrawn if the student is not scheduled to begin another course within 45 days after the end of the module that the student ceased attending, unless the student is on an approved leave of absence. If a student enrolled in a credit-hour program offered in modules does not earn at least one passing grade in the last course(s) of the last module that he or she was scheduled to attend and the school cannot demonstrate that the student completed the last course(s), the school must assume that the student unofficially withdrew. Revised policy clarifies the percentage of the period completed for a student who withdraws from such a program.

Revised policy provides a decision tree for determining whether a student has withdrawn from a credit-hour program offered in modules, describes cases in which a student who ceases attendance in a credit-hour program offered in modules is not considered to have withdrawn, and describes events that may require a school to disburse unearned aid that was previously returned or canceled due a student's withdrawal when the student returns to a subsequent module within the same payment period or, as applicable, period of enrollment.

REASON FOR CHANGE:

This change is required to conform to final rule changes published in the October 29, 2010, *Federal Register*.

Note: See proposal #1238, Batch 176, for a proposed glossary definition of "module." See proposal #1243 in Batch 177, for proposed Manual text that addresses a withdrawn student's eligibility for Title IV aid when the student returns to the same term-based, credit-hour program offered in modules.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Section 9.4, page 9, column 1, paragraph 3, as follows:

...

If a student does not earn a passing grade in at least one class in which he or she was

enrolled, the school may not presume that the student completed the payment period or period of enrollment, as applicable. If the school cannot confirm the student's attendance through the end of the payment period or period of enrollment, as applicable, the school must use either the midpoint of the period or the student's last day of participation in an academically related activity—as documented by the school—as the student's withdrawal date.

[DCL GEN-04-03; ~~09-10~~ 10-11 FSA Handbook, Volume 5, Chapter 2, pp. ~~5-75 to 5-76~~ 5-77 to 5-78]

For a student enrolled in a credit-hour program offered in modules, a school must apply different rules for determining whether a student has unofficially withdrawn based on a failing grade(s). See the subheading *Withdrawal from a Credit-Hour Program Offered in Modules*, below.

~~Withdrawals from Standard Term-Based~~ a Credit-Hour Programs Offered in Modules

~~When a student withdraws from a standard term-based program offered in modules, the school must determine if a return of Title IV funds calculation is necessary based on the following criteria. (See Subsection 9.5.A for information about the principles that apply to a withdrawal from a standard term-based program offered in modules.)~~

- ~~• If the student withdraws after the completion of at least one course in one of the modules within the term, the student is not considered to have withdrawn for return of Title IV funds purposes and a return calculation is not required. A school is not required to perform a return of Title IV funds calculation or return a Stafford or PLUS loan disbursement that the school had previously delivered to a student who dropped to less than half-time enrollment resulting from the student's failure to begin attendance in all subsequent modules in a term. In such a case, the student was scheduled to attend on at least a half-time basis during the term at the time the school delivered Stafford or PLUS loan funds.~~

~~If a student's withdrawal after completing at least one course in one module within a term results in the student's failure to begin attendance in the number of credit hours for which a Pell grant was awarded, a school must recalculate the student's eligibility for the Pell grant and campus-based funds based on a revised cost of attendance and enrollment status. See the 09-10 FSA Handbook, Volume 5, Chapter 2, and Volume 3, Chapter 3, for more information.~~

- ~~• If the student withdraws prior to the completion of at least one course in one module, the student is considered to have withdrawn and the return of Title IV funds requirements apply, with one exception noted in the bullet immediately below. If a student withdraws before beginning attendance on at least a half-time basis, the school must not include an undelivered Stafford or PLUS loan disbursement in aid that could have been disbursed for the purpose of the return of Title IV funds calculation. The student is not eligible to receive a post-withdrawal disbursement of Stafford or PLUS loan funds. If a student's withdrawal prior to the completion of at least one course in one module results in the student's failure to begin attendance in the number of credit hours for which a Pell grant was awarded, the school must recalculate the student's eligibility for a Pell grant and campus-based funds based on a revised cost of attendance and enrollment status before the school performs the return of Title IV funds calculation. The school then performs a return of Title IV funds calculation using the student's revised Pell grant and campus-based award. See the 09-10 FSA Handbook, Volume 5, Chapter 2, and Volume 3, Chapter 3, for more information.~~
- ~~• If the student withdraws prior to the completion of at least one course in one module and the student provides confirmation to the school—subsequent to his or her withdrawal from the course—that he or she plans to attend a module later in that term, the student is not considered to have withdrawn for return of Title IV funds purposes. The school may not rely solely on registration information obtained from the student prior to his or her withdrawal.~~

- ~~If the student withdraws prior to the completion of at least one course in one module and provides confirmation that he or she plans to attend a subsequent module within the term but then fails to do so, the student is considered to have withdrawn as of the date that would have applied if the student had not indicated his or her intent to return in a subsequent module within the term.~~

A school determines if a student enrolled in a course of study offered in modules is considered withdrawn and whether a return of Title IV funds calculation is necessary based on the date the student ceases attendance; the structure of the program of study; whether the student enrolled in the module that he or she ceased attending; and, in some cases, the student's course grade(s) or stated intent to attend a subsequent module.

- A student enrolled in a credit-hour program offered in modules is considered to have withdrawn if the student does not complete all of the calendar days in the payment period or period of enrollment that the student was scheduled to attend.
 - A course offered in a module that a student officially drops prior to ceasing attendance is not considered a course that the student was scheduled to attend, unless the student remained enrolled in another concurrent course(s) in the module.
 - A course offered in a module that a student officially adds prior to ceasing attendance is considered a course that the student was scheduled to attend.
 - A module in which the student does not enroll is not considered a module that the student was scheduled to attend.

[§668.22(a)(2)(i)(A); *Federal Register* dated October 29, 2010, p. 66895]
- If a student enrolled in a credit-hour program offered in modules does not earn at least one passing grade in the in the last course(s) of the last module that he or she was scheduled to attend, and the school cannot demonstrate that the student completed the last course(s), the school must assume that the student unofficially withdrew.
[*Federal Register* dated October 29, 2010, p. 66896]
- A student enrolled in a non-term-based or nonstandard-term based program offered in modules is considered to have withdrawn—regardless of whether the student notifies the school of his or her intent to withdraw—if the student is not scheduled to begin another course within 45 days after the end of the module that the student last attended, unless the student is on an approved leave of absence (See Section 9.3 for more information about leaves of absence).
[§668.22(a)(2)(i)(C)]
- A student who ceases attendance in a credit-hour program offered in modules is *not* considered to have withdrawn if the school obtains written confirmation from the student at the time of his or her withdrawal that the student will attend a subsequent module in the same payment period or, as applicable, during the same period of enrollment. The school may not rely solely on the student's enrollment or registration in a subsequent module prior to his or her withdrawal. For a student who ceases attendance in a non-term-based or nonstandard-term-based program offered in modules, the subsequent module must begin within 45 days after the end of the module in which the student ceased attendance.
[§668.22(a)(2)(ii)(A)(1) and (2); *Federal Register* dated October 29, 2010, p. 66893]
- A student who ceases attendance in a credit-hour program offered in modules and who provides written confirmation of the intent to attend a subsequent module in the same payment period or period of enrollment may change the date that he or she will return to a module that begins later in the period. In such a case, the student is not considered to have withdrawn if the school obtains—prior to the original return date that the student previously confirmed—written confirmation from the student that he or

she will resume attendance in the later module. For a student who ceases attendance in a non-term-based or nonstandard-term-based program offered in modules, the later module must begin within 45 days after the end of the module in which the student ceased attendance.

[§668.22(a)(2)(ii)(B)(1) and (2)]

- If a student withdraws from a credit-hour program offered in modules and provides written confirmation of future attendance in subsequent module but then fails to do so, the student is considered to have withdrawn as of the date that would have applied if the student had not indicated his or her intent to return in a subsequent module.
[§668.22(a)(2)(ii)(C)]

A school should use the following decision-making process to determine whether a student enrolled in a credit-hour program offered in modules has withdrawn:

Step 1: After beginning attendance in the payment period or, as applicable, period of enrollment, did the student cease to attend or fail to begin attendance in a course he or she was scheduled to attend?

– No: This is not a withdrawal.

– Yes: Go to Step 2.

Step 2: When the student ceased to attend or failed to begin attendance in a course he or she was scheduled to attend, was the student still attending any other course(s) offered in a module?

– Yes: This is not a withdrawal.

– No: Go to Step 3.

Step 3: Did the school obtain, at the time of the student's withdrawal, written confirmation that the student would resume attendance in a course in a subsequent module? (Note: in a non-term-based or nonstandard-term-based program, the subsequent module must begin no later than 45 calendar days after the ending date of the module in which the student ceased attendance.)

– Yes: This is not a withdrawal, unless the student does not resume attendance as previously confirmed.

– No: This is a withdrawal.

[Federal Register dated October 29, 2010, p. 66895 and 66896]

If a student enrolled in a credit-hour program offered in modules withdraws before beginning attendance on at least a half-time basis, the school must not make a post-withdrawal disbursement of Stafford or PLUS loan funds to the student. However, a school must include in aid that could have been disbursed for the purpose of the return of Title IV funds calculation an undelivered Stafford or PLUS loan disbursement intended for the payment period or as applicable, period of enrollment in which the student withdrew, if the conditions for making a late disbursement were met as of the date of the student's withdrawal. A school that calculates a return of Title IV funds on a period of enrollment basis may be required to include a subsequent undelivered disbursement(s) of Stafford or PLUS loan funds in aid that could have been disbursed for the purpose of the return of Title IV funds calculation. See Subsection 9.5.A.

[FSA Handbook, Volume 5, Chapter 2, pp. 5-67 to 5-71]

If a student's withdrawal results in the student's failure to begin attendance in the number of credit hours for which a Pell grant was awarded, the school must recalculate the student's eligibility for a Pell grant and campus-based funds based on a revised cost of attendance and enrollment status before the school performs the return of Title IV funds calculation. The school then performs a return of Title IV funds calculation using the student's revised Pell

grant and campus-based award.
[Federal Register dated October 29, 2010, p. 66895]

A school that established a withdrawal date for a student may be required to treat the student as if he or she had not withdrawn, and may be required to disburse unearned aid that was previously returned or that was previously canceled if any of the following events occur:

- A student withdraws from a standard term-based program offered in modules, fails to confirm the intent to reenroll in a subsequent module within the same payment period, and the student does return to a subsequent module within the same payment period.
- A student withdraws from a non-term-based or nonstandard-term-based program, fails to confirm the intent to reenroll in a subsequent module in the same payment period or, as applicable, period of enrollment, and the student does return to a subsequent module that begins no later than 45 days after the end of the module in which the student withdrew.
- A student enrolled in a non-term-based or nonstandard-term-based program offered in modules is not scheduled to attend a subsequent module that begins no later than 45 days after the end of the module that the student last attended, and the student does enroll in a module that begins within that 45-day timeframe.

In the instances noted above, the school must apply the following rules to determine a student's eligibility for Title IV aid that the school may have previously returned or canceled:

- For a student who reenrolls in a non-term-based credit-hour program offered in modules, the school must determine the student's eligibility for Title IV aid in accordance with the rules for a student who withdraws and reenters a non-term-based credit-hour program within 180 days. See Subsection 6.3.F for more information.
- For a student who reenrolls in a standard term-based program or a nonstandard-term-based program offered in modules, the school must determine the student's eligibility for Title IV aid in accordance with the rules for a student who withdraws and reenters a term-based credit-hour program offered in modules before the end of the payment period or, as applicable, period of enrollment. See Subsection 8.7.G for further information.

[668.(a)(2)(iii); Federal Register dated October 29, 2010, p. 66894]

See Subsection 9.5.A for additional information about the values used to calculate the percentage of the payment period completed when a student withdraws from a ~~standard term-based program using credit-hour program~~ offered in modules.

~~[DCL GEN-00-24; 09-10 FSA Handbook, Volume 5, Chapter 2, pp. 5-78 to 5-80]~~

Revise Section 9.4, page 10, column 2, paragraph 1, as follows:

Date of Determination of a Student's Withdrawal Date

...

Time Frames Applicable to the Date of Determination

For a student who does not provide official notification of his or her withdrawal, the school must determine the student's withdrawal date within 30 days from the earliest of:

- The end of the payment period or period of enrollment for which the student was charged.
- The end of the academic year during which the student withdrew.
- The end of the educational program from which the student withdrew.

Note: Special rules apply to the maximum time frame for a school's determination that a student withdrew from a non-term-based or nonstandard-term based program offered in modules. See the subheading *Withdrawal From A Credit-Hour Program Offered in Modules* in this subsection for more information.

Revise Subsection 9.5.A, page 12, column 1, paragraph 2, as follows:

Determining the Percentage of Payment Period/Period of Enrollment Completed

...

~~Standard Term-Based Credit-Hour Programs Offered in Modules~~

Special principles apply when determining the appropriate values used in the calculation of the percentage of the payment period or, as applicable, period of enrollment, completed in a standard term-based credit-hour program offered in modules (see the glossary definition of "module") has the following characteristics:

- ~~Some or all of the courses in the program are offered in modules that are scheduled sequentially rather than concurrently. (The modules may overlap.)~~
- ~~Two or more modules make up a standard term at the institution (e.g., a 12-week term is offered in three 4-week modules).~~
- ~~A student may begin his or her program of study at the beginning of any module in the term.~~
- ~~A student may skip one or more modules in the term.~~
- ~~A student must enroll up front in all modules he or she plans to attend within the term, although he or she may subsequently add or drop a course.~~

~~[DCL GEN-00-24; 09-10 FSA Handbook, Volume 5, Chapter 2, pp. 5-78 and 5-79]~~

If a student withdraws from such a modular credit-hour program offered in modules without completing at least one course in one module, the payment period or, as applicable, period of enrollment, used in the denominator to calculate the percentage of the payment period completed includes the number of calendar days in all of the modules the student was scheduled to attend in the semester, trimester or quarter. (See Section 9.4, under the subheading *Withdrawal from a Credit-Hour Program Offered in Modules*, for more information about days that a student is scheduled to attend.) The payment period or, as applicable, period of enrollment begins on the first day of the first module that the student was scheduled to attend and ends on the last day of classes of the last module that the student was scheduled to attend. A school must exclude from the total number of calendar days in the payment period or, as applicable, period of enrollment the number of calendar days in which the student was on an approved leave of absence or scheduled breaks of at least five consecutive days when the student is not scheduled to attend a module or other course offered during a module. For example, if the school's term consists of three modules of 5 weeks or 35 calendar days each, and the student only enrolled in two modules, the denominator in the calculation of the percentage of the payment period completed would be 70 days, not 105 days. The number of calendar days used in the numerator to calculate the percentage of the period completed begins on the first day of the first module that the student actually attended in the term, ends on the last day the student was in attendance, and includes only the number of calendar days during which the student was in attendance.

For example, a school combines an intersession of three weeks of instructional time with a standard fall semester to form a single, combined term that the school treats, for the purposes of Title IV aid, as a standard semester for all students enrolled in the program (See Subsection 6.3.A). The school must treat the fall term and the intersession as modules in the single, combined term for all students enrolled in the program. A student enrolls in (i.e., is scheduled to attend) the fall semester and the 3-week intersession. If the student ceases

attendance during the single, combined term, the denominator used in the calculation of the percentage of the payment period completed includes the number of calendar days in both the fall term and the intersession, except for scheduled breaks of at least five consecutive days and days in which the student was on an approved leave of absence.
[DCL GEN-00-24; 09-10 FSA Handbook, Volume 5, Chapter 2, p. 5-79 §668.22(f)(1)(i); §668.22(f)(2)(i) and (ii); *Federal Register* dated October 29, 2010, pp. 66896 and 66897]

...

PROPOSED LANGUAGE - COMMON BULLETIN:

Return of Title IV Funds in a Credit-Hour Program Offered in Modules

The *Common Manual* has been revised to incorporate final rule changes published in the October 29, 2010, *Federal Register*.

A school determines if a student enrolled in a course of study offered in modules is considered withdrawn and whether a return of Title IV funds calculation is necessary based on the date the student ceases attendance, the structure of the program of study, whether the student enrolled in the module that he or she ceased attending, and, in some cases, the student's course grade(s) or stated intent to attend a subsequent module.

- A student enrolled in a credit-hour program offered in modules is considered to have withdrawn if the student does not complete all of the calendar days in the payment period or period of enrollment that the student was scheduled to attend.
 - A course offered in a module that a student officially drops prior to ceasing attendance is not considered a course that the student was scheduled to attend, unless the student remained enrolled in another concurrent course(s) in the module.
 - A course offered in a module that a student officially adds prior to ceasing attendance is considered a course that the student was scheduled to attend.
 - A module in which the student does not enroll is not considered a module that the student was scheduled to attend.
- If a student enrolled in a credit-hour program offered in modules does not earn at least one passing grade in the in the last course(s) of the last module that he or she was scheduled to attend, and the school cannot demonstrate that the student completed the last course(s), the school must assume that the student unofficially withdrew.
- A student enrolled in a non-term-based or nonstandard-term based program offered in modules is considered to have withdrawn—regardless of whether the student notifies the school of his or her intent to withdraw—if the student is not scheduled to begin another course within 45 days after the end of the module that the student last attended, unless the student is on an approved leave of absence.
- A student who ceases attendance in a credit-hour program offered in modules is *not* considered to have withdrawn if the school obtains written confirmation from the student at the time of his or her withdrawal that the student will attend a subsequent module in the same payment period or, as applicable, during the same period of enrollment. The school may not rely solely on the student's enrollment or registration in a subsequent module prior to his or her withdrawal. For a student who ceases attendance in a non-term-based or nonstandard-term-based program offered in modules, the subsequent module must begin within 45 days after the end of the module in which the student ceased attendance.
- A student who ceases attendance in a credit-hour program offered in modules and who provides written confirmation of the intent to attend a subsequent module in the same payment period or period of enrollment may change the date that he or she will return to a module that begins later in the period. In such a case, the student is not considered to have withdrawn if the school obtains—prior to the original return date that the student previously confirmed—written confirmation from the student that he or she will resume attendance in the later module. For a student who ceases attendance in a non-term-based or nonstandard-term-based program offered in modules, the later module must begin within 45 days after the end of the module in which the student ceased attendance.

- If a student withdraws from a credit-hour program offered in modules and provides written confirmation of future attendance in subsequent module but then fails to do so, the student is considered to have withdrawn as of the date that would have applied if the student had not indicated his or her intent to return in a subsequent module.

Revised policy includes a step-by-step decision-making process that a school should use to determine whether a student enrolled in a credit-hour program offered in modules has withdrawn.

If a student enrolled in a credit-hour program offered in modules withdraws before beginning attendance on at least a half-time basis, the school must not make a post-withdrawal disbursement of Stafford or PLUS loan funds to the student. However, a school must include in aid that could have been disbursed for the purpose of the return of Title IV funds calculation an undelivered Stafford or PLUS loan disbursement intended for the payment period or, as applicable, period of enrollment in which the student withdrew, if the conditions for making a late disbursement were met as of the date of the student's withdrawal. A school that calculates a return of Title IV funds on a period of enrollment basis may be required to include a subsequent undelivered disbursement(s) of Stafford or PLUS loan funds in aid that could have been disbursed for the purpose of the return of Title IV funds calculation.

A school that established a withdrawal date for a student may be required to treat the student as if he or she had not withdrawn, and may be required to disburse unearned aid that was previously returned or that was previously canceled if any of the following events occur:

- A student withdraws from a standard term-based program offered in modules, fails to confirm the intent to reenroll in a subsequent module within the same payment period, and the student does return to a subsequent module within the same payment period.
- A student withdraws from a non-term-based or nonstandard-term-based program, fails to confirm the intent to reenroll in a subsequent module in the same payment period or, as applicable, period of enrollment, and the student does return to a subsequent module that begins no later than 45 days after the end of the module in which the student withdrew.
- A student enrolled in a non-term-based or nonstandard-term-based program offered in modules is not scheduled to attend a subsequent module that begins no later than 45 days after the end of the module that the student last attended, and the student does enroll in a module that begins within that 45-day timeframe.

In the instances noted above, the school must apply the following rules to determine a student's eligibility for Title IV aid that the school may have previously returned or canceled:

- For a student who reenrolls in a non-term-based credit-hour program offered in modules, the school must determine the student's eligibility for Title IV aid in accordance with the rules for a student who withdraws and reenters a non-term-based credit-hour program within 180 days.
- For a student who reenrolls in a standard term-based program or a nonstandard-term-based program offered in modules, the school must determine the student's eligibility for Title IV aid in accordance with the rules for a student who withdraws and reenters a term-based credit-hour program offered in modules before the end of the payment period, or as applicable, period of enrollment.

If a student withdraws from a credit-hour program offered in modules, the payment period or, as applicable, period of enrollment, used in the denominator to calculate the percentage of the period completed includes the number of calendar days in all of the modules the student was scheduled to attend. The payment period or period of enrollment begins on the first day of the first module that the student was scheduled to attend and ends on the last day of classes of the last module that the student was scheduled to attend. A school must exclude from the total number of calendar days in the payment period or period of enrollment days in which the student was on an approved leave of absence and scheduled breaks of at least five consecutive days when the student is not scheduled to attend a module or course offered during a module. The number of calendar days used in the numerator to calculate the percentage of the period completed begins on the first day of the first module that the student actually attended, ends on the last day the student was in attendance, and includes only the number of calendar days during which the student was in attendance.

For example, a school combines an intersession of three weeks of instructional time at the end of a standard,

fall semester to form a single, combined term that the school treats, for all FSA purposes, as a standard semester for all students enrolled in the program. The school must treat the fall term and the intersession as modules in the single, combined term for all students enrolled in the program. A student enrolls in (i.e., is scheduled to attend) the fall semester and the 3-week intersession that follows. If the student ceases attendance during the single, combined term, the denominator used in the calculation of the percentage of the payment period completed includes the number of calendar days in both the fall term and the intersession, except for scheduled breaks of at least five consecutive days and days in which the student was on an approved leave of absence.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Student/Borrower:

A borrower who withdraws from a standard term-based credit-hour program offered in modules will earn an amount of Stafford and PLUS loan funds that is more consistent with a borrower who withdraws from a non-term-based program or a credit-hour program offered in nonstandard terms.

School:

A school that offers a program comprised of one or more courses that do not span the entire length of a payment period or, as applicable, period of enrollment, may be required to evaluate the program's structure, and revise policies and procedures to ensure that it implements appropriate rules for disbursement scheduling, delivery, and return of Title IV funds in a modular program. A school with a standard term-based credit-hour program offered in modules may be required to revise its internal procedures to ensure that it establishes a withdrawal date and calculates a return of Title IV funds for a student who enrolls in (i.e., is scheduled to complete) multiple modules within the term and who withdraws after completing at least one course in one module within the term.

Lender/Servicer:

None.

Guarantor:

A guarantor may need to revise its compliance and training tools for schools.

U.S. Department of Education:

The Department may be required to revise its program review procedures and provide additional training opportunities for schools.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

November 18, 2010

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

CM Policy Committee
CM Guarantor Designees
Interested Industry Groups and Others

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