

PSC-ED-FSA-TISD

Moderator: Kevin Campbell

March 6, 2012

12:30 pm CT

Coordinator: Welcome and thank you for standing by. At this time all participants are in a listen-only mode. During the question-and-answer session, please press star 1 on your touch-tone phone. Today's conference is being recorded. If you have any objections, you may disconnect at this time. Now I would like to turn the call over to Mr. Kevin Campbell. Thank you, sir. You may begin.

Kevin Campbell: Good day to all of you. I'd like to welcome you to the U.S. Department of Education's Business Officer Training. Based on the positive reaction to our first question-and-answer Webinar that we conducted in November of 2011, we are pleased to offer another such opportunity to the Title IV business officer community.

While this Webinar will not be repeated, a PDF of the slides along with a recording and a transcript will shortly be posted to the IFAP Website. You may also download the slides now by clicking on the icon at the top of your screen that looks like three pieces of paper.

Today's training session will focus on commonly-asked questions and concerns with the business office community. Part of today's session will

consist of a series of questions and answers being presented in slide format based upon issues we have obtained from earlier training sessions and from within the business officer community.

Two of my training officer colleagues - Sandy Santana and Greg Martin - will present those Q&As. In addition, part of today's session will be also a live open question-and-answer forum with members of the audience being able to post questions over the phone to two departmental experts.

Our two experts are Jeff Baker, FSA's Director of Policy and Liaison Implementation and (John Colatta), a Policy Analyst from the Office of Post-Secondary Education.

When we reach that portion of the call, our operator will come on and provide instructions for you to follow in order to pose your questions to Jeff and (John). There is another avenue for submitting questions. The Microsoft Live Meeting tool we are using today allows you to click on the Q&A tool on the toolbar at the top of your screen.

There you can type-in a question that will go to our question managers. They will provide you with a typed response. These questions don't go to Jeff and (John) so if you would like your question to go to them, be sure to follow the operator's instructions when the time comes.

When in the Q&A tool, please do not use the icon that looks like a raised hand as we are not setup to call upon you when you click on that icon. Now I'm going to turn the call over to Jeff Baker and he's going to start us off with a few words.

Jeff Baker: Thanks Kevin and thank you everyone for taking a couple hours of your I'm sure very busy day to join us. As Kevin pointed out, after our other Webinars on issues related to business officers, we found and we think you found helpful and opportunity to follow-up with some questions which is what we're going to do.

Just to summarize what Kevin said, I'm going to turn it over in just a second to Sandy who will read the questions that you have on your slides. Greg will provide the answers which you also see on the slides.

Any of the other folks, (John) or I here in Washington or the other training officers that are on the call might want to jump in and either add to or perhaps even clarify something that was in Greg's answer so it's going to be very informal.

Hopefully more like a conversation than a presentation so just expect and don't be surprised if one of us jumps in and adds something - clarifies something - or in fact if it comes up - I expect it won't - but wants to point out that something wasn't quite correct, our objective is to get it right, not to be formally correct.

And then as Kevin mentioned as we get through these questions you've already submitted or your call you've already submitted, we'll be able to take questions. (John) and I will do our best to answer them but again our colleagues - our training officers around the country - we may ask them to answer the question.

They may jump in. We may have some other staff that we have here in Washington just to get it right, not to worry about the formalities so with that Sandy I think we can begin.

Sandy Santana: Thank you, Jeff and I as Jeff mentioned will be reading the questions as they appear in the screen and at your convenience that you could follow along on the screen with me so let's begin with Question 1.

I recall that there was a specific pecking order for the disbursement of Title IV aid and I thought that PLUS loans were to pay before students sub and unsub. Can anyone shed some light on this? I know that there's a pecking order on the return of Title IV funds but I thought there was also one for the order of disbursement. (Greg)?

(Greg): Thanks, Sandy. Regulations don't prescribe the order for posting funds to a student's account. We do however hear about a Title IV credit balance existing when Title IV funds exceed the allowable charges but the chronology of posting doesn't matter and we don't prescribe it.

We do prescribe the order in which funds have to be returned to the Title IV programs under R2T4 but that is an unrelated topic. Okay. Sandy? Hello? Am I still connected?

Kevin Campbell: All right, well we'll go ahead with questions.

Sandy Santana: I'm sorry, I was talking on mute.

(Greg): Oh, that's it, I'm sorry, Sandy.

Sandy Santana: I'm sorry.

(Greg): I thought for a moment there that we had been disconnected. Give everybody a scare.

Sandy Santana: Sorry, thank you.

(Greg): No problem.

Sandy Santana: Okay, Question 2. I have a student that withdrew from school during the fall 2011 term and owes us due to a return of funds under R2T4. She needs to pay off her fall balance before being allowed to enroll for spring 2012. The student would like to sign something allowing her spring aid to pay off the remaining fall balance.

I recall reading that Title IV aid may not be used to pay off a prior balance. Can you clarify if this is between each year or is that between semesters as well?

(Greg): Sure. This is a question we get frequently about what do we mean by a prior balance so we'll start with what our requirements say. No more than \$200 of current award year Title IV funds may be applied to a minor prior year balance so if a student's aid package includes a direct loan, that year is the loan period.

If it does not - if the student doesn't have a direct loan - then the year is the award year so assuming that this student does have a direct loan with a fall/spring loan period or has no direct loan at all, there is nothing to prohibit applying the spring aid against the fall charges because the rule does not say that you cannot apply from one semester to another.

A student authorization in this case wouldn't be necessary. However, if the student has a spring-only direct loan, then the fall charges that may be paid

with spring aid would be limited to \$200 and again no student authorization would be required. Okay?

Sandy Santana: Question 3. I'm looking for...

(John): Sandy, this is (John). I just want to add clarity here that no authorization is required if the charges are due because of tuition, fees, room or board. You still need to get the student's authorization if you're going to be using the \$200 to pay for other allowable costs.

(Greg): Thanks, (John).

Sandy Santana: Thank you, (John). Okay, Question 3. I'm looking for what the federal regulations say regarding the use of any disbursement to pay for a future term that is either or is not already a receivable on the student account. I recall the FSA handled Volume 4 that pertains to holding credit balances but am unable to find any regulation about paying a future term.

(Greg): And this question is sort of like the other one so that's why I put the two together is we are talking about using aid that was disbursed in one term to pay for charges in another. However, this question does bring up the issue of credit balances.

A Title IV aid awarded for the fall/spring may pay for allowable charges within that entire period. There is no prohibition on fall disbursements paying the spring charges but I do point out here that in all likelihood the 14-day timeframe described in the applicable regulation that you have there will necessitate paying the fall credit balance before the spring charges are posted.

We do allow for obtaining a student or parent authorization - parent in the case of a parent PLUS loan - to hold credit balances and there are conditions which apply to that.

Any authorization notwithstanding, the remaining credit balance of loan funds must be paid by the end of the loan period and the remaining balance of grant funds by the end of the last period in the award year for which they were awarded.

So what we're saying here is while you can get the authorization to hold funds throughout the year, you would not for example be able to take funds from the spring of this year and hold them over for charges in the next fall. Even with the student's authorization, that would not be permissible. Okay.

Sandy Santana: Okay, Question 4. I have a student who receives VA education benefits and Stafford loans. Our financial aid office says that it's okay that his total aid appears to exceed need. The student has an enormous credit and I am uneasy about giving him such a large refund.

(Greg): Okay, in this case the financial aid office is correct. Under statute, federal veterans education benefits are not considered estimated financial aid. You may also refer to that as a resource.

In determining when a student's eligibility in determining rather that a student's eligibility for Title IV aid, you can certainly encourage that student who has a large amount of VA education benefits to borrow less and you may wish to do so.

That might be the prudent thing to do but you cannot prohibit them from borrowing any amount they were eligible to receive and the resulting credit

balance though it may be very large must be paid as it would be paid for any other student.

So even though you might think the student's borrowing too much, those veteran's education benefits don't count as EFA and so something like this is quite possible.

Jeff Baker: (Greg), this is Jeff. Let me add to that a little bit. Under our rules, the credit balance - we call it a Title IV credit balance - and that's the amount of Title IV aid that exceeds the student's institutional charges.

There is a scenario and I won't spend a lot of time on this example that the direct loan is not in an amount that exceeds institutional charges and so what's really making the credit balance are the veteran's benefits.

If that's the case then there are no rules from the Department of Education as to how and how much - how and when - that credit balance which is VA credit balance for example get released and even if some of the credit balance is the direct loan, only that direct portion must be disbursed within the 14 days as (Greg) mentioned.

The balance of it because it's not Title IV credit balance, our rules, the Department of Education's those student aid rules to not apply. The school should just, you know, make sure they're in compliance with whatever requirements of the VA.

Sandy Santana: Thank you, Jeff. Question 5. We have a student who didn't want his loans after we received his disbursement, applied them to his account and sent him a check for the credit amount on his account.

The student brought the check back and asked that we cancel the loan. May we use those funds to make a disbursement to another student or must we return them? Are the funds excess cash and do we process a refund through G5 or just our federal funds account?

(Greg): There's a lot of questions here covering quite a few areas so I just want to point out initially that we do have cancellation provisions for loans that provide timeframes during which time the student may cancel the loan but I'm not going to go into detail about that here because that really wasn't the question but I want to point that out.

This has to do with if they are going to return the funds, how do they do it so starting off here we want to make it clear that Title IV funds are not student-specific.

You may use those funds recovered from one student to fund disbursements for another and using the example in this question, funds recovered from a student are deposited back into the federal funds account and no refund will be made through G5 as the funds will be disbursed to other students, not returned to ED if you decide to go that route.

Note that while the Title IV funds are not student-specific, disbursement records that are submitted through COD are student-specific and adjusted record for Student A reflecting his new disbursement amount of zero would have to be submitted through COD.

And remember that any previously disbursed funds deposited back into your federal funds account and not used within three business days will be considered to be excess cash. That means you must return through the refund

process in G5 any of these funds you could not disburse to other students within that three-business-day timeframe.

Or else account for the cash on hand in your next draw of federal funds to net that out against what you're going to be drawing in the future but you want to point out that recovered cash can become excess cash.

Jeff Baker: And (Greg) let me just add a couple of points to that. As (Greg) mentioned, you do need to go into COD and make the downward adjustment in COD for the students that returned loan monies in this example and that's not just because of the reconciling that needs to be done to make sure that the student's award equals the net of cash.

In the loan programs, it has the second very, very important reason that when this disbursement was made and reported to COD, we quote "book the loan" and we believe there is a loan that this borrower owes back to the government.

And so you must cancel it through COD so that we can pass it along, reverse the process through our servicer so that the servicers a little bit later are going to try to collect this money from the borrower so it's both a reconciliation of cash and also to make sure that we do not have a loan on the books that we should not.

Sandy Santana: Thank you. Question 6. With stored-value and prepaid debit cards, are funds considered paid to the student when the school electronically transfers funds to the card or financial institution, does the school have any responsibility to verify the student actually used the funds on the card or if the student is still in possession similar to the responsibilities schools have with regards to checks not cashed? How does the prohibition against Title IV funds escheat to the state?

(Greg): Yes, I always the word escheat, I just love the way it sounds to it sounds important whenever you put that into these things and so that's why it's there. If the stored-value card is issued by the institution - this would be an institutionally-issued card - the school is considered to be holding a credit balance and all the considerations on holding credit balances that we discussed earlier and that Jeff referred to would apply.

However, this question appears to relate to a stored-value card that is a prepaid credit card issued by a financial institution such as a bank. With such cards, the institution is necessarily opening an underlying account for which the student's permission must be obtained.

Since the funds are transferred from the school's account to the bank, so long as the school cannot reclaim or recall those funds to pay other charges without the student's written permission, the transaction is the equivalent of paying the funds directly to the student so the school would have no responsibility in that case to verify the funds were actually used.

As far as the issue of escheating, escheating is not an issue here since the transaction is the equivalent of paying the student directly. Escheating only comes into play where you have a check which remains uncashed and would otherwise escheat to the state and of course we don't allow that but that wasn't the question here, just to make it clear escheating is not something which should be pertinent in this situation.

Sandy Santana: Okay. Question 7. We have a campus clinic with an attached pharmacy that rather than collecting the copays and retail purchases wants to put these charges on the student account. Can financial aid pay for these charges?

(Greg): First of all, let's assume that the clinic is part of the institution which it appears from the question that it is so assuming that it is part of the institution, as long as the school obtains the student's authorization to use the FDA funds to pay for charges other than tuition, fees, room and board, that's if the student contracts with the school, it would be permissible to apply those charges to the student's account and have FSA funds pay for them.

Sandy Santana: Question 8. When a credit balance on a student's account is created by a PLUS loan, how do you determine who receives the refund? From where does that information originate?

(Greg): When a Title IV credit balance is created by a PLUS loan and remember that where there are multiple sources of Title IV aid that have resulted in the credit balance, the school can determine which sources created the credit balance without respect to order of posting so it goes back to the I think the first question we had.

The credit balance must as a matter of course be paid to the parent so if there's no doubt that it's from the parent PLUS loan then it would go to the parent. However, the parent may provide written authorization which would allow for the credit balance to be paid to the student.

Such authorization can be obtained by several methods including an indication on the PLUS loan application and the school would receive SAIG mailbox notification of this, the student would do it or the parent would do it at studentloans.gov and you can view it in COD which would indicate to whom the credit balance should go.

You could also get the parent to sign something after the fact allowing you to disburse that credit balance to the student but absent any of that, it would go to the parent. That would be the default option.

Sandy Santana: Okay, we have Question 9. We have a student who registered and attended classes that were full-semester courses. She also registered for late-starting courses over a five-week and two-week period. The student only received aid for the full-semester courses. Disbursements for the late-starting classes delayed pending start of those classes.

She withdrew from the full-semester classes on 11/7 - the 60% date - but is still registered for the remaining late-start classes and looking for the additional PELL. She has yet to attend either late-starting class. If she remains registered, is she eligible for those funds?

(Greg): That's a good question and it's one I labored over for quite awhile because there's a lot in this question so I go here with the answer and then ask Jeff or (John) to step in if they want to add something which they may well.

The rules for withdraw from a program offered in modules would be applicable here because remember anytime you have a class a student is taking that does not run the entirety of the term then it is considered modular.

After starting, the student in this case both ceased to attend and failed to begin attendance in courses she was scheduled to attend and at the point where she ceased attendance in the full-semester courses, she was not attending any other courses and has not indicated here that the student confirmed attendance in a course or module that was beginning later in the period.

So accordingly she is a withdraw at that point. The question indicates here that she withdrew at the 60% point and this is a little bit of a nuance but if it's at the 60% point, that would necessitate a return calculation. It's only if she withdrew after the 60% point that 100% of the aid that was disbursed or could have been disbursed would be considered to have been earned.

Neither aid disbursed nor aid that could have been disbursed may include any Pell amounts for classes the student did not begin. Remember in this situation the school though they didn't have to was doing multiple disbursements within a term and they were waiting until the student actually began those future classes in order to pay the student for those classes.

When they do the R2T4 they cannot include in either aid that was disbursed or could have been disbursed any amount of Pell grant that would be for a class the student never began because that would be a violation of Pell statute.

Sandy Santana: Okay. Question 10. A number of our students authorize us to hold credit balances into the next semester of the same academic year. What is the timeframe for releasing credit balances in the case where a student does not return for the spring semester?

(Greg): If a student's failure to return for that spring semester effectively means the student's gone and that would cancel the authorization for the school to hold funds. A school can't simply hold funds after a student has ceased to attend so the school would have 14 days from the date of the student's canceling classes which we would consider to be tantamount to canceling that authorization in which to refund that credit balance to the student.

Sandy Santana: At what point must stale-dated checks be returned?

(Greg): If the school attempts to disburse funds by a check and that check's not cashed, the school must return those funds within 240 days after the date it first issued the check.

If a check is returned or EFT rejected, the school may if it wishes to make additional attempts to disburse the funds within 45 days after the return or rejection of the EFT so it's important to note that if you want to make those additional attempts, it must be done within that 45-day period.

If no additional attempts to disburse the return funds are to be made, then those funds must be returned to ED by the end of the 45-day period. Additional attempts notwithstanding, all funds must be returned no later than the 240-day period we initially references.

That would be after the date of the initial issuing of the check and I should add here but I didn't going back to our escheating question before, these funds may never escheat to the state. Our rules trump that and the funds would have to be returned to the programs, not to the state.

Jeff Baker: And (Greg) this is Jeff and just to kind of repeat something we said earlier, when we say the funds are returned it means not only the funds put back in the federal fund at the school and perhaps even returned to G5 but the COD disbursements to the extent that these were direct loans or Pell grants, the student's records need to be adjusted.

Because in fact the student did not receive that much in the Pell grant or that much in the loan so it's not just returning the cash or getting the cash taken care of through our reconciliation in G5. It's also make sure that the student's record in our Common Origination and Disbursement system is accurate.

(Greg): Thanks, Jeff.

Sandy Santana: We're working with ACME Bank to handle student refunds. ACME Bank has a small branch on our campus. Staff of ACME Bank attend our new student orientation programs to assist students in setting-up savings and checking accounts with ACME.

Our financial aid office is concerned that we are in violation of the student loan code of conduct. They believe that we are not offering the students the choice of lender and thus restricting this choice. This branch offers no lending to students.

(Greg): Okay, obviously ACME Bank is fictitious. The actual bank name I changed to ACME it sounds something like out of the roadrunner. I'm sorry for that but I could come up with no better name and I didn't want to risk coming up with a name of an actual bank so I apologize for that.

They referenced through the code of conduct and I think I'll just discuss that a little bit here in the answer. The code of conduct rules are found in the CFR in 601.21 and they require that a covered institution develop a code of conduct with respect to FFEO program loans which are no longer available and private education loans.

So even though this doesn't cover direct loans, it still requires that schools develop this - who participate in any - of our loan programs to develop this code of conduct. From the question it appears that the schools has an agreement with this bank for issuing prepaid debit cards.

Additionally bank employees may participate in orientation activities in which they assist students in opening accounts. The code of conduct rules were not pertinent to either of these processes which do not involve education loans.

Requirements for stored-value and prepaid debit cards may be found in the FSA handbook, I gave you the cite there. However, if the school-bank relationship does involve in any way private education loans, then the code of conduct and certain disclosure requirements would apply.

Dan Klock: (Greg), just one more thing on that. The way the question came to us at the end as Sandy read it, it said this branch offers no lending to students and then you just pointed out that the code of conduct does not apply to the activities described but would apply if the bank is in the student lending business.

It's if the bank in any way is in the student loan business even if the particular branch is not, it's the bank that's in the student lending business and therefore the code of conduct would kick in. Beyond that (Greg) I do need to correct you on something. There actually are banks called ACME Banks, real ones so you'll have to come up with something different.

(Greg): I'm sorry. It was not meant to reference any real entity so if anybody has an account at ACME Bank, I apologize.

Dan Klock: So far you haven't made a mistake yet so I had to get you on one.

(Greg): Well, you know.

Sandy Santana: Okay, Question 13. Does HEA Section 135 mean that if a member of the armed forces who is stationed in a neighboring state, we must offer our in-state tuition?

(Greg): Okay. If the student's permanent duty station and that's assuming a member of the armed forces on active duty for more than 30 days is in a neighboring state but the student is resident in your state, then you are required to offer him or her your in-state tuition and I do note here that that is applicable to public institutions.

Dan Klock: (Greg)?

(Greg): Yes?

Dan Klock: One more thing. While the question was asked about neighboring states and you responded to it, it doesn't matter if the state is a neighbor or not. The point is that the person is on active duty and is a resident in this example in your state. It could be somebody who's probably just around here somebody who's on active duty in Delaware which is two states away from Virginia but if they're a resident of Virginia, they get Virginia in-state tuition.

(Greg): That's a good point.

Sandy Santana: Okay. Question 14. Beginning with summer 2012, the university will no longer allow students to pick-up checks in the bursar's office. Instead we will mail them to the student's permanent address.

Currently we notify students within 14 days that their funds are available. What about when we begin mailing? Are we required to notify students that we're mailing their funds to them?

(Greg): You are considered to have issued the check and thus paid the credit balance at the point when the check is mailed so this is subject to the 14-day rule and I

point out that the school if they're going to be mailing checks has 14 days to issue that check. We consider it to be issued at the point at which they mail it.

You must ensure that the checks are mailed within that 14-day period. If you're doing this, it is not necessary to notify the student that the check will be mailed. You meet the requirement by actually going ahead and mailing the check within that 14-day period.

Sandy Santana: Okay. Question 15. I have a student who received a Pell grant and a loan on 10/29. At the end of the semester, we discovered that she had stopped attending on 9/14 but never officially returned. We do not administratively withdraw students who stop attending.

They receive F grades from the faculty. Should this be treated as an unofficial withdrawal or a post-withdrawal disbursement?

(Greg): Okay, we said here that the student left but never officially withdrew so this would be an unofficial withdrawal and the school has the option of the withdrawal date being either the 50% point of the term or the documented last date of attendance as an academically-related activity.

Which appears in this case to be 9/14 though I couldn't be certain, it appears that would be the last date of academic activity. The Pell and direct loan disbursements made to the student after she ceased attendance on 9/14 would be considered inadvertent overpayments.

Because they were issued to the student, the school didn't knowingly do it but the student wasn't there so it is an overpayment but it is inadvertent and they are treated in R2T4 as aid that could have been disbursed. If all the aid for the

term has been disbursed, there is not going to be a post-withdrawal disbursement.

Sandy Santana: Okay, now our next question is a double-parted question and so for 16A when a student ceases attendance in a module-based program, we must perform R2T4 unless we confirm attendance prior to the beginning of the module in which the student is confirming attendance.

However, what if we don't know the student ceased attending the current module until after the future module has begun? (Greg), do you want me to continue with the second part of the question?

(Greg): Yes, just give the example, then we'll go on to the answers.

Sandy Santana: Okay, so we've got an example and the example is that the student is enrolled three hours in Module 1 and that would be from January 1st through March-April April 30th and another three hours in Module 2 and it was 03/01 through 4/30. The instructor on March 15th reports a grade of SF, stopped attending, grade of F earned.

In Module 1 and that's in Module 1, excuse me, but lists the last date of attendance as 2/15. By the time we know the student ceased attending the first module, the second has already begun. The student is still enrolled in Module 2.

(Greg): Okay, in this case because a student has actually returned to a subsequent module, she's not considered withdrawn and R2T4 is not going to be an issue is you look at when the student has ceased enrollment in classes and there actually - I probably should have referenced this in the answer and I didn't - there are three questions that we put out there.

And they are available in the handbook in Volume 5 which deals with R2T4 - Volume 5, Chapter 2, I think that's correct - and in there I'm not sure exactly which page but you see three questions to ask yourself when a student withdraws from a program offered in modules.

And in this case the student has actually returned to that subsequent module before - well, she's in the subsequent module before or while she withdrew from the other one so she's still attending - so in that case she would not be considered withdrawn and R2T4 wouldn't be an issue here but we're going to add a further complication in the next question.

Sandy Santana: Okay. All right so did you go through all of the answers, yes?

(Greg): Yes, I got that one, right.

Sandy Santana: Okay. Now Question 17...

(Greg): No, with 16B, Sandy.

Sandy Santana: Okay, 16B.

(Greg): I'm sorry.

Sandy Santana: All right, well that was the example so should I read it again?

(Greg): No, no, just to add the further complication to it.

Sandy Santana: Okay, there you go.

(Greg): So we have the further complication which is the student has dropped Module 2 and by the time we became aware of that, the student has ceased attendance in Module 1 so and assuming on the answer here to 16B you're not required to take attendance, then the 211 LDA is not going to be relevant.

However, the student has withdrawn now that all classes in Module 2 have been dropped and an R2T4 calculation is required with March attendance to withdrawal date because in this case the student has withdrawn from Module 2. Okay. Let's move on to 17.

Sandy Santana: Okay.

Dan Klock: Hey, (Greg)?

(Greg): Yes?

Dan Klock: Those three questions that you referenced, they're also listed in the October 29th final regulation...

(Greg): Right, in the preamble, right?

Dan Klock: ...yes, it's on Page 66.895.

(Greg): Oh, thanks Dan. I appreciate that. The 60 - what'd you say again, Dan?

Dan Klock: 66.895 so that's be 75 FR 66.895.

(Greg): And I can't, I know probably Dan feels this way too but when you're dealing with modules, I think it's best just to ask yourself those three questions in a

straightforward manner and every time they'll give you the answer as to whether or not that student's a withdrawal.

Sandy Santana: Okay. Question 17. An institution is required to undo the R2T4 calculation if a student who has withdrawn returns to the institution within the same payment period. Is this true for all R2T4 or just those performed under the new regulations?

(Greg): Okay, that particular regulation - I did cite it there for you - pertains specifically to programs offered in modules. However, without regard to whether a program is offered in modules, an institution may allow a student to rescind his or her official notification of withdrawal with a written statement that he or she is going to continue to participate in academically-related activities.

So the point about coming back in a future module obviously is applicable to modules but we do have the rescission withdrawal applicable to all students.

Sandy Santana: Question 18. What is the rationale behind the Department's limiting to \$200 the amount of prior year charges that can be paid with current-year Title IV funds? How does the Department propose institutions to handle these types of situations?

(Greg): Okay, this relates to something which is the statute and statute has already been pretty clear that Title IV funds are intended to cover expenses related to the cost of attendance in the year for which the student receives those funds so you have to start with that default position and the statute doesn't come right out and give any exceptions to that.

A narrow interpretation of this would allow no prior-year charges to be paid from current-year funds so I think in many cases schools might think we're being overly restrictive with this when in fact the opposite is true.

We're trying to allow some flexibility here so to allow some flexibility, understanding that there are, you know, certain minor charges which are held over. We do permit minor prior-year charges of \$200 or less to be paid with current-year funds so that we're actually being more liberal there than we are being restrictive.

We don't prescribe how institutions monitor this or comply with this. We simply say that it must be limited to \$200 or less and I would add that if you are paying prior-year charges of \$200 or less, you are not required to have the student's authorization for that and you simply are not allowed to go over the \$200. Even with a student's authorization, the \$200 is simply the limit.

Sandy Santana: Okay, Question 19. Can institutions set a minimum amount when issuing Title IV refunds of \$3, \$5 or higher?

(Greg): I didn't know exactly from that question, you know, what was being asked but I assume by refunds since R2T4 is not a refund that they're talking about a refund of a Title IV credit balance and we do have a rule about that.

Any amount of a dollar or more must be paid to the student so if it's less than a dollar, no. If it's a dollar or more, yes. If in fact they were referring to R2T4 which I don't think is the case but just wanted to put something in there, we don't have a de minimus rule for R2T4 for schools returning.

We do for amounts that students might have to return but not for schools. However, we do say that actual returns of money when you do an R2T4 calculation, the actual return may be rounded to the nearest whole dollar.

Sandy Santana: Okay. Question 20. A student is registered for two classes in two parts of a term, three hours in the first six weeks and three hours in the second six weeks. Aid is disbursed to the student 10 days prior to the first six weeks. The student drops the first six-week class and confirms he will not attend the next six-week class.

The R2T4 is completed and loan funds returned. She does end up attending the second six-week class but at this point, the financial aid office cannot redispurse the loan money because the student is now less than half-time. Should the school have completed the R2T4 calculation but not returned the funds until the second six-week term started?

Also as the school not required to take attendance, do we have to verify attendance in the second six-week term or wait until the semester is over to check for a passing grade?

(Greg): Okay, another R2T4 question here. I apologize for the clip art at the bottom. I tried to be new, you know, show that I can actually use clip art and I'm not certain what the picture there references. It's just two nice people under a tree, at a college and I thought that if one of them withdrew, they wouldn't be having that very nice moment so that's what that has to do with.

You might say it's a rather tortured reference but moving on to the answer. An institution is expected to begin the return of Title IV funds process immediately upon determination the student has withdrawn and that's in order that the required actions be performed in a timely manner.

So you cannot delay the return of Title IV funds process with the hope that the student might return so it's inappropriate to delay that thinking that they might come back.

To restoring funds for which the student might be eligible, the school has to verify the student has indeed resumed attendance in that six-week term so we're not requiring you take attendance per se but if you're going to restore such funds as you can to the student when he comes back, you do obviously have to confirm that he did come back.

Assuming he did resume attendance in that second six-week term, waiting until the end of that term to confirm this would not be acceptable so you couldn't simply restore those funds thinking well, he may have come back and we'll wait until the end to confirm that he did. You'd have to confirm that he did indeed return.

Sandy Santana: Okay. Question 21. For the first time, I plan to carry forward FWS funds from 2011-'12 to be used in '12-'13. The person who deals with drawdowns in the controller's office has never encountered this before. Since I've never been responsible for drawing-down funds, I'm not sure what to tell her. Is there a specific G5 procedure she needs to follow?

(Greg): So we're going to carry forward here so the carry-forward amount will be expended in 2012-'13 but it's important to remember it's still comprised of 2011-'12 funds and must be drawn down or requested from the appropriate award in G5 for the '11-'12 FWS award so it's important to keep those straight.

Even when you're carrying forward or transferring funds, you still have to draw the funds from the year or program you're requesting them from. The fact that the funds will have been expended in '12-'13 is going to be accounted for in the '11-'12 (fisapp) which will be filed this fall.

Jeff Baker: (Greg), excuse me, this is Jeff. Let me just expand upon that just a little bit so (Greg) is exactly right. In the '11-'12 (fisapp) that's filed this fall, there is a line about '11-'12 money that you carry forward into '12-'13 and that's part of the arithmetic to determine if the school used all of its federal allocation or if there's a balance.

The other part of this question when the '12-'13 (fisapp) is filed in the fall of 2013, you have the opposite going on. You'll have a line there about any money that came from the prior year so that all of the arithmetic will work and also and most importantly, these funds were expended in '12-'13 so they'll be reported as expended the grid about the students who receive work study monies will include these monies that were expended in '12-'13.

It all just kind of flows forward into the next year so there's two (fisapps) that are affected by a carry forward and we didn't get this question but the carried back is the same thing. It just goes in the opposite way.

Sandy Santana: Thank you. Does the Administrative Cost Allowance ACA need to be posted on the school's books before June 30th, 2012 for the '11-'12 federal work study and/or FSEOG in order to claim the ACA on the (fisapp)? Regulations seem clear that this is required for federal Perkins loans but I cannot find a corresponding regulation for either FWS or FSEOG?

(Greg): Thanks, Sandy. You are correct that the applicable regulation there which would be 673.7G specifically requires ACA costs charged against a Perkins

loan fund to be charged in the same year in which the expenditures for those costs were made.

Neither FWS nor FSEOG is addressed there. This regulation reflects the nature of the Perkins loan fund and the fact that the activity in it is not tied to a particular allocation.

However, I did give you citations there, 673.4F and G do address the allocations for FWS and FSEOG respectively and they state that funds allocated for an award year may not be used to set aside any other obligation incurred after the end of that year. Accordingly, the posting data for your ACA should be no later than June 30.

Sandy Santana: Okay, and we are at our final on-screen question and that's Question 23. Some of our student accounts office maintain that we should not adjust aid for those students who we can determine never attended a class.

They have convinced our administration that we are costing the college money in making adjustments even if we find out late in the semester that the student only attended for example nine of 12 credits.

(Greg): Okay. First thing I would say about this is that if they follow this advice, they will be costing the college money only in another way that results in Title IV liability so this is not correct and would in fact be a violation of statute where federal Pell grant is involved.

The student who starts only nine or 12 credits is entitled to a three-quarter time federal Pell grant - nine of 23 credits I should say - is entitled to a three-quarter time Pell grant award. The student must attend every course for which

Pell grant and Teach grant are paid. If the school cannot document attendance, those grants for those courses are ineligible.

Okay. At this point we've concluded the question-and-answer portion which is on the slides so I'll turn it over to Kevin to begin the second part of the call.

Kevin Campbell: Thanks (Greg) and thanks Sandy for going through those 23 questions for us. Now it's your turn to get into the act. We invite you to come into the Webinar and ask your questions that you have in the area of Title IV fiscal requirements. I'm going to ask (Ashley) to come on and (Ashley) will explain to you how you can come online and ask your questions.

Coordinator: We will now begin the question-and-answer session. If you would like to ask a question, please press star 1. Please unmute your phone and record your name clearly when prompted. Your name is required to introduce your question. To withdraw your request, press star 2. One moment, please, for your first question. Your first question comes from (Doris). Your line is open.

(Doris): Thank you. I just wanted to know if a copy of these slides will be available once the Webinar is over?

Kevin Campbell: You can get a copy of these slides right now by clicking on the icon at the top of your screen that looks like three pieces of paper and at some later time we will post the slides to the IFAP Webpage.

(Doris): Thank you.

Coordinator: Your next question comes from (Joanne). Your line is open.

(Joanne): This question is a bit of an elaboration on Questions 2 and 18. We do have students who owe us money for prior years and they cannot enroll, they can't continue on until they have that paid and it's more than \$200. If they ask me if they can use current-year financial aid to pay that, I cannot allow that to happen so does the student have any recourse in how those funds get paid with their current or those amounts get paid with the current financial aid?

Jeff Baker: (Joanne), this is Jeff. In terms of recourse, presumably that the arithmetic works out so that in your example the student's current charges are paid but there's a Title IV credit balance that you and perhaps the student would like to be used to pay prior-year charges but you can't under these rules, right?

The answer is you cannot. A solution I suppose is that you issue the Title IV credit balance to the student by an EFT to their bank account, a check that you either mail to them or they come by and pick it up or, you know, debit card, whatever's going on and then it's up to them to at that point where we talk about as all the money becomes fungible and if the student then comes in later and pays your fees, you know, but the school cannot take that money.

(Joanne): Okay, that was the solution I was thinking but I kind of wanted to get that straight from you.

Jeff Baker: Yes, but what you can't do is say to the student if you write me a check, I'll give you this check and then I'll hold it for, you know, two days till you run to the bank, anything like that because that's just clearly circumventing the requirement.

(Joanne): Okay.

Jeff Baker: So you have to be arms-length away from the relationship.

(Joanne): Okay. I understand. Thank you.

Coordinator: Your next question comes from Central Ohio Technical College. Your line is open.

Woman: Hi, we have an admin software system as I'm sure other schools do that has the capability of immediate update for financial aid postings and we're wondering if that's going to cause a problem. Sort of background, in the old system we had obviously you had separation of duties and somebody could actually touch the files.

In this new system we have, you can't do anything with the data so currently financial aid is running like their pre-report and I'm running a post-report but really in essence I can't do anything with it anyway so is it going to cause us a problem if we go to a media update?

Kevin Campbell: Loss of internal control system.

Jeff Baker: Yes, we've had this question, you know, before and actually over the years, as these systems become more sophisticated and more integrated. What we're looking for is that there's controls within the system to prevent and it's obvious what we're trying to prevent a person or an office from both authorizing the disbursements and making the disbursement.

So the systems that kind of run automatically every night for example or, you know, somebody submits a job and it goes all the way through of packaging students and then scheduling the disbursements and even crediting the account, they would be okay as long as there were internal controls to ensure that one person or one office couldn't have done both of them.

We purposely have stayed away from prescribing what those controls should be. I think folks in the data processing world and in the fiscal world are not unfamiliar with making sure there are internal controls in their systems.

So by itself just having a system that kind of runs straight through is not a problem. You do need to ensure that you can justify that there are the proper internal controls.

Coordinator: Your next question comes from (Marquala). Your line is open.

(Marquala): My question has already been answered. I wanted a copy of the presentation.

Coordinator: Your next question comes from (Tabitha Burke). Your line is open.

(Tabitha Burke): Yes, my question goes back to Question Number 2 again so I know that it can't pay prior year over \$200 but what if it is a situation where the student owes \$400 for the fall semester and you want to cover it with the spring semester funds? It is still within the current year according to this, the award year so can you do that?

Jeff Baker: (Tabitha), yes, you can and if it's tuition, fees, room and board you can do it without any extra authority. If it's something beyond that, you'd have to get the student's authorization just like you would for the current term.

The point here is that and as (Greg) responded in the instance of this question or another one is that these funds are awarded for a particular award year or for loans to particular loan period. Within that award year or loan period, we don't worry about for this question, we worry about, you know, which payments are which semester, which term?

But once you move to another loan period or another award year, it comes to (process) on the one going forward, then you run into violation of these funds were awarded for this period. What are you doing spending them for the other one and as (Greg) pointed out, we did give some flexibility on the \$200.

So it does sound admittedly a little bit strange that you could pay out of spring you could pay fall but out of fall you can't pay spring even though they're two kind of let's call them sequential payment periods but that's just because of the way the awards are done.

(Tabitha Burke): And there is no limit to the dollar amount?

Jeff Baker: Correct. Again, if it's not tuition, fees, room and board you have to get the student's permission and that student could put a limit on it; could say yes, you can do this but only for this much; otherwise, I want the rest of it.

(Tabitha Burke): Okay, thank you very much.

Coordinator: Your next question comes from (Anna Rose College). Your line is open.

Woman: We have a question about the bookstore - I forget the number of the question - but the student purchased books at the bookstore - I'm sorry, at the pharmacy - and could the pharmacy put those charges onto the student account?

We have a bookstore that is on our campus but it is not - it's a third-party bookstore, is that - can you address that question in the form of the third-party bookstore, please, and if we can put the charges onto the student account?

Jeff Baker: The regulations that provide for using this Title IV money is for a school or institutional-provided goods or services. The fact that it's a third party and happens to be on the campus as opposed to across the street and happens to have a contract with the campus doesn't really change the fact that it's not the college.

So in cases where it is a third party even though to say on campus or on campus because of a contract, it's a third party, it's not the institution so you cannot use Title IV funds to pay those charges. The fact that the school has chosen to allow the charges to be posted to the institutional account really doesn't change the fact that it's a third party.

We understand that bookstores are integral to posting their education but it would not be a lot different than if the school allowed a travel agency to when a student wanted to go on spring break somewhere to charge their airline tickets and put it on the school's account.

I know they're going to, you know, giggle at that a little bit because it is a bit absurd but the bookstore has no more standing than the example I just gave if it's a third party.

Woman: Okay. Could the student give authorization to put those charges on his or her account?

Jeff Baker: No.

Woman: Okay.

Jeff Baker: Well, you can put the charge - let me be careful here - we don't control what you put on the student's account. What you can't use is Title IV aid to pay any of those charges.

Woman: Okay, perfect. Thank you.

Jeff Baker: And let me add to that just a little bit. I mentioned earlier and I hope that we all know that if there's a Title IV credit balance, it must be released in a certain timeframe and a Title IV credit balance exists when the Title IV exceeds institutional charges.

So when do that arithmetic or you have a computer doing that arithmetic, you cannot include these charges that may look like they're institutional charges because you agreed to put them on a student's account but they're non-institutional charges so you very well may have a credit balance there that you have to get out within 14 days.

Woman: Understood. Thank you.

Coordinator: Your next question comes from (Andrea Davis). Your line is open.

(Andrea Davis): My question is two-part. One is in reference to Question 8. Your response related to the PLUS loan shared that parents can give authorization to have their credit balances released to the students and that the business office may be able to see that information on COD.

So how do we see that information? Are we supposed to go to the office of financial assistance to see the parents' applications to see who is authorized to receive the student credit balance and the second question just in general, how do you receive training on the COD system for business officers?

Jeff Baker: A couple of things here. First of all, we initiated about a year ago a PLUS form where the parent can go onto our system - a parent who's applying for a PLUS loan - can provide information that the school will use, you know, who the parent borrower is, how much do they want to borrow and there's a question about what to do with any credit balance.

So that information gets submitted by the parent to our system. That's not a required way but that's an option direct loan schools have asked us for that. In terms of having access and learning how to use COD, your school has access and at least someone on your campus should know how to use COD.

So we're hopeful and I don't mean to be fresh here that there's communications between business offices and financial aid offices has access to the systems, how you get passwords. We have a whole process for that and, you know, how to use it and so on.

Beyond that we have on our Websites we have a lot of information about how our systems work. We have call centers to ask them questions. To be honest I wouldn't say you should call the call center and say how does COD work because there's people on the campus who know how to do that. It's a matter of communication between the offices on the campus.

Coordinator: Your next question comes from (Lisa Morton). Your line is open.

(Lisa Morton): I have a question and we have a new program that we're offering at our school so if we have a student who completes the semester and then when the next semester starts transfers into the new program, are we required to do R2T4 even though they're still going to be enrolled but just in a new program?

Jeff Baker: If I understand it right, the student completed the payment period and your example is the semester?

(Lisa Morton): Yes.

Jeff Baker: No. It doesn't matter whether the student never came back to your school, went to a different program, anything. The question about return (to offer) aid is did the student complete the period for which the aid was awarded?

In this example you awarded and disburse the Pell grant, a loan, whatever for let's say a fall or spring semester and the student completed it. Well frankly if they got through 60% of it, that's the end of that and then they enroll in something new and they'll get an award and disbursed and hopefully they'll stay throughout that.

(Lisa Morton): Okay, so there's no requirement to do R2T4 then?

Jeff Baker: No, but the reason I emphasize it, there is no requirement even if the student did not come back into another program and just split and we never saw her again.

(Lisa Morton): Okay, okay.

Jeff Baker: Okay.

(Lisa Morton): And then I have one more question just based on someone just asked you. Occasionally we will order books on behalf of our students where we actually pay for the book and then it gets put on their account and we receive the book and then we require them to pay for it and we also ship the book to them. Are shipping fees allowed to be covered by funding in Title IV?

Jeff Baker: Well, there's two parts to that question. One is - at least I'm turning it into two parts - one is how much can be included in the cost of attendance that determines a student's eligibility?

And schools do an estimate of the cost of attendance including an allowance for books and supplies. If in doing that allowance either on a student-by-student basis or for a group of students as they estimate how much the books would cost and they want to add-in because of the shipping, you could do that.

But where I have a problem is unless this is part of - and I'm going to ask my colleagues to see if I'm going on the wrong track here - but unless those books and supplies are part of the tuition and fees or charged to all students, you have to give a student an opportunity to buy those books wherever they want.

(Lisa Morton): Right, right.

Jeff Baker: So the fact that so what happens they say oh please, can you get the books for me and send them to me; is that what happened?

(Lisa Morton): Yes, yes. Occasionally that happens.

Jeff Baker: Yes, then by (John)'s reminding of that means that you got authorization so yes, you just bought from the wholesaler or whatever. Even if you bought them from a retail bookstore across the street, you now became the institution - it's an institutional - charge, yes.

(Lisa Morton): Okay, so it is okay then?

Jeff Baker: Yes, yes, in that very limited scenario.

(Lisa Morton): Okay, thank you very much.

Coordinator: Your next question comes from (Cathy Menz). Your line is open.

(Cathy Menz): Yes, I'd like to clarify two of the questions that have already been asked. The first one was for the student that ceases attending the current module but we don't find that out until the future module has already begun.

The regulation said that if a student ceases attending the first module, you have to obtain their confirmation of future attendance before the second module begins.

But maybe because of instructor doesn't report the fact that they stopped attending unofficially that first module, we find out about it after the fact so you're saying that if you don't find out about it until the second module is underway, that requirement that you have to obtain conformation prior to beginning of the second module basically becomes moot and you can just assume that the student is not still attending?

Jeff Baker: Yes, this is Jeff. Let me take a shot at this and Dan Klock our (return stuff) expert is here so I'm sure he's going to jump in here and you said it right and if and the circumstance you described where perhaps you didn't know that they withdrew until after the second module had started would mean that you did not get this confirmation that she's coming back in time.

But if you think about this, the whole reason for this is the student dropped out and so normally there would be a requirement for a return of Title IV aid calculation but we knew that sometimes in these modules the student has

registered for and has affirmed with his confirmation that they're coming back so we decided we said look.

This school shouldn't have to go through all this arithmetic, all this paperwork when there's a very, very, very high likelihood the student is coming back because they've registered and they said they were coming back.

Of course if they don't come back, then you have to do the return title aid calculation. In the circumstance you described, you would have to begin the return of Title IV aid calculation as soon as you determined probably at the end of the first module that the student did not complete it.

But if she really did enroll a week or two or three later in the second module, you just either stop that calculation or undo it. If it's a later module like there's eight or nine weeks in-between, then that gets a little more complicated.

But this whole thing it's about being reasonable if there's a very good likelihood that the student is going to come back and if they don't, we back it up to the earlier date or you back it up to the earlier date.

But if we don't have any indication that the student is coming back, then you have to do the return of Title IV aid and we made the determination that it has to be before the second module started frankly because we were a little bit concerned about and I need to be very polite about this that some schools would be coaching students beyond what is really proper so we put that restriction in.

(Cathy Menz): So but if the student was already registered for that later module from the get-go so when they officially stopped attending the first module, you really never

had any further contact and students never made any additional new affirmation that they're going to continue.

And then let's say they end-up dropping that third module, that future module. Can those days of the third module count when you finally do the return of Title IV calculations since you never received affirmative, you know, confirmation they were going to take those classes?

Jeff Baker: Well, a couple of things here. You're right in what you said. The reason why you have to do a return of Title IV aid calculation is because there's nothing that tells - even though she registered for it earlier - there's nothing that tells us she didn't drop out completely unless she comes back and tells you that but so that's that.

When you - if I got the second part of your question right - the student did come back. There's no need for confirmation - so you did a return of Title IV aid calculation - and then the student comes back so the student did not drop out even though we, you know, didn't give her the benefit of the doubt and assumed she wasn't coming back but then she did.

So then you then do either undo or redo the return of Title IV aid calculation now accounting for the enrollments when she was there.

Dan Klock: And then if the student subsequently withdraws in the third module, of course you're going to do a new return of Title IV calculation.

(Cathy Menz): Okay. The clarification of the second question was earlier you said that health center charges could be included as institutional charges because the health center is part of the university but wouldn't that be the same as parking

permits, parking fines and library fines? Those are all part of the university but yet those are not considered institutional charges.

Jeff Baker: Oh no, they are. They're institutional charges for purposes of being, you know, Title IV aid being used to pay them as long as you have authorizations because they're not tuition, fees, room and board.

But yes, library fines, parking fines, parking permits, athletic intramural fees, most of that stuff - as long as it's the institution - which is why when (Greg) answered the one about the health clinic, he prefaced it by saying if the clinic is part of the institution when then got us into the bookstore question but yes, no, those are institutional charges.

(Cathy Menz): So but institutional charges you don't need the authorization to pay them?

Jeff Baker: No, no, I'm sorry. There are only certain charges that you can use Title IV aid for and we're going to call those institutional charges and the things you described are institutional charges but within those - and tuition, fees, room, board and then any number of these other things we've been talking about - they're all institutional charges if the institution provided the good or service.

Tuition, fees and room and board if contracted with the institution, you do not need the student's authorization. Anything else - it's still an institutional charge - but you need the student to give you the okay before you take the money to pay them.

(Cathy Menz): Okay, I think it was just a matter of wording I was confused on. Thank you.

Jeff Baker: Yes.

Kevin Campbell: (Ashley), if you would be kind enough to repeat what the instructions are to have their questions put out over line?

Coordinator: As a reminder if you'd like to ask a question, please press star 1. Your next question comes from (Darlene). Your line is open. (Darlene), check your mute button. Your line is open. We will go to the next question. Your next question comes from (Chris Simon). Your line is open.

(Chris Simon): Yes, hi. I was just wondering if you had a suggested template to use when doing monthly Title IV reconciliation between COD, G5 and our business office software and the financial aid software?

Jeff Baker: This is Jeff. I'm going to ask any of our folks out in the field, (Greg), Sandy, Kevin, any of you guys, do we have anything like that that you're aware? I'm not aware of any but I wouldn't be that close to that question.

(Chris Simon): My main concern is things such as COD. When we get the monthly reports, it's basically a PDF document of totals that COD is reporting and there's a five-day time lapse so I don't know if there's a preferred way of reconciling those amount on a month-to-month basis or if anybody uses a set book for that.

Jeff Baker: Assuming that my colleagues heard my question and nobody jumped in I think we're not aware of that. I would just off the top of my head think that that sounds like a good idea. It might be something that the community would put together working with (Necugo) so I don't know if anyone (Anne) or anyone from (Necugo) is on this call but I guess the best I can do is suggest that the community all of you guys maybe through your association see if there's something that can be developed.

And I suspect if the (Necugo) community wants to go that way and do some drafts, our folks would certainly want to, you know, would be willing to jump in and say yes, this seems right to us.

(Chris Simon): All right. Appreciate it.

Jeff Baker: Okay.

(Greg): I will just come in here, I haven't looked at it in detail so I can't tell if it's exactly what you might be looking for but on our IFAP Website we do have the FSA assessment which is a very large tool used in a variety of ways to administer the Title IV program.

And under fiscal management which is one of the categories of assessments, there is something called the reconciliation worksheet. There might be something on there that might help you obtain the goal you're after.

(Chris Simon): All right, thanks so much and tell me the name of that Website again?

(Greg): It's our IFAP Website which you can reach by typing into your URL address line ifap.ed.gov.

(Chris Simon): Okay.

(Greg): The www is optional. Either way will work and once there, there's a category on that title page called Tools for Schools. Click on that, you'll see the FSA assessment.

(Chris Simon): Perfect. Thanks so much.

(Greg): Thank you.

Coordinator: Your next question comes from (Twyla). Your line is open.

(Twyla): Yes, I have two questions. One is to reiterate about the module or courses. If a student is registered for two consecutive modular courses and they withdraw from the first one but we don't find out that they withdrew until after the second one started, does that mean then we can assume they're attending the second one and not have to get prior confirmation?

Jeff Baker: Well, let me turn your question a little bit. I don't want to go a different direction than what you were going. Let me try it this way. If you determine after the first module is over that the student did not complete the first module but they are enrolled in the second one and have begun attendance in the second one - not just registered - then it's not a withdrawal.

(Twyla): Okay.

Jeff Baker: It is not a withdrawal, okay, but you can't - and I just want to be clear because of the way you asked it - you can't assume that they're in attendance just because they registered for it back in the day, back earlier but you don't need, I mean, I think where you're going, you don't need confirmation that they're coming back if you have proof that they're back.

(Twyla): Okay, so if I don't have written confirmation from the student that they're back but they're still enrolled, that's not proof enough? I have to have other proof?

Jeff Baker: Well, I want to be careful about enrolled. If...

(Twyla): Still enrolled in the class.

Jeff Baker: ...no, and we're talking about a student who at some point you discovered did not complete the first module, right?

(Twyla): Right, but still enrolled in the second.

Jeff Baker: If enrolled you mean that when they registered for the second module, they haven't dropped that registration or dropped that course, that's not enough. Did the student begin attendance? You have, right.

(Twyla): Okay, so we still have to search out written confirmation from them that they are attending that second module?

Jeff Baker: No, no, in the example you're giving, your school knows whether they're in attendance or not.

(Twyla): Oh, I see.

Jeff Baker: And let me take us back a step. Even when it works perfectly and some of these questions maybe it doesn't very often. Where the student drops in the first module, you do say before the second module starts, you talk to the student and say hey, you also registered for the second module; are you coming back?

Oh yes, I just have to drop out now because something came up. Please give us confirmation of that and then you get that confirmation in which all that means is you do not have to do a return of Title IV aid calculation now.

But now you have to check to make sure whether they came back in the second module like they said they were going to and if they did not, then you have to do a return of Title IV aid calculation back to the earlier date.

If they did come back and what I mean come back, I mean you have proof that they are attending the second module, then you just keep on going and keep our fingers crossed that they don't drop out again.

(Twyla): Okay, and then what is the meaning of modular classes? We have short classes that are offered. They're standalone courses. Is that still considered a modular class?

Jeff Baker: Well, I'm going to take a shot and Dan can jump in here. What it means is that the student is enrolled in a series of courses that do not cover the entire payment period so in general if we talk about terms, you know, say if (well all) term, I'm just making-up the dates here that August 25th to December 20th, most courses we don't worry about a day or two at the beginning or the end.

Most courses in our traditional world are for that entire 15 or so weeks but either totally or at least partially in those kinds of terms, there are courses that are only five of those 15 weeks or eight of those 15 weeks or 10 of those 15 weeks. Those are modules.

Dan Klock: Correct.

Jeff Baker: And it should be...

(Twyla): So even if it's one course standalone not connected to the other course, it's still considered a modular course because it's a short course?

Jeff Baker: Yes, but and I want Dan to correct me here. If your term is generally a standard term and most of the coursework is offered, you know, from August to December and our student is enrolled in nine of her 12 credits August through December but the extra three credits are in a module that's October and November only - those seven or eight weeks, right - that's a module.

But if the student drops out of that module, they're still enrolled in the other courses so there's not a need for any return of Title IV aid.

(Twyla): Okay. Sorry, thank you.

Coordinator: Your next question comes from (Cashew Viaz). Your line is open.

(Cashew Viaz): Hi, thank you. I have a couple of questions. It has to do with federal work study carryover and drawing that down and also obligating the funds for the administrative allowance.

For the carryover portion, the drawdown for the future amount, is that because you sought to apply this three-day rule for disbursing the amount to the student so you wouldn't be able to drawdown those funds in advance of the following fiscal year?

Jeff Baker: Well, that's correct. You wouldn't draw them down until you need them with our normal rules. Recording on the (fisapp) that you file in October or September that you are carrying them forward, what you're carrying forward there is the authorization of the, you know, your award.

That's what's going on there but you're right. You never drawdown Title IV money any earlier than what the regulations provide for.

(Cashew Viaz): Okay, and so you mentioned having to obligate the funds in that award year by June 30th and you were talking about that with regards to the administrative allowance calculation but do we have to obligate the funds for the carry-forward by June 30th as well or does the (fisapp) consider that the June - that September 30th - is the obligation?

Jeff Baker: Well, I think the easiest way is to stay away from the word obligation for the carry-forward to carry-back. I mean, if you think about it by definition, you couldn't possibly have - if we say obligated - it means, you know, you have a commitment to pay a student.

You couldn't possibly do that for carry-forward because the student is going to be working in July, August, September even later and you can't pay them. You don't even know that they work yet so stay away from obligation for the carry-forward or carry-back of what's done.

(Cashew Viaz): Okay, that makes sense so then the final question I kind of have with this is for the administrative allowance calculations. Do we need to base that on the total authorization so we can book the amount that we anticipate the administrative allowance will be by June 30th or do we tie that with our expenditure of the fund?

Jeff Baker: I'm pretty sure and if someone can confirm what I'm about to say is correct or correct me that the administrative cost allowance which is a floating number of 5%, 4%, 3% of the total expenditures in the three campus-based programs - FSEOG, work study and Perkins - that that amount is about amount expended.

So you actually made the disbursements in FSEOG. You made the disbursements loan advances in Perkins and students earn when you pay this much money in work study so again you don't know what that it.

You don't have that until it's actually been earned so when you carry forward, the ACA is going to be calculated next year when those monies are spent. The ACA for this year is only what you actually spent in let's say 2011-'12.

Maybe just an easier way to think about it is, you know, we give you money each year so in - where are we, in March - you already got your tentative awards I believe for '12-'13 campus-based. In the next few weeks, you're going to get your final awards.

Think about when you carry forward that it's another award from us. Now don't put it on the line like that but think about it it's another award for '12-'13 and so all of the things about expending it, about don't drawing it down, three days, the ACA account against it. It's as though you got some extra money from us but in fact you got it from yourself.

(Cashew Viaz): Okay, that makes sense. Thank you.

Kevin Campbell: Jeff and (John), this is Kevin. At the same time that you two are entertaining these verbal questions from our audience, we have a panel of question managers who are receiving questions via the chat process and they're being inundated with questions about the third-party bookstore issue and it seems that there's some more desire for more information in that area.

They seem to be contrasting the situation where there's a third-party bookstore that's totally off campus and is a for-profit business in its own right and that seems pretty clear when we're dealing with that kind of bookstore.

And then there's the bookstore that would be wholly-owned by the institution and operated by the institution, they seem pretty clear about that but then there's that middle ground where the institution has contracted with some company to come in and operate a bookstore on their campus and from the student's point of view, appears to be in fact the institution and there's some lack of clarity there.

We wondered if you could go back to that issue and talk a little bit more about that.

Jeff Baker: I think and I'm assuming the concern and perhaps confusion but maybe the concern that the fact that the bookstore is not legally part of the institution is what's determinant here and so at least in this part in our - it's been pretty long-standing - the mitigating I'll call it that from a different perspective is that it's on campus and that it's on campus under a contract at this point does not change anything.

It is not legally part of the institution nor is it legally a part of the legal auxiliary of the institution so it's not really much different than if it was across the street so where there's a Barnes & Noble across the street or Barnes & Noble on campus under contract, it is not part of the institution and therefore it's not an institutional charge and therefore they're not goods and services provided by the institution.

Kevin Campbell: Thank you very much.

Coordinator: Your next question comes from (Jessica). Your line is open.

(Jessica): Yes, my question is in reference to Question Number 20. If you had a student that earned a WP in the first module and then continued and attended into the second module, an R2T4 was performed after the first module and then we decided to reinstate the student and they came back in to the second module, wouldn't they still be less than half-time and not eligible for loans and only eligible for Pell if they were awarded that?

Jeff Baker: First when you said WP, what's that?

(Jessica): Withdraw passing so they didn't actually earn like a letter grade.

Jeff Baker: But they didn't get any credit for that module, right?

(Jessica): No.

Jeff Baker: Okay, they were passing up to the point, okay. Well, it depends on the total hours.

(Jessica): In this question it said three hours - sorry to interrupt - and then three hours in the first six weeks and three hours in the second six weeks so...

Dan Klock: But they didn't earn the first three so they're going to be less than half-time.

Jeff Baker: Let me put you on hold just a second.

(Jessica): Okay.

Kevin Campbell: I'll just take this pause to remind our audience that our Webinar today will last a total of two hours and we will end at 3:30 Eastern Time. At the end of our Webinar we will put up a survey and we ask you all to fill-out that survey for

us because your feedback regarding the Webinar is very valuable to us as we plan future Webinars.

Jeff Baker: Yes, I'm sorry, (Jess). Well, I told you earlier that we were going to not treat this like a presentation but like a conversation and sometimes in conversations we don't have the answers quite right or maybe not even off but let us do a little bit more work on this one. I'm not sure. I frankly don't know the answer to this about when the student comes back.

I want to run down the scenario to make sure we get the question right so for example, the student was enrolled in the two modules, three credits each. That made her half-time and so eligible for a loan and perhaps a half-time federal Pell grant.

But then the student drops before completing the first module so we'll never complete those three hours but then came back or continued, you know, continued and so the second three.

The question is in putting anything back or if a disbursement hasn't been made, is that student still eligible because they were originally enrolled at least six or are they no longer eligible because of the withdrawal and they're only enrolled in three and they're not eligible for a loan.

I think that's the question and I apologize for us not being able to give you a definitive answer. We will work it and do our best to make it available to everyone.

(Jessica): Okay.

Coordinator: Your next question comes from (Michelle). Your line is open.

(Michelle): Yes, hi. I have a question. We have some students that are in dual programs. One of those programs is federally-eligible. The other program is not federally-eligible but both are being taken concurrently. Can we use Title IV funds to pay the non-eligible program if the authorization form is received giving us permission to pay non-institutional charges?

Jeff Baker: No, because the Title IV aid is to pay for expenses related to the student's enrollment in a Title IV-eligible program. We expand that a bit for things like, you know, the parking. We're not going to tell you you can only pay, you know, one-half of the parking or something like that.

And we're not going to say that you have to check the library fines to see if this book was for this course or that course but in terms of anything directly related to the - it's an ineligible program - so you can't use federal student aid to pay for any of those costs.

(Michelle): Okay, great. I have two other quick questions if possible. The next one is with the \$200 to pay prior year balances, prior year funds, so let's say the \$200 was paid from the (unintelligible) say Year 1. Now in Year 3 can another \$200 go to pay outstanding expenses from Year 1 or is it only a one-time thing?

Jeff Baker: Yes, because we - I'll be honest with you - I'm not sure we intended it but because of the way we wrote this, we didn't say the prior year or the year prior. We said a prior year so yes, that could be done.

Let me add another thing. One of the questions earlier was why do we have the \$200 and (Greg) gave a good example and we expanded upon it but the other point is as you take money from a student from one year to pay one

going back, there is a shortage somewhere and it just carries forward and so that's another reason.

We need to get the student up to speed. I know we don't fully fund everyone but the money is for that but yes, you can go back and take money from the second year out going back a couple of years if there's still an outstanding balance for up to 200 bucks. Remember if it's not tuition, fees, room and board, you have to get the student's permission.

(Michelle): Yes. We do get authorization forms. One other question. Is there a way to get this caption text from this Webinar to be able to print out to refer back to along with our slides because I was trying to like copy and paste it or see if there's any way that we could get that information so we understand other people's questions and the answers that you provided to them?

Jeff Baker: Yes, guys jump in here but (Jeanette)'s here. I believe that we will be posting not only the slides but a recording of this wonderful guidance you're getting and a actually written transcript of all of this, these things that we and you are saying.

Kevin Campbell: That's correct, Jeff.

(Michelle): Okay. Is November's available because I wasn't able to find from the initial meeting?

Jeff Baker: That will be made available with this one as well.

(Michelle): Okay, so they'll both be available together?

Jeff Baker: Yes, yes.

(Michelle): Perfect. Okay, thank you so much. I greatly appreciate all your help.

Coordinator: Your next question comes from (Nandy Baldonado). Your line is open.

(Nandy Baldonado): Yes. We have cases where we have refunded the total aid to the students and later on finding out that the student never attended. The process of our financial aid department is to in these cases is to take away the total award from the student account, thereby leaving the student's balance as a receivable for the institution. Shouldn't the return of Title IV apply here instead of totally withdrawing the award?

Jeff Baker: No. What you described is a mechanical way that gets to our policy which is that if the school cannot demonstrate that the student began attendance at all and it differs a little bit between Pell and a loan, then it's the school is the one responsible.

And so, right, what you said - what your financial aid offices says - is undo the awards and of course that then leaves the student still owing tuition and fees that were originally paid and a locker balance if you had released a check to them. That's exactly what our policy is that the school is responsible.

The solution to that and I know it's not a very good one is not to release the aid until you're sure the student has begun attendance.

(Nandy Baldonado): And that segues into my second question about the bookstore because while we are doing that, the students cannot buy the books and thereby if you are not allowing the bookstore on the campus to put the charges into the student account, that would limit the student to be able to attend the class with the books required.

Jeff Baker: You could release and as a matter of fact our new regulations require you to release a reasonable amount for books and supplies within a week or so of the beginning of the term so you can release the money to the student to pay the books, to buy their books.

But again if they don't begin classes, the institution - I know it's a difficult situation - but where we end up with if we don't take at least for now this hard position is students in schools getting a whole bunch of money when the person really isn't a student.

(Nandy Baldonado): Yes, but now we're going back to the mechanics. It's only the mechanics that the schools allow the students to be able to buy books and the bookstore put charges to their student account so that they can go and attend with their books on hand.

It's just the mechanics that we are talking now if you are allowing the mechanics to do whatever mechanics we have to do then you should allow the bookstore charges to be posted into the student account. Shouldn't it be that way?

Jeff Baker: No, I understand. I hear that. We're going to, you know, these issues are always open for discussion and whether it's a regulation that may need to be changed or just our guidance, we'll always look at them again.

(Nandy Baldonado): Okay, thank you.

Coordinator: The next question comes from (Julie Bradley). Your line is open.

(Julie Bradley): Hi. My question relates to federal work study and we would like to know if the student has been awarded '11-'12 federal work study but we don't pay it until July or August, is that still considered federal work study from '11-'12 or is it '12-'13?

Jeff Baker: Well, the first thing is did you carry forward money? I'm assuming you did not.

(Julie Bradley): No, correct.

Jeff Baker: You awarded the student out of '11-'12. They have to work - the work that you're paying - has to have been performed no later than June 30th. The fact that you don't pay them for a couple of weeks or a month is not really relevant and by the way you can't wait two months. You have to pay at least once a month so what happens is you awarded them out of '11-'12.

They're going to work during '11-'12 no later than June 30th and you pay them as quickly as you can or as your process provides for but they're '11-'12 disbursements, their '11-'12 award even if it doesn't get paid till July.

(Julie Bradley): Got it. Okay, thank you

Coordinator: The next question comes from (Karen). Your line is open.

(Karen): Yes. We have students that are in medical programs at our college and they are asking if they can pay their state exam fee, if we can take that out of their Pell fund. Is that considered institutional or can we get an authorization allowing us to do that or is that not allowed at all?

Jeff Baker: The issue here is that you got as I mentioned earlier in another question, the first question is can you include those charges in the student's cost of attendance and there was a change or is there a law there when you can if the...

Dan Klock: If the charges are incurred during the award year.

Jeff Baker: ...right, so in the example you're asking, this is for some exam they have to take?

(Karen): Right, in order to get their license.

Dan Klock: They're paying for it ahead of time.

Jeff Baker: And when are they taking the exam?

(Karen): They are taking it at the end of - the quarter before - they are supposed to finish their courses.

Jeff Baker: Okay, but they're going to pay for it while they're still in school?

(Karen): Yes.

Jeff Baker: Okay, and it's not coursework, it's the fees for taking...

(Karen): It's the actual state exam.

Jeff Baker: Right, it's the fee to take the state exam.

(Karen): Right.

Jeff Baker: Not the fee to prepare for the state exam? There's a distinction.

(Karen): Right.

Jeff Baker: Right, yes, you can include that in the cost of attendance but it's not a, well, wait a minute. Okay, I'm sorry. We needed to just confer a little bit so the student is being charged before the end of the year this fee from the state to take the exam. If you post it onto the institutional record, then not only can you include it in the cost of attendance but you can use the Title IV aid to pay for it.

(Karen): Okay.

Jeff Baker: And before anybody just to be honest, some of you guys know me, some don't, before we get into it I know that sounds - could be argued as - isn't that the same as your bookstore business. The bookstores are different.

This was a specific thing to handle this very case that the lady's asking about. By definition these are needy students and they did all this training and hopefully did well but none of it matters if they can't take the exam and if they can't afford to it, we went as far as we could on this regard.

(Karen): Okay, I have one other question. On one of the slides - the one about the stale-dated checks - right now our checks that we issue have that they are void, I mean, they're going to be voided after 180 days.

Now based on that slide, I think you said that within 45 days if those checks have not been cashed that we are to send that money back to the Department of ED; is that what I understood or am I not understanding that?

(Greg): We have a 240-day limit. If you have 180 that's fine. You can send them back. The 45-day period I think applies to if you get a check returned as undeliverable.

(Karen): Okay.

(Greg): Okay, but if you never get it back, then it's our 240-day period or if you have a shorter one, you can go with that.

(Karen): Okay. Do we have to do any kind of a notification to the student before we send those funds back or anything?

(Greg): Well, presumably if you can notify the student, you can give them their money.

(Karen): Okay, well that's true. Okay. Do we have to try to do that though? Is that required or, I mean, if they haven't cashed it within the timeframe, can we just send it back?

Jeff Baker: I think, yes, that's a good practice. I think where we are, if you mailed the check - so a couple of things - if you disbursed by telling the student they need to come up to the bursar's office, the cashier's office to pick-up their check and it's getting close to the point of being stale, either your rules or ours, we would think it's very good practice to, you know, notify them assuming they're still enrolled. If you mailed the check...

(Karen): Right, that's what we do. We mail them.

Jeff Baker: ...right, and you're getting up to either your stale date or these rules, again we think it would be good practice, you know, it's a long time even if you're 120 days. Most of our students cash them within hours, right, of receiving the check but you really don't have to follow-up on that.

(Karen): Okay.

Jeff Baker: You know, they presumably game you - now if it was returned in the mail...

(Karen): Right.

Jeff Baker: ...then I think you need to really check to see if you - any way - to get a better address or contact the student to get a better address.

(Karen): Okay. Thank you.

(Greg): I was going to add, you know, what we're trying to do here is to prevent Title IV funds from going to a third party, in this case it'd be back to the institution's checking account and so that's why you have to have a process in place that will prevent that.

Those funds are only for the intended recipient so if in your state the timeframe is less than 240 days as in your example there, you don't want to be sitting on it beyond the 180 days because it would be escheating back into the institution's account and you would want to be acting on that promptly.

(Karen): Okay. All right, thank you.

Coordinator: Your next question comes from (Paula). Your line is open.

(Paula): Hi, yes. I have a question on the 14 days for the refunds. Is it 14 days where they have to be mailed out from the time the aid is posted to the account or from the time we receive the drawdown?

(Greg): It's from a - the 14 days and whether you do mail or inform the student that they can pick it up or do an EFT - it's 14 days from when the credit balance is created so that would happen when both the financial aid is posted and the institutional charges are posted.

At that point you have the two numbers you need to see if there's a Title IV credit balance and how much it is and that's when the clock starts. We have a provision, remember we have a provision about the beginning of the semester, okay? If that occurs before the first day of classes, you can wait for 14 days after the first day of classes.

There's a little bit of thing there because when we wrote these rules you folks - business officers and others - pointed out that there might be a credit balance created, you know, much earlier but you don't have any interest in releasing the money before classes start or even until a week or two into the classes to make sure that the student is in attendance.

So it's 14 days but 14-day clock could start as late as the first day of classes.

(Paula): Okay, because we don't post the aid until after a Census date, okay, and then once we post the aid, we do the drawdown then.

(Greg): Yes, the only question I would have is unrelated a little bit but in this example, when's your Census date? How many days into the term?

(Paula): About three weeks into the term.

(Greg): Yes, I think you have a problem with our new regulation about providing book support from I believe...

Dan Klock: 164.

(Greg): ...I believe it's you have to make these funds available and there's other way to do it, bookstore charges and other things. I think no later than seven days - the guys are looking it up - after the first day of classes so if you're not giving the students any aid for three weeks, that's a concern.

(Paula): Yes, apparently. We used to let them charge at the bookstore but apparently we're not going to be able to do that any longer.

(Greg): Well, you can have them charge at the bookstore. You just can't use the Title IV aid to pay it which I know you might think is just really being real bureaucratic but there is a difference there. Whether it can ever work...

Dan Klock: On the seventh day.

(Greg): ...I'd also add and I'm not picking on you but especially as a former aid administrator having a needy student wait three weeks to get any of their money seems to me to be not really what we ought to be doing.

(Paula): Yes, but then we have problems where they never attend classes and then they owe us balances.

(Greg): Yes, and so the question is and this is and I'm going to move on in just a second, is maybe you want to see if you can find a mechanism to ensure that they at least attended some classes at some time because you're holding 100%

of the students hostage for three weeks for some hopefully small number who never attended.

But that's, you know, we don't have any rules about that. I'm just, you know, being a pain here.

(Paula): Okay, yes, it's just that we're going to end-up with huge balances between having to send out money ahead of time for them to get the books and then just posting the aid and sending refunds and then all of a sudden it's like all these people who were at full-time now end-up with having three credits, one class.

(Greg): Because they never began the other classes?

(Paula): Correct.

(Greg): Yes, yes. Don't we love our kids?

(Paula): So it's a Catch-22.

(Greg): Right. Right.

Coordinator: Your next question comes from Miami University. Your line is open.

Woman: Hi, I have a question about the Question Number 12 about the banks. We're in the process of possibly having a bank do our refunding for us but no refund to the students, well, they'll send checks or they'll refund to any checking account that the student has setup for ACH.

So are you saying that is that an issue with the code of conduct, I mean, it's open to - they're doing it - for all accounts but they are a specific bank and they do issue loans.

Jeff Baker: And what is it that they're doing at the school?

Woman: They're doing our refunding so all of our student refunds, we'll send them the information and they'll post to - they'll either issue checks - or post to ACH credits to the students but not to their specific bank accounts. I mean, they will have a presence on campus but they'll still - it's not - it's not a requirement to be at their bank.

Jeff Baker: Right, but that's a third-party servicer who was doing disbursement work for you, right?

Woman: That happens to be a bank, right. Is that a conflict?

Jeff Baker: It's not a conflict as that the code of conduct kicks in because they also do private loans, right?

Woman: Yes.

Jeff Baker: Yes.

(Greg): Yes, and the code of conduct isn't, you know, it's not like you can't do something. It's just that you have to develop the code of conduct. There's some specificity about what's included is to make sure that, you know, there is a code of conduct.

It's a little bit of motherhood and apple pie, I mean, it's just making sure that everyone understands that there are responsibilities of the relationship between a school and the bank because the Congress was very much concerned as we were too about and you know the history here but and maybe over time it'll go away but the history was some abuses or at least the perception of if not the reality of some conflicts between the school or people at the school and these banks.

So that's where we are. It's a code of conduct and they just have to create it and execute it and live up to it.

Woman: Okay, great. Thanks.

Coordinator: Your next question comes from (Kim Glasser). Your line is open.

(Kim Glasser): My question was answered.

Coordinator: Your next question comes from (Mark). Your line is open.

(Mark): Yes, thank you. I have a 20-week program that requires some specialized training for students and we're at Week 15 in that training and we've come across a three-week delay unexpectedly due to some availability of that equipment.

Our intention is to treat that as an official break and my question is is that appropriate and secondly, during that break can students continue to work under the work study program?

(Greg): I'm going to ask you (Mark) to send that question to us. It's pretty precise. You explained it pretty well but I think you'll need to give us a little more of

the facts. Generally it has to do with continuously offering the program, you know, we've had cases where because of a natural disaster or something we've had to, you know, be very flexible on this but I think we need a little bit more specificity.

Jeff Baker: Is this a new program?

(Mark): No.

Jeff Baker: So what is, I mean, if you've offered it previously, what's the difference this time? Why is there a gap?

(Mark): Overbooking in scheduling of the resources from a third-party provider.

Jeff Baker: Yes, why don't you (Mark) send and if I'm going to have you to send it to Dan, dan.klock@ed.gov. Don't go on and on but a little more specificity about this and then we'll get back to you.

(Mark): Dan.klock. Okay.

Jeff Baker: K-L-O-C-K.

Dan Klock: At ed.gov.

(Mark): Great. Thank you.

Coordinator: Your next question comes from Central Ohio Technical College. Your line is open.

Woman: Hi, I'm just - I'm sure that a lot of people are kind of going back to the bookstore question - and I'm just kind of wondering when you mentioned that there'd be avenues for I guess looking at defining a new interpretation, I'm just thinking about the entire nationwide academic system and there has to be a strong percentage of campuses that have a co-located bookstore where the student is charging it for educationally-related expenses.

I don't find anything in the materials that states specifically, I mean, it's just not specifically stated so I'm sure the interpretation is that this is just a fine and dandy thing so what would be the process of providing feedback?

Jeff Baker: Well, let me take just a couple of seconds. You don't find anything specific about saying that a third-party bookstore, you cannot do this. It's as (John) mentioned, you can use Title IV funds to pay institutional charges which are charges for goods and services provided by the institution and then when our interpretation has been once you get to a third party, that's not provided by the institution.

We certainly have heard on this call the concern. At the risk and I really don't mean to be rude, I think we know the issue and I think we know the importance of it to the community, not just from the four or five questions you've asked live here but Kevin jumped in and reminded us that his colleagues are getting a whole bunch of questions on this.

So I'm going to ask you to kind of trust us that we understand the issue and we - I'm not promising anything - this is longstanding, might be new to some people but it's longstanding so we have to play this out, do some work on it and see what the legalities are and all kinds of things so we are aware from this call and from some others that this is a concern.

Woman: All right, thank you.

Jeff Baker: Okay.

Kevin Campbell: (Ashley) as we are approaching the end of our time here, let's take one more question and then we will wrap it up.

Coordinator: Your last question comes from (Paul Gustanelli). Your line is open.

(Paul Gustanelli): I have two quick questions. First one is you have a scenario where a professor does not take attendance, gives a mid-term and a final only. A student withdraws from the class prior to the mid-term. Professor says I remember seeing this student in class and we take that statement as documentation of attendance.

(Greg): Well, yes, what you're talking about is a student who did not officially withdraw?

(Paul Gustanelli): No, they officially withdrew but then we have to go confirm they attended the class.

(Greg): Yes, and so oh I see. Didn't take attendance, the only academic requirement that would have had a record is the mid-term but he wasn't there through the mid-term?

(Paul Gustanelli): Correct.

(Greg): Okay. You can get information from the faculty but and I don't mean to say that you, you know, but oh yeah, I remember this guy is probably not sufficient.

(Paul Gustanelli): Yes, it's not documented. That's the issue we're kind of having with some of our cases.

Man: The faculty could document it.

Man: Yes, the faculty could certainly the office in charge of return the Title IV funds an e-mail indicating, you know, what the facts were that they do remember the student beginning enrollment or they don't but if they did...

(Paul Gustanelli): But if an auditor went to that faculty member, they're not going to be able to provide any documentation.

Jeff Baker: Well...

Man: That would be your document.

Jeff Baker: Oh, that's your, I mean, right, because your question actually starts off with there is no academically - there is no institutional - documentation. There's not attendance so it's not required. There is no mid-term because they say they didn't take it.

So right away we, I mean, we are flexible every now and then so in our rules we do indicate that if the institution can document attendance from an academically-related activity and that documentation can be a signed or an e-mail as in a statement from a faculty member, with as much specificity as possible.

I understand that the faculty member may not be able to say yes, and the last time I saw him was October 13th but if they can, that'd be great but as much documentation and it would stand the test of reasonableness.

(Paul Gustanelli): Right. Quick on the second question, programs and modules. My understanding is that if a student withdraws from the first module even though they remain registered for the second module, when we do the R2T4 calculation, the number of days we used are the combined number of days in both modules.

In other words, I just want to clarify this because I'm having a struggle with it mentally that we cannot consider the fact that they're registered as any calculation, you know, proof they're still there but we are required to still use those day which is going to dilute the percentage of the term they attended.

Jeff Baker: Well, that's right and then I think the thing to think about it is that the business about that he's enrolled or registered or hasn't affirmed or hasn't attended, that's about timing mostly but you're right.

When you don't have a confirmation or the student really never shows up to the subsequent module, he was enrolled for all of those modules...

Dan Klock: And awarded.

Jeff Baker: ...and awarded and his financial aid was based upon those modules, then you have to use that as the denominator in calculating the percentage.

(Paul Gustanelli): Okay, thank you very much.

Jeff Baker: Okay. Kevin, I think that's probably all we have time for; is that right?

Kevin Campbell: That's right, Jeff. We want to thank you and (John) for taking all these questions and we want to thank all of our attendees for joining us today on this business officer Webinar.

We will remind you of a couple of things. This Webinar has been recorded and you will see posted to IFAP in the near future the slides, the recording of the Webinar and a transcript of the Webinar so be on the lookout for that.

And we would like you to now push the start survey button, the blue arrow that you see on your screen. It's just a few questions there but your input about your reaction to this Webinar is very important to us. Again, thank you very much for joining us today.

Coordinator: Thank you for participating in today's conference call. You may disconnect at this time.

END