

**Proposed Regulatory Language
Committee III – General Provisions**

Issue #1: Consistent enrollment status definitions for all Title IV programs

Regulatory Cite: §668.2(b); §668.10(a)(3)(v); §668.10(a)(3)(vi); §674.2(b);
§682.200; §685.102; §690.2(c)

Summary of Change for 3-14 to 3-16 meeting: Definitions for full-time student, half-time student, and three-quarter time student were updated as needed, consolidated, and moved to §668.2(b). More specifically, the definition for a full-time student in a clock hour program was updated to reflect the new academic year definition, which changed the minimum number of weeks of instructional time from 30 to 26. In order for a full-time clock hour student to meet the required 900 hours by the end of the minimum 26 weeks, a student must now complete 35 hours of instructional time per week instead of 24. Additionally, a definition of full-time for a student who is taking some correspondence coursework has been added to the general definitions. References to these terms in §668.10(a)(3)(v), §668.10(a)(3)(vi), §674.2(b), §682.200, §685.102, §690.2(c), §690.8(c), and §691.8(c) have been removed.

Tentative Agreement: No

Update since 3-14 to 3-16 meeting: Full-time clock hour definition has reverted to 24 clock hours per week.

Change:

§668.2(b) General Definitions.

* * * * *

Full-time student: An enrolled student who is carrying a full-time academic workload ~~(other than by correspondence)~~ as determined by the institution under a standard applicable to all students enrolled in a particular educational program. The student's workload may include any combination of courses, work, research, or special studies that the institution considers sufficient to classify the student as a full-time student. However, for an undergraduate student, an institution's minimum standard must equal or exceed one of the following minimum requirements:

(1) For a program that measures progress in credit hours and uses standard terms (semesters, trimesters, or quarters), ~~Twelve~~12 semester hours or 12 quarter hours per academic term ~~in an educational program using a semester, trimester, or quarter system.~~

**Proposed Regulatory Language
Committee III – General Provisions**

(2) For a program that measures progress in credit hours and does not use terms, ~~Twenty-four~~ 24 semester hours or 36 quarter hours over the weeks of instructional time ~~per in the academic year for an educational program using credit hours but not using a semester, trimester, or quarter system, or the prorated equivalent for a~~ if the program ~~of is~~ less than one academic year.

(3) For a program that measures progress in credit hours and uses nonstandard terms (terms other than semesters, trimesters or quarters) the number of credits determined by:

(i) Dividing the number of weeks of instructional time in the term by the number of weeks of instructional time in the program's academic year; and

(ii) Multiplying the fraction determined under (b)(3)(i) of this section by the number of credit hours in the program's academic year.

~~(34) Twenty-four~~ For a program that measures progress in clock hours, the 24 clock hours per week. as determined by dividing the clock hours in the program's academic year by the weeks of instructional time in the program's academic year. ~~for an educational program that uses clock hours~~

~~(4) In an educational program using both credit and clock hours, any combination of credit and clock hours where the sum of the following fractions is equal to or greater than one:~~

~~(i) For a program using a semester, trimester, or quarter system-~~

Number of quarter hours per academic year	+	Number of clock hours per week
36		24

~~(ii) For a program not using a semester, trimester, or quarter system-~~

Number of semester or trimester hours per academic year	+	Number of quarter hours per academic year	+	Number of clock hours per week
24		36		24

**Proposed Regulatory Language
Committee III – General Provisions**

(5) A series of courses or seminars that equals 12 semester hours or 12 quarter hours in a maximum of 18 weeks.

(6) The work portion of a cooperative education program in which the amount of work performed is equivalent to the academic workload of a full-time student.

(7) For correspondence coursework, a full-time courseload must be--

(i) Commensurate with the full-time definitions listed in paragraphs one through six of this section; and

(ii) At least one-half of the coursework must be made up of non correspondence coursework that meets one-half of institution's requirement for full-time students.

* * * * *

Half-time student: (1) Except as provided in paragraph (2), an enrolled student who is carrying a half-time academic work load, as determined by the institution, that amounts to at least half the work load of the applicable minimum requirement outlined in the definition of a full-time student.

(2) A student enrolled solely in a program of study by correspondence who is carrying a work load of at least 15 12 hours of work per week, or is earning at least 6 credit hours per semester, trimester or quarter. However, regardless of the work, no student enrolled solely in correspondence study is considered more than a half-time student.

* * * * *

Three-quarter time student: An enrolled student who is carrying a three-quarter-time academic work load, as determined by the institution, that amounts to at least three quarters of the work of the applicable minimum requirement outlined in the definition of a full-time student.

* * * * *

§668.10(a)(3)(v)

**Proposed Regulatory Language
Committee III – General Provisions**

* * * * *

~~A half-time student in a direct assessment program is an enrolled student who is carrying half of the academic workload of a full-time student in that program.~~

* * * * *

§668.10(a)(3)(vi)

* * * * *

~~A three-quarter time student in a direct assessment program is an enrolled student who is carrying three quarters of the academic workload of a full-time student in that program.~~

* * * * *

§674.2(b)

* * * * *

~~*Half-time graduate or professional student:* An enrolled graduate or professional student who is carrying a half-time academic workload as determined by the institution according to its own standards and practices.~~

~~*Half-time undergraduate student:* An enrolled undergraduate student who is carrying a half-time academic workload, as determined by the institution, which amounts to at least half the workload of a full-time student. However, the institution's half-time standards must equal or exceed the equivalent of one or more of the following minimum requirements:~~

~~(1) 6 semester hours or 6 quarter hours per academic term for an institution using a standard semester, trimester, or quarter system.~~

~~(2) 12 semester hours or 18 quarter hours per academic year for an institution using credit hours to measure progress, but not using a standard semester, trimester, or quarter system; or the prorated equivalent for a program of less than one year.~~

**Proposed Regulatory Language
Committee III – General Provisions**

~~(3) 12 clock hours per week for an institution using clock hours.~~

~~(4) 12 hours of preparation per week for a student enrolled in a program of study by correspondence. Regardless of the workload, no student enrolled solely in correspondence study is considered more than half time.~~

* * * * *

§682.200

* * * * *

~~*Half-time student.* A student who is enrolled in an institution of higher education, and is carrying an academic workload that amounts to at least one-half the workload of a full-time student, as determined by the school, and is not a full-time student. A student enrolled solely in an eligible correspondence course, as defined in 34 CFR 668.8 is considered a half-time student as defined in 34 CFR 668.2.~~

* * * * *

§685.102

* * * * *

~~*Half-time student:* A student who is not a full-time student and who is enrolled in an institution of higher education and is carrying an academic workload that is at least one-half the workload of a full-time student, as determined by the school. A student enrolled solely in an eligible program of study by correspondence is considered a half-time student.~~

* * * * *

§690.2(c)

* * * * *

~~*Half-time student:* (1) Except as provided in paragraph (2), an enrolled student who is carrying a half-time academic work load as determined by the institution which amounts to at least half the work load of the appropriate minimum~~

**Proposed Regulatory Language
Committee III – General Provisions**

~~requirement outlined in the definition of a full time student.~~

~~(2) A student enrolled solely in a program of study by correspondence who is carrying a work load of at least 12 hours of work per week, or is earning at least 6 credit hours per semester, trimester or quarter. However, regardless of the work, no student enrolled solely in correspondence study is considered more than a half time student.~~

~~*Less than half time student:* An enrolled student who is carrying less than half the work load of the appropriate minimum requirement outlined in the institution's definition of a full time student.~~

~~*Three quarter time student:* An enrolled student who is carrying a three-quarter time academic work load as determined by the institution which amounts to at least three quarters of the work of the appropriate minimum requirement outlined in the definition of a "full time student" as defined in 34 CFR part 668.~~

* * * * *

§ 691.8(c)

* * * * *

~~A student taking correspondence courses is considered a full time student if~~

~~(1) The student is taking coursework that is commensurate with the institution's standard for full time students; and~~

~~(2) The student's noncorrespondence coursework constitutes at lease one-half of the institution's required minimum coursework for full time students.~~

[The definitions that have been added to the General Provisions regulations will be listed in each part, as appropriate, with the terms used in that part that are set forth in subpart A of the Student Assistance General Provisions, 34 CFR 668.]

**Proposed Regulatory Language
Committee III – General Provisions**

Issue #2: Consistent definitions for undergraduate student, graduate or professional student and first-professional degree for all Title IV programs.

Regulatory Cite: §674.2(b); §675.2(b); §676.2(b); §682.200; §690.2; §691.2

Summary of Change for 3-14 to 3-16 meeting: Definitions for undergraduate and graduate or professional student were consolidated and moved to §668.2(b). References to these terms in §674.2(b), §675.2(b), §676.2(b), §682.200, §690.2, and §691.2 have been removed. Language was added to the definition of undergraduate student to clarify that any student who is enrolled in a dual degree program (bachelor’s and higher) is considered an undergraduate student for purposes of Federal student aid for his/her first three academic years in the program. A definition for first professional degree was added to §668.2(b) to clarify that designation. It is based on the definition of first professional degree used by the Integrated Postsecondary Education Data System (IPEDS).

Tentative Agreement: Yes.

Update since 3-14 to 3-16 meeting: Language that references post-baccalaureate teacher certification programs as covered by §690.6(c)(5) was added to the definition for undergraduate student.

Change:

§ 668. 2(b) General definitions.

* * * * *

First professional degree: A degree that signifies both completion of the academic requirements for beginning practice in a given profession and a level of professional skill beyond that normally required for a bachelor’s degree. Professional licensure is also generally required. Examples of a first professional degree include but are not limited to Pharmacy (Pharm.D.), Dentistry (D.D.S. or D.M.D.), and Veterinary Medicine (D.V.M.), Chiropractic (D.C. or D.C.M.), Law (L.L.B., or J.D.), Medicine (M.D.), Optometry (O.D.), Osteopathic Medicine (D.O.), Podiatry (D.P.M., D.P., or Pod.D.), and Theology (M.Div., or M.H.L.).

* * * * *

Graduate or professional student: A student who:

(1) Is not receiving title IV aid as an undergraduate student for the same period of enrollment;

**Proposed Regulatory Language
Committee III – General Provisions**

~~(1) Is enrolled in a program or course above the baccalaureate level at an institution of higher education; or is enrolled in a program leading to a first professional degree; and~~

~~(3) is enrolled in a program leading to a first professional degree;~~

~~(2) Has completed the equivalent of at least three academic years of full-time study at an institution of higher education, either prior to entrance into the program or as part of the program itself. ;. and~~

~~(3) Is not receiving title IV aid as an undergraduate student for the same period of enrollment.~~

* * * * *

Undergraduate student:

~~(1) A student who is enrolled in an undergraduate course of study that usually does not exceed four academic years, or is enrolled in a longer program designed to lead to a first degree at the baccalaureate level. For purposes of §690.6 (c)(5) students who have completed a baccalaureate program of study and who are subsequently completing a state-required teacher certification program are treated as undergraduates. With the exception of the Federal Family Educational Loan (FFEL) Program and the Direct Loan program, a student enrolled in a program of any other length is considered an undergraduate student for only the first four academic years of that program.~~

~~(2) In addition to meeting the definition in paragraph (1), a student is only considered an undergraduate for purposes of the Federal Supplemental Educational Opportunity Grant (FSEOG) Program, the Federal Pell Grant Program, the Academic Competitiveness Grant (ACG) Program, and National Science and Mathematics Access to Retain Talent (SMART) Grant Program if the student has not yet earned a baccalaureate or first professional degree. However, for purposes of §690.6 (c)(5) students who have completed a baccalaureate program of study and who are subsequently completing a state-required teacher certification program are treated as undergraduates.~~

**Proposed Regulatory Language
Committee III – General Provisions**

(3) For purposes of dual degree programs that allow individuals to complete a bachelor's degree and either a graduate or first professional degree within the same program, a student is considered an undergraduate student for at least the first three academic years of that program.

* * * * *

§674.2(b)

* * * * *

~~Graduate or professional student: A student who—~~

~~(1) Is enrolled in a program or course above the baccalaureate level at an institution of higher education or is enrolled in a program leading to a first professional degree;~~

~~(2) Has completed the equivalent of at least three years of full time study at an institution of higher education, either prior to entrance into the program or as part of the program itself; and~~

~~(3) Is not receiving title IV aid as an undergraduate student for the same period of enrollment.~~

~~Undergraduate student: A student enrolled at an institution of higher education who is in an undergraduate course of study which usually does not exceed four academic years, or is enrolled in a four to five academic year program designed to lead to a first degree. A student enrolled in a program of any other length is considered an undergraduate student for only the first four academic years of that program.~~

* * * * *

§676.2(b)

* * * * *

~~Undergraduate student: A student enrolled in an undergraduate course of study at an institution of higher education who—~~

**Proposed Regulatory Language
Committee III – General Provisions**

~~(1) Has not earned a baccalaureate or first professional degree; and~~

~~(2) Is in an undergraduate course of study which usually does not exceed 4 academic years, or is enrolled in a 4 to 5 academic year program designed to lead to a first degree. A student enrolled in a program of any other length is considered an undergraduate student for only the first 4 academic years of that program.~~

* * * * *

§682.200

* * * * *

~~Graduate or professional student. A student who, for a period of enrollment—~~

~~(1) Is enrolled in a program above the baccalaureate level at an institution of higher education or is enrolled in a program leading to a first professional degree;~~

~~(2) Has completed the equivalent of at least three academic years of full time study at an institution of higher education, either before entrance into the program or as part of the program itself; and~~

~~(3) Is not receiving aid under title IV of the Act as an undergraduate student for the same period of enrollment.~~

~~Undergraduate student. A student who is enrolled at a school in a program of study, at or below the baccalaureate level, that usually does not exceed four academic years, or is up to five academic years in length, and is designed to lead to a degree or certificate at or below the baccalaureate level.~~

* * * * *

§690.2

* * * * *

~~Undergraduate student: A student enrolled in an undergraduate course of study at an institution of higher education who—~~

**Proposed Regulatory Language
Committee III – General Provisions**

~~(1) Has not earned a baccalaureate or first professional degree; and~~

~~(2) Is in an undergraduate course of study which usually does not exceed 4 academic years, or is enrolled in a 4 to 5 academic year program designed to lead to a first degree. A student enrolled in a program of any other length is considered an undergraduate student for only the first 4 academic years of that program.~~

* * * * *

§691.2

* * * * *

~~*Undergraduate student:* A student enrolled in an undergraduate course of study at an institution of higher education who~~

~~(1) Has not earned a baccalaureate or first professional degree; and~~

~~(2) Is in an undergraduate course of study which usually does not exceed 4 academic years, or is enrolled in a 4 to 5 academic year program designed to lead to a first degree. A student enrolled in a program of any other length is considered an undergraduate student for only the first 4 academic years of that program.~~

[The definitions that have been added to the General Provisions regulations will be listed in each part, as appropriate, with the terms used in that part that are set forth in subpart A of the Student Assistance General Provisions, 34 CFR 668.]

**Proposed Regulatory Language
Committee III – General Provisions**

Issue #3: Define independent study

Regulatory Cite: §600.2; §668.10(a)(3)(iii)

Summary of Change for 3-14 to 3-16 meeting: A definition of independent study will be added to §668.2(b).

Update since 3-14 to 3-16 meeting: Narrowed the definition of independent study and added it to §668.10(a)(3)(iii).

Tentative Agreement: No

Change:

§ 668. ~~2(b)~~10(a)(3)(iii) General Definitions Direct Assessment Programs.

* * * * *

~~Independent study: A course of study in which:~~

~~(1) An individual student works with a faculty member to design a unique course or program of study tailored to that student's academic objectives and interests, or~~

~~(2) A week of instructional time in a direct assessment program is any seven-day period in which at least one day of educational activity occurs. Educational activity in a direct assessment program includes regularly scheduled learning sessions, faculty-guided independent study, consultations with a faculty mentor, development of an academic action plan addressed to competencies identified by the institution, or, in combination with any of the foregoing, assessments. It does not include credit for "life experience." For purposes of direct assessment programs, independent study occurs when a student follows a course of study with predefined objectives but works with a faculty member to decide how the student is going to meet those objectives. The student and faculty member agree on what the student will do (e.g., required readings, research, and work products), how the student's work will be evaluated, and on what the relative timeframe for completion of the work will be. The student must interact with the faculty member on a regular and substantive basis to assure progress within the course or program.† and~~

**Proposed Regulatory Language
Committee III – General Provisions**

~~(3) For both (1) and (2) of this definition, the student and faculty member agree on what the student will do (e.g., required readings, research, and work products), how the student's work will be evaluated, and on what the relative timeframe for completion of the work will be. The student must interact with the faculty member on a regular and substantive basis to track progress within the course or program.~~

* * * * *

**Proposed Regulatory Language
Committee III – General Provisions**

Issue #4 & Issue #6: Nonterm credit hour programs--Use of completion of half the weeks of instructional time for timing of loan disbursements, and require institutions to use consistent disbursement periods for Title IV programs, where allowed under the law.

Regulatory Cite: §668.4, §668.22(e)(5), §668.164(b)(1), §682.604(c)(6), (c)(7), and (c)(8), §685.301(b)(2), (b)(3), (b)(5), and (b)(6), §674.16(b), §676.16(a), §690.76, §691.76

Summary of change for 3-14 to 3-16 meeting: The definition of a payment period has been changed to make the payment period definition the same for all Title IV grant and loan programs, except where prohibited by law and regulation (i.e., for nonstandard term programs using terms that are not substantially equal in length). This has been accomplished by: (1) applying the requirement that a student complete half the coursework and half the weeks of instructional time, rather than the use of completion of half the coursework and the calendar midpoint as currently used in the FFEL and Direct Loan program, for the timing of second disbursements to students in nonterm credit hour programs, and nonstandard term credit hour programs with terms that are not substantially equal in length; (2) requiring the completion of half the weeks instructional time in addition to half the clock hours in the payment period, before a second disbursement may be made to a student in a clock hour program to be consistent with current requirements for FFEL and Direct Loan funds and (3) for credit hour nonterm and clock hour programs, requiring two payment periods for any remainder of a program that is one academic year or less in length to be consistent with current requirements for FFEL and Direct Loan funds. Finally, a change to §668.22 has been made to require an institution to select and consistently use either the FFEL/Direct Loan payment period or the Title IV grants/Perkins loan payment period for Return of Title IV Funds calculations for a program that is measured in nonstandard terms that are not substantially equal in length. Aid that is not disbursed by the selected payment period must be attributed.

To ensure consistency, §668.4 would be amended further to no longer permit an institution to have more than two payment periods in an academic year/program. For example, for a clock hour program of 900 hours, an institution would be required to disburse Title IV grant and Perkins Loan funds using two 450 hour payment periods. We note that under §690.76 and §691.76, an institution may pay a student Pell Grant, ACG and/or National SMART Grant funds at such times and in such installments in each payment period as it determines will best meet the student's needs. Corresponding provisions for Perkins Loan and FSEOG funds are found in §674.16(b), §676.16(a) respectively. So, for example, an institution could make two Pell Grant payments within each payment period for a total of four Pell Grant payments for the program.

Updated information since 3-14 to 3-16 meeting: (1) Changed the payment period definition for a remainder of a program less than half an academic year in length to be the remainder of the program, instead of dividing that period in two (for clock hour programs, nonterm credit hour programs and, for FFEL and Direct Loans, nonstandard

**Proposed Regulatory Language
Committee III – General Provisions**

term credit hour programs with terms that are not substantially equal in length). Noted in §668.164 by cross-reference that, in accordance with statute, the regulations will require two disbursements of FFEL and Direct Loan funds for this single payment period. (2) Added clock hours to the provision in new §668.4(c)(3) addressing situations where an institution is unable to determine when a student has successfully completed half the hours. (3) Added language to new §668.4(d) to address the cohort default rate exemption for disbursing FFEL and Direct Loan funds for nonstandard term, nonterm, and clock hour programs. (4) Moved from §668.164 to new §668.4(e) language that delineates when an institution may count excused absences as completed clock hours. (5) Added at new §668.4(g)(3) current FSA Handbook guidance regarding the definition of a payment period for a student who transfers into another program at the same school where the coursework is substantially similar to permit the school to consider the student to remain in the same payment period. (6) Defined “successfully complete” in new §668.4(h). (7) In §668.164(b), specified that an institution must disburse funds once each payment period, noted exceptions to this. (8) For consistency and to make clear the changed treatment of less-than-full-time students, changed the definition of “period of enrollment” to be measured in weeks of instructional time. (9) Revised the Return of Title IV funds language to require an institution to always use the payment period that ends later, rather than requiring an institution to select and consistently use either the FFEL/Direct Loan payment period or the Title IV grants/Perkins loan payment period for Return of Title IV Funds calculations for a program that is measured in nonstandard terms that are not substantially equal in length.

Tentative Agreement: No.

Change:

§668.4 Payment period.

(a) Payment periods for an eligible program that measures progress in credit hours and ~~has academic~~ uses standard terms or nonstandard terms that are substantially equal in length. For a student enrolled in an eligible program that measures progress in credit hours and ~~has~~ uses standard terms (semesters, trimesters, or quarters), or for a student enrolled in an eligible program that measures progress in credit hours and uses nonstandard terms that are substantially equal in length, the payment period is the academic term-;

(b) Payment periods for an eligible program that measures progress in credit hours and uses nonstandard terms that are not substantially equal in length. For a student enrolled in an eligible program that measures progress in credit hours and uses nonstandard terms that are not substantially equal in length-

**Proposed Regulatory Language
Committee III – General Provisions**

(1) For Pell Grant, ACG, National SMART Grant, FSEOG, and Perkins Loan program funds, the payment period is the academic term.

(2) For FFEL and Direct Loan program funds–

(i) For a student enrolled in an eligible program that is one academic year or less in length–~~or for the remaining portion of an eligible program that is one academic year or less in length–~~

(A) The first payment period is the period of time in which the student successfully completes half the number of credit hours in the program–~~or remainder of the program, as applicable,~~ and half the number of weeks of instructional time in the program–~~or remainder of the program, as applicable;~~ and

(B) The second payment period is the period of time in which the student successfully completes the program–~~or remainder of the program, as applicable.~~

(ii) For a student enrolled in an eligible program that is more than one academic year in length–

(A) For the first academic year and any subsequent full academic year–

(1) The first payment period is the period of time in which the student successfully completes half the number of credit hours in the academic year and half the number of weeks of instructional time in the academic year; and

(2) The second payment period is the period of time in which the student successfully completes the academic year.

(B) For any remaining portion of an eligible program that is more than one-half an academic year but less than a full academic year in length–

(1) The first payment period is the period of time in which the student successfully completes half the number of credit hours in the remaining portion of the program and half the number of weeks of instructional time remaining in the program; and

**Proposed Regulatory Language
Committee III – General Provisions**

(2) The second payment period is the period of time in which the student successfully completes the remainder of the program.

(C) For any remaining portion of an eligible program that is not more than half an academic year, the payment period is the remainder of the program.

(bc) *Payment periods for an eligible program that measures progress in credit hours and does not have academic terms or for a program that measures progress in clock hours.* (1) For a student enrolled in an eligible program that is one academic year or less in length ~~or for the remaining portion of an eligible program that is one academic year or less in length~~

(i) The first payment period is the period of time in which the student successfully completes half the number of credit hours or clock hours, as applicable, in the program ~~or remainder of the program~~ and half the number of weeks of instructional time in the program ~~or remainder of the program~~; and

(ii) The second payment period is the period of time in which the student successfully completes the program or the remainder of the program.

(2) For a student enrolled in an eligible program that is more than one academic year in length–

(i) For the first academic year and any subsequent full academic year–

(A) The first payment period is the period of time in which the student successfully completes half the number of credit hours or clock hours, as applicable, in the academic year and half the number of weeks of instructional time in the academic year; and

(B) The second payment period is the period of time in which the student successfully completes the academic year.

(ii) For any remaining portion of an eligible program that is more than one-half an academic year but less than a full academic year in length–

**Proposed Regulatory Language
Committee III – General Provisions**

(A) The first payment period is the period of time in which the student successfully completes half the number of credit hours or clock hours, as applicable, in the remaining portion of the program and half the number of weeks of instructional time remaining in the program; and

(B) The second payment period is the period of time in which the student successfully completes the remainder of the program.

(iii) For any remaining portion of an eligible program that is not more than half an academic year, the payment period is the remainder of the program.

(3) For purposes of paragraphs (~~bc~~)(1) and (~~bc~~)(2) of this section, if an institution is unable to determine when a student has successfully completed half of the credit hours or clock hours in a program, academic year, or remainder of a program, ~~the student is considered to begin the second payment period of the program, academic year, or remainder of a program at the later of~~ the date, as determined by the institution, on which the student has successfully completed

~~(i) The date, as determined by the institution, on which the student has completed~~ Half of the academic coursework in the program, academic year, or remainder of the program; or

~~(ii) The calendar midpoint~~ Half the number of weeks of instructional time ~~between the first and last scheduled days of class of~~ in the program, academic year, or remainder of the program.

~~(c) Payment periods for an eligible program that measures progress in clock hours. (1) For a student enrolled in an eligible program that is one academic year or less in length~~

~~(i) The first payment period is the period of time in which the student completes half the number of clock hours in the program; and~~

~~(ii) The second payment period is the period of time in which the student completes the program.~~

**Proposed Regulatory Language
Committee III – General Provisions**

~~(2) For a student enrolled in an eligible program that is more than one academic year in length—~~

~~(i) For the first academic year and any subsequent full academic year—~~

~~(A) The first payment period is the period of time in which the student completes half the number of clock hours in the academic year; and~~

~~(B) The second payment period is the period of time in which the student completes the academic year.~~

~~(ii) For any remaining portion of an eligible program that is more than one half an academic year but less than a full academic year in length—~~

~~(A) The first payment period is the period of time in which the student completes half the number of clock hours in the remaining portion of the program; and~~

~~(B) The second payment period is the period of time in which the student completes the remainder of the program.~~

~~(iii) For any remaining portion of an eligible program that is not more than one half of an academic year, the payment period is the remainder of the program.~~

~~(d) *Number of payment periods.* Notwithstanding paragraphs (b) and (c) of this section, an institution may choose to have more than two payment periods. If an institution so chooses, the regulations in paragraphs (b) and (c) of this section are modified to reflect the increased number of payment periods. For example, if an institution chooses to have three payment periods in an academic year in a program that measures progress in credit hours but does not have academic terms, each payment period must correspond to one-third of the academic year measured in both credit hours and weeks of instruction.~~

(d) *Application of the cohort default rate exemption.* Notwithstanding paragraphs (a), (b), and (c) of this section, if §682.604(b)(10) or §685.301 (b)(8) applies to an eligible program that measures progress in credit hours and uses nonstandard terms, an eligible program that measures progress in credit hours and does not have academic terms, or an eligible program that measures

**Proposed Regulatory Language
Committee III – General Provisions**

progress in clock hours, the payment period for purposes of FFEL and Direct Loan funds is the loan period for those portions of the program to which §682.604(b)(10) or §685.301 (b)(8) applies.

(e) *Excused absences.* (1) For purposes of this section, in determining whether a student successfully completes the clock hours in a payment period, an institution may include clock hours for which the student has an excused absence (i.e., an absence that a student does not have to make up) if—

(1) The institution has a written policy that permits excused absences; and

(2) The number of excused absences under the written policy for purposes of this paragraph does not exceed the lesser of—

(i) The policy on excused absences of the institution's accrediting agency or, if the institution has more than one accrediting agency, the agency designated under 34 CFR part 600.11(b);

(ii) The policy on excused absences of any State agency that licenses the institution or otherwise legally authorizes the institution to operate in the State; or

(iii) Ten percent of the clock hours in the payment period.

(~~ef~~) *Re-entry within 180 days.* If a student withdraws from a program described in paragraph (~~bc~~) ~~or (ed)~~ of this section during a payment period and then reenters the same program within 180 days, the student remains in that same payment period when he or she returns and, subject to conditions established by the Secretary or by the FFEL lender or guaranty agency, is eligible to receive any title IV, HEA program funds for which he or she was eligible prior to withdrawal, including funds that were returned by the institution or student under the provisions of §668.22.

(~~fg~~) *Re-entry after 180 days or transfer.* (1) ~~Except as provided in paragraph (g)(3) of this section, and~~ ~~ss~~ subject to the conditions of paragraph (~~g~~)(2) of this section, an institution calculates new payment periods for the remainder of a student's program based on paragraphs ~~(b) through (d)(c)~~ of this section, for a student who withdraws from a program described in paragraph (~~bc~~) ~~or (e)~~ of this section, and—

(i) Reenters that program after 180 days,

**Proposed Regulatory Language
Committee III – General Provisions**

(ii) Transfers into another program at the same institution within any time period, or

(iii) Transfers into a program at another institution within any time period.

(2) For a student described in paragraph (~~f~~g)(1) of this section–

(i) For the purpose of calculating payment periods only, the length of the program is the number of credit hours and the number of weeks of instructional time, or the number of clock hours and the number of weeks of instructional time, that the student has remaining in the program he or she enters or reenters; and

(ii) If the remaining hours~~7~~ and weeks ~~if applicable~~, constitute one-half of an academic year or less, the remaining hours constitute one payment period.

(3) Notwithstanding the provisions of paragraph (g)(1) of this section, an institution may consider a student who transfers into another program at the same institution to remain in the same payment period if–

(i) The student is continuously enrolled at the institution;

(ii) The coursework in the payment period the student is transferring out of is substantially similar to the coursework the student will be taking when he or she first transfers into the new program;

(iii) The payment periods are substantially equal in length; and

(iv) There are little or no changes in the charges to the student.

(h) Definitions. Terms substantially equal in length. For purposes of this section~~7~~--

(1) Terms are "substantially equal in length" if no term in the program is more than two weeks of instructional time longer than any other term in that program.

**Proposed Regulatory Language
Committee III – General Provisions**

(2) A student "successfully completes" credit hours or clock hours if the institution considers the student to have passed the coursework associated with those hours.

§668.10 Direct assessment programs.

(a)* * *

(3)* * *

(ii) A payment period in a direct assessment program for which equivalence in credit hours has been established must be determined under the requirements in §668.4(a), ~~or (b), or (c),~~ as applicable, using the academic year determined in accordance with paragraph (a)(3)(i) of this section (or the portion of that academic year comprising or remaining in the program). A payment period in a direct assessment program for which equivalence in clock hours has been established must be determined under the requirements in §668.4(c), using the academic year determined in accordance with paragraph (a)(3)(i) of this section (or the portion of that academic year comprising or remaining in the program).

* * * * *

§ 668.164 Disbursing funds.

* * * * *

(b) *Disbursements by payment period.* (1) Except as provided in paragraph (b)(2) of this section, an institution must disburse title IV, HEA program funds on a payment period basis. ~~Except as provided in paragraph (g) of this section, an institution may disburse title IV, HEA program funds to a student or parent for a payment period only if the student is enrolled for classes for that payment period and is eligible to receive those funds. An institution must disburse title IV, HEA program funds once each payment period unless—~~

(i) For FFEL and Direct Loan funds, §682.604(c)(6)(ii), or §685.301(b)(3) applies; or

(ii) For FSEOG, Federal Pell Grant, ACG and National SMART Grant funds, an institution chooses to make more than one disbursement in each payment period in accordance with §676.16(a)(3), §690.76, or §691.76, as applicable.

(2) The provisions of paragraph (b)(1) of this section do not apply to the disbursement of FWS Program funds.

(3) Except as provided in paragraph (g) of this section, an institution may disburse title IV, HEA program funds to a

**Proposed Regulatory Language
Committee III – General Provisions**

~~student or parent for a payment period only if the student is enrolled for classes for that payment period and is eligible to receive those funds.~~

~~(3) For a student enrolled in an eligible program at an institution that measures academic progress in clock hours, in determining whether the student completes the clock hours in a payment period, an institution may include clock hours for which the student has an excused absence if~~

~~(i) The institution has a written policy that permits excused absences; and~~

~~(ii) The number of excused absences under the written policy for purposes of this paragraph does not exceed the lesser of~~

~~(A) The policy on excused absences of the institution's accrediting agency or, if the institution has more than one accrediting agency, the agency designated under 34 CFR part 600.11(b);~~

~~(B) The policy on excused absences of any State agency that licenses the institution or otherwise legally authorizes the institution to operate in the State; or~~

~~(C) Ten percent of the clock hours in the payment period.~~

~~(4) For purposes of paragraph (b)(3) of this section, an "excused absence" is an absence that a student does not have to make up.~~

* * * * *

§ 682.200 Definitions.

* * * * *

(b) The following definitions also apply to this part:

* * * * *

Period of enrollment. The period for which a Stafford, SLS, or PLUS loan is intended. The period of enrollment must coincide with a *bona fide* academic term established by the school for which institutional charges are generally assessed (e.g. semester, trimester, or quarter in weeks of instructional time, length of the student's program in weeks of instructional time or academic year in weeks of instructional time). The period of enrollment is also referred to as the loan period.

* * * * *

**Proposed Regulatory Language
Committee III – General Provisions**

§682.604 Processing the borrower's loan proceeds and counseling borrowers.

* * * * *

(c) * * *

(6) Unless the provision of §682.207(d) ~~or the provisions of paragraph (c)(7) of this section~~ applies ~~y~~

(i) If a loan period is more than one payment period, the school must deliver loan proceeds at least once in each payment period; and

(ii) If a loan period is one payment period, the school must make at least two deliveries of loan proceeds during that payment period. The school may not make the second delivery until the student completes half the number of credit hours or clock hours and half the number of weeks of instructional time in the payment period ~~calendar midpoint between the first and last scheduled days of class of the loan period.~~

~~(7)(i) If a school measures academic progress in an educational program in credit hours and either does not use terms or does not use terms that are substantially equal in length for a loan period, the school may not deliver a second disbursement until the later of~~

~~(A) The calendar midpoint between the first and last scheduled days of class of the loan period; or~~

~~(B) The date, as determined by the school, that the student has completed half of the academic coursework in the loan period.~~

~~(ii) For purposes of paragraph (c)(7) of this section, terms in a loan period are substantially equal in length if no term in the loan period is more than two weeks longer than any other term in that loan period.~~

~~(8) If an educational program measures academic progress in clock hours, the school may not deliver a second disbursement until the later of~~

~~(i) The calendar midpoint between the first and last scheduled days of class of the loan period; or~~

**Proposed Regulatory Language
Committee III – General Provisions**

~~(ii) The date, as determined by the school, that the student has completed half of the clock hours in the loan period.~~

§685.301 Origination of a loan by a Direct Loan Program school.

(b) * * *

* * * * *

~~(2) Unless paragraph (b)(5) or (6) of this section applies,~~
An institution must disburse the loan proceeds on a payment period basis in accordance with 34 CFR 668.164(b).

(3) Unless paragraph (b)(4), ~~(5), (6), or (8)~~ of this section applies~~---~~

~~(i) I~~ (i) If a loan period is more than one payment period, the school must disburse loan proceeds at least once in each payment period; and

(ii) If a loan period is one payment period, the school must make at least two payments~~disbursements~~ during that payment period. The school may not make the second payment~~disbursement~~ until the student completes half the number of credit hours or clock hours and half the number of weeks of instructional time in the payment period~~calendar midpoint between the first and last scheduled days of class of the loan period.~~

(4)(i) If one or more payment periods have elapsed before a school makes a disbursement, the school may include in the disbursement loan proceeds for completed payment periods; or

(ii) If the loan period is equal to one payment period and more than one-half of it has elapsed, the school may include in the disbursement loan proceeds for the entire payment period.

~~(5)(i) If a school measures academic progress in an educational program in credit hours and either does not use terms or does not use terms that are substantially equal in length for a loan period, the school may not make a second disbursement until the later of~~

**Proposed Regulatory Language
Committee III – General Provisions**

~~(A) The calendar midpoint between the first and last scheduled days of class of in the loan period; or~~

~~(B) The date, as determined by the school, that the student has completed half of the academic coursework in the loan period.~~

~~(ii) For purposes of this paragraph, terms in a loan period are substantially equal in length if no term in the loan period is more than two weeks longer than any other term in that loan period.~~

~~(6) If an educational program measures academic progress in clock hours, the school may not make a second disbursement until the later of-~~

~~(i) The calendar midpoint between the first and last scheduled days of class of in the loan period; or~~

~~(ii) The date, as determined by the institution, that the student has completed half of the clock hours in the loan period.~~

(renumber and change cross-references as necessary)

§668.22 Treatment of title IV funds when a student withdraws.

* * * * *

(e) * * *

(5) *Use of payment period or period of enrollment.* (i) The treatment of title IV grant or loan funds if a student withdraws must be determined on a payment period basis for a student who attended a standard term-based (semester, trimester, or quarter) educational program.

(ii)(A) The treatment of title IV grant or loan funds if a student withdraws may be determined on either a payment period basis or a period of enrollment basis for a student who attended a non-term based educational program or a nonstandard term-based educational program.

(B) An institution must consistently use either a payment period or period of enrollment for all purposes of this section for each of the following categories of students

**Proposed Regulatory Language
Committee III – General Provisions**

who withdraw from the same non-term based or nonstandard term-based educational program:

(1) Students who have attended an educational program at the institution from the beginning of the payment period or period of enrollment.

(2) Students who re-enter the institution during a payment period or period of enrollment.

(3) Students who transfer into the institution during a payment period or period of enrollment.

(iii) For a program that measures progress in credit hours and uses nonstandard terms that are not substantially equal in length, if the institution uses the payment period to determine the treatment of title IV grant or loan funds for a category of students found in paragraph (e)(5)(ii)(B) of this section, the institution must consistently use the same payment period

(A)(1) For students in the category who are disbursed or could have been disbursed aid using both the payment period definition in §668.4(b)(1) and the payment period definition in §668.4(b)(2), use the payment period during which the student withdrew that ends later; and, the institution must

(A) Consistently use for calculations under this section for all such students in the category

(1) The payment period definition in §668.4(b)(1); or

(2) The payment period definition in §668.4(b)(2); and

(2) Attribute to the payment period that ends later the amount of title IV, HEA program assistance that is was disbursed or that could have been disbursed by from the payment periods that is are not used for the calculation that overlap the payment period that ends later.

(B) For students in the category who are disbursed or could have been disbursed aid using only the payment period definition in §668.4(b)(1) or the payment period definition in §668.4(b)(2), use the payment period definition for which title IV, HEA program funds were disbursed for a student's calculation under this section.

**Proposed Regulatory Language
Committee III – General Provisions**

Issue #5: Determining loan eligibility for nonstandard term programs

Regulatory Cite: §682.603, §685.301

Summary of Change for 3-14 to 3-16 meeting: A student must successfully complete an academic year to progress to the next FFEL or Direct Loan annual loan limit. For a standard term based program, a student progresses to the next loan limit if he or she completes an academic year in calendar time. This change permits a student to progress to the next annual loan limit in a nonstandard term based program also based on calendar time only, if the terms in the program are substantially equal in length and are at least 9 weeks in length.

Updated information since 3-14 to 3-16 meeting: Made technical changes to clarify treatment for nonstandard term programs with terms that are not substantially equal in length and/or each term is not at least 9 weeks of instructional time in length.

Tentative Agreement: Yes.

Change:

§682.603 Certification by a participating school in connection with a loan application.

* * * * *

(g)(1) If a school measures academic progress in an educational program in credit hours and uses either standard terms (semesters, trimesters, or quarters) or nonstandard terms that are substantially equal in length, and each term is at least 9 weeks of instructional time in length, a student is considered to have completed an academic year and progresses to the next annual loan limit when the academic year calendar period has elapsed.

(2) If a school measures academic progress in an educational program in nonstandard terms that are not substantially equal in length and/or each term is not at least 9 weeks of instructional time in length, or in credit hours and does not have academic terms, a student is considered to have completed an academic year and progresses to the next annual loan limit at the later of-

(i) The student's completion of the weeks of instructional time in the student's academic year; or

**Proposed Regulatory Language
Committee III – General Provisions**

(ii) The date, as determined by the school, that the student has successfully completed the academic coursework in the student's academic year.

(3) If a school measures academic progress in an educational program in clock hours, a student is considered to have completed an academic year and progresses to the next annual loan limit at the later of–

(i) The student's completion of the weeks of instructional time in the student's academic year; or

(ii) The date, as determined by the school, that the student has successfully completed the clock hours in the student's academic year.

(4) For purposes of paragraphs (g)(1) and (g)(2) of this section, terms in a loan period are substantially equal in length if no term in the loan period is more than two weeks of instructional time longer than any other term in that loan period.

Current (g)-(i) become (h)-(j).

* * * * *

§685.301 Origination of a loan by a Direct Loan Program school.

* * * * *

(c) Annual loan limit progression based on completion of an academic year. (1) If a school measures academic progress in an educational program in credit hours and uses either standard terms (semesters, trimesters, or quarters) or nonstandard terms that are substantially equal in length, and each term is at least 9 weeks of instructional time in length, a student is considered to have completed an academic year and progresses to the next annual loan limit when the academic year calendar period has elapsed.

(2) If a school measures academic progress in an educational program in nonstandard terms that are not substantially equal in length and/or each term is not at least 9 weeks of instructional time in length, or in credit hours and does not have academic terms, a student is

**Proposed Regulatory Language
Committee III – General Provisions**

considered to have completed an academic year and progresses to the next annual loan limit at the later of-

(i) The student's completion of the weeks of instructional time in the student's academic year; or

(ii) The date, as determined by the school, that the student has successfully completed the academic coursework in the student's academic year.

(3) If a school measures academic progress in an educational program in clock hours, a student is considered to have completed an academic year and progresses to the next annual loan limit at the later of-

(i) The student's completion of the weeks of instructional time in the student's academic year; or

(ii) The date, as determined by the school, that the student has successfully completed the clock hours in the student's academic year.

(4) For purposes of paragraphs (c)(1) and (c)(2) of this section, terms in a loan period are substantially equal in length if no term in the loan period is more than two weeks of instructional time longer than any other term in that loan period.

Current (c) and (d) become (d) and (e).

* * * * *

**Proposed Regulatory Language
Committee III – General Provisions**

Issue #7: Recovery of funds not claimed by student or parent.

Regulatory cite: §668.161(b)

Summary of Change for 3-14 to 3-16 meeting: Establishes a timeframe for returning unclaimed funds to the Department or FFEL lender.

Updated information since 3-14 to 3-16 meeting: Provides an institution with 30 days to return funds if a check or EFT is returned undeliverable. Changed to allow, but not require, an institution to make a subsequent disbursement attempt for funds returned from a failed EFT or returned check. Any second attempt to disburse the funds must be made within the 30-day period. Changed the timeframe for returning funds from uncashed checks that are not returned from 180 days to 240 days from the date the first attempt is made to pay the funds to the student either by check or by EFT. If the institution made the initial attempt to disburse the funds by EFT and subsequently attempted to issue the funds by check, the 240-day period begins when the initial EFT attempt was made.

Institutions will be expected to take the 240-day time period from the initial attempt to pay the student into consideration when deciding whether to attempt a second payment to a student by check or EFT.

Tentative Agreement: No.

Change:

§668.161 Scope and purpose.

* * * * *

(b) *Federal interest in title IV, HEA program funds.*
(1) Except for funds received by an institution for administrative expenses and for funds used for the Job Location and Development Program under the FWS Programs, ~~F~~funds received by an institution under the title IV, HEA programs are held in trust for the intended student beneficiary, ~~and the Secretary, or lender or a guaranty agency under the FFEL programs.~~ ~~FFEL program funds are also held in trust for lenders and guaranty agencies, in addition to the student beneficiaries and the Secretary, under 34 CFR 682.207.~~ The institution, as a trustee of Federal funds, may not use or hypothecate (i.e., use as collateral) title IV, HEA program funds for any other purpose. ~~, except for program administrative expenses authorized by the Secretary and funds used for the Job Location and Development Program under the FWS Programs.~~

**Proposed Regulatory Language
Committee III – General Provisions**

(2) Notwithstanding any State law, an institution must return ~~immediately~~ to the Secretary, lender, or guaranty agency, as applicable, any title IV, HEA program funds that it ~~attempts to disburse directly to a beneficiary but the beneficiary does not receive or negotiate those funds.~~ The institution must return those funds no later than the ~~earlier of—~~ ~~disbursed by issuing a check or initiating an electronic funds transfer (EFT) if—~~

~~(i) 240 days after the date it makes an initial attempt to disburse the funds by check or Electronic Fund Transfer (EFT), if payment was made by check and the check was neither returned nor cashed; or~~

~~(ii) 30 days after a check or attempted EFT is returned undeliverable. The institution may make a second attempt to disburse undelivered funds during the 30-day period.~~

~~(i) No later than 180 days after the date the check was issued, the check is not negotiated by the beneficiary; or~~

~~(ii) The check or EFT is returned undeliverable. However, for a failed EFT the institution must attempt to disburse the funds one more time by issuing a check.~~

**Proposed Regulatory Language
Committee III – General Provisions**

Issue #8 and #9: Electronic disbursements, use of stored-value cards, and issuing a check.

Regulatory cite: §668.164(c) and §668.165(b)

Summary of Change for 3-14 to 3-16 meeting: Removes the Title IV requirement that an institution must first obtain a student’s authorization to make an electronic funds transfer (EFT), but adds a provision reminding the institution that it must comply with the E-Sign Act and State Law regarding electronic transactions. Modifies the date that a check is issued and conditions the use of EFT, particularly where the institution opens, or is active in opening, bank accounts (including stored-value cards) on behalf of students.

Updated information since 3-14 to 3-16 meeting: Removes the proposed provision that a check is issued on the date the institutions hands it over to the student, in favor of the current provision that the check is issued on the date the institution notifies a student it is available for immediate pick up. However, if the student does not pick up the check within 21 days, the institution must mail the check or return the funds. Modifies the provisions an institution must satisfy when it is actively involved in assisting or opening bank accounts on behalf of students by (1) replacing the State Law and Esign references with a requirement that the institution obtain written affirmative consent from the student or parent, and (2) providing that the institution may request, but not require, a student to open a bank account. Defines “bank account” as that term is used in this section. Addresses the situation where a school issues a stored-value card (or smartcard) that a student uses to access funds the institution holds for the student.

Tentative Agreement: No

Change:

§668.164 Disbursing funds.

* * * * *

(c) *Direct payments.* ~~An institution is responsible for making direct payments to students or parents within all applicable timeframes, including the timeframes established for credit balances under paragraph (e) of this section, funds the institution receives under the advance payment method as provided in §668.162(b), and post withdrawal disbursements in §668.22(a)(5).~~ (1) An institution pays a student or parent directly by—

**Proposed Regulatory Language
Committee III – General Provisions**

~~(1i)~~ Releasing to the student or parent a check provided by a lender to the institution under an FFEL Program;

~~(21ii)~~ Issuing a check ~~or other instrument~~ payable to and requiring the endorsement ~~or certification~~ of the student or parent. An institution issues a check ~~by—, or releases a check provided by a lender under an FFEL Program, on the date it hands over the check, or mails the check, to the student or parent; on~~ the date that it-

~~(1A)~~ Mails the check to the student or parent; or

~~(1B)~~ Notifies the student that the check is available for immediate pickup at a specified location at the institution. The institution may hold the check for up to 21 days after the date it notifies the student. If the student does not pick up the check within this 21-day period, the institution must immediately mail the check to the student or parent, initiate an EFT to the student's or parent's bank account, or return the funds to the appropriate title IV, HEA program;

~~(i)~~ Releasing or mailing the check to the student or parent; or

~~(ii)~~ Notifying the student or parent that the check is available for immediate pickup.

~~(32iii)~~ Initiating an electronic funds transfer (EFT) to a bank account designated by the student's or parent; or

~~(iv)~~ Dispensing cash for which the institution obtains a signed receipt from the student or parent.

~~(2)~~ For purposes of this section, the term "bank account" means an FDIC insured account such as a checking or savings account, or a similar account that underlies a stored-value card or other transaction device.~~bank account~~

~~(3)~~ If the bank account is opened at the request or direction of the institution, or opened by the institution on behalf of the student or parent, An institution may request, but not require or rely on, the student or parent to open a bank account. If the institution opens a bank account on behalf of a student or parent, establishes a process the student or parent follows to open a bank

**Proposed Regulatory Language
Committee III – General Provisions**

account, or otherwise assists the student or parent in opening a bank account, the institution must--→

(i) ~~Ensure that the bank account is FDIC insured~~ Obtain in writing affirmative consent from the student or parent to open that account;

(ii) Not make any claims against the funds in the account without the written permission of the student or parent, except for correcting an error in transferring the funds in accordance with banking protocols;

~~(iii) Ensure that its process for opening the account complies with applicable State Law regarding electronic transactions and the Electronic Signatures in Global and National Commerce Act (Public Law 106-229), as amended, particularly with the consent and consumer protection provisions contained in those laws. Ensure that its process for opening the account complies with applicable State Law regarding electronic transactions and the Electronic Signatures in Global and National Commerce Act (Public Law 106-229), as amended, particularly with the consent and consumer protection provisions contained in those laws.~~

(~~iviii~~) Ensure that the student or parent does not incur any cost in opening the account or initially receiving any type of debit card, stored-value card, other type of ATM card, or similar transaction devise that is used to access ~~electronically~~ the funds in that account;

(~~iv~~) Ensure that the student has convenient access to a branch office of the bank or automated teller machines (ATMs) of the bank in which the account was opened (~~or ATMs of an affiliated bank~~), ~~and so that~~ the student does not incur any cost in making cash withdraws from that office or ~~ATMs~~;

(v) Ensure that the debit, stored-value or ATM card, or other device can be widely used, e.g., the institution may not limit the use of the card or device to particular vendors;

(vi) ~~May nN~~Not market or portray the account, card, or device as a credit card or credit instrument, or subsequently convert the account, card, or device to a credit card or credit instrument; and

**Proposed Regulatory Language
Committee III – General Provisions**

(vii) Before the account is opened, must inform the student or parent of the terms and conditions associated with accepting and using the account, card, or device. ~~or~~

~~(43) Dispensing cash for which an institution obtains a signed receipt from the student or parent.~~

A conforming change would be made in §668.165(b)(1)~~(i)~~:

(b) *Student or parent authorizations.* (1) If an institution obtains written authorization from a student or parent, as applicable, the institution may–

~~(i) Disburse title IV, HEA program funds to a bank account designed by the student or parent;~~

~~(i)~~ ~~Renumber the rest of the section.~~ Use the student's or parent's title IV, HEA program funds to pay for charges described in §668.164(d)(2) that are included in that authorization; and

(ii~~i~~) Except if prohibited by the Secretary under the reimbursement or cash monitoring payment method, hold on behalf of the student or parent any title IV, HEA program funds that would otherwise be paid directly to the student or parent under §668.164(e). Under this provision, the institution may issue a stored-value card or other similar device that allows the student or parent to access those funds at his or her discretion to pay for educationally related expenses.

**Proposed Regulatory Language
Committee III – General Provisions**

Issue #10: Late, late disbursements.

Regulatory cite: §668.164(g)(4)

Summary of Change for 3-14 to 3-16 meeting: Removes the late, late disbursement provisions.

Updated information since 3-14 to 3-16 meeting: Changed the deadline for making late, late disbursements from 120 days to 180 days.

Tentative Agreement: No

Change:

§668.164 Disbursing funds.

* * * * *

(g) *Late disbursements.*

* * *

(4) *Limitations.* (i) ~~Generally, a~~An institution may not make a late disbursement later than ~~120~~180 days after the date of the institution's determination that the student withdrew, as provided in §668.22, or, for a student who did not withdraw, ~~120~~180 days after the date the student otherwise becomes ineligible. ~~On an exception basis, and with the approval of the Secretary, an institution may make a late disbursement after the 120 day period, if the reason the late disbursement was not made within the 120 day period was not the fault of the student.~~

(ii) ..Renumber the rest of the section.

**Proposed Regulatory Language
Committee III – General Provisions**

Issue #11: Affirmative confirmation of a loan.

Regulatory cite: §668.165(a)

Summary of Change for 3-14 to 3-16 meeting: For each award year, requires an institution to obtain written confirmation from a student that she wants the loans included in her aid package.

Updated information since 3-14 to 3-16 meeting: No longer requires an institution to receive confirmation from a student each year before disbursing loan funds. Instead, modifies the existing requirement that an institution notify a student (or parent) whenever it credits the student's account with loan funds. Under this proposal, an institution must notify the student (or parent) no earlier than 30 days before it credits the account, but no later than the date it credits the account. In addition, a student (or parent) would have 30 days to respond to the request, rather than the existing 14 days.

Tentative Agreement: No

Change:

§668.165 Notices and authorizations

(a) *Notices.* (1) ~~Before an institution disburses title IV, HEA program funds #for any award year, an~~ institution must notify a student of the amount of funds that the student or his or her parent can expect to receive under each title IV, HEA program, and how and when those funds will be disbursed. If those funds include Direct Loan or FFEL Program funds, the notice must indicate which funds are from subsidized loans and which are from unsubsidized loans.

~~(i) Before the institution disburses a loan under any title IV, HEA program, as part of the notice in paragraph (a)(1) of this section or under another process, it must receive written confirmation from the student that he or she accepts the loan; and~~

~~(ii) Before the institution disburses any grant under the title IV, HEA programs or pays a student any FWS wages, the institution must send the notice described in paragraph (a)(1) of this section to the student.~~

(2) If an institution credits a student's account at the institution with Direct Loan, FFEL, or Federal Perkins

**Proposed Regulatory Language
Committee III – General Provisions**

Loan Program funds, the institution must notify the student, or parent of—

(i) The date and amount of the disbursement;

(ii) The student's right, or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan. However, the institution does not have to provide this information with regard to FFEL Program funds unless the institution received the loan funds from a lender through an EFT payment or master check; and

(iii) The procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement.

(3) The institution must send the notice described in paragraph (a)(2) of this section in writing no earlier than 30 days before, ~~and but~~ no later than ~~30 days after, the date it credits crediting~~ the student's account at the institution.

(4) ~~If the institution receives a request from a student or parent to cancel all or a portion of a loan or loan disbursement within 30 days after the date the institution sends the notice described in paragraph (a)(2) of this section, the institution must return the loan proceeds, cancel the loan, or do both, in accordance with applicable program regulations.~~

~~(i) A student or parent must inform the institution if he or she wishes to cancel all or a portion of a loan or loan disbursement.~~

~~(ii) The institution must return the loan proceeds, cancel the loan, or do both, in accordance with applicable program regulations if the institution receives a loan cancellation either~~

~~(A) Within 14 days after the date the institution sends the notice described in paragraph (a)(2) of this section; or~~

~~(B) If the institution sends the notice the notice described in paragraph (a)(2) of this section more than 14~~

**Proposed Regulatory Language
Committee III – General Provisions**

~~days prior to the first day of a payment period, by the
first day of the payment period.~~

* * *

**Proposed Regulatory Language
Committee III – General Provisions**

Issue #12: Definition of excess cash and excess cash allowances.

Regulatory cite: §668.166(a) and (b)

Summary of Change for 3-14 to 3-16 meeting: Modifies the definition of excess cash to include any Title IV funds received from the Department that an institution deposits or transfers into its Federal account. Eliminates the excess cash tolerances.

Updated information since 3-14 to 3-16 meeting: Instead of eliminating the excess cash tolerances, keeps the current provision that allows an institution to maintain excess cash for up to seven days for an amount that does not exceed one percent of the total amount of funds drawn down in the prior award year. Simplifies the current language in paragraph (c) regarding the consequences for maintaining excess cash.

Tentative Agreement: No

Change:

§668.166 Excess cash.

(a) *General.* (1) The Secretary considers excess cash to be any amount of title IV, HEA program funds, other than Federal Perkins Loan Program funds, that an institution does not disburse to students or parents by the end of the third business day following the date the institution--

(i) ~~received those funds from the Secretary;~~ or

(ii) Deposited or transferred to its Federal account previously disbursed title IV, HEA program funds received from the Secretary such as those resulting from award adjustments, recoveries, or cancellations.

~~(2) Except as provided in paragraph (b) of this section, an institution must return promptly to the Secretary any amount of excess cash in its account or accounts.~~

(23) The provisions in this section do not apply to the title IV, HEA program funds that an institution receives from the Secretary under the just-in-time payment method.

**Proposed Regulatory Language
Committee III – General Provisions**

(b) Excess cash tolerances. An institution may maintain for up to seven days an amount of excess cash that does not exceed one percent of the total amount of funds the institution drew down in the prior award year. The institution must return immediately to the Secretary any amount of excess cash over the one-percent tolerance and any amount remaining in its account after the seven-day tolerance period.

~~(b) Excess cash tolerances.~~ If an institution draws down title IV, HEA program funds in excess of its immediate cash needs, the institution may maintain the excess cash balance in the account the institution established under §668.164 only if—

~~(i) In the award year preceding that drawdown, the amount of that excess cash balance is less than—~~

~~(A) For a period of peak enrollment at the institution during which that drawdown occurs, three percent of its prior year drawdowns; or~~

~~(B) For any other period, one percent of its total prior year drawdowns; and~~

~~(ii) Within the next seven days, the institution eliminates its excess cash balance by disbursing title IV, HEA program funds to students or parents for at least the amount of that balance.~~

~~(2) For the purposes of this section, a period of peak enrollment at an institution occurs when at least 25 percent of the institution's students start classes during a given 30-day period. For any award year, an institution calculates the percentage of students who started classes during a given 30-day period by—~~

~~(i) For the prior award year in which the 30-day period began, determining the number of students who started classes during that period;~~

~~(ii) Determining the total number of students who started classes during the entire award year used in paragraph (b)(2)(i) of this section;~~

**Proposed Regulatory Language
Committee III – General Provisions**

~~(iii) Dividing the number of students in paragraph (b)(2)(i) of this section by the number of students in paragraph (b)(2)(ii) of this section; and~~

~~(iv) Multiplying the result obtained in paragraph (b)(2)(iii) of this section by 100.~~

~~(3) For the purpose of determining the total amount of title IV, HEA program funds under paragraph (b)(1)(i) of this section, an institution that participates in the Direct Loan Program may include, for the latest year for which the Secretary has complete data, the total amount of loans guaranteed under the FFEL Program for students attending the institution during that year.~~

(c) *Consequences for maintaining excess cash **balances**.*

Upon a finding that an institution maintains excess cash for any amount or timeframe over that allowed in the tolerance provisions in paragraph (b) of this section, the actions the Secretary may take include, but are not limited to--

~~(1) If the Secretary finds that an institution maintains in its account excess cash balances greater than those allowed under paragraph (b) of this section, the Secretary~~

~~(1) As provided in paragraph (c)(2) of this section, requires~~ Requiring the institution to reimburse the Secretary for the costs the Secretary **deems to have** incurred in **making those excess funds available providing that excess cash** to the institution; and

~~(2) Providing funds to the institution under the reimbursement payment method or the cash monitoring payment method described in §668.163(d) and (e), respectively.~~

~~(ii) May initiate a proceeding to fine, limit, suspend, or terminate the institution's participation in one or more title IV, HEA programs under subpart C of this part.~~

~~(2) For the purposes of this section, upon a finding that an institution has maintained excess cash, the Secretary~~

~~(i) Considers the institution to have issued a check on the date that the check cleared the institution's bank account, unless the institution demonstrates to the~~

**Proposed Regulatory Language
Committee III – General Provisions**

~~satisfaction of the Secretary that it issued the check shortly after the institution wrote the check; and~~

~~(ii) Calculates, or requires the institution to calculate, a liability for maintaining excess cash balances in accordance with procedures established by the Secretary. Under those procedures, the Secretary assesses a liability that is equal to the difference between the earnings that the excess cash balances would have yielded if invested under the applicable current value of funds rate and the actual interest earned on those balances. The current value of funds rate is an annual percentage rate, published in a Treasury Financial Manual (TFM) bulletin, that reflects the current value of funds to the Department of Treasury based on certain investment rates. The current value of funds rate is computed each year by averaging investment rates for the 12 month period ending every September. The TFM bulletin is published annually by the Department of Treasury. Each annual bulletin identifies the current value of funds rate and the effective date of that rate.~~

**Proposed Regulatory Language
Committee III – General Provisions**

Issue #13: Treatment of FFEL and Direct Loan funds when a student withdraws before beginning class—make consistent with other programs

Regulatory Cite: §668.21, §682.604(d)(3) and (4), §682.207, §685.303(b)(3)

Summary of Change for 3-14 to 3-16 meeting: To simplify and consolidate the requirements for the treatment of Title IV funds when a student does not begin attendance, this change would require that FFEL and Direct Loan funds be treated in the same manner as the current treatment for Title IV grant and Perkins Loan funds. That is, an institution would be responsible for returning any FFEL and Direct Loan funds that are disbursed to a student before the student begins attendance, even if those funds were disbursed directly to the student. In addition, this change would establish a 30-day timeframe for the return of funds and specify when a return is considered to have been made in a timely manner. The timely return specifications are the same as those currently found in §668.173, which are used for returns made in accordance with the Return of Title IV Funds requirements in §668.22. Institutions would not be responsible for returning loan funds that are disbursed directly to the student by the lender.

Updated information since 3-14 to 3-16 meeting: Changed §668.21 to (1) reflect current FFEL and Direct Loan requirements whereby an institution is not responsible for returning any FFEL and Direct Loan funds that are disbursed directly to a student before the student begins attendance, unless the institution knew that the student would not begin attendance prior to disbursing the funds directly to the student; (2) Also in accordance with current requirements, in addition to the amount of FFEL and Direct Loan funds credited to the student’s account, an institution must return the amount paid to the institution by or on behalf of the student, not to exceed the total amount of loan funds disbursed; and (3) An institution must notify the lender or Secretary, as appropriate, of amounts disbursed directly to the student that are outstanding, so that the lender or Secretary can issue a 30-day demand to the student. Changed §682.604 to clarify how to handle disbursed funds vs. undelivered funds. Determined that no changes to §682.607 are necessary.

Tentative Agreement: No.

Change:

§668.21 ~~Treatment of Federal Perkins Loan, FSEOG, Federal Pell Grant, ACG, and National SMART Grant program funds if the recipient withdraws, drops out, or is expelled before his or her first day of class~~Treatment of title IV grant and loan funds if the recipient does not begin attendance.

(a) If a student ~~officially withdraws, drops out, or is expelled before his or her first day of class of a payment period, does not begin attendance in a payment period or period of enrollment,~~ the institution must ~~—~~

**Proposed Regulatory Language
Committee III – General Provisions**

(1) ~~Return all title IV, HEA program funds that were credited to the student's account at the institution or disbursed directly to the student, for Federal Perkins Loan, FSEOG, Federal Pell Grant, Academic Competitiveness Grant, and National SMART Grant program funds paid to the student for that payment period for institutional or noninstitutional costs under the Federal Pell Grant, ACG, National SMART Grant, FSEOG, and Federal Perkins Loan programs; and~~

(2) For FFEL and Direct Loan funds—

(i)(A) Return all FFEL and Direct Loan funds that were credited to the student's account at the institution; and

(B) Return the amount of payments made directly by or on behalf of the student to the institution, up to the total amount of the loan funds disbursed; and

(ii) For remaining amounts of FFEL or Direct Loan funds disbursed directly to the student, the institution is not responsible for returning the funds, but must immediately notify the lender or the Secretary, as appropriate, when it becomes aware that the student will not or has not begun attendance so that the lender or Secretary will issue a final demand letter to the borrower in accordance with §682.412 or §685.211, as appropriate.

(C) Notwithstanding paragraph (a)(1)(ii)(B) of this section, if an institution knew that a student would not begin attendance prior to disbursing FFEL or Direct Loan funds directly to the student (e.g., the student notified the institution that he or she would not attend, or the institution expelled the student), the institution must return those funds.

(b) The institution shall return ~~that overpayment~~ those funds for which it is responsible under paragraph (a) of this section to the respective title IV, HEA programs in the amount that the student received from each program as soon as possible, but no later than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance.

(c) For purposes of this section, the Secretary considers that a student ~~drops out before his or her first day of class of a payment period~~ has not begun attendance in a

**Proposed Regulatory Language
Committee III – General Provisions**

payment period or period of enrollment if the institution is unable to document the student's attendance at any class during the payment period or period of enrollment.

(d) In accordance with procedures established by the Secretary or FFEL Program lender, an institution returns title IV, HEA funds timely if–

(1) The institution deposits or transfers the funds into the bank account it maintains under §668.163 no later than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance;

(2) The institution initiates an electronic funds transfer (EFT) no later than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance;

(3) The institution initiates an electronic transaction, no later than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance, that informs a FFEL lender to adjust the borrower's loan account for the amount returned; or

(4) The institution issues a check no later than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance. An institution does not satisfy this requirement if–

(i) The institution's records show that the check was issued more than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance; or

(ii) The date on the cancelled check shows that the bank used by the Secretary or FFEL Program lender endorsed that check more than 45 days after the date that the institution becomes aware that the student will not or has not begun attendance.

~~(d) Notwithstanding paragraph (a) of this section, for a disbursement of FFEL Stafford loan funds made directly by the lender in accordance with §682.207(b)(1)(v)(C) and (D) to a student who does not begin attendance–~~

~~(1) The institution is not responsible for returning the funds, but must immediately notify the lender when it~~

**Proposed Regulatory Language
Committee III – General Provisions**

~~becomes aware that the student will not or has not begun attendance; and~~

~~(2) The lender must issue a final demand letter to the borrower in accordance with §682.412.~~

* * * * *

§ 682.604 Processing the borrower's loan proceeds and counseling borrowers.

(d) * * *

* * * * *

(3) If a student does not begin attendance in the period of enrollment

(i) ~~d~~ Disbursed loan proceeds must be handled in accordance with §668.21 and §682.607.

(ii) Undelivered loan funds held by the school must be handled in accordance with §668.167. ~~register for the period of enrollment for which the loan was made, or a registered student withdraws or is expelled prior to the first day of classes of the period of enrollment for which the loan is made, the school shall return the proceeds to the lender no later than the period specified in §668.167.~~

~~(4) If the school is unable for any other reason to document that a registered student attended school during the period of enrollment for which the loan is made, the school must determine the student's withdrawal date as required under §682.605, and by the deadline described in §682.607(c), shall notify the lender of the student's withdrawal, expulsion, or failure to attend school, if applicable, and return to the lender~~

~~(i) Any loan proceeds credited directly by the school to the student's account; and~~

~~(ii) The amount of payments made directly by the student to the school, to the extent that they do not exceed the amount of any loan proceeds delivered by the school to the student.~~

* * * * *

**Proposed Regulatory Language
Committee III – General Provisions**

[No change to § 682.607 necessary.]

§ 682.607 Payment of a ~~refund or a return of title IV, HEA~~
~~program funds to a lender upon a student's withdrawal for a~~
~~student who does not begin attendance or withdraws.~~

~~(a) General.~~ By applying for a FFEL loan, a borrower authorizes the school to pay directly to the lender that portion of a ~~refund or~~ return of title IV, HEA program funds from the school required under §668.21 or §668.22, as applicable, that is allocable to the loan if the borrower does not begin attendance or withdraws~~upon the borrower's withdrawal.~~ A school—

~~(a1)~~ Must pay that portion of the student's ~~refund or~~ return of title IV, HEA program funds that is allocable to a FFEL loan to—

~~(1i)~~ The original lender; or

~~(2ii)~~ A subsequent holder, if the loan has been transferred and the school knows the new holder's identity; and

~~(b2)~~ Must provide simultaneous written notice to the borrower if the school makes a payment of ~~a refund or a return of title IV, HEA~~FFEL program funds to a lender on behalf of that student.

~~(b) Allocation of a refund or returned title IV, HEA program funds. In determining the portion of a refund or the return of title IV, HEA program funds upon a student's withdrawal for an academic period that is allocable to a FFEL loan received by the borrower for that academic period, the school must follow the procedures established in part 668 for allocating a refund or return of title IV, HEA program funds.~~

~~(c) Timely payment. A school must pay a refund or a return of title IV, HEA program funds that is due in accordance with the timeframe in §668.22(j).~~

§685.303 Processing loan proceeds.

* * * * *

(b) * * *

**Proposed Regulatory Language
Committee III – General Provisions**

* * * * *

~~(3) If a student does not begin attendance in the period of enrollment, disbursed loan proceeds must be handled in accordance with §668.21. If a registered student withdraws or is expelled prior to the first day of classes of the period of enrollment for which the loan is made, or fails to attend school during that period, or if the school is unable for any other reason to document that the student attended school during that period, the school shall notify the Secretary, within 30 days of the date described in §685.305(a), of the student's withdrawal, expulsion, or failure to attend school, as applicable, and return to the Secretary.~~

~~(i) Any loan proceeds credited by the school to the student's account; and~~

~~(ii) The amount of payments made by the student to the school, to the extent that they do not exceed the amount of any loan proceeds disbursed by the school to the student.~~

**Proposed Regulatory Language
Committee III – General Provisions**

Issue #14: Single disbursement provision for Perkins and FSEOG.

Regulatory cite: §674.16(g) and §676.16(e)

Summary of Change for 3-14 to 3-16 meeting: Eliminates the provision in both programs.

Updated information since 3-14 to 3-16 meeting: None.

Tentative Agreement: Yes.

Change:

§674.16 Making and disbursing loans.

* * * * *

~~(g) Only one advance is necessary if the total amount the institution awards a student for an academic year under the Federal Perkins Loan program is less than \$501.~~

§676.16 Payment of an FSEOG.

* * * * *

~~(e) Only one payment is necessary if the total amount the institution awards a student for an academic year under the FSEOG program is less than \$501.~~

**Proposed Regulatory Language
Committee III – General Provisions**

Issue #15: Post-withdrawal disbursement

Regulatory Cite: 34 CFR 668.22(a)(5)(ii)(B)(2)

Summary of Change for 3-14 to 3-16 meeting: Under this change, an institution would no longer be required to notify and obtain the student’s or parent’s permission prior to making a direct disbursement of any grant funds that make up a post-withdrawal disbursement.

Updated information since 3-14 to 3-16 meeting: Changed to make clear that an institution must perform actions as soon as possible, but no later than the deadline. Technical changes made to eliminate unnecessary words.

Tentative Agreement: Yes.

Change:

§668.22 Treatment of title IV funds when a student withdraws.

* * * * *

(5) (i) A post-withdrawal disbursement must be made from available grant funds before available loan funds.

(ii) (A) If outstanding charges exist on the student's account, the institution may credit the student's account up to the amount of outstanding charges with all or a portion of any—

(1) Grant funds that make up the post-withdrawal disbursement in accordance with §668.164(d)(1) and (d)(2); and

(2) Loan funds that make up the post-withdrawal disbursement in accordance with §668.164(d)(1), (d)(2) and (d)(3) only after obtaining confirmation from the student or parent, in the case of a parent PLUS loan, that they still wish to have the loan funds disbursed in accordance with paragraph (a)(5)(iii) of this section.

(B)(1) The institution must ~~make a direct disbursement of any grant funds that make up the post-withdrawal disbursement~~ directly to a student **as soon as possible** any amount of a post-withdrawal disbursement of grant funds that is not credited to the student’s account ~~as seen as possible~~, but no later than 30 days after the date of the

**Proposed Regulatory Language
Committee III – General Provisions**

institution's determination that the student withdrew, as defined in paragraph (1)(3) of this section.

~~(1)(2)~~ The institution must offer to disburse directly to a student, or parent in the case of a parent PLUS loan, any amount of a post-withdrawal disbursement of loan funds that is not credited to the student's account, ~~or for which the institution is not required to obtain confirmation to credit to the student's account,~~ to the student, or the parent in the case of a parent PLUS loan, in accordance with paragraph (a)(5)(iii) of this section.

~~(2)(3)~~ The institution must make a direct disbursement of any ~~grant or~~ loan funds that make up the post-withdrawal disbursement only after obtaining the student's, or parent's in the case of a parent PLUS loan, confirmation that they still wish to have the ~~grant or~~ loan funds disbursed in accordance with paragraph (a)(5)(iii).

(iii)(A) The institution must provide within 30 days of the date of the institution's determination that the student withdrew, as defined in paragraph (1)(3) of this section, a written notification to the student, or parent in the case of parent PLUS loan, that—

(1) Requests confirmation of any post-withdrawal disbursement of loan funds that the institution wishes to credit to the student's account in accordance with paragraph (a)(5)(ii)(A)(2), identifying the type and amount of those loan funds and explaining that a student, or parent in the case of a parent PLUS loan, may accept or decline some or all of those funds;

(2) Requests confirmation of any post-withdrawal disbursement of ~~grant or~~ loan funds that the student, or parent in the case of a parent PLUS loan, can receive as a direct disbursement, identifying the type and amount of these title IV funds and explaining that the student, or parent in the case of a parent PLUS loan, may accept or decline some or all of those funds;

(3) Explains that a student, or parent in the case of a parent PLUS loan, who does not confirm that a post-withdrawal disbursement of loan funds may be credited to the student's account may not receive any of those loan funds as a direct disbursement unless the institution concurs;

**Proposed Regulatory Language
Committee III – General Provisions**

(4) Explains the obligation of the student, or parent in the case of a parent PLUS loan, to repay any loan funds he or she chooses to have disbursed; and

(5) Advises the student, or parent in the case of a parent PLUS loan, that no post-withdrawal disbursement of loan funds will be made, unless the institution chooses to make a post-withdrawal disbursement based on a late response in accordance with paragraph (a)(5)(iii)(C) of this section, if the student or parent in the case of a parent PLUS loan, does not respond within 14 days of the date that the institution sent the notification, or a later deadline set by the institution.

(B) The deadline for a student, or parent in the case of a parent PLUS loan, to accept a post-withdrawal disbursement under paragraph (a)(5)(iii)(A)~~(4)~~ must be the same for both a confirmation of a direct disbursement of the post-withdrawal disbursement of loan funds and a confirmation of a post-withdrawal disbursement of loan funds to be credited to the student's account;

(C) If the student, or parent in the case of a parent PLUS loan, submits a timely response that confirms that they wish to receive all or a portion of a direct disbursement of the post-withdrawal disbursement of loan funds, or confirms that a post-withdrawal disbursement of loan funds may be credited to the student's account, the institution must disburse the funds in the manner specified by the student, or parent in the case of a parent PLUS loan, withinas soon as possible, but no later than 120 days of after the date of the institution's determination that the student withdrew, as defined in paragraph (1)(3) of this section.

(D) If a student, or parent in the case of a parent PLUS loan, submits a late response to the institution's notice requesting confirmation, the institution may make the post-withdrawal disbursement of loan funds as instructed by the student, or parent in the case of a parent PLUS loan (provided the institution disburses all the funds accepted by the student, or parent in the case of a parent PLUS loan), or decline to do so.

(E) If a student, or parent in the case of a parent PLUS loan, submits a late response to the institution and the institution does not choose to make the post-withdrawal

**Proposed Regulatory Language
Committee III – General Provisions**

disbursement of loan funds, the institution must inform the student, or parent in the case of a parent PLUS loan, in writing of the outcome of the post-withdrawal disbursement request.

(F) If the student, or parent in the case of a parent PLUS loan, does not respond to the institution's notice, no portion of the post-withdrawal disbursement of loan funds that the institution wishes to credit to the student's account, nor any portion that would be disbursed directly to the student, or parent in the case of a parent PLUS loan, may be disbursed.

(iv) An institution must document in the student's file the result of any notification made in accordance with paragraph (a)(5)(iii) of this section of the student's right to cancel all or a portion of loan funds or of the student's right to accept or decline loan funds, and the final determination made concerning the disbursement.

**Proposed Regulatory Language
Committee III – General Provisions**

Issue #16: Calculate Pell Grant payments for programs with standard terms, but monthly starts

Regulatory Cite: §690.63

Summary of Change for 3-14 to 3-16 meeting: The change in §690.63 (a) (1) allows Pell Grant payments for programs with standard terms that have monthly starts to be calculated in the same manner as programs that have standard terms without monthly starts.

Updated information since 3-14 to 3-16 meeting: None.

Tentative Agreement: Yes

Change:

§690.63 Calculation of a Federal Pell Grant for a payment period.

* * * * *

(a)(1) Programs using standard terms with at least 30 weeks of instructional time. A student's Federal Pell Grant for a payment period is calculated under paragraphs (b) or (d) of this section if—

(i) The student is enrolled in an eligible program that—

(A) Measures progress in credit hours;

(B) Is offered in semesters, trimesters, or quarters;

(C) Requires the student to enroll for at least 12 credit hours in each term in the award year to qualify as a full-time student; and

~~(D) Is not offered with overlapping terms; and~~

(ii) The ~~institution offering the~~ program uses an academic calendar that provides at least 30 weeks of instructional time in —

(A) ~~Provides the program using an academic calendar that includes two~~ Two semesters or trimesters in the fall through the following spring, or three quarters in the fall, winter, and spring, none of which overlaps any other term (including a summer term) in the program; and or

**Proposed Regulatory Language
Committee III – General Provisions**

~~(B) Provides at least 30 weeks of instructional time in the terms specified in paragraph (a)(1)(ii)(A) of this section. Any two semesters or trimesters, or any three quarters where -~~

~~(1) The institution starts its terms for different cohorts of students on a periodic basis (e.g., monthly),~~

~~(2) The program is offered exclusively in semesters, trimesters, or quarters, and~~

~~(3) Students are not allowed to be enrolled simultaneously in overlapping terms and must stay with the cohort in which they start unless they withdraw from a term (or skip a term) and re-enroll in a subsequent term. ⁷ and the program is offered exclusively in semesters, trimesters, or quarters.~~

* * * * *

**Proposed Regulatory Language
Committee III – General Provisions**

Issue #17: Pro ration for Pell Grant payments for programs using clock hours or credit hours without terms

Regulatory Cite: §690.63

Summary of Change for 3-14 to 3-16 meeting: The change in §690.63 (e) will revise the calculation of Pell Grant payments for programs using clock hours or credit hours without terms.

Updated information since 3-14 to 3-16 meeting: As discussed at the last meeting, we have changed the second fraction in §690.63 (e). And, we have deleted (as they are now unnecessary) proposed changes addressing programs without full-time students and self-paced programs. Further, we have made a change in §690.66 to have the calculation for correspondence study (without terms) track (where appropriate) the calculation for programs using clock hours or credit hours without terms.

Tentative Agreement: Yes

Change:

§690.63 Calculation of a Federal Pell Grant for a payment period.

* * * * *

(e) Programs using credit hours without terms or clock hours ~~or credit hours without terms~~. (1) ~~The Federal Pell Grant for a payment period for a student in a program using credit hours without terms or using clock hours is calculated by-~~

(1) ~~Determining the student's Scheduled Federal Pell Grant using the Payment Schedule;~~ and

(2) ~~Multiplying the amount determined under paragraph (e)(1)~~ (i) of this section by the lesser of-

(i)

~~(The number of weeks of instructional time required for a full-time student to complete the lesser of the clock or credit hours in the programs or the academic year) / (The number of weeks of instructional time in the program's academic year)~~

**Proposed Regulatory Language
Committee III – General Provisions**

The number of credit or clock hours in a payment
period

The number of credit or clock hours in the program's
academic year

; or

(~~ii~~**Bii**) ~~One~~; and

The number of weeks of instructional time ~~required for a
full-time student to complete the credit or clock hours~~ in
the payment period

The number of weeks of instructional time in the program's
academic year

~~(3) Multiplying the amount determined under paragraph
(e)(2) of this section by~~

~~(The number of credit or clock hours in a payment
period) / (The number of credit hours in the program's
academic year)~~

~~(2) For purposes of paragraph (e)(1)(ii)(B) of this
section, if a program does not have any full-time
students, the institution uses the full-time standard for
the program based on the definition in 34 CFR 668.2 to
determine the number of weeks of instructional time
required for a full-time student to complete the credit
or clock hours in the payment period.~~

~~(Perhaps the following only goes in the preamble)~~

~~For a credit-hour program without terms, the use of the
full-time definition will always result in the numerator
of the fraction in paragraph (e)(1)(ii)(B) simply being
the number of weeks in the payment period. For a clock
hour program, the use of the full-time definition will
require the school to divide the clock hours in the
payment period by the clock hours that a full-time
student takes in a week to determine the numerator of the
fraction, e.g., $450/30 = 15$, or $450/35 = 12.8$ (13)~~

**Proposed Regulatory Language
Committee III – General Provisions**

~~(3) For the first payment period in a self-paced program an institution must use the number of weeks of instructional time required for a full-time student to complete the credit or clock hours in the payment period in paragraph (c)(1)(ii)(B) of this section based on the schedule a typical student would follow, as described in the institution's catalog, web site, or other publication. For second and subsequent payment periods in a self-paced program, an institution determines the number of weeks of instructional time required for a full-time student to complete the credit or clock hours in the payment period by extrapolating the time the student will need to complete those credit or clock hours based on the time it has taken the student to complete the hours the student has already taken.~~

§ 690.66 Correspondence study.

(a) An institution calculates the Federal Pell Grant for a payment period for a student in a program of study offered by correspondence courses without terms, but not including any residential component by—

(1) Determining the student's annual award using the half-time Disbursement Schedule; and

~~(2) Determining the length of the correspondence program in weeks of instructional time by—~~

~~(i) Preparing a written schedule for submission of lessons that reflect a workload of at least 12 hours of preparation per week; and~~

~~(ii) Determining the number of weeks of instructional time in the program of study using the written schedule for submission of lessons;~~

~~(3) Multiplying the annual award determined from the Disbursement Schedule for a half-time student by the lesser of—~~

~~The number of weeks of instructional time as determined under paragraph (a)(2)(ii) of this section for a student to complete the lesser of the credit hours in the program or academic year~~

~~The number of weeks of instructional time in the program's academic year definition~~

~~The number of credit hours in a payment period~~

~~The number of credit hours in the program's academic year~~

~~; or~~

~~(ii) One; and~~

**Proposed Regulatory Language
Committee III – General Provisions**

~~The number of weeks of instructional time in the payment
period~~

~~The number of weeks of instructional time in the program's
academic year~~

~~(4) Multiplying the amount determined under (a)(3) of this
section by~~

~~The number of credit hours in the payment period~~

~~The number of credit hours in the program's academic
year~~

**Proposed Regulatory Language
Committee III – General Provisions**

Issue #18: Minimum period for certifying a loan (including certifying a loan for a transfer student)

Regulatory Cite: §§682.603 and 685.301

Summary of Change for 3-14 to 3-16 meeting: The changes in §§682.603 (f) (1) and 685.301 (a) (9) (i) allow a school to certify or originate a loan for a single term when the school has terms that are substantially equal in length and at least 9 weeks long; and also to certify or originate a loan for the remaining portion of the student’s annual loan limit to cover the portion of an academic year that the student has remaining when the student transfers to a new school, and then allow the school to certify or originate a full loan for the next full academic year.

Updated information since 3-14 to 3-16 meeting: In a similar fashion, we are proposing changes that would allow a school, after it had certified or originated a loan for the balance of a degree program that a student was completing, to certify or originate a loan for the remaining portion of the student’s annual loan limit to cover the portion of an academic year that the student has remaining when the student starts another degree program at the school, and then allow the school to certify or originate a full loan for the next full academic year.

Tentative Agreement: No

Change:

§682.603 Certification by a participating school in connection with a loan application.

* * * * *

(f)(1) The minimum period of enrollment for which a school may certify a loan application is--

(i) At a school that measures academic progress in credit hours and uses a semester, trimester, or quarter system, or has terms that are substantially equal in length with no term less than 9 weeks in length, a single term (e.g., a semester or quarter), or

(ii) Except as provided in paragraph (f)(1)(ii)(C) or (D), ~~At~~at a school that measures academic progress in clock hours, or measures academic progress in credit hours but does not use a semester, trimester, or quarter system ~~or~~ and does not have terms that are substantially equal in length with no term less than 9 weeks in length, the lesser of-

**Proposed Regulatory Language
Committee III – General Provisions**

(A) The length of the student's program (or the remaining portion of that program if the student has less than the full program remaining) at the school; or ~~or~~

(B) The academic year as defined by the school in accordance with 34 CFR 668.3.~~;~~ or

(C) For a student who transfers into a school with credit or clock hours from another school, and the current prior school certified or originated a loan for a period of enrollment that overlaps the period of enrollment at the new school, would be certifying a loan for a period of enrollment that overlaps the period for which the prior school certified or originated a loan, the new school may certify a loan for the remaining portion of the student's program or academic year. , whichever is less. In this case the school may certify a loan for an amount that does not exceed the remaining balance of the student's annual loan limit.

(D) For a student who completes a degree program at a school, where the student's last loan to complete that program had been for less than an academic year, and the student then begins a new degree program at the same school, the school may certify a loan for the remainder of the academic year. In this case the school may certify a loan for an amount that does not exceed the remaining balance of the student's annual loan limit at the loan level associated with the new program.

* * * * *

685.301 Origination of a loan by a Direct Loan school

* * * * *

(a)(9)(i) The minimum period of enrollment for which a school may originate a Direct Loan application is--

(A) At a school that measures academic progress in credit hours and uses a semester, trimester, or quarter system, or has terms that are substantially equal in length with no

**Proposed Regulatory Language
Committee III – General Provisions**

term less than 9 weeks in length, a single academic term (e.g., a semester or quarter); or

(B) Except as provided in paragraph (a)(9)(i)(C) or (D), ~~at~~ a school that measures academic progress in clock hours, or measures academic progress in credit hours but does not use a semester, trimester, or quarter system ~~or~~ and does not have terms that are substantially equal in length with no term less than 9 weeks in length, the lesser of-

(1) The length of the student's program (or the remaining portion of that program if the student has less than the full program remaining) at the school; ~~or~~

(2) The academic year as defined by the school in accordance with 34 CFR 668.3. ~~or~~

(C) For a student who transfers into a school with credit or clock hours from another school, and the prior school originated or certified a loan for a period of enrollment that overlaps the period of enrollment at the new school, school would be originating a loan for a period of enrollment that overlaps the period for which the prior school certified or originated a loan, the new school may originate a loan for the remaining portion of the student's program or academic year, whichever is less. In this case the school may originate a loan for an amount that does not exceed the remaining balance of the student's annual loan limit.

(D) For a student who completes a degree program at a school, where the student's last loan to complete that program had been for less than an academic year, and the student then begins a new degree program at the same school, the school may originate a loan for the remainder of the academic year. In this case the school may originate a loan for an amount that does not exceed the remaining balance of the student's annual loan limit at the loan level associated with the new program.

**Proposed Regulatory Language
Committee III – General Provisions**

Issue #19: Minor prior-year expenses.

Regulatory cite: §668.164(d)(1)

Summary of Change for 3-14 to 3-16 meeting: Allows an institution to use without permission a student's current-year title IV funds to pay for prior-year charges, as long as those charges are less than \$100 and are for tuition and fees, room, or board.

Tentative Agreement: No

Update since 3-14 to 3-16 meeting:

Change:

§668.164 Disbursing funds.

* * * * *

(d) *Crediting a student's account at the institution.*

~~(1) Without obtaining the student's or parent's authorization under §668.165, an~~ institution may use title IV, HEA program funds to credit a student's account at the institution to satisfy ~~current charges for~~

~~(1) Current year charges for~~

~~(i) Tuition~~ and fees;

~~(ii) Current year Board charges,~~ if the student contracts with the institution for board; ~~and~~

~~(iii) Current year Room charges,~~ if the student contracts with the institution for room; ~~and~~

~~(iv) If the institution obtains the student's or parent's authorization under §668.165(b), other educationally-related charges incurred by the student at the institution.~~

~~(iv2) Prior award year charges for tuition and fees, or room or board that are less a total of not more than \$1200 for.~~

~~(i) Tuition and fees, room or board; and~~

~~(2ii) After If the institution obtains the appropriate authorization from a student's or parent's~~

**Proposed Regulatory Language
Committee III – General Provisions**

~~authorization under §668.165(b), other educationally-related charges incurred by the student at the institution. the institution may use title IV, HEA program funds to credit a student's account at the institution to satisfy~~

~~(i) Current charges that are in addition to the charges described in paragraph (d)(1) of this section that were incurred by the student at the institution for educationally related activities; and~~

~~(ii) Minor prior award year charges if these charges are less than \$100 or if the payment of these charges does not, and will not, prevent the student from paying his or her current educational costs.~~