

To: 2024 Negotiated Rulemaking Program Integrity and Institutional Quality Committee

From: Dr. JoEllen Price, Negotiator for Financial Aid Administrators

Date: January 10, 2024

RE: Issue Paper 4: Withdrawals and Return of Title IV Funds

Session 1: January 8-11, 2024

Issue: Withdrawals and return of title IV funds

Statutory cites: § 484B of the Higher Education Act of 1965, as amended (HEA)

Regulatory cites: 34 CFR 668.21 and 668.22

Under § 668.22(a)(2)(ii)(A)(2), Treatment of title IV funds when a student withdraws:

Increase accuracy and simplicity of performing R2T4 calculations. As part of the 2019 negotiated rulemaking, the Department adopted a withdrawal exemption for programs offered in modules that treats a student as not withdrawn if the student successfully completes one or more modules that make up 49% or more of the number of days in the payment period. Under the exemption, those students would be considered withdrawn unless they qualify for another withdrawal exemption, resulting in more money being returned to the Department and students not exhausting their aid eligibility as quickly.

Unfortunately, the module exemption has added complexity and confusion between the 60% completion requirement under the R2T4 calculation and the 49% completion requirement under withdrawal exemptions. It has also required significant guidance to explain how to determine whether a student qualifies for the exemption. To simplify the calculations, the Department proposes to eliminate the withdrawal exemption for programs offered in modules that treats a student as not withdrawn if the student successfully completes one or more modules that make up 49% or more of the number of days in the payment period. Under the proposed regulations those students would now be considered withdrawn unless they meet another withdrawal exemption, resulting in more money being returned to the Department and students not exhausting their aid eligibility as quickly.

Rational for making it optional:

For schools who understand the 49% exemption and can effectively identify and apply the exemption, there are benefits to students who attend their classes primarily in modules. If it is within the Department's authority, I would like to propose that the 49% completion requirement be available to schools who can clearly identify and justify that a student meets the exemption and is not considered a withdrawal.

Proposed Regulations Redline:

§ 668.22(a)(2)(ii)(A)(2)

(a) ***

(2) ***

(ii) (A)

(1) A student who completes all the requirements for graduation from his or her program before completing the days or hours in the period that he or she was scheduled to complete is not considered to have withdrawn;

(2) In a program offered in modules, a student is not considered to have withdrawn if the student successfully completes coursework equal to or greater than the coursework required for the institution's definition of a "half-time student" under § 668.2 for the payment period;

On an optional basis, with clear policies and procedures, enable a school to utilize a 49% completion exemption:

(i) One module that includes 49 percent or more of the number of days in the payment period, excluding scheduled breaks of five or more consecutive days and all days between modules; or

(ii) A combination of modules that when combined contain 49 percent or more of the number of days in the payment period, excluding scheduled breaks of five or more consecutive days and all days between modules.