



DJA Outlook

Summer 2011

Summer 2011 Financial Aid Briefs

Notes from Deborah

Program Integrity Regulations Effective 7/1/2011

On October 29, 2010, the Department published in the Federal Register final regulations on program integrity issues (75 FR 66832). The final regulations are available at <http://www.ifap.ed.gov/announce-ments/110110PubFinalRulesforTitleIVStudentAidPrgrms.html>. These final regulations make a number of changes to the regulations governing the programs authorized by the Higher Education Act of 1965, as amended (HEA). The regulations are generally effective July 1, 2011, except for revisions to Verification and Updating of Student Aid Application Information, which are effective July 1, 2012. Affected parties are responsible for taking the steps necessary to comply by the effective dates established by the final regulations. Following is a brief overview of the regulations effective July 1, 2011:

Validity of High School Diploma. Develop and follow procedures to evaluate the validity of a student's high school diploma if the institution or the Secretary has reason to believe that the diploma is not valid or was not obtained from an entity that provides secondary school education.

References: 34 CFR 668.16(p)

Ability to Benefit. New options for students to meet ATB requirement: Completing hours applicable to an eligible degree or certificate offered by the institution (6 semester, trimester, or quarter hours; or 225 clock hours).

Testing out does not satisfy completion of hours. This is not an "optional requirement" if school admits student without high school diploma as a regular student. Institution cannot fail to accept the satisfactory completion of 6 credit hours or equivalent coursework that is applicable toward a degree or certificate at that institution as student's ability to benefit.

References: 34 CFR 668.32(e)(5)

Misrepresentation. New regulations to protect consumers with regard to:

- Nature of the educational program
- Nature of financial charges
- Employability of graduates
- Relationship with ED

Regulations provide that misrepresentation is any false, erroneous, or misleading statement made by the institution directly or indirectly to a student, prospective student, member of the public, accrediting agency, state agency, or to ED. Misleading statement includes any statement that has the likelihood or tendency to deceive or confuse. Statement is any communication made in writing, visually, orally, or through other means. Includes student testimonials given under duress or because such testimonial was required to participate in a program.

References: 34 CFR 668.71, 34 CFR 668.72, 34 CFR 668.73, 34 CFR 668.74, 34 CFR 668.75

Incentive Compensation. Safe Harbors removed. Incentive payment must not be based, in any part, directly or indirectly, on success in securing enrollments for financial aid.

References 34 CFR 668.14

(cont'd on pg. 2)

Greetings! Hoping your summer allows you time to vacation and take a break from your busy office schedule. In this issue, be sure to read the Financial Aid Updates to get the latest news on the many changes occurring in the 2011/2012 award year. Be sure to visit the calendar section on page 4 for upcoming financial aid dates and deadlines. That's all for now, but feel free to contact us if we can assist you in the 11/12 processing. Here's hoping you and your staff have a great summer!

Reminder:

Don't forget about DJA's free monthly webinars, which take place the first Wednesday of each month at 11:00 a.m. Central Time. Each month features a new major topic and other important financial aid updates. Future Webinars:

- Aug.—Entrance & Exit counseling
- Sept.—Cash Management
- Oct.—Enrollment Reporting/Using NSLDS

For more information, contact Julie Kerr at jkerr@gotodja.com.

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State Authorization. Institutions must be licensed to provide post-secondary educational programs by

- State charter, constitution, license, or other document
- Federal government approval
- Indian Tribe
- Religious institution exempt from state authorization

References: 34 CFR 600.9, 668.43(b)

State Authorization and Distance Education.

School must make certain that it is legally authorized to offer post-secondary education in any state where distance education students reside.

References 34 CFR 600.9(c)

Definition of distance education 34 CFR 600.2

Credit Hour. An institutionally established equivalency that reasonably approximates not less than

- One hour of classroom or direct faculty instruction and a minimum of two hours out of class student work per week

or

- Equivalent work for other academic activities as established by the institution including laboratory work, internships, practica, and studio work

References: 34 CFR 600.2, 602.24

Credit to Clock Hour Conversion.

New regulations modify provisions on when an institution must use clock or credit hours and standards for credit-to-clock-hour conversions. Undergraduate non-degree credit hour programs must use clock-to-credit hour conversion unless each course in the program is fully acceptable to a degree program from that institution. Institution must also be able to demonstrate that students enroll in and graduate from that degree program.

For those programs subject to the clock-to-credit hour conversion, the new formula is:

One semester or trimester credit hour is equal to at least 37.5 clock hours.

One quarter credit hour is equal to at least 25 clock hours.

Exception provided for institutions that demonstrate that the credit hours meet new definition of credit hour.

If no deficiencies identified by accreditor or State for assigning credits, must meet these minimums:

One semester or trimester credit hour is equal to 30 clock hours

One quarter credit hour is equal to 20 clock hours

For students enrolled in programs subject to the conversion as of July 1, institution may use current regulations until the students complete the program; or apply new regulations for all students enrolled in payment periods assigned to the 2011-12 award year.

For students who enroll or reenroll on or after July 1, 2011, institutions **must** use the new regulations.

References: 34 CFR 668.8(k); 34 CFR 668.8(l)(1); 34 CFR 668.8(l)(2)

Written Arrangements to Provide Educational Programs.

Required disclosures to prospective and enrolled students applicable to all schools where program is designed to be offered by another entity

- Portion of the program not being offered by the degree/certificate granting school
- Name and location of the other school/organization
- Method of delivery not being offered by the degree/certificate granting school
- Estimated additional costs may incur due to arrangement

References: 34 CFR 668.5(e), 668.43(a)(12)

SAP. New regulations provide continued flexibility for institutions in establishing SAP policies to meet the needs of students, additional flexibility for institutions that monitor SAP more often than the annual requirement, and definitions for “warning” and “probation” to ensure standard usage.

References: 34 CFR 668.34

Repeated Coursework. Amended definition of full-time student to allow repeated coursework to count toward enrollment status in term-based programs: May repeat previously passed course once, and may repeat failed course until it is passed.

References: 34 CFR 668.2

R2T4 and Programs Offered in Modules.

New rule defines a program “offered in modules” as a course or courses in program that do not span

entire length of payment period or period of enrollment.

References: 34 CFR 668.22(l)(6)

R2T4 and Attendance. R2T4 calculates Title IV aid earned based upon student attendance.

Institution is “required to take attendance” if

Outside entity requires that attendance be taken or

School has own requirement that instructors take attendance or

Outside entity or school has requirement that can only be met by taking attendance or a comparable process.

References: 34 CFR 668.22(b)(3)(ii), (iii), (iv)

Disbursement for Books and Supplies.

Institution must provide a way for Pell eligible students to purchase or obtain books and supplies no later than the 7th day of a payment period if funds could have been disbursed 10 days before beginning of payment period and disbursed funds would have created a Title IV credit balance.

Disbursement of books and supplies policy for Pell eligible students **must** be provided to students in their consumer information

References: 34 CFR 668.164(i)

Gainful Employment. Two sets of Final Rules with effective date of 7/01/11:

Program Integrity: Gainful Employment Reporting and Disclosures. Gainful Employment provision applies to certain programs of study that are Title IV eligible because they lead to gainful employment in a recognized occupation.

2. Gainful Employment – New Programs: Institutions must notify ED at least 90 days before the first day of class when it intends to offer a new educational program that leads to gainful employment in a recognized occupation.

References: 34 CFR 600.10, 600.20



Upcoming DJA Training Seminar and Exhibition Schedule

**October 5-7, 2011
in Horseshoe Bay, TX**

Career Colleges and Schools of Texas (CCST) 2011 Annual Conference

DJA will be an exhibitor at the 2011 Annual CCST Conference. The convention will be held at the Horseshoe Bay Resort in Horseshoe Bay, TX from October 5-7. The CCST Annual Conference draws attendees of over 300 career colleges and schools from Texas and surrounding areas. The annual conference is intended to serve as an exchange of ideas, information and technology related to career colleges and schools and higher education.

For additional information about this conference visit the CCST web site at www.ccst.org or call CCST at 866-909-2278. We hope to see you in Horseshoe Bay!



Please Mark Your Calendars and Look For DJA at These Upcoming Events:

November 3-5, 2011 - **COE Annual Meeting**
Deauville Beach Resort, Miami, FL
Deborah John, President will be in attendance at this meeting.

November 4-8, 2011 - **AACS Annual Convention 2011**
Hyatt Regency Phoenix and Phoenix Convention Center, Phoenix, AZ

November 2-4, 2011 - **Missouri Community College Association (MACC) Annual Convention**
Hilton Branson Convention Center, Branson, MO

**October 12-14, 2011
in San Diego, CA**

The California Association of Private Postsecondary Schools (CAPPS) 27th Annual Conference

DJA will be an exhibitor at the CAPPS (The California Association of Private Postsecondary Schools) Annual Conference. This year's Conference will be held in San Diego at the Rancho Bernardo Inn on October 12-14. The California Association of Private Postsecondary Schools (CAPPS) is the only California State Association representing the many diverse kinds of Private Postsecondary Schools in California. CAPPS has a membership of over three hundred institutions including for-profit, non-profit, religious exempt and approved only Institutions. These schools and colleges are Nationally or Regionally accredited or approved by the State of California's Regulatory Agency, the Bureau of Private Postsecondary Education (BPPE) to offer educational services. CAPPS mission is to ensure that the needs of the entire sector – from small approved schools to large publicly traded institutions – are met from an educational, policy and business perspective. For additional information about this conference visit the CAPPS web site at www.cappsonline.org or call CAPPS at 916-447-5500. California visitors please call 888-92-CAPPS. We hope to see you all in San Diego!

**October 26-28, 2011
in Tucson, AZ**

Accrediting Council for Continuing Education & Training (ACCET)

DJA will be an exhibitor at the ACCET (Accrediting Council for Continuing Education & Training) Annual Conference. This year's Conference will be held in Tucson at the Westin La Paloma Hotel on October 26-28.

ACCET was founded in 1974 for the purpose of improving continuing education and training and has been officially recognized by the U.S. Department of Education since 1978 as a "reliable authority" as to the quality of education and training provided by the institutions we accredit. In 1998, ACCET became the only recognized accrediting agency to be certified as an ISO 9001:2008-Quality Management System, under the international standards established by the International Organization for Standardization, and continues to hold that unique status. For additional information about this conference visit the ACCET web site at www.accet.org. We look forward to seeing you all in Tucson!

Be Sure to Look For Our Booth!

DJA will have information available at all these conferences for those institutions interested in using a 3rd party servicer (e.g. DJA) as well as information on EFAS (Electronic Financial Aid Servicing from DJA) and EFAS Express (the ability to use your pc with EFAS). For more information regarding services provided by DJA, please contact Kristi Cole at 1-800-242-0977.

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DJA Calendar for July, Aug. & Sept.

July 2011

June 30, 2011 marked the deadline for processing 2010/2011 FAFSAs. The new award year started on July 1, 2011 and funds were available for drawdown as of February, 2011.

August 2011

Review student files for 10/11 to make sure you have all the required documentation to meet the deadline coming up in September.

September 2011

September 21, 2011 is the deadline for the submission and receipt of corrections, change of addresses or schools, or requests for duplicate SAR. Verification documents must be received by the institution no later than the earlier of 120 days after the student's last date of enrollment or September 28, 2011.

September 30, 2011 is the deadline for sending in 10/11 Pell Grant Originations and Disbursements.

The date by which a school must submit the FISAP and the required Signature Pages is **Friday, September 30, 2011**. The date changed this year from October 1 to September 30 so that it falls on the last weekday before October 1. (Note: if you are a DJA Client, you should know that DJA provides this as part of our EFAS—Electronic Financial Aid Servicing).

A reminder that September 17th is Constitution Day and you are required to have a program for your institution.

A Reminder

DJA publishes a monthly newsletter via its Home Page (www.gotodja.com). This issue of the DJA Outlook is also available in Adobe PDF format via the link called DJA Outlook at our web site: www.gotodja.com, or via the DJA News Archive link ([summer11.pdf](#)).

About the DJA Outlook

If you have any questions or comments about articles featured in this newsletter or about the newsletter in general, please call **Cathy Wetzel** at 800-242-0977.

Summer 2011 Financial Aid Briefs

Two Pell Grants in One Award Year

The Department of Defense and Full-Year Continuing Appropriations Act, 2011 repealed, effective with the 2011-2012 award year, the Pell Grant provision that provided that an otherwise eligible student could receive more than one Pell Grant in an award year. That provision – section 401(b)(5) of the Higher Education Act of 1965, as amended (HEA) – was added to the HEA in August of 2008 by the Higher Education Opportunity Act and became effective with the 2009-2010 award year. Final regulations implementing the two Pell Grants in one award year provision were published in the *Federal Register* on October 29, 2009 [74 FR 55902], and were effective beginning with the 2010-2011 award year. The following provides guidance to institutions on the implementation of the repeal of the provisions allowing for a second Pell Grant in one award year, including its impact on certain regulatory provisions.

Award Years

2010-2011 Award Year – Because the repeal of the provision allowing for a second Pell Grant in one award year is effective with the 2011-2012 award year, otherwise-eligible students are still able to receive Pell Grant funds that exceed one Scheduled Award from the 2010-2011 award year, including for a 2011 crossover payment period (a payment period that includes both June 30, 2011, and July 1, 2011). See the “Crossover Regulation Waived” section below for more information on the awarding of a Pell Grant for a 2011 crossover payment period.

2011-2012 and Subsequent Award Years – Because the repeal of the provision allowing for a second Pell Grant in one award year is effective with the 2011-2012 award year, no student will be eligible to receive more than one Pell Grant Scheduled Award beginning with the 2011-2012 award year. Students whose 2011 crossover payment period is assigned to the 2011-2012 award year, as well as subsequent payment periods that are in the 2011-2012 award year, will receive payments from their 2011-2012 Scheduled Award.

Crossover Regulation Waived

Under current regulations, an institution must assign a crossover payment period to the award year in which the student receives the greater payment for the payment period (34 CFR 690.64(b)). Because there will be no opportunity for a student to receive a second Scheduled Award during the 2011-2012 award year, the Department of Defense and Full-Year Continuing Appropriations Act, 2011 included a provision that waives this regulatory requirement for any 2011 crossover payment period. Thus, for a 2011 crossover payment period, an institution may choose the award year to which they assign a student's crossover payment period for purposes of the Federal Pell Grant Program.

This flexibility for an institution to award from either award year for a 2011 crossover payment period does not negate the existing eligibility requirements for 2010-2011 first Scheduled Awards, 2010-2011 second Scheduled Awards, or 2011-2012 Scheduled Awards.

Final Note on ACG and SMART

We remind institutions that 2010-2011 is the last award year for the Academic Competitiveness Grant (ACG) and National SMART Grant (SMART Grant) programs. Therefore, any ACG or SMART Grant awards for a 2011 crossover payment period must be assigned to the 2010-2011 award year.

[P-11-02: Impact of the Department of Defense and Full-Year Continuing Appropriations Act, 2011 on the Federal Pell Grant Program in PDF Format, 136KB, 3 Pages](#)