

*Welcome to the*



**Financial Aid  
FUNHOUSE!**

**Unpacking the Clown Car  
of Misunderstood Regs**

# Your Carnival Barkers:



**Becca Dobry**

*Area-Wide Director of Financial Aid*  
Central Community College

18 years in the FA Circus



**Susan Stephenson**

*Higher Education Senior Consultant*  
Eide Bailly LLP

21 years in the FA Circus



# Taming the lion of misunderstood regs

For this presentation you don't get to just sit in the grandstand.

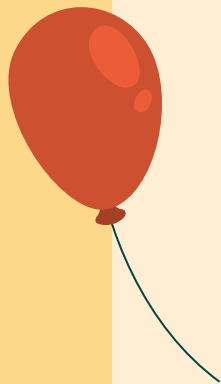
Instead, join us in the circus ring of the big top to test your knowledge!



## CIRCUS ACT RULES:

- Break into teams by circus act given to you as you entered.
- As questions appear on the slide, you have 15 seconds to confer with your team and write the correct response on your white board and hold it up. *Late responses receive no points.*
- There are 20 questions, with 32 possible points (if we get through all the slides).

*We are using the honor system — each team is responsible for recording their own correct points.*



# CAMPUS-BASED AWARDING POLICY

The Financial Aid Office at the University of Magic and Illusion only packages Campus-Based awards to students enrolled half-time or more.

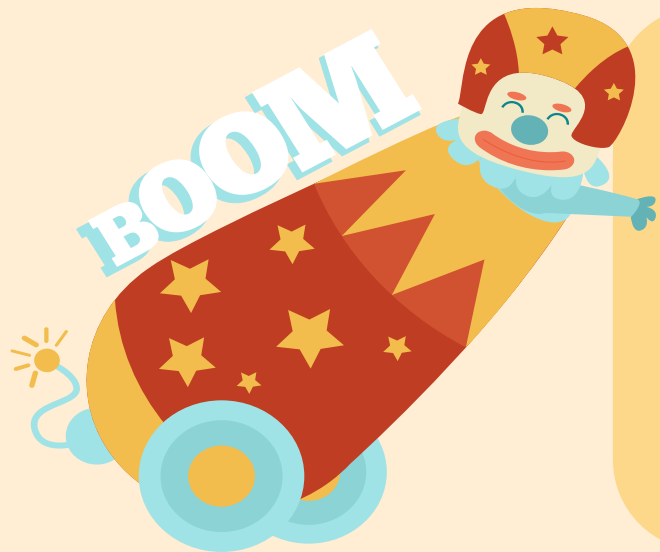
- A. This is an approved act.
- B. This will get you removed from the ring.
- C. It depends on what's in your P&P.

**B.** The only federal aid program that has a half-time requirement is the Direct Loan program. If a school's FSEOG and/or FWS allocations are directly or indirectly based on the financial need of less-than-half-time and/or independent students (and the allocations of most schools **are**), it must make funds reasonably available to LTHT and independent students.

*See:* [34 CFR 675.10\(c\)](#) and [34 CFR 676.10\(b\)](#)



# COST OF ATTENDANCE



For students living in institutionally owned or operated housing, schools may calculate the cost component by using:

- A. Actual costs
- B. Average costs
- C. Median costs
- D. Any of the above as defined in school's P&P

**B or C, whichever is greater.** This was a bit of a trick question, and we'll accept either B or C with three points to those who got both! Beginning in 2023-2024 because of FAFSA Simplification changes, using actual costs for campus-housing was no longer an option (except with PJ). See [GEN-22-15](#) or the [FSA Handbook, Volume 3, Chapter 2](#).

*And remember that you must now also have separate on-campus housing allowances for students WITHOUT dependents and for those WITH dependents (if offered).*

# NEW PELL AWARDING ACTS

Can a student with an SAI of 6,657 and Pell eligibility of \$738 receive any amount of Pell?

**A**  
YES!

**C**  
Possibly?

**C.** There is no rounding up of the \$738 to \$740, the minimum Pell amount for 2024-2025, so the student would not be eligible based on SAI; HOWEVER, a student with a high calculated SAI *may* be eligible for Pell depending on how the AGI relates to federal poverty levels.



**B**  
NO!

**D**  
Can we please just go back to Pell Charts?

## **MIN Pell AGI/poverty guideline**

- **D** - Single parent: 325%
- **D** - Not single parent: 275%
- **I** - Single parent: 400%
- **I** - Not single parent: 350%
- **I** - Not a parent: 275%

**SEE:** The [2024-25 FAFSA Pell Eligibility & SAI Guide](#) and NASFAA's [Pell Eligibility and SAI Process Flowchart](#)

## R2T4 & PRD

Highwire U disburses aid ten days after the start of classes, which is also their Pell Recalc (or Census) Date. A student attends, but withdraws on day nine. Does HU have to do an R2T4 Calc?



- A. Yes
- B. No
- C. It depends...
- D. PRD, RFD, R2T4, EIEIO — *I DON'T KNOW!!!*

**A. Yes.** If a student attends one day and withdraws, the R2T4 calc must be done, regardless of any census date policy. *Remember*, Pell and other aid is not just for tuition, and students incur living and other expenses for each day attended...

Effective July 1, 2026 (unless early implemented on or after February 3, 2025), institutions have the OPTION to exempt certain students from withdrawal calculations IF they treat the student as never attended (backs student out of class), all aid is returned to ED, all charges are refunded to the student, and any remaining balance is written off. See January 3, 2025, [Federal Register](#).



# ENROLLMENT REPORTING

*Student Status – Inaccurate/Untimely Reporting* has been the #1 Audit AND Program Review finding in 7 of the last 9 years (#2 in the other two years...). Which of the following are violations associated with ER findings?



A.

Inaccurate reporting of enrollment status changes

B.

Inaccurate reporting of program-level data



C.

Late submission of enrollment roster files

D.

Failure to report last date of attendance



**All of the above.** Schools struggle most with reporting accurate statuses and dates, especially with unofficial withdrawals, which impacts reporting (including FVT/GE) and causes issues with student loan repayment.

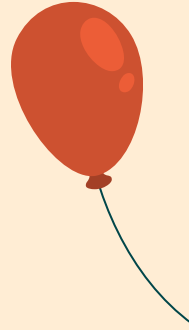
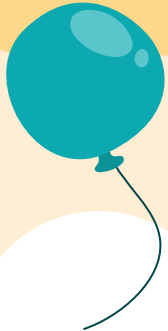
*See other top findings:* [FSA's Annual Top Ten School Findings and School Fine Reports](#)



# WHOA!



Score Check!



# RECALCULATIONS: FIRST ACT

Alfredo Codona is a freshman at Trapeze Tech who has had all aid disbursed for the semester. He is reported as a “No Show” to three classes a week after census date and is withdrawn from those courses. That drops him from 12 to 3 credits. What happens with his aid?



Nothing. He’s past the census date and aid is “locked in.”



Pell and FSEOG are reduced to 3 credit “intensity.”



Only Pell is recalculated to 3 credit “intensity.”



Pell is reduced to 3 credits and loans are cancelled.

**C.** Non-attendance prompts a mandatory recalculation of Pell at any point during a term, but there is no requirement to prorate Campus-Based funds based on enrollment status. Students must be *enrolled* half-time at disbursement to be loan eligible, but no recalc is required if the student did not begin attendance in six or more credits.

*See the* [Federal Student Aid Handbook, Volume 3, Chapter 3](#)  
for packaging, and [Volume 7, Chapter 7](#) for recalc info

# PRORATIONS

As a sophomore, Alfredo decides to take the Fall semester off to perform but comes back to take nine credits in the Spring. What needs to happen with his financial aid package for the Academic Year?

**A.**

Cancel fall awards and adjust spring to 9 credits/ three-quarter time only.

**B.**

Prorate COA to one term only and adjust awards to 9 credit intensity-3/4 time.

**C.**

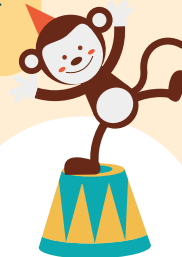
Prorate COA and SAI to one semester only and adjust awards to 9 credits.

**D.**

Pell is awarded at full-year, full-time amount, but adjust other awards to 3/4 time.

**B.** Pell COA always uses the full-time, full academic year costs for all required components, but the COA for all other TIV programs is based on costs and components associated with the student's actual period of enrollment.

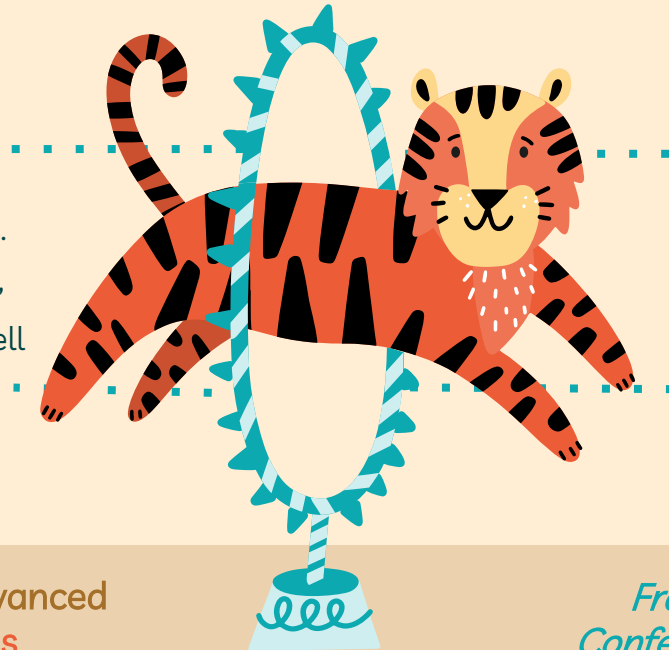
See: [FAFSA Simplification Q&A](#) and [FSA Handbook, Volume 3, Chapter 2](#)



## RECALCULATIONS: SECOND ACT

Alfredo wants to switch out an intermediate acrobatics class with a lower-level one because the class he's in is too difficult, but it's after the PRD. There's no school policy against switching and the instructors are ok with the change since he'll likely be more successful. The impact to his aid is:

- A. He can switch out courses with no impact to his aid.
- B. He'll have to drop the intermediate course and add the basic one, but CAN get additional Pell for the added credits.
- C. He'll have to drop one course with a "W" and add the other one, but CAN'T get Pell because it's after census.
- D. Students should not be allowed to switch courses because it makes aid too confusing.



- A. It does not matter whether Alfredo replaces the dropped course with a different course. The enrollment intensity on the PRD is not a roster of classes – that is, it doesn't matter what classes make up the enrollment intensity; it only matters that the student attends enough credits to substantiate the enrollment intensity.

*See:* ED's Modules and Title IV Advanced Concepts: Pell Recalculations

*From the 2018 FSA Conference Presentations*



# CASH MANAGEMENT

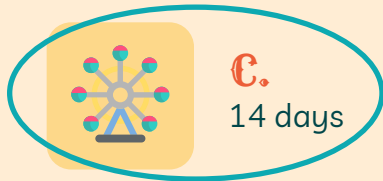
A TIV credit balance must be paid to the student ASAP, but no later than:



**A.**  
10 days before the  
first day of classes



**B.**  
Three days from when  
funds are drawn down



**C.**  
14 days



**D.**  
30 days

Under [34 CFR 668.164\(h\)](#), a TIV credit balance must be paid directly to the student (or parent) as soon as possible, but no later than:

- *14 days after the balance occurred if the credit balance occurred after the first day of class of that payment period; or*
- *14 days after the first day of class of a payment period if the credit balance occurred on or before the first day of class of that payment period.*



# PACKAGING

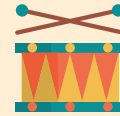
Are emergency grants excluded from OFA if automatically awarded to a group of students?



YES



NO



IT DEPENDS

Under the FAFSA Simplification Act, emergency financial assistance (grant OR loan) to a student is only excluded from OFA if it is for **unexpected expenses that are included in one of the components of COA**, as defined under HEA Sec. 480(i)(5), as amended [[20 USC 1087vv\(i\)\(5\), Amendment of Section](#)]. While institutions determine whether an unexpected expense is associated with a COA component, schools cannot just call a grant or loan “emergency” to avoid treating it as OFA. This is different from awarding additional funds as a result of a PJ adjustment.

*Also note that with certain exceptions like emergency aid that meets statutory definitions, ANY funds a student receives as a result of being enrolled in postsecondary education are considered OFA and must be counted as OFA when packaging the student. THIS INCLUDES SCHOOL-ISSUED GIFT CARDS. There is no de minimis amount.*

Also see: [FAFSA Simplification Q&A](#)

# Intermission

.....  
**Score Check!**

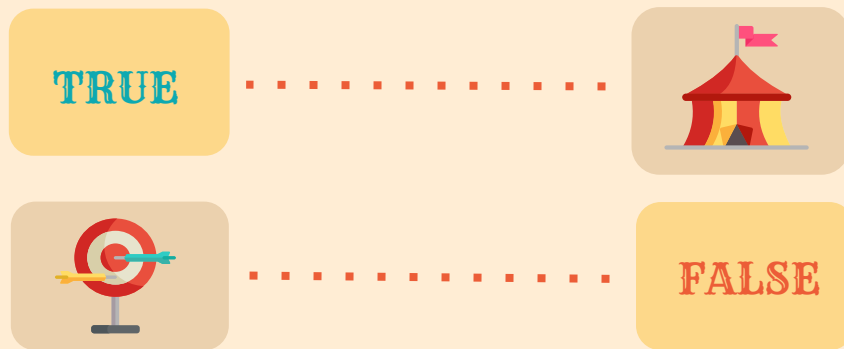
*Big prizes hang in the balance!*





## THIRD-PARTY SERVICERS

Clown College uses the Clearinghouse for enrollment reporting and all of the findings the school has had can be documented back to the Clearinghouse's processes and errors. The auditor will remove the findings since it was not the school's negligence that caused them.



**FALSE.** Both the institution and the third-party are subject to all applicable third-party servicer requirements. “The institution and the third-party servicer are jointly and severally liable to the Department for any violation of TIV requirements resulting from the functions performed by the servicer”

# CONFLICTING INFORMATION

Does a school have to have a parent amend their tax return if they are married and filed Head of Household?



A.

Always.



B.

Never.



C.

Sometimes.



D.

Flip a coin.

**C. Not necessarily; possibly in some situations.** Marital status could have changed between the tax return date and FAFSA filing date, and there are legit reasons why a married person may file that way. Also note that simply being married and filing Head of Household, by itself, is not conflicting information and does not need to be resolved unless there is some other indication that the individual filed taxes incorrectly. Even if someone is married, they can be “considered unmarried” for tax purposes and still file as head of household.

See: [IRS publication 17, Part 1 – The Income Tax Return, #2: Filing Status.](#)

# PACE & MAXIMUM TIMEFRAME

A bachelor's degree program at Big Top U requires 120 credits. BTU's Pace requirement is 75%. What should be the Maximum Timeframe?



180 credits  
(150%)



160 credits  
(133%)



150 credits  
(125%)



Any of these  
As long as it's  
in the P&P

A school's maximum timeframe policy may be stricter than 150 percent. See: [34 CFR 668.34\(b\)](#)

# WHY?

Because pace of progression and Maximum Timeframe must align.  
BTU's Degree program is 120 hours and their Pace is 75%.

- Max is  $133\% \times 120 \text{ credits} = 160 \text{ credits}$
- Pace should be  $120/160 = 75\%$

OR can divide credits by Pace:

- $120 \text{ credits} / 75\% = 160 \text{ credits}$

**Pace and Max are aligned.**

- If Max is  $150\% \times 120 = 180 \text{ credits}$
- Pace should be  $120/180 = 67\%$  (NOT 75%)
- If Max is  $125\% \times 120 = 150 \text{ credits}$
- Pace should be  $120/150 = 80\%$  (not 75%)

**Pace and Max are NOT aligned.**

*The higher your Pace % the lower your Max Timeframe will be.*

**Misalignment of Pace and Max Timeframe is a frequent audit and program review finding!**

# MORE MAX TIMEFRAME

Charles Blondin has completed 140 credits toward his Bachelor's in Tightrope Walking at BTU. He's taking 12 credits during the Fall semester and will have 20 credits left to graduate. What will his SAP status be after Fall (assumes completing all 12 with a satisfactory GPA)?



- A. Probation
- B. Satisfactory
- C. Warning
- D. Ineligible (MAX)



*As a reminder, BTU's degree program is 120 hours; Pace is 75% and Max is 160 credits. BTU evaluates SAP after every payment period.*

**D. Max Timeframe.** Student loses eligibility at the time when it is no longer mathematically possible to complete within the established Max Timeframe, not at the exact 133% (in this example).



See the Federal Student Aid Handbook Volume 1, Chapter 1, Satisfactory Academic Progress (SAP).

# CONSUMER INFORMATION

Which of the following is TRUE regarding the annual notification of the availability of information under Consumer Info rules?



A.

Annual notice info must include how to obtain the security report.



B.

The annual notice can be distributed on the school's internet or intranet site.



C.

Fines for not complying with CI requirements are up to \$67,544 per violation.



D.

The notice must list and briefly describe required info and include the exact URL to get full info.

**A, C, & D.** The annual notice distributed to all enrolled students must include general disclosures (like cost and aid info), the annual security and fire safety report, Equity in Athletics Data (EADA) report, and FERPA information. While schools can have it on their website, it must be distributed on an individual basis via postal or campus mail, or email. Failure to do so can result in fines which are up to \$67,544 per violation (2024-25).

See the [Federal Student Aid Handbook, Volume 2, Chapter 6](#)

# SCORE CHECK!

*Any perfect scores  
out there?*



# VERIFICATION

Is documentation of nonfiling status required to complete verification?



**YES**

Except for dependent students



**It depends...**

Because this is always the right answer



**NO**

Not required under FAFSA Simplification



**It depends...**

Because of certain situations I can define

- **It depends...** because beginning with the 2024-25 year, unless there is conflicting information, an IRS Verification of Nonfiling Letter is no longer required for someone who would have filed a U.S. tax return.
- A verification of nonfiling is *only* required when verifying income earned from work for a nontax filer who would file a tax return with a tax authority **other than the Internal Revenue Service (IRS)**.



See: [September 19, 2023 Federal Register](#) for required nontax filer documents.



# DIRECT LOANS

In order to keep their CDR low, Barnum College limits the amount a student can borrow to a total of \$22,000. This is listed on their loan apps, website, P&P, and Default Management Plan.

- A.** This is a good default plan and keeps students' debt low.
- B.** This is allowed because it is published policy.
- C.** Neither A nor B.
- D.** Both A and B.

**C. In most cases this is not allowed.** *If a student meets all of the eligibility criteria and wants to borrow funds, the school cannot deny the student the ability to borrow unless the FAA exercises PJ authority on a case-by-case basis and documents the reason.*

*A school also cannot establish additional eligibility criteria for students to receive Title IV aid for which they are otherwise eligible under the statute and regulations.*

See: [34 CFR 685.301\(a\)\(8\)](#), Origination of a loan by a Direct Loan Program School.

# STUDENT STATUS

A student submitted a dependency override appeal, but while gathering documentation, the financial aid office realized she is really homeless/at-risk of homelessness. Does the school still submit the Dependency Override, or should we do a PJ for homelessness?

A.

Approve the  
Dependency Override

B.

Submit a PJ for  
Homeless/At-Risk

C.

Deny the  
Dependency Override

D.

Approve the appeal,  
but mark it as a PJ



**Trick question!! None of the above!** Homelessness establishes independency on its own and a PJ is not warranted. Schools process the Homeless Youth Determination in the College Use Only section of the FAFSA or ISIR. Three bonus points for thinking outside the clown car!

[Tip Sheet for Unaccompanied Homeless Youth \(UHY\)](#)

# SUMMER TERMS

Which of the following is NOT true when it comes to summer terms?

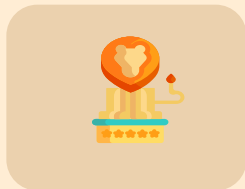


**A.** The summer cost of attendance (COA) may only include costs associated with modules in which the student is enrolled.

To be full-time in the summer, the student must enroll in 12 or more credits.

⋮

**A.**



⋮

If modules are combined in summer for awarding, we also use the full term COA.



**B.**

**C.**



⋮

If modules are combined in summer for awarding, we also calculate SAP for the combined term.



**D.**

Schools must combine summer modules into one term to treat it as a standard term.

⋮

# DIRECT LOANS

A parent who has a low credit score is guaranteed a PLUS loan denial, so dependent students of parents with low scores can always get the additional unsub amount.

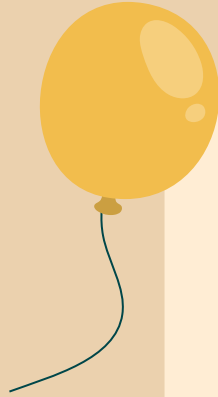
TRUE . . . . .

FALSE . . . . .

THEY LOOK  
AT CREDIT?!?



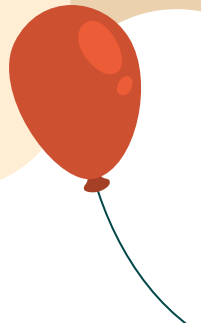
**FALSE.** A parent's PLUS app does undergo a credit review. This is considered a "hard hit," meaning the inquiry will show on the individual's credit report, displaying that the potential borrower has expressed interest in opening a new source of credit. **However, a low credit score does not prevent a parent from being approved for a PLUS loan.** The review of the parent's credit is looking for "adverse credit history," which can include late payments, collections, defaults, bankruptcy, foreclosure, wage garnishment, tax liens, and similar situations. But "derogatory credit" doesn't necessarily equate in the credit score.



# FINAL SCORES!

.....

And the  
winners are...



# BEST PRACTICES

Don't look like a clown;  
implement the regs right!

## ❑ READ!!!

- *DCLs, EAs, Daily News, Chronicle, listservs...*
- *Schedule time on your calendar to keep up to date*

## ❑ Professional Development

- *Attend (and pay attention to!) webinars and conferences*
- *Have attendees provide summaries of info for staff who were unable to attend*

## ❑ Update your P&P annually

- *Ensure your processes match regs and are being followed*

## ❑ Volunteer!

- *There's no better way to learn material than to present it yourself. Or, teach at Summer Institute!*



# HOPE YOU ENJOYED THE SHOW!



Questions?

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