

*Speaker:*

So on October 29, 2010, we published the Program Integrity Final Regulations, which was preceded by the notice of proposed rulemaking dated June 2010. And changes to the R2T4 regulations were contained in each regulatory package. Today, some of the – well, let's see if it works. Always have a plan B. There we go.

So these are some of the topics that we're going to touch on and make sure that we cover this thoroughly. So the basic underpinnings to the return of Title IV Statute is what you see on this slide. The institution is required to make a determination of the earned and unearned portions of Title IV HEA Program Assistance whenever student ceases attendance prior to completing the payment period or period enrolment for which the recipient was paid. So nothing new there. Oh, good, it works.

You know we probably should strike where it says "current rules" and write in there if you have your copy, you probably want to write in "GEN-00-24." Under this older guidance, GEN-00-24, we indicated what you see on this slide.

However, taken to the extreme, a student could have completed a module lasting only just a very brief period of time and subsequently withdraw, and thereby circumvent the purpose of R2T4. Which would, again, be the determination of the earned and unearned portions of Title IV-A.

Well, to give you sort of a graphic depiction of that, under GEN-00-24, for modules within the standard term, our guidance was, if a student completes a course in the first module and then withdraws after two weeks of attendance in a second module, the student is not considered to have withdrawn.

The principle is based on the concept that at a traditional term-based institution where a student takes courses concurrently, if a student completed at least one course but dropped all the others, the student would not have been considered a withdrawal.

As you know, we replaced that guidance on October 29th with the Program Integrity Final Regulations. We took this action when courses as short of a week or less were introduced and their primary purpose was to circumvent the R2T4 regs.

And as you think about neg-reg and that whole process, you know, regulations, it's an ebb and flow kind of thing. We generate certain regulations with your help and the help of the others in the negotiated rule making process. And then after a period of time if

we find out that they need to be more flexible, we lighten up on those. Other times, we constrict, as in this case, where we think there is abuse or potential abuse.

So if we look at the topics covered under the, just related to the R2T4 that were covered in that final regulation, it would be this set of topics here. Now this next part I want to make sure that we're all operating from the same base, the same definition.

So this is a little wordy, but I'll read it to you and we can establish that base definitionally for several areas. And I just want to remind everyone that generally, a term is a period in which all classes are scheduled to begin and end within a set time frame and academic progress is measured in credit hours. However, these periods overlap within a program. They may not be treated as a term-based program for FSA purposes.

So when we think about term-based programs can either have standard terms or nonstandard terms. Within standard terms we have semesters and trimesters that are generally 14-17 weeks long. The academic calendar that uses semesters traditionally has two terms: fall and spring.

And trimester academic calendar traditionally has three terms: fall, spring and summer. Academic progress is measured in semester credit hours and full time is at least 12 semester credits. Similarly, quarter terms are approximately 10-12 weeks in length and the academic calendar includes three quarters in the fall, winter, spring and often a summer term. Academic progress is measured in quarter credit hours. Full time is at least 12 quarter credits.

For nonstandard terms, they're terms where all the coursework is expected to begin and end within a single period of time that are not semester, trimester or quarter terms. In some cases, the terms may be of unequal length, though it is also possible for programs with terms of equal length to be considered nonstandard. For instance, a school could offer a program with six consecutive five-week modules with each module counting as a nonstandard term.

Then we also have to reflect on non-terms. If a program measures progress in clock hours, it of course is always treated as a non-term program. A program that measures progress in credit hours is considered to be non-term, or have a non-term calendar, if it has the following: courses that do not begin and end within a set period of time; courses that overlap terms; self-paced and

independent study courses that overlap terms; or sequential courses that do not begin and end within a term.

Another definition that I want to just draw our attention to, a reminder because it will touch upon various things in the rest of the presentation, is our famous definition of a week of instructional time. Yes, the department decided it had, many years ago, to define a week. And as you can see up there, it's a seven consecutive day period with at least one day in which scheduled instruction or examination occurs. Leave it to us to have to define that for you.

Now, equally important in my mind is the last bullet there. It does not include homework time, vacation time, orientation or counseling. You'd be surprised the number of phone calls or emails that I get where people are asking, particularly about homework. And can they include that as instructional, or an instructional week of time.

Okay, you may recall that in GEN-00-24, we only dealt with modules within a standard term. This definition, as a part of the program integrity regs, is broader than just standard terms. And it covers all types of modules and all types of terms. A program is offered in modules if a course or courses in a program do not span the entire length of the payment period or period of enrolment. And I'll show you some examples of that as we go along. But that's the key concept.

If a student ceases attendance for the period for which aid was awarded, it's a withdrawal. The denominator of the return calculation includes the full number of weeks used to determine the aid award absent any institutionally scheduled breaks of five or more consecutive days or periods of time that the student was on an approved leave of absence.

And I just want to remind you when we're talking about approved leaves of absences that's in the context of R2T4. So we're referencing 660-A-22-D. That's where the definition of an approved leave of absence for R2T4 purposes is contained.

I also want to point out in the second bullet there, very important, is the modifier "institutionally scheduled." No, this isn't when Joe calls you up and says, "Hey, I'm not gonna be in school for the next five days. I'm going to Orlando." These are institutionally scheduled breaks. So when we get out your catalogue, look at your, the calendar of events for a particular term, let's say the fall

term. It's only those breaks that the institution has scheduled that are being deleted from both the numerator and the denominator.

So we've been asked if some portions of a program are offered in modules, but some are not, is the entire program considered to be offered in modules for R2T4 purposes? And the determination of whether a program is offered in modules is made on a payment period or period of enrolment basis and is student specific.

Therefore, while some may be offered in modules, other payment periods or periods of enrolment may not. If none of the courses in the payment period or period of enrolment span the entire period, the program is always considered offered in modules. So let's look at some examples.

So here we have in example A, we have a pretty traditional situation or scenario that Institution A in fall and spring are standard terms. Are they offered in modules? Absolutely not. But when we get to the summer at Institution A, then they offer three five-week sessions that are combined into a standard term. We've allowed you to do that forever. And the student can enroll in any of the summer sessions or all of them.

And this would be an example of a program taught as in modules for the summer session. Because if we look at any of those five-week sessions, let's say a student enrolled in all three: session one, session two, session three. None of them span the full length of the payment period.

Therefore, that would be considered taught in modules. And you're going to see that throughout these examples. So here we have Student 1, and he or she enrolls in all three summer sessions and ceases enrolment on day five in the first five-week session. What happens? Well, here are the results.

First of all, the Pell regulations in **6-90-80-B2-Romenette II** require that if a student's projected enrolment status changes during the payment period before the student begins attendance in all the classes for that payment period, as you know the institution shall recalculate the student's enrolment status to reflect only those classes for which the student actually began attendance. So that's why we have step one, recalculate Pell and **campus base**.

Now while **6-90-80-B2-Romenette II** are the Pell regs, you have similar disbursement rule regs for campus based. What you're doing there, just as a reminder of course, is that you're going to go

back and look at the cost of attendance to see if the revised cost of attendance still supports the amount of the campus based award that you've given the student. If not, it has to be changed.

Another reminder is that under – and you might want to write this one down – that under Section 472 of the HEA cost of attendance for less than half time is limited. There's no allowance for miscellaneous personal expenses. Room and board is limited to three semesters or their equivalent, of which not more than two semesters may be consecutive. Could we make it any more difficult? Right?

Every year or whenever I do this presentation, that one always throws me. It's always just outside my memory. So I have to remind myself and that's why I give you the reminder.

I think the important thing about a presentation like this is the notes that you can take home for yourself when you're going, "Woo, I don't know if we can do that." Or if our process does that. Those are the little notes that you want to make on the side to yourself. And then maybe the broader ones are future discussion with staff or other administrators. Right? This is a good one. Do you have the administrative procedures – do your administrative procedures affectively deal with this type of scenario?

Now, I'm sure you deal with the recalculation part. But when we start taking a look at adjustments to COA for someone that's less than half time, room and board, is it consecutive, are your tracking systems really up to that? Hopefully. I mean, these rules have been out for a while. And this section of the law has been there for some period of time. But it's a good reminder, a good check.

So another question we get asked: May an institution wait until a later module to see if the student returns before performing R2T4 calculation? And my answer generally is no. You need to be doing this stuff right away. And I'll show you why.

An institution is required to undo the return to Title IV funds calculation if a student who has withdrawn returns to the institution either, one, within the same payment period or period of enrolment for term-based credit hour program offered in modules. Or, two, within 180 days if the program is offered in clock hours or is non-term credit hours offered as a non-term credit hour program.

Now the reference that you might want to write down for that latter one, the 180 days, is 668.4F. And I think it was 2002 when we

changed that rule. And we said, well, if a student comes back in a certain period of time, 180 days, then what you're really doing is you're just, you're restoring their aid back to what it was. It's like they took a leave of absence. They're gone for a while, but then they came back. And so we're going to add to that as we go through this.

In general, an institution must always return any unearned Title IV funds it has responsibility for paying as soon as possible but no later than 45 days after the date of determination that the student withdrew. And you'll find that reference in 668-22-J-1. Disbursed directly to the student any amount of a post-withdrawal of grant funds as soon as possible, but no later than 45 days after the date of determination.

Or in those cases where it's necessary, offer a post-withdrawal disbursement of loans within 30 days of the date of determination. These are the reasons why an institution cannot wait until a later module to see if the student returns when the student has not provided written confirmation of his or her return.

So again, the question I think you all are asking yourselves is, are your internal control sufficient to track all these time frames? Many of you, I know, have some pretty sophisticated software that can do all that for you, or a lot of it. But my theory is, it's always good to test these things out. Pull a couple sample files and check it well in advance of your auditor or program reviewer coming in to check it for you. It can be a lot less painful that way.

Okay. So on each of the slides you're going to see in a series now, as we're looking at different examples there'll be two sections. And it'll talk about the at an institution required to take attendance and as well as an institution not required to take attendance, just to point that out.

And for this student, because we know the withdrawal day was day five, and the student is dropping the remaining sessions. So we know at an institution required to take attendance, the LDA or last day of attendance, is going to be day five. The denominator is going to be 105 days. Just add these up. We'll presume in this example there are no breaks in between.

At an institution not required to take attendance, though, it's not that simple. There's a reference here to 668-22-C, but let me remind you of – and that's where we give the definition of a withdrawal date for an institution not required to take attendance.

Which would be one of the following: The date the student starts the formal withdrawal process. The date the student otherwise expresses their intent to withdraw. I get funny pictures in my head when I think about that one. How are they going to express their intent to withdraw?

The date of an unofficial withdrawal. And that would be the midpoint. You would be able to use the midpoint. That's somebody that leaves in the middle of the night. They just disappear. They don't start any process. They don't express their intent. They just are gone.

If the student is unable to begin the withdrawal process due to grievous personal loss. You think of this when it's something beyond the student's control – had an automobile accident, health problem, relative dies and they suddenly have to go home. Something beyond their control.

Remember that if that's the case, what you're using then as the withdrawal date would be the date closest to the event. So it would be the date of the accident, the date of the family member's death, something like that. That would be the appropriate withdrawal date.

Number five, if a student does not return from an approved leave of absence, the date that the institution determines the student began the leave of absence or, six, if the student takes a leave of absence – an unapproved leave of absence. That one is important to you, because most of your institutions probably do not have an approved leave of absence for R2T4 purposes, because you can't meet the conditions. We'll talk about that later and go over those conditions.

But many of you have some kind of an academic leave of absence process. It's not for R2T4 purposes, just, again, somebody gets sick – and they start a semester and something happens and they have to leave. Family member passes away and they have to leave. And then they're going to come back and restart later. That would be an example of an unapproved leave of absence.

Okay, so now we're looking at Student 2. And Student 2 enrolls in all three summer sessions. Day four of session one, there's an add-drop period here and student drops session 2. And then subsequent and unrelated to that drop, on day eight, the student withdraws during the first five weeks session. The student does not provide written confirmation of a return within the payment period,

however. So what are the results for this student? You can see them up here. Again, you're going to recalculate Pell and campus based because they didn't start all the modules for which they were paid. And when we're looking at the numerator, it's going to be the number of days attended. So we'll assume no breaks, then that would be eight days. And the denominator is going to be 35 days for each sessions one and three, less any scheduled breaks or approved leave of absence. So in this case it would be 8/70. So this student would have earned 11.4 percent.

Here's another look at it. So what happens? Well, day four they drop session two, so that comes out of the formula. At that point, because they're never going to attend session 2, you're recalculating, again, because of the Pell and campus based rules. And then subsequent and unrelated to that, the student withdraws from session one on day eight.

So what you see here, of course, is that the institution – when the institution is doing the R2T4 calculation, it's on a revised basis. Correct? Because the student dropped first on a date other than the withdrawal date, we can eliminate both the amount of time and any aid that was associated with that drop. Otherwise, in the earlier example, of course, we would be looking at the entire period. So you'll see some other examples as we move through here.

So here's another one. We have summer session that includes three 5-week session and well as 15-week session. It would look like this. Students could sign up for 15-week sessions. They could sign up for 5-week sessions or some combination. Student C enrolls in two 15-week sessions. Because that spans the entire payment period, is this student in a program taught in modules? No.

But Student D has a combination. Enrolls in the first 5-week module and one 15. So be there's at least one module in there that doesn't span the entire payment period, that student is then in a program taught in modules. So if both of these students withdraw in day 5, the denominator of the return calculation is going to be the same, 105 days. And the numerator would be 5.

Now, one note. If Student D had not enrolled in the first 5-week session, but either or both of the subsequent 5-week sessions, plus a 15-week session, and withdrew on day 5, that student would not be considered to be in a program taught in modules, because they never actually started the modules yet. Okay? So our module rules in terms of written confirmation and some of the other things

that we required you to do in the module world wouldn't be applicable to Student D if they signed up for one 15-week session and let's say the last 5-week session and they dropped out after five days. So just your normal R2T4 – if there's such a thing as normal – R2T4 rules would apply.

Okay, so let's take a look at this. When is a student considered a withdrawal? Well, in a program measured in credit hours, it's when a student does not complete all the days scheduled to be completed in the payment period or the period of enrolment. In a program measured in clock hours, the student does not complete all the clock hours and weeks of instructional time scheduled to be completed in either the payment period or the period of enrolment.

Now in a non-term or non-standard term, we have to take additional things under consideration. And again, this is a part of the program integrity rules that were written into the October 29th final reg. As it says here, the student is not scheduled to begin another course within the payment period or period of enrolment for more than 45 days after the end of the module the student ceased attending. Think about that.

Now, if we go back – and you'll see some pictures of it here in a moment – but we're talking about whatever module the student was in when they ceased attending, here's a new timeframe that needs monitoring. There's a 45-day period from the end of that module – not when they withdrew – from the end of that module there's a 45-day time period during which the student can provide or begin, rather, another course within that same payment period or period of enrolment.

So, this is also just a reminder again this is tied to for non-term and non-standard term the current rules in 668.4F where students who withdraw from a clock hour or non-term credit hour program return to the same program within 180 days. The institution would reinstate the previous amount of aid upon the student's reentry into that program. Again, it's like they've taken a leave of absence and then they've restarted.

So let's take a look at Claire. Claire's our example C here. She's signed up for these three 5-week sessions and there's a one week break between sessions one and two and another one between two and three. So Claire begins session one, and this is in a non-term program. That's important for – we'll get to that in a minute, why. But she withdraws on day five. She indicates she wants to return at the beginning of session three, but she's not going to be here

during session two. She has to resolve some health issues. So first thing we need to know: what's her withdrawal date? Of course, her withdrawal date's going to be day five. Right?

So even though she provides written confirmation of her return in session three, there will be more than 45 days from the end of the module the student ceases attending. Because when we look at a one-week break after or between sessions one and two, plus the 35 days in session two, and another week before she can start session three, that equals 49 days – 7, 35 and another 7. So in this non-term scenario, even if she provides you written confirmation, it really isn't going to be effective in this case.

Now the other thing to point out here is – or to remind ourselves about – is since this is a non-term scenario, if Claire has Pell, in non-term scenarios for Pell we always use formula number four, which is always calculating Pell on a full time basis. So there won't be any recalculation for Pell for Claire because of the fact that this is a non-term situation.

The institution would still be required, however, if she had campus based, to examine her cost of attendance to see if the revised cost of attendance will still support the full amount of the campus based award. And if not, an adjustment would be necessary.

Okay, here's another option that we could consider. And that is the institution could have decided – we'll presume that the institution met the, or has the approved leave of absence policy. And I just want to review with you briefly the elements of that.

If you think about 668-22D, it contains the following: A leave of absence is an approved leave of absence if the institution has a formal policy regarding leave of absences, the student followed the institution's policy in requesting the leave of absence, the institution determines there is a reasonable expectation that the student will return to school.

And I always tell schools, you know, particularly if you're using our software, we have a little memo area in there where you can type notes. That's a good place to put this note. How did you make that determination that the student said – it might be as simple as asking, "When are you coming back from your leave of absence? And how do we know you're going to come back?" And whatever response they give you, you can type that in.

The institution approved the student's request in accordance with the institution's policy. The leave of absence does not involve any additional charges by the institution. That's an important one. The number of days in the approved LOA, when added to the number of days in all of leaves of absences, does not exceed 180 days within a 12-month period.

Except for clock hour or non-term credit hour programs, upon the student's return from the leave of absence, the student is permitted to complete the coursework he or she began prior to the leave of absence. This is the one that knocks most of your programs out of the definition for an approved leave of absence. Because how many of you have a program where if the student starts on day one of the term, goes through to day 18, requests and receives a leave of absence, when they come back 32 days later at the end of that leave of absence, they're going to pick up at day 19 in your curriculum? Doesn't happen, right?

They start at the beginning of the next term, semester, module and probably do a little bit of repeat work. But except for clock hour and non-term credit hour programs, to meet this definition they have to be able to start where they stop. It's not applicable for non-term or clock hours, so that's why there's an exclusion for them. And finally, if a student has a Title IV loan, the effect of the leave of absence on the student's grace period has to be explained.

So let's say at Claire's school, when she decided to make these changes, they had an approved leave of absence. Well, that might be a very effective way for this institution to deal with Claire's situation and just say, "Okay, we're going to put you on a leave of absence. It begins after day five and it'll end the day before session three begins. And that way she can come back.

Written confirmation. For courses that are offered in modules, a student is not considered to have withdrawn if, for standard term programs, the institution obtains written confirmation that the student will return to complete a later module within the same payment period or period of enrolment. Okay?

So if you have standard term programs, that's what you're going for. If you have non-term or non-standard terms, the institution obtains written confirmation that the module begins no later than 45 calendar days after the end of the module the student ceased attendance. So we'll look at some examples.

The big deal here is timing. Are your systems, do they have the capacity to monitor this **finding**? Just as a reminder, we said in the preambles to both the **MPRM** and then the final, we talk about the fact that the written confirmation is not something you can collect in advance. It's not going to be something where you collect written authorizations a month before the start of the fall term, or as of the first day of school, sometime in there. You can't do it in advance or up front. This would have to be collected at or near the time of withdrawal or subsequent to the withdrawal.

Now I mentioned earlier that we will look at a rule or write a rule, look at it over time and we'll either constrict it, make it tighter or loosen it up, provide greater flexibility. This is an example where through the comment process and as a reason, an evidence of why you're comments when we post a MPRM are very effective. Because it was out of those comments that we kind of scratched our heads and said, "Yeah, maybe this is too tight. What other flexibilities could be provided?"

So what we came up with is that the written confirmation can be provided by the student to the institution anytime between the date of the withdrawal and the day before that next module that they plan to return to begins. So you have flexibility. And then we didn't stop there. We gave you some additional flexibility, which I'll talk to in another slide.

This is just to remind you that students can revise, again, in terms of the flexibility, students can revise the date of a return to a later module if the student does so in writing between the time of withdrawal but prior to the return date. So they might – it might be one of these things where you have multiple modules and you have six five-week modules.

And the student says, "Oh, I'm dropping module one and I'm going to sit out module two, but I'm going to come back module three." And their healing doesn't go as fast as they had hoped or planned, so they have to sit out another module. That's fine. This is just telling you again that you can make adjustments. Students can revise that as long as they do so in writing and contact you prior to the return date.

Now non-term, in the last bullet there, in non-term and non-standard term programs, this is a reminder that the module cannot begin later than 45 calendar days after the end of the module the student ceased attendance. So let's think of, you know, we have one short five-week module up front. Student's dropping out after

day five. We'll say it's a non-term or non-standard term program. So when that student provides written confirmation, it's not 45 days after the withdrawal date; it would be 45 days after the end of that five-week modules. Right?

They have a 45-day period where they have to return if they're in a non-standard or non-term program. So if they say they're coming back after that, well, the written confirmation really doesn't help much because you're going to have to do an R2T4 calculation if it's beyond the 45-day limit for either non-standard or non-term.

Okay, so here's another example. We look at Student 3. Enrolls in all three summer sessions. Drops session two on day three, then ceases enrolment on day five in the first five-week session. But provides written confirmation of a future return. And we'll assume that this is standard term with modules for this case. So again, because the student drops session two, there's going to be a recalculation for Pell and campus base would be required.

However, as you can see in step two there, there's no return calculation due to the fact that the student has provided written confirmation. So you get a break; you don't have to do the calculation right away. But now you're going to, again, have to do some monitoring because the student says he or she is coming back in a future module. And you're going to need to know whether they return or not.

So here's what it looks like. Day three, the student drops session two. We'll assume no breaks between sessions. Day five, the student withdraws from session one and provides written confirmation at the time of withdrawal that he or she is going to return to session three.

So here's the next question. Right? What happens when the student doesn't return? Well, the withdrawal date is pretty straightforward at an institution required to take attendance it would be the last date of attendance. And at an institution not required to take attendance, it's going to be one of those six that we already talked through. That they started the formal process, they otherwise expressed their intent, and on and on and on.

Now one other area of flexibility. We're talking about written confirmation and collecting that from the student. It would have to be in writing. Another suggestion that we got during the comment phase was if a student – or what I've said here is however, the student could have otherwise expressed his or her intent to

withdraw by sending an email which would become the withdrawal date as well as the **day to** determination.

So that's one way. A second one, in a later example, is let's say the student, there are online courses in the program and the student subsequently goes online and registers for a new module. We would accept that one as well.

So here we have a situation where there's an enrolment status that changes on day four because the student withdraws from session one and drops session two, but provides written confirmation of their return to session three. On day 71, the student doesn't return, so we know what the withdrawal date is at an institution required to take attendance.

If it's at an institution not required to take attendance, you're going to make the determination. And here's the note I was looking for earlier. If these were online courses and the student provided written confirmation between the time of the withdrawal but before the start of session three in the payment period, that would also be fine. So you can go the traditional written confirmation route and then there are these other routes.

If this is something that you don't use, and you forget about it and you're going, "Where's the reference?" I just want to remind you, you can find that in the preamble to the final regulation. So if you go to the October 29<sup>th</sup> reg and read through the preamble, it would be represented in there.

It may also be a ready reference to answer a variety of your questions because there are 22 different ones out there. If you go out to IFAP, in the upper right-hand corner, you'll recall that we have Q's and A's out there on all the program integrity regs. So there are about 13 or 15 different topics, R2T4 is one of those topics. And then you can open that up and read through the 22 Q's and A's. Just in case you needed something more to do. Right?

So, written confirmation. What happens when a student does return to a later module within the same payment period or period of enrolment? If this is a non-term program, the student reenters the same program, the student is eligible for the same amount of Title IV-A. Even if the student has sent some money back, you've sent some money back – you're just going to unwind that. Again, it's like the student was on a leave of absence.

And for non-term programs, remember, this ties to 668.4F. So as long as the student comes back within 180 days, you would just unwind and basically restore their original aid package. Another area that we touched in the program integrity regs was the definition of an institution required to take attendance. And you can see there that the initial bullet.

An outside entity such as a creditor or a state has a requirement – there’s no change to that. What we did delve into in a little more depth was a situation where institutions – and we’re finding a small increase in this occurrence – that institutions are requiring their faculty, either on a programmatic, departmental or broader basis to take attendance on their campus for – again, it could be small – it could be associated to a major, a department or a program most generally. In those cases, if there is that requirement, then that entity or that program would now meet the definition of an institution required to take attendance. So you’re going to be the last date of attendance as the withdrawal date.

And while most of you are probably sitting in here saying, “Oh, good. That doesn’t affect me,” remember that this rule also impacts – it could be subgroups, it can be for short periods of time. For example, I know the last institution that I worked at, we had a state grant program. And in order to obtain that state grant, you had to be a resident. But we then were required by the state to take attendance for the first two weeks of class.

Well, for that shortened time frame, anyone that qualified for that grant who withdrew, of course would be under the institution required to take attendance rules. An out of state student wouldn’t. So we treat them under the institution not required to take attendance rules. It’s just a reminder. Some people think, “Oh, my institution is an institution not required to take attendance.”

Another example. Let’s see. Another point that I wanted to make, and this was made in the preamble to the final reg, is the second bullet here. The program integrity final regulations do not require institutions to take attendance. A lot of people really reacted to that and thought that that’s what we were regulating to.

And saying that, “Oh, everybody has to start taking attendance now.” That’s not the case. But as you can see in the subsequent bullets there, if an institution requires its faculty to take attendance at the program, departmental or institutional level, then, yes, you now meet this definition as of July 1, 2011.

The next bullet is very important. If there is no institutional requirement, but an individual faculty member decides it's best – we had a professor who's teaching a very technical program and it was taught in modules sequentially. So the knowledge for the second module was built upon the first and so on. He found that in his program it was important to require or to take attendance because number one, he had higher participation. And then he had fewer students that were missing part of the program and they had better outcomes. There was a lot of competition for this technical program as well.

So it's just a mechanism that some instructors may favor. They may choose to do that. And all we're telling you here is if you have a professor or two that do that on their own, it's not a requirement of the institution, that doesn't push them, then, into the definition of an institution required to take attendance.

However, we always think that's really solid data and we would encourage institutions to use that. So you can well imagine you get to the end of a term and you have this situation if you don't have a sophisticated grading program at your institution, so you can't really tell an earned F from an F given to a student who just stops attending. What do you do? Well, you have this whole process. We'll talk about that in a few slides down the road here.

And this would be a great example if you're contacting an instructor, too, that are independently taking attendance. They have the information. So they can be responsive to you and provide you with that last date of attendance. So we just encourage using the best data that you possibly have.

Okay, there's another element of this definition that really hasn't changed. And I don't want to skip by it, because it can really surprise some people sometimes. And that is what you see on the screen here. An institution or an outside entity has a requirement that can only be met by taking attendance for the program or a portion of the program.

So when is this likely to occur? Well, if a state licensing agency for professionals in a particular career that prepares students to be employed has a requirement that the institution provide 900 clock hours of training in certain fields before the student is qualified to sit for the state licensing exam. That would be an example.

Institutions are adding programs all the time and they're looking at shorter programs to put people to work. This would be a good

example. If there was a licensure requirement where they had to prove that they've been through a certain number of hours, now suddenly you do have a program where the only way that they can make a determination is through attendance taking, then everybody in that program, they're going to meet the definition of an institution required to take attendance.

Here's another example. Institution B offers a variety of training programs. One of which is a certified helicopter repair technician program. Now the FAA requires to become certified the applicant must have 1500 hours of supervised training. And believe me, if you're going for a ride in that helicopter, you're going to want to know they had all 1500 hours. Every one of them. So every student in this program would be required to have their attendance taken or they never even get to sit for the licensure exam. So two practical examples.

If the institution is required to take attendance or requires attendance for a limited period of time. This would be the one I said earlier with our state grant. The attendance records must be used to determine the withdrawal date for that limited period. So anybody that dropped out in the first two weeks from my state grant program, we would use their last date of attendance.

However, a student in attendance in the last day of the limited period who continues attendance but subsequently withdraws will be treated as a student at an institution not required to take attendance if – and this is a very important if because this does affect a lot of you – you can prove that the student was in attendance after the limited period. Don't want to get caught by this. A lot of people have in their audits and program reviews. I think I have a graphic. Yeah.

So Johnny's here for the first two weeks and you're taking attendance every day. And then he continues on beyond that – he doesn't withdraw – into the period of time after the state grant attendance taking has ended. But there's no attendance being taken during those last 14 weeks, right? You have to have some mechanism to be able to show that he continued on if he does withdraw.

Now the easiest thing is to look at our last date of an academically related activity. Did he take an exam? Did he take a quiz? Did he submit a project? Something where there's an institutional record documenting that his attendance continued on. Absent that, the last time you would have a record for Johnny if he doesn't show up

at the end of the program here, would be during those first two weeks. And that's something I don't want you to get caught up in. So think about that, how it works with your processes.

This is just a reminder that we also codified some sub-regulatory guidance in this final regulation with regard to attendance taking that's a snapshot on a single day. We've always said, and now we've placed it into these rules, that if you're just taking a snapshot. Let's say I had a different state grant program that only required at the end of day ten of the semester we'd look out at the room, I'm the professor, I have a roster and I'm going to check everybody's name. So everybody on the front row except this seat here, they're absent, so their name doesn't get checked that day.

If I'm taking a snapshot for that single day, that doesn't throw you, then, into the definition of an institution required to take attendance. We went even beyond that and we said, because this is about modules, you have a three module semester, let's say. You may have a single census date for each one of those modules. As long as it doesn't exceed one day. So once you do exceed the one-day rule, it's no longer a single day snapshot and then you have limited attendance taking. So you're going to either fall into one camp or the other.

Total number of days in the payment period or period of enrolment. Well, includes all the calendar days within the period that the student was scheduled to complete except the number of institutionally scheduled breaks of five consecutive days or more are not included in the total calendar days used in the return calculation or the days in which the student was on an approved leave of absence. And we've talked through the examples of each of those.

So let's take a look at one more example here. Actually, two more. So in this standard term there are three modules. The student enrolls for all three modules. Each of the modules are 35 days in length and there's a week in between modules one and two, and two and three. So Cheryl begins and completes module one. She doesn't return for modules two and three and doesn't contact the institution. So there's no written confirmation of her return.

So at an institution required to take attendance, her withdrawal date is going to be the last date of attendance, which would be the last day she took a final exam. Right? The denominator is going to be 109 days. 35 times 3 plus the – oh, I said a week. I meant a

weekend between modules. So there'd be an additional four days. So the denominator is going to be 109 days.

An institution not required to take attendance, it's going to be however you define the withdrawal date appropriately, again, divided by 109 days. Now we'll contrast that with this example. This student enrolls same three modules; they're also 35 days in length. But in between these modules there's a week of an institutionally scheduled break between modules one and two, and two and three.

So Anthony does the same thing. He begins and completes module one and doesn't return for modules two and three, doesn't contact the institution. So if it's at an institution required to take attendance, same last date of attendance but the denominator's going to be different. It's going to be less. 105 days. Right?

Why? Because of the institutionally scheduled break of five or more days gets excluded from both parts of the formula. So what will happen? Well, interestingly, in Cheryl's situation, she attended 35 days of 109-day payment period, so she earned 32.1 percent. Anthony, because of the exclusion of the scheduled breaks, attended 35 days divided by 105. So he earned 33.3.

That's a small change. But it's those kinds of differences that are getting caught by program reviewers and auditors. And that's why when we look at the top ten list of audit findings this is so prevalent. So it's something that we all have to stay on our toes about and have a pretty thorough understanding about.

Another area where we made some modifications in this final regulation was in the definition of an academically related activity. Now these first slides are just examples of what we still permit, what's still included in that definition. But effective July 1, 2011, we said these no longer will be considered academically related activities. We never said living in institutional housing could be considered academic living. It's an education, I am sure, but it's not part of an academically related activity for our purposes.

Likewise participating in the institution's meal plan. Having worked at food service in my undergraduate days, that, too, was quite an education. Logging on into an online class without active participation. This is an important one as we grow and develop in online courses.

The good news is that I recently listened to a discussion about the levels of sophistication in being able to make determinations about people using online systems and being able to identify the individual. It's great and it's a little scary, too. Because, you know, if you think of something writing their name on an assignment or an exam and submitting it, that's a unique identifier for that individual. Right?

Well, similarly, they're now sophisticated enough in the way you use a keypad, the time between the strokes, certain key words, they can identify you just by utilizing some specialized software that will do the identification. Because, now, obviously not everybody has that on their campus yet, but I can well imagine over time some sophisticated software like this might be utilized particularly for institutions that are going more and more into the online world and they need to be able to know, A, who is this student that's participating in our program? Are these fraudsters? How are we protecting Title IV and our own dollars?

So we're going to continue to see additional improvements in that area. Finally, this is just a reminder to you that these academically related activities must be documented and retained by the institution in accord with the record keeping requirements in 668-24. Which is generally for three years. Student self-determinations or self-documentation of their participation won't hack it.

Now a lot of people will contact the student and say, "Help us remember what was the last --" Student's withdrawing, you're trying to figure out what their withdrawal date at an institution not required to take attendance, and you're asking them questions that would relate to an academically related activity. When did you take your last quiz? Submit your last paper and get a grade on it? You know, those kinds of things.

But then you would have to reach out to the faculty member in that case to ask them if that jogs their memory. "Johnny says he got a grade of C on this Tuesday. Can you check your records and send me something via email to document that?" The record from Johnny is not going to be sufficient. So it's just a reminder. Let's see.

And with that, I think we have time for questions. Here's my contact information. I will remind you that if you send me email, be patient, because 4, 423 people have already beat you to the punch and I'm working on those answers. *[Laughter]* Hi.

*Audience:* Hi, Dan. Sally Samuels. You know, last year – and I don't know if you're going to be able to answer this question, quite honestly. Last year, Fred Sellers made it very clear that anybody that was subject to clock credit conversion, GE programs, that you had to have the hours associated with – the clock hours completed associated with the hours in the program. So does that make us attendance required if we have to track those hours to make sure the student's completed 100 percent or 90 percent?

*Speaker:* Um, that would be a good one to submit to me via email so we can get a broader response.

*Audience:* Where do you want me to submit it?

*Speaker:* Just to my email address.

*Audience:* Okay, because I –

*Speaker:* Let's go that route.

*Audience:* Yeah, I know it's thrown around a lot. I know a lot of people aren't even aware of that conversation, but it could make a huge difference.

*Speaker:* Yes.

*Audience:* Okay, thanks.

*Speaker:* You bet. There are two microphones, please avail yourself of those. We've got until – about 15 minutes. So we're in good shape.

*Audience:* I have two questions for you. First of all, **NASVA** had released some information last spring that there was guidance from the department in regards to – drawing a blank there. Oh, I know – if a school cancels a class, as opposed to the student dropping a class, that originally I had received guidance, working with our regional trainer, that if we cancelled a class, then we did not had to treat that student as a withdrawal because the intent of the regs was to deal with fraud on the part of the students.

And then the guidance came out from the department that if the school cancelled a class, we do still have to put them through all the questions. And I'm just curious, is the thinking behind –

what's the thinking behind that? Because it doesn't seem to jive with the intent of the regulation.

*Speaker:*

Well, in my mind, it would be real similar to an administrative withdrawal. The institution is taking action that is going to prevent the student from being able to start all the classes from which they were paid, presumably. Now, there could be, maybe there could be some hybrid here where you're charging and disbursing class by class by class. I don't think you're talking about that. In those scenarios where someone's going to sign up for a semester's worth of modules, multiple modules.

And then we see this when course are taught sequentially and a student fails one of the modules, they can't go on to the next one. It's the same kind of scenario. So that's how we – we're mainly looking at the fact that in advance this student has applied for and been provided Title IV-A that's going to cover all the modules that they plan to take.

So their cost of attendance as well as their aid is based on that. When something pops up of an administrative nature where a class is cancelled, let's say. Or again, in the sequence, and they can't academically move on to the next one, they're ceasing their attendance prior to the planned completion date. And that's the definition of R2T4.

*Audience:*

All right. And then one other question. Or actually an observation in regards to the rule that when determining the date of determination that if we're required to take attendance, that we use the earlier of the last date of attendance or 14 days – I'm sorry, 14 days from the last day of attendance or when the student begins the, notifies us that they're withdrawing from the class.

For a class that's offered once a week, that 14 days can be a bit of a challenge. Because we have internal processes that if a student misses two classes, which that second class is on the 14th day, we've always taken administrative action to try and contact a student, find out what's going on, should they be dropped. But that's a tight timeframe.

And it seems like the 14 days probably was written more in the thinking of a traditional class that's taken two or three times a week, where you know more readily that a student may be thinking of dropping a class. So that's just an observation that it does make it fairly tight if somebody takes a vacation. When you hit that 14th and takes time for this stuff to get through to us.

*Speaker:* Well, number one, there's nothing prohibiting you from doing it more – doing it after seven days or five days or something like that. The history of that is we published a dear colleague letter, it was GEN-04-03, and the first requirement we had is for institution that are required to take attendance, they had to do so at least once every seven days.

But again, because of reaction and feedback we got, they said, well, that's a little too rigorous. All we're going to be doing is these calculations and making these phone calls. So then in GEN-04-12 is where we broadened that to the 14-day rule, which is what you're referring to there. But I'm sure you've taken a look at it. If 14 days is pushing you too close to the limit, maybe doing it more frequently to see if that gives you the kind of relief that would be worthwhile.

*Audience:* Yeah, at that point it becomes an administrative issue, if a student misses one class, the time for staff to call and contact that student after missing one class can be quite a burden just to hit it sooner. Just observation from schools, we're not the only ones who deal with that pressure there. Thank you.

*Speaker:* Okay. Thank you. Yes, sir.

*Audience:* Ah, yes, thank you. I'm wondering if you can clarify when official drops would trigger the return to Title IV. So for example, if you had a program with three five-week modules with a couple of days between each module and a student, let's say they complete module one. Between the two modules but before module two begins, they officially drop module two and let's say they're still scheduled to enroll in module three. Would that official drop trigger the R2T4 in that case?

*Speaker:* Ah, well, let's assume this is a standard term based program. In that case, as long as the student returns – well, two things could happen. First, we'll say in the first scenario, Student A, they just drop the second one and you don't hear from them. In that case, you're going to need to do the return to Title IV calculation.

Now if the student does return within the payment period or period of enrolment, then you're going to put them back in. Back to make them whole again. Although because they've dropped module two, I think in your example, you'd be doing some recalculation of Pell and campus based. If the student, Student B, was a little bit more savvy and understood the rules and was compliant, provided

written confirmation, then you have a longer period of time. You don't need to do the return calculation but you do need to monitor to see whether they really do show up on day one of module three. If they do, again, because they've dropped module two in your example, you're going to recalculate Pell and campus base and re-award if necessary there. If they didn't come back for module three, of course you would be doing an R2T4 calculation.

*Audience:* So the date of the – because if that same student officially dropped during module one, then you would look and say, at the time of the drop they're still attending something else, they're still enrolled in a different course and the return calculation wouldn't apply. So is that correct?

*Speaker:* Yeah, that's correct. You're still going to be – you still have part of the work, because as soon as they drop two, then the basis for the award has changed both in the cost of attendance and the total amount of Title IV aid for Pell and campus based. So that part of it you still have that work to do. But you're right – if the student just drops and there's on a date unrelated to any kind of withdrawal, you just deal with that part of the scenario. But R2T4 wouldn't be involved yet because they're still attending. That's how it works.

The key there is – I want to try to make this point again. If we mentally, if we think to the three modules in the very first case that we talked about where the student is withdrawing from – let's say they are withdrawing on day five and they're not coming back. When you do that R2T4 calculation for that student, we know their last date of attendance, but the denominator is going to be all three modules at that point.

It's only – there's a revised basis for the calculation, i.e., a different amount of aid and a smaller period of time in the denominator when the student drops a class on a date other than the withdrawal date in advance. So that's what shifts your basis. Otherwise, you're looking at all the modules they were awarded for in the denominator. That's a real critical point. We'll try somebody at the front mic, here.

*Audience:* This is a related question. You have that student who attended the first module. This is a non-standard term program. They did not start the second module, but they officially withdrew, say the fourth day of attendance that would have been taking place on the second module. Their last day of attendance is the end of the first module but their official withdrawal notification is the fourth day

of the second module. What do you use for your official withdrawal date on the refund calculation?

*Speaker:* This is an institution required to take attendance.

*Audience:* True.

*Speaker:* Okay. So if they started the – it would be the date they started the official process, so it's going to be day four, presumably in your example would be the withdrawal date. That would also be your date of determination. We'll presume that they were planning on going to all three modules and were awarded for all three modules, Title IV aid for all three modules.

So before you do the calculations, since they'll never go to module three, you're going to have to recalculate. And then on that revised basis and the reduced amount of Pell and campus based is what you would perform the R2T4 calculation on. The denominator is going to be the start to the end of all three modules. All right? In the back.

*Audience:* Yes. My institution offers two eight-week modules that align with our regular standard semester. So we're standard term school. So a student doesn't enroll for the first module, but wants to enroll for the second module. So my confusion is, if they're supposed to be enrolled for quote-unquote a 15-week term and this is only eight weeks, are they eligible for aid for only the second term eight weeks? They never enrolled in the first eight weeks.

*Speaker:* Probably.

*Audience:* Okay.

*Speaker:* There's nothing magical about that in the fact that it's just going to be a difference primarily in their enrolment status because – it depends. If they sign up for one three-credit, eight-week course, they're not going to be eligible for much because they're less than half time. However, if they signed up for four of those three-credit, eight-week courses, they'd be full time.

So their cost of attendance, of course, is going to be different because they're only going to be in attendance that brief period of time rather than for the whole semester. So I would need to know all the other details to give you the perfectly clear example. But that's why I say probably, yeah. But there's no magic there. Yes,

in the front there. Go ahead. We have about five minutes left or less now.

*Audience:* Thank you. My question is related to what you were mentioning about schools that take attendance in a particular, for a limited period of time. So for instance – first of all, we're a standard semester with modules. So our current attendance policy is that we require instructors to take attendance during the first week of a module. And then after that first week, basically we are assuming that the student is still in class for the rest of the module.

So if the student withdraws themselves in the middle of that module, then the day they officially withdraw with the school, we have been using that date as their last date of attendance. But if something happens where the school ends up processing an administrative withdrawal, we end up using the last day of the last module they attended as their last date of attendance.

But I guess my question is, because you mentioned us having to use proof of an academic related activity, I'm wondering if that, if what I mentioned as our policy kind of throws that into conflict as far as, I think, mainly for the students that do not withdraw themselves from the module but when an administrative withdrawal is processed. Does that make sense to you?

*Speaker:* You've got a lot of moving parts in that one. So let's break it apart. So we're looking at that one slide which was 16 weeks long and it was a two-week period with hash marks on it because in your case, for each module there's going to be a one-week period where the institution is requiring attendance taking.

So anyone who withdraws during that first week of a module, they're going to be under an institution required to take attendance rules. Your last date of attendance is going to be whatever, you know, what's on the grade book for the instructor showing their attendance. Subsequent to that, if the student goes on beyond that first week, how long are your modules? Five weeks?

*Audience:* No, they're actually a month.

*Speaker:* Okay, four weeks.

*Audience:* A four-week month.

*Speaker:* So in the remaining three weeks, then, they'd be under the definition of an institution not required to take attendance. So the

withdrawal date is going to be whatever one of those six are applicable. It's going to be the date the student starts the formal process, the date the student otherwise expresses their intent to withdraw. If they leave in the middle of the night, they'll be the midpoint, all of those. The third scenario you're talking about there is an administrative withdrawal. I didn't quite get enough of the details on that one. I just missed it.

*Audience:* The thing about that part is if the student, I would say the student goes beyond, let's say – or was expected to go on beyond the last – let's say they finished the first module in a semester. We have four modules. So if they go beyond that, if they finish the first module, let's just say, and then they were supposed to start the second module but maybe for whatever reason the school decides to administratively withdraw them, let's just say for failing to meet SAP after probation. Well then, because a student didn't go on after that, maybe because we didn't let them go on, then we use the last date of the last module that they were in. The last day of the term. The last day of that module.

*Speaker:* Of the previous module?

*Audience:* Of the previous module because they didn't attend the next one.

*Speaker:* They never started the one. Yeah, that would be correct as I understand your example. Because the last day on module one is when they finished that module and you administratively blocked them from proceeding. Although they might have been awarded for three or four modules, at that point it's an R2T4 and you know the amount of time they attended over the total amount of time you've awarded them for. Okay?

I can take one more – oh, I'm being told I've got to stop. So thank you very much. I hope this was helpful. Appreciated all your participation and keep working those R2T4 calculations.  
*[Applause]*

*[End of Audio]*