Administering Title IV Aid for Transfer Students

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Agenda

• Transfer Monitoring and General Provisions
• Administering Pell Grants
• Administering Direct Loans
• R2T4 and Overlapping Payment Periods
• Resources
Transfer Monitoring and General Provisions

Transfer Monitoring

Transfer monitoring applies to any student who attended another school prior to attending your school in the same award year.

- Identify students transferring to your school during the award year
- Provide identifying information for those students to NSLDS
- NSLDS alerts you to any relevant changes in student’s financial aid history
Transfer Monitoring

The school must set up a *School Transfer Profile* before attempting to use any of the NSLDS Transfer Monitoring Functions.
Transfer Monitoring Three-Step Process

**Inform**: Create a list of transfer students that you need NSLDS to monitor.

- This list can be created on the NSLDS website or can be created in your own institutional software and submitted to NSLDS via the SAIG.

- You should add students to the list who have received Title IV aid in the past, but will not be receiving it at your school (this will add the students to your NSLDS Enrollment Reporting roster).
Transfer Monitoring Three-Step Process

Monitor: Once your list has been established, NSLDS will monitor the students for changes in their financial aid history.

- NSLDS will monitor students from 30 to 120 days from the enrollment begin date, depending on the time frame you established when setting up the school’s transfer profile.

NSLDS will alert you when a:

- New loan or grant is being awarded
- New disbursement is made on loan or grant
- Loan or grant (or single disbursement) is revised or cancelled

NSLDS also sends an electronic notification reminder to the email address on the School Transfer Profile setup page.
Transfer Monitoring & Disbursements

Disbursements to a student included on the transfer monitoring list cannot be made for seven days following the date the student was added.

Exception: If an NSLDS response is received prior to the seven days expiring, or if NSLDS is accessed directly to determine the student’s financial aid history.

Overpayment Liabilities

Assuming proper procedures are followed, if a transfer student is subsequently found to be ineligible for all or part of the disbursement, it becomes a student overpayment liability.

As an overpayment, the student is ineligible for Title IV aid until it is resolved.
Verification By Another School

If a student is selected for verification, and was verified by another school before transferring to yours, verification is not required provided that:

- Verification was performed in the same award year
- The student’s FAFSA data has not changed
- A letter is obtained from the previous school confirming verification and the pertinent ISIR transaction number

Satisfactory Academic Progress

Schools must include in their Satisfactory Academic Progress policy how transfer student progress is monitored. Schools may choose to:

- Include all transferred hours as both attempted and completed courses, or at minimum those hours that count toward the current academic program
- Count grades received for all transferred hours, or exclude consideration of grades
Administering Pell Grants

Approaching Pell Grant Calculations

• Always approach Pell Grant awards from an Award Year perspective (e.g., July 1, 2016 to June 30, 2017) to determine remaining Pell Grant eligibility

• Use the appropriate formula to determine award amounts on a payment period basis, up to the remaining Pell Grant eligibility amount
Pell Grants and Transfer Students

A transfer student’s remaining Pell Grant eligibility is reduced if the student received Pell Grant funds for the same award year at a prior school.

How COD calculates percentage used:

\[
\text{Percentage Used} = \frac{\text{Amount disbursed at prior school}}{\text{Scheduled Award at prior school}}
\]

\[
\frac{3,489}{5,815} = 60\%
\]

Pell Grants and Transfer Students

• Awarding remaining eligibility
  • 100% minus % of Scheduled Award used = maximum percentage of Scheduled Award the student may receive at your school
  • Always use percentages, not amounts, to determine remaining eligibility for transfers
    • Exception: If Scheduled Award at both institutions is the same, remaining eligibility may be determined by subtracting amount received at the first institution from the Scheduled Award
  • Disburse up to the full amount for each payment period according to the appropriate formula
    • Do not apportion remaining amount equally across payment periods
Calculating Remaining Percentage

How school would calculate remaining Pell Grant available for disbursement:

100% - 60% used = 40% remaining

Scheduled Award at transfer school x Remaining percentage = Remaining Pell

$5,815 \times 0.40 = $2,326

Awarding Transfer Pell Grant #1

Remaining: $2,326 for the 2016-2017 Award Year

Transfer school is term-based Formula 1:

- Student begins in the Spring Semester
- Formula 1: $5,815 / 2 = $2,908 per payment period
- Since student only has $2,326 remaining for the award year, transfer school would award $2,326 for the Spring
Awarding Transfer Pell Grant #1

School A
COD shows 60% of Scheduled Award Used

School B
Scheduled Award = $5,815
$5,815 \times .40 = $2,326 Remaining

Formula 1 / Spring Semester
$5,815/2 = $2,908

School B must award the lesser of the Remaining or Formula Calc
Spring Award = $2,326

Awarding Transfer Pell Grant #2

Remaining: $2,326 for the 2016-2017 Award Year

Transfer school is term-based Formula 1:

- Student begins in the Winter Quarter
- Formula 1: $5,815 / 3 = $1,938 per payment period
- Winter Quarter = $1,938
- Spring Quarter = $388
Awarding Transfer Pell Grant #2

School A

- Summer Quarter
- Fall Quarter
- Winter Quarter

School B

- Fall Quarter Non-Attendance
- Spring Quarter

COD shows 60% of Scheduled Award Used

School B

- Scheduled Award = $5,500
- $5,815 X .40 = $2,326 Remaining

School A

- Formula 1 / Winter & Spring
  $5,815/3 = $1,938

School B must award the lesser of the remaining or formula calculation

Winter = $1,938
Spring = $388 Remaining

Awarding Transfer Pell Grant #3

Remaining: $2,326 for the 2016-2017 Award Year

Transfer school is clock-hour Formula 4:

- Program is 600 hours / 20 weeks (AY = 900 hrs / 30 wks)
  Program begins 1/7/16 and ends on 5/20/16

- Formula 4: $5,815 X 300/900 = $1,938 per payment period

- Payment Period 1 = $1938
- Payment Period 2 = $388
Awarding Transfer Pell Grant #3

School A
COD shows 60% of Scheduled Award Used

School B
Scheduled Award = $5,815
$5,815 X .40 = $2,326 Remaining

PP1
300hrs/ 10wks

PP2
300hrs/10wks

School B

School B must award the lesser of the Remaining or Formula Calc
PP1 = $1,938
PP2 = $ 388 Remaining

Awarding Transfer Pell Grant #4

Remaining: $2,326 for the 2016-2017 Award Year

Transfer school is clock-hour Formula 4:

- Program is 600 hours / 20 weeks (AY = 900 hrs / 30 wks)
  Program begins 4/4/16 and ends on 8/20/16
- Payment Period 2 is a crossover payment period (6/13 to 8/20)
- Formula 4: $5,815 X 300/900 = $1,938 per payment period (assuming the 2016-2017 Scheduled Award is also $5,815)
- Payment Period 1 = $1938
- Payment Period 2 = $1938
Awarding Transfer Pell Grant #4

School A
COD shows 60% of Scheduled Award Used

School B
Scheduled Award = $5,500
$5,815 X .40 = $2,326 Remaining

School B must award the lesser of the remaining or formula calculation
PP1 = $1,938
PP2 = $1,938 from 2017-2018

Formula 4 / PP1 & PP2
$5,815 X 300/900 = $1,938

PP2 Ends
8/20/16
Crossover

Administering Direct Loans
Approaching Direct Loan Calculations

- Always approach Direct Loan awards from an Academic Year perspective to determine remaining Direct Loan eligibility.

- Use the appropriate annual loan limit for the grade level the student has achieved at your school.

Academic Years

- Annual Loan Limits are based on the Academic Year.
  - Student cannot receive a new annual loan limit until the completion of the Academic Year.

- Academic Years are defined by the school, but must adhere to ED’s minimum definition:
  - Semester/Trimester = 30 weeks / 24 credit-hours
  - Quarter = 30 weeks / 36 credit-hours
  - Clock Hour = 26 weeks / 900 clock-hours
Minimum Loan Periods

• For credit-hour, standard-term or nonstandard-term SE9W programs, minimum loan period is the term.

• For clock-hour, nonterm or nonstandard-term NSE9W programs, minimum loan period is the lesser of:
  - The length of the program
  - The remaining portion of the program
  - The academic year

Overlapping Academic Years

• If student transfers into your school and an academic year reported by prior school has not fully elapsed:
  - For credit-hour programs using standard terms or nonstandard terms but that are SE9W, report your own academic year and ignore prior school’s.
  - For nonterm or clock-hour programs, use prior school’s academic year dates.
Obtaining Academic Year Dates

- A school can obtain specific begin and end dates of the prior school’s academic year by:
  - Obtaining documentation from the prior school, OR
  - Looking for the academic year dates of Direct Loans originated by prior school in the Award Detail in COD

- It is important that all academic years and loan periods are reported accurately to ensure correct calculations for the 150% subsidized loan limit

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SAY Example #1

Student attended School A and received $1,750 in subsidized loans as a first-year student (the loan was originally fall/spring for $3,500, but the student withdrew and School A modified the existing loan). School A uses SAY to track annual loan limits and defines its SAY as Fall and Spring.

8/25/2016 - 12/17/2016
8/25/2016 - 5/10/2017

Student transfers to School B for Spring, which uses BBAY 1 to track annual loan limits. Student can only receive remaining $1,750 until SAY from prior school ends.

1/5/2016 - 5/15/2016
1/5/2016 - 8/21/2016

After SAY from prior school ends, student can receive another $1,750 before the end of the BBAY. Though the $1,750 from School A no longer counts, the first $1,750 from School B counts.
SAY Example #2

Student attended School A and received $2,250 in subsidized loans as a second-year student (the loan was originally fall/spring for $4,500, but the student withdrew and School A modified the existing loan). School A uses SAY to track annual loan limits and defines its SAY as Fall and Spring.

Student transfers to School B for Spring, which uses BBAY 1 to track annual loan limits. School B does not accept any transfer credit-hours and the student enters as first-year student. Student can only receive remaining $1,250 until SAY from prior school ends.

After SAY from prior school ends, student can receive another $2,250 before the end of the BBAY.

BBAY Example #1

Student attended School A and received $1,750 in subsidized loans as a first-year student.

Student transfers to School B to start a 2-year clock-hour program. Student can only receive remaining $1,750 until SAY from prior school ends.

After SAY from prior school ends, student progresses to next annual loan limit.
BBAY Example #2

Student attended School A and received $2,250 in subsidized loans as a second-year student.

Student transfers to School B to start a 1-year clock-hour program. Student can only receive remaining $1,250 until SAY from prior school ends.

After SAY from prior school ends, School B determines 10 wks and 300 hours remain in the program. School B must prorate for remaining program of study. Student is eligible to receive $1,167 ($3,500 X 300/900 = $1,167).

BBAY Example #3

Student attended School A and received $1,750 in subsidized loans as a first-year student.

Student transfers to School B to start a clock-hour program of 600 hrs /20 wks. Student can only receive remaining $1,750 until SAY from prior school ends.

Since School B’s program is shorter than an academic year, the student cannot receive more than the prorated sum of $3,500 X 600/900 = $2,333. For the remaining period of study, the student cannot receive more than the difference between the prorated sum and what has been disbursed in the first loan period ($2,333 - $1,750 = $583 for the remaining period of study).
R2T4 and Overlapping Payment Periods

Because payment periods for Pell Grants are defined within an Award Year and Direct Loan payment periods are defined within an Academic Year, a student entering into a BBAY 3 environment may appear to have two overlapping payment periods.

However, it should be noted that for R2T4 purposes, the school must use a payment period as defined in 668.4 when performing their calculation.
Overlapping Payment Periods

668.4(c) defines a payment period as the time it takes the student to complete half the hours and the weeks of instructional time in the program or the defined academic year, whichever is shorter.

Therefore an abbreviated loan period designed to complete a prior school’s academic year does not meet the definition of a payment period as defined in 668.4 and should not be used for R2T4 calculation purposes.

Overlapping Payment Periods

Student begins attendance in a clock-hour program at school A. The defined Academic Year is from 4/20/16 to 10/9/16. The student withdraws on 7/6/16 and begins attendance in another clock-hour program at School B on 8/24/16. The program at School B is one academic year in length and ends on 3/11/17.

For School B, the Pell Grant Award is not bound to School A’s Academic Year, but the Direct Loan must have an initial loan period starting on 8/24/16 and ending on 10/9/16.
Overlapping Payment Periods

Student withdraws from School B on 9/28/16. The school must use a payment period that is 668.4-compliant. In this instance, the Pell Payment Period meets the 668.4 definition and should be used for R2T4 purposes.

Abbreviated Loan Period
8/24/16 to 10/9/16

Second Loan Period
10/10/16 to 3/11/17

The Aid Disbursed should include the Pell and Direct Loan disbursed on 9/14. If the school originated the loan for the disbursement scheduled to occur on 10/26/16 prior to the student withdrawal, the school should count as Aid that Could Have Been Disbursed the portion attributable to the 668.4-compliant payment period. However, the funds can't be disbursed because the student never began the second loan period.
Overlapping Payment Periods

The portion of the second loan attributable to the 668.4-compliant payment period is calculated by using the number of scheduled days of overlap between the 668.4-compliant payment period and the second loan period.

\[
\text{Overlap Days} = \frac{\text{Days of Overlap}}{\text{Total Days in Second Period}} \times \text{Second Loan Amount}
\]

For example:

\[
\text{Overlap Days} = \frac{56}{107} \times 3500 = 1832
\]

Student withdraws from School B on 11/5/15. Like the previous scenario, the Pell Payment Period is compliant with 668.4 and should be used for R2T4 calculation purposes.
Overlapping Payment Periods

Pell Payment Period #1
8/24/16 – 12/4/16
668.4 non-compliant
Disb 9/14/16
Abbreviated Loan Period
8/24/16 to 10/9/16

Pell Payment Period #1
12/5/16 – 3/11/17
Loan PP2
Disb 10/26/16
Second Loan Period
10/10/16 to 3/11/17
Loan PP3
Disb 1/11/17

The Aid Disbursed should include the Pell and Direct Loan disbursed on 9/14/16 as well as the portion of Direct Loan disbursed on 10/26/16 that is attributable to the 668.4-compliant payment period.

Had the student withdrawn prior to 10/26/16, but after the start of the second loan period, the school would include the 10/26/16 disbursement as Aid That Could Have Been Disbursed, which could be disbursed as a post-withdrawal disbursement, if eligible.
Resources

• **Transfer Monitoring**
  - IFAP / Processing Resources / NSLDS Reference Materials

• **Transfer Students in the FSA Handbook**
  - General: Volume 3, Chapter 1
  - Pell: Volume 3, Chapter 3
  - Direct Loans: Volume 3, Chapter 5
  - Withdrawals: Volume 5, Chapter 1

• **Federal Register, November 1, 2013: Final Rule, Student Loans – Part II**

• **Regulations**
  - 34 CFR 668.22
  - 34 CFR 685.301
  - 34 CFR 686.23-24
  - 34 CFR 690.85

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Resources

**Research and Customer Care Center**

800-433-7327  
fsa.customer.support@ed.gov

**Reach FSA**

855-FSA-4FAA -- one number to reach 10 contact centers!

- *Campus-Based Call Center*  
  - eZ-Audit
- *COD*  
  - School Eligibility Service Group
- *CPS/SAIG*  
  - Foreign Schools Participation Division
- *NSLDS*  
  - Research and Customer Care Center
- *G5*  
  - Nelnet Total & Permanent Disability Team
Questions?

Contact me with follow-up questions about this session:

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Training Feedback

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