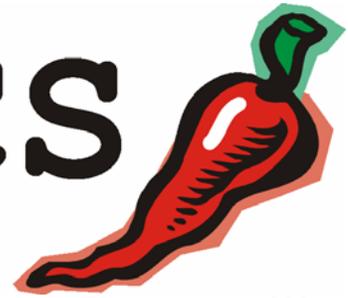


# hot TOPICS



IPD Financial Aid News

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## Annual IPD Financial Aid Conference and Commission Meeting

The Financial Aid Conference was held in Tempe, AZ at the beautiful Wyndham Buttes Resort on April 11–12, 2005. All were impressed by the beautiful scenery and pampering offered at the resort.

The conference officially kicked off on Monday morning. In keeping with the “Back to Basics” theme, the first session covered the many foundations and practices that define Title IV aid. Policies and procedure requirements and suggestions, attendance and leave of absence, and reauthorization were just a few of the topics covered. “Achieving Title IV Compliance” was a very interactive session and enlightened the group on some of the “Hot Issues” facing financial aid administrators and servicers. After a day full of valuable information, we headed for the desert... literally. The cowboys at Desert Jeep Tours took us on a very entertaining outing, educating us on the “hazards” of the landscape. We capped off the evening with a cookout in the desert and some cowboy music. What a day!



The Tuesday morning session began with the annual Financial Aid Commission meeting. Congratulations to our new officers! A full day of information sharing followed with sessions on return of funds, customer services, and impacts on awards. The final sessions were loan and Pell workshops that provided examples and the impact of student changes on an award. Sharing of best practices within Consortium for the Advancement of Adult Higher Education (CAAHE) occurred throughout the conference. Thank you to all participants that shared sample forms and practices at your institution. You are what make this conference so valuable for all who attend!

For those of you unable to join us, we missed you. Conference materials will be e-mailed to the entire Financial Aid contact list.

Mark your calendars. The 2006 IPD Financial Aid conference is to be held in April. The exact date and location have not yet been determined—all present were in favor of Chicago. A committee is forming to prepare for the conference. Please contact Kristen Vedder if you are interested in participating. We hope to see all of you there!



## Financial Aid Commission Update

On Tuesday, April 12, 2005, the Financial Aid Commission held their annual meeting during the Financial Aid Conference. With a quorum present, the meeting began with the election of officers. The Chairperson of the commission for the 2005–2006 year will be John Wise from Aquinas College. He served as Vice-Chair last year and moves into the Chair position. Pam Harris from Averett University moves to the past-Chair position. New officers were elected as follows: Phillip Hawkins from Shorter College will be the new Vice-Chair, and Allison Hilkiah from Warner Pacific College will be the new Secretary. Congratulations to the newly elected officers. A heartfelt thanks goes out to those that served us the previous year!



## Financial Aid Commission Information Available on the CAAHE Website



Updates from the Financial Aid Commission can be viewed on the CAAHE Website. The bylaws for the commission are published on the site. In addition, all of the Financial Aid Newsletters and Commission Meeting minutes can be viewed. For more information, visit the CAAHE Website at [www.caahe.org](http://www.caahe.org).



## Accepting LOA Requests Electronically



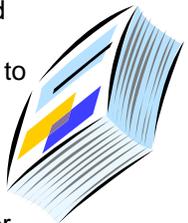
The question of whether or not it would be acceptable for an institution to accept an leave of absence (LOA) request electronically if the institution has some sort of e-signature in place was brought up at the Annual FA Conference. According to the Notice of Proposed Rulemaking (August 8, 2002, p. 51730) there is generally no difference between the terms “in writing” and “electronically.” Unless a particular regulation requires otherwise, an institution may comply with a requirement that an activity be conducted “in writing” by conducting that activity electronically. However, the request must still include the reason, date, and student’s signature. Furthermore, the institution must ensure that it maintains the document in an acceptable format (see record retention section of the 04/05 Handbook, Volume 2, pp. 2–167–168). Federal Register Online can be accessed at <http://www.ed.gov/legislation/FedRegister/proprule/2002-3/080802a.html>. To access the Electronic Code of Federal Regulations (e-CFR), visit <http://ecfr.gpoaccess.gov/>.



## NSLDS Transfer Monitoring

The topic of National Student Loan Data System (NSLDS) transfer monitoring was discussed at the recent Financial Aid Training. Participants posed many questions concerning the “Inform, Monitor, and Alert” process. A previous article that was published in the newsletter provided guidance on this topic. Therefore, we have decided to include the previous article in this issue.

Effective July 1, 2001 (34 CFR 668.19), schools were no longer required to obtain a paper Financial Aid Transcript (FAT), or respond to another school's request for a FAT for any transfer student, including midyear transfers. Dear Colleague Letter GEN–01–09 describes how schools can use the NSLDS data to provide financial aid history information for midyear transfer students. Institutions are required to set up their profile in NSLDS and go through an “Inform, Monitor, and Alert” process for ALL midyear transfer students. NSLDS will monitor midyear transfer students for changes in their financial aid and if any changes occur, NSLDS will alert the school. Alerts are triggered if any of the following occur: (a) a new loan or Federal Pell Grant (Pell) is being awarded; (b) a new disbursement of a loan or Pell; (c) a loan or Pell is cancelled; (d) an adjustment is made to a previously reported loan, Pell, or Federal Perkins Loan (Perkins); (e) the student has overlapping loan periods; or (f) the loan period from a prior school is less than 30 weeks before the enrollment begin date at the new school.



### Examples:

- ◆ A disbursement or adjustment of a Pell or Perkins is reported to the NSLDS. A student started at School A on August 15, 2002 and School B on March 3, 2003. NSLDS is reporting a Pell disbursement of \$2000 from School A. Since the disbursement made by School A was in the 2002–2003 award year, it is a relevant disbursement, and NSLDS will inform School B of the change.
- ◆ Overlapping Loan Periods. A student's loan period for School A is August 15, 2002 to May 10, 2003 and the enrollment begin date for School B is January 8, 2003. School B would need to be informed of the loan (or change in loan) being reported from School A, since the loan period overlaps with the new loan from School B.
- ◆ Loan period is less than 30 weeks prior to the enrollment begin date. A student received a loan at School A for the period of August 5, 2002 to January 31, 2003, and the enrollment begin date at School B is March 3, 2003. Even though the loan period does not overlap, School B needs to know that the student received a loan for a period that is less than a full academic year (30 weeks) prior to the loan period for a loan at School B.



For more information on this process, see the Information Financial Aid Professionals (IFAP) Library Website for Dear Partner Letter GEN–01–09 at <http://www.ifap.ed.gov/dpclatters/GEN0109.html>.

## 2005–2006: FSA Handbook is Available

The Application and Verification Guide and Volume 1 – Student Eligibility sections of the *2005–2006: FSA Handbook* is now posted to the IFAP Website at <http://www.ifap.ed.gov/IFAPWebApp/currentSFAHandbooksYearPag.jsp?p1=2005-2006&p2=c>.

## Compliance with the Gramm-Leach Bliley Act

The National Association of Student Financial Aid Administrators (NASFAA) *Student Aid Transcript* (Volume 14, No. 3, 2003) published an article “Protecting the Privacy of Personal Financial Records: Compliance with the Gramm-Leach-Bliley Act’s Safeguards Rule,” by Peter Cassat. Access <http://www.nasfaa.org/publications/2003/transcript/vol14no3/legalcheckupv14n3.pdf#search='Peter%20Cassat%20&%20Protecting%20the%20Privacy%20of%20Personal%20Financial%20Records> to view the article. Below is a brief summary of that article.

As of May 23, 2003, institutions were required to comply with the Federal Trade Commission’s (FTC’s) Safeguards Rule, pursuant to the Gramm-Leach-Bliley Act (GLBA). According to the GLBA, institutions are required to protect certain individually identifiable financial information.

Under the Safeguards Rule, “financial institutions” must have a written information security program in place. This program must ensure the security and confidentiality of customer records, protect against anticipated threats or hazards to the security of those records, and protect against the unauthorized access or use of such records or information in ways that could result in substantial harm or inconvenience to students. Therefore, in order for institutions to be in compliance with these requirements, they must develop, implement, and maintain a “comprehensive information security program” that is “written in one or more readily accessible parts” and that includes “administrative, technical, and physical safeguards” designed to accomplish the objectives described above.

Failure to comply with the Safeguards Rule could result in FTC enforcement actions, which could lead to consent decrees and the imposition of fines or other penalties.

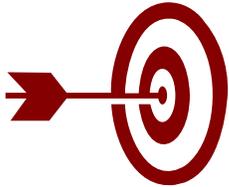
The National Association of College and University Business Officers (NACUBO) has several sample policies from institutions on its GLB (Gramm-Leach-Bliley) resource page. You can view the sample policies by clicking on the following link: <http://www.nacubo.org/x2152.xml>.

An NAASFA member login maybe required to view any additional NAASFAA articles.

## Department of Education Provides New Guidance in the 2004–2005 FSA Handbook

ED has provided new guidance in the *2004–2005 FSA Handbook* concerning students who change programs or majors but remain in continuous enrollment at an institution. The following was taken from the *2004–2005 FSA Handbook* (Volume 5: Overawards, Overpayments, and Withdrawal Calculations, Chapter 2a, pp. 5–39 and 5–40) at <http://www.ifap.ed.gov/sfahandbooks/attachments/0405Vol5Ch2a.pdf>.

“For students who remain in continuous enrollment at an institution but change their declared academic goal (e.g., change programs or change their majors), there is not always a clear distinction between withdrawing from a program or major without withdrawing from the institution, and withdrawing from the institution and then reentering the institution in a new program. A school has an option in how it manages program transfers within the institution.



A school might treat the student as one who withdraws and reenters. If so, the school must administratively withdraw the student from the institution, perform a Return calculation, reenroll the student in the new program, and start the student at the beginning of a new payment period for his enrollment in the new program. Or, a school might treat the student as one who is merely changing programs without withdrawing from the institution. Under this option, no withdrawal takes place, no Return calculation is performed, and the student continues in the same payment period he started in with his original program.

This second approach might be more appropriate when there is no break (or a minimal one) in attendance, the periods are substantially the same in length, and there is little or no change in the charges to the student. If a student for whom this approach is taken later withdraws from the institution, the start and end dates used in Step 2 of the Return calculation will be the start of the first program and the end of the second. The charges used in Step 5 will be the total charged the student for the two programs.”

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### Dependency Overrides

The Higher Education Act of 1965, as amended (HEA), defines an independent student as someone who fits into one or more of the following categories:



- ◆ Is 24 years of age or older by December 31 of the award year;
- ◆ Is an orphan or ward of the court or was a ward of the court until the individual reached the age of 18;
- ◆ Is a veteran of the Armed Forces of the United States;
- ◆ Is a graduate or professional student;
- ◆ Is a married individual; or
- ◆ Has legal dependents other than a spouse.

If a student does not fit into one or more of the above categories, the student is considered dependent, and his/her parent's information must be provided on the Free Application for Federal Student Aid (FAFSA). However, for those students in unusual circumstances, the Higher Education Act allows financial aid administrators to make dependency overrides on a case-by-case basis. An example of an unusual circumstance could include conditions such as an abusive family environment or abandonment by parents. However, it is important to note that none of the conditions listed below, individually or in combination with one another, qualify as unusual circumstances and do not merit a dependency override:

- ◆ Parents refuse to contribute to the student's education;
- ◆ Parents are unwilling to provide information on the application or for verification;
- ◆ Parents do not claim the student as a dependent for income tax purposes; or
- ◆ Student demonstrates total self-sufficiency.



A financial aid administrator may override only from a dependent student to an independent student, not vice versa. Furthermore, it is important to note that the law requires a determination of unusual circumstances be made each award year. Even though a determination of independence was made one award year, it does not automatically make the same student independent for a subsequent award year. In addition, a dependency override at one institution is not binding at another institution. The law requires that the financial aid administrator at the school the student is currently attending make the determination and have sufficient documentation to support its decision.

When collecting information for a dependency override, third-party written documentation is usually required to support a student's unusual circumstances. However, in limited cases where the only available statement is from the student, the statement must include facts related to the student's unusual circumstances. It is the school's responsibility to include, in writing, all other relevant facts relating to the dependency override.



Once all documentation pertaining to the student's unusual circumstance is reviewed, the financial aid administrator must make a determination. If it is determined that a dependency override is warranted, the financial aid administrator must write a statement of that determination. The statement must include the identification of the specific unusual circumstance upon which the financial aid administrator based his/her determination. The institution must maintain this documentation along with any supporting documentation used to make each individual determination. For further information, see Dear Partner (Colleague) Letter GEN-03-07 posted to the IFAP Website at <http://ifap.ed.gov/dpcletters/GEN0307.html>.



## Elimination of the Financial Aid Global Distribution List

The Financial Aid Global Distribution List has been disabled by Information Technology (IT). In an effort to tighten IT controls and potential exposure to viruses—the list has been deleted. We will continue to publish the contact listing and investigate new ways to communicate electronically. In the meantime, if you should have communications that need to be sent to all financial aid contacts within the CAAHE consortium, please forward to Kristen Vedder at [kristen.vedder@apollogrp.edu](mailto:kristen.vedder@apollogrp.edu) for distribution.

## Goings On

Robert Sommers has been appointed the Executive Director Financial Aid at Indiana Wesleyan. Robert!!!!



Do you have information about job openings or upcoming events at your institution that you would like to share with other IPD Partner Institutions? Just e-mail the information (including the name of the event or job opening; any relevant dates; and a name, telephone number, or e-mail address of a contact person) by July 1, 2005, to [kristen.vedder@apollogrp.edu](mailto:kristen.vedder@apollogrp.edu) so that your information will be included in the next newsletter.

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