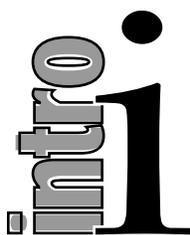


# Archived Information



## Introduction

The purpose of this chapter is to describe how a school becomes eligible to participate in the Student Financial Assistance (SFA) Programs, and to explain the administrative and fiscal requirements of SFA Program participation. In addition, this chapter discusses refund calculations, proper documentation and recordkeeping, disclosure requirements, and other issues relevant to the general administration of the SFA Programs.

**Section 1** explains the statutory definitions for eligible institutions and program eligibility requirements. Even if a school already participates in the SFA Programs, it is a good idea to review this section briefly to make sure that all programs at the school are eligible. **Section 2** is an overview of the general requirements for SFA Program participation. **Section 3** discusses cash management requirements. **Section 4** explains refund and repayment calculations for students who withdraw from the school. **Section 5** discusses the use of agreements between schools to pay a student who is taking courses in an eligible program at more than one school. Audits, program reviews, the Quality Assurance Program, and the experimental sites initiative are discussed in **Section 6**. **Section 7** discusses recordkeeping requirements. The student consumer information requirements are explained in **Section 8**. **Section 9** explains how to apply for SFA participation, changes that can affect a school's participation and how to report these changes, responsibilities that a school must fulfill when leaving the SFA Programs, and sanctions and corrective actions taken by the Department.

### UPDATES

---

#### Regulations

- ◇ Final regulations published November 29, 1996 make changes to cash management requirements for SFA Program funds and implement initiatives of Project EASI.

- ◇ Final regulations published November 29, 1996 make changes to the financial responsibility requirements (cash reserve and evaluation of financial responsibility for foreign schools) and implement a combined audit submission requirement.
- ◇ Final regulations published November 27, 1996 make changes to SFA Program recordkeeping requirements.

### **“Dear Colleague” Letters**

- ◇ “Dear Colleague” letter GEN-96-11, published May 1996, provides an overview of the campus security requirements, guidance to schools on how to receive technical assistance in administering the requirements, and the Department’s enforcement policies.

Changes to this chapter:

### **Section 1: Institutional and Program Eligibility**

- ◇ Information on the definition of an academic year has been moved to Section 2 of this chapter.
- ◇ A discussion of the change to the disclosure requirement for the 85/15 Rule is included.

### **Section 2: General Participation Requirements**

- ◇ Information on the definition of an academic year has been moved here from Section 1 of this chapter.
- ◇ Information is provided on the November 29, 1996 final regulations amending the financial responsibility requirements (cash reserve and evaluation of financial responsibility for foreign schools).
- ◇ A discussion of the new standard of administrative capability (from final regulations published November 29, 1996) that requires schools to participate in electronic processes required by the Department, if the processes are provided at no substantial charge to the school, is included.
- ◇ Information is provided on Project EASI, the Department’s initiative to reengineer the student aid delivery system.
- ◇ A new payment period definition, common to all SFA Programs, is explained.

### **Section 3: Cash Management**

Information is provided on changes and modifications made by regulations published November 29, 1996, including

- ◇ the establishment of limitations for FFEL Program funds, comparable to those placed on the use of Pell Grant, Direct Loan, and campus-based program funds, for a school on reimbursement;
- ◇ the introduction of the just-in-time payment method, a Project EASI initiative;
- ◇ requirements for requesting funds through the new Grants and Payment System (GAPS);
- ◇ the elimination of the requirement that a school maintain a separate bank account for FFEL Program funds received by electronic funds transfer (EFT);
- ◇ modifications to the exceptions to the requirement that certain SFA Program funds be maintained in an interest-bearing or investment account;
- ◇ changes to the requirements for disbursing SFA Program funds;
- ◇ the requirement that schools must now disburse all SFA Program funds (except Federal Work Study) by payment period;
- ◇ new requirements for when an excused absence is counted as a completed clock hour;
- ◇ new late disbursement requirements for all SFA Programs;
- ◇ notification to a student or parent (if applicable) of anticipated receipt of SFA Program funds, crediting a student's account with SFA loan funds and the deadline for the cancellation of the loan by the student or parent;
- ◇ the elimination of the requirement that a school notify a student or parent annually of the provisions contained in an authorization previously provided to the school; and
- ◇ modification to requirements including: permissible early payments of SFA Program funds, the charges for which a school may credit a student's account, and the handling SFA credit balances.

## **Financial Aid Transcripts and the NSLDS**

- ◇ This section has been removed. Information pertaining to the collection of a transfer student's financial aid history has been consolidated in Chapter 2.

## **Section 4: Refunds and Repayments**

- ◇ Clarification of the definition of withdrawal date is included. Guidance is provided on the applicability of the new definition of an SFA disbursement to the definition of an SFA recipient, and the effects of the consolidated late disbursement definition on the calculation of a refund or repayment.

## **Section 5: Agreements Between Schools**

- ◇ No major changes.

## **Section 6: Program Reviews and Audits**

- ◇ Information is provided on the new combined audit submission requirement, including transitional implementation requirements.

## **Section 7: Recordkeeping and Disclosure**

Information is provided on changes made by regulations published November 27, 1996, including

- ◇ implementation of the Improving America's Schools Act of 1994,
- ◇ clarification of existing record retention requirements,
- ◇ consolidation of some requirements previously found in the individual program regulations, and
- ◇ allowing schools to keep most records in electronic formats.

## **Section 8: Student Consumer Information**

- ◇ Additional guidance is provided on the campus security and student-right-to-know requirements.

## **Section 9: Applying for and Maintaining Participation in the SFA Programs**

- ◇ Clarification is provided on how and when to report changes to application information to the Department.
- ◇ A description of the Department's new case management approach to oversight is included.