

## **BETH MEDRASH GOVOHA**

# RECOMMENDATIONS FOR CONSIDERATION

IN RESPONSE TO

## PROPOSED RULE – EVALUATION OF EXISTING REGULATIONS DOCKET # ED-2017-OS-0074

### **SUBMITTED TO**

Office of the Secretary
United States Department of Education

**SEPTEMBER 2017** 

The following comments are submitted in response to the Department of Education's request for input on regulations that may be appropriate for repeal, replacement, or modification. We are following with interest the work of the Department's Regulatory Reform Task Force, and we appreciate and support this effort to eliminate or modify regulatory provisions that are unduly costly, unnecessarily burdensome, outdated, unnecessary, or ineffective.

#### GENERAL AREA I: IPEDS SURVEYS

**RECOMMENDATION: MODIFY** 

#### **RECOMMENDATION PERTAINS TO:**

1) IPEDS Survey: Graduation Rates for 4-year institutions reporting on a Fall cohort (academic reporters)

Links:

https://surveys.nces.ed.gov/IPEDS/Downloads/Forms/package\_4\_155.pdf https://surveys.nces.ed.gov/ipeds/VisInstructions.aspx?survey=4&id=30155&show=all

2) IPEDS Survey: 200% Graduation Rates for 4-year institutions Links:

https://surveys.nces.ed.gov/IPEDS/Downloads/Forms/package 2 83.pdf https://surveys.nces.ed.gov/ipeds/VisInstructions.aspx?survey=2&id=30083&show=all

3) Citation from Federal Student Aid Handbook: Federal Student Aid Handbook 2017-2018, Volume 2, Chapter 6, Consumer Information and School Reporting, p. 2-147:

"Each year a school must determine the completion or graduation rate of its certificate- or degree-seeking, first-time, full-time undergraduate students and report it to the Department via the IPEDS website..."

"The annual rates are based on the 12-month period that ended August 31 of the prior year. The rates will track the outcomes for students for whom 150% of the normal time for completion or graduation has elapsed. Normal time is the amount of time necessary for a student to complete all requirements for a degree or certificate according to the institution's catalog. This is typically four years for a bachelor's degree in a standard term-based institution, two years for an associate degree in a standard term-based institution, and the various scheduled times for certificate programs. (See the IPEDS instructions for further details on calculating the rate.)"

#### Link:

https://ifap.ed.gov/fsahandbook/attachments/1718FSAHbkVol2Ch6.pdf

4) IPEDS Survey: Outcome Measures Links:

https://surveys.nces.ed.gov/IPEDS/Downloads/Forms/package\_13\_101.pdf https://surveys.nces.ed.gov/IPEDS/Downloads/Forms/package\_13\_101.pdf

#### SUPPORTING DATA OR OTHER APPLICABLE INFORMATION:

In the 1990s, ED's National Center for Education Statistics (NCES) began collecting data on "graduation rates" through IPEDS (the Integrated Postsecondary Education Data System) to help institutions of higher education satisfy the requirements of the Student Right to Know Act of 1990. This started as a relatively narrow effort to inform athletes about their chances of graduation as compared to the general student population at their college of choice. Over time, the IPEDS Graduation Rate surveys have evolved into a metric that stakeholders including students, parents, and government perceive as a key measure of institutional effectiveness for all colleges.

Unfortunately, the IPEDS Graduation Rate survey methodology is outdated. The surveys are still geared to capturing completions on the "traditional" student – one who enrolls full-time in a four-year college straight out of high school, and continues to attend the same institution, full-time, until graduation. Yet these students are only a minority of today's college student population. For example, an NCES report found that, of a total 17.6 million undergraduates nationwide, only 15% are enrolled in four-year colleges and living on campus. More than a third of undergraduates (37%) are part-time students. 32% are working full-time while attending school.<sup>2</sup>

The incomplete nature of the surveys has serious implications for students, parents, colleges, federal policy makers, and other stakeholders. The Department disseminates detailed information on colleges and accreditors to students, the general public, and a host of agencies that analyze the higher education landscape. (See the College Scorecard, <a href="https://collegescorecard.ed.gov">https://collegescorecard.ed.gov</a>; and the NCES College Navigator websites <a href="https://nces.ed.gov/collegenavigator/">https://nces.ed.gov/collegenavigator/</a>.) These reports draw on the statistics collected by IPEDS – statistics which do not reflect the successful outcomes of a large percentage of college students. Hence, these reports lead to confusion and misinformation.

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<sup>&</sup>lt;sup>1</sup> Frederick Hess, "Old School: College's Most Important Trend is the Rise of the Adult Student." *The Atlantic*, September 28, 2011

 $<sup>\</sup>underline{http://www.theatlantic.com/business/archive/2011/09/old-school-colleges-most-important-trend-is-the-rise-of-the-adult-student/245823/$ 

<sup>&</sup>lt;sup>2</sup> Ibid.

Some of the limitations of the IPEDS Graduation Rate survey were delineated in a Senate HELP Committee White Paper released by Chairman Lamar Alexander in 2015,<sup>3</sup> which noted that less than half of students are counted by IPEDS. Of the five million students who started college in the fall of 2009, 2.4 million didn't fit the federal definition,<sup>4</sup> which counts only incoming freshmen who have never attended any other post-secondary institution. This results in the exclusion of large numbers of students at community colleges and for-profit institutions, where only one-third of students get counted, due to their high percentages of returning and part-time students.<sup>5</sup>

In an effort to address some of these deficiencies, beginning with the 2015-2016 data collection, NCES added the Outcome Measures Survey to IPEDS. This was a step in the right direction, but significant concerns remain:

- 1) The Outcome Measures Survey is incomplete and misses large numbers of student outcomes for those who transfer out; stop out; and/or complete five-year programs.
- 2) The Department bases its performance/outcomes data dissemination on the 150% Graduation Rates Surveys, not on the Outcome Measures Survey.

#### SPECIFIC SUGGESTIONS REGARDING MODIFICATION:

We therefore recommend that the Department consider a comprehensive effort to overhaul the IPEDS surveys, to ensure that they are fully inclusive of all student outcomes and that data dissemination draws on the most inclusive data available. As a first step, we suggest the following steps to modify the Graduation Rate Surveys and the Outcome Measures Surveys, to ensure that more accurate and complete data is collected:

#### SUGGESTION 1: Calculate completion rates according to the actual length of a program.

Specifically, we recommend that the IPEDS Graduation Rate Surveys and Outcome Measures Survey be expanded to provide survey forms specifically for five-year programs which utilize cohorts that truly represent (as applicable) 100%, 150% and 200% of the normal program length for a five-year cohort. This would be similar to the manner in which separate Graduation Rate Survey forms are provided for two-year schools to accommodate their time frames.

<sup>3</sup> Lamar Alexander, "Federal Postsecondary Data Transparency and Consumer Information Concepts and Proposals" Senate Committee on Health, Education, Labor and Pension, March 23, 2015 <a href="https://www.help.senate.gov/imo/media/Consumer\_Information.pdf">https://www.help.senate.gov/imo/media/Consumer\_Information.pdf</a>

<sup>&</sup>lt;sup>4</sup> U.S. Department of Education statistic quoted by Sara Lipka, *The Chronicle of Higher Education*, March 2, 2012 http://chronicle.com/article/The-Students-Who-Dont-Count/131050/

<sup>&</sup>lt;sup>5</sup> Lamar Alexander, "Federal Postsecondary Data Transparency and Consumer Information Concepts and Proposals"

#### **RATIONALE:**

The current IPEDS Graduation Rate and Outcomes Measures surveys have categories for 4-year programs and 2-year programs. These surveys do not account for the existence of five-year baccalaureate programs.

The following chart illustrates the current cohorts used for the Graduation Rate Surveys, and why these cohorts are inaccurate for five-year programs:

| 2016-2017 GRADUATION RATE SURVEYS: IMPLICATIONS FOR 5-YEAR BA PROGRAMS |                           |   |  |   |  |  |  |  |  |
|--|---------------------------|---|--|---|--|--|--|--|--|
| PERCENTAGE<br>OF NORMAL<br>TIME:                                       | COHORT<br>AS PER<br>IPEDS | COHORT BEGAN # OF YEARS PRIOR TO REPORTING DATE | THIS REPRESENTS THE FOLLOWING ACTUAL % OF TIME FOR A 5- YEAR PROGRAM | CORRECT TIME FRAME FOR 5- YEAR PROGRAMS | CORRECT<br>COHORT<br>FOR FIVE-<br>YEAR<br>PROGRAMS |  |  |  |  |
| 150%   | Fall 2010                 | 6 YEARS   | 120%   | 7.5 YEARS                               | Fall 2008  |  |  |  |  |
| 200%   | Fall 2008                 | 8 YEARS   | 160%   | 10 YEARS                                | Fall 2006  |  |  |  |  |

The following chart illustrates the current methodology used for the Outcome Measures Survey, and why this is inaccurate for five-year programs:

| 2016-2017 OUTCOME MEASURES SURVEY: IMPLICATIONS FOR 5-YEAR BA PROGRAMS |  |   |  |  |   |  |  |  |  |
|--|--|---|--|--|---|--|--|--|--|
|  | CURRENT IPEDS COHORT<br>STUDENTS WHO ENTERED:<br>7/1/08-6/30/09          |   |  | CORRECT COHORT FOR 5<br>YEAR PROGRAMS<br>STUDENTS WHO ENTERED:<br>7/1/06-6/30/07 |   |  |  |  |  |
| PERCENTAGE<br>OF NORMAL<br>TIME:                                       | LENGTH OF<br>TIME<br>BETWEEN<br>COHORT<br>START AND<br>REPORTING<br>DATE | REPORT ALL<br>STUDENTS<br>WHO<br>GRADUATED<br>AS OF | THIS REPRESENTS THE FOLLOWING ACTUAL % OF TIME FOR A 5- YEAR PROGRAM | CORRECT<br>TIME FRAME<br>FOR 5-YEAR<br>PROGRAMS                                  | REPORT ALL STUDENTS WHO GRADUATED AS OF |  |  |  |  |
| 100%   | 4 YEARS  | 8/31/2012   | 80%  | 5 YEARS  | 10/31/2011                              |  |  |  |  |
| 150%   | 6 YEARS  | 8/31/2014   | 120%   | 7.5 YEARS  | 4/30/2014                               |  |  |  |  |
| 200%   | 8 YEARS  | 8/31/2016   | 160%   | 10 YEARS   | 10/31/2016                              |  |  |  |  |

We therefore recommend that an additional set of forms be set up to collect data specifically for 5-year programs, according to the above accurate time frames.

<u>SUGGESTION 2:</u> Change the cut-off graduation dates from August 31 of the given year to October 31, to ensure that completions data is inclusive of all schools, including those with differing academic year schedules.

#### **RATIONALE:**

The cut-off date on the IPEDS Graduation Rates Survey and Outcome Measures survey is August 31st of the given year. This represents a problem for schools that have an academic calendar which includes a Spring or Summer semester that ends after August 31st. For example, at our institution, the Spring semester ends in September or early October. Students who graduate at the end of the semester are excluded from the IPEDS count, because they have missed the cut-off by a few weeks. We therefore recommend that the cutoff date be moved to October 31st of the given year, to ensure that all completions for the year are counted. (We have therefore set the suggested dates to capture outcomes at 5-year programs according to this modified suggested cut-off date.)

<u>SUGGESTION 3:</u> Specifically for the Outcome Measures Survey's calculation of an institution's completion rates, allow inclusion of students who transfer out of an institution and complete elsewhere.

#### **RATIONALE:**

Graduation data is only collected by IPEDS for students who complete their education in the same college in which they started. Degree completions are not captured for students who transfer out and complete degrees elsewhere. This results in significant under-reporting of the cohort's true graduation rate.

This is a particular issue for students who begin at community colleges, as these students often transfer before completing an associate's degree. Some 63% of students who started as first-time freshmen at a two-year college in 2006 and subsequently obtained a bachelor's degree transferred without obtaining a two-year degree. The bachelor's degree that they subsequently attain is not reflected in calculating the graduation rate of the two-year college.

The loss of transfer-out outcomes is a significant concern for four-year colleges as well. The National Student Clearinghouse has found that one-third of first-time college students attend

<sup>&</sup>lt;sup>6</sup> Doug Shapiro, Afet Dundar, Jin Chen, Mary Ziskin, Eunkyoung Park, Vasti Torres and Yi-Chen Chiang,

<sup>&</sup>quot;Completing College: A National View of Student Attainment Rates," The National Student Clearinghouse Research Center, November 2012, p. 33

https://nscresearchcenter.org/wp-content/uploads/NSC Signature Report 4.pdf

multiple institutions before completing a degree.<sup>7</sup> This trend will likely accelerate as students increasingly look to achieve their degrees through a combination of in-school and online instruction, and they shop around for the most economical alternatives to gather credits.

We therefore recommend that the Outcome Measures Survey be modified to include a column for colleges to report "number of students who received an award (degree) at another institution." This data should be automatically aggregated by IPEDS with the column for "number of students awarded by your institution" to produce a combined "completion statistic" of the number of students and percentage of the cohort who successfully graduated (from any institution).

We understand that colleges can currently report a separate "transfer out" rate in addition to the graduation rate. However, that rate is not aggregated with completion statistics reported by the Department, and it is routinely ignored or discounted by the press, public, and other stakeholders, because with the current methodology, it is impossible to determine how many of the "transfer out" students actually completed a degree elsewhere. It is therefore crucial to develop a metric that accurately collects data specifically on those students who completed their degree after transfer.

We recognize that it can be more complicated to track outcomes for students who have transferred out and completed at another college. Nevertheless, it is crucial to develop a mechanism that allows for reporting and counting those outcomes. As IPEDS is currently configured, colleges cannot count these outcomes in their graduation statistics. The Senate HELP Committee White Paper notes that there are options, such as third-party databases and servicers, which can track and provide this information if there are concerns over a federal student unit record database. Further discussion is warranted as to whether the column for "number of students who received an award at another institution" should be a voluntary or required metric. Either way, it is important that that column be available, and that it be incorporated in the college's overall completion statistics reported by NCES.

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<sup>&</sup>lt;sup>7</sup> Don Hossler, Doug Shapiro, Afet Dunbar, Mary Ziskin, Jin Chen, Desiree Zerquerra and Vasti Torres, "Transfer & Mobility. A National View of Pre-Degree Student Movement in Postsecondary Institution," The National Student Clearinghouse Research Center, February 2012, p. 5

https://studentclearinghouse.info/signature/2/NSC Signature Report 2.pdf

<sup>&</sup>lt;sup>8</sup> Lamar Alexander, "Federal Postsecondary Data Transparency and Consumer Information Concepts and Proposals"

<u>SUGGESTION 4</u>: Develop mechanisms for capturing the true "time to degree" (i.e. time spent in college) of students who "stop out" and then return to complete their degree – or exclude such students from the cohort in the Outcome Measures Survey.

#### **RATIONALE:**

As graduation rates have come to be considered a primary measure of a college's effectiveness, it has become crucial to separate the consequences of a student's personal choices and life challenges from factors that reflect a higher level of institutional control. In other words, a student's need to "stop out" of college for several years should not be counted against his or her institution in weighing relative success in regard to student completion.

This is especially important in light of the fact that students from disadvantaged backgrounds are more likely to need to "stop out." They may run out of money and need to work to afford the next year of tuition, or they may be faced with family obligations such as raising children, caring for elderly parents, and supporting a spouse's education or career development. When institutions are "penalized" in the outcomes measures for accepting disadvantaged students, who are more likely to stop out of school, this creates a concern that colleges will limit admission of disadvantaged students, thereby reducing access and choice for low-income students.

The most accurate way to accommodate student choice, recognize that students face challenges on their road to completion, and account for factors beyond the institution's control, is to develop a method for counting only actual time in college on the student's path to graduation. This concept already exists on a limited basis, as the Higher Education Act allows students to be removed from outcomes cohorts if they leave school "to serve in the Armed Forces, on official church missions, or with a recognized foreign aid service of the Federal Government." We propose that this list be broadened to include students who stop out and are back in school by the time the reporting is due for their cohort.

<sup>&</sup>lt;sup>9</sup> Higher Education Act of 1965 as amended, §485 (a)(4)(A) [20 U.S.C. 1092(a)(4)(A)]

#### GENERAL AREA II: ENROLLMENT REPORTING IN NSLDS

RECOMMENDATION: MODIFY

#### **RECOMMENDATION PERTAINS TO:**

National Student Loan Data System (NSLDS) Enrollment Reporting Guide: November 2016

Link: <a href="https://ifap.ed.gov/nsldsmaterials/attachments/NewNSLDSEnrollmentReportingGuide.pdf">https://ifap.ed.gov/nsldsmaterials/attachments/NewNSLDSEnrollmentReportingGuide.pdf</a>

#### SUPPORTING DATA OR OTHER APPLICABLE INFORMATION:

Through the process of Enrollment Reporting, colleges report regularly to NSLDS about all students who receive federal aid, including the students' names, social security numbers, addresses, email addresses, phone numbers, enrollment status, program level, anticipated date of completion, location in which the student is taking classes, whenever the student takes a leave of absence, graduates, or withdraws, and other details.

Enrollment Reporting grew out of mandates to the Department and institutions to properly track students holding active student loans for purposes of verifying deferments and placing students correctly into repayment. In 2012, the Department received a new mandate to calculate an undergraduate student's subsidy period when the Moving Ahead for Progress in the 21st Century Act (MAP-21) was enacted. MAP-21 modified the HEA to limit the length of time that undergraduates can receive an interest subsidy on their federally subsidized loans to 150% of the length of the program in which the student is currently enrolled.<sup>10</sup>

In the past few years, the Department has significantly expanded the scope and complexity of the data collected through Enrollment Reporting, including setting a requirement that schools report to the Department on all students on their Enrollment Reporting roster no less than once every 60 days. This means there are several required reports that fall out mid-semester, when the majority of students experience no change. Furthermore, the Department has added to school rosters many students who are not holding active loans or receiving current grants, because these students received Title IV aid at some point in the past. The Enrollment Reporting rosters are complicated to work with and impose a significant burden on staff time and attention.

https://ifap.ed.gov/dpcletters/GEN1407.html

<sup>&</sup>lt;sup>10</sup> Federal Student Aid, "Changes to NSLDS Enrollment Reporting: Program-Level Reporting and More Frequent Reporting," April 14, 2014

#### SPECIFIC SUGGESTIONS REGARDING MODIFICATION:

We recognize that we have limited understanding of the full scope of the Department's considerations and the data that is needed to fulfill multiple mandates. We therefore recommend that the Department convene a focus group including school representatives to closely examine the Enrollment Reporting process and determine how to simplify the process; eliminate data elements that may not be necessary; reduce the number of reports required in a year and extend the time frame between reporting; explore the possibility of limiting the data elements collected on students who are not currently holding outstanding loans; and in general limit the data collection to that which is statutorily required in order to reduce the reporting burden. Below we list two examples of modifications that may help ensure that the Enrollment Reporting process is not unnecessarily costly and burdensome.

<u>SUGGESTION 1</u>: Limit program-level reporting to students in programs that are relevant to the "150% of normal-time interest subsidy limit." Also consider limiting program-level reporting only to students who are currently receiving an interest subsidy and are subject to the "150% of normal-time subsidy limit."

**SUPPORTING CITATION FROM NSLDS ENROLLMENT REPORTING GUIDE –** Chapter 2 (pp. 5-6):

#### 2.3 150% Direct Subsidized Loan Limit

On January 17, 2014, the Department published Final Regulations (79 FR 3108) for the 150% Direct Subsidized Loan Limit, further to the interim final regulations, published May 16, 2013. These regulations, related to a new program-length-based time limit on a borrower's eligibility for Direct Subsidized Loans, necessitated significant changes to the Enrollment Reporting process.

Schools and NSLDS have a key role in implementing these regulations.

- Enrollment Reporting will be used to determine if borrowers have:
- Graduated before exceeding the 150% limit, qualifying for protection of their interest subsidies, or
- Exceeded the 150% limit, losing eligibility for interest subsidies.
- If a school reports a change to a student's enrollment, NSLDS will use newly certified enrollment data to recalculate a student's 150% limit and determine if loss or protection of subsidy should occur.

#### 2.3.1 Program-Level Reporting

In the past, schools were only required to report a student's enrollment at the campus-level. This information was used for, among other things, the determination of when a student's grace period would begin or when an in-school deferment would end. Now, because the 150% limit is based on the borrower's enrollment in a program, schools are also required to report enrollment at the program-level in addition to the campus-level. NSLDS tracks how many students included on a school's roster file were certified with program level information (Enrollment Reporting Statistics) [and] uses this information to determine whether a school is complying with

applicable regulations and guidance. Schools found to be non-compliant with NSLDS enrollment reporting requirements will receive a series of warning letters before being referred for compliance action. See Chapter 7 for more information on Enrollment Reporting Statistics and Chapter 6 for more information on Compliance Notification.

#### **RATIONALE:**

As explained in the above citation, program-level reporting was instituted for the purpose of tracking the interest subsidy timeframe limitations for undergraduates. Based on this rationale, it is difficult to understand why program level data is necessary for graduate students, who are not eligible for an interest subsidy. We therefore recommend that the Department consider eliminating program-level reporting on graduate students, and limiting it to undergraduates only. This modification would save countless hours of work on each Enrollment Reporting roster.

**SUGGESTION 2**: Eliminate the requirement to report students by location code, and instead allow all students to be reported under the school's main OPEID.

## **SUPPORTING CITATION FROM NSLDS ENROLLMENT REPORTING GUIDE –** Chapter 4 (p. 11):

#### 4.1 Location/Campus

Enrollment is reported for a specific location; that is, the eight-digit Office of Postsecondary Education Identification (OPEID) number.

Most students are enrolled in coursework at only one location. However, for students who are enrolled at multiple locations of the school, the school must determine which location is the student's "primary location" and report that location to NSLDS. A student's "primary location" is the location where the student is taking more coursework than at any other location. For example, if a student is enrolled in four semester hours at the school's downtown location, and two semester hours at the school's western location, the school must report the student's primary location as the downtown location. If a school cannot determine which location is a student's primary location, because the student is taking the same number of credits at each location, then the school may choose a primary location to report for the student from the locations at which the student is enrolled.

If a student changes locations or campuses within the school (to a location or campus with a different eight-digit OPEID number), you can use the NSLDS enrollment roster, or the NSLDS website to "Move" the student to the new location, as long as both locations share the same enrollment administrator. If administrative functions are not shared between the locations, the enrollment administrator of the previous location must withdraw the student from the previous location and the enrollment administrator at the new location must add the student to that location's roster.

#### **RATIONALE:**

As explained in the above citation, schools are required to submit updated "location codes" for students, even if they are continuing in the same program at another building of the school. Categorizing and parsing the physical location in which each student is taking classes adds an additional layer of complexity and extra hours of work to the Enrollment Reporting process. This requirement is further complicated by the fact that many students take classes in more than one location. As per the above citation, the school must then make a determination for each student as to what is the "primary location" where the student is taking the majority of his classes, adding further to the complexity and time-consuming nature of the process. Eliminating the reporting of location codes would thereby considerably simplify the Enrollment Reporting process and reduce the complexity in the reporting.

#### GENERAL AREA III: FINANCIAL RESPONSIBILITY STANDARDS

RECOMMENDATION: MODIFY

#### **RECOMMENDATION PERTAINS TO:**

34 CFR, Part 668, Subpt. L, App. B:

Title IV Financial Responsibility Standards Definition of Composite Score Ratios Independent (Not-for-Profit) Institutions

#### SUPPORTING DATA OR OTHER APPLICABLE INFORMATION:

Section 498(c) of the HEA obligates the Department to ensure that all colleges and universities that are participating in Title IV aid disbursement have sufficiently healthy finances.

Unfortunately, the methodology that was developed to test the financial strength of colleges – while sound when originally implemented - is now some 20 years old and outdated, yet it has not been revamped even as accounting standards have changed. As a result, colleges with sound finances can suddenly find themselves below the acceptable scoring for the financial responsibility ratios test and subjected to onerous requirements for heightened monitoring; the need to post expensive letters of credit; and "public shaming" on widely disseminated lists of institutions that "failed" the ratios test.

In 2012, the National Association of Independent Colleges and Universities (NAICU) convened a Task Force to study the Financial Responsibility Standards in-depth; identify the flaws and errors in the current process; and make recommendations to modernize the methodology and improve the process, so that it can regain its true focus on identifying and dealing with

institutions in true financial distress that are at risk of closure. We strongly urge the Department to undertake an overhaul of the financial responsibility ratios test with the active participation of colleges and accountants, and to give careful consideration to implementing the recommendations in the NAICU report, which can be found at the following link:

Report of the NAICU Financial Responsibility Task Force, November 2012

Link: <a href="https://www.naicu.edu/docLib/20121119\_NAICUFinan.Resp.FinalReport.pdf">https://www.naicu.edu/docLib/20121119\_NAICUFinan.Resp.FinalReport.pdf</a>

GENERAL AREA IV: RETURN OF TITLE IV FUNDS

RECOMMENDATION: MODIFY

#### **RECOMMENDATIONS PERTAIN TO:**

- 1) 34 CFR Subpart B, Part 668.22: Treatment of title IV funds when a student withdraws.
- 2) Citation from Federal Student Aid Handbook Federal Student Aid Handbook 2017-2018, Volume 5

**Link:** <a href="https://ifap.ed.gov/fsahandbook/attachments/1718FSAHbkVol5Master.pdf">https://ifap.ed.gov/fsahandbook/attachments/1718FSAHbkVol5Master.pdf</a>

#### SUPPORTING DATA OR OTHER APPLICABLE INFORMATION:

When a student withdraws from school mid-semester, in many instances a portion of the student's Title IV funds for the semester must be returned to the Department. The student's date of withdrawal drives a process for calculating how much, if any, Title IV funding must be returned to the government – a process known as Return to Title IV – or R2T4. We have no concern with the intent of this mandate, but we are concerned with the complex and confusing manner in which the refund calculation process is structured.

Institutions struggle with the regulations on determining the withdrawal date of a student for the purpose of calculating R2T4. Most institutions do not take attendance, which complicates what should be a straightforward process for determining the student's date of withdrawal. The current regulations for R2T4 do not sync well with the reality on the ground. Furthermore, there are multiple dates involved in the calculation, and different deadlines for performing the calculation and returning funds, with part of the process pegged to the date the student actually withdraws; part dependent on the date that the school made the determination that the student withdrew; and part dependent on the date that the student actually notified the school that he or she intended to withdraw.

#### SPECIFIC SUGGESTION AND RATIONALE:

The complexity of R2T4 has resulted in an undue burden on schools, such that they must devote extensive focus and staff resources to the financial aid refund process. We therefore recommend that the Department undertake a comprehensive review of the R2T4 regulations with the active participation of Registrars, Financial Aid Officers and other school officials who have on-the-ground experience with withdrawal determinations and R2T4 calculations, with the goal of developing streamlined and simplified regulations that provide colleges with more discretion to formulate and implement institutional policy in regard to students who leave school midsemester.

For questions or further information, please contact: Chanie Jacobowitz Director of Government Affairs Beth Medrash Govoha

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