

COVID-19 and Federal Student Aid: Current Status

Recorded May 20, 2020

*** Please note, to make it easier to scan and find questions while reading this transcript, we have highlighted each question below in yellow. ***

Margot O'Meara:

Welcome, everyone. Thank you for joining us for today's COVID: The Current Status Webinar. My name is Margot O'Meara and I'm the webinar producer here at NASFAA. I will be kicking us off with just a few housekeeping notes.

Margot O'Meara:

Audio is streaming through your computer speakers, so go ahead and adjust the volume to whatever level you'd need to hear us best. We do not have a dial-in option for this webinar. Like most of you, our presenters are joining today remotely and we are relying on personal Wi-Fi. We will do our very best to stay connected and apologize in advance for any technical difficulties. If you do lose audio or it appears your slides aren't advancing or anything like that, just try refreshing your browser. That will normally resolve any issues that you run into. This webinar is being recorded so if your problems persist, you will be able to watch the recorded version later this afternoon or tomorrow. It takes about an hour after the wrap-up for the on-demand version to be ready.

Margot O'Meara:

You can also reach out to us in the Q&A box for assistance or email webinars@nasfaa.org. I will be monitoring both to provide assistance. If you haven't already, go ahead and download the handout which includes the slides for today's presentation. It's over to the left of the slide area in the handouts and resource widget. A certificate of attendance will be available to download 60 minutes into the presentation and we'll remind you at that... and before the webinar wraps up to go ahead and download that.

Margot O'Meara:

Finally, this is reminder to complete the survey for us. We really do value your feedback. It will launch automatically at the end of the webinar, or you can click the icon across the bottom of your screen to provide feedback prior to the end. All right, with that, I will turn things over to Justin.

Justin Draeger:

Thanks, Margot. Welcome everybody to our briefing on the latest and greatest with the COVID-19 guidance from the Department of Education and pending legislation in Congress. My name is Justin Draeger. Joining me today are Karen McCarthy and Jill Desjean from our policy team and David Futrell who runs our AskRegs KnowledgeBase. As for what we're going to cover today, we'll talk about some new Department of Ed guidance that just landed last Friday. We have some new guidance from the Department since our last webinar about reporting. We have a bill that's pending in Congress we'll talk about. We'll review some NASFAA resources and then we will do open Q&A.

Justin Draeger:

We have many thousands of people joining us for this webinar today. We already have lots of questions in the queue. Please only submit your question once. We will be filtering these throughout the webinar to try to answer as many as we can. I suspect today we'll have lots of questions on RT24, so we will try to mix them up. But we know that we'll need to spend some time reviewing the latest RT24 for guidance out of the Department of Education. So let's dig right in and with that, I'm going to hand it over to Jill. Jill?

Jill Desjean:

Thanks, Justin. Since our last COVID-19 webinar on May 1st, ED has released two new pieces of guidance.

Jill Desjean:

On May 8th, they issued guidance on how institutions could meet the reporting requirements for the student emergency grant portion of the CARES Act Higher Education Emergency Relief Funds. The following week, on May 15th, ED released new guidance that included more on implementation of the CARES Act. These two new pieces of guidance add to the COVID-19-related guidance we've already seen, which to date has included some early regulatory flexibilities that ED issued way back on March 5th, and then a subsequent FAQ document that was added on March 20th and attached to that March 5th EA that cleared up some questions related to that March 5th guidance.

Jill Desjean:

Later on April 3rd, we saw the first ED guidance related to the passage of the CARES Act, which was passed into law on the 27th of March. On April 9th, the Department announced more CARES guidance announcing the process by which schools could request the students' share their CARES HEERF funds and instructions about how schools could and could not use those funds. On April 21st, the Department released two separate pieces of guidance; each an FAQ. One with even more on how institutions could award their HEERF emergency student grants and that importantly is where they added the prohibition on awarding these funds to students who didn't meet the Title IV eligibility requirements. And the second piece of April 21st guidance was another FAQ on how institutions could spend their institutional share of the HEERF dollars. And these two new documents from May 8th and May 15th catches up to the present.

Jill Desjean:

I'm going to start us off with some details from the May 15th guidance, and we'll go back to the May 8th guidance a little bit later in the webinar. So on verification, ED's May 15th guidance permits institutions to verify a student high school completion status for the V4 or V5 verification groups through a signed and dated statement from the applicant. That flexibility is granted through December 31st of this year, 2020, and is applicable to both the 2019-20 and the 2020-21 award years. A particular note on that is the fact that unfortunately this does not match up to the previous flexibility that was granted in the April 3rd guidance for the V4 V5 verification groups that allowed institutions to accept non-notarized and/or expired copies of documentation of student identity. That flexibility was only granted through June 30th, 2020, and was only for the 2019-20 award year.

Jill Desjean:

So there are different dates and different award years that these two separate pieces of guidance for V4 V5 verification apply to. So, you'll have to be really careful when you're using these flexibilities to make

sure that you're paying attention to the right date. Now I'm going to turn things over to David who's going to catch us up on some of the other topics that were included in the May 15th guidance.

David Futrell:

Thanks Jill. So one of the topics that's covered in the new guidance is distance education, and it's much more of the same on this one. Many schools are already planning to offer summer and fall classes through online distance education. The May 15th electronic announcement does extend the April 3rd electronic announcement guidance and continues the broad approval for the use of distance education to include payment periods that overlap March 5th, or that began on, or between, March 5th and December 31st. So now we've bumped it all the way out to December 31st of the year, the existing guidance. Also, for programs offered at least 50% by distance education, the Department has waived the requirement for the program to be accredited by an accrediting agency that has distance education in the scope. This applies to any payment periods that began on or before December 31st, 2020.

David Futrell:

The EA also addresses Title IV approved leaves of absence. It doesn't change really the March 5th or April 3rd guidance. It just adds on some additional things that are good for schools. First, schools that previously did not allow leaves of absence can now establish a policy to allow them, even if that policy is now and temporary. The tuition and fees component of the COA for a subsequent term or award year in which the student returns from a Title IV approved leave of absence may not include the tuition costs for coursework they were taking before the leave of absence began. That's a longstanding rule. When you're going on a Title IV approved leave of absence, you can assess new charges for those classes. So that's consistent with that existing rule.

David Futrell:

What's new is that the cost of attendance when the student returns from the leave of absence in a subsequent term or academic year may now include living expenses even if the student is not enrolled in any additional credits. So when you calculate cost of attendance when the student returns, you can add the living expenses there. And, credits associated with the coursework the student is completing when they return from the leave of absence, can - not must - can count towards the student's enrollment status at that time. So those are three new things that were not in the previous guidance.

David Futrell:

Now to the big topic that we received lots of questions on. So, try to get through this. Under the CARES Act, neither the student nor the school is required to return unearned Title IV funds resulting from the R2T4 calculation when the student's withdrawal is related to COVID-19. An institution is not required to return Title IV funds for any student who began attendance in a payment period that included March 13th, 2020, and subsequently withdrew because of COVID-19.

David Futrell:

This includes students who withdrew during the applicable period for whom the institution has already performed an R2T4 calculation and has already returned funds. So, that does include going back and addressing R2T4s that were already done. If that happens, the school must re-disburse the Title IV aid to those students and redo the R2T4 calculation. There are steps in the electronic announcement that the schools should follow to do this. If the school exercises the option not to return unearned aid (in other words, you're not going to use the CARES Act exclusion waiver at all) the school must follow these steps.

The EA uses the word "should" and we do read this to mean "must", but is at the school's discretion depending upon how you think your auditor or your program reviewer might answer that question.

David Futrell:

Also, there's a big flexibility when determining whether a student is a withdrawal due to COVID-19. So, this is the big ticket item. During the payment period that includes March 13th, all students who are enrolled in a ground-based instruction can be considered to have withdrawn due to COVID-19. If the school moved students from ground-based instruction to distance learning, or if the school closed campus housing or other campus facilities, or the school experienced any other interruptions in instruction due to COVID-19; that's a pretty broad list and it covers a whole lot of students. And it also includes students who withdrew before there was a disruption in your operations on your campus and before March 13th. So, that includes folks who withdrew in January and February, before there was ever an interruption on your campus. It's a broad exclusion. And we appreciate it being that way, because we didn't want you to have to go back and check with every single student retroactively to find out whether they were COVID related withdrawals. That's a broad flexibility; please use it.

David Futrell:

It's not quite the same for students who have been enrolled in a distance education program or whose schools did not change any operations as a result of COVID-19. These students must provide a written attestation explaining how their withdrawal was COVID related. In relation to schools that had disruptions, this should be a small population of students for whom to request such an attestation, which can be included by text or email and does not require a signature. So, the electronic announcement says you can accept an email or a text. It does not say you have to have a signature. So that's a big plus.

Justin Draeger:

So David, let me ask a couple questions here. One is, does the E2T4 waiver really only apply to payment periods that include March 13th, 2020? And then I think a subsequent question there is what about quarters and non-term clock hour payment periods that started after March 13th?

David Futrell:

Yeah, sadly, this is not the good news. This is one of those areas where the Department took a more narrow approach than what is specifically stated in the CARES Act. CARES Act seems a fair bit more flexible here, but the Department chose to define it strictly based on March 13th as a date. So unfortunately for [inaudible 00:12:55] programs, for clock hour non-term programs that have terms or payment periods that start after March 13th, you don't qualify for this guidance as it stands at the moment. We do know that this is a major problem and we're reaching out to the Department in hopes of relaxing that guidance for subsequent terms of payment periods. We don't quite understand why it went this way.

Justin Draeger:

Okay. So let me interrupt for just a second because we have lots of questions in the queue which we can circle back to. But let me hit a couple of the highlights that I think are some of the common questions. So if I've got a summer term, we still have states where the number of COVID cases is still increasing. So a student or family could still contract COVID-19, face a disruption, and if it's for the summer term that

doesn't include March 13th, the Department's guidance would not allow a blanket waiver for any of those students?

David Futrell:

It does not.

Justin Draeger:

Okay. So we'll follow up with the Department on that.

David Futrell:

And that's really sad.

Justin Draeger:

Yeah. Okay. So here's another question. What about students that the school knows, because the student told them that it wasn't COVID related? So if the school chooses to implement the waiver and it's for all students in that payment period, but the school has information that it's not related to COVID-19, what does the school do with that information?

David Futrell:

So they have documentation that the student was withdrawn, but not because of COVID-19?

Justin Draeger:

Yeah. The student says I don't want to attend here.

David Futrell:

We believe that it's reasonable to assume that you don't have to go back and redo all of those calculations. If you did, it might be conflicting information and that would be a whole other ball of wax in terms of problematic. So we think that's acceptable.

Justin Draeger:

It's a reasonable carve out?

David Futrell:

A reasonable approach, yeah.

Justin Draeger:

Okay. Let's talk about all the students that the school did an R2T4 calculation on before March 13th and before the CARES Act was signed into law, whether it was COVID related or not, maybe they were unofficial withdrawals; the student just disappeared. If they apply the waiver, which is the school's choice and we would encourage them to do so because it's most likely going to be in the student's benefit, but if it was before March 13th, it was an unofficial withdrawal, what then? The school chooses to use the waiver, do they have to do it for those students as well?

David Futrell:

Right. If the school move to ground based instruction, a closed campus or housing or facilities, or otherwise experienced an interruption, you can still assume those unofficial withdrawals are all COVID related withdrawals. There is no exclusion for unofficial withdrawals. You must still do the R2T4 calculation for unofficial withdrawals just like official withdrawals. There's no exception here, but if you apply the broad assumption that all of them are COVID related, based on the three conditions in the electronic announcement, you don't need to obtain attestations from all of those students. So, you're doing your all [inaudible 00:16:06] grade report here at the end of the term and you're deciding now that the student is a withdrawal and you're applying the broad waiver and assuming all of them are COVID-19 withdrawals, as you are perfectly allowed to do, you don't need to do anything else.

Justin Draeger:

So let's say for instance, that...

David Futrell:

Let me correct that part.

Justin Draeger:

Yeah.

David Futrell:

Yeah, you do need to re-disburse the aid, undo the calculation, redo the calculation and determine how much [inaudible 00:16:36] aid they have so that you can complete the required reporting for this particular provision. So you do have extra steps here.

Justin Draeger:

So there it is. I want to make sure we call a spade, a spade. Because if they're going to go back and they'll apply this waiver and it applies to all the withdrawals that they don't have prior information or any conflicting information withdrawal, then if they've already done an R2T4 calculation and returned aid, they're going to have to undo all of that.

David Futrell:

They're going to have to. Yes. If they're not exercising the waiver and assuming they were COVID related, they'll have to go back and address those and get an attestation from the student to prove that they're recovery related and then re-disburse and undo.

Justin Draeger:

Yeah. So the downside here is that this could result in some extra work. We had been advising schools to not be sending money back to the Department until this guidance had come out, but if you've done that, there's going to be some extra work here. And then the good news though, is that this would be in the student and presumably the school's best interest though, because the aid could be kept.

David Futrell:

Because that's what some would argue the intent of the CARES Act was supposed to be: to assist students during this time of national emergency by not returning unearned aid. It's to the school's benefit not to return unearned aid too.

Justin Draeger:

Right. The challenge of course here is just the timing of everything.

David Futrell:

It is. It is extra work for those who had not been tracking whether someone's withdrawal was covered late, especially unofficial withdrawals. But that tracking and getting a student's attestation would really only apply to those schools and programs that never had a COVID related disruption in the first place.

Justin Draeger:

Okay so let me ask one other question which is what if someone were to argue that the aid that the student is going to keep is loans? Maybe some school students have shut the book, they've already reconciled all this with their school, and now that school comes back and says I've applied this waiver and so we've redone this, and it's created a credit balance and.

David Futrell:

you're getting loan money back. People don't want loans. That's a valid concern for a financial aid administrator, but if the school chooses to exercise the option to the R2T4 waiver related to unearned funds and it creates a Title IV credit balance, you must - not, may - you must refund that credit balance to the student within 14 days. So even though you're letting them keep unearned aid, remember there's another provision in the CARES Act that says, we're going to cancel that loan and we're going to restore that Pell after the Department gets the necessary reporting information through whatever process they develop. So once they get that information that this was a COVID related withdrawal, they're going to cancel that loan anyway.

Justin Draeger:

It shouldn't count against the students.

David Futrell:

If you have that concern, it's going to be alleviated anyway.

Justin Draeger:

Should be, right.

David Futrell:

Should be.

Justin Draeger:

Okay. All right. I doubt we resolved all the questions with R2T4, but let's keep moving and we'll come back during the Q&A to some more of these.

David Futrell:

All right. Sounds good.

David Futrell:

All right. So there was some other good news in that electronic announcement. Over payments resulting from the R2T4 calculation are waived and are not reported to NSLDS as an overpayment. Over payments that were already returned on behalf of the student must be re-disbursed to the students. So there's the double edge on that sword. If institutional refund policy results in a tuition refund, the entire amount of the Title IV credit balance must be delivered to the student within 14 days, as I was just saying.

David Futrell:

All right. The EA includes the reporting requirements for R2T4, but not the process, unfortunately. So the EA includes the reporting requirements. You'll notice that the list of information that's provided here on the slide is slightly more detailed than the list that was provided in the CARES Act. There was a list of three things in the CARES Act, but this kind of expands on that so that they can get at the crux of the list from the CARES Act itself.

David Futrell:

That includes identifying for each student for whom the R2T4 was waived under the CARES Act, the payment period beginning and end dates, the amount of Title IV grant and loan assistance, other than work study that each student received for the payment period, and the total amount of grant or loan assistance that each institution has not returned as a result of the R2T4 waiver. So even if the school determined that they want to return those funds, you still have a reporting requirement under the law you still have to meet. So that means re-disbursing, redoing and determining the amount of unearned aid through that redo process for lack of better wording here.

David Futrell:

Like I said, the reporting process is still being developed by the Department; they state that explicitly in the electronic announcement. They say that it might take a little bit of time. We have to ask you to be patient on this. As soon as we know, and I promise you, as soon as we know, we will publish an AskReg's article in Today's News and post it in our web center. While we appreciate the need to know, it does not help anyone to repeatedly ask that question.

David Futrell:

All right, so onto SAP. The EA also addresses SEP. Any credit hours the student is unable to complete due to COVID-19 related circumstances are excluded from both the maximum timeframe and the measurement of pace when the next SEP evaluation takes place and for every other SEP evaluation after that. So, this means the school would likely need to make changes to its grading system or its student management system to exclude those attempted credits from the student SEP evaluation now and in the future. How the school does this is entirely up to the school. Remember the Department doesn't run SEP for schools; schools run SEP for schools. Assigning a special grade to those classes is an...

PART 1 OF 4 ENDS [00:23:04]

David Futrell:

... Assigning a special grade to those classes is an option. You might come up with a new grade for these classes. Or you can create a flag in your system to identify each one of those classes in every subsequent staff evaluation. Now, the electronic announcement says that no SAP appeal is required. But, to exclude the attempted credits from SAP, the school must have reasonably determined that the student's failure to complete those credits was the result of a COVID-19 related circumstance. So even though you don't

have to do a full-blown SAP appeal, you have to at least determine, have reasonably determined that they were COVID related incompletions, or the attempted credits were related to COVID-19.

David Futrell:

So what does reasonably determine mean? This is not defined by the department, so the school will have to use its own discretion here. What it does not mean is that you have to have a written statement from every student. So don't go down that route if you can make a reasonable determination in another way. So, if a school closed due to COVID-19, or a program shut down due to COVID-19, it would be reasonable to determine that every student that was impacted and should have attempted credits excluded from the SAP evaluation. So if your school closed, that's a reasonable determination as to why those students didn't complete those credits.

David Futrell:

We believe that you can follow the Department of Education's lead and use the R2T4 for conditions in the electric announcement to make this determination. Remember, all students can be considered R2T4 related withdrawals if the school moves students to ground-based instruction, closed campus housing or facilities, or experienced other interruptions in instruction. So those are reasonable determinations without having to get a written statement from each individual student. So you can apply it to a broad category, just like the R2T4 for guidance does.

David Futrell:

If in doubt, collect an attestation from the student. I know some of you are probably wondering if there's any sample texts they can borrow. We don't have any samples yet at this time, as guidance came out on Friday. We might try and go there. I'm not certain yet. It can be a simple statement or form in the student's portal in which the student indicates he, she, or they were impacted by COVID-19 and allowing them to explain why. That could be a single requirement by itself. You could also amend your SAP appeals communications to include such a statement without requiring a full blown SAP appeal. In any case, however you collect this information, you probably want to avoid requiring everyone to do a full blown SAP appeal. This will reduce administrative burden for you and the students.

David Futrell:

And finally, the May 15th electronic announcement does include a good example of how the SAP calculation might work. So please check that out. With that, I'll turn it over to Karen.

Karen McCarthy:

Great. Thank you, David. And I think David needs to go take a break. Thank you so much for covering all that R2T4 stuff. I was wading through the questions and I know there are a lot of questions in the queue. And hopefully we'll have time to get to some of those. I'm going to very briefly talk about campus-based aid that was addressed in the announcement that just came out on Friday, on the 15th. So this is not all of the campus space aid provisions that are included in CARES. This is only what was addressed in that announcement from Friday. And this is talking about the institution being able to reimburse it itself for FWS and FSEOG. And basically what they're explaining here is how the institution should carry out the non-federal share waiver that is allowed in the CARES Act.

Karen McCarthy:

So if you remember, we have talked about this in previous webinars, we just didn't know exactly how they were going to do this. The institution is not required to contribute a non-federal share for work study and FSEOG. Very importantly in the announcement that came out on Friday, the Department did specify, did tie this waiver to that March 13th date. So they are allowing you to reimburse yourself from the federal FWS allocation for the non-federal portion of wages that were paid to students on or after March 13th. And similar for FSEOG allocations. I do want to point out that the CARES language does not have that date restriction in place. The CARES language specifically allows the non-federal share waiver for all of the 2019-20 and 2020-21 award years. So we, again, this is another area where the Department's guidance is further restricting what is allowed, the flexibilities that are allowed to institutions in the CARES Act. So we will be following up with the Department to get clarification from them and why they think this March 13th date is necessary.

Karen McCarthy:

So we were hoping before we saw the May 15th guidance, we had a lot of outstanding questions into the Department, and there were a lot of things that we hoped would be addressed there. And we've covered now what was in the May 15th guidance. Some things that we had hoped to see further guidance on that we did not get this past week. One was all of the questions surrounding the student emergency grants and how institutions should determine if the student meets the Title IV eligibility requirements if they do not have a FAFSA already on file. That is a big question. It is still out there. We still do not have an answer on that. Another big question regarding awarding of the student emergency grants was whether students must be currently enrolled to receive those funds. So you could have students who had withdrawn. You can also have just the end of the term has already happened since we are now well into the Spring.

Karen McCarthy:

And the question is, can I go back in a word to students who are no longer enrolled? Again, that was not addressed. We do still hope that the Department is working on future guidance to address some of those student emergency grant issues that are still outstanding. Another big one that we were hoping that they would address specifically about R2T4 calculations is about the dates, the start and end dates that you should use when you are doing your calculations. If you had changed the dates at the beginning or end dates of your payment periods. So the question that we had asked is when you're doing the calculation, and you need to plug in those dates, should you be looking at the dates that were in effect when the student actually withdrew or the dates that were in effect when you are doing the calculation? Because those may be different start or end dates depending on what the trigger is.

Karen McCarthy:

And obviously that does have a big impact. It can have a big impact on your R2T4 calculations. It was not addressed in the Department's guidance. And we still hope to get an answer. So as always, whenever the Department puts out guidance, they answer some questions and then we have a new list of a whole bunch of new questions. So I don't want to imply that these are our only outstanding questions that we're tracking for all of you. We have been gathering all of the questions that people have sent in, specifically on the May 15th guidance. So the list is always influx. These were things that we specifically hoped to get guidance on and still do not have. So we do expect that the Department will issue some more guidance, especially on these student emergency grant issues, because a lot of people are asking them for guidance in those areas.

Karen McCarthy:

The last thing that I want to mention is the interim, HEERF fund reporting guidelines that were released in a May 6th electronic announcement. This is the only thing that was in the electronic announcement. The specific reporting items are listed in that announcement. So take a look at that. They're not here on the slide. Basically, as required by the CARES Act, institutions must report to the Department of Education within 30 days of how they are spending their funds. And then subsequent reporting coming after that. The Department of Education had not released guidelines until just recently, May 6th, about how that reporting was going to happen.

Karen McCarthy:

So what they said in this May 6th announcement is in this first batch of reporting to meet the 30 day deadline, they are requiring that you post, there's a laundry list of items in the announcement, onto your public website, about your usage of the funds in terms of dollars, and students, and eligible students, and how the information that you're providing to students about the emergency grants and all of that. They, at the same time, will be working on developing a direct reporting mechanism for you all to use in the future to report, hopefully most of the same items to them directly.

Karen McCarthy:

Initially, they had indicated that institutions would submit their first report, 30 days from the date that you signed your certification and agreement form. In the announcement on May 6th, they changed that 30 day window, to within 30 days of when you received your student grant funding. So definitely pay attention to that 30 day point. That is when you need to have the required information up on your website and publicly available. So we can expect to see future guidance once they get their direct reporting system up and running, that will have the requirements in place for you to do the direct recording moving forward. And next, I'm going to turn this over to Jill, who is going to talk about new legislation that is in the works.

Jill Desjean:

Thanks, Karen. So the Health and Economic Recovery Omnibus Emergency Solutions Act, AKA the HEROES Act, was introduced on May 12th by the House Democrats. And the full House voted to pass the bill on May 15th. I want to stress that this is proposed legislation at this point. It signals Democrats priorities for a fourth COVID-19 relief bill, but the Senate Republican leadership has indicated that this is not in line with their plans for the next COVID-19 bill. So while this HEROES Act won't make it into law as is, we may see some of its provisions make it into the fourth COVID-19 relief bill. So I'd like to highlight some of those now. The HEROES Act contains \$3 trillion in overall relief. That's trillion, with a T. Over, I think it was two trillion from the CARES Act. So even bigger than the most recent COVID-19 bill that we've seen. The bill includes \$90 billion for a state fiscal stabilization fund that will go to governors, of which 30% is required to then be directed to public institutions of higher education.

Jill Desjean:

And so that along with the other higher education provisions in the bill would provide for more than \$37 billion to higher education in total. Further, the bill would prohibit ED from imposing student eligibility restrictions on the higher education emergency relief funds that were authorized by the CARES Act. What that means is that ED would not be able to limit eligibility for those HEERF funds, say to only students who met the Title IV eligibility requirements, as they did in their April 21st guidance. The bill also explicitly would state that the HEERF funds are exempt from a 1996 welfare reform law, which prohibits undocumented individuals from receiving public benefits.

Jill Desjean:

So you'll remember that ED's defense of their guidance that said only students who met the Title IV eligibility requirements could receive the HEERF funds. Their argument was that Congress required it. So this is the Democrats making their intent clear, saying, "ED cannot add onto what congressional intent was." And that was not that students could be limited in the ways that they did. The bill would also provide a safe harbor for any institution that had already awarded HEERF funds to non Title IV eligibility students. So that would be a nice thing to see.

Jill Desjean:

The HEROES Act also includes a lot of help for both current students and former students with student loans. The bill would provide for expanded student loan borrower release, which would include the cancellation of the lesser of the borrower's total federal student loan balance or \$10,000. It would also suspend student loan payments and interest accrual for an additional year beyond what we have now. So it would extend both of those things through September 30th of 2021, next year. It would also extend the payment and interest suspensions beyond just direct loans and federally held FFEL loans, and would also include Perkins loans, commercially held SSEL loans, and even health profession student loans.

Jill Desjean:

The HEROES Act would exclude emergency grants from treatment as estimated financial aid in the need calculation. It would exclude those grants from being treated as income for purposes of calculating EFC. And it would also prevent them from being considered taxable income for federal taxation purposes. And this would include as emergency grants, not just federal and state emergency grants, but also tribal, institutional, and even private grants. So all the things that I want to remind you, this is proposed legislation at this point. There's still a lot of work to be done by Congress to get another COVID-19 relief bill written, passed, and eventually signed into law. But, hopefully whatever we see will include at least some of what we see here in HEROES. And with that, I'm going to pass it off to Justin.

Justin Draeger:

All right. Thanks, Jill. Everybody can stay up to date with everything that's happening, it's being published at NASFAA on our coronavirus COVID-19 web center. That's nasfaa.org/covid19. That includes open access to all of our Ask Greg's questions as well, as we move through this crisis. With that, I think it's time to move into questions. Let's try to hit as many of these as we can. So I'll dive right in here. Karen, I think this first one is probably for you. The question is, how do we report CARES expenditures in the absence of a reporting template and defined process? And is the R2T4 a separate reporting process?

Karen McCarthy:

Yeah. There hasn't been any additional information released by ED on the CARES reporting. All we have right now is the guidance regarding the public posting on the website. So, that was the electronic announcement that I referenced. For the R2T4, I do expect that that will be a separate reporting process. In the guidance that was released on Friday, they said that they were developing that process by which the institutions will fulfill the reporting requirements.

Karen McCarthy:

One thing to keep in mind that they mentioned in the announcement is that they will also, per the CARES Act, be providing relief for these students from Pell LEU requirements, SULA requirements, and

loan obligations. So they're canceling loan disbursements for these students. So they need to be able to offer that relief and it will all be tied into the R2T4 reporting. So that will take a little bit of time for them to connect all of those systems and make sure that the process works well for them. So they very specifically, in the guidance that was released on Friday, about the R2T4 reporting said, "We ask institutions and students to be patient while we develop a process to provide the relief and the reporting."

Justin Draeger:

Right. And our point back to the Department will be, then the Department will need to be patient when they release the guidance while schools put together their actual reports. So, that patience has to work both ways. All right. David, I think we actually already covered this, but it's probably worth covering just again. This school is putting forward a scenario that I think gets at what we discussed earlier. Basically, that they moved to online. They had a student withdraw before, back in January, before the March federal emergency was even declared. And their question is, per the May 15th guidance last Friday, is the student considered to have withdrawn due to COVID-19, even though they didn't change their mode of instruction until two months after they withdrew?

David Futrell:

Yeah. The electronic announcement is really broad on this particular point. If the payment period includes March 13th, you may assume that all ground-based students can be considered to have withdrawn due to COVID-19, if the three conditions apply. Again, if the school moves students from ground-based to online, the school closed campus housing or other campus facilities, or the school experienced any other interruptions in instruction due to COVID-19. If any of those three things happened, you may assume every single student in that payment period was a COVID related withdrawal. On the other hand, if it's purely a distance education program and you never had any interruption in study, then you have to get an attestation from the student certifying that the student was a COVID related withdrawal in order to apply the waiver [inaudible 00:18:51].

Justin Draeger:

Because that broad waiver only applies to the specific scenarios that the Department outlined in the May 15th guidance.

David Futrell:

Correct.

Justin Draeger:

Okay. This one, I think we also covered, but it's probably worth just revisiting again. This one is the R2T4 guidance on unofficial withdrawals. So the school has no last date of attendance. This school assigned the calendar midpoint as the withdrawal date. If the midpoint is after March 13th, do we notate that as a COVID-19 related withdrawal and complete the R2T4, but then don't return the unearned funds, and then instead reports them to the Department?

David Futrell:

Yep. And the answer on that one is yes. The guidance does apply to unofficial withdrawals, it applies to all withdrawals. It just doesn't specifically say unofficial withdrawals in the electronic announcement. So it does apply to unofficial withdrawals. We do know a lot of schools are doing their all left report here at

the end of the term for students who left and didn't tell anybody. And as a result of that review, you can still make the same assumptions about those students. If the school had a disruption in ground-based classes, closed facilities or interruption in instruction, you may assume those unofficial withdrawals were withdrawals related to COVID-19. And it doesn't matter where the mid calendar midpoint falls, the guidance still applies because March 13th is a part of that payment period. So if the mid point falls before or after March 13th, that does not matter.

Justin Draeger:

Okay, let's do one more R2T4. And then I want to move to another topic. And then we can keep circling back to R2T4 as needed here. This school is asking, can a school... So there's one question the school is asking, and then I want to follow up with a separate question. Can a school choose not to apply the R2T4 waiver under the CARES Act and return the unearned Title IV funds anyway? And then I think there's even a more specific question is, can they apply it for some students and not others? So let's start with the first one.

David Futrell:

Okay. There's nothing in the law or regulations that explicitly requires the school to exercise the waiver authority in the CARES Act. It's unlikely to be in the student's interest if you do otherwise. The CARES Act requires ED to waive the requirement for the student and the school to return unearned Title IV aid resulting from the R2T4 calculation. And when requirements are waived, schools generally have the choice as to whether they will implement the waiver. That's just kind of a general rule of thumb when it comes to statutory waivers required by the Department. In making the decision on whether or not to implement the R2T4, the schools should consider other ED guidance, the intent of the law, and the student's best interest. For example, if the intent of not implementing the waiver is to prevent a student from receiving a Title IV credit balance that's generated from the school's own institutional refund policy as it relates to the R2T4 calculation, then that would not be appropriate.

David Futrell:

Some schools choose to have an institutional refund policy to refund all or part of the student's institutional charges when a student withdraws. The school policy has no bearing on the R2T4 calculation though, or the determination of unearned Title IV aid. So according to the May 5th electronic announcement, and I quote, "If a student who qualifies for the CARES Act R2T4 relief withdraws, and is granted a tuition refund, the refund may create a Title IV credit balance that must be provided to the student within 14 days." So it would not be appropriate to deny the R2T4 waiver just to avoid having to deliver Title IV credit balances to the student. So if you're making the decision not to implement the waiver, you must ask yourself, is my decision in the best interest of students or is it in the interest of institutional expediency? Such as to avoid-

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David Futrell:

...is it in the interest of institutional expediency, such as to avoid processing and reporting requirements. It's NASFAA's understanding that the CARES Act is intended to benefit students. So we don't think it would be appropriate to make such a decision that is not in the best interest of students.

Justin Draeger:

And so, while I'm confident that those in the aid community totally get that, there might be internal policies and struggles within their administrations about is it worth going through all of this, if this is going to result in balance as being paid back to students. This is kind of where we go back to this was the intent of the law. They wanted to give as many benefits to the student as possible. And in this instance, it also provides a benefit to the school though, because the school can retain some portion of the institutional expenses.

David Futrell:

Or unearned aid, too.

Justin Draeger:

Okay. So the next question that I added onto this is whether schools can apply the waiver to some students, but not all students that meet all the requirements in the electronic announcement.

David Futrell:

So we think that if you're choosing to exercise the R2T4 waiver authority under the CARES Act that you should apply consistently to all students.

Justin Draeger:

And part of this is the way we parcel out the way the department issued this. It says "may use the waiver," but if you use the waiver, it says, "you should then do the following."

David Futrell:

Right, if you use the ability to assume that all students in the payment period are COVID-related withdrawals, you should follow the steps of redisbursing the aid and redoing the arch of default calculation and recalculating the honor and dates so that you can complete the reporting and allow the student the benefit of that on our date. We don't think that you should be applying that policy differently to different students. How fair is that?

Justin Draeger:

Okay, so let's circle. And then the only carve out that we identified early as reasonable would be students that you know have told you was not COVID-related.

David Futrell:

And we've already documented that they were not COVID-related withdrawals. We think that it's safe to assume that those are okay as it is.

Justin Draeger:

Okay. Let's move off R2T4 and maybe circle back around as we have more questions here, a lot more questions on R2T4. Karen, I think this next one's for you. "Is the website posting of these emergency relief funds, is that temporary until the department provides more guidance on how to do direct reporting back to the department?"

Karen McCarthy:

Yeah, we think that the website posting requirement was a stop-gap measure that Ed implemented so that they could comply with the 30 day reporting requirements that was in CARES. However, we do anticipate based on the wording in that announcement, that when the direct reporting process is up and running, schools will be required to do both, both update the information on their website and at the same time report directly over to the Department of Ed. So I don't think that the website posting requirements will go away once the direct reporting is up and running.

Justin Draeger:

Okay. Karen, let's stick with you for a second here. The CARES Act says that the non-federal institutional share of federal work study and FSEOG is waived for '19, '20 and 2021. The May 15th guidance from the department says the institutional matches only way for payments to this person's, made honor after March 13th, they're asking whether we know if additional guidance will be coming from the department or should we use the May 15th guidance?

Karen McCarthy:

I think the safest bet at this point is to follow the May 15th guidance using the March 13th date for now. Unfortunately, this is an area where the department defined the waiver more narrowly than the wording that was in the CARES Act itself. So for now we think you should follow the guidance that's in the electronic announcement and we will follow up with the department.

Justin Draeger:

Okay. Nuts and bolts question here, Jill. Let me send this one your way. "How can we resolve Selective Service C flags and instances where a status information letter is required now that the selective service system is not issuing those information letters?"

Jill Desjean:

Yeah. ED addresses this in the Q&A attachment to the May 15th guidance. So at the very bottom of that guidance, there is an attachment, a word doc, with a handful of Q&As and Selective Service status information letters are addressed there. In that Q&A, they direct school to use existing guidance from the handbook that explains how a school can determine whether a student's failure to register was knowing or willful. And what schools need to do is they need to weigh a handful of things. They need to consider things like where the student lives when they were between ages 18 to 25, when they can register for Selective Service, if the student would say living abroad during that time, if they may have been less likely to be exposed to the public notices of the requirement to register. They could consider whether the student says they thought they were registered.

Jill Desjean:

It could have just been a paperwork issue where they said, "I mailed it in and I just assumed everything was fine," and apparently it wasn't, and evaluate other claims from the student that why they might not have been aware of these widely publicized requirement to register. So schools just follow the guidance that's in the handbook, exercising their authority that's already there to evaluate whether the failure to register was knowing or welfare. They can determine if that was not the case, that the student can be eligible for Federal Student Aid funds.

Justin Draeger:

Okay. Jill, why don't we stay with you for just a second here? Another question here where the rubber meets the road, "How can a student complete verification if they didn't retain a copy of their tax returns and can't get the IRS transcript online?"

Jill Desjean:

Yeah. So the IRS used to provide a tax transcript option in the three ways. There was a phone option, a mail option, and an online request process. They have, since the COVID-19 outbreak occurred, they have limited those requests to only the online process. And that process is something that not everyone can view that requires a registration that involves the taxpayer having a financial account in their own name and a mobile phone in their own name, which some individuals just don't have. So if they don't have a paper copy of their tax return, which is acceptable for verification, but if for whatever reason, they don't have a copy and they're not able to get a tax transcript via the online process because they don't have that information to register, their only other option would be to transfer their tax information via the DRT, which is also something not everyone can use. So it is definitely possible that there are students who are not able to use any of these options. It's not possible for them. And they would not be able to complete verification. So NASFAA knows that there's been some congressional interest in this. We've heard from a couple of offices who are working on it. So hopefully something will come out soon to address this for students who are stuck with not being able to complete verification right now.

Justin Draeger:

Okay, next question here, maybe David or Karen, "With the new guidance, if we choose to do all remote instruction for fall 2020, could we choose to move Federal Work Study [FSEOG 00:53:27] And award to students?"

Karen McCarthy:

I can take that one to give David a little break. In the CARES Act, the ability to transfer your Federal Work Study over into FSEOG, the timeline for that is that that transfer is allowable during a period of a qualifying emergency. So the department hasn't issued any guidance yet about that transfer in the fall. It seems to me though, looking at the wording in the CARES Act, that we would need the qualifying emergency to still be in place at the beginning of the 2020-'21 award year, so July 1st, in order for those transfers to be allowed under CARES. So for right now, we don't know, and I think that we should know more after July 1st, assuming that we're still on a qualifying emergency at that time.

Justin Draeger:

Okay, David, let's go back to R2T4 for a second here. School's asking whether they can apply the R2T4 waiver for withdrawals after 3/13, which was when the president declared a national emergency.

David Futrell:

You can apply the R2T4 waiver for the entire payment period if March 13th exists within that payment period. So the withdrawal does not have to be after March 13th. It just has to be anywhere in that payment period from start to finish, as long as the payment period has March 13th in it.

Justin Draeger:

And this goes back to the students' best interest question, because when people started experiencing disruptions, the COVID-19 was not directly related to when the president declared a national emergency. So you very well could have students and families that were experiencing disruptions before

March 13th, the first cases were reported in the United States well before that date. So again, the thing I think to consider here is if you're looking at the entire payment period, what's going to be in the best interest of your students. All right, next question, "SAP does not need to be calculated if the school reasonably determined to the SAP fail for pace or 150% is related to COVID-19. What if the SAP fail is for GPA?"

David Futrell:

And it says, "no go?" And the answer is no go. Unfortunately, the CARES Act made the exclusion only to the quantitative measure, not to the qualitative measure. Think about it. The students still might want that A grade, that if the school allowed the student to keep certain grades locked into place, the student might actually want to keep that grade. So there's probably a reason why Congress didn't remove the grades part, but unfortunately, fail grades still do count in the SAP calculation.

Justin Draeger:

Okay. Next question here from a proprietary school, "Is the annual compliance audit and financial statements that's due June 30, has that been extended?"

David Futrell:

That's been extended for six months.

Justin Draeger:

Okay. So there's a six month extension there.

David Futrell:

The A-133 audit was also extended and there's a [inaudible 00:56:44] Q&A on that in the web center.

Justin Draeger:

Next question, "Should institutions expect a change in the guidance submitted by the department about students' eligibility to receive the CARES funds due to the congressional requests to the department to change the financial aid restrictions, a letter dated May 1st?" And I think this is the letter that went from Rosa DeLauro and Patty Murray to the department. Oh, actually there was lots of lawmakers, democratic lawmakers on it that said that the department exceeded its authority in limiting CARES Act emergency grants to Title IV students. And I would say don't hold your breath. So that was clearly Democrats in Congress are signaling what they wanted. Republicans have said that, in the press, that the Secretary has the authority to come to develop these eligibility criteria, and we have not received any signals from the department that they are changing their guidance here. The only outstanding question that we received from schools and we've posed and had conversations the department on, is about whether students themselves, who haven't filed a FAFSA could just attest that they meet all the Title IV eligibility criteria.

Justin Draeger:

And while the department is engaged in conversations and seems open to that, that has not been issued in any written guidance, so schools need to proceed doing their own risk evaluations. And I know some schools have, other schools would not be comfortable with that, so that's an institutional decision. All right, next question, "How can an institution possibly meet the 30 day requirement for emergency relief

funding usage if ED has not even answered questions like the one that addressed students are no longer enrolled? Students know that institutions have access to funds and they're pressing the schools about those funds." Karen, you want to try to answer that?

Karen McCarthy:

Yeah. I think that my response to that is that schools should do the best that they can to get the information as best as you know it up onto your website to meet that 30 day deadline, to show that you are making a good faith effort. The information that's on your website must be continually updated, it's within 30 days and then every 45 days thereafter. So you will be updating it fortunately, or unfortunately, so as we get more information and your numbers might change based on your awarding, who is now considered to be an eligible student or not, you can update those numbers, but so I would just do the best that you can to comply with what the information that we have right now.

Justin Draeger:

Okay. Another question, "Is it true that if a student self-certified his or her Title IV eligibility and the school awards the funds, the school is not liable if the student found out that they don't actually qualify?" And the answer to that is we've engaged in conversations with the department on that very topic. And I know that department officials have engaged in similar conversations with other associations, but there is nothing in writing at this point. And so schools, you'll have to do your own risk assessment on this. There is nothing in writing that would absolve an institution of the responsibility to determine that a student is Title IV eligible before they receive those emergency relief funds. Now, if that's a risk that you're willing to accept in your institution with eyes wide open is willing to accept, then more power to you and to your administration there. But as of today, there isn't any written guidance from the department, at least there wasn't as of an hour ago before we started this webinar. Okay. Next question, "Has NASFAA received an answer about otherwise Title IV eligible students who are enrolled in a certificate program that is not approved ED as a Title IV program?" So we're not talking about student eligibility, we're talking about program eligibility. Is that, Karen or David, do you want to, who's tackling this? Karen, you want to tackle this?

Karen McCarthy:

Yeah, yeah. I can take that one. And the issue here is that they did say that in order to be eligible for funds, students needed to be meeting the eligibility criteria listed in Section 484 of the HEA. And in 484, it says that the student must be enrolled in a degree or certificate program, but it is not in Section 484 that that degree or certificate program must be Title IV eligible. That's in a different part of the HEA. So the question is, do we have an answer on whether or not the program itself has to be eligible? And unfortunately, the answer is we do not yet have an answer. So it is in 484 that the student that has to be in a degree or certificate program. What we don't know is if that program itself has to be a Title IV eligible program.

Justin Draeger:

Okay. Thank you, Karen. Next question here. David, maybe you can take this one. "There's no mention of whether we'll be able to continue to federal work study to students past June 30 who cannot work due to campus closures. Would we agree that unless new guidance is received, they will not be able to continue to pay those students the Federal Work Study dollars?"

David Futrell:

Yeah, we agree. The the April 3rd electronic announcement guidance supplies the student had to be working in the Federal Work Study job, have received the Federal Work Study award and be working in the Federal Work Study job before the disruption on your campus. And that applies to all the way through the end of a summer cross over payment period. But only if it's applied to the '19-'20 award year. This guidance does not apply to any part of '20-'21 yet, so we would need new guidance.

Justin Draeger:

Okay.

Karen McCarthy:

Hey, Hey Justin, can I add on to that?

Justin Draeger:

Please, go ahead and wait.

Karen McCarthy:

Yeah, we have already gotten questions about new students coming in. And if it's possible that this would extend because obviously a new student would not have already been working, which is one of the requirements now. It is also impossible for the institution to estimate the hours to pay a new student since they had not been working. And I think that is an outstanding question that we have right now in granting the flexibilities that the department has. It's relying on a provision in the law that allows them to do that, but the provision in the law does very clearly state that the student had to be working at the time of the emergency. So I think that current law does not clearly allow the department to extend into the next year. So I imagine they are probably doing some research to see if they can offer that flexibility under any other authority that they might have. If not, that may be something we need to go back to Congress on.

Justin Draeger:

Okay. Next question, Karen, I think this is about reporting, "Is 30 days of receipt mean when the money shows up in G5 or when the school draws it down into their account?" When does that clock start?

Karen McCarthy:

It did not, the electronic announcement did not specify, it just said 30 days from when the school receives the funds. We did anticipate this question coming from schools, and we have asked the department, but we do not have a response yet.

Justin Draeger:

Okay. Next question, "Can a school use the student portion of the CARES Act emergency relief funds to pay for emergency housing for the student?" David, do you want to take a stab at this?

David Futrell:

Yes. And yes, they can. As long as the emergency, or as long as the awarding of the funds is related to COVID-19, yes. You can cover unexpected expenses like housing, room, board, food.

Justin Draeger:

That's a qualifying expense, but the disbursement still has to go directly to the student.

David Futrell:

Yes, right. It can't be applied to unexpected or totally expected room and board on the student's account. In this case, it has go directly to the student and not applied to the outstanding credit balance.

Justin Draeger:

Okay. Thank you. I'm losing track of who's doing SAP for us today. Was that you, David? Okay. Next question, "SAP all courses that are withdraw, we can exclude, even if the student completed other courses?"

David Futrell:

That is correct. If the withdrawing from the course is COVID-related, then only that course is excluded. The other courses that they remained enrolled in are still included in the SAP calculation. You might have a student who simply dropped to half time enrollment due to COVID. That means the two courses they dropped were COVID-related. The other two courses were obviously not dropped, and wouldn't be applied under this exception. So there are other reasons that they might drop a few courses and not all of their courses, not be a total withdrawal

Justin Draeger:

Follow up question, "Is the SAP exclusion guidance a should or a must?"

David Futrell:

The SAP exclusion is a maybe, is a may.

Justin Draeger:

So there's an option.

David Futrell:

The school may choose not to exercise this option at all.

Justin Draeger:

There's a question here. "I thought future guidance was going to come out about how to report distributing CARES Act funds. I don't see in the prior guidance, but your slide mentions this." Karen, you want to address the reporting?

Karen McCarthy:

Yes. Can you repeat the question, Justin?

Justin Draeger:

Yeah, they said, "I thought future guidance was going to come out for how to report distributing CARES Act funds." I think what the school is saying is you went through how the school has to report right now on their website. And yet the schools thought additional guidance was coming. I think we just need to

parcel out that this is sort of an interim stop-gap until the department [crosstalk 01:06:50] the actual reporting.

Karen McCarthy:

Yes, for right now, institutions are required to do the posting on their website only. And what you're required to post on your website is listed in the electronic announcement. The department is also currently working on a direct reporting system where you will be reporting, hopefully, a lot of the same information directly to them. And we are waiting additional guidance about that process and how that will work.

Justin Draeger:

Okay. Next question here, this school is saying, theoretically, if they've collected emails from students regarding whether they're withdrawal was COVID-related up until this point, and they want to use the blanket waiver for unofficial withdrawals from the new guidance last Friday, do we have to go back to the students who told me their withdrawal was not COVID-related and recalculate them as if they were? David.

David Futrell:

We think it is reasonable not to have to go back to those students because you have documentation that could be construed as conflicting information later. So we think that is a reasonable assumption that you don't have to go back and redo those, that particular subset of students.

Justin Draeger:

Thank you. Next question here is, "Do we believe the Department of Education will follow through with canceling the loans and reinstating Pell LEU semester on withdrawals?"

David Futrell:

The CARES Act requires it.

Karen McCarthy:

Actually, the CARES Act does not require it. The CARES Act says that they are required to do it if they can pull it off without excessive administrative burden on students. They did indicate in the announcement on May 15th, that when they talked about the R2T4 reporting and they need to pull all these things together, that seems to be an indication that they are moving forward with those flexibilities for students.

Justin Draeger:

Yeah. So as we understand it, yes, the department is trying to make good on this authority, whether it's a smooth roll out or not. We'll see.

David Futrell:

Thank you, Karen, for jumping in there and saving me on that one.

Karen McCarthy:

Sure.

Justin Draeger:

Okay.

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Justin Draeger:

... saving me on that one.

Karen McCarthy:

Sure.

Justin Draeger:

Okay, next we noticed in the reporting requirements section this language. Upon receipt of information from an institution indicating that a covered student has withdrawn, the department will cancel the entire amount of any disbursement of direct loan borrowed by the student or his or her parent for payment period or period of enrollment. Question here, does this mean that students for whom we apply the R2T4 waiver would have their loans for that payment period forgiven? David?

David Futrell:

They will have the entire amount of their loan for that payment period forgiven and that's noted in the May 15th [inaudible 01:09:35].

Justin Draeger:

Which would be another reason why you would apply this waiver generously. Students who would get that money back would still have that loan forgiven because of the COVID related disruptions.

David Futrell:

Correct.

Justin Draeger:

Okay. Let's see here. Okay, David, I think this might be the third or fourth time we've circled on this, but they called you out by name. So I'm going to put you on the spot here. Did David say we should recalculate R2T4 for withdrawals prior to March 13th even if they withdrew in January or February before all the loan and all the COVID-19 stuff happened?

David Futrell:

If you are choosing to assume everyone in the payment period was a COVID related withdrawal because there was an interruption in ground-based instruction, campus housing facilities, interruptions, other interruptions in instruction. If you are making that assumption for that broad category of students, then yes, it applies to every student in that payment period whether they withdrew on January 1st or March 30th.

Justin Draeger:

So I think this is why this is tripping people up because if they're following a logical flow, they would say, "We didn't move online till March 20th, let's say. So why would anybody before then qualify for this waiver?" And one, the department allows it in their guidance. And two, those are the hooks that a school can use to broadly apply the waiver. But there are lots of logical, valid reasons people might have experienced COVID related disruptions before you went online or before the president declared a national emergency.

David Futrell:

It also allows the abroad ability to address unofficial withdrawals for whom you don't know when they withdrew. Think about the alternative. If the ed did not allow this broad interpretation of who's a COVID related withdrawal, then what is your alternative? Assigned attestation from every student retroactively. So you don't want to do that. So we think that this is broad for those reasons.

Justin Draeger:

Okay. Another R2T4 question here. Does the waiver of returning funds under R2T4 apply to students who failed to earn any credits?

David Futrell:

Only if you determined that they are withdrawal after evaluating whether they were legitimately earned failing grades, or they were F's assigned because the student stopped attending classes and never came back. So you still have to look at your F students and determine whether they were a withdrawal based on the guidance in volume five of the FSA handbook. So you still have some work to do there to determine if there are withdrawal or not.

Justin Draeger:

Okay, moving away from R2T4 for a minute. The latest EA, this is a question, the latest EA did not address containing the relaxation of the statement of educational purpose collection for 2021. Right? So it still only place in 1920?

David Futrell:

That is correct. The statement of educational purpose still only applies to 1920. The high school completion, on the other hand, is extended through ...

Karen McCarthy:

December 31st.

David Futrell:

... for the 20, 21 award year. So there's a difference in policy here.

Justin Draeger:

Okay. Another question, has there been any information on waving requirements about term length for standard terms in 2021?

David Futrell:

We do not have that, I don't think. Karen, is that addressed in the May 15th?

Karen McCarthy:

I don't think so.

Justin Draeger:

Yeah. Okay, question here is, is there any update on whether or not a room and board refund done as a credit on the student's count must be considered EFA for 2021? Karen, I think this goes back to the discrepancy here. So if they did a credit balance back to the student, is that going to be EFA for next year?

Karen McCarthy:

Yeah, I think that, I feel like we've had so many webinars, that was a hot topic several webinars ago about institutions refunding room and board and adjusting cost of attendance and whether any of that counted as EFA. And the department did say back then that it does not count as EFA for this current year. However, if you wait and do it in the next award year, then it is considered to be EFA, which does not the same thing as doing, you will not have to take a credit balance that you issued now and count it as EFA for next year. It all depends on the year that you're offering the credit balance. If you offer the credit balance during the current year, it does not count as EFA. If you are offering it in the next year, it will count as EFA.

Justin Draeger:

Okay, thank you. Hey, Margot, I just want to confirm, we get cut off at at 90 minutes or are we up against our time right now? I'm going to assume we can.

David Futrell:

She says in chat we can go a few minutes over.

Justin Draeger:

Okay.

Margot O'Meara:

Yes, I was muted. Yes, we can go over about five more minutes.

Justin Draeger:

All right, thanks Margot. Let's just get going on through these questions here and get to as many as we can. Are we allowed to add, question here, are we allowed to add the additional eligibility requirements? Our school is requiring students to have at least six units to receive CARES funds. Who wants? David? Karen? Jill? Who wants to jump in here?

David Futrell:

The school must be title four eligible, but enrollment status is not a title four eligibility requirement. It's just a direct loan eligibility requirement. But the school does get to decide how it wants to categorize and distribute the money to the most deserving students. So if it's related to that, I assume that you can attach an additional eligibility criteria.

Justin Draeger:

Yeah, I mean, schools are able to group students and prioritize them based on the criteria that they come up with. The secretary urged schools to think about their neediest populations first. And I would just, as I always seem to, I talk about this a lot, but there are two risks that schools need to be constantly balancing the fiscal risk or the auditing compliance risk along with the reputational risk. So how does that look to your institution? No institution wants to end up in the press as an example of what not to do when it comes to trying to help their students and adding eligibility criteria, not to this specific one, but eligibility criteria that might be frowned upon like, yeah.

David Futrell:

Yeah, just because you're half time or less than half time, doesn't mean you have very legitimate COVID related expenses. Housing for moving off campus, other online distance education expenses that you incurred as a result of COVID. So being enrolled less than half time its not necessarily directly related to eligibility for the fund, so just consider that as you move forward.

Justin Draeger:

Okay, next question. Do the emergency funds have to be reported on the 1098 T?

David Futrell:

Yes. There's an Ask Craig's article in the web center that covers this and tells you which boxes to report the funds in.

Justin Draeger:

Are students eligible for the emergency relief fund grant if they've reached or exceeded the maximum Pell LEU?

David Futrell:

The student is eligible if the student has reached the Pell LEU. If the student has reached the Pell LEU, the student's not in overpayment. If the student exceeds the Pell LEU, the student does owe an overpayment and an overpayment is one of those criteria in section 484 of the law of the HEA that you have to meet in order to be eligible for the grants. So reached doesn't mean you're in an overpayment situation, exceeded does mean you're in an overpayment situation.

Justin Draeger:

Okay. Let me go to R2T4 for just a second. This is a credit hour school with two modules in the spring term, one from January 15 to March 4th, and then March 18th to May 6, so you see those two modules are straddling that March 13th date. Can you confirm that although March 13th falls in between those dates of the two modules, a student that withdrew from the second module would still be eligible for the R2T4 waiver because March, 2020 is included in their payment period?

David Futrell:

The payment period is the start date of the spring term to the end date of the spring term without regard to those modules. So yes, the waiver applies to that payment period. It's not done on a module by module basis unless you're a nonstandard term program and you didn't combine these modules into a single spring term. But if you combine the modules into a single spring term, the guidance applies to the whole term.

Justin Draeger:

Okay, let's keep going here. Couple more questions, since the emergency funds were distributed too late, are graduated students allowed to receive disbursements if they are enrolled and successfully complete the spring term and were previously other eligible, like they were eligible students? I think the short answer here is maybe. Right? The answer is maybe, and we do not have that specific guidance from the department although the department has been talking about this idea of whether they were enrolled or not. So we don't have a definitive answer.

David Futrell:

They've even been talking in public and we've seen mixed messaging messages on that. Have we not?

Justin Draeger:

Yeah, well we've seen people attend the same meeting where department of ed officials were speaking and then had different interpretations of it. There's nothing in writing.

David Futrell:

Fair enough.

Justin Draeger:

So we don't have it in writing just yet. So the answer is maybe, and some schools will have to. For example, I know some schools, and we've done this on the podcast, where some schools have gone out and awarded significant portions of their funds, but left a little bit back so that they might be able to handle those populations. So schools are trying to come up with ways to get the funds out as quickly as possible, recognizing that there might be some additional guidance coming from the department of education. So again, this is going to require some risk assessment on your part, what you think is reasonable and what you're comfortable with. Keep your administration in the loop and move forward.

David Futrell:

And that also applies to students who withdrew during the term. We don't quite, we don't have a definitive answer on that yet. We also don't have a definitive answer on what if the student was enrolled in spring and is not enrolled in summer? Is that students still considered "enrolled" for CARES grant purposes?

Justin Draeger:

Okay, next question. The original guidance did not apply to online only programs. They seem to say that the R2T4 this time applies to distance programs. Is that a change?

David Futrell:

The R2T4 requirements are not related to the eligibility for the CARES act grants to students. So the previous mentions on online students were related to whether purely online students could receive a higher education emergency relief fund grants. This is specifically related to whether or not the student is considered a withdrawal and whether you can make an assumption based on those three factors that I mentioned earlier. Or if they're in an online program that did not experience an interruption in study, they don't have the ability to make such a broad assumption about all students in the payment period.

They have to reach out to those students individually to find out whether those are COVID related. So the two things are not related.

Justin Draeger:

Okay.

David Futrell:

In terms of grants versus R2T4.

Justin Draeger:

Yep. Okay, jill, I think these next two questions are coming to you about verification. Karen, I'm going to leave the last question to you while I tackle these two with Jill. And then I think we'll try to wrap up here. So Jill, can we use taxes for verifications for 20 and 21?

Jill Desjean:

Yes, that is allowed to take a copy of a tax return. That was flexibility that was first offered back in 2019. And for the department has already published their verification requirements for 2021 and does allow tax return copies as acceptable for verification.

Justin Draeger:

All right, Jill, next question and then Karen, I'll be coming to you. Jill, can you review the distinction and the dates and the flexibilities provided for V4 and V5?

Jill Desjean:

Sure, yeah, it is annoying. So for V4 and V5, for the verification of a student's high school completion status, that flexibility is assigned to date and statement from the applicant is allowed. And that would be through December 31, 2020 for both 2019/20 and 2020/21. Separately, the V4 VFS flexibility that allows institutions to accept non-notarized and or expired copies of identity documentation, that is only allowed through June 30th, 2020, and is applicable only to the 2019/20 award year.

Justin Draeger:

David, you have something to add on that?

David Futrell:

I just want to add, I see a question here about citizenship documentation, which is unrelated to the verification requirements. But since you could always accept a mailed photocopies that are not notarized of citizenship documents when they're unable to present in person. So that particular guidance is in the knowledge base. If you search for photocopied citizenship documents, you can find that guidance in the knowledge base. And if you want to write this down, it's KA-32952, KA-32952. That guidance has been in effect for a while and you can still use it.

Justin Draeger:

Okay. Karen, last question.

Karen McCarthy:

I'm struggling here, Justin. There are so many very detailed questions about R2T4, which is what we anticipated. But it is clear that we have a lot of work to do to get answers to all of these R2T4 issues. I'm wondering if we could have David review, and I'm sorry to ask you, I know you've been answering so many questions, David. But I wonder if we could have David review for everybody how the March 13th date plays into the R2T4 waiver, because there seems to be a lot of confusion about that.

Justin Draeger:

People are using it as a milestone, whereas really it's everything around that date.

David Futrell:

Correct. In order if you're choosing to use the authority to not return [inaudible 01:25:09] in the CARES act, the withdrawal doesn't have to be on or after March 13th. The withdrawal can be anywhere from the first day of the payment period to the last day of the payment period as long as that payment period has March 13th in it. Once you've made that distinction that that payment period includes March 13th, you can make a broad assumption and assume all of the students in the payment period are COVID related withdrawals. That's a choice. You may assume they're all COVID related withdrawals if there was an interruption in ground-based instruction, closed campus housing or facilities or other interruptions in instruction due to COVID-19. You can make a broad assumption for everybody in the entire payment period as long as March 13th is in there. It does not hinge, it doesn't have to be a withdrawal on or after March 13th. I hope I'm helping everyone get there with that.

Justin Draeger:

Okay, thank you David and Jill and Karen for helping us through all of this. Just as a reminder to folks, we do have a survey and part of what determines whether we continue to do these webinars is how many people are showing up for them and the survey responses. So please just take a quick second and complete that survey. It does help us construct our future webinars. I'd like to say thank you not only to our presenters, but to NASFAA members who are subsidizing these webinars that are open for folks during this crisis. If there's any indication, I realize when we started this webinar today, we had about 200 questions in the queue in the first 15 minutes. As we started answering questions, we were around 300. And now that we have gone through the Q and A we're at 500. So all of that is to say, we understand that there is a lot of confusion around a lot of different dates and timelines and what is applicable to what. We will continue to have these as long as they're helpful. And please stay in touch with the [NASFAA.org](https://www.nasfaa.org) COVID-19 web resource center. That's where we're publishing all of our articles and all of our Ask Greg's Q and A's. So thank you everyone. Till next time.

PART 4 OF 4 ENDS [01:28:13]