NASFAA's "Off the Cuff" Podcast – Episode 224 Transcript

OTC Ask Regs Experts: Spring Updates on HEERF Reporting and Clock Hour Programs

Justin Draeger:

Hey, everyone. Welcome to another edition of Off the Cuff. I'm Justin Draeger.

Jill Desjean:

I'm Jill Desjean with NASFAA's policy team.

David Tolman:

I'm David Tolman with NASFAA's training and regulatory assistance.

Justin Draeger:

First off, I just wanted to highlight for everybody, NASFAA is hosting our first 100% virtual conference on clock hours, clock hour programs. This will take place in just under a month, April 11th through 14th. This will include daily webinars that'll focus on topics like clock hour, SAP policies, distance education, compliance issues, other clock hour challenges. We'll cover everything from basic and advanced regulatory practices, dealing with clock hour programs in schools. This conference maybe most importantly is free for NASFAA members. It's quickly approaching, so register today and you can find that registration in our show notes. All right. Last week on the podcast, we had Scott Buchanan, who is the executive director of the Student Loan Servicing Alliance. We always ask for member comments. We did get quite a few last week, Hugh. What are the commenters saying?

Hugh Ferguson:

Yeah, lots of responses to this episode. We had one member write in and say that Scott Buchanan was an excellent addition to Off the Cuff today. The student loan industry is one that I have researched and studied extensively during my time in higher education. I'm always curious to hear from other individuals within that space. Thank you for continuing to provide relevant and educational content to NASFAA members.

Justin Draeger:

All right, very good. Happy to always try to diversify the content and what we're doing and as we've talked about in the last several months, we're trying different things on Off the Cuff to give NASFAA members and other podcast listeners perspectives from different folks. What other comments did we receive?

Hugh Ferguson:

Yeah, so we also got another comment, which read, "Today, I listened to Scott Buchanan of the Student Loan Servicing Alliance talk about how loan servicers aren't the bad guys, but where are leaders of groups who represent wronged borrowers? There are issues in financial aid that impact persons of color disproportionately than other groups. It would be nice to have voices that can speak to that perspective.

Justin Draeger:

I think that's a very fair point. On this podcast, we don't usually do it in a way that's much of a debate. We try to give people their voices and to that end, I think trying to give the advocacy groups that are working directly with borrowers and more specifically historically marginalized communities and peoples of color is a very good point and one that I think we can look to see if we can make happen in a future edition of Off the Cuff. Appreciate those comments, keep them coming. We do read all the comments that come in and take all of the suggestions very seriously.

Justin Draeger:

We want to provide content that's useful for you and sometimes challenges perspectives and provides new insights from people from different angles and perspectives. Anyway, keep sending us your comments. You can find the email address in our show notes. Welcome back gang. We have Jill and David back with us to help work through some of the hot regulatory topics and questions that are coming into the NASFAA office from all of our membership. Jill, you are sequestered in a bunker doing negotiated rulemaking this week and apparently a webinar for our grad professional schools yesterday, right?

Jill Desjean:

Yes.

Justin Draeger:

Was that you?

Jill Desjean:

That was me.

Justin Draeger:

Yeah.

Jill Desjean:

I was there.

Justin Draeger:

You are, for someone who's sequestered, you're doing a lot of things this week. So...

Jill Desjean:

Yeah. Yeah.

Justin Draeger:

David, you, as always have a beautiful background that makes me feel like that's not Idaho where you live.

David Tolman:

Yeah. Zoom does wonderful things-

Justin Draeger:

Okay.

David Tolman:

... doesn't it?

Justin Draeger:

Well, I know spring-

David Tolman:

It's St. Patrick's Day, I need some green.

Justin Draeger:

All right. Fair enough. I know spring is beautiful in Idaho, but it's not spring yet in Idaho. It can't be spring yet in Idaho.

David Tolman:

It is not.

Justin Draeger:

Okay.

David Tolman:

No.

Justin Draeger:

All right. Well, the cherry blossoms are blooming here in D.C. It's going to be a gorgeous couple weeks. I hope the both of you have some really upbeat and positive spring regulatory updates for us. Jill, let's start with you. I think what we're going to talk about again is HEERF reporting and some additional changes. Am I imagining it or is this like a... I know... We're not covering the same stuff. Are there literally this many changes coming to HEERF reporting every month?

Jill Desjean:

Yeah. I feel like I have to apologize off the bat. This isn't going to be positive spring news.

Justin Draeger:

No.

Jill Desjean:

You're exactly right. Yeah. We do keep talking about HEERF reporting, but it's because HEERF reporting keeps changing. We don't keep talking about the same exact thing.

Justin Draeger:

Okay. Is this a small change, like a tweak or a significant one?

Jill Desjean:

It's pretty significant. This change is to the Quarterly Budget and Expenditures Report, which is due on April 10th, not too long from now and institutions just for background on where we were, so we can understand where we're going. Institutions have been posting two quarterly reports on their websites since reporting requirements got instituted. There was one for their institutional share of spending and one for their student share spending. Then they had this separate annual report, which included data on both student share and institutional share spending. Now, moving forward, they will continue to post their student share reports on their websites as they always have. That was the first reporting requirement that ED came out with back in the, I want to say summer of 2020.

Jill Desjean:

But the institutional share quarterly report, the one that's called the Quarterly Budget and Expenditures Report has six new questions on it. They're largely copied from the annual report, but they're related to student share expenditures. On top of the existing institutional share questions on this QBER form, now schools will be answering more student share questions. Now schools are doing one quarterly report with just student share data, another quarterly report with both institutional and student data, and then an annual report with both institutional and student share data.

Justin Draeger:

Okay. That sounds like a lot.

Jill Desjean:

Mm-hmm (affirmative).

Justin Draeger:

Let's get to the workload in just a second. I'm curious about the specific questions that are added. What are the questions?

Jill Desjean:

Yeah. Like I said, they're copied and pasted from the annual report. There is a table for people who've been looking at the annual report, the revised one that was revised in January. There's a table where schools report the percentage of students who received emergency grants, how much students received in emergency grants by fund type. The quarterly form is now asking a question also from the annual report, asking if a school designated any HEERF funds for a future quarter for a specific purpose. If so, they have to list out by year where they've designated funds for the future. The lost revenue table in the annual report where schools detail the types of lost revenue they used HEERF fundings for, that will also be on this Quarterly Budget and Expenditures Report.

Justin Draeger:

Jill, in terms of timing, these are quarterly reports. Is it like, they're not going backwards?

Jill Desjean:

Right.

Justin Draeger:

This is for the quarter that they are reporting on?

Jill Desjean:

Right, right. Backwards to January 1st to March 31st for this April 10th report.

Justin Draeger:

They don't have to go back and amend any previous quarterly reports or anything?

Jill Desjean:

That's not our understanding, no.

Justin Draeger:

Okay. This does sound like a lot of work for schools and anytime people might not know this, but by law, any federal agency that's making changes to these sorts of things is required to provide a burden estimate. Where did the department fall? How much time do they think schools will be spending on this?

Jill Desjean:

On this quarterly report, the department used to estimate two hours per report, per quarter. Eight hours for the year. They did bump it up to five hours, so they're definitely acknowledging that it is a significant amount of extra work. Five hours per quarter, times four quarters is 20 hours just for this one. That's in addition to 40 hours for the annual and a half hour for each of the student share website reports. The total burden for HEERF reporting per year will be 62 hours according to the Department of ED and Department of ED estimates are frequently according to our members, not exactly high enough.

Justin Draeger:

I appreciate the commentary at the end because that's where I was headed, which is, we always hear that these estimates are ridiculously low, but even if we take them at face value, we're talking about one full-time person doing a week and a half worth of work just reporting on HEERF funds and for-

Jill Desjean:

Yeah.

Justin Draeger:

... offices that are already short-changed. I don't suppose these estimates are good news. However, if I'm in an aid office and I'm making the case to my administration about the resource needs in an aid office, I might use these burden estimates from the Department of Education as part of that justification, you have now a week and a half more work to do, potentially with fewer staff, depending on how you're staffed. All right, Jill. Aren't schools, I'm thinking about the HEERF's reporting and the spending that still has to be done, aren't schools wrapping up their HEERF spending, which then means that they're wrapping up their reporting? Why is the department changes so late in the game here if this is all prospective in nature?

Jill Desjean:

Yeah. It's a great question. We asked the department exactly that in our comments that we submitted on Monday. In the documentation that ED provided with the changes, they said their justification was that they would be, this is a quote, "Lacking critical information needed to monitor and provide technical assistance to HEERF grantees," which is kind of vague. The thing is, ED's been administering the program for two years without this information. It's hard to say we absolutely need this to administer the program at this late date. To your point, the last round of HEERF funds from the American Rescue Plan, the ARP, those dollars went out last month, last March, pardon me and many institutions have already fully expended those funds and submitted their final reports or they might be submitting their final report just this quarter. Maybe just have one quarterly report left to submit. Whatever critical information that department's going to get, it seems like it's going to be pretty limited given that schools are really winding down their HEERF spending at this point.

Justin Draeger:

Any remaining dollars may not be representative of how they spent the bulk of the dollars earlier in the grant period. So-

Jill Desjean:

That's a great point.

Justin Draeger:

I'm not even sure you could extrapolate something totally useful out of this. But that said, they need critical information to monitor and provide technical assistance and adding another three hours per person, per quarter of work is, I suppose, how they think they're going to get it. Okay, Jill, not the great news I was looking for on this beautiful spring day, but we'll...

Jill Desjean:

Maybe David's got it for you.

Justin Draeger:

Okay, David. David, I think we're going to talk a little bit about clock hour to credit hour conversions. David, we have your question. The questions that are coming in through AskRegs and through other channels at NASFAA. I take it this is one where people often get hung up, these challenges and clock hour to credit hour conversions and changes to the formula included in distance learning, final rules went into effect July 1, 2021. David, my first question is, does this apply only to clock hour programs?

David Tolman:

Yeah. Today, we're talking about clock hour to credit hour conversion and you would think based on that title, that it applies only to clock hour programs and it actually doesn't apply to clock hour programs at all. It actually applies to undergraduate credit hour programs, which do not lead to an associate's or a bachelor's degree. Usually, these are undergraduate certificate programs with some exemptions that we'll talk about in a minute.

Justin Draeger:

I see why schools would obviously be confused on whether the supplies of their credit hour certificate programs, why does the formula then refer to clock hours?

David Tolman:

Well, what schools do and this is for determining program eligibility, as well as student enrollment status is count the number of hours of instruction in the credit hour program, but using a clock hour definition. Then you take that number divided by 30, if your program is offered in semester credit hours or if it's offered in quarter credit hours, you divide by 20 and that will give you the adjusted number of credit hours for Title IV purposes.

Justin Draeger:

This isn't new. This formula has been around for a while. Why are we having questions about it today?

David Tolman:

Yeah. That's right. It's not new. It's been around for nearly 30 years, introduced in 1993, revised in 2010 and then revised again in 2021. For schools that know that this applies to programs offered at their institution, they need to be aware that there was a change to the formula. It no longer refers to any out of class hours, such as homework and it was included in the distance learning package, which also included return of Title IV funds and modules changes, which stole all the attention. But this was another change that happened in those rules. Many traditional schools are now creating certificate programs and they do this for a lot of reasons, a lot of them related to enrollment. But these rules will apply to those certificate programs, unless and these are the exceptions, all courses that are offered in the certificate program will fully transfer to a degree program offered by the school and at least one student graduated from that degree program during the two prior award years. Otherwise, if it doesn't meet it, then you need to make sure that you are applying this formula to your program.

Justin Draeger:

All right. If it meets those requirements, you apply the formula, walk us through how the formula works.

David Tolman:

Okay. A school starts by counting the number of clock hours of instruction using the regulatory definition of a clock hour. That's basically within a 60 minute timeframe, there's at least 50 minutes of a class or a lecture, it could be a lab, a laboratory or even a supervised internship, but homework is not included in that and that's one of the changes.

Justin Draeger:

Mm-hmm (affirmative).

David Tolman:

You count the number of clock hours and then divided by 30 for semester programs or divided by 20 for quarters. Then the result is a number of credit hours to be used for Title IV purposes and the result is typically, the number of credit hours for Title IV purposes is going to be less than the number of credit hours for academic purposes.

Justin Draeger:

I assume that has impacts for both program eligibility and student eligibility. Can you walk us through an example of how this would work?

David Tolman:

Yeah. Let's take a typical three credit hour class in a 15 week semester and the class meets three times per week, 50 minutes each class period. Each class would count as one clock hour because it meets the definition of at least 50 minutes in a 60 minute period. They meet three times per week. There are three clock hours per week. It meets for 15 weeks, so three times 15, that's a total of 45 clock hours. It's a semester program, so we'll divide the 45 clock hours by 30, which results in 1.5 credit hours and if a school awards credit hours in 0.5 increments, that class is worth 1.5 credit hours. Otherwise, it counts as one credit hour for Title IV purposes, even though three academic credits are being awarded for that class.

David Tolman:

Now, to understand it, let's compare it to a class maybe that meets twice per week for 75 minutes, each class period. Still, 150 minutes during the week, but it's structured to meet twice rather than three times. This is where it's really important because each class meeting is only going to count as one clock hour. The first 60 minute period meets the definition, then there's only 15 minutes remaining in the second 60 minute period. Those 15 minutes fall short of the 50 that are required. That 75 minute class only counts as one clock hour.

Justin Draeger:

Hey, David-

David Tolman:

It's twice per.

Justin Draeger:

Yeah, so David-

David Tolman:

Yeah.

Justin Draeger:

... let me ask a question there. If you have two 75 minutes, the 15 minute remainder can't be then put into the next class, the next, they don't roll over that way.

David Tolman:

Yeah, you can't carry it forward. You can't total it and then you can't say, okay, we've got total number of hours and we're going to divide by 30. You have to look at each hour separately.

Justin Draeger:

Okay. We've got two then, one hour blocks, even if it's 75 minutes.

David Tolman:

Yeah. Two one-hour blocks. That will be two hours per week, 15 weeks, 30 clock hours, divide that by 30 and then that class is worth only one credit hour for Title IV purposes. What you can have is a student who's enrolled in four classes, each with three academic credits for a total of 12 academic credits, but for Title IV purposes, the student might be enrolled either half-time or less than half-time, depending on how the classes are structured. That's looking at student eligibility, you have to do the same thing to determine the revised Title IV length of the program and sometimes this can result in a length that is less than the minimum of 16 semester credit hours or 24 credit hours.

Justin Draeger:

If that happens, then you could have an ineligible program, right? You're not meeting program eligibility requirements.

David Tolman:

Yeah. If you have less than 16, there are some provisions for short-term programs, which require some special approval, otherwise it's going to be an ineligible program.

Justin Draeger:

Okay. I think a lot of people now are, we're doing the math, but it's probably good to now revisit what we talked about at the very top of this, which is remind listeners of what programs this clock hour to credit hour conversion applies to.

David Tolman:

Yeah. It applies to credit hour, non-degree programs offered at an undergraduate level. These are typically certificate programs and all the classes in that program do not fulfill requirements of a separate degree program and if they do fulfill the requirements, then you have to demonstrate that at least one student has graduated from that degree program in the prior two award years. All of that, you're exempt. Degree programs are exempt, but otherwise you need to apply this formula.

Justin Draeger:

David, where can our listeners learn more about these conversions?

David Tolman:

There's an electronic announcement that the Department of Education posted last year that we can post with this podcast. Also, we have a NAASFA U course that's coming up on student eligibility where we will talk about this as well.

Justin Draeger:

Okay. Thanks very much, David. Always appreciate having you on. Take care.

David Tolman:

All right. Thank you.

Justin Draeger:

Let's go to our reporter and producer this week, Hugh Ferguson. Hugh, thanks for paying attention to everything going on in our news and reporting out through our daily Today's News newsletter. What's going on out there?

Hugh Ferguson:

Yeah, thanks Justin. This week is all about negotiated rulemaking, as you mentioned with Jill. It's the session for the Institutional and Programmatic Eligibility Committee and it's their last week in session and they're currently engaged in consensus checks and going through amended regulatory language from the Department of Education. As a reminder, some of the topics being covered include gainful employment, the 90-10 rule, administrative capability and there are a few more issue papers that are being brought up. For the most up-to-date coverage, members should see our negotiated rulemaking link, which is available on the show notes.

Justin Draeger:

Yeah, appreciate it, Hugh. Negotiated rulemaking is hard, made even harder when it's, I think, harder when it's virtual. That said, you and Jill on the team have done a great job keeping members informed and keeping our negotiators informed as well behind the scenes on any statistics or information that they need. People can check that out in Today's News. What else is going on out there?

Hugh Ferguson:

Yeah, so earlier this week, it's hard to believe, but President Biden formally signed the omnibus package into law. The bill was unveiled just a week ago and it contains $24.6 billion in federal student aid programs, which includes a $400 increase to the maximum PELL Grant award, bringing the total to $6,895 for the '22-'23 award year.

Justin Draeger:

This is something we've been talking about as a might happen for '22-'23, but now we can say it is happening. It will be $6,895. NASFAA published some Pell schedules for people to use for internal purposes. Hugh, I think we published that on maybe Monday or Tuesday. People, we can link to that in the show notes. Then of course, we are waiting for the final tables from the Department of Education, which we would advise schools to wait for before you actually send something out to your students. Otherwise, for your internal systems, if you wanted to run any modeling, feel free to use the NASFAA tables on our website. Great. Anything else going on, Hugh?

Hugh Ferguson:

Yeah, and then just lastly, there seems to be a really gradual drip in messaging surrounding the potential for another extension of the student loan moratorium. Leaders in the House and Senate education committees are now urging Biden to extend the relief program through the rest of 2022 and are citing the pandemic inflation and supply chain issues. An interesting point made in this request by Senator Patty Murray's press release was, "Until we fix our student loan system, the student loan payment pause must continue to provide borrowers with much needed relief." We'll be waiting to see how the White House responds and keep membership up to date on the latest developments.

Justin Draeger:

As soon as we know, we'll make sure schools knows. Thanks everybody for listening to another edition of Off the Cuff. Again, send us your comments. Remember to subscribe, tell a friend, if you get a chance, rate us out on your podcast platform of choice. That helps other people find the content that might be useful to them. We'll talk to you again very, very soon.