



**POLICIES AND  
PROCEDURES REVIEW:  
COMPETENCY BASED EDUCATION  
California Community College  
Chancellor's Office**

**Prepared by Holly Gallagher,  
Independent Consultant**

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## **ABOUT BLUE ICON ADVISORS LLC**

Blue Icon Advisors is NASFAA’s financial aid consulting service for colleges, universities, and career schools. For over 50 years, NASFAA has served as a trusted resource for financial aid administrators. That legacy of support and commitment to excellence continues with Blue Icon Advisors. Blue Icon’s team of experienced consultants are ready to help schools with a range of services, including compliance and operational evaluations and improvement plans, writing and reviewing policies and procedures, developing and delivering customized staff training, providing interim leadership, coaching and support, and consulting on financial aid and enrollment management issues.

## **ABOUT NASFAA**

The National Association of Student Financial Aid Administrators (NASFAA) is the primary professional association representing the student financial aid interests of institutions of postsecondary education in the United States. NASFAA’s vision is shaping the future by promoting student access and success in higher education. NASFAA provides professional development and services for financial aid administrators; advocates for public policies that increase student access and success; serves as a forum on student financial aid issues; and is committed to diversity throughout all activities.

## **EXECUTIVE SUMMARY**

During the period of March 2024 to June 2025, Holly Gallagher, an independent consultant with Blue Icon Advisors, worked with the California Community College Chancellor's Office by invitation to develop a companion document to California Community College member institutions' policies and procedures. This companion document focuses on policy and procedure updates for direct assessment competency-based education (DA CBE) programs and federal Title IV student aid regulations. The following report identifies areas of member institutions' existing policies and procedures manuals that should be updated as well as areas that can remain the same.

As the member colleges of the California Community College system launch direct assessment competency-based education (CBE) programs, it is important to evaluate and structure financial aid practices early to meet federal, state, and college rules and regulations, while also meeting the unique needs of direct assessment CBE students. This policies and procedures document achieves two important goals outlined by the California Community College Chancellor's Office. First, it functions as a supplement to a member institution's existing Policies and Procedures (P&P) manual, showing where updates are necessary, and where current policy and procedure updates are not required, when adding a direct assessment CBE program. Second, it provides guidance and processing examples specific to the administration of direct assessment CBE and federal Title IV student aid programs. The document supports consistency, clarity, and fairness for all students, no matter the term or calendar structure used by the member institution. Colleges implementing direct assessment CBE should supplement their current financial aid policies and procedures with the recommendations included in this document, for smooth and successful direct assessment CBE implementation.

## **POLICIES AND PROCEDURES**

### **Section 1: Manual Introduction**

- 1.1: Introduction to the Financial Aid Office: ensure any new staff, locations, email/phone/website detail specific to the DA CBE program are added.
- 1.2: Purpose and Philosophy of the Financial Aid Office: should not change
- 1.3: Policies and Procedures Development Responsibilities: should not change; however, if there will be new processes for the DA CBE P&P development, ensure any involved staff, offices, or documents/methods are added to the appropriate section.
  - 1.3.1: Responsible Personnel: should not change
  - 1.3.2: Documents and Methods: should not change
- 1.4: Implicit Bias Awareness & Individual Development: should not change
- 1.X: Reserved for Institution Use: If CCCC Title V guidance<sup>1</sup> is linked, make sure to include DA CBE detail.

### **Section 2: Administrative Organization and Office Management**

- 2.1: Institutional and Divisional Structure: if new offices have been created, or offices will newly be included in the organizational structure because of DA CBE implementation, add those details in this section.
- 2.2: Financial Aid Office Structure and Position Responsibilities: update this section to add any new staff and roles that will be created or amended as part of a DA CBE implementation.
  - 2.2.1: Personnel Policies: should not change
- 2.3: Frequent Contact Information: ensure contact information is updated to include any new information related to DA CBE (for example, new websites, emails, or phone numbers created for DA CBE programs), if needed.
  - 2.3.1: Third-Party Servicers: add any third-party servicers that have been retained as part of a DA CBE implementation.
- 2.4: General Financial Aid Office Administration: should not change; however, if any new sites or office hours are created for DA CBE, add those details to this section.
  - 2.4.1: Accommodations for Disabilities: should not change
  - 2.4.2: Staff Customer Service Interactions: if any new methods of communication exist for DA CBE, add those details to this section. For example, if new software is implemented for DA CBE and you have enabled student communication with the Financial Aid Office through the software, add and provide the procedure for handling those communications to this section.
  - 2.4.3: Treatment of Correspondence/Forms: if DA CBE implementation will involve any new types of form or communication submission (for example, if there is a new vendor being used for DA CBE form submission), add those details to this section.

<sup>1</sup> California Code of Regulations>Title 5. Education>Division 6. California Community Colleges>Chapter 6. Curriculum and Instruction>Subchapter 3. Alternative Instruction Methodologies>Article 6. Direct Assessment Competency-Based Education

2.4.4: Incoming Electronic Communications: if there are new ways of receiving incoming communications from DA CBE students describe how they will be handled in this section; for example, students can message the Financial Aid Office through a new software platform.

2.4.5: Confidentiality of Student Records: should not change

2.5: Records Management and Retention: if new software is implemented for processing DA CBE financial aid, it remains subject to the same FERPA and GLBA standards as the main SIS. Add details about new information systems that will be added as part of the DA CBE implementation, if applicable. Detail safeguards and incident response plans for major data breaches in the new system.

2.5.1.: Safeguarding Electronic Records: if new software is implemented for DA CBE, ensure security is adequate. Also, detail any new protocols that have been put in place to ensure record security in the new system.

2.6: Information Sharing and the Family Educational Rights and Privacy Act: the FERPA policy should not change. If any records for DA CBE students will be processed in a separate software system, ensure access protocols in the new system follow the same access guidelines being used for record access in the current SIS.

2.6.1: Internal Disclosure: should not change

2.6.2: External Disclosure: should not change

2.6.3: Authorization Consent Form: should not change. FERPA release procedures should be aligned regardless of student type or program, even if financial aid for DA CBE students will be processed in a different system. FERPA release documentation should be retained in the same location for all students at the college, regardless of a student's program type.

2.6.4: Information Release Via Telephone: should not change

2.6.5: FERPA Related Recordkeeping Requirements: should not change. If financial aid for DA CBE students is processed in a separate system, the general practice should be to include a disclosure record in each system from which information has been disclosed. For example, a student in a Single Audit sample whose financial aid for the audit period was processed only in the main SIS should have a note of the record disclosure stored in the SIS. For a student whose DA CBE financial aid for the audit period was wholly processed in a different software system than the main SIS, that software system should contain a record of the information disclosure.

2.X: Reserved for Institution Use

### **Section 3: Financial Aid Programs**

3.1: Institutional Eligibility Requirements: should not change

3.1.1: Program Eligibility: all institutions adopting DA CBE should update this section to reflect their use of direct assessment. Institutions adopting new calendar structures (subscription-based, nonterm) and academic year definitions should detail those in this section.

General Calendar Considerations:

Academic Year:<sup>2</sup>

- The Title IV academic year that a school defines for a program must meet the regulatory minimums for both clock or credit hours and weeks of instructional time. An academic year must include at least 30 weeks of instructional time and, for undergraduate programs, either 24 semester/trimester or 36 quarter credit hour equivalents per year.

<sup>2</sup> 2024-25 FSA Handbook, Vol. 3, Ch. 1

Academic Calendar Options:

- Standard term: all classes are scheduled to begin and end within a set time frame. Delivered in credit hours.
- Nonstandard term: all classes are scheduled to begin and end within a set time frame. Delivered in credit hours.
- Nonterm: classes do not begin and end within a set time frame. May be delivered in credit or clock hours. Programs offered in terms may need to be administered as nonterm (for example, if terms overlap).
- Subscription-Based: a term-based program in which the school charges a student for each term on a subscription basis with the expectation that the student will complete a specified number of credit hours, or the equivalent, during that term. However, classes in a subscription-based program are not required to begin or end within a specific timeframe in each term, as is the case in a term-based calendar that is not subscription-based.

Terms<sup>3</sup>:

- Standard terms: may not overlap
  - Semester/Trimester: 14-21 weeks in length (NOTE: while standard terms may be 14 weeks in length, two 14-week terms will not meet the 30-week minimum AY standard)
  - Quarter: 9-13 weeks in length (NOTE: while standard quarters may be 9 weeks in length, three 9-week terms will not meet the 30-week minimum AY standard)
- Nonstandard term: terms whose length does not meet the semester/trimester or quarter standard. Terms may not overlap.
- Nonterm: classes offered in clock hours are always nonterm. Except for subscription-based programs, the existence of courses without set start and end dates, courses that overlap terms, or courses that do not begin and end within a term will make the calendar nonterm.
- Subscription period: considered a term, minus the requirement of classes needing to start and end during the period. Can be standard or nonstandard; the same week definitions apply.

Payment Periods:

- Credit hour programs with standard terms, or substantially equal nonstandard terms (i.e., nonstandard terms where no term is more than two weeks longer than another): payment period is the term.
- Nonstandard-term programs that are not substantially equal in length (i.e., non-standard terms where one term is more than two weeks longer than another):
  - Federal Pell Grant, FSEOG: payment period is the term
  - Direct Loan: payment periods use the nonterm payment period definition
- Nonterm programs: Payment period one lasts until the student completes half the hours **and** weeks in the AY. Payment period two lasts until the student completes all the hours and weeks in the AY.

<sup>3</sup> 2024-25 FSA Handbook, Vol. 3, Ch. 1

- 3.1.1.1: Ineligible Programs: if any new DA CBE programs will be offered that are not eligible for Title IV funds, list them here.
- 3.1.1.2: Evaluation of New Programs: should not change. However, the policy may be updated to indicate under what circumstances subsequent DA CBE programs would be required to receive ED approval for Title IV funding, and what steps would be involved.
- 3.1.2: Administrative Capability: should not change
  - 3.1.2.1: Provisions: should not change
  - 3.1.2.2: Administration: should not change
  - 3.1.2.3: Responsibilities of Institutional Offices: should not change
  - 3.1.2.4: Separation of Duties: should not change
  - 3.1.2.5: Records: should not change
  - 3.1.2.6: Electronic Processes: if DA CBE students will be able to use electronic signatures in a new system, include that detail here. For example, there is new software for DA CBE with this functionality enabled.
  - 3.1.2.7: Checking Validity of High School Completion: should not change
  - 3.1.2.8: Information Discrepancies: should not change
  - 3.1.2.9: Reviews & Proceedings: should not change
  - 3.1.2.10: Cohort Default Rates: should not change
- 3.1.3: Financial Responsibility: should not change
- 3.1.4: Reporting & Reconciliation: policies should not change. If DA CBE aid is being administered in a separate software system, ensure the institution's procedures are updated to include any new reports or processes used for the reconciliation of funds administered to DA CBE students.
  - 3.1.4.1: Fiscal Operations Report and Application to Participate: should not change. If DA CBE aid is being administered in a separate software system, institutions must ensure they integrate information from both systems into the annual FISAP report, and detail how this will be accomplished.
  - 3.1.4.2: National Student Loan Data System: should not change
  - 3.1.4.3: Program-Specific Reporting: policies should not change. If DA CBE aid is being administered in a separate software system, ensure the institution's procedures are updated to include any new reports or processes used for reconciliation of funds administered to DA CBE students.
- 3.1.5: Copyright Infringement and Peer-to-Peer File Sharing: should not change
- 3.2: General Title IV Student Eligibility Requirements: The general student eligibility criteria for receipt of Title IV aid will not change. Ensure any new processes for establishing DA CBE eligibility, such as admission to the program, determination of registration and enrollment status, acceptance of transfer credit, and handling of credit for prior learning, are documented. If eligibility processing for DA CBE students will occur in a separate software system, ensure those processes are documented in Sections 7 (File Review) and 12 (Satisfactory Academic Progress).
- 3.3: Federal Financial Aid Programs in which Institution Participates:
  - Regulatory requirements are generally the same. Title IV funds may only be used to support instruction provided or overseen by the institution.
  - If aid is administered to DA CBE students in a separate software system, and/or using a different academic calendar, procedures should be updated to include the new processes.
- 3.3.1: Federal Work-Study (FWS) Program: Employment under FWS should be reasonably available, to the extent of available funds, to all eligible students. Ensure DA CBE students have an opportunity to participate in the FWS program.

3.3.1.1: General Employment Conditions & Limitations: should not change

3.3.1.2: Federal Share Limitations: should not change

3.3.1.3: Fiscal Procedures & Recordkeeping: should not change

3.3.1.4: Job Location and Development Program: should not change

3.3.2: Second Federal Program (Federal Pell Grant):

- Federal Pell Grant for DA CBE programs in standard term calendars that follow the institution's standard (SAY) calendar should be processed using the same Pell formula and crossover aid period rules used for non-DA CBE students. DA CBE Federal Pell Grant award amounts will vary based on a student's enrollment intensity. See Section 11 for additional considerations about disbursement.
- For DA CBE programs using subscription-based standard term calendars:
  - The Federal Pell Grant formulas (1, 2, or 3) that may be used will vary depending on how the institution defines the program's academic year, academic calendar and the term lengths. Refer to the FSA Handbook, Volume 7, Chapter 4, for additional information.<sup>4</sup>
  - The Federal Pell Grant award for the subscription period is based on the enrollment status set for the student. For example, a student with a 50% enrollment intensity status for the subscription period may not receive more than a 50% Pell award, even if they attend coursework that constitutes more than 50% enrollment intensity. However, the school must document that the student's attendance in the subscription period comprises at least the minimum enrollment status for the subscription period. If a student with a 50% enrollment intensity semester enrollment status only began attendance in three units, for example, then the Federal Pell Grant must be adjusted downward for 25% enrollment intensity. A student's attendance in course(s) that overlap subscription periods can be counted toward Federal Pell Grant eligibility in either subscription period. However, a course can only be counted for Federal Pell Grant eligibility once.
  - Institutions who offer subscription-based programs that follow the institution's SAY calendar should follow the same crossover aid period rules used for non-DA CBE students.
  - Institutions using a non-SAY calendar should award the Federal Pell Grant for the period that is most advantageous for the student during crossover aid periods, to the extent possible. Since non-SAY calendars may cross aid years, the student may need to submit a FAFSA for more than one aid year to be funded with the Federal Pell Grant for their entire award year.
- Nonterm DA CBE students are always considered full-time and receive 100% enrollment intensity Federal Pell Grant awards. Nonterm programs must use Pell Formula 4. To the extent possible, if the payment period is a crossover period, award the Federal Pell Grant for the period that is most advantageous for the student. Since DA CBE nonterm programs are self-paced, the student may need to submit a FAFSA for more than one aid year to be funded with the Federal Pell Grant for their entire award year.

<sup>4</sup> 2024-25 FSA Handbook, Vol. 7, Ch. 4

3.3.3: Third Federal Program (IASG): n/a (now Federal Pell Grant under Special Rule)

3.3.4: Fourth Federal Program (FSEOG): FSEOG should be made reasonably available, to the extent of available funds, to all eligible students. Ensure DA CBE students have an opportunity to receive FSEOG funds.

3.3.5: Fifth Federal Program (TEACH Grant): not offered by any CCCS school

3.3.6: Sixth Federal Program (Federal Direct Student Loan)

**General Annual Loan Limit Progression Measures<sup>5</sup>:**

**Standard Academic Year (SAY):** traditional academic calendar – fall, spring, and summer terms, or fall, winter, spring, and summer quarters, that **begin and end at approximately the same time each year.**

**Borrower-Based Academic Year (BBAY):** does not have fixed beginning and end dates; “floats” with student attendance and progression.

- BBAY 1: credit hour programs, including DA CBE courses using credit-hour equivalencies, requires SAY and standard terms or SE9W nonstandard terms
- BBAY 2: credit hour programs, including DA CBE courses using credit-hour equivalencies, NOT using SAY; for example, multiple starts throughout the year, with standard terms or SE9W nonstandard terms
- BBAY 3: clock hour, including DA CBE courses using clock-hour equivalencies, nonterm, non-SE9W nonstandard terms, or standard/nonstandard terms that do not meet the SAY, BBAY 1, or BBAY 2 definitions.

**Proration:** all loans are subject to proration when an undergraduate student’s remaining period of study is less than an academic year. See 2024-25 FSA Handbook, Vol. 8, Ch. 5 for examples.

**Calendar-Specific Guidance:**

- Federal Direct Student Loan processing for DA CBE programs in standard term calendars that follow the institution’s standard (SAY) calendar may remain generally the same as processing for the non-DA CBE programs (SAY or BBAY1). There is no minimum completion requirement to progress to the next payment period and receive a disbursement. If a student’s course completion in a given term moves them from a first-year student in Term 1 to a second-year student in Term 2, they may receive a grade level loan increase in Term 2. Students become eligible for new annual loan limits at the start of the new academic year. See section 11 for additional considerations about disbursement timing.
- For DA CBE programs using subscription-based standard term calendars:
  - Programs following the institution’s standard academic year may use **SAY** or **BBAY 1** progression rules.
  - Subscription-based programs not using a traditional academic calendar, for example, multiple academic year starts throughout the year, will also have defined award years and terms, and the **BBAY 2** model must be used to determine progression.

<sup>5</sup> 2024-25 FSA Handbook, Vol. 8, Ch. 6

- While a student does not have to attend or complete at least a half-time courseload in a subscription period to receive loans for the period, the institution must establish an academic plan with students in subscription-based programs each academic year, to ensure that the student plans to complete at least half-time coursework.<sup>6</sup>
- If the student does not plan to attend at least half-time, they are not eligible to receive loans.
- Students in subscription programs become eligible for new annual loan limits at the start of the new academic year. If completion in a given term moves them from a first-year student in Term 1 to a second-year student in Term 2, they may receive a grade level loan increase in Term 2.
  - If the student's academic year began during a crossover period, and the student's original loan was awarded and originated based on the FAFSA for the early award year, the student may need to complete the FAFSA for the later award year in order to be awarded the increase, if the term the student becomes eligible for the grade level increase begins after the crossover period.
- Unlike standard term programs, students in subscription-based programs become subject to credit completion requirement standards beginning with the third payment period. At that point, to receive additional disbursements, the student will need to have completed the required credit hours, in addition to beginning the next payment period. Therefore, a student may become eligible for the new annual loan amount at the start of the next award year, or for a midyear increase for a grade-level progression, but they must also meet the cumulative credit standard to receive the loans. See section 11 for additional information about disbursement.
- Nonterm DA CBE students' aid year dates and lengths will fluctuate depending on when the student begins attendance and the pace at which the student progresses through the program; annual limit progression is determined using **BBAY 3**. Nonterm DA CBE academic years must have a defined number of weeks and credit hours. Students must complete at least half of the number of weeks and units before progressing to the next payment period. All weeks and units must be completed before the student progresses to the next aid year.
  - For example, a student eligible for an annual Direct Loan amount of \$9,500 in a 48-week, 24 credit-equivalent nonterm academic year can receive a disbursement of \$4,750 at the start of the first payment period. The second payment period starts after the student has attended for at least 24 weeks and completed at least 12 units; they are eligible to receive the second loan disbursement at that time. The student's next award year will begin once the student has completed both 48 weeks and 24 units. If the student completes 24 units but has only attended 40 weeks, the student remains in payment period 2 of the first AY and is not yet eligible for their next annual loan limit. Similarly, a student who has completed 48 weeks but has not completed 24 units also has not completed the aid year. The students must complete both the number of weeks and units before progressing to their next aid year and new annual loan eligibility.

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<sup>6</sup> DCL ANN-21-07, Subscription-Based Programs, 5/10/2021

- NOTE: If the student's remaining portion of the program is less than one academic year in length, please see 2024-25 FSA Handbook, Vol. 3, Ch. 1, Example 7 for details on calendar, and 2024-25 FSA Handbook, Vol. 8, Ch. 5, Example 2 for details on prorating loans.

3.3.7 Seventh Federal Program: n/a

3.4: State Aid Programs in which Institution Participates: **3.4 section is out of scope**

3.4.1: First State Program (State Grant)

3.4.2: Second State Program (EG: State Work Study)

3.4.3: Third State Program (EG: Out of State Programs Which Can be used at your school)

3.5: Institutional Aid Programs: **3.5 section is out of scope**

3.5.1: First Institutional Program (EG: Dean's Scholarship)

3.5.2: Second Institutional Program (EG: Alumni Loan Program)

3.6: Other Aid Programs: **3.6 section is out of scope**

3.6.1: First Other Program (Vocational Rehabilitation)

3.6.2: Second Other Program (Health and Human Services Professions Student Aid Program):

3.X: Reserved for Institution Use

#### **Section 4: Institutional Requirements Relating to Educational Loans**

4.1: Private Education Loan Disclosures: should not change

4.2: Preferred Lender Arrangements: should not change

4.2.1: Preferred Lender Lists: should not change

4.2.2: Preferred Lender Arrangement Disclosures: should not change

4.2.3: Preferred Lender Arrangement Annual Report: should not change

4.2.4: Marketing of Private Education Loans: should not change

4.2.5: Preferred Lender Arrangement Code of Conduct: should not change

4.3 Private Education Loan Applicant Self-Certification Form: should not change

4.4: Direct Loan Disclosures: should not change

4.X: Reserved for Institution Use: should not change

#### **Section 5: Student Consumer Information Requirements**

5.1: Federal Student Consumer Information Requirements: should not change

5.1.1: Notice to Enrolled Students: should not change

5.1.2: Financial Aid Information: ensure aid disbursement and Satisfactory Academic Progress (SAP) details specific to DA CBE programs are added to the information provided to students. Institutions using subscription-based calendars for DA CBE programs should ensure the course completion requirements for disbursement are clearly detailed.

5.1.3: Institutional Information: should not change

5.1.4: Completion or Graduation Rate: should not change

5.1.5: Annual Security Report: should not change

5.1.5.1: Timely Warning and Emergency Notifications: should not change

- 5.1.5.2: Campus Crime Log: should not change
- 5.1.6: Student-Athlete Completion or Graduation Rate: should not change
- 5.1.7: Athletic Program Participation and Financial Support Report: should not change
- 5.1.8: Annual Fire Safety Report: should not change
- 5.1.8.1: Fire Log: should not change
- 5.1.9: Other General Disclosures: should not change
- 5.1.10: Drug and Alcohol Abuse Prevention Information: should not change
- 5.1.11: Voter Registration Information: should not change
- 5.1.12: Peer-to-Peer File Sharing: should not change
- 5.1.13: Arrangements with Financial Account Providers, Including Tier One and Tier Two Arrangements: should not change
- 5.2: State-Required Consumer Information: should not change
- 5.3: Accrediting Agency Consumer Information: should not change
- 5.4: Title IV Loan Counseling: should not change. However, if DA CBE loans are administered in a separate software system, ensure procedures are updated and detail how the institution will document that student loan counseling requirements are monitored.
- 5.4.1: Entrance Counseling: should not change. However, if DA CBE loans are administered in a separate software system, ensure procedures are updated to indicate how the institution will document that DA CBE students are being notified about the need for entrance counseling and ensure completion status is being checked prior to disbursement of funds.
- 5.4.2: Exit Counseling: should not change. However, if DA CBE aid is being administered in a separate software system, ensure the institution's procedures are updated to document how the institution will identify and notify DA CBE students about exit counseling requirements to students who cease at least half-time attendance, withdraw, or are nearing degree completion.
- 5.5: TEACH Grant Counseling: n/a for CCCS institutions
- 5.5.1: Initial Counseling: n/a
- 5.5.2: Subsequent Counseling: n/a
- 5.5.3: Exit Counseling: n/a
- 5.X: Reserved for Institution Use

## **Section 6: Applications and Forms**

- 6.1: Application Process: If DA CBE aid applications will be processed in a separate software system, add those procedures in this section.
- 6.2: Forms: Provide specific details in this section regarding any supplemental institutional aid application processes specific to DA CBE students.
- 6.3: Deadlines: if DA CBE programs will be processed under a different calendar than the existing SAY, update this section to detail any new deadlines.
- 6.4: Document Assignment, Collection, and Tracking: if the institution will process DA CBE student financial aid using the same software system and academic calendar, there will likely be no changes. If DA CBE students will be processed under a different calendar, in a different software system, or with a different third-party vendor, ensure any new processes are detailed in this section.
- 6.5: Pre-Packaging Appeals: should not change
- 6.X: Reserved for Institution Use

## **Section 7: File Review and Verification:**

Policies generally should not change. If DA CBE student file reviews will be processed in a separate software system, new procedures must be outlined in this section.

7.1: Verification: should not change

7.1.1: Selection of Applicants to be Verified: should not change

7.1.2: Acceptable Documentation and Forms: should not change

7.1.3: Data Elements to be Verified: should not change

7.1.4: Conflicting and Inaccurate Information: should not change

7.1.5: Student Notification of Verification Changes: should not change

7.1.6: Interim Disbursements: should not change

7.2: Clearance of Database Matches, Reject Codes, C-Codes, Comment Codes, and Other Edits: should not change

7.2.1: Social Security Administration (SSA): should not change

7.2.2: Department of Homeland Security (DHS): should not change

7.2.3: [Reserved]

7.2.4: National Student Loan Data System (NSLDS): should not change

7.2.5: Department of Justice (DOJ) Via ED Hold File: should not change

7.2.6: Department of Defense (DoD): should not change

7.2.7: [Reserved]

7.2.8: Unusual Enrollment History (UEH): should not change

7.3: Review of Subsequent ISIR Transactions and Postscreening: should not change

7.3.1: Defaults: should not change

7.3.2: Overpayments: should not change

7.3.3: Change in Disability Status: should not change

7.3.4: Postscreening Process: should not change

7.4: Additional Institution-Specific Data Elements: should not change

7.X: Reserved for Institution Use

## **Section 8: Student Budgets**

8.1: Various Student Populations:

For all DA CBE students, the budget should include tuition and fee amounts appropriate for the student's primary program and enrollment level, and all living situations accounted for, such as off campus, with family, and active-duty military (who should not have a housing component due to their Basic Allowance for Housing).

- DA CBE programs in standard term calendars that follow the institution's standard (SAY) calendar:
  - To offer DA CBE coursework in standard terms, students must be expected to start and finish competencies within the established term dates. Since the courses are self-paced, the course may initially be presumed to have a duration from the beginning of instruction until the end of the term.

However, the time the student is enrolled in a competency is considered a module.<sup>7</sup> The module begins when the student begins working toward demonstrating mastery of the competency and ends when the student has demonstrated mastery of the competency. Therefore, no living expenses may be included that are associated with periods when the student is not working toward one or more competencies.<sup>8</sup>

- See section 8.2 for example.
- Standard Term Subscription-Based (SAY or Non-SAY)
  - The cost of attendance (COA) should be based on the length of the subscription period and the costs associated with the program and enrollment status. Since subscription-based calendars are not considered to be offered in modules and are associated with a single enrollment status per subscription period, the COA should not be recalculated for the student's actual enrollment, or for withdrawals prior to the end of the subscription period.
  - See section 8.2 for examples.
- Nonterm
  - The cost of attendance should always be based on the number of weeks in the defined academic year, and a full-time enrollment level. The cost of attendance should not be increased or truncated for the weeks or units in which students are actually enrolled.<sup>9</sup>
  - See section 8.2 for example.

8.2: How Budgets are Derived and Updated: Unless it is determined that the DA CBE population has unique living expense costs, institutions should adapt existing living expense methodologies based on the number of weeks in the subscription period, payment period or module (for competencies in standard terms treated as modules). Programs offering DA CBE in standard terms should detail how they will track and update costs of attendance as students change enrollment levels and weeks of attendance within the term.

**DA CBE Cost of Attendance Calculation Examples: Below are examples of how an institution may choose to adapt their existing cost of attendance methodology for DA CBE students in Standard Term, Subscription-Based: SAY, Subscription-Based: Non-SAY, and Nonterm calendars.**

<sup>7</sup> <https://www.ed.gov/laws-and-policy/higher-education-laws-and-policy/higher-education-policy/direct-assessment-competency-based-programs>, A13.

<sup>8</sup> 2024-25 FSA Handbook, Vol. 3, Ch. 2, *Additional COA Considerations>Periods of Non-Attendance*

<sup>9</sup> One exception is when the remaining portion of the program is less than one year in length; see 2024-25 FSA Handbook, Vol. 3, Ch.1, Example 7 for additional detail

Examples will reference California Student Aid Commission’s (CSAC) 2025-26 Student Expense Budget for students living in off-campus housing.<sup>10</sup>

Allowance Category	Off Campus Housing Values
Tuition and Fees	Actual Charges
Books and Supplies	\$1,089
Food-per month	\$837
Food-9-month AY	\$7,533
Housing-per month	\$1,691
Housing-9-month AY	\$15,219
Transportation-per month	\$221
Transportation-9-month AY	\$1,989
Personal/Miscellaneous-per month	\$563
Personal/Miscellaneous-9-month AY	\$5,067
Loan Fees	Actual or Average

**Example 1: DA CBE Program Offered in Standard Terms using the Institution’s Standard Academic Calendar (fall and spring semesters, summer is optional)**

Standard Academic Year is fall and spring terms, which each have 16 weeks of instruction. The fall term dates are 9/1/25-12/20/25 (111 days, no scheduled breaks > 5 days). Instruction starts on Mondays.

Since it is known that DA CBE students may not attend each week in the term, the school decides to determine a per-week amount of durational living expenses, by dividing the per-month values by four.

The Institution has estimated average loan fees incurred by their students are \$84 annually, which is split between fall and spring. DA CBE students have the same books and supplies expense as students in their non-DA CBE programs. The Institution’s COA policy uses the assumption that the CSAC annual books and supplies cost is for 24 units and therefore uses \$45/unit (\$1089/24) for its book and supply amount.

Allowance	Off Campus Housing
Tuition and Fees	\$46/unit
Books and Supplies-per unit	\$45/unit
Food-per week	\$209
Housing-per week	\$423
Transportation-per week	\$55
Personal/Miscellaneous-per week	\$141
Loan Fees	\$84

<sup>10</sup> <https://www.csac.ca.gov/post/student-expense-budget> > 2025-26 Student Expense Budget

- The student is registered in Course 1 and Course 2 (3 credits per course) on 8/31/25.
- The student begins enrollment in Course 1 on 9/15/25 (Week 3). Living expenses for Weeks 1 and 2 may not be included in the cost of attendance. The maximum living expense budget duration is 14 weeks (Weeks 3-16). The student's budget is half-time because the student is scheduled to attend half-time.
- Fall Semester Cost of Attendance at start of first module:
  - Tuition: 6 units \*\$46=\$276
  - Books/Supplies: 6 units\*\$45=\$270
  - Food: 14 weeks\*\$209=\$2,926
  - Housing: 14 weeks\*\$423=\$5,922
  - Transportation: 14 weeks\*\$55=\$770
  - Personal: 14 weeks\*\$141=\$1,974
  - Loan fees: \$42
  - Total Fall Budget: \$12,180
- Student masters Course 1 on 10/10/25 (Week 6). The student has not started working toward competencies in Course 2. The student provides written confirmation they will begin enrollment in Course 2 on 11/3/25, therefore they are not considered a withdrawal.
- The student begins work on Course 2 competencies on 11/3/25 (Week 10). Living expenses for Weeks 7-9 must be excluded from the budget, since the student was not working toward any competencies. The budget cannot include living expenses for more than 11 weeks (4 weeks for Course 1, and presumed expenses for enrollment in Course 2 during Weeks 10-16).
- Fall Semester Cost of Attendance at start of second module:
  - Tuition: 6 units \*\$46=\$276
  - Books/Supplies: 6 units\*\$45=\$270
  - Food: 11 weeks\*\$209=\$2,299
  - Housing: 11 weeks\*\$423=\$4,653
  - Transportation: 11 weeks\*\$55=\$605
  - Personal: 11 weeks\*\$141=\$1,551
  - Loan fees: \$42
  - Total Fall Budget: \$9,696
- If the student masters Course 2 on 12/6/25 (Week 14) and does not begin any other coursework in the term, living expenses for Weeks 15-16 must be removed from their cost of attendance. The Course 1 module was four weeks, and the Course 2 module was five weeks, so their budget may only include nine total weeks of living expenses.
- Final Fall Semester Cost of Attendance:
  - Tuition: 6 units \*\$46=\$276
  - Books/Supplies: 6 units\*\$45=\$270
  - Food: 9 weeks\*\$209=\$1,881
  - Housing: 9 weeks\*\$423=\$3807
  - Transportation: 9 weeks\*\$55=\$495
  - Personal: 9 weeks\*\$141=\$1,269
  - Loan fees: \$42
  - Total Fall Budget: \$8,040

- The fall and spring budgets, as well as the annual budget overall, may ultimately vary significantly, as the cost of attendance in each term will be dependent on the student’s ultimate registration and attendance patterns.

**Example 2: DA CBE Program, Subscription-Based, offered using the Institution’s Standard Academic Calendar (fall and spring semesters, summer is optional)**

Students in subscription-based programs are always presumed to be enrolled for the entire period; the cost of attendance will remain fixed by the students’ selected enrollment level in the aid period.

Since the college has a standard 9-month calendar, they split the CSAC annual living expense values evenly between Fall and Spring. Their students have an average of \$84 in loan fees each year. In this example, the student’s scheduled enrollment status for the fall semester is half-time, which is billed at \$276. All books and course materials are included in the cost of tuition for the DA CBE program, so book and supply expenses are excluded from the budget.

<b>Allowance</b>	<b>Off Campus Housing</b>
Tuition and Fees	\$276
Books and Supplies	\$0
Food-9-month AY	\$7,533
Housing-9-month AY	\$15,219
Transportation-9-month AY	\$1,989
Personal/Miscellaneous-9 month AY	\$5,067
Loan Fees	\$84

- Fall Budget – even if the student does not have attendance recorded in each week of instruction, or does not begin half-time enrollment, this budget will not change. However, any Federal Pell Grant eligibility would still need to be adjusted downward if they did not begin half-time enrollment in the subscription period.
  - Tuition: \$276
  - Books/Supplies: \$0
  - Food:  $\$7,533/2=\$3,766$
  - Housing:  $\$15,219/2=\$7,609$
  - Transportation:  $\$1,989/2=\$994$
  - Personal:  $\$5,067/2=\$2,533$
  - Loan fees: \$42
  - Total Fall Budget: \$15,220
- The total Fall/Spring budget will be approximately double the fall amount, depending on whether the student changes enrollment levels between subscription periods.

**Example 3: DA CBE program, Subscription-Based, not using SAY**

This college’s subscription-based program is offered in a 42-week academic year that is split into trimesters of 14 weeks each. Because the academic year for this DA CBE program is longer than a traditional 9-month SAY, the “annual” CSAC budget amounts do not accurately represent the cost of attending their full academic year. The institution decides to approximate the living expenses for the aid period using the per-month living expense values because 14 weeks is approximately 3.5 months. Students enrolled in this program have no book and supply costs because course materials are included in the price of tuition. Although the duration of the aid year is longer than nine months, students in this program will still need to wait until the start of the next aid year to progress to their new annual loan limit. Therefore, the college anticipates that the \$84 average loan fee will remain appropriate for the DA CBE program.

<b>Allowance</b>	<b>Off Campus Housing</b>
Tuition and Fees	\$276
Books and Supplies	\$0
Food-per month	\$837
Housing-per month	\$1,691
Transportation-per month	\$221
Personal/Miscellaneous-per month	\$563
Loan Fees	\$84

- Budget: First Payment Period (PP1) – even if the student does not have attendance recorded during each week of instruction or does not begin half-time enrollment in the subscription period, this budget will not change. However, any Federal Pell Grant eligibility would still need to be adjusted downward if they did not begin half-time enrollment in the subscription period.
  - Tuition: \$276
  - Books/Supplies: \$0
  - Food:  $\$837 \times 3.5 = \$2,929$
  - Housing:  $\$1,691 \times 3.5 = \$5,918$
  - Transportation:  $\$221 \times 3.5 = \$773$
  - Personal:  $\$563 \times 3.5 = \$1,970$
  - Loan fees:  $\$84/3 = \$28$
  - Total Budget for PP1: \$11,894
- This academic year comprises three payment periods, therefore the annual budget will be approximately triple the PP1 amount, depending on changes to enrollment level between subscription periods, and CSAC expense budget changes in crossover periods.

**Example 4: DA CBE program, nonterm**

This program’s academic year is defined as 24 units and 48 weeks. Tuition is \$46/unit. The enrollment level for nonterm is always full-time, therefore students in this program incur \$552 in tuition charges for each payment period. Books and supplies are included in the tuition for this program.

Each payment period is approximately six months long, so the college decides to use the CSAC per-month expenses to calculate living expenses. Students in this program will not become eligible for the annual loan limit progression until the next academic year, so the college determines that the average \$84 average annual amount incurred by students at their college is appropriate.

Allowance	Off Campus Housing
Tuition and Fees	\$552
Books and Supplies	\$0
Food-per month	\$837
Housing-per month	\$1,691
Transportation-per month	\$221
Personal/Miscellaneous-per month	\$563
Loan Fees	\$84

- Budget: First Payment Period (PP1). This budget will not change, even if the student does not attend during each week of instruction. The student cannot progress to the next payment period without completing 12 units. The budget cannot be increased even if the student takes longer than 24 weeks to accomplish this PP1 completion target.
  - Tuition: \$552
  - Books/Supplies: \$0
  - Food:  $\$837 * 6 = \$5,022$
  - Housing:  $\$1,691 * 6 = \$10,146$
  - Transportation:  $\$221 * 6 = \$1,326$
  - Personal:  $\$563 * 6 = \$3,378$
  - Loan fees:  $\$84 / 2 = \$42$
  - Total Budget for PP1: \$20,466
- Since this academic year comprises two payment periods, the annual budget will be approximately double the PP1 amount, depending on CSAC expense budget changes.
- It would be possible for a student to complete PP2, and the academic year, in a period of less than 24 weeks, provided the overall number of weeks attended in PP1 and PP2 is 48, and the overall units completed are at least 24. The cost of attendance for any payment periods that take fewer than 24 weeks to complete should not be truncated.

8.3: Additional Costs: should not change; however, if there are other costs specific to DA CBE students that will be used in the cost of attendance calculations, add that detail to this section.

8.4: Budget Restrictions:

- For students in term-based programs, only classes in which the student began attendance may be included in their budget. For example, in a standard term (UG full-time=12 units), if a student is registered in six units, but only begins three units during the term, they are considered less-than-half-time, and entitled to only tuition, fees, books/supplies, and transportation expenses in their budget. Their Federal Pell Grant award would also need to be based on the LTHT Pell budget. For students who are entitled to have living expenses in their budget, costs cannot be included for periods when the student was not attending. See example in Section 8.2.

- Students in subscription-based programs are considered to be enrolled for the entire subscription period at the specified enrollment level. Cost of attendance should not be truncated for withdrawals or increased for enrollment that exceeds the enrollment level specified for the period.
- Students in nonterm programs are always considered full-time; no adjustment is required if the student did not begin attendance in full-time coursework. The costs in their budget should be associated with the number of weeks in the defined academic year and standard charges for students in the same category. If, due to a student's pace, they end up taking more weeks than are defined in the academic year to actually complete the aid year, the cost of attendance should not be adjusted to include more weeks of living expenses. If the college assesses additional charges to a student that are not assessed to all students in the program – for example, if a school has a policy where students who are making slow progress incur an additional fee for taking longer than 48 weeks to complete an academic year, those overtime charges cannot be included in the cost of attendance or paid for with federal aid.
- To be included in the cost of attendance, costs must generally be assessed to all students in that program. If, for example, the tuition for a DA CBE program already includes the use of books or course materials, that is, students in that program will never have to purchase those items, book and supply allowances should not be included for students in that program.

8.5: Budget Waivers: should be the same, however procedures should be included for updates if the academic calendar or software is different for DA CBE than for non-DA CBE programs.

8.6: Budget Appeals: should be the same, however if procedures are different for DA CBE programs, that should be referenced in this section.

8.X: Reserved for Institution Use

### **Section 9: Packaging Financial Aid:**

The general policies behind packaging should not change. With none of the schools packaging yet for DA CBE, it is difficult to sketch out items to be considered by section. DA CBE-specific considerations may include:

- For schools offering non-SAY or nonterm programs, there may be crossover periods, and academic years, that will require completion of multiple FAFSAs for the student to be funded through the entire aid year. Ensure details about which aid year will be used for initial packaging are provided for AYs that begin during a crossover period.
- For students in non-SAY or nonterm programs, Federal Pell Grant, FSEOG, and midyear Direct Loan increases may require completion of a new FAFSA and subsequent need analysis. Provide details about the award process for students who will need to complete more than one FAFSA per academic year to receive funding for the entire year.
- Students may receive funding outside of the financial aid packaging process that is processed directly by the college's Bursar's office. Some examples are outside scholarship checks, active-duty tuition assistance or other employer tuition remission, or tuition discounts based on outside partnerships. If the college will process DA CBE

financial aid in another software system, document how those resources will be considered in the creation of the student's aid package.

- Some DA CBE software systems may have automation available for packaging, repackaging, and handling overawards. Ensure any automated packaging and repackaging processes are described. Include details about what controls are in place to ensure any automated processes are working as designed.
- Offers must be prorated for students who have less than one year remaining to complete their program.

9.1: Packaging Philosophies: should not change

9.2: Available Funds and Number of Eligible Students: should not change. Ensure the data for any DA CBE students whose aid is being processed in a separate software system are included in this section.

9.2.1: Campus-Based Program Amounts: see Section 5

9.3: Packaging Groups: if there are new packaging groups for DA CBE students, detail that in this section.

9.4: Determining Amounts: should not change

9.4.1: Program-Specific Amount Determinations: should not change

9.5: Package Construction: should not change

9.6: Packaging Other Educational Resources: should not change

9.6.1: Student Support Services Grants: should not change

9.6.2: Gaining Early Awareness and Readiness for Undergraduate Programs Funds: should not change

9.6.3: Americorps Benefits: should not change

9.6.4: Vocational Rehabilitation Benefits: should not change

9.6.5: Bureau of Indian Affairs Grants: should not change

9.6.6: Health and Human Services Program Grants and Loans: should not change

9.7: Employer-Provided Educational Assistance: should not change

9.8: Summer Financial Assistance: term-based SAY-should not change; nonterm/subscription-based non-SAY is not applicable. An institution planning to offer DA CBE in a subscription-based calendar using the standard academic calendar where summer is optional should provide details on how aid for the summer term will be processed.

9.9: Package Notification: should not change. If an institution is processing DA CBE in a separate software system and student aid offer notifications will be sent from that system, include those details and procedures in this section.

9.9.1: Packaging Appeals: should not change

9.9.2: Aid Package Revisions:

- DA CBE programs in standard term calendars that follow the institution's standard (SAY) calendar:
  - Detail how award revisions will be identified and processed that are needed due to student enrollment changes, or cost of attendance changes for student periods of nonattendance. Include the procedures for notifying students of their aid offer changes.

- Subscription-Based Programs, SAY:
  - Detail how Federal Pell Grant awards will be revised at the end of the subscription period if the student did not begin attendance in enough units to meet the period enrollment status.
  - Detail how awards will be recalculated for a student who changes enrollment status during the academic year.
- Subscription-Based Programs, non-SAY:
  - Detail how Federal Pell Grant awards will be revised at the end of the subscription period if the student did not begin attendance in enough units to meet the period enrollment status.
  - Provide the procedures for recalculating awards for students who change enrollment status during the academic year.
  - If the institution offers students additional Direct Loan amounts for mid-year grade level increases, detail how those will be processed. The student may need to complete a new FAFSA if the loan period for the additional loan starts after the beginning of the academic year. Be certain to describe how that situation will be handled.
- Nonterm:
  - If a student is progressing slowly, they could become ineligible to receive their originally packaged awards, i.e., it would no longer be possible to pay Federal Pell Grant funds or originate Direct Loans using the FAFSA the award was based on. Describe how students in this situation will be identified, how they will be notified of the need to complete a new FAFSA, and the procedures for repackaging the student.

9.10: Overawards and Overpayments: should not change

9.10.1: Resolving an Overaward or Overpayment When Student is Liable: should not change

9.10.2: Resolving an Overaward or Overpayment When School is Liable: should not change

9.X: Reserved for Institution Use

### **Section 10: Professional Judgment (PJ)**

10.1: PJ Authority and Individuals Who May Exercise It: should not change

10.2: Circumstances for Which PJ Adjustments are Allowed and Resulting Actions Taken: should not change

10.3: Requests for PJ Consideration: should not change

10.4: PJ Documentation: should not change

10.X: Reserved for Institution Use

### **Section 11: Disbursements**

11.1: Definition of Disbursements and Disbursement Methods: should not change

11.1.1: Disbursing Title IV Funds Under a T1 Arrangement: should not change

11.1.2: Disbursing Title IV Funds Under a T2 Arrangement: should not change

11.2: Disbursement Dates and Schedules

Generally, institutions must have a way to determine whether a student begins attendance in each course for which they are registered. Schools who opt to process disbursements prior to the start of the term must ensure any funds disbursed to a student who fails to begin attendance are returned in accordance with 34 CFR 668.21.

- DA CBE programs in standard terms follow the institution’s standard (SAY) calendar:
  - The period during which a student is enrolled in a competency is considered a module for term-based programs.<sup>11</sup> The earliest that Title IV funds may be disbursed is ten days before the student’s first day of classes for the payment period. For courses offered in modules, the first day of classes is the start date of the first module that a student attends.<sup>12</sup> DA CBE courses are self-paced, therefore the start date of the module will float with the student’s individual engagement. As a result, Title IV funds can be disbursed no earlier than ten days prior to the date the student begins working toward their first competency.
- Standard Term Subscription-Based (SAY or Non-SAY):<sup>13</sup>
  - The Subscription-Based Programs webinar ED links to in Dear Colleague Letter (DCL) ANN-21-07 provides comprehensive guidance and scenarios about course completion requirements and disbursement.
  - “For the first two subscription periods (terms) that a student attends in a subscription-based program, there is no requirement for the student to have completed a certain amount of coursework before receiving a disbursement of *Title IV* funds (the same as in any other term-based program using credit hours). However, to receive a disbursement of *Title IV* aid for each subsequent subscription period in the program, the student must have completed a cumulative number of credit hours equal to the total of the number of hours for which the student was enrolled in all previously attended subscription periods in the program, excluding the number of hours for which the student was enrolled in the most recently attended subscription period.”<sup>14</sup>
  - If the number of credits required to receive a disbursement for a subscription period equals or exceeds the number of credits required to complete the program, the student is no longer eligible to receive Title IV aid for the program.
  - Students cannot be paid for repeat coursework.
  - A course can only be counted for Federal Pell Grant eligibility once.
- Non-term Programs:
  - Beginning with the second payment period, students must successfully complete both the credit hours and the weeks of instructional time in a payment period before receiving a disbursement of any Title IV aid for the next payment period, except FWS.

11.3: Student and Parent Authorizations: should not change. However, if new software will be used for DA CBE, determine if the methods for collecting authorizations will change for students being processed in that system, and document any new procedures.

<sup>11</sup> <https://www.ed.gov/laws-and-policy/higher-education-laws-and-policy/higher-education-policy/direct-assessment-competency-based-programs>, A13.

<sup>12</sup> 2024-25 FSA Handbook, Vol. 3, Ch. 1, *Timing of Disbursements>Disbursement Rules for Terms with Modules*

<sup>13</sup> DCL ANN-21-07, Subscription-Based Programs

<sup>14</sup> 2024-25 FSA Handbook, Vol. 3, Ch. 1, *Timing of Disbursements>Disbursement Timing in Subscription-Based Programs*

11.3.1: Disbursing FWS Funds to Pay Current Award Year Institutional Charges for Tuition, Fees, Contracted Room and Board, and Other Allowable Educationally-Related Goods and Services: should not change

11.3.2: Disbursing FWS Funds to Pay Allowable Prior Award Year Institutional Charges: should not change

11.3.3: Disbursing Title IV Funds (Other Than FWS) to Pay Allowable Current Year Educationally-Related Institutional Charges Other Than Tuition, Fees, and Contracted Room and Board: should not change

11.3.4: Disbursing Title IV Funds (Other Than FWS) to Pay Allowable Prior Award Year Educationally-Related Institutional Charges Other Than Tuition, Fees, and Contracted Room and Board: should not change

11.3.5: Holding Excess Title IV Funds (Credit Balances): should not change

11.3.6: Disbursing Title IV Funds Under a T1 or T2 Arrangement: should not change

11.4: Student and Parent Notifications: should not change. However, if aid processing for students in DA CBE programs will be in a new software system, add details about any new processes for providing disbursement notifications to these populations.

11.4.1: Amounts of Expected Title IV Funds and Disbursement Information: should not change. However, if aid processing for students in DA CBE programs will be in a new software system, add details about any new processes for providing these notifications to the appropriate individuals.

11.4.2: Crediting Title IV Loan Proceeds and the Borrower's Cancellation Right: should not change. However, if aid processing for students in DA CBE programs will be in a new software system, add details about any new processes for providing these notifications to borrowers.

11.4.3: Crediting TEACH Grant Funds and the Student's Cancellation Right: n/a – not offered by the institutions

11.5: Undeliverable Title IV Funds: should not change

11.6: Recovery of Title IV Disbursements When Student Does Not Begin Attendance: Provide details about how student educational activity will be monitored in DA CBE coursework in this section.

11.X: Reserved for Institution Use

## **Section 12: Satisfactory Academic Progress**

Generally, the calculations should not change, however it may be necessary once the colleges begin the DA CBE programs. General considerations/guidance for this section:

- Subscription based programs are generally designed to “take care of themselves” regarding SAP, by not allowing disbursement unless the students are making progress.
- Policies such as whether the student gpa will include non-DA CBE coursework, and how transfer courses will be articulated, that is, will they bulk transfer and therefore almost instantly put students against maximum timeframe, will impact the gpa and 150% considerations.

12.1: Process Overview and Responsibilities:

12.2: Same as or Stricter Than

12.3: Categories of Students

12.4: Qualitative Measure (GPA): all DA CBE courses receive either M (3.0) or M+ (4.0) grades, so in-program coursework should not affect SAP gpa concerns. Considerations could be:

- What grades are included in the students SAP gpa calculations? For example, will all CCC coursework be included, or only CCC coursework that is applicable to the student's DA CBE degree program?

12.5: Quantitative Measure:

- DA CBE programs in standard term calendars that follow the institution's standard (SAY) calendar: students in DA CBE programs can have the same quantitative calculation and timing as non-DA CBE students.
- SAY subscription-based: n/a - not required for subscription-based; students must meet coursework completion requirements to continue receiving disbursements beginning with 3rd payment period
- Non-SAY subscription-based: n/a - not required for subscription-based; students must meet coursework completion requirements to continue receiving disbursements beginning with 3rd payment period
- Nonterm: n/a - not required for nonterm; students must meet attendance and coursework completion requirements to continue receiving disbursements each payment period

12.5.1: Maximum Timeframe: students must complete the degree in a period that does not exceed 150% of the credit hours required for the program. Institutions may also opt to express maximum timeframe as calendar time, if desired. In cases where calendar time is used, a standard must be established for how many units a student should have completed at the evaluation points.

12.5.2: Pace: see 12.5

12.6: Evaluation Periods

12.6.1: Financial Aid Warning

12.6.2: Financial Aid Probation

12.7: Appeals

12.7.1: Documentation

12.7.2: Academic Plans

12.8: Regaining Eligibility

12.9: Treatment of Nonpunitive Grades, Repeated Courses, Audited Courses, Pass/Fail Courses, Withdrawals, and Incompletes

12.10: Treatment of Remedial, Enrichment, and English as a Second Language Courses

12.11: Treatment of Consortium, Change of Major, Second Degree, and Second Major Courses

12.12: Completion of Degree Requirements

12.13: Notices

12.X: Reserved for Institution Use

### **Section 13: Return of Title IV Funds**

13.1: Process Overview and Applicability: should not change, see calendar specific details below.

13.2: Withdrawal Date: should not change; however it may, depending upon the institution's attendance policy.

13.3: Formula Calculation: see below broken out by calendar type.

13.4: Post-Withdrawal Disbursements: should not change

13.5: Returning Unearned Funds: should not change

13.5.1: Overpayment Resolution: should not change

**R2T4 Guidance by Calendar Type:**

- DA CBE programs in standard term calendars that follow the institution’s standard (SAY) calendar
  - When a student is considered to have withdrawn:<sup>15</sup>
    - Students who do not complete the days in the payment period *they are scheduled to complete*. If a student was only enrolled in one module (course/competency) and successfully completes that module, they are not considered a withdrawal even if they don’t attend the entire term.
  - Scenarios when a student is not considered to have withdrawn:
    - Students who complete a module, or series of modules(i.e., courses) that comprise at least 49% of the length of the term.
    - Students who complete coursework equivalent to at least half-time (six units for undergraduate students in semester/trimester terms).
    - Students who complete their program’s graduation requirements in the term.
    - Students who do not withdraw from all *in-progress* coursework, that is, change in enrollment status without complete withdrawal.
    - Students who do not establish attendance in any coursework for the term. In this case, all aid must be returned.
    - Students who provide written confirmation, at the point of withdrawal, of the date they will resume attendance. That date must be within 45 days and in the same payment period. Merely remaining registered for another course in the payment period is not considered confirmation. If the student does not resume attendance at the confirmed time, they are then considered a withdrawal, retroactive to the point of the initial withdrawal.
    - Students on approved Leaves of Absence. However, this is generally not possible for standard-term programs; the student cannot resume training at the same point in the academic program that they began the LOA by completing the term, because the term will have ended<sup>16</sup>.
  - Aid disbursed: must recalculate Federal Pell Grant to match actual attendance. The institution cannot simply use registered units to calculate Federal Pell Grant eligibility.
  - Use the payment period as the basis for the calculations.

<sup>15</sup> NASFAA Return of Title IV Funds – Flowchart: Determining Whether a Student Has Withdrawn from a Standard- or Nonstandard-Term Program Offered in Modules: <https://askregs.nasfaa.org/resources/GetResourceFile/46>

<sup>16</sup> 2024-25 FSA Handbook, Vol. 5, Ch. 1 > Leaves of Absence Versus the Grade of Incomplete: “Because of the criteria that must be met for an LOA to be an approved LOA, term-based schools can grant LOAs that meet the Department’s criteria for an approved LOA in a very limited number of cases.”

- If the student reenters the same program prior to the end of the term, the student is treated as though they did not cease enrollment and is eligible for any funds returned because of the R2T4 calculation, as long as the enrollment status continues to support the amount of those funds.
- Example scenarios below.

**Term-Based R2T4 Scenarios: The scenarios below provide examples of possible enrollment patterns of DA CBE students in a term, and how each would need to be evaluated for R2T4 processing. The cost of attendance also must be truncated to exclude periods of nonattendance; therefore, guidance is also provided regarding how each scenario would impact the student's cost of attendance.**

**Term-Based R2T4 Scenario Assumptions:**

- Student is in Term 1 and no prior aid has been disbursed.
- Term dates are 9/1/25-12/20/25 (111 days, no scheduled breaks > 5 days).
- Instructional week starts on Monday (16 weeks of instruction).
- The student will not meet degree conferral requirements in any scenario.
- School has multiple Federal Pell Grant recalculation dates (PRD); they use the start date of the student's latest module as the PRD.

**Term-Based R2T4 Scenario 1: Student registers for and attends 6 units. Student completes 3 units, then withdraws.**

Student is enrolled in Course 1 on 8/31. Their first day of educational activity is 9/6/25, during Week 1.

Federal Pell Grant is disbursed to the student for 25% enrollment intensity. The earliest allowed federal disbursement is 8/27/25, ten days prior to 9/6/25.

The student masters Course 1 on 9/20/25, after 15 days of enrollment, which falls in Week 3 of instruction.

Student is enrolled in Course 2 on 9/22/25, and charges for Course 2 are assessed.

The student is offered additional Federal Pell Grant for 50% enrollment intensity, and Direct Loans due to current half-time enrollment.

The student's first engagement in Course 2 is on 9/26, during the fourth week of instruction.

The student withdraws from Course 2 on 9/30, resulting in 5 days of enrollment.

Total time enrolled: 20 days

Total time scheduled to be enrolled: 111 days

COA for 6 units, living expenses span entire term

R2T4—18.0% earned includes 50% Federal Pell Grant, Direct Loans, and charges for both courses.

**Term-Based R2T4 Scenario 2: Student registers for 6 units. Attends and completes 3 units, then withdraws.**

The student enrolls in Course 1 on 8/31. Their first day of educational activity is 9/6/25, during Week 1.

Federal Pell Grant is disbursed to the student for 25% enrollment intensity. The earliest allowed federal disbursement is 8/27/25, 10 days prior to 9/6/25.

The student masters Course 1 on 9/20/25 after 15 days of enrollment, which falls in Week 3 of instruction.

The student enrolls in Course 2 on 9/22/25, and charges for Course 2 are assessed.

The student is offered additional Federal Pell Grant, for 50% enrollment intensity, and Direct Loans, due to HT enrollment.

The student never begins attending Course 2 and is administratively withdrawn.

Total time enrolled: 15 days

Total time scheduled to be enrolled: 111 days

COA for three units (LTHT, some items excluded), transportation must be truncated for three weeks of instruction attended

R2T4—13.5% earned – return Federal Pell Grant for Course 2, calculation will include 25% Federal Pell Grant for Course 1, Direct Loans (if disbursed), and charges for both courses.

Term-Based R2T4 Scenario 3: Student registers for 6 units. Attends and completes 3 units, then withdraws. Student then resumes enrollment in 3 units later in the term.

The student enrolls in Course 1 on 8/31. Their first day of educational activity is 9/6/25, during Week 1.

Federal Pell Grant is disbursed to the student for 25% enrollment intensity. The earliest allowed federal disbursement is 8/27/25, ten days prior to 9/6/25.

The student masters Course 1 on 9/20/25 after 15 days of enrollment, which falls in Week 3 of instruction.

The student enrolls in Course 2 on 9/22/25, and charges for Course 2 are assessed.

The student is offered additional Federal Pell Grant for 50% enrollment intensity, and Direct Loans, for HT enrollment.

The student never begins attending Course 2 and is administratively withdrawn.

Total time enrolled: 15 days

Total time scheduled to be enrolled: 111 days

COA for three units at LTHT, some items excluded, transportation must be truncated for three weeks of instruction attended

R2T4—13.5% earned – return Federal Pell Grant for Course 2 calculation includes 25% Federal Pell Grant for Course 1, Direct Loans (if disbursed), and charges for both courses.

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On 11/1/25, the student contacts the school and wants to resume the program.

The student is re-registered in Course 2 and begins attendance on 11/3/25, during Week 10 of instruction. If charges for Course 2 were reversed when the student withdrew, they are reassessed.

R2T4 for the student's first withdrawal is reversed, returned funds are restored, and Federal Pell Grant for Course 2 is added.

COA is restored to HT amount, with the 9/20/25-11/2/25 (Weeks 4-9) period of nonattendance excluded. A total of 6 weeks were not attended, therefore the budget includes 10 weeks of living expenses, since the student did not attend Course 2.

Term-Based R2T4 Scenario 4: Student registers for and attends 6 units. Student completes 3 units, then withdraws. Student then resumes enrollment in 3 units later in the term.

The student enrolls in Course 1 on 8/31/25. Their first day of educational activity is 9/6/25, during Week 1.

Federal Pell Grant is disbursed to the student for 25% enrollment intensity. The earliest allowed federal disbursement is 8/27/25; ten days prior to 9/6/25.

The student masters Course 1 on 9/20/25, after 15 days of enrollment, which falls in Week 3 of instruction.

The student enrolls in Course 2 on 9/22/25, and charges for Course 2 are assessed.

The student is offered additional Federal Pell Grant for 50% enrollment intensity, and Direct Loans, for HT enrollment.

The student's first engagement in Course 2 is on 9/26/25, during Week 4 of instruction.

The student withdraws from Course 2 on 9/30/25 after 5 days of enrollment.

Total time enrolled: 20 days

Total time scheduled to be enrolled: 111 days

COA is for 6 units, with living expenses span entire term

R2T4—18.0% earned, calculation includes 50% Federal Pell Grant, Direct Loans, and charges for both courses.

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On 11/1/25, the student contacts the school and wants to resume attendance in the program.

The student is re-registered in Course 2 and begins attendance on 11/3/25. If charges for Course 2 were reversed when the student withdrew, they are reassessed.

The R2T4 for the student's first withdrawal is reversed and all returned funds are restored.

The student's COA is restored to the HT amount. The 9/30/25-11/2/25 period of nonattendance is not excluded, because the student is treated as though they did not withdraw from the second module (Course 2). Since the student attended the first course during the first week of the term, the student's COA is for a 16-week full term.

*Term-Based R2T4 Scenario 5: Student registers for and attends 3 units. Student completes all 3 units without registering for any other coursework.*

The student enrolls in Course 1 on 8/31/25. Their first day of educational activity is 9/6/25, during Week 1.

Federal Pell Grant is disbursed to the student for 25% enrollment intensity. The earliest allowed federal disbursement is 8/27/25, ten days prior to 9/6/25.

The student masters Course 1 on 9/20/25 after 15 days of enrollment, which is in Week 3.

The student informs their advisor they do not want to continue in the program, so the student is not registered for any other coursework.

Total time enrolled: 15 days

Total time scheduled to be enrolled: 15 days

LTHT COA is truncated to 3 weeks.

NO R2T4

*Term-Based R2T4 Scenario 6: Student registers for and attends 3 units. Student completes those 3 units without registering for any other coursework. Student registers at a later date for an additional 3 units in the same term.*

The student enrolls in Course 1 on 8/31/25. Their first day of educational activity is 9/6/25, during Week 1.

Federal Pell Grant is disbursed to the student for LTHT enrollment; the earliest allowed federal disbursement is 8/27/25; ten days prior to 9/6/25.

The student masters Course 1 on 9/20/25 after 15 days of enrollment, which is in Week 3.

The student informs their advisor they do not want to continue in the program, so the student is not registered for any other coursework.

Total time enrolled: 15 days

Total time scheduled to be enrolled: 15 days

LTHT COA is truncated to 3 weeks.

NO R2T4

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The student later informs their advisor they want to resume the program.

The student enrolls in Course 2 on 10/13/25 and begins attending on 10/15/25. Course 2 is equivalent to 3 units.

The student's COA is updated to the half-time amount which may now include living expenses for 13 weeks. This includes the 3 weeks of instruction during Course 1, 9/6/25-9/20/25 and the expected 10 weeks for Course 2, 10/15/25-12/20/25.

Direct Loans and Federal Pell Grant for Course 2 are disbursed.

- 
- Subscription-based
  - When a student is considered to have withdrawn:<sup>17</sup>
    - Students who do not complete the days in the payment period they are scheduled to complete are considered withdrawn. Students in subscription-based calendars are scheduled to complete the subscription period. Therefore, a student in a subscription-based program who withdraws or otherwise ceases enrollment is considered a withdrawal. A student who masters all in-progress coursework before the end of the subscription period will be considered withdrawn (unless they meet one of the conditions below), even if they have successfully completed the amount of coursework for their selected enrollment status.
  - Scenarios when a student is not considered to have withdrawn:
    - Students who complete their program graduation requirements before the end of the subscription period.
    - Students who do not withdraw from all in-progress coursework (i.e., change in enrollment status without complete withdrawal).
    - Students who do not establish attendance in any coursework in the subscription period (in this case, all aid must be returned).
    - Students who provide written confirmation at the point of withdrawal of the date that they will resume attendance within the same subscription period. The return date must fall within the subscription period and be within 60 days of the date the student ceased attendance. However, merely remaining registered in another course is not sufficient. If the student does not resume attendance at

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<sup>17</sup> NASFAA Return of Title IV Funds – Flowchart: Determining Whether a Student Has Withdrawn from a Nonterm or Subscription-Based Program <https://askregs.nasfaa.org/resources/GetResourceFile/51>

the confirmed time, they are then considered a withdrawal retroactive to the point of the initial withdrawal.

- Students on approved Leaves of Absence.
- Aid disbursed: Pell must be adjusted to match what was actually attended.
- Start and end date: subscription period dates (Payment Period)
- Example scenarios below

**Subscription-Based R2T4 Scenarios: The scenarios below provide examples of possible enrollment patterns of DA CBE students in subscription-based calendars, and how they would need to be handled for R2T4 processing. The R2T4 scenarios that mention leaves of absence include LOA-related considerations.**

**Subscription-Based R2T4 Scenario Assumptions:**

**Academic Structure:**

- The academic year contains 3 subscription periods of 14 weeks each, with weeks of instruction starting on Mondays. All periods are mandatory and full-time is defined as 12 units per period, so the AY=36 semester hours and 42 weeks of instruction.
- Subscription Period 1 (SP1): 7/7/25-10/12/25 (no breaks > 5 days; 98 days)
- Subscription Period 2 (SP2): 10/20/25-2/8/26 (two week break from 12/22/25-1/4/26; 98 days)
  - Subscription Period 3 (SP3): 2/16/26-5/24/26 (no breaks > 5 days; 98 days)
- The institution has a formal written policy for leaves of absence (LOA) for DA CBE students.
- All courses are equivalent to 3 units.
- The institution is not required to take attendance.

**Student Profile:**

- The student has selected the half-time enrollment option.
- The student is new to the DA CBE program and has no prior subscription-based enrollment or overlapping aid.
- The student has no transfer units. The program requires 60 units for completion.
- The student is eligible for \$3,500 of Direct Subsidized and \$6,000 of Direct Unsubsidized loan funds.
- The scheduled Federal Pell Grant award for this student's SAI is \$6,000, which is divided into thirds because all subscription periods in the academic year are mandatory, and the AY length is 42 weeks. At half-time, the student's total annual award will be \$3000.
- At the start of SP1, the student is billed for the period at the half-time tuition rate. The student is enrolled and begins attendance in Course 1. Their disbursement includes \$1,000 in Federal Pell Grant, \$1,166 in Direct Subsidized, and \$2,000 in Direct Unsubsidized loan funds.

**Subscription-Based R2T4 Scenario 1: Student successfully completes 3 units without starting any additional coursework.**

- The student completes Course 1 on 8/22/25. The student does not register for any additional courses. The student did not submit an LOA request prior to ceasing attendance or signify an intent to return in the payment period.
- R2T4 is required. Withdrawal date (WDD) is 8/22/25, Date of Determination (DoD) is [depends on policy]. Federal Pell Grant is adjusted to \$500 due to the student only beginning 3 units prior to the calculation.
- The student attended 47 days, thereby earning 48%.

*Subscription-Based R2T4 Scenario 2: Student attends 6 units, successfully completes 3 units, then withdraws.*

- The student completes Course 1 on 7/29/25. At this point they register for and start Course 2.
- Before mastering Course 2, the student formally withdraws from Payment Period 1 on 8/22/25. The student did not submit an LOA request prior to ceasing attendance or signify an intent to return in the payment period.
- R2T4 is required. Withdrawal Date (WDD) is 8/22/25, Date of Determination (DoD) is [depends on policy]. Federal Pell Grant remains half-time due to the student beginning attendance in half-time coursework.
- The student attended 47 days, thereby earning 48%.

*Subscription-Based R2T4 Scenario 3: Student successfully completes 6 units without starting any additional coursework.*

- The student completes Course 1 on 7/29/25. At this point they register for and start Course 2.
- The student completes Course 2 on 8/22/25. The student does not register for any additional courses. The student did not submit an LOA request prior to ceasing attendance or signify an intent to return in the payment period.
- R2T4 is required. Withdrawal date (WDD) is 8/22/25, Date of Determination (DoD) is [depends on policy]. Federal Pell Grant remains half-time due to their beginning attendance in half-time coursework.
- The student attended 47 days, thereby earning 48%.

*Subscription-Based R2T4 Scenario 4: Student completes 3 units without registering for any additional coursework. Student provides written intent to return during the subscription period.*

- The student completes Course 1 on 8/22/25. While the student does not register for any additional courses, the student notifies the school on 8/24/25, in writing, that they intend to resume attendance in SP1 on 10/1/25. 10/1/25 is 41 days in the future and falls in SP1. The student is not considered withdrawn and no R2T4 is required.
- The student does not return on 10/1/25, therefore they are now considered withdrawn.
- R2T4 is required. Withdrawal date (WDD) is 8/22/25, Date of Determination (DoD) is 10/1/25. Federal Pell Grant is adjusted to \$500 due to only beginning 3 units prior to the calculation.
- The student attended 47 days, thereby earning 48%.

Subscription-Based R2T4 Scenario 5: Student completes 3 units without registering for any additional coursework. Student provides written intent to return after the subscription period.

- The student completes Course 1 on 8/22/25. The student does not register for any additional courses, however they notify the school in writing on 8/24/25 that they intend to resume attendance on 11/1/25. This date is after the end of SP1, therefore the student is considered withdrawn.
- R2T4 is required. Withdrawal date (WDD) is 8/22/25, Date of determination (DoD) 8/24/25. Federal Pell Grant is adjusted to \$500 due to only beginning 3 units prior to the calculation.
- The student attended 47 days, thereby earning 48%.

Subscription-Based R2T4 Scenario 6: Student completes 3 units without registering for any other coursework. Student goes on an approved LOA with return in Subscription Period 2.

- On 8/15/25, the student realizes that they will be unable to complete the subscription period; they have received a promotion at work that will require intensive offsite training in September and October.
- They consult with their advisor, who explains the institution's formal Leave of Absence (LOA) policy.
- The student submits an LOA request stating the reason for the LOA on 8/17/25. The student provides a planned LOA start date of 8/24/25, and planned return date of 11/1/25.
- The institution determines there is a reasonable expectation that the student will return from the requested LOA. Since the student has borrowed loans, the school provides counseling to the student about the impact of failing to return from their LOA on their loan repayment, and then approves the student's LOA on 8/20/25.
- The student completes Course 1 on 8/22/25. Their LOA begins 8/24/25.
- The student is on an approved LOA, therefore they are not considered to have withdrawn from SP1 and no R2T4 is required. The student's NSLDS enrollment status is updated to "A" to reflect the student is on an approved LOA.
- No charges are assessed on 10/20/25 at the start of SP2, nor any aid disbursed, due to the student's approved LOA.

Subscription-Based R2T4 Scenario 6A: Student returns as expected after LOA

- The student returns from the LOA as expected. They register and begin attending Course 2 on 11/1/25. Their NSLDS enrollment status is updated to reflect half-time enrollment, effective 11/1/25.
- They are billed at the half-time rate for SP2, and another \$1,000 in Federal Pell Grant, \$1,166 in Direct Subsidized, and \$2,000 in Direct Unsubsidized loan funds are disbursed to the student.
- The student will need to complete at least 3 additional units, for a total of 6, before they are eligible to receive disbursements for SP3.
- NOTE: if the student were to subsequently withdraw from SP2, the denominator used for the calculation could not be 98 days. Since the student was on an approved LOA

from 10/20-10/31/25, those days are not counted in the length of the student's SP2. The student's R2T4 would instead be calculated using an 86-day payment period.

Subscription-Based R2T4 Scenario 6B: Student fails to return as expected after LOA

- The student does not return from the LOA as expected on 11/1/25.
- R2T4 is required. WDD is 8/24/25, which is the date LOA started; however, the institution could also use 8/22 since that was the last day of activity, DoD is 11/1/25. Federal Pell Grant is adjusted to \$500 due to only beginning 3 units prior to the calculation.
- The student withdrew 49 days into the term, thereby earning 50%.
- NSLDS enrollment status is updated to reflect withdrawn status, effective 8/24/25. As a result, the student is two months into their grace period and will enter repayment in approximately four months.

Subscription-Based R2T4 Scenario 7: Student completes 3 units without registering for any additional coursework. Student goes on an approved LOA with return in Subscription Period 3.

- On 8/15/25 the student's doctor advises they need to have knee replacement surgery and schedules the procedure for September. The recovery process will involve extensive physical therapy for several months and the student does not think they will have time for their studies during that period. They consult with their advisor, who explains the institution's formal Leave of Absence (LOA) policy.
- The student submits an LOA request on 8/17/25, with a planned LOA start date of 8/24/25, and planned return date of 2/16/25, which coincides with the start of SP3.
- The institution determines there is a reasonable expectation that the student will return from the requested LOA. The LOA duration is fewer than 180 days, and the student has not taken any other LOAs in the past 12 months. Since the student is a loan recipient, the school provides counseling to the student about the impact of failing to return from their LOA on their loan repayment and then approves the student's LOA on 8/20/25.
- The student completes Course 1 on 8/22/25. Their LOA begins 8/24/25.
- The student is not considered to have withdrawn from SP1 since they are on an approved LOA, and no R2T4 is required. The student's NSLDS enrollment status is updated to "A" to reflect the student is on an approved LOA.
- No charges are assessed on 10/20/25, the start of SP2, nor any aid disbursed, since the student remains on an approved LOA.

Subscription-Based R2T4 Scenario 7A: Student returns as expected after LOA

- The student returns from the LOA as expected. They register for and begin attending Course 2 on 2/16/26. Their NSLDS enrollment status is updated to reflect half-time enrollment effective 2/16/26.
- They are billed at the half-time rate for SP3. They are eligible for another \$1,000 in Federal Pell Grant for SP3. The Direct Loans for SP2 were cancelled, therefore the student is eligible to request as much of the remaining two-thirds of their annual loan limits originated for SP3 as is supported by the students' SP3 COA and remaining unmet need.

- The student will need to complete at least 3 additional units (for a total of 6) before they are eligible to receive disbursements for SP1 in the next academic year.

Subscription-Based R2T4 Scenario 7B: Student fails to return as expected after LOA

- The student does not return from the LOA as expected on 2/16/26.
- R2T4 is required. WDD is 8/24/25 which is the date LOA started; however, the institution could also use 8/22/25 since that was the last day of activity, DoD 2/16/26. Federal Pell Grant is adjusted to \$500 due to only beginning 3 units prior to the calculation.
- The student withdrew 49 days into the term, earning 50%.
- NSLDS enrollment status is updated to reflect withdrawn status, effective 8/24/25. Almost six months has elapsed since their effective withdrawal date, therefore their loans will enter repayment almost immediately.

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- **Nonterm**

- When a student is considered to have withdrawn:<sup>18</sup>
  - Students who cease attendance, either through withdrawal or completing all in-progress coursework, before completing the payment period.
- Scenarios when a student is not considered to have withdrawn:
  - Students who complete their program's graduation requirements before the end of the payment period.
  - Students who do not withdraw from all in-progress coursework.
  - Students who do not establish attendance for any coursework in the term.
  - Students who provide written confirmation at the point of withdrawal of the date that they will resume attendance within the same payment period. That date must fall within the payment period and must be within 60 days of the date the student ceased attendance. If the student does not resume attendance at the confirmed time, they are then considered a withdrawal retroactive to the point of the initial withdrawal. Date of determination (DoD) should be no later than 14 days after the date the student was scheduled to resume attendance.
  - Students on approved Leaves of Absence.
- Aid disbursed: does not change regardless of how many units the student attended, Federal Pell Grant remains FT.
- Start and end date: Start date=First day of PP. End date=cannot automatically assume 50% of weeks in AY, PP may need to be extended depending on student's individual pace. Can use payment period or period of enrollment as basis, however must be consistent.

<sup>18</sup> NASFAA Return of Title IV Funds – Flowchart: Determining Whether a Student Has Withdrawn from a Nonterm or Subscription-Based Program <https://askregs.nasfaa.org/resources/GetResourceFile/51>

- If a student withdraws and then re-enters within 180 days, you must reverse the R2T4, and the student remains in the same payment period. However, the school must also extend the original loan period end date and academic year and reschedule the second disbursement. After 180 days, you cannot reverse the R2T4, and the student will start in a new payment period.
- Guidance about how to calculate R2T4s for students withdrawing from nonterm programs, including example scenarios, can be found in the FSA Handbook.<sup>19</sup>

13.X: Leave of Absence (LOA)<sup>20,21,22</sup>: A student who officially or unofficially withdraws from the coursework they were scheduled to complete in a payment period is considered to have withdrawn from that period. An R2T4 evaluation must be processed, and they are reported as withdrawn in NSLDS. If the student is a federal loan borrower, being reported as withdrawn will end their in-school deferment, cause them to use their grace period, have their loans put back into repayment status, or both. Students in subscription-based and nonterm academic calendars are always scheduled to complete the entire payment period; if they cease attending before completing the period, they are considered withdrawn. However, nonterm and subscription based DA CBE programs are intended to give students flexibility and allow them to work at their own pace; requiring students in those programs to always either complete the entire payment period or be considered withdrawn is incompatible with the intent of the programs. LOAs exist to allow students to have a temporary interruption in their program of study without being considered withdrawn.

If a student needs to stop out from a nonterm or subscription-based program and the college has a formal written LOA policy, this gives the student the opportunity to continue their studies at their own pace without a withdrawal and its consequences.

The LOA regulations are extensively detailed in the 2024-25 FSA Handbook Vol. 5, Ch. 1. Examples of how they interact with withdrawals are in the Subscription-Based R2T4 Scenarios.

## **Section 14: Institutional Refunds**

14.1: Institutional Refund Components: should not change

14.2: Institutional Refund and Repayment Appeals: should not change

14.2.1: Documentation: should not change

14.X: Reserved for Institution Use

<sup>19</sup> 2024-25 FSA Handbook Vol. 5, Ch. 2> Percentage of Title IV Aid Earned for Withdrawal from a Non-Term Credit-Hour Program

<sup>20</sup> 2024-25 FSA Handbook, Vol. 5, Ch. 1

<sup>21</sup> 34 CFR 668.22(d)

<sup>22</sup> Federal Student Aid Handbook>FSA Assessments>Return of Title IV Funds>R2T4 Activity 2: Leave of Absence (LOA) Checklist

**Section 15: Title IV Fraud**

- 15.1: Student Fraud: should not change
- 15.2: Institutional and Third-Party Fraud: should not change
- 15.3: Referrals: should not change
- 15.X: Reserved for Institution Use

**Section 16: Audits**

- 16.1: Type of Audit: should not change
- 16.2: Audit Submission Schedule: should not change
- 16.X: Reserved for Institution Use

**Section 17: Reserved for Institution**

**Section 18: Appendices:**

**Ensure any new forms, correspondence, and miscellaneous items associated with DA CBE gets added to the appropriate section(s)**

- 18.1: Forms and Correspondence
- 18.2: Resources and Reference Documents
- 18.X: Reserved for Institution Use

## **RESOURCES: NASFAA AND BLUE ICON ADVISORS FINANCIAL AID MANAGEMENT TOOLS**

The following is a list of resources and website addresses where the Institution can find financial aid management tools to assist in correcting some of the compliance exceptions and implementing some of the recommendations made in this report.

Blue Icon Advisors, NASFAA Consulting  
<http://www.blueiconadvisors.com>

For over 50 years, NASFAA has served as a trusted resource for financial aid administrators. That legacy of support and commitment to excellence continues with Blue Icon Advisors. Blue Icon's team of experienced consultants are ready to help schools with a range of services, including compliance and operational evaluations and improvement plans, writing and reviewing policies and procedures, developing and delivering customized staff training, providing interim leadership, coaching and support, and consulting on financial aid and enrollment management issues. These services may help you implement observations presented in this SOE review report.

NASFAA AskRegs  
<http://www.nasfaa.org/AskRegs>

Our AskRegs service provides personal assistance with regulatory or compliance questions. Questions are fielded by financial aid experts in the NASFAA Training and Regulatory Assistance department who thoroughly research your question and provide you a comprehensive answer, including regulatory citations.

NASFAA's Code of Conduct  
[https://www.nasfaa.org/Code\\_of\\_Conduct](https://www.nasfaa.org/Code_of_Conduct)

NASFAA's Code of Conduct provides very basic and specific expectations for conduct with which NASFAA members are required to comply as a condition of membership. Reported violations of the Code of Conduct may trigger Enforcement Procedures.

NASFAA's Compiled Title IV Regulations  
[https://www.nasfaa.org/compiled\\_title\\_iv\\_regulations](https://www.nasfaa.org/compiled_title_iv_regulations)

Our Compiled Title IV Regulations area available as web pages for each of the major parts of the Code of Federal Regulations, Title 34—Education (CFR 34), that together govern the Federal Student Aid programs. We incorporate new regulations for each award year in a format that shows what text will change the following July 1, while retaining the compiled regulations from previous years for reference.

NASFAA Compliance Engine  
<https://www.nasfaa.org/engine>

The NASFAA Compliance Engine provides online centralization of compliance data, which reduces the risk of unnecessary findings during an audit or program review. Schools can use the Compliance Engine

to complete a self-evaluation checklist of its adherence to federal financial aid rules and regulations. Checklists may be shared inter-departmentally to allow collaboration and shared responsibility of compliance with federal provisions. Each checklist item links to NASFAA's Compiled Title IV Regulations and Legislation or to the appropriate U.S. Department of Education resource for quick reference.

The institution can use this management tool to:

- Conduct a follow-up self-assessment after the institution has implemented the corrective actions and/or recommendations identified in this report; and
- Conduct a preliminary evaluation of areas that the institution may want to target for a future Standards of Excellence Review.

NASFAA P&P Builder

<http://www.nasfaa.org/engine>

NASFAA's P&P Builder, a module of our Compliance Engine, provides institutions with a user-friendly, online centralization of its policies and procedures manual.

NASFAA U

[http://www.nasfaa.org/NASFAA\\_U/](http://www.nasfaa.org/NASFAA_U/)

Now you can earn professional credentials for your professional development activities! NASFAA U offers a nationally-recognized, consistent, and rigorous program of education in administering the Title IV student financial aid programs. Both new and seasoned financial aid professionals will benefit from a NASFAA U education.

NASFAA Webinars

[https://www.nasfaa.org/Webinars\\_Live\\_and\\_On\\_Demand](https://www.nasfaa.org/Webinars_Live_and_On_Demand)

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