President’s Corner

Dear Colleagues,

This edition of FAS Compass brings you informative articles and resources and shares some exciting news!

Meeting our clients’ needs has been a top priority for almost three decades. In that time, many institutions have asked if we provide services for business offices comparable to our work in financial aid. To that end, we recently launched FAS Student Business Services (SBS), a new initiative to offer Assessment, Interim Staffing, Consulting and Processing Services for college and university business offices.

We are also excited to announce the new SBS team is being led by Dr. Janet Hunter. Janet’s wide-ranging experience as a senior campus administrator and in a variety of consulting capacities make her ideal for this role. Ms. Anne Gross, Vice President of Government Relations (Emeritus) for the National Association of College and University Business Officers (NACUBO) and Mr. David Glezerman, Assistant Vice President and Bursar of Temple University, will serve in advisory roles, working closely with Dr. Hunter. Individually, each of these industry leaders brings

FAS “Well Worth the Investment” for Peru State College

Challenge

Founded in 1865 by members of the Methodist Episcopal Church, Peru State College is the first and oldest institution in Nebraska. With 2,100 students, the four-year public college, located one hour’s drive from Omaha or Lincoln, offers undergraduate, graduate and online degrees. In September 2017, when newly appointed Financial Aid Director Mason White arrived at Peru State College, he turned to FAS to help get operations back on track, train staff and address compliance issues.

Solution

“The financial aid office was short staffed, had two financial aid ‘newbies’ and was behind in processing, verification, awarding and disbursements,” said White. “My previous institution had worked with FAS, so I immediately contacted them for assistance.” FAS Consultant Joyce Sonenberg quickly arrived on campus to assess the situation and provide counseling. During her four-month tenure, Sonenberg trained the staff, updated policies and procedures, resolved compliance issues and helped catch up with verification and disbursements.

Results

“Joyce fit in easily, with her soothing demeanor, positive attitude, depth of knowledge and excellent listening skills,” said White. “She quickly became part of our community and was a wonderful mentor to me as

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exceptional experience and insights. Collectively, they will do amazing work for our clients in this new initiative. It is thrilling to begin this next chapter in FAS' history.

Anne and David are also guest contributors in this edition. Anne has some valuable information about audit and program review findings and how collaboration can correct and prevent them. David is sharing his expertise in the industry practice of service restrictions and their impact on accounts receivable.

Peru State College, a recent client, is featured in a Client Case History and Ms. Joyce Sonenberg is highlighted in our Consultant Profile. FAS appreciates the kind words from Peru State's staff and we commend Joyce for her outstanding performance on the project. And we always take this opportunity to welcome our newest clients and consultants to the FAS family.

Enjoy this edition of FAS Compass. If there are topics you would like addressed in an upcoming edition, feel free to contact me directly.

Regards,

Compliance Corner

The U.S. Department of Education (ED) has announced changes to its College Scorecard database. New additions to the College Scorecard will include median salaries by program and average levels of indebtedness.

Many higher education leaders believe this type of consumer information is essential for students to make good decisions about possible programs of study.

Along with these data elements, information about graduate and profession degrees will be available. Historically, the College Scorecard only maintained undergraduate data.

Expect ED to release a timetable for implementation in the coming months.

Student Business Services: An Important Part of the Compliance Team

By Anne Gross

A perennial favorite at the Department of Education’s Federal Student Aid conference each fall focuses on the “top 10” audit and program review findings over the previous year. There is remarkable consistency in these lists, both between the two types of reviews and the items appearing on the list from year to year. From 2015 through 2018, five findings appeared on both lists each year:

• Verification
• Return to Title IV Funds (R2T4) calculations
• National Student Loan Data System (NSLDS) roster reporting
• Student credit balance refunds
• Entrance and exit counseling

What strikes you about this list? Anyone familiar with financial aid regulations will know that most of these involve complicated and sometimes confusing requirements and tight timeframes. Fair enough—these are

Peru State College

Results

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I adjusted to my new role as financial aid director. Our Vice President for Administration and Finance said he thought Joyce was doing a fabulous job and well worth our investment.”

He noted that “FAS has a solid reputation for the highest level of professionalism and provides a wide variety of offerings. I would highly recommend them for any institution needing assistance.”

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Consultant Profile

Joyce Sonenberg, Consultant

Joyce Sonenberg is a veteran of the financial aid profession with many years of experience. This includes working in the two-year and four-year institutional settings. She began her career at Southeast Community College. In a few years, she ascended the ranks, holding positions of associate financial aid director, financial aid director and associate dean for student services. In addition to her work at Southeast Community College, Joyce served as a financial aid administrator for the University of Nebraska. Immediately prior to joining FAS, Joyce was director of financial aid at Florida Keys Community College.

The variety of Joyce’s financial aid experience has given her unique insights to the needs of specific student populations. She has administered financial aid for students at every program level, including graduate/professional, baccalaureate and associate degrees. Joyce has a keen understanding of financial aid requirements for certificate and clock-hour programs.

Joyce highly values professional development. At each institution where Joyce has worked, she played a vital role in developing and delivering training to new and aspiring financial aid administrators.

She has been actively involved in financial aid professional associations at the national level and locally in the States of Nebraska and Florida.

Sonenberg has a Bachelor of Science in Business Administration from Bellevue University.

How Service Restrictions Help Your Student Accounts Receivable

By David Glezerman

Students and their families often find themselves in situations where they encounter financial difficulties or have not planned out how to finance their education. Confusion about the financial aid and student loan processes or failure to follow up with necessary information through verification or other school inquiries lead to late or no payments on student accounts for tuition, fees, room and board charges, along with assessment of late charges.

In the world of student accounts receivable management, where additional charges may not deter students from paying late(r) or not until a stronger action is put in place, service restrictions become the primary and/or ultimate sanction to enforce debt collection.

Service restrictions, known by other terms such as “blocks” or “holds” against student accounts/records, are most likely to prevent future course registrations and issuance of transcripts. Stronger sanctions may include withholding of licensure verifications, denial of building access or other actions that stop current and/or former students from receiving any form of institutional services.

Student retention efforts can be thwarted by having high numbers of students who cannot continue their education because of unpaid balances. Students’ efforts to transfer to another institution also will be halted when they cannot submit the academic transcript to prove prior coursework, etc. These sanctions also can impact institutional graduation rates when students’ academic careers are delayed while trying to figure out if/when they can repay these obligations to the school.

Colleges and universities cannot afford to carry excessive amounts of outstanding delinquent accounts, which can affect cash flow, provide a basically “interest-free” loan for extended periods, impact future retention efforts and create potentially excessive expenses to collect. Schools can either use staff resources to collect these outstanding obligations or may need to utilize third party collection agencies or law firms, who will charge a contingent fee, or percentage, of the recovered amounts for their services.

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Student Business Services  
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challenging areas so it’s not surprising that they should end up on a list of common violations. Another key takeaway is that, except for verification, the financial aid office is often not responsible, or solely responsible, for these functions. The student business services office (variously known as the bursar, student accounts, student financial services) plays an important role in assuring regulatory compliance. This office disburses aid to students, by crediting student accounts and paying credit balances to the student, and must ensure that students have completed entrance counseling before loans are paid. When students leave the institution, student business services most often is responsible for exit counseling and, at some schools, for calculating how much Title IV aid must be returned to ED for students who withdraw before completing a term. It must also report to NSLDS on student progress repaying Perkins loans. The registrar’s office is also vital to tasks such as enrollment reporting and alerting appropriate offices when students withdraw.

Other compliance issues that turn up in the “top 10” for program reviews involve additional administrative offices, including those responsible for crime reporting, consumer disclosures, drug abuse prevention, and more.

Typical Errors
Knowing the types of shortcomings that auditors and reviewers routinely find can help institutions better focus their compliance efforts. Looking at the areas involving student business services, ED presenters highlighted the following concerns.

> R2T4 Calculations
When a student receiving Title IV aid withdraws before completing at least 60 percent of the period of enrollment, the school needs to calculate how much aid needs to be returned to ED. Counting days is vital: schools were cited both for using the incorrect number of days in the term and getting the withdrawal date wrong. Clock-hour programs should use scheduled hours, not actual clock-hours. Incorrect calculation of aid that could have been disbursed and mathematical errors were also mentioned.

Audits also faulted schools for not having a system in place to adequately identify official and unofficial withdrawals.

> Student Credit Balance Refunds
Students often receive aid that exceeds their institutional charges (tuition, fees, room and board), creating a credit balance on their student account. Regardless of the actual timing of disbursements of aid from various sources, a credit balance is considered a Title IV credit balance if the Title IV aid received is greater than allowable institutional charges—triggering a number of requirements for how and when the school must pay the student the excess. The most basic finding was failing to have a process in place to determine if and when a Title IV credit balance was created. Schools were also cited for not paying credit balances to students within 14 days. Sometimes students want the school to hold their credit balance, but schools were faulted for relying on authorizations that did not meet regulatory requirements and failing to pay the funds to the student at the end of the loan period or award year. Schools may not hold funds, even with authorization past that point.

Due to the backward-looking nature of audits and program reviews, these results don’t include compliance with revised ED regulations governing credit balance refunds that took effect in July 2017. Those rules require institutions that have a relationship with a financial institution that offers bank accounts to students to comply with additional procedural safeguards to ensure that students aren’t coerced into opening an account, among other changes.

> Entrance/Exit Counseling
To make sure they understand the nature of the assistance and their responsibilities, student loan borrowers are required to take part in counseling when they first receive a federal loan and then again when they leave school and will need to begin repaying their loans. Today this counseling is often completed online, but some colleges encourage attendance at individual or group sessions. Common deficiencies involved the failure to conduct or document the required counseling, completing exit counseling late, or failing to mail materials to students.

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who left without finishing the required counseling. Remember that counseling that is not documented doesn’t count when the auditor or reviewer checks.

Teamwork Required

Colleges and universities need to take a coordinated approach to compliance with ED requirements. This requires leadership from the top, particularly if the key offices involved report through different channels (which is not unusual). Communication and coordination between the financial aid director, the bursar, and the registrar is vital. Most importantly, don’t wait for external reviewers to find compliance issues—search for them proactively.

Learn More

ED’s Federal Student Aid (FSA) Training Conference for Financial Aid Professionals is offered each year shortly after Thanksgiving. Registration is free. Session recordings along with PowerPoint slides are posted to ifap.ed.gov shortly after the conference.

The IFAP website has a wealth of resources for schools, including the FSA Handbook, FSA Assessments providing a framework for testing for compliance, and online training.

Service Restrictions Help Student Accounts Receivable (continued from page 3)

At the same time, institutions must set aside reserve funds as a contingency for uncollectible debts, based on the age of the delinquent accounts.

So why use service restrictions? Students may not understand the importance of on-time payment – one of the reasons why more institutions of higher education are developing and implementing financial literacy or wellness programs for their students. These programs often target parents as another means of helping them understand that the tools needed for financing a student’s education are more than filing a FAFSA every year. Other times, students, particularly first semester freshmen or transfers, unofficially withdraw, creating potential R2T4 issues as well as leaving outstanding tuition debt without thinking that registering for classes creates an implied contract. Registering for classes is no different than buying an airplane ticket – you cannot resell that seat once leaving the terminal!

No matter what the cause of delinquent payment, service restrictions bring the outstanding balance to the forefront. Best practices have the institution issue warning notice(s) to the student before imposing sanctions (late fees or service restrictions). Having a clear and concise communications process that sets expectations and consequences reduces the “I didn’t know” contact and often brings students to the business and/or financial aid offices to either pay or explain their situation and seek assistance.

Setting minimum balances for imposing service restrictions usually is an institutional decision. While some public colleges and universities may have statutory or regulatory requirements that set balance limits or timing for the sanctions, the institution should try to reduce the number of students impacted by considering such steps as using late fee amounts or the $200 Title IV limit for paying off certain prior year amounts as a threshold for using the sanction.

Many colleges and universities now use a Financial Responsibility Statement or Agreement that is incorporated into the start of the student’s course registration process to serve as initial notice to students that they are expected to follow institutional payment policies and indicate potential consequences. The National Association of College and University Business Officers (NACUBO) has published a white paper that outlines best practices and legal requirements for these...
Service Restrictions Help Student Accounts Receivable
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documents, which can be in either electronic or paper format. Using this type of agreement can establish the necessary standards and expectations while taking the “contract” from an implication to a real agreement between student and school.

Once the service restriction is imposed, it is counter-productive to lift the restriction solely on a promise to pay, although the institution should have a set of pre-established procedures for reviewing any potential exceptions, but more importantly, to have standards for account resolutions. For example, having a student or family just apply for a student loan is insufficient; having a loan approval following school certification with completed Truth-in-Lending documents means there is minimal risk of non-payment.

“In any event, don’t set up a process that mitigates the importance for students to honor their promises and pay. And don’t communicate an action for which you will not actually follow through and do! By doing so, you could be seen as conducting unfair, deceptive or abusive acts or practices, known as UDAP, by state attorneys general or the (federal) Consumer Financial Protection Bureau (CFPB).”

Also, consider FERPA implications if you do not provide delinquent students with a means to see their grades. Check with your institutional attorney about what you can and cannot do under federal and state laws as it relates to providing grades or possibly unofficial transcripts. But remember that providing an official academic transcript is tantamount to eliminating any leverage you might have to get the debt paid.

Business officers can work with other administrative offices, such as Financial Aid and Housing, as well as academic units to conduct outreach efforts. One such initiative is to contact delinquent students with service restrictions. If the student responds, the school can identify opportunities for additional one-time funding and/or encourage students to contact the business office to facilitate repayment activities. These institution-wide initiatives can be leveraged to facilitate improvement of retention and graduation rates as well as bring in real dollars already recognized as tuition and fee revenue back to the school.

Institutions can often establish best practices and enhance internal collection processes by their business offices through a business process assessment. This can focus on reviewing existing policies and procedures as a means to implement best practice activities that will enhance both student services and internal collection efforts. Thus, schools may benefit on many levels of their operations by utilizing both internal and external resources to help effect change and efficiency.

Utilizing service restrictions as a collections tool is just one facet of an effective program to minimize delinquent accounts receivable and deliver quality customer service.

Welcome To Consultants

We are excited to welcome several new consultants. Each one brings a unique background as well as exceptional experience.

Their insights will help our clients make the right decisions about financial aid policies, maintain strong compliance measures, utilize technology efficiently to streamline operations and deliver excellent service.

Dottie Davidson
Tim Jacobson
Ted Malone
Welcome New Clients

We welcome some of our newest clients. Our entire staff looks forward to working with them and being part of their successes.

- Calumet College of Saint Joseph
- Carroll University
- Colgate University
- Community College of Rhode Island
- Forsyth Technical Community College
- Guilford College
- Lamar State College-Port Arthur
- Lock Haven University of Pennsylvania
- Mills College
- New Hampshire Institute of Art
- Portland Community College
- Texas Woman’s University
- Trocaire College
- University of Mary Washington
- University of San Francisco
- University of South Carolina Upstate
- West Chester University of Pennsylvania

The FAS Verification Compliance Checklist

Our 2018-2019 Verification Compliance Checklist is now available. Request your free copy today.

The 2019-2020 Verification Checklist will be released shortly. Look for a special announcement to request one.