



CLOCK HOUR OVERVIEW



DISCLAIMER:

- This Clock-Hour Overview is the presentation that would have been presented at the FASFAA Conference in person.
- The rules and regulations discussed are associated with the regular rules and regulations in effect for Clock-Hour Programs.
- This presentation is not related to and does not include any COVID-19 guidance.

Defining a Clock-Hour

- **(34 CFR 600.2)** A Clock-Hour is a 50-60-minute period of **supervised** time in which the student is learning through one of the following means:
 - *Class Lectures*
 - *Hands-on Training (in the shop, labs, or internships)*
 - *Preparation in a correspondence course*
- A student must attend the full uninterrupted hour with an exception of a 10- minute break that can be taken during each 60-minute period.
 - *If there is not 10-minute break the whole 60 minutes = 1 clock hour. You can't use 50 minutes to equal 1 hour and then use the additional 10 towards a new clock hour.*

Title IV Eligible Clock-Hour Program

- Title IV Clock-Hour Programs must contain a *minimum* of:
- 15 weeks instruction and 600 clock hours
- 10 weeks of instruction and 300 clock hours
 - *Must be Graduate or professional program or admit only students with equivalent of an associate degree*
- 10 weeks instruction and 300-599 clock hours
 - *70% completion/placement rate; in existence for one year (eligible for Direct Loans only, cannot receive Pell)*

Clock-Hour Distance Education Programs/Classes

Online clock hours

- Must meet clock hour definition:
- A 50 to 60-minute class, lecture, or recitation in a 60-minute period;
- A 50 to 60-minute faculty **supervised** laboratory, shop training, or internship in a 60-minute period;
- Periodically logging in and out is not adequate documentation
- Cannot assume student completed clock hours due to completing assignments or passing the course

Clock-Hour Distance Education Programs/Classes Continued

- Work with regional school participation team before you offer any online clock hour programs/classes to ensure they are title IV eligible.
 - <https://ifap.ed.gov/help-contact-information-school-participation-division>
- Develop and demonstrate school can track, monitor, and record proper clock hours through various technologies (web-cams, video conferencing, etc.)
- ED does NOT approve portions of a program (only entire programs are approved by ED)

Defining Your Academic Year

- The law and regulations set the following minimum standards for clock-hour programs for an academic year definition :
 - *900 clock-hours for a program measured in clock-hours and 26 weeks.*
- For the school's academic year; the school can define it however the school see's fit, as long as it at least meet's the minimum definition for the type of program you have.

Defining Payment Periods

- If the program is one academic year long or shorter:
 - *Divide the program/academic year in half*
 - This will give you two payment periods
 - Each payment period will be half the clock hours and half the weeks of the program or academic year
- Example1: Program of 900 clock hours and 30 weeks will have two payment periods of 450 clock hours and 15 weeks
- Example 2: Program of 750 clock hours and 24 weeks will have two payment periods of 375 clock hours and 12 weeks
- A student **must successfully complete** the clock hours **AND** weeks of instructional time in a payment period to progress to the next payment period.

Defining Payment Periods

- If the program is **longer** than an academic year:
 - *Divide all academic years that are a full academic year in half for both hours and weeks.*
 - *For the remaining academic year that ends up shorter than an academic year, divide those hours and weeks remaining in half for both hours and weeks as well.*
 - **Note:** *If remaining hours are less than half of the first- year hours then you will only have one remaining pay period (no need to divide in half).*
 - *Example 1: Program of 1500 clock hours and 50 weeks. The standard academic year for this program is 900 hours and 30 weeks.*
 - For AY1 you will have two payment periods of 450 clock hours and 15 weeks.
 - For AY2 You will then have 600 hours and 20 weeks remaining. You will have two payment periods of 300 hours and 10 weeks.
 - *Example 2: Program of 1200 clock hours and 40 weeks. The standard academic year for this program is also 900 hours and 30 weeks.*
 - For AY1 you will have two payment periods of 450 clock hours and 15 weeks
 - For AY2 you will then have 300 hours and 10 weeks remaining. You will have only one payment period of 300 hours and 10 weeks.

Determining Award Year(s)

- Each award year begins on July 1 of one year and ends on June 30 of the following year
 - *Current Award Years*
 - 19/20 July 1, 2019 to June 30, 2020
 - 20/21 July 1, 2020 to June 30, 2021
 - *The payment period dates will determine which Pell Chart and award year Pell will be paid from*

Calculating Pell Using Pell Formula 4 for Clock-Hour

- Each year Congress determines the Pell Grant Amounts for the award year.
- IFAP publishes pdf and excel tables for schools to utilize to determine the Pell amount a student is eligible for. The tables are located here: <https://ifap.ed.gov/worksheets-schedules-tables>
- Clock-Hour school's utilize **Pell Formula 4**:
 - *You will need to have the student's EFC from their ISIR, their enrollment status (Always use Full-Time status for Clock-Hour), and the cost of attendance for that program.*
- The chart is broken-up by enrollment statuses. Once you find the table for the enrollment status (Full-Time), the EFC is across the top, and the COA goes along the side. Once you find where your student's EFC crosses with the COA, that will give you the Pell amount for the year.
- Formula 4 – Step 1 • Determine Enrollment Status – Always use full-time payment chart, but – Ask yourself: • Is student at least half-time? • At schools measuring progress by clock hours, "halftime" is at least 12 hours per week. Note that schools may choose to set higher minimums. • If not, then some COA components are removed when calculating Pell COA

Calculating Pell COA for Pell Formula 4

- Formula 4 – Step 2 Calculating Pell COA for a program longer than an academic year:

- *(Example 1) Calculate Pell COA • Program is 1325 clock hours and 38 weeks – Academic year is 900 hrs and 26 weeks – Total program cost (1325 hours and 38 weeks) • Tuition and fees—\$1,764 • Room & board—\$8,000 • Books & supplies—\$1,000 • Misc. & personal—\$1,500 • Transportation—\$1,000 • Total for program—\$13,264 • Student with -0- EFC attending full-time*

- For a program that is greater than one year, Calculate Pell COA by comparing two fractions.

- *One is the Hours to which the cost apply. (Example: $900/1325 = .679$)*
- *The second is the Weeks of instructional time to which cost apply (Example: $26/38 = .684$).*
- *Multiply total cost of program times lesser fraction (hours or weeks) - \$13,264 x 0.679 = \$9,006 - Pell Grant COA is \$9,006*

Pell Formula 4

- Formula 4 – Step 2 Calculating Pell COA for a program shorter than an academic year.

- *Program is 800 clock hours and 24 weeks – Academic year is 900 hrs and 26 weeks – Total program cost (800 hours and 24 weeks) • Tuition and fees—\$1,325 • Room & board—\$4,500 • Books & supplies—\$1,000 • Misc. & personal—\$1,200 • Transportation—\$1,000 • Total for program—\$9,025 • Student with -0- EFC attending full-time*

- For a program that is less than one academic year you Calculate Pell COA by comparing two fractions.

- *Hours to which the cost apply (Example: $900/800 = 1.125$)*
 - *Weeks of instructional time to which cost apply (Example: $26/24 = 1.083$)*
 - *Multiply total cost of program times lesser fraction - $\$9,025 \times 1.083 = \$9,777$*
- Pell Grant COA is \$9,777

- **Note:** Even though you always use the Full-Time schedule for Pell on the Pell charts, if student is attending less than full-time some pieces of the COA may be effected.

Year-Round Pell, Cross-over Pell and Pell LEU

■ Crossover Payment Periods

- *A payment period that starts in one award year but ends in the next. (crosses over both pay periods.*
- *It starts prior to July 1 but ends after July 1.*
- *Number and length of payment periods as originally determined remain the same even when payment periods fall into different award years*
- *Must pay the full Pell disbursement completely from ONE award year, cannot have Pell from both award years in one single payment period.*
- *If a payment occurs in two award years, the school can determine the award year in which the payment period will be placed*
 - **UNLESS:** – If more than 6 months of the payment period's in a given award year, the Pell disbursement must be made from that award year

■ For year-round Pell you can get 150% of the Pell for a specific award year.

- *Example 19/20 -6195*150% (or1.5)= \$9292.00 or \$9292.50 if you award Pell in cents.*
- *This means for the 19/20 award year you could award up to \$9292.00 In Pell as long as the payment periods include 19/20 dates in them.*
- **Note:** *For year-round Pell remember the student must be attending at least half time to receive the additional 150 percent.*

■ Pell LEU

- *Student's can get up to 600% or 6 full payments of Pell over their lifetime.*
- *You can see how much a student has used in COD, on NSLDS, and on the ISIR*

When and How to disburse

- For the very first payment period of the program the Pell can be disbursed on day one of the program if the student is eligible.
- However, for subsequent payment periods for Clock-Hour a student they must successfully complete the hours and weeks for the prior payment period before a disbursement can be made.
- At least one disbursement must be made in each payment period
- Disbursements must be made to best meet the needs of the student
 - *Institution may not have a practice of delaying disbursement beyond the 60% point in time to avoid R2T4 calculation*
- Two payment period limit in an academic year or program
- Student's must be eligible (ie. Meeting Sap, Attending, Valid ISIR on File, etc)

Taking Attendance

- Taking attendance and recording absences is a **requirement** of clock-hour schools.
 - *You can use time-cards, finger scans, punch cards, log-books.*
 - *Be sure to log attendance, absences, and make-up hours if applicable.*
 - *Important to document your policy and ensure the integrity of the attendance system at your school*
- Excused Absences:
 - *If you have an Excused Absence Policy, in which a student does not have to make-up the time, please be sure to have it written in your catalog and your policies and Procedures.*
 - *For Title IV, excused absences allowed ONLY if:*
 - Permitted in school's written policies
 - No more than 10% of clock hours in a payment period may be counted as excused absences
 - State or accrediting agencies may allow fewer hours on excused absence

Clock-Hour Satisfactory Academic Progress

Satisfactory Academic Progress

- School must have a SAP policy as strict or stricter than the policy school applies to students that are not receiving Title IV aid
- Any SAP policy must contain all required elements and be applied consistently to students in that category . (May have different categories for different programs, must be as strict or stricter than the departments guidance as well)
- Three things must be calculated for Sap Status:
 - *Maximum Time-Frame – Student must be able to complete the program within 150% of the length of the program. Example: 900 hours and 30 weeks = MTF of 1350 hours and 45 weeks.*
 - *Quantitative Measurement for Clock-Hour Programs: (Pace)*
 - Hours Earned/Hours Attempted
 - *Qualitative Measurement for Clock-Hour Programs: (Grades Progression)*
 - Cumulative grade point average

Satisfactory Academic Progress cont.

- SAP Evaluation must coincide with the end of a payment period. For Clock-Hour Programs there are three options for when SAP is evaluated:
 - *When the student's scheduled clock hours for the payment period have elapsed, regardless of whether the student attended them*
 - *When the student has attended the scheduled clock hours*
 - *When the student successfully completes the scheduled clock hours for that payment period.*
 - *Your review choice must be applied consistently to all students in a program and should be specified in your SAP policy*

Satisfactory Academic Progress

- Sap policy – Be sure to have a written policy and be sure to follow your policy.
- Warning – A Warning period for a student is not a requirement, but if you choose to allow warnings be sure to put it in your written policy. Warnings can be used for one payment period in which a student is not meeting Sap. The student would be eligible for Title IV disbursements for that one payment period. For the next pay period they must be meeting Sap or will be put into a SAP Suspension or Sap Not Met status.
- Sap appeals – Not required, but if you do allow a student to appeal it must be in your policy. A Student can appeal the Sap Suspension or Sap Not Met Status by providing documentation to show what happened that made them not meet sap and what has changed that will now allow them to be successful.
- Probation – Probation is a status that can only come after an approved appeal. Probation can only last for one payment period, and then the student must be meeting sap by the time the next payment period begins.
- Academic Plans – These can be approved by student appealing as well. It is different from Probation as it can last for several pay periods and can push student out past the maximum time frame. If the school uses Academic Plans the school must say so in it's policy. The students will need to meet specific benchmarks that will be reviewed throughout the academic plan to ensure the student is on track.

Clock-Hour Proration

When to Prorate for Clock Hour or Non-Term Programs

- Programs that contain less than 900 hours and 26 weeks
- Programs that contain over 900 hours and 26 weeks, that have subsequent academic years that are less than 900 hours and 26 weeks
- Transfer Credits (Hours)
- Re-entries **outside** 180 days (where student will retain some credits/hours from the prior enrollment)

Proration Formula for Pell

- Proration Formula for Pell:

- *Total Pell Eligibility * Hours or Credits Student will attend in the pay period/ Hours in a standard academic year. (Do the calculation per pay period for Pell)*
- *Then do a separate calculation Total Pell Eligibility * Weeks Student will attend in the pay period/Weeks in standard academic year. (Do the calculation per pay period for Pell)*
- *Use the lesser of the two amounts.*

- **** Always Multiply before you divide.

Proration Formula for Direct Loans

- Proration Formula for Loans:
 - *Total DL Grade Level Eligibility * Hours or Credits Student will attend / Hours or Credits in a standard academic year. (Do Calculation for entire Loan Period)*
 - *If the entire program is less than a standard academic year, then do a separate calculation Total DL Grade Level Eligibility * Weeks Student will attend in the **Loan** period/Weeks in standard academic year.*
 - *Use the lesser of the two amounts.*
 - *Note: If the whole Program is longer than a standard academic year, and the student is just in a short remaining period of study, you will only do the hours calculation and skip the weeks calculation.*

- **** Always Multiply before you divide.

Note on fractions and decimals for prorating Direct Loans

It is acceptable to convert the fraction to a decimal and then multiply the annual loan limit by the decimal, but this conversion is not a requirement. You may still choose to multiply the annual loan limit by the original fraction. However, you should be consistent in the method you use, since the fraction and decimal calculations sometimes result in slightly different prorated loan limits. The decimal method will generally result in an amount that is equal to or slightly higher than the amount calculated using the original fraction.

Example of Clock-Hour Proration:

- Law Enforcement Program – 770 Hours & 31 Weeks (students attend 25 hours per week $770/25=30.8$ weeks) – Independent Student 0 EFC
 - *The Standard Academic Year for this program is 900 Hours & 36 Weeks ($900/25$ hours per week = 36 Weeks)*
 - *Each Pay period would be 385 Hours & 15.5 Weeks (Half the hours and half the weeks)*
 - *Pell Proration (19/20):*
 - Hours: $6195 * 385 \text{ Hours} / 900 \text{ Hours} = \text{\$2650/ Pay Period (Use Lesser Amount)}$
 - Weeks: $6195 * 15.5 \text{ Weeks} / 36 \text{ Weeks} = \$2667/ \text{ Pay Period}$
 - *Loan Proration (Grade Level 1) – Have to do both weeks and hours proration for loans as well because program is less than one full academic year.*
 - Hours: Sub = $3500 * 770 / 900 = \text{\$2994}$ & Unsub = $6000 * 770 / 900 = \text{\$5133 (Use Lesser Amt)}$
 - Weeks: Sub = $3500 * 31 / 36 = \$3013$ & Unsub = $6000 * 31 / 36 = \$5167$
 - (Whole Loan Period Divide by 2 for Pay period)

Re-entries inside & outside 180 days

- For a Re-entry **inside** 180 Days you simply extend the pay period, loan period, and academic year and treat the student as if they never left. If you send back aid you can pull the aid back in but you don't have to repackage other than extending the loan period and AY. Almost as if they were on a leave of absence.
- For Re-entry **outside** 180 Days, in which the student receives credit for hours from the previous enrollment, you treat the student the same as you would if they were a transfer student. Give them credit for the hours they have already completed and determine Title IV based on the remaining hours the student has left to complete. Likely will need to prorate for the remaining hours.
- If the student does not receive credit for any hours on their prior enrollment. They would simply take the entire program. Nothing in the regulations stops a student from completing the entire program again and receiving Title IV funds.

Re-entry Inside 180 Days

- Jackson Smith took the Esthetician program at your school. Jackson dropped after completing 200 hours of the 600-hour program. Jackson re-enters 2 months later. The program is 600 hours and 18 weeks. Dependent student with a 1200 EFC.
- Since the student re-entered within 180 days you treat them as they never left.
- Each Pay Period would be 300 Hours and 9 Weeks
 - *Pell Proration (18/19):*
 - Hours: $4945 * 300 \text{ Hours} / 900 \text{ Hours} = \$1648 / \text{Pay Period (Lesser Amount is used)}$
 - Weeks: $4945 * 9 \text{ Weeks} / 26 \text{ Weeks} = \$1712 / \text{Pay Period}$
 - *Loan Proration*
 - Sub = $3500 * 600 / 900 = \$2333$ Unsub = $2000 * 600 / 900 = \$1333$
 - (Whole Loan Period Divide by 2 for Pay period)
- Since the student dropped after completing more than 60% of pay period 1 no funds were returned. Therefore, pay period one has been paid in full.
- Once the student meets 300 hours and the full 9 weeks (not counting the 2 months they were gone), then the student would be paid for the second pay period of Pell and loans.

Example of a Re-entry outside 180 days

- Jane Doe took the cosmetology program at your school but had to withdraw after completing 200 hours. Jane is now re-entering a full year later into the same program. The cosmetology program is 1500 hours & 43 Weeks (1500/35 Hours per week =43 weeks). $1500-200=1300$ Hours & 37 weeks remaining. Student is Independent with an EFC of 0
- The first Academic year would be 900 Hours and 26 Weeks. No need to prorate.
- The second AY would be the remaining 400 hours and 11 weeks. Since 400 is less than half of a full academic year again it will be one pay period.
 - *Pell Proration (18/19):*
 - Hours: $6095 * 400 \text{ Hours} / 900 \text{ Hours} = \$2709 / \text{Pay Period}$
 - Weeks: $6095 * 11 \text{ Weeks} / 26 \text{ Weeks} = \$2579 / \text{Pay Period (Lesser Amount is used)}$
 - *Loan Proration (Grade Level 2)*
 - $Sub = 4500 * 400 / 900 = \2000 $Unsub = 6000 * 400 / 900 = \2667
 - (Whole Loan Period Divide by 2 if your school is not eligible to make a single loan disbursement)

Clock-Hour R2T4's – Important Deadlines:

- Within 30 days of DOD, the institution must:
 - *Perform the R2T4 calculation*
 - *Notify the student of any grant overpayment*
 - *Notify the student of eligibility for a post-withdrawal disbursement (PWD) of loan funds*

- Within 45 days of DOD, the institution must:
 - *Return the Title IV funds it has responsibility to return*
 - *Make a PWD of grant funds directly to the student*

- Within 180 days of DOD, an institution must:
 - *Make a PWD of grant funds to a student's account*
 - *Make any PWD of DL funds*

Clock Hour R2T4's: Date of Determination and LDA

- Depends on whether student provides official notification of intent to withdraw, or not.
 - *Official Notification: DOD would be date student began official withdrawal process or the date of the student's notification, whichever is later.*
 - *Unofficial Withdrawal & Attendance Taking*
 - DOD should be no later than 14 days after LDA.
- If your school has a LOA Policy (must return to the program at the same place they left)
 - *If the student fails to return from LOA the DOD would be the date the student was scheduled to return*
- LDA – is the last date the student actually attended the program.

Clock-Hour R2T4's

- When calculating the R2T4 be sure to use the scheduled hours not the completed hours in the calculation.
 - *If student was scheduled for 400 hours but completed 300 hours you would use 400 scheduled hours in the calculation.*
 - *Note: if student did not complete the hours and weeks to get to the next payment period then you cannot use the next payment period in the R2T4 calculation.*
 - Example student was scheduled for 650 hours but only completed 400 hours. The first pay period ends when student has successfully completed 450 hours and 15 weeks. Since student did not complete the 450 hours the student is still in pay period one. So the scheduled hours would be 650 hours out of the 450 in the pay period. This would give the student 100 percent earned as you cannot go over 100 percent.
 - **Note:** if student hits pay period 2 late and later drops in pay period 2 you want to start on the day after the student hit 450 hours and use scheduled hours from that date to the last date of attendance. Example student was schedule to hit 450 hours on April 30th but doesn't meet the 450 hours until May 4th. The student then drops on May 8th on their Last date of attendance. You would use the schedule hours from May 5th – May 8th, not from April 30th until May 8th.
- The institution calculates the percentage of the period that the student was scheduled to complete upon withdrawal. If greater than 60%, the student earned 100% for the period.
- Numerator: Number of hours the student was scheduled to complete
- Denominator: Total hours in the period

Clock-Hour R2T4's Continued

- Funds to include in the R2T4 Calculation

- Grants:

- *Pell Grant, FSEOG, TEACH Grant, Iraq and Afghanistan Service Grant*

- Direct Loans:

- *Unsubsidized Direct Loan, Subsidized Direct Loan, Perkins Loan, Direct Parent PLUS Loan*

- There are two categories when it comes to entering Title IV in the calculation:

1. *Amount Disbursed – Disbursed on or prior to the LDA*

2. *Amount that Could Have Been Disbursed – Did not disburse or disbursed after the LDA but prior to the DOD, and student is otherwise eligible.*

Clock-Hour R2T4's: Prorating Charges and Non-Returnable Equipment

- If you do not charge by the payment period the charges will need to be prorated for the R2T4
 - Determine the charges that need to be prorated.
 - The formula is $\text{hours in pay period} / \text{hours in program} * \text{institutional charge}$.
 - Should include Tuition, Books, fees,
 - **If a school has authorization to hold a credit balance:**
 - Take the prorated institutional charges and subtract the Title IV aid for that period. If it results in a credit balance, you must include that in the calculation.
 - For example, a students prorated institutional charges are \$5,400. She was disbursed \$7,749 in Title IV aid for the pay period. She has a credit balance of \$2,349.
 - Add the credit balance to the institutional charges to put into the R2T4 calculation, In this case, her intuitional charge is \$7,749.
 - $\$5,400 + \$2,349 \text{ credit balance} = \$7,749$ to put into R2T4 calculation
- Did the student have equipment that they were given that was not returned or is unreturnable?
 - If yes, this cost can be subtracted from the institutional charges. Just be sure to put the actual cost the school paid for the equipment, not what was actually charged to the student as these may differ.

Verification Overview

- 20-21 Verification Groups:
 - V1: *Standard Verification Group*
 - V4: *Custom Verification Group*
 - V5: *Aggregate Verification Group (V1+V4)*
- Applicants can change verification groups.
 - Verification Change Flag on the ISIR = Y

V1 Standard Verification Group

Tax Filers

Adjusted Gross Income

U.S. Income Tax Paid

Untaxed Portions of Individual Retirement Account
(IRA) Distributions

Untaxed Portions of Pensions

IRA Deductions and Payments

Tax Exempt Interest Income

Education Tax Credits

2018
taxes and
income

Nontax Filers

Income Earned from Work

Tax Filers and Nontax Filers

Number of Household Members

Number in College

V4 Custom Verification Group

High School Completion Status
Identity/Statement of Educational Purpose

The document used to confirm identity MUST be attached to the Statement of Educational Purpose Document from ED regardless of the confirmation method of notary or in person.

Ensure Statement of Educational Purposed matches the wording exactly in the FSA handbook. As it is a requirement.

If student appears in person be sure to collect the ID, ensure it is valid and not expired, make a copy and sign and date on the copy.

If student uses a Notary, ensure a copy of the valid, unexpired ID is sent to the school with the Statement of Educational Purposes.

V5 Aggregate Verification Group

Tax Filers

Adjusted Gross Income

U.S. Income Tax Paid

Untaxed Portions of Individual Retirement Account
(IRA) Distributions

Untaxed Portions of Pensions

IRA Deductions and Payments

Tax Exempt Interest Income

Education Tax Credits

2018

taxes and
income

Nontax Filers

Income Earned from Work

Tax Filers and Nontax Filers

Number of Household Members

Number in College

High School Completion Status

Identity/Statement of Educational Purpose

WHO SHOULD FILE A TAX RETURN

2018 Instructions for Filing 1040 pg. 10 – 12

Chart A—For Most People

IF your filing status is . . .	AND at the end of 2018 you were* . . .	THEN file a return if your gross income** was at least . . .
Single	under 65	\$12,000
	65 or older	13,600
Married filing jointly***	under 65 (both spouses)	\$24,000
	65 or older (one spouse)	25,300
	65 or older (both spouses)	26,600
Married filing separately	any age	\$5
Head of household	under 65	\$18,000
	65 or older	19,600
Qualifying widow(er)	under 65	\$24,000
	65 or older	25,300

**If you were born on January 1, 1954, you are considered to be age 65 at the end of 2018. (If your spouse died in 2018 or if you are preparing a return for someone who died in 2018, see Pub. 501.)*

***Gross income means all income you received in the form of money, goods, property, and services that isn't exempt from tax, including any income from sources outside the United States or from the sale of your main home (even if you can exclude part or all of it). Don't include any social security benefits unless (a) you are married filing a separate return and you lived with your spouse at any time in 2018 or (b) one-half of your social security benefits plus your other gross income and any tax-exempt interest is more than \$25,000 (\$32,000 if married filing jointly). If (a) or (b) applies, see the instructions for lines 5a and 5b to figure the taxable part of social security benefits you must include in gross income. Gross income includes gains, but not losses, reported on Form 8949 or Schedule D. Gross income from a business means, for example, the amount on Schedule C, line 7, or Schedule F, line 9. But, in figuring gross income, don't reduce your income by any losses, including any loss on Schedule C, line 7, or Schedule F, line 9.*

****If you didn't live with your spouse at the end of 2018 (or on the date your spouse died) and your gross income was at least \$5, you must file a return regardless of your age.*

Tax Filers Selected for V1 or V5:

- If student (and parent if dependent) was able to use the IRS Data Retrieval Tool the ISIR will have an 02 IRS code for each of them and no tax documents are required for Verification. (May need to collect for a PJ or for a C-Code but that is separate from Verification)
- If 02 code is not showing on the ISIR student (and parents if dependent student) will need to provide their 2018 tax transcripts and schedules 1,2, and or 3 if applicable. They can also provide a signed 2018 tax form and schedules if they are unable to obtain a tax transcript.



NEW

2020-21 FAFSA questions:

#35 (Student) and

#82 (Parent)

ask if a Schedule 1 was
(or will be) filed with a
2018 tax return.

A note on p. 9 of the FAFSA reads:

- Answer “No” if you (and if married, your spouse) did not file a Schedule 1.
- Answer “No” if you (and if married, your spouse) did or will file a Schedule 1 to report only one or more of the following items:
 1. Capital gain (line 13 – may not be a negative value)
 2. Unemployment compensation (line 19)
 3. Other income to report an Alaska Permanent Fund dividend (line 21 – may not be a negative value)
 4. Educator expenses (line 23)
 5. IRA deduction (line 32)
 6. Student loan interest deduction (line 33)
- Answer “Yes” if you (or if married, your spouse) filed or will file a Schedule 1 and reported additional income or adjustments to income on any lines other than or in addition to the six exceptions listed above.

Non-Tax Filers Selected for V1 or V5:

- Independent students need to provide a verification of non-filing from the IRS
- W-2's
- 1099's
- A Statement of all income earned from work

Number in Household and Number in College for those Selected for V1 or V5

- Number in household can be listed on a statement or the verification worksheet as proof of number in household
 - *Should include only members of the household in which the student (or parent if dependent) support more than 50 percent.*
- Number in College can be listed on a statement or the verification worksheet as proof of number in college
 - *Should include all members in the household that attend college at least half-time or more except parents in the case of dependent students.*

High School Completion for those selected for V4 or V5

- Copy of High School Diploma **OR**
- Copy of final official transcript from high school stating diploma awarded and date awarded **OR**
- Copy of the “secondary school leaving certificate” (or other similar document) for students who completed secondary education in a foreign country and are unable to obtain a copy of their high school diploma **OR**
- GED
- Homeschool Certification depends on state laws –
 - *If State law **REQUIRES** a credential - Copy of secondary school completion credential for homeschool (other than a high school diploma or its recognized equivalent) **OR***
 - *If State law does **NOT** require a credential – Copy of transcript or the equivalent signed by the student’s parent or guardian that lists the secondary school courses the student completed and documents the successful completion of the secondary school education in a homeschool setting*
- Discussed ID and Statement of Education Purpose docs needed on the V4 and V5 slides #35 & 36.

Contact Information

Trudy M. Bell

Exec. Director of Financial Aid Operations
FA Solutions LLC

tplunkett@getfasolutions.com

Website: getfasolutions.com

Phone: 813-435-6227

Resources & Additional Information

- FSA Handbook

- *Application and Verification Guide*
- *Volume 2-5*
- https://ifap.ed.gov/ilibrary/document-types/federal-student-aid-handbook?award_year=2019-2020&

- <https://www2.ed.gov/offices/OSFAP/training/materials/clockhoursides.pdf>

Clock Hour Programs: Issues in Administering Title IV Programs in a Clock Hour Environment by the Department of Education

- <https://fasfaa.memberclicks.net/assets/ClockHour/1819/Presentations/FASFAA%20CI%20Hr%20Wkshp%20-%20%20SAP-%20Oct%202018%20-%20HANDOUTS.pdf>

Understanding Your Satisfactory Academic Progress Policy by David Bartnicki

Additional Information

- The Notice of Proposed Rulemaking regarding Distance Education and Clock-Hour Programs that was published on 4/2/2020, is only a **draft**.
 - *Hopefully, most of you were able to get comments in.*
 - *The results of this will not be available until late Summer or Early Fall. Please keep an eye out.*
 - <https://www.federalregister.gov/documents/2020/04/02/2020-05700/distance-education-and-innovation>
- For any questions related to Title IV don't hesitate to reach out to askafed@ed.gov
- For Covid-19 (CARES ACT, HEERF, Corona Virus) related questions please utilize this email instead: COVID-19@ed.gov
- **Reminder this overview is based on regular guidance for clock-hour and is not associated with any COVID-19 Emergency Rules in effect.**

Questions?