

Financial Aid Counseling

Background

During the recertification process for Title IV aid eligibility, the Department of Education (ED) will request additional information about financial aid counseling and information provided to students. Many of the items on this list are already provided to students but ED will now require evidence of information and communications to students starting July 1, 2024. ED wants to be sure that institutions advise students on the most beneficial financial aid packages. What complicates this is that counselors cannot advise students not to take loans or not to take the total amount of loans available to them. This seems in conflict with the intent of the “most beneficial” packages for the student guideline, given that many students are awarded greater access to loans than are necessary.

What will be “in effect” as of July 1, 2024?

An institution must demonstrate that its financial aid communications advise students to accept the most beneficial types of financial assistance available to them, and its advice to students/families includes robust information on costs, sources, and types of aid, along with how aid is disbursed and, if a student adjusts their enrollment status, how aid is returned. Starting in July 2024, during each institution’s Title IV recertification process, institutions will need to provide documentation of financial aid information that is shared with current and prospective students. This includes examples of letters, standard communications to students, along with website information.

What should our institution do to prepare?


Each institution should review financial aid award letters and communications with students to ensure that the information required is provided. If the information listed is not included in standard communications that students and families receive, your financial aid office needs to adjust award letters and communications to ensure compliance before July 1, 2024.

Letters and communications to students MUST include:

- Cost of attendance information, including each cost category such as: tuition, fees, room and board expenses, allowances for books and materials, equipment costs, and others.
 - Housing will be complex moving forward because of the new FAFSA change that no longer requires this question.
- Each type of aid offered, including grants, scholarships, loans, work-study, discounts, etc.
 - This section must also specify whether or not aid is gift aid (Pell, grants, etc.), earned (work-study), or returned (loans)
- Each student's individual net price of attendance.
 - Subtracting grant/scholarship aid from the cost of attendance. This one is complicated if you don’t know enough about student housing needs (also relevant in cost of attendance in first bullet).
- Detailed instructions on how each of the funds and sources of aid are applied for, disbursed, and adjusted, as well as instances in which funds may have to be returned to the institution.

Potential repercussions for non-compliance

This information is part of a broader package of data that ED requires for Title IV recertification. ED has indicated that an institution may be placed on provisional certification for Title IV while coming into compliance



with this rule. ED is not focused on individual student counseling, at the moment, but rather institutional behavior patterns that mislead students.

Q&A

Q1. Will there be any more guidance on what ED means by “most beneficial” – as that is a very subjective definition?

A1. Possibly more guidance but it is unclear. The regulations require that an institution’s communications advise the student to accept the most beneficial assistance available, but don’t require the student to choose it. There is a conflict between “most beneficial” and not being allowed to advise against taking the entire Federal loan available to a student. These seem incongruous and we have requested additional clarification from the department.

Q2. What impact, if any, will this have on the borrower's defense process within ED?

A1. Moving forward a student could attest that this information was not provided to them as promised. It will be essential for institutions to provide clear documentation on communications that students receive.

Q3. Are there any institutional safeguards for instances when a student chooses not to follow the “most beneficial” package offered?

A1. This has not yet been addressed.