CAPINCROUSE LLP

Overview of the Amended Title IV Regulations

By Tyler VanderVen, Partner

The amended Title IV regulations are effective **July 1, 2024.** If your higher education institution receives Title IV funds, we recommend that you familiarize yourself with these regulations now to ensure compliance.

The U.S. Department of Education (ED) amended the Title IV regulations to strengthen its ability to identify high-risk events promptly. The amended regulations relate to four areas:

- Financial responsibility
- Administrative capability
- Certification procedures
- Ability to Benefit (ATB)

While all four areas are important to understand, this article focuses on financial responsibility.

Amended Financial Responsibility Regulations

With the Free Application for Federal Student Aid (FASFA) delays, institutions' enrollment numbers and related net tuition and housing income are at risk. This can present challenges for many institutions, especially when combined with the ongoing rise in inflation, heightened interest rates, and uncertainty about donor contributions and state and federal funding.

It is not surprising that ED is seeing an increase in institutions closing with little warning. CapinCrouse serves more than 120 higher education institutions across the U.S., and we have seen a downward trend in ED composite scores over the years, especially post-CARES Act funding. ED's oversight is necessary not only to secure the federal loans issued but, more importantly, to protect students from a sudden closure of their institution, which can affect students' ability to complete their intended degrees.

The U.S. Department of Education amended the Title IV regulations to strengthen its ability to identify high-risk events promptly.

The amended regulations enable ED to monitor institutions' ability to meet:

- Four specific financial and administrative obligations;
- 14 mandatory triggers; and
- 14 discretionary triggers

If ED deems an institution is not financially responsible, ED can require the institution to provide financial protection, often in the form of a letter of credit. Multiple letters of credit could be required if ED determines that there are differing instances of noncompliance.

Notification Requirements

Institutions must notify ED no later than 21 days after any of the following events occur.

Ability to meet financial or administrative obligations if an institution:

1. Fails to make repayments for any debt (or liability) arising from its participation in Title IV.
2. Fails to make a payment regarding an undisputed financial obligation for more than 90 days.
3. Fails to satisfy payroll obligations.
4. Borrows funds from retirement plans or restricted funds without authorization.

Mandatory and discretionary triggers:
See our summary here.

The ED Office of Federal Student Aid (FSA) has provided this summary of upcoming changes with additional information.

Taking steps to prepare for the amended regulations can help your institution be proactive and avoid non-compliance issues, which can be costly and time-consuming. Please contact us with any questions.

About the Author

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Tyler joined CapinCrouse in 2006 and has acquired a broad range of experience through serving numerous types of nonprofit organizations. He provides auditing, accounting, and consulting services for nonprofit and higher education clients. He has a passion for serving mission-minded organizations and has worked extensively with a variety of nonprofit clients, including churches and denominations, international outreach organizations, and colleges and universities. Tyler has significant experience performing audits in accordance with Uniform Guidance and is a member of the CapinCrouse higher education leadership team.

About CapinCrouse

As a national full-service CPA and consulting firm devoted to serving nonprofit organizations, CapinCrouse provides professional solutions to organizations whose outcomes are measured in lives changed. For over 50 years, the firm has served domestic and international outreach organizations, universities and seminaries, foundations, media ministries, rescue missions, relief and development organizations, churches and denominations, and many others by providing support in the key areas of financial integrity and security. With a network of offices across the nation, CapinCrouse has the resources of a large firm and the personal touch of a local firm. Learn more at capincrouse.com.

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