

NEW REGULATIONS FOR TRANSCRIPT WITHHOLDING

Guidance and Frequently Asked Questions

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AGENDA

1. Overview of regulatory requirements
2. Recent policy guidance
3. Questions

DEFINITIONS

- ***Title IV, HEA funds:*** Funds under Title IV of the Higher Education Act of 1965, as amended, including:
 - Federal Pell Grants (Pell)
 - Federal Direct Loans (DL)
 - Federal Supplemental Educational Opportunity Grants (FSEOG)
 - Federal Work Study (FWS)
- **Payment period:** Period for which Title IV, HEA funds are awarded, typically an academic term (i.e., semester, trimester, or quarter)

FINAL REGULATIONS

Published October 31, 2024, effective July 1, 2024

TRANSCRIPT WITHHOLDING FOLLOWING SCHOOL ERROR

Prevents institutions from withholding official transcripts or taking any other negative action against a student for balances owed due to a school's error in its administration of Title IV, HEA funds

TRANSCRIPT WITHHOLDING FOR NON-PAYMENT

Requires institution to provide an official transcript to a student including credits earned for payment periods (terms) in which the student 1) received Title IV, HEA funds; and 2) for which all institutions charges were paid or included in an agreement to pay



OVERVIEW OF REGULATORY REQUIREMENTS

TRANSCRIPT WITHHOLDING FOR SCHOOL ERROR

34 CFR 668.14(b)(33)

“By entering into a PPA, an institution agrees that it will not withhold official transcripts or take any other negative action against a student related to a balance owed by the student that resulted from an error in the institution's administration of the title IV, HEA programs, or any fraud or misconduct by the institution or its personnel”



TRANSCRIPT WITHHOLDING FOR SCHOOL ERROR

- “Error in the administration of *Title IV* funds” includes, but is not limited to:
 - Errors determining a student’s eligibility for Title IV funds (e.g., Pell Grants, Direct Loans, etc.) generally or the amount of Title IV funds resulting from school error
 - Return of Title IV funds errors
 - Disbursement delays that are the fault of the institution
- “Any other negative action” includes, but is not limited to:
 - Withholding transcripts or degrees
 - Registration holds
 - Referral to collections

TRANSCRIPT WITHHOLDING FOR NON-PAYMENT

34 CFR 668.14(b)(34)

“By entering into a PPA, an institution agrees that, upon request by a student, the institution will provide an official transcript that includes all the credit or clock hours for payment periods—

- (i) In which the student received title IV, HEA funds; and
- (ii) For which all institutional charges were paid or included in an agreement to pay at the time the request is made”



TRANSCRIPT WITHHOLDING FOR NON-PAYMENT

- Requirement applies when any amount of Title IV, HEA funds is applied to a student's account for a payment period (generally, a term) and institutional charges for that period have been fully paid
 - For this purpose, funds paid accrue sequentially from term to term, i.e., each dollar paid to the student's account pays for the oldest outstanding charges on the account
 - Federal Work Study funds paid directly to a student and not applied to a student's account do **NOT** trigger this requirement
- If a student or parent enters into an agreement to pay the institution (e.g., a payment plan) and is making payments according to the agreement, the amount of the agreement is added to funds that are fully paid when determining whether charges have been paid

POLICY GUIDANCE

IMPLEMENTATION

- The new requirements related to transcript are effective on **July 1, 2024**
- All requirements related to transcripts are *retroactive*. Institutions must provide official transcripts in accordance with both new requirements to all students who qualify, even if the balance owed is attributable to payment periods prior to July 1, 2024.
- The Department will enforce these requirements through its normal oversight procedures, e.g., program reviews, audits, and other enforcement oversight.
 - Institutions have an opportunity to appeal determinations of non-compliance in accordance with normal appeal procedures.

PAYMENT PLANS

- Amounts associated with institutional loans, payment plans, and other agreements for a student or parent to pay are treated as funds that are fully paid for purposes of determining whether charges for a payment period have been paid
- If a payment is missed, the institution is not required to include amounts associated with the student or parent's payment plan until the student or parent is once again making payments in accordance with the agreement
- An institution's policy on payment plans needs to be consistent for all students, including a student who is interested in an agreement to pay their outstanding balance in return for their transcript.
- An institution is permitted to wait for the student to make their first payment from their agreement before providing them with their transcript.

PARTIAL-TRANSCRIPT HOLDS

- Institutions are permitted to provide students with partial official transcripts that do not include credits for payment period (also known as a “partial-transcript hold”) in which a student did not receive Title IV, HEA funds or where institutional charges are not paid.
- Schools may also discontinue the practice of withholding transcripts to comply with the new requirements.
- The Department does not maintain specific requirements for partial-transcript holds; institutions should ensure they are complying with any requirements established by accrediting agencies or States

DEGREE OR RECOGNIZED CREDENTIAL

- The regulations never require an institution to confer a degree or other credential to a student who has not fully paid the amount they owe to the school **EXCEPT** in cases where the institution made an error in its administration of Title IV funds.
- If a student owes a balance that is due to an error, fraud, or misconduct by the institution, the institution **MUST** provide the student with any credential that the student otherwise earned; doing otherwise would be considered a negative action

OTHER FAQs

- **Question:** Can a college hold a transcript if a borrower defaults on a Federal Perkins or Nursing loan?
- **Answer:** A loan default is separate from owing a Title IV balance and these regulations do not address students defaulting on loans.
- **Question:** What if failure to return equipment results in a debt after a certain amount of time?
- **Answer:** If the rental is considered an allowable institutional charge and the late return results in a debt, all institutional charges will not have been paid for that payment period. For purposes of these new provisions, we consider an institutional charge to be “for a payment period” if they are allowable charges for the payment period, as defined under § 668.164(c)(1).

RESOURCES

- [Federal Register Notice](#) published 10/31/23
- [Dear Colleague Letter GEN-24-07](#)
- [Frequently Asked Questions for Certification Procedures](#)
- Federal Student Aid Handbook, Volume 2 (scheduled for publication in early July)

QUESTIONS?

FOR ADDITIONAL ASSISTANCE

Please send questions regarding topics discussed in this Dear Colleague Letter through the [Contact Customer Support](#) link in Federal Student Aid's [Help Center](#). When submitting a question, please enter your name, email address, topic, and question. In addition, please indicate if your question relates to an open audit or program review. When selecting a topic, please select "Policy Guidance."

