



# TO HOLD OR NOT TO HOLD?: PART 3 THAT IS THE QUESTION

**AACRAO Guidance and a Discussion with the Department  
of Education**

**In response to Changes to the Code of Federal Regulations  
at 668.14(b)**

**AACRAO webinar  
June 5th, 2024**





# OBJECTIVES

- Briefly share AACRAO's guidance
- Engage in a Q&A with the Department of Education





# DEFINITIONS

## PARTIAL-TRANSCRIPT HOLDS VS. PARTIAL TRANSCRIPTS

**Partial-transcript holds** refer to the practice of suppressing certain information from a learner's transcript, such as:

- Final grades for a specific term
- An earned credential
- The entire content of a term, including course subject, course number, course title, and final grades





# DEFINITIONS

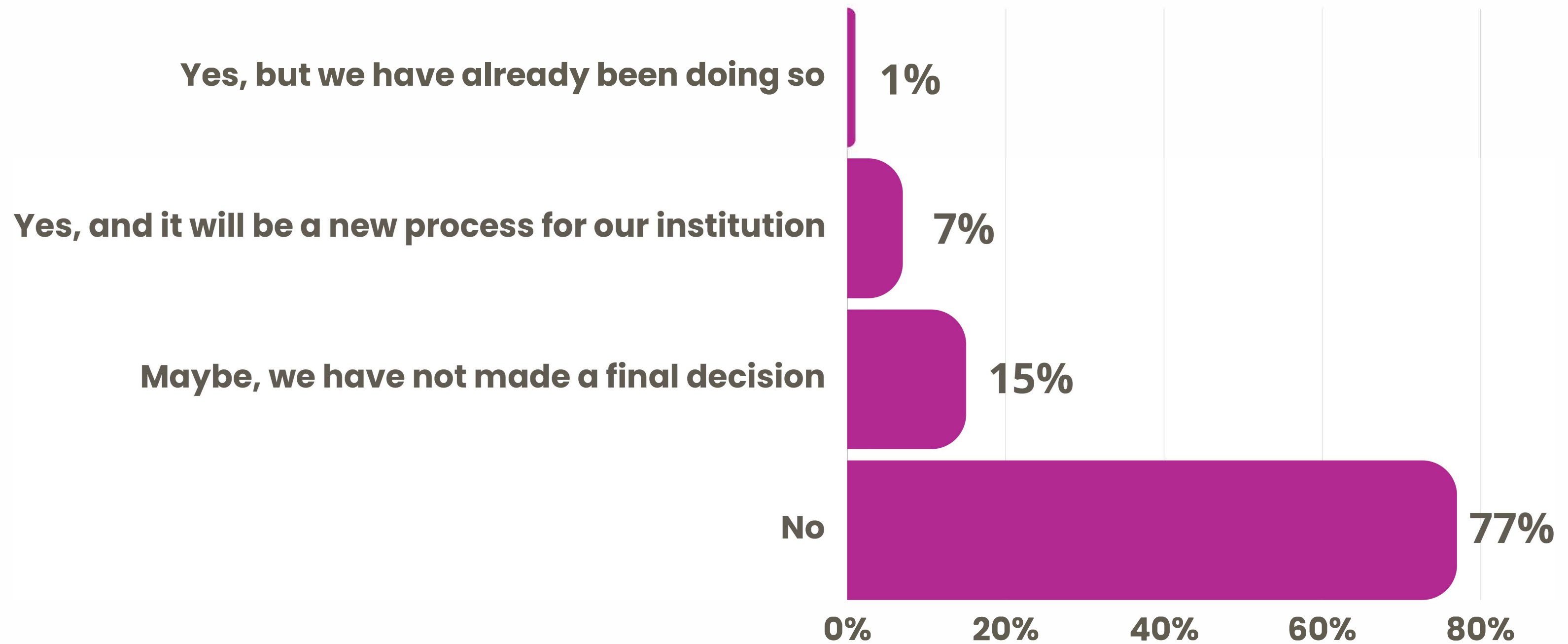
## PARTIAL-TRANSCRIPT HOLDS VS. PARTIAL TRANSCRIPTS

**Partial transcripts**, on the other hand, refer to an institution's practice of allowing a learner to release only a portion of their academic history. For example:

- A learner who has both graduate and undergraduate academic history at an institution may choose to release only their undergraduate history or only their graduate history.



# Plans to Use Partial-Transcript Holds\*





# **AACRAO Guidance on Partial- Transcript Holds**

Given that the regulation addresses payment periods rather than the entire transcript, this leaves permission for institutions to use partial-transcript holds.





# AACRAO Guidance on Partial- Transcript Holds

AACRAO takes the position that completed and in progress courses should be visible on the transcript, with the understanding that certain administrative procedures may result in a suppression of the final grade for the course (e.g., course graded as incomplete, in-progress courses, academic renewal or forgiveness).



# **AACRAO Guidance on Partial- Transcript Holds**

If a partial-transcript hold is to be used as allowed by the regulation, we believe any practice and policy related to the use of partial-transcript holds should treat all learners equally.





# **AACRAO Guidance on Partial- Transcript Holds**

We strongly support using standardized practices for using partial-transcript holds, akin to the standardization of transcript practices for other processes such as when a learner earns a grade of incomplete and for courses still in progress.



# **AACRAO Guidance on Partial- Transcript Holds**

Before proceeding with using partial-transcript holds, review any state regulations regarding the use of transcript holds.

Currently, the Department of Education has not provided guidance on how to handle situations where federal regulations conflict with state regulations.





# **AACRAO Guidance on Partial- Transcript Holds**

The recommendations are aimed at creating a process that is similar to the transcript practices currently used by most institutions for incomplete grades and/or courses in progress.

# AACRAO Guidance on Partial- Transcript Holds

- Create a new grade code that indicates that the grade is withheld for an outstanding balance or an administrative reason
- Ensure this grade code does not get included in any grade, credit, term or cumulative total calculations
- Include all applicable courses on the transcript for the payment period in question





# AACRAO Guidance on Transcript Annotation

Neither the regulation nor the Dear Colleague letter provide any guidance on the practice of transcript annotation.

Absent any guidance from the Department of Education on this topic, it is recommended that an institution seek legal counsel before deciding whether or not to pursue this practice.

# NEW REGULATIONS FOR TRANSCRIPT WITHHOLDING

Guidance and Frequently Asked Questions

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Office of Federal Student Aid

U.S. Department of Education



# AGENDA

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

# DEFINITIONS

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- ***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*

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## 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

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# TRANSCRIPT WITHHOLDING FOR SCHOOL ERROR

*34 CFR 668.14(b)(33)*

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“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

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- “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)*

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“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

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- 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

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# IMPLEMENTATION

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- 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

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- 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

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- 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

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- 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

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- **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

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- [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?

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## 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."

