



Financial Aid Handbook

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INTRODUCTION

Federal regulations mandate that institutions have written policies and procedures. Beyond the federal requirement, there are many benefits to having a written document outlining financial aid office policies and procedures: 1) for distribution to appropriate others outside the Financial Aid Office (FAO) for the purpose of informing and fostering an understanding of the complexity and operation of the FAO; 2) for FAO staff as a referral guide to assist in maintaining consistency in the problem-solving process; and 3) as an important component of a comprehensive training program.

1.1 Statement of Purpose

The purpose of this handbook is to record policies and procedures surrounding the delivery of financial aid at Shepherds Theological Seminary (STS).

This handbook:

1. Provides the financial aid staff with current policies and procedures which pertain to eligibility assessment for federal and seminary programs.
2. Provides quick reference to various practices.
3. Facilitates the orientation and training of personnel when changes occur.

1.2 Financial Aid Reference Documents

There are many resource guides which assist the FAO staff. These citations are maintained by the Financial Aid Administrator (FAA) and are available to staff members.



PHILOSOPHY OF STUDENT FINANCIAL AID AT STS

The philosophy of student aid is to provide access and choice to students who, without such assistance, would not be able to attend an institution of higher learning.

2.1 History of Financial Aid at Shepherds Theological Seminary

The FAO was established at STS in 2009-2010 to coordinate all financial assistance offered to students at the seminary. The FAO was charged with the responsibility of assuring that the principles identified below become operationally effective.

2.2 Policy Development

1. Responsibility for Institutional Policy Development

The FAA, along with the Academic Dean and Vice President of Academic Affairs, are responsible for establishing institutional policy development surrounding the delivery of financial assistance. Policy development adheres to federal and state laws and regulations as well as to the mission of the seminary. Financial aid policy is reported to and approved by the faculty when appropriate. Major decisions go through the Board of Trustees, and they are ultimately responsible.

2. Operating Policies

The following operating policies are designed to assure that the FAA is effective in carrying out his/her responsibilities:

- a. All students must apply for financial assistance by submitting appropriate application forms (i.e., Free Application for Federal Student Aid, etc.).
- b. All federal funds available to the seminary for financial assistance shall be administered through the FAO. The selection of students to receive certain designated scholarships shall be handled by the STS

Scholarship Committee. When funds or awards for students are received from outside sources by other offices, such as the Business Office, that office will be required to notify the FAO.

- c. The FAO shall maintain adequate records to ensure proper administration of aid funds. This includes ensuring that aid given is not in excess of need and/or the cost of attendance, and that aggregate awards do not exceed total expenditures of funds under each program.
- d. Selection of students to receive financial aid will be made without regard to age, sex, race, color, religion, sexual orientation, national origin, disability, or marital status.



ADMINISTRATION OF THE FINANCIAL AID OFFICE

3.1 Organizational Charts

The FAO consists of the FAA. No other staff are part of the FAO currently. A third-party servicing agency, Campus Ivy (CI), facilitates the processing of Title IV funds for STS.

3.2 Division of Responsibility Between Financial Aid and Business Offices

There exists a clear and separate division of responsibility for the administration of financial aid programs which are divided between the FAO and the Business Office. To maintain this division, each office is accountable for the following responsibilities.

1. The Financial Aid Office

The FAO is responsible for:

- a. Collecting supporting documentation for the determination of aid eligibility.
- b. Determining student eligibility for financial assistance.
- c. Awarding federal and seminary aid in compliance with laws, regulations, and policies.
- d. Notifying students of aid eligibility.
- e. Notifying the Business Office of expected disbursement date(s) of Title IV and VA funds.
- f. Compiling and completing all institutional, state, and federal reports.

2. The Business Office

The Business Office is responsible for:

- a. Maintaining and disbursing accurate bills.
- b. Collecting payments for student accounts.
- c. Transferring Title IV and VA fund disbursements from designated checking account to student account(s) within 3 business days of receipt of federal funds.
- d. Crediting student accounts with funds and cutting checks for any excess for living expenses within 14 days.
- e. Printing tuition statement showing activity.
- f. Submitting checks and tuition statements to the FAA for distribution to students.
- g. Reporting scholarship donations to the FAO.

3.3 Job Descriptions: Financial Aid Administrator

The FAA is responsible for all functions of the FAO, including financial aid policies and procedures.

3.4 General Financial Aid Office Administration

1. Personnel Policies

All personnel policies are outlined in the STS Personnel Handbook.

2. Performance Evaluations

Performance evaluation policies are outlined in the STS Personnel Handbook.

3. Confidentiality of Records

All records and conversations between an aid applicant and the staff of the FAO are confidential and entitled to the protection ordinarily given a counseling relationship. STS assures the confidentiality of student educational records in accordance with STS rules and state and federal laws,

including the Family Educational Rights and Privacy Act of 1974 (The Buckley Amendment) – whose primary intent is to provide students access to their educational records and to limit dissemination of personally identifiable information without the student’s written consent as amended. As a rule, all currently enrolled and former students have the right to review their records to determine their content and accuracy. A student who wishes to obtain access to his/her financial aid record can do so in the presence of the FAA.

4. Active Records

The FAO maintains a master record for each student receiving financial assistance.

5. Inactive Records

Inactive records are stored by the FAO. The FAO keeps inactive records for seven years or longer. After the designated time passes, records are securely erased.



ADMISSIONS, ACADEMIC YEAR, PAYMENT PERIOD, & ENROLLMENT STATUS

The STS Admissions Policy is fully outlined in our Academic Catalog (pgs. 89-100).

For the one-year Master of Theological Studies program, there is one 23-week semester (fall) and one 26-week semester (spring) in the STS academic year.

For all other degree programs, there are two 14-week semesters in the STS academic year (fall and spring).

Application for federal direct unsubsidized loans may be made at the beginning of each semester. There are two disbursement dates, one in the fall and one in the spring. Each disbursement date will be set within 5 weeks following the first day of class.

To qualify for Title IV funds, a student must maintain at least half-time enrollment status in a degree program. For all STS degrees, a student must take at least 5 credit hours per semester to be considered half-time.



STUDENT CONSUMER INFORMATION

The FAO recognizes that, to understand the complications of financial aid, accurate and timely dissemination of information to consumers/students is vital. Several policies have been implemented to ensure appropriate dissemination is achieved.

- 5.1 Financial aid programs which are available to STS students are listed on the STS website (<https://shepherds.edu/financial-aid>), in the Academic Catalog (pgs. 105-109), and in the FAO.

Financial aid funds may be categorized into three basic sources: federal, institutional, and private. Because there are too many outside private sources to list in the handbook, only federal and institutional sources for STS are listed below.

- a. Federal Unsubsidized Direct Loans (Federal)
- b. VA Education Benefits (Federal)
- c. In-House Scholarships and Tuition Grant-in-Aid (Institutional)

Through the generosity of donors, STS is able each year to award tuition grant-in-aid and in-house scholarships to deserving students. Students applying for a scholarship must reflect academic excellence and consistency in their Christian life. They must also demonstrate financial need.

- 5.2 Procedures and Forms Required to Apply

There are many forms which may be required to evaluate student aid eligibility. However, a student only needs to complete the Free Application for Federal Student Aid (FAFSA), which will generate a Student Aid Report (SAR).

Additional documents may be requested to complete processing of the aid request. Notification of these additional required documents is sent to the student through the CI student portal. Additional information may include, but is not limited to, the following:

1. Proof of citizenship

2. Proof of selective service registration
3. Marriage certificate
4. Verification form (independent and dependent)
5. Tax returns (student and/or spouse)
6. Statement of non-tax filer (student and/or spouse)
7. Student Aid Report (SAR)
8. Admission Status
9. Employment Verification

5.3 Methods of Dissemination of Consumer Information

The primary method of disseminating consumer information to STS students is through the STS website and Academic Catalog. In addition, information is available in the FAO.

5.4 Student Eligibility Requirements

Student eligibility requirements are listed:

1. On the STS website and in the Academic Catalog (pgs. 105-109).
2. On specific aid applications (i.e., scholarship applications describing eligibility requirements).

To be eligible to receive federal assistance, a student must:

- a. Be enrolled in an eligible program of study.
- b. Be a U.S. citizen, U.S. national, or U.S. permanent resident, or reside in the United States for other than a temporary purpose (supportive documentation may be required to verify residency or citizenship status).
- c. Maintain Satisfactory Academic Progress in their course of study.

- d. Not be in default of any loan or owe a repayment on a Federal Pell Grant, FSEOG, or State Grant.
- e. Demonstrate financial need.

5.5 Criteria for Selecting Recipients

Students may obtain the criteria used for selecting financial aid recipients by contacting the FAA.

5.6 Availability of Forms and Instructions

1. Forms and instructions may be obtained through the FAO.
2. Forms and instructions are also available in specific aid application packages (i.e., scholarship applications describing eligibility requirements).

5.7 Rights and Responsibilities of Students on Financial Aid

There are certain rights and responsibilities of which students should be aware as recipients of federal aid. These rights and responsibilities are listed below as well as in the STS Catalog.

Students have the right to know the:

1. Financial aid programs available at STS.
2. Application process, which must be followed to be considered for aid.
3. Criteria used to both select recipients and calculate need.
4. STS refund and repayment policies.
5. FAO policies surrounding Satisfactory Academic Progress.
6. Special facilities and services available for disabled students.

Students are responsible for:

1. Completing all forms accurately and by the published deadlines.
2. Submitting information requested by the FAA in a timely manner.

3. Notifying the FAO of any changes in address, name, material status, financial situation, or enrollment status.
4. Notifying the FAO of receipt of any additional assistance from outside sources such as scholarships, loans, fellowships, and educational benefits.
5. Notifying the FAO of a change in enrollment status.
6. Maintaining Satisfactory Academic Progress.

5.8 Cost of Attendance

A description of the fees for attendance is published in the STS website (<https://shepherds.edu/tuition-fees>) and Academic Catalog (pgs. 102-103). A complete outline of the cost of attendance may be obtained from the FAO or the Registrar's Office.

5.9 Refund Policy

A description of the refund policy is described in the STS Catalog (pgs. 104-105). A description of the refund policy may also be obtained from the FAO. See the section on Return of Title IV Funds for more details (page 39).

5.10 Academic Programs Offered

A description of the academic programs offered at STS is listed in the Academic Catalog (pgs. 35-88). Additional information may be obtained from the Registrar's Office.

5.11 Person(s) Designated to Provide Financial Aid Information

Only information published, provided, or referred to by the FAO is valid. Any additional information that a student obtains should be verified with the FAO.

5.12 Student Retention and Completion Data

Student retention and completion data is collected and maintained by the Registrar's Office.

5.13 Information for Students with Disabilities

The Registrar should be contacted with information about students with learning disabilities or other disabilities that would affect learning.

5.14 Information on Accreditation

Information concerning accreditation is listed on the STS website and Academic Catalog. Additional information may be obtained from the Registrar's Office.



STUDENT APPLICATION FOR FINANCIAL AID

Students are required to submit financial aid applications on an annual basis.

6.1 Forms

To begin applying for federal student aid, a student must submit the Free Application for Federal Student Aid (FAFSA). FAFSAs are submitted here: <https://studentaid.gov/h/apply-for-aid/fafsa>.

Additional documents may be requested to complete processing of the aid request. Notification of these additional required documents is sent to students through the CI student portal. Below are documents used in the application process.

1. FAFSA. A need analysis document published by the Department of Education (ED). Information is sent to the Central Processing Center (via CI) for an analysis of the expected family contribution (EFC). Students receive a SAR, which shows the results of the analysis. Federal aid may only be awarded based on the official results of the FAFSA. The FAO receives an Institutional Student Information Record (ISIR).
2. Student Aid Reports (SAR). Students are not automatically required to submit a SAR. However, the FAO may request the document to verify conflicting information.
3. The Federal Direct Loan Master Promissory Note (MPN). Students who wish to apply for a Direct Loan must fill out this MPN here: <https://studentaid.gov/mpn>. Students are instructed by the FAA to select the MPN corresponding to unsubsidized loans for graduate students.
4. Federal Tax Returns & W-2's. Federal Income Tax returns and W-2s will be requested if a student is selected for verification or if the FAA deems it necessary to verify conflicting information. Independent students must submit their tax returns and their spouse's returns, if applicable. Tax returns must be signed or have the preparer's section completed and signed.

5. Federal Direct Loan Entrance Counseling. This online counseling offered by ED explains the responsibility of the student applying for financial aid. This is completed here: <https://studentaid.gov/entrance-counseling>. Students are instructed by the FAA to select the counseling that corresponds to graduate students.
6. Verification Documents. One or more documents which collect updated information submitted on the FAFSA. Students who are selected for verification must submit these through the CI student portal. The FAO may also request such documents to resolve conflicting information.
7. Citizenship/Residency Verification. A document which collects proof that the student has citizenship status eligible for financial aid purposes.

6.2 Application Process

1. Student submits FAFSA at <https://studentaid.gov/h/apply-for-aid/fafsa>.
2. The FAO receives an electronic ISIR from the government through CI, and the student receives a SAR.
3. The student reviews and submits any changes to the FAO.
4. The FAA registers the student in the CI student portal and links the student's FAFSA to their new CI profile. The student is prompted to create a login for the portal.
5. The student is prompted to submit additional documents, as needed, in the CI student portal.
5. If the student is enrolled and not chosen for verification, then a funding estimate can be generated in CI for the student.

If the student is chosen for verification, the verification process begins.

- a. The FAO sends a request for the student's and spouse's (if applicable) additional documents and information as needed by CI. The documents and information needed are based on the C-code generated when the student is chosen for verification; this code is listed in the student's CI profile.
- b. The FAO will follow up with another notice to the student if the information is not received within a month.

- c. Once all the documents are received, the FAO will verify the information. See the section on Verification for more details (page 19).
 - d. If changes are needed, they are submitted to ED through CI.
 - e. Once a valid ISIR is received, a funding estimate is generated through CI if the student is enrolled.
- 5. The FAO will generate a funding estimate through CI and transmit an electronic prompt to the student.
 - 6. Upon receiving a signed funding estimate from the student accepting or declining federal funds, the application process is completed.

6.3 Independent Student Status

All students are considered independent and do not require parental data to apply for financial aid.



STUDENT BUDGETS

Student budgets are an important component in the financial aid process. Standard student budgets reflect the STS average student population cost of attendance at a modest, but adequate standard of living; these budgets are used to award financial aid. Special budget considerations are approved by the FAO on a case-by-case basis.

7.1 Basis for Student Budgets

The FAO collects information to prepare standard costs on an annual basis.

1. Tuition and Fees

STS tuition and fees are set by the Board of Trustees annually.

2. Books and Fees

A survey of the different courses is used to determine the cost of books. Various fees are determined by the Board of Trustees annually.

3. Housing Costs

Room and board, personal expenses, and maintenance are based upon a conservative national average. Increases year-to-year normally follow the national CPI used and are reported by the U.S. Department of Labor.

4. Transportation

Transportation costs are based on the average number of miles traveled by students to and from the seminary at the mileage reimbursement rate set by the federal government.

7.2 Cost of Education Budget

Cost of education charts are available by request from the FAO.

7.3 Special Budget Considerations

Upon request, the FAA may review, and if appropriate, adjust a student's budget. A signed statement by the student is sufficient documentation in most of these cases.

Examples of changes to standard budgets include, but are not limited to:

1. Childcare. The cost of childcare for single parents (or parents with a spouse also in seminary) with dependent children may be added to a standard budget.
2. Special needs. Disabled students or students with learning disabilities may be allocated funds to cover reasonable costs associated with their disabilities or problems that are not already covered by other resources.



VERIFICATION

8.1 Introduction

Verification is the process of confirming the accuracy of student reported data on financial aid applications.

8.2 The FAA verifies those applicants identified by ED. In addition, the FAA may select a student for verification if there is a discrepancy or a condition that is unusual and warrants investigation.

1. When a file is chosen for verification, the following documentation may be needed:
 - a. Signed copy of Federal 1040 for student and spouse (if applicable)
 - b. Copies of W-2's for student and spouse (if applicable)

2. All government-selected files, and any files with conflicting information, need to be verified.

3. Verification exclusions:

Listed below are certain circumstances where students do not have to complete verification. The FAA must identify and document why a given student is not required to complete verification.

- a. A student who died during the award year
 - b. A student who is incarcerated
 - c. A student immigrant (however, the student must meet the citizenship requirements)
 - d. A student who does not receive Title IV funds
4. Conflicting information for non-selected applicants:

The FAO is required to resolve any discrepancies discovered in a student's file. Because need analysis information is only collected from ED, and additional information is typically not requested from students who are not selected for verification, conflicting information is systematically rare.

5. Notification of verification to applicants:

Students are notified that they are selected for verification on the SAR. If verification is needed due to conflicting information, a notice will be issued to the applicant from the FAO. If the student does not respond within 30 days, a second notice will be sent. The verification process must be completed before Title IV funds will be disbursed.

8.3 Notification to Students

Students are notified of the results of verification by receipt of a notice generated by the FAA through the CI student portal.

8.4 Interim Disbursements

Because the FAO is liable for disbursements made prior to verification, the FAO policy does not allow for interim disbursements. Students must complete the verification process before aid is awarded or disbursed.



NEED ANALYSIS

STS uses the federal need analysis methodology only for general policies of need analysis (<https://www.federalregister.gov/documents/2021/07/19/2021-15217/federal-need-analysis-methodology-for-the-2022-23-award-year-federal-pell-grant-federal-work-study>). CI helps calculate student need, factoring STS tuition and fees, book costs, and various other expense estimates.



PROFESSIONAL JUDGMENT

The Higher Education Act of 1992 allows financial aid administrators to make professional judgment decisions for special or unusual family or student circumstances. Since all our students are independent of parental contribution, the FAA does not exercise professional judgment currently.



PARTICIPATION IN FINANCIAL AID PROGRAMS

The FAO participates in Title IV, VA Education Benefits, and in-house scholarships and tuition grant-in-aid. Scholarships are gift awards which do not have to be repaid. Loans are considered self-help awards since they must be repaid.

11.1 Institutional and Program Eligibility

1. Institutional Eligibility

As an accredited institution, STS has chosen to participate in financial aid programs authorized by Title IV of the Higher Education Act of 1961 as amended.

2. Terms of Agreement

The Program Participation Agreement between STS and ED entitles the FAO to participate in the Federal Direct Unsubsidized Loan Program.

3. Institutional Application for Federal Funds

The FAO applies for funds through CI.

11.2 General Student Eligibility for Title IV Financial Aid

There are several eligibility requirements which students must meet to apply for federal funds. Students must:

- 1. Demonstrate financial need according to federal methodology. See the section on Need Analysis for more details (page 21).**
- 2. Be enrolled in a degree-seeking or eligible certificate program.**
- 3. Be a U.S. Citizen or eligible non-citizen.**
- 4. Maintain Satisfactory Academic Progress as determined by the institution.**

5. Sign a statement of educational purpose, refunds and default, and registration status.

11.3 Federal Unsubsidized Direct Loan Program

The Federal Unsubsidized Direct Loan Program provides low interest deferred payment loans to undergraduate and graduate students who demonstrate financial need. The student is responsible for all interest on the unsubsidized loan. The interest may be paid while the student is still in school or deferred until the student graduates. The interest will then be added onto the loan total. These funds assist students with educational expenses.

1. Purpose of the Program

The Federal Direct Loan Program federally guarantees repayment through the State Guarantee Agency to the lending institution should the student borrower default. This guarantee creates an incentive for lending institutions to loan funds to students without a credit history. This ability to borrow helps the needy students meet the cost of post-secondary education. This program is administered by the institution and the lending community.

2. Institutional Policy Statement

Determining Eligibility

To determine eligibility for any federal financial aid program, students must file a Free Application for Federal Student Aid (FAFSA) and have the results sent to STS. A student's eligibility is determined only through ED's CPS using the federal need analysis methodology formula. The FAO must have an official EFC before eligibility for any fund may be determined. An Unsubsidized Direct Loan is awarded to a full-time student upon request. Unsubsidized Direct Loan funds are also awarded to half- and three-quarter-time students. Students are notified of the amount of their Direct Loan eligibility through an award letter generated through CI. Direct Loan recipients must have an MPN on file with the guarantor before funds will be sent.

Certification of Loan Applications

Loan certification will not be completed until:

- a. Financial aid data has been received from CI.
- b. Verification is complete, if necessary.

- c. The student has completed the ED loan entrance counseling.
- d. All other financial assistance is reported.

Exceptions should be carefully documented and monitored by the FAA to ensure that proper disbursement of loan funds occurs.

Payment

Within 5 weeks after classes begin each semester, Unsubsidized Direct Loan funds are disbursed to students who have a valid funding estimate. Before disbursement, a compliance match is made to ensure the student remains eligible for the loan and is registered for the appropriate number of classes.

Over Awards

Once the entire Unsubsidized Direct Loan proceeds have been released to the student, an over award does not exist. If a student withdraws before 60% of the course is taught, a refund of Title IV funds must be made. See the section on Return of Title IV Funds for more details (page 39).

Record Keeping

Financial aid records are maintained in CI as well as by the FAO. Student records include the demonstration of need and Unsubsidized Loan eligibility.

Returning Checks to the Guarantor or Lender

If funds need to be returned, the FAO will request that the Business Office return checks to the lenders.

3. Student Eligibility

Students must meet general eligibility for Title IV funds as described in 11.2.

4. Minimum and Maximum Awards

The lender determines the minimum amount regulated for the Unsubsidized Direct Loan. The maximum amount for a graduate student is \$20,500 currently.

5. Processing and Certification Procedures

Once the funding estimate is signed and received by the FAO and CI, the status of the student as to grade level, degree program, start date, expected graduation date, full or part-time status is confirmed by the FAA in CI. The student can confirm the distribution of funds through their student profile on Populi.

6. Disbursement Procedure

See the section on Disbursement for more details (page 32).

7. Entrance and Exit Loan Counseling

Entrance Counseling

All students applying for Unsubsidized Federal Direct Loans must perform ED's entrance loan counseling for graduate students (<https://studentaid.gov/entrance-counseling>). Additionally, the FAO consults each student to review the information from the entrance loan counseling and answer any additional questions the student may have.

Exit Counseling

All graduating students who have an Unsubsidized Federal Direct Loan must perform ED's exit loan counseling for graduate students (<https://studentaid.gov/exit-counseling>). Additionally, the FAO consults each student to review the information from the exit loan counseling and answer any additional questions the student may have.

8. Report to Lenders

If a student withdraws or leaves school, the lending institution must be notified within sixty days. The FAO must submit this information to CI upon notice from the student or the Registrar's Office.



SCHOLARSHIPS

12.1 Institutional

Through the generosity of donors, STS is able each year to award tuition grant-in-aid and in-house scholarships to deserving students. Recipients will be considered based on:

1. The number of credit hours completed in the degree program.
2. The number of credit hours taken during each term.
3. The demonstration of financial need.

More information on the policies and processes of STS scholarships and tuition aid can be found on the STS website (<https://shepherds.edu/financial-aid/scholarships>).



AWARDING FINANCIAL AID

13.1 General Qualifications to Receive Financial Aid:

1. The FAO has received an ISIR that has successfully passed all the edits (i.e., an ISIR with no C-codes), has a valid EFC, has no obvious conflicting information evident from data elements, and, if selected for verification, has completed verification.
2. The student is enrolled at least half-time.
3. The student is meeting Satisfactory Academic Progress.
4. The student is not going to go over the aggregate loan limit (<https://studentaid.gov/understand-aid/types/loans/subsidized-unsubsidized>).

13.2 Award Letter and Acceptance of Awards

Students receive notice of financial aid via an award letter generated through CI. Students are required to verify award amounts through their CI funding estimates, and the award letters reflect those accepted amounts.

13.3 International Students

International students are not eligible for federal aid because they do not meet the citizenship requirement. International students seeking assistance are referred to the Registrar's Office.



REVISION OF FINANCIAL AID AWARDS

Once an award letter is sent to the student, there may be instances which warrant a change to the original award. The FAO may review a student's circumstances, make an adjustment to an award, and release a revised award letter. This revised award invalidates the original award notice.

14.1 Revision Initiated by the Financial Aid Office

The FAO will automatically consider a revision in a student's aid package when:

1. There is conflicting information in the student's data.
2. There are data changes resulting from verification.
3. There is a FAO staff data input error.

Students will be notified as soon as possible of any changes to the award letter by the FAO.

14.2 Revisions Initiated by the Student

Students may decline any portion of their award or opt to take a partial amount.

It is the student's responsibility to notify the FAO of changes in his/her resources. If the student reveals a change in circumstances which may affect the student's family contribution, the student should document the situation and submit it to the FAO. If a change to the award is allowable, the FAO will release a revised award letter and funding estimate.

14.3 Over Awards

An over award occurs any time a student's disbursed financial aid and other resources exceeds the cost of attendance for the award period by more than an allowable tolerance.

1. Causes of Over Award and/or Over Payment

There are several causes of an over award:

- a. Additional resources: the student has resources greater than those used to calculate the award.
- b. Administrative error: the FAO inadvertently makes an error.
- c. Fraud: the student intentionally deceives or misrepresents information to obtain funds.



PROCESSING AWARDS

Once the Direct Unsubsidized Loan applications procedure is complete, the information is transmitted to the Direct Loan Servicing Center for processing by CI. CI contacts STS through their FAA portal when student application packages are approved, and disbursement batches are processed. Money is then disbursed electronically to the designated STS federal funds bank account, transferred to the general fund bank account, and applied to the students' tuition accounts within 3 business days. Any credit balance remaining after the tuition and fees have been applied are disbursed to the student within 14 days.



DISBURSEMENT OF FUNDS

16.1 Responsibility for Disbursement of Funds

The Business Office has responsibility for disbursement of federal funds and scholarship funds.

16.2 Separation of Functions

There is a clear and distinct separation of functions between the FAO and the Business Office. The FAO assures and maintains the accurate and appropriate awarding of aid funds. This information is transmitted to the Business Office. The Business Office credits each student's account for funds received. Any funds in excess of charges are disbursed to the student by the Business Office within 14 days from the date the credit balance occurred on the student's account ledger.

16.3 Procedures

1. An electronic notification is sent to the Business Office detailing disbursement amounts for students in each semester. When the federal funds are deposited into the federal funds bank account, the Business Office transfers the funds to the general account and notifies the Bursar.
2. The bursar credits the student's account, applying all tuition and fees. Any funds in excess of charges are disbursed via check to the student by the Business Office within 14 days from the date the credit balance occurred on the student's account ledger. The Bursar notifies the FAO and the Finance Office.
3. The check is sent to the student by the Business Office. Records of the excess are also shared with the FAO.



SATISFACTORY ACADEMIC PROGRESS AND APPEALS

Federal regulations require STS to establish and apply reasonable standards of satisfactory academic progress for the purpose of the receipt of financial assistance under the programs authorized by Title IV of the Higher Education Act. The law requires institutions to develop policies regarding satisfactory academic progress (SAP). A school's SAP policy must:

1. Include both a quantitative and qualitative component.
2. Be the same as the policy for non-financial-aid recipients.
3. Be consistently applied to all students.
4. Be cumulative, including all periods of enrollment.

Each institution must design criteria which outline the definition of student progress towards a degree and the consequences for the student if progress is not achieved. STS students who wish to be considered for financial aid must maintain satisfactory progress in their selected course of study as set forth in this policy.

17.1 Institutional Policy

The FAA evaluates student academic progress at the end of each semester. Students are evaluated based on grade point average (GPA), credit hour completion, and maximum time frame limitations. STS accepts transfer credits from other institutions (see Academic Catalog, pgs. 39, 46, 52, 61, 64, 67, 71, 78). Credit hours that are accepted from another institution toward the student's educational program will be counted as both attempted and completed hours.

The qualitative measure of progress is the student's cumulative GPA. The quantitative measure of progress includes (1) the comparison of the total number of semester hours successfully completed and (2) comparison of the total number of hours attempted to the published length of the academic program. All these calculations include transfer hours.

A GPA of 2.5 (C+) must be maintained for all degree programs. A student must pass 67% of the credit hours taken each semester.

The length of each academic program equals 1.5 times the full-time requirement to complete that program. The length of the academic program for the Master of Divinity is eight years. The length of the academic program for the Master of Arts in Biblical Literature and Languages is six years. The length of the academic program for the Master of Arts in Biblical Studies is five years. The length of the academic program for both the Master of Arts in Church Ministry and Master of Theological Studies degree is four years.

17.2 Institutional Procedures

Student Notifications

1. A student will be denied assistance if any of the following occur:
 - a. The student's GPA is below the minimum requirements as defined in 17.1.
 - b. The student does not make the incremental progress as described under 17.1
 - c. The student reaches the maximum time frame for completion of the program of study as defined in 17.1.

2. A student will be placed on probation if the following occurs:

A student will be placed on academic probation any semester in which his or her cumulative GPA falls below C+ (2.5 GPA) or after a semester in which he or she fails to pass or complete two or more courses. The student will be called in to discuss his or her GPA with the Dean of Students and the two of them will formulate a plan for rectifying the problem within a reasonable period. The plan may include periodic counseling appointments with the Dean of Students, in which matters such as time management, study skills, and personal discipline are addressed; the establishment of deadlines with professors on when special course extensions will expire; the reporting of work time, leisure time, and study time; and the appointment of credit load limitations. Continued unsatisfactory work while on probation may result in dismissal from school. During probation the course load will be reduced in keeping with the recommendation of the faculty.

A student who fails a class may receive federal funds to retake that class only one time.

A student may also be placed on probation when personal problems or character deficiencies are perceived by the administration and faculty to be a significant detriment to the student's spiritual progress and future ministry. A course of action like that for academic probation will be followed, except that the Chaplain will carry out the counseling sessions with the student. Failure to make reasonable progress in correcting the problem may result in suspension of the privilege of seminary enrollment.

Evaluation will be made each semester. The student will be notified and will have one year to reestablish eligibility.

3. A student seeking to reestablish eligibility of financial aid may do so by:
 - a. Achieving the required GPA as outlined in 17.1.
 - b. Completing the counseling sessions and demonstrating progress in correcting the problem(s).
 - c. Appealing the decision successfully and coming to a resolution.

17.3 Grievance and Appeal

Students have an opportunity to present their grievances and to appeal faculty or administrative decisions through a dispute resolution or grievance procedure. STS will attempt to promptly resolve all grievances that are appropriate for handling under this policy.

All complaints will be delivered in writing to the Title IX coordinator to act as a facilitator for the complaint process.

Susan McAllister, Title IX Coordinator
6051 Tryon Rd., Cary, NC 27518
titleix@shepherds.edu; 919-573-1598

Procedure

1. An appropriate grievance is defined as a student's expressed feeling of dissatisfaction concerning any interpretation or application of a work/study-related policy by management, faculty, or other employees.

2. Students must notify STS in a timely fashion of any grievance considered appropriate for handling under this policy. The grievance procedure is the exclusive remedy for students with appropriate grievances. As used in this policy, the terms “timely fashion,” “reasonable time,” and “promptly” will mean seven days.
3. Students will not be penalized for proper use of the grievance procedure. However, it is not considered proper if a student abuses the procedure by raising grievances in bad faith or solely for the purposes of delay or harassment, or by repeatedly raising grievances that a reasonable person would judge to have no merit.
4. Students who feel they have an appropriate grievance should proceed as follows:
 - a. The student should promptly bring the grievance to the attention of a faculty member. If the grievance involves a faculty member, then it is permissible to proceed directly to the next step. The faculty member is to investigate the grievance, attempt to resolve it, and give a decision to the student within a reasonable time. The faculty member should prepare a written and dated summary of the grievance and proposed resolution for record-keeping purposes.
 - b. The student may appeal the decision to the Dean, if dissatisfied with the faculty decision, or may initiate the procedure with the Dean if the grievance involves a faculty member. If the grievance involves the Dean, then it is permissible to proceed directly to the next step. An appeal or initial complaint must be made in a timely fashion in writing. The faculty member’s version of the grievance and decision will then be submitted, also in writing. The Dean will, in a timely fashion, confer with the student, the faculty member, and any other members of management considered appropriate. The Dean will investigate the issues and communicate a decision in writing to all the parties involved.
 - c. The student may appeal an unsatisfactory decision by the Dean to the Chairman of the Board of Directors or initiate the procedure with the Chairman if the grievance involves the Dean. The timeliness requirement and procedures to be followed are like those in the previous steps. The Chairman will take the necessary steps to review and investigate the grievance and will then issue a written, final, and binding decision.
 - d. Final decisions on grievances will not be precedent-setting or binding on future grievances unless they are officially stated as STS policy. When appropriate, the decision will be retroactive to the date of the student’s original grievance.
 - e. Information concerning a student’s grievance is to be held in strict confidence. The Dean’s Office will collect, file, and report all student complaints. Faculty members, department heads, and other members of management who investigate a grievance

are to discuss it only with those individuals who have a need to know about it or who need to supply necessary background information.

Students who feel that the administration or faculty are not dealing properly with their complaint may contact the appropriate authorities listed below.

STUDENT COMPLAINT PROCESS FOR ONLINE COURSES

Out-of-state students who wish to file a complaint with their home state should refer to the [State Authorization Liaisons Per State](#) responsible for handling complaints.

NC POST-SECONDARY EDUCATION COMPLAINT PROCEDURES

If a complaint cannot be resolved through the institution's complaint process, students may file a complaint with the North Carolina Post-Secondary Education Complaints unit. Please review the NC Post-Secondary Education Student Complaint Policy (https://www.northcarolina.edu/wp-content/uploads/reports-and-documents/academic-affairs/student_complaint_policy.pdf), print and complete the NC Post-Secondary Education Complaint Form (https://www.northcarolina.edu/wp-content/uploads/reports-and-documents/academic-affairs/student_complaint_form.pdf), and submit the complaint to:

North Carolina Post-Secondary Education Complaints
c/o Student Complaints
University of North Carolina System Office
910 Raleigh Road
Chapel Hill, NC 27515-2688

Phone: (919) 962-4558

Email: studentcomplaint@northcarolina.edu

Website: <https://www.northcarolina.edu/post-secondary-education-complaints>

ATS STUDENT COMPLAINT PROCESS

Shepherds Theological Seminary is accredited by The Association for Theological Schools (ATS) to award Masters degrees. If a complaint directly related to specific compliance with the standards of accreditation is not satisfactorily resolved, students are able to file a complaint with ATS.

Students should follow the procedures in the [ATS Policies and Procedures manual](#) (pgs. 37-38). Per these procedures, an ATS Commission formal complaint form can be obtained from the Director of Commission Information Services (contact information below).

The Association of Theological Schools
10 Summit Park Drive
Pittsburgh, PA 15275

Telephone: (412) 788-6505
Email: accrediting@ats.edu
Website: <https://www.ats.edu>

SARA-NC COMPLAINT PROCESS AND INFORMATION

Students may also file a complaint through SARA-NC. SARA-NC is the portal for the North Carolina State.

SARA North Carolina
North Carolina State Education Assistance Authority
P.O. Box 41349
Raleigh, NC 27629

Telephone: (855) SARA-1-NC (727-2162)
Telephone: (919) 549-8614, ext. 4667
Email: complaint@saranc.org
Website: www.saranc.org

SARA-NC Complaint Process at <http://www.saranc.org/Complaint.html>
SARA-NC Complaint Form at <http://www.saranc.org/docs/SARA-NC-ComplaintForm.pdf>



RETURN OF TITLE IV FUNDS

Title IV funds are awarded to a student under the assumption that the student will attend school for the entire period for which the assistance is awarded. When a student withdraws, the student may no longer be eligible for the full amount of the Title IV disbursement.

The FAO is required by federal statute to recalculate federal financial aid eligibility for students who withdraw, drop out, are dismissed, or take a leave of absence prior to completing 60% of a payment period or term. The Title IV aid must be recalculated in these situations. The calculation must be performed even if the student has completed 60% of the payment period to show that the school determined that the student withdrew.

If a student leaves the institution prior to completing 60% of a payment period or term, the FAO recalculates eligibility for Title IV funds. Recalculation is based on the percentage of earned aid using the following federal return of Title IV funds formula:

Percentage of payment period or term completed = the number of days completed up to the withdrawal date divided by the total days in the payment period or term. (Any break of five days or more is not counted as part of the days in the term.) This percentage is also the percentage of earned aid.

Funds are returned to the appropriate federal program based on the percentage of unearned aid using the following formula:

Aid to be returned = (100% of the aid that could be disbursed minus the percentage of earned aid) multiplied by the total amount of aid that could have been disbursed during the payment period or term.

If a student earned less aid than was disbursed, the institution would be required to return a portion of the funds and the student would be required to return a portion of the funds. Keep in mind that when Title IV funds are returned, the student borrower may owe a debit balance to the institution.

If a student earned more aid than was disbursed to him/her, the institution would owe the student a post-withdrawal disbursement which must be paid within 120 days of the date the institution determined that the student withdrew.

Refunds are allocated in the following order:

- Unsubsidized Federal Stafford Loan
- Private and institutional aid
- The student

After calculation, funds must be returned to the federal government within 45 days.

CI facilitates the process of returning Title IV funds for STS. CI has a form that performs the calculations above based on input of student data, and they transmit returned funds from STS to the federal government.



DEFERMENT AND FORBEARANCE

Under certain circumstances, a student can receive periods of deferment or forbearance that allow him/her to postpone loan repayment. These periods do not count toward the length of time the student has to repay the loan. A student cannot get a deferment or a forbearance for a loan in advance.

19.1 Deferment

A deferment is a period during which no payments are required but the interest rate continues to be applied. The interest may be paid during the deferment or added to the principal when repayment starts.

The most typical loan deferment conditions are:

1. Enrollment in an accredited school at least half-time.
2. Inability to find full-time employment (for up to three years).
3. Economic hardship (for up to three years).

19.2 Forbearance

If a student temporarily cannot meet the repayment schedule but does not meet the requirements for a deferment, the Direct Loan Servicing Center might grant forbearance. During forbearance, the student's loan payments are postponed or reduced. Interest continues to accrue, however, and the student is responsible for paying it back, no matter what kind of loan is in question.

Generally, forbearance lasts for periods of up to 12 months at a time for a maximum of three years. A student must provide documentation to the Direct Loan Servicing Center to show why he/she should be granted forbearance.

19.3 Apply for Deferment or Forbearance

Receiving deferment or forbearance is not automatic. A student must apply for it.

1. Deferment Application

- a. The student must contact the Direct Loan Servicing Center holding the loan and ask them to provide an in-school deferment form.
- b. After filling out the student portion, the student should bring it to the FAO. The FAA will fill out the school's portion and send it to the lender.
- c. The student must continue making payments on the loan until receipt of a notice that deferment has been granted. If notice is not received and the request is not approved, the student will become delinquent and could end up defaulting on the loan.

2. Forbearance Application

To apply for a forbearance, a student must contact the Direct Loan Servicing Center holding your loan.

The student must continue making payments on the loan until receipt of a notice that forbearance has been granted. If notice is not received and the request is not approved, the student will become delinquent and could end up defaulting on the loan.

For more information on deferments and forbearance, refer to the Department of Education's guidance here: <https://studentaid.gov/manage-loans/lower-payments/get-temporary-relief>



DEFAULT RATE

The FAA meets one-on-one with all loan applicants to review pertinent information in addition to ED's online loan entrance/exit counseling. These one-on-one meetings take place during a student's first semester utilizing loans, and during a student's last semester prior to graduation. A primary component of these meetings is to discuss loan defaulting, and to prepare students to keep from defaulting.

ED provides 3-year default rate information for institutions. The most recent 3-year range for STS is outlined below.

Cohort Fiscal Year	Official Default Rate	Number of Borrowers in Default	Number of Borrowers in Repayment	Enrollment Figures	Percentage Calculation
2019	0	0	19	109	17.43%
2018	0	0	15	118	12.71%
2017	0	0	13	90	14.44%

Data provided by ED at <https://nsldsfa.ed.gov/cdr-searchable-database/school/search>.



FRAUD

There are difficult situations where students purposefully misrepresent information in hopes of obtaining financial aid. The FAO is required to have a policy of referral when confronted with actual or suspected cases of fraud and abuse.

20.1 Policy for Fraud

Students who willfully submit fraudulent information will be investigated to the furthest extent possible. All cases of fraud and abuse will be reported to the proper authorities.

20.2 Procedures for Fraud

If, in the FAA's judgment, there has been intentional misrepresentation, false statements, or alteration of documents which have resulted or could result in the awarding or disbursement of funds for which the student is not eligible, a meeting will be called to review the file with the President and Academic Dean.

The FAA reviews the student's aid information with the President, Dean, and Vice President of Academic Affairs. If the decision is made to pursue the investigation further, a request to make an appointment is sent to the student. If the student does not make an appointment, the FAA may:

1. Not process a financial aid application until the situation is resolved satisfactorily.
2. Not award/cancel financial aid.
3. Determine that financial aid will not be processed for future years.

All processing of the application or disbursement of funds shall be suspended during the investigation.

After investigating the situation, if the FAA, President, Dean, and Vice President of Academic Affairs believe there is a fraudulent situation, all information must be forwarded to the Office of Inspector General of the Department of Education.

Fraudulent situations should be reported to the U.S. Department of Education and Office of Inspector General [Hotline](#).



AUDITS AND PROGRAM REVIEWS

Federal regulations require the FAO to have its records and student files audited every year. Each audit must cover the period since the last audit.

STS has the accounts audited annually by an independent Certified Public Accountant. The audit of the FAO is a specific part of this complete audit.

STS has an audit committee of the board that meets with the external auditors at the end of the field audit to discuss findings and allow the institution an opportunity to clarify a response.

21.1 Preparation

The only preparation for the audit is to cooperate with the auditor's requests. Typically, the auditor will ask for a list of Title IV and VA funds received during the previous period, along with a list of student recipients. Any additional assistance requested is responded to promptly.



CRIME ON CAMPUS

For policies and procedures for Crime on Campus, see the Security, Health, & Crisis Response Handbook. This handbook can be found on our website at <https://shepherds.edu/students>.



DRUG AWARENESS PROGRAM

For policies and procedures for Drug Awareness, see the Security, Health, & Crisis Response Handbook. This handbook can be found on our website at <https://shepherds.edu/students>.

STS will refer a student who needs any drug and/or alcohol counseling, treatment, or rehabilitation to the Care Ministry of The Shepherd's Church. Trained counselors will assess, counsel, and if necessary, refer to ministries and/or agencies that help with these specific kinds of issues.

(The following was taken from the *2022-2023 Federal Student Aid Handbook*, Vol. 1, Chapter 2)

STUDENTS CONVICTED OF POSSESSION OR SALE OF DRUGS

Prior to the 2021–2022 award year, students convicted of a federal or state offense of selling or possessing illegal drugs that occurred during a period of enrollment while they were receiving federal student aid could lose access to Title IV funding but were still encouraged to complete and submit the FAFSA form because they may become eligible for federal aid, and even if they are not eligible, they may be eligible for state or institutional aid.

As described in Dear Colleague Letter [GEN-21-04](#), the FAFSA Simplification Act eliminated the prohibition on receiving Title IV aid for students with drug-related convictions. The Department began implementing this change starting with the 2021–2022 award year.

For the 2022–2023 award year, though institutions will still see Comment Codes 53, 54, 56, or 58 for drug convictions, having a drug conviction does not impact a student's Title IV aid eligibility and must be ignored by the institution. This means, regardless of how the student answers question #23 on the FAFSA form, the student's Title IV eligibility will not be affected by having a drug conviction. For the 2022–2023 award year, the Department will include language in the Comment Codes stating that no further action is necessary on the part of the student or the institution.

For more information about this student eligibility modification, please see *Volume 1, Chapters 1 and 5*.



VOTER REGISTRATION

Voter Registration information can be accessed online at www.ncsbe.gov.



APPENDICES



LOAN LIMITS, REPAYMENT PLANS, & INTEREST RATES AND FEES

ED provides and updates annual information on loan limits (<https://studentaid.gov/understand-aid/types/loans/subsidized-unsubsidized>), repayment plans (<https://studentaid.gov/manage-loans/repayment/plan>), and interest rates/fees (<https://studentaid.gov/understand-aid/types/loans/interest-rates>). This information is part of the ED loan entrance/exit counseling as well as the one-on-one meetings between the FAA and the loan applicants.



COST OF EDUCATION

Cost of education at STS is input into a personalized shopping sheet based on ED's Financial Aid Shopping Sheet. ED's digital template can be found here:

<https://www2.ed.gov/policy/highered/guid/aid-offer/index.html>. The FAO provides this sheet to students by request.



ACADEMIC CALENDAR

The STS Academic Calendar can be found on the website here:
<https://shepherds.edu/academics/academic-calendar>.