**Overtime Charges**

Before I explain my point of view let me share this with you all:

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**Paying Overtime Charges is Prohibited**

A school may not use Title IV funds to pay overtime charges for a student who fails to complete his or her academic program within the normal time frame. Section 472 of the HEA defines cost of attendance as the tuition and fees normally assessed a student carrying the academic workload required for all students in the same course of study. Overtime charges are in addition to normal tuition and fees. Since these charges are not normally assessed, they may not be included in a student’s cost of attendance for Title IV purposes. (See *Volume 3*, Chapter 2 for additional information.)

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**Overtime charges:** A school may not use Title IV funds to pay overtime charges for a student who fails to complete his or her academic program within the normal time frame. Section 472 of the HEA defines cost of attendance as the tuition and fees normally assessed a student carrying the same academic workload required for all students in the same course of study.

Overtime charges are in addition to normal tuition and fees, and since they are not charges normally assessed, they may not be included in a student’s cost of attendance for Title IV purposes. Therefore, Title IV funds may not be used to pay charges, even if a school obtains authorization from the student or parent to do so.

This restriction applies to both clock-hour and credit-hour programs. For example, some clock-hour programs assess “overtime charges” for students who do not complete the program within an established time frame. Some credit-hour programs also charge additional tuition or fees for each course a student takes, if the student fails to complete his/her program(s) within the time frame established. In both cases, such charges may not be counted in the Title IV COA and Title IV funds may not be used to pay for the additional charges.

[End of Handbook quotes.]

**Example One**:  My regular tuition is $12.00 an hour for tuition, my overtime charges are $30.00 per hour.  Is this correct?  Overtime charges are assessed to students after the time period in the enrollment agreement has elapsed.  The student will be responsible for that balance and Title IV could not be used to cover those charges. However, to the best of my knowledge The Department of Education may not agree with that procedure in charging such a different tuition rate.

**Example Two**:  Can an institution charge the student at the end of each month or at the end of payment period in the course of the program for overtime charges for unexcused absences?  The answer is no since overtime charges are assessed to students that need additional time after the contracted period has elapsed.

**Example Three**:  Can a school have a policy of not allowing students to make-up for unexcused absences in a clock hour program?  An institution must be prepared to show documentation that it is literally out of space any time the school offers classes.  I personally do not know of any individual case like that.

**Example Four**:  Can a school hold the student’s transcripts or his graduation papers if the student has a balance on overtime charges?  Most of all enrollment agreements do not assess overtime at the time of enrollment.  It just informs students of the hourly rate in additional training if needed.  It also states that a graduation requirement is that all fees are paid in full.  Please see the above sections of the Financial Aid Handbook stating that overtime fees are not normal course charges.  If you do not allow the student to graduate you need to think about the results reported in graduate numbers to IPEDS, STATE, ACCREDITATION, and USDE DISCLOSURES AND GAINFUL EMPLOYMENT REPORTS.  You may need to do a second agreement with the student that covers the estimated time needed toward finishing the training required in each case, where the student has used the period of time under the original enrollment agreement.  I have enclosed a separate form for your consideration.

The state regulations state to release the hours the student has paid for, therefore if the student completed the original agreement and owes a balance for overtime charges, and if the student completed the hours in the program the overtime charges may not be an acceptable reason for holding transcripts.  Each institution would have apply its own interpretation of the rules.

In any case, please remember this is only my opinion and experience and that I am far from being a lawyer.

**OVERTIME CHARGES**

**Student’s name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ KEY # \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Your original enrollment agreement covered the following period, including a grace period offered to you at the time of enrollment:**

**Starting date \_\_\_\_\_\_\_\_\_\_\_\_ Ending Date \_\_\_\_\_\_\_\_\_\_\_**

**As of the ending date you have reached the total of \_\_\_\_\_\_\_\_\_\_ hours**

**Resulting in missing the following hours to complete the program \_\_\_\_\_\_\_\_\_**

**Based on the rate specified on your original enrollment agreement, you will incur the following calculated expense:**

**Hourly rate \_\_\_\_\_\_\_ times missing hours \_\_\_\_\_\_\_\_ = amount due $ \_\_\_\_\_\_\_\_\_\_\_\_**

**Based on our current capacity and your current pattern of attendance we estimated that you will need a maximum of \_\_\_\_\_\_\_ weeks to complete.**

**The amount is due and must be paid by the ending date stated above.**

**Student Signature \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date \_\_\_\_\_\_\_\_\_\_\_\_\_**

**School Representative\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Title \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date \_\_\_\_\_\_\_\_\_\_\_\_**