

WVASFAA Federal Update Charleston, WV November 1, 2013

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News For 13/14 Verification

You may collect copy of signed 2012 tax return for student, spouse, parent **IF** that individual attempted to get a tax return transcript from the IRS using -

- IRS Form 4506T-EZ or Form 4506-T, a copy of the IRS response mailed to the tax filer informing the tax filer that the IRS could not provide the requested transcript. The copy of the IRS response must be signed by the tax filer; **or**
 - The IRS online transcript request process, a signed and dated copy of a screen print from the official IRS Web page that displays a message indicating that the transcript request was unsuccessful.
- ★ Taxpayer must also give you a completed and signed IRS Form 4506T-EZ or Form 4506-T that includes on line 5 the name, address, and telephone number of the institution as the third party to whom the IRS is to mail the 2012 IRS Tax Return Transcript.

10/23/13 IFAP Electronic Announcement

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2014-15 FAFSA

- Change to collection of parental information
GEN 13-12 April 29, 2013
- Applies to dependent students when legal parents live together
 - Legal means biological or adoptive
 - Both parents income and other data must be reported
 - Regardless of marital status or gender
 - Higher Education Act Section 475 includes the terms "parent" and "parents" and not gender-specific terms "mother" and "father"

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COD System Changes

Phase One changes to be made June 28-30, 2013

- ❖ New System Field “*Subsidized Usage Limit Applies*”
 - Will be date of first actual disbursement of sub/unsub accepted by COD
 - Identify first-time borrower in COD for 150% Direct Loan Subsidized Limitation
- ❖ New Warning Edit 200 “*150% Subsidized Usage Limit Applies to Borrower*”
 - Notify school that borrower subject to 150% Subsidized Limitation
 - Will be returned at person level on any award that has SULA

Pell LEU & COD Edits

- HARD REJECT now exists in COD to prevent Pell disbursements to students with LEU greater than 600%
- Applies to 2012-13 and forward
- Modified COD warning edits
 - 177 – Pell LEU equal/greater than 450% but equal/less than 600%
 - 178 – Pell LEU exceeds 600%

COD System Changes

Phase One changes made June 28-30, 2013

- ❖ New System Report
 - Weekly web-only report automatically posted to schools’ COD Reporting Newsbox
 - ✓ List all borrowers subject to 150% Subsidized limitation
 - Borrower will appear only once in processing year
 - Borrower will remain on report for 45 days
- 🔗 Other COD changes to be made in Phase One will be part of upcoming IFAP E.A.

COD System News

- ★ All actual disbursement records with disbursement date of 10/25/13 to 10/27/13 **must be received** by COD **no later than** 9amET on 10/25/13
- 2012-13 Pell disbursement records with "W" verification status code were deobligated on 10/16/13. Check SAIG mailbox for-
 - PGTX13OP message with number of students and dollars
 - CRND13OP message with negative disbursement file
 - New ESOA

Sequestration

Federal Pell Grant Program

- No impact to either 2012-2013 or 2013-2014

FWS and FSEOG Programs

- No impact on 2012-2013 allocations
- 2013-2014 allocations will be reduced
 - Reflected in final allocations
- 2014-15 – impact unknown at this time

5.52% decrease in 2013-2014 available funds in both FWS and FSEOG

 DCL GEN-13-22

Sequestration

TEACH Grant Reductions for 2013-14 Awards

- First disbursed **after** 3/01/13 and **prior** to 10/01/13 must be reduced by 6.0% from the award amount the recipient would otherwise have been entitled
 - Student eligible for \$4,000 gets \$3,760
- First disbursed **on/after** 10/01/13 and **before** 9/30/14 must be reduced by 7.2% from the award amount the recipient would otherwise have been entitled
 - Student eligible for \$4,000 gets \$3,712

Loan Fees In COD

Calculate loan fee using 3 decimal percentage and then truncate cents

➤ \$3,500 X 1.051% = \$36.78 and use \$36.00 fee in COD

➤ \$5,500 X 1.051% = \$57.80 and use \$57.00 fee in COD

➤ \$10,000 X 4.204% = \$420.40 and use \$420 fee in COD

🔗 COD Technical Reference Volume II Page II-1-105

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Direct Loan Interest Rates

- Interest rates established each year for loans first disbursed between July 1 and June 30
- Calculated as sum of a uniform "index rate" plus an "add-on" that varies depending upon type of loan and grade level (undergrad/grad)

🔗 8/09/13 IFAP Electronic Announcement

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Direct Loan Interest Rates

For loans first disbursed on/after 7/01/13 and before 7/01/14:

- 3.86% fixed on Subsidized and Unsubsidized Loans for undergraduate students
- 5.41% fixed for Unsubsidized Loans for graduate/professional students
- 6.41% fixed for PLUS Loans, both Parent PLUS and Grad/Professional PLUS

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Consolidation Loan Interest Rates

For Consolidation Loan applications received on/after 7/01/13-

- Interest rate is weighted average of interest rates of loans consolidated, rounded up to next higher 1/8 of 1%
- New law removes cap of 8.25%

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MPN & Agreement to Serve

Continue to Use Until Directed Otherwise

Direct Loan

- ED is revising Direct Loan promissory notes
- New rates apply to all loans first disbursed on/after 7/01/13 **regardless of interest rate stated in prom note**

TEACH Grants converted to Direct Unsubsidized Loan

- Interest charged from date TEACH Grant first disbursed at interest rate that was in effect on date TEACH Grant was first disbursed **regardless of interest rate stated in Agreement**
- Agreement to Serve will be revised

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2013-14 Funding

Pell and TEACH Grant are "records first"

- COD must have accepted disbursement record before G5 will allow drawdown of funds
- Schools may report up to 7 calendar days in advance of actual disbursement date

Direct Loan

- School with history of "early" disbursements received initial Direct Loan current funding level in G5 on/about 3/25/13
- All other schools will have current funding level in June 2013
- Update to current funding level in November 2013

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Change to COD Disbursement Reporting

Applies to 2012-13 and 2013-14


- Actual disbursements and adjustments to disbursements made on/after 4/01/13 must be submitted to COD **no later than 15** calendar days after date of disbursement
- Applies to Pell Grant, Iraq and Afghanistan Service Grant, TEACH Grant and Direct Loan
- ★ An institution's failure to submit disbursement records within the required timeframe may result in the Secretary rejecting all or part of the reported disbursement. In addition, such failure may result in an audit or program review finding.

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Ability To Benefit (ATB)

Consolidated Appropriations Act, 2012

- Eliminated Title IV aid eligibility for students without a high school diploma or equivalent (34 CFR 600.2)
 - Effective for 2012-13 award year
-  DCL GEN-12-01 and GEN-12-09

Exception explained in DCL

- Students who were enrolled in a Title IV eligible program anytime prior to July 1, 2012, as ATB student, may continue to qualify under one of the ATB alternatives
 - Approved ATB test
 - Completion of six credit or 225 clock hours

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COD & Ability To Benefit

Ability To Benefit Code Tag is **required field** on COD records for 2013-14 and forward

- Valid values are
 - 01 – Testing Completed
 - 02 – College Credit
 - 04 – Home Schooled
 - 06 – High School Diploma
 - 07 – GED

★ DO NOT SUBMIT VALUES OF 03 and 05

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Cohort Default Rates

- FY 2011 2-year official rates sent 9/16/13 via SAIG
 - Appeal period began 9/24/13
 - Appeals for uncorrected data (UDA) and new data adjustments (NDA) must be made electronically through eCDR
- FY 2010 3-year official rates sent 9/23/13 via SAIG
 - Appeal period began 10/01/13
 - Appeals for uncorrected data (UDA) and new data adjustments (NDA) must be made electronically through eCDR
- ★FY 2010 official 3-year rate equal/greater 30% requires Default Prevention Task Force and plan

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Cohort Default Rates

- For purposes of 30 day delay and single disbursement of one-term only loans, you can use a mix of 2 year and 3 year rates to get three years below 15%
- FY 2011 2-year rate will be last 2-year rate calculated
- As of 2014, we will have three 3-year rates calculated

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Grace Period Interest Subsidy

Consolidated Appropriations Act, 2012

- Temporarily eliminates interest subsidy on Direct Subsidized Loans during 6 month grace period
 - Effective for new Subsidized Loans first disbursed on/after July 1, 2012 and before July 1, 2014
 - COD will monitor for compliance
 - Will only impact students whom you report as out of school or less than half-time

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PLUS Loan Applicant Credit Checks

Credit checks remain valid for 90 days

- As of 10/01/13, a new credit check will be initiated if PLUS Loan request made on Studentloans.gov or an origination is submitted more than 90 days since last credit check

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Loan Servicing

- ACS (Direct Loan Servicing Center) is now closed
- All Direct Loan accounts have been transferred to other servicers
- Transfer of loans for borrowers with split servicing between Great Lakes, Nelnet, PHEAA and Sallie Mae will be done October to December 2013
- Transfer of loans for borrowers with split servicing that includes not-for-profit servicers will be done January to March 2014

10/18/13 IFAP Electronic Announcement

- **Borrowers are notified by new servicer**
- **Schools should check NSLDS for current servicer**

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Resolving Inadvertent Overborrowing

Inadvertent student borrowing in excess of annual or aggregate loan limits

- ISIR reflects flags and comment codes
- Student regains eligibility by
 - Repaying excess amount in full
 - OR
 - Making satisfactory payment arrangements
 - Involves reaffirmation

DCL GEN-13-02

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Direct Loan & Student Attendance

- ★ Student must begin attendance to be Direct Loan eligible
- Failure to begin attendance in any class
 - School must return any DL funds applied to student account
 - Immediately notify loan servicer of non-attendance
- Failure to begin attendance on a less than half-time basis
 - No return of funds required by school or student
 - No subsequent disbursements until student resumes at least half-time status

DCL GEN-13-02

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StudentLoans.gov

All FSA loan counseling tools together on this site

- Entrance Counseling
 - Subsidized, Unsubsidized, and Graduate/Professional PLUS
- Exit Counseling
 - NSLDS will continue to provide detailed exit counseling reports
- Financial Awareness Counseling
- New Repayment Estimator on “My Preferences” screen

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StudentLoans.gov

New features for signed-in students

- **New landing page** with guidance to help the student select the right type of counseling
- Select schools to notify from a **list of associated schools**
- Add new schools to notify
- Select **preferred repayment plan** in Exit Counseling
- Send notifications of **previously completed counseling sessions**
 - ✓ Entrance Counseling
 - ✓ Financial Awareness Counseling

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Resolving Unusual Enrollment History

Flags

Academic Credit Not Earned

- If academic credit was not earned at a previously attended institution and, if applicable, at the institution performing the review, obtain documentation from the student explaining why the student failed to earn academic credit.
- Determine whether the documentation supports
 - (1) the reasons given by the student for the student's failure to earn academic credit; and
 - (2) that the student did not enroll only to receive credit balance funds.

Unusual Enrollment Patterns

Approval of Continued Eligibility

- If FAA approves student's continued eligibility, the FAA may choose to –
 - Require student to establish an academic plan
 - Counsel student about the Pell Grant duration of eligibility provisions [Lifetime Eligibility Used (LEU)] and upcoming time limitations on the receipt of subsidized loans

Denial of Continued Eligibility

- If FAA denies student's continued eligibility, the student must be provided with –
 - An opportunity to question and appeal the decision AND information as to subsequently regain eligibility

UEH – Denial of Aid

Authority to Deny Aid
<p>Section 484(a)(4)(A) of the HEA of 1965 (as amended) and 34 CFR 668.32(h) requires the student to sign a <i>Statement of Educational Purpose</i>.</p> <p>By signing this statement, on the FAFSA, the student certified that he or she would use Title IV aid received only to meet educational expenses.</p>

UEH & Graduate Students

- If a graduate/professional student has a UEH flag of 2, it should be treated as a UEH flag of 3

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Extended Foster Care

- Foster care payments paid by a state to foster parents are excluded from both EFC and EFA
- Payments paid by a state directly to the former foster care youth are also excluded from EFC and EFA if –
 - Payments are made under the authority of Title IV-E of the Social Security Act

 DCL GEN-13-18 - Extended Foster Care Payments

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Perkins Loan Servicer Change

ECSI is Federal Perkins Loan Servicer (529)

- As of 10/01/13, must submit new assignments and resubmissions to ECSI
- Use approved assignment form with expiration 11/31/2015
- No processing notices or status information will be provided to school **until after** 11/01/13
- Perkins Loan Assignment Processing center in Greenville TX will continue to work assignments and resubmissions received by 9/30/13
- ED will transfer Perkins accounts to ECSI 11/01/13
 - **Borrowers will be notified**
 - **Schools should check NSLDS**

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Negotiated Rulemaking

- 9/19/13 Federal Register announces neg/reg to prepare proposed regulations to address the changes to the campus safety and security reporting requirements in the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act), made by the Violence Against Women Reauthorization Act of 2013 (VAWA)
- Gainful employment neg/reg continues, second sessions to be rescheduled

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Program Integrity Regulations Q&A Web Site

<http://www2.ed.gov/policy/highered/reg/hearulemaking/2009/integrity-qa.html>

Includes-

- State authorization
- Repeating coursework
- Credit hour definition
- Ability-to-benefit
- Incentive compensation
- Misrepresentation
- R2T4
- Satisfactory academic progress
- Gainful employment

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I would appreciate if you would take the time to submit an evaluation of my sessions electronically at the site below.

<http://s.zoomerang.com/s/JamieMalone>

You may also send an email to joann.borel@ed.gov

Thanks, Jamie

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QUESTIONS?

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