

GASFAA Spring Conference May 20, 2011

Federal Update

Michael C. Roberts
Federal Student Aid
U.S. Department of Education



START HERE
GO FURTHER
FEDERAL STUDENT AID®

Today's Topics

- Appropriations and Program Budget
- Cohort Default Rates
- IRS Data Retrieval
- Regulatory Update
- Gainful Employment
- DCL/EA/Federal Register Update



Appropriations and Program Budget



START HERE
GO FURTHER
FEDERAL STUDENT AID®

The Dept of Defense and Full-Year Continuing Appropriations Act, 2011

- Dear Colleague Letter P-11-02, April 27
- 2011-2012 - Maintains \$5,550 Maximum Pell Grant
 - February 1 Payment Schedules –
No change

The Dept of Defense and Full-Year Continuing Appropriations Act, 2011

- Repeals Two Pell's in an Award Year
 - Effective beginning with the 2011-12 award year
 - Two Pell still available for 2011 summer crossover when funded from 2010-11 award year
 - Higher payment waived for summer crossover from 2010-11 award year
 - Institution may choose the award year assigned to 2011 summer crossover

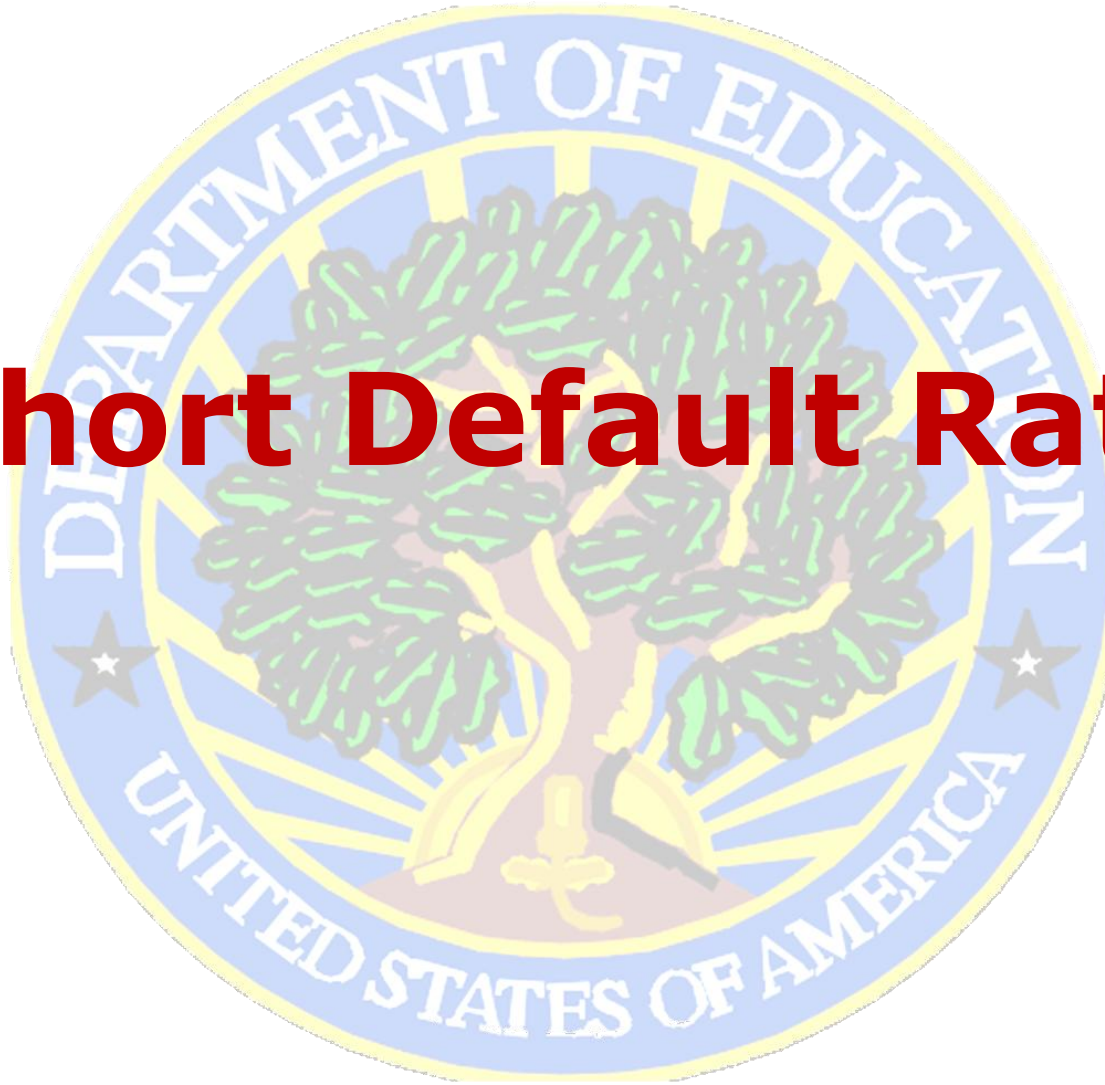


The Dept of Defense and Full-Year Continuing Appropriations Act, 2011

- Reductions to 2011-12 FWS and FSEOG.
 - Revised school awards – EA May 6
 - Final funding posted to eCB web site during week of May 9
- Previous Legislation
 - ACG and National SMART Grant programs
 - 2010-11 final award year
 - Summer crossover must be assigned to 2010-11
 - 2010-11 final year for LEAP and State Incentive Grant Program



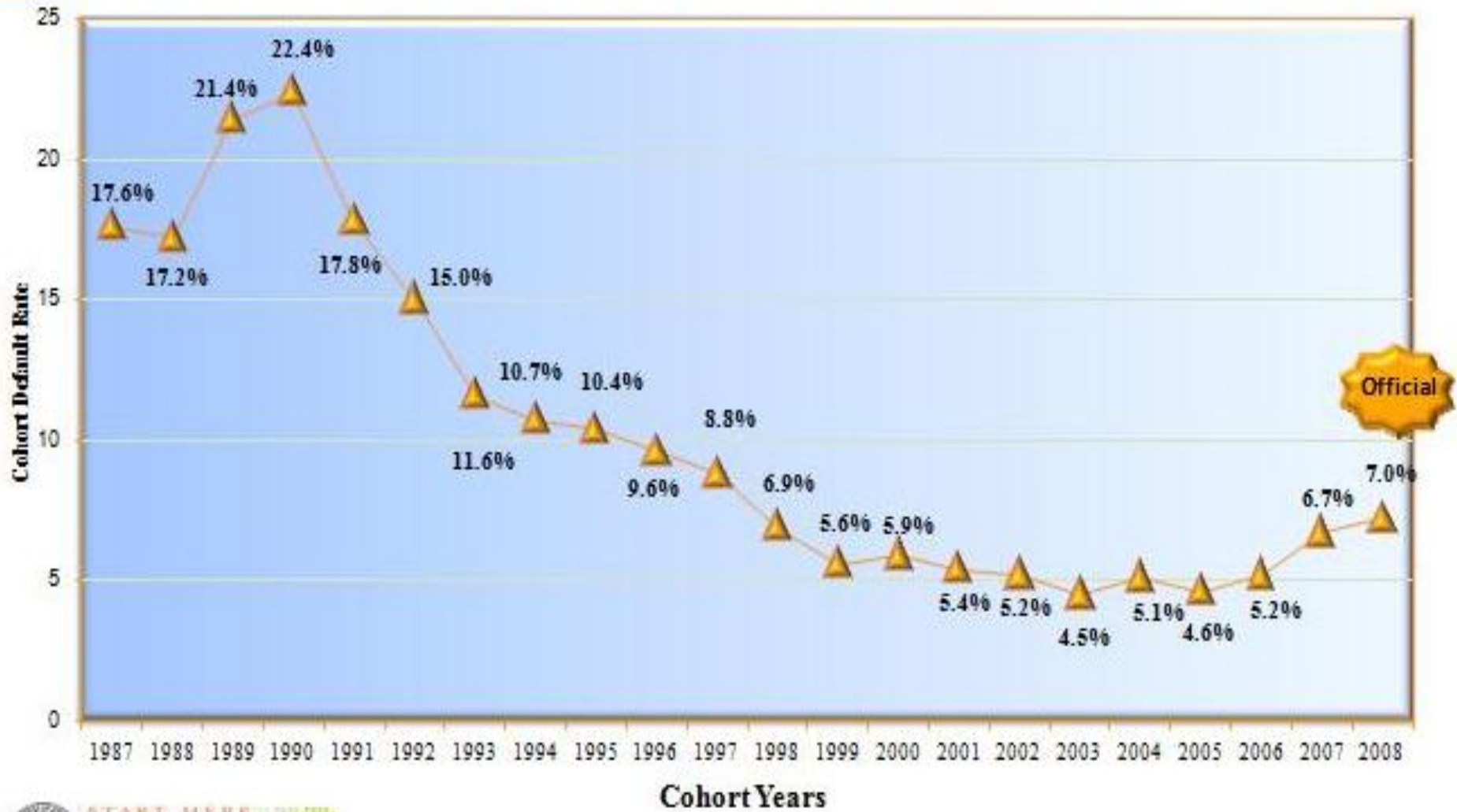
Cohort Default Rates



National Student Loan Default Rates

Issue Date

1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010



Official



HEOA CDR Changes

- Increases CDR monitoring period from two to three years
 - Increases sanction threshold default rate from 25% to 30%
 - Increases waiver of delayed disbursement from 10% to 15%
 - Establishes transition period to implement sanctions

Transition Period

2-Year vs 3-Year Cohort Default Rate



1



IRS Data Retrieval



START HERE
GO FURTHER
FEDERAL STUDENT AID®

ISIR Codes and Flags

- CPS will set flags and comment codes to indicate that the student and/or parent transferred IRS data into FOTW
- Comment codes will appear in:
 - FAA Information section of the ISIR
 - Student Inquiry section of FAA Access
- Flags and codes based on certain conditions



IRS Request Flag Values

IRS Request Flag on ISIR will begin to be populated

Student & Parent IRS Request Flag	Description
00	IRS data request for the student/parent was not submitted to IRS (default value)
01	IRS data request for the student/parent was sent to IRS
02	IRS data for the student/parent was returned from the IRS and was not changed by the user
03	IRS data for the student/parent was returned from IRS and was changed by the user
04	IRS data for the student/parent was transferred from the IRS and on a correction entry at least one IRS data field was changed by the user



IRS Data and Verification

- An institution may consider as acceptable documentation IRS retrieved information if the Secretary has identified those items as having come from the IRS and not been changed
 - IRS Request Flag = 02.



IRS Data Retrieval Enhancements

- Process for the 2011-12 processing year (2010 IRS Data)
 - Began in late January of 2011
 - Includes Corrections

What's Next for 2012-13?

- DCL GEN-11-03
- More direction to applicants
- Reminders to use correction
- Less likely to get selected for verification
- IRS Transcript instead of copy of 1040

Regulatory Update



START HERE
GO FURTHER
FEDERAL STUDENT AID®

High School Diploma

- Requires institutions to develop and follow procedures to evaluate the validity of a student's high school diploma if the institution or the Secretary has reason to believe that the diploma is not valid or was not obtained from an entity that provides secondary school education.



High School Diploma

- FAFSA will ask student to indicate high school.
- First-year students only
- Being on the list does not mean “approved”
- Not being on the list does not mean “unapproved” or “questionable”



Ability to Benefit

- Extends eligibility for federal student aid to students without high school diplomas after they successfully complete six credit hours or 225 clock hours of college work applicable to a degree or certificate offered by the institution.



Ability to Benefit

- Can pay after completion of hours
- Can pay like a transfer student
- Cannot pay back to the beginning of the payment period
- “Testing out” does not satisfy completion of hours



Ability to Benefit

- DCL GEN-11-08
 - Guidance on ATB testing for student whom English is not their native language
 - Since there is no approved ATB test in Spanish yet, institutions may continue to use test that satisfy current regulations
 - ED will not enforce this regulation until an approved Spanish-language test



Satisfactory Academic Progress

Flexibility for institutions that evaluate SAP **each** payment period—

- Student loses eligibility for Title IV aid, or
- Student may appeal, or
- Student may be placed **automatically** on Financial Aid Warning for one payment period.



Satisfactory Academic Progress

- After one payment period of 'warning' the student must make SAP or denied aid or placed on Financial Aid Probation after an appeal.
- After one payment period of probation the student must be making SAP or successfully following an academic plan.



Satisfactory Academic Progress

At institutions that evaluate SAP less often than each payment period—

- Student loses eligibility for Title IV aid, or
- Student may be placed on Financial Aid Probation after an appeal.
- After Financial Aid Probation, the student must be making SAP each subsequent payment period or successfully following an academic

plan.



Verification

Effective for the 2012-13 award year –

- Replaces the five verification items for all selected applicants with a targeted selection of items based upon each student's characteristics.
- Eliminates the 30 percent institutional verification cap.
- Requires the processing of all changes and corrections to an applicant's FAFSA information.



Verification

Updating

- Applicant required to update all changes in dependency status throughout the award year, except changes resulting from a change in the applicant's marital status.
- FAA may update marital status to address inequity or to reflect more accurately the applicant's ability to pay.



Verification

- DCL GEN-11-03
 - 2012-13 FAFSA Processing
 - Applicant and parents who have filed tax return prior to completing FAFSA will be directed to use FAFSA-IRS Data Retrieval
 - Those who chose not use FAFSA-IRS Data Retrieval, may be subject to verification and required to provide information directly from IRS.
 - If not filed tax return when completing FOTW, applicant will be reminded to use FAFSA correction and FAFSA-IRS Data Retrieval.



Misrepresentation

In general, the misrepresentation regulations describe—

- The actions ED may take if it is determined that an institution has engaged in substantial misrepresentation.
- The types of activities that constitute substantial misrepresentation.



State Authorization

- For purposes of Federal programs, the regulations—
 - Assure a direct State role in authorizing postsecondary institutions, and
 - Clarify what is required for an institution to be considered legally authorized by a State.
- The regulations do not require the creation of any State licensing agencies.



State Authorization

Distance Education

State requirements, if any—

- Must meet the State's requirements, to be legally offering postsecondary distance, online, or correspondence education in the State
- Must be able to document the State's approval upon request



State Authorization

- DCL GEN-11-05 and GEN-11-11
 - Amends guidance on distance education and State authorization
 - Extension of effective date until July 1, 2014
 - Institutions must act in good faith effort to identify and obtain State authorization
 - ED will develop a comprehensive directory of State requirements and support State coordination



Credit Hour

Definition

- Is an institutionally established equivalency of an amount of work represented in intended learning outcomes and evidence of student achievement that reasonably approximates not less than—
 - One hour classroom/two hours out of class student work or
 - Equivalent work for other academic activities as established by the institution



Credit Hour

Conversions

- Is an exception to the credit-hour definition that applies for purposes of the title IV, HEA programs.
- Modifies when an institution must use clock or credit hours.
- Modifies the standards for credit-to-clock-hour conversions.



Credit Hour

- DCL GEN-11-06
 - Reemphasizes institutional flexibilities and “reasonably approximates”
 - Affirms accrediting agency responsibilities
 - Good faith effort by institutions and accrediting agencies if not fully implemented by July 1, 2011
 - Several Q&As



Incentive Compensation

Institutional requirement—

- School will not provide a commission/bonus or other incentive payment based, *in any part* directly or indirectly, on success in securing enrollments or financial aid to any person or entity engaged in any student recruiting or admission activities or in making decisions regarding awarding Title IV funds.



Written Arrangements

- Limits the amount of a program that can be provided by another school under common ownership.
- Requires disclosures to students and potential students.
- Prohibits arrangements between ineligible institutions that have had their federal student aid participation revoked or application for certification or recertification denied.



R2T4 – Modules

- For credit hour or clock hour programs—
 - Withdrawn if doesn't complete all days in payment/enrollment period scheduled to complete prior to withdrawing.
 - Student who ceases attending a module but who confirms that he/she will attend a module beginning later in the same payment/enrollment period is not considered a withdrawal.
 - Must get confirmation of intent to return when ceases attendance.



R2T4 – Attendance

An institution is required to take attendance if an outside entity or the institution itself—

- Requires instructors to take attendance, or
- Has a requirement that can only be met by taking attendance or a comparable process.



R2T4 – Attendance

If required to take attendance—

- For some students—use attendance records for those students.
- For a limited period of time—use attendance records for withdrawals during that limited period of time.
- On a specific date—NOT considered to be required to take attendance.



Disbursement

- For Pell Grant eligible students
 - Offers a way for student to obtain required books and supplies—
 - If institution could disburse 10 days before payment period and credit balance would result.
 - Must provide by 7th day of payment period.
 - May use stored value card, prepaid debit card, or book store voucher.



Retaking Coursework

- Pay for unlimited retakes of failed classes only.
- Pay for one retake of any previously passed course (except not if due to the student failing previous courses).



Gainful Employment



START HERE
GO FURTHER
FEDERAL STUDENT AID®

Gainful Employment

- Under the HEA, in general, the only Title IV eligible programs are –
 - Programs offered by a public or non-profit institution that lead to a degree; and
 - Other programs that lead to gainful employment in a recognized occupation.



Gainful Employment

- All programs at for-profit schools except for—
 - A limited number of programs leading to baccalaureate degree in liberal arts.



Gainful Employment

- Any program at a public or not-for-profit school that is not—
 - A program leading to degree.
 - A transfer program of at least two years.

Gainful Employment

- Concern about gainful employment programs that do not result in “gainfulness”.
 - Proposed metrics to determine “gainfulness”.

Gainful Employment

- NPRM published on July 26, 2010.
- Final regulations for some provisions published on October 29, 2010.
 - Reporting
 - Disclosures
 - New Programs
 - Effective July 1, 2011
- Dear Colleague Letter GEN-11-10.
- Special IFAP Information Page.
- More final regulations to come.



Gainful Employment - Reporting

Institution must annually submit information on *students who complete a program* leading to gainful employment including—

- Student and program information
- Amount from private loans or finance plans
- Matriculation information
- End of year enrollment information



Gainful Employment - Disclosures

- Required disclosures in promotional material for prospective students and on Web site to include—
 - Programs' occupations
 - Cost
 - Completion rate
 - Placement rate
 - Median loan debt



Gainful Employment – New Programs

- An institution must notify ED *at least 90 days before the first day of class* when it intends to offer a new educational program that leads to gainful employment in a recognized occupation
- Effective July 1, 2011



Gainful Employment – New Programs

- Notification includes—
 - How program was designed to meet market needs
 - Wage analysis information (optional)
 - Program review/approval process
 - Demonstrate approval through school accreditation



Gainful Employment Metrics

- NPRM published on July 26, 2010 –
 - Defines “gainful” to be when a substantial number of the gainful employment program’s students –
 - Are repaying their Title IV loans (Repayment Rate).
 - Have a reasonable debt burden (Debt to Earnings Ratio).





Additional DCL/EA/ Federal Register Update



START HERE
GO FURTHER
FEDERAL STUDENT AID®

FERPA

- Notice of Proposed Rulemaking
- April 8, 2011
- Comments due on or before May 23, 2011
- Will allow effective use of data in statewide longitudinal data systems (SLDS)
- Will continue to protect privacy

Public Hearings on Proposed Regulations – EA April 29

- May 12 – Tennessee State Univ.
- May 16-17 – Pacific Lutheran Univ.
- May 19-20 – Loyola Univ. Lake Shore
- May 26-27 – College of Charleston
- Register to speak at negreg.2011@ed.gov

Negotiated Rulemaking Committees; Public Hearings

- Federal Register – May 5
 - Negotiated Rulemaking Committees; Public Hearings
 - CFR 682 repeal (FFEL) and CFR 685 (DL) incorporating and modifying requirements
 - Income-contingent and income-based repayment plans



Negotiated Rulemaking Committees; Public Hearings

- Federal Register – May 5 (conti.)
 - Total and permanent disability process
 - Streamline institutional reporting requirements
 - Better State identification of low-performing teacher preparation programs



2011-12 Pell Funding (Reminder)

- The earliest date that a school may disburse a 2011-12 Pell Grant is **February 1, 2011** (the date the Pell Grant payment and disbursement schedules were published).
- However, the COD System will not accept 2011-12 actual disbursement data [Disbursement Release Indicator (DRI) = "True"] until **February 21, 2011**.
- Actual disbursement no earlier than 7 days before disbursement date.



COD Changes for Two Pell's

- EA May 10
 - For 2009-10 and 2010-11, COD will continue to recognize AEI "true" values
 - For 2011-12, AEI must be "false". If "true" submitted, Reject Edit 995 or 996 will be sent to institution
 - For 2011-12, EU > 100% will result in POP for all institutions attended
 - For 2011-12, FSA will complete "true" clean-up beginning May 15



COD Changes for Two Pell's

- COD School Relations Center
 - 800-474-7268
 - CODSupport@acs-inc.com



FSEOG Awards – EA April 29

- Using State Grants and Scholarships as Non-Federal Share
 - 25% non-federal share required
 - May come from institution's own resources and State grants and scholarships
 - For 2011-12, 100% of State grants and scholarship may be used

Federal Perkins Loan Service Cancellation Reimbursement

- EA May 12
 - Borrowers may receive loan cancellation for specific public service-oriented occupations
 - Full-Year Continuing Appropriations Act did not allocate institution reimbursement payment for 2009-10
 - FSA will calculate based on FISAP and keep a record
 - 877-801-7168 or CBF0B@ed.gov



Federal Perkins Loan Program Level of Expenditure

- EA May 17
- Distributed incorrect Total Level of Expenditure for Federal Perkins Loan on EA May 6
- Corrected at <https://cbfisap.ed.gov/ecb/CBSWebApp/>

Don't Forget!

- Net Price Calculator is due October 29
 - http://nces.ed.gov/ipeds/resource/net_price_calculator.asp
- Most Consumer Disclosure Requirements effective dates were August 14, 2008
 - Excellent reference –
NPEC – Information Required to Be Disclosed Under HEA as amended
 - <http://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2010831rev>



Questions

Michael C. Roberts
Title IV Training Officer
404-974-9313
michael.roberts@ed.gov

Feedback on Training

Thomas Threlkeld
Supervisor of Training Officers
617-289-0144;
thomas.threlkeld@ed.gov

