

U.S. Department of Education



Federal Update

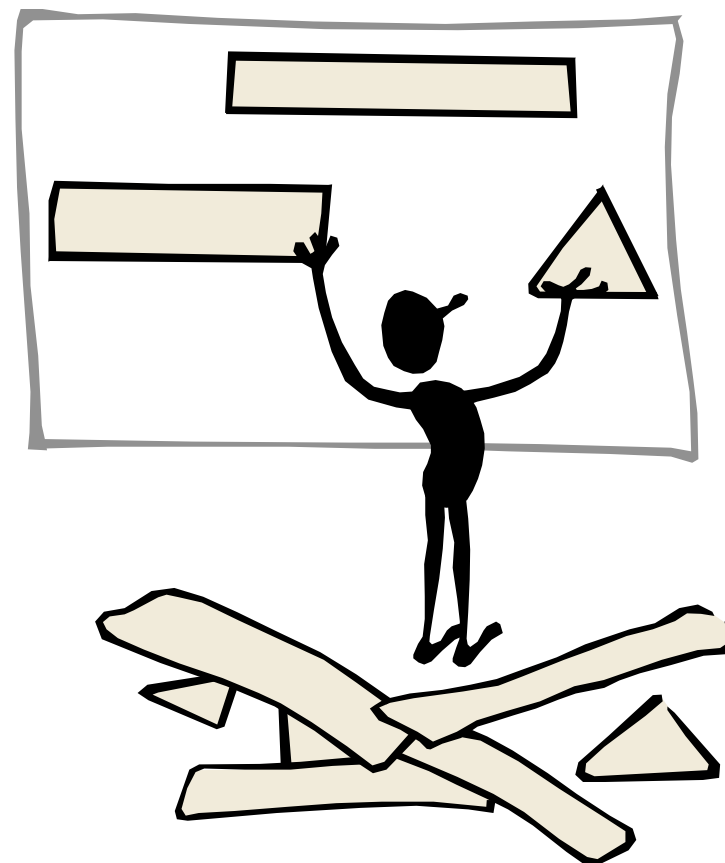




Agenda

- Federal Pell Grant Program
- Ability to Benefit
- Executive Order 13607
- Federal Aid Shopping Sheet
- Gainful Employment Program
- Verification
- Federal Registers
- Training and Resources
- Contacts

Federal Pell Grant Program



Pell - LEU

- LEU – Lifetime Eligibility Used
- Reduces the duration of a student's eligibility to receive Pell Grant to 12 semesters (600% - 6 full Scheduled Awards)
- Applies to all students effective with the 2012-13 award year.
- Calculation includes *all* earlier years of the student's receipt of Pell
 - NO “grandfather” clause

Pell - LEU

- Calculate the equivalency by adding together each of the annual percentages of a student's scheduled award that was actually disbursed to the student.
 - Once LEU reaches 600%, student no longer eligible *for Pell*
 - May impact FSEOG eligibility
 - If LEU more than 500% but less than 600%, partial eligibility for next award year

Pell - LEU

EA posted on February 17, April 6, June 29

- Beginning in July 2012 –
 - NSLDS will display student's LEU
 - CPS will use comment codes on ISIRs/SARs to flag students LEU is almost/exceeds 600%.
 - New COD Pell LEU History page
 - *COD is the system of record for LEUs*
- If report a disbursement but don't disburse or don't disburse in full, MUST adjust (more important now than ever due to the 600% limit)
 - *Report adjustments within 30 days (8/13/12 EA)*

Pell - LEU

- If less than 100% eligibility remaining, handle award like a transfer student
 - Pay up to full amount allowed in first payment period/term
 - Pay remaining balance in subsequent payment periods
 - Do NOT spread out percentage evenly over remaining periods
 - May round cents but cannot exceed 600%

Pell – LEU (Example)

Student's annual Pell award is \$4800 (100%)

- Student's current LEU is 523.867% of 600%
- Student has 76.133% LEU remaining
- Do not round percentages
- 76.133% of the student's annual award is \$3654.384
- Disburse 50% of annual award (\$4800) 1st term = \$2400
(assuming full-time student)
- Disburse remainder of annual award in second term, up to the remainder of their LEU = \$1254.384 (26.133%)
- May round the dollar amount down to \$1254 (26.125%), or award the cents \$1254.38 (26.133%)

Declining Pell - GEN-12-18

- Students can decline all or part of their Pell Grant awards or return some previously received Pell Grant funds to preserve future Pell Grant eligibility
 - Student may not return any Pell Grant funds from a prior award year (must take place in same award year)
 - Student must provide a signed, written statement clearly indicating that they are declining/returning eligible Pell funds and that those funds may not be available once the award year is over
 - School must submit any required adjustment records for the student to the COD System

Federal Register – May 2, 2012

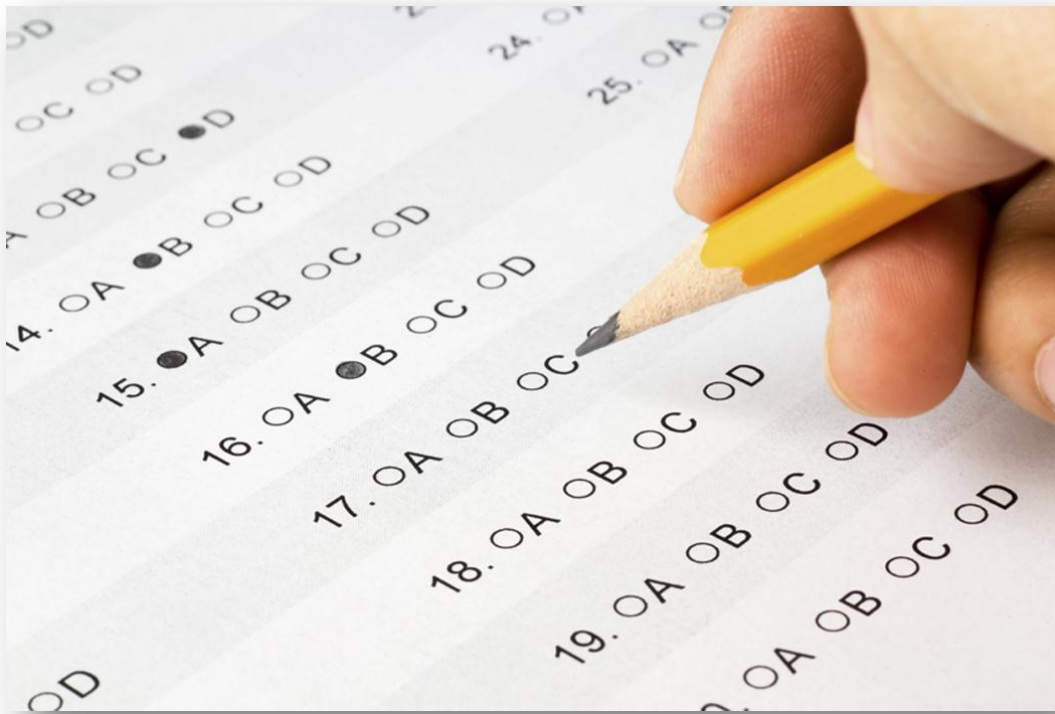
- Removed regulations pertaining to a 2nd scheduled Pell Grant (2 Pells in one award year)
- Crossover Payment Period (period in 2 award years)
 - *Removed requirement* to compare ISIRs from both award years and pay from the year with the higher payment
 - The school will determine which award year the payment period will be placed (34 CFR 690.64)
 - Ability to meet need's of the student and maximize eligibility
 - The entire payment period must be considered in ONE award year and the entire disbursement must be paid out of the award year in which it was placed

**Effective
May 2, 2012**

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

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Ability-to-Benefit



Ability-to-Benefit (ATB)

- Eliminates Title IV eligibility for students without a high school diploma (or equivalent)
 - Recognized equivalent of a HSD includes:
 - GED
 - State certificate passing State authorized exam State considers same as HSD
 - Academic transcript of successful completion of at least a 2-year program acceptable for full credit toward a Bachelor's degree
 - Excelled academically in high school and meets admission policy into at least an AA degree
 - Home schooled students

Ability-to-Benefit: Exception

- Students who attended a Title IV eligible program of study prior to July 1, 2012 OR officially registered for a TIV eligible program prior to July 1, 2012 AND later attended that program may continue to qualify under one of the ATB alternatives –
 - Passing an independently administered, approved ATB test
 - Successfully completing at least six credit hours or 225 clock hours

Ability-to-Benefit: Exception

- Students do not have to have received Title IV aid prior to July 1, 2012 to qualify for the ATB exceptions
- School must document student qualifies for use of ATB alternative
 - NSLDS, transcripts, other documentation from previous school indicating enrollment in eligible program
- GEN-12-09 - provides a “grandfather” test and various scenarios to assist determine if a student qualifies for the ATB alternative

Executive Order 13607

Establishing Principles of Excellence for Educational Institutions Serving Service Members, Veterans, Spouses and other Family Members

GEN-12-10
EA – 6/29/12



E.O. 13607

- Signed April 27, 2012
- Designed to ensure information, support and protections put in place for those students enrolled in post-secondary programs receiving federal military educational benefits
- Schools participating in certain federal military education benefits enter into an agreement/understanding with DOD and VA
- 6/29/12 EA provides a link to recorded webinar and the executive order

E.O. 13607

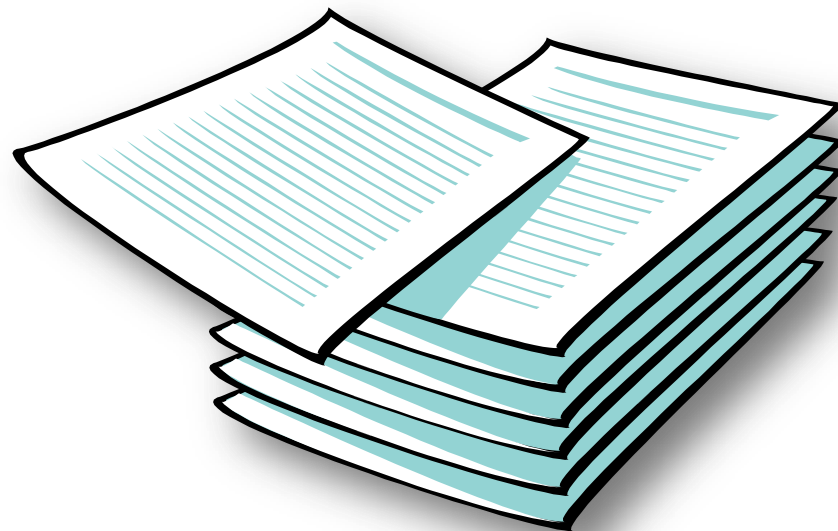
- GEN-12-10 provides a series of Q & As to address how TIV schools can comply with EO 13607
 - *Standardized cost form* – ED’s “Shopping Sheet”
 - *Aid Information* – provides sample language
 - *State Authorization and recruitment* – follow existing ED regulations around state authorization, misrepresentation, recruitment and incentive compensation
 - *Accreditation* – follow accreditation requirements
 - *Readmission* – follow ED’s guidelines for returning service members

E.O. 13607

- GEN-12-10 provides a series of Q & As to address how TIV schools can comply with EO 13607
 - *Withdrawals* – treat VA and DOD funds similar to R2T4 and nonTIV schools develop refund policy similar to R2T4
 - *Individual education plans* – definitions/terms, degree requirements and transfer hour procedures
 - *Advising points of contact* – basic understanding of benefits and services for military/service and family members and contact information for additional help

Financial Aid Shopping Sheet

GEN-12-12
GEN-12-17
EA – 9/11/12



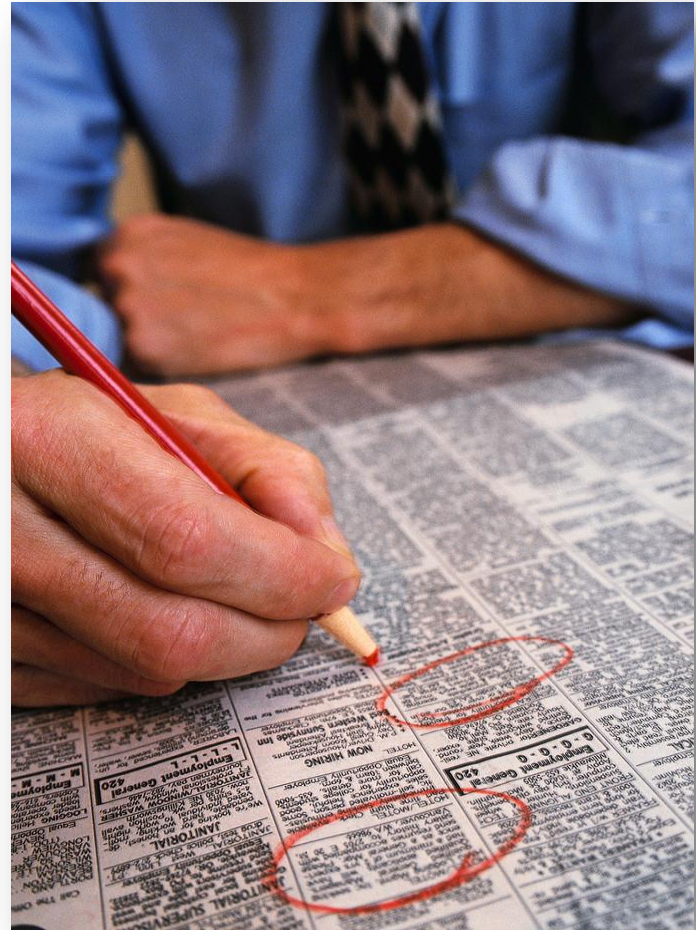
Shopping Sheet – 2013-2014

- ED developed model format to deliver financial aid information to students - section 484 of HEOA
- Encouraged to be used by schools starting in 13/14
 - If will use sheet, send email to *ShoppingSheet@ed.gov* with institutional name and institution's OPE ID number
- Required to be used by schools that agree to comply with Executive Order 13607 (principles of excellence)
 - Provide prospective veteran/service member students with personalized form that contains standardized information describing program costs and costs that may be covered by available Federal educational benefits and financial aid

Shopping Sheet – 2013-2014

- An annotated shopping sheet, along with background information about the sheet, can be found at –
 - <http://www2.ed.gov/policy/highered/guid/aid-offer/index.html>
- The sheet is for undergraduate and graduate students but can be modified as necessary
 - ED will post comprehensive file on Department's Web site from which either an institution may pull its data or software providers may pull data on institution's behalf
- Shopping Sheet is currently in PDF format
 - Developing specifications for an HTML format available for institutions and software providers in Fall 2012

Gainful Employment Programs



Gainful Employment Information

- Gainful Employment Page on IFAP at:
<http://ifap.ed.gov/GainfulEmploymentInfo/>
or from IFAP Homepage (right-hand side)
- Regulations and Federal Register Notices
- Dear Colleague Letters and Electronic Announcements
- Frequently Asked Questions
- Training, including webinars
- Resources

Gainful Employment

We are currently reviewing the recent legal decision about the Gainful Employment regulations. We are unable to respond to any questions related to Gainful Employment at this time, but will provide additional guidance in the near future

Electronic Announcement dated July 6, 2012 (GE EA #39)

- Provides background on decision
- Current school requirements
 - Do not have to report annual data for 11/12
 - Additional GE data not required to included for adding new GE programs
 - Disclosure requirements still in affect

Verification



Verification Documentation

- Electronic Announcement – 7/20/12
 - Paper Tax Return “temporary” exception (GEN-12-07)
 - Beginning July 16, 2012, unless person meets exception listed in 8/21/12 EA, tax information must be verified by either using the IRS Data Retrieval Tool or by submitting IRS Tax Return Transcript
 - Note that the July 15, 2012 exception deadline for paper returns applies to ***receipt*** of the copy of the tax return and NOT to when verification must be completed.

Verification Documentation

- Tax Return Transcript
 - Based on initial tax filing
 - Obtained in most situations where IRS Data Retrieval process cannot be used
 - Exceptions – *amended returns, identity theft, foreign countries, certain island nations and US commonwealths*
 - Electronic Announcement dated 8/21/12

Verification Documentation

- Amended Tax Returns

- 1) a signed copy of an original tax return; OR a Tax return transcript; AND
- 2) a signed copy of IRS form 1040X

- Identity Theft

- 1) a signed copy of the paper IRS income tax return; AND
- 2) a signed copy of IRS Form 14039 “Identity Theft Affidavit” OR a signed statement, or police report if applicable

Q & A – Program Integrity Website

- DOC-Q10 In some cases an IRS field office has provided tax filers with: a Return Transcript for Taxpayer (RTFTP) or an Information Returns Processing Transcript Request -Wages (IRPTR-W). Do these documents meet verification?
- DOC-A10 An institution may accept as verification documentation any IRS tax transcript that includes all of the income and tax information required to be verified. Because the Return Transcript for Taxpayer (RTFTP) includes all of the income/tax information, it CAN be used to meet the verification requirements. However, because the Information Returns Processing Transcript Request -Wages (IRPTR-W) only provides wage information it does NOT satisfy verification requirements.

Q & A – Program Integrity Website

- DOC-Q11 May an institution use an IRS tax return that has been stamped "official" by the IRS as a substitute for an IRS Tax Return Transcript to meet the verification requirements?
- DOC-A11 An IRS tax return that has an "official" stamp by the IRS is NOT a substitute for an IRS Tax Return Transcript. However, as provided in the April 16, 2012 Dear Colleague Letter (GEN-12-07), institutions may, until July 15, 2012, accept a signed copy of the relevant 2011 IRS Tax Return as acceptable verification documentation for the 2012-2013 award year. After July 15, 2012, or if an institution chooses not to accept the tax return prior to that date, the applicant, spouse or parent must obtain an IRS Tax Return Transcript, if unable to use the IRS Data Retrieval Tool.

Tax Filers - Extensions

- Person is required to file, but obtained **extension**, must submit:
 - IRS form 4868 or IRS approval to extend beyond October 15, 2012
 - W-2 for each source of employment income
 - Signed statement by a self-employed individual certifying amount of AGI & US income tax paid for 2011
 - *When above documentation received, verification is considered complete* (disbursements are valid)
- School may request transcript/IRS DRT when taxes are filed

2013-14 Verification

- Continuing to take small steps towards customized verification
- Items to be verified will be grouped
- Individual student's ISIR record will indicate which group of items the student must verify

2013-14 Verification

Verification items—

- Retained all items subject to verification in 2012-13
- Added two new items
 - High school completion status
 - Identity/Statement of Educational Purpose

Federal Register – July 12, 2012

DCL GEN-12-11

2013-14 Verification

- Documentation of high school completion status:
 - High school diploma; or
 - Final high school transcript that shows the date of graduation

Note: If a copy of an applicant's high school diploma or final high school transcript is unavailable, the institution may accept alternative documentation

2013-14 Verification

- Documentation of high school completion status: Recognized equivalent of a high school diploma
 - General Educational Development (GED) Certificate;
 - State certificate received by a student after the student has passed a State-authorized examination that the State recognizes as the equivalent of a high school diploma;
 - Academic transcript of a student who has successfully completed at least a two-year program that is acceptable for full credit toward a bachelor's degree; or

2013-14 Verification

- Documentation of high school completion status: recognized equivalent of a high school diploma
 - For a person who is seeking enrollment in an educational program that leads to at least an associate degree or its equivalent and has not completed high school but has *excelled academically in high school*, documentation from the high school that the student excelled academically in high school and documentation from the postsecondary institution that the student has met the formalized, written policies of the postsecondary institution for admitting such students

2013-14 Verification

- Documentation of high school completion status: Homeschooled
 - Transcript, or the equivalent, signed by the parent or guardian, that lists the secondary school courses completed by the applicant and documents the successful completion of a secondary school education;
OR
 - A secondary school completion credential for home school (other than a high school diploma or its recognized equivalent) provided for under State law

2013-14 Verification

- Documentation of identity/statement of educational purpose
 - Appear in person and present to an institutionally authorized individual
 - A valid government-issued photo identification (driver's license, non-driver's license, military identification, or passport);
- AND
- A signed statement of educational purpose

2013-14 Verification

- Documentation of identity/statement of educational purpose (cont.)—
 - Must maintain, an annotated copy of the identification submitted by the applicant that includes:
 - The date documentation was received;
 - AND
 - The name of the institutionally-authorized individual that obtained the documentation

2013-14 Verification

- Documentation of identity/statement of educational purpose (cont.)
 - *If unable to appear in person*, must provide the institution—
 - A copy of a valid government-issued photo identification (driver's license, non-driver's license, military identification, or passport);
AND
 - An original, notarized statement of educational purpose signed by the applicant

Verification Tracking Groups

- Verification flags
- Verification tracking flags
- Verification tracking groups
- Items to verify based on group



V1– Standard

–Tax Filers

- Adjusted Gross Income
- U.S. Income Tax Paid
- Untaxed Portions of IRA Distributions
- Untaxed Portions of Pensions
- IRA Deductions and Payments
- Tax Exempt Interest Income
- Education Credits
- Number of Household Members
- Number in College
- Supplemental Nutrition Assistance Program (SNAP-Food Stamps) – if listed on FAFSA
- Child Support Paid - if listed on FAFSA

V1—Standard (cont.)

- Non-Tax Filers
 - Income Earned from Work
 - Number of Household Members
 - Number in College
 - Supplemental Nutrition Assistance Program (SNAP-Food Stamps) – if listed on FAFSA
 - Child Support Paid - if listed on FAFSA

V2—SNAP

Supplemental Nutrition Assistance Program (SNAP-Food Stamps)

- (1) A statement signed by the applicant/parent affirming that SNAP–Food Stamps benefits were received by someone in the household during the 2011 and/or 2012 calendar years.
- (2) If school has concerns with accuracy of information, the institution must obtain documentation from the agency that issued the SNAP-Food Stamps benefits

V3—Child Support Paid

Child Support Paid by the student (or spouse),
the student's parent or both

- (1) Statement signed by the applicant/parent certifying—
 - (a) The amount of child support paid;
 - (b) The name of the person who paid the child support;
 - (c) The name of the person to whom child support was paid; and
 - (d) The names of the children for whom child support was paid
- (2) If the institution has reason to believe that the information provided in the signed statement is inaccurate, the applicant must provide the institution with supporting documentation, such as—divorce decrees, checks, signed statements, etc.

V4—Custom

- High School Completion Status
- Identity/Statement of Educational Purpose
- Supplemental Nutrition Assistance Program (SNAP-Food Stamps)
- Child Support Paid



V5—Aggregate

- High School Completion Status
- Identity/Statement of Educational Purpose

AND

- All items indicated-Tax Filer (V1)
- All items indicated-Non-Tax Filer (V1)

Federal Registers



NPRM – July 17, 2012

- Create new Income Contingent Repayment (ICR) plan based on future changes to IBR
 - ICR-A (new plan); ICR-B (current plan)
 - ICR-A – maximum annual payment capped at 10% of discretionary income; qualify for loan forgiveness after 20 years of qualifying payments; borrower needs partial financial hardship; adjustments for married borrowers depending on filing status

PROPOSED

NPRM – July 17, 2012

- Modify IBR plan to incorporate SAFRA Act Changes
 - Becomes effective July 1, 2014
 - Redefine new borrower and partial financial hardship
 - Maximum monthly payment limited to 10% of discretionary income
 - Loan forgiveness after 20 years of qualifying payments
 - Improve notification requirements
 - Revised repayment requirements for borrowers who leave IBR

PROPOSED

NPRM – July 17, 2012

PROPOSED

- Total and Permanent Disability Discharge
 - Perkins, FFEL and Direct Loans
 - Borrowers representative can be involved in entire process
 - Borrowers apply for discharge directly to ED who will notify all lenders
 - ED to create an OMB form for reporting earnings
 - Ensure application process for veterans with VA documentation similar to non-veteran process
 - Revise provisions to require payments by borrowers after a discharge is granted be returned to the borrower

Future Federal Registers

Teacher Preparation and TEACH Grants

- Institutional reporting & State accountability – quality of teacher preparation programs
- “High Quality” Program and Services Definitions associated with school eligibility to participate in TEACH Grant
- Service and Repayment obligations for TEACH

Future Federal Registers

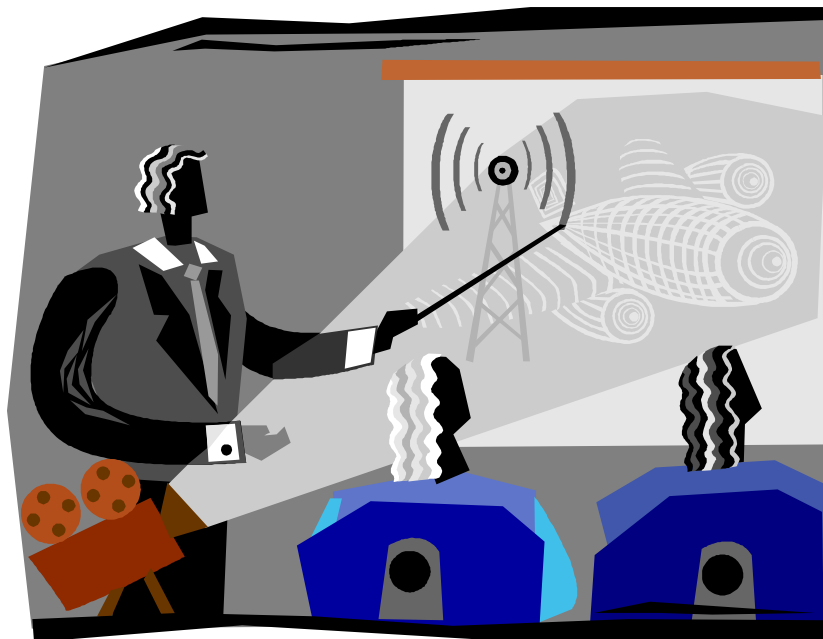
Other Student Loan Issues

- “Naturally readable” Direct Loan regulations
- Various aspects of defaulted borrower process
- Loan Rehabilitations
- Perkins loan issues – deferments, enrollment reporting, loan assignments...

Fall 2012 Negotiated Rule-Making

- May 1, 2012 Federal Register Notice
- Topics – preventing fraud; use of debit cards and other banking mechanisms for disbursing TIV; improve and streamline campus-based programs

Training & Resources



Training

- FSA Conference
 - Orlando, FL – November 27-30, 2012
 - fsaconferences.ed.gov
- FSA Fall Webinar Series – October 2012
 - R2T4 Modules, R2T4 Clock Hours, Clock Hour Issues, Campus-Based Programs, future Q & A session
 - ANN-12-21 (recordings will be posted to IFAP)
- Fundamentals of Federal Student Aid Administration
 - ANN-12-22
 - New requirements – CEO/owner must attend entire training; to register participants must complete online training

Resources

- ED's Default Prevention Resource Center
 - <http://ifap.ed.gov/DefaultPreventionResourceInfo/index.html>
 - defaultpreventionassistance@ed.gov.
 - Right-hand side of IFAP home page
- Program Integrity Q & A website
<http://www2.ed.gov/policy/highered/reg/hearulemaking/2009/integrity-qa.html> (right-hand side on IFAP)
- Campus-Based Call Center
 - 877-801-7168; cbfob@ed.gov
- Federal Loan School Support Team
 - All DL schools have a POC - dlops@ed.gov

Contacts

- *Atlanta* School Participation Team
 - Main Number: 404-974-9303
 - Laura Hall (IIS) – 404-974-9293
 - Cassandra Weems (IIS) – 404-974-9305
- *Atlanta* Training Officers
 - David Bartnicki – 404-974-9312
 - Michael Roberts – 404-974-9313
- Email – `firstname.lastname@ed.gov`