# Federal Update

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U.S. Department of Education

Federal Student Aid
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## Topics

- Title IV Program Budget
- College Choice Tools
- studentaid.gov and Social Media
- Default Rates
- Regulatory Activity
- Statutory Changes
- Verification
- Unusual Enrollment History
- Experimental Sites
- Gainful Employment
- Questions

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## Title IV Program Budget

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## Title IV Aid Available

| Program | FY 2012 (AY 12-13) | FY 2013* (AY 13-14) |
|---|---|---|
| Pell Grant (Max Award) | $35,649,000,000 $5,550 | $36,580,300,000 $5,635 |
| FSEOG | $929,900,000 | $929,900,000 |
| FWS | $1,161,200,000 | $1,348,880,000 |
| Perkins | $970,700,000 | $5,134,400,000 |
| TEACH/Presidential Teaching Fellows | $154,100,000 | $232,600,000 |
| Loans | $114,674,100,000 | $120,822,200,000 |
| TOTAL | $153,539,000,000 | $165,048,280,000 |

* President's FY 2013 Budget Request

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## 2013-2014 Pell Grant Payment Schedules

- DCL GEN-13-06
- Maximum Scheduled Award - $5,645 ($95. increase)
- Maximum Eligible EFC – 5081
- Minimum Scheduled Award (formula) - $565
- Minimum Scheduled Award (schedules) $582
- No LEU Minimum

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## College Choice Tools

**Know Before You Go**

**Know Before You Owe**

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## College Navigator Tool

## College Scorecard

**College Scorecard**
An online tool that will make it easier for students and families to compare colleges by comparing information such as: net price; graduation rates; default rates; student loan debt; and earnings potential

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## Financial Aid Shopping Sheet

**Student Specific Information:**

Cost of Attendance Elements

Grants and Scholarships

Net price After Grants

Work Options

Loan Options

Other Options Including Family Contribution

**Institutional Metrics:**

Graduation rate under "Student Right-to-Know"

Most recent cohort default rate

Median debt for completers

Loan repayment information

Contact information

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# studentaid.gov and Social Media

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## Federal Student Aid Websites

## Solution: StudentAid.gov

## FSA Social Media

## FFEL/Direct Loan Cohort Default Rates

## HEOA Changes

- Increases the CDR monitoring period from two to three years.
- Beginning with the 2009 cohort, the calculation will be:
  - Borrowers who default in that federal fiscal year or by the end of the next two federal fiscal years
  - FY 2009 3-year rate is 13.4%
  - Establishes a three-year transition period for sanctions

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## Regulatory Activity

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## Regulatory Activity

- Loans I
  - Final rule published November 1, 2012.
  - Pay as You Earn
    - Direct Loan Income Contingent Repayment Plan Option
    - Possible Early Implementation of Pay
  - Total and permanent disability application simplification
    - Some SSA Determinations

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## Pay As You Earn

- Pay As You Earn Plan Repayment Plan
- Amend ICR regulations to –
  - Reduce maximum annual payment amount from 15% of discretionary income to 10%
  - Reduce forgiveness time from 25 years to 20 years
  - Available to more borrowers
    - New borrowers as of October 1, 2007
    - Received a Direct Loan on or after October 1, 2011

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## Regulatory Activity

- Loans II
  - Stand alone Direct Loan regulations.
  - FFEL origination elimination
  - Reasonable and affordable payments for defaulted loan rehabilitation

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## Regulatory Activity

- Teacher Preparation
  - TEACH Grant
  - Title II accountability and reporting systems
- Pell Grant
  - Finalization of Summer Cross-Over Interim Rule
- Fraud Prevention
  - New Neg Reg Process
  - Early in 2013

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## Statutory Changes

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## Ability-to-Benefit (ATB)

Consolidated Appropriations Act, 2012 –

- Eliminated Title IV eligibility for students without a high school diploma or equivalent (unless the student was homeschooled)
  - Beginning with the 2012-2013 award year
  - See DCL GEN-12-01 and DCL GEN-12-09

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## Ability-to-Benefit (ATB)

- Equivalent of a high school diploma:
  - A GED
  - A State certificate that is recognized by the state as the equivalent of a high school diploma
  - Successful completion of at least a two-year program that is acceptable toward a BA
  - Documentation that the student excelled academically in high school. Enrollment must be for an associate degree or equivalent



## Ability-to-Benefit (ATB)

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



## Pell Duration of Eligibility

Consolidated Appropriations Act, 2012 –

- Establishes the duration of a student's eligibility to receive Pell Grant to be 12 semesters or its equivalent.
  - Effective with the 2012-2013 award year.
  - Applies to <u>all students</u>
  - Includes all years of the Pell/Basic Grant Program
  - Back to the 1973-1974 Award Year
  - See DCL GEN-12-01 and various Electronic Announcements and Tech References

## Pell Duration of Eligibility

- Calculate the 12 semester equivalency by adding together each of the annual percentages of a student's scheduled award that was actually disbursed to the student
- Results in LEU – Lifetime Eligibility Used
- Once LEU reaches 600%, student no longer eligible for Pell Grant funding
- If LEU more than 500% but less than 600%, partial eligibility for the award year

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## No Subsidized Loans for Grad Students

The Budget Control Act of 2011 –

- Ended the eligibility of graduate and professional students for Subsidized Loans
  - Effective for loans made for loan periods beginning on or after July 1, 2012
  - Subsidized Loans for loan periods beginning before July 1, 2012 remain unchanged
  - COD will monitor

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## Grace Period Interest Subsidy

Consolidated Appropriations Act, 2012

- Temporarily eliminates the interest subsidy on Direct Subsidized Loans during the six month grace period
  - Applies to new Direct Stafford Loans for which the first disbursement is made on or after July 1, 2012, and before July 1, 2014
  - Accrued grace period interest not paid will be capitalized
  - Borrower could have some loans with interest subsidy and some without when in grace period

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## Subsidized Loan Limitation

P.L. 112-141

- Established a limit of how many years a student may receive subsidized loans
  - Applies to "new borrowers" on or after July 1, 2013
  - When student has received subsidized loans for 150% of the published time of the academic program –
    - The student may not receive any additional subsidized loans, and
    - The subsidized loans received from July 1, 2013 on lose their subsidy

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## Subsidized Loan Limitation Examples

| Program Length | Limitation on Subsidized Loan Eligibility |
|---|---|
| 4-Year Bachelor's Degree | 6 Years of subsidized loan eligibility |
| 2-Year Associates Degree | 3 Years of subsidized loan eligibility |
| 1-Year Certificate Program | 1 ½ Years of subsidized loan eligibility |
| 10 Week Certificate Program | 15 Weeks of subsidized loan eligibility |

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## Subsidized Loan Limitation

- Transfers –
  - Students maximum time to receive subsidized loans is established based on the length of the program the student is enrolled in
  - Remaining subsidized eligibility is calculated by subtracting from maximum eligibility the time the student has already received subsidized loans

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## Subsidized Loan Limitation

- Transfer Examples –
  - Student receives two years of subsidized loans while enrolled in a two-year program
    - Student transfers to a four-year BA program
      - Student has four years of remaining subsidized loan eligibility
  - Student receives three years of subsidized loans while enrolled in a four-year BA program
    - Student transfers to a two-year AA program
      - Student has no remaining subsidized loan eligibility

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## Subsidized Loan Limitation

- FSA will track, calculate, and inform students and institutions.
  - Likely to be codes and comments on SARs and ISIRs.
  - COD editing and enforcement.
- Schools will need to provide program information, including length of program
  - COD origination reporting
  - NSLDS Enrollment Reporting

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## Verification

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## 2012-2013 Verification Items

- Still some tax filers not able to obtain IRS Tax Return Transcripts
- Electronic Announcement (EA) posted to IFAP on November 2
  - Copy of tax return acceptable if tax filer unable to secure IRS Tax Return Transcript
  - Documentation of transcript request failure
  - Completed IRS Form 4506T-EZ or Form 4506-T to school.
    - School does not submit to IRS unless there is a question about the submitted return

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## 2013-14 Verification Items

- Annual Federal Register notice—
  - Items to verify
  - Acceptable documentation
- 2013-2014 Federal Register Notice: July 12, 2012
- DCL GEN-12-11, July 17, 2012

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## 2013-14 Verification Items

- Same core FAFSA items as in 2012-2013
  - AGI
  - Taxes Paid
  - Four Untaxed Income Items
  - Education Credits
  - Number in Household
  - Number in College
  - SNAP
  - Child Support paid

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## 2013-14 Verification Items

- Fraud Detection and Prevention –
  - Two new verification items to combat fraud
    - High School Completion Status
    - Identity/Statement of Educational Purpose



## 2013-14 Verification

Move Toward Customized Verification

- Verification Tracking Groups
  - Group V1 - Standard Verification Group
    - Same core FAFSA items as in 2012-2013
  - Group V2 - SNAP Verification Group
    - SNAP Only
  - Group V3 - Child Support Paid Verification Group
    - Child Support Paid Only



## 2013-14 Verification

- Five Verification Tracking Groups
  - Group V4 - Custom Verification Group
    - High School Completion
    - Identity/Statement of Educational Purpose
    - SNAP, if reported on ISIR
    - Child Support Paid, if reported on ISIR
  - Group V5 - Aggregate Verification Group
    - All items from Groups V1 and V4

## 2013-14 Verification

- No ED Developed Verification Worksheet(s)
- Suggested Text Provided
- Not required
- Cannot change Statement of Educational Purpose
  - See January 18 Electronic Announcement



## Unusual Enrollment History



## Unusual Enrollment Patterns

- Students identified based on history of receipt of Pell Grant
- New 'C' Code added to ISIR
- New Unusual Enrollment History Flag (UEH FLAG) added to ISIR
- Flag value will determine needed action
- Guidance on how to resolve forthcoming

## Experimental Sites (GEN-13-03)



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## Gainful Employment



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## GAINFUL EMPLOYMENT

- Gainful Employment Electronic Announcement #39
  - On June 30, 2012, the U.S. District Court for the District of Columbia, in the Association of Private Sector Colleges and Universities (APSCU) v. Duncan, issued a decision that vacated most of the gainful employment regulations that the Department published on October 29, 2010 and June 13, 2011 and remanded those regulations to the Department for further action.



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## GAINFUL EMPLOYMENT

- Reporting –
  - The Court's decision vacated the gainful employment reporting requirements in 34 CFR 668.6(a). Therefore, institutions are not required, at this time, to submit gainful employment reports for the most recently completed 2011-2012 award year
  - Institutions may voluntarily submit corrections to previously reported gainful employment information



## GAINFUL EMPLOYMENT

- New Gainful Employment Programs –
  - The requirements that went into effect on July 1, 2011, under 34 CFR 600.10(c) and 600.20(d), that addressed the types of new programs about which institutions had to notify the Secretary are no longer in effect
  - Institutions must comply with those regulatory sections as they existed prior to July 1, 2011, and any other provisions that require institutions to obtain approval for new programs
  - See GE Electronic Announcement #41, posted to IFAP on November 21



## GAINFUL EMPLOYMENT

- Disclosures –
  - The Court left in place the October 29, 2010 regulations at 34 CFR 668.6(b) that require institutions to disclose certain information about each of their Gainful Employment Programs Those regulations took effect July 1, 2011
  - Institutions must update their GE Program disclosures no later than January 31, 2013
- See GE Electronic Announcement #42, posted to IFAP on November 23

# Selected Recent Communications



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## Dear Colleague Letters

- GEN-13-06 - 2013-2014 Federal Pell Grant Schedules
- GEN-13-05 - Implementation of Financial Aid Shopping Sheet
- GEN-13-04 - State Authorization Regulations
- GEN-13-03 - Experimental Sites Initiative
- GEN-13-02 - Regaining Title IV Eligibility After Exceeding Loan Limits and Treatment of Loan Funds When a Student Fails to Begin Attendance
- GEN\-13-01 - Dear Colleague Letters
- GEN -12-22 - Approval of Income-Based/Pay As You Earn/Income-Contingent Repayment Plan Request Form
- GEN -12-21 - Charges Incurred at Bookstores



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## Dear Colleague Letters

- GEN -12-18 - Declination or Return of Pell Grant Funds
- GEN -12-15 - Revised School Closure and False Certification Loan Discharge Applications
- GEN -12-13 - Guidance on Program Integrity Regulations Relating to Legal Authorization by a State
- GEN -12-12 - Financial Aid Shopping Sheet for 2013-14
- GEN -12-11 - 2013-2014 Award Year: FAFSA Information to be Verified and Acceptable Documentation
- GEN -12-10 - Implementation of E.O. 13607 - Establishing Principles of Excellence for Educational Institutions Serving Service Members, Veterans, Spouses, and other Family Members



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## Dear Colleague Letters

- GEN -12-09 - Title IV Eligibility for Students Without a Valid High School Diploma
- GEN -12-08 - Disbursing or Delivering Title IV Funds Through a Contractor
- GEN -12-07 - Acceptable Documentation for Verification
- GEN -12-06 - NSLDS Enrollment Reporting Process
- GEN -12-04 - Federal Student Loan Issues
- GEN -12-03 - Title IV Student Financial Assistance Disbursed to Students Without a Valid High School Diploma

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## Electronic Announcements

- Feb 8 - Direct Loan Closeout Information for 2011-2012 Program Year
- Feb 6 - Change to Login Process for All Federal Student Aid Systems Behind AIMS
- Feb 4 - FY 2011 2-Year and FY 2010 3-Year Draft Cohort Default Rates Release Scheduled for February 2013
- Jan 31 – 2013-2014 Application and Verification Guide
- Jan 25 - Tentative 2013-2014 Funding Levels for the Campus-Based Programs
- Jan 18 - 2013-2014 Verification-Suggested Text

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## Electronic Announcements

- Jan 18 - Institutional Metric Data File for the Financial Aid Shopping Sheet
- Jan 18 - Helpful Social Media Tools to Promote FAFSA Completion
- Jan 18 - Verification Suggested Text
- Jan 11 - Availability of Updated NSLDS Enrollment Reporting Guide
- Jan 11 - Gainful Employment Electronic Announcement #43 - NSLDS Gainful Employment Spreadsheet Submittal Format

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## Electronic Announcements

- Dec 17 - Access Removed for Unconfirmed TG Numbers
- Dec 14 - Handbook Errata and Updates
- Nov 23 - GE Disclosures
- Nov 21 - GE Adding New Educational Programs
- Nov 20 - Availability of NSLDS Enrollment Reporting Information and Documentation
- Nov 19 - 2012-2013 Federal Student Aid Handbook
- Nov 09 - Packaging and Repackaging Title IV Student Aid
- Nov 05 - Disaster Guidance
- Nov 02 - Acceptable Documentation Update for 2012-2013 Award Year Verification

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## QUESTIONS?

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