



SPRING CONFERENCE

Kansas City, Missouri

2003



Federal Policy Update

Budget - Fiscal Year 2003

- **Discretionary Budget**
 - Across-the-Board 0.65% Reduction
 - Pell Grant Maximum - \$4,050
 - FSEOG – 5% increase
 - FWS, Perkins, LEAP and Child Care Loan Forgiveness – “Level Funded”
- **Student Loans**
 - No Policy Changes
- **Report on Two Pell Grants in One Academic Year**

Pell Payment Schedule (DCL P-03-01)

- **H. Res. 2, the Consolidated Appropriations Resolution, 2003**
- **Maximum Award of \$4,050**
- **Expanded Reach of the “Tuition Sensitivity” Rule**

Budget - Fiscal Year 2004

- **Discretionary Budget**
 - Pell Grants - \$1.9 Billion Increase to Address Prior Year “Underfunding”
 - FSEOG and FWS – “Level Funded”
 - Perkins, LEAP and Child Care Loan Forgiveness – Not Funded

- **Student Loans**
 - Expand Teacher Loan Forgiveness

FAFSA - IRS Data Match

- **Reflected in President's Management Agenda**
- **1998 HEA Amendments Inadequate**
- **Administration Forwarded to Congress Amended Internal Revenue Code**
- **Proposal Would Not Allow Release of Tax Return Data to Schools**
- **Ongoing Internal ED Discussions on Implementation**

November 1, 2002

Final Rule - Loans

School Related Issues

- **All Programs – Loan Counseling**
- **Perkins:**
 - **Optional Assessment of Late Charges**
 - **Write-offs**
 - **Litigation**
 - **Provided Copies of Notes to Borrowers**

Borrower Issues

- **All Programs:**
 - Rehabilitation of Defaulted Loans

- **FFEL and Direct Loans:**
 - Unemployment Deferments
 - Economic Hardship Deferments
 - Forbearances
 - Discharged Consolidation Loans

November 1, 2002

Final Rule - Programs

Program Issues

- **One-Day Rule Replaces 12-Hour Rule**
- **Non-Term Programs - Revised Definition of Payment Period**
- **Incentive Compensation Safe Harbors**
- **De Minimus Overpayment Amount**
- **Return of Title IV Aid:**
 - **Required to Take Attendance**
 - **Leave of Absence**

Program Issues (Continued)

- **Late Disbursements**
- **Eliminate ATB Test Expiration**
- **Packaging Flexibility in GEAR-UP**
- **FWS Employment at For-Profit Schools**
- **Timely Payment of Refunds**

Policy Guidance



Home Schooled Students (DCL GEN-02-11)

- **Student Eligible If Completed a Secondary Home School Program**
- **Institution Eligible If Only Admit Those Beyond the Age of Compulsory Attendance**
- **Conflict: Younger Home Schooled Student Is Aid Eligible BUT School Could Lose Its Program Eligibility**

Home Schooled Students Modified Interpretation

- Student Is NOT Subject to the “Age of Compulsory Attendance” Provision if the State Where the Institution Is Located Would Not Consider the Student In Violation of Truancy Laws
- No Impact On Institution’s Admissions Policy



PLUS Master Prom Note

- **FFEL and Direct Loans**
- **Phase-in for 2003-04**
- **See DCL GEN-03-03**
- **All Schools Will Be Eligible for the Multi-Year Functionality of Both Student and PLUS MPNs (See DCL GEN-02-10)**

Fellowships and Assistantships

- **Income or Resource/EFA? 2 Tests:**
 - 1) **Is the Award Employment?**
 - **No – Resource/EFA**
 - **Yes – Go to Second Test**
 - 2) **Is the Award Need-Based?**
 - **No – Not a Resource/EFA**
 - **Yes – Must Be Considered a Resource/EFA**

- **“Employment” If the Institution Considers the Payment Employment Based on State and Federal Rules**

Electronics

- **Can Schools and Others Conduct Title IV Business Electronically Under Current Regulations?**
- **Yes**
- **Except If a Regulatory Requirement Specifically States That a Notification, Certification, Authorization, or Signature Must Be In a Paper Format**

Electronics

- **Must Ensure That Processes Comply With All Laws, Including E-SIGN, With Respect To**
 - Consent
 - Disclosure
 - Testing

- **Consult Legal Counsel**

Electronics

- **Expect Guidance On the Use of Electronics In Title IV Program Administration, Including**
 - **Using “Shared Secrets” (e.g. PINs)**
 - **Sending Electronic Notices**
 - **Obtaining Electronic Authorizations**
 - **Using Electronics In Verification**

Reauthorization

- **Access and Success**
- **Affordability**
- **Accountability and Quality**
- **Supporting No Child Left Behind**

Comments, Questions, Feedback, and Contact Information



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