

Federal Update

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FEDERAL STUDENT AID

Agenda

- American Recovery and Reinvestment Act (ARRA) Reporting
- Default Rates
- Legislative Status
- Loan Programs Update
- Simplification – IRS Data Retrieval
- Regulatory Update
- Experimental Sites
- VA Benefits
- Two Pell's in an Award Year



The American Recovery and Reinvestment Act (ARRA)



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ARRA

- \$200 million for 2009-10 Federal Work-Study
 - ARRA added to regular appropriation
 - Total included in school authorizations posted in March
 - Some schools did not see an increase
 - Special FWS reporting is required if \$25,000 or more – 1,796 schools.
- \$17.1 billion
 - No school reporting



ARRA

- September 24 Electronic Announcement
 - Must register
 - Reporting deadlines
 - Reporting guidance coming
- October 2 Electronic Announcement
 - Specific Reporting Guidance
- October 16 Electronic Announcement
 - Revisions and Clarification
- E-mails to 1,796 schools

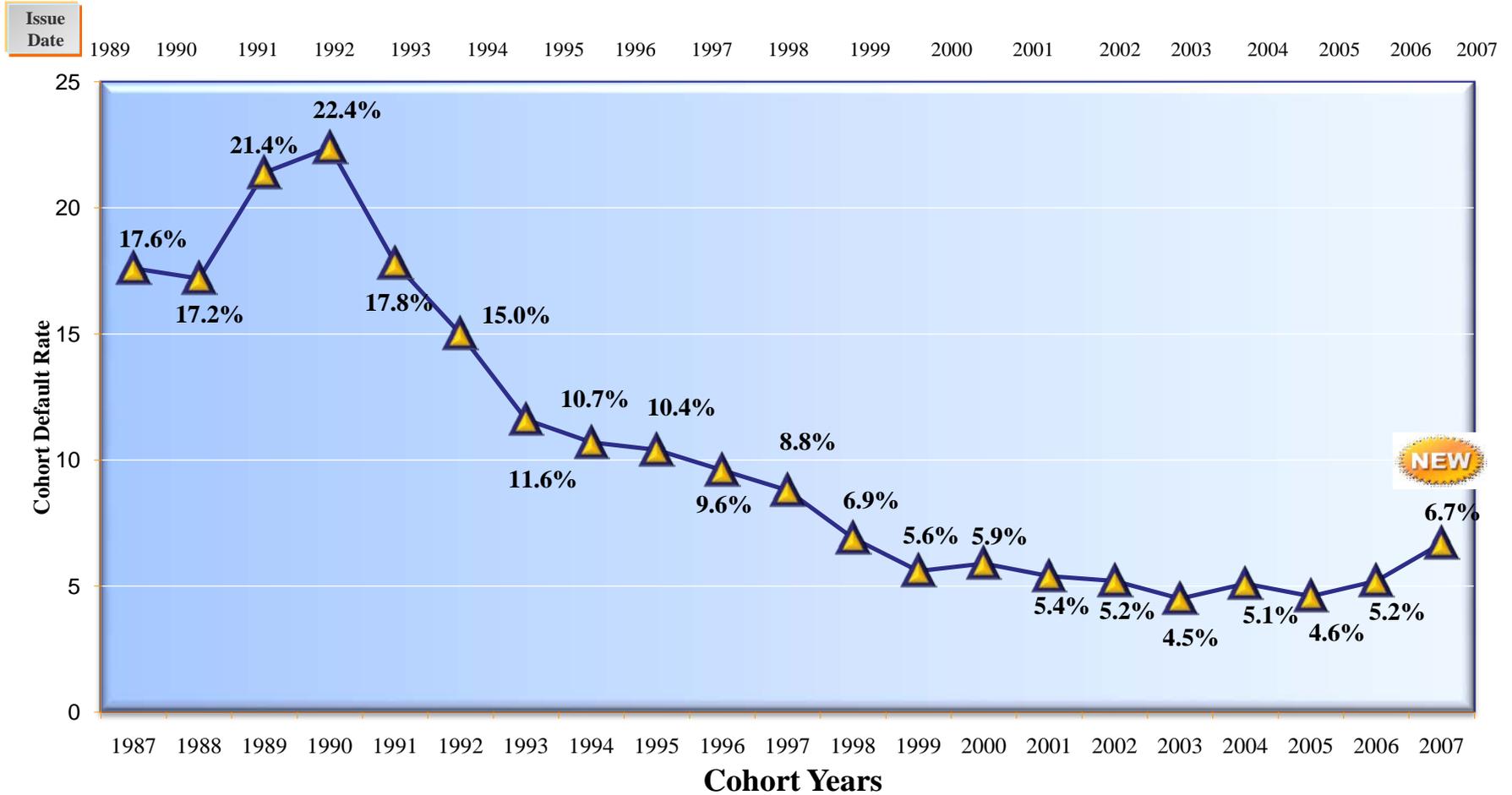


FFEL/Direct Loan Cohort Default Rates



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National Student Loan Cohort Default Rates

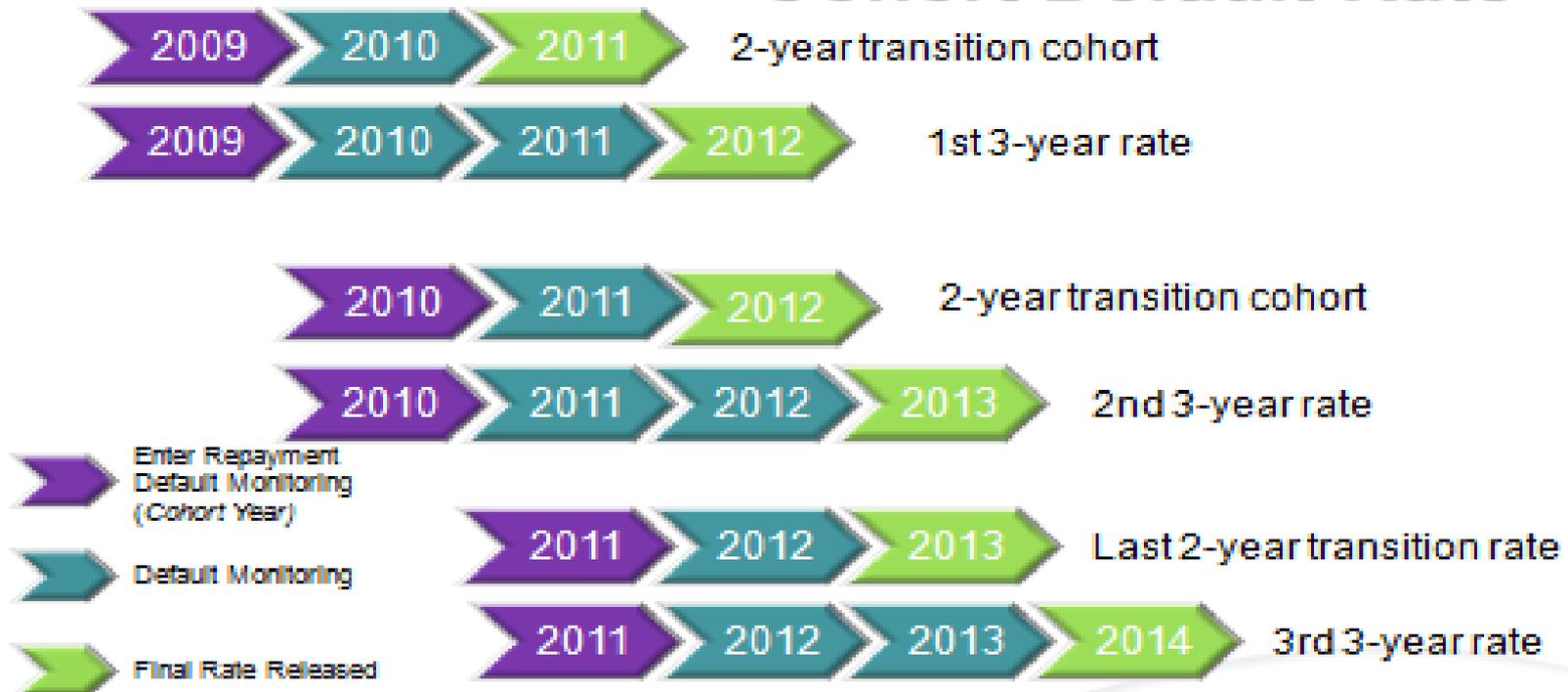


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Cohort Default Rates



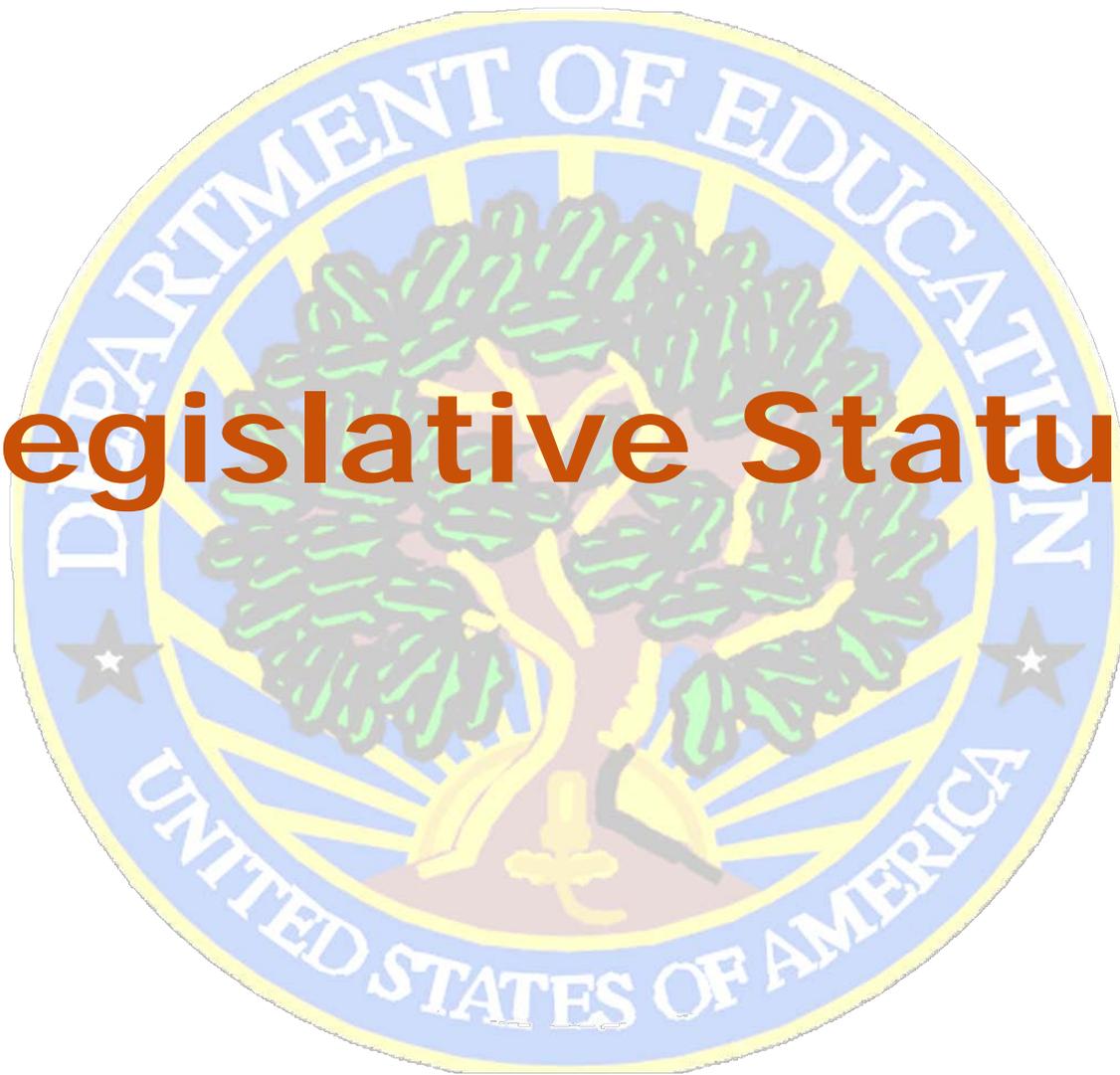
2-Year vs 3-Year Cohort Default Rate



1



Legislative Status



*It is our responsibility as lawmakers and educators to make this system work. But it is the responsibility of every citizen to participate in it. And so tonight, I ask every American to commit to at least one year or more of higher education or career training. This can be community college or a four-year school; vocational training or an apprenticeship. But whatever the training may be, every American will need to get more than a high school diploma. That is why we will provide the support necessary for you to complete college and meet a new goal: **By 2020, America will once again have the highest proportion of college graduates in the world.***

Legislative Status

- Student Aid and Fiscal Responsibility Act of 2009 (HR 3221)
 - Passed the House on September 16
 - Senate drafting – similar provisions
 - Expect committee mark-up in next few weeks
 - Floor action to follow



HR 3221

- Pell Grants
 - More reliable funding
- Increased aid for children of deceased members of the armed forces
 - EFC change moved to needs analysis
 - New Iraq and Afghanistan



HR 3221

- Needs Analysis (EFC)
 - Effective 2011-12 Award Year
 - Elimination of assets
 - Asset threshold -- no subsidized aid
 - Elimination of most untaxed income
 - Elimination of income exclusions

HR 3221

- Drug Conviction and Student Eligibility
 - Only if conviction was for sale of a controlled substance.

HR 3221

- American Graduation Initiative
 - Invests \$3 billion to bolster college access and completion support programs for students
 - Creates a new competitive grant program for community colleges to:
 - improve instruction,
 - work with local employers,
 - improve their student support services, and
 - implement other innovative reforms that will lead to a recognized credential to help fulfill local workforce needs



HR 3221

- American Graduation Initiative
 - Expands access to education by supporting free, high-quality, online training, high school and college courses
 - Ensures that community college students can learn in modern, updated, state-of-the-art facilities by renovating campuses in need of repair

New Direct Perkins Loan

- \$6 billion available for new loans, up from \$1.5 billion
- Broad Availability to Schools
- Likely School Contribution
- Direct Loans
 - Interest rate remains at 5%
 - Unsubsidized
 - Same terms and conditions as Direct Loans
 - Originated by schools using COD
 - Serviced by ED



New Direct Perkins Loan

- “Lending Authority” Established for Each School
 - Hold Harmless for Current Participating Perkins Schools
 - “Fair Share” Calculation with Incentives
 - Success in Enrolling *and* Graduating Low-Income Students
 - Affordable Tuition Charges
 - Credit for Non-Federal Need Based Grants Awarded/Received



New Direct Perkins Loan

- Recall Federal share of cash in school's Revolving Fund as of June 30, 2010
 - Schools collect on existing loans
 - Remit to ED federal share; keep institutional share; administrative fee paid by ED
 - ED collect on loans assigned by schools
 - ED remits institutional share of collections to schools

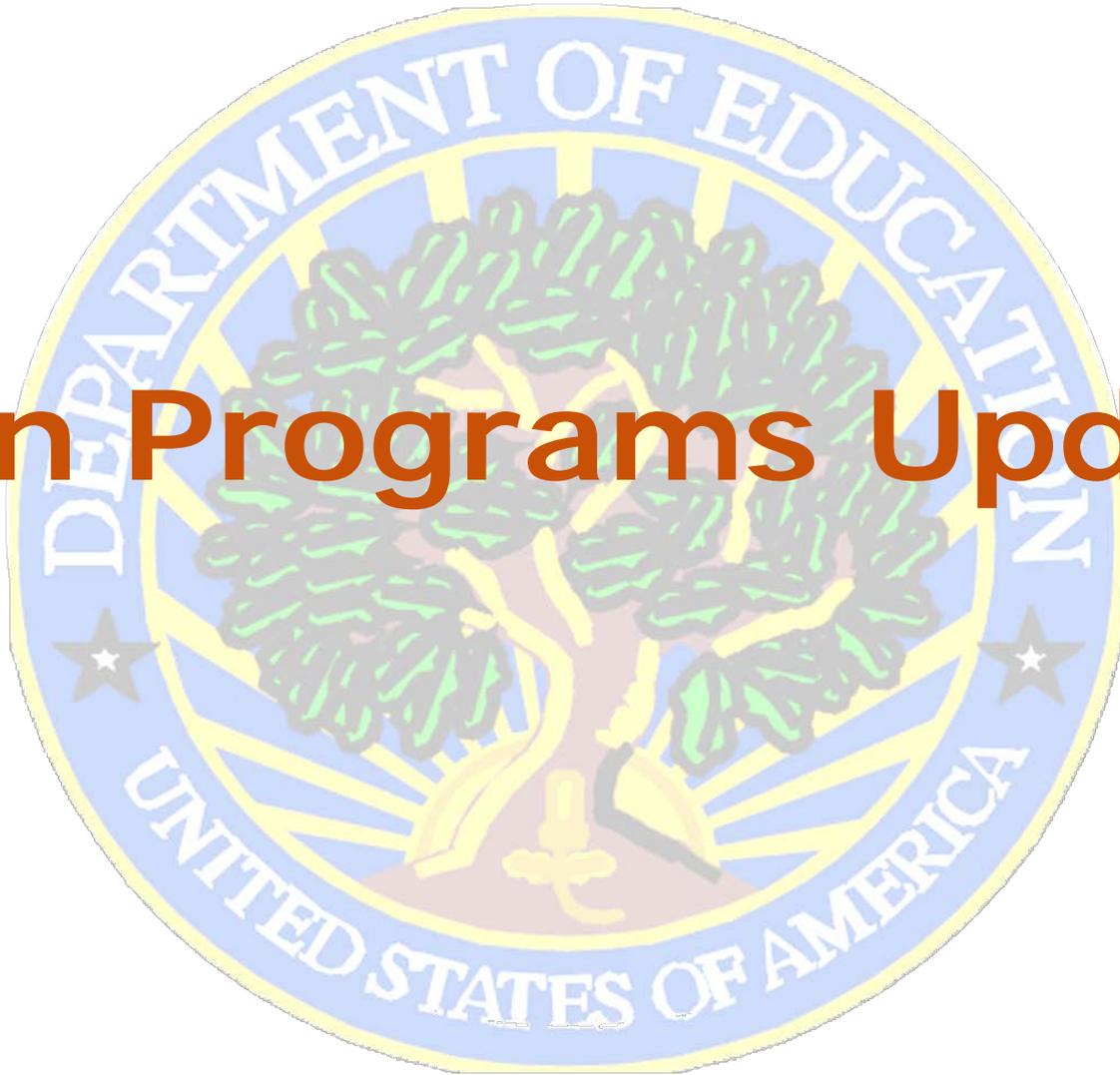


100 Percent Direct Loans

- Effective July 1, 2010 all Federal student loans to be made under the Direct Loan program
 - Includes all loan types
 - Subsidized, Unsubsidized, PLUS, & Consolidation
 - Foreign Schools eligible
 - \$500 Billion in outstanding FFEL loans held by FFEL lenders, guaranty agencies, and ED unaffected



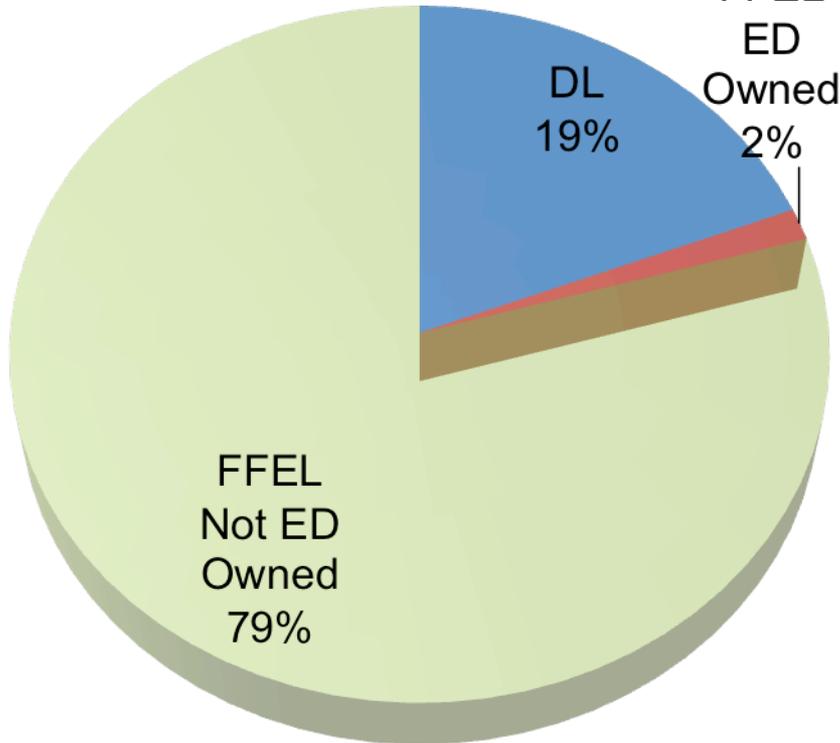
Loan Programs Update



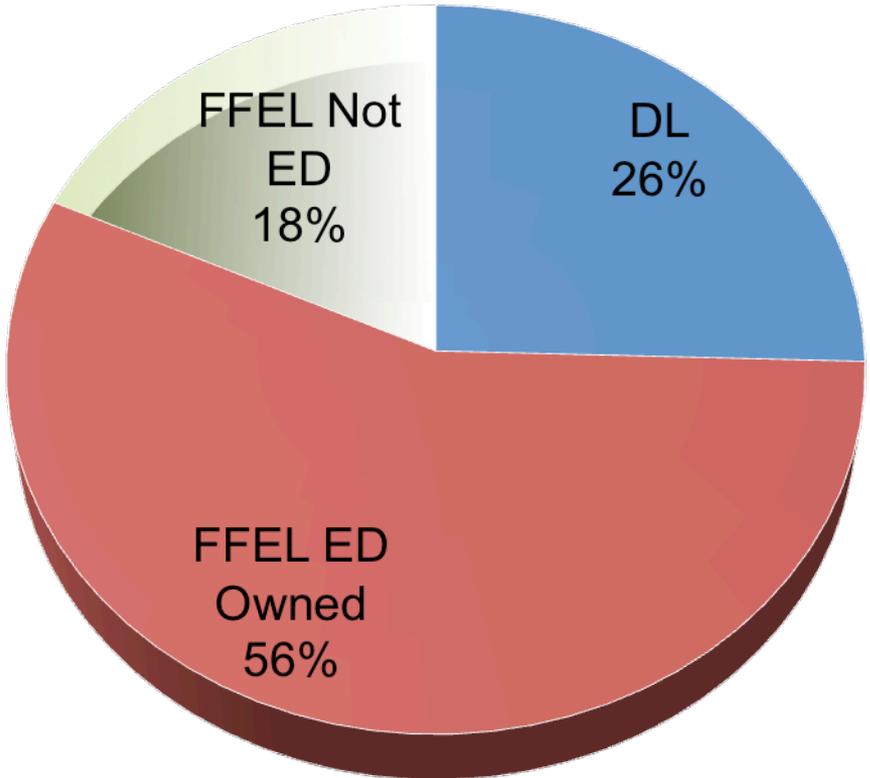
DIRECT LOAN – FFEL PROGRAM STATISTICS

Number of Loans

2007-08



2008-09



DIRECT LOAN – FFEL PROGRAM STATISTICS

	2007-2008		2008-2009		2009-2010*	
	DL	FFEL	DL	FFEL	DL	FFEL
Schools	1,224	4,621	1,735	4,424	2,017	4,003
Loans	3,317,000	13,388,034	5,412,766	15,229,602	6,065,168	9,239,148
Dollars	\$13.1 B	\$55.5 B	\$20.9 B	\$61.1 B	\$29.5 B	49.6 B

*2009-2010 Partial Year and Delayed Reporting Especially for FFEL



DIRECT LOAN – FFEL PROGRAM STATISTICS

	TOTAL FFEL LOANS MADE	FFEL LOANS SOLD TO ED	PERCENT SOLD TO ED
Loans	15,229,602	11,591,588	76.1 %
Dollars	\$61,160,183,858	\$46,252,966,517	75.6 %

*Does not include Consolidation Loans



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DIRECT LOAN – FFEL PROGRAM STATISTICS

	ALL LOANS MADE	DIRECT LOAN	FFEL PURCHASED BY ED	TOTAL LOANS OWNED BY ED	% OWNED BY ED
Loans	20,642,368	5,412,766	11,591,588	17,004,354	82.4 %
Dollars	\$82.1 Billion	\$20.9 Billion	\$46.3 Billion	\$67.2 Billion	81.8 %



Loan Origination

- Similar to FFEL
 - Confirm eligibility
 - Determine award/loan amount
 - MPN needed – eMPN available
 - Create and send certification/origination to lender
- Similar to Grants
 - School transmits loan origination data to COD via Common Record and same transmission as Pell Grant data



FSA Preparations

- COD System capacity enhancements for 100% FFELP volume in progress, on time and on target
- FSA Customer Service Centers
 - Increased and trained staff
 - Monitor incoming volume
 - COD has dedicated “OnBoarding Team” to assist setup completion requests and “starts”



FSA Preparations

- FSA Direct Loan Transition Team
 - Focused “OnBoarding” Point of Contact Team
 - Focused School Assist Team
 - Graduate and Professional schools
 - Career Colleges
 - Small schools
 - Foreign schools



How to Get Started

- Email to COD
 - CODSupport@acs-inc.com
- Direct Loan Website
 - <http://www.direct.ed.gov/participating.html>
- For more information
 - Email to DLEnrollment_FSA@ed.gov
 - Email to wood.mason@ed.gov



Training

- Suite of Direct Loan webinar training this fall
 - Began in October
 - COD Systems Primer
 - Direct Loan program Primer
 - COD & Direct Loan Program
 - Reconciliation
- Will repeat spring 2010



Training

- IFAP Announcement: Publication Date: September 28, 2009
- DCL ID: ANN-09-30 Subject: Live Internet Webinars - Direct Loan Webinar Training Suite
 - Attachments contain session descriptions and schedule



Training

- EDExpress “101”
 - Web based training module via IFAP
- COD Computer Based Training
 - Download via IFAP
 - Updated version this Fall
- FSA Fall Conference
 - Nashville, Tennessee
 - December 1-4, 2009



COD Call Center for Schools

COD School Relations Center

www.cod.ed.gov

(800) 848-0978



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FAFSA Simplification



Technology

- 2010-11 design facilitated by technology upgrade
- Updated navigation reduces the number of pages and length of the application
- Display of help text and instructions will be enhanced by:
 - use of field instructions
 - flyover text
 - modal boxes

The screenshot displays the FAFSA (Free Application for Federal Student Aid) interface. At the top, the logo reads "START HERE GO FURTHER FEDERAL STUDENT AID" and "FAFSA Free Application for Federal Student Aid". The navigation menu includes: Student Demographics, Basic Eligibility, School Selection, Parent Demographics, Financial Information, Signature & Certification, and Confirmation. The main form is titled "STUDENT" and "Student Demographic Information". It contains fields for Last Name, First Name, Middle Initial, Social Security Number, DOB (mm/dd/yyyy), and gender (Male/Female). Below these are fields for Permanent Mailing Address, City, State (dropdown), and Zip Code. A question asks if the user has lived at this address for more than 5 years, with Yes/No radio buttons. Further down are fields for permanent telephone number and E-mail address, a dropdown for marital status, and a question about providing DL info. A "Next" button is at the bottom of the form. On the right, a help modal box titled "Status" is open, displaying the question "Am I eligible for student aid?" and a list of requirements: being a U.S. citizen or eligible noncitizen with a valid SSN, having a high school diploma or GED certificate, and enrolling as a regular student.



2009-2010 FAFSA



Lauren

- 17 year old female
- U.S. citizen, no driver's license
- Not employed and plans to attend college in the fall
- Receives reduced-priced lunch at school
- Lives with both parents and at the same address for 7 years
- Parents have filed their taxes and their AGI was \$45,000



2010-2011 FAFSA



22 Questions are Eliminated
28% Reduction in Questions Presented
17 Web Screens are Eliminated
65% Reduction in Web Screens



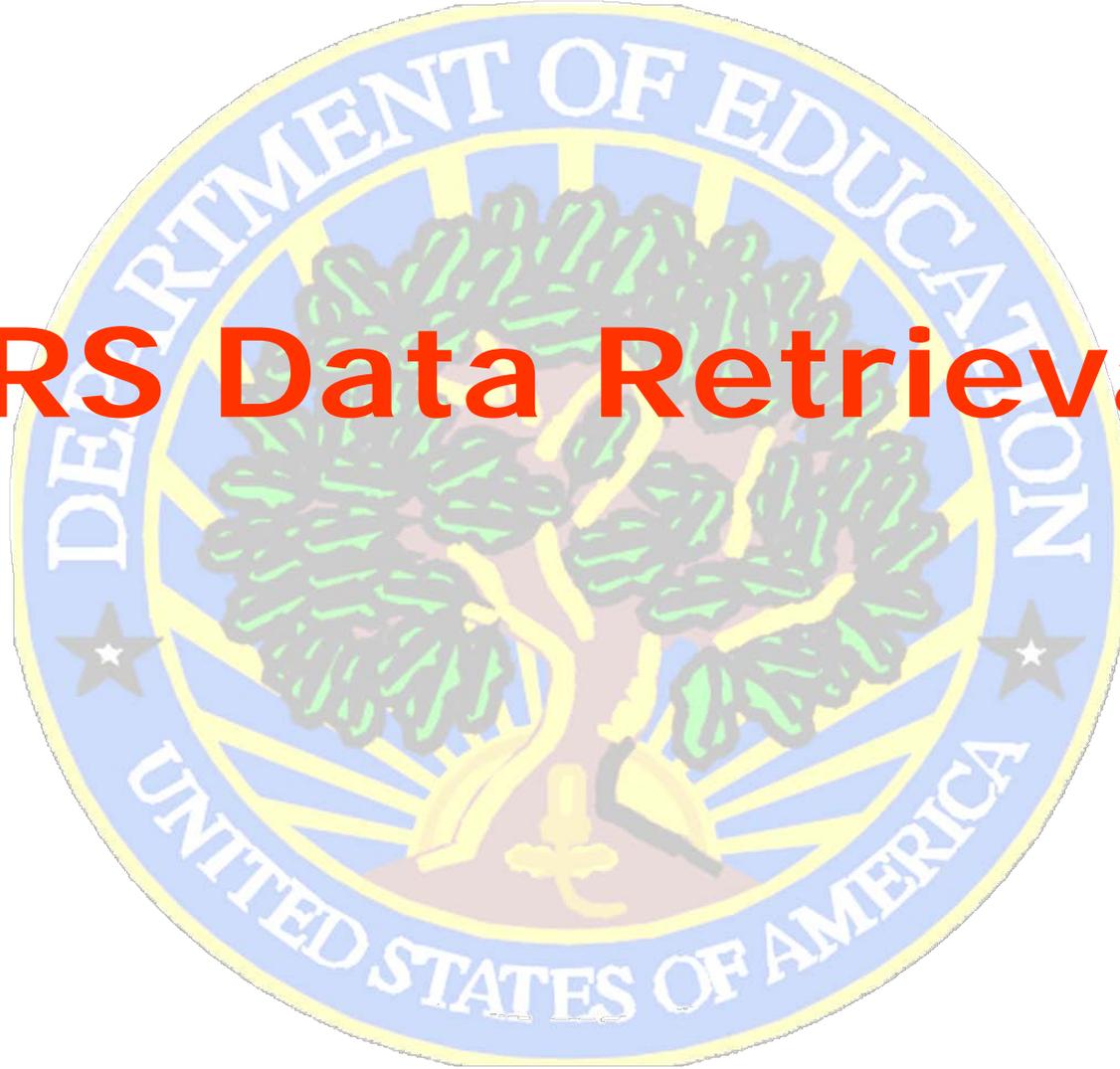
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Results Reporting

- Retention, graduation and transfer rates within FAFSA on the Web
 - When students use the school code lookup within FOTW to lists colleges on the form, they will be presented with each college's reported retention, graduation and transfer rates.
 - This information will also display on the FAFSA on the Web confirmation page.



IRS Data Retrieval



IRS-FSA Concept

- Federal Student Aid (FSA) and the Internal Revenue Service (IRS) are developing a collaborative solution to simplify FAFSA completion.
- Tax filer Retrieves Their Own Data
 - No Consent
 - Voluntary
- Will allow some applicants that use FAFSA on the Web to retrieve their income tax data from the IRS.
- IRS data can be automatically transferred to FOTW.



Get My Federal Income Tax Information

See our [Privacy Notice](#) regarding our request for your personal information.

Enter the following information as it appears on your <2008> Federal Income Tax Return. [?](#)

Required fields*

First Name*	<input type="text" value="Joe"/>
Last Name*	<input type="text" value="Smith"/>
Social Security Number*	***-**-6789
Date of Birth*	<input type="text" value="01"/> / <input type="text" value="04"/> / <input type="text" value="1990"/>
Address* ?	
P.O. Box and/or Street Address	<input type="text"/>
	<input type="text"/>
Apt. Number (Required if it appears on your tax return)	<input type="text"/>
Country*	<input type="text" value="United States"/> v
City, Town or Post Office*	<input type="text"/>
State/ U.S. Territory*	<input type="text" value="Select One"/> v
ZIP Code*	<input type="text"/>
Filing Status*	<input type="text" value="Select One"/> v





Student <2008> Federal Income Tax Information

The information below is your tax information that will help you answer some of the questions on the FAFSA.

[Print this page for your records.](#)

	My Tax Information	FAFSA Question Numbers
Tax Year	2008	
Name (s)	Jane Smith	
Social Security Number	***-**-6789	
Filing Status	Single	
Type of Tax Return Filed	1040	Question 33 on the FAFSA
Adjusted Gross Income	\$36,721	Question 36 on the FAFSA
Income Tax	\$3,400	Question 37 on the FAFSA
IRS Exemptions	2	Question 38 on the FAFSA
Education Credits	\$2,500	Question 44a on the FAFSA
IRA Deductions and Payments	\$2,500	Question 45b on the FAFSA
Tax-Exempt Interest Income	\$2,500	Question 44d on the FAFSA
Untaxed IRA Distributions	\$2,500	Question 44e on the FAFSA
Untaxed Pensions	\$2,500	Question 44f on the FAFSA

Transfer My Tax Information into the FAFSA

- I understand that by checking this box, I am agreeing to transfer my data from the IRS to the FAFSA. (TBD language aboutnot certified by the IRS).
Choosing this option will end my IRS session and return me to FAFSA on the Web.

[Transfer Now](#)



Do Not Transfer My Tax Information

By clicking the "Log Out" button I am choosing not to transfer my tax information. However, I may use this tax information to answer the FAFSA questions.

[Log Out](#)



Implementation Schedule

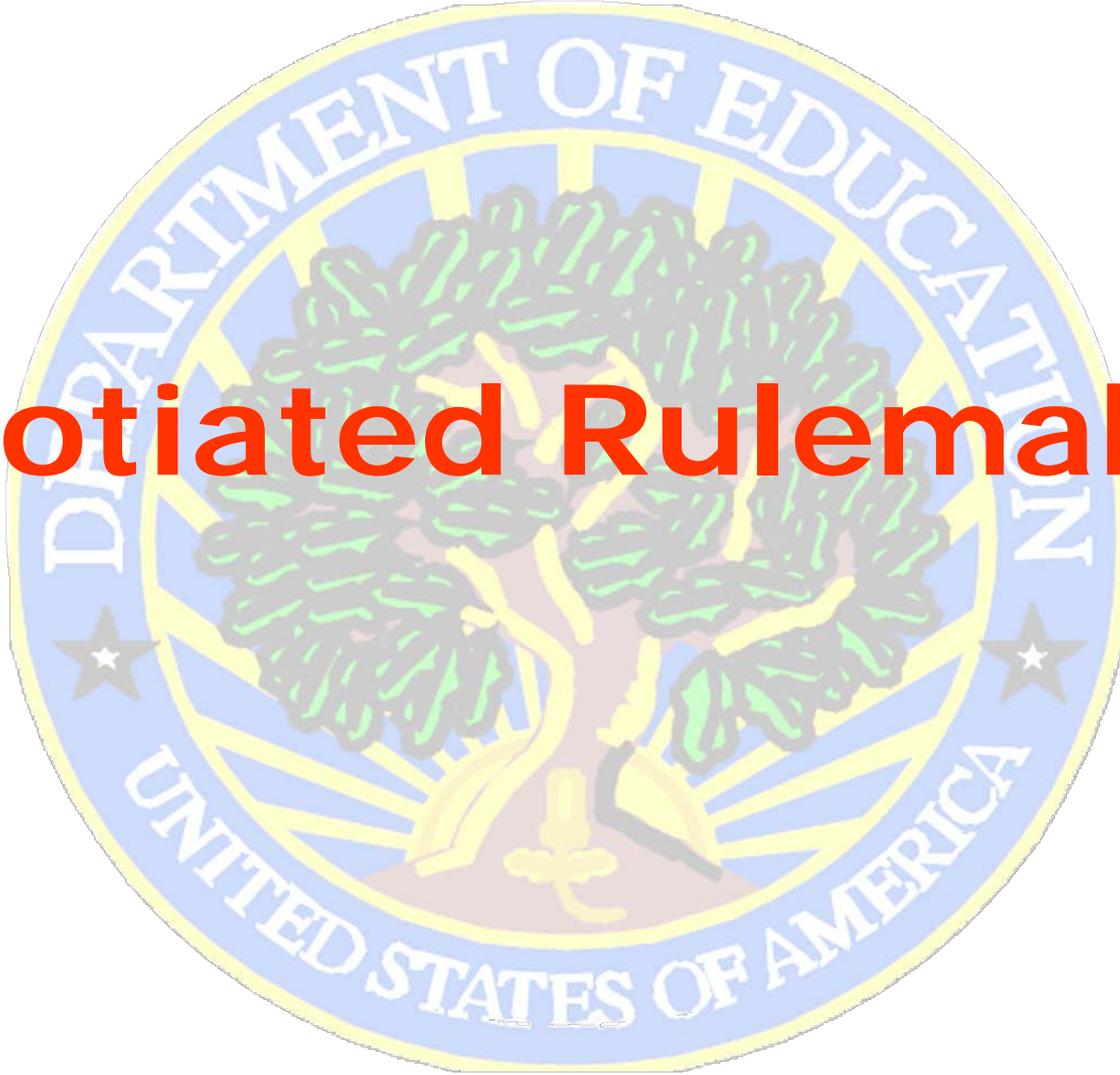
- 2009-10 IRS data retrieval process will be implemented in January 2010
 - Pilot to test proof of concept
 - Participation is voluntary
- 2010-11 IRS data share will be implemented in the Summer of 2010
 - Full implementation
 - Participation is voluntary
 - Possible use by applicants using the Corrections on the Web (COTW) Process



Verification

- Flags on ISIR to identify when income data is from IRS versus self-reported
- Need to evaluate the 2009-10 pilot
- Verification On Neg Reg Process Agenda

Negotiated Rulemaking



Completed Regulatory Process

- School-Based Loan Issues
 - NPRM published July 28, 2009
 - Final published October 28, 2009
 - Effective July 1, 2010
- General and Lender/Guaranty Agency Loan Issues
 - NPRM published July 23, 2009
 - Final published October 29, 2009
 - Effective July 1, 2010



Completed Regulatory Process

- Grants and Other Issues
 - NPRM published August 21, 2009
 - Final published October 29, 2009
 - Effective July 1, 2010
- Accreditation
 - NPRM published August 6, 2009
 - Final published October 27, 2009
 - Effective July 1, 2010
- ACG/SMART Final Rule – November 2009



Current Regulatory Process

- Two negotiating committees:
 - Program Integrity
 - Negotiations begin November 2, 2009
 - Negotiations expected to conclude by January 29, 2010
 - Foreign Schools
 - Negotiations begin November 16, 2009
 - Negotiations expected to conclude by February 26, 2010



Current Regulatory Process

Program Integrity

- Verification
- Satisfactory academic progress.
- Monitoring grade point averages. Incentive compensation
- Gainful employment in a recognized occupation
- State authorization as a component of institutional eligibility
- Definition of a credit hour
- Definition of a high school diploma



Current Regulatory Process

Program Integrity

- Misrepresentation of information provided to students and prospective students.
- Ability to benefit
- Agreements between institutions
- Retaking coursework
- Term-based module programs
- Institutions required to take attendance for purposes of the Return of Title IV Funds
- Timeliness and method of disbursement of Title IV funds

Current Regulatory Process

Foreign Schools

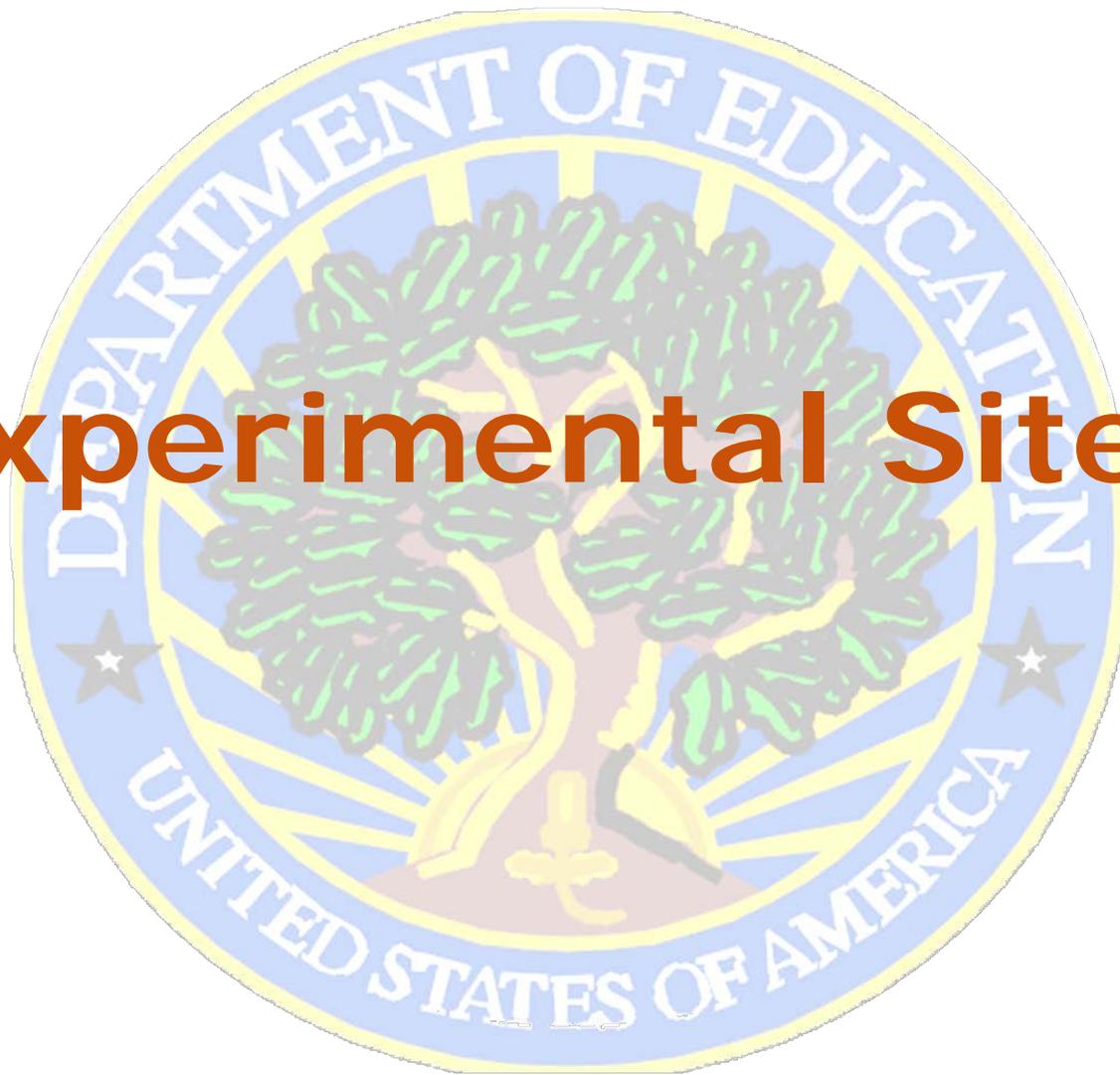
- United States Generally Accepted Accounting Principles
- Compliance audits
- Definition of a foreign school
- Non-profit status for foreign schools
- Public foreign schools and financial responsibility
- Consolidation of select Title IV requirements on a countrywide basis
- Non-degree programs



Current Regulatory Process Foreign Schools

- Issues specific to foreign medical schools:
 - New eligibility criteria for foreign medical schools
 - Clinical sites of foreign medical schools in other countries
 - Basic science locations of foreign medical schools in other countries
- Eligibility requirements for foreign veterinary schools
- Eligibility requirements for foreign nursing schools
- Foreign medical and veterinary schools certified separately from larger school

Experimental Sites



Experimental Sites

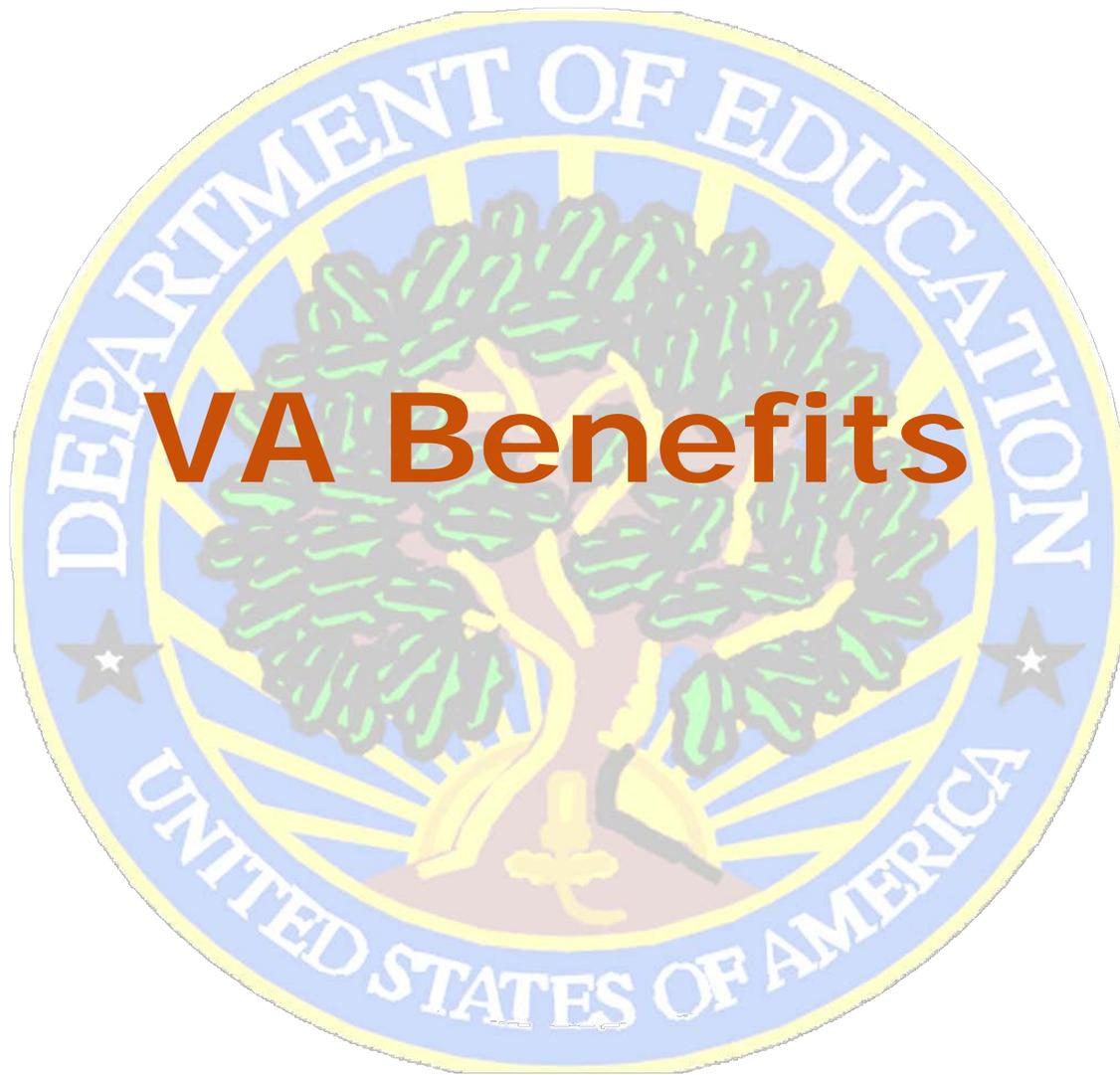
Phase I

- Notice published October 28, 2009
- Proposals & suggests due by December 18
- Does not need to be fully developed
- We will work with proposer and evaluation experts to flesh out the experiments

Phase II

- Notice to be published early 2010
- Experiment will be described in detail with appropriate design
- Requests to participate in the experiment will be due within 30-60 days
- Proposer will be given “right of first refusal” on the experiment but aren’t obligated to participate





VA Benefits



VA Educational Benefits

- VA Educational Benefits no longer considered “Estimated Financial Assistance” or “Resources” for all Title IV programs
 - Effective with the **2009-10 Award Year**
 - Both VA share and institutional share of “Yellow Ribbon” awards are excluded
 - Includes ROTC
 - See Electronic Announcement Posted to IFAP on August 14



Two Pell Grants in an Award Year



Two Pell's in an Award Year

- Authorized by the Higher Education Opportunity Act.
- Effective for the 2009-2010 Award Year.
- If otherwise eligible, a student must receive all or a portion of second Scheduled Award within an Award year.
- Objective to help accelerate student's progress in academic program.
- Final Regulations Published October 29, 2009.



Two Pell's: Student Eligibility

- First Scheduled Award
 - Student otherwise Pell Grant Eligible.
 - Enrolled in degree or certificate program.
 - Enrolled at any enrollment status.
- Second Scheduled Award
 - Student otherwise Pell Grant Eligible.
 - Enrolled in degree or certificate program.
 - Enrolled at least Half-Time.
 - Received 100% of first Scheduled Award.

Term Based Example

Prior Law: One Scheduled Award per Award Year

Assume student's 2009-10 Scheduled Award is \$5,350 and will be \$5,550 for 2010-11

Fall 2009 \$2,675	Spring 2010 \$2,675	Summer 2010 \$0	100% 2009-10 AY
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2009-10 Award Year

Summer 2010 \$2,775	Fall 2010 \$2,775	Spring 2011 \$0	100% 2010-11 AY
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2010-11 Award Year



Term Based Example

New Law: Up to Two Scheduled Awards per Award Year.
Assume student's 2009-10 Scheduled Award is \$5,350 and
will be \$5,550 for 2010-11

Fall 2009 \$2,675	Spring 2010 \$2,675	Summer 2010 \$2,675	150% 2009-10 AY
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2009-10 Award Year

Fall 2010 \$2,775	Spring 2011 \$2,775	Summer 2011 \$2,775	150% 2010-11 AY
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2010-11 Award Year



Term-Based Example

New Rule: Up to Two Scheduled Awards per Award Year
Student's Scheduled Award is \$5,350 for the award year

Summer 2009
\$2,675

Fall 2009
\$2,675

Spring 2010
\$2,675

Summer 2010
\$2,675

2009-10 Award Year

200%
2009-10 AY



Clock Hour Example

Prior Law: One Scheduled Award per Award Year
1500 clock hour program; AY = 900 hours/26 weeks between July 1 and June 30. Student's Scheduled Award is \$5,350.

450 hours/13 weeks
\$2,675

450 hours/13 weeks
\$2,675

2009-10 Award Year

100%
2009-10 AY

300 hours/8 weeks
\$0

300 hours/8weeks
\$0

2009-10 Award Year

Clock Hour Example

New Rule: Up to Two Scheduled Awards per Award Year
1500 clock hour program; AY = 900 hours/26 weeks
Student's Scheduled Award is \$5,350 for the award year

450 hours/13 weeks
\$2,675

450 hours/13 weeks
\$2,675

2009-10 Award Year

160%
2009-10 AY

300 hours/8 weeks
\$1,645

300 hours/8 weeks
\$1,645

2009-10 Award Year

October 29 Final Regulations

- Effective with the 2010-11 Award Year
- If awarding out of second scheduled award from 2009-10 (including summer cross-over) regulations do not apply.
- If awarding from 2010-11 and beyond (including cross-over) new regulations do apply.

Crossover Payment Period

- Long Standing Policy –
 - Payment period that includes both June 30 and July 1.
 - Must be assigned to one award year.
 - Must have valid SAR/ISIR for assigned year.
 - May assign both the first and the last crossover payment period to the same award year.



Crossover Payment Period

- New Requirement
 - Must assign to the award year with the highest award amount for each student.
 - May be different award year for Pell than for other Title IV aid.

Term Based Example

New Law: Up to Two Scheduled Awards per Award Year.
Assume student's 2009-10 Scheduled Award is \$5,350 and \$5,550 for 2010-11

Fall 2009 \$2,675	Spring 2010 \$2,675	Summer 2010 \$0	100% 2009-10 AY
2009-10 Award Year			

Summer 2010 \$2,775	Fall 2010 \$2,775	Spring 2011 \$2,775	150% 2010-11 AY
2010-11 Award Year			



Term Based Example

New Law: Up to Two Scheduled Awards per Award Year
Student's Scheduled Award is \$5,350 for the award year

Summer 2009
\$2,675

Fall 2009
\$2,675

Spring 2010
\$2,675

Summer 2010
\$2,775

2009-10 Award Year

2010-11



Student Eligibility

- Second Scheduled Award –
 - At least one credit or clock hour in the payment period must be attributable to the student's next academic year.
 - Gives meaning to statutory use of term "accelerate"

Assumes Academic Year Defined as 24 hours

Fall 2009
50% Paid
12 Hours
Completed

Spring 2010
50% Paid
12 Hours
Completed

Summer 2010
Enrolled in
6 Hours
ELIGIBLE

First Scheduled Award

Second Scheduled Award

No Hours to Prior Academic Year
Six Hours for New Academic Year



Assumes Academic Year Defined as 24 hours

Fall 2009
50% Paid
15 Hours
Completed

Spring 2010
50% Paid
9 Hours
Completed

Summer 2010
Enrolled in
6 Hours
ELIGIBLE

First Scheduled Award

**Second Scheduled
Award**

No Hours to Prior Academic Year
Six Hours for New Academic Year



Assumes Academic Year Defined as 24 hours

Fall 2009
50% Paid
12 Hours
Completed

Spring 2010
50% Paid
9 Hours
Completed

Summer 2010
Enrolled in
6 Hours
ELIGIBLE

First Scheduled Award

**Second Scheduled
Award**

Three Hours to Prior Academic Year
Three Hours for New Academic Year



Assumes Academic Year Defined as 24 hours

Fall 2009
50% Paid
9 Hours
Completed

Spring 2010
50% Paid
9 Hours
Completed

Summer 2010
Enrolled in
6 Hours
NOT ELIGIBLE

First Scheduled Award

**Second Scheduled
Award**

Six Hours to Prior Academic Year
No Hours for New Academic Year



Assumes Academic Year Defined as 24 hours

Fall 2009
50% Paid
7 Hours
Completed

Spring 2010
50% Paid
6 Hours
Completed

Summer 2010
Enrolled in
12 Hours
ELIGIBLE

First Scheduled Award

**Second Scheduled
Award**

Eleven Hours to Prior Academic Year
One Hour for New Academic Year



Assumes Academic Year Defined as 24 hours

Fall 2009
50% Paid
6 Hours
Completed

Spring 2010
50% Paid
6 Hours
Completed

Summer 2010
Enrolled in
12 Hours
NOT ELIGIBLE

First Scheduled Award

**Second Scheduled
Award**

Twelve Hours to Prior Academic Year
No Hours for New Academic Year



Special Circumstances

- Credit hour completion requirement can be waived if –
 - FAA determines that student was unable to complete the hours of the first academic year due to 'circumstances beyond the student's control'.
 - Determination must be documented and made on a student by student basis.



Special Circumstances

Special Circumstances beyond a student's control -

- May include, but are not limited to –
 - Student withdrawing from classes due to illness
 - Student being unable to register for classes necessary to complete his or her eligible program because those classes were not offered.

Special Circumstances

Special Circumstances beyond a student's control does not include-

- Withdrawing to avoid a particular grade or failing to register for a necessary class that was offered during the period to avoid a particular instructor.



