



NMASFAA 2011 Annual Conference



March 29-31, 2011
Albuquerque, New Mexico





Federal Student Aid Update

- Kevin Campbell
- Training Officer
- Federal Student Aid
- United States Department of Education



Federal Budget

- Federal Fiscal Year is Oct 1 – Sep 30
- No budget for this year yet
- Series of continuing resolutions (CR)
- Current CR expires on April 8, 2011



President Obama's Proposed FY 2012 Budget

- POTUS required by law to submit to Congress a proposed budget each year by the first Monday in February for the following fiscal year
- Recently submitted proposal is for Oct 1, 2011- Sep 30, 2012 or FY12
- Among other things, it proposes to cut 2 Pells in 1 Award Year

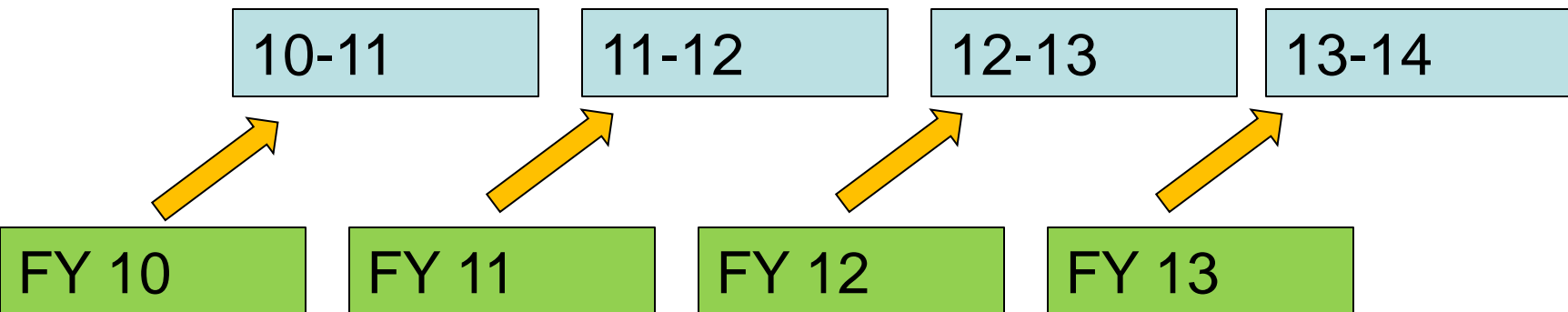


11-12 Pell Payment Schedules

- Published on IFAP Feb 1, 2011
 - DCL P 11-01
- Same amounts as 10-11
- May change depending on Congress
 - No budget for FY 11
 - FY 11 Budget appropriates for 11-12 award year
- Watch IFAP for updates



- Award years July 1 – June 30



- Fiscal years October 1 – September 30
– e.g. FY 10 = Oct 1, 2009 – Sep 30, 2010



Why Cut Pell?

Rising Costs

Since Pell became a full-fledged program, in 1976, the number of recipients has more than quadrupled and the cost of the program has risen from \$1.5-billion to \$34.4-billion.



Source: U.S. Department of Education



Why Cut Pell?

A Growing Budget Gap

Over the past decade, the Pell program ran shortfalls as large as \$10.7-billion and had surpluses as large as 3.4-billion. By 2012, the shortfall is expected to reach \$20-billion.



Source: Education Department Budget Services



US Department of
Education



Federal Perkins Loan Program

- Two provisions in the HEA
 - 461(b) authorizes appropriations in the Federal Perkins Loan Program through FY 2014
 - 466(b) requires that schools return to ED, after Oct 1, 2012, the Federal share of amounts collected in their Perkins revolving accounts

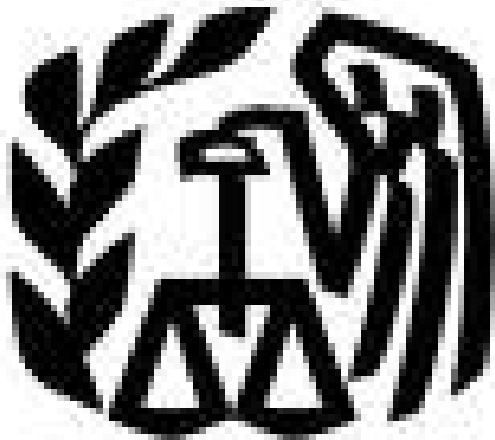


Federal Perkins Loan Program

- ED believes that 461(b) trumps 466(b)
- Perkins will continue, perhaps with no new FCC, through FY 14
- DCL GEN 11-02



ED & IRS Partnership





IRS Data Retrieval

- 09-10 FAFSAs
 - Jan 2010, some applicants could retrieve 2008 IRS data and have it populate the 09-10 FAFSA
- Approximately 1,000,000 applicants have used this feature since it was implemented

Option to Access IRS Information



START HERE
GO FURTHER
FEDERAL STUDENT AID™

FAFSA
Free Application for Federal Student Aid

Help Contact Us FAQs Live Help

- 1 Info About You (the Student)
- 2 Your Dependency Status
- 3 Your Parents' Information
- 4 Your Finances
- 5 Schools to Receive Your Results
- 6 Preparer's Information
- 7 Review FAFSA and Apply Signatures
- 8 Submit Your FAFSA

Your Parents' Information

View Your IRS Information

You, the parent, may link to the IRS and view your 2008 tax information. You will also have the option to securely transfer your IRS information into this FAFSA.

View IRS Information [How it works](#)

Enter your PIN and click **Link To IRS**.

Which parent are you?

What is your PIN?

[Apply For A PIN](#)

[I Forgot/Don't Know My PIN](#)

LINK TO IRS

Skip This Option

Click **Skip This Option** if you do not want to use this tool.

If your 2008 IRS tax filing status is [married filing separately](#), you filed an [amended tax return](#), or you filed a [foreign tax return](#), we recommend that you **Skip This Option**.

SKIP THIS OPTION

PREVIOUS

LINK TO IRS

NEED HELP?

SAVE

VIEW FAFSA SUMMARY

EXIT



- 1 Info About You (the Student)
- 2 Your Dependency Status
- 3 Your Parents' Information**
- 4 Your Finances
- 5 Schools to Receive Your Results
- 6 Preparer's Information
- 7 Review FAFSA and Apply Signatures
- 8 Submit Your FAFSA

Your Parents' Information

You have successfully transferred your 2008 IRS tax information.

Your IRS tax information will display throughout the FAFSA with the notation "Transferred from the IRS".

What income tax return did your parents file or will they file for 2008 (question 83)?	<div style="text-align: right; font-size: small;">Transferred from the IRS</div> <input style="width: 90%; border: 1px solid #ccc;" type="text" value="1040"/>
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If your parents have filed or will file a 1040, were they eligible to file a 1040A or 1040EZ (question 84)?

Select **Yes** if your parents filed or will file a 1040 but were eligible to file a 1040A or 1040EZ.

In general, your parents are eligible to file a 1040A or 1040EZ if they:

- Make less than \$100,000 per year,
- Do not itemize deductions,
- Do not receive income from their own business or farm,
- Do not receive self-employment income or alimony,
- Are not required to file Schedule D for capital gains.

Your parents are **not** eligible to file a 1040A or 1040EZ if they:

- Make \$100,000 or more per year,
- Itemize deductions,
- Receive income from their own business or farm,



Who Can't Use IRS Data Retrieval

- Very early FAFSA filers
 - Although can use COTW later
- Tax Filers who are married filing separately
- If marital status has changed since January 1 of the processing year



IRS Data and Verification

For 2010-11 & 2011-12

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

IRS Request Flag Values



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
<i>05 (Under Construction)</i>	<i>IRS data for the student/parent was transferred from the IRS but may be incomplete based on marital status and tax filing status</i>
<i>06 (Under Construction)</i>	<i>IRS data for the student/parent was transferred from the IRS but marital status conflicts with tax filing status</i>



IRS Data Retrieval 2011-12

- IRS Data Retrieval began on January 30, 2011 for 11-12



IRS Data Retrieval 2011-12

- Beginning with the 2011-12 processing year, the IRS data retrieval process can be accessed by the applicant using Corrections on the Web.




IRS Data Retrieval 2012-13

- Beginning in January 2012, FOTW applicants who have indicated that they have filed with IRS will be directed to use the FAFSA-IRS Data Retrieval Process




IRS Data Retrieval 2012-13

- If applicants change the IRS  data after it has been transferred, they will have to explain why the data is more accurate than what can be obtained directly from IRS




IRS Data Retrieval 2012-13

- If FAFSA filer could have used  IRS Data Retrieval and chooses not to, will be subject to being selected for verification



IRS Data Retrieval 2012-13

- If FAFSA filer has not yet filed  with IRS, she will be directed to update estimated tax info using the IRS Data Retrieval Process via COTW
- If they choose not to, will be subject to selection for verification



IRS Data Retrieval 2012-13

- More to come...
- See DCL GEN 11-03





Direct Loans



Participation in DL – Sub and Unsub

- Subsidized and Unsubsidized Direct Loans are one program
- Not permissible to participate in only subsidized and not unsub or vice-versa
- ECARs of schools that show this will be automatically updated



Participation in DL – PLUS

- Schools may choose to participate in PLUS, or not
- If you are participating in PLUS, and you have eligible borrowers, you are participating in both Parent PLUS and Grad PLUS
- Must not deny Grad and/or Parent if otherwise eligible



Participation in DL – PLUS

- Denials of PLUS are based on adverse credit
- FFEL PLUS borrowers were sometimes denied by the lender due to stricter credit standards which were permissible
- Direct PLUS uses only the regulatorily required elements in the credit check



DL PLUS Credit Check

- Under 34 CFR 685.200(c)(1)(vii)(B), a Direct PLUS Loan applicant is considered to have an adverse credit history if he or she:
 - Is 90 or more days delinquent on any debt as of the date of the credit report

or

- Has been the subject of a default determination, bankruptcy discharge, foreclosure, repossession, tax lien, wage garnishment, or write-off of a debt under Title IV of the HEA during the five years preceding the date of the credit report



FAAs Have Latitude

- 34 CFR 685.203(c)(1)(ii) authorizes a school to award additional Direct Unsubsidized Loan funds to a dependent student (up to the amounts normally available only to independent undergraduate students) if the financial aid administrator determines that the student's parent is unable to borrow a Direct PLUS Loan due to exceptional circumstances.



FAAs Have Latitude

- The school must make this determination on a case-by-case basis, and must maintain documentation of the determination.



Exceptional Circumstances

- In addition to circumstances in which the credit check shows that a parent has an adverse credit history, exceptional circumstances include, but are not limited to, circumstances in which:



Exceptional Circumstances

- The parent is incarcerated;
- The parent's whereabouts are unknown;
- The parent is not a U.S. citizen or is unable to provide evidence that he or she is in the United States for other than a temporary purpose with the intention of becoming a citizen or permanent resident;



Exceptional Circumstances

- The student's parent receives only public assistance or disability benefits, and the school has documented that the parent would not be able to repay the PLUS Loan;



Exceptional Circumstances

- The parent has filed for bankruptcy and has provided documentation from the bankruptcy court stating that as a condition of the bankruptcy filing, the parent may not incur any additional debt;



Exceptional Circumstances

- The school has examined the family financial information and documented the parent's likely inability to repay the PLUS Loan due to an existing debt burden or the parent's expected income-to-debt ratio.



DL PLUS 2011-12

- Student FAFSA required
- Parent does not have to submit FAFSA in his or her own name
- Custodial parent's data will be on FAFSA even when non-custodial parent is the PLUS borrower



DL Guidance

- See DCL GEN 11-07 for more details on the preceding slides



DL Interest Rates

Stafford Loan Interest Rates

Note: Graduate Stafford Loans (both subsidized and unsubsidized) have a fixed interest rate of 6.8% through 2013.

Academic Year	Subsidized Rates	Unsubsidized/Graduate Rates
2010-11	4.50%	6.80%
2011-12	3.40%	6.80%
2012-13	6.80%	6.80%

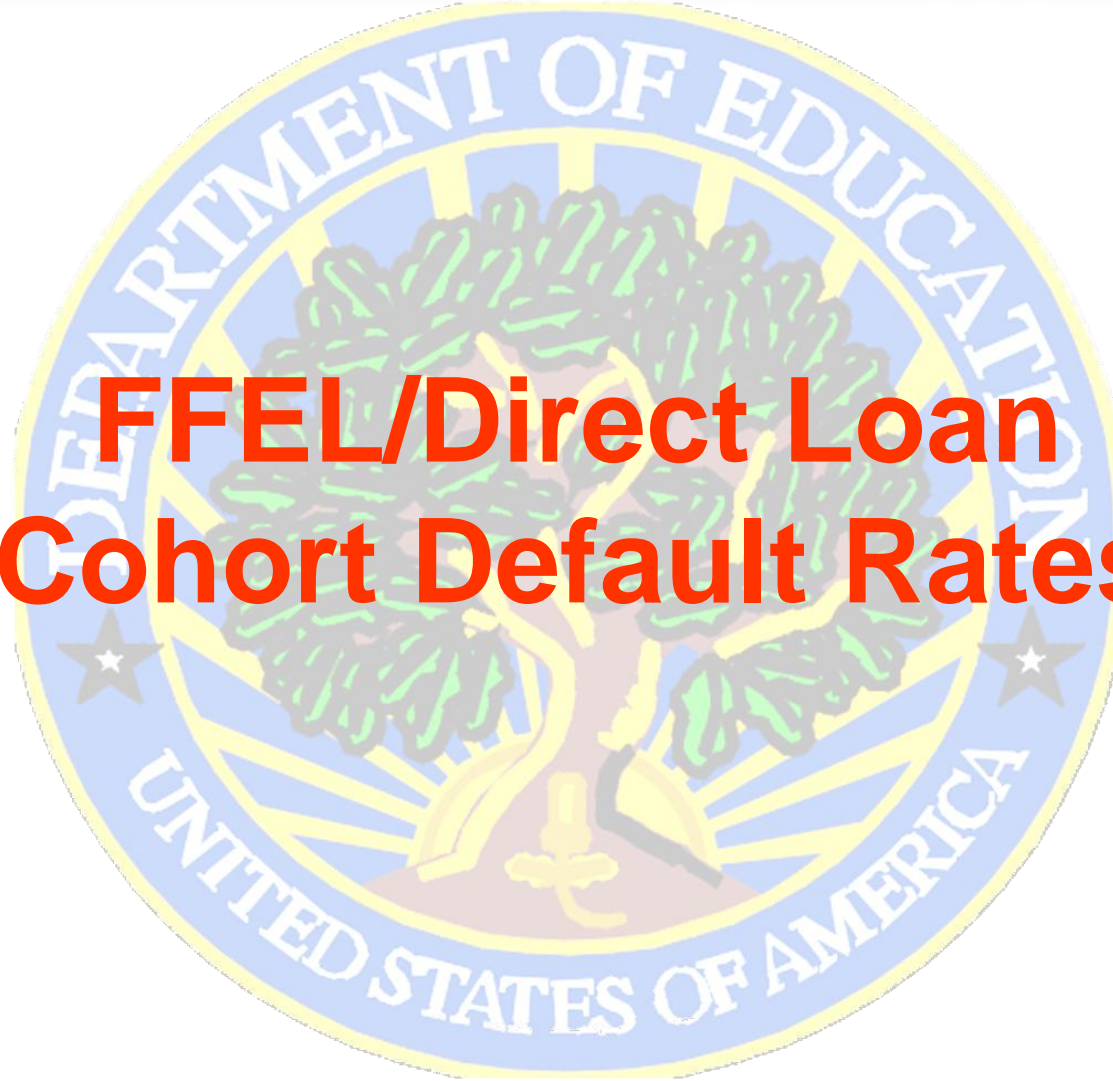


Sending DL \$ Back to ED

- Use G5
- DL funds are not student specific but ARE program year specific
 - Cannot be used in other Title IV programs
- See March 11, 2011 EA

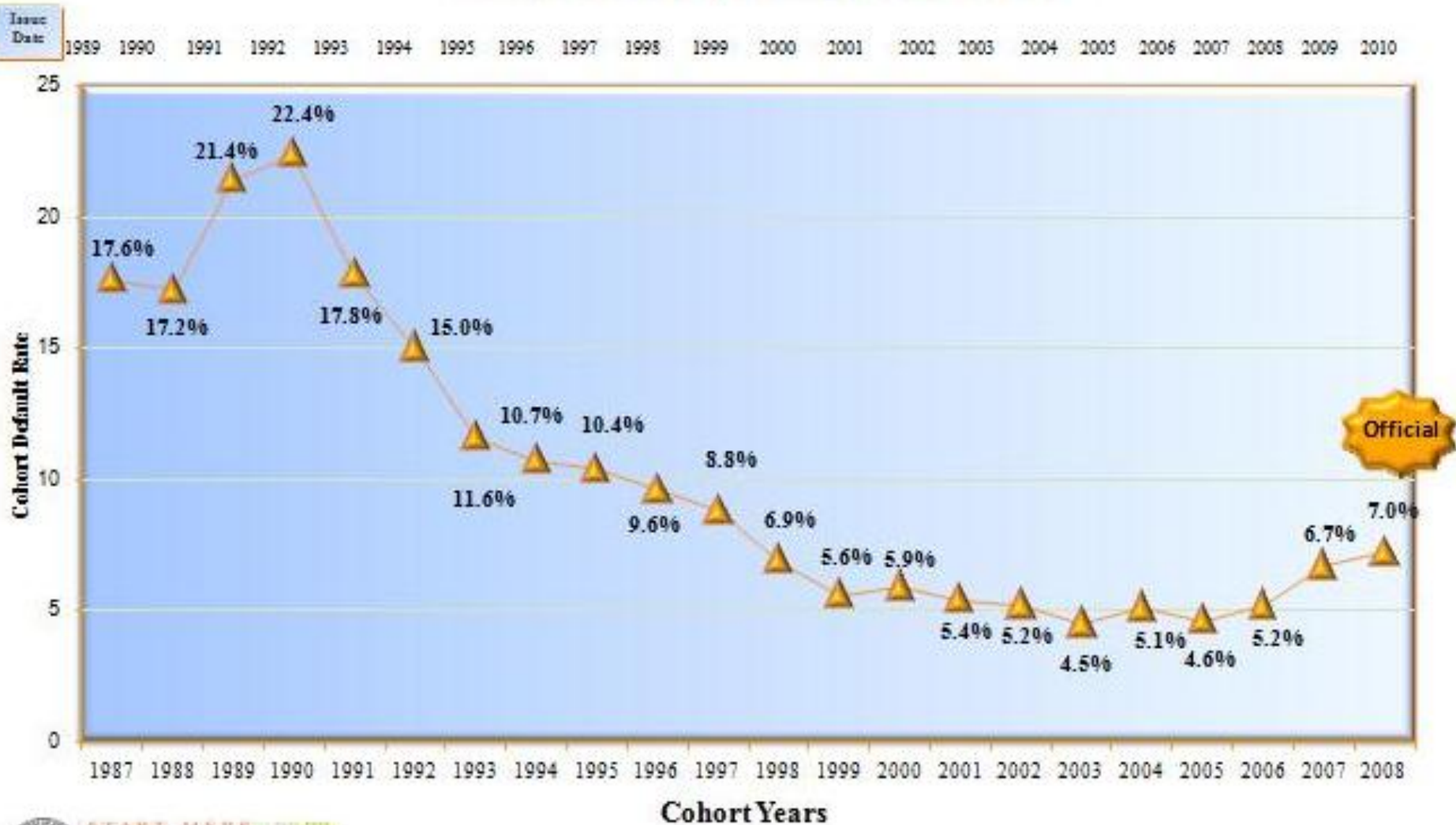


FFEL/Direct Loan Cohort Default Rates



National Student Loan Default Rates

National Student Loan Default Rates





2008 State CDR

- New Mexico
- 31 schools
- 1089 borrowers in default
- 15,864 borrowers in repayment
- 6.8%



2009 CDR

- Draft Rates released in February 2011
- Released via e-CDR
- Review CDR Guide on IFAP
- See Feb 9, 2011 EA



HEOA Changes

- Increases CDR monitoring period from two to three years
- Increases disbursement relief threshold from 10 percent to 15 percent
 - Effective for loans first disbursed on or after October 1, 2011



HEOA Changes

- Increases sanction threshold default rate from 25 percent to 30 percent
- Establishes transition period to implement sanctions



What is the CDR Calculation?

Currently, a school's cohort default rate is:

The percentage of the number of the school's FFEL and Direct Loan borrowers who enter repayment in one Federal Fiscal Year *who default in that Federal Fiscal Year or by the end of the next Federal Fiscal Year.*



What is the CDR Calculation?

Beginning with the 2009 cohort will be:

Borrowers who default in that Federal Fiscal Year or by the end of the next two Federal Fiscal Years.



What is a Defaulted Loan for CDR Purposes

<i>If the loan is a...</i>	<i>The holder is the...</i>	<i>The loan is included as a defaulted loan in the school's CDR calculation when the...</i>
FFEL Loan	FFEL Lender	Default Claim is Paid by the Guaranty Agency
FFEL Loan	Department of Education	Loan is 360 Days Past Due
Direct Loan	Department of Education	Loan is 360 Days Past Due

See Feb 25, 2011 EA



2-Year Versus 3-Year Calculation



The **Numerator** is the number of borrowers from the denominator who default within a cohort period



The **Denominator** is the number of borrowers who enter repayment within a cohort period

FY-09	FY-10
125	230
5,000	

$$\frac{355}{5000} = .071 \text{ or } 7.1\%$$

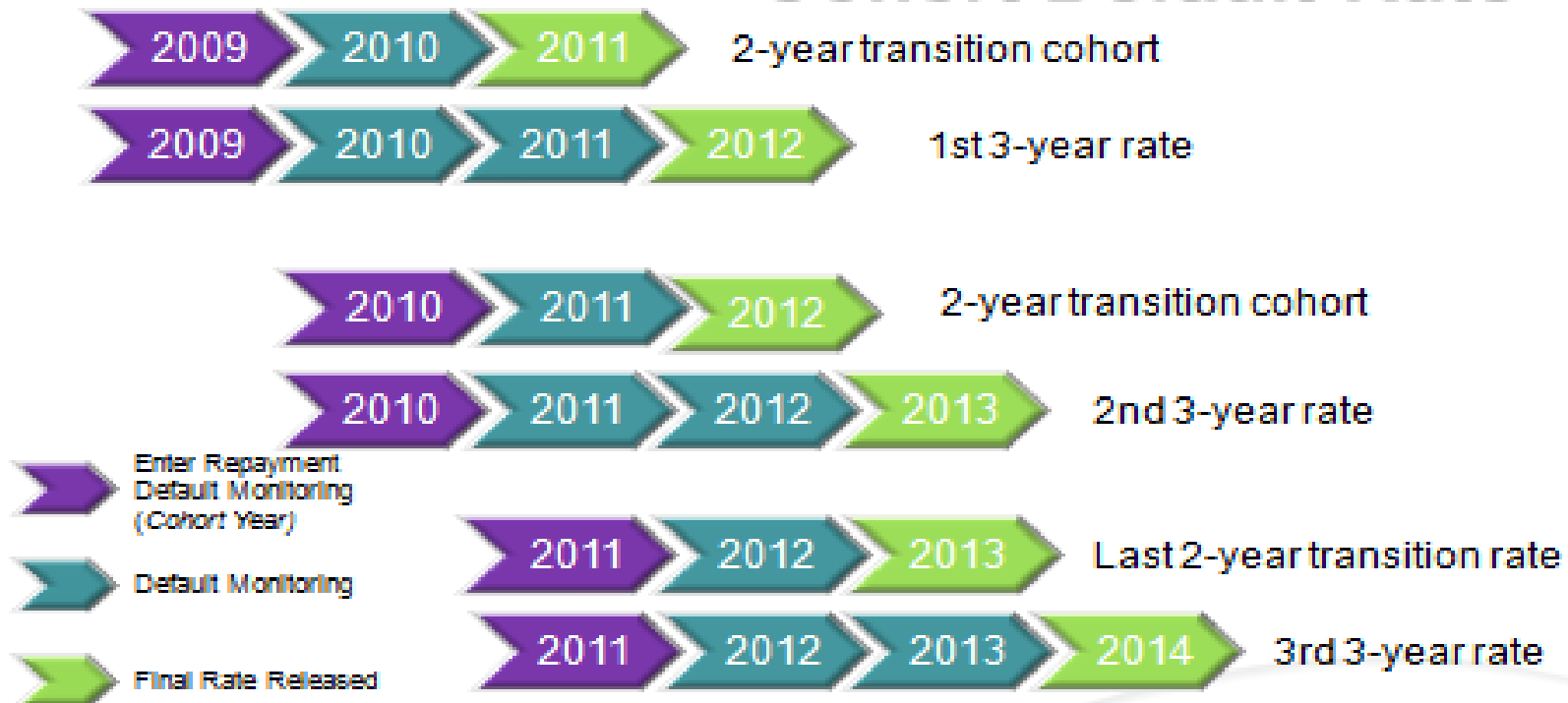
FY-09	FY-10	FY-11
125	230	250
5,000		

$$\frac{605}{5000} = .121 \text{ or } 12.1\%$$

Transition Period



2-Year vs 3-Year Cohort Default Rate



1





CDR Transition Period

- During the transition period from 2 year to 3 year monitoring, ED will continue to publish official 2 year CDRs
 - Last 2 year CDR will be for FY 2011 and will be published in 2013
- Sanctions based on the new 30% threshold will not take place until there are three 3 year CDRs to evaluate



Trial Three Year CDRs

- Last year, ED published trial 3 year CDRs for FYs 2005, 2006 & 2007
- This year ED published a trial 3 year CDR for FY 2008
 - Entered repayment Oct 1 2007 – Sep 30, 2008
 - # who defaulted Oct 1, 2007 – Sep 30, 2010



Trial Three Year CDRs

- For informational purposes only
- To be used as a tool to prepare for official 3 year CDRs
- No challenges, appeals or sanctions are allowed based on the trial rates



Trial Three Year CDRs

- Available at www.nsldsfa.gov
- Org tab
- Cohort Default Rate link from sub-menu
- Look for 3 Year Trial
- Use Request Loan Details for backup info
- See Feb 4, 2011 EA



FAFSA

Free Application for Federal Student Aid



HOME



ABOUT US



STUDENT AID ON THE WEB



PIN SITE



CONTACT US



BROWSE HELP

Search

English | Español



Get help paying for college

Submit a free application for federal student aid (FAFSA)

[Start Here](#)

- Start or continue your FAFSA
- Correct your FAFSA
- Check the status of your FAFSA, and more...

Deadlines

Information about your deadlines.

School Code Search

Find your college's school code. Also find detailed information about your college.

FAFSA Filing Options

Learn about the other options for filing your FAFSA.

Site Last Updated: Sunday, May 30, 2010

Announcements

- The new 2011-2012 FAFSA is here! To begin your application, click [Start Here](#) above.

Thinking About College?



Use FAFSA4caster to see how federal student aid can help you pay for college!



Watch real students share why they are going to college.

Due to scheduled site maintenance FAFSA on the Web will be unavailable every Sunday from 5 a.m to 9 a.m (Eastern Time). We apologize for any inconvenience this may cause.

2011-12 FAFSA Processing



Reject 1

- Missing asset info on FAFSA
- Occurs when an applicant answers the asset threshold question with a “No” and then there are subsequent corrections
 - FAA Access
 - EDE
 - Paper SAR Corrections
 - System Generated Corrections
 - Certain vendor software products



Reject 1

- Does not occur when student uses COTW
- Fix implemented on March 18 to stop future instances
- CPS will reprocess those affected
 - More info to come
- ED is working with private vendors to develop and implement a solution
- See March 11, 2011 EA
- See EA published on IFAP by March 24, 2011



Reject 1

- EA published on IFAP by March 24, 2011
- Describes how affected records will be re-processed
- First group of records being reprocessed now
 - March 28-31 4000 records
- Second group of records being processed
 - April 4-7 250,000 records



Education Tax Credits

- American Opportunity
 - Replaces Hope Tax Credit
- Lifetime Learning Credit



American Opportunity Credit

- Part can be refundable
 - Meaning that those who do not owe any tax may get the credit
- Non-refundable part shows on tax return and FAFSA on same line as Lifetime Learning Credit
- Refundable part shows on tax return but not on FAFSA
 - Not considered untaxed income
- Will be covered in soon to be published 11-12 AVG



Homebuyer Tax Credits

- 2010 tax returns may include tax credits for longtime residents or first time homebuyers
- These credits are considered untaxed income for FAFSA purposes
- Will be covered in soon to be published 11-12 AVG



Making Work Pay Tax Credit

- This amount is considered untaxed income for FAFSA purposes
- Will be covered in soon to be published 11-12 AVG



Unemployment Compensation

- 2009 part (\$2400) was non-taxable
- 2010 all is taxable income
- Early 11-12 FAFSAs instructed to count the excluded \$2400 as untaxed income
 - This has been corrected but you may get a question if student has old paper form



COD





COD Tech Reference for 11-12

- Published on IFAP and COD
- Excellent resource to understand COD and to use its resources to the utmost



EDExpress



EDExpress

- ED announces the posting of EDExpress for Windows 2011-2012, Release 2.0, on the Department's Federal Student Aid Download ([FSAdownload](https://www.fsadownload.ed.gov)) Web site, located at <https://www.fsadownload.ed.gov>
- See EA published March 28



New Regulations



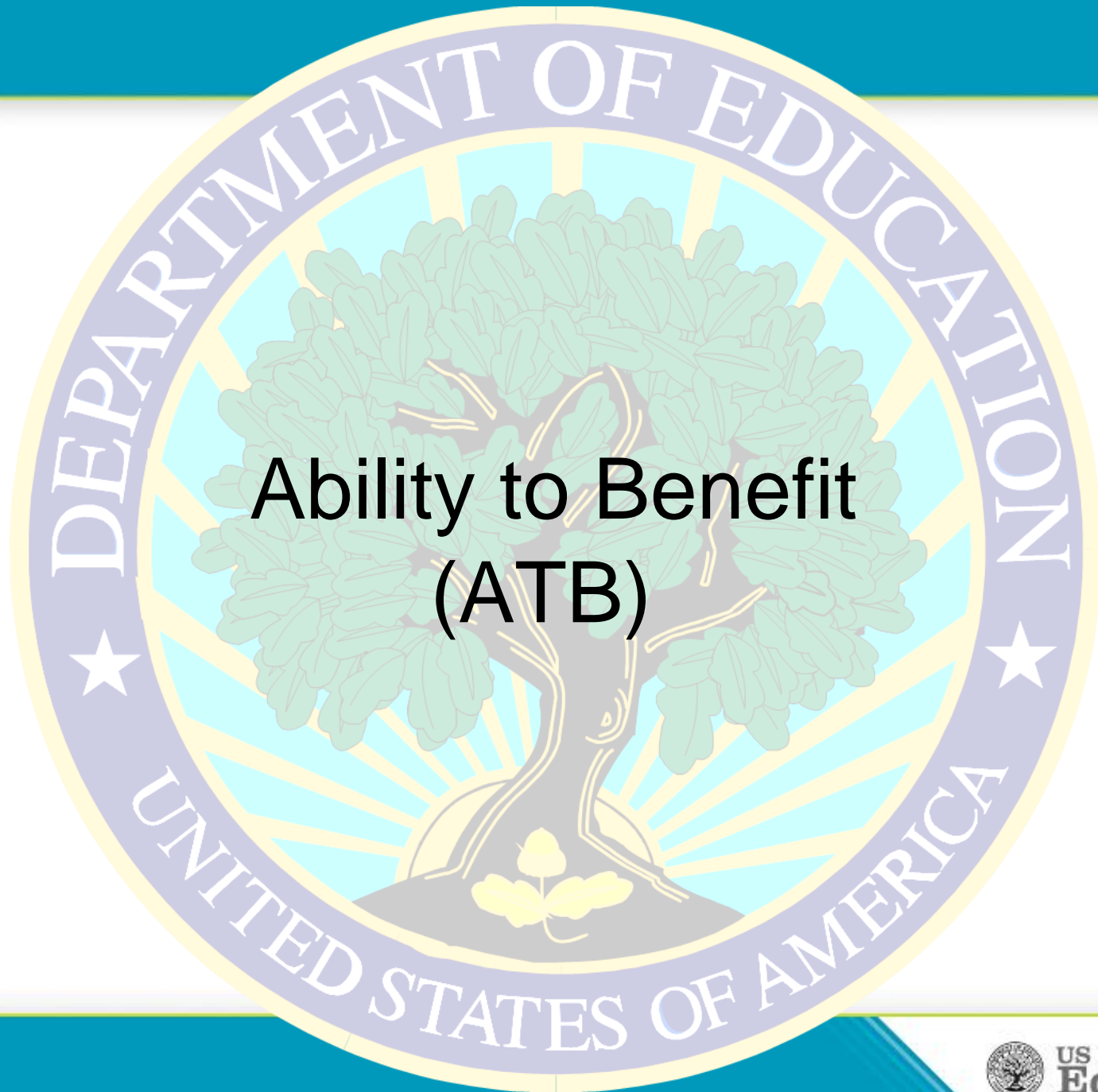
Final Regulations Published

- Federal Register 10/29/10
 - Program Integrity Issues – School & Student
 - To improve the integrity of the Title IV student assistance programs
 - Generally effective 07/01/11 (2011-2012)
 - Verification effective with 2012-2013 award year



DCLs Addressing the New Regulations

- GEN 11-05 discusses some issues from the October 29, 2010 Final Rules
 - Incentive Compensation
 - Misrepresentation
 - State Authorization
- GEN 11-06 discusses the definition of a credit hour for Title IV purposes
- More DCLs addressing the Final Rules will be published to IFAP



Ability to Benefit (ATB)



High School Diploma or Recognized Equivalent

- HS Diploma or recognized equivalent is a Title IV student eligibility requirement
- ATB is NOT a recognized equivalent
- ATB is an alternate path to Title IV eligibility
- ATB is a school option



Ability To Benefit

- Regulations add new HEOA option for student to meet Ability to Benefit requirement
 - Completing hours applicable to an eligible degree or certificate offered by the institution
 - 6 semester, trimester, or quarter hours OR 225 clock hours
- ★ Testing out does not satisfy completion of hours



Ability To Benefit

- Not an “optional requirement” if school admits students without high school diploma as regular students
 - Institution cannot fail to accept the satisfactory completion of 6 credit hours or equivalent coursework that is applicable toward a degree or certificate at that institution as student’s ability to benefit



Ability To Benefit

- No Title IV aid payment for 6 credits/225 clock hours, either prior to or retroactively
 - Pay for period after completion of hours
- In non-term, clock hour, and modular programs cannot pay back to beginning of payment period
 - Example – Clock hour school would establish new academic year/payment period beginning with hour 226



DCL GEN 11-08

- New DCL addressing lack of Spanish Language ATB Tests
- Certain unapproved tests will be considered approved, for the time being, for Spanish speakers who are studying an approved program of student conducted in Spanish



Return of Title IV Funds & Programs Offered In Modules



Program Definitions

- New rules define a program “offered in modules”
 - A course or courses in program do not span entire length of payment period or period of enrollment
- Doesn’t matter what “modules” are called at the institution



Credit Hour Programs Offered in Modules

- Standard term program “offered in modules”
 - Two 8-week sessions within a 16 week semester
 - Three 5-week sessions within a 15 week semester
 - Two 6-week sessions within a 12 week quarter
 - Winter “inter-session” or “J term” between fall and spring semesters



Credit Hour Programs Offered in Modules

- Student considered to be withdrawal if does not complete all days scheduled to complete within payment period/term
- School must document completed all courses with a passing grade
- If no passing grade in last scheduled course, school must demonstrate student completed period otherwise it is a withdrawal



Credit Hour Programs Offered in Modules

- Student in modular program not considered a withdrawal if
 - Provides written confirmation of intent to attend a future module in period of enrollment
 - Must be provided at the time of withdrawal



Credit Hour Programs Offered in Modules

- Nonstandard & Non-term Programs
 - Student considered to be withdrawal if not scheduled to begin another course in period of enrollment for more than 45 calendar days
 - 45 days measured from end of module ceased attending



Clock Hour Programs

- Student considered to be withdrawal if does not complete all clock hours and weeks of instructional time that was scheduled to complete
- School must document completed all courses with a passing grade
- If no passing grade in last scheduled course, school must demonstrate student completed period or she is a withdrawal



R2T4 Calendar Days Modular Programs

- Just as it is for a student who attends an entire payment period, total calendar days include all days on which the student was scheduled to attend
 - Days of completed courses count if course does not span length of term
 - Exclude scheduled breaks of at least 5 consecutive days when student not scheduled to attend a module or other course offered during that period



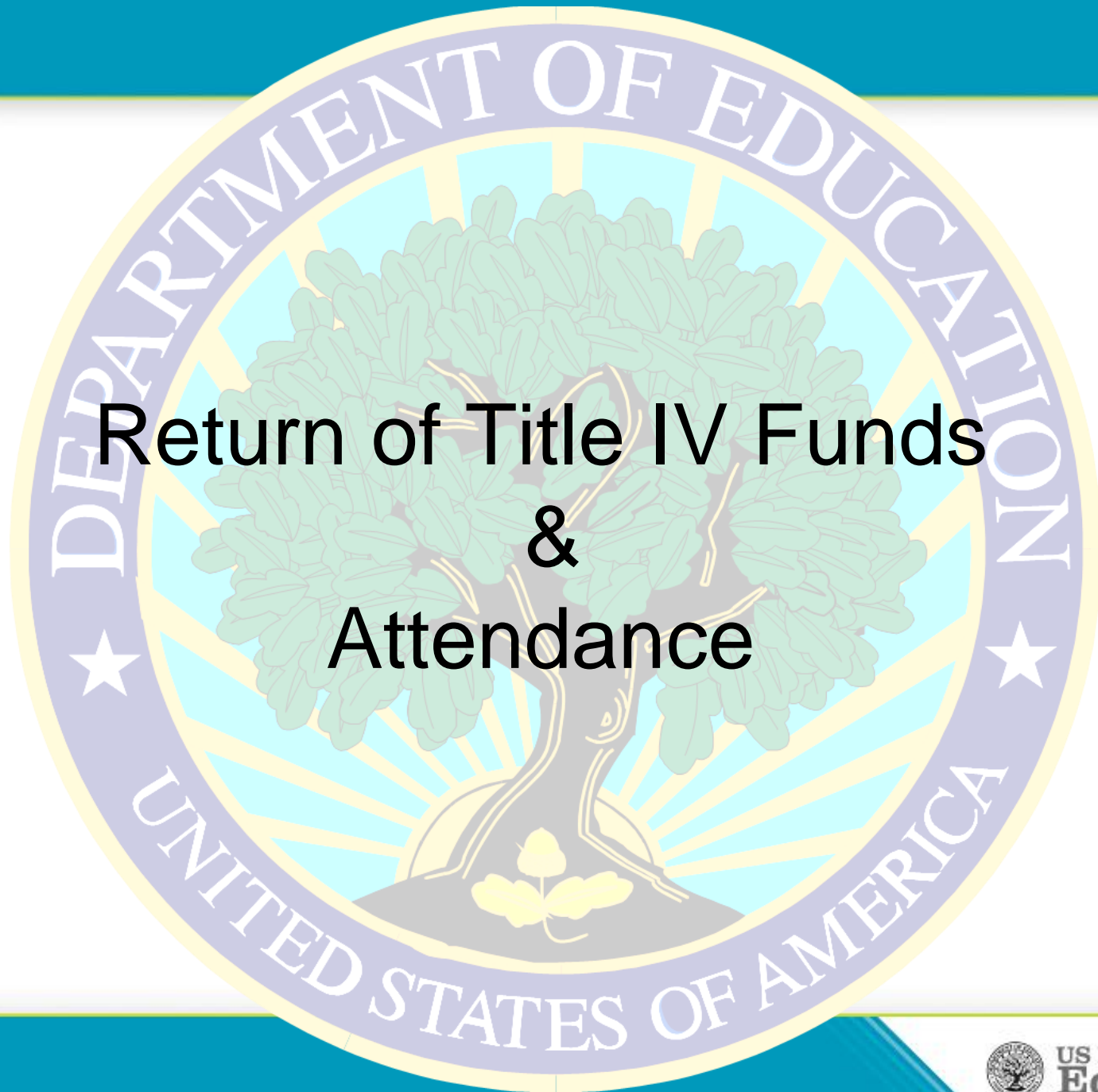
R2T4 Calendar Days Modular Programs

- For a withdrawn student who has made schedule changes
 - When counting total days in payment period, do not count days of courses officially dropped prior to complete cessation of attendance



After Written Confirmation Of Return

- Student considered to be withdrawal if he or she does not return as scheduled
- Withdrawal dates back to time that confirmation originally provided
 - Determine withdrawal date and days of attendance as if confirmation of future attendance never provided



Return of Title IV Funds & Attendance



R2T4 & Taking Attendance

- R2T4 calculates Title IV aid earned based upon student attendance
 - Aid prorated based upon days or hours student attended
- Should use best information available to determine withdrawal date since it directly impacts dollars



Required To Take Attendance

- School is required to take attendance if
 - Outside entity requires that attendance be taken OR
 - School has own requirement that instructors take attendance OR
 - Outside entity or school has requirement that can only be met by taking attendance or a comparable process



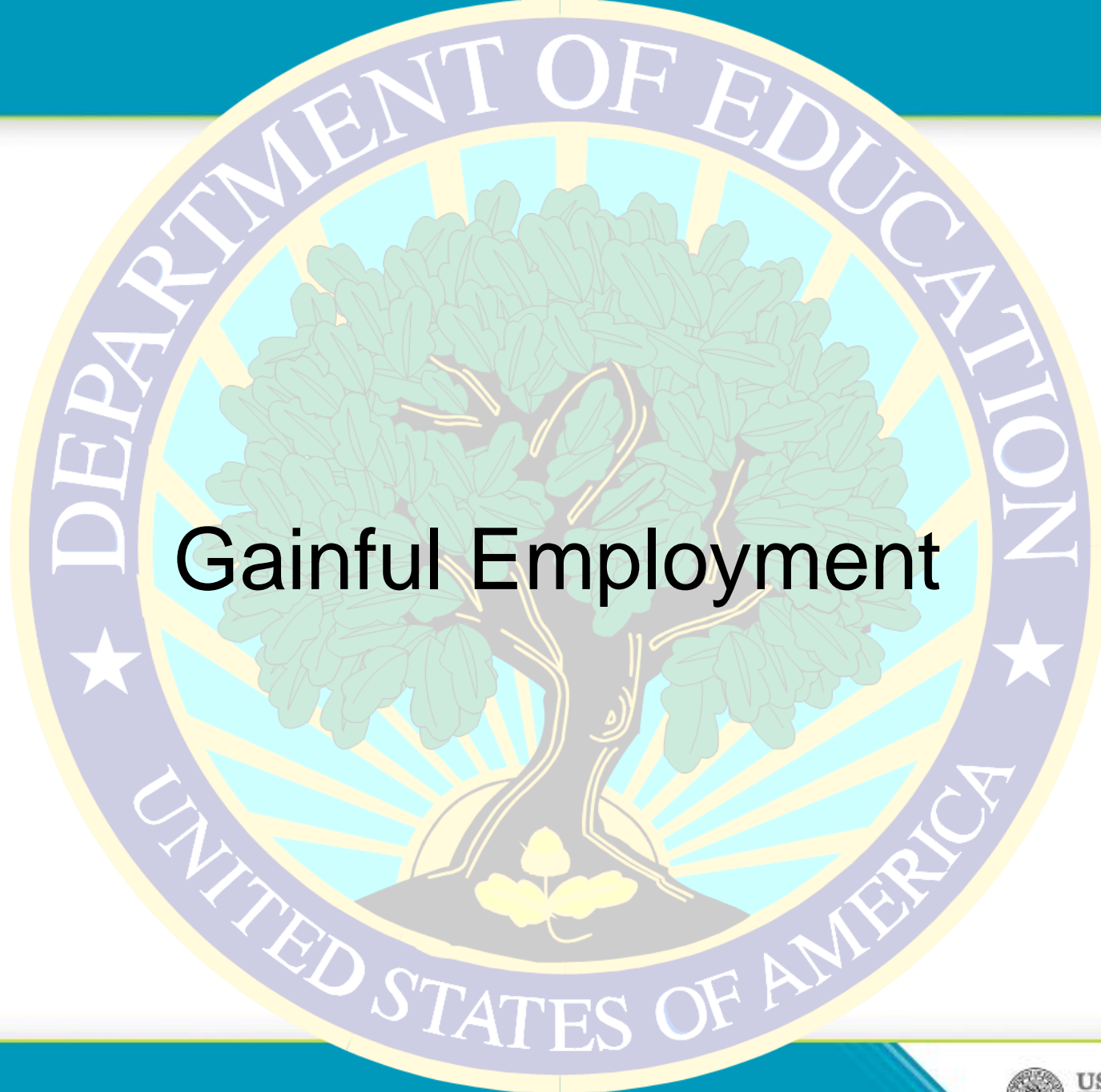
Required To Take Attendance

- 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



Attendance

- Attendance must be “academic attendance” or “attendance at an academically-related activity”. Examples include
 - Physical class attendance where there is direct interaction between instructor and student
 - Submission of an academic assignment
 - Examination, interactive tutorial, or computer-assisted instruction
 - Study group assigned by school
 - Participation in on-line discussion about academic matters
 - Initiation of contact with instructor to ask question about academic subject



Gainful Employment



Gainful Employment

- Notices of Proposed Rulemaking published 6/18/10 & 7/26/10
- Two sets of Final Rules published on 10/29/10 with effective date of 7/01/11
 - Program Integrity; Gainful Employment Reporting and Disclosures
 - Gainful Employment – New Programs
- More final rules yet to be published
 - Performance Metrics



Gainful Employment

- In the law, the gainful employment provisions apply to certain programs of study that are Title IV eligible because they lead to *gainful employment in a recognized occupation*



Gainful Employment

- All programs at for-profit schools except for
 - Program leading to baccalaureate degree in liberal arts offered since January 2009 at a for-profit school that has been regionally accredited since October 2007
- 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 Annual Submission

- Institution must annually submit information on students enrolled in programs leading to gainful employment in a recognized occupation
 - Information on reporting will be provided by Department



Report Elements Include

- Identifying information about student & school
- Name & CIP code of program if the student began the program in the award year
- Name, CIP *and* date student completed the program (if completed during the award year)



Report Elements Include

- Amount student received from private education loans and the amount from institutional financing plans that the student owes the institution upon the completing the program



Report Elements Include

- Whether the student matriculated to a higher credentialed program at your institution or, if available, evidence transferred to a higher credentialed program at another institution; AND
- For each program (name/CIP) – total number of students enrolled in the program at the end of the award year and identifying information for those students



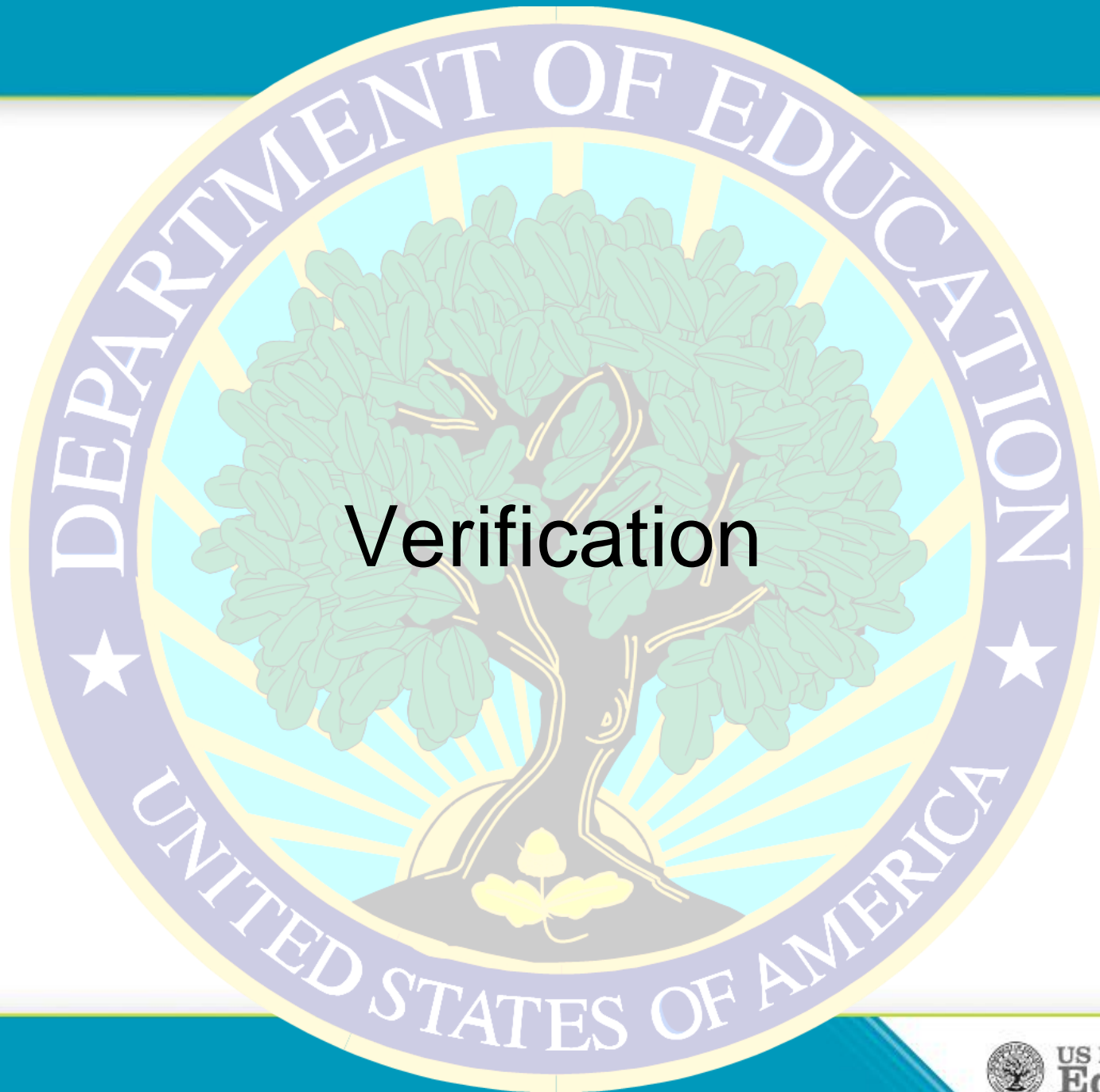
Gainful Employment Annual Submission

- Reporting deadlines:
 - By October 1, 2011
 - 2006-2007 award year information if available
 - 2007-2008, 2008-2009, 2009-2010 award year information
 - 2010-2011 and beyond
 - No earlier than September 30 but no later than the date established by the Secretary in a Federal Register



Gainful Employment Disclosures

- Disclosures must be in promotional materials made available to prospective students AND on its website
- Program home page website
 - Information simple and meaningful
 - Contain direct link to any other webpage with general, academic or admission information about the program
 - Information in an open format that can be retrieved, downloaded, indexed, and searched



Verification



Verification

- The verification rules published on October 29, 2010 are effective on July 1, 2012



2011 FSA Conference



- November 29 – December 2, 2011 (T-F)
- MGM Grand Conference Center
- Las Vegas, NV
- Fsaconferences.ed.gov





Thank You

- Thanks to NMASFAA for allowing FSA, and me, to participate in your conference!





Supervisor of Training Officers Wants to Hear From You!

Wants to Know If This Is a Good Use of Federal \$

- Jo Ann Borel
- Supervisor of Training Officers
- United States Department of Education/Federal Student Aid
- Phone: 202-377-3930
- joann.borel@ed.gov



Contact Info

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