



Department of Education Update

2013 PacWest Conference

Pamela Moran
Office of Postsecondary Education
May 15, 2013



- **Title IV Program Budget**
- **Sequestration**
- **Statutory Changes**
- **Regulatory Activity**
- **Unusual Enrollment History**
- **College Choice Tools**
- **FAFSA Changes**
- **Questions**



Title IV Program Budget FY 2014 (2014-2015 Award year)

2014-2015 Title IV Aid President's Budget



Program	Federal Funds	Aid Available
Pell Grant (Max Award)	\$29,868,000,000 \$5,785	\$35,325,100,000 \$5,785
FSEOG	\$734,600,000	\$982,000,000
FWS	\$1,126,700,000	\$1,349,600,000
Current Perkins	\$0	\$856,800,000
New Perkins	\$0	\$4,113,400,000
TEACH/Presidential Teaching Fellows	\$191,400,000	\$236,000,000
Loans	\$0	\$112,061,800,000
TOTAL	\$31,920,700,000	\$154,924,700,000



FY 2014 Budget Priorities



- Pell Grant Program: 2014-2015 maximum award of \$5,785.
- Campus- Based Programs
 - Funding Formulas - Changes the funding formula for the campus-based aid programs to recognize and reward colleges that have a track record of serving high-need students well, setting responsible tuition policies, and providing good value to students and families.
 - FSEOG – Continues funding
 - FWS – Provides for a \$150 million more



FY 2014 Budget Priorities



- Perkins Loan Program
 - Current HEA authorization ends in 2014
 - New Program – Direct Perkins Loan Program
 - Unsubsidized
 - Funds to students increased from \$1 billion to \$8 billion
 - 2000 more schools participating
 - No school involvement in repayment or collections
 - Fair/equitable close out of existing portfolio

FY 2014 Budget Priorities



- Student Loan Interest Rates
 - Market-based
 - Set at the beginning of each academic year (July 1?) based on the 10-year Treasury note rate and remains fixed at that rate for the life of the loan

FY 2014 Budget Priorities



- Pay As You Earn Repayment Plan (Direct Loan Only)
 - Extend eligibility to all Stafford borrowers
 - Grad PLUS borrowers
 - Consolidation Loan borrowers if the Consolidation Loan repaid Stafford and/or Grad PLUS loans made under the Direct Loan or FFEL Programs.
 - Loan payments would not exceed 10 percent of discretionary income and, any balance after 20 years would be forgiven.

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 Lifetime Eligibility Used (LEU) Minimum
- CPS Reprocessing began on March 19





Impacts on Title IV Student Assistance Programs:

- Federal Pell Grant Program
 - No impact to either 2012-2013 or 2013-2014
- FWS and FSEOG Programs
 - No impact on 2012-2013 campus allocations
 - 2013-2014 CWS and SEOG amounts reduced by 5.52 percent
 - Allocation letters posted to eCB week of April 8th

Sequestration



- TEACH Grant and Iraq-Afghanistan Service Grant Programs
 - Reductions apply only when the first disbursement of the award is made after March 1, 2013.
 - TEACH Grant awards (2012-13 and 2013-14) must be reduced by 7.1 percent from the award amount the recipient would otherwise have been entitled.
 - Iraq-Afghanistan Service Grant awards (2012-13 and 2013-14) must be reduced by 10.0 percent from the award amount the recipient would otherwise have been entitled.



- **Federal Direct Loan Programs**
 - Direct Subsidized and Direct Unsubsidized loan fees are increased from 1.0 percent to 1.051 percent. For example, the fee on a \$5,500 loan will increase by \$2.80 from \$55.00 to \$57.80.
 - Direct PLUS loan fees (for both parent and graduate student borrowers) are increased from 4.0 percent to 4.204 percent. For example, the fee on a \$10,000 PLUS loan will increase by \$20.40 from \$400.00 to \$420.40.



- **Federal Direct Loan Programs**
 - See Electronic Announcements dated March 1, March 15, and April 5.
 - Schools should continue to award, disburse, and report using 1% and 4% for loans where the first disbursement is before July 1, 2013.
 - Schools must begin using the 1.051% and 4.204% for loans where the first disbursement is on or after July 1, 2013.

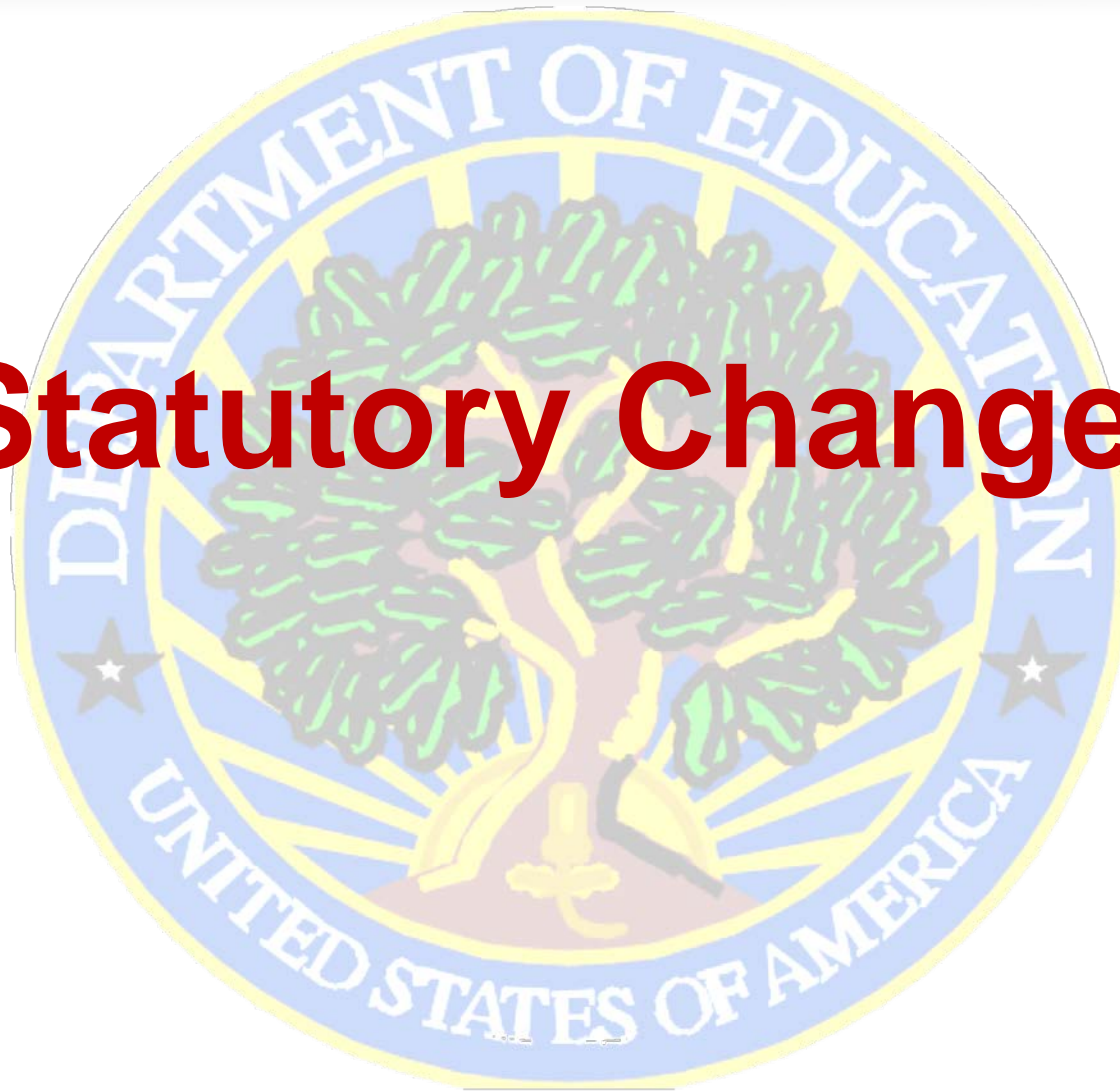


- **Federal Direct Loan Programs**
 - Institutions will not be liable for the difference between the 1 percent and 4 percent fees and the revised fee amounts.
 - If needed, ED will work with the students/borrowers.





Statutory Changes



No Direct Subsidized Loans for Graduate Students

The Budget Control Act of 2011 (Pub. L. 112-25, August 2, 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 retain subsidy
 - COD will monitor



Consolidated Appropriations Act, 2012 (Pub. L.112-74, December 30, 2011) –

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

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 –

- Established a 12 semester (or its equivalent) maximum for Pell Grant eligibility
 - Effective with the 2012-2013 award year.
 - Applies to all students
 - 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
- Timeframe to Report – 15 Days

Pell Duration of Eligibility



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



Consolidated Appropriations Act, 2012

- Temporarily eliminated 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 by borrower will be capitalized
 - Borrower could have some loans with interest subsidy and some without during grace period

150 % Direct Subsidized Loan Limitation

P.L. 112-141 (July 6, 2012)

- Established a limit of how many years a student may receive Direct Subsidized loans
 - Applies to “new borrowers” on or after July 1, 2013
 - Borrower with no balance on a FFEL or Direct Loan on July 1, 2013.
- When student has received subsidized loans for 150% of the published length of the academic program -
 - Student may not receive additional subsidized loans for enrollment in that program.

150% Direct Subsidized Loan Limitation

P.L. 112-141 also provides that under certain conditions a student who loses eligibility for additional subsidized loans may lose interest subsidy on subsidized loans received from July 1, 2013.



Regulatory Activity 2012





- Loans I
 - Final rule published November 1, 2012.
 - Introduced Pay as You Earn Repayment Plan
 - Part of Direct Loan Income Contingent Repayment Plan Option
 - Implemented – December 21, 2012
 - Total and permanent disability application simplification – Centralized application processing
 - Some SSA Determinations accepted



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





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





- Teacher Preparation
 - TEACH Grant
 - Title II accountability and reporting systems
- Pell Grant
 - Finalization of Summer Cross-Over Interim Rule





Regulatory Activity 2013 - 2014



Regulatory Activity



2013-2014 Regulatory Initiatives

- April 16, 2013 – Federal Register Notice
 - 2013 Negotiated Rulemaking Agenda Hearings
 - Washington, DC – May 21, 2013
 - Minneapolis, MN – May 23, 2013
 - San Francisco, CA – May 30, 2013
- Negotiated Rulemaking Public Sessions Begin in September 2013
 - Separate Federal Register Notice to Solicit Nominations for Negotiators and Announce Agenda of Issues



Regulatory Activity



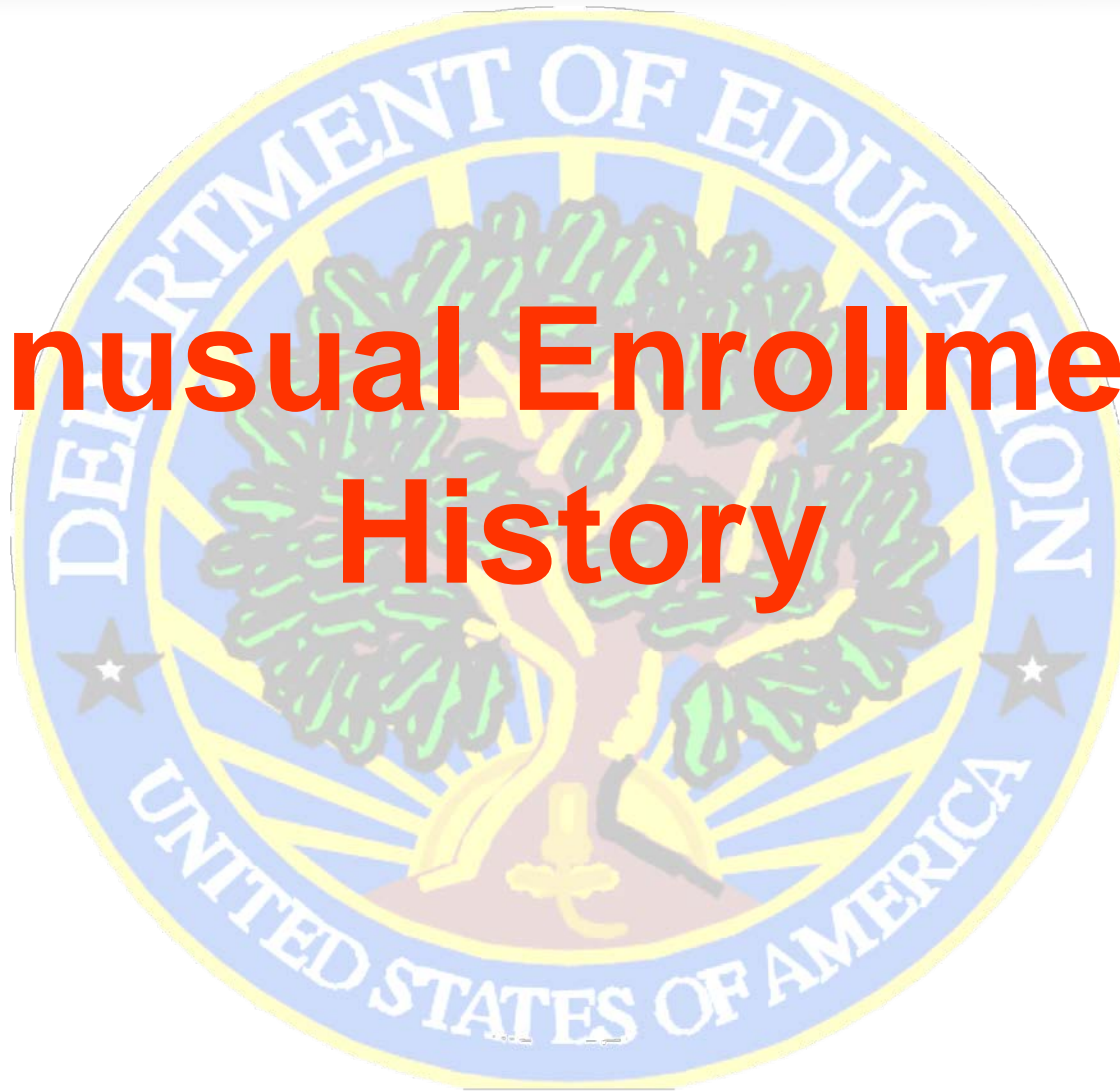
2013-2014 Regulatory Initiatives

- Topics
 - Fraud Prevention and Detection
 - Cash Management/Debit and Prepaid Cards
 - State Authorization
 - Clock to Credit Hour Conversion
 - Gainful Employment
 - Campus Safety and Security
 - PLUS and Adverse Credit
 - Other – Recommended by community





Unusual Enrollment History





- 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
- Resolution guidance provided in DCL GEN-13-09 posted on March 8.





- UEH Flag value is '2': The institution must review the student's records to determine if, during the three award year review period the student received a Pell Grant at the institution that is performing the review.
 - If yes, no additional action is required.
 - If no, the institution must follow the guidance that is provided for a UEH Flag of '3'.





- UEH Flag value is '3': The institution must review the student's records to determine if academic credit was earned at each of the institutions during the award(s) when the student received Pell Grant funds for attendance at that institution.
- Academic credit earned = credit or clock hours completed during award year





- Academic Credit Earned: If academic credit was earned at each of the previously attended institutions during the relevant award years, no further action is required.
- Academic Credit Not Earned: If academic credit was not earned at a previously attended institution and, if applicable, at the institution performing the review, obtain documentation from student explaining student's failure to earn academic credit.





- FAA determines if student's documented explanation supports continuation of Title IV, HEA program assistance eligibility.
- Institutional determinations are final and reasons for the decision must be documented and retained for possible review.
- No appeal to the Department





- If the FAA approves the student's continued eligibility, the FAA may choose –
 - To require the student to establish an academic plan.
 - Counsel the student about the Pell Grant duration of eligibility provisions [Lifetime Eligibility Used (LEU)] and upcoming time limitations on the receipt of subsidized loans.





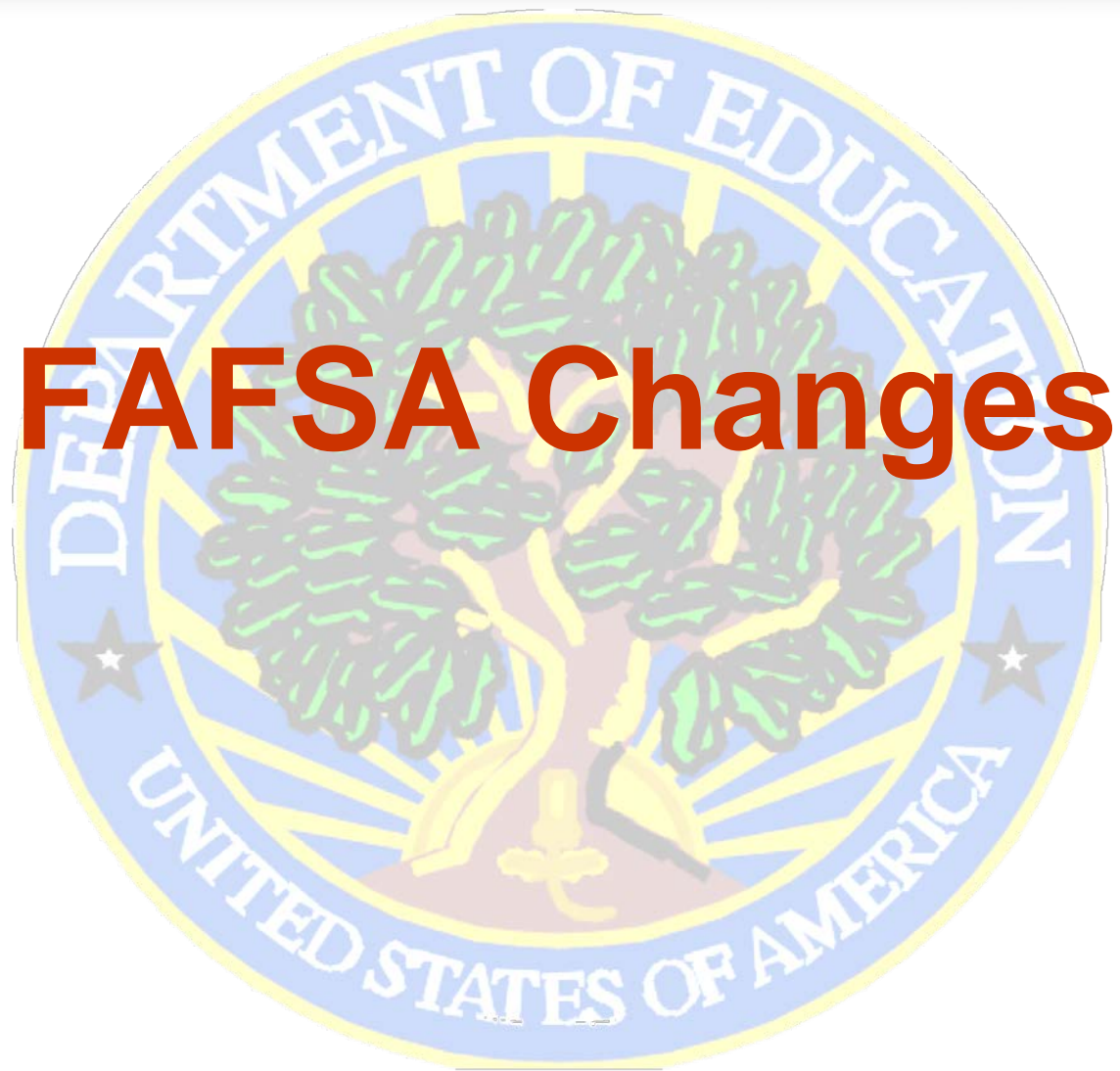
- If the FAA denies the student's continued eligibility, the student must be provided with
 -
 - An opportunity to question and appeal the institution's decision, and
 - Information on subsequently regaining eligibility.





- The authority for an institution to deny aid is section 484(a)(4)(A) of the HEA that requires the student to sign a *Statement of Educational Purpose* (on the FAFSA) where the student certified that he or she would use the Title IV, HEA program assistance received only to meet educational costs.





2014-2015 FAFSA Change For Dependent Parental Information



- Collection of information from both legal parents of dependent student **if parents live together**
 - Regardless of marital status or gender of parents
 - Legal parents include biological or adoptive
- Parents' Relationship with child rather than parents' relationship with each other
- No change for divorced parents of a dependent student





College Choice Tools Know Before You Go Know Before You Owe

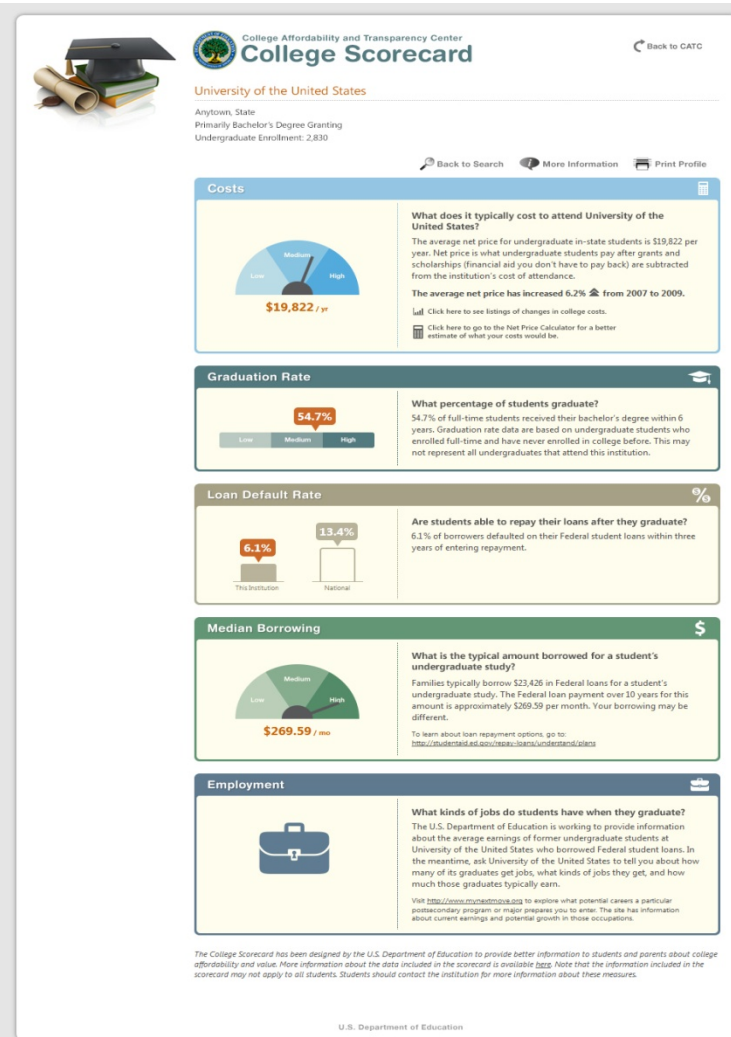


College Scorecard



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



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 cohort⁴⁷ default rate

Median debt for completers

Loan repayment information

Contact information

ophone: (123) 456-7890
E-mail: financialaid@uus.edu

Customized information from UUS



US Department of
Education



Selected Recent Communications



Dear Colleague Letters



- GEN 13-12 – 2014-2015 FAFSA – Parental Information Collection
- GEN-13-10 – Direct Assessment/Competency-Based Programs
- GEN-13-09 – Unusual Enrollment History School Guidance
- GEN-13-08 - Extension to Participate in Experimental Sites
- GEN-13-07 - Implementing the Net Price Calculator
- 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



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
- 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



Dear Colleague Letters



- GEN -12-10 - Implementation of E.O. 13607 - Establishing Principles of Excellence for Educational Institutions Serving Service Members, Veterans, Spouses, and other Family Members
- 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 High School Diploma



Electronic Announcements



- April 19 (Updated May 3) – Perkins Loan Portfolio Liquidation and Assignment Procedures
- April 12 – Perkins Loan Status of Default (Orange Book)
- April 5 - Update: Impact of Sequestration on the Title IV Student Aid Programs
- April 5 - StudentLoans.gov Resources - Enhanced Loan Counseling Clarifications
- April 5 - 2013-2014 Final Funding Authorizations for the Campus-Based Programs
- April 4 - Volume 4 - Processing Aid and Managing FSA Funds [2013-2014 Federal Student Aid Handbook]
- April 4 - Updated Guidance on Making Direct Loan Refunds of Cash



Electronic Announcements



- March 29 and March 27 - Program Integrity Questions and Answers (Q&A) Website Update
- March 25 - Upcoming Deadline for Transition to New NSLDS Enrollment Reporting File Layouts and Retirement of SSCR Software
- March 25 - StudentLoans.gov Resources - Availability of Enhanced Loan Counseling Modules and New Repayment Estimator
- March 25 and March 18 - Draft Cohort Default Rates Distributed
- March 18 - FWS Program Community Service Waiver Requests



Electronic Announcements



- March 18 - FAFSA Applicants Who May Have Been Impacted by a Tax Filing Software Issue Related to IRS Form 8863
- March 15 - 2013-14 FAFSA Verification-IRS Tax Return Transcript Matrix
- March 15 - Deadline Date Notice - Important Pell Grant Reporting Deadline Change
- March 15 - Impact of Sequestration on the Title IV Student Financial Assistance Programs
- March 14 - Draft 2014-2015 FISAP, Instructions, and Technical Reference
- March 12 - Implementation of Federal Student Aid System Access Changes





- Jan 31 – 2013-2014 Application and Verification Guide
- Jan 18 - 2013-2014 Verification-Suggested Text
- 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





- 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



QUESTIONS?





Pamela Moran

Office of Postsecondary Education

202-502-7732

Pamela.Moran@ed.gov

