

Federal Update

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U.S. Department of Education
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Latest Postings:

March 2014

- [2014-03-11](#) - (Loans) Loan Servicing Information - First Quarter's Customer Service Performance Results
- [2014-03-11](#) - (Grants) First Pell Grant Administrative Cost Allowance Payments for 2013-2014 Award Year
- [2014-03-10](#) - (General) Availability of 2013 Blue Book Appendices
- [2014-03-10](#) - (General) Federal Student Aid System Access Change - Reminder: Suspension and Deactivation of Inactive FSA User IDs and Password Reset Change
- [2014-03-10](#) - (Loans) 150% Direct Subsidized Loan Limit: Electronic Announcement #11 - Update to Worksheet Used to Calculate Remaining Eligibility for Short-Term Programs
- [2014-03-07](#) - (COD System) COD Processing Update
- [2014-03-05](#) - (General) TPD Discharge Information - Total and Permanent Disability Discharge Processing Reminders
- [2014-03-05](#) - (General) Recruitment Announcement - Regional Training Officer Positions
- [2014-03-05](#) - (Grants) Operational Implementation Guidance - Federal Student Aid's Implementation of 2014-2015 Federal Pell Grant Payment and Disbursement Schedules

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February 2014

- GEN-14-03 – Impact of Cohort Default Rates on Institutional Title IV Program Eligibility
- GEN-14-04 – State Authorization Regulations - Student complaint process - further guidance and clarification
- ANN-14-04 – Online Training Module - Default Aversion and Management
- ANN-14-03 - New Direct Consolidation Loan Process Webinar
- Electronic Announcements: Too Many to List
- Federal Register 2-25-14 – National Advisory Committee on Institutional Quality and Integrity (NACIQI) meeting – June 18-19-2014

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January 2014

- GEN-14-01 – 2014-2015 Federal Pell Grant Payment and Disbursement Schedules
- GEN-14-02 – Changes to Guidance Concerning the Implementation of the Military Service and Post-Active Duty Student Deferment Request
- ANN-14-02 – Webinar Recording - Default Aversion and Management
- ANN-14-01 – Webinar Recording - Default Aversion and Management
- Electronic Announcements: Too Many To List

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January 2014

- Federal Register 1-3-14 – SAIG Application/Agreement for State Grant Agencies
- Federal Register 1-14-14 – 2014-2015 Deadline Dates for Campus Based Programs
- Federal Register 1-17-14 - Final Regulations: Direct Loans - 150% Subsidized Loan Limit

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December 2013

- GEN-13-27 – IMPORTANT UPDATE: Change to FY 2014 Sequestration-Required Reduction for TEACH Grant
- GEN-13-26 – 2014-2015 Financial Aid Shopping Sheet
- GEN-13-25 – Supreme Court Ruling on the Defense of Marriage Act and the Implications for the Title IV Student Financial Assistance Programs
- GEN-13-24 – Experimental Sites Initiative - Solicitation of Ideas
- ANN-13-21 – FSA COACH - 2013-2014 Update for Domestic Schools
- ANN-13-20 – Webinar Recording - 150% Direct Subsidized Loan Limit Webinar #3: Review of Basics and Implementation Update
- Electronic Announcements: Too Many to List

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INTEREST RATES
(EA – August 9, 2013)

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Interest Rates

- The Administration worked with Congress to reach agreement on a plan to reverse the interest rate increase.
- New rate structure applies to all loans first disbursed after June 30, 2013.
- Annual fixed rates based on 10 Year T-Bill plus add-on.
- Applies to loans first disbursed between July 1 and June 30.
- Rate applies for the life of the loan.

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Interest Rates

- Undergraduate Students - Sub and Unsub
 - Add-on of 2.05% with cap of 8.25%
 - 3.86% for this year compared to last year's 3.4% and what would have been 6.8%
- Graduate students – Unsubsidized Loans only
 - Add-on of 3.60% with cap of 9.5%
 - 5.41% for this year compared to last year's 6.8%.
- PLUS Loans (parent and grad/professional)
 - Add-on of 4.6% with cap of 10.5%.
 - 6.41% for this year compared to 7.9%.

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Sequestration

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Sequestration

- TEACH Grant awards reduced by 6.0 percent for FY 2013 and ~~7.2 percent~~ 0.89 percent for FY 2014
- Iraq-Afghanistan Service Grant awards reduced by 10.0 percent for FY 2013 and 7.2 percent for FY 2014
- Reductions for either grant where the first disbursement is made between October 1, 20123 and September 30, 2014

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Sequestration


- Direct Subsidized and Direct Unsubsidized loan fees increased from –
 - 1.0 percent to 1.051 percent for loans first disbursed on or after July 1, 2013 and before December 1, 2013, and to –
 - 1.072 percent for loans first disbursed on or after December 1, 2013 and before October 1, 2014.

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Sequestration FY 2013

- Direct PLUS loan fees (parent and grad) increased from –
 - 4.0 percent to 4.204 percent for loans first disbursed on or after July 1, 2013 and before December 1, 2013, and to –
 - 4.288 for loans first disbursed on or after December 1, 2013 and before October 1, 2014.

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Defense of Marriage Act (DOMA)

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Implementation of the Supreme Court's Defense of Marriage Act Decision

- In June the Supreme Court struck down section 3 of the Defense of Marriage Act (DOMA) that provided that for purposes of federal programs, a marriage can only be between one man and one woman
- See Dear Colleague Letter GEN-13-25 published on December 13.

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Implementation of the Supreme Court's Defense of Marriage Act Decision

- 2014-2015 FAFSA –
- All responses must be consistent with legal marital status
- 2013-2014 FAFSA –
 - New filers - All responses must be consistent with legal marital status
 - Earlier filers – If legally married when FAFSA was initially filed may change marital status

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FAFSA – Parental Information (DCL GEN-13-12)

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FAFSA CHANGES – PARENTAL DATA

- Beginning with the 2014-2015 FAFSA, dependent students' FAFSA must include income and other information about both of the student's legal parents (biological or adoptive) if the parents are living together, regardless of the parents' marital status or gender.

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FAFSA CHANGES – PARENTAL DATA

- Collecting parental information from both legal parents will result in fair treatment of all families by eliminating longstanding inequities that were based on the legal relationship of the parents (married or not married) rather than on the parents' relationship with their child.

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Regulatory Activity

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Recent Regulatory Activity

- Loans I – Final Rule
 - Published on November 1, 2012
 - Pay as You Earn
 - Total and Permanent Disability

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Recent Regulatory Activity

- Loans II – Final Rule
 - Published on November 1, 2013
 - Repeal of Unnecessary FFEL Regulations
 - Updating of Direct Loan Regulations
 - FFEL Repayment Disclosures
 - Forbearance
 - Minimum Loan Period for Transfer Students in Non-Term Programs
 - Loan Rehabilitation
 - Closed School Discharge
 - School Enrollment Status Reporting

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Recent Regulatory Activity

- 150% Direct Subsidized Loan Limit – Interim Final Rule
 - Published May 16, 2013
 - Comment Period Ended on July 1, 2013
- Revised Final Rule published on January 16
 - Electronic Announcement Posted on January 17

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Recent Regulatory Activity

- Revised Final Rule published on January 16
 - Usage Period Calculations
 - Rounded to nearest 10.0 percent and not to the lowest 25.0 percent
 - Both calculation exceptions will apply -
 - Proration for less than full-time enrollment
 - 1.0 if borrower received full annual loan limit for less than an academic year

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Recent Regulatory Activity

- Revised Final Rule published on January 16
 - Maximum Eligibility Period (MEP) Calculations
 - Two-year bachelor's degree completion programs will have a program length of four years MEP = six years.
 - Special admission associate degree programs will have a program length of four years.
 - Program requires an associate degree or at least two years of coursework for admission
 - Selective admissions
 - Coursework necessary for licensure

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Negotiated Rulemaking

- Gainful Employment
 - Three sessions of negotiations held without reaching consensus
 - NPRM coming
 - Final by November 1, 2014
 - Effective – July 1, 2015
- Institutional Security and Crime Reporting
 - The “Violence Against Women Act” amended the “Clery Act”
 - Negotiations began in January 2014

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Negotiated Rulemaking

- Program Integrity and Improvement
 - November 20, 2013 Federal Register notice invited nominations for non-federal negotiators
 - Deadline was December 20, 2013
 - Negotiations to begin February 2014

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Negotiated Rulemaking

- Program Integrity and Improvement
 - Topics:
 - Cash management (debit cards, etc.)
 - State authorization for distance education and foreign locations of domestic schools
 - Clock- to credit-hour conversion
 - Definition of adverse credit for PLUS loan borrowers
 - Repeat Coursework

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150% Direct Subsidized Loan Limit



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Subsidized Loan Limit

- Statute: On July 6, 2012, the Moving Ahead for Progress in the 21st Century Act (MAP-21) was enacted (P.L. 112-141)
- Regulations:
 - Interim Final Regulations published on May 16, 2013
 - Revised Final Regulations published on January 16, 2014

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Subsidized Loan Limit

- Limit on how many years a “first-time borrower” may receive subsidized loans
 - Applies to first-time borrowers on or after July 1, 2013. A first-time borrower is one who -
 - Has no balance on any FFEL or Direct Loan on July 1, 2013, or
 - Has no balance on any FFEL or Direct Loan when receiving first Direct Loan (any type) on or after July 1, 2013

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Subsidized Loan Limit

- Condition - Student has received Direct Subsidized loans for a period of time that is equal to 150% of the published length of the student’s current academic program
- Result - Student may not receive additional subsidized loans for enrollment in that program or in any program of equal or lesser length

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Subsidized Loan Limit

- 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 for the program, the time the student has already received subsidized loans for enrollment in any program

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Subsidized Loan Limit

- A student who loses eligibility for additional subsidized loans may lose interest subsidy on previously received subsidized loans, if -
 - Student did not complete program, and
 - Continues in same program or,
 - Enrolls in another undergraduate program of the same or shorter length
- Effective on the date of the student's continued or new enrollment

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Subsidized Loan Limit


- ED/FSA will track, calculate, and inform students and institutions
- Codes and comments on SARs and ISIRs
- COD editing, reporting, and enforcement

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Subsidized Loan Limit

- 2013-14 – Schools must correctly report and update when necessary a loan’s academic year and loan period
 - See DCL GEN-13-13
- 2014-15 - Schools will need to provide program information, including length of program, to both COD and to NSLDS

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Verification and Unusual Enrollment History

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2013-14 Verification

- Fraud Detection and Prevention –
 - Two new verification items to combat abuse
 - High School Completion Status
 - Identity/Statement of Educational Purpose
 - Out of 3.9 million FAFSAs selected for verification only 70K selected for these items – About 0.5%

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2014-15 Verification

- Annual Federal Register notice published on June 12, 2013
 - Items to verify
 - Acceptable documentation
- DCL GEN-13-16: June 12, 2013

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2014-15 Verification

- Verification Tracking Groups
 - Eliminated Group V2 – SNAP
 - Added Group V6 – Household Resources
 - When reported income does not appear sufficient to support family size
 - All untaxed income FAFSA items must be verified

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Unusual Enrollment History

- Students identified based on Pell Grant history - # of schools and # of years
- 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
- Out of 13 million FAFSAs only 130K selected – about 1%

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Unusual Enrollment History

- FAA determines whether the circumstances of the failure of the student to receive academic credit support the continuation of Title IV, HEA program assistance eligibility
- These institutional determinations are final and not appealable to the Department, and the reasons for the decision must be documented and maintained for possible review

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Experimental Sites



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Experimental Sites

- Current Experiments – 167 schools
 - Pell Grant – Eligibility of students with bachelor’s degrees and eligibility of short-term programs
 - Study Abroad - Early and single disbursement
 - Unequal disbursements of Direct Loans
 - Reduced Unsubsidized loan amounts
 - Two experiments for students with intellectual disabilities
- Still opportunity to participate
 - See DCLs GEN-13-03 and GEN-13-08

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**Gainful Employment
New Programs and
Disclosures**

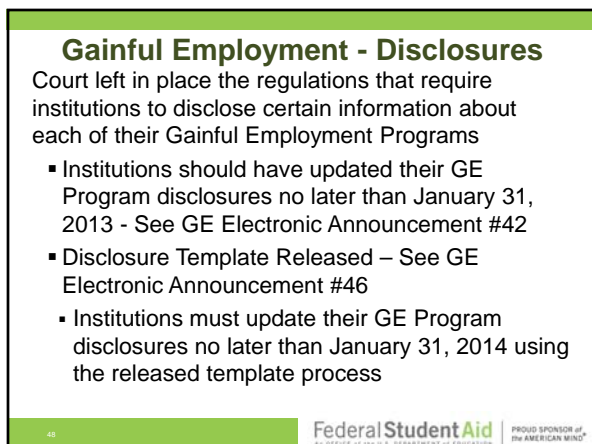
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Gainful Employment – New Programs

- 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

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Gainful Employment - Disclosures


Court left in place the regulations that require institutions to disclose certain information about each of their Gainful Employment Programs

- Institutions should have updated their GE Program disclosures no later than January 31, 2013 - See GE Electronic Announcement #42
- Disclosure Template Released – See GE Electronic Announcement #46
- Institutions must update their GE Program disclosures no later than January 31, 2014 using the released template process

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QUESTIONS?

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Training Feedback

To ensure quality training we ask all participants to please fill out an online session evaluation

- Go to <http://s.zoomerang.com/s/DavidBartlett>
 - Evaluation form is specific to David Bartlett
- This feedback tool will provide a means to educate and inform areas for improvement and support an effective process for “listening” to our customers
- Additional concerns about training can be directed to joann.borel@ed.gov

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