

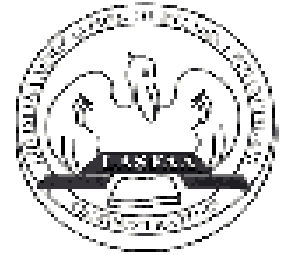


LASFAA Fall Conference October 2010

U.S. Department of Education Federal Update



Today's Topics



- Handouts
- Cohort Default Rates
- Direct Loan Transition
- IRS Data Retrieval
- Regulatory Update
- LASFAA Questions
- Training Opportunities

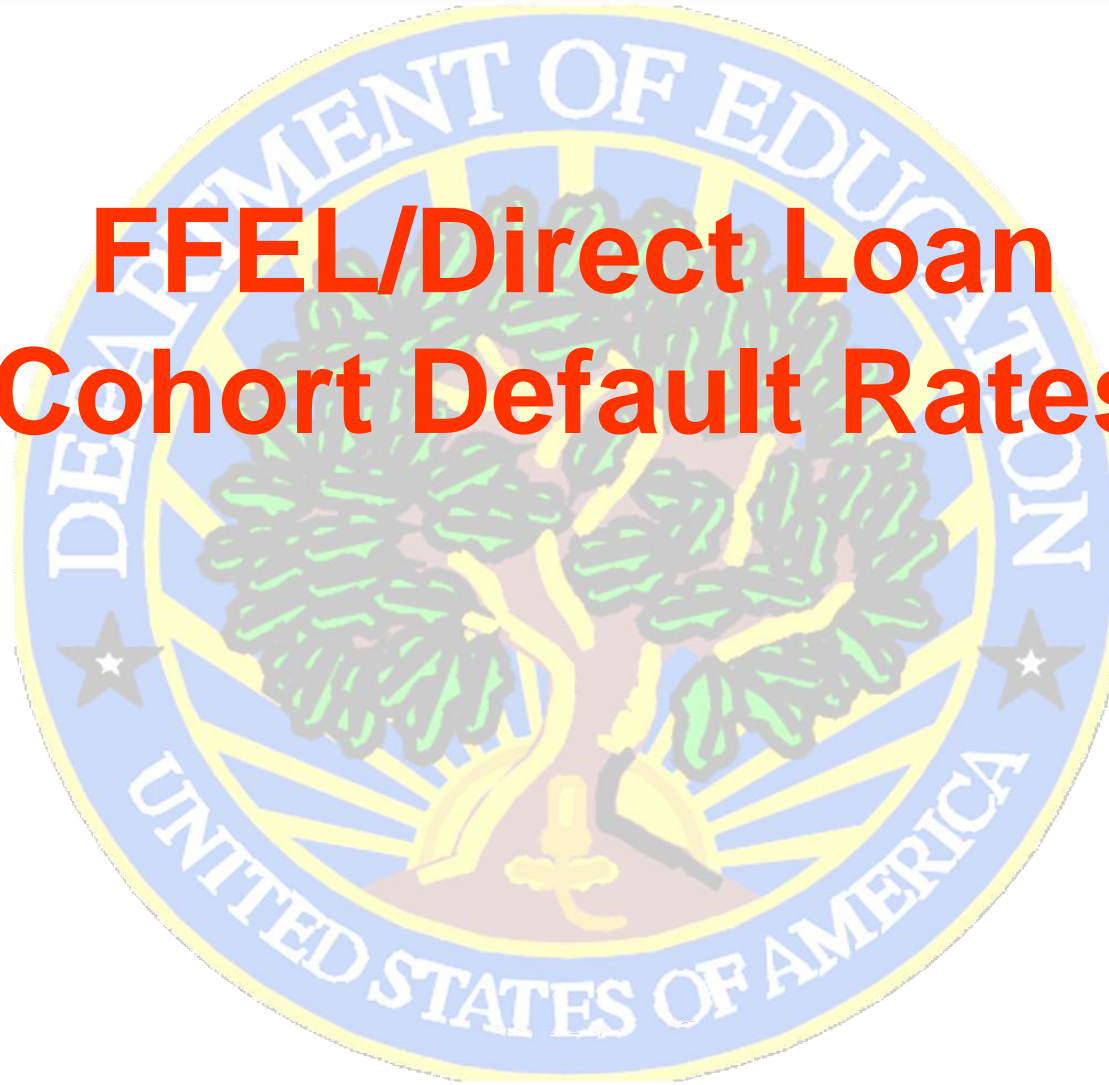


Declaration of Independence



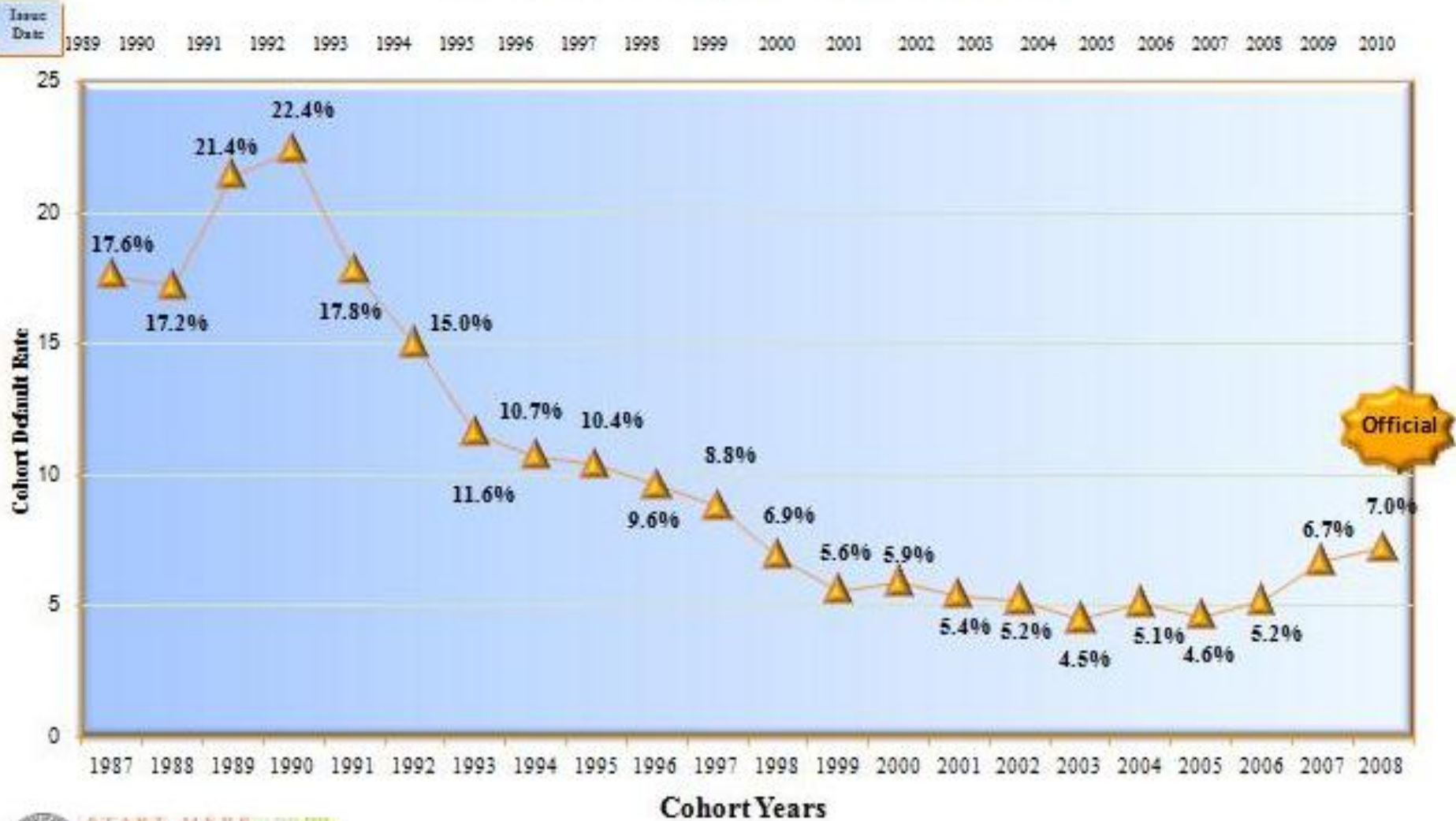


FFEL/Direct Loan Cohort Default Rates



National Student Loan Default Rates

National Student Loan Default Rates



HEOA Changes



- Increases CDR monitoring period from two to three years
- Increases disbursement relief threshold from 10 percent to 15 percent
- 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.*


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.*

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	

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

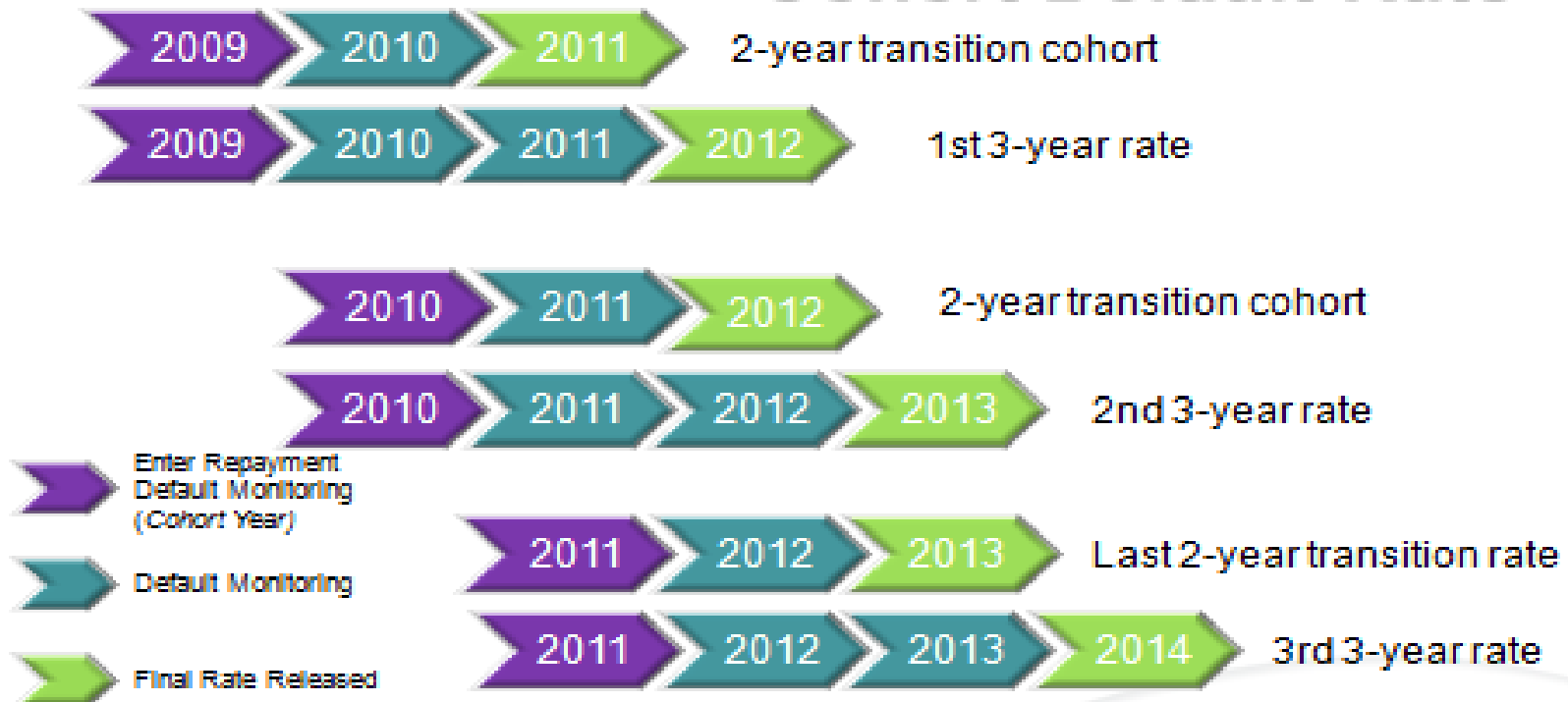
FY-09	FY-10	FY-11
125	230	250
5,000		

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

Transition Period



2-Year vs 3-Year Cohort Default Rate





Direct Loan Transition



Direct Loan Transition



- Contracted with 4 additional servicers
 - ACS (current servicer)
 - Nelnet
 - Sallie Mae
 - Great Lakes Education Loan Services
 - AES/PHEAA
- Will “service” borrowers only...no origination responsibility



Can a school select the servicer with whom they wish to work?

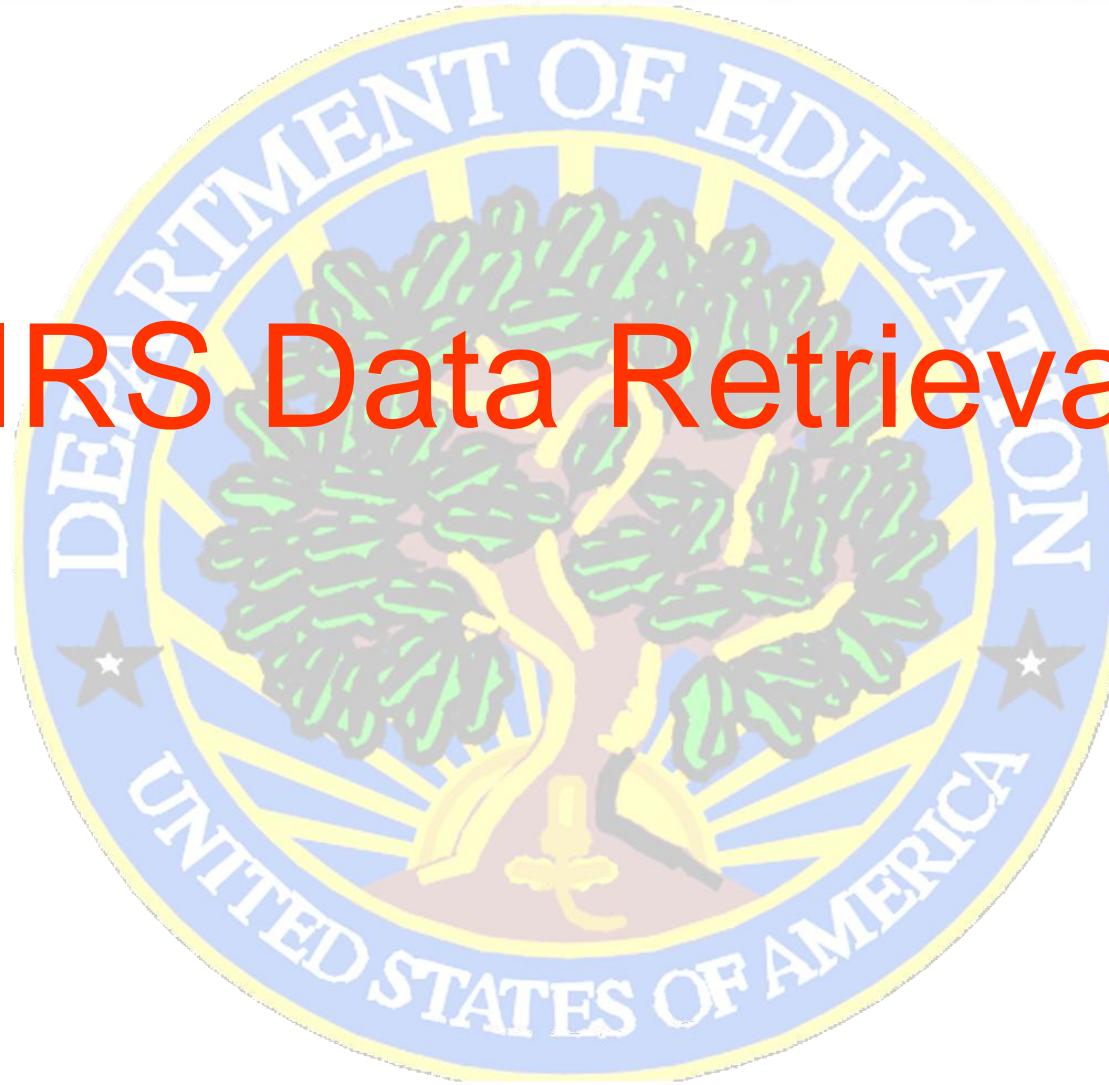
- No, loans will be disbursed to all servicers systemically as they book

How will a school know which servicer has a particular loan?

- By looking at NSLDS



IRS Data Retrieval



IRS-FSA Concept



- Federal Student Aid (FSA) and the Internal Revenue Service (IRS) developed a non-consent solution to simplify FAFSA completion.
- Tax filer retrieves own data
 - No Consent
 - Voluntary
- Will allow some applicants to retrieve their income tax data from the IRS.
- IRS data can be automatically transferred to FOTW.

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](#)

Get My Federal Income Tax Information



Internal Revenue Service
United States Department of the Treasury

[Log Out](#) | [Help](#)

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

By submitting this information, you certify that you are the person identified. Use of this system to access another person's information may result in civil and criminal penalties.

Federal Income Tax Information Provided



Internal Revenue Service
United States Department of the Treasury

[Log Out](#) | [Help](#)

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.

	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 34 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 46a on the FAFSA
IRA Deductions and Payments	\$2,500	Question 47b on the FAFSA
Tax-Exempt Interest Income	\$2,500	Question 47d on the FAFSA
Untaxed IRA Distributions	\$2,500	Question 47e on the FAFSA
Untaxed Pensions	\$2,500	Question 47f on the FAFSA

Transfer My Tax Information into the FAFSA

- The tax information provided above will populate the answers to the appropriate FAFSA questions. After the FAFSA is populated your IRS session will end and return you to FAFSA on the Web. Check this box if you are choosing to transfer your information.

Print this page for your records before clicking the "Transfer Now" button.

[Transfer Now](#)

Do Not Transfer My Tax Information

- By clicking the "Log Out" button, you are choosing not to transfer your tax information electronically. You may still use this tax information to input the data into your FAFSA application. Print this page for your records before clicking the "Log Out" button.

[Log Out](#)



- 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)?	Transferred from the IRS
	1040 ▼

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,

Select ▼



- CPS will set flags and comment codes to indicate that student and/or parent transferred IRS data into FOTW
- Comment codes will appear in –
 - FAA Information section of the ISIR
 - Student Inquiry section of FAA Access
- Flags and codes set based on certain conditions.

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



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

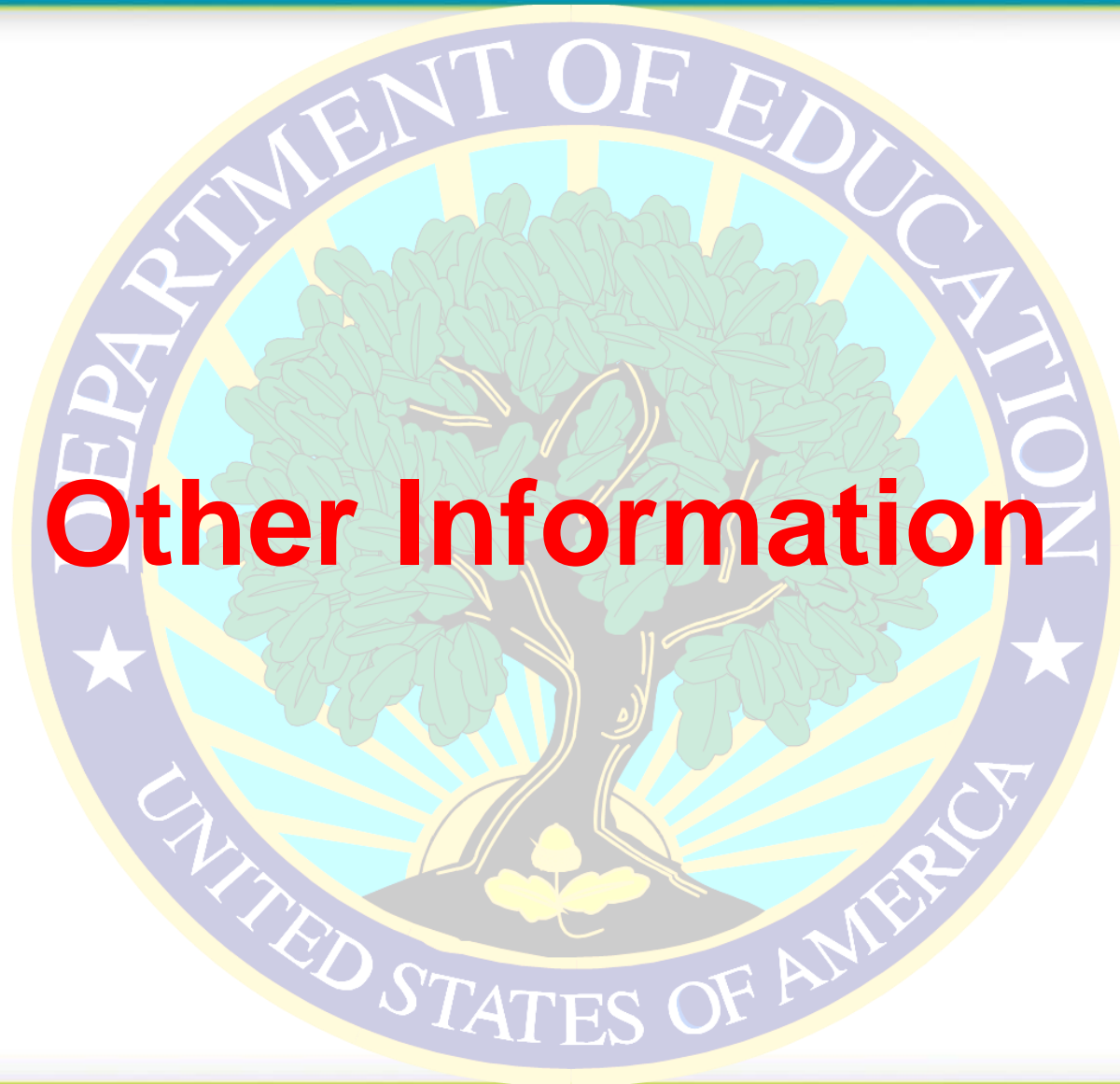
Implementation Schedule



- 2009-10 IRS process began in January 2010.
 - Pilot to test proof of concept.
- 2010-11 IRS data share began in September of 2010.
- 2011-12 IRS data share expected to begin with start-up in January 2011.
 - Within a couple of weeks electronic tax filing.
 - Within several weeks of paper tax filing.



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



Other Information



Awards for Children of Deceased Military Service Members

For any student whose parent or guardian was a member of the U.S. Armed Forces and died as a result of military service in Iraq or Afghanistan after September 11, 2001.

- If undergrad and Pell eligible EFC, all Title IV aid awarded using zero EFC.
- If not Pell eligible EFC, undergraduate student gets an “Iraq/Afghanistan Service Grant” award the amount of maximum Pell for enrollment status.
 - All other Title IV aid awarded using calculated EFC.



- In May 2010, began matching applicant records in CPS against DoD file
 - 2009-10 applicants –
 - Calls and e-mails to FAA's
 - Letters to students
 - 2010-11 applicants –
 - New DoD Flag set on ISIRs
 - Letters to students
- To ensure all eligible students are awarded aid appropriately, FAA's must pay attention to new ISIR flag
- DCLs posted on IFAP provide operational guidance



Parent PLUS and FAFSA



- Beginning 2011-2012 student must file FAFSA for Parent PLUS Loan
- 98 percent already file
- COD will monitor
- Need to perform database matches to verify that student is eligible
 - Social Security Number
 - Citizenship Status
 - Selective Service
 - NSLDS for defaults and overpayments



ACG/SMART

- Unless Congress acts, ACG/SMART's last year is this year





2011-12 Pell

- No Initial Authorization for 11-12
- Authorization will be driven by accepted Pell disbursement records



Regulatory Update

Program Integrity NPRM-1



- Notice of **Proposed** Rulemaking issued June 18, 2010 to improve the integrity of the Title IV student assistance programs.
 - Negotiations held between November 2, 2009 and January 29, 2010
- Comment Period Ended August 2, 2010
- Final regulations by November 1, 2010
- Generally effective July 1, 2011
- Applicable for 2011-2012 award year
- Possible early or delayed implementation



- **Policy Objectives –**
 - Ensuring that only eligible students receive federal funds.
 - Protecting consumers (students and families).
 - Clarifying eligible coursework.
 - A few others.



- **Ensuring that only eligible students receive federal funds.**
 - **High School Diploma:** Requires institutions to develop and follow procedures to evaluate the validity of a student's high school diploma if the institution or the Secretary has reason to believe that the diploma is not valid or was not obtained from an entity that provides secondary school education.



- **Ensuring that only eligible students receive federal funds.**
 - **Ability to Benefit:**
 - Extends eligibility for federal student aid to students without high school diplomas after they successfully complete six credit hours or 225 clock hours of college work.
 - Improved oversight of test publishers, test administrators, and testing centers.



- **Ensuring that only eligible students receive federal funds.**
- **Satisfactory Academic Progress:**
Requires a structured and consistent approach to evaluating a student's academic work, while continuing to provide flexibility to institutions in establishing their policies.
 - Some relief to schools that monitor each payment period.



- **Ensuring that only eligible students receive federal funds.**
- **Verification:**
 - Replacing the five verification items for all selected applicants with a targeted selection of items based upon each student's characteristics.
 - Eliminating the 30 percent institutional verification cap.
 - Requiring the processing of all changes and corrections to an applicant's FAFSA information.



- **Protecting consumers.**
 - **Misrepresentation:** Strengthens the Department's authority to take action against institutions engaging in deceptive advertising, marketing, and sales practices,
 - **State Authorization:** Clarifies this important State responsibility.
 - **Incentive Compensation:** Removes the "safe harbor" provisions and generally relies on the statutory language for guidance and enforcement.



- **Clarifying eligible coursework:**
 - **Credit Hour:** Defines a credit hour and establishes procedures for accrediting agencies to determine whether an institution's assignment of a credit hour is acceptable.
 - **Retaking Coursework:** Allows repeated coursework to count toward enrollment status.



- **Clarifying eligible coursework:**
 - **Written Agreements:**
 - Limits the amount of a program that can be provided by another school.
 - Requires disclosures to students and potential students.
 - Prohibits arrangements between ineligible institutions that have had their Federal student aid participation revoked.



- **Other:**
 - **Return of Title IV Aid:**
 - Modifies and clarifies the definition of when a student is considered to have withdrawn from a program.
 - Clarifies the circumstances under which an institution is required to take attendance for the purpose of determining last date of attendance.



- **Other:**
 - **Disbursing Federal Student Aid Funds:**
Requires institution to ensure that student has resources to obtain books and supplies by the seventh day of payment period.



GAINFUL EMPLOYMENT

NPRM published on July 26, 2010.

- Negotiations held between November 2, 2009 and January 29, 2010
- Comment Period Ended September 9, 2010
- Final regulations by November 1, 2010 and in January, 2011
 - Some provisions effective July 1, 2011
 - Some provisions effective July 1, 2012
- Commenters are invited to attend hearings on Nov 4 & 5 to make oral presentations



Why is the Department regulating to define “gainful employment” at this time?

- Programs at for-profit institutions and occupationally specific training at other institutions must lead to gainful employment in a recognized occupation.
- Currently there is no standard to measure “gainful employment”. This NPRM, when finalized, would establish such a standard.
- Public comment received last year along with a number of studies, reports, and media reports point to the need to regulate in this area.

Gainful Employment



- Proprietary Institution of Higher Education and Postsecondary Vocational Institution
 - All programs must prepare students for *gainful employment* in a recognized occupation
 - Two exceptions
 - Program leading to baccalaureate degree in liberal arts (proprietary institution)
 - Comprehensive transition program for students with intellectual disabilities (vocational institutions)

Gainful Employment



- Public/Private Non-profit Institution of Higher Education
 - Non-degree/certificate programs must prepare students for *gainful employment* in a recognized occupation
 - Two exceptions
 - Transfer program
 - Comprehensive transition program for students with intellectual disabilities



Disclosures

- Institutions with “gainful employment” programs must provide prospective students with each eligible program's graduation and job placement rates, and provide the Department with information that will allow for the determination of student debt levels and incomes after program completion.



Repayment Rate The percentage of the outstanding principal balance of the Federal loans taken by the academic program's former students who entered repayment in the previous four years that has been repaid.

Gainful Employment Metrics



Debt to Earnings Ratio

For the academic program's completers, the average educational loan payments (Federal, private, and institutional financing plans) as a proportion of the borrower's income (either discretionary income or average annual earnings). Loan payment amount based on a 10-year amortization schedule at 6.8 percent.



Other Tools



SAIG Confirmation

- Schools must review, validate and confirm each TG number
- No action = loss of access
- December 17, 2010 deadline
- October 18, 2010 EA gives step by step instructions



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iLibrary



Below you will find a categorization of the documents published to the IFAP Web site by various programs and/or functions.

Publication documents are categorized by [Program Type](#), [Functional Type](#) or [Document Type](#). If you are unable to locate the document you are looking for, please click [here](#) to view a list of archived categories and publications.

Publications by Program Type

- [Academic Competitiveness Grant \(ACG\) Program](#)
- [All Title IV Federal Student Aid Programs](#)
- [Federal Family Education Loan \(FFEL\) Program](#)
- [Federal Pell Grant \(Pell Grant\) Program](#)
- [Federal Perkins Loan \(Perkins Loan\) Program](#)
- [Federal Supplemental Educational Opportunity Grant \(FSEOG\) Program](#)
- [Federal Work-Study \(FWS\) Program](#)
- [Gaining Early Awareness and Readiness for Undergraduate Programs \(GEAR UP\)](#)
- [Leveraging Educational Assistance Partnership \(LEAP\) Program](#)
- [National Science and Mathematics Access to Retain Talent Grant \(National SMART Grant\) Program](#)
- [Robert C. Byrd Honors Scholarship \(Byrd Scholarship\) Program](#)
- [Special Leveraging Educational Assistance Partnership \(SLEAP\) Program](#)
- [Teacher Education Assistance for College and Higher Education \(TEACH\) Grant Program](#)
- [William D. Ford Federal Direct Loan \(Direct Loan\) Program](#)

Publications by Functional Type

Publications by Document Type

- [Application Processing System Specifications for Software Developers](#)
- [Blue Books](#)
- [Campus-Based Awards](#)
- [Closed School Guide](#)
- [COD Computer-Based Training](#)
- [COD Technical Reference](#)
- [COD XML Schema](#)
- [Cohort Default Rate Guide for Lenders and Guaranty Agencies](#)
- [Conferences and Presentations](#)
- [Counselors and Mentors Handbook](#)
- [Dear Colleague Letters](#)
 - [Campus-Based Programs \(CB type\)](#)
 - [Financial Partners \(FP type\)](#)
 - [General Distribution Letters \(GEN type\)](#)
 - [Pell Grant Program \(P type\)](#)
 - [Training Announcements \(ANN type\)](#)
- [Direct Loan School Guides](#)
- [Drug Conviction Worksheets](#)
- [EDE Technical Reference](#)
- [EFC Formula Guide](#)
- [Electronic Announcements](#)
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- [FISAP Technical Reference](#)
- [Foreign School Updates](#)
- [FSA New School Guide](#)
- [ISIR Guide](#)
- [NSLDS Reference Materials](#)
- [Perkins Cohort Default Rates \(Orange Book\)](#)
- [Podcast](#)
- [Program Review Guide](#)
- [Return of Title IV Aid Worksheets](#)
- [SAR Comment Codes and Text](#)
- [School Electronic Process Guide](#)
- [Student Web Application Products Process Guide](#)



New Update to 10-11 ISIR Guide

- The October 2010 update includes revisions to Reject 1, Reject 4, and Reject 19 information in Appendix A and a revision to comment 009 in Appendix B.
- For more information, consult the tracking log of changes posted with the reference or Appendix F in the updated guide.



LASFAA Questions

Q Why is enrollment status question being removed from the FAFSA?

A Students indicated the question often caused confusion when they did not know what their enrollment status would be when completing their FAFSA. Additionally, the administration believes students may be able to make better decisions about college affordability if they are able to see the full amount of aid they would be able to receive. We encourage colleges to review their system capabilities to understand how they can gather a more accurate enrollment status for the student.



LASFAA Questions

- Q** The CCRAA created student loan forgiveness for loan balances on the books after borrower has worked in public service for 10 years. When the balance is forgiven, does that constitute taxable income?
- A** According to the IRS, under current rules, No. First possible forgiveness is in 2017.



LASFAA Questions

Q Where does it say that I have to recalculate a student's Pell Grant if he or she does not begin attendance in each class?

A 690.80(b)(2)(ii) states: If a student's projected enrollment status changes during a payment period before the student begins attendance in all of his or her classes for that payment period, the institution shall recalculate the student's enrollment status to reflect only those classes for which the student actually began attendance.



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- Q** The CCRAA created student loan forgiveness for loan balances on the books after borrower has worked in public service for 10 years. When the balance is forgiven, does that constitute taxable income?
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FSA Training

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Information for Financial Aid Professionals (IFAP)



The Information for Financial Aid Professionals (IFAP) Web site consolidates guidance, resources, and information related to the administration and processing of Title IV federal student aid into one online site for use by the entire financial aid community.

The most recent postings to the site are listed

in the [What's New](#) section.

Tools for Schools

Click on this box to access online and computer-based training resources.

Worksheets, Schedules, & Tables

Click on this box to access worksheet, schedule, and table resources.

Publications

Click on this box to access program-related and processing-related publications.

Processing Resources

Click on this box to access program and system processing information and materials.

What's New

Below is an abbreviated list of the most recent postings to the IFAP Web site. Click [here](#) or on the "What's New" link in the top menu bar to view all recent postings.

COD Computer-Based Training

- [2010-10-20](#) Subject: COD Computer-Based Training

EDE Technical Reference

- [2010-10-25](#) Subject: 2011-2012 EDE Technical Reference (Final)

EFC Formula Guide

- [2010-10-13](#) Subject: 2011-2012 Expected Family Contribution (EFC) Formula Guide

Electronic Announcements

- [2010-10-25](#) (Application Processing) Subject: 2011-2012 EDE Technical Reference (Final)
- [2010-10-25](#) (General) Subject: SAIG Processing Delays Resolved October 25, 2010

Federal Registers

- [2010-10-18](#) Subject: Program Integrity: Gainful Employment - Notice of Public Meetings

NSLDS Reference Materials

- [2010-10-21](#) (NSLDS Guaranty Agency (GA) Technical Updates)

Hot Topics

- [Negotiated Rulemaking 2009/2010](#)
- [Student Assistance Programs: Highlights of the President's 2010 Budget](#)
- [Federal Student Aid Data Center](#)
- [Disaster Assistance](#)

Direct Loan Information



Links to information for potential and participating Direct Loan schools

[Direct Loan Source Newsletters](#) | [Steps to Participate and New School Information](#) | [Operational Communications and Guidance](#) | [Direct Loan Webinar Series](#)

Foreign Schools



Links to information for foreign schools

[Information Page](#) | [Foreign School Updates](#)

Handbook



Comprehensive annual guide to regulatory and administrative requirements for the Title IV federal student aid programs

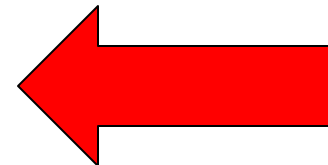
[Current Handbook](#) | [Archives](#)

Training & Conferences



The Training area offers a vast collection of training resources.

[Training](#) | [Training Announcements](#) | [Conferences](#)





Fundamentals of Title IV

- Dallas November 1-5, 2010
- Dallas May 2-6, 2010
- Atlanta March 21-25, 2010
- Other Regional Office cities throughout the year
- Five day workshop



Recorded Training

- PJ see ANN 10-17
- Completing the FISAP
- Private Educational Loan Disclosure Requirements
- 2 Pells
- DL Reconciliation
- Many others



Winter Training

- Final Regs published Fall 2010 as well as other issues
- Proposed face to face training
- At least one location in each state
- Proposed to be a two day workshop



 Register Now

[Previous Conferences](#) | [Future Conferences](#)



Declaration of Independence





Supervisor of FSA Training Officers

Jo Ann Borel

U.S. Department of Education

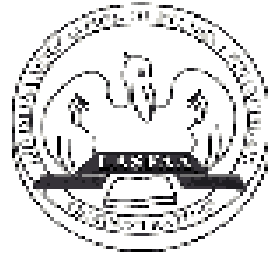
Federal Student Aid

(202) 377-3930

joann.borel@ed.gov



Thank You LASFAA



- kevin.campbell@ed.gov
- 214.661.9488

GO RANGERS!!!

