News From Around the Title IV Community
Student Loan Volume

- Total outstanding student loan volume is set to exceed $1 trillion
- More than total outstanding credit card debt
- Counseling is even more important
Distance Education

• ED IG conducted an investigation and issued a report detailing info about fraud rings that are defrauding the Title IV programs
• FSA is calling upon the Title IV community to assist in being on the lookout
Distance Education

• See DCL GEN 11-17
  – More details on fraud rings and their tactics
  – Link to the IG report
• Task Force has been convened
  – Jeff Baker is chair
  – Welcomes your input
  – fraudtaskforce@ed.gov
  – 202-377-4340
Mistake in NSLDS

• A GA erroneously reported a large numbers of FFEL loans as DW or Default-Write Off
• 8000 11-12 ISIRs incorrectly show the student as ineligible due to default
• GA has corrected the info
• New SARs and ISIRs were pushed out on Oct 18
• See the Oct 19 EA for more info
The Budget Act
Budget Act

- On August 2, 2011, the President signed the Budget Control Act (BCA) of 2011 (Pub. L. 12-025).
- Act makes two changes to the Direct Loan Program:
  - Loss of Eligibility for Subsidized Loans for Graduate and Professional Students
  - Termination of Direct Loan Borrower Repayment Incentives
Budget Act

Loss of Eligibility 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 remain unchanged.
Budget Act

- Annual and aggregate loan limits for graduate and professional students remain unchanged.
- The higher annual and aggregate amounts for students enrolled in certain health professions programs also have not changed.
Budget Act

Termination of Direct Loan Incentives

- Terminates repayment incentives to encourage on-time repayment of loans.
  - Effective for loans first disbursed on or after July 1, 2012.

- Allows interest rate reduction to borrowers who agree to have payments automatically electronically debited from a bank account.
FFEL/Direct Loan Cohort Default Rates
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 (October 1 through September 30) who default in that federal fiscal year or by the end of the next federal fiscal year.
## Region VI Default Rates

<table>
<thead>
<tr>
<th>State</th>
<th>FY 2007</th>
<th>FY 2008</th>
<th>FY 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Louisiana</td>
<td>8.6%</td>
<td>8.2%</td>
<td>8.6%</td>
</tr>
<tr>
<td>Texas</td>
<td>9.3%</td>
<td>9.1%</td>
<td>10.1%</td>
</tr>
<tr>
<td>Arkansas</td>
<td>9.0%</td>
<td>10.1%</td>
<td>11.6%</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>7.5%</td>
<td>8.0%</td>
<td>10.7%</td>
</tr>
<tr>
<td>New Mexico</td>
<td>5.8%</td>
<td>6.8%</td>
<td>7.7%</td>
</tr>
</tbody>
</table>
HEOA Changes

- Increases the CDR monitoring period from two to three years.
- Beginning with the 2009 cohort, the calculation will be:
  - Borrowers who default in that federal fiscal year or by the end of the second next federal fiscal year.
  - Establishes a three-year transition period for sanctions.
Regulatory Activity

- Program Integrity
  - October 29, 2010: Effective July 1, 2011
  - June 13, 2011: Effective July 1, 2012

- Foreign Schools
  - November 1, 2010: Effective July 1, 2011
Program Integrity Q and A

- Electronic Announcement 09/02/2011
- 9 of 14 Program Integrity issues addressed
  - State Authorization
  - Retaking Coursework
  - Credit Hour
  - Ability-to-Benefit
  - Incentive Compensation
  - Misrepresentation
  - Return of Title IV Funds
  - Satisfactory Academic Progress
  - Gainful Employment
October 29 Regs

- Definition of a Credit Hour
- Ability-to-Benefit (ATB)
- Return of Title IV Funds (R2T4)
- Satisfactory Academic Progress
- Incentive Compensation
- Written Agreements Between Schools
- Misrepresentation
- Disbursements for Books and Supplies
- State Authorization
October 29 Regs

- High School Diploma
- Verification
- Gainful Employment
High School Diploma
High School Diploma

- Schools must develop and follow procedures to evaluate the validity of a student's high school diploma if the school 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.
High School Diploma

- FAFSA will ask student to indicate high school.

- Being on the list does not mean “approved”

- Not being on the list does not mean “unapproved” or “questionable”
Gainful Employment
Gainful Employment Information

or from IFAP Homepage
  - Regulations
  - Dear Colleague Letters and Electronic Announcements
  - Frequently Asked Questions
  - Training, including webinars
  - Resources
Gainful Employment Programs

- Proprietary institutions –
  - All programs, except for –
    - Programs leading to a baccalaureate degree in liberal arts offered since January 2009 that has been regionally accredited since October 2007.
    - Preparatory non-certificate coursework necessary for enrollment in an eligible program.
Gainful Employment Programs

- Public institutions and not-for-profit institutions:

- All programs, except for -
  - Programs that lead to a degree;
  - Programs of at least two years in length that are designed to be fully transferable to a bachelor’s degree program and that do not lead to a certificate awarded by the institution.

- Preparatory coursework necessary for enrollment in an eligible program.
Gainful Employment Regulations

- Two sets of Final Rules published on October 29, 2010, with effective dates of July 1, 2011-
  - Program Integrity –
    - Disclosures
    - Reporting
  - Gainful Employment –
    - New Programs
- Final Rules on metrics to define gainful employment published on June 13, 2011
Gainful Employment Program

- A Gainful Employment program is identified by the:
  - 6 digit OPEID of the institution offering the program (8 digits for reporting)
  - 6 digit CIP Code (Classification of Instructional Program) assigned to the program by the institution
  - 2 digit Credential Level (See NSLDS Gainful Employment Users Guide)
Disclosures

- Disclosure Information on Program’s website home page –
- Effective July 1, 2011
- Must be simple and meaningful.
- Must contain direct links from any other webpage with general, academic or admission information about the program.
- Must be in an open format that can be retrieved, downloaded, indexed, and searched.
Disclosures

- Disclose for each GE Program:
  - Occupations that program prepares students to enter - by name and SOC code.
  - Program costs –
    - Tuition and fees, room and board, books and supplies. May include other costs.
  - Job placement rates for students completing the program.
Disclosures

- Disclose for each GE Program:
  - On-time completion rate
  - Median loan debt incurred by students who complete the program
    - Title IV loan debt (FFEL and Direct Loan only) – Amount borrowed.
    - Private educational loan debt – Amount borrowed.
    - Institutional financing plans – Amount owed.
Disclosures

- Institution must use disclosure form provided by the Department, when available.
  - Not available by July 1, 2011.
  - Institutions must comply with the disclosure requirements independently until form is available.

- See GE Electronic Announcement # 25
  - Disclosures by Educational Program
Adding New GE Programs

- Must notify ED at least 90 days before the first day of class of a new Gainful Employment Program.

- If the institution provided the required notification at least 90 days before the first day of class for the new program it need not wait for Departmental approval before disbursing funds to students enrolled in the new GE Program – Unless ????
Adding New GE Programs

- Approval is required if -
  - The institution is provisionally certified
  - The Department advises the institution that it must wait for approval.
  - The institution does not provide the required notification at least 90 days before the first day of class
Adding New GE Programs

- See new NPRM dated September 27, 2011
  - Proposes to change rules for adding new GE Programs
  - Comment period ends November 14, 2011.
  - If finalized, effective some time after July 1, 2012.
GE Reporting

- Institutions must annually report information about students enrolled in GE Programs.

- General information on reporting was provided in the Dear Colleague Letter GEN-11-10.

GE Reporting

- Regulations say institutions must report by October 1st for enrollments in the -
  - 2006-2007 through 2009-2010 award years.
- Federal Register dated August 2, 2011
  - November 15, 2011 for 2010-2011.
- Continue to accept reports for other award years through November 15, 2011.
GE Reporting

- Reporting is by –
  - Award Year
  - Student
  - GE Program
    - Institution (Six-digit OPEID)
    - CIP Code (See User Guide)
    - Credential Level (See User Guide)
GE Reporting

- For each student who enrolled in a GE Program during the award year
  - Social Security Number
  - First, middle and last name
  - Date of birth

- Use student’s Social Security Administration information.
GE Reporting

- Institution must report information on students who were enrolled in a GE Program for each award year -
  - Student identifying information
  - Program identifying information
  - Enrollment information
  - Amounts from private education loans and from institutional financing plans
  - Tuition and Fees (Optional)
GE Reporting

- A student may be reported more than once if –
  - Student was enrolled in a GE Program at the school in more than one award year.
  - Student was enrolled in more than one GE Program, even if in the same award year.
  - Student had multiple enrollments in the same GE Program in same award year.
GE Reporting

- Missing Data
  - Must inform ED if data will not be provided. Email to: GE-Missing-Data@ed.gov
    - Programs
    - Award Years
    - Students
    - Full Data
- Should send email if school has no GE Programs
GE Metrics

- Metrics final rule published on June 13, 2011

- Defines “gainful employment” to be when a substantial number of the GE Program’s students –
  - Are repaying their Title IV loans –
    - Repayment Rate
  - Have a reasonable debt burden –
    - Debt to Earnings Ratios.
GE Metrics

- Based on a cohort of a GE Program’s Former Students
  - 2YP – The third and fourth fiscal year prior to the most recently completed calculation year.
GE Metrics

- ED calculates Repayment Rate as –
  - A percentage of the Title IV loan amounts that a GE Program’s former students are repaying.

- ED calculates Debt to Earnings Ratios as –
  - The median educational loan annual repayment amount as a proportion of the borrowers’ average annual income.
GE Metrics

- A loan is successfully being repaid if:
  - Its balance is reduced by at least $1.00 over the course of the most recently completed fiscal year.
  - It has been paid in full.
  - It is on track to being forgiven due to public service employment.
  - The borrower is making payments under an interest-only or income-based repayment plan.
GE Metrics

Debt-to-Earnings Ratio (Annual Income)

\[
\text{Median Annual Loan Payment Amount} \div \text{Mean or Median Annual Earnings}
\]

Debt-to-Earnings Ratio (Discretionary Income)

\[
\text{Median Annual Loan Payment Amount} \div (\text{Mean or Median Annual Earnings less 1.5 X poverty guideline})
\]
GE Metrics

- SSA will provide the median and mean earnings of program graduates – ED will use the higher of the two.

- Schools can verify the lists of individuals submitted to SSA. However, the earnings data will be subject to SSA’s strict protections on individual privacy.
GE Metrics

- Calculating of the annual loan payment—
  - Uses the program's median loan debt –
    - Title IV, Private Educational Loans and Institutional Financing Amounts.
  - Amortized at 6.8% over –
    - 10 years for a certificate or AA program,
    - 15 years for a baccalaureate program, or
    - 20 years for a graduate program.
Title IV Eligibility

- A program must pass at least one of the following three rates to be a Gainful Employment Program eligible for Title IV participation:
  - Repayment rate of at least 35%.
  - Debt-to-Earnings ratio of less than 12% of total earnings, or
  - Debt-to-Earnings ratio of less than 30% of discretionary income.
Title IV Eligibility

- Upon first year as a failing program institution must —
  - Disclose to students and prospective students the amount by which the program did not meet the minimum standards and any plans for improvement;
  - Establish a three-day waiting period before students can enroll.
Title IV Eligibility

- Upon being a failing program for two years out of three, institution must tell students that -
  - Their debts may be unaffordable;
  - The program may lose eligibility; and
  - What transfer options exist.

- If a failing program for three of four years, program loses eligibility for Federal student aid.
GE Contact Information

General Information: IFAP Website
Gainful Employment Information Page

Policy Questions: ge-questions@ed.gov

Reporting Questions: nsldsgge@ed.gov
Verification
Communications

- NPRM: June 18, 2010
- Final regulations: October 29, 2010
- Technical Corrections: April 14, 2011
- Federal Register Notice: July 13, 2011
- Dear Colleague letters
  - GEN-11-03, February 2011 (IRS)
  - GEN-11-13, July 2011 (Verification)
Highlights of new regulations

- Eliminates $400 tolerance; replaces with $25 tolerance for any item.
- Must report all changes, not just those that impact Pell.
- Eliminates the 30 percent institutional verification cap.
- May update marital status.
Highlights of new regulations

- Allows the Secretary to include any item from the FAFSA for possible verification.

- Replaces the five verification items for all selected applicants with a targeted selection of items based upon each student’s characteristics.

- No customization for 2012-2013.
2012-13 Verification Items

- Annual Federal Register notice—
  - Items to verify
  - Acceptable documentation

- Federal Register Notice: July 13, 2011

- DCL GEN-11-13, July 2011
2012-13 Verification Items

▪ All Applicants—
  ▪ Number in Household –
    ▪ Not required if:
      ▪ Dependent student household size reported is two and the parent is unmarried or three if the parent is married.
      ▪ Independent student household reported is one and the applicant is unmarried or two if the applicant is married.
2012-13 Verification Items

- **All Applicants** –
  - Number in College
    - Not required if reported is one.
    - Provide name and age of each household member who is or will be attending an eligible postsecondary educational institution as at least a half-time student in the 2012-2013 award year and the name of the eligible institution(s) that each household member is or will be attending.
2012-13 Verification Items

- **All Applicants** –
  - Food Stamps, if receipt reported on FAFSA—
    - Documentation from the agency that issues Food Stamps benefit or alternative documentation as determined by the institution to be sufficient to confirm that the applicant received Food Stamps in 2010 or 2011.
2012-13 Verification Items

- All Applicants —
  - Child support paid if amount reported on FAFSA—
    - Statement signed by the applicant, spouse, or parent who paid the child support certifying:
      - Amount of child support paid
      - Name of the person to whom child support was paid
      - The name of the children for whom child support was paid.
2012-13 Verification Items

- **Tax Filers** — (From IRS Data Retrieval)
  - Adjusted Gross Income (AGI)
  - Taxes paid
  - Specific untaxed income items from tax return -
    - Untaxed IRA distributions
    - Untaxed pensions
    - Education credits
    - IRA deductions
    - Tax exempt interest
2012-13 Verification Items

- **Nontax Filers**—
  - Copy of IRS Form W-2 for each source of employment income received for tax year 2011.
  - A signed statement certifying—
    - That the individual has not filed and is not required to file an income tax return for tax year 2011
  - The sources of income earned from work as reported on the FAFSA and amounts of income from each source for tax year 2011 that is not on W-2s.
2012-13 Documentation

- Comprehensive list in July 13, 2011 Federal Register notice
  - IRS Data Retrieval Process
  - IRS Transcript
    - Request
      - On-Line
      - Phone – (800) 908-9946
      - Form 4506T-EZ
  - IRS Tax Return: Limited conditions
IRS Data Retrieval

- CPS will set flags and comment codes to indicate that the 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

IRS Request Flag on ISIR will begin to be populated

- **00** = Student/Parent was ineligible to use the IRS Data Retrieval Tool and was therefore not presented with the option to use it in FAFSA on the Web
- **01** = Student/Parent was presented with the option to use the IRS Data Retrieval Tool in FAFSA on the Web and elected to use it, but did not transfer IRS data into the FAFSA
- **02** = IRS data for the student/parent was transferred from the IRS and was not changed by the user prior to submission of an application or correction
- **03** = IRS data for the student/parent was transferred from the IRS and changed by the user prior to submission of an application or correction
IRS Request Flag Values

- **04** = IRS data for the student/parent was transferred from the IRS and then changed by the user on a subsequent transaction
- **05** = Student/parent was presented with the option to use the IRS Data Retrieval Tool in FAFSA on the Web, but did not elect to use it
- **06** = IRS data for the student was transferred from the IRS, but a subsequent change made the student/parent ineligible to use the IRS Data Retrieval Tool
- **blank** = IRS Data Retrieval Tool not available in the application method utilized by the student/parent (i.e., paper FAFSA, EDE, or FAA Access)
IRS Data and Verification

- 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.

- Data retrieval process can be used as a “correction” using FOTW.
IRS Data Retrieval

- Tentative - February 1\textsuperscript{st} deployment for 2012-2013

- The IRS Data Retrieval process will be enhanced to more effectively encourage users to link to and transfer data from the IRS.
IRS Data Retrieval Tool

2012-2013

FAFSA on the Web will include logic to make the determination for the applicant.
Two Factor Authentication
Two Factor Authentication

Project Overview

As part of our ongoing efforts to ensure the security of Federal Student Aid data we will be implementing a security protocol that will require two forms of “authentication” to access FSA systems. This process is referred to as Two Factor Authentication (TFA).

- Something that you **know**: User ID and Password
- Something that you **have**: Token with a One Time Password
Two Factor Authentication

- The One Time Password (OTP) will be generated by a small electronic device known as the ‘Token’ that is in the physical possession of the user.

- To generate the OTP, a user will press the “power” button on the front of the token.

- A different OTP will be generated each time the token button is pressed.
Two Factor Authentication

- Phase 1: 1,300 FSA users - completed.
- Phase 2: 5,200 ED users - September 28.
- Phase 3: 900 foreign school users – September 30.
- Phase 4: 90,000 domestic users (institutions, lenders, agencies, other) – September 2012.
Two Factor Authentication

- Starting with Central Processing System (CPS) FAA Access to CPS Online Web site
- Phasing in:
  - NSLDS by December 2011
  - COD by November 2011
  - SAIG by December 2011
EFC Formula
2012-13
EFC Formula for 2012-13

• Formula book available on IFAP
• EFC Formula is same for 2012-13 as it is for 2011-12
• Some interim values different for 2012-13
• Income Threshold for Auto Zero EFC increased from $31,000 to $32,000
• SNT Formula unchanged
• Employment expense allowance, Income protection allowance, some State tax allowances, slightly up
• Education Savings and Asset Protection Allowance slightly down
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.
Federal Student Aid is pleased to provide you with a variety of ways to obtain training on many topics. You can click on one of the 4 catalog boxes to find training by topic, by medium (e-Learning or Instructor-Led), and by past presenters. You can also click on Training Registration to go directly to the registration system. And, you can check out the Training Announcements and Training Calendar below.

**Topic Catalog**
Click here to access training arranged by subject matter and content.

**e-Learning Catalog**
Click here to access training delivered in a variety of e-learning formats.

**Instructor-Led Training Catalog**
Click here to access training opportunities that are live, instructor-led. Some of these are conducted through distance technology, while others are in-person workshops.

**Past Presentations Catalog**
Click here for materials, podcasts, transcripts from training that has been completed. This includes time-sensitive information that may be outdated.

**Training Announcements**

The list of training announcements below provides a detailed description of all training, including when it will occur, what topics it will cover, and any materials you should bring with you. Click here to view more training announcements.

- **2011-09-26** - (ANN-11-21) Subject EDEExpress Online Training - Release of SOB-Compliant Versions of EDEExpress Online Training for 2011-2012 and Direct Loan Tools Online Training
- **2011-09-19** - (ANN-11-20) Subject Live Internet Seminar - Additional
Recorded Training

• Gainful Employment

• Adding a New GE Program from 09/26

• GE Reporting Process from 10/13

• Available on IFAP
Current Webinar

• 5 module Business Officer Training
  –Cash Management
  –R2T4 Issues
  –90/10 Calculation
  –Campus Based Programs
  –Q&A

• 90-120 minutes depending on topic
• Will be held October-November
• See DCL ANN 11-24 dated 10/06/2011
Upcoming Webinars

• Most FSA Training for 2011-12 will be via webinar
• Watch IFAP for Training Announcements (ANN DCLs)
• Must register for webinars – No charge
• Webinars are usually recorded and can be viewed later
Recorded Webinars on IFAP

- GE – Adding New Programs
- FISAP
- Professional Judgment
- Default Prevention
- DL Reconciliation
- R2T4 on the Web
CBTs on IFAP

• Computer Based Training
  – FSA COACH
  – Campus Based CBT
  – COD CBT
  – EDExpress

• All available on IFAP
  – Tools for Schools
FSA Conference

• 2010 FSA Conference Presentations
• Recorded Live in Orlando
• Not just the slides but an actual recording of the session
• All available on IFAP
  – Tools for Schools
2011 FSA Conference

November 29-
December 2, 2011

Las Vegas, NV
The 2011 Federal Student Aid (FSA) Fall Conference will be held at the MGM Grand Conference Center in Las Vegas, NV.

**MGM Grand Conference Center**
3799 South Las Vegas Blvd
Las Vegas, NV 89109

**Tuesday, November 29 – Friday, December 2, 2011**

**We have secured another block of rooms at Bally’s Las Vegas. Please visit our lodging page for more information.**

FSA anticipates auxiliary events occurring the day prior to the Fall Conference, Monday, November 28th, 2011. These events will be determined at a later date.

The FSA annual fall conference is designed to provide the most up-to-date information on Title IV programs and the evolving federal policies and procedures affecting our customers and partners. We also cover topics ranging from the technology associated with our information systems to developing new products and services.
Thank you for having me!
Region VI Training Officers

- Trevor Summers
  - trevor.summers@ed.gov
  - 214-661-9468

- Kevin Campbell
  - kevin.campbell@ed.gov
  - 214-661-9488