



# **NJASFAA**

## **Federal Update**

**April 14, 2010**


**Jeff Baker**

**Federal Student Aid**

**U.S. Department of Education**

# Agenda

- Pell Grant Payment Schedules
- Appropriations and Budget
- Legislative Status
- Loan Programs Update
- Transitioning to Direct Lending
- Default Rates
- Simplification – IRS Data Retrieval
- Regulatory Update



# 2010-2011 Pell Grant Payment Schedules



# Appropriations and Program Budget

# 2010-2011 Payment Schedules

- Revised Schedules Posted on April 8
  - Replace January 13 posting
  - Complies with Reconciliation Act
  - Extends Eligible EFCs from 4617 to 5273
  - Most other awards are the same
  - Possible reductions when COA is less than \$5,550
  - Other technical changes

# Title IV Program Budget Appropriations

Program	FY 2009* (AY 09-10)	FY 2010 (AY 10-11)	FY 2011** (AY 11-12)
<b>Pell Grant (Max Award)</b>	<b>\$36,492,000,000 \$5,350</b>	<b>\$26,988,100,000 \$5,550</b>	<b>\$34,878,000,000 \$5,710</b>
<b>FSEOG</b>	<b>\$ 757,500,000</b>	<b>\$ 757,500,000</b>	<b>\$ 757,500,000</b>
<b>FWS</b>	<b>\$ 1,180,500,000</b>	<b>\$ 980,500,000</b>	<b>\$ 980,500,000</b>
<b>Perkins</b>	<b>\$ 67,200,000</b>	<b>—</b>	<b>\$ (101,000,000)</b>
<b>LEAP</b>	<b>\$ 63,852,000</b>	<b>\$ 63,852,000</b>	<b>—</b>
<b>ACG/SMART</b>	<b>\$ 73,000,000</b>	<b>\$ 1,336,000,000</b>	<b>—</b>

\* Includes Recovery Act funding

\*\* President's FY 2011 Budget Request

# Title IV Program Budget Aid Available

In thousands

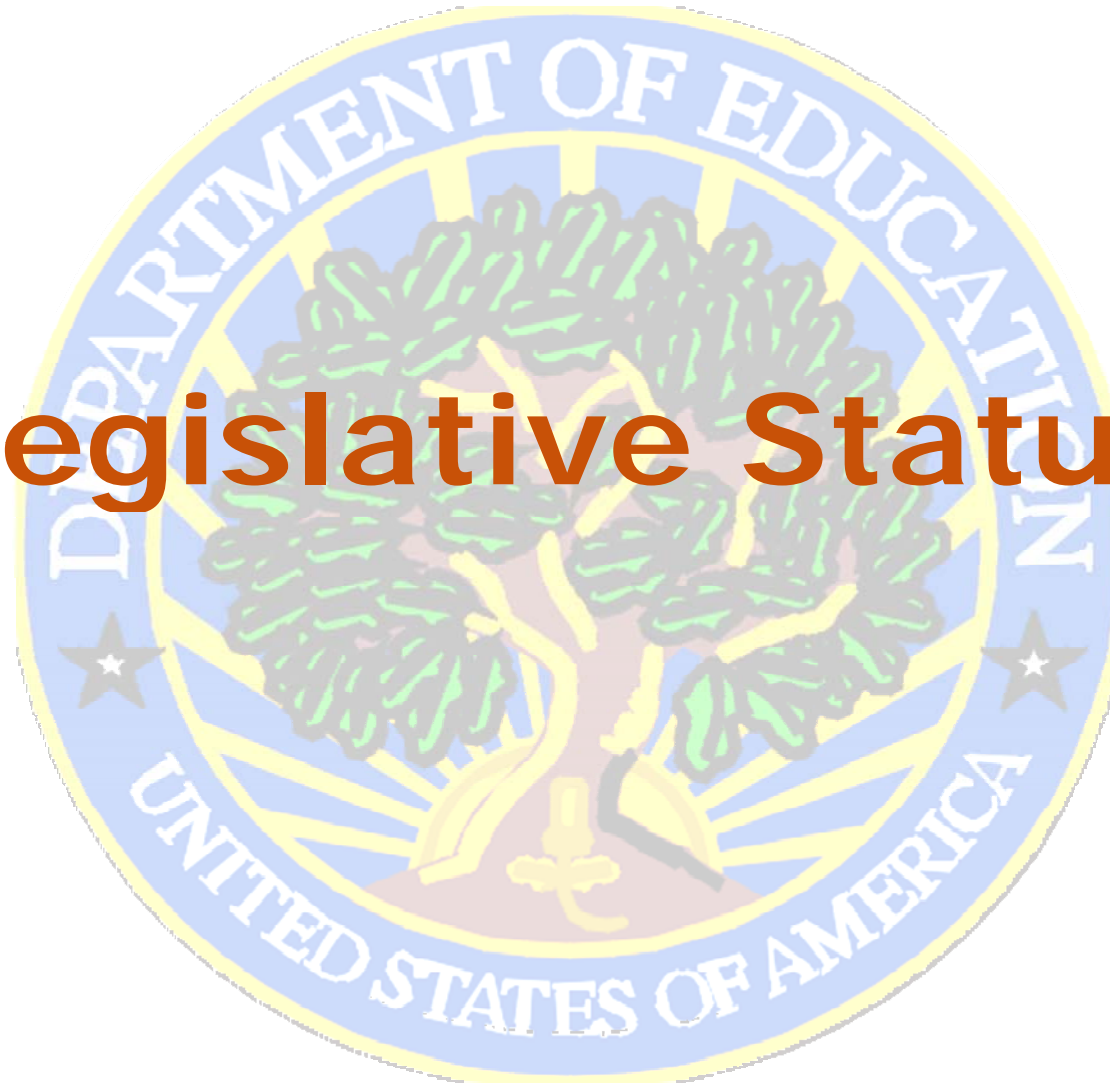
Program	FY 2009* (AY 09-10)	FY 2010 (AY 10-11)	FY 2011** (AY 11-12)
Pell Grant (Max Award)	\$ 28,213,300 \$5,350	\$ 32,295,200 \$5,550	\$ 34,834,300 \$5,710
FSEOG	\$ 958,800	\$ 958,800	\$ 958,800
FWS	\$ 1,417,300	\$ 1,170,800	\$ 1,170,800
Perkins	\$ 1,106,100	\$ 1,041,500	\$ 2,609,200
LEAP	\$ 161,555	\$ 161,555	—
ACG/SMART	\$ 864,000	\$ 932,000	—
TEACH	\$ 72,300	\$ 79,800	\$ 93,200
Loans	\$ 96,516,200	\$108,762,900	\$116,393,200
<b>TOTAL</b>	<b>\$129,309,555</b>	<b>\$145,402,555</b>	<b>\$156,059,500</b>

\* Includes Recovery Act funding

\*\* President's FY 2011 Budget Request



# Legislative Status



# House Passed Bills

Sunday, March 21

- HR 3590
  - Health Care as passed by Senate in December
    - No changes from Senate Bill
    - President signed on March 24
- HR 4872 (waiting for Senate)
  - Reconciliation Bill
    - “Fix” some health care provisions in HR 3590
- Title IV Student Aid Provisions

# HR 4872

- What's In It For Title IV Aid
  - Pell Grants -More reliable funding
    - Maximum Grant Increases each year by CPI
  - 100 % Direct Lending as of July 1, 2010
    - Sub, Unsub, PLUS, Consolidation
    - No more FFEL first disbursements
    - Subsequent FFEL disbursements can be made
    - In-school consolidation – One year

# HR 4872

- What's Not In It For Title IV Aid
  - No EFC Calculation Simplification
    - Elimination of Assets
    - All financial data from tax return
  - No new Perkins Program
    - Expansion of Program to more schools and more students
    - Recall of existing loans to FSA
  - Relaxation of Drug Conviction Provision



# Transitioning to Direct Lending





# Training

- IFAP Announcement: Publication Date: January 11, 2010
- DCL ID: ANN-10-01 Subject: Live Internet Webinars - Direct Loan Webinar Training Suite
  - Attachments contain session descriptions and schedule

# How to Get Started

- Email to COD
  - [CODSupport@acs-inc.com](mailto:CODSupport@acs-inc.com)
- Direct Loan Website
  - <http://www.direct.ed.gov/participating.html>
- For more information
  - Email to [DLEnrollment\\_FSA@ed.gov](mailto:DLEnrollment_FSA@ed.gov)
  - Email to [wood.mason@ed.gov](mailto:wood.mason@ed.gov)



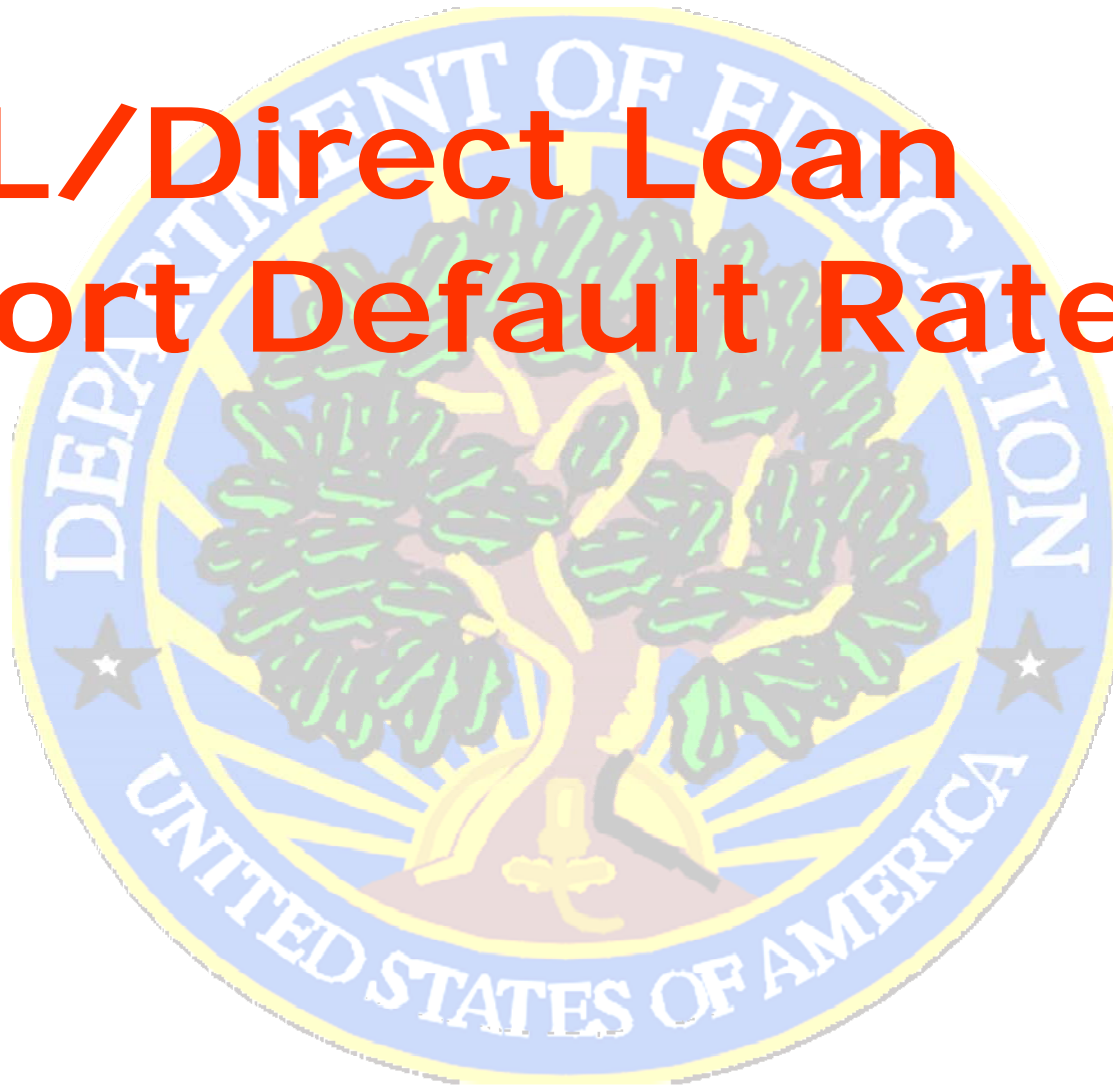
# **COD Call Center for Schools**

COD School Relations Center

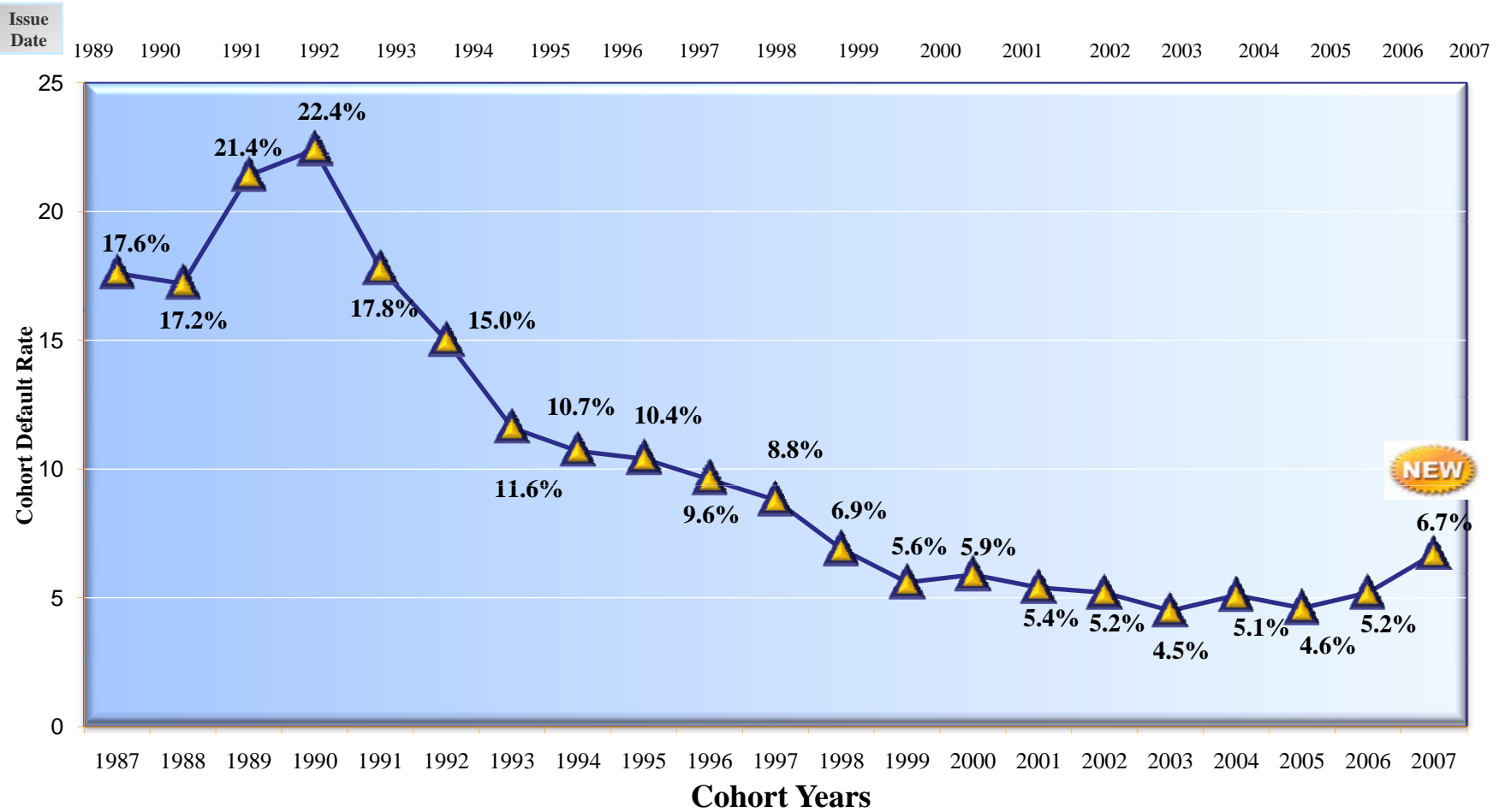
[www.cod.ed.gov](http://www.cod.ed.gov)

(800) 848-0978

# FFEL/Direct Loan Cohort Default Rates



# National Student Loan Cohort Default Rates



# Cohort Default Rates

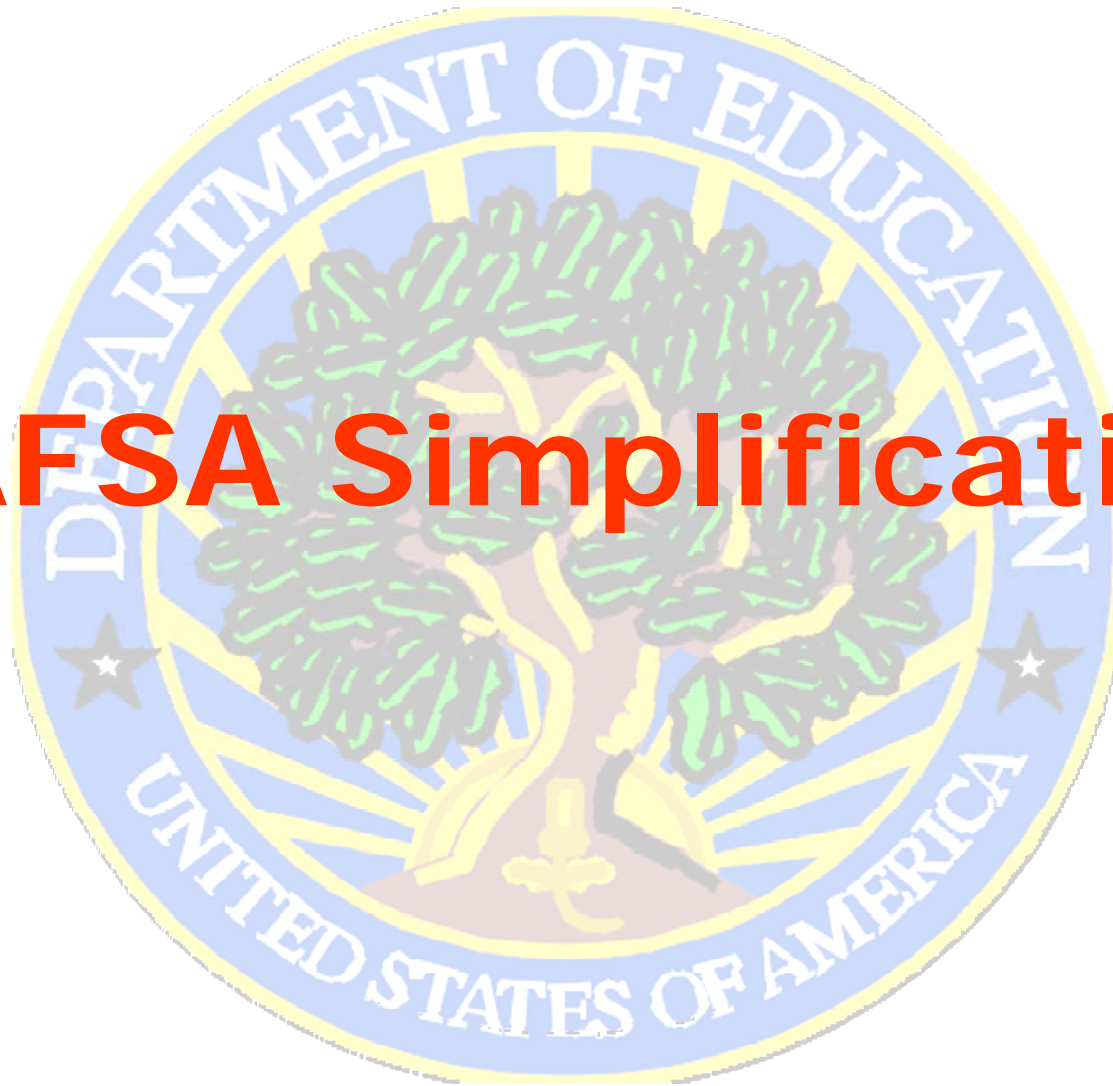


## 2-Year vs 3-Year Cohort Default Rate





# FAFSA Simplification

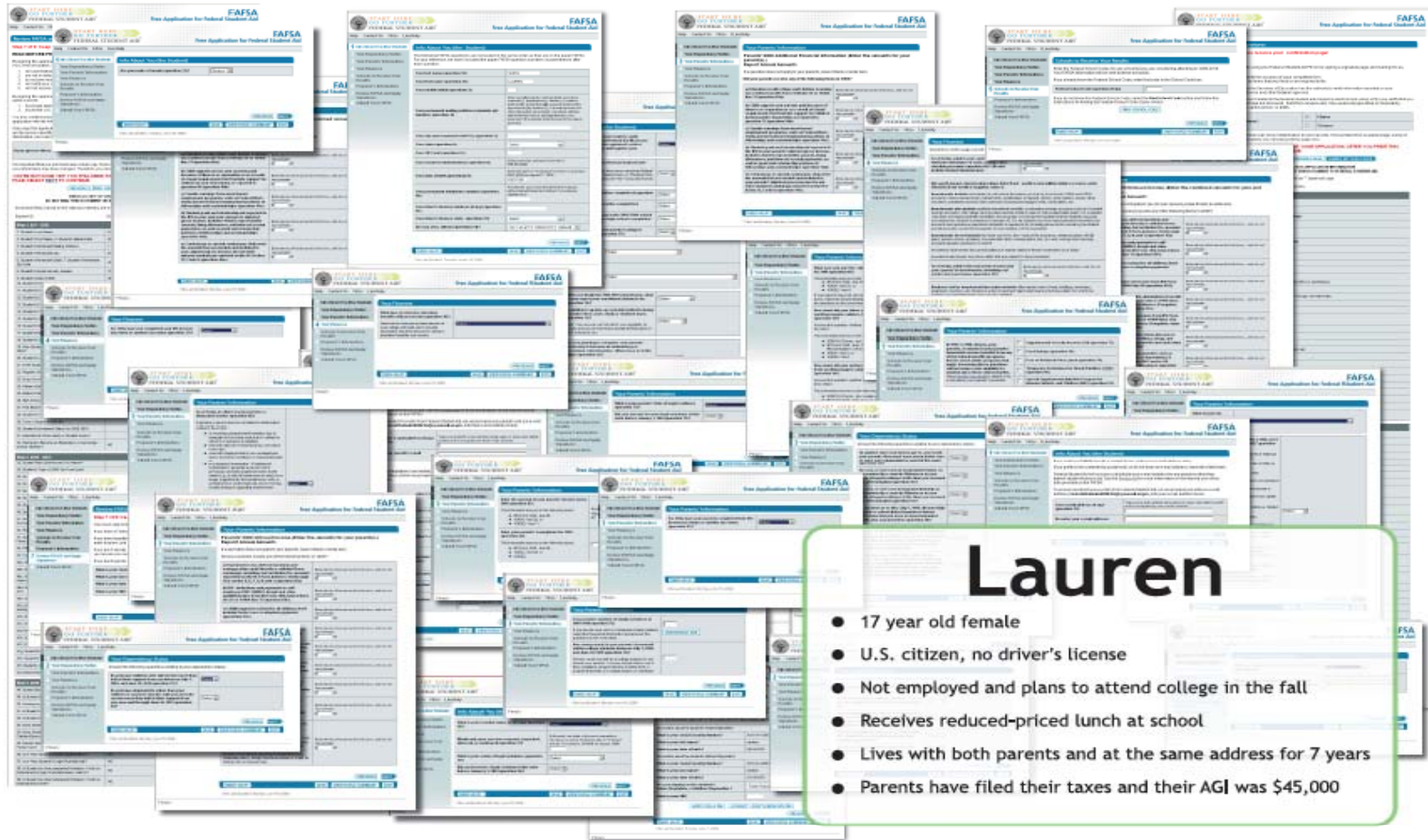


# Technology

- 2010-11 design facilitated by technology upgrade
- Updated navigation reduces the number of pages and length of the application
- Display of help text and instructions will be enhanced by:
  - use of field instructions
  - flyover text
  - modal boxes

The screenshot displays the FAFSA (Free Application for Federal Student Aid) application form. At the top, the logo reads "START HERE GO FURTHER FEDERAL STUDENT AID" and "FAFSA Free Application for Federal Student Aid". The navigation tabs include "Student Demographics", "Basic Eligibility", "School Selection", "Parent Demographics", "Financial Information", "Signature & Certification", and "Confirmation". The "Student Demographic Information" section is active, featuring fields for Last Name, First Name, Middle Initial, Social Security Number, DOB (mm/dd/yyyy), and gender (Male/Female). It also includes a section for Permanent Mailing Address with fields for City, State (a dropdown menu), and Zip Code. Below this, there are questions about residency duration, telephone number, email address, and marital status. A "Next" button is located at the bottom of the form. On the right side, there are two help panels: "Status" and "Am I eligible for student aid?", which provides a list of requirements for receiving federal student aid.

# 2009-2010 FAFSA



**Lauren**

- 17 year old female
- U.S. citizen, no driver's license
- Not employed and plans to attend college in the fall
- Receives reduced-priced lunch at school
- Lives with both parents and at the same address for 7 years
- Parents have filed their taxes and their AGI was \$45,000



START HERE  
GO FURTHER  
FEDERAL STUDENT AID®

# 2010-2011 FAFSA

A screenshot of the FAFSA application form, page 1, showing the 'FAFSA' title and various input fields for personal information.A screenshot of the FAFSA application form, page 2, showing the 'FAFSA' title and various input fields for financial information.A screenshot of the FAFSA application form, page 3, showing the 'FAFSA' title and various input fields for financial information.A screenshot of the FAFSA application form, page 4, showing the 'FAFSA' title and various input fields for financial information.A screenshot of the FAFSA application form, page 5, showing the 'FAFSA' title and various input fields for financial information.A screenshot of the FAFSA application form, page 6, showing the 'FAFSA' title and various input fields for financial information.A screenshot of the FAFSA application form, page 7, showing the 'FAFSA' title and various input fields for financial information.A screenshot of the FAFSA application form, page 8, showing the 'FAFSA' title and various input fields for financial information.A screenshot of the FAFSA application form, page 9, showing the 'FAFSA' title and various input fields for financial information.

22 Questions are Eliminated  
28% Reduction in Questions Presented  
17 Web Screens are Eliminated  
65% Reduction in Web Screens



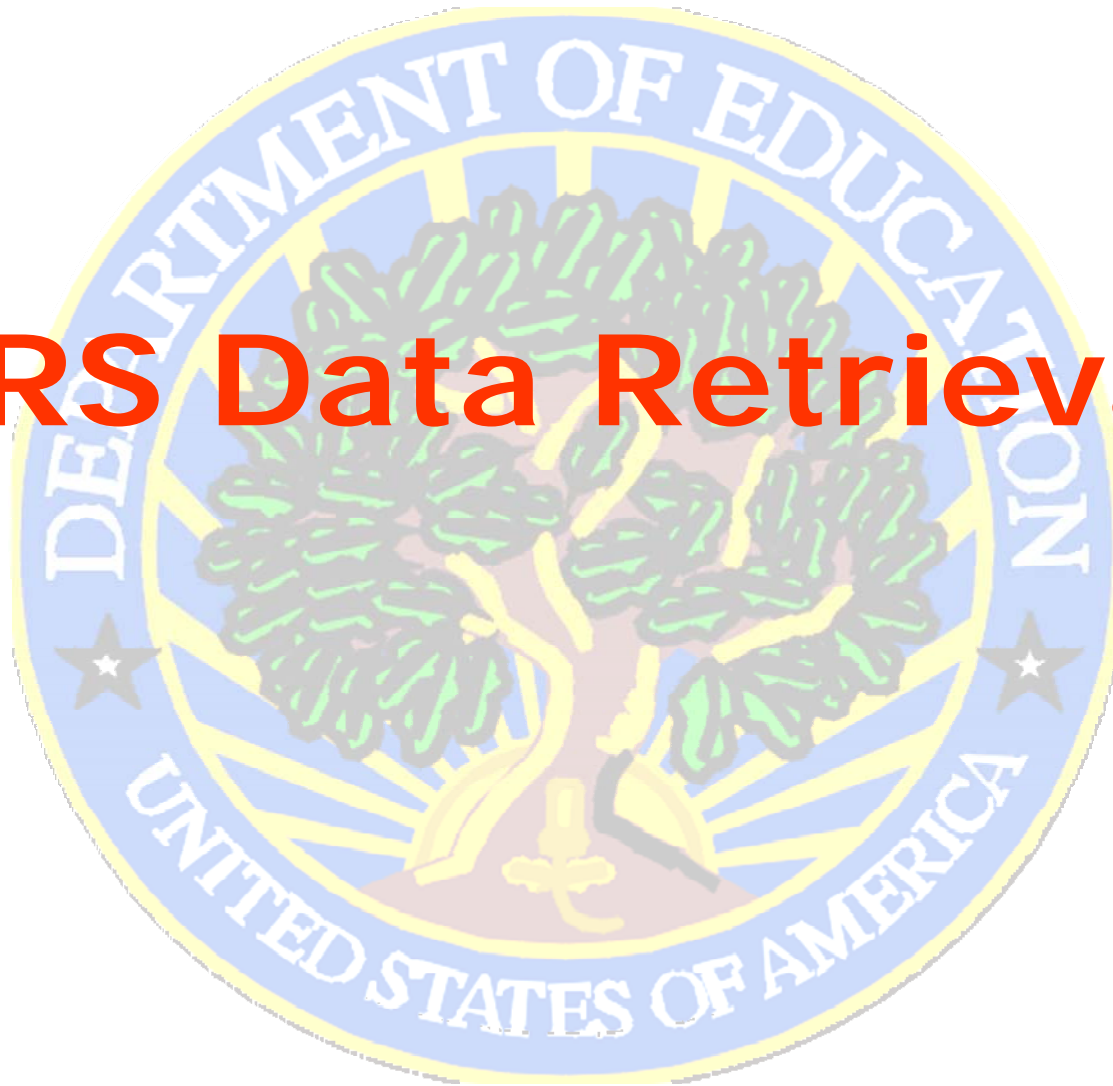
START HERE  
GO FURTHER  
FEDERAL STUDENT AID

# Results Reporting

- Retention, graduation and transfer rates within FAFSA on the Web
  - When students use the school code lookup within FOTW to lists colleges on the form, they will be presented with each college's reported retention, graduation and transfer rates.
  - This information will also display on the FAFSA on the Web confirmation page.



# IRS Data Retrieval



# IRS-FSA Concept

- Federal Student Aid (FSA) and the Internal Revenue Service (IRS) are developing a collaborative solution to simplify FAFSA completion.
- Tax filer Retrieves Their Own Data
  - No Consent
  - Voluntary
- Will allow some applicants that use FAFSA on the Web 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 * <a href="#">?</a> 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"/> <a href="#">v</a>
City, Town or Post Office *	<input type="text"/>
State/U.S. Territory *	<input type="text" value="Select One"/> <a href="#">v</a>
ZIP Code *	<input type="text"/>
Filing Status *	<input type="text" value="Select One"/> <a href="#">v</a>

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...


## 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".

<b>What income tax return did your parents file or will they file for 2008 (question 83)?</b>	<div style="text-align: right; font-size: small;">Transferred from the IRS</div> <div style="border: 1px solid #ccc; padding: 2px; display: inline-block;">1040 ▼</div>
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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,

Select ▼

## 2009-2010 IRS Data Retrieval

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



# Verification

- Flags on ISIR to identify when income data is from IRS versus self-reported
- Need to evaluate the 2009-10 pilot
- Verification On Neg Reg Agenda

# Implementation Schedule

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

# Enhancements Under Consideration

- Receive "Tax Filing Status" from IRS as part of data retrieval and transfer process
- Add data retrieval process to Corrections on the Web
- Add Spanish language version or enable Spanish FOTW filers to use retrieval process



The seal of the Department of Education, United States of America, is a circular emblem. It features a central figure of a woman, likely representing Education, holding a book and a torch. The figure is surrounded by a wreath. The outer ring of the seal contains the text "DEPARTMENT OF EDUCATION" at the top and "UNITED STATES OF AMERICA" at the bottom, separated by a small star on the left. The seal is rendered in a light blue and yellow color scheme.

# Negotiated Rulemaking

# Completed Regulatory Process

- General Provisions, Grants, and Other Issues
  - NPRM published August 21, 2009
  - Final published October 29, 2009
  - Effective July 1, 2010
- ACG/SMART Final Rule
  - November 2009



# 2008-2009 Negotiated Rulemaking

- General and Lender/Guaranty Agency Loan Issues
  - NPRM published July 23, 2009
  - Final published October 29, 2009
  - Effective July 1, 2010
- School-Based Loan Issues
  - NPRM published July 28, 2009
  - Final published October 28, 2009
  - Effective July 1, 2010



# 2009-2010 Negotiated Rulemaking

- May 26, 2009 Federal Register Notice
- Two Negotiating Committees
  - Program Integrity
    - Negotiations began November 2, 2009
    - Negotiations concluded January 29, 2010
  - Foreign Schools
    - Negotiations began November 16, 2009
    - Negotiations conclude February 26, 2010



# Program Integrity Agenda

- Definition of a high school diploma
- Ability to benefit
- Misrepresentation by institutions
- Incentive compensation
- State authorization and institutional eligibility



# Program Integrity Agenda

- Gainful employment in a recognized occupation
- Definition of credit hour
- Agreements between institutions of higher education
- Verification of information on FAFSA
- Satisfactory academic progress



# Program Integrity Agenda

- Retaking coursework
- Return of Title IV aid: Term-based module programs
- Return of Title IV aid: Taking attendance
- Disbursements of Title IV funds
  - Provide funds for books and supplies



**Two Pell Grants In An  
Award Year  
Basic Concepts**

## Two Pell's In An Award Year

- Authorized by the Higher Education Opportunity Act (HEOA).
- If eligible, student able to receive all or a portion of a second Scheduled Award within an Award Year.
- Objective is to help needy students accelerate their academic progress.
- Effective for the 2009-2010 Award Year.
  - Implementation by schools is not optional.
  - Students eligible for second Scheduled Award in 2009-2010 must be paid.
- Final Regulations Published October 29, 2009.

# Two Pell's: Student Eligibility

- Second Scheduled Award
  - Student otherwise Pell Grant eligible.
  - Enrolled at least half-time.
  - Received 100% of first Scheduled Award.
  - Amounts received will count toward life-time aggregate limit, if applicable.
  - Beginning with 2010-2011 Award Year student must demonstrate academic year acceleration.

## Two Pell's: Student Eligibility

- No change in way award for payment period is calculated
  - Pell awarding formulas have not changed
  - Calculation by payment period based on student's Scheduled Award
- Within an Award Year, school continues to pay eligible student until reaching 200% of Scheduled Award for the Award Year
  - A payment period may include awards from both first Scheduled Award and second Scheduled Award.

## If Law Had Not Changed - Semester Example

Student may only receive up to ONE Scheduled Award within an Award Year. Assume student's 2009-2010 Scheduled Award is \$5,350 and will be \$5,550 for 2010-2011.

<b>Fall 2009</b> \$2,675	<b>Spring 2010</b> \$2,675	<b>Summer 2010</b> \$0	<b>100%</b> <b>2009-10 AY</b>
<b>2009-10 Award Year</b>			

<b>Summer 2010</b> \$2,775	<b>Fall 2010</b> \$2,775	<b>Spring 2011</b> \$0	<b>100%</b> <b>2010-11 AY</b>
<b>2010-11 Award Year</b>			

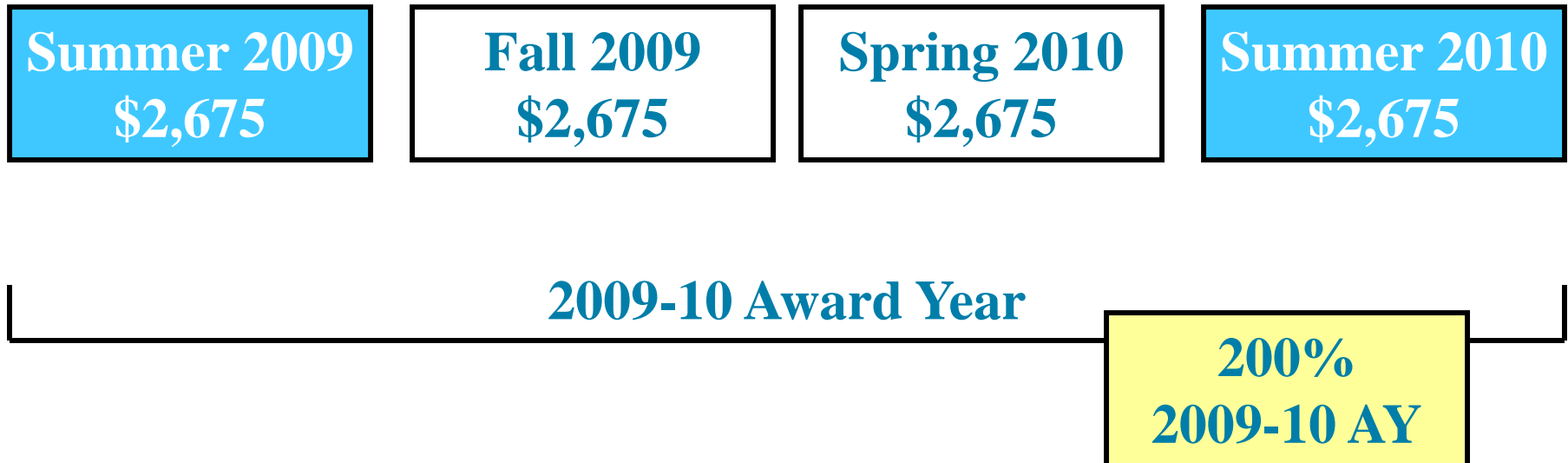
## New Law - Semester Example

Student may receive up to TWO Scheduled Awards within an Award Year. Assume student's 2009-2010 Scheduled Award is \$5,350 and will be \$5,550 for 2010-2011.

<b>Fall 2009</b> \$2,675	<b>Spring 2010</b> \$2,675	<b>Summer 2010</b> \$2,675	<b>150%</b> <b>2009-10 AY</b>
<b>2009-10 Award Year</b>			
<b>Fall 2010</b> \$2,775	<b>Spring 2011</b> \$2,775	<b>Summer 2011</b> \$2,775	<b>150%</b> <b>2010-11 AY</b>
<b>2010-11 Award Year</b>			

# New Law - Semester Example

Student may receive up to TWO Scheduled Awards.  
Student's Scheduled Award is \$5,350 for the Award Year.



# If Law Had Not Changed

## Clock Hours – Program Within One Award Year

Student may receive ONE Scheduled Award.

1500 clock hour program AY = 900 hours/26 weeks

Scheduled Award is \$5,350 for 2009-2010

**450 hours/13 weeks**  
**\$2,675**

**450 hours/13 weeks**  
**\$2,675**

**2009-10 Award Year**

**300 hours/8 weeks**  
**\$0**

**300 hours/8weeks**  
**\$0**

**2009-10 Award Year**

**100%**  
**2009-10 AY**

## **New Law**

### **Clock Hours – Program Within One Award Year**

Student may receive up to TWO Scheduled Awards

1500 clock hour program AY = 900 hours/26 weeks

Student's Scheduled Award is \$5,350 for 2009-2010.

**450 hours/13 weeks**  
**\$2,675**

**450 hours/13 weeks**  
**\$2,675**

**2009-10 Award Year**

**300 hours/8 weeks**  
**\$1,647**

**300 hours/8 weeks**  
**\$1,646**

**2009-10 Award Year**

**161.6%**  
**2009-10 AY**



# **Two Pell Grants In An Award Year**



## **Cross-Over Payment Period Requirements**

# Cross-Over Payment Period

- Longstanding Policy –
  - Payment period that includes both June 30 and July 1.
  - Must be assigned to one award year.
  - Must have valid SAR/ISIR for assigned year.
  - First and last cross-over payment periods could be from the same award year.
  - May be different award year for Pell than for other Title IV aid. See later slides.

# New Regs for Cross-Over Term

- Effective with the 2010-2011 Award Year
- Must assign to award year in which student receives greater payment for the term - based upon information available at initial calculation.
  - Assume other year is higher if –
    - No SAR/ISIR.
    - Rejected ISIR with no EFC.
    - ISIR selected for verification but verification not completed.

# New Regs for Cross-Over Term

Changes –

- Until date published in Federal Register (September ???) -
  - Must reassign payment period if information received showing greater payment from other Award Year.
  - Must compare again if re-calculating for any reason.
- May monitor and adjust after Federal Register date.



**Two Pell Grants In An  
Award Year  
★ Acceleration ★**



# Acceleration

- At least one credit or clock hour (or partial hour if school uses partial hours) in the payment period when award will be from a second Scheduled Award must be attributable to the student's next academic year.
- Not "grade progression".
- Must be applied for any required recalculation.
- Gives meaning to statutory use of term "accelerate"

## Year Round Pell: Transfers

- If student received 100% of the first Scheduled Award at prior school(s), assume student completed first academic year.
- If student received less than 100% use same ratio to the receiving school's academic year as the % of the Scheduled Award that was received from the other school(s). Round up.
- Receiving school may use actual hours earned at prior school(s).
  - Credits do not have to transfer to new school
  - Not related to academic program

# Special Circumstances

- Academic Year completion requirement can be waived if –
  - FAA determines that student was unable to complete the hours of the first academic year due to 'circumstances beyond the student's control'.
  - Determination must be documented and made on a student by student basis.

# Special Circumstances

Special Circumstances beyond a student's control -

- May include, but are not limited to –
  - Student withdrawing from classes due to illness
  - Student being unable to register for classes necessary to complete his or her eligible program because those classes were not offered.



# Special Circumstances

Special Circumstances beyond a student's control does not include-

- Withdrawing to avoid a particular grade or failing to register for a necessary class that was offered during the period to avoid a particular instructor.

