



FEDERAL UPDATE

White House Initiative
on
Tribal Colleges and Universities

**“Strengthening Academic Competitiveness for Tribal
Colleges and Universities”**

November 29, 2007
Minneapolis, Minnesota

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Federal Student Aid
U.S. Department of Education



Federal Update Agenda

- Legislation and Budget
- Negotiated Rulemaking
- Training



BUDGET AND LEGISLATION



Title IV Program Budgets Appropriations

| Program | FY 2006 (AY 06-07) | FY 2007 (AY 07-08) | FY 2008* (AY 08-09) |
|-----------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Pell Grant (Max Award) | \$13,045,230,000 \$4,050 | \$13,660,711,520 \$4,310 | \$15,439,000,000 \$4,600 |
| FSEOG | \$ 770,932,800 | \$ 770,932,800 | \$ - |
| FWS | \$ 980,354,485 | \$ 980,354,430 | \$ 980,492,000 |
| Perkins | \$ 65,470,363 | \$ 65,470,680 | \$ - |
| LEAP | \$ 64,987,000 | \$ 64,986,570 | \$ - |
| ACG/SMART | \$ 790,000,000 | \$ 850,000,000 | \$ 1,180,000,000 |

*** President's FY 2008 Budget Submission**



Title IV Program Budget Aid Available

| Program | FY 2007 (AY 07-08) | FY 2008* (AY 08-09) |
|-----------------------------------|--------------------------------------|--------------------------------------|
| Pell Grant (Max Award) | \$ 14,028,000,000 \$4,310 | \$ 15,176,000,000 \$4,600 |
| FSEOG | \$ 975,000,000 | \$ - |
| FWS | \$ 1,175,000,000 | \$ 1,175,000,000 |
| Perkins | \$ 1,104,000,000 | \$ - |
| LEAP | \$ 165,000,000 | \$ - |
| ACG/SMART | \$ 730,000,000 | \$ 1,180,000,000 |
| Loans | \$ 65,999,000,000 | \$ 72,895,000,000 |
| TOTAL | \$ 84,176,000,000 | \$ 90,426,000,000 |

* President's FY 2008 Budget Submission



Title IV Program Budgets Status of Appropriations

| Program | FY 2007 | FY 2008 | FY 2008 |
|-----------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | (AY 07-08) | House Subcommittee | Senate Committee |
| Pell Grant (Max Award) | \$13,660,711,520 \$4,310 | \$15,660,000,000 \$4,700 | \$14,487,000,000 \$4,310 |
| FSEOG | \$ 770,932,800 | \$ 770,932,800 | \$ 770,932,800 |
| FWS | \$ 980,354,430 | \$ 980,354,430 | \$ 980,492,000 |
| Perkins | \$ 65,470,680 | \$ 65,470,680 | \$ 65,470,680 |
| LEAP | \$ 64,986,570 | \$ 64,986,570 | \$ 64,986,570 |
| ACG/SMART | \$ 850,000,000 | \$ 920,000,000 | \$ 920,000,000 |

Legislation Update



LEGISLATION

- College Cost Reduction and Access Act (CCRAA) Pub.L. 110-84
- Third Higher Education Extension Act of 2007
- Reauthorization
 - S 1642 passed full Senate on July 24, 2007.
 - HR 3746 introduced in House on October 4, 2007.
- Continuing Resolution Pub. L. 110-92



College Cost Reduction and Access Act (CCRAA)

Student and Borrower Benefits



Pell, ACG and SMART

- Eliminates Pell Grant tuition sensitivity award rule, as of date of July 1, 2007.
 - Increases Pell Grant award by –
 - \$ 490 for 2008-09 and 2009-10
 - \$ 690 for 2010-11 and 2011-12
 - \$1,090 for 2012-13.
- No changes to ACG and National SMART Grant Programs.



TEACH Grants

- "Teacher Education Assistance for College and Higher Education Grants"
 - Effective for 2008-2009
 - Must be repaid as Direct Unsub Loan if student does not teach.
 - Up to \$4,000 per year for first undergraduate or post-baccalaureate (non degree) student - \$16,000 aggregate and \$4,000 per year for graduate student - \$8,000 aggregate.



TEACH Grants

- School Eligibility –
 - Provides high quality teacher preparation and professional development services.
 - Provides pedagogical course work, or assistance in the provision of such coursework.
 - Provides supervision and support services to teachers.



TEACH Grants

- Student Eligibility –
 - Completing coursework necessary to begin a career in teaching.
 - Plans to complete coursework necessary to begin a career in teaching.
 - Completing coursework for a graduate degree.
 - 3.25 GPA –equivalencies



TEACH Grants

Student Eligibility –

- Agrees to teach for at least four years within eight years of completing program, as a –
- “Highly Qualified Teacher” in a Title I special subject area school



TEACH Grants

▪ Subject Areas –

- Mathematics
 - Science
 - A foreign language
 - Bilingual education
 - Special education
 - As a reading specialist
 - Other 'high-need' fields
-
- Otherwise grant must be repaid as a Direct Unsubsidized Loan with interest from date(s) of original disbursement.



Need Analysis and EFC Calculation

- Income Protection Allowance
- Modifies the way income protection allowances are calculated and updated.
- Effective with the 2009-10 award year



Need Analysis and EFC Calculation

- Auto-Zero and Simplified Needs Test

Increases Auto Zero EFC income level from \$20,000 to \$30,000 (indexed).

- Adds Dislocated Worker in addition to type of tax return and means tested benefits.
- Increases time from 12 to 24 months for means tested benefits.
- Effective for the 2009-10 award year.



Need Analysis and EFC Calculation

- Excludes from specified list of “untaxed income” -
 - Welfare payments
 - Earned income credit amounts
 - Special fuel tax credit
 - Excluded foreign income
 - Untaxed Social Security Benefits
- Effective for the 2009-2010 award year.



Need Analysis and EFC Calculation

- Adds to independent student definition –
- Is in foster care or a ward of the court, at any time when the individual is 13 years of age or older.
 - Is an emancipated minor or is in legal guardianship.
 - Has been verified as an unaccompanied youth who is a homeless child or youth.
 - Effective for the 2009-2010 award year.



Need Analysis and EFC Calculation

- Excludes 'special combat pay' from income .
- Qualified education benefit (529 plan) owned by dependent student is an asset of the parent.
- Distributions from 529 plans excluded from other financial assistance.
 - Effective for the 2009-2010



FAA Discretion – Professional Judgment and Dependency Overrides

- Adds dislocated worker and homelessness as examples of when an FAA can use professional judgment.
- Provides that an FAA can use a dependency override made by another FAA within the same award year.
- Both effective July 1, 2009



FFEL and Direct Loans

- Interest Rates –
 - Reduces interest rates on FFEL and DL undergraduate subsidized loans from 6.8% to 3.4% by 2012. Beginning in 2013 the rate reverts back to 6.8. First reduction begins with loans first disbursed on or after July 1, 2008.
 - No increases in loan limits.



FFEL and Direct Loans

- Economic Hardship Deferment –
 - Changed one of the conditions from borrowers earnings being less than 100% of the poverty level for a family size of two, to 150% of poverty level for the borrower's family size.
- Effective October 1, 2007



Perkins, FFEL, and Direct Loans

- Current (HERA) Military Deferment –
 - All Title IV loans, not just loans that were made on or after July 1, 2001.
 - Removes three year time limit.
 - Adds a 180 day period after demobilization.
- New deferment for up to 13 months following end of service if borrower was in school or grace when called to active duty.
- Effective October 1, 2007



Income Based Repayment (July 1, 2009)

- Stafford and Student PLUS loans.
- Borrower's maximum annual repayment amount no more than 15% of the difference AGI and 150% of the poverty line based on family size.
- If negative amortization, government pays interest on subsidized loans for up to three years.
- Unpaid amounts are forgiven after 25 years.



FFEL and Direct Loans

- Increased options to consolidate FFEL loans into a Direct Consolidation Loan for purpose of new Direct Loan only Public Service loan forgiveness program.
 - Effective July 1, 2008.



Direct Loans (FFEL)

- ~~Forgiveness for Public Service Employees –~~
 - Direct Loan borrowers who –
 - Had made 120 monthly payments.
 - Starting on October 1, 2007
 - Employed in public service during entire repayment period.
- FFEL borrowers may consolidate into DL to get benefit but all payments must have been in DL.



College Cost Reduction and Access Act (CCRAA)

Offsets



FFEL Lenders and Guaranty Agencies

- Reduction of FFEL lender insurance to 95% for loans first disbursed on or after October 1, 2012.
- Reduces FFEL guaranty agency retention percentage from 23% to 16%, effective October 1, 2007.



FFEL Lenders and Guaranty Agencies

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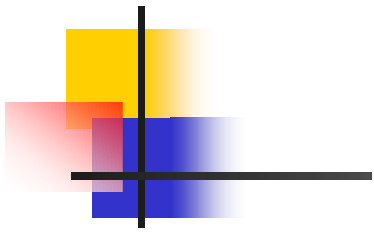
FFEL Lenders and Guaranty Agencies

- Elimination of Exceptional Performer Designation for FFEL lenders, lender servicers, and guaranty agencies effective October 1, 2007.
- Extension for lenders until expiration of current designation.



Special FFEL Auction Pilot

- Authorizes study of auction method for the origination or selling of student loans.
 - Starting on July 1, 2009 with FFEL PLUS Loans for parents (new borrowers only).
 - State by State Auction looking for lowest special allowance rates.
 - Two “winning” lenders will be the only parent PLUS lenders in that state for new parent PLUS borrowers.



Negotiated Rulemaking



Negotiated Rulemaking

- For 2009-2010 & subsequent award years
- CCRAA Implementation and possible other issues.
- One or two committees depending on issue to be negotiated



2007-2008 Negotiated Rulemaking

- Hearings:
 - November 2 – New Orleans
 - November 16 - Washington
 - November 29 – San Diego



2006-2007 Negotiated Rulemaking

- For 2008-2009 & subsequent award years.
- Four negotiating committees were established:
 - Accreditation
 - Loans
 - General Provisions
 - ACG and National SMART Grants



2006-2007 Negotiated Rulemaking

Accreditation

The Secretary has decided that we will not issue regulations on accreditation at this time.



2006-2007 Negotiated Rulemaking

- Notices of Proposed Rulemaking (NPRM) published:
 - Loans – July 12
 - ACG and National SMART – August 7
 - General Provisions – August 8
 - Final Rules Published:
 - Loans – November 1
 - ACG and National SMART Grants – October 29
 - General Provisions – November 1.
 - Effective Dates: July 1, 2008
 - Possible early voluntary implementation



2006-2007 Negotiated Rulemaking

General Provisions

- not claimed
 - Permissions for electronic disbursements
 - Elimination of Late, Late Disbursements Cash management improvements:
 - Recovery of funds



2006-2007 Negotiated Rulemaking General Provisions

- Consistent definitions of terms - Enrollment status, academic level, and independent study.
- Addressing inconsistencies in the award of aid in nonstandard and nonterm programs.



2006-2007 Negotiated Rulemaking GENERAL PROVISIONS

- Aligns disbursements for all Title IV grant and loan programs (with a few exceptions)
- Defines “independent study” for direct assessment programs.



2006-2007 Negotiated Rulemaking ACG AND NATIONAL SMART

- Rigorous secondary school programs
- Mandatory institutional participation
- GPA requirements
- Academic Year progression
- Majors



2006-2007 Negotiated Rulemaking TITLE IV LOAN PROGRAMS

- Perkins Loans
 - Mandatory assignment
- Prohibited Inducements
- Preferred Lenders



2006-2007 Negotiated Rulemaking TITLE IV LOAN PROGRAMS

- Counseling required for Grad PLUS
- Eliminates maximum 12-month loan period
- Limits frequency of capitalization for Consolidation Loan borrowers
- Allows loan holders to grant deferments based on another loan holder's eligibility determination



2006-2007 Negotiated Rulemaking TITLE IV LOAN PROGRAMS

- Use of photocopy of death certificate to grant a discharge.
- Identity Theft
- Total and Permanent Disability



2006-2007 Negotiated Rulemaking TITLE IV LOAN PROGRAMS

- Requires loan holders to report enrollment/loan status information to NSLDS by Secretary's deadline
- Requires the Retention of Disbursement Records & Certification of E-signatures for Assigned MPNs



Mandatory Assignment of Defaulted Perkins Loans

- Schools hold more than \$400 million in Perkins Loans that have been in default for 5 or more years.
- Little collection activity seen on these loans.
- ED streamlined the voluntary assignment procedures, to encourage schools to assign their aged, defaulted loans.



Mandatory Assignment of Defaulted Perkins Loans

- Secretary may require assignment of a Perkins Loan if—
 - Outstanding principal balance is \$100 or more,
 - Loan has been in default for 7 or more years, and
 - No payment has been received in past 12 months.
- ED will notify schools when to assign loans.



Preferred Lenders

- School may choose to have preferred lender(s) list (includes web processes).
 - List must have at least 3 unaffiliated lenders.
 - Must disclose method/criteria for lender inclusion on the list.
 - Must provide comparative information on borrower benefits offered by listed lenders.



Preferred Lenders

- Must include prominent statement advising borrowers that use of school preferred lender not required.
- Cause any unnecessary delays in certification for borrowers not using one of the school's preferred lenders



School FFEL Loan Certification

- A school may not:
 - Refuse or delay certification based on borrower's choice of lender or GA.
 - Assign lender to first-time borrower.
 - Refuse to certify or certify a reduced amount; except on a case-by-case basis, documented, and reason must be provided in writing to borrower.
 - Includes "school as lender".



Prohibited Inducements

- Affects FFEL lender and guaranty agency eligibility and participation in the program.
- Creates concept of “rebuttable presumption” for prohibited and allowed activities.
- Includes a non-exhaustive list of prohibited activities.
- Includes a list of allowed activities.



Prohibited Inducements

- Prohibited activities include:
 - Payments to prospective borrowers, including prizes and additional financial aid.
 - Payments or other benefits to a school, school-affiliated organization, or individual for loan applications, volume of loans made, or placement on a preferred lender list.



Prohibited Inducements

- Prohibited activities include:
- Payments or other benefits to student lender reps on campus or other solicitors to secure loan applications from prospective borrowers
- Payment of referral or processing fees to another lender or other party.
- Payment of conference or training registration, transportation, and lodging costs for school or school-affiliated organization employees.



Prohibited Inducements

- Prohibited activities include:
- Providing staffing to a school except on a short-term, emergency basis.
- Payment of entertainment expenses related to lender-sponsored activities for school or school-affiliated employees.
- Undertaking philanthropic activities in exchange for FFEL applications, volume, or placement on a school's preferred lender list.



Prohibited Inducements

- Allowed activities include:
 - Assistance to schools comparable to that provided DL schools by the Secretary.
 - Support or Participation in student aid/financial literacy outreach with schools and guaranty agencies.
 - Toll-free numbers for FFEL info and school loan data transmission



Prohibited Inducements

- Allowed activities include:
 - Reasonable costs of meals, refreshments, and receptions for meeting, training, or conferences if open to all attendees.
 - Reduced origination fees and interest rates.
 - Payment of Federal Default Fees
 - Borrower benefits under repayment incentive programs.
 - Items of nominal value.



Prohibited Inducements

- Allowed GA activities include:
 - Payments for default aversion activities approved by the Secretary.
 - Payments for expenses related to participation in GA's governing board, official advisory committee, or for other official GA-sponsored activities.



Training





Financial Aid Professionals Portal under "Resources and Training"

- No sign-on necessary

The screenshot shows the website for Federal Student Aid Conferences. At the top left is the logo with the text "START HERE GO FURTHER FEDERAL STUDENT AID". To the right is the word "Conferences" in a large font, with "For Financial Aid Professionals" underneath. A navigation bar contains links for "Home", "Current Conferences", "Why You Should Attend", "Future Conferences", "Previous Conferences", and "Site Information". The main heading reads "Stay Current with our Federal Student Aid Conferences". Below this is a large photograph of a crowded conference hall. To the right of the photo is a section titled "Upcoming Conferences" listing two events: "New Orleans, Louisiana October 30 - November 2, 2007" and "San Diego, California November 26-29, 2007". Below the photo is a text block stating "The 2006 Conferences were a success!" followed by a paragraph: "We hosted almost 5,000 attendees at this year's conferences. We were honored to present Secretary of Education, Margaret Spellings at the conference in Las Vegas and Acting Under Secretary and Chief of Staff, David Dunn in Orlando. We are looking forward to 2007's exciting conferences in New Orleans and San Diego!". Below that is another paragraph: "Look for more information as we begin 2007. You can view the presentations from Las Vegas and Orlando [here](#)". At the bottom left of the page are links for "Contact Us" and "Who We Are". On the right side of the page, there is a small photograph of a woman speaking at a podium with an American flag in the background.



TFAP



TRAINING *for Financial Aid Professionals*

Training

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- ▣ [FSA COACH](#)
- ▣ [Financial Aid Basics](#)
- ▣ [Fundamentals of Title IV Administration](#)
- ▣ [FAFSA and FAA Access Web demo](#)

[Training on Specific Functions:](#)

- ▣ [NSLDS Aggregate Loan Calculation](#)
- ▣ [NSLDS Overview Training Series](#)
- ▣ [HBCU Summer Workshop](#)
- ▣ [COD and Title IV Grants](#)
- ▣ [FSA Assessments](#)
- ▣ [ACG/SMART Workshops](#)
- ▣ [R2T4 Funds Software](#)
- ▣ [Applicant Data Resolution](#)
- ▣ [ACG/SMART Webinar for High School Counselors and TRIO Counselors](#)
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Welcome to TFAP!

Federal Student Aid's Training for Financial Aid Professionals (TFAP) website contains information on our current and future training activities and learning resources.

To help you choose training that's tailored to your needs, we've identified the experience level and functional role appropriate for each series. If you're in the first two years on the job (or just want a "refresher"), see our listings for [New Financial Aid Professionals](#). If you need training on a specific financial aid system or in a specialized area of financial aid administration, check out courses in [Training for Specific Functions](#).

Going to training at one of our regional offices? Check our directions and other helpful information for FSA [Regional Training Facilities](#).

••• Announcements •••

Available now

National Student Loan Data System (NSLDS) Aggregate Loan Calculation

This training consists of online, instructor-led sessions that last an hour and a half. Topics covered include calculating aggregate loan limits using the NSLDS methodology and applying that information to student eligibility decisions. This



Training via the Web

- R2T4 on the web
- COD Basics for Title IV grants
- Calculating the EFC
- Applicant data resolution
 - Identifying information sources with FAA Access
 - Analyzing the ISIR
 - Resolving data issues



Additional Web Training

- FISAP Training
- NSLDS Data Overview
 - Data sources and reporting
 - Calculating remaining Aggregate loan limits and remaining eligibility
- NSDLS Eligibility Monitoring
 - Transfer monitoring
 - Pre/Post Screening
 - POP



Upcoming FSA Training

- Webinar on the College Cost Reduction and Access Act (CCRAA)
 - Late fall or early winter.
- Webinars on new regulations
 - Late fall or early winter.
- In-person training on both in Spring 2008.





CONTACT INFORMATION

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