



U.S. Department of Education

Federal Update

March, 2011

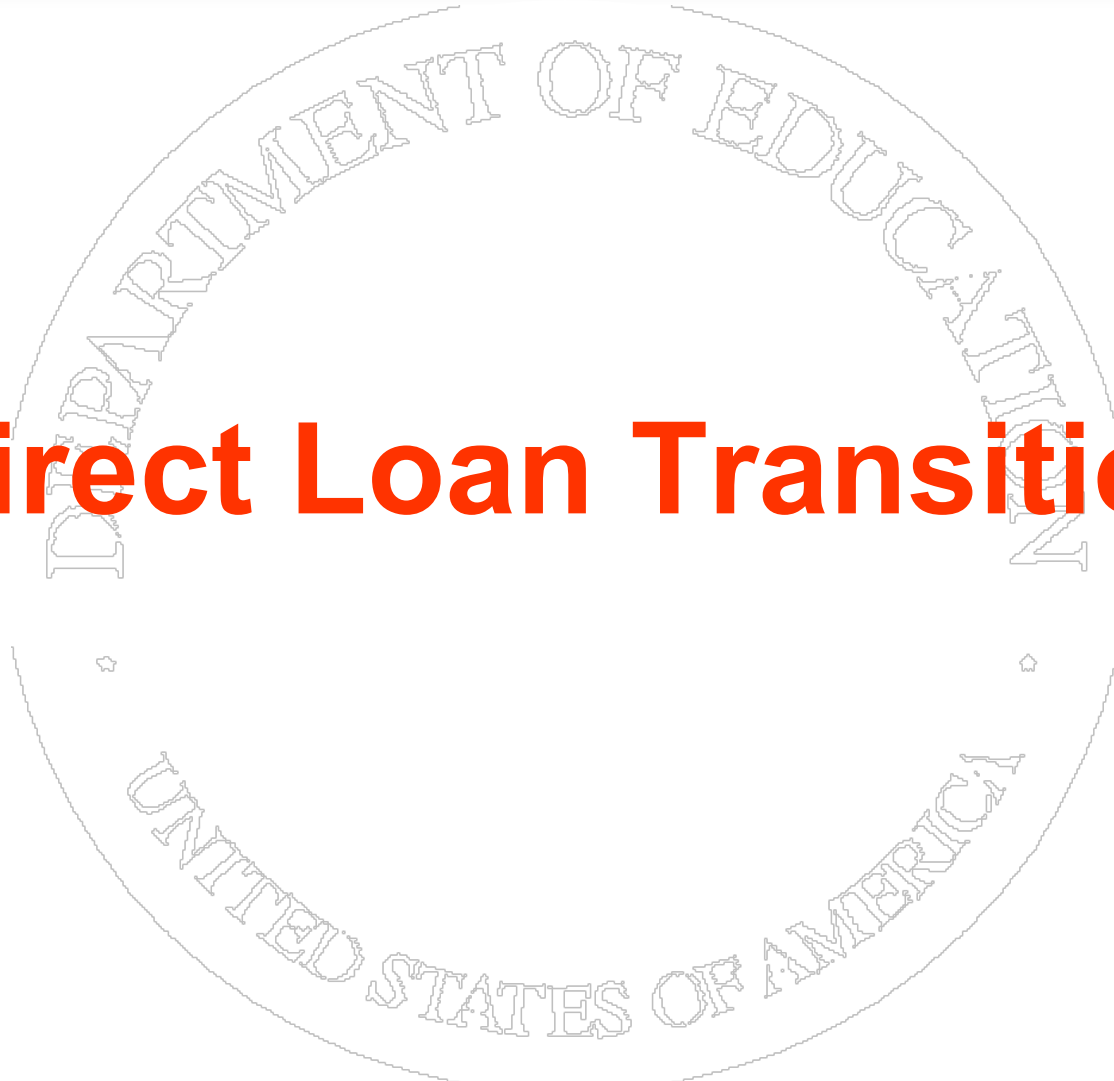




- Direct Loan Transition
- IRS Data Retrieval
- Two Pell's In One Award Year
- Regulatory Update



Direct Loan Transition



Direct Loan Transition



- Contracted with 4 additional servicers
 - ACS (original DL servicer)
 - Nelnet
 - Sallie Mae
 - Great Lakes Education Loan Services
 - AES/PHEAA
- Coming soon: procedure for referring complaints to ED that cannot be resolved with a servicer

Direct Loan Transition



- Borrowers with split servicers: ED process to determine which borrowers have multiple servicers
 - Moving loans where possible
 - Significant progress made

Direct Loan Transition



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

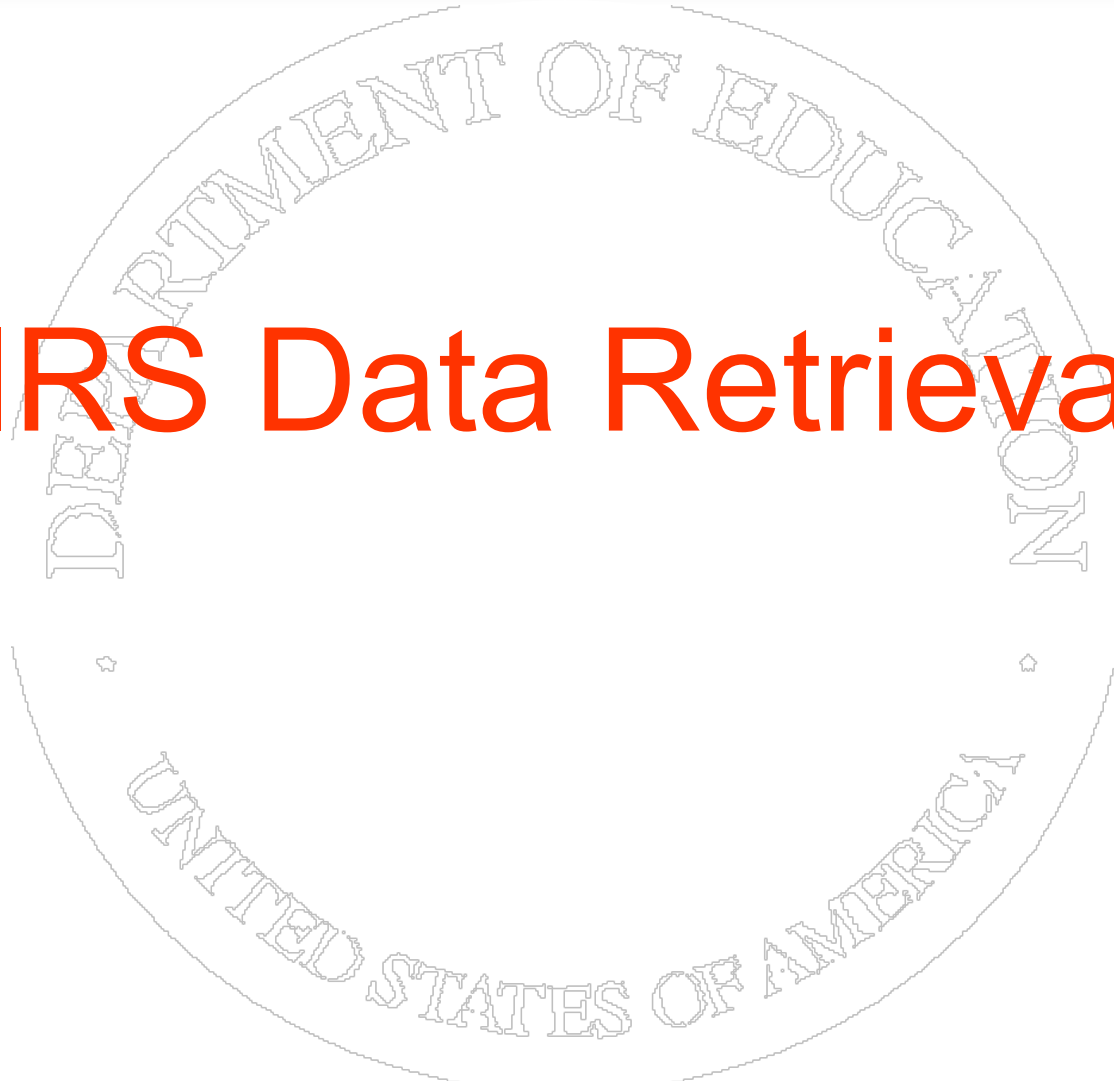
A: *No. Loans will be assigned to all servicers systemically as they book*

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

A: *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?

Select 

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

for discussion purposes only

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* 	<input type="text"/>
P.O. Box and/or Street Address	<input type="text"/>
Apt. Number (Required if it appears on your tax return)	<input type="text"/>
Country*	<input type="text" value="United States"/> 
City, Town or Post Office*	<input type="text"/>
State/U.S. Territory*	<input type="text" value="Select One"/> 
ZIP Code*	<input type="text"/>
Filing Status*	<input type="text" value="Select One"/> 

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

[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
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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 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/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.



- DCL GEN-11-03
 - Starting with 2012-13, those who can use the IRS data retrieval should do so
 - Cannot submit copy of tax return if not used
 - Would need to submit tax transcript if not used, or if data changed after submission
 - Goal: reduce improper Pell payments
 - Expecting: most who can use data retrieval will do so = less burden on FAOs


Implementation Schedule



- 2009-10 IRS process began Jan. 2010
 - Pilot to test proof of concept
- 2010-11 IRS data share began Sept. 2010
- 2011-12 IRS data share began Jan. 2011
 - Within a couple of weeks of electronic filing
 - Within several weeks of paper tax filing

Enhancements



- Beginning with the 2011-2012 processing year, the IRS data  retrieval process can be accessed by the applicant using Corrections on the Web.



Two Pell Grants in an Award Year



Two Pell's In One Award Year



- Authorized by the Higher Education Opportunity Act (HEOA)
- If eligible, a student receives all or part of a second Scheduled Award within an Award Year
- Goal is to help needy students accelerate their academic program
- Effective for 2009-2010 Award Year
- Future: ???



Regulations

- Team V-General and Non-loan Programmatic Issues: 2009
- Notice of Proposed Rulemaking: 8/21/2009
- Final regulations: 10/29/2009
- Effective in 2010-2011 Award Year

Unchanged Pell Rules



- Scheduled Award
 - Amount that full-time student would receive for a full academic year based on the student's EFC and COA
 - Prorated by payment period based on hours and weeks of instructional time attended – Pell Formulas
- Payment periods
- Payment for a payment period calculations



Changed Pell Rules

- Scheduled Award:
 - Old: Student may receive only one Scheduled Award in an award year
 - New: Student may receive more than one Scheduled Award in an award year



Changed Pell Rules

- Enrollment Status:
 - Old: Less than half-time enrollment eligible at all times
 - New: Must be at least half-time for second scheduled award



Changed Pell Rules

- Cross-Over Payment Periods
 - Old: Institution may assign a crossover payment period to either award year as a general policy or case-by-case basis
 - New: Must assign to award year that will produce higher payment amount



Second Scheduled Award

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

Pell Grant Award Amount



- No change in calculation of award for payment period
 - Awarding formulas have not changed
 - Award by payment period based on Scheduled Award
- School continues to pay until reaching 200% of Scheduled Award
 - Payment period may include awards from both first Scheduled Award and second Scheduled Award



- Effective with the 2010-11 Award Year
 - Cross-Over Payment Period
 - If cross-over payment period, school must award from the award year with the highest award amount for the payment period for the student
 - Academic Year Progression
 - At least one credit or clock hour in the payment period must be attributable to the student's next academic year



Academic Year Minimums

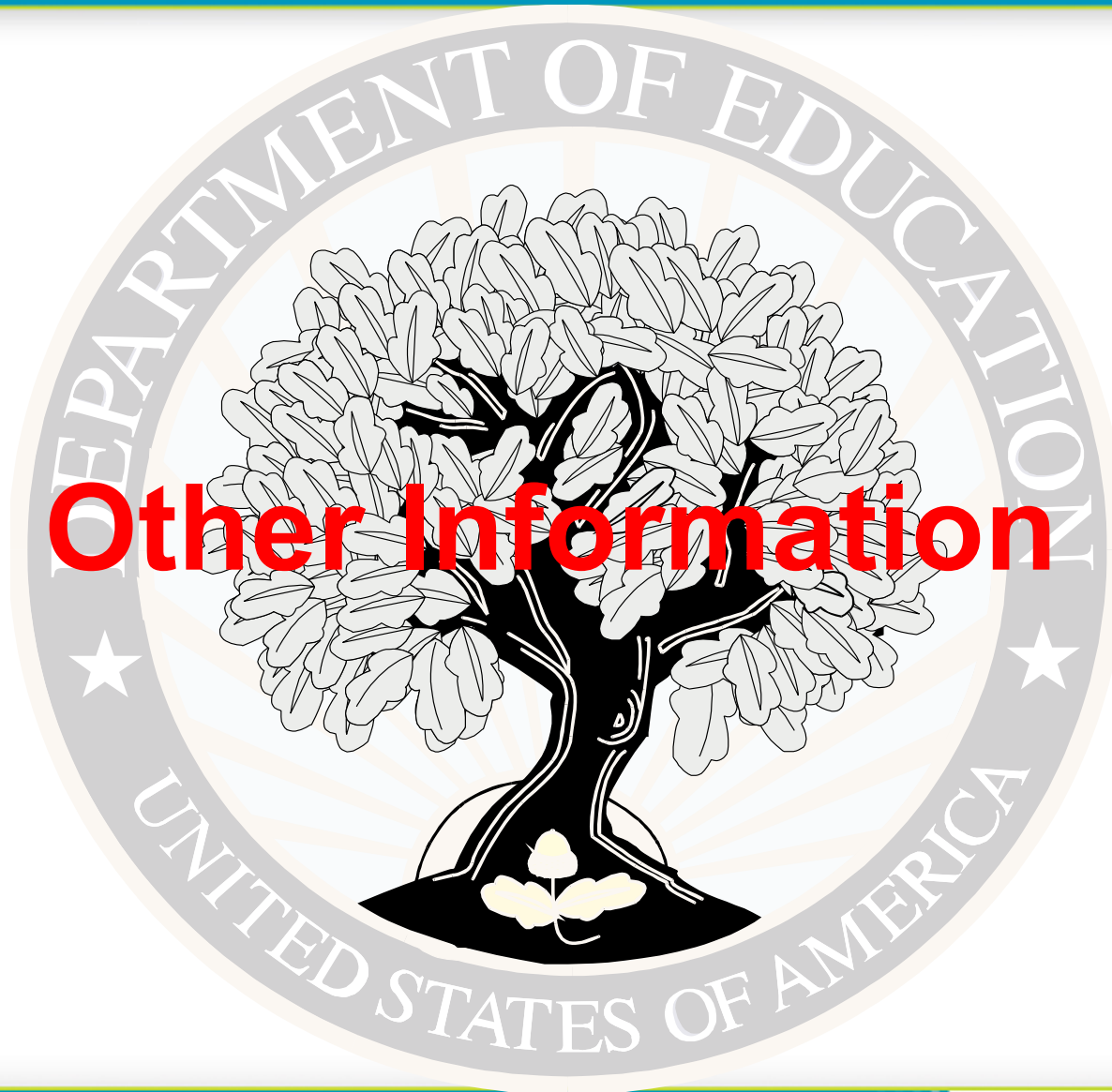
Statutory Definition of an Academic Year

Academic Progress Measured By	Minimum Completion Requirement*	Minimum Instructional Time Requirement**
Semester hours	24 semester hours	30 weeks
Trimester hours	24 trimester hours	30 weeks
Quarter hours	36 quarter hours	30 weeks
Clock hours	900 clock hours	26 weeks

*Number of hours that a full time student is expected to complete in a full academic year

**A week is a seven day period in which there is at least one day of instruction or exams.

for discussion purposes only



Other Information

Parent PLUS and FAFSA



- Beginning 2011-2012 student must file FAFSA for Parent PLUS Loan
- 98% already file
- COD will monitor
- Database matches to confirm eligibility
 - Social Security Number
 - Citizenship Status
 - Selective Service
 - NSLDS for defaults and overpayments



Regulatory Update

Program Integrity NPRM-1



- 6/18/2010: NPRM
 - “NegReg” between 11/2/2009 and 1/29/2010
 - 8/2/2010: Comment Period Ended
- 10/29/2010: Final regulations posted
 - 7/1/2011: Most regulations effective
 - *Exceptions:*
 - Verification and Updating – 7/1/2012
 - State Authorizations – possible one year extensions through 7/1/2012 and 7/1/2013
 - No early implementation

Topics Covered



- Evaluating the Validity of High School Diplomas
- Ability to Benefit
- Misrepresentation
- Incentive Compensation
- State Authorization
- Credit Hour Definition
- Clock to Credit Hour Conversion
- Written Agreements Between Institutions
- Verification
- Satisfactory Academic Progress
- Repeated Coursework
- Return of Title IVAid (R2T4)
- Disbursement
- Gainful Employment



Ensuring that only eligible students receive federal funds

High School Diploma:

Institutions must develop and follow procedures to evaluate the validity of a student's H.S. 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

High School Diploma:

2011-12 FAFSA: One question (3 fields) for those indicating will have H.S. diploma

- Name, city, and state of high school
- Not allowed to skip on FOTW (for 2011-2012 only presented to 1st time undergrads)
- Must review any student if concerns arise



Ensuring that only eligible students receive federal funds

Ability to Benefit (ATB):

- Extends eligibility for Title IV aid to students without H.S. 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
- Provides flexibility to institutions in establishing their policies
- More flexibility for schools that monitor each payment period (SAP Warning)



Ensuring that only eligible students receive federal funds

Verification (starting in Jan. 2012):

- Replaces the five standard items for all selected applicants with a targeted selection of items based upon each student's characteristics
- Eliminates the 30% cap
- Requires the processing of all changes and corrections to an applicant's FAFSA information



Consumer Protection

- **Misrepresentation:** Strengthens the Department's authority to take action against institutions engaging in deceptive advertising, marketing, and sales practices
- **State Authorization:** Clarifies the responsibilities of state agencies
- **Incentive Compensation:** Removes "safe harbors"



- **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 (one time) to count toward enrollment status for term based programs



Clarifying eligible coursework:

- **Clock to Credit Hour Conversion:**

Undergraduate credit hour programs must use clock-to-credit conversion unless:

- at least 2 academic years long and leads to a degree, **or**
- each course in program is fully acceptable to a degree program of at least 2 academic years in length at that institution
- Semester/trimester based on at least 37.5 clock hours and quarter based on at least 25 clock hours



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 Title IV participation revoked



Return of Title IV Aid (R2T4):

- 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



Disbursing Federal Student Aid Funds:

Institutions must ensure that a student has resources to obtain books and supplies by the seventh day of payment period

-applies to Pell eligible students who have a Title IV credit balance



GAINFUL EMPLOYMENT

- 7/26/2010: NPRM published
 - NegReg between 11/2/2009 and 1/29/2010
- 9/9/2010: Comment Period Ended
- Final regulations 10/29/2010 and in Jan. 2011
 - Some provisions effective 7/1/2011
 - Some provisions effective 7/1/2012



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, establishes such a standard.
- Public comment received last year, along with a number of studies, reports, and media reports show the need for regulation.

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.



for discussion purposes only



US Department of
Education



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