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Gainful Employment Webinar #7- How to Read Your GE Backup Detail Report

The U.S. Department of Education (ED) announced that the "[How to Read Your GE Backup Detail Report](#)" presentation is now available in PowerPoint format. The presentation covers topics such as: rate package, GE backup detail report and file layout, viewing the rates online, and requesting back up data online. In addition, the presentation covers GE background information, including the Final Rule published on June 13, 2011, and the Gainful Employment Operations Manual distributed on May 11, 2012.

Gainful Employment Announcement #35- Gainful Employment Operations Manual Available

The [Gainful Employment \(GE\) Manual](#) has been posted to the GE page on the Information for Financial Aid Professionals (IFAP) Web site. The manual is intended for Title IV participating schools and includes information about the 2010 and 2011 GE regulations. The manual also includes guidance on implementation and compliance with each aspect of GE regulations.



U.S. Department of Education
Information about your federal student loan

Correction to Dear Colleague Letter GEN-12-08

On [May 18, 2012](#), the U.S. Department of Education (ED) published a correction to Dear Colleague Letter (DCL) GEN-12-08, published on April 26, 2012, which provided guidance to schools regarding the disbursement of Title IV funds through a contractor.

The following sentence has been revised as follows:

"In addition, **if requested by the Secretary**, the institution must provide to the Secretary, a copy of any contract it has entered into with the servicer."

Interest Rates Calculations for the Period of July 1, 2012–June 30, 2013

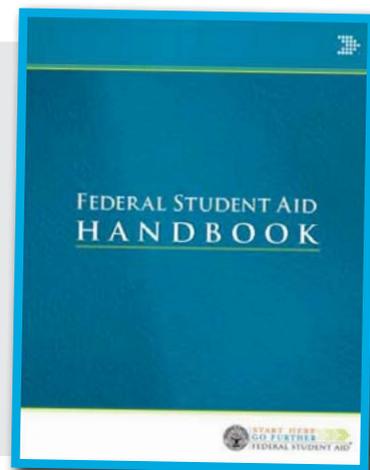
On May 31, 2012, the U.S. Department of Education (ED) released the [chart of variable interest rates](#) for the following federal loan programs: Stafford, PLUS, SLS, and Consolidation. Interest rates for these programs are determined annually and based on the following:

Program	Basis for Determining Interest Rate
Federal Stafford	Bond equivalent rate of the 91-day Treasury Bill auctioned at the final auction prior to June 1 each year. The bond equivalent rate for the 91-day Treasury Bill auctioned on May 29, 2012, is 0.086 percent, rounded to 0.09 percent.
Federal PLUS and SLS	Based on either the: <ul style="list-style-type: none"> • Bond equivalent of the 91-day Treasury Bill auctioned at the final auction prior to June 1 each year, or • Weekly average of the one-year constant maturity Treasury yield, published for the last calendar week ending on/before June 26 of each year.
Federal Consolidation	For loan applications received by an eligible lender on/after 11/13/1997, but prior to 10/1/1998: <ul style="list-style-type: none"> • Bond equivalent rate of the 91-day Treasury Bill auction prior to June 1 each year, or • 0.09 percent. For the HEAL portion of a consolidation for which the application was received by an eligible lender on/after 11/13/1997: <ul style="list-style-type: none"> • Average bond equivalent rates of the 91-day Treasury Bills auctioned. for the quarter ending June 30 of each year. ED will issue an updated announcement at the end of June, after this rate is available.

Updates to the 2012-2013 Federal Student Aid Handbook

On June 15, 2012, the U.S. Department of Education announced the availability of [Volume 3-Calculating Awards and Packaging](#) of the 2012-13 Federal Student Aid (FSA) Handbook.

All volumes of the FSA Handbook can be located on the Information for Financial Aid Professionals (IFAP) Web site.



Federal Need Analysis Methodology for 2013-2014 Award Year

In the Federal Register published on [May 29, 2012](#), the U.S. Department of Education (ED) announced its annual updates to the tables that will be used in determining federal need analysis for the 2013-2014 award year for the following federal programs: Pell Grant, Perkins Loan, Work-Study, Supplemental Educational Opportunity Grant, Direct Loans, and Teach Grant.

Computer Matching Program - Locating Borrowers in Default

The Federal Register published on [May 31, 2012](#), provides notice for the renewal of the computer matching program between the U.S. Department of Education (ED) and the Internal Revenue Service (IRS), which was last used between July 28, 2009 and July 27, 2010.

The matching program will allow ED to have access to the mailing address of any taxpayer who owes a grant overpayment or has defaulted on a loan(s). The IRS Code (IRC) [26 U.S.C. 6103(m)(4)(B)] permits ED to redisclose the taxpayer's mailing address to any lender, state, or nonprofit guarantee agency participating under part B or D of Title IV of the Higher Education Act (HEA). The matching program allows ED access to the mailing address of a taxpayer for purposes of locating the taxpayer to collect or compromise a Federal claim against the taxpayer.

MATCHING THE INFORMATION

ED will provide to the IRS the following data for taxpayers who have defaulted on a loan(s) or owe a grant overpayment:

- Social Security number (SSN); and
- First four letters of the taxpayer's last name.

This information will be extracted from ED's "Common Services for Borrowers (CSB)" and be matched against the IRS' records system to obtain the most recent contact information.

EFFECTIVE DATE OF THE PROGRAM

The program will become effective on the latest of the following dates:

- 40 days after the signing of the transmittal letter to send the computer matching program report to Congress and OMB, unless disapproved by OMB.
- 30 days after the signing of the transmittal letter if OMB chooses to waive 10 days of the 40-day review period.
- 30 days after the publication of the notice in the Federal Register.

The program will be in use for 18 months following the effective date and may be extended for an additional 12 months if conditions outlined in 5 U.S.C. 552a(o)(2)(D) are met.

Compliance Corner

QUESTION:

I work at a school. Is there anything in the regulations that requires me to provide information to a servicer or guarantor when they request it? We receive requests on a regular basis to provide the student's contact information; however, we almost always deny the request based on FERPA. Is this correct?

ANSWER:

By signing the Federal Family Education Loan Program (FFELP) Master Promissory Note (MPN), borrowers consent to the release of pertinent information for their loans, "by and among my school(s), lender(s), guarantor(s), the Department, and their agents," as provided in the Borrower Certifications and Authorizations Section (Item G) of the MPN. The same holds true for borrowers who sign a Direct Loan Master Promissory Note (MPN). The Borrower Request, Certifications, Authorizations, and Understandings Section of the MPN states, "I authorize the schools, lenders and guarantors, ED, and their agents to release information about my loan to each other."

Regulations also support the disclosure of student information. **34 CFR 668.24(f)(4)** provides that, "Upon request of the Secretary, or a lender or guaranty agency in the case of a borrower under the FFEL Program, an institution or servicer promptly shall provide the requester with any information the institution or servicer has respecting the last known address, full name, telephone number, enrollment information, employer, and employer address of a recipient of title IV funds who attends or attended the institution."

In addition, **FERPA Regulations in 34 CFR 99.31** provide that schools are permitted to share the student's contact information (personally identifiable information) **without the student's prior consent under certain conditions. These conditions include providing information when the disclosure is in connection with financial aid for which the student has applied or which the student has received; if the information is necessary to determine eligibility for the aid, determine the amount of the aid, determine the conditions of the aid, or enforce the terms and conditions of the aid.**

For additional information about FERPA requirements, please refer to Volume 2, Chapter 7, pages 2-134 through 2-136 of the 2011-2012 Federal Student Aid Handbook.

If you have a compliance question that you'd like us to answer, you may submit it to cmpolicy@aessuccess.org.

Two-Factor Authentication: Token Distribution to Schools in Groups 4 and 5

On [June 6, 2012](#), the U.S. Department of Education (ED) announced that it would begin distributing tokens and emails to schools in groups 4 and 5. The Primary Destination Point Administrators (PDPA) and/or Common Origination and Disbursement (COD) Security Administrators at schools located in the following states should have received an e-mail directly from ED regarding the distribution of tokens:

- Alaska
- California
- Florida
- Idaho
- Minnesota
- North Dakota
- Oklahoma
- Oregon
- South Dakota
- Texas

The PDPA or COD Security Administrator at each school is responsible for distributing the tokens and additional information about the tokens to individual users at their school(s). Schools that have multiple campuses located in different states should be aware that ED will distribute tokens based on the location of the school's main campus or corporate office.

Questions about the Two-Factor Authentication (TFA) or the information provided in the Electronic Announcement should be directed to TFA_Communications@ed.gov.

Annual Updates to the Income Contingent Repayment (ICR) Plan Formula for 2012

In the Federal Register published on [May 22, 2012](#), the U.S. Department of Education (ED) released the annual updates for the ICR plan formula for 2012. These changes impact William D. Ford Federal Direct Loan (Direct Loan) Program borrowers who choose to repay their loan(s) under the ICR plan. When determining the repayment amount, ICR takes into account the following factors: the borrower's income, family size, loan amount, and applicable interest rate for each loan.

The adjustments to the income percentage factors for the ICR plan included in the Federal Register are effective July 1, 2012 to June 30, 2013. The Federal Register includes the following supplementary information:

- Income Percentage Factors for 2012
- Constant Multiplier Chart for Use in Calculating the Monthly ICR Amount
- Examples of the Calculations of Monthly Repayment Amounts
- Charts Showing Sample Repayment Amounts for Single and Married Borrowers

ADDITIONAL INFORMATION

If you have questions or need additional information, please contact Ian Foss at ED.

Mail	830 First Street NE Room 11411 Washington, DC 20202
Telephone	202.377.3681 • TDD for hearing impaired: 800.877.8339
Email	ian.foss@ed.gov

Industry Calendar

JULY

22-25	NASFAA Conference (Chicago, IL.)
31	Deadline to submit the Direct Loan closeout for the 2010-2011 Program Year.

AUGUST

1	The 2013-2014 FISAP becomes available.
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OCTOBER

1	Deadline to submit the electronic or paper expenditure report for the Work Colleges Program for the 2011-2012 Award Year.
1	Deadline to submit the 2013-2014 FISAP.
14-17	MASFAA Conference (Milwaukee, WI)
29-31	PASFAA Conference (Harrisburg, PA)

NOVEMBER

27-30	Federal Student Aid (FSA) Conference (Orlando, FL)
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Created in 1963 by the Pennsylvania General Assembly, the Pennsylvania Higher Education Assistance Agency (PHEAA) has evolved into one of the nation's leading student aid organizations. Today, PHEAA is a national provider of student financial aid services, serving millions of students and thousands of schools through its loan guaranty, loan servicing, financial aid processing, outreach and other student aid programs.

PHEAA's earnings are used to support its public service mission and to pay its operating costs, including administration of the Pennsylvania State Grant and other state-funded student aid programs. PHEAA continues to devote its energy, resources and imagination to developing innovative ways to ease the financial burden of higher education for students, families, schools and taxpayers.

PHEAA conducts its student loan servicing activities nationally as American Education Services (AES) and FedLoan Servicing.

CONTACT

**BUSINESS DEVELOPMENT
& OPERATION/LOAN GUARANTY**
Mon - Fri, 7:30 am to 9:00 pm ET

**STUDENT/PARENT
GRANT & LOAN INQUIRIES**
800.692.7392
granthelp@aesSuccess.org
studentloans@aesSuccess.org

SCHOOL/LENDER INQUIRIES
800.443.0646
loanhelp@aesSuccess.org

These materials have been developed and paid for by the Pennsylvania Higher Education Assistance Agency (PHEAA) for informational purposes. Although the information contained in this document is believed to be accurate at the time of printing, PHEAA does not guarantee its accuracy. You should independently verify that this information is correct.

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JUNE 2012

