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SPOTLIGHT ON TRAINING

We are pleased to provide the following training opportunities in the months of November and December. Please visit the [Event Center](#) on the FedLoan Servicing Website to learn more about the events or to register.

Date	Training Event Topic
November 1, 2012	FiveStar Skill Building: Listening and Receiving Feedback
November 6, 2012	Satisfactory Academic Progress (SAP)
November 8, 2012	FiveStar Skill Building: Time Management
November 13, 2012	NPRM Overview and Early Implementation
November 14, 2012	Exit Counseling
November 15, 2012	FiveStar Skill Building: Planning & Prioritization
November 27, 2012	Developing a Default Prevention and Financial Literacy Plan
November 29, 2012	Public Service Loan Forgiveness (PSLF)
December 4, 2012	Developing a Financial Literacy and Default Prevention Plan
December 6, 2012	Resolving Over Borrowing
December 12, 2012	IBR / Repayment Plans
December 18, 2012	Public Service Loan Forgiveness

2013-14 EXPECTED FAMILY CONTRIBUTION FORMULA GUIDE NOW AVAILABLE!

The 2013-14 Expected Family Contribution (EFC) Formula Guide is now available in [PDF](#) format on the Information for Financial Aid Professionals (IFAP) Website. The Guide includes worksheets that can be used to calculate a student's estimated EFC for the community.

THE EFC FORMULA, 2013-2014

What is the EFC?

The Expected Family Contribution (EFC) is a number that is used to determine a student's eligibility for federal student aid. This number results from the financial information the student provides on his or her Free Application for Federal Student Aid (FAFSA). The EFC is reported on the Student Aid Report (SAR). Financial and administrative (FAA) determine an applicant's need for federal student aid from the U.S. Department of Education (the Department) and other sources of assistance by subtracting the EFC from the student's cost of attendance (COA).

The EFC formula is used to determine the EFC and ultimately determine the need for aid from the following types of federal student financial assistance programs:

- Federal Pell Grant,
- Subsidized Stafford Loan through the William D. Ford Federal Direct Loan Program, and
- "Campus-based" aid programs
 - Federal Supplemental Educational Opportunity Grant (FSEOG),
 - Federal Perkins Loan, and
 - Federal Work-Study (FWS).

The Teacher Education Assistance for College and Higher Education Grant (TEACH Grant) is a non-renewable federal loan program. For which a student must also use the FAFSA to apply.

The methodology for determining the EFC is found in Part F of Title IV of the Higher Education Act of 1965, as amended (HEA). Updated tables used in the computation of the EFC for the 2013-2014 Award Year were published in the Federal Register on May 29, 2012 (<http://www.gpo.gov/efc20132.html>) (77 FR 31600).

What is the source of data used in EFC calculations?

All data used to calculate a student's EFC comes from the information the student provides on the FAFSA. A student may submit a FAFSA:

- through the Internet by using FAFSA on the Web,
- by filing an application electronically through a school, or
- by mailing a FAFSA to the Central Processing System (CPS).

Students who applied for federal student aid in the previous award year may be eligible to reapply using a renewal FAFSA online. Applying for federal aid in fact. However, to be considered for non-renewal aid (such as institutional aid), a student may have to fill out additional forms.

We encourage applicants to complete the FAFSA electronically because the electronic version has built-in aids that reduce application errors and streamline the questions presented based on answers to prior questions. The electronic version also contains additional instructions and help features and allows the Department to send application results to the applicant and schools more quickly.

The EFC Formula 2013-2014

COMPLIANCE CORNER

QUESTION:

If a student completed an MPN but not loan entrance counseling, is the school prohibited from disbursing a Direct Loan or a Perkins Loan?

ANSWER:

With regard to Direct Stafford Loans and graduate PLUS Loans, a school must not disburse until it can document that the student has completed Entrance counseling. According to the 2012-13 Federal Student Aid Handbook, Volume 2, Chapter 6, page 2-112: *“Before making the first disbursement of a loan to a Direct Subsidized or Unsubsidized Loan borrower, a school must ensure that the student has received entrance counseling or document that he has received a prior Direct Subsidized or Unsubsidized Loan or Federal Stafford or SLS Loan. Similarly, a school must ensure that a graduate or professional student who is borrowing a Direct PLUS Loan has received entrance counseling, unless he received a prior graduate/professional Direct or Federal PLUS Loan.”*

Under the Perkins Loan program, schools are encouraged - but not required - to conduct entrance counseling. Please keep in mind that schools must disclose certain information to a student annually before the first disbursement of any new Perkins Loan. This information may be disclosed through an entrance counseling process: *“disclosure information must be provided to the borrower annually, before the first disbursement of each new Perkins Loan awarded under the MPN. The disclosure information must include a statement of the total cumulative balance owed by the borrower to the school and an estimate of the monthly payment amount needed to repay the balance.”* (2012-13 Federal Student Aid Handbook, Volume 6, Chapter 3, page 6-93)

Loan counseling is not required for parent PLUS borrowers.

If you have questions, please contact us at:

cmpolicy@aesSuccess.org.

REMINDER! CONFIRMATION OF TG NUMBERS REQUIRED BY DECEMBER 14, 2012



Federal Student Aid has announced that as part of its ongoing efforts to secure data, each organization that has a Student Aid Internet Gateway (SAIG) account is required to review and validate its assigned TG numbers by December 14, 2012.

TG numbers with access to the following are included in this requirement:

- NSLDS Professional Access Web site;
- eCampus-Based (eCB) Web site;
- All FAA Access to CPS Online;
- SAIG batch services including National Student Loan Data Systems (NSLDS), Central Processing Systems (CPS), Common Origination and Disbursement (COD) System, and Financial Management System (FMS).

PERFORMING VALIDATION

The Primary Destination Point Administrator (DPA) must follow the steps outlined in the [Electronic Announcement](#) to either confirm the need for continued access or to request that a user's access be deleted.

ELECTRONIC INCOME-BASED REPAYMENT APPLICATION NOW AVAILABLE!

On [September 26, 2012](#), the U.S. Department of Education (ED) announced the availability of the electronic Income-Based Repayment (IBR) application which can be used by certain borrowers to repay their loans under the IBR Plan.

Although ED's goal is to make the electronic application available to all borrowers, at this time, only borrowers who have at least one Direct Loan or FFELP Loan that is serviced by one of the federal [loan servicers](#) or by a lender or lender servicer of commercially-held FFELP loans associated with Great Lakes Educational Loan Services, Inc.; FedLoan Servicing (PHEAA); Granite State – GSMR; MOHELA; Nelnet; or Sallie Mae may use the form.

ED anticipates that borrowers will begin contacting their servicers to inquire about the electronic form. For this reason, it has provided a [summary of the application process for the community](#).

COMMON ORIGATION AND DISBURSEMENT SCHOOL RELATIONS CENTER MAKES CHANGES FOR IMPROVED SERVICE

On [September 28, 2012](#), Common Origination and Disbursement (COD) School Relations Center announced several changes as part of its ongoing efforts to improve customer service.

- The Interactive Voice Response (IVR) system now includes menu options to route the caller to the primary Customer Service Representative (CSR). This update has eliminated the option to direct dial an extension and to leave a voice message for a specific CSR.
- A new telephone number has been created for foreign schools, **571.392.3737**.

Please direct questions about these changes to the appropriate area at COD School Relations Center. For Grants, dial **800.474.7268**; for Direct Loans dial **800.848.0978**. Or, you may contact them via e-mail at CODSupport@acs-inc.com.

COHORT DEFAULT RATE INFORMATION

COHORT DEFAULT RATE GUIDE FOR GUARANTY AGENCIES AND LENDERS NOW AVAILABLE!

The U.S. Department of Education (ED) announced on [September 28, 2012](#), the availability of the Cohort Default Rate Guide for Guaranty Agencies and Lenders for Fiscal Year 2010.

The Guide provides information for the fiscal year (FY) 2010 2-year and FY 2009 3-year Cohort Default Rate (CDR) for lenders, holders and guaranty agencies participating in the Federal Family Education Loan (FFEL) Program.

REMINDER: COHORT DEFAULT RATES RECENTLY RELEASED

The fiscal year (FY) 2010 2-Year and FY 2009 3-Year Cohort Default Rates (CDR) were released on the following dates:

CDR	Release Date
FY 2010 2-Year CDR	September 17, 2012
FY 2009 3-Year CDR	September 24, 2012

All schools participating in the Electronic Cohort Default Rate (eCDR) Process should have received their data in the school's Student Aid Internet Gateway (SAIG) mailbox. Guaranty agencies should have received their CDR information via e-mail; lenders should have received their information via postal mail.

Please contact Federal Student Aid (FSA) by e-mail at fsa.schools.default.management@ed.gov or telephone at **202.377.4259** with any questions about the distribution of the rate information.

NATIONAL DEFAULT RATE BRIEFINGS RELEASED

On [September 28, 2012](#), the U.S. Department of Education (ED) announced the publication of the National Default Rate Briefings for FY 2010 2-year and 2009 3-year Cohort Default Rates. Both briefings are available in Microsoft Power Point (PP) and Portable Document Format (PDF).

TWO-FACTOR AUTHENTICATION: TOKEN DISTRIBUTION TO SCHOOLS IN GROUP 9

On [October 12, 2012](#), the U.S. Department of Education (ED) announced that it would begin distributing tokens and e-mails to schools in group 9. 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:

- Montana
- New Mexico
- Nevada
- Utah
- Washington
- Wisconsin
- Wyoming

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.

SPECIAL ALLOWANCE RATES FOR FFELP STAFFORD AND PLUS LOANS

FOR THE QUARTER ENDING SEPTEMBER 30, 2012

The Treasury Bill (T-bill) rate for the quarter ending September 30, 2012 averaged .10%. The categories for which special allowance was paid on loans made or purchased with taxable funds are:

Loan Interest Rate	Special Allowance Annual Rate+	Special Allowance Quarterly Rate+	LaRS (Lender Reporting System) Part III: Special Allowance Category Column E*
7.00%	0.00%	0.00%	SA
7.00%	0.00%	0.00%	SB
8.00%	0.00%	0.00%	
3.19%	0.16%	0.0400%	SD
3.34%	0.00%	0.0025%	
7.00%	0.00%	0.00%	
8.00%	0.00%	0.00%	
3.19%	0.01%	0.00%	SE
3.19%	0.00%	0.0025%	SG
3.29%	0.00%	0.00%	
2.59%	0.01%	0.0025%	SH
1.79%	0.51%	0.1275%	SJ
2.39%	0.51%	0.1275%	SK

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SPECIAL ALLOWANCE RATES FOR FFELP STAFFORD AND PLUS LOANS

For the quarter ending September 30, 2012, the average Commercial Paper (CP) rate – as calculated by the U.S. Department of Education – was .21%. When the special allowance formula results in a negative rate on a loan first disbursed on or after April 1, 2006, the lender must remit the excess interest to ED.

Loan Interest Rate	Special Allowance Annual Rate+	Special Allowance Quarterly Rate+	LaRS (Lender Reporting System) Part III: Special Allowance Category Column E*
1.79%	0.16%	0.0400%	CA
2.39%	0.16%	0.0400%	CB
3.19% (PLUS)	0.00%	0.00%	CD
1.79% 6.80%	0.16% (4.86%)	0.0400% (1.2125%)	CE
2.39% 6.80%	0.16% (4.25%)	0.0400% (1.0625%)	CF
3.19% (PLUS) 8.50% (PLUS)	(0.34%) (5.66%)	(0.0850%) (1.4125%)	CH
5.60% 6.00% 6.80%	(4.20%) (4.60%) (5.40%)	(1.0500%) (1.1500%) (1.3500%)	CI
5.60% 6.00% 6.80%	(3.60%) (4.00%) (4.80%)	(0.9000%) (1.0000%) (1.2000%)	CJ
8.50% (PLUS)	(6.50%)	(1.6250%)	CM

* For a detailed explanation of the Special Allowance codes, please visit the Common Manual at aesSuccess.org. To access the Manual, click on 'Financial Aid Products and Support For Schools' on the left-hand side of the screen. Click on 'Common Manual Information' and select the Common Manual. The Special Allowance codes are located in Appendix A, figure A-5.

+For entities approved as not-for-profit holders, Special Allowance payments will be based on another code that ED sets in the respective demographic profiles. Please see the [March/April 2008 issue of Loan Notes for more information](#).

RESOURCES:

The applicable Special Allowance Rates, including those for Consolidation loans and loans made or purchased with tax-exempt funds, are available at www.ifap.ed.gov.

Rates for previous quarters may be found on the AES website. To access this archive, [CLICK HERE](#).

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.

LC-INDBN
OCTOBER 2012

