



SPOTLIGHT ON TRAINING

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

Date	Training Event Topic
June 4, 2013	Public Service Loan Forgiveness
June 5, 2013	Public School Town Hall
June 6, 2013	Repayment Plans
June 11, 2013	Creating a Default Prevention Plan
June 18, 2013	FedLoan Servicing: The Borrower and School Experience
June 20, 2013	Disclosure Requirements
June 25, 2013	Entrance & Exit Counseling: Exceeding the Requirements
June 26, 2013	Best Practices in Social Media: Communicating with Your Students on their Terms

CORRECTION: MARCH 2013 PHEAA INDUSTRY BULLETIN ARTICLE



The [March 2013 issue of PHEAA Industry Bulletin](#) included an article titled "Changes to Total and Permanent Disability Discharge, Effective July 1, 2013." The text located on Page 3, first sentence of the 2nd paragraph under the section, "Claim Documentation and Claim Payment" should have read as follows: "New regulation 682.402(h)(3)(iii)(A) specifies that the guaranty agency claim payment amount should include interest accrued on the loan(s) during the period required by the guaranty agency to approve the claim and to authorize payment or to return the claim to the lender for additional documentation not to exceed 45 days for death, disability, or bankruptcy claims."

- 2 [State Authorization - Effective Date Pushed Back to July 1, 2014](#)
[Negotiated Rulemaking Hearings](#)
- 3 [Military Service Deferment/Post-Active Duty Student Deferment and SCRA Request Forms Released for Comment](#)
[Compliance Corner](#)
[New Contact Information for FSA Student Loan Ombudsman](#)
[Reconsideration for Denied PLUS Loan Applicants](#)
- 4 [Changes to Fields that Capture Parental Information on the FAFSA](#)
[Making Direct Loan Refunds of Cash](#)
[Clarification: Packaging/Repackaging Title IV Student Aid](#)
- 5 [Now Available!](#)
[2014-15 FISAP to be Available August 1, 2013](#)
- 6 [Loan Counseling Modules on StudentLoans.gov](#)
[IBR/Pay as You Earn/ICR Request Form](#)
- 7 [Special Allowance Rates For Federal Family Education Loan Program \(FFELP\) Stafford And Plus Loans for the Quarter Ending March 31, 2013](#)
- 8 [Required Reductions Resulting from Sequestration](#)

STATE AUTHORIZATION - EFFECTIVE DATE PUSHED BACK TO JULY 1, 2014

Based on conversations the U.S. Department of Education (ED) has had with several States, ED is granting States an additional one-year extension for schools to come into compliance with the State authorization rules. The new deadline is July 1, 2014. Schools that require an extension must “obtain from the State an explanation of how an additional one-year extension will permit the State to modify its procedures to comply with amended 34 CFR 600.9.”

RESOURCES:

- Final Rules published October 29, 2010
- Regulations 600.9(a) and (b)
- ifap.ed.gov/eannouncements/082211StateAuthorizationDoc1YrExtensions.html
- ifap.ed.gov/dpccletters/GEN1304.htmlifap.ed.gov/eannouncements/051713NoticetoFurther



NEGOTIATED RULEMAKING HEARINGS

The Federal Register published on April 16, 2013, included an announcement about public hearings that will be held to solicit feedback on proposals to amend the following topics. (Please note that an additional announcement was distributed on May 13, 2013, to add another public hearing and extend the deadline for written comments.)

- Cash management
- State authorization for distance education programs
- State authorization for foreign locations of domestic institutions
- Clock to credit hour conversion
- Gainful employment
- Campus safety and security reporting
- Definition of “adverse credit” for Direct PLUS loan program

PUBLIC HEARINGS

Public hearings will be held from 9AM - 4PM, local time on the following dates.

May 21, 2013	U.S. Department of Education, Eighth Floor Conference Center 1990 K Street, N.W. Washington, DC 20006
May 23, 2013	University of Minnesota Twin Cities Hubert H. Humphrey School of Public Affairs, Cowles Auditorium 301 19th Avenue S Minneapolis, MN 55455
May 30, 2013	University of California, San Francisco, UC Hall, Toland Hall Auditorium (Room U142) 533 Parnassus Avenue San Francisco, CA 94143
June 4, 2013	Spelman College, William and Camille Cosby Auditorium 350 Spelman Lane Atlanta, GA. 30314

Individuals interested in presenting at one of the public hearings must register ahead of time by sending an email to: negreghearing@ed.gov. Comments may also be submitted in writing up to June 4, 2013, via the following methods. Remember to include the Docket ID (FR Doc No: 2013-08891) with your written comments.

Federal eRulemaking Portal	www.regulations.gov
Postal Mail, Commercial Delivery, or Hand Delivery	Wendy Macias, U.S. Department of Education 1990 K Street NW, Room 8017 Washington, DC 2000

MILITARY SERVICE DEFERMENT/ POST-ACTIVE DUTY STUDENT DEFERMENT AND SCRA REQUEST FORMS RELEASED FOR COMMENT

The Federal Register published on [April 15, 2013](#), included the release of the Military Service Deferment/Post-Active Duty Student Deferment and SCRA Request forms for public comment. Interested parties should submit their comments no later than June 14, 2013. Comments may be submitted electronically or by postal mail. Faxed or emailed comments will not be accepted.

Electronically	Federal eRulemaking Portal: www.regulations.gov Select Docket ID number: ED-2013-ICCD-0051
By Postal Mail, Commercial or Hand-delivery	Director of the Information Collection Clearance Division

Both forms can be accessed on the [regulations.gov](http://www.regulations.gov) [Web site](#).

COMPLIANCE CORNER

QUESTION:

We have a student at our school who enrolled in two classes: a one-credit class and a two-credit class. The student earned a passing grade in the two-credit class, but unofficially withdrew from the one credit class. Should I perform an R2T4 calculation for this student?

ANSWER:

In order to be eligible for Title IV funds, a student must be enrolled on at least a half-time basis. However, in a situation where a student is enrolled in two courses and drops one, but receives a passing grade in the other, that student would not be considered a withdrawal and Return of Title IV funds (R2T4) calculations would not be required. According to the 2012-13 Federal Student Aid Handbook (Volume 5, Chapter 1, Page 5-3): "These requirements do not apply to a student who does not actually cease attendance at the school. For example, when a student reduces his or her course load from 12 credits to 9 credits, the reduction represents a change in enrollment status, not a withdrawal. Therefore, no Return calculation is required."

NEW CONTACT INFORMATION FOR FSA STUDENT LOAN OMBUDSMAN

On [April 17, 2013](#), updated contact information for the FSA Student Loan Ombudsman was distributed to the community. As required in regulations 674.42(b)(2)(xi) and .45(h); CFR 682.208(c)(3)(ii), .410(b)(5)(vii), .411(b)(3), and .604(g)(2)(x); and CFR 685.304(b)(4)(vii); schools, lenders, and guaranty agencies must provide Title IV student loan borrowers with information regarding the availability of the Ombudsman.

Mail	U.S. Department of Education FSA Ombudsman Group 830 First Street, N. E., Mail Stop 5144 Washington, D.C. 20202-5144
Telephone	877.557.2575
Web site	studentaid.gov/repay-loans/disputes/prepare
Fax	202.275.0549

RECONSIDERATION FOR DENIED PLUS LOAN APPLICANTS

On April 21, 2013, the U.S. Department of Education (ED) began sending communications to [applicants denied a PLUS Loan for adverse credit history](#). This communication is in addition to the standard denial communication and invites the applicant to contact the Student Loan Support Center to discuss whether he may be reconsidered for the loan.

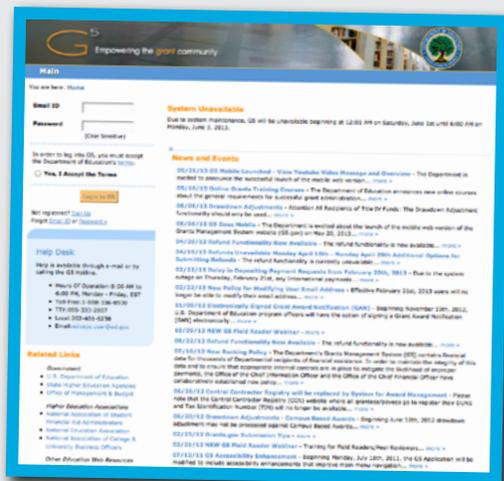
Beginning June 28, 2013, the Common Origination and Disbursement (COD) Web system will include an indicator for whether the applicant has received the special communication advising whether his PLUS loan application may be reconsidered.

CHANGES TO FIELDS THAT CAPTURE PARENTAL INFORMATION ON THE FAFSA

The U.S. Department of Education (ED) announced on [April 29, 2013](#), that students and parents will see changes to the FAFSA beginning with the 2014-15 award year. These changes mean that a dependent student must provide information about both his parents, even if his parents are the same gender, or if his parents are not married but reside in the same home. These changes are aimed at creating a more inclusive financial aid process and to more accurately reflect a student's financial need.

MAKING DIRECT LOAN REFUNDS OF CASH

On [April 2, 2013](#), the U.S. Department of Education (ED) distributed a reminder to schools on the correct process for making Direct Loan refunds of cash. As required in regulations 668.166, funds not disbursed to the student or parent within three business days from the date of drawdown receipt must be returned to ED. Such funds must be returned to ED via the [G5 Web site](#) or paper check. The G5 Web site provides the fastest and most secure method for returning funds. Refunds in excess of \$100,000 must be returned using the G5 Web site. Paper checks may be used when a school is unable to process a refund via G5 or when it is instructed to do so. Checks should be accompanied by a transmittal sheet. Schools are reminded that the paper process for returning funds is being phased out. Schools that currently return funds using paper checks are encouraged to revise their process to begin returning funds electronically.



CLARIFICATION: PACKAGING/REPACKAGING TITLE IV STUDENT AID

On [November 9, 2012](#), the U.S. Department of Education (ED) distributed an Electronic Announcement on packaging and repackaging Title IV student aid. Along with the EA, ED provided a paper Packaging and Repackaging Federal Student Aid that provided a summary for "the conditions under which Title IV student aid, including a parent PLUS Loan, should be awarded for a prior enrollment period within the academic year."

ED alerted the community on [April 19, 2013](#), to an incomplete statement within the paper specific to Example B - a student who lost Title IV eligibility due to a failure to meet satisfactory academic progress (SAP) then regains eligibility for Direct Loans.

The statement did not specify that a student who was ineligible for the prior period due to a failure to meet SAP may not receive Direct Loans funds for that prior period if he regains eligibility by coming into compliance with the school's SAP policy.

Example B - Student Eligibility

1. Student Enrollment: Student was enrolled in both the fall and spring terms.
2. FAFSA Application Status: Student did not complete FAFSA until after the end of the fall term.
3. Student Eligibility: Student did not meet all eligibility requirements until the spring term.
4. Aid Eligibility: Because, while the student was enrolled in the fall term, he or she did not meet all of the eligibility requirements in the fall term, even though the student applied while enrolled (here, during the spring term), the student can only receive Pell Grant funding (and campus-based funding) for the spring term – the term when eligibility was met. However, unless the student was ineligible due to not making SAP, the student can receive Direct Loan funding for all periods of the loan period, including the fall term. A student who is not making SAP regains eligibility only when the student is in compliance with the school's SAP standards, and does not regain eligibility for a prior period of ineligibility.

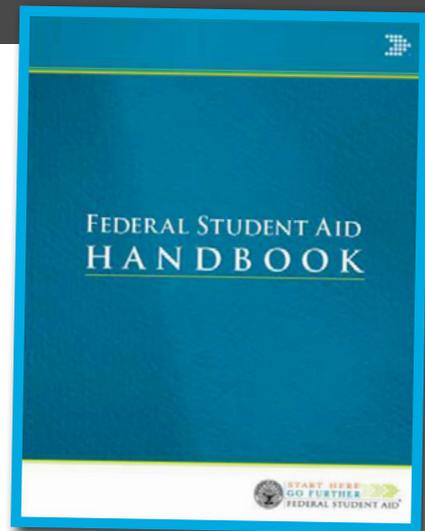
NOW AVAILABLE!

VOLUME 1 (STUDENT ELIGIBILITY) OF THE 2013-14 FEDERAL STUDENT AID HANDBOOK

Volume 1 of the 2013-14 Federal Student Aid (FSA) Handbook is now available on the [Information for Financial Aid Professionals \(IFAP\) Web site](#). Volume 1 provides guidance on eligibility requirements for students and parents to ensure accurate awarding of aid.

VOLUME 4 (PROCESSING AID AND MANAGING FSA FUNDS) OF THE 2013-14 FEDERAL STUDENT AID HANDBOOK

Volume 4 of the 2013-14 Federal Student Aid (FSA) Handbook is now available on the [Information for Financial Aid Professionals \(IFAP\) Web site](#). Volume 4 provides guidance on everything schools must do to properly manage FSA funds from drawing down and disbursing funds, to determining overawards and returning funds.



VOLUME 6 (THE CAMPUS-BASED PROGRAMS) OF THE 2013-14 FEDERAL STUDENT AID HANDBOOK

On May 3, 2013, Volume 6 of the 2013-14 Federal Student Aid Handbook was released. The Handbook can be accessed on the [Information for Financial Aid Professionals \(IFAP\) Web site](#). Volume 6 provides information schools need to know in order to administer the Federal Work-Study Program (FWS), the Federal Supplemental Educational Grant Program (FSEOG), and the Federal Perkins Loan Program (Perkins Loans).

NATIONAL STUDENT LOAN DATA SYSTEM - MEDIAN BORROWING BACKUP DETAIL REPORT

On [May 6, 2013](#), the record layout for the National Student Loan Data System (NSLDS) Median Borrowing Backup Detail Report became available. Interested parties can visit the NSLDS Web site to request the report, under the Report Tab. The file will be delivered via the Student Aid Internet Gateway (SAIG) to the mailbox of the user that requested the report.

2014-15 FISAP TO BE AVAILABLE AUGUST 1, 2013

The U.S. Department of Education (ED) is currently working to revise the [FISAP for the 2014-15](#) year and expects the final version to be available on August 1, 2013. The due date to submit the 2014-15 FISAP is October 1, 2013.

Please be aware that ED is making changes to the FISAP, including the following:

- The "Additional Locations" (Part I, Section A, item 5) has been renamed "Additional Institutions" to signify this field is meant to identify additional institutions for which the school is combining data on the FISAP.
- An explanation of OPEID numbers has been added to clarify that the first six digits of an OPEID identifies the school; the last two digits identify whether the school is the main campus or an additional location.
- The FISAP Instructions will include a reminder that the school must ensure Campus-Based funds awarded to the school are made reasonably available to all qualifying students. This includes students attending any campus locations listed in the school's Program Participation Agreement (PPA).
- Additional columns have been added (Part II, Section D, Lines 9-22) for reporting graduate enrollment that uses a non-traditional calendar. Previously, the FISAP only requested that "non-traditional" schools provide information about undergraduate enrollment.
- Expansion of the income grid in Part VI, Section A, under Distribution of Program Recipients and Expenditures by Type of Student; provides more statistical analysis to include \$10,000 increments over the current \$60,000 limit up to and over \$100,000; and \$5,000 increments over the current \$20,000 limit up to and over \$40,000.
- The FISAP Upload option has been eliminated due to the small population of schools that used this submission option.
- The FISAP Instructions have been revised to account for the current annual award year and date references, and to provide additional information/clarification on topics such as those discussed above.

LOAN COUNSELING MODULES ON STUDENTLOANS.GOV

As a follow-up to its announcement on March 24, 2013, the U.S. Department of Education (ED) [recently distributed a supplementary document](#) to provide further information on the three counseling modules (Entrance Counseling, Financial Awareness Counseling, and Exit Counseling) and reporting options.

MODIFICATIONS TO THE COUNSELING MODULES

ED conducted a usability exercise to collect feedback from students, schools, and trade associations to enhance the counseling modules. In addition, it has collected feedback since the March 24, 2013, implementation. The Entrance Counseling and Exit Counseling modules were both reframed to include more interactive features to help borrowers better understand their loan borrowing experience.

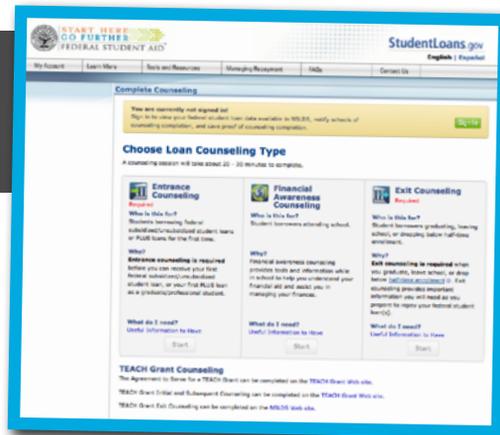
Borrowers who complete the Exit Counseling module are presented with preliminary repayment plan information and estimated repayment amounts based on the borrower's loan information in the National Student Loan Data System (NSLDS). ED plans to make the borrower's repayment plan preference available to the borrower's federal loan servicer in June 2013 and provide this information to Federal Family Education Loan (FFEL) Program lenders, lender servicers, and guaranty agencies through updated NSLDS loan exit counseling completion reports. The school's loan exit counseling completion report in NSLDS will not be updated to include the borrower's repayment plan preference.

Note: At this time the three counseling modules are only available in English; however, ED is working to make all of the modules available in Spanish later this year.

UPDATES TO REPORTING FOR EXIT COUNSELING

The COD System-generated response was updated on March 24, 2013, to include the exit counseling completion information. 'ExitCounseling' is now a valid value in the report and identifies borrowers who have completed exit counseling in StudentLoans.gov. Schools can choose to receive the exit counseling report on a daily or on-demand basis. Schools that do not choose an option will be assigned a default option by the system. Those that select the daily response option will receive a report in their Student Aid Internet Gateway (SAIG) mailbox on a nightly basis when there is exit counseling completion information to report.

Schools may receive a report in their COD Reporting Newsbox that identifies students who complete any of the counseling modules available at studentloans.gov and elects to have their school receive information about their counseling session. Completion of the Exit Counseling module is indicated with a Counseling Type Indicator "X" on the report.



IBR/PAY AS YOU EARN/ICR REQUEST FORM

Reminder: Beginning April 1, 2013, only the revised form (OMB Control Number 1845-0102) with an expiration date of 11/30/2015 may be distributed to borrowers. However, the previous form could be accepted from borrowers through April 30, 2013.

The revised form allows Federal Family Education Loan (FFEL) Program and William D. Ford Direct Loan (Direct Loan) Program borrowers to use the same form to request an income-driven repayment plan. And, it eliminated the Direct Loan Alternative Documentation of Income form. This information is included in Section 5 of the revised form.

DELAYED IMPLEMENTATION OF THE IBR/PAY AS YOU EARN/ICR REQUEST FORM FOR DIRECT CONSOLIDATION LOAN APPLICANTS

On March 29, 2013, the U.S. Department of Education (ED) announced that it has delayed implementation of the IBR/Pay as You Earn/ICR Request Form in the Direct Consolidation Loan application process due to technical reasons. Guaranty agencies should provide potential consolidation borrowers interested in applying for an income-driven repayment plan with the Direct Loan Repayment Plan Selection form and Direct Loan ICR Plan & IBR Plan Alternative Documentation of Income form.

SPECIAL ALLOWANCE RATES FOR STAFFORD AND PLUS LOANS

FOR THE QUARTER ENDING MARCH 31, 2013

The Treasury Bill (T-bill) rate for the quarter ending March 31, 2013 averaged .09%. 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%	0.15%	0.0375%	SD
3.34%	0.00%	0.0000%	
7.00%	0.00%	0.00%	
8.00%	0.00%	0.00%	
3.19%	0.00%	0.0000%	SE
3.19%	0.00%	0.0000%	SG
3.29%	0.00%	0.00%	
2.59%	0.00%	0.0000%	SH
1.79%	0.50%	0.1250%	SJ
2.39%	0.50%	0.1250%	SK

For the quarter ending March 31, 2013, the average Commercial Paper (CP) rate – as calculated by the U.S. Department of Education – was .16%. 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%	0.11%	0.0275%	CA
2.39%	0.11%	0.0275%	CB
3.19% [PLUS]	0.00%	0.00%	CD
1.79%	0.11%	0.0275%	CE
6.80%	(4.90%)	(1.2250%)	
2.39%	0.11%	0.0275%	CF
6.80%	(4.30%)	(1.0750%)	
3.19% [PLUS]	0.39%	(0.0975%)	CH
8.50% [PLUS]	(5.70%)	(1.4250%)	
5.6%	(4.25%)	(1.0625%)	CI
6.00%	(4.65%)	(1.1625%)	
6.80%	(5.45%)	(1.3625%)	
5.6%	(3.65%)	(0.9125%)	CJ
6.00%	(4.05%)	(1.0125%)	
6.80%	(4.85%)	(1.2125%)	
8.50% [PLUS]	(6.55%)	(1.6375%)	CM

* For a detailed explanation of the Special Allowance codes, please visit the Common Manual at aesSuccess.org. To access the Manual, click on 'Solutions for Lenders' on the left-hand side of the screen. Then click on 'Access financial aid publications' under the heading 'More Lender Solutions,' which is located in the middle column on the screen. Then 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](#).

REQUIRED REDUCTIONS RESULTING FROM SEQUESTRATION

On [April 26, 2013](#), the U.S. Department of Education (ED) published additional information to notify the community that the Office of Management and Budget (OMB) recalculated the required reductions for the Iraq-Afghanistan Service Grant and TEACH Grant. When the announcement was originally made on March 15, 2013, ED advised that a grant with a first disbursement made after March 1, 2013, must be reduced by 37.8% and 12.6% respectively. The most recent announcement included revised calculations. The Iraq-Afghanistan Service Grant and TEACH Grant with a first disbursement after March 1, 2013 must be reduced by 10% and 7.1%, respectively, from the award amount the student would have been eligible to receive.



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
APRIL/MAY 2013

