



SPOTLIGHT ON TRAINING

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

Date	Training Event Topic
November 5, 2013	Promoting Financial Literacy on Your Campus
November 7, 2013	Public Service Loan Forgiveness
November 19, 2013	Leading Change in the Financial Aid Office
November 21, 2013	Effective Partnerships in Combatting Student Loan Delinquency
November 16, 2013	Repayment Plans

2 [Fiscal Year 2014: Sequestration Changes to Title IV Student Aid Programs](#)

[Now Available!](#)

3 [Compliance Corner](#)

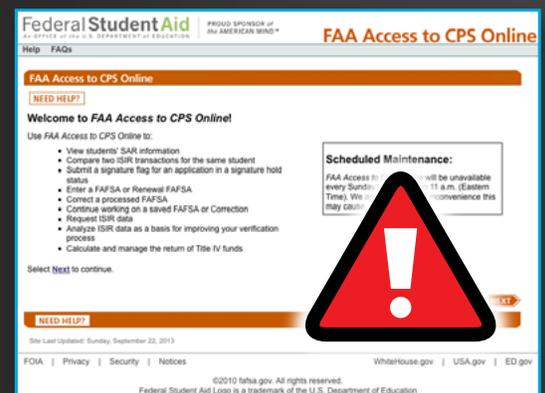
[Special Allowance Rates For Federal Family Education Loan Program \(Ffelp\) Stafford And Plus Loans For The Quarter Ending September 30, 2013](#)

ISSUE IDENTIFIED WITH FAA ACCESS TO CPS ONLINE WEB SITE

On October 7, 2013, Federal Student Aid (FSA) released an Electronic Announcement to inform the community of an issue on the Financial Aid Administrator (FAA) Access to the Central Processing System (CPS) Online Web site. Users have reported receiving a system error when attempting to submit updated financial information on student records. The issue is specific to situations where all of the following occur:

- Applicant (or parent) uses the Internal Revenue Service (IRS) Data Retrieval Tool (DRT) to provide financial information on the Free Application for Financial Aid (FAFSA) on the Web;
- Applicant (or parent) corrects, on the initial or later transaction, financial information that was transferred from the IRS; and
- School uses the FAA Access to the CPS Online Web site to change the financial information back to what was originally transferred from the IRS.

FSA does not expect to correct this issue until the next release of the FAA Access to the CPS Web site, scheduled for December 29, 2013. To avoid this issue in the meantime, schools are encouraged to have applicants submit corrections to financial information through the FAFSA on the Web.



The screenshot shows the 'Federal Student Aid' website with the title 'FAA Access to CPS Online'. A prominent red warning triangle with a white exclamation mark is displayed on the right side. The page content includes a 'Welcome to FAA Access to CPS Online!' message and a list of instructions for users. A 'NEED HELP?' button is visible at the bottom of the page.

FISCAL YEAR 2014: SEQUESTRATION CHANGES TO TITLE IV STUDENT AID PROGRAMS

On October 11, 2013, the U.S. Department of Education (ED) distributed [Dear Colleague Letter \(DCL\) GEN-13-22](#) to update the community on required changes to Title IV student aid programs due to Fiscal Year 2014 sequestration.

Program	Change
Iraq-Afghanistan Service Grants	Effective for Iraq-Afghanistan Service Grants first disbursed on/after October 1, 2013, the grant should be reduced by 7.2 percent from the statutory award amount. Note: Iraq-Afghanistan Service Grants first disbursed after March 1, 2013, but prior to October 1, 2013, fall under Fiscal Year 2013 sequestration requirements. Those grants should be reduced by 10 percent of the statutory award amount.
TEACH Grants	Effective for TEACH Grants first disbursed on/after October 1, 2013, the grant should be reduced by 7.2 percent from the statutory award amount. Note: TEACH Grants first disbursed after March 1, 2013, but prior to October 1, 2013, fall under Fiscal Year 2013 sequestration requirements. Those grants should be reduced by 6 percent of the statutory award amount.
Direct Loans	The following origination fees apply to Direct Loans first disbursed on/after December 1, 2013: Direct Subsidized and Unsubsidized Loans = 1.072 percent Direct PLUS Loans (graduate students and parents) = 4.288 percent Note: Direct Loans first disbursed on/after July 1, 2013 and prior to December 1, 2013, will be assessed the following fees in accordance with sequestration requirements for Fiscal Year 2013: Direct Subsidized and Unsubsidized Loans = 1.051 percent Direct PLUS Loans (graduate students and parents) = 4.204 percent

NOW AVAILABLE!

2014-15 EXPECTED FAMILY CONTRIBUTION (EFC) FORMULA GUIDE

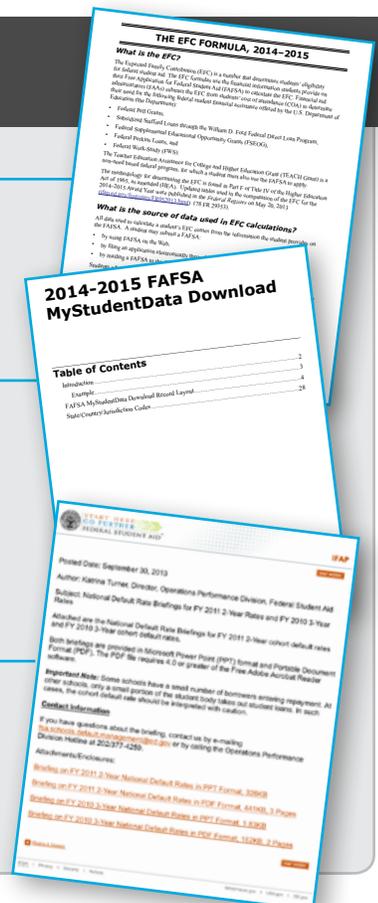
The [2014-15 Guide](#) includes tables and worksheets that can be used in calculating estimated EFC for students. The Guide is available on the [Information for Financial Aid Professionals \(IFAP\) Web site](#).

MYSTUDENTDATA DOWNLOAD RECORD LAYOUT FOR 2014-15 FAFSA ON THE WEB

The [record layout to download the 2014-2015 FAFSA on the Web data into a machine-readable format \(plain text file\) is now available](#). Students can access this tool by logging into the FAFSA on the Web site, selecting the MyStudentData option on the *My FAFSA* page, and then selecting a specific transaction to download. The data can be downloaded in English or Spanish.

2011 2-YEAR AND 2010 3-YEAR NATIONAL DEFAULT RATE BRIEFINGS RELEASED

The [2011 2-Year and 2010 3-Year National Default Rate Briefings](#) were released in late September and are available on the [Information for Financial Aid Professionals \(IFAP\) Web site](#).





QUESTION:

I need advice on a student's account. The student began classes at our school as a transfer student in January 2013. We used the transfer monitoring to confirm her eligibility; her aid was packaged to provide her with her remaining Pell eligibility. The Pell funds were disbursed and she completed the program in June of 2013. During a recent audit, it was discovered via NSLDS that another 4-year school reported her as having graduated in December 2012. However, the information was not transmitted to NSLDS until February 2013.

Are we responsible for returning the Pell funds we gave to her? The student did not indicate this on her FAFSA, nor did she advise us that she had already received a bachelor's degree.

ANSWER:

Based upon the information you provided, we do not believe that your school is required to return the Pell funds disbursed for the student. The information your school used to determine the student's eligibility appears to have changed **after** eligibility was established and aid packaged. In addition, since you registered the student for transfer monitoring, you took all necessary steps to ensure accurate processing.

According to the 2013-14 Federal Student Aid (FSA) Handbook (Volume 1, Chapter 3, page 1-50): *"If the school has followed the proper procedures for obtaining financial aid history information from NSLDS, it is not liable for any overpayments if the student's situation subsequently changes. However, the student will be liable for the overpayment in this situation, and you may not pay the student further FSA funds until the overpayment is resolved."*

If the student has already received a bachelor's degree prior to her enrollment with your school, but failed to disclose this information, it is the student's responsibility to repay this Pell overpayment. Volume 4, Chapter 3 (Page 4-66) of the 2013-14 FSA Handbook provides additional information on Pell overpayments for which a student is responsible.

SPECIAL ALLOWANCE RATES FOR FFELP STAFFORD AND PLUS LOANS

FOR THE QUARTER ENDING SEPTEMBER 30, 2013

The Treasury Bill (T-bill) rate for the quarter ending September 30, 2013 averaged .03%. 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%	
3.15%	0.13%	0.0325%	SD
3.30%	0.00%	0.0000%	
7.00%	0.00%	0.00%	
8.00%	0.00%	0.00%	
3.15%	0.00%	0.0000%	SE
3.15%	0.00%	0.0000%	SG
3.23%	0.00%	0.00%	
2.55%	0.00%	0.0000%	SH
1.75%	0.48%	0.1200%	SJ
2.35%	0.48%	0.1200%	SK

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SPECIAL ALLOWANCE RATES FOR FFELP STAFFORD AND PLUS LOANS

For the quarter ending September 30, 2013, the average Commercial Paper (CP) rate – as calculated by the U.S. Department of Education – was .13%. 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*
1.75%	0.12%	0.0300%	CA
2.35%	0.12%	0.0300%	CB
3.15% (PLUS)	0.00%	0.00%	CD
1.75% 6.80%	0.12% (4.93%)	0.0300% (1.2325%)	CE
2.35% 6.80%	0.12% (4.33%)	0.0300% (1.0825%)	CF
3.15% (PLUS) 8.50% (PLUS)	(0.38%) (5.73%)	(0.0950%) (1.4325%)	CH
5.6% 6.00% 6.80%	(4.28%) (4.68%) (5.48%)	(1.0700%) (1.1700%) (1.3700%)	CI
5.6% 6.00% 6.80%	(3.68%) (4.08%) (4.88%)	(0.9200%) (1.0200%) (1.2200%)	CJ
8.50% (PLUS)	(6.58%)	(1.6450%)	CM

Beginning with the quarter ending June 30, 2013, lenders were given the option to use “the average of the bond equivalent rates of the quotes of the 1-month London InterBank Offered Rate (LIBOR) in effect for each of the days in such quarter as compiled and released by the British Bankers Association” in place of the Commercial Paper Rate.

* 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

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