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INDUSTRY BULLETIN

Substantive Revisions made to the 2014-15 Federal Student Aid Handbook Volume 3- Calculating Awards & Packaging

On [July 30, 2014](#), the U.S. Department of Education (ED) issued an Electronic Announcement (EA) regarding substantive revisions to Volume 3 of the 2014-2015 Federal Student Aid (FSA) Handbook - Calculating Awards & Packaging. These revisions have been added to the [2014-2015 Federal Student Aid Handbook](#) Errata and Updates page, and a revised PDF file for Volume 3 is available.

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Spotlight on Training

Did you know that we offer free training events on a variety of topics? Visit the [Training Calendar](#) on the FedLoan Servicing Website to learn more about the events or to register.

- 2 [Announcement of “Designated Entities” Eligible to Receive FAFSA Filing Status Information Under the FAFSA Completion Initiative](#)
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AUG 2014

Announcement of “Designated Entities” Eligible to Receive FAFSA Filing Status Information Under the FAFSA Completion Initiative

On [July 10, 2014](#), the U.S. Department of Education (ED) issued Dear Colleague Letter (DCL) GEN-14-12 detailing information regarding the “Designated Entities” eligible to receive Free Application For Student Aid (FAFSA) Filing Status Information under the FAFSA Completion Initiative.

In the DCL, ED announced two sets of designated entities that may receive FAFSA Filing Status Information from state grant agencies under the new initiative.

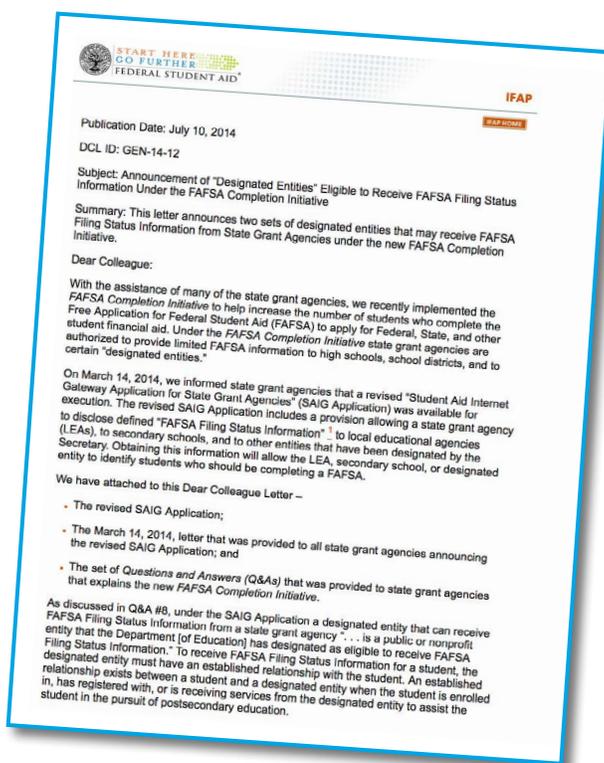
ED implemented the FAFSA Completion Initiative to help increase the number of FAFSA completers who apply for Federal, State, and other student financial aid. Under the FAFSA Completion Initiative, state grant agencies are authorized to provide limited FAFSA information to high schools, school districts, and to certain “designated entities.”

On March 14, 2014, ED informed state grant agencies that a revised “Student Aid Internet Gateway (SAIG) Application for State Grant Agencies” (SAIG Application) was available for execution. The revised SAIG Application includes a provision allowing a state grant agency to disclose defined “FAFSA Filing Status Information” to local educational agencies (LEAs), secondary schools, and other entities that have been designated by the Secretary. Obtaining this information will allow the LEAs, secondary schools, and designated entities to identify students who should be completing a FAFSA.

Attached to the DCL is the revised SAIG Application, the March 14, 2014 letter that was provided to all state grant agencies announcing the revised SAIG Application; and the set of Questions and Answers (Q&As) that was provided to state grant agencies that explains the new FAFSA Completion Initiative.

The SAIG Application states that a designated entity allowed to receive FAFSA Filing Status Information from a state grant agency “...is a public or nonprofit entity that the Department [of Education] has designated as eligible to receive FAFSA Filing Status Information.” To receive FAFSA Filing Status Information for a student, the designated entity must have an established relationship with the student. An established relationship exists between a student and a designated entity when the student is enrolled in, has registered with, or is receiving services from the designated entity to assist the student in the pursuit of postsecondary education.

This letter informs state grant agencies, and others, that the Secretary has designated the following two categories of nonprofit entities as eligible to receive FAFSA Filing Status Information from state grant agencies under provisions of the revised SAIG Participation Agreement, and as discussed above.



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Announcement of “Designated Entities” Eligible to Receive FAFSA Filing Status Information Under the FAFSA Completion Initiative

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1. Entities that are grantees of the U.S. Department of Education under –
 - The Talent Search, Upward Bound, and Student Support Services programs (the TRIO Programs) authorized by Chapter I of Subpart 2 of Part A of Title IV of the Higher Education Act (HEA) and
 - The Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP) authorized under Chapter 2 of Subpart 2 of Part A of Title IV of the HEA.
2. American Indian and Alaskan Native Educational Entities that are -
 - Tribal Education Agencies – A Tribal Education Agency is the agency, department, or instrumentality of a Federally-recognized or State-recognized Indian tribe that is primarily responsible for supporting the elementary and secondary education of tribal students.
 - Indian Organizations – As defined in the Department’s regulations at 34 CFR 263.3. For additional information contact Joyce Silverthorne, Director Office of Indian Education, U.S. Department of Education ([202.401.0767](tel:202.401.0767), Joyce.Silverthorne@ed.gov).

These agencies and organizations may receive FAFSA Filing Status Information for students other than tribal students if, like the tribal student, the agency has an established relationship with the student, as discussed above.

As a reminder, before any entity (LEA, secondary school, or designated entity) may receive FAFSA Filing Status Information, it must have executed a written agreement with the state grant agency consistent with the SAIG Participation Agreement.

Questions about this announcement of “designated entities” for purposes of the FAFSA Completion Initiative should be directed to FAFSACompletion@ed.gov.

Questions about completing the SAIG Application should be submitted to SAIG Technical Support at [800.330.5947](tel:800.330.5947).

For complete details regarding the changes that have been implemented, please use the following [link](#) to the DCL.

Guidance on Crime Reporting Pursuant to the Clery Act

In the [July 2014 PHEAA Industry Bulletin](#), we reported that changes to the Violence Against Women Reauthorization Act of 2013 (VAWA) (Public Law 113-4), signed by President Obama on March 7, 2013, resulted in changes to Section 485(f) of the Higher Education Act (HEA), specifically the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act). Amendments to the Clery Act require schools to: compile statistics for sexual assault, domestic violence, dating violence, and stalking crimes and include policies, procedures and programs related to such crimes in their Annual Security Report (ASR). Schools are required to disclose this information to current and prospective students and employees in the ASR that must be provided by October 1, 2014.

On [July 14, 2014](#), the U.S. Department of Education (ED) published Dear Colleague Letter (DCL): GEN-14-13 that provided schools with guidance on their responsibility to comply with the requirements, although final regulations have not yet been published. Schools must make a good faith effort to comply with the requirements and are directed to use the statute as a basis for changes to policies, procedures, and programs. Among other requirements, schools must:

- Specify in their ASR the procedures that they will be following when an incident of domestic violence, dating violence, sexual assault, or stalking is reported; including a statement of the standard of evidence that will be used during the school conduct proceeding resulting from such a report.
- Include in their ASR expanded information about a victim's options for changing academic, living, transportation, and working situations if requested and reasonably available, regardless of whether the crime is reported to campus police or local law enforcement.

The HEA also provides definitions for the following terms:

Term	Definition
Domestic violence	A felony or misdemeanor crime of violence committed by: <ul style="list-style-type: none"> • A current or former spouse or intimate partner of the victim, • A person with whom the victim shares a child in common, • A person who is cohabitating with or has cohabitated with the victim as a spouse or intimate partner, • A person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving grant monies [under VAWA], or • Any other person against an adult or youth victim who is protected from that person's act under the domestic or family violence laws of the jurisdiction.
Dating violence	Violence committed by a person: <ul style="list-style-type: none"> • Who is or has been in a social relationship of a romantic or intimate nature with the victim, and • Where the existence of such a relationship shall be determined based on a consideration of the following factors: <ul style="list-style-type: none"> ✓ The length of the relationship, ✓ The type of relationship, and ✓ The frequency of interaction between the persons involved in the relationship.
Stalking	Engaging in a course of conduct directed at a specific person that would cause a reasonable person to: <ul style="list-style-type: none"> • Fear for his or her safety or the safety of others, or • Suffer substantial emotional distress.

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Guidance on Crime Reporting Pursuant to the Clery Act

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Reporting Statistics

While ED recognizes that schools may not have complete crime statistics for 2013, all schools must make a good faith effort to include such statistics in the ASR, which must be made available to prospective and current students and employees by October 1, 2014. Schools should not report these statistics to ED through the web-based data collection this year. Instead, schools should wait until the annual data collection period in Fall 2015 to report crime statistics for calendar years 2013 and 2014. [This DCL](#) includes a chart that shows the data collection process outlined by ED.

Third Party Training

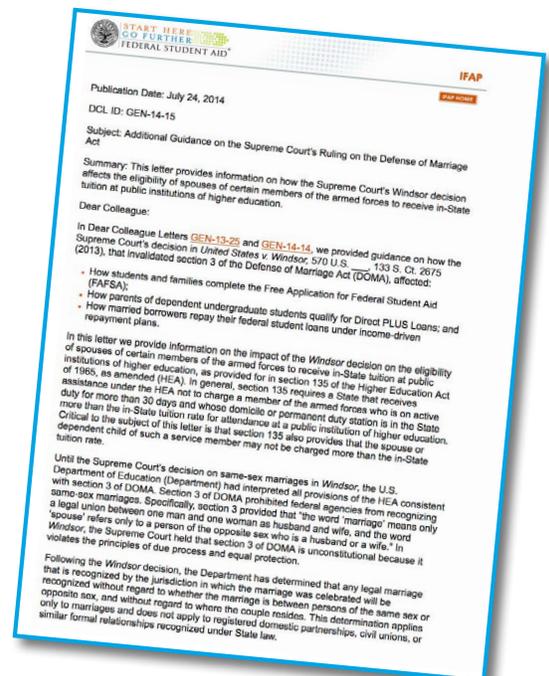
Schools should be aware that any training provided by a third party company has not been reviewed or endorsed by ED; therefore, ED will not be bound by any statements made during this training. Furthermore, ED wants to make the community aware that training which is based on the proposed regulations may not fully capture what is required for compliance once the final regulations are published.

Additional Guidance on the Supreme Court's Ruling on the Defense of Marriage Act (DOMA)

On [July 24, 2014](#), the Department of Education (ED) published a Dear Colleague Letter (DCL) that provided information on how the Supreme Court's decision in *United States v. Windsor* affects the eligibility of spouses of certain members of the Armed Forces to receive in-State tuition at public institutions of higher education. Section 135 of the Higher Education Act of 1965, as amended (HEA), requires that a State which receives assistance under the HEA is not permitted to charge a member of the Armed Forces, who is on active duty for more than 30 days and whose domicile or permanent duty station is in the State, more than the in-State tuition rate for attendance at a public institution of higher education. Additionally, this rule extends to the spouse or dependent child(ren) of such a service member.

The Supreme Court ruled in *United States v. Windsor* that section 3 of DOMA, which defined 'marriage' as a legal union between one man and one woman as husband and wife and defined 'spouse' as a person of the opposite sex who is a husband or a wife, is unconstitutional because it violates the principles of due process and equal protection. This decision prompted ED to determine that any legal marriage that is recognized by the jurisdiction in which the marriage was celebrated will be recognized without regard to whether the marriage is between persons of the same or opposite sex, and without regard to where the couple resides. This interpretation applies to any use of the word "spouse" in the HEA, including section 135. Therefore, the in-State tuition benefits provided in section 135 are extended to a spouse in a same-sex marriage who is married to a member of the Armed Forces.

All States that receive assistance under the HEA and their public institutions of higher education are expected to comply with section 135 of the HEA, regardless of any conflicting provisions of State law. If a State that receives assistance under the HEA does not comply with section 135, ED may take appropriate steps to ensure compliance.



FAFSA Filers Under the Age of 13

On [July 18, 2014](#), the Department of Education (ED) published an Electronic Announcement (EA) to address whether students under the age of 13, who are otherwise eligible, can apply for and receive Title IV, HEA program assistance.

In the EA, ED stated that neither the law nor the regulations include a specific age requirement for receipt of Title IV, HEA program assistance; therefore, a student, who is otherwise eligible, may apply for and receive Title IV aid, regardless of age.

Although students of any age may apply for and receive Title IV aid, the provisions of the Children's Online Privacy Protection Act (COPPA) of 1998, require special procedures for very young applicants. For instance, the COPPA prohibits any entity from conducting any business or communication electronically with a person under age 13; therefore, ED will not permit completion of a FAFSA using FAFSA on the Web (FOTW), nor will ED communicate electronically with such a student, even if parental approval is obtained.

In order to be compliant with the COPPA, the FOTW process blocks the submission of a FAFSA when the applicant's reported birth date indicates that the applicant is under age 13. Additionally, a paper FAFSA that is submitted for an applicant who is under age 13 will likewise be rejected; however, because these students are eligible to apply for Federal student assistance, ED has developed a paper *COPPA Compliant Special Handling FAFSA*. This document may be obtained by contacting ED's Federal Student Aid (FSA) office at [202.377.3889](tel:202.377.3889), or by sending an email to Lisa.D.Washington@ed.gov. The applicant's parent or legal guardian, financial aid administrator (FAA), or high school counselor must be the requestor of the form. The form will be mailed, along with a specially addressed envelope, only to the address of the parent or legal guardian.

Once processed, *COPPA Compliant Special Handling FAFSA* results are reported to the institutions and states using the regular Institutional Student Information Record (ISIR) process. A paper Student Aid Report (SAR) will be mailed to the student and, if necessary, the student can use the SAR to submit corrections. If an applicant's institution must make corrections to a received ISIR, it can do so using FAA Access to the CPS Online.

Please note, an email address for the underage applicant should not be added as part of the correction process. Additionally, the applicant cannot obtain an ED PIN for electronic services from ED.

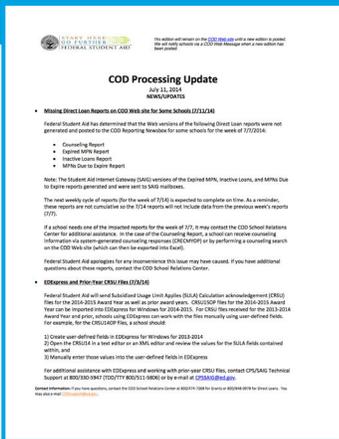
Federal Direct Loan and Federal Perkins Loan programs have provisions that exclude a "defense of infancy" for enforcement of the future obligation to repay; however, ED recommends that very young applicants and their parents be counseled about the obligations and responsibilities associated with borrowing student loans. An underage student seeking a Federal Direct Loan or a Federal Perkins Loan must complete and sign a paper Master Promissory Note (MPN) and may not use an electronic note because, as previously noted, these students may not conduct business electronically. An FAA may exercise his or her professional judgment to refuse to certify a loan on a case-by-case basis. The decision must be provided to the student in writing, and the institution must maintain documentation supporting its decision to deny the loan.

Questions may be directed to Lisa Washington at [202.377.3889](tel:202.377.3889) or Lisa.D.Washington@ed.gov.

Now Available!

Common Origination and Disbursement (COD) Updates

The updated edition of the [COD Processing Update](#) is available on the COD Website. This resource is made available to schools for COD System processing and provides information on: COD News and Updates, Current Issues and Reminders.

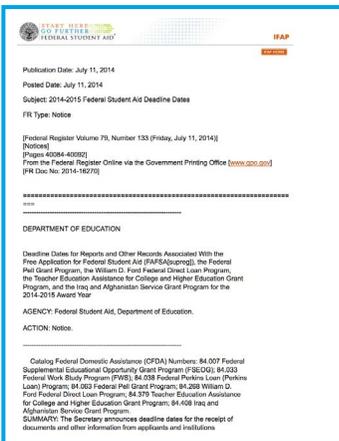
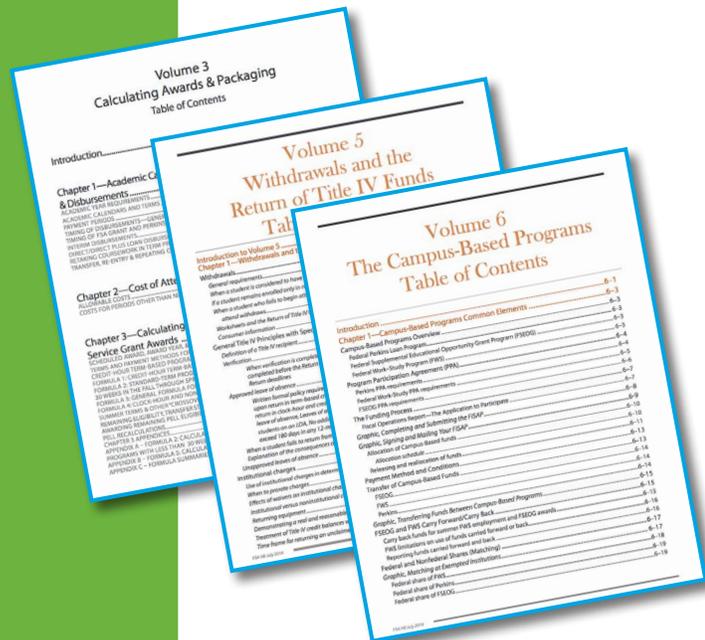


2014-2015 Federal Student Aid Handbook

[Volume 3](#) of the 2014-2015 Federal Student Aid (FSA) Handbook is now available. This volume provides schools with information specific to calculating awards and packaging aid.

[Volume 5](#) of the 2014-2015 Federal Student Aid (FSA) Handbook is now available. This volume provides schools with information specific to withdrawals and the return of Title IV funds.

[Volume 6](#) of the 2014-2015 Federal Student Aid (FSA) Handbook is now available. This volume provides schools with information specific to campus-based programs.



ED published the [deadline dates](#) in the *Federal Register* for reports and other records associated with the FAFSA, the Federal Pell Grant Program, the William D. Ford Federal Direct Loan Program, the Teacher Education Assistance for College and Higher Education Grant Program, and the Iraq and Afghanistan Service Grant Program for the 2014-2015 award year.

Maximum HEAL Interest Rates Now Available for Quarter Ending September 30, 2014

Section §525 of the Consolidated Appropriations Act of 2014 (Public Law 113-76) required the Secretary of Health and Human Services to transfer the authority to administer the Health Education Assistance Loan (HEAL) Program to the Secretary of Education. This transfer was effective July 1, 2014.

In accordance with this new authority, on July 18, 2014, the U.S. Department of Education (ED) published the maximum HEAL Interest rates for the quarter ending September 30, 2014. This publication also included the maximum interest rates for the three previous quarters ending June 30, 2014; March 31, 2014; and December 31, 2013. These rates, as well as other information related to ED's HEAL Program administration, will be available on the [HEAL Program Information page](#) found on ED's Information for Financial Aid Professionals (IFAP) Website.

For questions related to these rates, HEAL Program lenders or lender servicers may contact the HEAL Program Team at [844.509.8957](tel:844.509.8957) or by email at HEAL@ed.gov.

Current HEAL Program Maximum Interest Rates

Maximum Interest Rates for Quarter Ending September 30, 2014	
Maximum Variable Interest Rate for Loans Made before January 1, 1981	3.625%
Maximum Interest rate for variable rate loans executed on or after January 27, 1981 through October 21, 1985	3.625%
Maximum Interest Rate for variable rate loans executed on or after October 22, 1985	3.125%

The average bond equivalency rate for 91-day U.S. Treasury Bills during the period April 1, 2014 through June 30, 2014 was 0.030 percent.

HEAL Program Maximum Interest Rates for Previous Three Quarters

Rates for Quarter Ending	Loans Made Prior to 1/27/1981	Loans Made On or After 1/27/1981*	Loans Made On or After 10/22/1985**
June 30, 2014	3.625%	3.625%	3.125%
March 31, 2014	3.625%	3.625%	3.125%
December 31, 2013	3.625%	3.625%	3.125%

* Legislation Amended – 12 percent annual interest cap repealed – quarterly interest rate on loans made on or after 1/27/1981 through 10/21/1985, became a floating rate based on 91-day T-Bill rate plus 3 1/2 percent, rounded to the next higher 1/8 of one percent.

** Legislation Amended – variable interest rate calculation amended – quarterly interest rate on loans made on or after 10/22/1985 became a floating rate based on 91-day T-Bill rate plus 3 percent, rounded to the next higher 1/8 of one percent.

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.

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
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CONTACT

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

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