



INDUSTRY BULLETIN

Updates to 2014-2015 SAR Deadline Dates

On [November 17, 2014](#), the Department of Education (ED) published an Electronic Announcement (EA) which alerted schools that the 2014-2015 Student Aid Report (SAR) deadline date referenced in the text for SAR Comment Codes 125 and 127 is outdated and will be corrected in the Central Processing System (CPS) at the end of December 2014. These comment codes are designed to warn students that they are approaching or may have missed the deadline date to submit a valid SAR to their financial aid administrator in time to be considered for a Federal Pell Grant award for a specific processing cycle.

The date referenced in the initial comment codes was September 26, 2015; however, the correct deadline date to submit a valid SAR is September 28, 2015. The text for the 2014-2015 comment codes 125 and 127 will be updated in the CPS and ED's other systems to reference the correct date.

ED will be publishing an updated version of the 2014-2015 SAR Comment Codes and Text reference guide in 2015 with corrected SAR deadline date references. The reference guide is designed as a stand-alone guide as well as a companion to the Electronic Data Exchange (EDE) Technical Reference for a specific processing cycle. A copy of the latest SAR Comment Codes and Text guide (for both 2014-2015 and 2015-2016) is available on the [Information for Financial Aid Professionals](#) (IFAP) Website and on the [Federal Student Aid Download](#) (FSAdownload) Website.

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.

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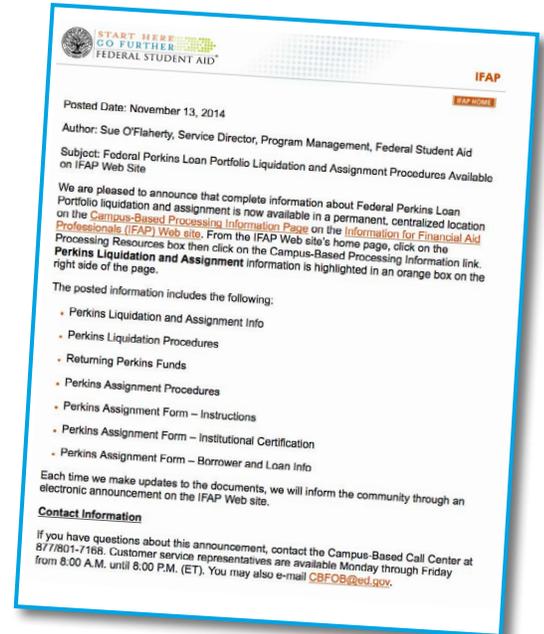
Federal Perkins Loan Portfolio Liquidation and Assignment Procedures

On [November 13, 2014](#), the Department of Education (ED) announced that complete information about Federal Perkins Loan Portfolio liquidation and assignment is available on the [Campus-Based Processing Information Page](#) on the [Information for Financial Aid Professional \(IFAP\) Website](#).

The posted information includes the following:

- Perkins Liquidation and Assignment Information
- Perkins Liquidation Procedures
- Returning Perkins Funds
- Perkins Assignment Procedures
- Perkins Assignment Form – Instructions
- Perkins Assignment Form – Institution Certification
- Perkins Assignment Form – Borrower and Loan Information

ED will inform the community through an electronic announcement on the IFAP Website each time updates are made to the documents.



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.

The [2015-2016 COD Technical Reference](#) is now available. The Technical Reference contains development information for the 2015-2016 Award Year.

Gainful Employment Regulations (Part II)

On [October 31, 2014](#), the U.S. Department of Education (ED) published in the Federal Register (Vol.79/No.211) revisions to the Gainful Employment regulations. These regulations create accountability framework by measuring a program's ability to provide students with the opportunity to earn a Gainful Employment upon program completion.

This is Part II in a series which will examine the recent changes to the gainful employment regulations. See below for a table of revisions and additions to the Gainful Employment regulations.

Final gainful employment rules drop loan default rate

Submitted by Paul Fain on October 30, 2014 - 3:00am

WASHINGTON -- The U.S. Department of Education today will release what is likely the Obama administration's last chance to set regulations to clamp down on for-profit colleges. But this second iteration of "gainful employment" rules will fail to please either advocates for the for-profit sector or its critics.

The final version of the regulations will not use a student loan default rate, which was one of two metrics for judging colleges in the draft the department [released](#) in March. The rules will feature unchanged standards for graduates' debt-to-earnings ratios.

Audio Discussion of 'Gainful' Rules

Our "This Week" podcast will feature a conversation about the implications of the new gainful employment regulations. Bridgepoint Education's Vickie Schray and the New America Foundation's Ben Miller will join Doug Lederman for tomorrow's discussion. [Click here](#) to receive an email alert when "This Week" is published.

Department officials gave reporters some [basic facts](#) about the complex regulations on Wednesday (see chart). They said the rules, an "informal" version of which is [available here](#) on Thursday morning, are strong and would "capture the vast majority of poor-performing programs." The final regulations will be published in the Federal Register on Friday, but a preview is [available here](#).

Consumer advocates, however, were calling the rules weak even before they were released, at least officially.

Topic	Change
Debt Roll-Up	668.404(d)(2)(iii) has been removed.
Transition Periods	The definition has been revised to exclude contact made through advertising, and to add contact made by a third party on behalf of a school.
Definition of credential level	668.404(g) has been revised to provide that a transition period is as follows: <ul style="list-style-type: none"> • 5 award years for a program that is one year or less in length; • 6 award years for a program that is one to two years in length; and • 7 years for a program that is more than two years in length.
Issuing and Challenging D/E Rates	668.405(e) has been revised to clarify that the Secretary does not calculate D/E rates when SSA data is returned to the Department that includes reports for records of earnings on fewer than 30 students.
Issuing and Challenging D/E Rates	The following Federal Regulations were revised to remove the clause "or another Federal agency": 668.404(c)(1), 668.405(a)(3), 668.405(d), 668.413(b)(8)(i)(C), and 668.413(b)(9)(i)(C).
D/E Rates Alternate Earnings Appeals	668.406(c)(1) and (d)(1) have been revised, and 668.406(b)(3) has been added, to permit schools to exclude students from the D/E rates calculation who were excluded under 668.404(e). 668.406(b)(3) has been revised to provide that a school may base an alternate earnings appeal on the alternate earnings data for students who completed the program during a cohort period different from, but comparable to, the cohort period that the Secretary used to calculate the final D/E rates. Revised 668.406(e)(1)(i) to require a school to notify the Secretary of its intent to submit an alternate earnings appeal no later than 14 days after the Secretary issues the notice of determination. 668.409(c)(1) has been revised to provide that a school is not required to use the Earnings Survey form, but must adhere to the standards and present to survey respondents in the same order and manner as the Survey. Eliminated the requirement in 668.406 to show mitigating circumstances.
Issuing and Calculating the pCDR	Removed the provision that the pCDR be used to determine program eligibility.
Final Determination of D/E Rates Measure	Revised 668.409 to eliminate references to the pCDR.

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Gainful Employment Regulations (Part II) – continued

<p>Consequences of the D/E Rates Measure</p>	<p>Revised 668.410(a) to replace separate warnings for enrolled and prospective students, and provide a single warning. The text of the warning has been revised to make it more broadly applicable, easier to understand, and limited to statements of fact. The warning was also revised to include a statement that loss of eligibility may occur in the future, and students then enrolled may lose access to Title IV, HEA program funds.</p> <p>Revised 668.410(a) to also include a requirement that schools provide students with information about available forms of financial and academic options, which course credits will transfer to another program, and whether program credits may be transferred to another school.</p> <p>Clarified in 668.410(a)(6)(i) that first contact about enrollment, which triggers the obligation to deliver the warning, may be between the prospective student and a third party acting on behalf of the school. The definition of “prospective students” was revised in 668.402 to clarify that it includes a third party acting on behalf of a prospective student.</p> <p>Clarified in several areas of 668.410(a) how the warnings must be presented based on its delivery method.</p> <p>Moved the requirement from 668.412(b)(2) to 668.410(a)(7) that schools update their disclosure templates to include any required student warnings.</p> <p>Revised 668.410(b)(2) to clarify that the 3-year period of ineligibility begins on the date specified in the notice of determination informing the school of program ineligibility or the date on which the school discontinued a failing or zone program.</p> <p>Revised 668.410(b)(2) to provide that a program that was discontinued after receiving draft D/E rates that are failing or in the zone, but before receiving final D/E rates, is ineligible, and the school may not seek to establish a substantially similar program, unless the program’s final D/E rates are determined to be passing, or if its final D/E rates are also failing or in the zone, the 3-year ineligibility period, dating from the school’s discontinuation of the program, has expired. The section was also revised to clarify that the provision regarding determination of the date a program is voluntarily discontinued applies to programs discontinued before their final D/E rates are issued.</p> <p>Revised 668.410 to provide that a program is substantially similar to another program if the programs share the first four digits of a CIP code. In addition, the Secretary presumes a program is not substantially similar to another program if the programs do not share the first four digits of a CIP code.</p>
<p>Reporting Requirements for GE Programs</p>	<p>Added a requirement to 668.411(a)(3) that schools must report to the Department a placement rate for each GE program, if the school is required by its accrediting agency or State to calculate a placement rate for either the program, school, or both.</p> <p>The reporting deadline of July 31 in 668.411(b)(1) has been clarified to state that the deadline does not apply to placement rates but that the reporting on that item will be on a date and in a manner announced by the Secretary in a notice published in the Federal Register.</p>

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Gainful Employment Regulations (Part II) – continued

Disclosure Requirements	<p>Revised 668.412 to specify that a school may not include on a disclosure template information about completion or withdrawal rates, number of individuals enrolled in the program during the most recently completed award year, loan repayment rates, placement rates, the number of individuals enrolled in the program who received Title IV loans or private loans for enrollment in the program, median loan debt, mean or median earnings, program cohort default rate, or the program's most recent D/E rate if that information is based on fewer than 10 students.</p> <p>Revised 668.412 to specify that schools must begin complying with the disclosure requirements beginning on January 1, 2017.</p> <p>Revised 668.6(b) to require schools to comply with those requirements through December 31, 2016.</p>
Specific Disclosures	668.412(a)(4) has been revised to add the words "or equivalent."

150% Direct Subsidized Loan Limit

On [November 21, 2014](#), the U.S. Department of Education (ED) issued an Electronic Announcement (EA) regarding the Common Origination and Disbursement (COD) System reporting responsibilities for 150% calculations. In the EA, ED provides a reminder to schools participating in the Direct Loan Program of the importance of accurate and timely reporting of a student's Direct Loan (Direct Subsidized Loan, Direct Unsubsidized Loan, and Direct PLUS Loan) information to the COD System to ensure that the Subsidized Usage Period can be calculated correctly.

ED also reminds schools of the importance of updating previously-reported loan information, including closed Direct Loan program years, as needed; specifically, when a student's situation changes. In addition to changing disbursement dates or reducing amounts, schools **must** also change key award information like award amounts, loan period dates, and academic year dates.

In the EA, ED provided some of the reasons that will likely require a school to update a student's award and disbursement information. The provided reasons are listed below:

- The student requests that a loan, or a disbursement of a loan, be cancelled;
- The student does not begin attendance, or does not begin attendance on at least a half-time basis, in a term/payment period that was included in the originally-reported loan period;
- The school determines that the student is not eligible to receive all or a portion of a Direct Loan for a term/payment period that was part of the originally-reported loan period;
- Summer is not a term in which students are generally expected to attend classes, and the student attends the summer term and requests a loan for the summer term; or
- The student is enrolled in a non-term, clock hour, or non-standard term program that has terms that are not substantially equal to each other in length and are not at least nine weeks in length, and the student has failed to progress from one term/payment period to another as originally scheduled.

The EA summarizes the actions that schools need to take to update a student's award or disbursement information under certain scenarios.

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150% Direct Subsidized Loan Limit – continued

The following actions must be taken when inactivating (i.e., cancelling) a loan:

- Reduce all actual disbursements to \$0
- Reduce the award amount to \$0

Note:

When the award amount is reduced to \$0, the COD System will automatically reduce any remaining anticipated disbursements to \$0. If completely inactivating a loan, the loan period and academic year begin and end dates do not need to be modified.

The following actions must be taken when inactivating a disbursement (anticipated or actual):

- Reduce the anticipated and/or actual disbursement amount(s)

Note:

A school can determine which anticipated disbursements have not been reduced to \$0 or have not been updated to an actual disbursement by reviewing: 1) the award and disbursement detail pages on the COD Website, or 2) the COD Action Queue. The COD Action Queue link can be found by clicking on the "Batch" tab in the top blue navigation bar on the COD Website.

- Reduce the award amount to equal the sum of all remaining anticipated and/or actual disbursements
- Update the loan period begin or end date
- Update the payment period start date to be within the revised loan period

Note:

In some cases, until spring 2015, schools may need to follow the workaround provided in an [August 22, 2014 electronic announcement](#) to avoid triggering COD Reject Edit 205 (Payment Period Start Date is outside the Award Begin and End dates).

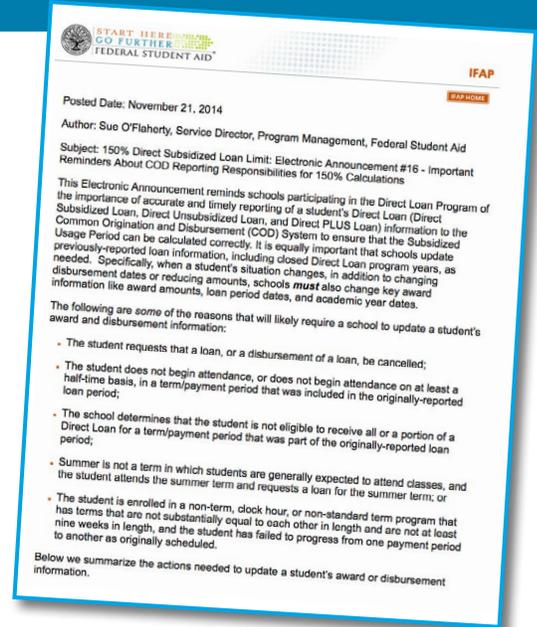
[Dear Colleague Letter GEN-13-13](#) and [150% FAQs](#) provide additional guidance on the correct reporting of loan period and academic year dates.

In the attachment to the EA, ED provides examples showing the impacts to Subsidized Usage Period and Remaining Subsidized Eligibility Period calculations when schools do not properly update all of a loan's previously-reported information.

Contact Information

If you have 150%-related questions or questions about determining the correct loan period and academic year dates, submit them to 150Percent-Questions@ed.gov and include the name of your school in the subject line.

If you have questions about how to make changes to award or disbursement information on the COD System, contact the COD School Relations Center at 800/848-0978 for Direct Loans. You may also e-mail CODSupport@ed.gov.



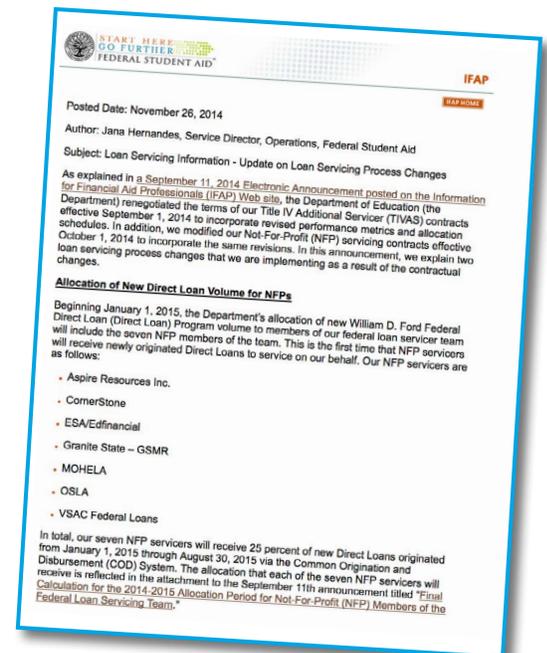
Update on Loan Servicing Process Changes

The Department of Education (ED) published an Electronic Announcement (EA) on [November 26, 2014](#), which elaborated on the renegotiated terms of the Title IV Additional Servicer (TIVAS) contracts, effective September 1, 2014, that incorporates revised performance metrics and allocation schedules. The EA also explained the modified Not-For-Profit (NFP) servicing contracts, effective October 1, 2014, which incorporate the same revisions as described above. Please see below for the specific adjustments made to the aforementioned contracts.

Allocation of New Direct Loan Volume for NFPs

Beginning January 1, 2015, NFP servicers will receive and service newly originated William D. Ford Federal Direct Loan (Direct Loan) Program loans. This is the first time that NFP servicers will receive newly originated Direct Loans. ED's NFP servicers are as follows:

- Aspire Resources Inc.
- CornerStone
- ESA/Edfinancial
- Granite State – GSMR
- MOHELA
- OSLA
- VSAC Federal Loans



The NFP servicers will receive 25% of all new Direct Loans originated from January 1, 2015 through August 30, 2015, via the Common Origination and Disbursement (COD) System. The allocation that each of the seven NFP servicers will receive is reflected in the attachment to the [September 11th EA](#) titled "[Final Calculation for the 2014-2015 Allocation Period for Not-For-Profit \(NFP\) Members of the Federal Loan Servicing Team.](#)"

Adjustments to Customer Satisfaction Surveys

ED revised the performance metrics under the TIVAS and NFP servicing contracts. Specifically, ED created greater incentives for servicers to improve performance on the key goals of helping borrowers in repayment remain current and increasing borrower customer satisfaction. ED also refocused and enhanced the customer satisfaction survey performance metric to better support the new incentives. ED retained the survey's borrower response element and discontinued the survey's school response element.

All members of ED's Federal loan servicer team are aware that their work with schools must be successful if they are to increase the number of borrowers who are current and decrease the number of borrowers who are delinquent and in default. Although the school response element was removed from the customer satisfaction survey metric, ED continues to welcome school feedback through a broad range of other existing methods. In the EA, ED acknowledged the key role that all school partners play in the Federal student loan program and appreciated the schools' ongoing efforts that make ED successful in providing service to students, parents, and families.

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.

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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