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INDUSTRY BULLETIN

Federal Need Analysis Methodology for 2015-2016 Award Year

On May 30, 2014, the US Department of Education (ED) published in the [Federal Register \(Volume 79, Number 104\)](#) the federal need analysis methodology for 2015-2016 Award Year.

As required in Section 468, Part F of Title IV of the Higher Education Act of 1965, as amended (HEA), the Secretary is required to annually publish in the Federal Register tables showing the price inflation for: Income Protection Allowance, Adjusted Net Worth of a Business or Farm, Education Savings Asset Protection Allowance, and Assessment Schedules and Rates. The information published in the Federal Register on May 30 accounts for inflation that took place between December 2013 and December 2014, using a percentage equal to the estimated percentage increase in the Consumer Price Index for All Urban Consumers (CPI-U) for 2014, and accounting for any misestimation of inflation for the immediately preceding year. Please review the Federal Register for the annual updates.

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 Web site to learn more about the events or to register.

- 2 [Phase 2: New Direct Consolidation Loan Process](#)
- 3 [TEACH Grant Closeout Information](#)
- 4 [Now Available!](#)
- 5 [Compliance Corner](#)



JUNE 2014

Phase 2: New Direct Consolidation Loan Process

On [May 20, 2014](#), the US Department of Education (ED) published information to inform the community that on May 18 the second phase of the New Direct Consolidation Loan process was implemented, bringing to a close the former loan consolidation system.

The new process, effective May 18, requires that all new applicants use the Direct Loan Consolidation process available on StudentLoans.gov. Applications sent to the Direct Loan Consolidation Center will not be accepted. In addition, the Direct Consolidation Loans Website has been updated with a message to direct visitors to the new application process.

Applications Submitted Prior to May 18

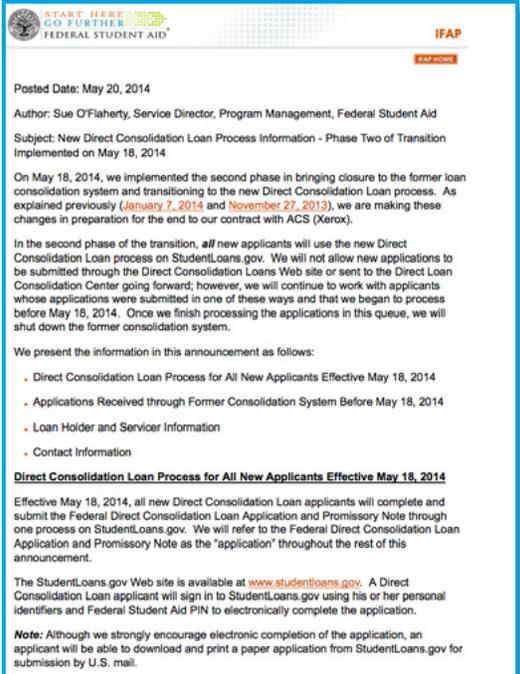
Applications that were submitted and already being processed prior to May 18 will be worked. This includes applications submitted via the Direct Consolidation Loans Website and those sent to the Direct Loan Consolidation Center.

However, applicants with an application in one of the following statuses will receive a communication directing them to visit the StudentLoans.gov site to initiate a new application:

- Application is in a saved status as of May 18, 2014
- Application was submitted but not yet in process prior to May 18, 2014
- Application was submitted with a request to delay processing until the end of the grace period, and not worked prior to May 18, 2014
- Applications received on or after May 18, 2014

Applications Submitted On or After May 18, 2014

Applicants who submit an application on or after May 18 will do so by using a singular process, available on the StudentLoans.gov Website. Although ED strongly recommends that applicants submit their application online, the ability to print and submit by US postal mail is also available. The new, 5-step application allows applicants to: choose loans and a servicer, select a repayment plan, review and agree to the terms and conditions, provide borrower and reference information, and review and sign the application.



The screenshot shows an IFAP document titled "New Direct Consolidation Loan Process Information - Phase Two of Transition Implemented on May 18, 2014". The document is dated May 20, 2014, and is authored by Sue O'Flaherty, Service Director, Program Management, Federal Student Aid. The subject line is "New Direct Consolidation Loan Process Information - Phase Two of Transition Implemented on May 18, 2014". The text explains that on May 18, 2014, the second phase of bringing closure to the former loan consolidation system and transitioning to the new Direct Consolidation Loan process was implemented. It states that new applications will be submitted through the Direct Consolidation Loans Web site or sent to the Direct Loan Consolidation Center. The document also lists the information presented in the announcement: Direct Consolidation Loan Process for All New Applicants Effective May 18, 2014; Applications Received through Former Consolidation System Before May 18, 2014; Loan Holder and Servicer Information; and Contact Information. A note at the bottom encourages electronic completion of the application.

TEACH Grant Closeout Information

The deadline to close out the Teacher Education Assistance for College and Higher Education for the 2013-2014 Award Year is September 30, 2014 (the last day of the processing award year). All school data must be received and all refunds must be requested in G5. G5 is the Department of Education's new grants management system.

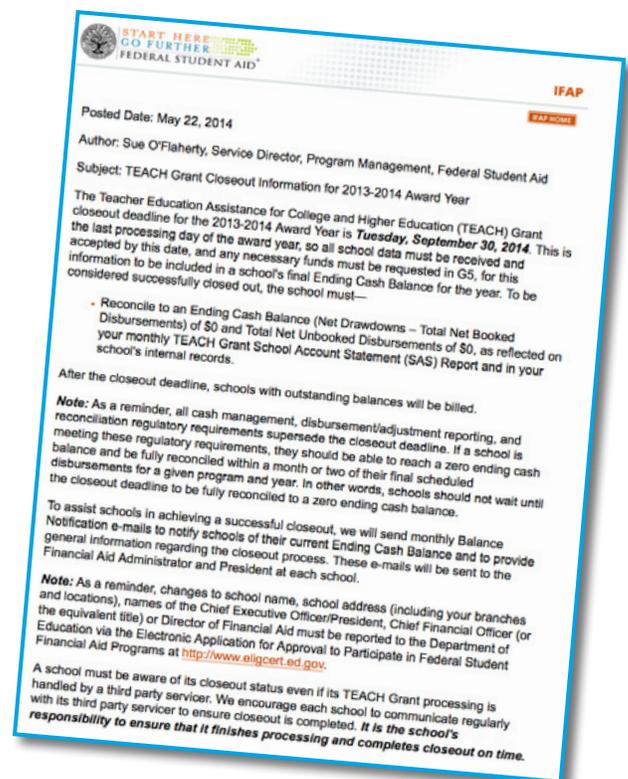
There are two requirements for a school to be considered successfully closed out:

- Ending Cash Balance of \$0 (Net Drawdowns – Total Net Booked Disbursements) and
- Total Net Unbooked Disbursements of \$0, as reflected in the monthly TEACH Grant School Account Statement (SAS) Report and in the school's internal records

Schools that are complying with the requirements for cash management, disbursement/adjustment reporting, and reconciliation should be able to reach a zero ending cash balance and be fully reconciled within at least two months of the final scheduled disbursements.

Schools that use a third party to process their TEACH Grants are still responsible for ensuring the deadline is met. Such schools are encouraged to work with their third party servicers to ensure the closeout is completed.

Please see the Electronic Announcement published on [May 22, 2014](#), for specific instructions on what the information schools should review in order to ensure accurate close out of the 2013-2014 TEACH Grant Award Year.





QUESTION:

Is a student required to resolve an inadvertent undergraduate annual or aggregate over-borrowing if the student is now a graduate student and has increased loan limits?

ANSWER:

Yes. If it is determined that a student had previously exceeded a prior annual or aggregate limit, that student has inadvertently over-borrowed Title IV funds and must resolve that over-borrowing before being awarded further Title IV aid.

This is consistent with the US Department of Education's guidance found in [Dear Colleague Letter \(DCL\) GEN-13-02](#), Q/A #5: "Is it necessary to resolve an inadvertent over-borrowing situation if the student inadvertently exceeded an undergraduate annual or aggregate loan limit but the student is now a graduate student with higher annual and aggregate loan limits?"

Yes, because the student lost eligibility for Title IV funds prior to changing status and becoming eligible for the higher graduate/professional student annual and aggregate loan limits. Therefore, the student cannot receive any additional Title IV aid until the student regains eligibility by one of the two methods (repayment of excess loan amount, or making satisfactory repayment arrangements for the excess loan amount (reaffirmation)) discussed earlier."

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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