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# INDUSTRY BULLETIN

## Changes to Direct Loan Refunds of Cash

On February 26, 2014, the U.S. Department of Education (ED) published an [Electronic Announcement](#) notifying schools that as of January 1, 2015, paper checks will no longer be accepted for Direct Loan Refunds of Cash. Schools are encouraged to refund cash electronically through its [G5 Website](#) (G5) to increase efficiency and improve funds control. Electronically submitting funds is faster, more secure, and less likely to result in errors.

Beginning on January 1, 2015, ED will no longer accept Direct Loan refunds of cash sent via paper check. Schools should update their processes to begin refunding cash electronically via G5 as soon as possible, but no later than December 31, 2014. Important: For refunds of cash that are part of the liability assessed through an audit or program, the instructions provided by the issuing office must be followed.

### Foreign Schools

The refund method available to a foreign school may vary depending on whether the school has a U.S. bank account or a foreign bank account. However, beginning January 1, 2015, foreign schools will also be unable to issue refunds via paper check. Foreign schools are encouraged to refer to the "Funding Process Overview" document on the [Foreign School Information Web page](#).

## 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.



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# Fiscal Year 2011 3-Year Draft Cohort Default Rates

On February 18, 2014, The U.S. Department of Education (ED) distributed the Fiscal Year [\(FY\) 2011 Draft Cohort Default Rate \(CDR\) notification packages](#) to all eligible domestic and foreign schools, guaranty agencies, and lenders.

A school's Cohort Default Rate is expressed as the percentage of borrowers in the cohort who default before the end of the second FY following the FY in which the borrower entered repayment. This year, only the 3-year rates will be published. Schools will lose Title IV eligibility if they have a CDR greater than 30% for 3 years or if they have a 2011 3-year CDR greater than 40% for 1 year. If a school's official FY 2011 3-year CDR is greater than or equal to 30%, the school will be required to establish a Default Prevention Task Force and develop a Default Prevention Plan.

## Distribution of FY 2011 3-Year Draft Cohort Default Rate

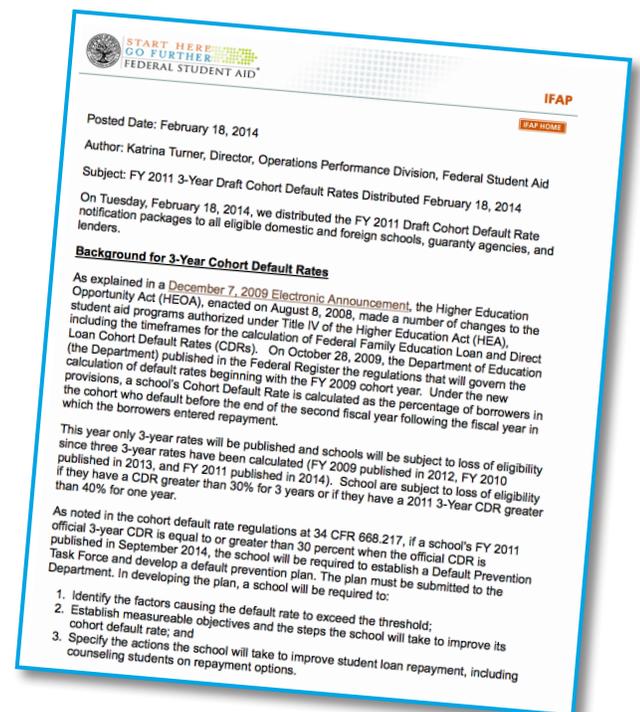
The Draft FY 2011 3-year Cohort Default Rate and accompanying documentation was distributed via the Student Aid Internet Gateway (SAIG) for all domestic and foreign schools enrolled in the Electronic Cohort Default Rate (eCDR) notification process. Schools that are not enrolled in the eCDR process may download their cohort default rates and accompanying Loan Record Detail Reports from the National Student Loan Data System (NSLDS) via the NSLDS Professional Access Web site.

Schools that have no borrowers in repayment during the current, or any past cohort default rate periods, will not receive a FY 2011 3-year Draft Cohort Default Rate Notification Package. Such schools have no cohort default rate data and are considered to have no cohort default rate.

## Begin Dates for Challenging FY 2011 3-Year Draft Cohort Default Rates

Schools were authorized to begin challenging their school's FY 2011 3-year Draft Cohort Default Rate beginning on February 26, 2014. Incorrect Data Challenges (IDCs) must be made through the eCDR Appeals application; however, Participation Rate Index Challenges (PRIs) will continue to be submitted by hard copy.

Please note that the FY 2011 2-year Cohort Default Rates, published in September of 2013, were the last 2-year rate to be calculated. These rates can no longer be appealed.



# 2014-2015 Pell Grant Payment and Disbursement Schedules

The U.S. Department of Education (ED) recently distributed information about the system, Website, and software modifications being made to reflect the [2014-2015 Pell Grant payment and disbursement schedules](#), including changes to be implemented to the CPS, ISIR Analysis Tool, COD System, and the EDExpress for Windows software. As noted in the Dear Colleague Letter (DCL): GEN-14-01 published on [January 31, 2014](#), the maximum Pell Grant award for 2014-2015 is \$5,730 (an increase of \$85 from the prior award year). In addition, the maximum expected family contribution for Pell Grant eligibility is 5157, up from 5081 for the prior award year. ED expects that this change will result in a small number of applicants who were ineligible in the past to be Pell Grant eligible in the 2014-2015 award year. ED is working to update the appropriate systems to account for these changes. Please review the Electronic Announcement distributed on [March 5, 2014](#), for more information on the system changes.

## IRS 'Get Transcript Online' Tool

The Internal Revenue Services' (IRS') [Get Transcript Tool](#) is now available for 2013 tax filers. This Tool provides a more efficient way for tax filers to request a Tax Return Transcript. In the past, tax filers had to wait for the IRS to mail them a copy of the Tax Return Transcript whereas the new process allows visitors to the IRS' website to receive a PDF Transcript. The document can either be saved or printed. Please be aware that the IRS will no longer handle requests for a Tax Return Transcript at its Taxpayer Assistance Centers or by telephone.

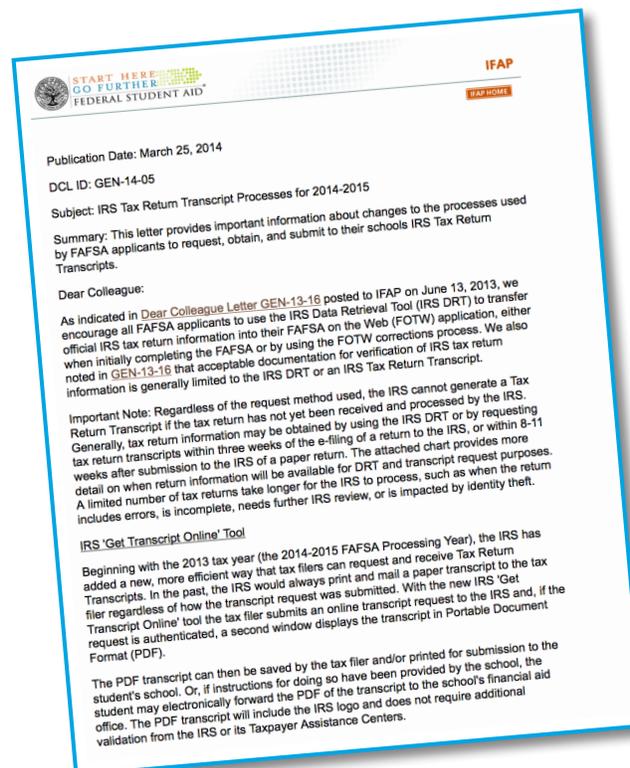
## Victims of Identity Theft

Individuals who are determined by the IRS to have been a victim of identity theft should be referred to the Identity Protection Specialized Unit (IPSU) toll-free at 1-800-908-4490. Such individuals will receive an alternate transcript.

Individuals who believe they are victims of identity theft can either call the toll-free number or go directly to the ID theft website on [irs.gov](#).

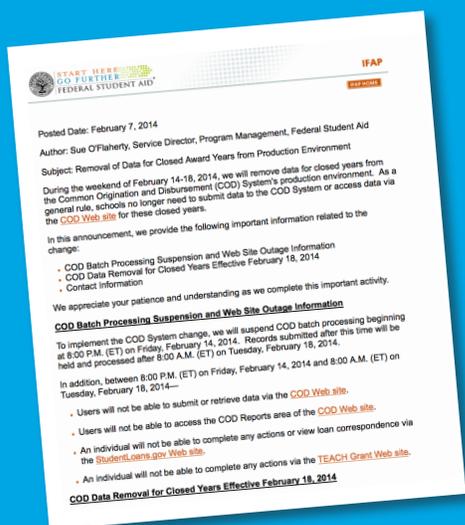
## Income Verification Express Service

Another key improvement to this process is the ability for a school to contract with an IRS approved Income Verification Express Services (IVES). The IVES helps the school to communicate with the IRS to both request and receive a tax filer's Tax Return Transcript. The IVES electronically submits the tax filer's completed/signed 4506-T/4506T-EZ form to the IRS on behalf of the school. The IRS will then provide the tax return transcript to the IVES who will forward it to the school. ED has said that a tax return provided to the school via an IVES is valid for verification purposes.



# Removal of Data for Closed Award Years from Production Environment

This is a reminder that during the week of [February 14-18, 2014](#), the U.S. Department of Education (ED) removed data for closed award years from its Common Origination and Disbursement (COD) System's production environment. As a general rule, schools will no longer need to submit data to the COD System or access data via the COD Website for these years. For more information, please review the Announcement in its entirety.



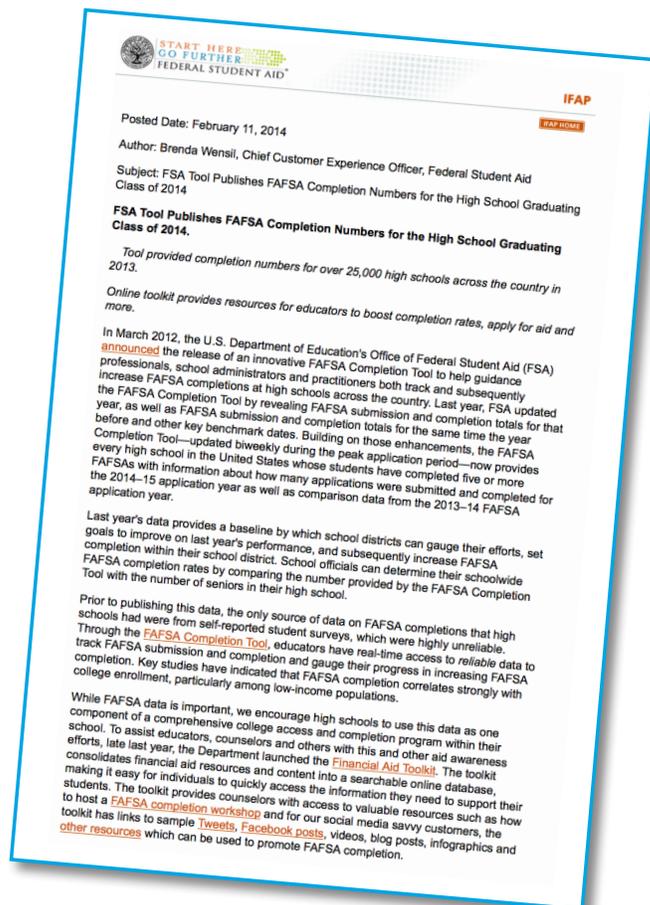
# Metrics Available for Graduating Class of 2014

On [February 11, 2014](#), The U.S. Department of Education (ED) announced that their Free Application for Federal Student Aid (FAFSA) Completion Tool can provide every high school in the United States whose students completed five or more FAFSAs with information on how many applications were submitted and completed for the 2014-15 FAFSA application year, including comparison data from the 2013-14 application year.

This tool provides high schools with reliable, real-time access to data that will allow them to track FAFSA submission and completion. This information will allow them to more accurately gauge their progress and set goals toward improving FAFSA completion within their districts.

ED also reminds High Schools that this information is only one component of a comprehensive college access and completion program. To assist educators and counselors with their aid awareness efforts, ED also offers the [Financial Aid Toolkit](#), which consolidates financial aid resources into a searchable online database.

For additional information regarding the FAFSA Completion Tool, or to search FAFSA Completion Data by High School for the class of 2014, visit [StudentAid.gov/fafsa-hs-data](http://StudentAid.gov/fafsa-hs-data).



# NSLDS Enrollment Reporting

## Reminder about Requirement to Report Enrollment Information

On [February 24, 2014](#), the U.S. Department of Education (ED) issued a reminder to schools about the requirement for Title IV federal student aid program participating schools to report a student's enrollment information to the National Student Loan Data System (NSLDS). Accurate and timely reporting of this information is important for purposes of determining a student's eligibility for Title IV student aid. For example, Federal Student Aid is implementing changes to the NSLDS enrollment reporting requirements, which includes changes to implement the 150% Direct Subsidized Loan Limit provisions.

Each school is responsible for meeting the NSLDS reporting requirements. Schools that use a third-party enrollment reporting servicer such as The National Student Clearinghouse must still comply with all NSLDS enrollment reporting requirements, including responding to data quality analysis.

Visit the [NSLDS Reference Materials](#) page on the IFAP Website to review additional materials on this topic. Questions about enrollment reporting should be directed to NSLDS Customer Support Center at 1-800-999-8219 or via email at [nslds@ed.gov](mailto:nslds@ed.gov).

## Enrollment Reporting File Layouts for the 150% Rule

On [February 27, 2014](#), ED published Electronic Announcement #9 to make the community aware that the new file for enrollment reporting may be used by schools beginning on April 14, 2014. All schools are required to begin using the new Enrollment Reporting File Layouts on July 1, 2014. Updates to the file layout include changes to the fixed-width as well as comma separated values (CSV) and affects:

- '001' Campus-Level record type,
- '002' Program-Level record type, and
- '003' Email Address record type.

While record types '001' and '003' are optional, if reported, all fields in the record must be populated.

As part of the updates a new field was added. This new field titled "File Type Offset" allows institutions that keep their data in spread sheets to easily transfer the CSV information to the Enrollment Reporting File.

# Final 2014-2015 Funding for Campus-Based Programs

On [February 27, 2014](#), the U.S. Department of Education (ED) issued an Electronic Announcement (EA) to provide the final 2014-2015 funding appropriations for Campus-Based Programs. Final funding levels for award year 2014-2015 were appropriated as follows, based on the Consolidated Appropriations Act, 2014 (Pub. L. 113-76), enacted January 17, 2014:

Program	Funding Level
Federal Work-Study (FWS)	\$ 974,278,000
Federal Supplemental Educational Opportunity Grant (FSEOG)	\$ 733,130,000
Perkins Loan Program	\$ 0

Review the announcement in its entirety for detailed information on:

- Determination, appropriation, and notification of Campus-Based Award funds
- Impact on 2014-15 allocations based on return of more than 10 percent of 2012-13 allocation
- Reallocation of additional 2014-15 Campus based programs funds

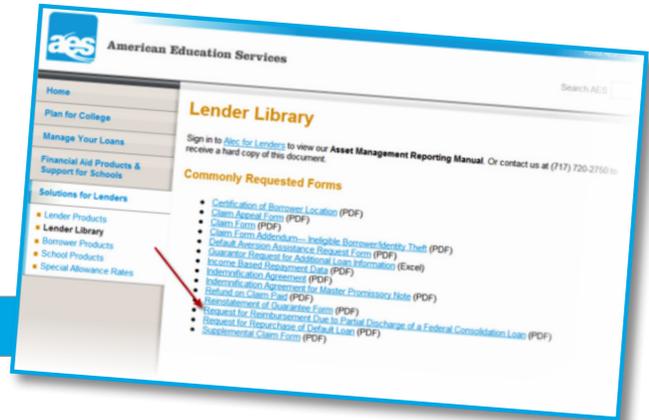
In addition, the 2014-2015 Campus-Based Program Funding Worksheets and Statement of Accounts are available on the [eCampus-Based \(eCB\) Website](#).

# Revised: Request for Reimbursement Due to Partial Discharge of a Federal Consolidation Loan Form

An updated version of the Federal Family Education Loan Program (FFELP) [Request for Reimbursement Due to Partial Discharge of a Federal Consolidation Loan Form](#) has been posted to the Lender Library on [American Education Services' Website](#).

The form instructions have also been revised to ensure that a partial discharge request includes all unpaid interest accrued on an underlying loan(s) originally made to a now deceased or permanently disabled co-maker on a Consolidation loan by using an accurate interest-paid-through date. Please note that this is a change from previous iterations of the form that required use of the date of death or disability as the interest-paid-through date when the date of death or disability was on or after consolidation. Use of the actual interest-paid-through date will help ensure proper claim payment and partial discharge by a guarantor, and will align the form with the Department of Education's intent for a co-maker to receive the same benefits as though his or her loan(s) were never consolidated. In addition, the form was modified to remove language pertaining to pre-July 1, 2013, disability documentation requirements. Lenders and servicers can immediately begin using the revised form.

Changes to the form are summarized in the chart below.



Reference	Change
Page 1, Required Documentation	<p><b>Required Documentation:</b></p> <p><b>Closed School (CS)</b> = School Closure Loan Discharge Application</p> <p><b>Death (DE)</b> = Original or Certified Copy of Death Certificate</p> <p><b>Disability (DI)</b> = Copy of the <u>Department of Education's</u> official notification that the disability discharge application has been approved</p> <p><b>False Certification (FC)</b> = False Certification Loan Discharge Application</p>
Page 2, Section V, Field 14 (Int-Paid-Through Dt)	<p>14. Int-Paid-Through Dt: If the date of death or disability is on or after consolidation, provide the date <u>through which interest was last paid on the amount of the applicable underlying loan(s) as of the date</u> of death or disability. If the date of disability is prior to consolidation, or if the request Reason Type is CS or FC, provide the date of the consolidation.</p> <p>Note: If a subsidized deferment has been applied to the Federal Consolidation loan, the Interest Paid Through Date may need to be adjusted.</p>
Page 2, Section V, Field 15 (Int Claimed as Of)	<p>15. Int Claimed as Of: Provide the date through which interest requested was accrued and the amount of interest accrued as follows:</p> <p>For a date of death or disability on or after consolidation, calculate from the <u>Int-Paid-Through Dt in field 14</u> through the date interest was requested on the amount of the applicable underlying loan(s).</p> <p>For a date of disability prior to consolidation or for a request Reason Type of CS or FC, calculate from the date of consolidation through the date interest was requested on the amount of the applicable underlying loan(s).</p> <p>Note: If a subsidized deferment has been applied to the Federal Consolidation loan, adjust the interest claimed as of amount to exclude this interest.</p>

## Contact Us

Questions pertaining to the form or instructions should be directed to the Loan Assets Management Department at [1.800.892.7576](tel:1.800.892.7576).

# Now Available!

## Blue Book

The appendices of the 2013 Blue Book are now available. Interested parties can view the most recent version of the Blue Book in the [iLibrary](#) on the Information for Financial Aid Professional (IFAP) Website.

## 2014-2015 Application and Verification Guide

The [Application and Verification Guide \(AVG\)](#) for the 2014-2015 Federal Student Aid Handbook is now available.

## 2014-2015 Student Aid Report (SAR) and SAR Acknowledgement

Mock-ups of the final versions of the [2014-2015 Student Aid Report \(SAR\) and the 2014-2015 SAR Acknowledgement](#) are now available in English and Spanish as a resource to the financial aid industry for training or presentations. Visit the Information for Financial Aid Professionals (IFAP) Website to obtain the final versions.

In addition, the March update to the [2014-2015 SAR Comment Codes and Text Guide](#) was made available on March 28, 2014.

## Availability of Report Readers

Federal Student Aid (FSA) has made [three report readers](#) available to help schools simplify the process of importing report files into an Excel spreadsheet for reconciliation purposes. The readers are for Pell Grant Reconciliation File, Pell Grant YTD File, and the SAS Disbursement Detail on Demand File.

## Updated 2014-2015 Common Origination and Disbursement (COD) Technical Reference

The updated 2014-2015 Common Origination and Disbursement (COD) Technical Reference is now available. Refer to the [February 2014 Change Tracking Log](#) for a complete list of changes.

## Draft 2015-2016 FISAP, Instructions, and Technical Reference

[Draft versions of the 2015-2016 Fiscal Operations Report and Application to Participate \(FISAP\)](#), instructions and Technical Reference are now available. These documents help schools prepare to gather necessary information for the submission of the FISAP. The Final 2015-2016 FISAP will be available in August 2014. The due date for the submission of the 2015-2016 FISAP is October 1, 2014.

## NSLDS Transfer Student Monitoring/ Financial Aid History Processes, Batch File Layouts for 2014-2015

The [NSLDS Transfer Student Monitoring/Financial Aid History Processes and Batch File Layouts for 2014-2015](#) have been posted to the Information for Financial Aid Professionals (IFAP) Website. Layouts dated February 27, 2014, describe the file formatting for the TSM and FAH batch files to be used beginning April 14, 2014, and will replace the TSM/FAH Processes and Batch File Layouts dated November 16, 2012.

## 2014-2015 Financial Aid Shopping Sheet

The updated [2014-2015 Financial Aid Shopping Sheet](#) is now available. Changes include minor language changes, the addition of a glossary, and additional space for customizable information.



## 2014 Poverty Guidelines Released

The U.S. Department of Health & Human Services released the 2014 Poverty Guidelines (Federal Register Volume 79, Issue 14) on [January 22, 2014](#). The poverty guidelines may be used as soon as they are published in the Federal Register.

The poverty guidelines are a simplified version of the federal poverty thresholds used for administrative purposes — for instance, determining financial eligibility for certain federal programs. They are issued each year in the Federal Register by the Department of Health and Human Services (HHS). The poverty guidelines may be formally referenced as “the poverty guidelines updated periodically in the Federal Register by the U.S. Department of Health and Human Services under the authority of 42 U.S.C. 9902(2).”

The following figures are the 2014 HHS poverty guidelines:

Persons in family / household	Poverty guideline
1	\$11,670
2	\$15,730
3	\$19,790
4	\$23,850
5	\$27,910
6	\$31,970
7	\$36,030
8	\$40,090

For families/households with more than 8 persons, add \$4,060 for each additional person.

Please note that there are separate poverty guidelines for Alaska and Hawaii. Please refer to the referenced Federal Register to view those poverty guidelines.



### QUESTION:

How does our school evaluate validity of a high school diploma?

### ANSWER:

34 CFR 668.16 (Standards of Administrative Capability) requires schools to develop and follow procedures to evaluate the validity of a student's high school diploma if the school or the Secretary has reason to believe that the diploma is not valid or was not obtained from an entity that provides secondary school education. Acceptable documentation and guidance may be found in the [2013-14 FSA Handbook, Volume 1, Chapter 1](#), beginning on Page 1-6. This Section provides guidance on evaluating a high school diploma and equivalents to a high school diploma.

### Checking the validity of a high school diploma

**"If your school or the Department has reason to believe that the high school diploma is not valid or was not obtained from an entity that provides secondary school education, you must evaluate the validity of the student's high school completion.** Students who indicate on their FAFSA that they graduated high school must give the name, city, and state of the high school. FAFSA on the Web will not allow students to skip these items, and it will have a drop-down list of both public and private high schools populated by the National Center for Education Statistics (NCES). Inclusion on the list does not mean that a diploma from the school is valid, nor does exclusion from the list mean that the diploma is invalid. Note also that diplomas from unaccredited high schools can be valid and qualify students to receive FSA funds, as well as to meet college admission standards.

Acceptable documentation for checking the validity of a student's high school completion can include the diploma and a final transcript that shows all the courses the student took. For students who completed their secondary schooling outside the United States, comparable documents can help, as can the services of companies that determine the validity of foreign secondary school credentials. Another resource is the department of education in the state in which the high school is located, if that department has jurisdiction over the high school. Colleges are also free to consult with each other as they develop their procedures for checking the validity of high school diplomas.

## Compliance Corner – continued

The ISIR will not provide any more information than what the student submitted on the FAFSA. We do not expect you to check the high school data for every student against other information obtained by your school during admissions, but if you have reason to believe the high school diploma is dubious—e.g., the college knows the student bought the diploma or transcript and was required to perform little or no work—you must validate the diploma.

A student's self-certification is not sufficient to validate a high school diploma that is in question. It should be remembered that for a college to be an eligible institution, it must admit as regular students only those with a high school diploma or the recognized equivalent or who are beyond the age of compulsory school attendance. As in other areas of FSA administration, schools have final authority in meeting this requirement. The Department does not plan to have an appeal process or to intervene in reasonable judgments of school administrators, such as a decision to move a high school from a college's acceptable to unacceptable list or a case where one school has different lists than another."

As stated in the above paragraph, your school has the final authority in making the determination of eligibility.

Other related items from the Department of Education concerning high school diplomas:

- [Dear Colleague Letter GEN-12-01](#)
- [Dear Colleague Letter GEN-12-03](#)

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  
042314

### 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](mailto:granthelp@aesSuccess.org)  
[studentloans@aesSuccess.org](mailto:studentloans@aesSuccess.org)

**SCHOOL/LENDER INQUIRIES**  
800.443.0646  
[loanhelp@aesSuccess.org](mailto:loanhelp@aesSuccess.org)