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INDUSTRY BULLETIN

New Federal Student Aid (FSA) ID to Replace the Federal Student Aid PIN

On [October 1, 2014](#), the US Department of Education (ED) published an Electronic Announcement (EA) that described the implementation of a new log in process for its student and borrower-based Websites, including FAFSA on the Web, NSLDS Student Access, StudentLoans.gov, StudentAid.gov, and the TEACH Grant Website. The new Federal Student Aid (FSA) ID will be made up of a user-selected username and password and will replace the FSA Personal Identification Number (PIN) as the process by which students, parents, and borrowers authenticate their identity to access their federal student aid information. This new process is expected to be implemented in the spring of 2015, and will offer a single sign-on process for most of FSA's systems.

The new log in process will eliminate the need for individuals to enter personal identifiers (Social Security number, name, and date of birth) when accessing FSA's systems, which is required for compliance with new security requirements and industry best practices.

Please note that this change will not impact the FSA User ID log in process that is currently in place for financial aid professionals.

The [Information for Financial Aid Professionals \(IFAP\) Website](#) should be monitored for further announcements regarding the transition to the new FSA ID. Additionally, a description of the FSA ID functionality and the implementation schedule will be published on the IFAP Website in the upcoming months.

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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OCT 2014

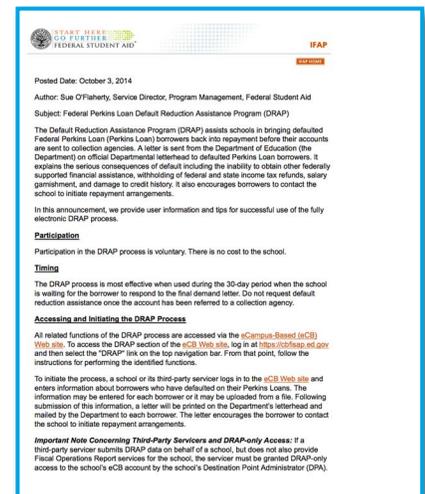
Federal Perkins Loan Default Reduction Assistance Program

On [October 3, 2014](#), the US Department of Education (ED) issued an Electronic Announcement about the Default Reduction Assistance Program (DRAP) which is designed to help schools bring defaulted Perkins Loan borrowers into good standing with their loan before it's sent to a collection agency. ED has said that the DRAP is most effective when used during the period when a school is awaiting response from the borrower on the final demand letter.

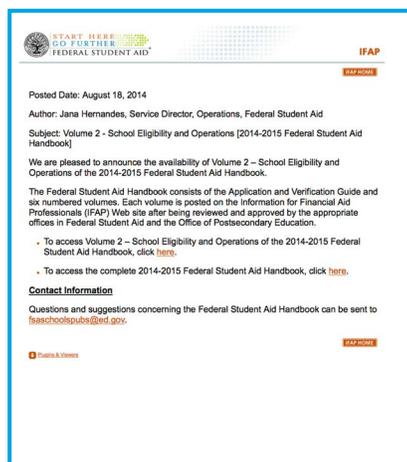
The DRAP process can be located on the [eCampus-Based \(eCB\) Website](#). After logging in, users should select the DRAP link from the top navigation bar to get started. Schools that choose to use the DRAP can either manually enter borrower data or upload a file(s) that contains no more than 1,000 borrowers in each file. A third party servicer can submit the DRAP on behalf of a school, but must have the appropriate access. Third party servicers that do not also submit Fiscal Operation Reports on behalf of a school must be granted DRAP-only access to the school's eCB account by the school's Destination Point Administrator (DPA).

Once the data has been provided, the borrower will receive a letter on ED letterhead with information about the impact of default, including: inability to obtain federally supported financial aid, salary garnishment, withholding of state and federal income tax refunds, and damage to credit history. The letter encourages the borrower to contact his/her school to make payment arrangements.

Not only does the DRAP process allow schools the ability to submit borrower names and address information to have the letters mailed, but it also allows schools to: update borrower names and address information, edit the school's DRAP contact information, and run reports to monitor the letters that are mailed to borrowers.



Now Available!



Common Origination and Disbursement (COD) Updates

An updated edition of the 2014-2015 [COD Technical Reference](#) is available on the COD Website. This resource is made available to schools for COD System processing and contains development information for the 2014-2015 Award Year.

Reminder of Program-Level Enrollment Reporting Requirement

On [September 26, 2014](#), the US Department of Education (ED) issued an Electronic Announcement (EA) reminding institutions of the requirement to begin reporting program-level information to the National Student Loan Data System (NSLDS). As provided in Dear Colleague Letters [GEN-14-07](#) and [GEN-14-17](#) as well as in NSLDS webinars that were held on July 15th, 16th, 30th and 31st of 2014, institutions are required to report students' enrollment to NSLDS at the academic program level, as well as at the institutional (campus) level, using the new enrollment reporting format, no later than with the institution's first submission to NSLDS on or after October 1, 2014. Program-level enrollment data is required to be reported retroactively for all students enrolled as of July 1, 2014. That is, institutions must report a student's current enrollment status for any program in which the student is or was enrolled between July 1, 2014 and the date on which the institution begins reporting under the new format. This includes students who may have withdrawn or graduated during that time period. As noted, institutions are only required to report students' current enrollment status and do not have to report every change that happened between July 1, 2014 and when the institution begins reporting under the new format.

The enrollment reporting rosters that ED began to generate beginning October 1, 2014 are in the new format which includes program-level information. Note that the NSLDS enrollment reporting file layouts that include program-level reporting are available on the [Information for Financial Aid Professionals \(IFAP\) Website](#). Please note that ED will monitor institutions' compliance with the requirement to transition to the new file layouts.

In the EA, ED also reminded institutions of the change in the required frequency of reporting students' enrollment status information to NSLDS. As described in Dear Colleague Letter GEN-14-07, institutions are required to report enrollment information more frequently than was previously required. NSLDS will generate and send roster files to institutions (or to their third-party servicers) on a schedule established by the institution, but no less frequent than once every two months. Institutions that currently receive rosters less often than every two months will have their schedules adjusted, if the institution has not already made the required change on the Enrollment Reporting Profile page on the [NSLDS Professional Access Website](#). Institutions must, within 15 calendar days of the date that ED sends the electronic enrollment reporting roster, respond to the roster.

For more information about NSLDS enrollment reporting requirements, the EA refers to the July 2014 version of the [NSLDS Enrollment Reporting Guide](#), available on the IFAP Website. Additional information is available in the NSLDS Reference Materials section of the IFAP Website. For more important information regarding changes to institutional enrollment reporting requirements, the EA refers to Dear Colleague Letter GEN-14-17.

If you have questions about NSLDS or the new enrollment reporting format, contact the NSLDS Customer Support Center at [800.999.8219](tel:800.999.8219). You can also contact Customer Support by e-mail at nslds@ed.gov.

The screenshot shows an Electronic Announcement (EA) titled "Reminder of Program-Level Enrollment Reporting Requirement". It is dated September 26, 2014, and is authored by Jeff Baker, Director, Policy Liaison and Implementation, Federal Student Aid, and Pamela Eliadis, Service Director, System Operations & Aid Delivery Management, Federal Student Aid. The subject is "Reminder of Program-Level Enrollment Reporting Requirement". The body of the announcement reminds institutions of the upcoming deadline to begin reporting program-level student enrollment information to the National Student Loan Data System (NSLDS). It references Dear Colleague Letters GEN-14-07, GEN-14-17, and the NSLDS Enrollment Reporting Webinars held on July 15 and 16 and 30 and 31, 2014. It states that institutions are required to report students' enrollment to NSLDS at the academic program level, as well as at the institutional (campus) level, using the new enrollment reporting format no later than with the institution's first submission to NSLDS on or after October 1, 2014. Program-level enrollment data is required to be reported retroactively for all students enrolled as of July 1, 2014. That is, institutions must report a student's current enrollment status for any program in which the student is or was enrolled between July 1, 2014 and when the institution begins reporting under the new format. This includes students who may have withdrawn or graduated during that time period. As noted, institutions must report the student's current enrollment status and do not have to report every change that happened between July 1, 2014 and when the institution begins reporting under the new format. Enrollment reporting rosters that we generate beginning October 1, 2014 will be in the new format that includes program-level information. Note that the NSLDS enrollment reporting file layouts that include program-level reporting (in comma separated values and fixed-width formats) are available on the Information for Financial Aid Professionals (IFAP) Web site. IMPORTANT: We will monitor institutions' compliance with the requirement to transition to the new file layouts. Change to Required Frequency for NSLDS Enrollment Reporting We also remind institutions of the change in the required frequency of reporting students' enrollment status information to NSLDS. As described in Dear Colleague Letter GEN-14-07, institutions are required to report enrollment information more frequently. NSLDS will generate and send roster files to institutions (or to their third-party servicers) on a schedule established by the institution but no less frequent than once every two months. Institutions that currently receive rosters less often than every two months will have their schedules adjusted if the institution has not already made the required change on the Enrollment Reporting Profile Page on the NSLDS Professional Access Web site. Institutions must, within 15 calendar days of the date that we send the electronic enrollment reporting roster, respond to the roster.

Adjustment of Calculation of Official Three-Year Cohort Default Rates

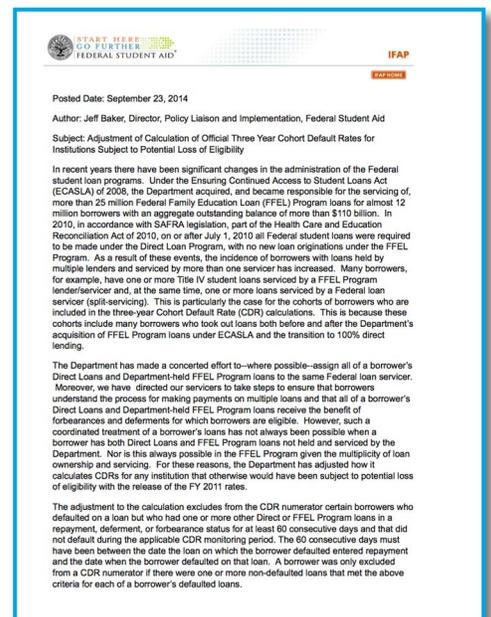
On [September 23, 2014](#), the US Department of Education (ED) published an Electronic Announcement (EA) that described an adjustment in calculating the official three-year Cohort Default Rates (CDR) for institutions subject to the potential loss of eligibility to participate in the Direct Loan Program and the Federal Pell Grant Program.

Due to significant changes in the administration of the Federal student loan programs in the recent years, the number of borrowers with loans held by multiple lenders, and serviced by multiple servicers, has increased. Split-servicing occurs when a borrower has one, or more, Title IV student loans serviced by a FFEL Program lender/servicer and, at the same time, one, or more, loans serviced by a Federal loan servicer. This situation applies particularly to the group of borrowers that are included in the three-year CDR calculations because these groups include many borrowers who received loans both before and after ED's acquisition of Federal Family Education Loan Program (FFELP) loans under the Ensuring Continued Access to Student Loans Act (ECASLA) of 2008, and the transition to 100% direct lending.

Because it is difficult to coordinate the treatment of a borrower's loans when he/she has both Direct and FFELP loans not held and serviced by ED, or when a borrower has FFELP loans owned and serviced by various lenders/servicers, ED has adjusted how it calculates CDRs for any institution that otherwise would have been subject to potential loss of eligibility with the release of the Fiscal Year (FY) 2011 rates.

The three-year CDR calculation adjustment excluded those borrowers who defaulted on a loan but who had one, or more, other Direct or FFELP loans in a repayment, deferment, or forbearance status for at least 60 consecutive days and that did not default during the applicable CDR monitoring period. The 60 consecutive days must have been between the date on which the defaulted loan entered repayment and the date on which the borrower defaulted on that loan. A borrower was only excluded from a CDR numerator if there were one, or more, non-defaulted loans that met the above status criteria for each of a borrower's defaulted loans.

ED made the adjustment described above to all three of the most recent official three-year CDRs (FY 2009, FY 2010, FY 2011) for any institution that otherwise would have been subject to potential loss of eligibility with the release of the FY 2011 CDR. The adjustment resulted in an institution not being subject to a potential loss of eligibility to participate in the Direct Loan Program and, in some cases, also the Federal Pell Grant Program. It is important to note that the borrower's defaulted loan remains in its current status for collection and other purposes.



Special Allowance Rates for Federal Family Education Loan Program (FFELP) Stafford and PLUS Loans

For the Quarter ending September 30, 2014

The Treasury Bill (T-bill) rate for the quarter ending September 30, 2014, averaged .02%. 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%	
3.13%	0.14%	0.0350%	SD
3.28%	0.00%	0.0000%	
7.00%	0.00%	0.0000%	
8.00%	0.00%	0.0000%	
3.13%	0.00%	0.0000%	SE
3.13%	0.00%	0.0000%	SG
3.20%	0.00%	0.0000%	
2.53%	0.00%	0.0000%	SH
1.73%	0.49%	0.1225%	SJ
2.33%	0.49%	0.1225%	SK

For the quarter ending September 30, 2014, 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*
1.73%	0.14%	0.0350%	CA
2.33%	0.14%	0.0350%	CB
3.13% (PLUS)	0.00%	0.00%	CD
1.73%	0.14%	0.0350%	CE
6.80%	(4.93%)	(1.2325%)	
2.33%	0.14%	0.0350%	CF
6.80%	(4.33%)	(1.0825%)	
3.13% (PLUS)	(0.36%)	(0.0900%)	CH
8.50% (PLUS)	(5.73%)	(1.4325%)	
5.60%	(4.28%)	(1.0700%)	CI
6.00%	(4.68%)	(1.1700%)	
6.80%	(5.48%)	(1.3700%)	
5.60%	(3.68%)	(0.9200%)	CJ
6.00%	(4.08%)	(1.0200%)	
6.80%	(4.88%)	(1.2200%)	
8.50% (PLUS)	(6.58%)	(1.6450%)	CM

Special Allowance Rates for Federal Family Education Loan Program (FFELP) Stafford and PLUS LoansSpecial – continued

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. Then click on 'Common Manual Information.' Select the most recent Common Manual under the Integrated Common Manual heading. 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 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.

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