

hot TOPICS



IPD Financial Aid News

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ED Cracks Down on Student Lending Companies

The U.S. Department of Education (ED) recently discovered that outside entities, including student lending organizations, have contacted institutions and requested current or former student information under either the federal Freedom of Information Act (FOIA) or a state freedom of information law. Therefore, ED released GEN-07-05 September 7.

ED indicated that the federal FOIA only applies to federal agencies and their employees. Institutions that participate in the Title IV, HEA programs are not subject to the Federal FOIA and, therefore, are not required to release any student information under this law.

In addition, GEN-07-05 reminds institutions that the requirements of the Federal Family Educational Rights and Privacy Act (FERPA) apply to all postsecondary educational institutions that receive funds under any program administered by ED. Therefore, under FERPA, a postsecondary institution may not have a policy or practice of disclosing personally identifiable information from a student's education records without his or her prior written consent, except as specified by law.

However, there are some exceptions to the prior written consent requirement. One of the exceptions permits an institution to disclose information that has been appropriately designated as "directory information" by the institution. Directory information includes the student's name, address, telephone listing, e-mail address, major field of study, and other information generally not considered harmful or an invasion of privacy.

Nonetheless, an institution may not disclose directory information that is linked to non-directory information such as a student's financial aid status. If an institution receives a request for information about a student's financial aid status, or if the request is only for directory information for students who have received student financial aid, the institution is restricted from releasing that information without first securing the student's or former student's written consent. Institutions are not required by FERPA to actively seek such consent. If a student or former student has opted out of the disclosure of information, institutions may not release any of his or her directory information.

Finally, ED suggested that institutions consult with their legal counsel to ensure that any release of information is consistent with the requirements of FERPA and any applicable state public disclosure or privacy laws.

ED Releases New List of Eligible Majors for SMART Grants

The U.S. Department of Education (ED) released GEN-07-06 September 24. It provides a revised list of eligible majors for the National SMART Grant. Initially, ED's intention was to not change the list for 2007–2008. However, the new Assistant Secretary for Postsecondary Education felt it was prudent that the list be reviewed.

All institutions should review the entire list of eligible majors for the 2007–2008 award year found in GEN-07-06. Every institution must provide National SMART Grants to all potentially eligible students, including those in the additional majors, for the 2007–2008 award year. Click on the following link to access the list:

<http://www.ifap.ed.gov/dpcletters/GEN0706.html>.



ACG Recognizes Rigorous Secondary School Programs of Study for 2007 Graduates

The U.S. Department of Education (ED) announced an updated Academic Competitiveness Grant (ACG) recognized rigorous secondary school program of study for 2007 graduates September 24. One of the components of a student's eligibility for an ACG award is the completion of a rigorous secondary school program of study. The requirements for the rigorous program are as follows:

- Set of Courses Similar to the State Scholars Initiative
- Advanced Placement and International Baccalaureate Courses and Test Scores
- State-Specific Programs: Advanced or Honors Diploma, State Scholars Initiative Requirements, and State Recognized Plan
- The Advanced or Honors Diploma, State Scholars Initiative Requirements, and State Recognized Plan options are state-specific programs and will vary depending on the state.

Academic institutions should review this announcement to ensure an understanding of the ACG self-identification process and the processing of ACG awards by the COD system. The announcement can be found at the following link:

<http://www.ifap.ed.gov/eannouncements/0924UpdatedACGRecRigSecSchool.html>.

President Bush Signs Reconciliation Bill in to Law

President George W. Bush signed the College Cost Reduction and Access Act of 2007 (Reconciliation Bill) September 28. As a result, FFEL program loan providers will lose \$22 billion in subsidies over the next several years. However, there will be increases in the Pell Grant along with additional savings to borrowers through reduced interest rates and caps on repayment amounts, and more generous loan forgiveness.



To address the impact it will have on financial aid, IPD is planning a College Cost Reduction and Access Act teleconference for the near future. To view a summary of the report, click on the following National Association of Student Financial Aid Administrators (NASFAA) link: <http://www.nasfaa.org/publications/2007/ghr2669signing092707.html>.

House Approves Bill That Permanently Extends HEROES Act

By a voice vote, the House passed the Higher Education Relief Opportunities for Students (HEROS) Act September 25. This act permanently extends the measure that gives active duty military personnel more leeway when applying for financial aid and repaying student loans. The HEROS Act was originally signed into law August 18, 2003, expired September 30, 2005 and then was extended by public law. It was due to expire September 30. The Senate has yet to act on the bill.

ED Releases Suggestions for Reporting Verification Status Codes

The U.S. Department of Education (ED) released an announcement September 29 on how to accurately report verification status codes to the COD system. The following information is a summary of that announcement.

For each Pell Grant award disbursed to a student who was selected for verification, a school must report the student's verification status to ED via the Common Origination and Disbursement (COD) system. To do this, the school administrators include a verification status code in the common record document they submit to the COD system via batch processing or when they create the award through the COD Web site. The verification status code, included in the award, must accurately reflect the student's verification status. If the student was not selected for verification or if a selected transaction was received by the school after the student was no longer enrolled, the school does not need to submit a verification code and can leave the field blank.

The verification status codes are V, W, and S. However, there are conditions under which each verification status code should be used. V is used when the school has verified the student. W is used when the student was selected for verification by CPS or by the school, and the school chose to pay a first disbursement of the Pell Grant without documentation as provided for in the regulations at 34 CFR 668.58. In addition, the W code must be updated to V once verification is complete. If the code is not updated, the Pell Grant will be reduced to a zero dollar amount (\$0.00) when Federal Student Aid Department performs a global reduction of disbursements for awards with a W status. S is used when CPS selected the student for verification but school administrators did not verify the student for one of the following reasons:

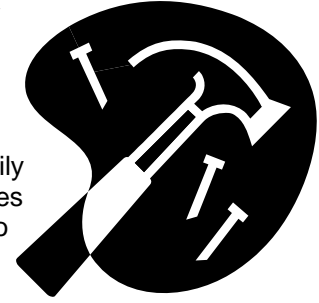
- The school was not required to verify the student in accordance with the exclusions from verification provided for in the regulations at 34 CFR 668.54(b).
- The school was not required to verify the student because it had already reached the 30% verification threshold.
- The school participates in the Quality Assurance (QA) program, and the student's application did not meet the school's verification criteria established in accordance with the waiver of verification requirements in the QA program.

The Verification Status Report is a tool the school can use to identify Pell Grant awards that may need verification status follow up. The report lists all of the school's students with reported Pell Grant disbursements who were selected by the CPS for verification and who do not have a verification status code of V or S.

The report is generated by the COD system on a monthly basis and sent to a school's SAIG mailbox. The report is also available in comma-delimited format in the school's news box on the COD Web site. If there is no data for a given month, the report will not be sent to the school's SAIG mailbox or posted on the COD Web site. School administrators can also request a Verification Status Report via the COD Web site or by submitting the batch data request for the appropriate award year message class via the SAIG.

NASFAA Offers Award Letter Evaluation Tools for Schools

When was the last time you critically reviewed your award letter? Did you know that National Association of Student Financial Aid Administrators (NASFAA) has an award letter evaluation tool? It is divided into five sections and objectives. The objectives will help the institution to determine if their award letter meets the needs of the consumer and is similar to the NASFAA self-evaluation guide. The five objectives include: cost of attendance, expected family contribution, the information provided on the type of aid awarded, the procedures a student must follow to accept the award, and finally what a student must do to maintain eligibility. This evaluation tool can be found at: <http://www.nasfaa.org/PDFs/2001/awardlet.pdf>. However, a login and password are required to access this site.



In addition, the NASFAA will cover a similar topic in the fall workshop, "Counseling Students and Families: Tackling Financial Issues." Visit the NASFAA Web site for workshop times and locations.

CAHEE Members Attend IPD Financial Aid Training

Non-term financial aid training for CAAHE members was held October 9 and 10 at Shorter College, North Atlanta. There were 21 participants from 10 different schools representing enrollment, accounting, student services, and financial aid. Topics varied from return of Title IV to financial readiness. There was a variety of discussion topics and issues to debate because most departments had a representative at the training. To cap off the day, dinner was held at Ray's for all those attending the training. All of the participants enjoyed the fabulous food and recently renovated restaurant that was just a mile from the hotel.

Depending on the need, the IPD training sessions are held twice a year. The next session is a special training at Indiana Wesleyan University, Indianapolis, November 15 and 16. For questions about IPD's next training session, please contact Teresa Corno at teresa.corno@apollogrp.edu.

Editorial Staff

Teresa Corno, Director Corporate Compliance
Kristina Carlberg, Editor/Designer
Teresa Corno and Dawn Davison, Contributors

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