

hot TOPICS



IPD Financial Aid News

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Table of Contents

President George W. Bush Signs Another Extension of the HEA	1
Using the Same ISIR More Than Once.....	1
Certifying Loans Before Completing Verification.....	2
Academic Competitiveness Grant and SMART Grant Programs.....	2
2006–2007 <i>Federal Student Aid (FSA) Handbook</i> Available.....	3
Higher Education Reconciliation Act (HERA) of 2005.....	3
How Can Schools be More Proactive Before a Program Review?	4
IPD Hires Manager of Title IV Compliance.....	4
Goings On.....	5
Editorial Staff.....	5

(Please note: you can click on the Table of Contents items to get to any article quickly.)

President George W. Bush Signs Another Extension of the HEA

On April 1, 2006, President George W. Bush signed into law another extension of the Higher Education Act (HEA). This bill extends the authority for the HEA programs to operate until June 30, 2006, and was necessary because the previous short-term extension expired on March 31, 2006.



Using the Same ISIR More Than Once

All too often, the words “award year” and “academic year” are used interchangeably. We feel it is important to distinguish the difference between the two, especially during this time of year when there are several programs that have academic years crossing over into the new award year. The award year will always begin on July 1 of one year and end on June 30 of the next year. The academic year must be a minimum of 24 semester credits and 30 weeks of instruction.

The student’s scheduled Pell award is the maximum amount he/she can receive during the award year. (July 1 to June 30). The academic year is used as the basis for determining the student’s annual loan limits. The annual loan limits are for an academic year, which is not always tied to fixed calendar dates (unlike Pell which is tied to the award year July 1 to June 30). If the loan period crosses between award years, you may use the Expected Family Contribution (EFC) from either the FAFSA application to determine the student’s need or see the 2004–2005 *Federal Student Aid (FSA) Handbook* p. 3–63.

In nonterm programs, it is not uncommon to have one academic year end and another academic year begin all within the same award year. When this happens, you are allowed to use the same Institutional Student Information Record (ISIR) that was used for the first academic year when awarding for the second academic year. However, it is important to remember that Pell is tied to the award year. Once the student has received his/her scheduled Pell award, he/she cannot receive any more Pell until the new award year begins.





Certifying Loans Before Completing Verification

Schools have the option of certifying loans before verification is complete. As long as there is no conflicting documentation, subsidized Stafford loan applications may be certified for a student who has not completed the verification process. However, the loan funds may not be disbursed to the student. Unsubsidized Stafford loans and PLUS loans are not subject to verification. Therefore, as long as there is no conflicting information, these loans may be awarded and certified for a student who has not completed the verification process.

If a student withdraws from your school, the loans were certified prior to the student becoming ineligible, and the student provides all documents required for verification after withdrawing but before the verification submission deadline and in time for the institution to meet the 30-day Return deadlines, the institution performs the Return calculation including all Title IV aid for which the student has established eligibility as a result of verification and for which the conditions of a late disbursement had been met prior to the student's loss of eligibility due to withdrawal. For further information on certifying loans prior to completing verification and completing the verification process after a student withdraws, see the 2005–2006 *Federal Student Aid (FSA) Handbook* volume 4, Chapter 1, p. 8 and volume 5, Chapter 2, pp. 16–18.

Academic Competitiveness Grant and SMART Grant Programs



On April 5, 2006, the Department of Education (ED) released GEN–06–04. It contains important information on two new grant programs created by the Higher Education Reconciliation Act of 2005 (HERA). These new grant programs will make grants available to eligible students for the 2006–2007 award year, and the Dear Colleague Letter discusses how the ED plans to administer these new grant programs.

As of this fall, full-time students at degree-granting institutions who are eligible for Pell Grants and are U.S. citizens could receive additional awards of \$750 for the first academic year of study and \$1,300 for the second academic year of study under the new Academic Competitiveness Grant (ACG) program if they have completed “a rigorous secondary-school program of study” and maintain a cumulative 3.0 grade-point average in college.

The National Science and Mathematics Access to Retain Talent (SMART) Grant program will provide awards of up to \$4,000 for each of the third and fourth academic years of study. To be eligible for each academic year, a student must be Pell Grant-eligible, and a U.S. citizen who’s major is in mathematics, science, or certain foreign languages. These students must also maintain a 3.0 grade-point average.

According to the Dear Colleague letter, the ED will notify financial aid applicants who could potentially be eligible for the ACG Grant awards in the 2006–2007 award year by July 1, 2006. The notification will provide information about a Website that will help applicants determine whether they have completed “a qualifying rigorous secondary-school program of study identified by a state or local educational agency and recognized by the Secretary.”

Once students who believe they are eligible notify the department, the ED will notify each eligible student’s institution(s), as listed on the FAFSA. The institution will be responsible for verifying the information the students provided.

As for the SMART grants, institutions should already possess all of the information needed to determine which of their juniors and seniors qualify for the awards. The ED plans on publishing a list of eligible majors, including critical foreign languages, using the Classification of Instruction Program (CIP) codes.

In the coming months, the Department of Education plans to provide further guidance on implementing the grant programs. To view GEN–06–04, click on link <http://www.ifap.ed.gov/dpccletters/GEN0604.html>.

2006–2007 Federal Student Aid (FSA) Handbook Available

All volumes of the 2006–2007 FSA Handbook are now posted on the Information for Financial Aid Professionals (IFAP) Library Website at

<http://www.ifap.ed.gov/IFAPWebApp/currentSFAHandbooksYearPag.jsp?p1=2006-2007&p2=c>.



Higher Education Reconciliation Act (HERA) of 2005

On March 22, 2006, we held a teleconference to discuss the enactment of the Higher Education Reconciliation Act (HERA) of 2005. There were several changes made to the HEA as a result of the HERA and hopefully, we were able to address most of your areas of concern. We are still awaiting guidance from the Department of Education (ED) on certain issues within the HERA. Once that guidance is release, we plan on conducting another teleconference to discuss all aspects of the HERA. The following are just a few of the changes to financial aid, as a result of the HERA of 2005. The effective date is July 1, 2006 unless otherwise noted.

- ◆ Those students currently on active duty in the armed forces for purposes other than training will be considered “independent” students.
- ◆ Once it is determined that a student is eligible for a late or post-withdrawal disbursement, the school must
 - Contact the borrower to confirm loan funds are still required.
 - Explain the borrower’s obligation to repay.
 - Document such contact and final determination.
- ◆ Schools with cohort default rates of less than 10% for the three most recent fiscal years will be exempt from the 30-day delay disbursement requirement and the requirement for at least two disbursements for single-term loans (defined as loan period of 4 months or less) and (*effective for any disbursement made on or after February 8, 2006*).
- ◆ In order to rehabilitate a loan, a student must make nine payments during 10 consecutive months within 20 days of the due date.
- ◆ A student does not have to repay grant overpayment amounts less than \$50. This is an increase from \$25.
- ◆ A student will be required to return only the portion of a grant overpayment amount that exceeds 50% of the total grant assistance the student received for the period (*awaiting further guidance*).
- ◆ All distance education coursework is excluded from the 50% rule.
- ◆ The drug conviction question was modified so that it only applies to a student’s conviction that takes place while he/she was enrolled in school and receiving Title IV assistance (*awaiting further guidance on how this will be put into place for 06/07*).
- ◆ The interest rate for FFELP PLUS loans will increase from 7.9% to 8.5% and Stafford interest rates will be fixed at 6.8% (*applies to loans first disbursed on or after July 1, 2006*).
- ◆ Loan limits will increase from \$2,625 to \$3,500 for first year students, from \$3,500 to \$4,500 for second year students and from \$10,000 to \$12,000 for graduate students (*loans certified on/after July 1, 2007*).
- ◆ Graduate and professional students will be able to borrow PLUS loans for up to their cost of attendance (COA) minus the estimated financial aid (EFA).
- ◆ Schools will now have 45 days to return funds as a result of Return of Title IV Funds calculations.



Again, these are just a few of the changes as a result of the HERA of 2005. On March 10, 2006, the Department of Education (ED) released GEN–06–02. It specifically addresses changes made to the HEA as a result of the HERA that effect Direct Loans, Perkins Loans, and Federal Family Education Loans (FFEL). Then, on April 5, 2006, the Department released GEN–06–04, which is discussed separately in this newsletter. Schools are encouraged to read GEN–06–02 and GEN–06–04 as not all parts of the HERA are discussed in this newsletter. To view GEN–06–02, click the following link at <http://www.ifap.ed.gov/dpcletters/GEN0602.html>.

How Can Schools be More Proactive Before a Program Review?

The below excerpt was taken from the Texas Guaranteed Student Loan Corporation (TG) *Shoptalk Online Website* (Edition 343, February 21, 2006) accessed April 18, 2006 via <http://www.tgslc.org/shoptalk/2006/st343/st34300.cfm>.



Question of the Week

Q: Can you give some examples of problem areas for schools during a program review?

A: The following list provides some examples of common problems/liabilities for schools during a program review:

- ◆ Improper administration of admission requirements [concerning ability to benefit (ATB), high school diploma, and GED].
- ◆ Improper loan certification.
- ◆ Lack of eligibility documentation for eligible noncitizens.
- ◆ Missing Student Aid Reports (SARs)/Institutional Student Information Records (ISIRs) at time that FFELP loan was certified.
- ◆ Improper verification.
- ◆ Discrepancies with student budgets.
- ◆ Improper satisfactory academic progress (SAP) standards or enforcement.
- ◆ Discrepancies in student enrollment statuses.
- ◆ Improper National Student Loan Data System (NSLDS) reporting.
- ◆ Entrance/exit counseling not conducted or documentation missing.
- ◆ Improper execution of return of Title IV funds requirements.
- ◆ Lack of adequate documentation in professional judgment decisions

Did you know that IPD will conduct an assessment of your school's financial aid for non-term programs? To schedule an assessment please contact Teresa Corno at (314) 966-3131 or send her an e-mail at teresa.corno@apollogrp.edu.



IPD Hires Manager of Title IV Compliance



Please join me in congratulating Pamela Harris on her recent promotion to Financial Aid Compliance Manager. In this newly created role, Pam will be available to assist clients with processing, refining policies, procedures, and completing assessments. Pam started working at Averett University in 1988 at the beginning of the partnership with IPD. She worked in Student Services until 1990 when she began processing financial aid for the GPS non-traditional program. She completed the Southern Association of Student Financial Aid Administrators (SASF AA) financial aid training at Clemson University in 1991. She has served on the public relations committee for the Virginia Association of Student Financial Aid Administrators (VASF AA) from 2002–2004 and was President of the Financial Aid CAAHE Commission in 2003–2004. She held the Financial Aid Manager position for the Averett GPS program until 2004 when she was promoted to Accounting Manager.

Pam is also a part-time instructor for a local technical college. She received her Bachelor of Science in Management from Averett University and has almost completed her MBA. She is a Danville native, and has two grown sons. She enjoys traveling, camping, and just about anything outdoors.

If your office needs interim assistance, please contact Teresa Corno or Pam Harris at (800) 948-2810 to arrange the details. We are happy to be able to offer this service and hope that you don't have the need but if you do, we want you to take advantage of it.



Goings On

Carol Carpenter at Cornerstone University has recently been promoted to Associate Director of Student Financial Services.

Do you have information about job openings or upcoming events at your institution that you would like to share with other IPD client institutions? Just e-mail the information (including the name of the event or job opening; any relevant dates; and a name, telephone number, or e-mail address of a contact person) by July 1, 2006, to Teresa Corno at teresa.corno@apollogrp.edu, so that your information will be included in the next newsletter.



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