

hot TOPICS



IPD Financial Aid News

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2006–2007 IPD Financial Aid Conference and Commission Meeting

Mark your calendars. The 2006–2007 IPD Financial Aid Conference and Commission Meeting will be held October 26th and 27th, 2006. John Wise, Chair of the FA Commission, has graciously agreed to host the conference this year in Nashville, TN. Like the conference last year, we will again have a training session for all new processors dedicated to your non-term programs. The training session will be before the conference on October 24 and 25, lasting half a day on October 25. A formal announcement and arrangements will be in your mailboxes soon!



Eligibility for Title IV Assistance for Victims of Human Trafficking

On May 11, 2006, the U.S. Department of Education (Department) issued new guidance for victims of human trafficking (GEN-06-09). This guidance states that a non-citizen who entered the United States under certain provisions of the Victims of Trafficking and Violence Protection Act (VTVPA) may be eligible for Title IV program assistance if he/she can provide documentation confirming his/her status under the VTVPA. The VTVPA provides that the U.S. Department of Health and Human Services (HHS) has the responsibility for certifying an individual as a victim of human trafficking and for issuing letters to that effect. HHS issues a Certification Letter to a victim 18 years of age or older and an Eligibility Letter to a victim under 18 years of age. Both letters instruct the individual to present the letter when applying for Title IV program assistance. Certain relatives of a victim may also be eligible.

When completing the Free Application for Federal Student Aid (FAFSA), the student should answer the citizenship question, “Are you a U.S. citizen?” by selecting option ‘b’, “No, but I am an eligible non-citizen,” and provide his/her Alien Registration Number. The Department of Homeland Security (DHS) currently does not have these individuals in its systems, so these students will fail the computerized database match. A C code will be present on the Institutional Student Information Record (ISIR). Therefore, the financial aid administrator (FAA) must confirm the applicant’s status under the VTVPA.

In order to resolve the DHS C code, the FAA must obtain and retain a copy of the Certification Letter or Eligibility Letter that was issued by HHS to the student. In addition, the FAA must call the HHS Office of Refugee Resettlement at 1-866-401-5510 to verify the validity of the letter and to confirm that HHS certification or eligibility has not expired. The FAA must document the time and date of the call to the HHS Office of Refugee Resettlement, as well as record the results of the call. If the student applies for Title IV program assistance at the same institution in a subsequent year, the FAA must re-verify that the student's Certification Letter or Eligibility Letter remains in force by again calling the HHS Office of Refugee Resettlement at the toll free number provided above.

The spouse, child, or parent of an individual certified by HHS as a victim of human trafficking may also be eligible for Title IV program assistance. These individuals will not have an HHS-provided Certification Letter or Eligibility Letter, but will have a T-visa (T-2, T-3, or T-4, and so forth). A student with this status must submit a copy of his/her T-visa as well as a copy of the victim's HHS Certification Letter or Eligibility Letter. You must follow the same procedure outlined above.

For further information and to access GEN-06-09, click on the following link:
<http://www.ifap.ed.gov/dpclatters/GEN0609.html>.

A Few R2T4 Changes Effective July 1, 2006



Prior to July 1, 2006, regulations required that a student refund 50% of the portion due to federal grant programs identified in the R2T4 calculation. However, due to the Higher Education Reconciliation Act of 2005 (HERA), effective July 1, 2006, unless the amount due from the student is at least one-half of the grant disbursement for the applicable payment period, no refund is due. Furthermore, effective July 1, 2006, a student is not required to return an overpayment of less than \$50. Regulations prior to July 1, 2006 required that a student return an overpayment of less than \$25.

Finally, when returning Title IV funds as a result of R2T4, the new Grad PLUS loan is considered to be in the same position as the PLUS loan until current regulations are changed.

Updates to R2T4 on the Web and Archival of R2T4 PC Product

In the early part of August 2006, Federal Student Aid will release an updated version of Return of Title IV Funds (R2T4) on the Web product to implement changes to R2T4 calculations as a result of the provisions of the HERA.



The HERA changed R2T4 calculations for students whose withdrawal date is on or after July 1, 2006. The maximum amount of time an institution has to complete an R2T4 calculation and return any Title IV funds for which it is responsible will be extended from 30 days to 45 days. Based upon the student's withdrawal date, either the existing R2T4 on the Web calculation (for students who withdraw prior to July 1, 2006) or the revised R2T4 on the Web calculation (for students who withdraw on or after July 1, 2006) will be performed.

The PC software version of R2T4 will not be updated to include the HERA provisions. Therefore, it cannot be used for students with withdrawal dates on or after July 1, 2006.

The R2T4 on the Web will be the only automated method provided by Federal Student Aid for performing calculations for students withdrawing on or after July 1, 2006. On June 1, 2006, the PC version of R2T4 was relocated to an archival section of the Federal Student Aid Download Web site.

R2T4 on the Web is accessible through the FAA Main Menu of the FAA Access to Central Processing System (CPS) Online Web site www.fafsa.ed.gov/FOTWebApp/faa/faa.jsp and from the View menu in the EExpress for Windows software.

FAAs need to be enrolled for both FAA Access to CPS Online and Return of Title IV Funds specifically to access the R2T4 of the Web site.

On April 24, 2006, Federal Student Aid (FSA) released a self-paced learning session for R2T4 on the Web. This session covers all aspects of using the R2T4 on the web software, including setup, reporting, and calculating refunds for all institutional program types. To access the announcement and links to the training session, click on the following link: <http://www.ifap.ed.gov/dpclatters/ANN0604.html>.

Finally, on June 30, 2006, the Department released the revised R2T4 worksheets. These revised worksheets should only be used for students who withdraw on or after July 1, 2006. To view the worksheets and to read the entire announcement, click on the following link: <http://www.ifap.ed.gov/eannouncements/0630R2T4paperworksheets.html>.

HERA Requires New Procedures for Post-Withdrawal Disbursements

Effective July 1, 2006, when a school performs the R2T4 calculation for a student who has withdrawn and determines that the student is eligible to receive a post-withdrawal disbursement of loan funds, prior to delivering the post-withdrawal disbursements the school must contact the borrower to explain the borrower's obligation to repay the funds if the funds are disbursed, and to confirm that the borrower still requires the loan funds. Furthermore, the school must document the contact in the student's file and note the borrower's final decision concerning the disbursement.

This change will affect the school's processing of a post-withdrawal disbursement consisting of loan funds when a student still owes institutional charges. Per current regulatory language, schools are allowed to apply loan funds toward institutional charges without the borrower's authorization. However, the new provision will prohibit schools from crediting the student's account with a post-withdrawal disbursement of loan funds until after the school has obtained confirmation that the borrower still requires the loan funds.

HERA—Student Eligibility Requirement Regarding Drug-Related Offenses

On June 14, 2006, FSA issued guidance on Student Eligibility Regarding Drug-Related Offenses. This guidance stated the following: The Higher Education Reconciliation Act of 2005 modified the student eligibility provision regarding the suspension of Title IV eligibility for drug-related offenses. Effective July 1, 2006, a student loses eligibility for Title IV aid only if the drug-related offense for which the student is convicted occurred during a period of enrollment for which the student was receiving Title IV aid. The period of ineligibility and provisions for regaining eligibility remains the same.

For those applicants who apply on the Web on or after July 1, 2006, a revised drug conviction question will appear on the FAFSA on the Web along with a revised drug conviction worksheet. For students who apply or make corrections on the Web on or after July 1, 2006, question 31 will read: "Has the student been convicted for the possession or sale of illegal drugs for an offense that occurred while the student was receiving federal student aid (grants, loans, and/or work-study)?"

A Student Aid Report (SAR) along with the revised drug conviction worksheet will be sent to those applicants who file a paper FAFSA on or after July 1, 2006, and answer "Yes" to the drug conviction question.

For those students who answered "Yes" to the drug conviction question prior to July 1, 2006, the Department cannot determine whether the drug-related offense was for conduct that occurred while the applicant was receiving Title IV aid. Therefore, around July 1, 2006, the Department will send a one-time notification to each 2006–2007 applicant whose latest transaction shows limited or total ineligibility.

Schools can but are not required to identify applicants whose eligibility has been restricted because of the drug conviction question and refer them to the revised drug conviction worksheet. To view the entire article, click on the following link:

<http://www.ifap.ed.gov/eannouncements/0614HERADrugOffensesProv.html>.



On June 30, 2006, the Department released the revised drug conviction worksheet. To view the worksheet and announcement, click on the following link:
<http://www.ifap.ed.gov/eannouncements/0630Final0607DrugWorksheet.html>.

End of the Single-Holder Rule

The “single-holder rule”—the provision in the Higher Education Act of 1965 (HEA) which stated that a borrower seeking a Federal Consolidation loan, whose FFELP loans were held by a single holder, must request consolidation from that holder—has been repealed.



The effective date was June 15, 2006, the date the President signed the emergency supplemental spending package, H.R. 4939. This means that a borrower seeking a Federal Consolidation loan, whose FFELP loans are held by a single holder, can request consolidation from any lender that participates in the FFELP effective for any Consolidation loan application received on or after June 15, 2006. In addition to canceling the single-holder rule, the emergency spending package approved by Congress would:

Informal Guidance Provided by Department on Expiration of Perkins MPN

The current Federal Perkins Loan Master Promissory Note (MPN) expired on June 30, 2006. The Department informed NASFAA that the new MPN is making its way through the official approval process. Therefore, in the meantime, the Department has directed schools to continue using the current MPN until further official guidance is released.

The Department plans on issuing an Implementation Q&A with the MPN to address several issues including the new military deferment. This provision requires schools to inform borrowers who originally signed MPNs that didn't contain the military deferment and who may be eligible for deferment of its availability. The eligibility for this new military deferment is retroactive for loans first disbursed on or after July 1, 2001.

Implementing Provisions of the HERA for the 2006–2007 Award Year

On June 20, 2006, the Department released GEN-06-10. This letter provides guidance on changes made to the Higher Education Act by the Higher Education Reconciliation Act of 2005 (HERA). More specifically, it addresses student eligibility for the 2006–2007 award year, estimated financial assistance, cost of attendance (COA), and Expected Family Contribution (EFC) calculations. Below are a few of the highlights from GEN-06-10. It is recommended that you take the time to read the entire letter. You can view GEN-06-10 by clicking on the following link: <http://www.ifap.ed.gov/dpcletters/GEN0610.html>.

Student Eligibility for 2006–2007 Award Year

Due to changes in the HERA, those students serving on active duty in the U.S. Armed Forces for other than training purposes will be considered independent students for Title IV aid purposes. This applies to not only current active duty members, but also those who have been called to federal active duty for purposes other than training from the National Guard or Ready Reserves. If a school becomes aware that an otherwise dependent student is serving on active duty, it must submit a “Dependency Override” transaction to the CPS. The CPS will recalculate the EFC using the independent student formula, and a SAR will be sent to the student and an ISIR will be sent to the school. Schools may determine the appropriate documentation that must be provided by the student or parent. Such documentation may be a signed self-certification statement.

Assistance Excluded from Cost of Attendance and Estimated Financial Assistance

Due to changes in the HERA, an institution may exclude from both the COA and EFA any assistance provided by a State and Designated by the State to offset a specific component of the COA. Schools may choose to exclude such assistance on a student-by-student basis. If the assistance is excluded, it must be excluded from both COA and EFA. Note that if the amount of the assistance is less than the allowance provided in the student's COA, the school must exclude the lesser amount.

Costs for Professional Licensure or Certification in COA

Due to changes in the HERA, a school, at its option, may include in a student's COA the one-time cost to the student of obtaining a first professional license or certificate. This allowance must apply only to the direct costs for obtaining the first license or certification. Allowable direct costs include fees charged by a state or other licensing authority to take a licensing exam and/or the costs of applying for and obtaining the license. Note that this allowance does not include costs associated with preparing for an exam unless that preparation is part of the student's eligible program of study. If an institution becomes aware that the student previously obtained the same license or certification or previously had an allowance included in his/her COA for that same program, it may not include this allowance. If schools include the direct costs for obtaining a first license or certification in a student's COA, they must ensure that those costs are actually incurred while the student is enrolled and that they are related to only the first credential. Including these costs would not be considered a professional judgment.



Treatment of Qualified Education Benefits

Due to changes in the HERA, the term "qualified education benefit" now includes Coverdell education savings accounts, prepaid tuition plans offered by a State, and qualified tuition programs (529 prepaid tuition plans and 529 savings plans). None of these plans are used as an adjustment to the student's COA, nor are they treated as EFA or as a resource when packaging a student. Instead, they are treated as assets of the owner of the plan in the calculation of the student's EFC, unless the owner is a dependent student. If the plan is owned by a dependent student, it is not included on the FAFSA nor is it included as an adjustment to the COA or considered as a resource or estimated financial assistance (EFA). Furthermore, if the plan is owned by someone whose information is not included on the FAFSA, such as a grandparent or a non-custodial parent, its value is also not reported. A school may choose to use professional judgment to include in the calculation of the student's EFC, the value of plans held by others, but not the value of a plan held by a dependent student. However, remember the use of professional judgment must be done on a case-by-case basis. It cannot be used anytime the school discovers there is a plan owned by someone other than the parent or the student.

The value of the asset that must be reported on the FAFSA for savings plans or savings accounts is the balance of the account at the time the FAFSA is completed. The value for prepaid tuition plans is the "Refund" value of any tuition credits or certificates purchased under the qualified education benefit.

Schools that have treated prepaid tuition plans as adjustments to COA or as a resource of EFA when packaging students for the 2006–2007 award year must reverse those amounts and modify the student's financial aid package.

Federal Student Aid PIN



In our continuous efforts to be compliant with the Department of Education requirements, we are passing along the following reminder from the Department of Education on the Federal Student Aid PIN:

"We would like to remind all financial aid administrators (FAAs), financial advisors, and other organizations that you should never ask students (or their parents) to provide you with their Federal Student Aid PIN. In addition, you must never initiate a request for a PIN on behalf of an applicant, nor should you ever use the PIN to conduct federal student aid transactions for the applicant. While these requests may be well intended, it is inappropriate for anyone to solicit a PIN for or from another person.

This is true regardless of whether the PIN owner has been informed of the activity or voluntarily agrees to it.

The PIN forms part of an “electronic signature” that can be used to sign a number of federal student aid documents, including the FAFSA and promissory notes. The PIN also allows online access to private and confidential information, including financial data from the application processing system and loan information from the National Student Loan Data System (NSLDS). For these reasons, maintaining the integrity of the PIN process is critical to the management of the federal student aid programs and to the protection of privacy rights.”

Goings On



We are very happy to announce that Jennifer Slater has accepted the position of FA Specialist in Cornerstone University’s Professional and Graduate Studies program. Most recently, Jennifer has been an IPD Admissions Advisor in our adult programs. Prior to that, she was in the financial aid office at Indiana Wesleyan University, working with their adult degree completion programs.

Jared Smith was recently promoted to Director of Financial Aid at Shorter College. He has been at Shorter College since January 2005, working with the traditional program. Jared previously worked in financial aid at Brooks Institute of Photography in Santa Barbara, CA. Jared has a Bachelor of Science in Management from Berry College in Rome, GA, and a Master of Arts in Economics from the University of California, Santa Barbara, CA.

Please join us in congratulating both Jared and Jennifer in their new positions!

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 September 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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