

# hot TOPICS



IPD Financial Aid News

Volume 11, Issue 4

October 2006

## Table of Contents

ED Announces HERA Training .....	1
ED Announces Enhanced Web Site E-mail Notification .....	2
ED Announces Revised Cohort Default Rate Guide .....	2
ED/IRS Skiptracing Service for Federal Perkins Loan Programs Unavailable .....	3
Commission's Recommendations on Student Aid, Education Costs, and Academic Preparation ...	3
Secretary Spellings' Reaction to the Final Report of the Commission .....	5
R2T4 Data Entry Issue on the ED Web Site .....	5
IPD Implements Template to Track and Communicate Potential R2T4s and LOAs.....	6
Outstanding Return of Funds .....	7
Goings On .....	7
Editorial Staff .....	7

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

## ED Announces HERA Training

On September 1, 2006, the U.S. ED of Education (ED) issued ANN-06-10, announcing a series of 1-day workshops covering the provisions of the Higher Education Reconciliation Act of 2005 (HERA), with a special focus on Academic Competitiveness Grants and National SMART Grants. The announcement also included a link to Federal Student Aid's Training for Financial Aid Professionals Web page, where the workshop schedule and register can be viewed. The course materials for the 1-day workshops will be presented in a lecture format, with time allowed for participant questions.

Refer to the full announcement for details about the training schedule, content, and the registration process. It can be accessed at <http://www.ifap.ed.gov/dpclatters/ANN0610.html>.



---

## ED Announces Enhanced Web Site E-mail Notification

### Includes FAFSA and *FAFSA on the Web Worksheet* Information

On September 20, 2006, ED posted GEN-06-16. It announced the release of the enhanced FSA Pubs Web site, the one-stop source for ordering all of Federal Student Aid's free publications. This is a self-service Web site designed to allow organizations (e.g., universities, libraries, and high schools) to place orders for various ED publications and forms.

In response to many requests to communicate via e-mail, ED has added an option for institutions to receive e-mail notification when forms become available.

To make sure that your e-mail address is current, go to the FSA Pubs site and check the information that ED has on file for your school. If you have questions or need clarification, e-mail [orders@FSAPubs.org](mailto:orders@FSAPubs.org) or call (800) 394-7084.



## ED Announces Revised Cohort Default Rate Guide

On September 11, 2006, ED announced the release of the revised [Cohort Default Rate Guide](http://ifap.ed.gov/DefaultManagement/DefaultManagement.html) available at <http://ifap.ed.gov/DefaultManagement/DefaultManagement.html>. This new version of the Guide incorporates the changes made to the guide since its initial release in August 2001, including those updates logged in the Change Page Information section of Federal Student Aid Web site. Furthermore, changes resulting from HERA have been incorporated into the *Guide*, tables and examples have been updated, and some areas of information have been restructured for easier reading.

The Guide is the primary reference tool for institutions to use in understanding the complete cohort default rate process. It is effective until ED withdraws it, changes it, or publishes other guidance. The information found in the Guide does not supersede or alter any regulations or statutes requirements that are in effect. **If information in the Guide conflicts with the regulations and statutes, the regulations and/or statutes take precedence.**

On October 26, 2005, ED introduced another resource, the *Cohort Default Rate Guide Quick Reference*. It presents the key elements of the Cohort Default Rate Guide in a clearer, more informal manner. It can also be accessed from the Default Rate Guide homepage.

If you have any questions about the revised *Cohort Default Rate Guide*, you may contact the Default Prevention and Management by phone at (202) 377-4259 or by e-mail at [fsa.schools.default.management@ed.gov](mailto:fsa.schools.default.management@ed.gov).



---

## ED/IRS Skiptracing Service for Federal Perkins Loan Programs Unavailable



On September 15, 2006, ED announced that the ED/Internal Revenue Service (IRS) “Skiptracing Service for the Federal Perkins Loan Program will be unavailable until further notice.” ED is collaborating with the IRS to renew the agreement. Furthermore, ED is reviewing procedures to ensure that the service is fully compliant with current data security standards. ED will notify institutions when this service is available again by posting revised procedures at <http://www.ifap.ed.gov/IFAPWebApp/dex.jsp>.

If you have any questions, contact the Campus-Based Call Center at (877) 801-7168. Customer service representatives are available Monday through Friday from 8:00 a.m. to 8:00 p.m. (ET). You may also e-mail questions to [CBFOB@ed.gov](mailto:CBFOB@ed.gov).

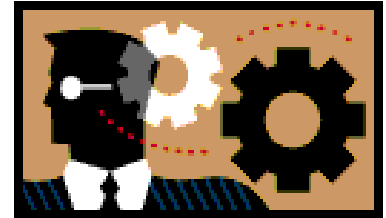
---

## Commission’s Recommendations on Student Aid, Education Costs, and Academic Preparation

The following was taken from the Chronicle of Higher Education.

### Overhauling Aid

The federal government should do the following:



- ◆ Increase the average Pell Grant to cover 70% of the average in-state tuition at public 4-year colleges (today the average grant covers 48% of those costs).
- ◆ Consolidate federal grant programs to simplify the system and help pay for the increase in spending on Pell Grants.
- ◆ Replace the Free Application for Federal Student Aid (FASFA) with a “shorter and simpler” application form. The application process could be simplified by reducing the amount of data the government collects.
- ◆ Streamline federal student aid regulations to reduce institutions’ compliance costs.

Federal and state policy makers and institutions should

- ◆ Restructure their student aid programs to increase the availability of need-based aid, raise retention and graduation rates, decrease students’ debt burden, and eliminate incentives for institutions to raise their prices.
- ◆ Provide students with information about their financial aid eligibility earlier. Currently, most students learn about their financial aid packages only after they have been admitted.

### Making Higher Education More Affordable

Colleges should do the following:



- ◆ With the help of state governing boards, improve information they provide about college costs and prices.
- ◆ Set goals for improving their productivity and efficiency. A potential goal, for example, would be to limit the growth in tuition to the growth in median family income over a 5-year period. The commission, however, says that it opposes price controls.

States should do the following:

- ◆ Provide financial incentives to institutions that cut costs while maintaining or enhancing educational quality and fostering access for low-income students.
- ◆ Offer incentive payments to institutions to reduce academic attrition and increase 4-year graduation rates.

Federal and state policy makers should do the following:

- ◆ Provide financial incentives to institutions that lower the costs of educating their students through technological advances.
- ◆ Review the hundreds of regulations with which institutions must comply and recommend how those requirements might be reduced or eliminated.

### **Improving Academic Preparation and Promoting Access**

States should do the following:

- ◆ Adopt high school curricula that prepare all students for higher education.
- ◆ Align high school graduation standards with the expectations of institutions and employer.
- ◆ Provide incentives to institutions so that they will make long-term commitments to work with middle schools and high schools to help improve the preparation of students for higher education.

Colleges should do the following:

- ◆ Work closely with middle and high schools to ensure that teachers are adequately trained, curricula are aligned, and entrance standards are clear.
- ◆ Expand their ability to reach nontraditional and underserved students through distance education and adult education programs.

States and institutions should do the following:

- ◆ Develop early-assessment exams to determine whether high school students are on track for college.
- ◆ Expand early-college and dual-enrollment programs as well as Advanced Placement and International Baccalaureate courses to make the senior year of high school more worthwhile.

The federal government should do the following:

- ◆ Revise the National Assessment of Educational Progress (NAEP) to measure students' readiness for college and employment.

Businesses should do the following:

- ◆ Develop partnerships with high schools and institutions to remove barriers to higher education by providing early and continuing college awareness activities, academic support, and assistance with education planning and financial aid applications.



## Secretary Spellings' Reaction to the Final Report of the Commission

On September 26, 2006, Education Secretary Margaret Spellings spoke to the Washington Press Club regarding the final report of the Commission on the Future of Higher Education.

Secretary Spellings acknowledged that some of the changes that she is advancing based on the commission's recommendations will need Congress' authorization. However, she also stated that she plans to make changes in the Free Application for Financial Student Aid (FAFSA) and the federal student aid delivery processes, based on her authority to regulate within the statute and to reengineer systems and procedures that she controls.

Additionally, with respect to overall higher education costs, she stated that "there is little to no information on why costs are so high and what we're getting in return." Secretary Spellings also pointed out that institution tuition and fee increases continue to outpace inflation, health care costs, and family income levels. While funding for Pell Grants has increased nearly 50% over the past 5 years (due to an increase in the number of students now receiving Pell Grants and an increase in the maximum grant awarded, she characterized the financial aid system as "in urgent need of reform." "We must streamline the process to help students and families prepare, plan, and pay for college," she urged.

Secretary Spellings proposed the following actions:

- ◆ Simplify the financial aid process by partnering with states to use "existing" income and tax information to help students complete the FAFSA in "half the time."
- ◆ Notify students of their estimated aid eligibility before spring of their senior year in high school. (It was not clear whether this timetable will apply to the 39% of students who are non-traditional at the point they actually enter an institute of higher education.)
- ◆ Work with Congress to provide new funds for need-based aid through the federal financial aid system (obliquely referencing the Commission's dislike for using federal dollars to fund education tax breaks that largely benefit middle income and lower-middle income earners, rather than the very lowest income students and their families.)
- ◆ Commission an independent management consultant review of the federal financial aid system.
- ◆ Revitalize the Fund for the Improvement of Postsecondary Education to promote innovation and productivity.
- ◆ Encourage organizations that report annual institution data to develop consistent affordability measures.

---

## R2T4 Data Entry Issue on the ED Web Site

On October 11, 2006, ED alerted institutions about a data entry problem that was discovered on the Return of Title IV Funds (R2T4) on the ED Web site. This issue only impacts users submitting Unsubsidized FFEL/Direct Stafford Loan data on the Post-Withdrawal tab for students with a withdrawal date on or after July 1, 2006. The notice indicated that the problem will be fixed by the end of October 2006.

With the HERA provisions came the requirement that institutions notify borrowers and receive affirmative response before making post-withdrawal disbursements of loan funds. This change became effective July 1, 2006. Therefore, data edits for this HERA provision were included in the Post-Withdrawal tab for individuals with withdrawal dates on or after July 1, 2006. The data edits have the following conditions:

- ◆ If Response Status is "Response Received" and "Amount of post-withdrawal disbursement accepted" field value is zero or blank, edit will prevent amounts greater than zero from being submitted on Post-Withdrawal tab loan fields for Unsubsidized FFEL/Direct Stafford, Subsidized FFEL/Direct Stafford, FFEL/Direct PLUS (Parent), FFEL/Direct PLUS (Graduate student), or Perkins loans

- ◆ If Response Status is “Response Received” and “Amount of post-withdrawal disbursement accepted” field value is greater than zero, one or more of the loan amounts entered on tab must also be greater than zero for Unsubsidized FFEL/Direct Stafford, Subsidized FFEL/Direct Stafford, FFEL/Direct PLUS (Parent), FFEL/Direct PLUS (Graduate student), or Perkins loans

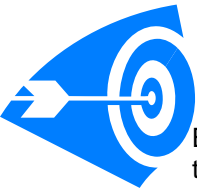
The ED discovered that the data edits do not work correctly for the Unsubsidized FFEL/Direct Stafford field if ONLY Unsubsidized FFEL/Direct Stafford Loan award data is entered (not in conjunction with other loan types). Whether this is the case, the loan amount entered is not being considered by the Web site when data entered on the Post-Withdrawal tab is entered.

Unfortunately, this issue prevents the submission of accurate data. Until the Web site is updated, use one of the following workarounds:

- ◆ Postpone entering Post-Withdrawal tab data for student(s) in question until updated R2T4 is available on Web site in late October
- ◆ Enter all data on Post-Withdrawal tab EXCEPT “Amount of post-withdrawal disbursement accepted” and “Unsubsidized FFEL/Direct Stafford Loan” amounts and submit record (Once data is submitted, click “View Printable Page,” print Post-Withdrawal Disbursement Worksheet for student, and complete remaining fields in the calculation manually on the hardcopy report; you may want to track this temporary workaround by adding an entry to the Notes tab for the student record in R2T4 on the Web)

**Note:** Once the R2T4 on the Web site has been updated, make sure to enter the correct information on the student’s Post-Withdrawal tab. An announcement will be posted once the Web site has been updated.

If you have any questions regarding R2T4 on the Web, contact CPS/SAIG Technical Support by phone at (800) 330-5947 [TDD/TTY (800) 511-5806] or by e-mail at [CPSSAIG@ed.gov](mailto:CPSSAIG@ed.gov).



## IPD Implements Template to Track and Communicate Potential R2T4s and LOAs

Below is a snapshot of the R2T4 template that was developed to help track potential return calculations through the process. Accounting prepares this template weekly based on the change of status forms received. Any student that breaks the institution’s attendance policy without a record of an approved Leave of Absence (LOA) should be included on this list as a potential return calculation. If Financial Aid information differs from Accounting’s information, then this should be communicated on the tracking spreadsheet. Student Services could also be included on the distribution since many of the change forms originate there.

The template also includes a second tab for LOAs. All current approved LOAs should be included on the template. The expected date of return is listed so that the appropriate staff person can verify the return date.

If you are not receiving a copy of this template from your Accounting Department, would like to learn more about it, or have any ideas on how to improve this template, please contact either Pam Harris or Teresa Corno.

## Outstanding Return of Funds

**Location:**

**Week Ending: February 1, 2006**

Name	STD ID	Student's Current Balance	Loan Recipient	Last Date of Attendance	Failure to Return from LOA	Date of Change	Date of Notification	Current Enrollment Status	Date R2T4 Calc. Received	State Grant Received	Comments	Date Refund Processed	Total of days to Return Funds
							9/25/06					10/15/2006	20



### Goings On

The IPD Financial Aid Conference was October 26 and 27 in Nashville, TN. For those of you who were unable to attend, you were missed! Any materials will be forwarded to those of you who were unable to attend. It was a Grand 'Ole Time!

IPD Semi Annual Training was scheduled for October 24 and 25. We will have another training session in March based on need. Please let us know whenever you have new staff in your office so we can plan accordingly.

We need your help! We are looking for contributors to our newsletter. Do you have a success story that you would like to share or a procedure you have developed that would help your fellow CAAHE members? The next newsletter deadline is December 31, 2006. Your experiences will surely help someone else! We would love to hear from you.



### Editorial Staff

**Teresa Corno, Director Corporate Compliance**  
**Matt Stelling, Assistant Editor/Design Layout**  
**Teresa Corno and Dawn Davison, Contributors**

The *Hot Topics* Financial Aid Newsletter is produced and distributed by the Institute for Professional Development (IPD), a higher education development and management corporation that assists private colleges and universities in developing unique adult-oriented degree programs. IPD is a member of the Consortium for the Advancement of Adult Higher Education (CAAHE<sup>SM</sup>).