



HEOA UPDATE

CCCSFAAA Spring Trainings

April 7, 8 and 9, 2009

DEPENDENCY OVERRIDES

The Problem—

- Some students who are likely eligible for a dependency override cannot find a school to consider an override at the time they need to submit a FAFSA.
- Web FAFSA products do not allow a dependent student to submit without parental information.



DEPENDENCY OVERRIDES

The Solution—

- Students who are unable to provide parental data will be able to submit their application through FOTW by indicating they believe that they have a *special circumstance*.
- *There is a special circumstances flag on ISIRs (and comment code 295) that identifies these students.*



DEPENDENCY OVERRIDES

Students seeking Dependency Overrides—

- Application can be submitted for processing and all appropriate matches will be performed
 - No EFC will be calculated
 - These records will have a “special circumstances” flag; comment code 295
 - School makes the determination after obtaining documentation.
 - An indicator with the approving school code will be on page 3 of the ISIR (comment code 284), and there is the option of using another schools’ determination.



RECENT LEGISLATION

- Higher Education Reconciliation Act (HERA) – February 8, 2006
- College Cost Reduction and Access Act (CCRAA) – September 7, 2007
- Ensuring Continued Access to Student Loans Act of 2008 (ECASLA) – May 7, 2008 (extended by HR 6899)
- Higher Education Opportunity Act (Reauthorization-HEOA) – August 14, 2008
- Stimulus Package – February 2009



HERA (PUBLIC LAW 109-171)

- Need Analysis Formula Changes
- Created Academic Competitiveness and National SMART Grants
- Increased FFEL and DL Loan Limits
- Reduced Loan Origination Fees
- Provided for Consistent Repayment Plans Between FFEL and Direct Loans



CCRAA (PUBLIC LAW 110-84)

- Mandatory Increases for Pell Grants
- Reduced Interest Rates
- Need Analysis Formula Changes
- Income-based Repayment
- Economic Hardship Deferment
- TEACH Grants
- Public Service Loan Forgiveness
- Reduced Lender Insurance
- Reduced Special Allowance Payments
- Parent PLUS Auction Pilot Program



ECASLA (PUBLIC LAW 110-227)

- Extended by HR 6899 (Public Law 110-350)
- Authorizes the Secretary to
 - Purchase FFEL loans, at
 - No net cost to the government
 - Under terms and conditions established by the Secretary in consultation with Treasury and OMB
- No statutory authority to provide advance funding



HEOA

- Higher Education Act of 1965 expired in 2004
- Reauthorized HEA after 16 extensions
- Signed by the President on August 14, 2008
- Became Public Law 110-315
- Web site: <http://www.ed.gov/heoa>
- DCL GEN-08-12, FP-08-10 (219 pages)



HEOA—INSTITUTIONAL ELIGIBILITY 7/1/10

- Allows institutions to enroll home-schooled students who do not have a high school diploma or GED as regular students.
- Allows institutions to enroll students who are also enrolled in approved high school/college dual enrollment programs.
- Such students are not eligible for Title IV aid.



HEOA-CONSUMER INFORMATION

- Institutions must:
 - Disclose relationships with preferred lender arrangements
 - Adopt “codes of conduct” to govern their relationships with financial institutions
- Lenders must comply with the Truth in Lending Act for “private label” education loans



HEOA-CONSUMER INFO/TEXTBOOK DISCLOSURE

7/1/10

- Publishers must inform faculty of price and editorial changes
- Institutions must:
 - To the maximum extent practical, post ISBN numbers and retail prices of required and recommended textbooks and supplemental materials
 - Provide its college bookstore with the course schedule, the list of required and recommended textbooks and supplemental materials, and the average and maximum enrollment in each course (page 35 of 219)



GRANT PROGRAMS-PELL YEAR

08/09

- Lifetime limit – equivalent to 18 full-time semesters
 - 900% of all scheduled awards
 - Only applies to first-time Pell recipients during 0809 year and beyond
 - Will be monitored by ED through the ISIR



GRANT PROGRAMS-PELL

09/10 YEAR

- “Year round” Pell, or “You decide which summer to pay out of” Pell
- Allows student to receive funds beyond their scheduled award for the award year.
- No change to “scheduled award”



GRANT PROGRAMS:TERM-BASED PELL

- Current Rule: one scheduled award per award year; student's scheduled award is \$4,000

Sum 08	Fall 08	Spring 09	Sum 09	1.0 scheduled award 0809 FY
\$0	\$2000	\$2000	\$0	



GRANT PROGRAMS:TERM-BASED PELL

- New Rule: up to two scheduled awards per award year; student's scheduled award each year is \$4,000

Sum 09	Fall 09	Spring 10	Sum 10	2.0 scheduled awards 0910 FY
\$2000	\$2000	\$2000	\$2000	

Note: under formula 1, 12 units=full-time enrollment for Summer

Same student, year 2...

Sum 10	Fall 10	Spring 11	Sum 11	1.5 scheduled awards 1011 FY
\$0	\$2000	\$2000	\$2000	



GRANT PROGRAMS: CLOCK HOUR PELL

- Current Rule: one scheduled award per award year 1500 clock hour program; AY = 900 hours/26 weeks; student's scheduled award is \$4,000 for the award year

0809 year	0809 year	0809 year	0809 year	1.0 scheduled award 0809 year
450 hours/ 13 weeks	450 hours/ 13 weeks	300 hours/ 8 weeks	300 hours/ 8 weeks	
\$2000	\$2000	\$0	\$0	



GRANT PROGRAMS: CLOCK HOUR PELL

- New Rule: up to two scheduled awards per award year
1500 clock hour program; AY = 900 hours/26 weeks;
student's scheduled award is \$4,000 for the award year

0910 year	0910 year	0910 year	0910 year	1.6 scheduled award 0910 year
450 hours/ 13 weeks	450 hours/ 13 weeks	300 hours/ 8 weeks	300 hours/ 8 weeks	
\$2000	\$2000	\$1230	\$1230	



GRANT PROGRAMS-PELL

09/10 YEAR

- Minimum grant equal to 10% of the appropriated maximum grant
- Maximum award for any Pell Grant eligible student whose parent or guardian was a member of the Armed Forces and died in Iraq or Afghanistan after September 11, 2001
 - Page 104 of 219
 - May be a comment code to come?
 - Contact the DOE for guidance



GRANT PROGRAMS - ACG YEAR

09/10

- Extended to include eligible non-citizens
- Extended to include at least half-time students
- Replaces academic year basis for awards with student's grade level
- Requires appropriate State official to submit rigorous high school curriculum to ED
- Clarifies that rigorous curricula include those recognized by ED in current regulations (list of coursework and AP/IB)



GRANT PROGRAMS - ACG YEAR

0910

- Authorized awards for one- and two-year certificate programs at two- or four-year degree granting institutions (**that's us!!**)
- Amends the provision regarding previous enrollment for first-year grant eligibility by creating an exception for students whose previous enrollment in an undergraduate program was part of a secondary school program of study.



FWS PROGRAM

8/14/08

- Emphasizes employment in civic education
- Continues compensating disaster-affected students
- Creates new discretionary grant program for off-campus employment in community service
- Continues the existing “Work College” program



LOAN PROGRAMS-PERKINS

8/14/08

- Increases annual and aggregate loan limits
 - Annual \$5,500 for undergrad
 - Annual \$8,000 for grad
 - Aggregate \$60,000 for grad
 - Aggregate \$27,500 for upper division undergrad
 - \$11,000 for all others
- Prescribes mandatory assignments
- Prescribes additional eligibility criteria for total and permanent disabilities discharges
- Streamlines loan rehabilitation
- Expands loan forgiveness



LOAN PROGRAMS-FFEL

8/14/08

- Requires the Secretary to oversee private education loans made by FFEL lenders to students attending Title IV institutions (pages 39 and 174 of 219)
- Addresses lender and guaranty agency inducements (pages 42, 69, 70, 71 of 219)
- Code of Conduct required at all schools
- Provides for more consumer information from lenders, guaranty agencies, schools and ED



LOAN PROGRAMS-FFEL AND DL

- Changes Cohort Default Rate Calculation
 - From two years to three years
 - Transition period
 - 30% penalty threshold
 - Some models show doubling of default rates
- Increases “disbursement relief” CDR to 15%
 - Effective October 1, 2011
- Modeling indicates that rates will rise, some schools’ rates may double
- Changes to Disability Discharge Requirements
- Waiver of interest for military in combat zones



LOAN PROGRAMS-FFEL AND DL 10/11 YEAR

- Removes VA Educational Benefits from Estimated Financial Assistance
 - Also from “Resources” for campus-based aid



LOAN PROGRAMS-FFEL AND DL

8/14/08

- Dependent students eligible for unsubsidized without parental FAFSA information
 - Student cannot have been a tax deduction on parental taxes or received room & board (page 80 of 219)
 - Effective on enactment
 - Paper FAFSA or EDE Submission
 - Special process for Direct Loans



LOAN PROGRAMS- NEW, ADDITIONAL UNSUB LIMITS

8/14/08

- Loan limits based on current dependent undergraduate student annual maximums
 - First year student \$5,500 (\$3,500 base + \$2,000)
 - Second year student \$6,500 (\$4,500 base + \$2,000)

- Independent annual maximums (+ add'l \$4,000)
 - First year student total \$9,500
 - Second year student total \$10,500



HEOA-ATB CHANGES

8/14/08

- Student can now demonstrate ability to benefit from federal aid by completing 6 degree applicable units, or the equivalent in clock hours
 - Define this in your school's policy
 - This is an “in addition to” qualifying criteria—not a replacement criteria
 - Can apply mid-year (i.e. after completing summer or fall term)



QUICK SUMMARY: MANDATES

- “The entire financial aid system—including federal, state, institutional, and private programs—is confusing, complex, inefficient, duplicative, and frequently does not direct aid to students who truly need it.”
 - From the Secretary of Education’s Commission on the future of Higher Education



QUICK SUMMARY: MANDATES

- Congress, in passing the HEOA, required the Department of Education to issue a report on efforts to simplify the FAFSA that includes looking at the elimination of income data elements, as well as other items.
- See Electronic Announcement Posted to IFAP on January 21, 2009 for a copy of the report sent to Congress.



QUICK SUMMARY: ISSUES

- The application is complex and intimidating.
- Much of the data are unverifiable.
- Current EFC formula is arbitrary, difficult to understand, lacks clarity and relevance, and subject to “gaming”.
- Result of application (EFC) is “how much the student will NOT receive”.
- Multiplicity of programs is confusing.



QUICK SUMMARY: REFORM PRINCIPLES

○ Access to Aid

- Application will request information that is easily obtainable and verifiable.
- Application will only ask questions necessary to determine eligibility and award levels.

○ Federal Student Aid

- Targets the neediest students;
- Is independent of other aid;
- Is predictable;
- Is portable; and
- Distributes aid through fewer programs.



QUICK SUMMARY: A SIMPLIFIED FAFSA

- Only ask for information needed to determine federal aid eligibility, aid types, and amounts
 - Two pages – no instructions pages
 - Fewer than 30 questions—
 - Identification
 - Contact Information
 - Eligibility
 - Colleges and states
 - Dependency
 - Income/Exemptions
 - Certifications



QUICK SUMMARY: A SIMPLIFIED PROCESS

○ Grants and Loans

- Award amounts based on AGI and IRS Number of Exemptions, related to HHS Poverty Levels.
 - Such as grants up to 250% of poverty level, or
 - Subsidized loans and FWS up to 400% of poverty level

○ Unsub Loans and PLUS Loans

- Applies only after all other aid is awarded
- Covers difference between cost of attendance and all other sources of aid
- Includes annual loan limits for UnSub Stafford



QUICK SUMMARY: WHAT DOES THIS MEAN FOR STUDENTS?

- A FAFSA that encourages access;
- Real-time feedback on probable Federal Student Aid;
- Better awareness of state and institutional value-added aid, and
- Predictability for persistence.



QUICK SUMMARY: THE FAFSA

- Simplify the FAFSA
- Create an EZ FAFSA
- Requires ED to report to Congress on simplification
- Mandates a study by the GAO to examine alternative methodologies for calculating an EFC
- Mandates an early application demonstration program to allow dependent students to apply for aid during their junior year in high school
- Authorizes the Secretary to use IRS data to prepopulate (with PPY data) the FAFSA or verify income and other information on the FAFSA
 - Note no change to Internal Revenue Code



QUICK SUMMARY: IMPLEMENTATION

- Regulations Subject to Negotiation
 - 12/08 - Notice Announcing Formation of Committees and Solicitation of Nominations to Serve as Non-Federal Negotiators
 - 1/09 – Negotiating Committees Established
 - 6/09 – Negotiations End
 - 8/09 – NPRM Published in the Federal Register
 - 9/09 – Public Comment Period Ends
 - 11/1/09 – Final Published in the Federal Register



QUICK SUMMARY: IMPLEMENTATION

○ All Other Regulations

- 1/09 – Draft NPRM prepared
- 1/09 – NPRM Submitted to OMB for Clearance
- 2/09 – NPRM Published in the Federal Register
- 3/09 – Public Comment Period Ends
- 4/09 to 5/09 – Final Regulation Prepared
- 6/09 – Final Submitted to OMB for Clearance
- 7/09 – Final Published in the Federal Register



QUESTIONS???

