



Federal Update

Indiana Student Financial
Aid Association
Winter Conference
December 2011





Verification and IRS Data Retrieval

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2012-13 Verification Items

- Annual *Federal Register* notice
 - Items to verify
 - Acceptable documentation
- Federal Register Notice for 2012-13: July 13, 2011
- DCL GEN-11-13, July 13, 2011

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Verification Items 2012-13 for all applicants

# of HH members	# in college	Food Stamps (SNAP)	Child Support Paid
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Federal Register, 2011-07-13

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Number in Household

- Signed statement including name, age and relationship to applicant
- Exceptions –
 - Dependent student
 - Parents marital status is separated or unmarried and FAFSA family size is 2
 - Parents marital status is married and family size and FAFSA family size is 3
 - Independent student
 - Separated or unmarried and FAFSA family size is 1
 - Married and FAFSA family size is 2

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Number in College

- Signed statement with name and age of each household member who will be attending an eligible institution at least half-time in 2012-13
- Name of the school that each person will be attending in 2012-13
- Not required if applicant is only member in college

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Food Stamps - SNAP

- Required if receipt is reported on 2012-13 FAFSA
- Documentation from agency that issues the benefit or alternative documentation as determined by the institution to be sufficient to confirm that the applicant received Food Stamps in 2010 or 2011

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Child Support Paid

- Required if receipt is reported on 2012-13 FAFSA
- Statement signed by payer of child support
 - Amount paid
 - Name of the person to whom the child support was paid
 - Name of the children for whom the child support was paid

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Verification Items - Tax Filers

- From the 2011 tax return
 - Adjusted gross income (AGI)
 - Taxes paid
 - Untaxed income if reported on FAFSA
 - Untaxed IRA distributions
 - Untaxed pensions
 - Education credits
 - IRA deductions
 - Tax exempt interest

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Tax Filer Acceptable Documentation

- Information obtained from IRS data retrieval on FOTW
 - IRS Request Flag value of 02
- OR
- A tax transcript obtained from the IRS

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IRS Account Transcript

- Tax filers can expect to receive a paper IRS Tax Return Transcript within 5 - 10 days of successful validation
 - *Guidance coming on how to interpret the transcripts*
- IRS Tax Return Transcripts requested online cannot be sent to a 3rd party if processed by web or phone order

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Ordering a Tax Transcript

Online

- IRS website
- www.irs.gov

Phone

- Toll free IRS number
- 1-800-908-9946

Paper

- Obtain form online and mail to the IRS
- <http://www.irs.gov/pub/irs-pdf/f4506tez.pdf>

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IRS Request Flags

- Student/Parent IRS Request Flags updated
 - Blank = IRS data retrieval was not available (i.e., paper FAFSA, EDE, or FAA Access)
 - 00 = Student/Parent was ineligible to use the IRS Data Retrieval process in FAFSA on the Web and therefore was not presented with the option
 - 01 = Student/Parent was presented with the option to use the IRS Data Retrieval process in FAFSA on the Web and elected to use it but did not transfer IRS data into the FAFSA

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IRS Request Flags

- Student/Parent IRS Request Flag
 - 02 = IRS data for the Student/Parent was transferred from the IRS and was **not** changed by the user prior to submission of an application or correction
 - 03 = IRS data for the Student/Parent was transferred from the IRS and was changed by the user prior to submission of an application or correction
 - 04 = IRS data for the Student/Parent was transferred from the IRS and was corrected by the user on a subsequent transaction

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IRS Request Flags

- Student/Parent IRS Request Flag
 - 05 = Student/Parent was presented with the option to use the IRS Data Retrieval Tool in FAFSA on the Web, but did not elect to use it
 - 06 = Student/Parent was presented with the option to use the IRS Data Retrieval process, transferred IRS data, and then made a change making them ineligible to use the IRS Data Retrieval process

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Income Estimator Notifications

- Around March 15, students and/or parents will receive e-mail reminders to update the student's FAFSA with filed tax information
- Messaging encourages the use of IRS Data Retrieval Tool (DRT) if the option is available on FAFSA on the Web
- Students/Parents who were eligible to use DRT will also receive e-mails asking them to return to FOTW and use the tool

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Application Processing

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Application Filing - Total Filers

2010-11

01/01/10 – 06/30/11

- Approximately 21.1 million FAFSAs
- An 8.3% increase
- Peak: 320,890 FAFSAs were submitted on 02/28/10

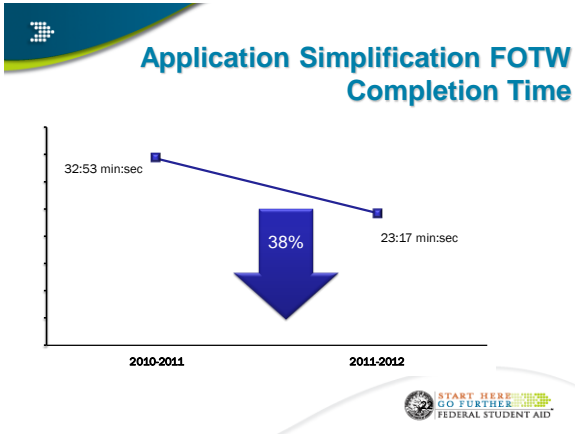
2011-12

01/01/11 – 10/02/11

- Approximately 18.8 million FAFSAs
- A 5% increase compared to prior year
- Peak: 373,086 FAFSAs submitted on Feb. 28, 2011; w/ approximately 68K concurrent users

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- ### Smarter Search Capability
- Federal School Code and High School search
 - Search more user-friendly and logical
 - Aliases and abbreviations
 - U.S. Postal Service standards
 - Most commonly selected schools on FOTW
 - Common abbreviations found in database
 - Common alias provided by surveyed FAAs
 - Commonly misspelled words
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- ### Homeless Youth Determination
- Students who meet the homeless youth definition but cannot answer "Yes" to 1 of the 3 homeless questions are considered independent
 - Students who meet this criteria can use FOTW to that Special Circumstances Flag on ISIR is set to '3'
 - Currently, FAAs set the Dependency Override Flag to '1' for these students
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Homeless Youth Determination

New Dependency Override Flag value of '4' added for 2012-13

blank	No FAA override
1	FAA override from dependent to independent
2	FAA override canceled
3	FAA override failed
4	FAA homeless youth determination

COLLEGE USE ONLY

D/O 1 Homeless Youth Determination 4

FAA Signature

FEDERAL SCHOOL CODE

DATA ENTRY USE ONLY: P * L E



Updating Marital Status

- A school may require an applicant to update FAFSA information for a change in marital status to address an inequity or to reflect more accurately the applicant's ability to pay
 - May establish a cutoff date after which school will not consider marital status updates
- a) If dependency status changes, all information, including income, household size and number in college must be updated
- b) If no change in dependency status, only update household size and number in college
 - May update income information via professional judgment

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Updating Marital Status

- Students can use FOTW to update marital status after submission of original FAFSA
 - An EFC will not be calculated
 - New Reject 21 will be set, with Comment Code 119
 - Only an FAA can override Reject 21
- Reject 4 – only for paper FAFSAs and EDE applications – also revised.

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Asset Threshold Question

- Beginning in 2011-2012, certain independent students and parents of dependent students were presented with the asset threshold question to determine if asset net worth must be reported and used in the EFC calculation
- Question only displays if the student:
 - Is not eligible for an automatic zero EFC or simplified needs calculation, and
 - Reports a state of legal residence that allows students to skip income and asset questions

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Revised Reject 1—2012-2013

- New Asset Threshold Exceeded data elements will be reported on the ISIR
 - The new data element fields can be corrected
 - 1 = Yes: Asset Threshold Exceeded
 - 2 = No: Asset Threshold Not Exceeded
 - Blank: Asset Threshold Question not displayed
- Comment codes 901 and 902 will be eliminated

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Application Processing Schedule

- December 18, 2011 - 2012-13 FAFSA on the Web and FAA Access to CPS Online demo sites available
 - Fafsademo.test.ed.gov
 - User name is "eddemo" and password is "fafsatest"
- December 18, 2011 – CPS Test system is available
- December 2011 – PDF version of FAFSA available to students on studentaid.ed.gov, fafsa.gov and to schools on IFAP

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Application Processing Schedule

- December 2011 – FSA begins shipping paper copies of FOTW Worksheet ordered from FSA Pubs
- Late December 2011 – PDF version of FAFSA available for download from FOTW site and for schools from FSAPubs.org
- January 1, 2012 – FOTW available to applicants; FAA Access to CPS Online available to FAAs

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Application Processing Schedule

- January 3, 2012 – CPS begins processing 2012-13
- Early January 2012 – EDEXpress 2012-13 Release 1.0 posted to FSA Download
- January 13, 2012 to February 10, 2012 – Renewal reminders sent to renewal eligible applicants who have not yet filed a 2012-13 FAFSA
- February 1, 2012 – IRS Data Retrieval Tool available to applicants

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Satisfactory Academic Progress

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SAP Regulatory Changes

- Changed or new requirements
 - Specific GPA requirement
 - Pace requirement
 - Treatment of transfer credits
 - Financial aid warning definition
 - Financial aid probation definition
 - Options for schools that monitor progress each payment period

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Remedial Coursework

- Policy must describe how remedial courses are treated
- Remedial courses must be included in qualitative SAP component
 - Not required to be in GPA
- Inclusion in pace calculation is optional
- See SAP-Q3 at <http://www2.ed.gov/policy/highered/reg/hearulemaking/2009/sap.html>

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SAP Evaluations

- Each official evaluation must include evaluation of GPA and pace
- Warning and probation statuses only last for one payment period, no matter how frequently SAP is evaluated
- “Warning” and “probation” must have the same definitions as described in regulation
- Evaluations must be at end of payment period no matter how often progress is monitored
 - Clock hour schools – see Electronic Announcement June 6, 2011

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Evaluations by Payment Period

- Student is in compliance with SAP standards
- Student is not in compliance with SAP standards
 - Financial Aid Warning
 - Financial Aid Probation
 - Requires student appeal
 - Academic Plan
 - Warning and probation statuses are optional, as is use of academic plan

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Financial Aid Warning

- Status only available to students at schools that monitor progress at the end of each payment period
- Student may receive Title IV aid for one additional payment period
- Status may be assigned without student action or appeal
- Status is optional

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SAP Appeal

- Process by which a student who is not meeting SAP standards appeals for reconsideration of eligibility for Title IV aid
 - Policy must describe conditions under which a student may file an appeal
 - Appeal must include information from student explaining why the student failed to make SAP and what has changed that will allow the student to make SAP at next evaluation point
- Appeal process is optional

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Financial Aid Probation

- Status available for a student not making progress who has appealed and had aid eligibility reinstated
- Student may receive aid for one additional payment period
- School may require student action while on probation
- Possible use of academic plan

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Academic Plan

- Alternative to probation – available to all schools
- A plan that, if followed by the student, specifies a point in time at which the student will be able to meet the institution's SAP standards
- Student on plan is evaluated against the plan requirements, not regular SAP standards

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Deadlines, Coming Attractions and Other Topics

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Experimental Sites Initiative

- Federal Register – October 28, 2011
- Application deadline December 12, 2011
- 1) Pell: Eligibility of students with bachelor's degrees who enroll in vocational/career programs
- 2) Pell: Eligibility of students in certain short-term training programs
- 3) DL: Single disb. of one-term loan for study abroad students
- 4) DL--Early disb. for study abroad & students at foreign schools
- 5) DL: Unequal disbursements
- 6) DL: Limiting unsubsidized loan amounts
- 7) PLUS: Loans for parents of students w/ intellectual disabilities
- 8) Student Eligibility--Eligibility of students w/ intellectual disabilities who are also enrolled in HS





FISAP Edit Corrections

- See Electronic Announcement November 7, 2011
- All corrections due by December 15, 2011
- Update to Perkins cash on hand also due the same day
 - Update to amount in depository on October 31, 2011
- Schools should ensure expenditures reported on FISAP are supported by drawdown information in G5

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Active Confirmation of TG Numbers

- See Electronic Announcement Nov. 2, 2011
- All organization with an SAIG account must validate its TG number(s) by December 16, 2011
- Validation required for TG numbers with access to:
 - NSLDS Professional Access website
 - eCampus-Based website
 - FAA Access to CPS Online

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FERPA Regulation Update

- See Federal Register dated December 2, 2011
- Final Regulation
 - NPRM published April 8, 2011
- Protects privacy while allowing for effective use of student data
- Regulations effective January 3, 2012

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Prevention of Fraud in Distance Education Programs

- Urgent call to action in DCL GEN-11-17
- Result of recent discoveries by ED's Office of Inspector General
- Suggested actions to identify and prevent fraud
 - Student identifiers
 - Disbursement practices
- ED has established a Department-wide anti-fraud ring task force

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Special Direct Consolidation Loans

- Short-term consolidation opportunity
- Special Direct Consolidation Loans are not the same as regular consolidation loans that borrowers can apply for today
 - Limited duration – January to June 30, 2012
 - Only certain borrowers eligible
 - New and different online application process

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Borrower Eligibility

- Must have at least one loan (FFEL or DL) owned by ED and serviced by one of ED's servicers
- Must have at least one commercially-held FFEL loan
- Loans must be in grace, repayment, deferment or forbearance
- Loans not eligible are in default or subject to bankruptcy proceeding

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Special Direct Consolidation Loans

- Only commercially-held loans will be consolidated
 - FFEL subsidized and unsubsidized
 - FFEL PLUS – parent and graduate
 - FFEL consolidation loans
- Underlying loans paid off
- Underlying loans maintain identity: same terms, conditions and dates

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Borrower Benefits

- One servicer and payment
- Interest rate reduction of 0.25% from current rate on commercially-held loans
 - Interest rate fixed for life of loan and cannot exceed 8.25%
- Repayment term will not be changed
- Previous Income-Based Repayment payments count toward repayment time
- Loans eligible for Public Service Loan Forgiveness

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Application Information

- Borrowers will be contacted by one of 4 servicers over several weeks beginning in January 2012
 - FedLoan Servicing (PHEAA), Great Lakes, Nelnet and SallieMae
 - Servicers will provide borrowers with application info
 - Borrowers must not apply through regular consolidation website
 - Borrower information:
 - <http://studentaid.ed.gov/PORTALSWebApp/students/english/specialconsolidation.jsp>

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Budget Control Act of 2011

- Loss of eligibility for subsidized loans for graduate and professional students
 - Effective for loans made for loan periods beginning on or after July 1, 2012
 - Subsidized loans for loan period beginning before July 1, 2012 are unchanged
- No change for annual and aggregate loan limits
 - Including increase limits for certain health professions programs

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Budget Control Act of 2011

- Termination of Direct Loan repayment incentives to encourage on-time repayment of loans
 - Effective for loans first disbursed on/after July 1, 2012
- Allow interest rate reduction to borrowers who agree to have payments automatically electronically debited from a bank account
- Dear Colleague Letter GEN-11-16

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No Pennies in Direct Loans

- COD will not process or store pennies for DL awards or disbursements
- Do not submit pennies in refunds of cash
 - Only return whole dollar amounts when making a refund of cash via G5
 - Use standard rounding rules
- See Electronic Announcement November 21, 2011

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Questions??

THANK YOU!

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Contact Information

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