

# FEDERAL UPDATE

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Federal Student Aid

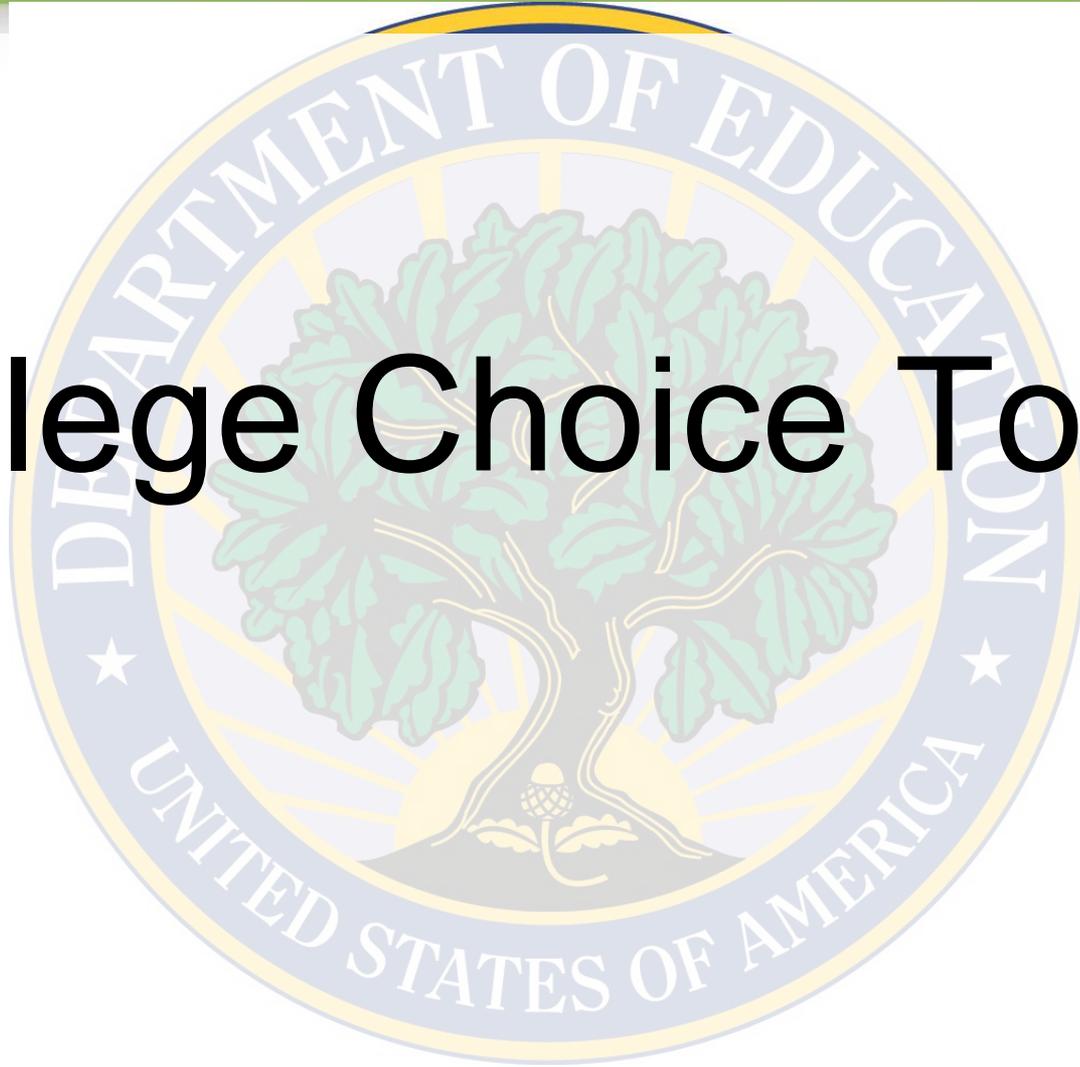
# President's Higher Education Initiative



# Higher Education Initiative

- Announced on August 22, 2013
- A Better Bargain for the Middle Class – Making College More Affordable
  - Paying for Performance
  - Promoting Innovation and Competition
  - Ensuring that Student Debt Remains Affordable

# College Choice Tools



# Initiatives

- Suite of consumer information tools on college choice
- College Affordability and Transparency Center
  - College Scorecard
  - College Navigator
- Financial Aid Shopping Sheet

# College Scorecard

- Launched on the College Affordability & Transparency Center in February 2013
- Designed to help prospective students and their families as they begin to evaluate options for their investment in higher education

# College Scorecard

- Provides key measures of college affordability and value to help prospective students identify institutions best suited to their goals, finances, and needs
- <http://collegecost.ed.gov>

# College Scorecard



College Navigator - National Center for Education Statistics

http://nces.ed.gov/collegenavigator/ chronicle of higher education

Apple Yahoo! Google Maps YouTube Wikipedia News (1,990) Popular

**ies** INSTITUTE OF EDUCATION SCIENCES NATIONAL CENTER FOR EDUCATION STATISTICS

Enter search terms here

Publications & Products Surveys & Programs Data & Tools Fast Facts School Search News & Events About Us

## COLLEGE Navigator

English [Español](#) [About](#)

Name of School  
Type name of school here

States (use map for more than 1 state)  
No Preference Alabama Alaska Arizona [Use Map](#)

ZIP Code Miles from

Programs/Majors  
0 Items Selected [Browse for Programs](#)

Level of Award [?](#)  
 Certificate  Associate's  
 Bachelor's  Advanced

Institution Type [?](#)  
 Public  4-year  
 Private non-profit  2-year  
 Private for-profit  < 2-year

[MORE SEARCH OPTIONS](#)

[Show Results](#)

[Guide Me](#) | [Clear Search](#)

### Find the right college for you

[Guide Me](#)

- Refine your search with [More Search](#)  
Options to select additional search criteria.
- Build a list of schools using [My Favorites](#)  
for side-by-side comparisons.
- Pinpoint school locations with an  
interactive map.
- Export search results into a spreadsheet.
- Save your session including search  
options and favorites.
- Add [College Navigator](#) to your browser  
search bar.

[College Affordability and Transparency Center](#)  
Browse lists of institutions with the highest and lowest tuition & fees and net price. [GO](#)

**ADDITIONAL RESOURCES**

[Preparing for your Education](#)  
Find out what you need to do to prepare for education beyond high school. [GO](#)

[Financial Aid](#)  
Apply for Federal Student Aid on FAFSA. [GO](#)

[Careers](#)  
Deciding on a career? Consult the [bls.gov](#) Occupational Outlook Handbook. [GO](#)

# Shopping Sheet

- Standardized, clear, and concise format for providing prospective students their personalized financial aid offer.
- Designed to help prospective students and their families better understand the costs of college before making the final decision on where to enroll.
- Identifies the type and amount of aid qualified for and allows for easy comparison of aid packages offered by different institutions.

# Shopping Sheet

- Single page, standardized format
- Can use as cover sheet with aid offer notification or as standalone notice of aid awards
- Value as a consumer comparison tool
- Transparently and consistently providing information to all students
- Over 2,000 institutions have adopted

MM / DD / YYYY

University of the United States (UUS)  
Student Name, Identifier

[Download](#)

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**Costs in the 2013-14 year**

**Estimated Cost of Attendance** \$X,XXX / yr

Tuition and fees	\$ X,XXX
Housing and meals	X,XXX
Books and supplies	X,XXX
Transportation	X,XXX
Other education costs	X,XXX

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**Grants and scholarships to pay for college**

**Total Grants and Scholarships** ("Gift" Aid; no repayment needed) \$X,XXX / yr

Grants and scholarships from your school	\$ X,XXX
Federal Pell Grant	X,XXX
Grants from your state	X,XXX
Other scholarships you can use	X,XXX

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**What will you pay for college**

**Net Costs** \$X,XXX / yr  
(Cost of attendance minus total grants and scholarships)

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**Options to pay net costs**

**Work options**

Work-Study (Federal, state, or institutional) \_\_\_\_\_ \$ X,XXX

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**Loan Options\***

Federal Perkins Loans	\$ X,XXX
Federal Direct Subsidized Loan	X,XXX
Federal Direct Unsubsidized Loan	X,XXX

\*Recommended amounts shown here. You may be eligible for a different amount. Contact your financial aid office.

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**Other options**

**Family Contribution** \$X,XXX / yr  
(As calculated by the institution using information reported on the FAFSA or to your institution.)

- Payment plan offered by the institution
- Military and/or National Service benefits
- Parent or Graduate PLUS Loans
- Non-Federal private education loan

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Customized information from UUS

**Graduation Rate**  
Percentage of full-time students who graduate within 6 years

X,XXX%

Low	Medium	High
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**Loan Default Rate**  
Percentage of borrowers entering repayment and defaulting on their loan

X,XX%

This institution	National
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**Median Borrowing**  
Students who borrow at UUS typically take out \$X,XXX in Federal loans for their undergraduate study. The Federal loan payment over 10 years for this amount is approximately \$X,XXX per month. Your borrowing may be different.

\$

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**Repaying your loans**  
To learn about loan repayment choices and work out your Federal Loan monthly payment, go to:  
<http://studentaid.ed.gov/repay-loans/understandplans>

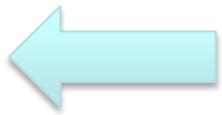
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**For more information and next steps:**  
University of the United States (UUS)  
Financial Aid Office  
123 Main Street  
Anytown, ST 12345  
Telephone: (123) 456-7890  
E-mail: financialaid@uus.edu

Institution must use this form for service members and veterans if they sign on to the principles of excellence but our preference would be for them to use this type of form for all students.



Current "**graduation rate survey**" as reported to the National Center for Education Statistics under IPEDS



Current "**cohort default rate**" as calculated by the Department



NEW "**median debt**" calculated by the Department

## Glossary

**Cost of Attendance (COA):** The total amount (not including grants and scholarships) that it will cost you to go to school during the 2014–15 school year. COA includes tuition and fees; housing and meals; and allowances for books, supplies, transportation, loan fees, and dependent care. It also includes miscellaneous and personal expenses, such as an allowance for the rental or purchase of a personal computer; costs related to a disability; and reasonable costs for eligible study-abroad programs. For students attending less than half-time, the COA includes tuition and fees; an allowance for books, supplies, and transportation; and dependent care expenses.

**Total Grants and Scholarships:** Student aid funds that do not have to be repaid. Grants are often need-based, while scholarships are usually merit-based. Occasionally you might have to pay back part or all of a grant if, for example, you withdraw from school before finishing a semester.

**Net Costs:** An estimate of the actual costs that you or your family will need to pay during the 2014–15 school year to cover education expenses at a particular school. Net costs are determined by taking the institution's cost of attendance and subtracting your grants and scholarships.

**Work-Study:** A federal student aid program that provides part-time employment while you are enrolled in school to help pay your education expenses.

**Loans:** Borrowed money that must be repaid with interest. Loans from the federal government typically have a lower interest rate than loans from private lenders. Federal loans, listed from most advantageous to least advantageous, are called Federal Perkins Loans, Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans. You can find more information about federal loans at [StudentAid.gov](http://StudentAid.gov).

**Family Contribution (also referred to as Expected Family Contribution):** A number used by a school to calculate how much financial aid you are eligible to receive, if any. It's based on the financial information you provided in your Free Application for Federal Student Aid (FAFSA). It's not the amount of money your family will have to pay for college, nor is it the amount of federal student aid you will receive. The family contribution is reported to you on your Student Aid Report, also known as the SAR.

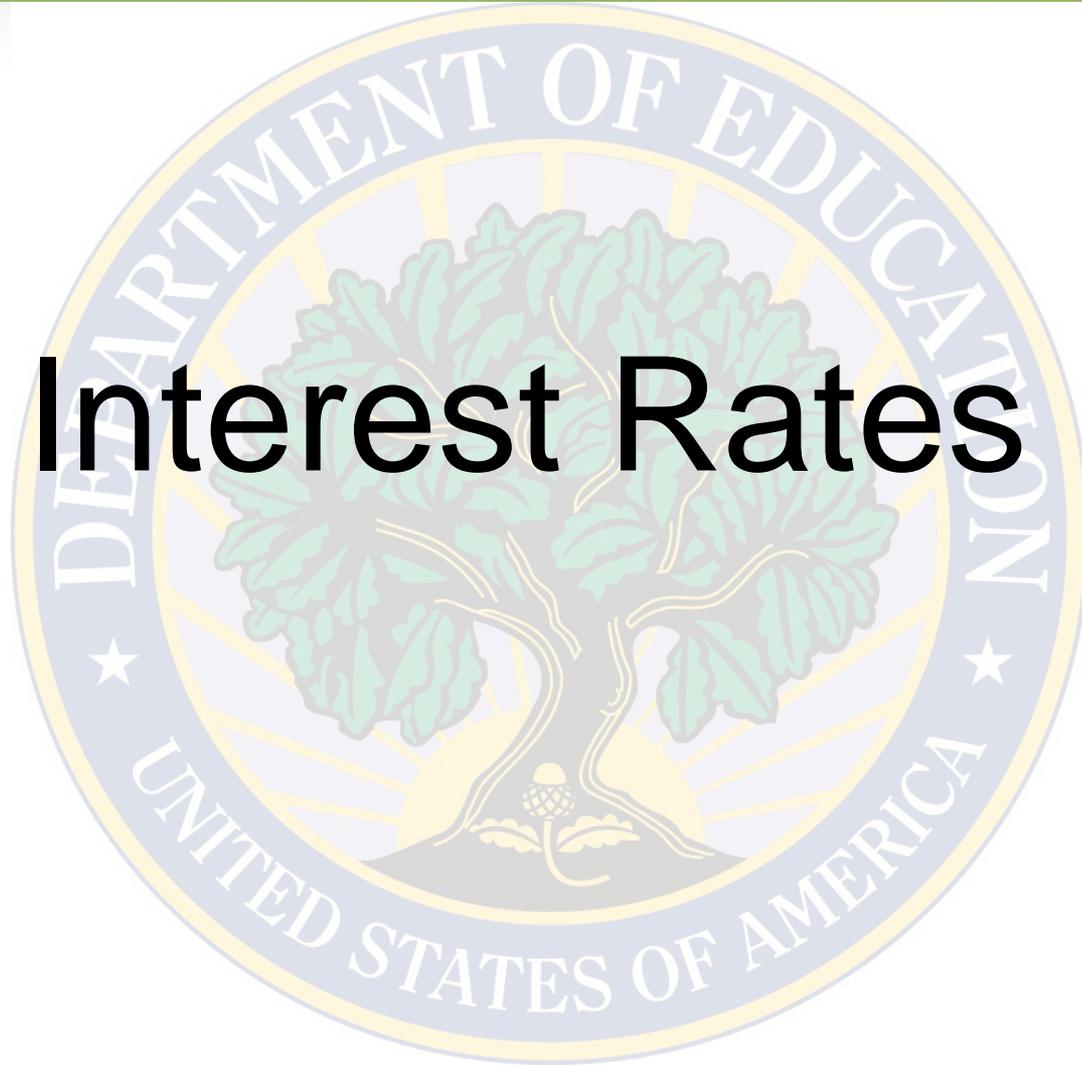
**Graduation Rate:** The percentage of students who graduate from an institution. This shows students who began their studies as first-time, full-time degree- or certificate-seeking students and completed their degree or certificate within 150 percent of "normal time." For example, for a four-year school, the graduation rate would be the percentage of students who completed that program within six years or less.

**Loan Default Rate:** The percentage of student borrowers – undergraduate and graduate – who have failed to repay their federal loans within three years of leaving a particular school. A low loan default rate could mean that the institution's students are earning enough income after leaving school to successfully repay their loans.

**Median Borrowing:** The amount in federal loans the typical undergraduate student takes out at a particular institution. It also indicates the monthly payments that an average student would pay on that amount using a 10-year repayment plan.

Customized information from UUS

# Interest Rates



## Interest Rates

- New rate structure applies to all loans first disbursed on or after July 1, 2013.
- Annual fixed rates based on 10 Year T-Bill, plus add-on.
- Applies to loans first disbursed between July 1 and June 30.
- Rate applies for the life of the loan.

## **Interest Rates**

- Undergraduate Students - Sub and Unsub
  - Add-on of 2.05% with cap of 8.25%
- Graduate students – Unsubsidized Loans only
  - Add-on of 3.60% with cap of 9.5%
- PLUS Loans (parent and grad/professional)
  - Add-on of 4.6% with cap of 10.5%.

## **2014-2015 Interest Rates**

- Undergraduate Students - Sub and Unsub
  - 4.66% compared to 2013-2014 rate of 3.86%.
- Graduate students – Unsubsidized Loans
  - 6.21% compared to 2013-2014 rate of 5.41%.
- PLUS Loans (parent and grad/professional)
  - 7.21% compared to 2013-2014 rate of 6.41%.

# Sequestration



- TEACH Grant awards reduced by 6.0 percent for FY 2013, 0.89 percent for FY 2014, **and 7.3% for FY 2015.**
- Iraq-Afghanistan Service Grant awards reduced by 10.0 percent for FY 2013, 7.2 percent for FY 2014, **and 7.3% for FY 2015.**
- 7.30% reduction for both where the grant is first disbursed on or after October 1, 2014 and before October 1, 2015.

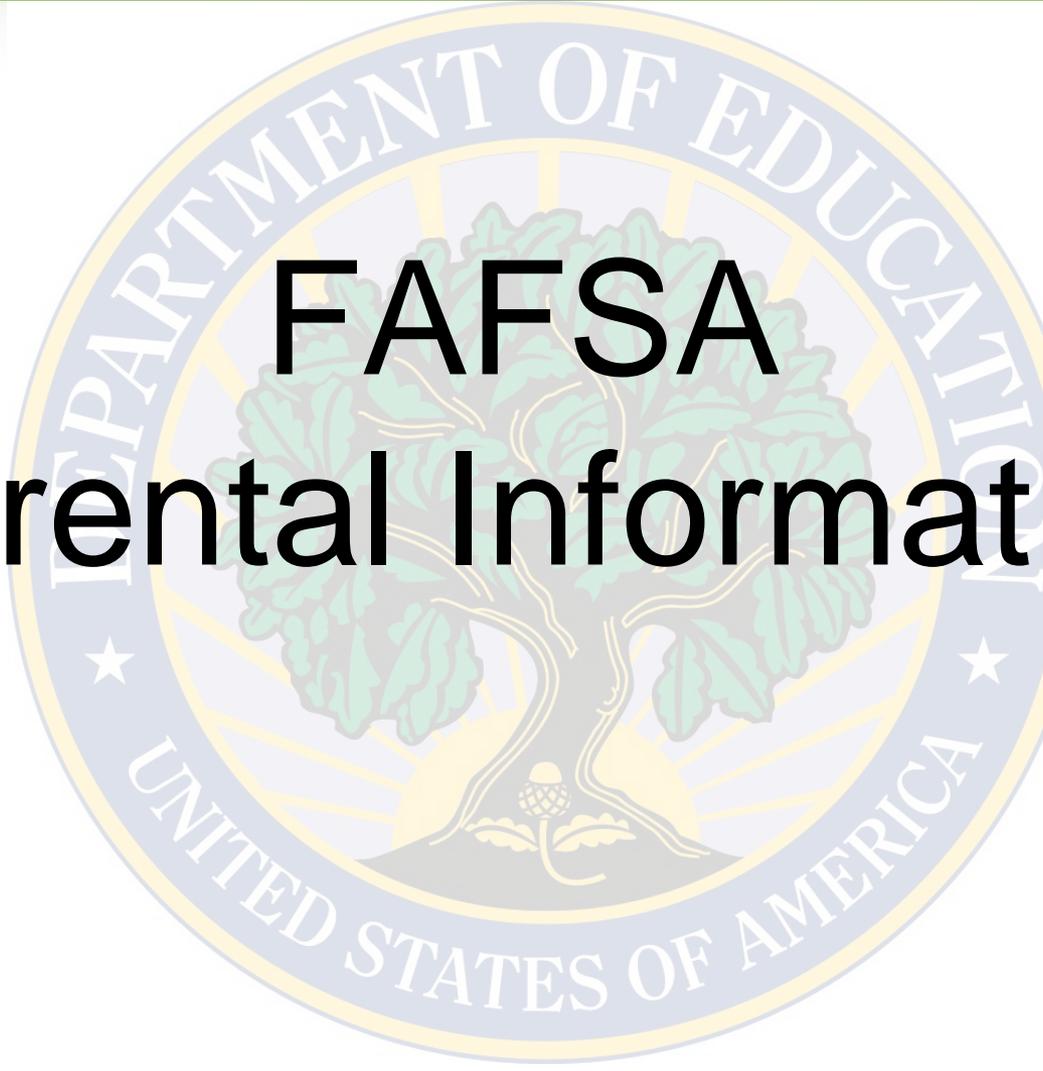
- Subsidized and Direct Unsubsidized Loan Fee
  - 1.072 percent for loans first disbursed on or after December 1, 2013 and before October 1, 2014;
  - 1.073 percent for loans first disbursed on or after October 1, 2014 and before October 1, 2015.

- **Direct PLUS Loan Fee**
  - 4.288 for loans first disbursed on or after December 1, 2013 and before October 1, 2014
  - 4.292 percent for loans first disbursed on or after October 1, 2014 and before October 1, 2015

# Defense of Marriage Act



- In June 2013, the Supreme Court struck down section 3 of the Defense of Marriage Act (DOMA) that, for federal purposes, a marriage can only be between one man and one woman
- See Dear Colleague Letter GEN-13-25 published on December 13.
- Additional DCLs on PLUS Loans and In-State Tuition for Active Duty Military Spouses.

The seal of the U.S. Department of Education is centered in the background. It features a large green tree with a yellow sunburst behind it, all within a circular border containing the text "DEPARTMENT OF EDUCATION" at the top and "UNITED STATES OF AMERICA" at the bottom, separated by two stars.

# FAFSA

# Parental Information

## FAFSA CHANGES – PARENTAL DATA

- Collecting parental information from both legal parents will result in fair treatment of all families by eliminating longstanding inequities that were based on the legal relationship of the parents (married or not married) rather than on the parents' relationship with their child.

## FAFSA CHANGES – PARENTAL DATA

- Beginning with the 2014-2015 FAFSA, dependent students' FAFSA must include income and other information about both of the student's legal parents (biological or adoptive) if the parents are living together, regardless of the parents' marital status or gender.

# Regulatory Activity



# Pay As You Earn

- June 2014 - President announced new executive actions to further lift the burden of student loan debt
  - Strengthen Incentives for Loan Contractors to Serve Students Well
  - Ensure Active-Duty Military Get the Relief They Are Entitled to
  - Work with the Private Sector to Promote Awareness of Repayment Options
  - Use Innovative Communication Strategies to Help Vulnerable Borrowers
  - Promote Stronger Collaborations to Improve Information for Students and Families

February 2015 – Anticipated Negotiated Rulemaking Sessions on PAYE

# Negotiated Rulemaking

- Gainful Employment
  - Three sessions of negotiations held without reaching consensus
  - NPRM published on March 25, 2014
  - Final expected by November 1, 2014
  - Effective – July 1, 2015

## Negotiated Rulemaking

- Institutional Security and Crime Reporting
  - The “Violence Against Women Act” amended the “Clery Act”
  - Negotiations finished in April 2014 – Consensus reached
  - NPRM Published on June 20
    - Comment Period Ends on July 21
  - Final Expected by November 1, 2014

## Negotiated Rulemaking

- Teacher Preparation
  - Negotiations held in 2012
  - NPRM currently under review at OMB

## Negotiated Rulemaking

- Program Integrity and Improvement
  - November 20, 2013: Federal Register notice invited nominations for non-federal negotiators
    - Deadline was December 20, 2013
  - Negotiations began February 2014
  - Concluded on May 20, 2014 without reaching consensus

# Negotiated Rulemaking

- Program Integrity and Improvement
  - Topics:
    - Cash management (debit cards, etc.)
    - State authorization for distance education and foreign locations of domestic schools
    - Clock- to credit-hour conversion
    - Definition of adverse credit for PLUS loan borrowers
    - Repeat Coursework

# Gainful Employment



The HEA provides that to be Title IV eligible an educational program must be offered by:

A public or non-profit postsecondary educational institution and leads to a degree; or

Any institution and “to prepare students for *gainful employment* in a recognized occupation”.



Generally, all non-degree programs must lead to *gainful employment*



Generally, all programs at for-profit institutions must lead to *gainful employment*

# Gainful Employment Measures

An eligible gainful employment program is one where a defined cohort of the program's former students –

- ✓ Meets one of the minimum debt burden standards (i.e., Debt-to-Earnings Ratios);

AND

- ✓ Are repaying their Title IV loans (i.e., Program Cohort Default Rate)

# Gainful Employment Measures

- Debt-to-earnings (D/E) rates
  - Annual Earnings D/E rate
  - Discretionary Income D/E rate
- Outcomes
  - Passing
  - Failing
  - Zone

## Gainful Employment Measures

- Appeals based on alternative earnings
  - Earnings data from an institutional survey
  - Earnings data from state –sponsored data systems
  
- Mitigating circumstances
  - Less than 50 percent of all of the program’s completers incurred loan debt

# Gainful Employment Measures

- Program cohort default rate (pCDR)
  - Same as institutional CDRs but for the GE program's former students
  - Outcomes
    - Passing
    - Failing

## Gainful Employment Results

- Program's loses Title IV eligibility if:
  - D/E measures – Fails in two out of three years;

OR

- D/E measures - Fails or in the zone for four consecutive years

OR

- pCDR – Fails for three consecutive years

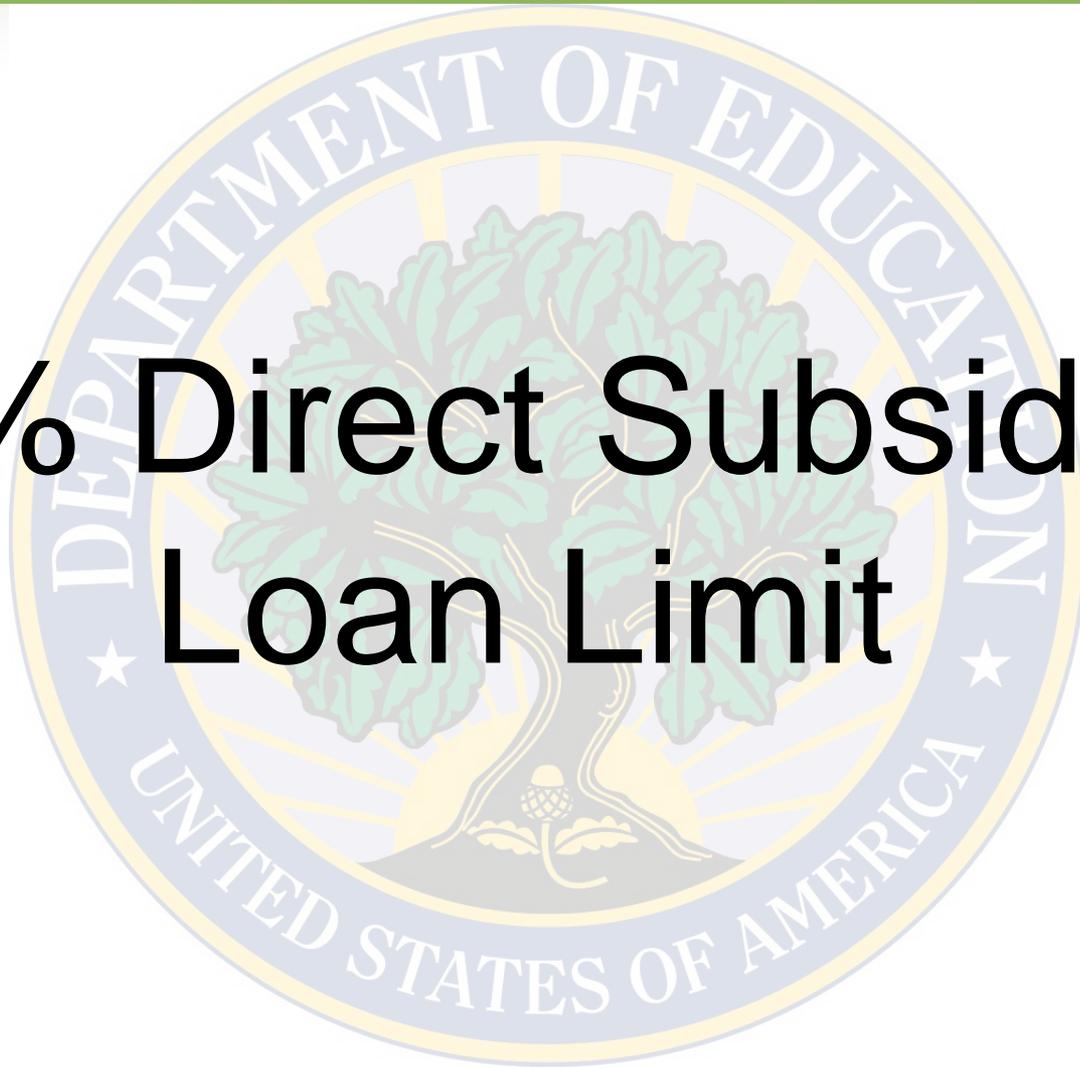
# Gainful Employment Reporting

- Reporting –
  - By July 31 following final rules effective date
    - Six prior award years
      - If effective date is July 1, 2015, schools report no later than July 31, 2015.
      - Information for award years 2008-2009 through 2013-2014.
  - For subsequent award years, by October 1 following the end of the award year.

# Gainful Employment Disclosures

- In addition to program information, includes:
  - pCDR
  - D/E rates
  - Loan repayment rates
  - Completion rates
  - Withdrawal rates
  - Placement rates
  - Median loan debt
  - Percent borrowing

# 150% Direct Subsidized Loan Limit



# Subsidized Loan Limit

- Limit on how many years a “first-time borrower” may receive subsidized loans
  - Applies to first-time borrowers on or after July 1, 2013.
  - A first-time borrower is one who has no balance on any FFEL or Direct Loan on July 1, 2013, or

## Subsidized Loan Limit

- Condition - Student has received Direct Subsidized loans for a period of time that is equal to 150% of the published length of the student's current academic program
- Result - Student may not receive additional subsidized loans for enrollment in that program or in any program of equal or lesser length

## Subsidized Loan Limit

- Students maximum time to receive subsidized loans is established based on the length of the program the student is enrolled in.
- Remaining subsidized eligibility is calculated by subtracting from maximum eligibility for the program, the time the student has already received subsidized loans for enrollment in any program.

# Subsidized Loan Limit

- A student who loses eligibility for additional subsidized loans may lose interest subsidy on previously received subsidized loans, if -
  - Student did not complete program, and
  - Continues in same program or,
  - Enrolls in another undergraduate program of the same or shorter length
- Effective on the date of the student's continued or new enrollment

## Subsidized Loan Limit

- FSA will track, calculate, and inform students and institutions
- Codes and comments on SARs and ISIRs
- COD editing, reporting, and enforcement

## Subsidized Loan Limit

- 2013-14 – Schools must correctly report and update when necessary a loan’s academic year and loan period
  - See DCL GEN-13-13
- 2014-15 - Schools will need to provide program information, including length of program, to both COD and to NSLDS

# Subsidized Loan Limit

- NSLDS Enrollment Reporting Webinars
  - Co-Sponsored with NASFAA & AACRAO
  - July 15 & July 16
  - July 30 & July 31
  - See IFAP ANN-14-13 – June 27



## American Opportunity Tax Credit

- Asking schools to provide information to students and families
- DCL with attachments and URL
- Possible messaging on FOTW Confirmation Page and SAR

# FAFSA and Expanded Field Length

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND™ | FAFSA™  
An OFFICE of the U.S. DEPARTMENT of EDUCATION | Free Application for Federal Student Aid

Help [SEARCH]

Student Demographics | School Selection | Dependency Status | Parent Demographics | Financial Information | Sign & Submit | Confirmation

### Parent Financial Information

What type of income tax return did your parents file for 2012?  
Select

What was your parents' adjusted gross income for 2012?  
\$30,000 .00 [INCOME ESTIMATOR](#)

How much did your father/stepfather earn from working (wages, salaries, tips, etc.) in 2012?  
\$999,999 .00

How much did your mother/stepmother earn from working (wages, salaries, tips, etc.) in 2012?  
\$ .00

As of today, is either of your parents a dislocated worker?  
Select

[PREVIOUS](#) [NEXT](#)

[NEED HELP?](#) [SAVE](#) [CLEAR ALL DATA](#) [VIEW FAFSA SUMMARY](#) [EXIT](#)

### Help and Hints

Father's / Stepfather's 2012 Income Earned from Work  
Question 86

If your father or stepfather is not married and uses the IRS Data Retrieval Tool, the answer to this question will be pre-filled.

If your parents are married and use the IRS Data Retrieval Tool, your parents' total income earned from working is transferred from the IRS. You are required to enter your father's or stepfather's portion of the transferred amount.

If your father or stepfather filed a 1040 tax return and

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Entered 20,000.19 but last year with only 6 digits

P  
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N  
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SEARCH

Student Demographics

School Selection

Dependency Status

Parent Demographics

Financial Information

Sign & Submit

Confirmation

P  
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N  
T

### Parent Financial Information

What type of income tax return did your parents file for 2012?

Select

What was your parents' adjusted gross income for 2012?

\$ 30,000 .00

INCOME ESTIMATOR

How much did your father/stepfather earn from working (wages, salaries, tips, etc.) in 2012?

\$ 2,000,019 .00

How much did your mother/stepmother earn from working (wages, salaries, tips, etc.) in 2012?

\$ .00

As of today, is either of your parents a dislocated worker?

Select

PREVIOUS

NEXT

NEED HELP?

SAVE

CLEAR ALL DATA

VIEW FAFSA SUMMARY

EXIT

### Help and Hints

Father's / Stepfather's  
2012 Income Earned from  
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If your father or stepfather filed a 2012 tax return and

## The July 1, 2014 Fix

**Parent Financial Information**

What type of income tax return did your parents file for 2013?  
Select

What was your parents' adjusted gross income for 2013?  
\$ 30,000 .00 **INCOME ESTIMATOR**

How much did your Parent 1 (father/mother/stepparent) earn from working (wages, salaries, tips, etc.) in 2013?  
\$ 20,000.19 .00

How much did your Parent 2 (father/mother/stepparent) earn from working (wages, salaries, tips, etc.) in 2013?  
\$ .00

As of today, is either of your parents a dislocated worker?  
Select

**PREVIOUS** **NEXT**

**NEED HELP?** **SAVE** **CLEAR ALL DATA** **VIEW FAFSA SUMMARY** **EXIT**

**Parent Financial Information**

What type of income tax return did your parents file for 2013?  
IRS 1040

What was your parents' adjusted gross income for 2013? This amount is found on IRS Form 1040-line 37.  
\$ 30,000 .00 **INCOME ESTIMATOR**

How much did your Parent 1 (father/mother/stepparent) earn from working (wages, salaries, tips, etc.) in 2013? This amount is your Parent 1 (father's/mother's/stepparent's) portion of IRS Form 1040-lines 7+12+18.  
\$ 20,000 .00

How much did your Parent 2 (father/mother/stepparent) earn from working (wages, salaries, tips, etc.) in 2013? This amount is your Parent 2 (father's/mother's/stepparent's) portion of IRS Form 1040-lines 7+12+18.  
\$ 10,000 .00

As of today, is either of your parents a dislocated worker?  
No

# FAFSA and Expanded Field Length

- Reprocessing
- Approximately 165,000
  - New SARS and ISIRs
- Mid-July
- Look for Electronic Announcement

# PIN Replacement

- User ID and Password
- All FSA Systems
- Next Spring
- New and continuing
- Transition Period
- More Information to Come

## 2015-2016 Verification

- Federal Register notice published on June 25
- Same items to be verified
- Same Verification Tracking Groups
- Dear Colleague Letter (GEN-14-11) published June 30, 2014.

## 2015 FSA Training Conference

- Atlanta, Georgia
- December 2 -5
- See IFAP Announcement of May 30

## Want to Join Us?

Federal Student Aid (FSA) and the Office of Postsecondary Education (OPE) are seeking experienced student aid professionals to join our teams.

Watch IFAP ([ifap.ed.gov](http://ifap.ed.gov)) and “USAJobs” ([usajobs.gov](http://usajobs.gov)) for upcoming announcements.

If interested in being notified of upcoming job postings, send a confidential email to [sharon.adger@ed.gov](mailto:sharon.adger@ed.gov)

