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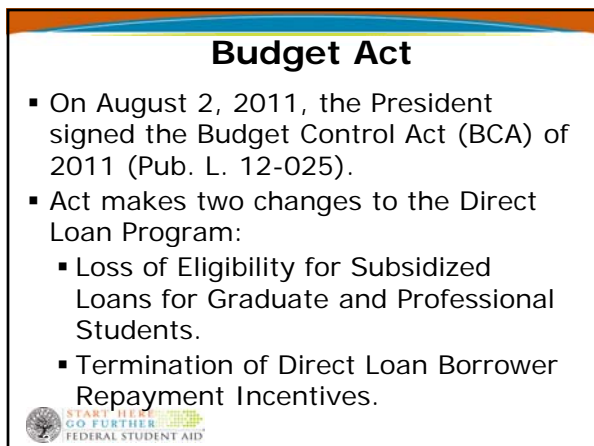
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**Budget Act**

Loss of Eligibility for Graduate Subsidized Loans

- Effective for loans made for loan periods beginning on or after July 1, 2012.
- Subsidized Loans for loan periods beginning before July 1, 2012 remain unchanged.



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**Budget Act**

Termination of Direct Loan Incentives

- Terminates repayment incentives to encourage on-time repayment of loans.
  - Effective for loans first disbursed on or after July 1, 2012.
- **Allows** interest rate reduction to borrowers who agree to have payments automatically electronically debited from a bank account.



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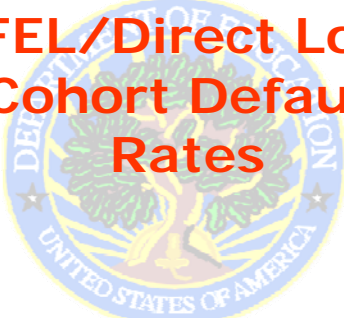
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**FFEL/Direct Loan Cohort Default Rates**



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### What is the CDR Calculation

- Currently, a school's cohort default rate is the percentage of the number of the school's FFEL and Direct Loan borrowers who enter repayment in one Federal Fiscal Year (October 1 through September 30) who default in that federal fiscal year or by the end of the next federal fiscal year.




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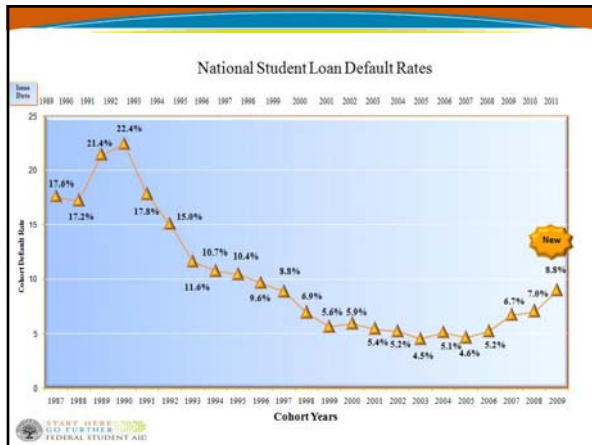
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### 4-State Default Rates

State	FY 2007	FY 2008	FY 2009
Iowa	8.2%	9.9%	11.5%
Kansas	6.5%	5.7%	6.8%
Missouri	6.0%	5.8%	7.6%
Nebraska	3.9%	5.0%	5.6%




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**HEOA Changes**

- Increases the CDR monitoring period from two to three years.
- Beginning with the 2009 cohort, the calculation will be:
  - Borrowers *who default in that federal fiscal year or by the end of the second next federal fiscal year.*
  - Establishes a three-year transition period for sanctions.



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**Regulatory Activity**



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**Regulatory Activity**

- Program Integrity
  - October 29, 2010
    - 3 Effective July 1, 2011
  - June 13, 2011
    - Effective July 1, 2012
- Foreign Schools
  - November 1, 2010
    - Effective July 1, 2011



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**October 29 Regs**

- Definition of a Credit Hour
- Ability-to-Benefit (ATB)
- Return of Title IV Funds (R2T4)
- Satisfactory Academic Progress
- Incentive Compensation
- Written Agreements Between Schools
- Misrepresentation
- Disbursements for Books and Supplies
- State Authorization



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**October 29 Regs**

- High School Diploma
- Verification
- Gainful Employment



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**High School Diploma**



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### High School Diploma

- Schools must develop and follow procedures to evaluate the validity of a student's high school diploma if the school or the Secretary has reason to believe that the diploma is not valid or was not obtained from an entity that provides secondary school education.



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### High School Diploma

- FAFSA will ask student to indicate high school.
- Being on the list does not mean "approved"
- Not being on the list does not mean "unapproved" or "questionable"



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### Repeated Coursework



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### Repeated Coursework

- Amends definition of full-time student to allow repeated coursework to count toward enrollment status in term-based programs
  - May repeat previously passed course ONCE
    - *NO repetition* of a previously passed course due to the student failing other coursework in a prior term
  - May repeat failed course until it is passed



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### Gainful Employment



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### Gainful Employment Information

- Gainful Employment Page on IFAP at:  
<http://ifap.ed.gov/GainfulEmploymentInfo/>  
or from IFAP Homepage
  - Regulations
  - Dear Colleague Letters and Electronic Announcements
  - Frequently Asked Questions
  - Training, including webinars
  - Resources



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### Gainful Employment Programs

- Proprietary institutions –
  - All programs, except for -
    - Programs leading to a baccalaureate degree in liberal arts offered since January 2009 that has been regionally accredited since October 2007.
    - Preparatory non-certificate coursework necessary for enrollment in an eligible program.



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### Gainful Employment Programs

- Public institutions and not-for-profit institutions:
  - All programs, except for -
    - Programs that lead to a degree;
    - Programs of at least two years in length that are designed to be fully transferable to a bachelor's degree program and that do not lead to a certificate awarded by the institution.
    - Preparatory coursework necessary for enrollment in an eligible program.



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### Gainful Employment Regulations

- Two sets of Final Rules published on October 29, 2010, with effective dates of July 1, 2011-
  - Program Integrity –
    - Disclosures
    - Reporting
  - Gainful Employment –
    - New Programs
- Final Rules on metrics to define gainful employment published on June 13, 2011



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### Gainful Employment Program

- A Gainful Employment program is identified by the:
  - 6 digit OPEID of the institution offering the program (8 digits for reporting)
  - 6 digit CIP Code (Classification of Instructional Program) assigned to the program by the institution
  - 2 digit Credential Level (See NSLDS Gainful Employment Users Guide)



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### Adding New GE Programs

- Must notify ED at least 90 days before the first day of class of a new Gainful Employment Program.
- If the institution provided the required notification at least 90 days before the first day of class for the new program it need not wait for Departmental approval before disbursing funds to students enrolled in the new GE Program – Unless .....



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### Adding New GE Programs

- Approval is required if -
  - The institution is provisionally certified
  - The Department advises the institution that it must wait for approval.
  - The institution does not provide the required notification at least 90 days before the first day of class



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### Adding New GE Programs

- See new NPRM dated September 27, 2011
  - Proposes to change rules for adding new GE Programs
  - Comment period ends November 14, 2011.
  - If finalized, effective some time after July 1, 2012.



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### GE Reporting

- Institutions must annually report information about students enrolled in GE Programs.
- General information on reporting was provided in the [Dear Colleague Letter GEN-11-10](#).
- NSLDS GE Reporting Guide at - <http://ifap.ed.gov/GainfulEmploymentInfo/index.html>



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### GE Reporting

- Regulations say institutions must report by October 1<sup>st</sup> for enrollments in the -
  - 2006-2007 through 2009-2010 award years.
- Federal Register dated August 2, 2011
  - November 15, 2011 for 2010-2011.
  - Continue to accept reports for other award years through November 15, 2011.



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**GE Reporting**

- Missing Data
  - Must inform ED if data will **not** be provided.  
Email to: GE-Missing-Data@ed.gov
    - Programs
    - Award Years
    - Students
    - Full Data
  - Approval is very rare
- Should send email if school has no GE Programs



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**GE Metrics**

- Metrics final rule published on June 13, 2011
- Defines “gainful employment” to be when a substantial number of the GE Program’s students –
  - Are repaying their Title IV loans –
    - Repayment Rate
  - Have a reasonable debt burden –
    - Debt to Earnings Ratios.



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**GE Metrics**

- Based on a cohort of a GE Program’s Former Students
- 2YP – The third and fourth fiscal year prior to the most recently completed calculation year.
  - FY 2007 and FY 2008 for 2011 informational rates calculated in 2012.
  - FY 2008 and FY 2009 for 2012 official rates calculated in 2013.



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**GE Metrics**

- ED calculates Repayment Rate as –
  - A percentage of the Title IV loan amounts that a GE Program's former students are repaying.
  
- ED calculates Debt to Earnings Ratios as –
  - The median educational loan annual repayment amount as a proportion of the borrowers' average annual income.



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**GE Metrics**

- A loan is successfully being repaid if:
  - Its balance is reduced by at least \$1.00 over the course of the most recently completed fiscal year.
  - It has been paid in full.
  - It is on track to being forgiven due to public service employment.
  - The borrower is making payments under an interest-only or income-based repayment plan.



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**GE Metrics**

Debt-to-Earnings Ratio (Annual Income)

$$\frac{\text{Median Annual Loan Payment Amount}}{\text{Mean or Median Annual Earnings}}$$

Debt-to-Earnings Ratio (Discretionary Income)

$$\frac{\text{Median Annual Loan Payment Amount}}{\text{Mean or Median Annual Earnings less 1.5 X poverty guideline}}$$


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**GE Metrics**

- SSA will provide the median and mean earnings of program graduates – ED will use the higher of the two.
- Schools can verify the lists of individuals submitted to SSA. However, the earnings data will be subject to SSA's strict protections on individual privacy.



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**GE Metrics**

- Calculating of the annual loan payment—
  - Uses the program's median loan debt –
    - Title IV, Private Educational Loans and Institutional Financing Amounts.
    - Amortized at 6.8% over –
      - 10 years for a certificate or AA program,
      - 15 years for a baccalaureate program, or
      - 20 years for a graduate program.



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**Title IV Eligibility**

- A program must pass at least one of the following three rates to be a Gainful Employment Program eligible for Title IV participation:
  - Repayment rate of at least 35%.
  - Debt-to-Earnings ratio of less than 12% of total earnings, or
  - Debt-to-Earnings ratio of less than 30% of discretionary income.



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**Title IV Eligibility**

- Upon first year as a failing program institution must —
  - Disclose to students and prospective students the amount by which the program did not meet the minimum standards and any plans for improvement;
  - Establish a three-day waiting period before students can enroll.



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**Title IV Eligibility**

- Upon being a failing program for two years out of three, institution must tell students that -
  - Their debts may be unaffordable;
  - The program may lose eligibility; and
  - What transfer options exist.
- If a failing program for three of four years, program loses eligibility for Federal student aid.



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**GE Contact Information**

General Information: IFAP Website  
Gainful Employment Information Page

Policy Questions: [ge-questions@ed.gov](mailto:ge-questions@ed.gov)

Reporting Questions: [nsldsge@ed.gov](mailto:nsldsge@ed.gov)



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**Verification  
Applications for  
2012-2013**

DEPARTMENT OF EDUCATION  
UNITED STATES OF AMERICA

START HERE  
GO FURTHER  
FEDERAL STUDENT AID

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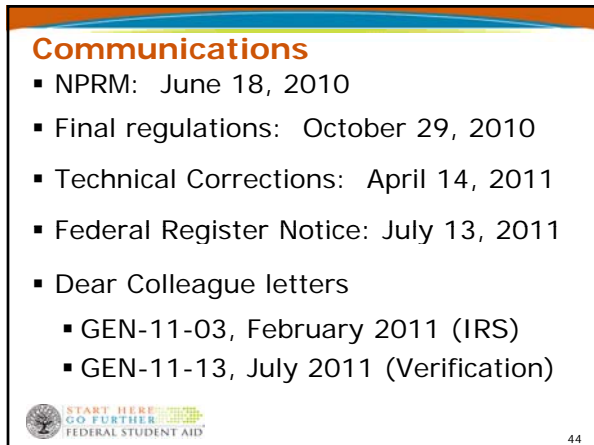
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**Communications**

- NPRM: June 18, 2010
- Final regulations: October 29, 2010
- Technical Corrections: April 14, 2011
- Federal Register Notice: July 13, 2011
- Dear Colleague letters
  - GEN-11-03, February 2011 (IRS)
  - GEN-11-13, July 2011 (Verification)

START HERE  
GO FURTHER  
FEDERAL STUDENT AID

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**Highlights of new regulations**

- Eliminates \$400 tolerance; replaces with \$25 tolerance for any item
- Must report all changes, not just those that impact Pell
- Eliminates the 30 percent institutional verification cap
- May update marital status

START HERE  
GO FURTHER  
FEDERAL STUDENT AID

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### Highlights of new regulations

- Allows the Secretary to include any item from the FAFSA for possible verification.
- Replaces the five verification items for all selected applicants with a targeted selection of items based upon each student's characteristics.
- No customization for 2012-2013.



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### 2012-13 Verification Items

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



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### 2012-13 Verification Items

- All Applicants—
- Number in Household –
  - Not required if:
    - Dependent student household size reported is two and the parent is unmarried or three if the parent is married.
    - Independent student household reported is one and the applicant is unmarried or two if the applicant is



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**2012-13 Verification Items**

- All Applicants –
  - Number in College
    - Not required if reported is one.
    - Provide name and age of each household member who is or will be attending an eligible postsecondary educational institution as at least a half-time student in the 2012-2013 award year and the name of the eligible institution(s) that each household member is or will be attending.



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**2012-13 Verification Items**

- All Applicants –
  - Food Stamps, if receipt reported on FAFSA—
    - Documentation from the agency that issues Food Stamps 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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**2012-13 Verification Items**

- All Applicants –
  - Child support paid if amount reported on FAFSA—
    - Statement signed by the applicant, spouse, or parent who paid the child support certifying:
      - Amount of child support paid
      - Name of the person to whom child support was paid
      - The name of the children for whom child support was paid.



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### 2012-13 Verification Items

- Tax Filers— (From IRS Data Retrieval)
  - Adjusted Gross Income (AGI)
  - Taxes paid
  - Specific untaxed income items from tax return -
    - Untaxed IRA distributions
    - Untaxed pensions
    - Education credits
    - IRA deductions
    - Tax exempt interest



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### 2012-13 Verification Items

- Nontax Filers—
  - Copy of IRS Form W-2 for each source of employment income received for tax year 2011.
  - A signed statement certifying—
    - That the individual has not filed and is not required to file an income tax return for tax year 2011
    - The sources of income earned from work as reported on the FAFSA and amounts of income from each source for tax year 2011 that is not on W-2s.



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### 2012-13 Documentation

- Comprehensive list in July 13, 2011 Federal Register notice
  - IRS Data Retrieval Process
  - IRS Transcript
    - Request
      - On-Line
      - Phone – (800) 908-9946
      - Form 4506T-EZ
  - IRS Tax Return: Limited conditions



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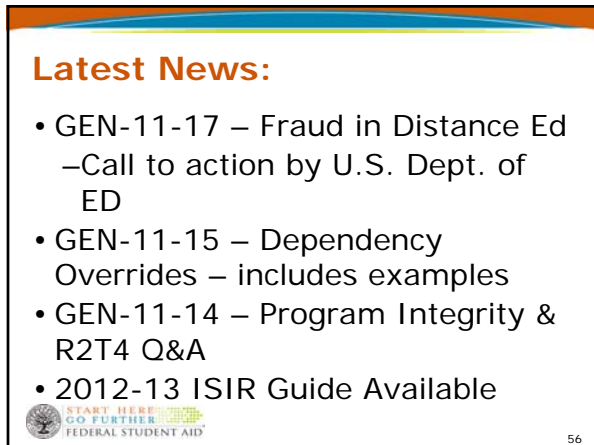
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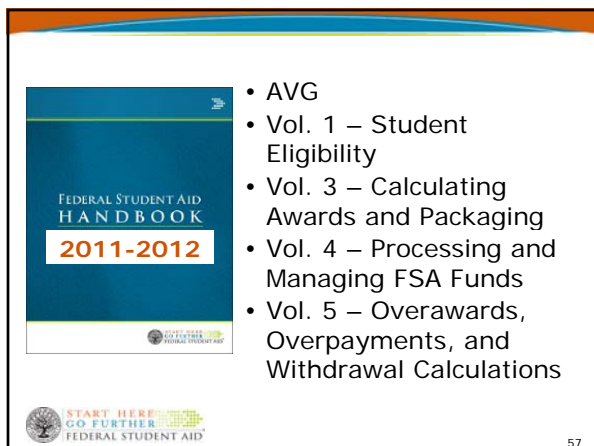
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**On-Going Training**

- GE Reporting Webinar
- GE – Adding a New Program Webinar
- Direct Loan Reports Webinar
- Fundamentals of Title IV Administration
- Professional Judgment Webinars



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**Upcoming Training**

- Business Officer Webinar(s)
- R2T4 webinar
- EDEXpress Online Training
- FSA Conference – Las Vegas, NV, November 29-Dec 2, 2011
- <http://www2.ed.gov/offices/OSFA/P/training/index.html>



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**OPE Program Integrity Q&A**

- <http://www2.ed.gov/policy/highered/reg/heard/king/2009/integrity-qa.html>



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**QUESTIONS???**

<b>David A. Bartlett</b>	<b>Scot Davisson</b>
<b>816-268-0434</b>	<b>816-268-0510</b>
<b>david.bartlett@ed.gov</b>	<b>scot.davisson@ed.gov</b>

*Jo Ann Borel,*  
Supervisor of Training Officers,  
U.S. Department of Education  
Federal Student Aid  
202-377-3930  
[joann.borel@ed.gov](mailto:joann.borel@ed.gov)



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