

WELCOME

Regulations Update

Monday, November 15, 2010 at 2:00 p.m. EST

Moderated by

**Sharon Cameron, Audit and Compliance Specialist
Pattie Mastin, Account Manager**

AGENDA

- Review of final regulation changes to the Perkins program in the Higher Education Opportunity Act
- New Servicer for Total and Permanent Disability Discharges
- Program Integrity Regulations
- Perkins Update – Mid-Term Elections

Higher Education Opportunity Act

- HEOA was signed into law on August 14, 2008 – (Public Law 110-315)
- Reauthorizes the Higher Education Act of 1965
- Most changes effective immediately (8/14/08)

Higher Education Opportunity Act Reauthorization and Perkins

- ❑ Reauthorized Perkins Program through 2015
- ❑ Increased the authorized Federal Capital Contribution from \$250 million to \$300 million for FY 2009-2014
- ❑ Permits the transfer of 25% of annual appropriation of College Work Study funds to the Perkins Loan fund, at the campus' discretion

Summary of Final Regulations

Higher Education Opportunity Act

Effective date:

- July 1, 2010
- Schools had the authority to implement the following provisions as of August 14, 2008 (date of enactment).

Summary of Final Regulations

Loan Maximums

New annual limits:

- \$5,500 for a student who is enrolled in a program of undergraduate education
- \$8,000 for a graduate or professional student.

New aggregate limits:

- \$27,500 for a student who has successfully completed two years of a program leading to a bachelor's degree but who has not received the degree
- \$60,000 for a graduate or professional student
- \$11,000 for any other student.

Summary of Final Regulations

Forbearance

- Written request requirement removed
- Did not eliminate the requirement for supporting documentation.
From ED:

Schools are still required to obtain supporting documentation for forbearances. The HEOA only eliminates the requirement that the forbearance request be in writing, and requires schools to confirm the forbearance agreement with the borrower and record the terms of the forbearance in the borrower's file. The new language does not change the requirement that the forbearance be granted "on such terms as are otherwise consistent with the regulations issued by the Secretary." The current regulations continue to require that a forbearance be granted "Upon receipt of. . . supporting documentation" [674.33(d)(2)].

Summary of Final Regulations

Loan rehabilitation

- Changes the number of consecutive on-time, monthly payments a borrower must make to successfully rehabilitate a defaulted Perkins Loan from 12 to 9.

Exit Interview

- This section has been expanded to add several new requirements to the exit counseling provisions. These changes include information on repayment plans, the effects of consolidating their Perkins loan, the new cancellation provisions, the tax benefits that may be available, and more. Since these changes are fairly extensive, please refer to the requirements in 674.42(b) for additional information. (Page 55661 of the October 28, 2009 Federal Register.)
- Campus Partners has implemented these new requirements in our E-Exit product.

Summary of Final Regulations

New Cancellation Provisions

Special Definitions for cancellations

- The Higher Education Opportunity Act signed into law on August 14, 2008, which expand the existing cancellation provisions for certain teachers, Head Start employees, law enforcement employees, and military personnel. ED has also added new definitions to be used in conjunction with the newly added cancellation benefits.

Summary of Final Regulations

| ☛ ALL FUNDS | Canc Code |
|--|-----------|
| <ul style="list-style-type: none"> • Firefighters * 15%, 15%, 20%, 20%, 30% (5 Yrs) | F4 |
| <ul style="list-style-type: none"> • Attorney in Public Defender Office * 15%, 15%, 20%, 20%, 30% (5 Yrs) | A4 |
| <ul style="list-style-type: none"> • Librarian * 15%, 15%, 20%, 20%, 30% (5 Yrs) | B4 |
| <ul style="list-style-type: none"> • Faculty Member at Tribal College or University * 15%, 15%, 20%, 20%, 30% (5 Yrs) | C4 |
| <ul style="list-style-type: none"> • Speech/Language Pathologist * 15%, 15%, 20%, 20%, 30% (5 Yrs) | T4 |
| <ul style="list-style-type: none"> • Staff at State Licensed or Regulated Pre-K/Child Care Program * 15% per year up to 100% (7 Yrs) | P4 |
| <ul style="list-style-type: none"> • Military Service in Area of Hostilities * 15%, 15%, 20%, 20%, 30% (5 Yrs) | M4 |

Summary of Final Regulations

New Public Service Cancellations

Schools may now cancel loans for borrowers who are:

- full-time fire fighters with a local, State, or Federal fire department or fire district,
- full-time faculty members at a Tribal College or University,
- full-time librarians with a master's degree in library science who are employed in an elementary or secondary school that qualifies for Title I funding, or in a public library that serves a geographic area that includes one or more Title I schools, and
- full-time speech-language pathologists with a master's degree who are working exclusively with Title I-eligible schools.

Important Notes:

- **Eligible years of service** - A borrower may qualify for one of the new Perkins cancellations for a year of service that “includes August 14, 2008”. A year of eligible service that began on August 15, 2007 and ended on August 14, 2008, would qualify a borrower for one year of cancellation benefits. The regulations have been amended to read, “for service that includes August 14, 2008 or begins on or after that date.”

Summary of Final Regulations

- **Firefighter**
 - EMT/Firefighter - would qualify for cancellation under the new firefighter cancellation provision.
 - For an EMT to qualify for a **medical technician** cancellation, the borrower would have to work 100% of the time as an EMT.
- **Public Defender**
 - Check Federal Public and Community Defender Directory
 - http://www.fd.org/odstb_DEF.htm. This Directory is updated daily.

Summary of Final Regulations

- **Librarian Cancellation**
 - Full time librarian with Masters Degree in library science
 - Employed in an elementary or secondary school that qualifies for Title I funding or public library servicing a geographic area that includes one or more Title I schools.
 - All Borrowers eligible for service that includes 8/14/08 or begins on or after that date.

Summary of Final Regulations

- **Speech Pathologist Cancellation**
 - Full-time employment
 - Borrower has a master's degree
 - Working exclusively with Title I eligible schools
 - All Borrowers eligible for service that includes 8/14/08 or begins on or after that date.

Summary of Final Regulations

- **Special note from ED for Librarians and speech pathologists:**
 - To determine whether a school that a librarian or speech pathologist works in or works with is eligible for Part A, Title I funds, the Perkins schools will need to contact the state educational agency, the local educational agency, or the school itself.

Summary of Final Regulations

- **Tribal College/University Cancellation**
 - Full time faculty member
 - Tribally controlled College or University
 - All Borrowers eligible for service that includes 8/14/08 or begins on or after that date.
 - ED provides a list of Tribal Colleges and Universities:
<http://www.ed.gov/about/inits/list/whtc/edlite-tclist.html#MN>.

Summary of Federal Regulations

- **Early Childhood Education**

- A prekindergarten program is a state-funded program that serves children from birth through age six and addresses the children's cognitive (including language, early literacy, and early mathematics) social, emotional, and physical development.
- A child care program is a program that is licensed or regulated by the State and provides child care services for fewer than 24 hours per day per child, unless care in excess of 24 consecutive hours is needed due to the nature of the parent's work.

Summary of Final Regulations

- **Military Cancellation** – Change of cancellation rate to 15%, 15%, 20%, 20%, and 30%.

Summary of Final Regulations

- **Total and Permanent Disability**
 - Changes effective July 1, 2010
 - **New definition**: The condition of an individual who:
 - 1) Is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that—
 - (i) Can be expected to result in death;
 - (ii) Has lasted for a continuous period of not less than 60 months; or
 - (iii) Can be expected to last for a continuous period of not less than 60 months; or
 - 2) Has been determined by the Secretary of Veterans Affairs to be unemployable due to a service connected disability.
(See *Dear Colleague Letter GEN-09-07*
(<http://ifap.ed.gov/dpcletters/GEN0907.html>)).

Summary of Final Regulations

Discharge process for Non-Veterans TPD:

- Borrowers must complete the Loan Discharge Application for Total and Permanent Disability (forms on our web sites)
- Must submit with 90 days of the date the physician certifies the application
- Review the application and assign the loan to ED if the certification supports TPD
- New! If ED determines the borrower meets the eligibility requirements for TPD, ED will grant a final discharge. ED notifies borrower loan will be reinstated if, within 3 years from the discharge date, the borrower,
 1. receives a new Title IV loan or TEACH Grant
 2. has earnings from employment that exceed the poverty line amount for a family of two
 3. fails to ensure that the full amount of any Title IV loan or TEACH Grant disbursement made after the discharge date is returned to the loan holder (or to ED) within 120 days of disbursement.

Summary of Federal Regulations

- **New servicer** for TPD discharges effective October 1, 2010 – Nelnet
- Mail to:
U.S. Department of Education
3015 South Parker Road, Suite 400
Attn: TPD Servicing
Aurora, CO 80014

Summary of Federal Regulations

VA Discharge Requests

- Veterans determined by the VA to be unemployable due to a service-connected disability
- **DO NOT assign these loans to ED**
- If eligible, process V0 cancellation
- Borrower must complete Loan Discharge Application
- Section 4 (physician's certification) is not required
- Must send supporting documentation from the VA
- Mail to:
 - U.S. Department of Education
 - Federal Student Aid
 - ATTN: Veterans Disability Discharge Unit
 - Sam Nunn Federal Center
 - 61 South Forsyth Street, Suite 18T39-A
 - Atlanta, GA 30303
- Full instructions: <http://ifap.ed.gov/dpcletters/GEN0907.html>

Program Integrity Regulations

(<http://ifap.ed.gov/fregisters/FR102910Final.html>)

- Final regulations published October 29, 2010 on proposed rules issued in mid-June
- Most regulations effective July 1, 2011
- Addresses 14 loan program integrity issues
- Three negotiated rulemaking sessions were held:
 - Program Integrity
 - Foreign Schools
 - Gainful employment

Program Integrity Regulations

- Gainful employment most controversial
- ED received over 90,000 comments
- Delayed until January 2011
- Reporting and disclosure requirements included in October 29 final rules

Program Integrity Regulations

Gainful employment:

- ED more involved in determining eligibility for federal aid for for-profit schools
- Program Administrators must disclose expected enrollment/provide documents from employers stating the need for this program/availability of jobs for graduates
- Rules apply to all institutions that offer certificate or other non-degree programs

Program Integrity Regulations

Provisions Included:

- Verification of FAFSA Information
- Satisfactory academic progress
- Repeated coursework in enrollment status
- Return of Title IV funds (R2T4)
- Taking attendance under return of Title IV funds
- Disbursement
- Credit hour definition

**These are only a few of the issues listed in the Federal Register from 10/29/10. Please refer to the Federal Register link for further information. (<http://ifap.ed.gov/fregisters/FR102910Final.html>)

Perkins Update

- COHEAO teleconference – 2010 Mid-Term Elections - update in next edition of our *Campus Partners Update*
- Congressman John Spratt (D-SC) not re-elected
- Spratt introduced H.R. 5448 to extend the Perkins program until October 2013
- Other Perkins supporters remain in office

Perkins Update

- Federal Direct Perkins Loan proposal will probably re-emerge in the next budget bill
- COHEAO revising proposal from last year to allow campus-based control of funding and servicing
- Funding of Perkins Cancellations is unlikely due to Pell Grant shortfall



QUESTIONS?

Thank you for joining us!

**Should you have questions or want additional training,
Please contact Pattie Mastin at
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