

**NJASFAA 2010 Fall Conference**  
**Nov 8th-10th**  
**Hilton Hotel & Casino at Atlantic City**



**Communication, Collaboration, and Cooperation**

**PUBLIC RELATIONS COMMITTEE RECAP**

The NJASFAA Fall 2010 Conference was held at Hilton Hotel & Casino at Atlantic City on November 8<sup>th</sup>, 9<sup>th</sup> and 10<sup>th</sup>. The Conference Committee, co chaired by Mike Livio and Vince Davis worked hard putting together a conference agenda full of financial aid updates while instilling a conference theme of Communication, Collaboration and Cooperation while working together through "Times that are Changing". Apparent are the changes in financial aid administration, impacted by "New Regulations on State and Federal Processing" a direct result of President Obama's commitment to have the highest proportion of students graduating from college in the world by 2020.

The conference theme of "**Once Cause, Once Goal**" is a reminder of the NJASFAA mission to promote effective administration of student financial aid in New Jersey through the education and training of financial aid administrators who assist students and families to obtain access to higher education.

Some of the Fall 2010 NJASFAA Conference highlights were as follows:

**U.S Department of Education- Federal Update- Presenter Jeff Baker-** The restructuring of financial aid administration, historic expansion of the Pell program and simplification of the FAFSA are just a few highlights supporting President Obama's goal to expand educational opportunity for America's students and families, making college more affordable.

**Appropriations and Budget-**

**TITLE IV AID AVAILABLE**

Program	FY 2010 (AY 10-11)	FY 2011* (AY 11-12)
Pell Grant	\$32,295,200,000.00	\$34,834,300,000.00
FSEOG	\$958,800,000.00	\$958,800,000.00
FWS	\$1,170,800,000.00	\$1,170,800,000.00
Perkins	\$1,041,500,000.00	\$2,609,200,000.00
LEAP	\$161,555,000.00	
ACG/SMART	\$932,000,000.00	
TEACH	\$79,800,000.00	\$93,200,000.00
Loans	\$108,762,900,000.00	\$116,393,200,000.00

TOTAL	\$145,402,555,000.00	\$156,059,500,000.00
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**Cohort Default Rates-** New Jersey Default Rates (FY 2006- FY2008)

	2006	2007	2008
Rate	5.5%	6.3%	6.5%
Borrowers in Repayment		61,419	62,013
Borrowers in Default		3,905	4,054

National Student Loan Default Rate for Cohort Year 2008= 7.04%

Beginning with the 2009 Cohort Year the Cohort Default Rate (CDR) monitoring period increased from two years to three years with an increase in threshold default rate from 25 percent to 30 percent.

**Direct Loan Transition-** The elimination of the FFELP program beginning July 1<sup>st</sup>, 2010, ended government subsidies given to financial institutions that make guaranteed federal student loans helping to pay for these investments and hopes to reduce some of the federal deficit. DOE contracted with 4 additional servicers: Nelnet, Sallie Mae, Great Lakes Education Services and AES/PHEAA. Responsible for servicing borrowers only. Loans will be assigned systematically; schools can not select the servicer with whom they wish to work. Schools will need to look on NSLDS to know which servicer has a particular loan.

**IRS Data Retrieval-** In an effort to simplify FAFSA completion, Federal Student Aid (FSA) and the Internal Revenue Service (IRS) developed the IRS Data Retrieval option. The applicant may transfer their IRS data to FAFSA on the Web (FOTW). The Department of Education (ED) considers data transferred to FOTW through IRS Data Retrieval as equivalent to an IRS form which lists tax account information. If the code on the student's Institutional Student Information Record (ISIR) indicates the data from the IRS was not altered (*IRS Request Flag=2*), the institution is not required to collect additional documentation to verify AGI and taxes paid. This guidance from ED is effective immediately, so schools can reduce the documentation needed from applicants to complete the verification process for both the current 2010-11 award year and the upcoming 2011-12 award year per, 668.57(a) (2). There is an option to skip from retrieving information from IRS. Beginning with 11-12, applicant can retrieve IRS data using Corrections on the Web.

The Department of Education (ED) has delayed implementation of the new verification regulations until July 1, 2012, or the start of the 2012-13 award years.

**Two Pell's in One Award Year-** The objective is to help needy students accelerate their academic progress. Authorized by HEOA, effective for the 2009-2010 Award Year, eligible students are able to receive all or a portion of a second Scheduled Award within an Award Year. Students must be at least half-time for second scheduled award, and at least one credit or clock hour in the payment period must be attributable to the student's next academic year. If cross-over payment period, school must award from the award year with the highest award amount for the payment period for the student. For cross-over terms a school must reassign payment period if information received showing greater payment from other Award Year through September 10<sup>th</sup>.

**Parent PLUS and FAFSA-** Beginning 2011-2012 student must file FAFSA for Parent PLUS Loan. 98% already do. COD will monitor. Need to perform database matches to verify that student is eligible: SSN, Citizenship, Selective Service and NSLDS for default and overpayments.

**Impact of New Regulations on State and Federal Processing of Financial Aid- Presented by Francine Andrea, Chief Operating Officer of HESAA**

**HEOA Changes on Cohort Default Rate Calculations and Impacts-** By calculating cohort default rates (CDR), Sanctioning schools with higher rates, and providing benefits to schools with lower rate the statute creates an incentive for schools to work to reduce defaults.

- Increases CDR monitoring period from two to three years
- Increases sanction threshold default rate from 25 percent to 30 percent
- Establishes transition period to implement sanctions

**The New Verification-** The Department of Education (ED) has delayed implementation of the new verification regulations until July 1, 2012, or the start of the 2012-13 award years which include:

- **Selection of FAFSA Information for Verification.** The Department will eliminate the existing 30 percent verification cap as the new target approach, a comprehensive predictive model, will lead to a more effective and efficient verification process.
- **Information to be Verified-** The Department plans to include on each applicant's ISIR item-specific flags to indicate which data needs to be verified. Such codes would allow schools to automate correspondence with applicants and other processes
- **Acceptable Documentation-** The Department is exploring a process which would automatically exclude from verification FAFSA items that came from the IRS and were not changed by the applicant. Institutions may use IRS transferred data as acceptable documentation for verification if a flag on the ISIR confirms that the data were obtained from the IRS and were not changed after being imported to the FAFSA. The data retrieval process can also be accepted as documentation if it is used by the applicant to correct data that was originally submitted outside of the IRS process, as long as the ISIR indicates that the information came directly from the IRS and was not changed
- **Consequences of a Change in an Applicant's FAFSA Information-** The Departments goal is to obtain the most accurate data possible in order to better identify error-prone applications. Schools will be required to submit corrections for reprocessing if there is any change to an individual data element that is \$25 or more.

**SAP-** – Introduces standardized terminology. Warning and Probation status

**Ability to Benefit-** Applies to students without a HS diploma or equivalent credential – Should these tests be more closely regulated and monitored?

**Disbursement-** Primary focus on the timing of disbursement – Primary concern is the purchase of books for Pell eligible students. Proposal: Payment of anticipated credit balances must occur by the seventh day of the payment period (if certain conditions apply) or, student must be provided sufficient funds to cover the purchase of books/supplies

**R2T4-** Attendance– Current regs: If “required to take attendance by an outside entity” must use attendance records to establish the withdrawal date. Proposal: If the institution requires instructors to take attendance, even for just some students or a limited period, the records must be used.

**Validity of the High School Diploma-** Under the new rules, effective July 1, 2011, it will be mandatory in cases where either ED or the institution itself has reason to believe that the high school diploma is not valid or was not obtained from an entity that provides secondary school education, institutions must develop and follow their own procedures for validation of the diploma. ED promises to provide implementation guidance in Dear Colleague Letters, electronic announcements, and the Federal Student Aid Handbook. This validation requirement does not apply to home-schooled students.

**Lending Industry Update/Key Note Speaker/Views by Scott Buchanan-** The Federal deficit is a trillion dollar problem. Discretionary money/appropriations will get cut. All budget tricks have been used. Changes in the Pell program are the largest investment in Education since GI Bill and there is a projected Pell shortfall. Families are worried about how they are going to pay for college and are digging deeper.

As the largest part of the nation's higher education system, community colleges enroll more than 6 million students and are growing rapidly.

Emerging theme in upcoming elections: Jobs, Jobs, Jobs-Taxes-How to pay for college-Health Care- prepare for major change in Health Care-Social Security and Medicare-Fiscal Responsibility

Democratic representation is down in Senate- damaging Democrat ability to move legislation. The states of PA, OH and VA moved back to supporting Republican party- only interested in Obama not Democratic Party. Huge swing in party switch. Creating legislation grid lock. Fiscal constraints. Discretionary money/appropriations will get cut. All budget tricks have been used. Changes in the Pell program are the largest investment in Education since GI Bill.

**Student Loan Program-** Feds in profit making mode. Government will move to cut default. Change the way Feds manage financial aid community as they now have a vested interest. Money is scarce now. Government has not invested any new money in last four years. Moved money, transferred money, budget tricks- Middle class families are subsidizing low income families.

**Change in Subsidy-** Eliminating the in-school interest subsidy is just one among a host of proposals aimed at reducing the national deficit by dramatically changing how the U.S. spends funds and collects taxes. The report to the Obama Administration proposes saving \$43 billion over the next 10 years by eliminating in-school interest subsidies on federal student loans.

**Expanded Income Based Repayment (IBR)**- To ensure that Americans can afford their student loan payments, the Health Care and Education Reconciliation Act expands the existing income-based student loan repayment program. New borrowers who assume loans after July 1, 2014, will be able to cap their student loan repayments at 10 percent of their discretionary income and, if they keep up with their payments over time, will have the balance forgiven after 20 years. Public service workers – such as teachers, nurses, and those in military service – will see any remaining debt forgiven after just 10 years. More than 1.2 million new borrowers are projected to qualify and take part in the expanded IBR program. According to Scott Buchanan of Sallie Mae, expanding IBR may actually increase debt burden.

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### **NJHESAA - State Update- Michael Angulo, Executive Director and Francine Andrea, Chief Operating Officer**

The National Association of State Grant Aid Programs survey ranks New Jersey as the #1 state for the amount of need-based aid provided to full-time undergraduates.

**FY12 HESAA Board Budget Recommendations**- \$57 million over the FY 2010 appropriation.

**Full-Time Tuition Aid Grants**- a funding level of \$347.585 million is recommended for the full time TAG program - an increase of \$50.706 million. Increase maximum awards to reflect AY 2009-10 tuition levels for neediest students. Recognize likely increase in the number of recipients of 1,800 additional new awards.

**Part-Time TAG Program for County College Students**- Funding of \$12.557 million - an increase of \$2.946

**Coordinated Garden State Scholarship Program**- Recommending \$7.122 million in funding to restore Distinguished and Urban Scholar awards for freshmen and sophomores and to continue awards to rising juniors and seniors. Awards would remain at \$930. If sufficient funds are not available, priority should be given to the Urban Scholars.

**NJ STARS and NJ STARS II Programs**- \$23.047 million in funding eligible students

**Dana Christmas Scholarships for Heroism- Restore**- Funding for FY 12 - \$50,000 in funding is recommended

**Survivor Tuition Benefits Program**- \$69,000 is recommended - increase of \$31,000

**Veterinary Medical Education Contract Program**- \$138,000 to meet obligation to rising juniors and seniors - a reduction of \$32,000

**World Trade Center Scholarship Program**- \$250,000 – an increase of \$48,000 to support students in the program

**NJ CLASS**- Applications received – 24,200 – 10% increase over the same time last year. An Overwhelming response to 10-year repayment option and Option 3 – full deferral with the standard 20 year term. Allocated \$30 million to 10-year program. Allocated the largest percentage (55%) of the available bond funds available to Option 3 loans. Demand exceeded allocations. The 10 year repayment options and the Options 3 were suspended in September. Limited funding remaining \$32 million. HESAA recommends that schools: Review all loans for certification or cancellation. Utilize E-Administrator to determine loan status.

**2010-2011 Grant System Update**- FAFSA streamlined by eliminating certain source of untaxed income. Increased Pell Grant eligibility for NJ students by 59% or \$268.299 million. New Jersey budget cannot absorb that level of growth. Additional information request was necessary to: control program costs, protect students from additional cuts to award values, and ensure equitable treatment of applicants. Although HESAA requested that U.S. Department of Education permit a link from FAFSA on the Web to allow students to provide additional state information the DOE was not able to oblige. HESAA developed a data collection process in consultation with NJACSA and utilized multiple methods to collect the data: E-mail – 16 campaigns, Telephone calls – more than 164,000, Letters – over 127,400, added phone lines and temporary staff, notified aid community, EOF offices and guidance staff.

Analysis of Data Elements Collected:

**Earned Income Tax Credit** - Most frequently reported

35% of dependent households - average \$5,156,

35% of independent households - average \$3,390,

**Untaxed Social Security**- 8.1% of dependent households – average \$10,676

3.8% of independent households – average \$10,386

**2011-2012 Process**- FAFSA serves as Pell Grant/Federal application only. Many states require a state application to determine eligibility, including: New York, Pennsylvania, Florida, Georgia, and California.

- **Link from FAFSA on the Web to state website for 2011-2012-** Student completes FAFSA on the Web to the confirmation page, Confirmation page will instruct the student to click a link to HESAA, ISIR data will be transferred to HESAA who will then determine dependency status and display questions, Students who do not link to HESAA's website may receive an Applicant Information Request (AIR) in mail.

### State Verification-

- Revised federal verification regulation delayed to 2012.
- State verification changes under consideration for 2011-2012.
- Treatment of low/zero income students, new students still required to complete Monthly Resource and Expenditure Statement.
- Returning students Monthly Resource and Expenditure Statement may be eliminated.
- Untaxed income assessment would be applied.
- Changes to family circumstance can still be processed through aid office.

**Updated Website-** Focused on largest constituent group – Students: Can apply for PIN, complete FAFSA on the Web and DL Applications New links to useful websites – MyFSA Enhanced information on loan repayment. Will enable webinars and podcasts For FA Administrators. Targeted messaging. Continued access to E-Administrator and ability to download forms and applications for printing. Website Instructs students to complete the state specific questions once they reach the confirmation page of the FAFSA on the Web. Schools can direct students to complete their PIN, FAFSA on the Web DL through HESAA website. Extensive upgrades have been made to the HESAA network to accommodate increase technology and traffic.

**Federal Regulatory Changes to SAP-** SAP regulations have been moved from Administrative Capability to Student Eligibility. Offers more flexibility to schools that assess SAP after each payment period. Imposes limitations on the length of time a student can continue to receive Title IV and State aid in order to make up deficiencies in SAP. Distinguishes between warning periods and probationary periods. HESAA will continue to recognize the same standards for academic performance and SAP that an institution adopts for federal aid policy.

**Federal Updates-** Direct Loan Servicing by non-profit student loan agencies. An option provided to non-profits to apply to service loans nationally or within agencies own state. Contracts expected July 2011. USDE is examining outsourcing of other services to guarantors. Public Awareness and Outreach Financial Literacy Program Oversight Default Collections.

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### **Gainful Employment-** Presented by Tammy Halligan, Director of Regulatory Affairs and Brie Statham, Regulatory Affairs Coordinator of APSCU- The Association of Private Sector Colleges and Universities

Proposed regulation governing 'gainful employment, has been vigorously opposed by lobbyists for proprietary colleges. Many have questioned why employment is related to federal student aid.

**WHY ISSUE THIS PROPOSED RULE?** Define "gainful employment" in the regulations. Address growing student loan debt. Prevent labor "oversupply" when the number of expected job openings is significantly lower than the number of degrees being produced-. Protect taxpayers against wasteful spending on educational programs of little or no value that lead to high indebtedness.

**WHO DOES THE RULE APPLY TO?** All programs at for-profit institutions, except liberal arts baccalaureate degree programs. Non-degree programs at public and private not-for-profit institutions. These are the only programs with the term "gainful employment" in their definition in the statute.

**WHAT IS IN THE PROPOSED AND FINAL RULE?** Two tests to measure gainful employment, Debt-to-income ratio and Repayment rate.

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**Net Price Calculator-** HEOA requires that your institution use the data from the most recent year available when setting up this calculator. Data should be provided for full-time, first-time degree/certificate-seeking undergraduate students. Price and aid data must be for the same year – e.g., the most recent year for which data are available for both.

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**Dinner – Keynote Speaker: NASFAA President Justin Draeger** – Justin Draeger, newly appointed President of the National Association of Financial Aid Administrators (NASFAA) was keynote speaker at Tuesday, November 9<sup>th</sup> dinner where he shared his views and expertise in our

profession with a mutual underlying theme of inspiration to become involved, be engaged, mentor and support your financial aid community on sector, regional and national levels.

According to Justin Draeger, NASFAA was founded on legislative advocacy to provide a unified voice for the financial aid community in Washington DC. He claims the voices of our members are critical to influencing the policies and laws that affect students and schools. One of the association's primary goals is to coordinate and help members raise their own voices on student aid issues. However, when aid administrators fail to raise their voices, or their voices are overshadowed by the voices of lobbyist, problems may arise. Our voice is needed!

Justin Draeger suggest aid administrators stay up-to-date on current legislative and regulatory issues through NASFAA's daily email, Today's News, and respond to relevant Department of Education notices of proposed rules or other issues or documents released for public comment. He indicated the coming months and years will be difficult for student financial aid. Record breaking deficits will mean a tightening of the federal budget. Current and future generations of students will need us (financial aid administrators) to speak on their behalf to ensure programs are funded appropriately and to create laws and rules that will be in their best interests. NASFAA and its nearly 20,000 financial aid administrators are united by a common cause- to ensure that all students have equal access to a postsecondary education. Working together, we can achieve our goals.

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### **[Volunteering with NJASFAA and Professional Development/ Mentoring/Schmentoring!](#)**

NJASFAA has made a commitment to help everyone get involved, get training and to be part of the financial aid community. NJASFAA is a volunteer organization and has introduced the 2010 Mentoring Program that could help you become more involved in the New Jersey Financial Aid Association. NJASFAA is looking for new members to participate and seasoned members to be mentors. Membership on a committee benefits your colleagues, students and parents, as well as providing an opportunity for personal and professional development.

The goal of NJASFAA's Mentoring Program is to develop interaction between you and other NJASFAA members and to have the newest members of our community start to develop the future of NJASFAA. At the same time we would like to have new members interact with experienced members and get help or advice from those who have been successfully involved in financial aid and volunteered to be mentors. We would like you to meet each other and meet members that have volunteered to be mentors and introduce you to 'your professional organization'

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**[Working Together Through "Times that are a Changin'" - Presenter Dina Cipollaro-Beck, MA](#)** created and energetic workshop that both inspired and entertained members on how to work together through "Times that are a Changing" and embrace change. The objective was to discover the common assumptions about change and to understand your own personal change management style, in an effort to manage change more effectively. The session focused on indentifying the main ingredient for great communication, collaboration, and cooperation- Trust!

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