

NJASFAA Government Relations Newsletter

W I N T E R 2 0 1 2

SPECIAL POINTS OF INTEREST:

- Spotlight on HESAA
- Loan Changes
- New Lifetime Pell Maximum
- Verification Requirements
- Association Elections
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Big Changes on the Horizon for New Jersey Higher Education

Gabrielle Charette, Esq., Executive Director
NJ Higher Education Student Assistance Authority

Higher education – one of New Jersey’s most valuable resources – is taking its rightful place in the spotlight through the Christie Administration’s commitment to reforming the state education system.

The Governor’s Higher Education Task Force, convened last year and chaired by former Governor Tom Kean, led to the establishment of the University of Medical and Dentistry of New Jersey Advisory Committee, which recently submitted its final report to Governor Christie, with four key recommendations that can only be described as transformative.

First, the revamping of the health sciences university in Newark is designed to advance patient care in behavioral health, osteopathic medicine, and public health research. Second, support should be given, the report says, to a public-private partnership to improve the operations and long-term sustainability of University Hospital in the City of Newark. Third, the report calls for an expanded research university comprised of the assets of Rowan University, Rutgers University-Camden, and encompassing the Cooper Medical School of Rowan University, to broaden research in Southern New Jersey. Lastly, the committee reaffirmed its support for the realignment of UMDNJ’s Robert Wood Johnson Medical School, the School of Public Health, and the Cancer Institute of New Jersey into Rutgers University. Governor Christie will submit a reorganization plan to the Legislature to institute the Task Force recommendations. The Assembly Higher Education Committee and the newly created Senate Higher Education Committee are expected to give this plan careful consideration.



Changes to Ability to Benefit Provisions

A few years ago, the Ability to Benefit (ATB) provisions were broadened to include students who had completed 6 college level credits. Last year, in order for the department to get a handle on how many students were receiving financial aid through the ATB provisions, our institutions began to report ATB students through COD when they were awarded Pell and Direct Loans. Now, beginning July 1, 2012, students can no longer qualify for financial aid through any of the

ATB provisions. This is a drastic change and final changes are forthcoming. Students who are currently enrolled and have met the current ATB regulations are eligible for financial aid in the future, but there are some concerns from school such as: are high school transcripts required, the impact to international students who have not applied for aid in the past but do so now. For more information, visit IFAP: <http://www.ifap.ed.gov/dpccletters/GEN1201.html>

State of the Union and Higher Education



Topics related to higher education, including student loan interest rates, tax breaks for tuition, and partnerships with community colleges, were highlighted by President Obama in his State of the Union address, given on Tuesday, January 24.

A key element of the speech was the fact that, barring an act of Congress, Direct Loan interest rates are scheduled to increase from 3.4% to 6.8% beginning on July 1, 2012. The President called on Congress to stop this from happening, given the cost to borrowers and the prevalence of educational debt. He also called for Congress to work to double the amount of Federal Work Study jobs available. The cost of keeping interest rates where they are

now, and doubling the amount of work study jobs, on a per year basis, is estimated at about \$6 billion.

The President also called for Congress to make the American Opportunity Tax Credit permanent. This is a tax credit of up to \$2,500 annually for tuition. Among other remarks, he also suggested that Community Colleges should do more to partner with local business to ensure that their graduates are skilled enough to take available jobs, and that all colleges need to do more to keep costs from increasing too much, or else their funding may be reduced.

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Changes to the Federal Stafford Loan Program Taking Effect in 2012

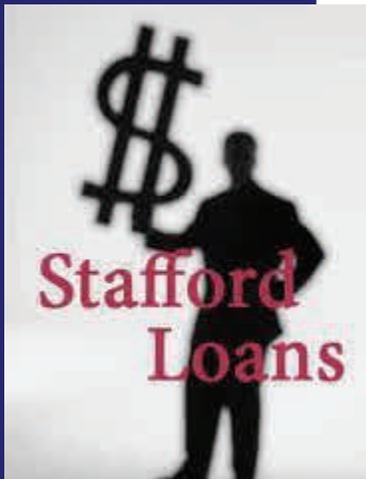
Recent legislation will alter provisions of the Federal Stafford Loan Program for loans made on or after July 1, 2012. Included are:

The Budget Control Act of 2011, which was passed by Congress on August 2, 2011, will eliminate subsidized interest on Stafford Loans for **graduate and professional students** for new loans made on or after July 1, 2012. In addition, the bill eliminates all repayment incentives for **all borrowers** in the Direct Loan Program for new loans made on or after July 1, 2012. This includes all existing repayment incentives except for interest rate discounts for borrowers who make payments via auto-debit.

The elimination of subsidized interest for graduate and professional students will increase debt at repayment for these students by an average of 16% for the subsidized Stafford Loan losing the interest subsidy and will on average increase their overall debt at repayment by 6%.

The **Consolidated Appropriations Act of 2012** eliminates the interest subsidy for the six month grace period for subsidized Stafford loans made between July 1, 2012 and June 30, 2014. This could result in an increase in debt at repayment of 3.4% for subsidized Stafford Loan.

Information for this article was taken from analyses conducted by Mark Kantrowitz, the publisher of Fastweb.com and FinAid.org.



New Annual Lifetime Pell Grant Limit

The Consolidated Appropriations Act, 2012 (Public Law 112 – 740) signed into law by President Obama on December 23rd, 2011 significantly impacts Title IV programs. [Dear Colleague Letter \(DCL ID: GEN-12-01\)](#) dated January 18, 2012 details changes to be implemented.

The Pell Grant program, in particular, will be significantly impacted by the new legislation. Section 401(c)(5) of the Higher Education Act of 1965 (HEA) was amended to reduce the total number of semesters of Pell Grant eligibility that student can receive from 18 (or its equivalent) to 12 semesters (or its equivalent). This provision takes effect for the 2012-13 award

year and is applicable to all Pell Grant eligible students **regardless of when the student received an initial Pell Grant award**. Previous HEA regulations governing lifetime Pell Grant limits exempted students who received their first Federal Pell Grant prior to the 2008-09 award year.

It is important to note that the regulations reference 12 semesters (**or their equivalent**). This 12 semester limit generally assumes four to six years of undergraduate enrollment, however a semester during which a student is enrolled ½ time will not be considered a full semester, it is a half a semester.



Links and Resources:

New Jersey Association of Student Financial Aid Administrators (NJASFAA):

www.njasfaa.org

New Jersey Higher Education Student Assistance Authority (HESAA):

www.hesaa.org

State of the Union 2012:

<http://www.whitehouse.gov/state-of-the-union-2012>

New Pell lifetime limits:

<http://ifap.ed.gov/dpcletters/GEN1201.html>

Program integrity regulations, October, 2010: [http://www.ifap.ed.gov/eannouncements/](http://www.ifap.ed.gov/eannouncements/attachments/110110ProgramIntegritydated102910.pdf)

[attachments/110110ProgramIntegritydated102910.pdf](http://www.ifap.ed.gov/eannouncements/attachments/110110ProgramIntegritydated102910.pdf)

2012-2013 Required verification items:

<http://ifap.ed.gov/dpcletters/GEN1113.html>

Acceptable documentation for verification items: [http://ifap.ed.gov/fregisters/attachments/](http://ifap.ed.gov/fregisters/attachments/FR071311FAFSAInformation.pdf)

[FR071311FAFSAInformation.pdf](http://ifap.ed.gov/fregisters/attachments/FR071311FAFSAInformation.pdf)

Information for Financial Aid Professionals (IFAP)

<http://ifap.ed.gov>

The Information for Financial Aid Professionals (IFAP) Web site consolidates guidance, resources, and information related to the administration and processing of Title IV federal student aid into one online site for use by the entire financial aid community.

<http://ifap.ed.gov>

NJASFAA and EASFAA Elections Upcoming!

Elections for executive positions are coming up for both NJASFAA and EASFAA in the next few months. All members are strongly urged to vote in these elections. Voting for these offices is the way that the memberships of these organizations use their voices to determine the future goals and direction they will take. It is also a quick and easy way to get involved in your

organization. Both EASFAA and NJASFAA are led by caring volunteers who want to educate financial aid administrators and assist students. But without your support, and your votes, we are very limited in our ability to accomplish this mission. Please take a moment to learn about the candidates and cast your vote!



Verification Requirements for 2012/13 and Beyond

On October 29th, 2010, final regulations pertaining to program integrity were published in the [Federal Register](#). Included in the regulations were changes to federal verification requirements which become effective on July 1, 2012 for AY 2012/13. [Dear Colleague Letter DCL ID GEN 11 – 13](#) dated July 13th 2011 references the data to be verified. Most significantly, the new regulations require that verification of tax filers be completed using the IRS Data Retrieval Process or an IRS tax transcript. Signed copies of a 2011 income tax return will only be considered acceptable documentation in very limited circumstances, such as when an applicant, parent or spouse files a foreign or Puerto Rican tax return. Additionally, institutions are required to verify the number of household members, the number of household members enrolled at least half-time in eligible

postsecondary institutions, child support paid and receipt of food stamps.

A listing of acceptable documentation can be found in the [July 13, 2011 Federal Register notice](#).

Other highlights and updates to verification regulations include the elimination of the 30% institutional verification cap, require processing of all non dollar changes and corrections to an applicant's FAFSA information, eliminates the \$400 tolerance replacing it with a \$25 tolerance, and requires that students selected for verification be verified prior to exercising professional judgment.

Looking forward to 2013/14 and beyond, the verification process is expected to become more customized and targeted. The ISIR will indicate if a student record has been selected for verification and which data elements are selected for verification.



New Jersey Association of Student Financial Aid Administrators, Inc.

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