HEAG
HIGHER EDUCATION ASSISTANCE GROUP, Inc.

NEWSLETTER

APRIL – JUNE 2011 VOLUME 3, ISSUE 2

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Achieve a Higher Standard... with HEAG!

Message from Milton

Summer is one of the busiest times in most financial aid offices. As you manage your on-going busy work load and juggle vacation schedules with your office staff, I hope that you can find the time to attend the NASFAA conference which is being held in Boston this July. The agenda is exciting with a great range of sessions. For those of you not able to attend, we hope to capture the salient points and present them to you in our next issue of our newsletter. In the meantime, please count on us as HEAG if you need any additional help this summer.

Best Regards,

~ Milton Kerstein, President

OBAMA ADMINISTRATION ANNOUNCES NEW STEPS TO PROTECT STUDENTS FROM INEFFECTIVE CAREER COLLEGE PROGRAMS

Gives Programs Every Chance to Improve While Holding Them Accountable

June 2, 2011

Contact: **Justin Hamilton**
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Today, the Obama Administration released final regulations requiring career college programs to better prepare students for "gainful employment" or risk losing access to Federal student aid. While many career college programs are helping to prepare America's workforce for the jobs of the future, far too many students at these schools are taking on unsustainable debt in exchange for degrees and certificates that fail to help them get the jobs they need or were promised. These regulations are designed to ramp up over the next four years, giving colleges time to reform while protecting students and their families from exploitative programs.

"These new regulations will help ensure that students at these schools are getting what they pay for: solid preparation for a good job," Secretary of Education Arne Duncan said. "We're giving career colleges every opportunity to reform themselves but we're not letting them off the hook, because too many vulnerable students are being hurt," Duncan continued.

To qualify for Federal aid, the law requires that most for-profit programs and certificate programs at nonprofit and public institutions prepare students for gainful employment in a recognized occupation. Under the regulations introduced today, a program would be considered to lead to gainful employment if it meets at least one of the following three metrics: at least 35 percent of former students are repaying their loans (defined as reducing the loan balance by at least $1); the estimated annual loan payment of a typical graduate does not exceed 30 percent of his or her discretionary income; or the estimated annual loan payment of a typical graduate does not exceed 12 percent of his or her total earnings. While the regulations apply to occupational training programs at all types of institutions, for-profit programs are most likely to leave their students with unaffordable debts and poor employment prospects.

The Need for and History of Reform

Students at for-profit institutions represent 12 percent of all higher education students, 26 percent of all student loans and 46 percent of all student loan dollars in default. The median Federal student loan debt carried by students earning associate degrees at for-profit institutions was $14,000, while the majority of students at community colleges do not borrow. More than

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a quarter of for-profit institutions receive 80 percent of their revenues from taxpayer-financed Federal student aid.

"While for-profit schools have profited and prospered thanks to Federal dollars, some of their students have not. This is a disservice to students and taxpayers, and undermines the valuable work being done by the for-profit education industry as a whole," Duncan continued.

Efforts to regulate abuse by for-profit institutions date back to the Reagan administration, under the leadership of then Secretary of Education William Bennett. However, regulations were weakened during the previous administration leading to the rapid growth of enrollment and default rates at for-profit institutions seen in recent years.

These problems and wide-spread evidence of waste, fraud and abuse prompted the Obama administration to embark on an 18-month negotiation with the higher education community over new regulations. During the negotiation, the Department worked with stakeholders to develop a set of proposals around 14 specific issues that strengthen the integrity of the Federal student aid program and ensure that taxpayer funds are used appropriately. The final gainful employment regulations published today follow that two-year process and will go into effect on July 1, 2012.

Important Changes to the Regulation

Based on thoughtful consideration of public comments and concerns, the new regulations improve upon the Department's previously released draft proposal. The rules issued today, which reflect the principles outlined in the President's recent Executive Order on improving regulations, provide students and consumers with the information they need to make good educational choices and give failing programs ample opportunity to make needed improvements. Institutions will now be required to disclose their total program costs, loan repayment rates, graduates' debt-to-earnings ratio and other critical consumer information to help students better choose the gainful employment program that's right for them. And poor performing programs must fail the debt measures three times in a four-year period before losing eligibility to participate in Federal student aid programs, rather than losing eligibility immediately.

The first time a program fails to meet the debt measure it must disclose to students why the measurement was missed and how the issue will be addressed. After missing the debt measure for the second time in three years, programs must inform students that their debts may be unaffordable after graduation, that the program is at risk of losing eligibility to participate in Federal student aid programs, and what their existing transfer options are. After a third failure in four years, the program loses eligibility to participate in Federal student aid programs and cannot reapply for eligibility for at least three years. Under this framework, the first year a program could become ineligible would be 2015, based on its performance in FY 2012-2014.

"We're asking companies that get up to 90 percent of their profits from taxpayer dollars to be at least 35 percent effective," Duncan said. "This is a perfectly reasonable bar and one that every for-profit program should be able to reach. We're also giving poor performing for-profit programs every chance to improve. But if you get three strikes in four years, you're out," Duncan said.

With the emphasis on program improvement under the final regulation, the Department estimates that fewer programs will ultimately lose eligibility for participation in Federal student aid programs than under the original proposal. Failure rates at for-profit programs are expected to be somewhat higher than for other institutions under the final regulation. The Department estimates that 18 percent of for-profit programs are expected to fail the thresholds at some point, with 5 percent of them failing to improve and ultimately losing eligibility. Among programs at all institutions, approximately 8 percent may fail the thresholds at some point, with only 2 percent of them failing to improve and losing Federal student aid eligibility.

The regulations were adopted after the most extensive public input in the Department's history, including three rounds of public hearings and discussions, over 90,000 written comments, and nearly 100 additional meetings with interested parties. Based on public input, the Department amended the rules to give programs the opportunity to self-correct before losing eligibility.

"The Department listened carefully to the feedback and thoughtful concerns coming from people on all sides of the issue," Duncan said. "We worked hard to ensure that the final regulation does the best job of protecting students and taxpayers by targeting the worst-performing schools and supporting schools that do a good job of preparing graduates for success in the workplace," Duncan continued.

Also today, the Department announced that it intends to propose steps to streamline its procedures for reviewing new gainful employment programs. In October, when the Department established a temporary process for institutions to establish the student aid eligibility of new programs, it announced that it intended to revise those procedures once the debt measures were finalized. In the near future, the Department will propose steps to reduce the burden on institutions and focus the reviews based on past performance.

The full regulation may be found at:

http://www2.ed.gov/policy/highered/reg/hearulemaking/2009/ge-unofficial-06022011.pdf.

Additional information on the Department's negotiated rulemaking efforts may be found on the Web at:

http://www2.ed.gov/policy/highered/reg/hearulemaking/2009/negreg-summerfall.html.

PELL, ACG AND SMART GRANT UPDATE

April 27, 2011

DCL ID: P-11-02

Subject: Impact of the Department of Defense and Full-Year Continuing Appropriations Act, 2011 on the Federal Pell Grant Program

Summary: This letter provides information on the impact of the recently enacted Department of Defense and Full-Year Continuing Appropriations Act, 2011 (Public Law 112-10) on the Federal Pell Grant Program. It provides institutions with information about the 2011-2012 Federal Pell Grant Program Payment and Disbursement Schedules. This letter also includes information on changes made to the eligibility of students for second Scheduled Awards and on changes to the requirements for awarding a Federal Pell Grant for a 2011 crossover payment period. In addition, this letter reminds institutions that 2010-2011 is the last award year for the Academic Competitiveness Grant (ACG) and National SMART Grant (SMART Grant) programs.

Dear Colleague:

On April 15, 2011, the President signed the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (Public Law 112-10) that included several provisions impacting the Federal Pell Grant Program. The following provides guidance to institutions on those provisions.

2011-2012 Federal Pell Grant Program Payment and Disbursement Schedules

The Department of Defense and Full-Year Continuing Appropriations Act, 2011 did not include any provisions that change the 2011-2012 Pell Grant maximum award or maximum eligible expected family contribution (EFC) used to develop the 2011-2012 Payment and Disbursement Schedules that were posted to the Information for Financial Aid Professionals (IFAP) Web site on February 1, 2011 (see Dear Colleague Letter P-11-01). Thus, institutions are advised that those February schedules remain in effect for the 2011-2012 award year.

Two Pells Grants in One Award Year

The Department of Defense and Full-Year Continuing Appropriations Act, 2011 repealed, effective with the 2011-2012 award year, the Pell Grant provision that provided that an otherwise eligible student could receive more than one Pell Grant in an award year. That provision – section 401(b)(5) of the Higher Education Act of 1965, as amended (HEA) – was added to the HEA in August of 2008 by the Higher Education Opportunity Act and became effective with the 2009-2010 award year. Final regulations implementing the two Pell Grants in one award year provision were published in the Federal Register on October 29, 2009 [74 FR 55902], and were effective beginning with the 2010-2011 award year. The following provides guidance to institutions on the implementation of the repeal of the provisions allowing for a second Pell Grant in one award year, including its impact on certain regulatory provisions.

Award Years

2010-2011 Award Year – Because the repeal of the provision allowing for a second Pell Grant in one award year is effective with the 2011-2012 award year, otherwise-eligible students are still able to receive Pell Grant funds that exceed one Scheduled Award from the 2010-2011 award year, including for a 2011 crossover payment period (a payment period that includes both June 30, 2011,

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HEAG CONSULTANT SPOTLIGHT

Ray Nault, Vice President - Information Technology and Compliance

Since joining HEAG in May of 2010, Ray has formed a department within HEAG called Enterprise Systems Solutions (ESS) which has proven to be an invaluable resource for many schools that are looking to evaluate business process and maximize the utility of their school based management software(s). The extensive list of school clients, which include two and four year, public and private, small and large institutions, demonstrates that ESS can be counted on to deliver positive results. The focus of ESS is to effectively assist our clients with the integration of functional and technological demands within the complex fast paced school environment. Most importantly, ESS's consulting role is not complicated with promoting add-on software that integrates with Banner or PowerFAIDS. Instead, our services compliment the general suite of products being used by the school and by demonstrating the power and utility of the baseline software. Our success and strengths are to help financial aid administrators focus on the student and Title IV management first and foremost.

In addition to managing the day-to-day operations of Enterprise Systems Solutions, Ray supports a variety of schools nationally with Banner Financial Aid and Banner Student Accounts. ESS also supports other Banner modules such as Account Receivables and Admission. Ray is a member of NEBUG, MASFAA, EASFAA and NASFAA and holds a B.A. from Franklin Pierce University, and M.S. in Higher Education Leadership from Capella University. Ray can be contacted at rnault@heag.us or by phone at (401) 636-2917.

All inquiries regarding services can be directed to Beth Ingle at bingle@heag.us or 617-928-1975. More information about HEAG can be found on our website at www.heag.us

NET PRICE CALCULATOR

May 2, 2011

David Bergeron, Deputy Assistance Secretary for Policy, Planning and Innovation, Office of Postsecondary Education

Subject: Net Price Calculator

In accordance with the Higher Education Opportunity Act of 2008 (HEOA), by October 29, 2011, each postsecondary institution in the United States that participates in Title IV student aid programs must post a net price calculator on its Web site. The purpose of this requirement is to help current and prospective students, families, and other consumers estimate the individual net price of an institution of higher education. The calculator must use institutional data to provide an estimated net price that can be tailored to a student's individual circumstances. While schools may also develop their own net price calculator, the Department has designed and developed a fully functional net price calculator which we are making available to all Title IV postsecondary institutions to assist them in meeting this requirement.

The net price calculator can be accessed by visiting the Department's National Center for Educational Statistics (NCES) at http://nces.ed.gov/ipeds/resource/net_price_calculator.asp. We will also post a link to the calculator under the Tools for Schools section of our Information for Financial Aid Professionals (IFAP) Web site.

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GAINFUL EMPLOYMENT

Got questions? Implementation of Disclosures and Reporting Requirements

http://www.ifap.ed.gov/presentations/attachments/GESlidesfor052526Webinar05262011.pdf

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REMINDER

July 29, 2011 is the closeout deadline for the 2009-2010 Direct Loan Program.

We previously informed you in a February 07, 2011 Electronic Announcement that the closeout deadline for the 2009-2010 Direct Loan Program Year is July 29, 2011. This is the last processing day before the end of the program year, so all school data must be received and accepted by this date in order to be included in a school's final Ending Cash Balance for the year.

EFFECTIVE DATE OF NEW R2T4 REGULATIONS

May 6, 2011

David Bergeron, Deputy Assistance Secretary for Policy, Planning and Innovation, Office of Postsecondary Education

Subject: Effective Date of new R2T4 Regulations

On October 29, 2010, the Department published in the Federal Register final regulations on several program integrity issues. These regulations are (except for the new verification rules) effective July 1, 2011. Over the past several weeks we have posted to our IFAP website several Dear Colleague Letters providing information and guidance on some of the new regulatory changes. While we are in the process of preparing additional Dear Colleague Letters on other topics of the October 29, 2010 regulations, we provide the following Question & Answer related to the effective date of the new Return of Title IV Aid regulations for 2011 crossover payment periods.

Question:
How does the July 1, 2011, effective date apply to the changes to the Return of Title IV Funds regulations?

Answer:
The changes to §668.22, known as the Return of Title IV Funds regulations, apply to students who withdraw from payment periods or periods of enrollment that begin on or after July 1, 2011. This means that they do not apply to students who withdraw from a 2011 crossover payment period even if the student received Title IV, HEA program funds from the 2011-2012 award year for that crossover payment period.

Two Important Conferences Coming Soon:

NASFAA National Conference-2011
Hynes Convention Center
Boston, MA 02115

Sunday, July 17–Wednesday July 20, 2011
Go to **www.nasfaa.org** for information and to register.

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The 2011 Federal Student Aid (FSA) Fall Conference
MGM Grand Conference Center
3799 South Las Vegas Blvd
Las Vegas, NV 89109

Tuesday, November 29–Friday, December 2, 2011

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and July 1, 2011). See the "Regulations" section below for more information on the awarding of a Pell Grant for a 2011 crossover payment period.

2011-2012 and Subsequent Award Years – Because the repeal of the provision allowing for a second Pell Grant in one award year is effective with the 2011-2012 award year, no student will be eligible to receive more than one Pell Grant Scheduled Award beginning with the 2011-2012 award year. Students whose 2011 crossover payment period is assigned to the 2011-2012 award year, as well as subsequent payment periods that are in the 2011-2012 award year, will receive payments from their 2011-2012 Scheduled Award. In general, the earliest a student could be impacted by the elimination of the authorization of a second Pell Grant in one award year will be in the spring of 2012.

Example A – Summer 2011 Assigned to the 2010-2011 Award Year

A student, enrolled in a 2011 summer term that is a crossover payment period, receives, as determined by the institution, a Pell Grant disbursement from the 2010-2011 award year. The award was from either any of the student's remaining 2010-2011 first Scheduled Award or, if the student was eligible for it, the student's second Scheduled Award, or both. The student may receive a 2011-2012 Scheduled Award for 2011-2012 payment periods following the 2011 crossover payment period. It is important to remember that, if full-time in the fall 2011 and spring 2012 semesters, the student will not be eligible for additional Pell Grant funding from the 2011-2012 award year for a 2012 crossover payment period. Students who would have remaining 2011-2012 award year eligibility for a 2012 crossover payment period would typically be students who were less-than-full-time for one or more payment periods in 2011-2012. These students may be eligible to receive 2011-2012 Scheduled Award funds during a 2012 crossover period.

Example B – Summer 2011 Assigned to the 2011-2012 Award Year

A student, enrolled in a 2011 summer term that is in a crossover payment period, receives, as determined by the institution, a Pell Grant disbursement from the 2011-2012 award year of one-half of the student's Scheduled Award as a full-time student. The student, also as a full-time student, receives the other half of the 2011-2012 Scheduled Award for the fall 2011 semester.

Since all of the student's Scheduled Award for the 2011-2012 award year has been received, there is no remaining eligibility for the rest of the 2011-2012 award year, starting with the spring 2012 semester. Since the spring semester is not a crossover payment period, there will be no opportunity for the student to receive Pell Grant funds from the 2012-2013 award year during that payment period.

Regulations

Under current regulations, an institution must assign a crossover payment period to the award year in which the student receives the greater payment for the payment period (34 CFR 690.64(b)). Because there will be no opportunity for a student to receive a second Scheduled Award during the 2011-2012 award year, the Department of Defense and Full-Year Continuing Appropriations Act, 2011 included a provision that waives this regulatory requirement for any 2011 crossover payment period. Thus, for a 2011 crossover payment period, an institution may choose the award year to which they assign a student's crossover payment period for purposes of the Federal Pell Grant Program.

This flexibility for an institution to award from either award year for a 2011 crossover payment period does not negate the existing eligibility requirements for 2010-2011 first Scheduled Awards, 2010-2011 second Scheduled Awards, or 2011-2012 Scheduled Awards.

Final Note

We remind institutions that 2010-2011 is the last award year for the Academic Competitiveness Grant (ACG) and National SMART Grant (SMART Grant) programs. Therefore, any ACG or SMART Grant awards for a 2011 crossover payment period must be assigned to the 2010-2011 award year.

If you have any questions on the information included in this letter, you may contact our Research and Customer Care Center staff. Staff is available Monday through Friday between the hours of 9:00 AM and 5:00 PM (Eastern Time) at 1-800-433-7327. After hours calls will be accepted by an automated voice response system. Alternatively, you may e-mail the Care Center at fsa.customer.support@ed.gov.

Sincerely,

David A. Bergeron
Deputy Assistant Secretary for Policy, Planning and Innovation
Office of Postsecondary Education

About The Higher Education Assitance Group

The Higher Education Assistance Group, Inc. is a comprehensive higher education consulting and fi nancial aid consulting group located in Wellesley, Massachusetts. In operation since 1989 initially as a fi nancial aid consulting fi rm, we have since grown and expanded to represent all areas of student services management. We continue to advance and evolve to meet the needs of our school clients. The Group provides exceptional administrative and professional management services to all student service fi elds, including Admissions, Financial Aid, Continuing Education, Bursar and Registrar offi ces at two and four year institutions, both public and proprietary. The Group's highly qualifi ed team of consultants has spent decades in the fi eld providing administrators with the tools, knowledge and support necessary to complete institutional objectives. We pride ourselves on assisting post secondary institutions to meet challenges such as program regulatory compliance, organizational structure, staffi ng needs, and technological support.