HEAG
HIGHER EDUCATION ASSISTANCE GROUP, Inc.

NEWSLETTER

APRIL – JUNE 2012 VOLUME 4, ISSUE 2

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Achieve a Higher Standard... with HEAG!

Message from Milton

At the same time that technology advances and delivery systems become more complex, the federal as well as state governments expect compliance with all applicable Title IV regulations. They are increasingly less sympathetic when errors occur which could have been avoided had the college or university utilized their electronic resources more effectively. The Group has a number of robust programs to assist you in maximizing the effectiveness of your electronic resources. It is no longer sufficient to simply be knowledgeable regarding the financial aid regulatory environment. Let HEAG assist you with these electronic resources and free you up to more fully focus on the other challenges in your office. I wish all a Happy Summer.

Happy reading.
~ Milton Kerstein, President

EDUCATION DEPARTMENT RELEASES ACTION PLAN TO IMPROVE MEASURES OF POSTSECONDARY SUCCESS

April 11, 2012

Contact: Press Office, (202) 401-1576, press@ed.gov

To provide more complete information on student persistence and completion, the Education Department released an action plan today that takes steps to augment its current measures of student success in postsecondary education. Graduation rate reporting required for institutions of higher education will be broadened to include part-time and other students who have previously attended postsecondary education.

Current law excludes a substantial portion of the student population by only requiring that schools track graduation rates for full-time, first-time students. The additional reporting would supplement this existing requirement.

"Not all students take a linear path in their pursuit of higher education," said Education Secretary Arne Duncan. "Many students work full-time and are balancing family obligations while also attending school. These new outcome measures will accurately demonstrate how postsecondary schools are preparing students for success in different ways."

Entitled "*Action Plan for Improving Measures of Postsecondary Success*," the plan responds to the final report of the Committee on Measures of Student Success (CMSS). The committee was created under the Higher Education Opportunity Act to help two-year degree granting institutions comply with the law's disclosure requirements, and to develop alternate measures of student success that are comparable to completion and graduation rates. The 15-member committee, appointed by Secretary Duncan

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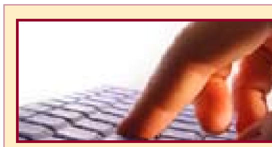
Article written by HEAG staff:

- ***Working with Consultants and The Department of Labor*** by Beth Ingle



Tech Talk Corner:
Announcing: Business Process Review
See page 2 for details.

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in June of 2010, held five public meetings in 13 months and made several recommendations that are incorporated in the action plan.

One key recommendation adopted by the Department is that broader measures of student success be implemented for four-year as well as two-year institutions.

"Better data across institutions is the basis for finding sound solutions to help students stay in school and complete their postsecondary studies," Duncan said. "It is critical to their success and our nation's economic prosperity."

About 7000 postsecondary institutions that participate in federal student aid programs report their graduation rates through the Integrated Postsecondary Education Data System (IPEDS) of the Department's National Center for Education Statistics (NCES). In addition to taking steps to expand the population of students to include part-time and others who are not attending postsecondary education for the first time, NCES is examining other measures to better document students' progression through higher education as well as other significant outcomes.

The action plan also includes activities and grant opportunities to help schools and states strengthen their capacity to collect and disseminate quality data. Among them are:

- Developing easy-to-use templates that institutions can use to meet the HEOA disclosure requirements;
- Making improved data collection and reporting a focus in its postsecondary education initiatives and grant programs;
- Continuing to provide incentive funding to strengthen states' data infrastructures through Statewide Longitudinal Data System (SLDS) grants, which will award round five recipients this spring;
- Convening a summit this year to highlight promising practices in the collection and dissemination of data related to student success, such as student learning and employment.

Action Plan for Improving Measures of Postsecondary Success can be found at: http://www.ed.gov/edblogs/ous/initiatives. The process and timeline for implementing the additional measures are under development and will be posted at that site in the next few weeks.

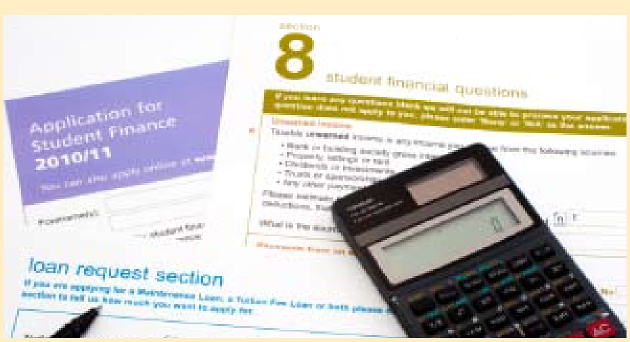
Information about the Committee on Measures of Student Success, including its members and final report, can be found at: http://www2.ed.gov/about/bdscomm/list/acmss.html

TECH TALK CORNER: BUSINESS PROCESS REVIEW

To all Banner Schools…..

HEAG is proud to announce our **Business Process Review (BPR)** which helps you to understand how you are utilizing your system in the delivery of financial aid but also helps you to utilize the key components and tools that are available to you.

What is a Business Process Review (BPR)? This is an evaluation of how you are using your system. Does your system work only using base line functions? A BPR will improve upon the functionality of your system so that it can be more efficient, effective and easy!



What improvements can be made? We can translate and adapt your financial aid business functions to integrate better with your Banner module. The list is endless but here are some of the more popular improvements:

- Address manual processes with automation
- Auto-packing of awards
- New Year Roll
- Troubleshoot functionality and set up issues
- Set up for nonstandard terms and non-terms awarding and Pell processing
- Staff training on how to use the system

How many days does a BBR take? This review typically takes approximately five business days. The evaluation consists of an on-site examination followed by a report which will provide recommendations. Additional consulting days are available to implement changes and recommendations highlighted in our report.

The end result? Make your investment in your management system work like it should and save time and frustration along the way! The Vice President of Technology at HEAG is Ray Nault, email is: rnault@heag.us. More information about Ray can be found on our website at www.heag.us.

WORKING WITH CONSULTANTS AND THE DEPARTMENT OF LABOR

By Beth Ingle,
Vice President, HEAG

Many aid offices rely on the assistance of part-time and seasonal consultants to help get them through the busy processing season. More and more tasks and functions are being handled by consultants. For many years, this relationship seemed to work relatively free of confusion. Now, however, the Department of Labor (DOL) is scrutinizing who is an independent contractor versus an employee of the school. Worker misclassification occurs when a worker who is legally an employee is treated as a self-employed worker, often referred to as an independent contractor. Why is this a problem? Employers who misclassify employees as independent contractors reduce tax liability by not paying state and Federal Unemployment Insurance, Social Security, and Medicare taxes. Misclassified employees are often denied access to critical benefits and protections – such as family and medical leave, overtime, minimum wage and unemployment.

What is happening now? It has been easy to misclassify workers in the past. However, more so than ever, the DOL appears to be targeting cases where misclassification is occurring.

"The U.S. Department of Labor is stepping up its efforts to identify and correct employee misclassification. According to the Department, "The misclassification of employees as something other than employees, such as independent contractors, presents a serious problem for affected employees, employers, and to the entire economy." (DOL website)

According to the Department of Labor website, they are recovering back wages for employees who were misclassified. In addition, workers' compensation insurers can collect back premiums for employees incorrectly classified as independent contractors. To see a list of recent cases, go to: http://search.usa.gov/search?query=misclassified+employees&affiliate=u.s.departmentoflabor.

According to the Department of Labor website, (http://www.dol.gov), the schools can ask themselves some questions to help them to classify the potential worker. Complete details can be found at: http://www.dol.gov/_sec/media/congress/20100617_Harris.htm

"Does the company control or have the right to control what the worker does and how he/she does the job? Does the payer control business aspects of the job? These include how the worker is paid, whether expenses are reimbursed, who provides tools/supplies, etc. Are there written contracts or employee-type benefits (i.e. pension plan, insurance, vacation pay, etc.)? Will the relationship continue and is the work performed a key aspect of the business?"

Businesses must look at the entire relationship, consider the degree or extent of the right to direct and control, and finally, document each of the factors used in coming up with the determination. If it is still unclear whether a worker is an employee or an independent contractor, either the business or the worker can file **Form SS-8, Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding, with the IRS**. The IRS will review the facts and officially determine the worker's status " (DOL website)

FEDERAL PERKINS LOAN PROGRAM ORANGE BOOK AVAILABLE NOW

Posted Date: May 1, 2012

Author: William Leith, Service Director, Program Management, Federal Student Aid

Subject: **Federal Perkins Loan Program Status of Default as of June 30, 2011 (Orange Book)**

We have posted the Federal Perkins Loan Program Status of Default as of June 30, 2011, known as the Orange Book.

The Orange Book is a report that lists each school that participated in the Federal Perkins Loan (Perkins Loan) Program during the 2010-2011 Award Year and provides a cohort default rate for each school. This report is based on data submitted by schools in the Fiscal Operations Report for 2010-2011 and Application to Participate for 2012-2013 (FISAP).

Contact Information

If you have questions about the Orange Book, contact the Campus-Based Call Center at 877/801-7168. Customer service representatives are available Monday through Friday from 8:00 A.M. until 8:00 P.M. (ET). You may also e-mail CBFOB@ed.gov.

FINANCIAL EDUCATION: WHAT YOUR STUDENTS WANT, WHAT YOUR STUDENTS NEED

This article has been reprinted with permission from Gina Cole.

By **Gina Cole**, Financial Education Consultant, ASA

As more students borrow and in higher amounts, higher education institutions are progressing toward a healthier, more holistic approach of introducing their students to financial literacy survival skills they'll need in the real world.

How can you be sure your institution is delivering what students really want and need when it comes to financial education? As with any communication, financial literacy training needs to be designed with the learner's perspective in mind. American Student Assistance, a nonprofit that helps students and alumni better manage college debt by giving them money smarts they can use for a lifetime, has conducted a number of research projects to help gain valuable insight. The following is a compilation of key findings that may offer guidance on creating a curriculum of value for students.

Methodology and Demographics

The research was based on:

• A web survey of 900 undergraduate and graduate borrowers from ASA's portfolio (evenly split between those still in school and those who started to repay)

• A web survey of 1850 graduates, half with college debt and half without, with an age breakdown of 50% ages 21-25, 25% ages 26-30 and 25% 31-37

• Anecdotal information from ASA's student advisory group and student focus groups

• Survey respondents were undergraduates and graduates of four-year public and private universities

Debt Awareness

Students are often portrayed in the media as having "no idea" how much they borrowed in student loans, but our research found that the overwhelming majority (91%) knew either the exact amount or at least within a few thousand dollars. Kudos to financial aid professionals! It's possible that all of the media hype over student debt has made students more aware, but whatever the reason, it appears your messages (at least about debt amounts) are sinking in.

Paying for College and College Choice

Consistent with other national studies, two-thirds of our respondents took out student loans to pay for some or all of their college. For the most part, federal loans were used, although four in 10 have private loans and 15% have loans from their colleges or universities. Those with student loans also used scholarships, savings and grants, with four in 10 having some form of employment at the college to help pay for the education. Those without student loans most often paid for their education with personal/family savings, as well as scholarships.

Somewhat surprisingly, college affordability factored into attendance decisions for only about one-third of the students. Just over one-third (36%) agreed with the statement: "I chose my college based on what I/my family could afford," while another third (37%) disagreed with this statement. Those who attended public universities were more likely to agree that affordability played a significant role in their choice than did those who attended private universities. Six in ten (64%) respondents borrowed what was needed to attend the college of their choice. This percentage was higher among the youngest age group (21-25), Whites, and women, and more students who attended private colleges borrowed what they needed to go to their chosen college than did those attending public colleges (71% versus 58%).

Student Loan Knowledge

As mentioned, the majority of students surveyed had a good grasp of loan balances and the number of loans they have, but their knowledge was sketchy about other details. About 55% knew the names of their servicers and monthly payment amounts; less than 50% knew the monthly due dates; 45% knew the interest rate and what will happen if they miss one or more payments; only 40% knew what repayment plan they're using and 30% understand how long it will take to pay off their loans. A little more than 50% said they want to know more or need to know a lot more about their student loans – except for one student who replied "I wish I knew less about my loans. It's pretty depressing."

While some respondents indicated they preferred online communications, one commenter disagreed: "One problem I've had is that the (student loan) companies . . .try to get you to do paperless statements (i.e. save them money on postage) at practically every opportunity they have, which are easy to miss when you have several email accounts and they often get dozens of messages per day." Other comments indicated students would like to see a disclosure of payment breakdown (principal/interest components), more information about consolidation, and one statement that shows all of their loans with the lenders, balances, and interest rates all in the same document

Attitudes Toward and Experience with Debt and Financial Education

Approximately half of the respondents agreed that "Until I had to start paying back my loan, I didn't think about how I was going to afford it" and this response was highest among Non-Whites and those ages 31-37. Half of the respondents also agreed that the amount of my student loan debt has directly impacted the choices I had to make in my life, such as my job, living circumstances," while more than half (60%) aged 21-25, just beginning the process of debt repayment, agreed.

Sources of Information

The majority of respondents said they got information about general financial matters from online research (75%), parents (40%), friends (25%), financial aid counselor (15%), financial planners (10%) and professors (5%). Forty-five percent relied on parents for advice about paying for college, while just under 40% turned to financial aid counselors, 36% researched on the Web, 28% asked a lender, 18% used the college's website, 15% talked to friends, 8% discussed with an academic advisor and 1% went to their Resident Assistant.

Financial Literacy Education

Those respondents with student loan debt feel strongly about two attitude statements: "Students who borrow money for college should receive financial counseling from the college before graduating," with 72% agreeing with this

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(higher than for those without student debt, 66%) and "people with outstanding student loans generally need to be more careful about managing their money than people without student loans," with 71% agreeing with this (asked only of those with such debt).

Financial Literacy for Alumni

The idea of having colleges offer program or courses on financial literacy or wellness to graduates of the colleges (rather than undergraduates) is highly rated. One-third (32%) find this idea "very appealing" and another third (35%) "somewhat appealing" for a total of 67%. There is higher appeal given by Non-Whites (36% "very" versus 31% for Whites), females (34% "very" versus 27% for males), and donors to their colleges (36% "very" versus 30% for non-donors).

Conclusion

In the face of mounting student loan debt and a shaky job market, higher education in the coming years must continuously prove its worth to an American public that grows increasingly doubtful of college's return on investment. These survey results show that students and graduates are hungry to learn more about managing their finances. When you provide students with more robust financial literacy education, you not only help to create more financially proficient graduates, but also increase your institution's perceived value and lay the groundwork for improved relations between alumni and alma mater – a win win all the way around!

Gina Lucente-Cole presented these and other key findings at the 2011 NASFAA conference in the session "What Students Really Think of Financial Literacy." She can be reached at gcole@asa.org.

INFORMATION FROM NELNET

Information from Nelnet, one of the Direct Loan Servicers for the Department of Education.

Dan Dreves joined the Nelnet team in 2011. Dan Dreves is part of Nelnet's Partners Solution Team located across the county, assisting campuses with issue resolution, training needs, default prevention, and financial literacy. Nelnet offers financial aid professionals some excellent services, including weekly training webinars. Topics include "Using NSLDS" to "Top Ten Compliance Issues Based on Audit and Program Reviews." Here is the link to these free training sessions: www.nelnetloanservicing.com/training

If your campus is looking for some financial literacy resources, Nelnet has available customizable PDFs on their website. Here is the link: http://www.nelnetloanservicing.com/portfolios/financial-literacy-pdf/ .

Dan can be reached at 203-881-8388 or dan.dreves@nelnet.net

SIGN UP TO GET GAINFUL EMPLOYMENT NOTIFICATION

Posted Date: May 15, 2012

Author: **Pamela Eliadis**, Service Director, System Operations & Aid Delivery Management, Federal Student Aid

Subject: **Gainful Employment Electronic Announcement #36 - Reminder to Sign-Up to Receive GE Notification Package**

In Gainful Employment Electronic Announcement #33, posted to the Information for Financial Aid Professionals (IFAP) Web site on March 21, 2012, we provided important information regarding the upcoming release of the Gainful Employment (GE) Informational Rates and how to sign-up for the GE notification package. We are extending the deadline to sign-up to receive this information. To receive the GE notification package via the Student Aid Internet Gateway (SAIG), institutions must sign-up on the SAIG Enrollment Web site by May 25, 2012.

Institutions that do not sign-up to receive their GE notification package will not receive an automatic push of the GE rate letters for the *Debt Measures and the Medians for Disclosures* or the detail back-up data for each calculation. As a result, these institutions will not have access to the additional descriptive information about their rates that will be provided in the GE rate letters.

Additionally, as we have recently explained in multiple communications, we are in the process of implementing an upgrade to all components of the SAIG, including the requirement that TDClient and EDconnect users perform a software upgrade by May 27, 2012. Failure to upgrade to EDconnect 8.1 or TDClient 3.2 prior to the release of the GE notification packages will result in an institution being unable to retrieve this important GE information from the institution's SAIG Mailbox.

Therefore, it is critical that all institutions adhere to these important deadlines:

- To receive GE notification packages, institutions must sign-up on the SAIG Enrollment Web site by May 25, 2012. For instructions on how to sign-up, refer to Gainful Employment Electronic Announcement #33.
- All EDconnect and TDClient users must upgrade to EDconnect 8.1 or TDClient 3.2 by May 27, 2012. The upgraded software products are available on the Federal Student Aid Download (FSAdownload) Web site. For more information, refer to the Electronic Announcement posted on May 10, 2012.

Contact Information

If you have questions about NSLDS, contact the NSLDS Customer Support Center at 800/999-8219. You can also contact Customer Support by e-mail at nslds@ed.gov.

If you have questions about the SAIG, contact CPS/SAIG Technical Support at 800/330-5947 (TDD/TTY 800/511-5806) or by e-mail at CPSSAIG@ed.gov.

The Gainful Employment Information Page on the IFAP Web site contains publications and resources on gainful employment as well as Frequently Asked Questions

PELL GRANT LIFETIME ELIGIBILITY USED

Effective with the 2012-13 award year, students are limited to 12 semesters (or the equivalent) of Pell Grants.

Calculating Pell Grant Lifetime Eligibility Used

The amount of Federal Pell Grant funds a student may receive over his or her lifetime is limited by a new federal law to be the equivalent of six years of Pell Grant funding. Since the maximum amount of Pell Grant funding a student can receive each year is equal to 100%, the six-year equivalent is 600%.

How is my Pell Grant Lifetime Eligibility Used calculated?

Scheduled Award: The maximum amount of Pell Grant funding you can receive is calculated for an "award year." An award year is a period from July 1 of one calendar year to June 30 of the next calendar year. Your "scheduled award" is partially determined by using your expected family contribution (EFC) that is calculated from the information you (and your family) provided when you filed your FAFSA. Your scheduled award is the maximum amount you would be able to receive for the award year if you were enrolled full-time for the full school year. Your scheduled award represents 100% of your Pell Grant eligibility for that award year.

Percent Used: To determine how much of the maximum six years (600%) of Pell Grant you have used each year, the Department compares the actual amount you received for the award year with your scheduled award amount for that award year. Of course, if you receive the full amount of your scheduled award, you will have used 100%. Some students do not receive their entire scheduled award for an award year. There are a number of reasons for this, the most common of which are that the student was not enrolled for the full year or that the student was not enrolled full-time, or both.

If you did not receive the full amount of your scheduled award, we calculate the percentage of the scheduled award that you did receive. For example, if your scheduled award for an award year is $5,000, but because you were enrolled for only one semester you received only $2,500, you would have received 50% of the scheduled award for that award year. Or if you received only $3,750 for the award year because you were enrolled three-quarter-time and not full-time, you would have received 75% for that year.

Lifetime Eligibility Used (LEU): The Department keeps track of your LEU by adding together the percentages of your Pell Grant scheduled awards that you received for each award year. The table below shows examples of the LEUs of three students who received differing amounts of their scheduled awards over a four year period.

Examples of Pell Lifetime Eligibility Used		**Student A**	**Student B**	**Student C**
	Pell Grant Scheduled Award	$5,550	$5,000	$4,000
Award Year 1	Pell Grant Amount Received	$2,775	$3,750	$4,000
	Percent Used	50%	75%	100%
	Pell Grant Scheduled Award	$5,200	$5,000	$5,500
Award Year 2	Pell Grant Amount Received	$5,200	$5,000	$5,550
	Percent Used	100%	100%	100%
	Pell Grant Scheduled Award	$4,700	$5,000	$5,550
Award Year 3	Pell Grant Amount Received	$4,700	$1,250	$5,550
	Percent Used	100%	25%	100%
	Pell Grant Scheduled Award	$4,700	$5,000	$5,550
Award Year 4	Pell Grant Amount Received	$4,700	$5,000	$5,550
	Percent Used	100%	100%	100%
Total Lifetime Eligibility Used — LEU		350%	300%	400%

Note: *From 2009-10 through 2010-11, it was possible for a student to receive up to two scheduled awards in a year. So some students will have a "percent used" of up to 200% for one or more of those years.*

Of course, if a student's LEU equals or exceeds 600%, the student may no longer receive Pell Grant funding. Similarly, a student whose LEU is greater than 500% but less than 600%, while eligible for a Pell Grant for the next award year, will not be able to receive a full scheduled award.

VERIFICATION UPDATE FOR 12-13

In the limited set of cases where an aid applicant, who has filed a tax return and attempted unsuccessfully to use the IRS Data Retrieval Tool or to obtain IRS Tax Return transcripts, needs a timely alternative for meeting the 2012-2013 verification requirements, institutions may, until July 15, 2012, use a signed copy of the relevant (i.e., applicant, spouse, or parent) 2011 IRS Tax Return (Form 1040, 1040A, or 1040EZ, as appropriate) as acceptable verification documentation for the 2012-2013 award year.

GEN-12-07: Acceptable Documentation for Verification
Publication Date: April 16, 2012
DCL ID: GEN-12-07

Subject: Acceptable Documentation for Verification

Summary: This letter updates the guidance provided to institutions concerning the documentation they must obtain to verify income and tax information.

Dear Colleague:

As of mid-April 2012, over two million students and parents have successfully used the IRS Data Retrieval Tool, making the 2012-2013 FAFSA verification process easier and quicker for them and reducing the administrative burden on thousands of institutions. In addition, hundreds of thousands more applicants have received and submitted to their schools IRS Tax Return Transcripts. As the April tax deadline approaches, we are aware that some students and families may not be able to immediately use the FAFSA-IRS Data Retrieval Tool or to obtain IRS Tax Return Transcripts needed to complete the verification process primarily because of the large volume of tax returns coming in at this time of year.

In the limited set of cases where an aid applicant, who has filed a tax return and attempted unsuccessfully to use the IRS Data Retrieval Tool or to obtain IRS Tax Return transcripts, needs a timely alternative for meeting the 2012-2013 verification requirements, institutions may, until July 15, 2012, use a signed copy of the relevant (i.e., applicant, spouse, or parent) 2011 IRS Tax Return (Form 1040, 1040A, or 1040EZ, as appropriate) as acceptable verification documentation for the 2012-2013 award year.

After July 15, 2012, institutions must comply with the acceptable documentation requirements included in the July 13, 2011 Federal Register notice and in DCL GEN-11-13.

The Department will require some institutions to obtain verification documentation in compliance with the current acceptable documentation requirements for a sample of the institution's students whose information was verified using a paper copy of a tax return.

As noted, more than two million applicants and parents have successfully used the IRS Data Retrieval Tool to directly transfer IRS information into their FAFSA, vastly simplifying the process of applying for financial aid. Consequently, it remains important for institutions to communicate to all applicants that using the tool -- either when initially completing a FAFSA or by using the corrections functionality of FAFSA on the Web -- provides them with the fastest, easiest, and most secure solution for meeting verification requirements.

We remain committed to our goal of enhancing the verification process and will continue to work with the financial aid community toward that goal.

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

About The Higher Education Assistance Group

The Higher Education Assistance Group Inc., (HEAG) is a comprehensive higher education and financial aid consulting group located in Wellesley, MA. In operation since 1989, we work with for-profit, public and private institutions across the country.

HEAG's highly qualified team of consultants has spent decades in the field 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, staffing, and technological support.