



NEWSLETTER

OCT - DEC 2012

VOLUME 4, ISSUE 4

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Message from Milton

There is no time more fitting to say "Thank You" to our school clients and valued colleagues than this time of year. We wish you a very Happy Holiday and New Year. May the joy and peace of the holiday season be with you throughout the coming year.

~ Milton Kerstein, President

DECEMBER WEBINAR: MAKING THE MOST OF YOUR FINANCIAL AID SYSTEM

HEAG announces our webinar for December:

Making the Most of Your Financial Aid System.

This session was given at the Massachusetts Association of Student Financial Aid Administrators (MASFAA) conference on November 7, 2012. Due to popular demand, we are offering this same presentation to you as a webinar.



Description:

Making the Most of Your Financial Aid System

Many financial aid offices are experiencing pressure to increase productivity, improve customer service, and monitor Title IV compliance often with staff turnover and limited operating budgets. To help them, aid offices are looking at their financial aid management system to do more. This session is intended to help schools learn how to evaluate their systems, institute enhancements and procedures so that their system does more for them.

To sign up, please go to www.heag.us, and click on the tab that says "free webinar"

Date and Time:

December 17th at 10:00 AM (EST)

Presenters:

Russ Romandini, Senior Systems Analyst and Consultant, HEAG

Anna Kelly, Director of Financial Aid, New England Institute of Technology (NEIT)

ALTERNATIVE DOCUMENTATION FOR VERIFICATION

By **Brittany Barker**, HEAG consultant, Email: bbarker@heag.us

Collecting verification documentation from student's and their parents has never been an easy task for financial aid administrators. However, with the addition of the Data Retrieval Tool (DTR), it was anticipated that the population chosen for verification would drastically decrease. The DTR was designed to

link information from the Internal Revenue Service (IRS) to the Free Application for Federal Student Aid (FAFSA) to ensure data integrity. However, many students were unable to use the DTR option if taxes had not yet been filed, information was not identically transcribed, or if taxes had been filed incorrectly, just to name a few. As a result, many students were still selected for verification.

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Alternative Documentation for Verification FROM PAGE 1

Instead of supplying a signed copy of a tax return, students were required to request a tax transcript from the IRS. Unfortunately, the processing time on this request has taken up to 6 weeks stalling a student's ability to receive financial aid. Due to immense feedback from the financial aid community, documentation alternate to the tax transcript will likely be accepted in the coming weeks according to Deputy Assistant Secretary for Higher Education, Dr. Debra Saunders-White. However, it is important to note that students, in addition to alternative documentation, will need to supply confirmation that they have requested a tax transcript. This could simply be a screen shot of the request. More information about alternates to the tax transcript was released in early November.



ACCEPTABLE DOCUMENTATION UPDATE FOR 2012-2013 AWARD YEAR VERIFICATION

November 2, 2012

By: **David A. Bergeron**, Acting Assistant Secretary for Postsecondary Education

Subject: Acceptable Documentation Update for 2012-2013 Award Year Verification

On April 16, 2012, we published Dear Colleague Letter GEN-12-07 that allowed, for a limited period of time, institutions to accept a signed copy of the relevant 2011 IRS Tax Return as acceptable verification documentation for the 2012-2013 award year from applicants who had attempted unsuccessfully to use the IRS Data Retrieval Tool (DRT) or to obtain an IRS Tax Return Transcript. Institutions were reminded in an Electronic Announcement posted on July 20, 2012, that as of July 16, 2012, they must have been in compliance with the acceptable documentation requirements included in the July 13, 2011 Federal Register notice and in Dear Colleague Letter GEN-11-13.

We noted in the July 13, 2011 Federal Register notice and in Dear Colleague Letter GEN-11-13 that "In limited circumstances, if an institution determines that obtaining an IRS Tax Return Transcript is not possible, the institution may accept a signed copy of a 2011 income tax return, but it must document the reason for allowing an applicant to do so." Consistent with that provision in an August 21, 2012 Electronic Announcement, we provided guidance on some of the limited circumstances (e.g., identity theft, the filing of an amended tax return) where a signed copy of the tax return would remain as acceptable documentation.

Today's Electronic Announcement informs institutions that the Department believes that, for the remainder of the 2012-2013 award year, the alternative documentation, as detailed below, is acceptable in instances where the tax filer had attempted to request an IRS Tax Return Transcript using the IRS paper or on-line request process but was unsuccessful.

Alternative Documentation:

* A signed copy of the relevant (i.e., applicant, spouse, or parent) 2011 IRS tax return (IRS Form 1040, IRS Form 1040A, or IRS Form 1040EZ, as appropriate); and

PROGRAM INTEGRITY Q & A – VERIFICATION

This Fall, there has been several announcements pertaining to the new verification process for the 12-13 academic year. Are you feeling overwhelmed? Remember, you have a great resource located at the Ed. Gov site: <http://www2.ed.gov/policy/highered/reg/hearulemaking/2009/verification.html>

Program Integrity Questions and Answers – Verification

Questions on this topic are divided into the following categories:

- Introductory Verification Questions
- General Questions
- Applicants Selected for Verification by the Department
- Applicants Selected for Verification by the Institution
- Verification Items
- Updating Applicant's FAFSA Information
- Acceptable Documentation for FAFSA Information Selected for Verification
- Changing Applicant's FAFSA Information

* For tax filers who attempted to request an IRS Tax Return Transcript using the IRS paper Form 4506T-EZ or Form 4506-T transcript request process, a copy of the IRS response mailed to the tax filer informing the tax filer that the IRS could not provide the requested transcript. The response must be signed by the tax filer; or

* For tax filers who attempted to request an IRS Tax Return Transcript using the IRS on-line transcript process, a signed copy of a screen print from the official IRS Web page that displays a message indicating that the transcript request was unsuccessful.

Because the IRS does not provide written confirmation of the failure of a transcript request made using its telephone request process, there is no documentation alternative for that process. Affected tax filers must attempt to request an IRS Tax Return Transcript using either the on-line or paper method, and if unsuccessful provide the institution with the above noted documentation.

IMPORTANT: In addition to the documentation specified above, the tax filer also must provide to the institution a completed and signed IRS Form 4506T-EZ or IRS Form 4506-T that includes on line 5 the name, address, and telephone number of the institution as the third party to whom the IRS is to mail the Tax Return Transcript. If there is no reasonable doubt about accuracy of the information on the submitted signed copy of the tax return, the institution should proceed with verification and simply place the IRS 4506 form in the file rather than sending it to the IRS.

However, if the institution has reason to believe that the information provided on the signed copy of the paper tax return may not be accurate, it must, before verification can be completed, send the IRS Form 4506T-EZ or Form 4506-T to the IRS and wait for the return by the IRS of the Tax Return Transcript or confirmation from the IRS that a transcript is not available for that tax filer.

Thank you for your continued cooperation and support as we work to ensure the integrity of the Title IV student aid process.

FINANCIAL AID, THE LAW AND YOUR SCHOOL

Institutional Liability and Third Party Services

By: **Milton Kerstein, Esq.**

Email: mkerstein@kcl-law.com Tel: 617-965-9698

In a recent matter, an SFAP assessment of liability was upheld by a Department of Education Administrative Judge pertaining to Yuba College, requiring the College to reimburse \$ 319,521.29 to the Department of Education.

Yuba College is a public institution of higher learning in California.

In January, 2008, telephone conferences were held between the Yuba College Dean of Financial Aid, the Vice President of Academic and Student Affairs, and representatives from the Department of Education. The conferences were to discuss the eligibility of Yuba College's cosmetology program for Title IV funds. They were in lieu of an on-site survey.

A Program Review Report (PRR) was issued on 11/13/2009. In February, 2012, a Final Program Review Determination was issued finding that Yuba College disbursed Title IV funds to students in an ineligible program during the 06-07 and 07-08 award years. Yuba College was assessed a liability of \$319,521.29.

Yuba College contracted with Sutter Beauty School to provide over 50% of the cosmetology program instruction. Sutter Beauty School was an ineligible institution. Federal regulations state that an ineligible institution may be considered eligible if it provides no more than 50% of the educational program.

Yuba College appealed the finding/liability based on: (1) It acted in good faith when it disbursed Title IV funds, (2) the students receiving the funds benefitted from the program, (3) Yuba immediately took corrective action when it learned of the ineligible disbursements, and (4) the liability assessed would significantly harm the Yuba Community College District.

Chief Justice Ernest Canellos issued the following ruling:

(1) Yuba College's good faith belief that Sutter Beauty School was an eligible institution is irrelevant to the obligation to repay Title IV funds disbursed to

students in an ineligible program. Federal regulations state that an institution which contracts with a third party to administer any aspect of a Title IV program remains responsible for compliance with the regulations.

(2) Although it is commendable that the students have been successful in their endeavors, Yuba College violated federal regulations and overstepped its authority when it disbursed Title IV funds to the students.

(3) Corrective actions taken after learning that the program was ineligible are also not relevant. Federal regulations state that compliance after the time period under review are immaterial and irrelevant to noncompliance during the time period under review when there is no dispute about the factual findings of the Final Program Review Determination.

(4) The tribunal does not have the authority to grant equitable relief.

Yuba College was ordered to pay the original liability amount of \$319,521.29 to the Department of Education.

Of most significance to the financial aid professional is the Judge's ruling that institutions remain responsible for compliance when they contract with a third party to provide services related to the Title IV Programs. All senior financial aid practitioners should inform senior administration that the financial aid administrator should be involved in the contracting of any third party to assist with the administration of the Title IV Programs.

If you have any comments or questions, you may contact Milton L. Kerstein, Esq. via email at mkerstein@kcl-law.com or by telephone at 617-965-9698.

This article is provided, with the assistance of Sherron Heller and Russ Romandini of The Higher Education Assistance Group, Inc., for general information purposes only and with the understanding that neither the authors or publisher are engaged in rendering legal advice or opinion. If legal advice is required, the services of a competent professional person should be sought.

FISAP EDIT AND CORRECTIONS DEADLINE

FISAP edit and corrections deadline is Friday, December 14, 2012

Please don't forget to submit all FISAP edits and corrections by Friday December 14, 2012. Remember that changes made to Part II, Section A (Request for Funds 2012-2013) after December 14th may result in reductions in funding for the application year and/or the reporting year. Changes that increase eligibility will be considered to ensure accurate reporting, but the corresponding increases in funding will not be approved. Please see electronic announcement dated November 8, 2012 for more information (<http://ifap.ed.gov/eannouncements/110812FISAPeditPerkinsCOHDue121412.html>).

FSA CONFERENCES NOW POSTED

Didn't get a chance to attend the Federal Student Aid Conference (FSA) conference in November?

2012 FSA Fall Conference Presentations have been posted at:



<http://fsaconferences.ed.gov/program12.html>

FEDERAL STUDENT AID HANDBOOK

We are pleased to announce the release of the indexed version of the 2012-2013 Federal Student Aid Handbook. A PDF version of this document is available on the Information for Financial Aid Professionals (IFAP) Web site at



<http://ifap.ed.gov/fsahandbook/1213FSAHandbookCompleteActiveIndex.html>

NSLDS GUIDE NOW AVAILABLE

Publication Date: **November 20, 2012**

Posted Date: **November 20, 2012**

Subject: **NSLDS Enrollment Reporting Guide**

The **NSLDS Enrollment Reporting Guide** is now available in both Microsoft Word Format and in Portable Document Format (PDF). The PDF file requires version 4.0 or greater of the free Adobe Acrobat reader.

Contact Information

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

TECH TALK CORNER



New Years Preparations

The last thing most institutions are thinking about with the holidays around the corner is the dreaded “New Year Roll”. Every administrator I have spoken to has always referred to this process with anxiety and discontent. However, the new year roll is a great opportunity to gather feedback with your teams, evaluate procedures, and improve processes for the upcoming year. Once your systems offer releases to begin this project, there are few items that you can begin to set up during the slower time before Christmas break.

Firstly, you can set up the aid year with corresponding loan periods and create or eliminate fund codes as necessary. You may decide that you need to offer new loan periods due to additional programing that your institution is implementing next year, or perhaps you wish to change your disbursement dates for each semester. These are items that you can easily decide upon before the roll begins.

Secondly, it is important to think about any changes you may want to make to the cost of attendance for 2013-2014. If you have relationships with any schools in your area, it would be great to share resources when you're reviewing housing and transportation costs. You could also review the following information online at CollegeBoard. Some schools try to keep their cost of attendance low, but remember, it should be an accurate portrayal of what a student can expect to spend while attending. Their financial aid cannot surpass the cost of attendance so you want to make sure it is sufficient for them to attend and cover their expenses as necessary.

If you need any assistance with the new year roll, please contact HEAG and a consultant can certainly assist you. You can also visit our website and view the new year roll webinars that we hosted in October and November.

Written by Brittany Barker, HEAG consultant, bbarker@heag.us

FEDERALLY OWNED LOAN INITIATIVES PLANNED

November 9, 2012

By: **Jana Hernandez**, Service Director, Operations, Federal Student Aid

Subject: Loan Servicing Information - Federally-Owned Loan Initiatives Planned for November and December 2012

We continue our efforts to improve the servicing of William D. Ford Federal Direct Loan (Direct Loan) Program loans and Federal Family Education Loan (FFEL) Purchased Loans, more simply referred to as federally-owned loans. A key aspect of our ongoing work is to manage the ever-growing portfolio of federally-owned loans as efficiently and effectively as possible. To this end, we are implementing two initiatives in November and December 2012 that will assist us in addressing overall portfolio management needs.

Assignment of Newly-Made Traditional Direct Consolidation Loans to FedLoan Servicing (PHEAA) and Sallie Mae for Servicing – This initiative will affect borrowers whose traditional Direct Consolidation Loans are made on or after November 5, 2012. Through this initiative, we will assign all newly-made traditional consolidation loans to one of two federal loan servicers – FedLoan Servicing (PHEAA) and Sallie Mae – for servicing on our behalf. Upon assignment of a borrower's newly-made traditional consolidation loan, FedLoan Servicing (PHEAA) or Sallie Mae will correspond directly with the borrower.

Note: This traditional consolidation loan servicing assignment initiative does not apply to consolidation loans that were made earlier this year through the Special Direct Consolidation Loan initiative. In general, Special Direct Consolidation Loans are serviced by the federal loan servicer that completed the consolidation.

Transfer of Federally-Owned Loans with Direct Loan Servicing Center (ACS) in In-School or In-School Deferment Status – This transfer initiative will affect borrowers whose Direct Loans assigned to the Direct Loan Servicing Center (ACS) are in an in-school or in-school deferment status. Through this initiative, we will transfer an affected borrower's Direct Loans that are currently assigned to the Direct Loan Servicing Center (ACS) to a new servicer – FedLoan Servicing (PHEAA), Great Lakes Educational Loan Services, Inc., Nelnet, or Sallie Mae.

This initiative will begin November 13, 2012 and continue through December 2012. We have continuously refined and improved the transfer process so that each transfer is executed in a manner that is as orderly and smooth as possible for the affected borrowers. In the attachment to this announcement titled "Direct Loan Transfers – Direct Loan Servicing Center (ACS) to New Servicer," we provide key information about the transfer process in question and answer format.

Contact Information

We appreciate the community's ongoing support of our approach to servicing federally-owned loans. If you have questions about the initiatives explained in this announcement, contact the new federal loan servicer directly. Contact information for the appropriate servicer can be found on the Loan Servicing Centers for Schools Contact Information page on the IFAP Web site.

SAR AND ISIR CORRECTIONS

November 1, 2012

By: **William Leith**, Service Director, Program Management, Federal Student Aid

Subject: Reminder: Submit 2012-2013 SAR and ISIR Corrections by January 8, 2013 in Preparation for 2013-2014 Renewal Reminder Distribution

In preparation for the 2013-2014 Renewal Reminder distribution, we are reminding all schools to update 2012-2013 Student Aid Report (SAR) and Institutional Student Information Record (ISIR) transactions for their students with a current e-mail address by January 8, 2013.

Applicants who meet the eligibility requirements for a 2013-2014 renewal Free Application for Federal Student Aid (FAFSA) by January 8, 2013, will be sent a Renewal Reminder e-mail between January 13 and February 10, 2013.

Important Note: Beginning with the 2013-2014 processing cycle, we are discontinuing all paper Renewal Reminders. In prior cycles, paper Renewal Reminder letters would be mailed to students who did not provide an e-mail address on their FAFSA. Removing the paper letter option reinforces our ongoing effort to emphasize electronic communication over postal mail. For more information regarding enhancements we implemented to FAFSA on the Web and the PIN Web site in July and September 2012 to improve the overall usability and navigation of our Web sites, encourage applicant self-service, and increase e-mail communication, see the June 28, 2012 electronic announcement on the Information for Financial Aid Professionals (IFAP) Web site.

What is the Renewal Reminder?

The Renewal Reminder is an important alert for renewal-eligible students, reminding them that they can use FAFSA on the Web to reapply for aid. Renewal-eligible students who provide valid e-mail addresses on their 2012-2013 records will be sent 2013-2014 Renewal Reminder e-mails.

Note: A student will receive a Spanish 2013-2014 Renewal Reminder if the 2012-2013 transaction that is renewal-eligible was created from a Spanish application.

We encourage schools to work with students to ensure the most current e-mail address is present on 2012-2013 transactions and to submit any other pending corrections that may be preventing the student from being renewal-eligible for 2013-2014, such as resolving rejected transactions.

Who is Eligible for a Renewal Reminder?

Renewal-eligible students must have a "good" match with the Social Security Administration (SSA) to qualify for a Renewal Reminder. A "good" match occurs when the student's Social Security Number (SSN), name, and date of birth all match SSA's records and the student received a match flag of "4."

Contact Information

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

ACTIVE CONFIRMATION OF SAIG MAILBOXES

October 15, 2012

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

Subject: Active Confirmation of TG Numbers (SAIG Mailboxes) Required by December 14, 2012 to Maintain Access to Federal Student Aid Systems

In our ongoing effort to ensure the security of Federal Student Aid's data systems, every organization enrolled for a Student Aid Internet Gateway (SAIG) account is required to review and validate its assigned TG numbers by December 14, 2012. This includes TG numbers (SAIG Mailboxes) with access to the NSLDS Professional Access Web site, the eCampus-Based (eCB) Web site, and all FAA Access to CPS Online user accounts. It also includes TG numbers enrolled for SAIG batch services for the National Student Loan Data System (NSLDS), the Central Processing System (CPS), the Common Origination and Disbursement (COD) System, and the Financial Management System (FMS). Each organization must provide active confirmation that enrolled staff still require the access they have or delete the users that no longer need accounts.

To perform the account validation process, each organization's Primary Destination Point Administrator (DPA) must follow the steps outlined below for both the organization's SAIG mailboxes (Destination Points/TG numbers) and Electronic Services accounts. Failure to complete this process by December 14, 2012 will result in loss of access to Federal Student Aid data systems, including services such as Institutional Student Information Record (ISIR) deliveries, ISIR requests, Free Application for Federal Student Aid (FAFSA) corrections, and NSLDS enrollment reporting and updates.

Note: The Primary DPA must have an FSA User ID to complete the process described below. To obtain an FSA User ID, go to <https://fsawebenroll.ed.gov/PMEnroll/PMAccountServlet.jrun>, provide identifying information, and follow the remaining registration steps. Once the registration process is complete, including establishing a password, the FSA User ID will be e-mailed to the Primary DPA.

The Primary DPA of the primary TG number (Destination Point/mailbox) must perform the following steps to provide active confirmation for its organization's SAIG mailboxes (Destination Points/TG numbers) and Electronic Services accounts:

How to Validate or Delete Your SAIG Accounts

1) Go to the SAIG Enrollment Web site (<https://fsawebenroll.ed.gov>) and select the "Primary Destination Point Administrator Access" link.

2) Enter your FSA User ID and password. Select "Submit."

3) From the Primary DPA page, select the "Validate Your Organization's SAIG Mailboxes" link.

4) Enter your organization's Primary TG number. Select "Next."

5) From the list of available TG numbers, select the TG number you want to review.

6) Review the services that are associated with the selected TG number. Select either "Validate" or "Delete" and then select "OK." You will be returned to the list of the remaining TG numbers to be reviewed.

7) Repeat steps 5 and 6 for each remaining TG number. You must validate each TG number on file for your organization. Unused TG numbers must be deleted.

8) The process is complete when all TG numbers have been removed from the list.

How to Validate or Delete Your Electronic Service Users

1) Go to the SAIG Enrollment Web site (<https://fsawebenroll.ed.gov>) and select the "Primary Destination Point Administrator Access" link.

2) Enter your FSA User ID and password. Select "Submit."

3) From the Primary DPA page, select the "Manage Electronic Services" link.

4) Enter the TG number that is currently enrolled for CPS batch services for your organization. Select "Next."

5) Select the "Validate Existing Users" link. The Validate User page displays the employees at your organization who are currently enrolled for online access.

6) Select the name of the user you want to review.

7) Select either "Validate" or "Delete" and then select "OK." You will be returned to the list of remaining users to be reviewed.

8) Repeat steps 6 and 7 for each remaining user. You must validate each user on file for your organization. Users who no longer need online access must be deleted.

Contact Information

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

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, Massachusetts. In operation since 1989, we provide comprehensive financial aid consulting support to private, public and proprietary institutions. We provide administrative and professional consulting services in the areas of program regulatory compliance, financial aid processing and verification, interim staffing and technology. With over 25 years of experience, we have a proven track record of satisfied school clients.