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Message from Milton

Proper administration of Title IV funds requires the cooperation of many different offices and entities. At the end of the day, we are all stronger when we cooperate with one another sharing ideas and information. I invite you all to share your observations and ideas with HEAG and we will make every effort to then share your observations and ideas with those subscribers on our extensive email list. I hope you all are enjoying your Summer.

- Milton Kerstein, President

FISAP INFORMATION NOW AVAILABLE

June 30, 2009

We are pleased to announce the posting of the Technical Reference for the Fiscal Operations Report for 2008-2009 and the Application to Participate for 2010-2011 (FISAP), used in administering the Federal Perkins Loan (Perkins Loan), Federal Supplemental Educational Opportunity Grant (FSEOG), and Federal Work-Study (FWS) programs.

This document provides programmer specifications and record layouts for schools or other organizations that wish to design custom software systems to interface with the U.S. Department of Education's FISAP on the Web process. The technical reference includes the system modifications for processing the FISAP that schools must submit by October 1, 2009.

If you have questions regarding the information contained in this document, 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.

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

VETERANS EDUCATION BENEFITS NO LONGER FACTORED AS ESTIMATED FINANCIAL AID

HEOA section 480(j)(1) of the Higher Education Act was originally changed to exclude veterans education benefits as an estimated financial aid resource effective 7/1/2010. On 7/1/2009 President Obama signed H.R. 1777 making technical corrections to move the effective date to 7/1/2009 for the 2009-2010 award year.

Institutions may no longer consider any Federal veterans education benefits as a financial aid resource for the student. This includes all benefits received by the veteran, his/her spouse and his/her

dependent. Veteran education benefits continue to not be considered as an income source in calculating the EFC for the student.

All institutions must re-review and if necessary make updates and repackage all students receiving Federal veterans education benefits for the 2009-2010 award year. Any loans already processed for the 2009-2010 award year for the FFEL or Direct Loan programs would need to be reprocessed as well if eligibility has changed.

UPDATED CUSTOMER SERVICE INFORMATION - FFEL LOANS

July 12, 2009

In a January 30, 2009 Electronic Announcement on the Information for Financial Aid Professionals (IFAP) Web site, we provided customer service contact information for Federal Family Education Loan (FFEL) Program loans that the Department of Education (the Department) purchases from FFEL loan holders. Through methods commonly referred to as "PUT" by FFEL loan holders and the Department, the Department becomes the owner and servicer of the purchased loans. Upon purchase of a loan, both the prior FFEL loan holder and the Department correspond with an affected borrower.

In our correspondence to borrowers whose FFEL Program loans have been purchased by the Department, we explain that the Department of Education Student Loan Servicing Center will service these loans. The correspondence includes both toll-free phone number and Web site information for the Department of Education Student Loan Servicing Center.

We understand that borrowers may ask others, especially their schools, for the Department of Education Student Loan Servicing Center's contact information and that schools may need the center's assistance as well. For these reasons, we are providing updated customer service contact information for purchased FFEL Program loans serviced by the Department of Education Student Loan Servicing Center.

We present the updated information in this announcement as follows:

- Toll-Free Numbers for Borrowers and Schools
- Web Site Access for Borrowers and Schools
- Contact Information
- Attachments/Enclosures

Toll-Free Phone Numbers for Borrowers and Schools

Borrowers and schools can reach Department of Education Student Loan Servicing Center customer service representatives for assistance with the servicing of purchased FFEL Program loans through three toll-free phone numbers.

Customer service representatives are available at these phone numbers as follows:

	Toll-Free Phone No.	Hours of Operation
<i>For Borrowers</i>	800/508-1378	Mon-Fri 8am-11pm (EST)
<i>For Collections</i>	866/938-4749	Mon-Fri 8am-11pm (EST)
<i>For Schools</i>	866/938-4750	Mon-Fri 8am-8:30pm (EST)

Note: The Department also services loans that are made under the William D. Ford Federal Direct Loan (Direct Loan) Program. The Department provides customer service related to Direct Loan Program loans through a different call center. If a borrower or school inadvertently contacts the Direct Loan Servicing Center for assistance with the servicing of purchased FFEL Program loans, the caller will be provided with the correct toll-free phone number.

Web Site Access for Borrowers and Schools

Borrowers whose FFEL Program loans have been purchased by the Department can access information about their loans and learn about the services offered by the Department of Education Student Loan Servicing Center via the center's Web site at <https://www.ed-servicing.com>. Likewise, schools that have borrowers whose FFEL Program loans have been purchased by the Department can access information about the servicing of their borrowers' loans via the Web site.

- Borrowers can view their account information, make payments, update contact information, and obtain deferment assistance online.
- School users can obtain account status, loan, deferment, delinquency, and current contact information for an individual borrower or for all of the school's borrowers. This information can assist a school in its default aversion activities.

Important Note About Web Site URL: The ".com" domain in the URL for the Department of Education Student Loan Servicer Web site is correct. We have heard recently from borrowers concerned about the legitimacy of e-mails from the Department of Education Student Loan Servicing Center that directed them to the Web site because the URL did not have a ".gov" domain as expected. We appreciate schools' assistance in conveying the message to borrowers that the Department of Education Student Loan Servicer Web site URL, <https://www.ed-servicing.com>, is correct and legitimate.

To access the Department of Education Student Loan Servicer Web site, a borrower or school user must first register. Once the borrower or school user registers, he or she will simply log in to the Web site; the borrower or school user will not need to register again. We provide complete information on Department of Education Student Loan Servicer Web site access for borrowers and school users in the two attachments to this announcement. These informational documents can be easily shared electronically and reproduced.

- The attachment titled "Department of Education Student Loan Servicer Web Site Access for Borrowers" provides registration and access information for borrowers.
- The attachment titled "Department of Education Student Loan Servicer Web Site Access for Schools" provides registration and access information for school users. A school user may complete an individual borrower look up, access a summary of the School Loan Report, or access the detail of the School Loan Report.

Contact Information

We appreciate the community's assistance in directing borrowers and schools to the Department of Education Student Loan Servicing Center and its Web site for assistance with the servicing of FFEL Program loans that have been purchased by the Department. If you have questions about the information in this announcement, contact the Department of Education Student Loan Servicing Center at 866/938-4750.

NEW INCOME BASED REPAYMENT OPTION UP AND RUNNING

Beginning 7/1/09 federal student loan borrowers can take advantage of the new Income Based Repayment (IBR) Option available to assist with repayment. Borrowers with high debt and lower income levels can benefit from this option especially during these economic times. Borrowers also pursuing careers in public service can benefit from this option.

Monthly payments are based on income, not level of indebtedness. For example, a borrower with a total indebtedness of 40,000.00 in federal loans would generally be required to pay \$ 460.32/month with a standard 10 year repayment plan. If that borrower's AGI was 35,000.00 /year they could take advantage of IBR and cap their monthly payment at \$ 234.44/month.

Documentation regarding a borrower's annual income level must be collected by the lender or servicer in order to process the IBR option for a borrower. The IRS is working on electronic communication options for this but in the interim, paper needs to be exchanged. Until electronic communication is available the DOE is allowing lenders to request borrowers submit a copy of their most recent federal tax return with an original "pen and ink" signature. However, lenders have the option to obtain written certifications from borrowers or other documentation to verify income information.

Additional information on this topic is available in a DOE Electronic Announcement posted 6/12/2009 by Jeff Baker, Director Policy Liaison and Implementation, Federal Student Aid.

www.IBRinfo.org

Borrowers can find helpful information, a Q & A section as well as a simple calculator to estimate monthly payments under the IBR option at www.IBRinfo.org. This site is sponsored by IBRinfo in partnership with NASFAA to get information out to borrowers. The site also includes a video featuring the Debt Gremlin. Schools are encouraged to use this short animated video as a lead in to the IBR conversation. Check it out!

STAFFORD/DIRECT LOAN RATE FOR 2009-2010 AWARD YEAR

While there are many changes that occurred in the federal student aid programs on 7/1/09 several changes lower the cost to borrowers of federal student loans whether it be Stafford or the Direct loan program.

Lower Interest Rates---Rates on loans with a first disbursement on or after 7/1/09 will decrease from 6% to 5.6% for the 2009-2010 award year.

Reduced Fees---Borrower origination fees will be reduced from 1% to .5% for the 2009-2010 award year. An additional 1% may be charged for insurance to a total possible upfront deduction of 1.5% at the time each disbursement is made to the school on behalf of the borrower.

FFEL PLUS loans first disbursed July 1, 2009 through June 30, 2010 is 8.50%.

DIRECT PLUS loans first disbursed July 1, 2009 through June 30, 2010 is 7.9%.

Interest Rate Reductions

Over a four-year period beginning July 1, 2008, the interest rate on subsidized Stafford Loans made to undergraduate students will be reduced. The applicable interest rates for loans made during this period are as follows:

First disbursement of a loan:

<i>Made on or after</i>	<i>And made before</i>	<i>Interest rate on the unpaid balance</i>
July 1, 2009	July 1, 2010	5.6 percent
July 1, 2010	July 1, 2011	4.5 percent
July 1, 2011	July 1, 2012	3.4 percent

NACUBO URGES REVIEW OF FINANCIAL RESPONSIBILITY STANDARDS

July 14, 2009

NACUBO expressed concern that the current financial responsibility test used by the Department of Education lacks the flexibility needed to accommodate extraordinary market downturns and other atypical financial events in testimony submitted as part of public hearings held by ED in June. NACUBO offered to work with ED, national and regional accounting firms, and institutional representatives over the next two months to develop recommendations for modifications. Any regulatory changes deemed necessary could be considered as part of the agenda for the negotiated rulemaking committee to be appointed this fall, suggested the association.

Under the financial responsibility standards in Subpart L of 34 CFR 668, nonprofit and for-profit colleges and universities must meet or exceed a certain threshold on a composite score in order to be eligible to participate in the Title IV student loan programs. The composite score weighs and combines three ratios--primary reserve, equity, and net income--that measure different aspects of financial health. NACUBO Advisory Report 98-1 explains the standards in detail.

NACUBO is concerned that a combination of market downturns, changes in accounting rules, and the tight credit market will push many more institutions below the requisite composite score in FY2008 and FY2009, even though the institutions remain economically viable. At the same time, one of the "cures" for failing the test--obtaining a letter of credit equal to 50 percent of its Title IV expenditures (or 10 percent with provisional certification)--will be harder and more expensive to get.

Business officers at nonprofit colleges and universities should pay close attention to these ratios. They are designed to be calculated directly from the institution's audited financial statements. If you are concerned about ED calculations, or would like NACUBO to verify or assist with the calculation, please contact Sue Menditto, director of accounting policy.

FEDERAL STAFFORD AND DIRECT LOAN INTEREST RATES (AS OF JULY 1, 2009)

Loan Type	1st Disbursement Date	Fixed Interest Rate
Undergraduate Subsidized	between 7/1/09-6/30/2010	5.6
Undergraduate Subsidized	between 7/1/08-6/30/2009	6.0
Undergraduate Subsidized	between 7/1/06-6/30/2008	6.8
Graduate Subsidized	on or after 7/1/06	6.8
All Unsubsidized	on or after 7/1/06	6.8

NASFAA BOARD LEADERSHIP ACCEPTS RESIGNATION OF DR. PHILIP R. DAY, JR.

June 23, 2009

At the request of Dr. Philip Day, the NASFAA Board of Directors leadership has accepted his resignation as President and CEO of NASFAA. Dr. Day began a voluntary, unpaid leave of absence when news broke about allegations filed against him, in regard to his prior employment at City College of San Francisco. Immediately after these developments, NASFAA leadership announced the appointment of Joan Crissman as Interim President and CEO, who will continue to serve in this role for the immediate future.

GET READY FOR THE NET PRICE CALCULATOR

The Higher Education Opportunity Act of 2008 (HEOA) requires institutions to post a net price calculator (NPC) on their web sites by August 2011. The National Center for Education Statistics (NCES) is required to provide a template for this calculator by August 2009. The HEOA permits institutions to use the net price calculator developed by the NCES or to develop their own calculator -- as long as this calculator includes "at a minimum the same data elements" found in the NCES calculator.

2009-2010 ISIR ANALYSIS TOOL WEB DEMONSTRATION SITE NOW AVAILABLE

July 01, 2009

We are pleased to announce the availability of the 2009-2010 ISIR Analysis Tool on the CPS Web Applications Demonstration (Demo) site, located at <http://fafsademo.test.ed.gov>. Most of the features of the production version of the ISIR Analysis Tool are available on the demo site, which is preloaded with test data.

The ISIR Analysis Tool is designed for any school that wants to review and analyze its Institutional Student Information Record (ISIR) data and better understand certain characteristics about its Title IV applicant population and verification process (either selected by the U.S. Department of Education or defined by the school).

For those who are unfamiliar with the ISIR Analysis Tool and would like to learn more about how to use the demo site, we recommend visiting the "Guidance" section of Federal Student Aid's Quality Assurance (QA) Program Web site, located at <http://ifap.ed.gov/qahome/guidance.html>. We also recommend completion of the hands-on training course for the ISIR Analysis Tool available on the QA Program Web site at

<http://ifap.ed.gov/qadocs/ToolsforSchools/SessionC10TestDriveIATool.doc>.

A user must have Microsoft Internet Explorer Version 6.0, Service Pack 2, or higher to utilize the reporting features available in the ISIR Analysis Tool. The site also supports Versions 1.5 and 2.0 of the Mozilla Firefox browser.

A user can access the CPS Web Applications Demo site using the following user name and password:

User Name: eddemo

Password: fafsatest

The user name and password fields are case-sensitive.

All entered data is cleared from the database each evening. The site is unavailable on Sundays from 7 A.M. until 1:00 P.M. (ET) due to regularly scheduled maintenance.

For additional information about the CPS Web Applications Demo site, including login infor-

mation, a user can refer to the 2009-2010 CPS Test System User Guide. This guide is available for download in PDF format from the Federal Student Aid Download (FSAdownload) Web site, located at <https://www.fsadownload.ed.gov>, under "Technical References and Guides."

Contact Information

If you encounter issues with or have questions regarding the ISIR Analysis Tool or the CPS Web Application Demo site, contact CPS/SAIG Technical Support at 800/330-5947 (TDD/TTY 800/511-5806) or by e-mail at CPSSAIG@ed.gov.

If you are a participant in Federal Student Aid's QA Program and have questions regarding the ISIR Analysis Tool, contact QA Program staff at qualityassurance@ed.gov, call your regional Federal Student Aid contact, or visit the QA Program Web site, located at <http://ifap.ed.gov/qualityassurance>.

Author: Jana Hernandez, Service Director, Operations, Federal Student Aid

ANNOUNCEMENT OF TITLE IV STUDENT LOAN MANAGEMENT/SERVICING CONTRACT

June 17, 2009

The Department awarded Title IV Student Loan Management/Servicing contracts to AES/PHEAA of Harrisburg, Pennsylvania; Great Lakes Education Loan Services, Inc. of Madison, Wisconsin; Nelnet, Inc. of Lincoln, Nebraska; and Sallie Mae Corporation of Reston, Virginia.

The award of these contracts provides the Department with the capacity necessary to support anticipated increases in the number of loans owned by the Department and ensures borrowers receive the assistance they need to effectively manage their federal student loan obligations.

Author: James F. Manning, Acting Chief Operating Officer

FTC WILL GRANT THREE-MONTH DELAY OF ENFORCEMENT OF 'RED FLAGS' RULE REQUIRING CREDITORS AND FINANCIAL INSTITUTIONS TO ADOPT IDENTITY THEFT PREVENTION PROGRAMS

The Federal Trade Commission will delay enforcement of the new "Red Flags Rule" until August 1, 2009, to give creditors and financial institutions more time to develop and implement written identity theft prevention programs. For entities that have a low risk of identity theft, such as businesses that know their customers personally, the Commission will soon release a template to help them comply with the law. Today's announcement does not affect other federal agencies' enforcement of the original November 1, 2008 compliance deadline for institutions subject to their oversight.

"Given the ongoing debate about whether Congress wrote this provision too broadly, delaying enforcement of the Red Flags Rule will allow industries and associations to share guidance with their members, provide low-risk entities an opportunity to use the template in developing their programs, and give Congress time to consider the issue further," FTC Chairman Jon Leibowitz said.

The Fair and Accurate Credit Transactions Act of 2003 (FACTA) directed financial regulatory agencies, including the FTC, to promulgate rules requiring "creditors" and "financial institutions" with covered accounts to implement programs to identify, detect, and respond to patterns, practices, or specific activities that could indicate identity theft. FACTA's definition of "creditor" applies to any entity that regularly extends or renews credit – or arranges for others to do so – and includes all entities that regularly permit deferred payments for goods or services. Accepting credit cards as a form of payment does not, by itself, make an entity a creditor. Some examples of creditors are finance companies; automobile dealers that provide or arrange financing; mortgage brokers; utility companies; telecommunications companies; non-profit and government entities that defer payment for goods or services; and businesses that provide services and bill later, including many lawyers, doctors, and other professionals. "Financial institutions" include entities that offer accounts that enable consumers to write checks or make payments to third parties through other means, such as other negotiable instruments or telephone transfers.

During outreach efforts last year, the FTC staff learned that some industries and entities within the agency's jurisdiction were uncertain about their coverage under the Red Flags Rule. During this time, FTC staff developed and published materials to help explain what types of entities are covered, and how they might develop their identity theft prevention programs. Among these materials were an alert on the Rule's requirements, www.ftc.gov/bcp/edu/pubs/business/alerts/alt050.shtm, and a Web site with more resources to help covered entities design and implement identity theft prevention programs, www.ftc.gov/redflagsrule. The compliance template will be available on this Web site.

The Federal Trade Commission works for consumers to prevent fraudulent, deceptive, and unfair business practices and to provide information to help spot, stop, and avoid them. To file a complaint in English or Spanish, visit the FTC's online Complaint Assistant or call 1-877-FTC-HELP (1-877-382-4357). The FTC enters complaints into Consumer Sentinel, a secure, online database available to more than 1,500 civil and criminal law enforcement agencies in the U.S. and abroad. The FTC's Web site provides free information on a variety of consumer topics.

About The Higher Education Assistance Group

The Higher Education Assistance Group, Inc. is a comprehensive higher education consulting and financial aid consulting group located in Wellesley, Massachusetts. In operation since 1989 initially as a financial aid consulting firm, 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 fields, including Admissions, Financial Aid, Continuing Education, Bursar and Registrar offices at two and four year institutions, both public and proprietary. The Group'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 needs, and technological support.