



# NEWSLETTER

JULY – SEPT 2015

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## Inside this Issue

- 1 **HEAG Consultant Spotlight**  
Heightened Cash Monitoring
- 3 **HEAG's Twitter Recap**  
From Our Clients
- 4 **Amount of High School Graduates Entering College on the Rise**  
FAFSA Simplification
- 5 **State Authorization Regulations Effective Date July 1, 2015**

*Achieve a  
Higher Standard...  
with HEAG!*

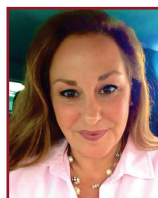
## Message from Milton

After a very busy year, I trust you are all looking forward to the summer. Here at HEAG this summer, we will be busy as we are now posting quite regularly on Twitter, LinkedIn and Facebook. We hope you will find the content meaningful as we work with you to enhance your compliance within your financial aid programs. Happy summer to all.

~ Milton Kerstein, President

## HEAG CONSULTANT SPOTLIGHT

This quarter's consultant spotlight is **Jane Alessi Domenico**, a financial aid consultant with HEAG for over 15 years.



How long have you been in financial aid?

I have been working in the financial aid industry for 28 years, back when FAFSA's were completed manually and Pell Payments were manual "bubble sheets." The financial aid industry has come a long way since then.

Tell us a little about yourself.

I have been married for 20 years and have 2 beautiful daughters who are 17 & 18. My oldest daughter, Gina will be moving away to College in the Fall to study Nursing. My youngest daughter, Marissa is hoping to study Psychology Fall 2016. It's surreal being on the

other side of the financial aid fence. Hopefully, I am one of the easier parents to work with.

What do you enjoy most about your current position at HEAG?

I truly love my job at HEAG. I feel I am able to bring the best practices from my previous assignments to add value to every new assignment. It's always a unique learning experience at a new assignment as each institution has their own set of policy & procedures. I've also met some wonderful people along the way.

What makes HEAG unique or special compared to your work experiences elsewhere?

HEAG is 100% committed to maintaining institutional compliance. With this common goal,

CONTINUED ON PAGE 2

## HEIGHTENED CASH MONITORING

By: **Jane Domenico**  
HEAG Consultant

In March of this year, the Department of Education released a partial list of the nearly 560 institutions that, as of March 1, were subject to the financial restrictions known as Heightened Cash Monitoring. Most of the colleges—487 institutions—were on the lower level of scrutiny, and 69 were subject to the higher, more stringent restrictions. The department disclosed the remaining colleges in April that it had redacted from the original list.

The U.S. Department of Education may place institutions on a Heightened Cash Monitoring (HCM) payment method to ensure additional oversight of cash management for a number of financial or federal compliance issues, some of which

may be serious while others may be less troublesome.

Schools are placed on the Department's list for a variety of specific reasons, such as late financial statements, outstanding liabilities, accreditation issues, concerns about a school's financial responsibility, or possibly severe findings uncovered during a program review. The majority of schools on the list fall into the first type of review, referred to as Heightened Cash Monitoring 1 (HCM1), in which the college receives federal student aid funds from the government through an advance payment system.



CONTINUED ON PAGE 2

**Heightened Cash Monitoring****FROM PAGE 1**

The two levels of Heightened Cash Monitoring are:

**Heightened Cash Monitoring 1 (HCM1):** After a school makes disbursements to eligible students from institutional funds and submits disbursement records to the Common Origination and Disbursement (COD) System, it draws down FSA funds to cover those disbursements in the same way as a school on the Advance Payment Method.

**Heightened Cash Monitoring 2 (HCM2):** A school placed on HCM2 no longer receives funds under the Advance Payment Method. After a school on HCM2 makes disbursements to students from its own institutional funds, a reimbursement payment request must be submitted for those funds to the Department.

The information listed below must be provided for each student for whom the institution is requesting funds, in Excel spreadsheet format:

- Student identifying information
- Instructional program
- Admission criteria used for each student
- Enrollment status (full-time, three-quarters-time, half-time, less-than-half-time)
- Number of clock or credit (specify) hours in the student's program of study
- Number of clock or credit (specify) hours in the institution's academic year
- Number of clock or credit (specify) hours in the payment period
- Number of clock or credit (specify) hours completed by the student to date of payment
- Start date/re-entry date/withdrawal date (if applicable), last date of attendance (if applicable), and midpoint date of student's program
- Percentage of tuition retained for withdrawals
- Student's cost of attendance
- Direct cost of education for enrollment period
- Expected Family Contribution (EFC)
- Certification that student is making satisfactory academic progress (SAP) (qualitatively and quantitatively)
- Indication of Professional Judgment or Dependency Override adjustment
- Grade Point Average (GPA)
- Student's award requested
- Student's award amount

The spreadsheet is reviewed by a Department of Education analyst who makes a random selection of students to review. The institution must then provide complete files documenting all eligibility criteria. The Department reserves the right to reject an entire submission based on a single error. Generally there is a 30-day period for the institution's disbursement approval. Typically, the Department of Education will only allow the institution to submit a request for disbursement reimbursement every 30 days, which can create an enormous financial hardship on an already struggling institution.

The factors most likely to put a school on the Heightened Cash Monitoring list are not just poor financial or administrative capability. The majority of schools who made the list failed the Department's financial responsibility score requirements; those scores represent Departmental efforts to scout warning signs in institutional financial aid administration, but have been repeatedly questioned as measures of financial health. The second tier of HCM institutions targets schools with high cohort default rates; default rates can be deceiving, however, particularly at smaller institutions.

To avoid the most common triggers, schools should keep an eye on their financial responsibility numbers and default management programs.

HEAG has assisted a number of schools with compliance coordination needed to meet the requirements of HCM1 and HCM2. In meeting these requirements, along with addressing base compliance concerns, HEAG has successfully advocated for schools to be removed from HCM and allowed to disburse funds once again on the advance payment method. Common services HEAG provides to schools placed on HCM are:

- Verification, file review and awarding
- HCM2 spreadsheet preparation and submission
- Common Origination and Disbursement (COD) processing and reporting
- Policy and procedure development, implementation and assessment
- Audit/program review preparation, support and response

To find out more information about composite scores and other required financial standards, refer to the Financial Standards chapter of the Federal Student Aid Handbook.

**HEAG Consultant Spotlight****FROM PAGE 1**

we work together as a tight knit team. My HEAG co-workers are experts in their fields and have a wealth of experience that we can all draw from when needed to complete a complicated assignment. I also find it refreshing to be on a first name basis with everyone in the company starting with Milton all the way down to our newest consultant.

**Before working for HEAG, what was the most unusual or interesting job you've ever had?**

Before getting into Financial Aid, I worked for a quasi-state agency called Mass Corp for Educational Telecommunication (MCET). MCET created "Mass LearnPike", a satellite-based network funded in part by a Star Schools grant to "explore the use of distance-learning in K-12 schools." The LearnPike used semi-interactive video to deliver educational content. Mass LearnPike program listings were made available on the MCET web site beginning in 1997.

**When you're not consulting, what kind of other hobbies/interests do you have?**

At the end of a long day, there is nothing I enjoy more than relaxing with a good book. For me, it is the best way to decompress. I also enjoy spending time with my extended family enjoying one of our favorite card games.

**What is something few people know about you?**

Not many people know that I co-starred on a TV show called "Say Brother" when I was in the 4th grade. I auditioned for a role along with about 50 other kids and was cast. That experience was so much fun.

# HEAG'S TWITTER QUARTERLY HIGHLIGHTS

Follow us on Twitter @HEAG\_INC to stay up-to-date on industry news and events.

HEAG, Inc@HEAG\_INC Jun 26

**Lessons From The Education Department's Ratings Reversal**

[http://www.nasfaa.org/Main/fa-news/natl/Lessons\\_From\\_The\\_Education\\_Department%E2%80%99s\\_Ratings\\_Reversal.aspx](http://www.nasfaa.org/Main/fa-news/natl/Lessons_From_The_Education_Department%E2%80%99s_Ratings_Reversal.aspx)

HEAG, Inc@HEAG\_INC Jun 25

**Approved Ability-to-Benefit (ATB) tests**

<http://www.ifap.ed.gov/eannouncements/062415ATBTests.html>

HEAG, Inc@HEAG\_INC Jun 18

**Dismiss Dickinson School of Law student's lawsuit over financial aid, judge urges**

<http://s.pennlive.com/slbG01V> via @pennlive



HEAG, Inc@HEAG\_INC Jun 16

**The Financial Help That Older College Students Need**

<http://www.governing.com/gov-institute/voices/col-financial-aid-adult-college-students.html>

AssocofCommColleges@Comm\_College Jun 10

**Elizabeth Warren's new plan for debt-free college, explained**

<http://www.vox.com/2015/6/10/8760669/debt-free-college>  
via @voxdotcom #comm\_college

HEAG, Inc@HEAG\_INC Jun 10

**Report: Single Most Important Factor in Selecting a College is Cost**

[http://www.nasfaa.org/Main/orig/2015/open/Report\\_Single\\_Most\\_Important\\_Factor\\_in\\_Selecting\\_a\\_College\\_is\\_Cost.aspx](http://www.nasfaa.org/Main/orig/2015/open/Report_Single_Most_Important_Factor_in_Selecting_a_College_is_Cost.aspx)

HEAG, Inc@HEAG\_INC Jun 9

**Students not in country legally rally for college aid**

<https://shar.es/12drCq> ... via @telegramdotcom

Mark Kantrowitz@mkant Jun 8

**U.S. Department of Education Announces Debt Relief for Corinthian Students:**

**The U.S. Department of Education a...**

<http://bit.ly/1HklcaW>

HEAG, Inc@HEAG\_INC Jun 4

**Reauthorizing the Higher Education Act: Ensuring College Affordability**

<http://brook.gs/1M83QNR>

AssocofCommColleges@Comm\_College Jun 3

**Changing the Incentives for Colleges to Enroll and Graduate Low-Income Students**

<http://www.edcentral.org/pell-bonus/> via @newamericaed #comm\_college

## FROM OUR CLIENTS

"Assumption retained HEAG to provide remote verification during a period of transition for our Financial Aid department. The partnership successfully allowed the Financial Aid staff to allocate more time and resources to providing students and families with a high level of service without falling behind on processing verification files. HEAG established an excellent system for our consultant to work remotely, maximizing the effectiveness of their time and resulting in a strong work product. The success of the partnership was due in large part to the excellent communication established by HEAG with our institution and department. We were incredibly pleased with this collaboration and would highly encourage other financial aid colleagues to partner with HEAG."



**William Smith**

Director of Financial Aid  
Assumption College

HEAG, Inc@HEAG\_INC Jun 2

**Report: Higher Ed Funding Inefficient for Community Colleges**

[http://www.nasfaa.org/Main/orig/2015/open/Report\\_Higher\\_Ed\\_Funding\\_Inefficient\\_for\\_Community\\_Colleges.aspx](http://www.nasfaa.org/Main/orig/2015/open/Report_Higher_Ed_Funding_Inefficient_for_Community_Colleges.aspx)

HEAG, Inc@HEAG\_INC May 29

**IRS Responds to Data Breach Involving Get Transcript Application**

<http://www.irs.gov/uac/Newsroom/IRS-Statement-on-the-Get-Transcript-Application>

MA Dept of Higher Ed@MassDHE May 29

**For-Profit College Settles Complaint Over Claims About Credits and Degrees**

<http://ow.ly/2Z9eV7y>

HEAG, Inc@HEAG\_INC May 28

**Federal Stafford, PLUS, SLS and Consolidation Interest Rates for July 1 2015-July 1 2016 are now available.**

<http://www.ifap.ed.gov/ffelvarrates/attachments/052715FFELVarInterRatePeriodJuly1June30.pdf>

# AMOUNT OF HIGH SCHOOL GRADUATES ENTERING COLLEGE ON THE RISE

By: **Jeffrey Megargell**  
HEAG Consultant

While there have been dire warnings in recent years within the higher education community that there will be fewer overall students entering collegiate halls over the next two decades due to lower birth rates, the Bureau of Labor Statistics (BLS) recently released some good news for colleges regarding the number of high school students pursuing some form of post-secondary education.

## Bureau of Labor Statistics Report

According to the BLS report, 68.4% of 2014 U.S. high school graduates were enrolled in colleges and universities last fall. This rate reflects an increase over the 2013 graduates, of whom 65.9% entered college—a significant rise of 2.5% year over year.

The 2014 data also shows a continuation of higher rates of college attendance for young women (72.7%) than for young men (64%). Enrollment rates vary widely by race, with Asians highest (86.1%), followed by black (70.9%), white (67.3%), and Hispanic (65.2%) graduates.

## National Center for Education Statistics

College enrollment increases over the past few decades can be described in terms of two distinct groups: younger students recently out of high school, and those deciding to go back to school after the age of 25. In recent years, the percentage increase in the number of students age 25 and over who enrolled in degree-granting institutions has been similar to the percentage increase in the number of 18- to 24-year-old students, but the rate of increase is expected to be higher for older students than for younger

students in the coming years. Between 2000 and 2012, the enrollment of students under age 25 and the enrollment of those age 25 and over both increased by 35%. From 2012 to 2023, however, the National Center for Education Statistics projects the rate of increase for students under age 25 to be 12%, compared with 20% for students age 25 and over.

## What Does It Mean For Your School?

It is very encouraging that more students are looking to obtain a college degree across all age groups and ethnicities, at least in the short term. While costs at both public and private colleges need to be reined in over time to encourage future enrollment, students are still attending at higher rates than in previous generations. As we enter the second half of this decade and beyond, even if the raw amount of students graduating high school decreases over time, the higher education community should be encouraged by the number of high school students who want to further their education along with adults who may need to go back to school because of career changes or personal growth.

Now is the time to start preparing at your school. Can your current systems and processes handle this expected increase in demand? Are you able to maintain compliance while meeting the new demand? HEAG offers a wide variety of services to help your institution prepare including Business Process Reviews (BPR), Compliance Assessments and VERIFY™, HEAG's premier remote verification service. Contact us today for more information.

Sources: <http://www.bls.gov/news.release/hsgec.nr0.htm>  
<http://nces.ed.gov/fastfacts/display.asp?id=98>

## FAFSA SIMPLIFICATION

A reprinted message from our Vice President of Compliance & Quality Assurance, Karyn Wright-Moore issued formerly on June 11, 2015.

### HEAG can help simplify the FAFSA process for your students

Efforts to preserve access to college continue to be a major headline in higher education. With the Higher Education Act currently being re-written, having expired in 2013, now is the time to bring FAFSA simplification and ease of access to federal funds to the fore-front. The complexity of the FAFSA should no longer be an impediment to attend college especially for low-income students, students of color and women, with the latter group continuing to outrank its male counterparts in both college enrollment conferred at all levels.

While the goals of FAFSA simplification are recognized, the approach is still being debated.

### FAFSA On A Postcard

Senator Lamar Alexander's FAFSA on a postcard is believed by many to go too far.

The proposed bill would cut the number of questions to 2. Many agree that drastic changes to the federal form would simply push the burden of obtaining essential financial and household information to states and colleges, thus, resulting in an even more cumbersome process for students and their families. The information

being eliminated from the federal form is still necessary for determining eligibility for state and institutional funds.

### Prior Prior Year Data

Rather than eliminate questions from the FAFSA, another simplification effort has been proposed by college and advocacy groups. Supported by NASFAA and lawmakers is the implementation and utilization of "prior prior year data." The use of prior prior year data would allow students and families to overcome challenges related to timing of FAFSA requirements and filing of their taxes with the IRS. On June 4, 2015, Members of Congress sent letters to Education Secretary Arne Duncan urging the Obama administration to use their authority to implement this new initiative now and make effective for the current year. Read the Senate Letter and the House Letter.

### Change Is Coming

While the method and approach are still being discussed, it is almost certain changes to the FAFSA will be made at some point in the future. For the latest updates on these proposed changes and much more, make sure to:

- Follow HEAG on LinkedIn and Twitter
- Visit NASFAA's Advocacy, Policy & Research page or sign up for email



# STATE AUTHORIZATION REGULATIONS EFFECTIVE DATE JULY 1, 2015

*Publication Date: June 19, 2015*

*Summary: This Dear Colleague Letter (DCL) reminds postsecondary institutions of the requirement to have certain types of State oversight and approvals in place to participate in the Title IV Federal Student Aid (FSA) programs authorized under the Higher Education Act of 1965, as amended (HEA). This is a clarification of the long-standing HEA requirement that in order for a school to be eligible for Title IV aid, the school must be legally authorized by the State to provide a postsecondary education program. The enforcement of these State authorization requirements for institutions was previously stayed from July 1, 2011, to July 1, 2015, to allow States and institutions to prepare. After that date, postsecondary institutions are expected to demonstrate compliance with the requirements; institutions that are not compliant with the State authorization regulations under 34 CFR 600.9(a) and (b) may lose their eligibility to participate in Title IV programs.*

## Dear Colleague:

On July 1, 2011, new minimum requirements went into effect concerning State oversight and approvals for postsecondary institutions. In order to be eligible to participate in Title IV programs, an institution must be legally authorized by a State to provide a postsecondary education program, and the State must have a process to review and act upon student complaints about that institution.

While the Department has stayed the effective date of the provisions to allow schools to come into compliance and States to prepare for the requirements, this DCL serves as a reminder that the final year of the stay of these regulations ends June 30, 2015. The Department has provided guidance on these regulations, and we are issuing this reminder to encourage States to work with their postsecondary institutions to have acceptable procedures in place to meet the oversight and approval requirements.

Institutions that have obtained sufficient State authorization during the periods when the extensions were in place will have that status confirmed when they are reviewed by Department staff in the ordinary course of business, including when an institution applies to the Department for recertification for eligibility for Title IV aid, for additional locations or programs, or other matters requiring such review. Institutions located in States where agencies are still putting in place a sufficient State authorization process may have their current status continued for a reasonable period to permit a State process to become final. Institutions whose State authorizing agency has a sufficient process but declines to authorize the institution will have their status resolved when the institutions are reviewed by Department staff in the ordinary course of business.

On August 22, 2011, we published an electronic announcement that described the steps a postsecondary institution could follow to obtain a one-year extension of the effective date of the regulations at 34 CFR 600.9(a) and (b), which set forth the requirements for an institution of higher education, a proprietary institution of higher education, and a postsecondary vocational institution to be considered legally authorized by a State. As noted in the preamble to the program integrity final regulations published on October 29, 2010, while the Secretary had designated 34 CFR 600.9(a) and (b) as being effective July 1, 2011, a State may have been unable to provide the appropriate State authorizations to its institutions by that date. The final regulations provided that institutions unable to obtain State authorization could receive a one-year stay of the enforcement of the regulations to July 1, 2012, and if necessary, an additional one-year extension to July 1, 2013. The Department provided two additional one-year extensions, further delaying the implementation date to July 1, 2015.

Please note that States may confer different types of approvals and authorizations for different types of institutions, so long as the State authorization for each type of institution meets the requirements in the Department's regulations. Because these regulatory requirements must be met in order for an institution to participate in Title IV programs, States and postsecondary institutions that have not yet done so should work together to ensure compliance with the regulatory requirements at 34 CFR 600.9(a) and (b).

State officials and agencies: If you believe some institutions in your State may have difficulty complying with these requirements, or to discuss your State plan for assisting institutions to meet the regulatory requirements, please contact Sophia McArdle at (202) 219-7078 or by e-mail at [stateauthorization@ed.gov](mailto:stateauthorization@ed.gov)

Postsecondary institutions: Please contact your State authorizing agency to ensure you have the necessary process in place to meet these requirements and that your State has a compliant complaint system. If you have questions, please contact your FSA School Participation Division at the contact numbers on the following link: <http://www.eligcert.ed.gov/>.

Sincerely,

**Jamienne S. Studley**

Deputy Under Secretary

Delegated the Duties of Assistant Secretary for Postsecondary Education

*Attachments/Enclosures: GEN-15-10: State Authorization Regulations Effective Date July 1, 2015 in PDF Format, 100KB, 2 Pages*

## 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.

Telephone: 617-928-1975 Web site: [www.HEAG.us](http://www.HEAG.us)