



HIGHER EDUCATION ASSISTANCE GROUP, Inc.

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Group, Inc  
[www.heag.us](http://www.heag.us)

# Newsletter

## January / February 2009

### Welcome

Welcome to the Higher Education Assistance Group, Inc (HEAG) newsletter. This newsletter was created as a tool with which to communicate to the HEAG's constituency which is composed of past and current client schools, New England area schools and HEAG employees. It will be filled with information to help you administer Title IV aid more efficiently and effectively, while maintaining compliance with all applicable federal regulations.

- Beth Ingle  
*Vice President*

### Message from Milton

The Group has now been actively providing consulting services to colleges and universities throughout the United States for 20 years. It has been both a privilege and an honor to have been invited onto your campuses to assist with the myriad issues related to Title IV compliance. The new

management team at HEAG has decided that the financial aid community would benefit from a periodic Newsletter which highlights for you important issues pertaining to the processing of Title IV aid. I am confident you will find the content meaningful and helpful. As always, we welcome your comments. From all of us at HEAG we wish you all a Happy New Year.

-Milton Kerstein  
President

### A Year of Changes

Recap 2008....

What a year!

\* Ensuring Continued Access to Student Loans Act (ECASLA)

\* Higher Education Opportunity Act (HEOA)

\* Presidential Elections

\*Credit Crunch, job losses and increasing college costs

These are challenges all of us in the financial aid community face in our goal to deliver the Title IV aid programs to students and their families. Watch what 2009 will bring!

# Changes to Pell, ACG and SMART Grant Programs

## PELL GRANT

All Pell changes are effective as of July 1, 2009.

• The maximum authorized Pell Grant amounts will be increased, as follows:

- 2009-2010: \$6,000
- 2010-2011: \$6,400
- 2011-2012: \$6,800
- 2012-2013: \$7,200
- 2013-2014: \$7,600
- 2014-2015: \$8,000

- The minimum Pell Grant will be set at 10% of each year's appropriated maximum award. This will ensure that the minimum award will increase from year to year in line with the maximum award. For 2007-08 and 2008-09, the minimum Pell award has been about 9% of the maximum, so this 10% minimum actually comprises a slight increase.
- The above maximums do not include the mandatory Pell increases affected by the CCRAA, so Pell Grant amounts may be even higher, depending on Congressional appropriations.
- A student enrolled at least half-time will be able to receive Pell year-round, up to the equivalent of two awards per year, in order to accelerate the completion of a degree or certificate program. For example, if a full-time student enrolls in the fall, spring and summer

semesters, and is awarded a full year's Pell for the fall and spring, s/he can receive an additional semester's Pell for the summer, even if that means exceeding the official maximum Pell award for that year.

- Pell Grants may only be awarded for up to 18 semesters or the equivalent, for students who first received a Pell award on or after July 1, 2008.
- Students who are subject to an involuntary civil commitment after completing a jail term for a sex offense will now be ineligible to receive Pell Grants.

## ACG and SMART GRANTS

ACG and SMART Grant programs were affected by both ECASLA (effective Jan 1, 2009) and HEOA (effective date to July 1, 2009.)

- Eligible non-citizens and to students enrolled at least half-time will be eligible for ACG and SMART grants.
- Awards for less-than-fulltime students will be prorated like Pell Grants.
- These grant programs will no longer be awarded based on a student's "academic year," but simply on her or his "year." In other words, the ACG or SMART year can be consistent with the year used for awarding loans.
- Unused ACG and SMART Grant funds may be carried over to use in the succeeding year.
- Degree-granting institutions may award first-year and second-year ACG funds for students enrolled in its one- and two-year certificate programs, respectively.
- In cases where a student is enrolled in a liberal arts program that does not

permit declaration of a major, SMART

- Grants may now be awarded to students taking coursework in a subject area equivalent to a SMART-eligible major.
- SMART Grants may now be awarded to fifth-year students attending programs with a required fifth year.

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*Remember - all of the to the Pell, ACG and SMART Grant programs are subject to negotiated rulemaking*

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# Disbursements and Refunds

Volume 4: Processing Aid and Managing Federal Student Aid Funds of the 2008/2009 Federal Student Aid Handbook includes the following new information regarding the **disbursement** of funds for the federal aid programs.

1. Title IV funds must be disbursed in a timely manner. A school cannot delay the disbursement of funds until after the 60% point simply to avoid the R2T4 calculations.
2. A school can make a disbursement of SFA funds no later than 180 days after the date the school determined that the student was no longer in school.

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New information regarding refunds includes:

1. A school can issue SFA refunds by EFT to a student's bank account.
2. The delivery of an SFA refund must be of no cost to the student. A fee cannot be charged to the student.
3. A school may use current year funds to pay down prior year charges up to but never to exceed \$ 200.00.
4. A school only has 30 days from the date the school became aware that the student never begun attendance to return FSA funds that were already disbursed.

## Loan Programs

Loan counseling requirements for the Grad PLUS program require a student to complete entrance loan counseling if they have not received a PLUS loan in the past.

Detailed information can be found in Volume, Chapter 6 of the SFA Handbook.

## Pell Formula

All clock hour and non-term programs must use Formula 4 for its Pell calculation. Details can be found in the 2008/2009 SFA Handbook.

## Payment Periods

**Credit hour non-term and clock hour programs' payment periods-** a student must completed a certain number of credit hours and weeks of instruction in order to move on to the next payment period. For example: a 24 credit hour 30-week program. The student must earn 12 credits and completed 15 weeks of instructional time before one payment period ends and another begins. If the student has 15 weeks of instructional time but only earned 10 credits, the student could not move onto the next payment period until s/he earned the additional 2 credits. (SFA Handbook, Vol. 3, p. 3-6)

Credit hour non-term and clock hour programs can have no more than 2 payment periods. (0809 SFA Handbook, Vol. 3, p. 3-7)

For FFEL and DL, the payment period for non-standard term not substantially equal in length is defined in credit hours and instructional time. The same as credit hour non-term and clock hour programs' payment periods listed above. (0809 SFA Handbook, VOL. 3, p. 3-8)

**Substantially Equal** means that no term in the program is more than 2

### HEAG SERVICES

**We are a comprehensive higher education consulting team located in Wellesley, Massachusetts. Started in 1989, the Group has assisted numerous public and private post secondary institutions with their student service and compliance needs by offering short and long term interim staffing, audit support, compliance expertise and more.**

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weeks of instructional time longer

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**HEAG SERVICES**

- **Short and Long Term Staffing Support**
- **Financial Aid Management and Program Review Preparation**
- **Office Management Overview and Assessment**
- **Student Loan Assistance: FFEL, Direct and Private Loan Programs**
- **SunGard Banner Financial Aid Consulting**
- **Training and Presentations**
- **English as a Second Language Expertise**

than any other term in the program.

## Program Eligibility

Volume 2: School Eligibility and Operation of the 2008/2009 Federal Student Aid Handbook includes new information regarding program eligibility for schools. These changes were approved under the Higher Education Reconciliation Act of 2005 (HERA) but had not previously been included in the FSA Handbook. This new information affects Direct Assessment, Telecommunications and Distance Education Programs.

### **Direct Assessment Programs**

In order to award aid to students enrolled in Direct Assessment programs a school must have the program approved by the Department of Education and such program must be listed on the school's ECAR prior to awarding.

In addition, Direct Assessment programs must consist of at least 30 weeks of instructional time. A week of instructional time in a direct

assessment program is any 7-day period in which at least 1 day of educational activity occurs. FSA funds may be awarded only for learning that results from instruction provided, or overseen, by the school. FSA funds cannot be awarded for any portion of the program based on study or life experience prior to enrollment in the program, or based on tests of learning that are not associated with educational activities overseen by the school.

### **Telecommunications Programs**

Courses offered by telecommunications are no longer considered correspondence courses, and students enrolled in telecommunications courses are no longer considered to be correspondence students.

### **Distance Education Programs**

Distance education programs must be evaluated by an accrediting agency that is recognized by ED for the purpose of evaluating distance education. See GEN-06-17 for specific information regarding this requirement.

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# Meet the Management Team...

## **Milton L. Kerstein, Esquire**

*President*



Attorney Milton Kerstein has extensive credentials in the field of Financial Aid. He has more than 30 years experience in financial aid where he held several positions within the Massachusetts' university and post-secondary system. In 1989, he founded The Higher Education Assistance Group, Inc. and is President. Attorney Kerstein is a cum laude graduate of Suffolk University Law School and has integrated his expertise in higher education and financial aid into the practice of law. He has an active education law practice and represents colleges and universities regarding a wide array of issues dealing with Title IV program compliance, academic accreditation and program certification. In addition, he has a private general practice.

## **Beth Ingle**

*Vice President*



Beth rejoined The Higher Education Assistance Group in April 2008 after taking three years off to work as a student loan representative for a national lender. Previously, Beth worked for HEAG for eight years. Beth has over 25 years experience working in financial aid and as a lender representative. At HEAG, Beth will be responsible for all business development activities for the Group. She is a graduate of The University of Vermont and has a Master's Degree from Michigan State College.