
Introduction to Volume 4

The purpose of this publication is to provide participating schools with guidance on how to request, disburse, manage and report on the use of Federal Student Aid funds.

Here, we provide a summary of the changes and clarifications presented in greater detail in the chapters that follow. **Alone, the text herein does not provide schools with the guidance needed to satisfactorily administer the Title IV, HEA programs.** For more complete guidance, you should refer to the text in the chapters cited, the Code of Federal Regulations (CFR) and the Higher Education Assistance Act (HEA) as amended:

Throughout this volume, new information is indicated with the following symbol:



When the text represents a clarification rather than a change, it is indicated with this symbol:



When we believe that historically there might be some misunderstanding of a requirement, we indicate that with:



or



Finally, if we want to point out a bit of helpful information we indicate it with:



Major Changes

On February 8, 2006, the president signed The Higher Education Reconciliation Act of 2005 (HERA). Effective July 1, 2006, HERA established two new types of grants for certain Pell Grant-eligible college students:

1. The Academic Competitiveness Grant (ACG), and
2. The National Science and Mathematics Access to Retain Talent Grant (National SMART grant).

In addition, the HERA created a new category of eligible PLUS loan borrowers – graduate and professional students.

Chapter 1 – The MPN and the Stafford/PLUS Loan Process

- ☛ We explain that as a result of the HERA, for loans certified or originated on or after July 1, 2006, graduate and professional students are now eligible to borrow under the PLUS Loan Program in both the FFEL and Direct Loan programs.
- ☛ We have added a section explaining the processing of PLUS loans for graduate and professional students.
- ☛ We note the limitations on using the multi-year feature of the PLUS MPN at foreign schools.
- ☛ We explain what graduate/professional students must do in order to be eligible to apply for PLUS Loans.

Chapter 2 — Disbursing Federal Student Aid Funds

- ☛ We remind schools that a student begins earning Title IV funds on his or her first day of attendance, and that even if a student withdraws before a school's census date, the school must perform a Return calculation using the number of days or the number of scheduled clock hours the student attended class as the numerator in STEP 2, Part H.
- ☛ We remind schools that they must return funds disbursed to a student who failed to begin attendance immediately after discovering that he or she failed to begin attendance, and that a school may not ignore information available to any office at the school indicating that a student failed to begin attendance.
- ☛ We explain that the statutory provisions providing schools with low default rates leeway in disbursing Stafford loans have been restored.
- ☛ We explain what information a school must provide when it contacts a student before making a late disbursement of Title IV funds.
- ☛ We describe the flexibility schools have in contacting students before making late disbursements.

Chapter 3 – Requesting and Managing FSA Funds

No major changes.

