



Session 34

CAMPUS-BASED PROGRAMS UPDATE

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Campus-Based Programs Update

- Budget and Reauthorization Proposals for the Federal Perkins, Federal Work Study (FWS) and the Federal Supplemental Educational Opportunity Grant (FSEOG) Programs
- Hurricane Guidance
- Dear Colleague Letters
- Individual Program Issues





Budget & Reauthorization Proposals

- FY 06 Bush Administration Proposals
- Funding Requests
 - Federal Perkins Loan Program
 - No New FCC/No New Cancellation Reimbursement
 - FWS
 - \$990.0 million
 - FSEOG
 - \$778.7 million





Budget & Reauthorization Proposals

- FY06 House Campus-Based Appropriations:
 - Perkins: 0 FCC/\$66 million to Reimburse Cancellation
 - FWS : \$990 million
 - FSEOG: \$778.7 million





Budget & Reauthorization Proposals

- FY06 Senate Campus-Based Appropriations:
 - Perkins: 0 FCC/\$66 million to Reimburse Cancellation
 - FWS : \$990 million
 - FSEOG: \$804.7 million





Budget & Reauthorization Proposals

- Administration's Reauth Proposals
- Federal Perkins Loan Program:
 - Eliminate the Perkins Loan Program
 - Recall the Federal Portion of Institutional Revolving Funds
 - Require the Assignment of all Outstanding Perkins Loans to the Department of Education





Budget & Reauthorization Proposals

- Administration's Reauth Proposals
- Federal Work Study:
 - Phase Out Base Guarantee in Allocation Formula
 - Better Targets the Allocation of FWS Appropriations to Institutions for Timely Degree Completion of Pell Recipients
 - Create a New Set-aside of 20% of FWS Funds for Community Service Activities





Budget & Reauthorization Proposals

- Administration's Reauth Proposals
- Federal Work Study:
 - Require the Secretary to Provide Schools and Public and Private Nonprofit Agencies With:
 - Information on Best Practices in Community Service and Technical Assistance
 - Secretary May Consult with Corporation for National and Community Service





Budget & Reauthorization Proposals

- Administration's Reauth Proposals
- FSEOG
 - Phase Out Base Guarantee in Allocation Formula
 - Better Targets the Allocation of FSEOG Appropriations to Institutions with Timely Degree Completion for Pell Recipients





Budget & Reauthorization Proposals

- S. 1614 – Reported out of Senate Health, Education, Labor & Pensions Committee Unanimously on September 8, 2005
- Perkins Loan Program
 - Perkins Loan Program is reauthorized
 - Eliminates “written” forbearance request
 - Military deferment for active duty/National Guard during war/national emergency





Budget & Reauthorization Proposals

- S. 1614 – Perkins Loan Program Proposals:
 - New Cancellation Provisions
 - Expands Head Start Cancellation to Include Full-time Staff in Pre-K or Child Care Programs
 - Faculty Members of Tribal Colleges
 - Librarians in Low-Income Schools/Areas
 - Speech Therapists in Low-Income Schools
 - Removes “defense of infancy” as borrower defense against repayment





Budget & Reauthorization Proposals

- S. 1614 – Federal Work Study Proposals:
 - Allows the Secretary to Waive the 7% Community Service Requirement if Institution Certifies that 15% or more of its Full-time Enrollment Participate in Community Service
 - Allows Work Colleges to Support Existing and New Model Student Volunteer Community Service Projects
 - Raises allowance for books/supplies in Allocation Formula to \$600





Budget & Reauthorization Proposals

- S. 1614 – FSEOG
- Strikes requirement to allocate portion of appropriations to Institutions with timely degree completion for Pell recipients
- Raises allowance for books/supplies in allocation formula to \$600





Budget & Reauthorization Proposals

- H.R. 609 – Reported out of House Education and the Workforce committee, by a vote of 27 to 20, on July 22, 2005
- Phases out the base guarantee from the Campus-Based allocation formula
- Raises allowance for books & supplies in allocation formula to \$600





Budget & Reauthorization Proposals

- H.R. 609 – Federal Perkins Loan Program
 - Reauthorizes the Perkins Loan Program
 - Raises Undergrad/Grad loan limits
 - \$5,500/\$27,500 -- Undergraduate
 - \$8,000/\$60,000 -- Graduate
 - Eliminates “written” forbearance request
 - Requires Secretary to authorize compromise repayment on defaulted loans





Budget & Reauthorization Proposals

- H.R. 609 – Federal Perkins Loan Program
 - Decreases consecutive monthly payments required to rehabilitate from 12 to 9
 - Allows for 100% cancellation for Military service in areas of hostility
 - Military deferment for Active Duty/National Guard in war or national emergency





Budget & Reauthorization Proposals

- H.R. 609 – Federal Work Study
 - Eliminates requirement that on-campus childcare provided as a community service be “Open and accessible to the community”
 - Better targets the allocation of FWS appropriations to institutions for timely degree completion of Pell recipients





Budget & Reauthorization Proposals

- H.R. 609 – Federal Work Study
 - Job location and development programs
 - Not more than 15% or \$75,000 of FWS allocation to establish or expand jobs for enrolled students
 - At least one-third of such amounts to locate/develop community service jobs





Budget & Reauthorization Proposals

H. R. 609 – Federal Work Study

– Work Colleges

- Expanded to include and require “Work-learning-service” programs





Budget & Reauthorization Proposals

- H.R. 609 – FSEOG
 - Requires Institutions to give priority to Pell grant recipients and to award no more than 10 % of FSEOG allocation to non-Pell recipients
 - Better targets the allocation of FSEOG appropriations to Institutions with timely degree completion of Pell recipients





Hurricane Guidance

- Link to all Hurricane guidance:
 - <http://ifap.ed.gov>
- Federal register notice extending reporting deadlines (Sept. 9, 2005)
- Electronic announcements
- Hurricane information for students, parents, borrowers & Institutions of higher Ed
- Use Gen-04-04 guidance if Katrina/Rita guidance inapplicable





Hurricane Guidance for Campus-Based Programs

- Underutilization penalty waived for affected institutions
- Perkins Loan Program
 - Borrowers in repayment receive automatic 3-month forbearance - No request/no documentation/no 3-year limitation
 - In-School borrowers remain in “In-School”





Hurricane Guidance for Campus-Based Programs

- FWS
 - Requirement to submit requests for waiver of community service waived
 - Submit written request including info in Q&A #4 of DCL CB-05-05
 - Reminder: employing FWS students in cleanup/relief efforts considered part of “community service” activities





Congressional Action on Hurricane Relief

- Pell Grant Hurricane and Disaster Relief Act (P.L. 109-66)
- Student Grant Hurricane Disaster Relief Act (P.L. 109-67)
- Waives repayment of Pell and other Title IV grants, respectively, for students who withdraw because of Hurricanes





Congressional Action on Hurricane Relief

- Natural Disaster Student Aid Fairness Act (P.L. 109-86)
 - Allows ED to reallocate campus-based funds to:
 - schools located in a gulf hurricane disaster area
 - schools that accepted students forced to withdraw from hurricane damaged institutions





2005 Dear Colleague Letters of Interest

- GEN 05-17 published 11/ /05
Announces Waiver of student title
IV grant repayments due in
accordance with Return of Title IV
Aid requirements





2005 Dear Colleague Letters of Interest

- DCL GEN-05-13 – Updates GEN-05-07: Requesting approval to make a late disbursement beyond the 120-day period
- Requests must be made directly by School or Third Party Servicer
- Fax request on school letterhead:
 - 202-275-5522 (*new fax number*)
 - Attn: FSA LLD Processing Team, “Late”
Late Disbursement Approval Request





2005 Dear Colleague Letters of Interest

- All requests must include
 - Date of request, School name and OPE ID
 - Contact information
 - Student name and SSN
 - Type of aid and amount to be disbursed
 - Explanation why disbursement not made while student was enrolled





2005 Dear Colleague Letters of Interest

- Pell, FSEOG & Perkins requests:
 - Award year
 - Payment period beginning/end dates
 - Did student complete the payment period
 - If not, when did student cease to be enrolled
 - Date award was made to student (FSEOG and Perkins only)





2005 Dear Colleague Letters of Interest

- Dear Colleague Letter CB-05-15 Reaffirms & clarifies Perkins borrowers must provide services **exclusively** and **directly** to “high risk children from low-income communities” to receive cancellation
- 05-06 Handbook corrects definition of high-risk children: “Individuals under the age of 21 who are low-income **OR** at risk of abuse or neglect, have been abused.....”





2005 Dear Colleague Letters of Interest

- Dear Colleague Letter CB-05-11
Introduces new Perkins loan default
reduction assistance program (DRAP)
(published July 7, 2005)
- New DRAP process initiated and
managed via eCampus-Based website
- Effective late July 2005





2005 Dear Colleague Letter of Interest

- DRAP Dear Colleague Letter (cont.)
 - Eliminates need for a School to manually request, create and send DRAP file to the Department via SAIG
 - School or its Servicer enters/edits/updates borrowers information
 - School or its Servicer can monitor and track letters





2005 Dear Colleague Letters of Interest

- Dear Colleague Letter CB-05-03 –
Use of State scholarships and grants as
the non-federal share of FSEOG
Awards (published February 25, 2005)
- All State scholarships and grants,
except LEAP/SLEAP awards, meet
non-federal share requirement





Perkins Loan Program Management Issues

- Excess cash/fund deficit strategies
 - Request increase in LOE or Return Cash
 - Make short-term loan to fund
- “In-School” and “in Grace” versus “in repayment” for consolidating borrowers and calculation of cohort default rates
- Use of late fees: Withdraw or keep in fund to obtain overdue payments





Perkins Loan Program

Management Issues (continued)

- Perkins Master Promissory Note
 - Schools may direct borrowers to secure websites when providing notices and disclosures under 668.165 and 674.16 (See DCL GEN – 05-16)
 - Only outstanding loans included in “total cumulative balance owed” disclosure





Perkins Loan Program Management Issues

- New notes after cancelled disbursement in first 12 months is a School's choice
- Use of new MPN after borrower's bankruptcy is a School's choice





Perkins Loan Program Management Issues

- HEROES Act extended through September 20, 2007 (P.L.109-78)
- Federal Register Notice published December 12, 2003 Also Extended
 - Contains Waivers and Modifications to HEA and program regulations
 - <http://ifap.ed.gov/fregisters/fr12122003.html>





Perkins Loan Program

Management Issues

- Excludes all Military Service from Title IV borrower's initial grace period
- Requires loan holders keep affected individuals in an “In-School” or “In-School” deferment
- Waives collection on defaulted loans while borrower is an affected individual
- Waives documentation/3-year limit on Military deferment





Perkins Loan Program Management Issues

- Military service does not interrupt service required for loan cancellation
- Military service does not interrupt required consecutive payments to rehabilitate or make satisfactory repayment arrangements to regain eligibility





Perkins Loan Program

Management Issues

- Waives written, written agreement and supporting documentation for initial forbearance for Perkins borrowers
- Requires documentation beyond initial forbearance period
- Periods of forbearance for Perkins borrowers do not count against 3-year limit





FWS Program

Management Issues

- Student's supervisor may electronically certify student's work and earnings
- Electronic certification and payrolls must adopt safeguards against fraud and abuse





FWS Program Management Issues

- Safeguards against fraud/abuse include:
 - Password protection & changes at intervals
 - Access revocation for unsuccessful log-ins
 - User identification & entry-point tracking
 - Random audit Surveys with Supervisors
 - Security Tests of the code access





FWS Program

Management Issues

- Corporation for National and Community Service & Department of Education to develop “Summer of Service Federal Work Study”
 - Wholly invests students in community service
 - Summer service allows students to help pay for school without compromising academics
 - Students can work in settings unavailable to them at their own college or university





FSEOG Program

Management Issues

- FSEOG Priority Award Concept
 - First selection group
 - Students with the lowest expected family contribution (EFC) who will also receive Pell grants in that award year
 - Second selection group
 - Students with the lowest EFCs who are not receiving Pell grants





FSEOG Program

Management Issues

- FSEOG Priority Award Concept
 - Keep documentation of student's EFC and confirm Pell eligibility before disbursing FSEOG
 - If student receives NO Pell and FSEOG award was made in good faith, recovery of FSEOG funds not required





Contact Information

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