

The seal of the Department of Education, United States of America, is centered in the background. It features a circular design with the text "DEPARTMENT OF EDUCATION" at the top and "UNITED STATES OF AMERICA" at the bottom. The central emblem depicts a globe with a tree growing from it, symbolizing education and growth.

Opening Remarks

Jerry Russomano

**Director, Program Systems Service
Office of Student Financial Assistance Programs**

Overview

- **A Little About 1998**
- **New for 1999**
- **Direct Loans**
- **Technology**
- **Modernization**
- **Year 2000**

A Little About 1998

<u>Product</u>	<u>Promised Date</u>	<u>Actual Date</u>
FAFSA Express	12/97	12/97
FAFSA on the Web	1/98	1/98
Renewal FAFSA on the Web	1/98	1/98
EDEXpress for Windows		
- Application	1/98	12/97
- Packaging	1/98	12/97
- QA	2/98	2/98
- Direct Loans	2/98	2/98
- Pell Payment	6/98	6/98
- FISAP	8/98	7/98
- SSCR (32-bit)		5/98
Pell Payment for DOS	6/98	6/98

A Little About 1998

FAFSA Processing

- **Postscreening**
- **FAFSA On The Web-Multi-Encryption Levels**
- **Almost 1/4 of FAFSAs are electronic**
- **Over 150,000 EACs were requested**

TIV_{WAN}

- **Password Expiration - 120 days**

A Little About 1998

NSLDS

- **Password Expiration**
 - 120 Days
- **Moved to New Data Center**
 - Major Cost Savings
- **Daily Pell Updates**
- **Improved Data Quality (GA focus)**
- **Aid Overpayments**
 - On-line Screens for Schools
- **1996 Cohort Default Rates Calculated**
 - On Time and No Problems

New for
1999

- **System Start-up = 01/15/1999**
- **Veteran's Administration Match
(at Start-up)**
- **Social Security Administration
(after Start-up)**
 - ◆ **Prisoner's file**
 - ◆ **Date of Death**

New for
1999

- **FAFSA On The Web - EFC Estimator**
- **NSLDS - Student Web Access**
- **NSLDS - On-Line Access Via The Web**

**NEW FOR
1999:**

PELL PAYMENTS

- **Recipient Financial Management System (RFMS)**
- **1999-00 Award Year**
- **Consistent With Project EASI Vision**
 - ◆ **Origination Record**
 - ◆ **Disbursement Record**

**NEW FOR
1999:**

PELL /continued

- **Moves Toward Common Reporting for All Programs**
- **Early Warning of Problems**
- **Minimizes Rejects/Assumptions**
- **Minimizes Overpayments**
- **Promotes Program Integrity**

**NEW FOR
1999:**

FAFSA Redesign

- **FAFSA Reduced from 16 to 8 Pages**
- **2 Colors: Yellow = Students, Purple = Parents**
- **Total Questions Reduced From 108 to 99**
- **Distribution Began 10/1998**

Direct Loans

The screenshot shows a Netscape browser window titled "Netscape: Direct Loans". The address bar contains the URL "http://www.ed.gov/directloan/". The browser's toolbar includes icons for Back, Forward, Reload, Home, Search, Guide, Images, Print, Security, and Stop. The website content features a large purple and red header with the text "Direct Loans" and "WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM". Below this is the slogan "a better way to borrow" in red. A navigation bar contains links for "ABOUT DIRECT LOANS", "SEARCH", "ANNOUNCEMENTS", "FAQ", and "CALL/WRITE US". Two red buttons labeled "EXTERNAL SITES" and "AVOID DEFAULT" are positioned above a purple banner that says "APPLY NOW! APPLY NOW! APPLY NOW!" and "Apply electronically for a Direct Consolidation Loan!". The main content area has a light purple background with a faint image of a classical column. It lists four categories with corresponding icons: "INFO FOR FINANCIAL AID PROFESSIONALS", "FINANCIAL AID FOR STUDENTS", "INTERACTIVE CALCULATORS", and "DIRECT CONSOLIDATION LOAN INFO".

Netscape: Direct Loans

Back Forward Reload Home Search Guide Images Print Security Stop

NetSite: <http://www.ed.gov/directloan/>

Direct Loans

WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM

a better way to borrow

ABOUT DIRECT LOANS | SEARCH | ANNOUNCEMENTS | FAQ | CALL/WRITE US

EXTERNAL SITES AVOID DEFAULT

APPLY NOW! APPLY NOW! APPLY NOW!

[Apply electronically for a Direct Consolidation Loan!](#)

- INFO FOR FINANCIAL AID PROFESSIONALS
- FINANCIAL AID FOR STUDENTS
- INTERACTIVE CALCULATORS
- DIRECT CONSOLIDATION LOAN INFO

Direct Loans

1999

- **Web Site Enhancements**
- **Investigate Other Payment Options**
 - **Coupon Books**
 - **Credit Cards**
- **Closeout year 4**

1999 PC Products

The Schedule

- **Everything will be 32-bit***
 - Action letter #2 - October 1997
- **FAFSA Express..... 12/98**
- **FAFSA on the Web 01/99**
- **Renewal FAFSA on the Web 01/99**

1999 PC Products

The Schedule /continued

- **EDExpress for Windows**
 - Application..... 12/98*
 - Packaging 12/98*
 - Quality Assurance..... 02/99*
 - Direct Loans..... 02/99*
 - Pell Payment..... 05/99*
 - FISAP..... 07/99*
- **NSLDS Data Provider Software..... 01/99***
 - **Windows 95, Windows NT or higher*

- **Retirement - Move to Internet**
 - Phase 1 (Gateway)..... 04/99
 - Phase 2 (Full Internet)07/99
- **EDCONNECT..... 12/98***
- **1999 Electronic Access Conferences**
 - Miami, FL..... 11/02 - 11/04
 - Keystone, CO..... 11/15 - 11/17
 - San Antonio, TX..... 12/15 - 12/17
- **Third Annual conference with
Third Party Software Providers 08/99**

**Windows 95, Windows NT or higher*

Data Center Migration Plan

- **NSLDS..... 02/98**
- **PEPS 08/98**
- **PELL, Campus Based 11/98**
- **DL Origination/Consolidation 03/99**
- **Central Processing System 05/99**
- **Title IV WAN..... 06/99**
- **Multiple Data Entry 08/99**
- **Family Federal Education Loans..... 08/99**
- **Direct Loan Servicing..... 11/99**
- **Direct Loan Central Database..... 12/99**

THE WEB FOR 1999

- **FAFSA On The Web**
 - 40-, 56- and 128 bit Encryption
 - Pilot - CSU Mentor
- **Renewal FAFSA On The Web (EAC)**
- **Direct Loans - Account Access**
- **Loan Consolidation Application**
- **PEPS - Electronic App**
- **NSLDS Student Access “Proof Of Concept”**
- **Information for Financial Aid Professionals (IFAP)**
- **SFA Technical Support Web Page**
- **Year 2000 Advice and Information**

Building the Foundation

- **Goal is to manage risk, improve cost, schedule, performance, and quality**
- **Actions initiated to bring software engineering discipline, structured, repeatable processes to SFA**
- **Focusing on best practices**
- **Strategically - EASI is the driver**

Project EASI

Easy Access for Students and Institutions

- **A collaborative effort to streamline and improve the process and systems involved in administering postsecondary education**
- **Involves all major postsecondary education community stakeholders**
- **Encompasses many areas within postsecondary education, but concentrates on the delivery of student financial aid**

Project EASI Products

- **Concept Document - 6/97**
- **Business Area Requirements - 7/97**
- **Cost/Benefit Analysis - 9/97**
- **Subsystem Definition Report - 11/97**
- **Logical Data Model - 5/98**
- **Application Services Definition - 6/98**
- **Common Operating Environment - 7/98**
- **Data Standards Comparison Matrix - 8/98**
- **Transition Strategy - 9/98**

Visit <http://easi.ed.gov>

Project EASI

The screenshot shows a Netscape browser window titled "Netscape: Project EASI...Easy Access for Students and Institutions". The address bar displays "http://easi.ed.gov/". The website features a large "Project EASI" logo with a lightning bolt graphic and the tagline "...resources for education beyond high school". Below the logo is a navigation menu with buttons for "home", "plan", "apply", "receive", "repay", and "new!". A central diagram illustrates the student financial aid cycle: "Planning for your education" (1) leads to "Applying for student aid" (2), which leads to "Receiving financial aid" (3), which leads to "Repaying your student loan(s)" (4), which then loops back to "Planning for your education". A central graduation cap icon is positioned between the "Applying" and "Receiving" steps. On the left side, under "MOST REQUESTED", there are links for "site map", "EASI Info library", "Linking is EASI", "FAFSA on the Web", and "Electronic Data Interchange". At the bottom, a "Welcome to Project EASI!" section provides a brief history of the project, starting on August 1, 1995, and its goal to improve student financial aid delivery.

Project EASI ...resources for education beyond high school

easy access for students and institutions

MOST REQUESTED

- [site map](#)
- [EASI Info library](#)
- [Linking is EASI](#)
- [FAFSA on the Web](#)
- [Electronic Data Interchange](#)

Planning for your education → **Applying for student aid** → **Receiving financial aid** → **Repaying your student loan(s)** → **Planning for your education**

Welcome to Project EASI!

On August 1, 1995, Secretary of Education Richard Riley called upon the Department of Education and its partners in the postsecondary education community to:

design, integrate and develop a world-class comprehensive student financial aid delivery

In response to this challenge, government, education, student and business leaders initiated **Project EASI (Easy Access for Students and Institutions)**, a collaborative effort to use cutting-edge technology and business processes to dramatically transform the administration of student financial aid and improve customer access to information and funding for

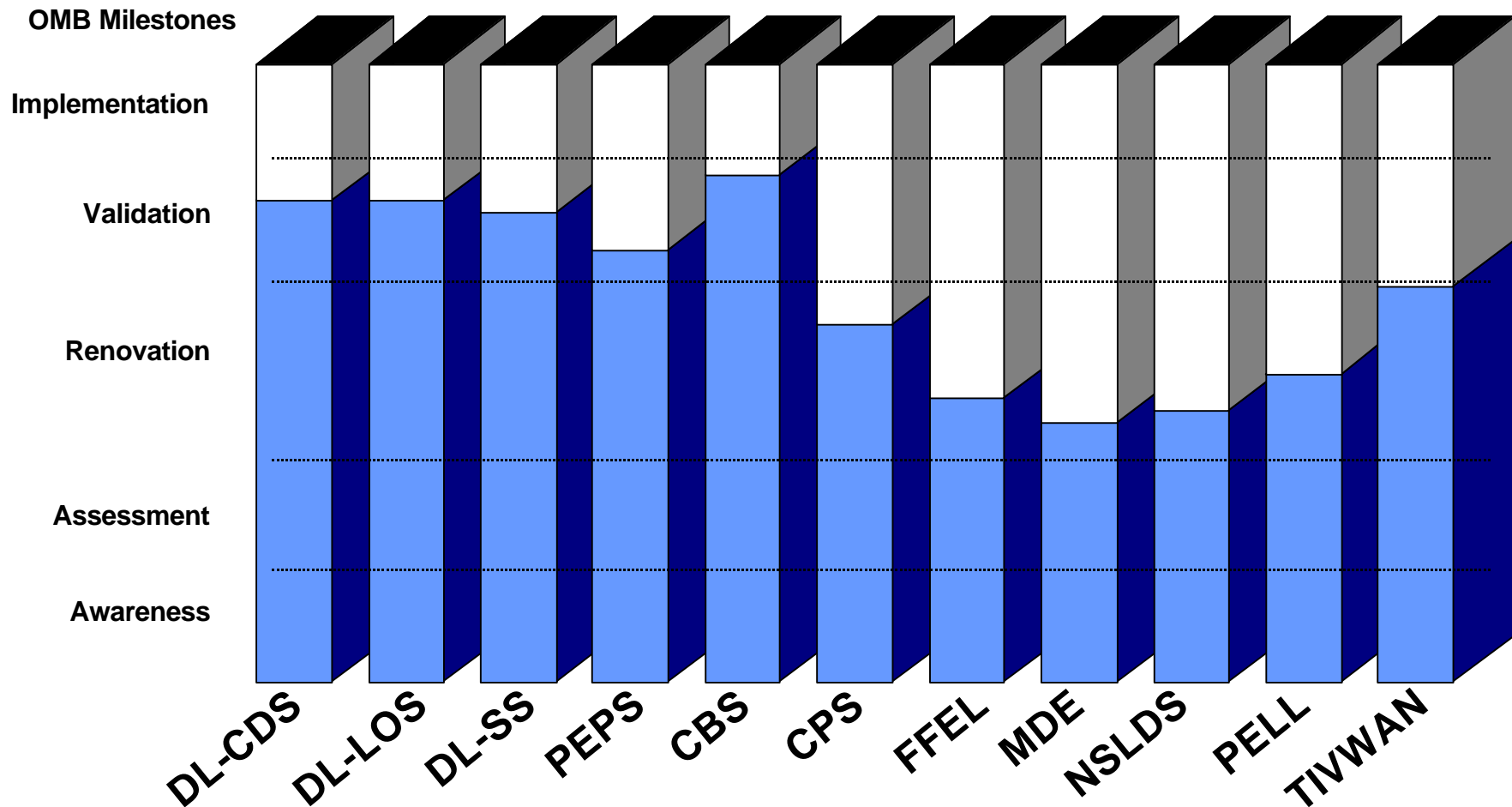
Defining the Problem

- **Many Systems Store and Express Years as two-digit**
- **At the turn of the century, some applications and systems may crash, or incorrectly interpret dates**
- **Affects PCs, LANs, Telecommunications Systems, and Systems Equipment with Embedded Technology**

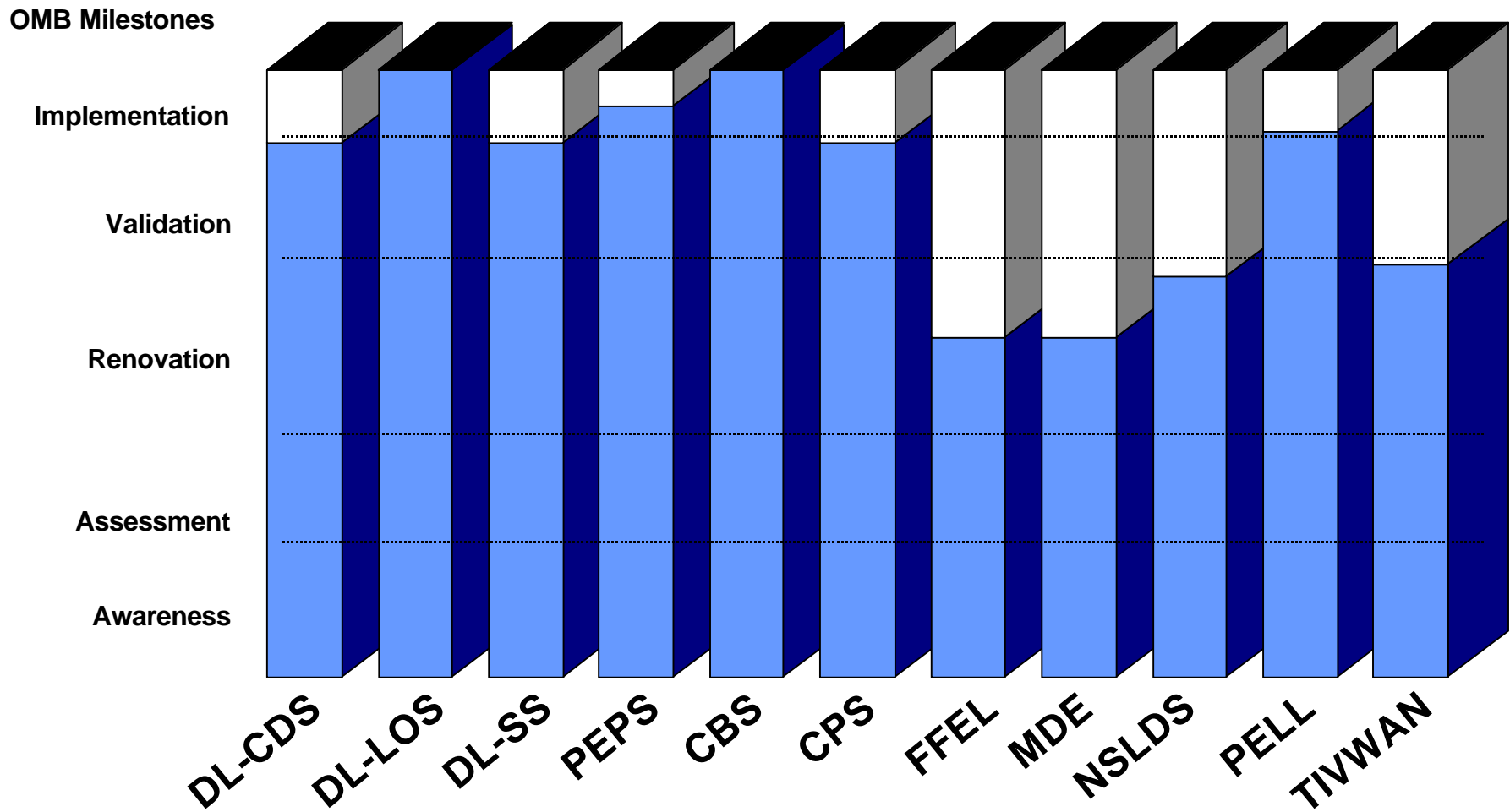
ED's 5-Phase Strategy

- **AWARENESS: Definition & Promotion**
- **ASSESSMENT: Inventory & Analysis**
- **RENOVATION: Conversion & Replacement**
- **VALIDATION: Testing & Verification**
- **IMPLEMENTATION: Activation**

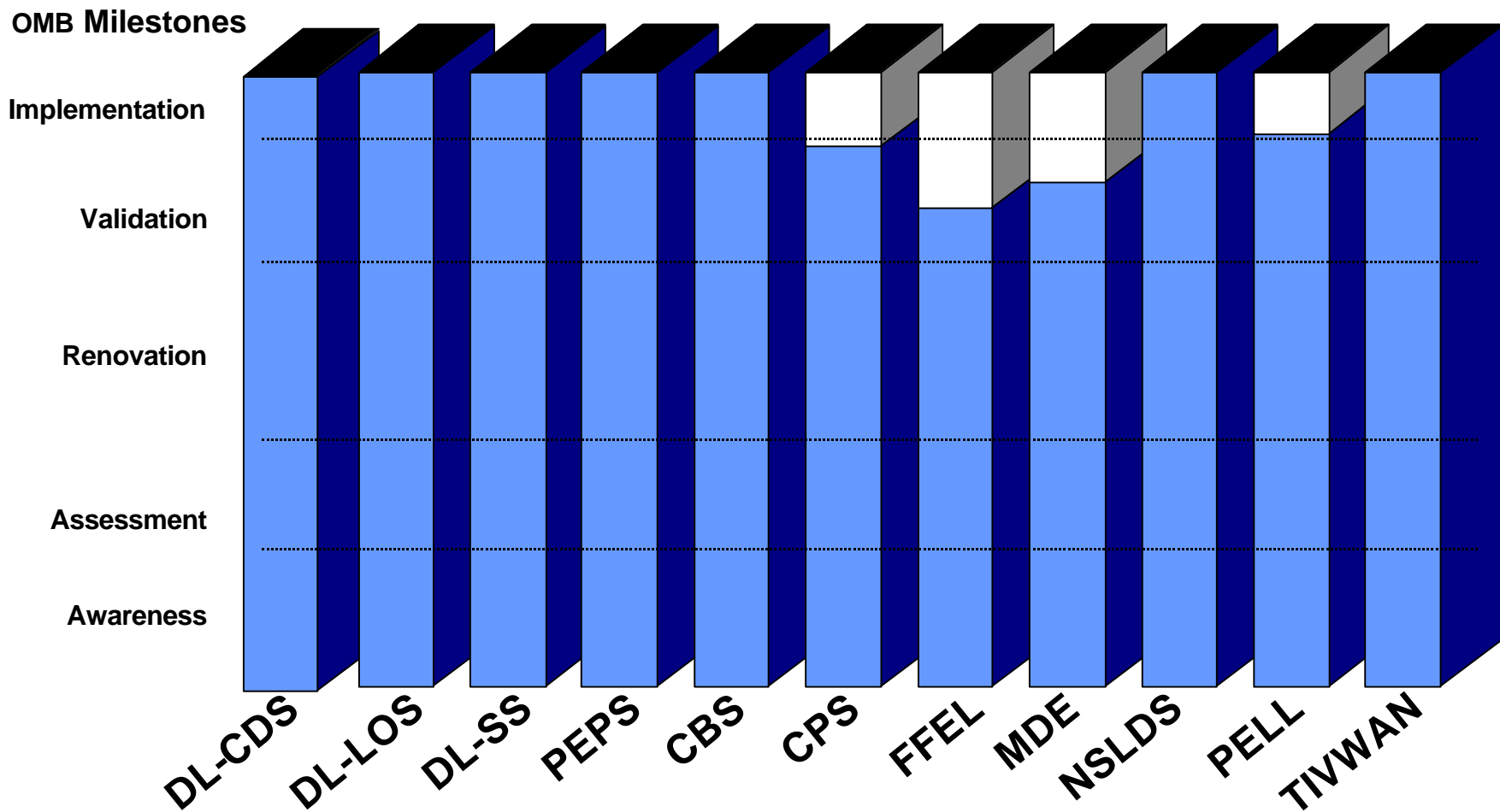
Year 2000 Compliance Project *Status of Mission Critical Systems as of 5/15/98*



Year 2000 Compliance Project *Status of Mission Critical Systems as of 8/15/98*



Year 2000 Compliance Project *Status of Mission Critical Systems as of 11/15/98*



Y2K Compliance Project Status of Mission Critical Systems as of 02/15/99 (Projected)

OMB Milestones

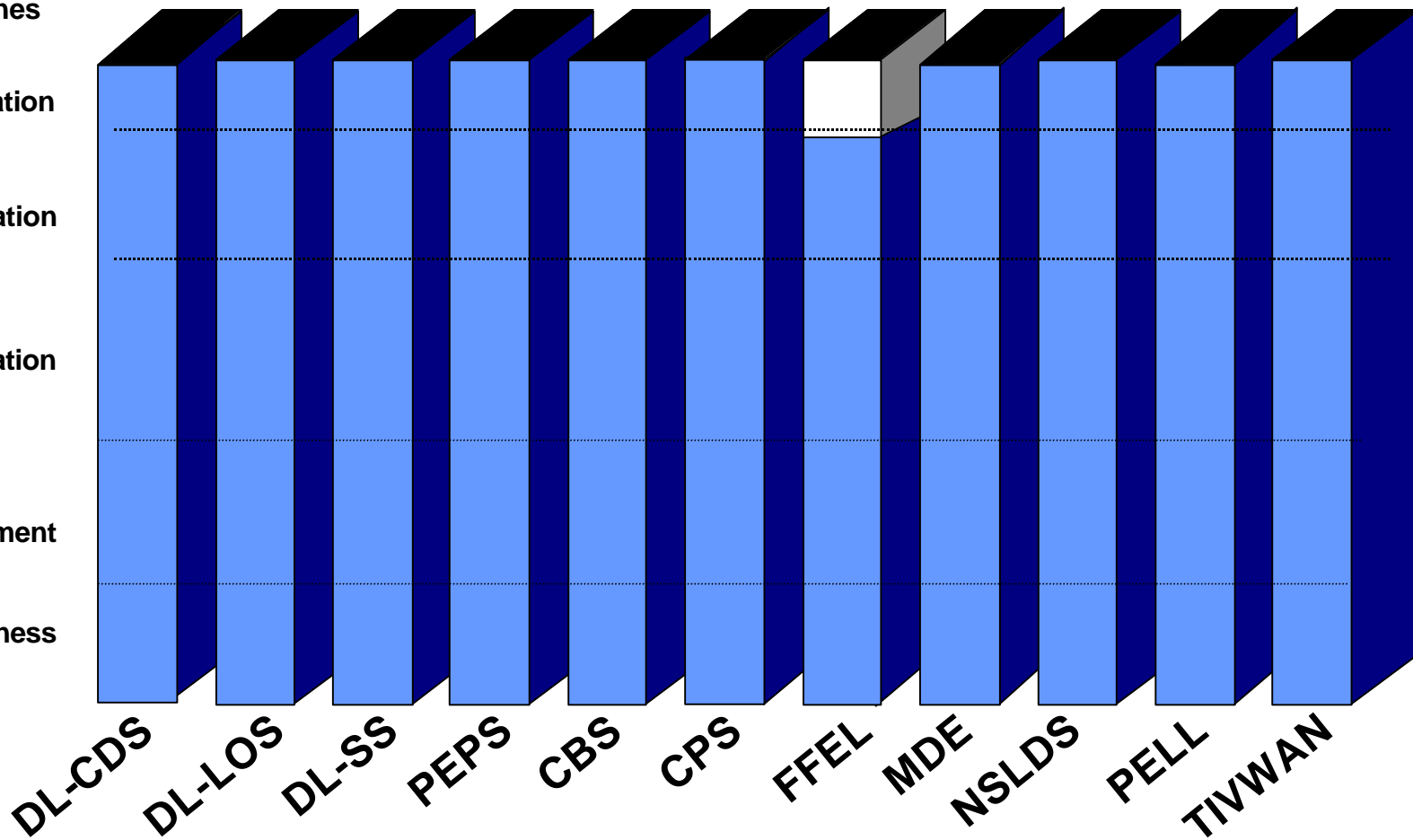
Implementation

Validation

Renovation

Assessment

Awareness



PC Products & Y2K

- EDE Products use 4-digit year
- Written Assurance In January 1999

TEST STATUS:	<u>1998-1999</u>	<u>1999-2000</u>
– Applications	Retire	Done
– Packaging	Retire	Done
– Direct Loans	Done	01/99
– Pell	Done	01/99
– FISAP	Retire	Done
– QAP	Done	11/99
– SSCR	Done	Done
– EDCONNECT	Retire	12/98
– NSLDS Data Provider		01/99

- **Web Enabled: Test With Selected Sites
During
Early 1999**
- **Web Enabled: Test With All Interested
Sites
4/1/1999 - 9/30/1999**
- **All ED electronic trading partners must
be compliant by 3/31/99**

Year 2000 At Schools

- **Check ED's Web Site**
 - www.ed.gov/y2k
- **Y2K Video Conference**
- **Does Your Institution Have A Plan?**
 - Review it for dates, resources, progress
- **Make Sure Dates Are CCYY/MM/DD**
- **Make Sure the PCs are Y2K Compliant**
- **ED is upgrading its Y2K edits checks**

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Opening Remarks

Jeff Baker

**Director, Policy Development Division
Office of Student Financial Assistance Programs**

Title IV Programs Appropriations

	FY 1998	FY 1999
	(1998-1999 Award Year)	(1999-2000 Award Year)
PELL	\$7,344,934,000	\$7,704,000,000
Max Award	3,000	3,125
FSEOG	614,000,000	619,000,000
FWS	830,000,000	870,000,000
Perkins-FCC	135,000,000	100,000,000
Cancel	30,000,000	30,000,000
SSIG/LEAP	25,000,000	25,000,000

REAUTHORIZATION

Higher Education Amendments of 1998

- **HR 6**
- **Public Law 105-244**
- **Date of Enactment - Oct. 7, 1998**
- **Most Provisions Effective - Oct. 1, 1998**
- **GEN-98-28**

REAUTHORIZATION

Title I - General Provisions

- **Definition of Institution**
- **Performance Based Organization**
- **Student Loan Ombudsman**
- **Other Non-Student Aid Provisions**

REAUTHORIZATION - Part A: LEAP

- Leveraging Educational Assistance Partnership Program
 - **Replaces SSIG**
 - **First \$30 Million**
- Special Leveraging Educational Assistance Partnership Program
 - **Amounts Greater than \$30 Million**
 - **Scholarship, Outreach, and Intervention**

Reauthorization - Part A: Federal Pell Grant

- Third Award Rule - $> \$2,700$
- Teacher Certification Eligible for Pell
 - **At Least 1/2 Time**
 - **Program Does Not Lead to Grad Degree**
 - **Courses Required for Teacher Certification**
 - **Not At School That Offers BA in Education**
- Loss of Loan Eligibility = Loss of Pell Eligibility (Same Appeal Process)

Reauthorization - Part A: Academic Achievement Scholarships

- Pell Grant Eligible
- Top 10% of High School Class
- First Two Years of Postsecondary
- Up to Amount of Pell Grant Award
- Funds Must be Appropriated

Reauthorization Campus Based Programs

- Changes to Institutional Allocation Process
 - **Beginning with Award Year 2000-2001**
 - **Base Year Moved to Award Year 1999-2000**
 - Funds Received by School from Base Guaranty and Pro-Rata
 - **Elimination of Pro-Rata Share of Funds**
- Reasonable Portion for Non-Traditional Students

Reauthorization - Part A: Federal SEOG

- 10% CarryForward and CarryBack
- Special Summer CarryBack

Reauthorization - Part C: Federal Work Study

- **Community Service Increase to 7% 2000-2001 Award Year**
- **Must Have at Least One Reading Tutoring or Family Literacy Project - 2000-2001 Award Year**
- **Reallocation to Schools That Used 5% for Reading Tutors or Family Literacy Project - 2000-2001 Funds to 2001/2002**

Reauthorization - Part C: Federal Work Study - cont.

- **Community Service Student May be Paid for Reasonable Travel and Training**
- **FWS Pay Can Be Made By Crediting the Students Account - Must Get Student's Authorization**
- **Federal Share May be Up To 90% for Public or Non-Profit Agency**
 - **Only if Agency Does Not Have Funds**
 - **Cannot Be More than 10% of Total Students**

Reauthorization - Part E: Federal Perkins Loan

- Maximum Default Penalty Down to 25%
- Loss of Program If Default Rate > 50% for Three Years
- Exclusions from Default Rate
 - **Repaid in Full**
 - **Satisfactory Payments**
 - **Loan Brought Current**
 - **Deferment or Forbearance**
 - **Rehabilitated or Canceled**

Reauthorization - Part E: Federal Perkins Loan cont.

- Elimination of Expanded Lending Option
- Increase in Annual Award Amounts
 - **\$4,000 Undergraduate**
 - **\$6,000 Graduate**
- Increase in Aggregate Award Amounts
 - **\$8,000 First Two Undergraduate**
 - **\$20,000 Undergraduate**
 - **\$40,000 Graduate**
- Based Upon Unpaid Principal Balance

Reauthorization - Part E: Federal Perkins Loan cont.

- Extension of Deferments
- Special Grace Period Provision for Military
- Closed School Discharges - 1/1/1986
- Incentive Repayment Program
 - **School Funding**
 - **Offer Lower Interest Rate (4%) - 48 Payments**
 - **5% Discount if Balance Paid Early**

Reauthorization - Part B: FFELP

- Guaranty Agency Funding
 - **Return of Portion of Reserve Funds**
 - **Federal Fund and Operating Fund**
 - **Other Provisions**
- Change in Insurance and Reinsurance %s
- Change to Equitable Share
- Blanket Guaranty

Reauthorization- Part B: FFELP

- More Flexible Repayment Plans
- Restrictions on Unsolicited Mailings
- OK To Provide Assistance Like ED
- FAFSA is the FFELP Application
- Origination Fee Reduction
 - **Same for All Students**
 - **Except for low-income borrowers**

Reauthorization - Parts B and D: FFELP and Direct Loan

- Interest Rate Formula After 10/01/98
 - **Same in Both Programs except for DL Consolidation Loans During Special Period**
- Simplified Proration - All Proportional
- Simplified Loan Certification
 - **No COA**
 - **No EFC**
 - **No EFA**

Reauthorization - Parts B and D: FFELP and Direct Loan - cont.

- Preparatory Coursework Loan Limits
 - **\$2,625/\$4,000 for Undergraduate Prep**
 - **\$5,500/\$5,000 for Graduate Prep**
- No Additional Borrowing Required for Old Borrowers
- Easier In-School Deferment Process
- Special Grace Period Provision for Military

Reauthorization - Parts B and D: FFELP and Direct Loan - cont.

- No Multiple Disbursement Required IF:
 - **School Has Default Rate of Less Than 10%**
 - **Loan Period is One Term (or LT four months)**
- No Delayed Disbursement Required IF:
 - **School Has Default Rate of Less Than 10%**

Reauthorization - Parts B and D: FFELP and Direct Loan - cont.

- Loan Forgiveness for Teachers
 - **New Borrowers Only**
 - **Five Consecutive School Years**
 - **Title I School**
 - **Teaching Related to Academic Major**
 - **Is Not in Default**
 - **Up to \$5,000**

Reauthorization - Parts B and D: FFELP and Direct Loan - cont.

- Loan Forgiveness for Child Care Providers
 - **Demonstration Program**
 - **Must Be Degreed**
 - **Worked Two Consecutive Years**
 - **Work in “Low Income” Community**

Reauthorization - Parts B and D: FFELP and Direct Loan - cont.

- Master Promissory Note
- Default Rates
 - **Exceptional Mitigating Circumstances**
 - **At Least 2/3 of Students are Low-Income**
 - **Completion Rate of 70%**
 - **Placement Rate of 44%**
 - **Denied Appeal Result in Payment to Secretary**

Reauthorization - Parts B and D: FFELP and Direct Loan - cont.

- No Loss of Eligibility if Participation Rate Index = or < 0.0375
 - **Default Rate x % of Regular Students Who Received a Loan**

Reauthorization - Part F: COA and Needs Analysis

- Computer in Cost of Attendance
- EFC Formula Changes for 2000-2001
 - **Excludes Parents from Number in College**
 - **Increases Income Protection Allowance**
 - **Negative Parental Income Contribution**
 - **Changes EFC for Periods Less than 9 months**

Reauthorization - Part G: General Provisions

- Master Calendar
 - **November 1**
 - **Allows Earlier Implementation**
- Authority to Confirm Income with IRS
- Student Eligibility Denied for Drug Conviction
- Special Treatment of Veterans Benefits

Reauthorization - Part G: General Provisions - cont.

- **Refunds Changed to Return of Title IV Aid**
- **Revised Campus Crime Reporting**
- **Distance Education Demonstration Projects**
- **Voter Registration Forms Distribution**
- **QA Program Expanded**
- **Experimental Sites Maintained**

Reauthorization - Part H: Program Integrity

- Recertification Every Six Years
- Program Review Guidelines Made Available
- Negotiated Rulemaking Required
- Regular Review of Regulations