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OSFA

Education Appropriations Bill

President Clinton has signed into law the omnibus spending bill (H.R. 4328). This bill provides fiscal year 1999 appropriations for the Department of Education and a number of other federal agencies. The majority of the increase in federal education spending is for elementary secondary school programs.

This funding bill will affect the Title IV programs in the 1999-2000 award year beginning July 1, 1999. Among some of the programs that received increases are Federal

Pell Grant, Federal Work-Study Program and the GEAR-UP Program. The bill includes...

- * A \$1.2 billion down payment for hiring 100,000 new teachers to reduce class size in the early grades to a national average of 18.
- * \$200 million to expand after-school programs.
- * \$260 million for a new child literacy initiative.
- * \$120 million for GEAR-UP, a new early college-awareness initiative to help up to 100,000 low-income middle school children prepare for college.
- * A \$114 million increase over the 1998 appropriation for education technology, to ensure that every child has access to computers, the Internet, high-quality educational software, & teachers well-trained in the use of technology in the classroom. This includes \$75 million for a new initiative to help new teachers maximize their use of technology.
- * \$75 million for new teacher quality programs, which will help recruit & prepare thousands of teachers to teach in high-poverty areas.
- * \$491 million for Goals 2000.
- * A \$10 million increase to help schools become safe,

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drug-free learning environments & to help provide drug & violence prevention coordinators in one-third of the country's middle schools. * A \$313 million increase for Head Start.

* A 25% increase in funding for charter schools.

* Increases of \$524 million to enhance educational opportunities for Hispanic Americans.

* The largest maximum award ever for Pell grants -- \$3,125 a year per eligible student.

For the Secretary's full statement, a table (HTML & PDF) showing fiscal year 1999 funding levels provided in the new appropriations bill for Department programs & activities, & White House press releases on the budget agreement, see the Budget News webpage: <http://www.ed.gov/offices/OUS/budnews.html>

☞ **COMMON MANUAL UPDATES**

The *Common Manual* Governing Board approved several policies on October 15, 1998. OSFA mailed the policy updates October 27, 1998 to participants.

POLICY UPDATE: The *Common Manual* Governing Board approved the following changes to the *Common Manual* October 15, 1998.

- #265 Prepayments and Claim Documentation. The policy removes the requirement that the application of prepayments be documented in the servicing history provided for claim payment.
- #266 Summer Bridge Extension. This policy will acknowledge practice of accepting verbal notification of the borrower's intent to reenroll and the retroactive processing of summer bridge provisions.
- #267 Dependent Student Information Requirements. This policy requires the lender to provide dependent student demographic information for PLUS loans first disbursed on or after September 1, 1998, if that information is available.

POLICY PROPOSALS: The following proposals have been submitted for review and comments which are due October 20, 1998.

- #268 NSLDS Financial Aid History Data. Prior Overpayment Default Discharge or Write-Off. This proposal would add that the school may also rely on NSLDS financial aid history information when determining whether the borrower has a defaulted Title IV loan.
- #269 Delivery Restrictions. Delivery of Proceeds. This proposal would clarify that, prior to delivering each disbursement of the loan, the school must confirm that the borrower and student have maintained continuous eligibility.
- #270 Borrower Specific Deferment Exceptions. Authorized Deferments. The proposed policy does not permit a borrower to be eligible for deferment if the maximum deferment period has been used, and removes language that states a parental leave deferment is not borrower specific.
- #271 Economic Hardship Deferment for Peace Corps Service. Economic Hardship Deferment. This proposal incorporates the provisions of Dear Colleague Letter GEN-98-16 (98-L-208/98-G-310) that establishes new economic hardship deferment eligibility guidelines for a borrower serving as a Peace Corps volunteer.
- #272 Capitalization Notices. Due Diligence Schedules and Activities. This proposal would remove redundant language to clearly iterate the notifications necessary when a lender capitalizes interest.
- 273 Delayed Disbursement and Delivery. When Federal Interest Benefits Will Be Paid. This proposal would remove incorrect language regarding when a lender must disburse a loan under the delayed disbursement requirements and revises the definition of delayed disbursement.

- 274 Delayed Delivery Definition. This proposal would clarify the definition to specify that delivery of funds is made by the school.

Should you have questions or concerns, please call the Policy and Customer Service Unit at (850) 921-8948.

📖 **Time Is Running Short For Department’s Electronic Deadline**

This is a reminder that as of January 1999, schools must have upgraded their computer systems to meet the technical specifications issued by the Department of Education. These specifications can be found in the Federal Register Notice that was issued September 19, 1997 and also in Dear Colleague Letter, GEN-97-11, Action Letter #2, issued in October 1997.

In accordance with the provisions of 34 CFR 668.16(o), the Secretary gives notice to institutions of the designated electronic processing in which they must participate, and the respective deadline dates. Dear Colleague Letter, GEN-97-11, provides guidance regarding the Notice published in the Federal Register, that informs institutions of the deadline dates for institutions to use designated electronic processes to meet administrative capability requirements for participation in the Title IV Federal Student Financial Assistance Programs.

📖 **Schools, Students and Under the Age of Compulsory Attendance**

At times, schools find students requesting enrollment who are under the age of compulsory attendance. Even though without a high school diploma or its equivalent, such students do not meet student eligibility requirements for Title IV unless they pass an ability-to-benefit test. Schools must be aware that the admission of this type of student can invite loss of Title IV institutional eligibility.

With limited exceptions, an individual must be enrolled as a regular student in an eligible program in order to receive SFA funds. A regular student is one who is enrolled for the purpose of obtaining a degree or certificate offered by the institution. Regular students are persons who have a high school diploma or its recognized equivalent, or persons who are beyond the age of compulsory school attendance in the state in which the school is located.

Students who are beyond the age of compulsory attendance but who do not have a high school diploma or its recognized equivalent must meet ability-to-benefit criteria to be eligible for aid from the SFA Programs. An SFA applicant without a high school diploma or its recognized equivalent can be eligible for SFA funds if he or she passes and independently administered test used for determining the student’s ability to benefit from postsecondary education and approved by the Department or enrolls in a school that participates in a process that has been both prescribed by the state in which the school is located and approved by the Department.

SFA regulations identify several recognized equivalents to the high school diploma:

- General Education Development (GED) certificates and state certificates;
- for a student enrolling in an educational program that is at least at the associate-degree level, documentation that the student excelled academically in high school and has met the school’s admissions standards;
- a certificate of completion of a home-study program if the program is recognized by the student’s home state;
- A student’s postsecondary school academic transcript if the student has completed a program of at least two years in length that is acceptable for full credit toward a bachelor’s degree.

📖 **Increases In College Tuition for 1998-1999**

On October 7, 1998, two studies were released, *Trends in College Pricing 1998*, and *Trends in Student Aid 1998*. Both reports are provided by the College Board. These studies showed that college tuition and fees for 1998-99 rose at an estimate of 4% over the year before.

Trends in College Pricing 1998 showed that undergraduates at American colleges will pay, on the average, approximately 4% more this year than last year in tuition and fees at four-year public institutions and about 5% more at four-year private institutions, as well as 4% more at two-year institutions. This means students will pay anywhere from \$66 to \$723 more depending on the type of institution.

More than \$60 billion in total aid from federal, state, and institutional sources was available to students and families in 1997-98 according to the *Trends in Student Aid 1998*. This is an increase of 6% which was largely due to unsubsidized loans.

□ **“Legal Guardian” Eliminated from 1999-2000 FAFSA.**

OSFA has learned that the Department of Education has deleted the term “legal guardian” from the 1999-2000 FAFSA. The definition of legal guardian will no longer be an automatic inclusion for parent. This change is due to the reinterpretation of amendments to statutory language. This change will not become effective until the 1999-2000 award year.

Starting in the 1999-2000 award year, a student whose parents are deceased will be considered independent regardless of any legal guardianship. Students whose parents are living, will continue to file as dependent, but the FAFSA must reflect the financial information of the appropriate parent rather than that of a legal guardian, unless professional judgment is exercised by the financial aid administrator.

This index is to assist participants in easily identifying articles of interest .

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Federal Updates

v Enrollment for RAD Request Tip

EDE institutions will be able to begin submitting electronic Renewal Application Data (RAD) requests for the 1999-2000 year to the CPS beginning October 5. Details on RAD request options and procedures can be found in the 1999-2000 Action Letter #1 (September 1998), which can be downloaded from www.ifap.ed.gov.

To participate in the Renewal Application process via EDE, your Title IV Institution Code must be enrolled in the Renewal Application service, which corresponds to the services on your Participation Agreement on file with Title IV WAN. Verification of your enrollment for Renewal Applications can be done on-line by connecting to WANQuery with the Destination ID for EDE services. If you are not enrolled, you need to update your Participation Agreement.

Questions on proper enrollment should be addressed to Title IV WAN Customer Service at 1-800-615-1189. For questions regarding Action Letter #1 or the RAD request process, please contact CPS Customer Service at 1-800-330-5947.

☞ Department Releases Drafts of Master Promissory Note Documents

The Department announced on October 1, 1998, the Master Promissory Note process for use in the Direct Loan Program and FFEL Program. This announcement is in the September, 1998, Dear Colleague Letter: ANN-98-10. In order to keep the financial aid community informed of the progress on this initiative, the Department has decided to make the draft proofs of these Master promissory Note documents available to the public for their information and review. Please note that these forms are not currently available for use, since they have not been cleared by OMB yet.

The following draft forms can be accessed through the Departments web site at <http://ifap.ed.gov>:

Direct Loan Program:

1. The Federal Direct Stafford/Ford Loan and Federal Direct Unsubsidized Stafford/Ford Loan Master Promissory Note.
2. The instructions for the Federal Direct Stafford/Ford Loan and Federal Direct Unsubsidized Stafford/Ford Loan Master promissory Note.
3. The Borrower's Rights and Responsibilities Statement.
4. The Disclosure Statement.

FFEL Program:

1. The Federal Stafford Loan master promissory Note.
2. Federal Stafford Loan Master Promissory Note Instructions and Notices.
3. The Borrower's Rights and Responsibilities Statement.
4. the School Certification Form.

v Social Security Number Match with the Social Security Administration Resumes.

On September 4, 1998 the computer matching program between the Department of Education (ED) and the Social Security Administration (SSA) was temporarily suspended to permit the renewal of the matching agreement between ED and SSA.

The Department has announced that the computer matching program between ED and SSA has resumed as of October 6, 1998, one week ahead of schedule. Processed records dated October 7, 1998 and later will contain SSN and citizenship flags.

ED will match all transactions processed but not matched during the suspension. The Department will provide more information about the reprocessing schedule of those records shortly.

v Importing Application Processing Error File - TIP

CPS Customer Service receives many inquires from institutions regarding the status of some of their electronic initial application, Renewal Applications, or correction records or batches. In most cases, the records or batches were received at the CPS, but resulted in error files instead of valid data files and the institution had not retrieved them from the Title IV WAN. Institutions must retrieve error files as well as valid ISIR files to properly track batch submissions.

Individual student records in a batch may not be accepted due to invalid field content, student not on database, invalid institution number, etc. These records are returned to the institution for corrections and the remaining records in the batch continue through the normal processing steps.

Batches will not be processed due to incomplete or missing batch numbers, an invalid date in the batch number, institution code in the batch number not being serviced by the destination, etc. The entire batch of records is returned to the institution if it cannot be processed by the CPS.

Institutions must resubmit either the individual student records or the batches to the CPS. In either case, new batch numbers must be used.

v EDEExpress Version 4.3

Several issues have been discovered in 1998-1999 EDEExpress Version 4.3. These issues affect Application Processing functionality and in one case, the Direct Loan module:

If you have already installed Version 4.3 and your processing will be affected by any of the issues listed above, the Department recommends you downgrade to EDEExpress Version 4.2. If you are only using EDEExpress for Direct Loan or Packaging purposes, you do not need to downgrade to Version 4.2.

Schools with EDEExpress Version 4.3 loaded on a standalone PC can do an upgrade install of Version 4.2. Schools with EDEExpress Version 4.3 loaded on a network can do full workstation installs of Version 4.2. The Department advises you to do this on all workstations. Do not leave Version 4.3 installed on any workstations if you plan to downgrade to Version 4.2.

The Department is developing a new Version of EDEExpress (Version 4.4) to resolve these issues, and anticipates distribution to begin October 22, 1998. When you receive the new version you can upgrade to Version 4.4 from either Version 4.2 or Version 4.3.

Should you have any questions or need assistance, you may contact CPS Customer Service at 1-800-330-5947, option 8, or via e-mail at CPS@NCS.COM.

v Resetting Your User ID and Password via Custom Install - Tip

A feature of EDEExpress and Pell Payment 1998-1999 software allows you to reset user IDs and passwords to the original defaults if a current user ID(s) or password(s) are lost or forgotten. You do this by performing a custom installation of the Update Database. All previously established user security profiles will be erased and will need to be reestablished.

For detail information on resetting Your User ID and Password, access the CPS Electronic Announcement that was issued October 16, 1998. You may access this announcement through the Department's web site at: <http://ifap.ed.gov>.

v File Formats and External Export - Tip

EDEExpress for Windows users can export student data from the App Express, Packaging, and Direct Loan modules to external systems, such as mainframe and third party software. This process is known in the EDEExpress software as External Export, and requires the creation of a user-defined File Format, which governs the data exported and its order.

You may obtain more information on File Formats and External Export by accessing the announcement through the Department's web site or calling the CPS Customer Service office at 1-800-330-5947.

X FFELP Special Allowance Rates for the Quarter Ending September 30, 1998

On September 30, 1998 a memo was issued from Patricia Newcombe, Acting Chief, FFEL Program Section, Department of Education, on the FFELP Special Allowance Rates for the quarter ending September 30, 1998 that stated that the bond equivalent rates of the ninety-one day Treasury bills auctioned during the quarter ending September 30, 1998 was 4.96 percent.

In the October 1, 1998, Ms. Newcombe issued another memo with a correction to the FFELP Special Allowance Rate. The average of the bond equivalent rates of the ninety-one day Treasury bills auctioned during the quarter ending September 30, 1998, is 4.97 percent.

You may contact the Office Of Student Financial Assistance at (850) 921-8948 for a copy of the Special Allowance memo and the attachments which contain the bond equivalent rates of the 91-day Treasury Bills auctioned during the quarter and the quarterly special allowance rates computed pursuant to section 438 of the Higher Education Act of 1965, as amended (the Act).

▣ Student Loan Default Rate At Its Lowest In Six Years

Secretary of Education Richard Riley announced on October 26, that the national student loan default rate has dropped below 10%. The default rate dropped to 9.6% for fiscal year 1996. For fiscal year 1990, the default rates hit a high of 22.4%. Default rates have declined for the past six consecutive years.

Riley stated that, "Reducing historically high default rates has been a priority for the Department as well as our nation's postsecondary schools." Riley feels that the strong economy and low unemployment has been a

contributing factor to the decline in defaults and that all participants in the student loan programs should be credited for their efforts.

For more information, including a list of cohort default rates for all participating postsecondary schools as well as list of postsecondary schools subject to initial or extended loss of FFEL Program and /or Direct Loan Program eligibility and a list of postsecondary schools subject to possible action to limit, suspend, or terminate eligibility to participate in all Title IV federal student financial assistance programs, please see:

<http://www.ed.gov/PressReleases/10-1998/def98.html>

<http://www.ed.gov/offices/OPE/announce/cohort/index.html>



Federal Regulations & Letters

v Dear Colleague, P-98-4, Action Letter #2, New 1999-2000 Recipient Financial Management System, September 1998.

This letter is the second in a series that describes the new 1999-2000 Recipient Financial Management System (RFMS) for reporting and requesting funds under the Federal Pell Grant Program. This letter provides an overview of the new RFMS and includes the following topics: RFMS - A Step into the Future, Summary of the New process, Advance and Just-In-Time Payment Methods, Benefits to Institutions, Resources Available, and a calendar of upcoming activities.

v Dear Colleague, CB-98-15, Use of State scholarships and grants, September 1998.

This letter pertains to the use of State scholarships and grants as the non-Federal share of Federal Supplemental Educational Opportunity Grant awards. This letters supplements Chapter 8, Section 3 of the Federal Student Financial Aid Handbook. The Higher Education Act of 1965, as amended, provides that the Federal share of awards under the Federal Supplemental Educational Opportunity Grant (FSEOG) Program may not exceed 75 percent of such awards. The non-Federal share of FSEOG awards shall be made from an institution's own resources, including institutional scholarships and grants, tuition or fee waivers, State scholarships and grants, and foundation or other charitable organization funds.

In response to inquiries concerning the use of State scholarships for this purpose, the Department has determined that all State scholarships and grants, except for State Student Incentive Grants (SSIGs), are eligible funds that may be used to meet the non-Federal share requirement. SSIG awards, for this purpose, are defined as the Federal SSIG allocation plus the minimum required State matching amount. The remaining State grant amounts are considered non-SSIG's and therefore can be used to meet the non-Federal share requirement.

X Dear Guaranty Agency Director - Disaster Letter 98-102: Hurricane Georges in the U.S. Virgin Islands, October 1, 1998.

On October 1, the Federal Emergency Management Agency declared the U.S. Virgin Islands to be a disaster area that qualifies for federal assistance under FEMA's "Individual Assistance" program because of damage from Hurricane Georges beginning September 20. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrowers who are residents of the U.S. Virgin Islands.

X Dear Guaranty Agency Director, Disaster Letter 98-103: Hurricane Georges in Alabama, October 1, 1998.

On September 30, President Clinton issued a major disaster declaration to assist the victims of Hurricane Georges in Alabama. Based on the President's declaration, the Federal Emergency Management Agency designated Baldwin, Clarke, Coffee, Covington, Crenshaw, Escambia, Geneva, Mobile, Monroe, and Washington counties to be disaster areas that qualify for federal assistance under FEMA's "Individual

Assistance” program because of hurricane damage beginning September 26. Guaranty agencies and lenders are authorized to use the Department’s disaster-related forbearance policies to assist FFEL borrowers who are residents of those counties.

v Dear Colleague, DLB-98-34, The 1998-99 Direct Loan School Guide, September 1998.

Enclosed in this letter is a copy of the new 1998-99 Direct Loan School Guide, which provides clear and simple answers to questions concerning administration of the Direct Loan Program and describes how to access additional resources available. The guide is being mailed to financial aid offices only.

v Dear High School Counselor, ANN-98-11, Training events for High School Counselors, September 1998.

This letter announces two federal student aid training events for High School Counselors to be presented in Fall 1998, and includes lists of locations and dates for the events, and registration procedures. On November 5, a videoconference will be presented and also in November and December, a series of one-day workshops will be offered. Both the videoconference and the workshops will provide federal student financial aid information to high school counselors who advise students and parents on financial aid for postsecondary education.

v Dear President, GEN-98-21, Modernize the Delivery of Federal Student Financial Assistance, October 1998.

This letter was issued by Diane Rogers, Acting Deputy Assistant Secretary. The letter asks for your continued support as your financial aid office, business office, and computer processing services work with the Department of Education to modernize the delivery of Federal student financial assistance beginning with the 1999-2000 academic year.

□ Dear Colleague, GEN-98-22, Action Letter #9, Availability of Organization Contact Screens in the NSLDS - October 1998.

The National Student Loan Data System (NSLDS) introduces the new online screens that will ease the workload of student aid professionals and facilitate communication among all members of the Title IV community. The Organization Contact Screen in NSLDS gives you direct access to contact information about the persons at another NSLDS partner organization (school, lender, guaranty agency, etc.) that you may need to reach. The screens will be available to NSLDS online users on October 2, 1998. You are encouraged to update your institution’s information right away.

v Dear Colleague, P-98-5, Invitation to participate in Just-In-Time Payment Method - September 1998.

This letter invites institutions to consider volunteering to participate in a pilot of the Just-In-Time payment method in the Federal Pell Grant Program starting in the 1999-2000 award year. Starting in 1999-2000, all institutions will use a new system for reporting Federal Pell Grant disbursement (see 1999-2000 Action Letter #2). While the process for reporting disbursements and requesting funds will change, most institutions that are not in the pilot will continue to receive funds using the advance payment method in a manner similar to the current funding process. Institutions selected to participate in the pilot will use the new Just-In-Time payment method.

X Dear Guaranty Agency Director, Disaster Letter 98-104: Hurricane Georges in Mississippi, October 2, 1998.

On October 1, President Clinton issued a major disaster declaration to assist the victims of Hurricane Georges in Mississippi. Based on the President’s declaration, the Federal Emergency Management Agency designated Hancock, Harrison, and Jackson counties to be disaster areas that qualify for federal assistance under FEMA’s “Individual Assistance” program because of hurricane damage beginning September 26. Guaranty agencies and lenders are authorized to use the Department’s disaster-related forbearance policies to assist FFEL borrowers who are residents of those counties.

v Dear Colleague, CB-98-13, Assignment Submission Procedures, September 1998.

This letter provides procedures for institutions submitting defaulted Federal Perkins Loans, National Direct Student Loan, and National Defense Student Loan notes to ED for assignment under Section 463(a)(5) of the Higher Education Act of 1965, as amended (HEA). When an institution closes or liquidates its loan portfolio, it is required to use these procedures when submitting defaulted and non-defaulted loans made under this program.

v Dear Colleague, CB-98-14, Assignment Submission Procedures For Schools, September 1998.

Enclosed in this letter are the procedures for institutions submitting defaulted Federal Perkins Loan, National Direct Student Loan, and National Defense Student Loan notes to ED for assignment under Section 463(a)(5) of the Higher Education Act of 1965, as amended (HEA). When an institution closes or liquidates its loan portfolio, it is required to use these procedures when submitting defaulted and non-defaulted loans made under this program.

☞ Dear Colleague, GEN-98-23 (98-G-313/98-L-210), October 1998.

This letter provides clarification of an institutional eligibility criteria for the awarding of increased amounts of unsubsidized loans under the Direct Loan and FFEL programs for certain Health Professions students. Based upon a number of questions the Department has received, it appears that there may be some misunderstanding about one of the institutional eligibility requirements. Specifically, some schools appear to be unclear about the statement in recent Dear Colleague Letter (GEN-98-18) that restricted institutional eligibility to schools that had participated in HEAL during FY 95 and had not subsequently withdrawn from the HEAL Program.

X Dear Guaranty Agency Director, Disaster Letter 98-105: Hurricane Georges in Louisiana, October 7, 1998.

On October 5, the Federal Emergency Management Agency designated Livingston, Orleans, Plaquemines, St. Bernard, St. Charles, St. John the Baptist, St. Tammany, Tangipahoa, and Washington parishes in Louisiana to be disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of damage caused by Hurricane Georges beginning September 28. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrowers who are residents of those parishes.

X Dear Guaranty Agency Director, Disaster Letter 98-106: Hurricane Georges in Mississippi, October 7, 1998.

On October 3, the Federal Emergency Management Agency designated eight more counties in Mississippi as disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program as of September 26 because of damage caused by Hurricane Georges. The most recent letter about the hurricane in Mississippi was "Disaster Letter 98-104," dated October 1, 1998. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrowers who are residents of the following counties (new counties are capitalized): FORREST, GEORGE, GREENE, Hancock, Harrison, Jackson, JONES, LAMAR, PEARL RIVER, PERRY, and STONE.

X Dear Guaranty Agency Director, Disaster Letter 98-107: Hurricane Georges in Mississippi, October 8, 1998.

On October 8, the Federal Emergency Management Agency designated four more counties in Mississippi as disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program as of September 26 because of damage caused by Hurricane Georges. The most recent letter about the hurricane in Mississippi was "Disaster Letter 98-106" dated October 7. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrowers who are residents of the following counties (new counties in bold): Forest, George, Greene, Hancock, Harrison, Jackson, **Jefferson Davis**, Jones, Lamar, **Marion**, Pearl River, Perry, **Pike**, Stone, and **Wayne**.

X Dear Guaranty Agency Director, Disaster Letter 98-108: Hurricane Georges in Alabama, October 13, 1998.

On October 6, the Federal Emergency Management Agency designated two more counties in Alabama as disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program as of September 26 because of damage caused by Hurricane Georges. The most recent letter about the hurricane in Alabama was "Disaster Letter 98-103" dated October 1. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrowers who are residents of the following counties (new counties in bold): Baldwin, **Butler**, Clarke, Coffee, **Concuh**, Covington, Crenshaw, Escambia, Geneva, Mobile, Monroe, and Washington.

v Dear Colleague, DLB 98-37, SchoolLinks Information Update Request, October 1998.

In keeping with the efforts to provide excellent customer service to schools and students, the Department is updating the information on the SchoolLinks section of the Direct Loan web site. The SchoolLinks section allows students to link directly to each Direct Loan school web page.

v Dear Colleague, DLB-98-38, Drawdown Methods for Option 2 Schools, October 1998.

Starting on March 8, 1999, when the Department begins accepting Direct Loan records for the 1999-2000 academic year, Option 2 schools may request Direct Loan funds only through the GAPS Web site or by telephoning GAPS at 800-366-8930. You will no longer be able to request Direct Loan funds by using EDExpress or other software that generates batches of drawdown requests and sends them to the TIVWAN mailbox using message class DEDDyyIN. You will also no longer receive #J drawdown request acknowledgments.

v Dear Colleague, DLB-98-35, 1998-99 Direct Loan Publications Availability Schedule, September 1998.

This letter provides the Department's schedule in updating Direct Loan publications.

v Dear Colleague, DLB-98-36, Direct Loan PLUS Credit Decisions, October 1998.

This letter is a reminder about the way the LOC tells you about credit decisions for 1998-99 Direct PLUS loans.

X Dear Guaranty Agency Director, Disaster Letter 98-109: Flooding in Missouri, October 16, 1998.

On October 14, President Clinton issued a major disaster declaration to assist the victims of recent flooding in Missouri. Based on the President's declaration, the Federal Emergency Management Agency designated Carroll, Clay, and Jackson counties to be disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of storm damage and flooding beginning October 4. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrowers who are residents of those counties.

X Dear Guaranty Agency Director, Disaster Letter 98-110: Tornadoes and Flooding in Kansas, October 16, 1998.

On October 14, President Clinton issued a major disaster declaration to assist the victims of recent tornadoes and flooding in Kansas. Based on the President's declaration, the Federal Emergency Management Agency designated Johnson, Seward, and Wyandotte counties to be disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of tornadoes and flooding beginning October 1. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrowers who are residents of those counties.

v All Destination Points, Addendum to the 1999-2000 Action Letter #1, October 16, 1998

In this letter the Department wishes to advise institutions of four modifications to Action Letter #1 (September, 1998), which details procedures for requesting 1999-2000 Renewal Application Data (RAD) data: The Department apologizes for any inconvenience these issues may have caused. If you have any questions, please contact CPS Customer Service at 1-800-330-5947, option 8, or via e-mail at CPS@NCS.COM.

X Dear Guaranty Agency Director, Disaster Letter 98-111: Hurricane Georges in Mississippi, October 19, 1998.

On October 15, the Federal Emergency Management Agency designated one more county in Mississippi as a disaster area that qualifies for federal assistance under FEMA's "Individual Assistance" program as of September 26 because of damage caused by Hurricane Georges. The most recent letter about the hurricane in Mississippi was "Disaster Letter 98-107" dated October 8. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrowers who are residents of the following counties (new county underlined): Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry Pike, Stone, and Wayne.

X Dear Guaranty Agency Director, Disaster Letter 98-112: Hurricane Georges in Alabama, October 19, 1998.

On October 15, the Federal Emergency Management Agency designated two more counties in Alabama as disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program as of September 26 because of damage caused by Hurricane Georges. The most recent letter to you about the hurricane in Alabama was "Disaster Letter 98-108" dated October 13. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrowers who are residents of the following counties (new counties underlined): Baldwin, Butler, Choctaw, Clarke, Coffee, Conecuh, Covington, Crenshaw, Escambia, Geneva, Lowndes, Mobile, Monroe, and Washington.

X Dear Guaranty Agency Director, Disaster Letter 98-113: Landslide in Washington, October 19, 1998.

On October 16, President Clinton issued a major disaster declaration to assist the victims of a landslide in the city of Kelso, Washington. Based on the President's declaration, the Federal Emergency Management Agency designated Kelso to be a disaster area that qualifies for federal assistance under FEMA's "Individual Assistance" program because of a landslide that began in March 1998, and is still continuing. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrowers who are residents of Kelso, Washington.

X Dear Guaranty Agency Director, Disaster Letter 98-114: Flooding and storm damage in Missouri, October 21, 1998.

On October 19, President Clinton issued a major disaster declaration to assist the victims of flooding and storm damage in Missouri. Based on the President's declaration, the Federal Emergency Management Agency designated Jackson and St. Louis counties, and the independent city of St. Louis to be disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of flooding and storm damage beginning July 10. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrowers who are residents of those areas.

v Dear Colleague, DLB-98-39, Replacement Chart for DLB 98-35, October 1998.

The Department has noted an error in one of the attachments to the printed copy of Direct Loan Bulletin 98-35, specifically, an error in footnote 2 on the chart entitled "Examples of Debt Levels, Monthly Payments, and Total Amount Repaid for All Direct Loan Repayment Plans." The figure "9%" should be "5%." A corrected chart is included in this letter.

X Dear Guaranty Agency Director, Disaster Letter 98-115: Flooding and storm damage in Texas, October 22, 1998.

On October 21, President Clinton issued a major disaster declaration to assist the victims of flooding and storm damage in Texas. Based on the President's declaration, the Federal Emergency Management Agency designated Bastrop, Bexar, Burelson, Caldwell, Calhoun, Colorado, Comal, DeWitt, Fayette, Goliad, Gonzales, Guadalupe, Hays, Jackson, Karnes, Refugio, Travis, Victoria, Wharton, and Wilson counties, to be disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of flooding and storm damage beginning October 17. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrowers who are residents of those counties.

X Dear Guaranty Agency Director, Disaster Letter 98-116: Flooding and storm damage in Texas, October 27, 1998.

On October 26, the Federal Emergency Management Agency designated five more counties in Texas as disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of flooding and storm damage beginning October 17. The most recent letter about this disaster was "Disaster Letter 98-115" dated October 22. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrowers who are residents of the following counties (new counties in bold): **Austin**, Bastrop, Bexar, Burelson, Caldwell, Calhoun, Colorado, Comal, DeWitt, Fayette, **Ft. Bend**, Goliad, Gonzales, Guadalupe, **Harris**, Hays, Jackson, Karnes, **Montgomery**, Refugio, Travis, Victoria, **Waller**, Wharton, and Wilson.

v Dear Colleague, ANN-98-12, New Database Feature for Students, October 1998.

The Department announced in this letter a helpful new database feature for student loan borrowers that has been added to the Teacher Service Options Web pages. Borrowers may now use the Teacher Service Options area of the Web site to search the Department's official low-income school listing for the 1998-99 school year. The Web site gives borrowers the option to search by state as well as school name or school district.

v Dear Colleague, 1999-2000 FAFSA and Student Guide Orders, October 1998.

This letter announces the availability of a new Web-based service for postsecondary schools to place orders for bulk quantities of the *Free Application for Federal Student Aid* (FAFSA) and the *Student Guide*. For postsecondary schools, this system replaces the automated telephone ordering system that has been in place for several years.

To order copies of these publications, go to ifap.ed.gov and select the link to the Bulk Publication Ordering System from the list of links on the left side of the Web page. You will be asked to enter your school's OPEID number. You can then enter the quantities that you wish to order.

v Federal Register, 34 CFR Part 675, Federal Work- Study Programs, Final Regulations, October 1, 1998.

The Secretary amends the regulations governing the Federal Work-Study (FWS) Program authorized under title IV of the Higher Education Act of 1965, as amended (title IV, HEA programs). The Secretary makes these changes in response to the national need to improve student achievement in mathematics by providing for an additional waiver of the FWS institutional-share requirement for mathematics tutors of children who are in elementary school through the ninth grade. These regulations take effect on July 1, 1999.

□ Federal Register, Computer Matching Program, Notice, October 14, 1998.

Pursuant to the Computer Matching and Privacy Protection Act of 1988, Public Law 100-503, and the Office of Management and Budget (OMB) Final Guidelines on the Conduct of Matching Programs, notice is hereby given of the computer matching program between the Department of Education (ED) the recipient agency and the Department of Veteran Affairs (VA) the source agency.

v Federal Register, Notice of revision of Need Analysis Methodology, October 14, 1998.

On June 1, 1998, the Assistant Secretary for Postsecondary Education published in the Federal Register (63 FR 29894-29897) a notice of revision of the need analysis methodology for the 1999-2000 award year. This notice corrects the June 1 document.

v Federal Register, 34 CFR Part 674, Federal Perkins Loan Program, Correction, October 20, 1998.

In Title 34 of the Code of Federal Regulations, parts 400 to end, revised as of July 1, 1998, on page 541 in Sec. 674.19, paragraph (b)(5) is removed.

☞ **Federal Register, 34 CFR Part 668, Student Assistance General Provisions, Final Regulations, October 22, 1998.**

The Secretary amends the Student Assistance General Provisions regulations, to permit a school to appeal its Direct Loan Program cohort rate or weighted average cohort rate on the basis of improper servicing or collection of the Direct Loans included in that rate. The Secretary also clarifies when a school's rate is considered final. These regulations take effect on July 1, 1999.

☞ **Federal Register, 32 CFR Part 216, Department of Defense, Final Rule, October 23, 1998.**

The Department of Defense promulgates the rule addressing military recruiting and Reserve Officer Training Corps program access at institutions of higher education. This rule implements the National Defense Authorization Act for Fiscal Year 1995, the National Defense Authorization Act for Fiscal Year 1996, and the Omnibus Consolidated Appropriations Act, 1997 (the Acts).

The Acts state that no funds available under appropriations acts for any fiscal year for the Departments of Defense, Transportation (with respect to military recruiting), Labor, Health and Human Services, Education, and Related Agencies may be provided by contract or grant (including a grant of funds to be available for student aid) to a covered school that has a policy or practice (regardless of when implemented) that either prohibits, or in effect prevents, the Secretary of Defense from obtaining, for military recruiting purposes, entry to campuses, access to students on campuses, access to directory information on students, or that has an anti-ROTC policy. Effective date was March 29, 1997.

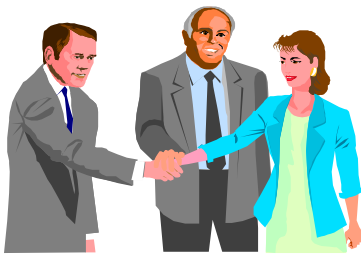
v **Federal Register, Announcement of Funding Awards, October 27, 1998.**

In accordance with section 102(a)(4)(C) of the Department of Housing and Urban Development Reform Act of 1989, this document notifies the public of funding awards for Fiscal Year 1998 Hispanic-Serving Institutions Work Study Program (HSI-WSP). The purpose of this document is to announce the names and addresses of the award winners and the amount of the awards to community colleges to be used to attract economically disadvantaged and minority students to pre-professional careers in community and economic development, community planning and community management, and to provide a cadre of well-qualified professionals to work in local community building programs.

v **Federal Register, Ability-To-Benefit tests, Update Notice, October 27, 1998.**

The Secretary gives notice that he has approved the American College Testing Service (ACT) test as an "ability-to-benefit" (ATB) test. The ACT test consists of a test in English and a test in Math. The Secretary has approved the score of 14 as the passing score for the English test and the score of 15 as the passing score for the Math test.

The Secretary has approved this test and passing score under the authority of section 484(d) of the Higher Education Act of 1965, as amended (HEA) and the regulations the Secretary promulgated to implement that section in 34 CFR Part 668, Subpart J. An institution must use this test, or one of the other previously approved ATB tests listed in this notice to determine if a student, who does not have a high school diploma or its recognized equivalent, is eligible to receive funds under any title IV, HEA program.



OSFA New Employees

The Office of Student Financial Assistance would like to take this opportunity to welcome all of our new members to the team.

Patricia Jordan - Accountant II

Patricia came to OSFA from the Department of Banking and Finance where she was an Accountant I. Prior to that she worked with the Department of Health and Rehabilitative Services and Game and Fresh Water Fish Commission. Patricia gained her accounting experience and

knowledge while working with HRS and Department of Banking and Finance. In her position at OSFA, Patricia will be working with a variety of accounting functions such as budgets and accounts.

Patricia is originally from St. Petersburg and moved to Tallahassee in 1987 to attend school. She has a wonderful thirteen year old son, Leslie. She is a graduate of Florida A&M University with a degree in Respiratory. She graduated in 1990.

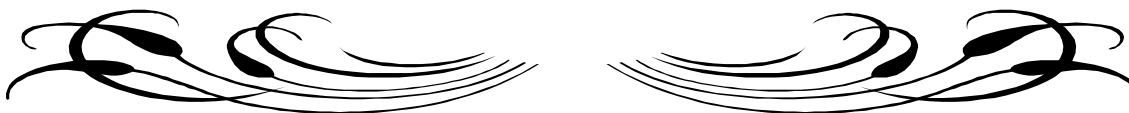
ENCLOSURES

- ✍ Disaster Letter 98-102: Hurricane Georges in the U.S. Virgin Islands
- ✍ Disaster Letter 98-103: Hurricane Georges in Alabama
- ✍ Disaster Letter 98-104: Hurricane Georges in Mississippi
- ✍ Disaster Letter 98-105: Hurricane Georges in Louisiana
- ✍ Disaster Letter 98-106: Hurricane Georges in Mississippi
- ✍ Disaster Letter 98-107: Hurricane Georges in Mississippi
- ✍ Disaster Letter 98-108: Hurricane Georges in Alabama
- ✍ Disaster Letter 98-109: Flooding in Missouri
- ✍ Disaster Letter 98-110: Tornadoes and Flooding in Kansas
- ✍ Disaster Letter 98-111: Hurricane Georges in Mississippi
- ✍ Disaster Letter 98-112: Hurricane Georges in Alabama
- ✍ Disaster Letter 98-113: Landslide in Washington
- ✍ Disaster Letter 98-114: Flooding and Storm Damage in Missouri
- ✍ Disaster Letter 98-115: Flooding and Storm Damage in Texas
- ✍ Disaster Letter 98-116: Flooding and Storm Damage in Texas

Enclosed copies of the Disaster Letters have been printed from the Department of Education web site, Information For Financial Professionals (IFAP)

QUESTIONS AND ANSWERS

OSFA's Q&A



Question: What is the definition of Dependent and Independent student?

Answer:

Federal Regulations 668.2(b)

Dependent Student: Any student who does not qualify as an independent student (see Independent student).

Independent Student: A student who qualifies as an independent student under section 480(d) of HEA.

Higher Education Act of 1965 as Amended (HEA) Section 480(d)

Independent Student. -- The term "independent", when used with respect to a student, means any individual who--

- (1) is 24 years of age or older by December 31 of the award year;
- (2) is an orphan or ward of the court or was a ward of the court until the individual reached the age of 18;
- (3) is a veteran of the Armed Forces of the United States (as defined in subsection (c)(1));
- (4) is a graduate or professional student;
- (5) is a married individual;
- (6) has legal dependents other than a spouse; or
- (7) is a student for whom a financial aid administrator makes a documented determination of independence by reason of other unusual circumstances.

Federal Student Financial Aid Handbook, Chapter 2, page 55

For the 1998-99 award year, a student is automatically independent if he or she meets one of the following criteria. Complete definitions of these criteria can be found in the 1998-99 *Free Application for Federal Student Aid*.

1. The student was born before January 1, 1975.
2. The student is a veteran of the U.S. armed forces.
3. The student will be enrolled in a graduate or professional program (beyond a bachelor's degree).
4. Either the student is a ward of the court (or was a ward of the court until age 18), or both parents are deceased and the student has no adoptive or legal guardian. Note that a student is not considered a ward of the court based only on being incarcerated.
5. The student is married (this definition may depend on the common law rules in the student's state of legal residence).
6. The student has legal dependents other than a spouse.

Note that a student's living situation (that is, whether the student lives with his or her parents) does not affect the student's dependency status.

In unusual circumstances, a student who does not meet any of these criteria may still be considered to be independent on the basis of the financial aid administrator's professional judgment. The financial aid administrator must make this decision on an individual (case-by-case) basis and must document the reason(s) for the decision. The *Counselor's Handbook* provides information on the proper procedures for performing a dependency override.

Bear in mind that the aid administrator may use professional judgment only to classify as independent a student who would otherwise be considered dependent.