

*Through our commitment to excellence and our dedication to our customers, we will be the best student financial assistance program in the nation.*

**OSFA**

**COMMON MANUAL UPDATES**

The *Common Manual* Governing Board approved three policies on December 17, 1998. OSFA will be mailing the updates within two to three weeks.

POLICY UPDATE: The following are the policies that the *Common Manual* Governing Board approved December 17, 1998.

- #276 Borrower Title IV Eligibility and Regaining Eligibility. This policy clarifies borrower eligibility criteria and describes in greater detail what a borrower must do to regain eligibility when the borrower has received funds for which he or she was

ineligible.

- #277 Ineligible Loans. This policy provides guidance for situations when loan funds are released to or on behalf of students who are not enrolled during the payment period for which the loan funds were intended. Information is also provided to determine the party responsible for the ineligibility of a loan.
- #278 Consolidation Borrower Eligibility. Clarifies that a borrower must meet eligibility requirements at the time the lender receives the borrower’s application for a Consolidation loan.

POLICY PROPOSALS: The following proposals have been submitted for review and comment. #270 through #283 are due on December 21, 1998, and #284 through #286 are due on January 7, 1999.

- #270 Borrower Specific Deferment Exceptions. A borrower is ineligible for deferment if that borrower has used the maximum time period allowed, unless all loans have been paid in full prior to obtaining a new loan.
- #279 Guarantee of Subsidized Loan Funds. Provides that in cases when the student has not requested subsidized Stafford loan funding and the school has certified eligibility for some amount of subsidized Stafford funding, the guarantor will guarantee a subsidized Stafford loan for the student.

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- #280 Unemployment Deferment Documentation. When extending an unemployment deferment, a borrower must provide documentation of six attempts to secure employment during the preceding period of deferment. Documentation of six attempts is not required in obtaining the initial period of unemployment deferment.
- #281 Economic Hardship Deferment Requirements. Requires that a lender must include defaulted loans when determining economic hardship deferment eligibility.
- #282 Special Allowance Billing on Claim-Filed Accounts. Adds a provision that lenders may not collect special allowance on loans for which the claim was filed timely but for which the claim is not paid by the guarantor within the mandated 90-day time frame for claim payment.
- #283 Satisfactory Repayment Arrangement. Updates current definition to specify terms for specific instances in which satisfactory repayment arrangements are required.
- #284 Guarantee Transfers. Addresses the requirements for the transfer of a loan guarantee.
- #285 Unsubsidized Stafford Loan Eligibility. Provides guidance for return of additional unsubsidized Stafford funds if either parent is determined eligible for a PLUS loan after the school certification of additional unsubsidized funds.
- #286 Claim Repurchase. Clarifies that a lender may capitalize accrued interest for the period during which the loan was held by the guarantor without obtaining a signed forbearance agreement from the borrower when a repurchase is initiated by either the lender or the guarantor.

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

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

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## **Federal Updates**

### **☞ Year 2000 Contingency Planning**

On November 25, 1998, Diane Rogers, Acting Chief Operating Officer, Student Financial Assistance Programs, issued a Dear Colleague Letter which provides information and invites comments on Year 2000 Contingency Planning. Bob Davidson has been appointed by Ms. Rogers to lead the overall Y2K contingency planning effort for the Department.

The Department has established eight Department-wide SFA Contingency Planning Teams. The Contingency Planning Teams will identify and analyze the pros and cons of a range of contingency plans, procedures, and risk mitigation strategies, including the identification of needed waivers of law and regulations. This phase will include: performing cost-benefit and feasibility analyses of identified options, defining “trigger scenarios” that would activate contingency plans, establishing business resumption teams, developing detailed procedures for implementing the selected contingency options, and establishing criteria and time frames for resuming normal operations.

The Department will post progress reports on the SFA contingency planning work on the Department’s website (<http://ifap.ed.gov>). The Department will seek input and advice on key issues, including “minimum acceptable levels of service” (e.g., minimum time frames for delivering SAR and ISIR documents to students and schools), “trigger scenarios,” and draft contingency plans for each business process area.

### **☐ Summary of Reauthorization Provisions Affecting Title IV Programs**

The Department of Education issued a Dear Colleague Letter, GEN-98-28 the end of November which provides a summary of the provisions of the Higher Education Amendments of 1998 that directly affect the Title IV Student Aid Programs.

In addition to the summaries included with this letter, the Department is developing other materials that will assist in fulfilling your responsibilities under the amended Higher Education Act. Within the next few weeks, the Department will create a new selection item on the Information for Financial Aid Professionals (IFAP) website - <http://ifap.ed.gov> - which will allow you to select a specific provision of the Amendments for additional information. Each of these Reauthorization Information Pages will include a more thorough description of the provision, its effective date, and its related statutory and regulatory citations. The Department will be annotating each of the Reauthorization Pages with implementation guidance. As questions about each provision is received, the questions and answers will be added.

The Department states that they recognize that the Congress chose to impose a number of new responsibilities upon program participants immediately upon enactment of the Amendments and, consequently, you are required to implement a number of the new provisions before receiving guidance. Accordingly, during subsequent reviews of your compliance with the Amendments, the Department will take into account any guidance that had been provided during the period under review or, as applicable, the absence of such guidance.

For a copy of Dear Colleague Letter, GEN-98-28, you may access the Department's website at: <http://ifap.ed.gov>.

#### **v Department of Education Helping Schools Address Y2K Issues**

On December 2, 1998, the Department of Education issued a news release on Y2K. The U.S. Department of Education is taking steps to help the education community address Year 2000 computer problem and share information on this critical issue. The Department has published a "Year 2000 Readiness Kit" for postsecondary institutions and a "Year 2000 Compliance Guide of Elementary and Secondary Schools." U.S. Secretary of Education Richard Riley and Year 2000 Council Chairman John Koskinen hosted a live broadcast on this issue on December 7, 1998.

Copies of the Y2K publication are available free of charge on the Department's website at: <http://www.ed.gov.y2k>. If you are interested in receiving a copy of the "Year 2000 Readiness Kit" or the "Year 2000 Compliance Guide of Elementary and Secondary Schools", please call the OSFA Customer Service Unit at (850) 921-8948.

#### **v Status of Electronic Access Code Site and Printing of 1999-2000 Renewal FAFSAs**

The U.S. Department of Education's new Electronic Access Code (EAC) web site (<http://www.eac.ed.gov>) was made operational November 28. Students needing to request EACs in preparation for filing their 1999-2000 Renewal FAFSAs may begin requesting their EACs directly from this site.

Also available on January 4, 1999, will be the 1999-2000 FAFSA Express software. The new software will be available for downloading from the Department's web site at <http://www.ed.gov/offices/OPE/express.html>.

For further information or assistance, please contact Web/FAFSA Express Customer Service at 1-800-801-0576/TDD 1-800-511-5806.

#### **□ Draft Notice Inviting Applications for Participation in the Distance Education Demonstration Program.**

The Department issued a draft Federal Register notice inviting applications for participation in the Distance Education Demonstration program. A notice requesting public comment on the paperwork aspects of the notice will be published in the Federal Register the week of December 8th, at which time, the notice will be available by contacting Pat Sherrill at the U.S. Department of Education. The Department of Education is interested in hearing from parties on the substance of the notice and on the selection process for choosing participants. If you would like to comment, please send your comments by January 4, 1999, to Marianne Phelps at 400 Maryland Avenue, S.W., (ROB-3, Room 4082), Washington, D.C. 20202, or send an e-mail to [DistanceDemo@ed.gov](mailto:DistanceDemo@ed.gov). You may also call Ms. Phelps at (202) 708-5547, or send a fax to her at (202) 708-

9814. The Department of Education hopes to publish the final notice in the Federal Register by February 1, 1999.

The draft notice invites institutions of higher education (institutions), systems of institutions, consortia of institutions, and Western Governors University to submit applications to participate in the Distance Education Demonstration Program authorized under section 486 of title IV of the Higher Education Act of 1965, as amended (HEA). Under the Distance Education Demonstration Program, selected institutions providing distance education programs may receive waivers of specific statutory and regulatory provisions governing the student financial assistance programs authorized under title IV of the Higher Education Act of 1965, as amended. Applications must be submitted by April 1, 1999.



#### **v List-Processed ISIRs With User-Defined**

This tip from CPS Customer Service highlights a feature or process in the EDEExpress software: List-Processed ISIRs with User-Defined Criteria. By creating a query in Tools/Query/ISIR, you can print a list of processed ISIRs for a smaller, more specific group of students in the 1998-1999 EDEExpress software. Most fields on the ISIR can be used to create a query. Please upgrade to the 1998-1999 EDEExpress version 4.4 before using this process.

#### **Helpful Tips**

##### **v Using Quick Correction to Resolve SAR/ISIR**

This tip from CPS Customer Service highlights a specific feature or process in the EDEExpress software: Using Quick Correction to resolve SAR/ISIR signature rejects. When a dependent student files a paper FAFSA without including the required parental signature(s), the resulting SAR/ISIR is processed with a SAR/ISIR reject code 15. Similarly, dependent students who submit a FAFSA electronically and do not mail the required signature page to the CPS will receive a SAR/ISIR with a SAR/ISIR reject code 16.

To resolve a SAR/ISIR transaction with a reject code of 15 or 16, students can gather the required signature on their paper SAR and mail it to the CPS for this to be corrected. EDEExpress users can make this correction for students by using the software's Quick Correction feature. Please remember that by performing a signature correction electronically, you are verifying you have collected the necessary missing signatures and can produce them if asked to do so.

##### **v Using On-Line Help**

The Department of Education would like to reiterate some basic guidelines on using the extensive on-line help features offered in each product that they have released. Institutions using software such as EDEExpress, Pell Payment, SSCR-32, or FISAP will find the On-Line Help an additional assistance.

If you have any questions, please contact CPS Customer Service at 1-800-330-5947.

##### **Alternative Student Loans Web Site**

Brian Kraff, a former network administrator for the American Bankers Association has founded a new web site which can help schools recommend non-federal loans to complete a student's financial aid portfolio. The site, [studentloan.com](http://www.studentloan.com), compares a wide range of alternative loans that match a student's needs. When students log onto the site they can find options that range from scholarships to a resource page.



## Federal Regulations & Letters

### □ **Dear Colleague, GEN-98-28: Summary of Reauthorization Provisions Affecting Title IV Programs, November 1998.**

On October 7, 1998, President Clinton signed into law the Higher Education Amendments of 1998 (Pub. L. 105-244) that amended the Higher Education Act of 1965(HEA). Among the many important provisions of the new law was, of course, the reauthorization of the Title IV Student Financial Assistance Programs. The Amendments also contained a number of changes to the Title IV Programs and to the structure under which they are delivered. The enclosure to this letter provides summaries of those provisions of the Higher Education Amendments of 1998 that directly affect the Title IV Student Aid Programs.

### □ **Dear Colleague, GEN-98-29: Diane Roger Moves On, Discusses State of Aid Programs, November 30, 1998.**

This letter is from Diane Rogers, Acting Chief Operating Officer of the Office of Student Financial Assistance Programs. In this DCL, Ms. Rogers acknowledges that she is leaving this position to become Chief of Staff to Acting Deputy Secretary Marshall Smith. Ms. Rogers also shares her views on the current state of the federal student aid programs, describing progress in the laying of groundwork for student aid modernization, performance-based organization implementation, and resolving Y2K problems.

### X **Dear Guaranty Agency Director, Disaster Letter 98-124: Severe Weather in Texas, December 1, 1998.**

The Federal Emergency Management Agency has added two more counties in Texas as disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of Tropical Storm Frances storm damage and flooding that began September 9. The most recent letter about this disaster was "Disaster letter 98-98" dated September 24. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL Program borrowers who are residents of the following counties (new counties in bold): Brazoria, Galveston, Harris, **Jefferson**, and **Matagorda**.

### □ **Dear President, ANN-98-16: Letter to Presidents on Hope Scholarship and Lifetime Learning Tax Credits, December 1998.**

This letter is from Secretary of Education, Richard W. Riley to Presidents regarding the Hope Scholarship and Lifetime Learning Tax Credits. The letter is seeking assistance to ensure that students and their families fully achieve the benefits of the Hope Scholarship and Lifetime Learning tax credits.

### X **Dear Guaranty Agency Director, Disaster Letter 98-125: Tornadoes and Flooding in Kansas, December 4, 1998.**

The Federal Emergency Management Agency has added two more counties in Kansas as disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of tornadoes and flooding that began October 1. The most recent letter about this disaster was "Disaster Letter 98-110" dated October 16. 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): **Douglas**, Johnson, **Leavenworth**, Seward, and Wyandotte.

### v **Dear Colleague, DLB-98-43: Interest Deductions (IRS Form 1098-E), November 1998.**

This letter is in regards to Student Loan Interest Deductions for Direct Loan borrowers -- IRS Form 1098-E. Attached to DLB-98-43 are copies of information sheets that will be mailed to Direct Loan borrowers concerning the new IRS form 1098-E.

### X **Dear Guaranty Agency Director, Disaster Letter 98-126: Hurricane Georges in Mississippi, December 9, 1998.**

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 98-111” dated October 19. 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 in bold): Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, **Jasper**, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Pike, Stone, and Wayne.

**v Federal Register, List of Approved “Ability-to-Benefit” Tests and Passing Scores, Notice: Correction, December 1, 1998**

This document corrects the passing scores for the Test of Adult Basic Education (TABE)--Forms 5 and 6, Level A for both the Survey and Complete Battery Versions; and Test of Adult Basic Education (TABE)--Forms 7 and 8, Level A, for both Survey and complete Battery Versions. Only the paper and pencil formats for these tests were approved. These tests and their incorrect passing scores were included in the “Update Notice” of the “List of Approved Ability-to-Benefit Tests and passing Scores” that was published in the Federal Register on October 27, 1998 (63 FR 57540).

**⌘ Federal Register, Notice of Proposed Information Collection Requests, December 7, 1998.**

The Leader, Information Management Group, Office of the Chief Financial and Chief Information Officer, invites comments on the proposed information collection requests as required by the Paperwork Reduction Act of 1995. These forms will serve as the means of collecting the information necessary to determine whether a FFEL borrower qualifies for a specific type of loan deferment. Interested persons are invited to submit comments on or before February 5, 1999.

**⌘ Federal Register, Submission for OMB Review, Notice, December 7, 1998.**

The Leader, Information Management Group, Office of the Chief Financial and Chief Information Officer invites comments on the submission for OMB review as required by the Paperwork Reduction Act of 1995. Collection of this information used for immigration status confirmation reduces the potential of fraud and abuse caused by ineligible aliens receiving Federally subsidized student financial assistance under Title IV of the Higher Education Act (HEA) of 1965, as amended. The respondent population is comprised of 7,310 postsecondary institutions who participate in administration of the Title IV, HEA Programs. Interested persons are invited to submit comments on or before January 6, 1999.

**□ Federal Register, 38 CFR Part 21, Dependents Education: Increase in Educational Assistance Rates, Final Rule, December 9, 1998.**

A provision of the Internal Revenue Service Restructuring and Reform Act of 1998 provides for an increase of approximately 20% in educational assistance rates payable under Survivors’ and Dependents’ Educational Assistance (DEA) effective October 1, 1998. The regulations governing those rates are changed to show the rates indicated in the Act. This final rule is effective October 1, 1998.

## ENCLOSURES

- ✍ Disaster Letter 98-124: Severe Weather in Texas
- ✍ Disaster Letter 98-125: Tornadoes and Flooding in Kansas
- ✍ Disaster Letter 98-126: Hurricane Georges in Mississippi

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

- OSFA’s Training Calendar

