

April 1999



OSFA Update

OSFA has been sending electronic weekly updates to the members of the Florida Association of Student Financial Aid Advisors (FASFAA). OSFA is moving with full state support to ensure that the transition from EDS to OSFA processing provides a seamless transition this summer and improved technology in the future.

OSFA's current plan to do the "live" transfer from EDS's data center to the NWRDC is following end-of-month close on May 27. During this changeover the system will be unavailable for a few days following, with full operations scheduled beginning June 4th. This will give OSFA the month of June to run live while EDS is still available, and help perfect the operation.

OSFA has created 47 new positions to transfer EDS employees to OSFA for continuity. These positions can be located on our web sit at

www.firn.edu/doe/bin00033/joa.htm. These positions are also posted on the FASFAA job board. The hiring process for the positions is in full swing. OSFA has also been interviewing other applicants to fill the remaining positions. We are in hopes to have all positions filled by mid May.

OSFA has completed our assessment of the way OSFA exchanges electronic data with its schools, lenders and servicers. Changes in methodology will be required for very few schools and these schools have already been contacted and assisted. Most schools, however, will require a small change in the Ids and/or passwords they use. Letters describing the options available for both batch file transfer and on-line access have gone out to those users who will need to change their technology as well as to those that may wish to make changes for the purpose of efficiency, cost savings and ease of use.

We appreciate all your support and assistance during the change to the new OSFA.

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COMMON MANUAL UPDATES

The *Common Manual* Governing Board approved several policies this month. The following policies were approved April 15, 1999.

POLICY UPDATE: The following are the policies that the *Common Manual* Governing Board approved April 15, 1999, and OSFA will be distributing to participants within the next few weeks.

- #301 Stafford Loan Limits. Removes the specific prorated Stafford loan limits applicable to first and second year undergraduate students and adds new language that proration is determined as a ratio of the student's program (as measured in clock or credit hours) to a full academic year multiplied by the applicable annual loan limit for a full academic year.
- #303 Single Disbursement of Loan Funds. Specifies exemptions from multiple disbursement requirements.
- #304 Delayed Delivery Exceptions. Revises delayed delivery rules for schools with a cohort default rate of less than 10% for the 3 most recent fiscal years for which data is available. Such schools need not delay disbursement of loan funds for first-year, first-time borrowers for the otherwise requisite 30-day period.
- #307 Repayment Options. Requires lenders to offer certain borrowers an extended repayment plan and also permits borrowers to change the selection of their repayment plan on an annual basis.
- #310 Application Process. Incorporates the requirements of the new Stafford master promissory note (MPN) as part of the application process.
- #311 Borrower Application Process. Incorporates the use of the new Stafford master promissory note (MPN) as part of the application process.
- #312 Plan for Doing Business. Combines subsections 3.8.A., 3.8.B., and 3.8.C. into one subsection to remove any misconception that three separate audits are required. Also eliminates required audits with respect to a Plan for Doing Business and the requirement that the audit be submitted to the Governor and principal guarantor.
- #313 Entrance Counseling Using the Master Promissory Note. Incorporates the requirements of the new Stafford master promissory note (MPN) into the required list of items to be discussed during entrance counseling.
- #314 Borrower Application Using the Master Promissory Note. Incorporates the requirements of then new master promissory note to request a Stafford loan.
- #315 School Processing changes using the Master Promissory Note. Incorporates the requirements of the new Stafford master promissory note (MPN) regarding school processing of loan eligibility information.
- #316 Lender and Guarantor Processing of the Master Promissory Note. Incorporates the lender and guarantors processing requirements related to the new master promissory note (MPN).
- #310 Application Process. Incorporates the requirements of the new Stafford Master Promissory Note (MPN) as part of the application process.
- #311 Borrower Application Process. Incorporates the use of the new Stafford Master Promissory Note (MPN) as part of the application process.
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- #316 Lender and Guarantor Processing of the Master Promissory Note. Incorporates the lender and guarantors processing requirements related to the new Master Promissory Note (MPN).

- #317 Required Notices for the Master Promissory Note. Incorporates the notice and authorization requirements related to the new Master Promissory Note (MPN).
- #318 Students Who Transfer. Addresses the validity of a student's Master Promissory Note (MPN) if a student transfers from one school to another.
- #320 Grace Period. States that a lender may grant a military extension of the grace period, for a period not to exceed 3 years, to a Stafford loan borrower whose loans are either in grace or in an in-school status.
- #321 In-School Deferment Eligibility for New Borrower 7/1/87 to 6/30/93. Deletes the requirement that the new borrower 7/1/87 to 6/30/93 obtain a new loan for a period of at least half-time but less than full-time enrollment for which an in-school deferment is sought. Also clarifies that a Consolidation loan made from an application received by the lender on or after November 13, 1997 is eligible for interest benefits during any period of deferment for any portion of the Consolidation loan that paid subsidized Stafford loans.
- #322 In-School Deferment Documentation. Eliminates the need for the borrower to request the in-school deferment and allows the lender to determine the borrower's eligibility based on certain available documentation.
- #323 Forbearance to Collect Documentation. Permits lenders to grant an administrative forbearance to suspend collection activity for a period not to exceed 60 days in order to collect or process documentation following a borrower's request for deferment, forbearance, a change in repayment plan, or loan consolidation. Also clarifies that the lender must not capitalize interest accrued during this period of administrative forbearance unless other circumstances arise that permit capitalization.
- #324 Loan Forgiveness Programs. Incorporates the provisions of the Loan Forgiveness Demonstration Program for Child Care Providers. Previous language addressing the Stafford Loan Forgiveness Demonstration Program has been removed.
- #325 Loan Forgiveness Program for Teachers. Provides guidance for a loan forgiveness program for teachers.
- #326 Loan Forgiveness Demonstration Program for Child Care Providers. Creates a new section for the Loan Forgiveness Demonstration Program for Child Care Providers that will be implemented, by the Department, if funding is made available.
- #327 Program Review. Incorporates additional items that may be included in the school and lender review process as a result of the use of the Master Promissory Note (MPN) due to changes in processing required to implement the MPN.
- #328 Appendix G Definitions. Incorporates the requirements of the Master Promissory Note (MPN) into the appropriate glossary definitions.

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

Extension of Federal (common) Stafford Application

The Office of Information Regulatory Affairs, Office of Management and Budget, has approved the extension of the Federal (common) Stafford application under the OMB Control Number 1840-0717 for use in the Federal Family Education Loan (FFEL) program. The extension of this application is provided to allow the master promissory note to be phased in over the next year.

This application and promissory note expiration date has been extended to June 30, 2000.

Approval of Loan Discharged and Cancellation Forms

The U.S. Department of Education notified Guaranty Agencies this month that the discharge/cancellation forms have been approved. There are five separate application forms used to evaluate borrower eligibility for discharge or cancellation of Federal Family Education (FFEL) Program and William D. Ford Federal Direct Loan Program loans. The forms reflect the unique federal requirements pertaining to discharge or cancellation of a FFEL or Direct Loan program loan for the following reasons.

- Inability of a student to complete the program of study in which the student was enrolled due to the school's closure;

- False certification by the school of a student's ability to benefit;
- Disqualifying status or condition of the student;
- Unauthorized signature/endorsement or unauthorized payment by the school; and
- Total and permanent disability of the borrower.

These forms must be used when providing loan discharge or cancellation applications on or after August 1, 1999. Other loan discharge or cancellation applications may still be processed after that day, but all new applications sent to borrowers on or after August 1, 1999, must use the newly approved forms.

Updated FFELP Economic Hardship Deferment Form

The FFELP Economic Hardship Deferment form has been updated to reflect the 1999 poverty guidelines for a family of two as established by the U.S. Department of Health and Human Services. The form's expiration date remains February 28, 1999. The Department of Education is expected to publish new FFELP deferment forms very soon, including a revised Economic Hardship Deferment. The deferment forms are currently being reviewed. Changes will be recommended and made and then forwarded to the Department for approval.

Interest rates for FFEL and Direct Loan Programs for October 1, 1998 through June 30, 1999.

The Chief Operating Officer for the Office of Student Financial Assistance Programs announces the interest rates for the period October 1, 1998, through June 30, 1999, for loans first disbursed on or after October 1, 1998, under the William D. Ford Federal Direct Loan (Direct Loan) Program and the Federal Family Education Loan (FFEL) Program in the April 30, 1999 Federal Register.

The Amendments change the formulas for setting interest rates on Consolidation loans under both the Direct Loan and the FFEL programs. However, the bill sets different effective dates for each program. The interest rate for new Consolidation loans is calculated by taking the weighted average of the loans being consolidated, and rounding up to the nearest higher $\frac{1}{8}$ th of 1 percent. Except as noted below under Federal Family Education Loan Program, it is a fixed rate and may not exceed 8.25 percent. This interest rate formula applies to FFEL Consolidation loans for which the application is received by an eligible lender on or after October 1, 1998, and before July 1, 2003.

The same formula applies to Direct Loan Consolidation loans for which the application is received on or after February 1, 1999, and before July 1, 2003. The 1998 Amendments establish temporary rules for calculating the interest rate for Direct Loan Consolidation loans (both student and parent) for which the application is received on or after October 1, 1998, and before February 1, 1999. For these loans, the interest rate is determined annually and equals the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held before June 1st plus 2.3 percent. The interest rate is capped at 8.25 percent.

The bond equivalent rate of 91-day Treasury bills auctioned on May 26, 1998, is 5.155 percent, which round to 5.16 percent.

William D. Ford Federal Direct Loan Program

1. Direct Subsidized and Direct Unsubsidized loans, first disbursed on or after October 1, 1998:

(a) During the in-school, grace, and deferment periods:

The interest rate for the period October 1, 1998, through June 30, 1999, is 6.86 percent (5.16 percent plus 1.7 percent equals 6.86 percent).

(b) During all other periods:

The interest rate for the period October 1, 1998, through June 30, 1999, is 7.46 percent (5.16 percent plus 2.3 percent equals 7.46 percent).

2. Direct PLUS loans first disbursed on or after October 1, 1998:

The interest rate for the period October 1, 1998, through June 30, 1999, is 8.26 percent (5.16 percent plus 3.1 percent equals 8.26 percent).

3. Direct Consolidation loans for which the application is received on or after October 1, 1998, and before February 1, 1999:

The interest rate for the period October 1, 1998, through June 30, 1999, is 7.46 percent (5.16 percent plus 2.3 percent equal 7.46 percent).

4. Direct Consolidation loans for which the application is received on or after February 1, 1999:

The interest rate is the weighted average of the interest rates on loans and being consolidated, rounded to the nearest higher 1/8th of one percent, but may not exceed 8.25 percent. The rate does not vary annually; it is established for the life of the loan.

Federal Family Education Loan Program

1. FFEL Stafford loans, first disbursed on or after October 1, 1998:

(a) During the in-school, grace, and deferment periods:

The interest rate for the October 1, 1998, through June 30, 1999, is 6.86 percent (5.16 percent plus 1.7 percent equals 6.86 percent).

(b) During all other periods:

The interest rate for the period October 1, 1998, through June 30, 1999, is 7.46 percent plus 2.3 percent equals 7.46 percent).

2. FFEL PLUS loans first disbursed on or after October 1, 1998:

The interest rate for the October 1, 1998, through June 30, 1999, is 8.26 percent (5.16 percent plus 3.1 percent equals 8.26 percent).

3. FFEL Consolidation loans for which the consolidation loan application was received by the lender on or after October 1, 1998:

The interest rate is the weighted average of the interest rates on the loans being consolidated, rounded to the nearest higher 1/8th of one percent, but may not exceed 8.25 percent. This rate does not vary annually. It is established for the life of the loan, unless portion of the Consolidation loan is attributable to a loan made under subpart I and part A of title VII of the Public Health Service Act. The interest rate on that portion of a Consolidation loan is determined annually, and equals the average of the bond equivalent rates of the 91-day Treasury bills auctioned for the quarter prior to July 1st plus 3 percent. For the period October 1, 1998, through June 30, 1998, the interest rate for that portion of a Consolidation loan is 8.13 percent (5.13 percent plus 3.0 percent equals 8.13 percent).



State Programs Update

We are pleased to report that the Critical Teacher Shortage program has approved a \$1.4 million dollar budget amendment to fully fund all eligible applicants for the Loan Forgiveness and Tuition Reimbursement programs. OSFA anticipates servicing approximately 2,000 more teachers in those two programs with the additional funding. This is the second year that eligible applicants have exceeded funding. Each year, OSFA has been able to work with the legislature and governor's offices to secure additional funding. OSFA is optimistic that our budget request for the 1999-2000 year will include sufficient funding to accommodate all eligible teachers without needing to request additional funds.

The 1999 session of the Florida Legislature ended on Friday, April 30. Neither the Senate nor the House Bills proposing changes to the Bright Futures law passed. Therefore, no changes were made to the Bright Futures Scholarship student requirements for this coming year.

The Florida Bright Futures Scholarship Advisory Group met on Friday, April 23, 1999, in Tallahassee. Our new Director of OSFA, Wayne Hood, was introduced and welcomed the group. Commissioner Gallagher greeted the representatives from postsecondary, secondary, district and state administrative offices. Discussion focused on electronic communication for eligibility evaluations this year and implementation of the 7th semester evaluation for year 2000 high school graduates. The recommendation of the group was to make final Bright Futures awards based on 7th semester grade and test score criteria. Students who do not meet requirements at the end of the 7th semester may be reevaluated at the end of the 8th semester. The purpose of the 7th semester eligibility determination is to assist students and parents in making informed decisions and to prevent financial aid offices from having to repackage aid.

Bright Futures Grade and Hour letter, electronic file layout and its instructions are ready to be mailed. Also, for your information, we will be sending you a set of the 1999 Bright Futures brochures and the annual Question & Answer mailout to scholarship recipients.

The FSAG decentralization procedures have been developed and we will be getting a memo out to you very soon with all the information.

On April 23, 1999, OSFA State Programs issued a Request for Proposals (RFP) for the new State Student Financial Aid Database System. Final proposals are due on June 4, 1999.

The new dedicated telephone line for postsecondary financial aid officers and high school guidance counselors is operational as of Monday May 3rd. Call the toll free line at 1-888-827-2004, select option 1 for Bright Futures, and then select option 3 for the dedicated line. We're here to help.

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

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Federal Updates

❖ Concurrent Resolution Promoting Increased Pell Grant

House Committee on Education and the Workforce Chairman Bill Goodling, R-PA., and Postsecondary Education, Training, and Life-Long Learning Subcommittee Chairman Howard McKeon, R-CA., announced April 20, a concurrent resolution promoting increased Pell Grant and campus-based program funding.

H. Con. Res. 88 asks that, resolved by the House of Representative (the Senate concurring), that the House of Representatives urges the Congress and the President, working within the constraints of the balanced budget agreement, to make student scholarship aid the highest priority for higher education funding by increasing the maximum Pell Grant awarded to low income students by \$400 and increasing other existing campus-based aid programs that serve low-income students prior to authorizing or appropriating funds for any new education initiative.

❖ Resumption of Daily Pell Grant Data Updates to NSLDS

ON February 23, 1999, the Department found a data discrepancy in the Pell-NSLDS interface. As a precaution, the Department stopped all Pell transmissions to NSLDS on February 24, 1999. The problem was

identified and corrections to the affected records within both the NSLDS and Pell system have been made. The daily Pell recipient data updates have been resumed to NSLDS.

If you have any questions regarding this matter, please call Pell Customer service at 800-474-72688, option 2, or send an email to #PELL_SYSTEMS@ed.gov.

Upcoming Automatic Message Class Update: Y2K Testing

The Department of Education announced that on April 5, Title IV WAN will send out the message class "MESSAGTB" to all users. Edconnect for Windows will automatically request, download, and import this new message table with your next connection to the network. After the MESSAGTB file has been imported, the new message table will be used from that point forward.

The new message table will include all of the necessary message classes for completing Year 2K testing with the application systems. These message classes are to be used for Year 2K testing only. Year 2K test plans and test cases can be found at the Department of Education's web site at URL www.ed.gov.

Department Reports All Critical Systems Are Y2K Compliant

Acting Deputy Secretary Marshall S. Smith issued a statement on the Department's Y2K readiness. Mr. Smith stated that the Year 2000 problem is a special concern for the Department, because many of the Department's systems are critical to delivering more than \$50 billion in federal aid to more than eight million college students annually.

Mr. Smith reported that all of the Department's 175 data systems- including the 14 mission-critical systems - have been renovated, independently validated and verified, and implemented. The last critical system was implemented earlier this month, safely ahead of the government's self-imposed deadline.

On February 22, Congressman Steven Horn's Subcommittee on Government Management, Information, and Technology, gave the Department a grade of "A-minus." The Office of Management and Budget has placed the Department in its highest Y2K readiness tier.

The Department is pleased with this progress, but is not taking anything for granted. Through their contingency planning, data exchange testing, and outreach efforts, they are working hard with customers and partners to keep federal aid to states, schools, and students flowing without a hitch when the year 2000 arrives.

Negotiated Rulemaking Web Site

The Department of Education has produced a web site with information on the 1999 negotiated rulemaking process. The web site provides information on the negotiations, statutes, Federal Registers, committee members and participants, as well as schedules and summaries.

The Negotiated Rulemaking web site can be located at: <http://www.ed.gov/legislation/HEA/rulemaking/>.

❖ Special Patch for Edconn32 Software

Due to an intermittent decompression problem, the Department has issued the following special instructions for administering a patch to the current 3.0.1 version of Edconn32 software.

If you have installed the Edconn32 software and are currently using it:

- Open your Internet browser.
- Go to: <ftp://t4wanupt:hyrkb@gsd-ftp.ic.ncs.com>
- Single click on Edonn32SR1.exe.
- Select the location where you wish to download the patch to (i.e.C:\Download), then click Save.
- Use your Windows Explorer to go to the location where you downloaded the Econn32SR1.exe, and double-click on Econn32SR1.exe.

- The patch will unzip and a window will appear asking for the location of your Edconn32. If you installed Edconn32 to the default (c:/Program Files/Edconn32/). Simply click Apply. If you installed Edconn32 to another directory (i.e. F:/Edconn32) indicate the directory and click Apply.
- Your Edconn32 will be updated (Note: you should receive the message, "Edconn32 Service Update installation successful").
- Run Edconn32 normally.

If you are in the midst of converting to Edconn32 or have not installed at all yet, consider these instructions as step 4 on the instruction sheet. *Special Note: Do not install the Edconnect 32-bit V3.0.1 software if you currently use a mainframe system to send and receive you data through Title IV WAN.*

For questions concerning this issue please call Title IV WAN customer service at 1-800-615-1189 or via electronic mail at T4WAN@NCS.COM.

❖ **New Financial Aid Administrator Training**

The U.S. Department of Education is pleased to announce a new training series for financial aid office staff with little or no experience in financial aid. Beginning this spring, the Department will conduct several "New FAA" workshops annually throughout the country.

This training introduces the Title IV student aid programs. The curriculum covers the basic concepts and procedures that are needed to know to properly manage and award federal student financial aid. The training will also help use the Department's publications and other resources to find the information needed to help students.

Dates and Locations: May 11-14 – Orlando, Florida, September 21-24 – Denver, Co, October 19-22 – Southern California, October 26-29 – Cleveland, OH, December 7-10 – Charlottesville, VA.

To register you may complete and fax the registration form to (703) 284-5629 or e-mail information needed to sfatraining@NCS.com.

❖ **America Reads Tutoring Support Teleconference Scheduled for April 26**

The Department of Education announced that on April 26, 1999, a free national satellite teleconference will be held from 1:30 to 3:30 p.m., Eastern Time. The America Reads Tutoring Support Program Delivering Effective Tutor Training is being presented by the U.S. Department of Education and the University of Vermont.

Whether you are just beginning to create a reading tutor program, or already have one well underway, this program will assist in developing and strengthening processes for your unique situation.

Watch the web site for more details at : <http://www.uvm.edu/~uvmreads> and follow links to the teleconference. For program information, send e-mail to Andrea Grayson at agrayson@zoo.uvm.edu. For registration requests, send e-mail to profprog@zoo.uvm.edu , call 1-800-639-3188, or fax (802) 656-3891.

Negotiated Rulemaking

The Department of Education and representatives of the higher education community are engaged in negotiated rulemaking to implement Title IV of the Higher Education Act of 1965, as amended by the Higher Education Amendments of 1998.

The Higher Education Act, as amended, requires that the Secretary obtain public involvement in the development of proposed regulations for Title IV of that Act and, generally, that all Title IV regulations promulgated after the enactment of the Higher Education Amendments of 1998 be subject to a negotiated rulemaking process. In a Federal Register notice of November 6, 1998 the Secretary published a request for

advice and recommendations on regulatory issues and announced three regional hearings for the purpose of receiving such advice and recommendations.

In a Federal Register notice of December 23, 1998, the Secretary announced his intention to establish four negotiated rulemaking committees to develop proposed regulations.

- Committee I - Lender and Guaranty Agency Issues, Committee II.
- Committee II - Loan Issues
- Committee III - Refunds, Program, and Student Eligibility Issues.
- Committee IV - Institutional Eligibility Issues.

A meeting was held on January 11, 1999 where the representative of all negotiating committee members met to adopt a set of protocols for the negotiations and begin to address the issues before them.

Negotiated Rulemaking Calendar

Committee I (Lender And Guaranty Agency Issues)	Committee II (Loan Issues)	Committee III (Refunds, Program, and Student Eligibility Issues)	Committee IV (Institutional Eligibility Issues)
January 19-20, 1999	January 21-22, 1999	February 1-3, 1999	February 3-5, 1999
February 16-17	February 18-19	February 24-25	February 26-27
March 22-24	March 24-26	April 6-8	April 8-10
April 19-21	April 21-23	May 3-5	May 5-7
May 17-19	May 19-21	May 24-26	May 26-28

❖ Department Announces Upcoming Move of the Central Processing System to the Virtual Data Center

The Department issued a message, April 21, 1999 of the three-step process by which the move will be made of the Central Processing System to the Virtual Data Center. To facilitate the integration of the Student Financial Aid Delivery system, the Department is moving the Central Processing System (CPS), to the Virtual Data Center (VDC) located in Meriden CT, which will eventually house all of the Student Financial aid Delivery systems. Although some downtime is necessary to prepare for, rehearse, and move CPS, the Department expects that this transition will be transparent to schools and students.

Many months of planning and scheduling have gone into the preparations for the CPS move. The Department is confident the CPS will be in production except for the limited downtime. Downtime is planned for April 23, 1999 at 12:01 a.m. Central Time until April 25. Should additional downtime be required, a message via Title IV WAN and posted on IFAP and FINAID-L list serve will be sent to inform of the production halt.

Should you have any questions about the Central Processing system move, please call CPS Customer Service at 1-800-330-5947, option 2.

SFATECH Listserve Start-Up

U.S. Department of Education issued an announcement April 26, 1999 about a new product: SFATECH. SFATECH is an e-mail list serve sponsored by the U.S. Department of Education. Its goals are to provide accurate and timely answers to technical questions about the Department's SFA systems, software, and mainframe products and to create an environment where users of SFA systems can help one another resolve technical issues.

The Department of Education pays for all services provided by SFATECH. You won't be charged for technical inquiries that you post to SFATECH even if we need to call you to resolve your question. The Department wanted to send this announcement now, because once SFATECH is available, there will not be responses to technical inquiries posted to FINAID-L and FINNET-L. Another announcement will be sent when SFATECH is available inviting participation.

❖ Student Financial Aid Year 2000 Project Status and Testing Opportunities for Postsecondary Institutions and Trading Partners.

The Office of Student Financial Assistance Programs (OSFAP) is proud to announce that OSFAP systems, which deliver and administer student assistance, are Year 2000 ready. However, this achievement alone does not assure the delivery of student aid. Trading exchange testing with the Department's large population of OSFAP customers will further reduce the risk of a Year 2000 failure in the delivery of student assistance. OSFAP encourages each institution (school or agency) to test their data exchanges with the following systems during the windows of opportunity listed below. Testing plans and test cases can be found at www.ed.gov/offices/ocio/events/.

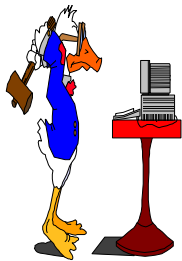
Scheduled Dates for Institution Testing

NSLDS	April 12 - May 21	July 12 - Aug 20
CPS	May 31 - July 12	Aug 9 - Sept 20
DLOS	April 12 - May 21	July 12 - Aug 20
Pell Origination	May 17 - June 25	
Pell Disbursement (ESOA and Data Request)		July 12 - Aug 20

❖ Notification of Campus-Based Final Funding for 1999-2000

Attached to this announcement for the CPS Customer Service, is the Notification of Campus-Based Final Funding for the 1999-2000 Award Year. This Notification has been broken into three separate files because of its size, which provides easier use, by customers. The first file contains the states of Alabama through Iowa. The second file contains the states of Kansas through New York; and the third file contains the states of North Carolina through the Virgin Islands.

To access this announcement and the attached files, visit the Department's web site at: <http://ifap.ed.gov>.



**Helpful
Tips**

❖ EDEXpress and Edconnect Compatibility

This tip from CPS Customer Service highlights a feature or process in the new 1999-2000 EDEXpress software: EDEXpress and Edconnect compatibility. Several EDEXpress users have received the error message "Failed to create T4API dispatch" when attempting to export application and correction batches in Versions 5.0 and 5.1. Users receiving this message have the "Export to Edconnect?" option activated on their User ID profile. This option must be de-selected for the affected User ID for exports to complete without generating the above error message. Export files will be created when the error message occurs, but will need to be manually formatted in the Edconnect transmission queue.

For further information, please contact CPS Customer Service at 1-800-330-5947, or e-mail at CPS@NCS.COM.

❖ EDEXpress and Edconnect Compatibility

This tip highlights a feature in the 1999-2000 EDEXpress software: EDEXpress and Edconnect compatibility. Several EDEXpress users have received the error message "Failed to create T4API dispatch" when attempting to export application and correction batches in Versions 5.0 and 5.1. Users receiving this message have the "Export to Edconnect?" option activated on their User ID profile. This option must be de-selected for the affected User ID (and for any other users who perform exports) for exports to complete without generating the above error message. Export files will be created when the error message occurs, but will need to be manually formatted in the Edconnect transmission queue.

If you have any questions regarding EDEExpress for Windows, please contact CPS Customer Service at 1-800-330-5947, or via e-mail at CPS@NCS.COM> If you have questions regarding Edconnect for Windows, please contact Title IV WAN at 1-800-615-1189, or via e-mail at T4WAN@NCS.COM.

❖ **Packaging Aid Types**

This tip highlights a specific process in the EDEExpress software: Packaging Aid Types. In the Packaging module of EDEExpress for Windows, funds are defined under Tools/Setup.Packaging/Fund Maintenance. Aid Type is a required field to save a fund profile. The Aid Type value tells EDEExpress the kind of fund you are creating, and in some circumstances will ensure federal eligibility requirements for awarding limits are followed. Selecting the correct Aid Type is critical.

If you have any questions, please contact CPS Customer Service at 1-800-330-5947, option 7, or via e-mail at CPS@NCS.COM.

❖ **The SYSADMIN User ID**

This tip from CPS Customer Service is a feature or process in the 1999-2000 EDEExpress and 32-bit SSCR: The SYSADMIN User ID. In 1999-2000 EDEExpress and 32-bit SSCR, you must use SYSADMIN as the default User ID and password the first time you log into the software (following a full installation). Once entered, you are prompted to enter a new password and to verify it.

The User ID SYSADMIN should be reserved for administration purposes only. The primary use for SYSADMIN is to clear the message "user ID already logged in" for those users who may have experienced PC or system problems while EDEExpress or SSCR were open. SYSADMIN should not be used as a routine User ID for modifying student records or performing other everyday tasks within EDEExpress or SSCR.

If you have any questions, please contact CPS Customer Service at 1-800-330-5947, or via e-mail at CPS@NCS.COM.

❖ **Packaging Query Helpful Hints**

This tip from the CPS Customer Service highlights a specific feature or process in the EDEExpress software: Packaging Query Helpful Hints. Using queries correctly is essential to a successful Packaging setup. Query has been redesigned considerably in the 1999-2000 EDEExpress software, and its improved flexibility heightens the degree of detail in which you can define various Packaging setup parameters.

If you have questions or would like more information, please contact CPS Customer Service at 1-800-330-5947, option 7.



Federal Regulations & Letters

Dear Colleague, DLB-99-16: New Disclosure Statement, March 1999.

This bulletin follows up on the information provided in Greg Woods' Dear Colleague letter, GEN-99-08, dated February 1999. The letter's summary is: Introduction of the Master Promissory Note in the Direct Loan Program for Academic Year 1999-2000. In that letter, Greg Woods refers to the new Disclosure Statement. A copy of the new Disclosure Statement is attached to this bulletin.

Dear Colleague, GEN-99-12: Y2K Disclosure Notice on TIVWAN and EDConnect for Windows 32-Bit Software - March 1999.

This letter is a Year 2000 disclosure notice on the Title IV Wide Area Network (TIVWAN) and the EDConnect for Windows 32-Bit software package. The Department announced that the TITWAN, and the March 1999 release of the EDConnect for Windows 32-Bit software package, which ED issues to institutions participating in Federal Student Financial Aid Programs, are Year 2000 compliant. The Products will

function accurately related to the processing of date data (including but not limited to, calculating, comparing and sequencing of dates) from, into, and between the twentieth and twenty-first centuries, including leap-year calculations, when used in accordance with documentation provided with the Products release, and when all third-party products used in combination with the Products properly exchange date data with it.

❖ Dear Colleague, GEN-99-13: Y2K Disclosure Notice on EDEExpress Direct Loan Module - March 1999.

This letter is a Year 2000 disclosure notice on the Direct Loan Module of the 1999-2000 EDEExpress V5.1 (EDEExpress) software package. The Department announced in this notice that the March 1999 release of the EDEExpress - Direct Loan, which ED issues to institutions participating in the William D. Ford Federal Direct Loan program, is Year 2000 compliant. The Product will function accurately related to the processing of date data (including but not limited to, calculating, comparing and sequencing of dates) from, into, and between the twentieth and twenty-first centuries, including leap-year calculations, when used in accordance with documentation provided with the Product release, and when all third-party products used in combination with the Product properly exchange date data with it.

Dear President, GEN-99-14: Department of Education's Student Financial Aid Program System's Y2K Compliant.

This letter is to educational institutional presidents regarding the Department of Education's Student Financial Aid Program systems are now Y2K compliant. The systems have been renovated, validated, and implemented for Year 2000 compliance, and are ready for testing with the Department's data-trading partners. The Department is confident in the systems' processing of dates over the millennium.

The Department invites participation in the Year 2000 school testing. Your involvement will ensure that the data exchanges between the Department's system and yours comply with the Federal Government's Year 2000 standards. For more information on the overall testing methodology and to learn which individual program systems and exchanges are to be tested, you may visit the Department's web site at: <http://www.ed.gov.y2k>.

❖ Dear Colleague, DLB-99-17: 1999 Training Announcement.

The Department of Education announces the 1999 training series for new and current participants in the William D. Ford Federal Direct Loan Program. This letter describes the three training series: Direct Loan Overview, Direct Loan EDEExpress Software and Direct Loan Accounting Training (Direct Loan Reconciliation Game). The training series begins on April 20, 1999.

Dear Partner, GEN-99-15, April 1999.

This is a letter from Greg Woods, Chief Operating Officer, Office of Student Financial Assistance. In this letter Mr. Woods states that the Department is well underway as the nation's first Performance Based Organization – an organization that not only strives to work better and cost less, but sets clear objectives and measures progress toward them. Mr. Woods enclosed with this letter a booklet that contains the Department's first performance objectives that will guide the Department through September, when they will send their formal, five-year plan to Congress. The booklet is titled, *Interim Performance Objectives*.

❖ Dear Colleague, DLB-99-18, Year 2000 Testing, April 1999.

This bulletin reminds you that the Department is ready to start Direct Loan origination Year 2000 testing with Direct Loan schools and offers some tips for conducting the testing.

Dear Guaranty Agency Director, Disaster Letter 99-07: Tornadoes in Louisiana, April 14, 1999.

On April 12, the Federal Emergency Management Agency designated Bossier and Caddo counties in Louisiana to be disaster areas that qualify for federal assistance under FEMA's Individual Assistance program because of tornadoes, severe storms, and flooding that occurred April 3-7. 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.

❖ **Dear Colleague, P-99-3, Action Letter #6, April 8, 1999.**

This letter provides you with additional information regarding the new Recipient Financial Management System (RFMS). RFMS is designed to report and request funds for the Federal Pell Grant Program. The first step in the new RFMS process is the submission of the origination record.

❖ **Dear Colleague, P-99-03: Recipient Financial Management System, Action Letter #6, April 8, 1999.**

This letter provides you with additional information regarding the new Recipient Financial Management System (RFMS). RFMS is designed to report and request funds for the Federal Pell Grant Program. The first step in the new RFMS process is the submission of the origination record.

❖ **Dear Colleague, DLB-99-19: Ordering and Using the Direct Loan Master Promissory Notes and Other Forms for 1999-2000, April 1999.**

This bulleting provides you with information about ordering and using the Direct Loan master Promissory Notes (MPNs) for Direct Subsidized and Direct Unsubsidized loans, as well as other forms for the 1999-2000 academic year.

❖ **Dear Colleague, DLB-99-20: FY 1997 Draft Cohort Default Rate Data**

This bulletin follows up on the FY 1997 Draft Cohort Default Rate Data that the Department mailed on March 29, 1999. All schools, regardless of the school's cohort default rate, should review the cohort default rate data to ensure its accuracy. If the school believes that any data is inaccurate, it must submit a draft data challenge as outlined in the *FY 1997 Draft Cohort Default Rate Guide* within 30 calendar days of receipt of the school's draft cohort default rate data. This is the only opportunity for most schools to ensure the accuracy of the school's cohort default rate. If you school has any questions on how to submit a draft data challenge, contact the Default Management Division at 202-708-9396.

Dear Guaranty Agency Director, Disaster Letter 99-08: Tornadoes in Georgia, April 21, 1999.

On April 20, the Federal Emergency Management Agency designated Dooly county in Georgia to be a disaster area that qualifies for federal assistance under FEMA's Individual Assistance program because of tornadoes and extreme weather that occurred April 15. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrowers who are residents of that county.

Dear Guaranty Agency Director, Disaster Letter 99-09: Flood in Missouri, April 21, 1999.

On April 20, the Federal Emergency Management Agency designated Madison county in Missouri to be a disaster area that qualifies for federal assistance under FEMA's "Individual Assistance" program because of flooding and severe storms that began April 3. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrowers who are residents of that county.

❖ **Dear Colleague - Ann-99-03: Announcing New Financial Aid Administrator Training - April 1999.**

The U.S. Department of Education is pleased to announce a new training series for financial aid office staff with little or no experience in financial aid. Beginning this spring, the Department will conduct several "New FAA" workshops annually throughout the country.

❖ **Dear Colleague Letter - DLB-99-22: Ordering Master Promissory Notes from the LOC - April 1999.**

This bulleting follows up on Direct Loan Bulletin 99-199, which discussed ordering and using the Direct Loan master promissory notes and other forms for 1999-2000.

❖ **Dear Colleague Letter, DLB-99-23: Entrance Counseling on the Web, April 1999.**

The entrance counseling is now live on the web. Schools and students may visit the site at www.ed.gov/DirectLoan/counsel/index.html.

❖ **Dear Financial Aid Administrator, CB-99-07, May 1999.**

This letter provides procedures to request a waiver of the 1999-2000 Federal Work-Study community service expenditure requirement.

❖ **Dear Colleague Letter, DLB-99-25, 1999-2000 Technical Reference for Direct Loan Change Pages (March 1999), April 1999.**

The Department recently published and distributed 1999-2000 Direct Loan Technical Reference change pages in conjunction with the 5.1 version of EDEExpress. This bulletin notifies you of two errors on the pages. Field #14 - Borrower's Citizenship displays on the bottom of change page 1-11 and also on the top of change page 1-12. Field #18 - Student's College Grade Level is omitted from change page 1-12.

❖ **Dear Colleague Letter, DLB-99-24: Correction of the FY 1997 Draft Cohort Default Rate Guide, April 1999.**

The chart on page 29 of the FY 1997 Draft Cohort Default Rate Guide incorrectly indicates that the IX claim reason code represents a "Direct Loan, Defaulted Income Contingent Negative Amortization (with the Department)." The IX code does not represent a defaulted income contingent repayment loan. The IX code represents a Direct Loan, under a normal repayment plan that has defaulted.

Federal Register, Department of Education, Notice of Proposed Information Collection Requests, April 1, 1999.

The Acting Leader, Information Management Group, Office of the Chief Information Officer, invites comments on the proposed information collection requests as required by the Paperwork Reduction Act of 1995. Interested persons are invited to submit comments on or before June 1, 1999 on the Distance Education Demonstration Program Annual Evaluation and the Evaluation of the Eisenhower Professional Development.

❖ **Federal Register, AmeriCorps Education Awards - 45 CFR Parts 2522, 2525, 2526, 2527, 2528, and 2529, Proposed rule, April 9, 1999.**

The Corporation proposes to amend several provisions relating to the AmeriCorps education award, including those governing the process for determining a participant's eligibility and the ways in which participants may use the award. These changes will promote efficiency and consistency in providing education awards to AmeriCorps participants. Written comments should be received on or before June 8, 1999.

❖ **Federal Register, Department of Education, Notice Announcing a Two-Tier Review Process for Applications Received Under the Fiscal Year 1999 Competition, April 9, 1999.**

The Secretary announces the use of a two-tier review process to evaluate applications submitted for new awards under the FY 1999 GEAR UP program for Partnership grants. The Secretary takes this action to ensure a thorough review and assessment of the large number of applications expected to be received under the FY 1999 competition. This competition was announced previously in a notice published in the Federal Register on March 2, 1999 (64 FR 100190). That notice, however, did not explain that a two-tier review process is to be used in the evaluation of GEAR UP Partnership applications. Because the announcement of a two-tier review process does not affect the contents of the applications in this competition, the date by which applications must be received remains as originally announced, April 30, 1999.

Federal Register, Corporation for National and Community Service, Notice, April 15, 1999.

The Corporation for National and Community Service invites elected officials and other representatives of Indian tribal governments to participate in a working group to facilitate input in the development of Corporation policies that significantly or uniquely affect Indian tribal governments and their communities. Responses may be mailed to the Corporation or by electronic mail.

❖ **Federal Register, Department of Education, Notice of Proposed Information Collection Requests, April 15, 1999.**

The Acting Leader, Information management Group, Office of the Chief Information Officer, invites comments on the proposed information collection requests as required by the Paperwork Reduction Act of 1995. Interested persons are invited to submit comments on or before June 14, 1999 on Phase 1 of the National Evaluation of Talent Search and Educational Opportunity Centers and Student Aid Report (SAR).

Federal Register, Department of Education, 34 CFR Part 682, FFELP, Final Regulations, April 16, 1999.

This document contains corrections and other technical changes to the final regulations for the Federal Family Education Loan program in 34 CFR Part 682. The regulations govern the Federal Stafford Loan program, the Federal Supplemental Loans for Students (Federal SLS) Program, the Federal PLUS Program and the Federal Consolidation Loan Program and are effective as of April 16, 1999.

The regulations that are the subject of these corrections incorporate self-implementing statutory changes made to the Higher Education Act, as amended, by the Higher Education Amendments of 1992 (the 1992 Amendments), the Omnibus Budget Reconciliation Act of 1993 (OBRA), and the Higher Education Technical Amendments of 1993 (1993 Amendments). These regulations do not implement the Higher Education Amendments of 1998. Those amendments will be addressed by other regulations as needed. However, some technical changes have been modified to ensure that they do not conflict with those amendments. Waiver of Proposed Rulemaking.

It is the practice of the Secretary to offer interested parties the opportunity to comment on proposed regulations. However, the provisions in these final regulations reflect needed technical corrections and changes to the FFEL regulations. These corrections and changes do not affect the substantive rights or obligations of individuals or institutions. Therefore, the Secretary has concluded that these regulations are technical in nature and do not necessitate public comment.

❖ Federal Register, Department of Veterans Affairs, Information and Comment Collection, April 23, 1999.

The Veterans Benefits Administration, Department of Veterans Affairs is announcing an opportunity for public comment on the proposed collection of certain information by the agency. Under the Paperwork Reduction Act of 1995, Federal agencies are required to publish notice in the Federal Register concerning each proposed collection of information, including each proposed revision of a currently approved collection, and allow 60 days for public comment in response to the notice. This notice solicits comments for information needed to determine eligibility for education loan. Written comments and recommendations on the proposed collection of information should be received on or before June 22, 1999.

Federal Register, Submission for OMB Review, April 28, 1999.

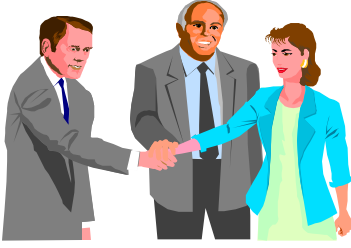
The Acting Leader, Information Management Group, Office of the Chief Information Officer invites comments on the submission for OMB review on the Safe and Drug-Free Schools and Communities National Programs--Federal Activities--State and Regional Coalition Grant Competition to Prevent High-Risk Drinking Among College Students, the William D. Ford Federal Direct Loan Program: Loan Deferment and Permanent Total Disability Cancellation Request Documents and the Federal Family Education Loan (FFEL) Program Loan Deferment Applications. Interested persons are invited to submit comments on or before May 28, 1999.

Federal Register, Submission for OMB Review, April 30, 1999.

The Acting Leader, Information Management Group, Office of the Chief Information Officer invites comments on the submission of OMB review on the Student Right-to-Know and the Protection and Advocacy of Individual Rights (PAIR Program Assurances. Interested persons are invited to submit comments on or before June 1, 1999.

Federal Register, Notice of Interest Rates for Direct Loan Program and Federal Family Education Loan Program, April 30, 1999.

The Chief Operating Officer for the Office of Student Financial Assistance Programs announces the interest rates for the period of October 1, 1998, through June 30, 1999, for loans first disbursed on or after October 1, 1998, under the William D. Ford Federal Direct Loan (Direct Loan) Program and the Federal Family Education Loan (FFEL) 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.

Rod Lewis - Program Specialist III, Claims Unit

Rod brings over thirty years of educational and financial experience to his new job at OSFA. Rod 's position involves working with lenders in processing of claims. It also includes special projects within the Collection

Unit audit process.

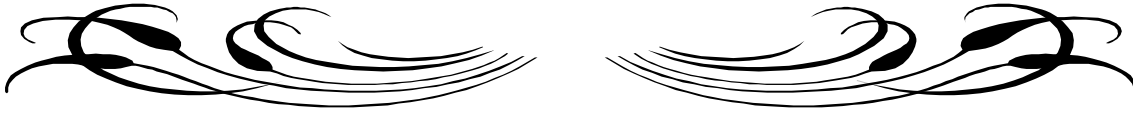
Rod holds a B. S. Degree in Personnel Management from the FSU School of Business. His first love was Biology and thus he completed a significant amount of science-related courses at FSU, which allowed him to answer his calling to be a Biology teacher and athletic coach. He served in that capacity for three years at the middle and high school levels.

Financial demands and responsibilities subsequently dictated a move into the world of finance where he served in banking, insurance, and financial consulting (investment) industries for over twenty-five years.

Rod is a native of Tallahassee and a seventh-generation North Floridian. He has been married twenty-six years and has an adult son and daughter who are fraternal twins. His hobby is spending as much time as possible on the Apalachee Bay -- either fishing or exploring.

QUESTIONS AND ANSWERS

OSFA's Q&A



Question: As part of a student's eligibility for a student loan, the student must have a high school diploma or its recognized equivalency. Is an educational institution required to obtain documentation of a student's high school diploma or its equivalent prior to certification of a student loan or may the school accept a signed statement from the student as proof of eligibility? If documentation is required, is there a time frame in which the educational institution is required to obtain the material, such as prior to certification, disbursement of funds, or within first academic award period?

Answer:

Letter from the United States Department of Education, Policy Development Division

In general, there is no requirement that a school obtain documentation of a student's GED or high school diploma before certifying a student loan. However, a school may be liable for the loan if it is later discovered that the student did not have a high school diploma or its recognized equivalent. The student would not be an eligible student under 34 CFR 668.32. To minimize this risk, most schools require actual documentation or a self-certification of high school graduation or equivalency from a new student who requests a Federal Family Educational Loan (FFEL).

Question:

A student who was attending two schools in a consortium agreement, dropped out of the home school where the student would receive the degree or certificate, yet the student continued to be enrolled at least half-time at the second school. After the student dropped out of the home school, the school received the second disbursement of the student's loan. Is the student eligible for the funds of the second disbursement?

Answer:

Letter from the United States Department of Education, Policy Development Division

One of the fundamental requirements for receiving an FFEL loan is that the student be enrolled in a program leading to a degree or certificate. [Note: there are a few minor exceptions to that rule that are not applicable to this situation.] The student is no longer enrolled in his home institution, which is the one that would be granting the degree or certificate to the student. He is no longer an eligible student. Assuming the second school is an eligible school and the student qualifies for a loan like any other student (which means, among other things, being enrolled in a degree or certificate program), the student can apply for a loan at the second school.

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

OSFA