

September 1998

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

OSFA

☞ Reauthorization Bill

On September 1, 1998 the Senate Labor, Health and Human Services and Education Appropriations Subcommittee approved its version of the Fiscal Year 1999 Labor, Health and Human Services and Education funding bill unanimously.

This funding bill will affect the Title IV programs in the 1999-2000 award year. The Senate bill was more accommodating to the federal student aid programs than what was presented in the House bill.

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The House approved the Conference Report for H.R. 6 by a voice vote in the early evening hours of September 28 after only an hour of floor debate. The Senate approved the bill the next morning with only thirty minutes of floor debate with a vote of 96 to 0. H.R. 6 now goes to President Clinton to sign into law.

Note: The OSFA Policy Unit is currently preparing an analysis of the changes brought about by Reauthorization and will provide it to you by the end of October.

☞ **COMMON MANUAL UPDATES**

The Office of Student Financial Assistance (OSFA) , distributed to participants policy updates, September 18, 1998. The *Common Manual* Governing Board approved the policy changes on August 20, 1998. The policy changes affect FFELP Eligibility Requirement, Dental Internship Exception, Verification Requirements, Cash Monitoring Payment Method, Disclosure of Interest Rate Formula, Return of Loan Proceeds, Consolidation Loan Nondiscrimination, Annual Loan Limit, and Guarantee Disclosure.

Please insert the updates into your *Common Manual*. If more than one area of the *Common Manual* is affected by the policy change, OSFA has provided additional copies. OSFA should receive additional proposals in October, to be considered for implementation to the *Common Manual* .

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

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Federal Updates

☞ Department Experiencing E-Mail Problems

The U.S. Department of Education began experiencing difficulties with its e-mail system the week of August 24, and e-mail messages sent to ED after midnight on Monday, August 24, may not have reached their intended recipient. While some e-mail was being delivered, the system was not fully reliable at the time, and if you had needed to contact someone in ED, you needed to do so by telephone or by fax.

The Department's e-mail system has now been restored and work continues to ensure the stability of the system. The Department apologizes for the inconvenience. For more information on the fax broadcast service information, please see ANN-98-6 which provides a description of the service and enrollment instructions.

☞ Year 2000 Compliance

The Department of Education's Deputy Secretary, Marshall Smith responded to some intense questions from the House Government Reform and Oversight Committee after receiving a poor grade for its performance in preparing its computer systems for the year 2000(Y2K). Mr. Smith provided the committee the Department's pipe chart showing the progress made in the Department's key systems.

The Department's Acting Deputy Assistant Secretary, Diane E. Rogers, issued a notice on September 23, 1998 concerning the Year 2000 Compliance. Ms. Rogers stated in the letter that the Department of Education was doing everything they can to ensure that the delivery of Federal student aid and related public services will not be disrupted by Y2K computer problems. This letter is the first of a series of periodic messages to update the Y2K status of the Department's student financial aid data systems.

The Department has had an extensive Y2K conversion effort underway for many months with rapid and significant progress made on all of the mission critical data systems. Eleven of the Department's fourteen "mission critical" data systems are directly related to student financial aid. Of these,

- Three systems have been renovated, validated, and implemented: the Postsecondary Education Participants System, the Direct Loan Origination system, and the Campus-based Programs system.
- Five systems have been renovated and are progressing well through the validation process: the Direct Loan Central Database System, the Direct Loan Servicing System, the Central Processing System, the National Student Loan Database System, and the Title IV Wide Area Network.
- Work on all but one student aid system will be completed by the end of January 1999. The FFEL system conversion work is expected to be completed by March 1999.

In early 1999, the Department will conduct "end-to-end" systems testing of the mission critical student aid systems, which will include external partners. Between April and September 1999, the Department will make available additional testing opportunities to postsecondary institutions and other external partners as they complete work on their own Y2K system renovations.

☞ Department Outlines IFAP Enhancements

The Department of Education's SFA Customer Support Branch has received input from the financial aid community on how to improve the IFAP website and Customer Support Branch services. The Customer Support Branch has accumulated a list of items to do for enhancements which include:

- Development of a feature to provide customers with a visual sign/notification of new postings to IFAP. This feature will be a visual aid displayed on the various IFAP pages. It will identify documents posted within the last "x" number of days (parameter driven);

- Development of a feature that will enable the Customer Support Branch to compose messages and “push” those messages out to all registered IFAP customers, at the e-mail address contained within each customer’s IFAP registration profile; and
- Development of a customer driven “subscribe” feature for IFAP. This feature will allow subscribers to receive all postings of a certain type: all Dear Colleague letters but not all publications, for example. The Department hopes to develop this feature so that program-specific requests can be made, in addition to category-specific requests.

The Department has plans to begin implementing these enhancements in the next few months. These enhancements are planned to address the concerns raised regarding how to identify new items posted to IFAP. Should you have comments or suggestions regarding the IFAP website you may send them via any of the following methods:

E-mail CSB at csb@ed.gov

E-mail CSB via the IFAP website

Fax CSB at 202-260-4199

Call CSB toll-free at 1-800-433-7327

❖ **32-Bit SSCR Software Tip**

The U.S. Department of Education has released the standalone 32-bit SSCR software to schools on a request-only basis. Although it is not required, the Department strongly encourages users to begin using SSCR-32 now to familiarize themselves with the 32-bit processing environment and capabilities. This will better prepare users for the 1999-2000 version of EDEExpress, which will also be a 32-bit product.

The 32-bit SSCR software has many advantages over the 16-bit EDEExpress in terms of SSCR processing. The software executes much faster than the current product. Some of the advantages of the 32-bit is that it allows for enhanced grid capability, query component gives users access to predefined queries using parameter queries and modify queries. The batch number contains the full 8-digit OPE ID.

Institutions must begin using the SSCR-32 software for the 1999-2000 processing cycle, as SSCR functionality will not be included in the 1999-2000 version of EDEExpress for Windows. The actual SSCR reporting and processing cycle has not been changed for SSCR-32, which allows the transition from one product to another easier. The file formats that are received from NSLDS and sent to NSLDS are identical to the 16-bit product. The file formats for external import change and external export have been modified. A complete SSCR technical reference is distributed with SSCR-32. To order a copy call the TIVWAN Voice Processing System at 1-800-615-1189 or for questions about the SSCR-32 software, contact CPS Customer Service at 1-800-330-5947.

❖ **Reporting Federal Work-Study Compensation for Reading Tutors on the FISAP**

Requests for clarification has been requested by institutions on reporting the compensation earned by FWS reading tutors for the 1997-98 award year in Part V of the FISAP. Specifically, the institutions have asked for guidance in completing lines 11 and 13. For line 11 (Total earned compensation for FWS Program) in Section C, the institution must report the total earned compensation for all students for the 1997-98 award year. This includes the compensation earned by FWS reading tutors even if the Federal share was above the 75 percent rate. The amount of FWS earned compensation paid to FWS reading tutors employed on-campus must be reported on line 11a, and 11b if earned off-campus at public or private non-profit agencies.

Line 13 (Total Federal share of FWS earned compensation) in Section D, the institution must report the Federal share of earned compensation paid all students for the 1997-98 award year. This includes the Federal share of earned compensation paid FWS reading tutors even though the Federal share exceeds the 75 percent rate. The Federal share of earned compensation paid FWS reading tutors must be reported on line 13a for on-campus employment or off-campus employment at public or private non-profit agencies, even though the Federal share exceeds the 75 percent rate.

Reporting FWS compensation for reading tutors on the FISAP is due October 1, 1998.

❖ **1999-2000 Final Free Application For Federal Student Aid**

The Department of Education has placed the final 1999-2000 Free Application for Federal Student Aid (FAFSA) on the Department's Information for Financial Aid Professionals Web Site. The FAFSA is available in Acrobat Adobe/.pdf format. The final IRS line items, and state deadlines for use with the 1999-2000 award year, can also be found in the file. The color of the form is purple and yellow. Yellow sections are for students and purple is for parents. Students may apply over the Internet at :<http://www.fafsa.ed.gov>. Please note that this file is for information purposes only and should not be submitted.

❖ **1999-2000 Renewal Application DATA (RAD) Request Process**

The Department of Education announced that eligible EDE destination points can begin making Renewal Application Data(RAD) requests electronically for the 1999-2000 academic cycle beginning October 5, 1998. Requests will be processed daily by the CPS beginning October 12, 1998. If institutions wish CPS to print Renewal Applications and bulk mail them to the school, RAD request must be made on or prior to November 6, 1998. If you have any questions regarding the RAD request process, you may contact CPS Customer Service at 1-800-330-5947 or via e-mail at CPS@NCS.COM.

For the 1999-2000 application year, as in previous years, the Renewal Application process allows institutions participating in Electronic Data Exchange (EDE) to request and distribute Renewal FAFSAs to their students, or have the U.S. Department of Education (ED) handle the distribution for them. If no EDE institution requests an eligible applicant's Renewal record, ED will print and mail the Renewal FAFSA directly to the student.

The Department of Education has made three changes to the renewal application process for 1999-2000. The changes are:

1. ED will mail an Electronic Access Code (EAC) directly to certain students. Applicants who receive an EAC in the mail will not receive a paper Renewal FAFSA from ED. Students can use the EAC to access and complete their Renewal FAFSA on the Web located at www.fafsa.ed.gov. Web filing is free and secure, and the processing time general is one to two weeks faster than for paper FAFSAs.
2. The Renewal Applicant database will be created only once, using only those applicant records that were processed by the CPS by 5:00 p.m., Central Time, on September 24, 1998.
3. Based on feedback from institutions, the Department has decided to eliminate the second CPS bulk mailing available in prior years. The mailing of all CPS-printed Renewal Applications to institutions will take place between November 12 and November 20, 1998.

For more information, schedules and options for institutions wishing to request electronic and/or printed material and files for the 1999-2000 Renewal Free Application for Federal Student Aid (Renewal FAFSA), please reference the September 1998, Dear Colleague Letter, GEN-98-19, Action letter #1.

❖ **ISIR Import into Pell Payment Tip**

This tip highlights a major feature or function in the Pell Payment for Windows software: ISIR Import into Pell Payment.

Once installed, the 1998-1999 Pell Payment for Windows software and defined reporting/attended campus profiles are complete, the next step is to create student Pell records for preparation and export to the Pell processor. There are several methods for creating student Pell records, however the most effective method is to import eligible ISIR data into the Pell Payment software directly from the EDEExpress database.

In order to use the ISIR import functionality in the Pell software, EDEExpress must have been installed a standalone or network workstation on the PC to be used for importing. A processed date range for the ISIR data that is to be imported should be selected. Selection criteria is available to restrict the number of records imported. Once an import of all eligible ISIR data into the Pell software is completed, you may restrict future ISIR imports solely to new eligible ISIR data that was added since the last import.

For further information or should you have questions on the Pell Payment for Windows software, please contact CPS Customer Service at 1-800-330-5947 or via e-mail at CPS@NCS.COM.

▣ Development and process of the Master Promissory Note

The Department issued a Dear Colleague letter in September (ANN-98-10) which announced the development of a Master Promissory Note process for the Direct Loan and FFEL programs. The Master Promissory Note (MPN) has been developed in cooperation with representative of schools, students, lenders and guarantee agencies. The MPN is being developed to simplify the loan process by eliminating the need for many students to complete a promissory note each year that they borrow.

Separate notes have been developed for the FFEL and Direct Loan programs. The MPN will be available for use in the 1999-2000 academic year and will accommodate both annual and multi-year borrowing. The multi-year feature of the note is planned to go into effect for the 2000-2001 academic year. Schools in each program will use the new MPN regardless of whether their borrowers will later be able to use the multi-year feature of the note. Documents such as the Borrower's Rights and Responsibilities, Disclosure, etc. will be available shortly.

The Department will be asking some schools to participate as a member of a test group. This group will evaluate the different means of obtaining electronic confirmation of loan acceptance from the borrowers. The Department will give notice at a later date as to how schools can participate as a member of the test group.

Congress is currently deliberating the issue of a multi-year promissory note as part of the Reauthorization of the Higher Education Act. If final congressional action does not affect the approach that the Department outlined in the ANN-98-10 Dear Colleague letter, action will proceed as planned.

❖ Discrepancies Fixed in Recipient Data Exchange (RDE) User's Guide

The U.S. Department of Education issued a notice September 8, 1998, to inform schools that the Department identified File Layout discrepancies in Appendix D and Appendix E of the 1998-99 Recipient Data Exchange (RDE) Users' Guide. On July 24, 1998, the Department mailed new pages and a letter, noting the changes to all RDE participating schools correcting the discrepancies.

If the corrected pages were not received or should additional assistance be needed on this matter, please contact the Pell Grant Hotline at 1-800-4PGRANT (1-800-474-7268) or by E-mail at #Pell_Systems@ed.gov.

□ Social Security Match Suspended Temporarily

The U.S. Department of Education issued a notice September 9, 1998 informing the financial aid community of a temporary suspension of the Social Security Number Match with the Social Security Administration. The computer match between the Department of Education (ED) and the Social Security Administration (SSA) was temporarily suspended on September 4, 1998 in order to permit the renewal of the matching agreement between the two agencies. This will affect applications processed beginning on September 8, 1998. ED's systems are fully operational and the ED/SSA match will resume on October 13, 1998. The Central Processing System (CPS) will otherwise continue to process all applications as usual.

When the ED/SSA match becomes effective again, the Department will match all transactions that were not matched during the suspension and reprocess new transactions only when the match results in a condition that requires institutional resolution. Based upon an analysis of prior year data, the Department expects that fewer than 5% of all applications processed during this time will result in new transactions that will require resolution. Schools should follow normal procedures for resolution of these conditions. The Department expects that most discrepancy and determines that the student was ineligible for Title IV student financial assistance, the student, not the school, is liable for any Title IV student funds that he or she received. The Department is revising SAR Comment #6 and SAR Acknowledgment Comment #1 to inform all students whose applications were not matched that they may be required to resolve a citizenship or SSN discrepancy

and that failure to do so will result in their being required to repay any Title IV aid that was disbursed to them or on their behalf. Note that these revised comments will only appear on CPS produced SARs and SAR Acknowledgments and not as part of the EDEExpress ISIR print. Should you have any questions, please contact the Customer Support Branch at 1-800-433-7327.

❖ Temporary Shutdown of the 1998-99 Award Year Federal Pell Grant System to Install Year 2000 Compliant Software.

The Department issued the following notice to all EDE Destination Points on September 17, 1998. As a result of Year 2000 renovation activities, the 1998-99 Pell Grant Recipient and Financial management System (PGRFMS) will be temporarily unavailable starting Thursday night, September 17 and all day, Friday, September 18. Full service for the 1998-99 cycle will be restored on Monday, September 21. Data submitted by institutions for the 1997-98 Award Year will not be affected by this shutdown.

If you need additional assistance on this matter, please contact the Pell Grant Hotline at 1-800-4PGRANT (1-800-474-7268) available 8:00 a.m. - 8:00 p.m. ET, Monday through Friday or by E-mail at #Pell_Systems@ed.gov.



**Federal
Regulations &
Letters**

❖ Dear Colleague, DLB 98-33: Final 732-LOS, August 1998.

The final 732-LOS (DIS497OP and DIS597OP) for the 1995-96 and 1996-97 Direct Loan program years will be produced by the Loan Origination Center (LOC) on August 30, 1998. The LOC will complete its processing of 1995-96 and 1996-97 loan data on August 29, 1998. You should ensure that any information or documentation needed by the LOC to resolve your outstanding issues is received by the LOC by 8:00 PM EST on Friday, August 21, 1998. This will provide the LOC with sufficient time to process the data by August 29, 1998. Please be aware that the LOC will not accept any information or documentation on issues that were not identified to the LOC by the July 31, 1998, submission deadline date.

*** Dear Guaranty Agency Director, Disaster Letter 98-88: Flooding in Texas, August 26, 1998.**

On August 26, President Clinton issued a major disaster declaration in response to flooding in Texas caused by Tropical Storm Charley. Based on the President's declaration, the Federal Emergency Management Agency designated Val Verde county to be a disaster area that qualifies for federal assistance under FEMA's "Individual Assistance" program because of flooding that began August 22. 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 Financial Aid Administrator, CB-98-12, Supplemental Funding for 1998-1999 Award Year, August 1998.

This letter provides information regarding supplemental funding under the Campus-Based Programs for the 1998-1999 award year. This past May institutions were asked to release any unexpended 1997-1998 award year funds for the Federal Perkins Loan, Federal Supplemental Educational Opportunity Grant, and/or Federal Work-Study programs to be used for reallocation as 1998-1999 award year supplemental allocations.

Criteria for the distribution of these funds have been established in accordance with the authority contained in the Higher Education Act of 1965, as amended, Sections 462(j), 442(e), and 413D(e). A minimum supplemental allocation of \$1,000 has been set for each program. This letter contains the conditions and the manner in which the Department is distributing the reallocation funds to institutions.

*** Dear Guaranty Agency Director, Disaster Letter 98-89: Hurricane Bonnie in North Carolina, August 28, 1998.**

On August 27, President Clinton issued a major disaster declaration in response to storm damage in North Carolina caused by Hurricane Bonnie. Based on the President's declaration, the Federal Emergency Management Agency designated Beaufort, Brunswick, Carteret, Currituck, Dare, Hyde, New Hanover, Onslow, Pamlico, and Pender counties to be disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of hurricane damage that began August 27. 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 Guaranty Agency Director, Disaster Letter 98-90: Flooding in Texas, September 2, 1998.**

On August 31, the Federal Emergency Management Agency designated Maverick county in Texas as a disaster area that qualifies for federal assistance under FEMA's "Individual Assistance" program because of Tropical Storm Charley flooding that began August 22. The Department's previous letter about the flooding in Texas caused by Tropical Storm Charley was "Disaster Letter 98-88," dated August 26. In that letter, the Department informed that FEMA had made the same designation for Val Verde county. 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 Guaranty Agency Director - Disaster Letter 98-91: Flooding in Wisconsin, September 2, 1998.**

On August 27, the Federal Emergency Management Agency added Racine county to the list of counties in Wisconsin that have been declared disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of flooding that began August 5. The most recent notice about the flooding in Wisconsin was "Disaster Letter 98-86," dated August 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: Milwaukee, Racine, Rock, Sheboygan, and Waukesha.

*** Dear Guaranty Agency Director, Disaster Letter 98-92: Flooding in Texas, September 2, 1998.**

On September 1, the Federal Emergency Management Agency designated four more counties in Texas as disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of Tropical Storm Charley flooding that began August 22. The most recent letter about the flooding in Texas caused by Tropical Storm Charley was "Disaster Letter 98-90," dated September 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 underlined): Kinney, Maverick, Real, Uvalde, Val Verde, and Webb.

□ Dear Colleague, GEN-98-19, Action Letter #1, 1999-2000 Renewal Free Application for Federal Student Aid Requests, September 1998.

This letter provides information, schedules and options for institutions wishing to request electronic and/or printed materials and files for the 1999-2000 Renewal Free Application for Federal Student Aid (Renewal FAFSA).

*** Dear Guaranty Agency Director, Disaster Letter 98-93: Hurricane Bonnie in North Carolina, September 3, 1998.**

On September 2, the Federal Emergency Management Agency designated twenty more counties in North Carolina as disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of storm damage caused by hurricane Bonnie beginning August 27. The most recent letter about the damage in North Carolina caused by Hurricane Bonnie was "Disaster Letter 98-89," dated August 27. 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): Beaufort, Bertie, Bladen, Brunswick, Camden, Carteret, Chowan, Columbus, Craven, Cumberland, Currituck, Dare, Duplin, Greene, Hyde, Jones, Lenoir, Martin, New Hanover, Onslow, Pamlico, Pasquotank, Pender, Perquimans, Pitt, Robeson, Sampson, Tyrrell, Washington, and Wayne.

*** Dear Guaranty Agency Director, Disaster Letter 98-94: Hurricane Bonnie in Virginia, September 8, 1998.**

On September 4, President Clinton issued a major disaster declaration in response to storm damage in Virginia caused by Hurricane Bonnie. Based on the President's declaration, the Federal Emergency Management Agency designated the independent cities of Chesapeake, Norfolk, Portsmouth, Suffolk, and Virginia Beach to be disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of hurricane damage that began August 28. Guaranty agencies and lenders are authorized to use the Departments' disaster-related forbearance policies to assist FFEL borrowers who are residents of those cities.

*** Dear Guaranty Agency Director, Disaster Letter 98-95: Hurricane Earl in Florida, September 8, 1998.**

On September 4, President Clinton issued a major disaster declaration in response to storm damage in Florida caused by Hurricane Earl. Based on the President's declaration, the Federal Emergency Management Agency designated Bay, Dixie, Franklin, Gulf, and Wakulla counties to be disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of hurricane damage that began September 3. 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, ANN-98-10, Master Promissory Note Process, September 1998.

This letter announces the development of a new, streamlined approach to making student loans in both the Direct Loan and the FFEL programs -- the Master Promissory Note (MPN) process. Developed in cooperation with representatives of schools, students, lenders, and guarantee agencies, the MPN approach will simplify the loan process by eliminating the need for many students to complete a promissory note every year they borrow. This joint Department and community initiative is consistent with the Project EASI vision.

❖ Dear Colleague, P-98-3, Procedures for 1997-98 Federal Pell Grant Account Adjustments After the September 30, 1998 Submission Deadline, September 1998.

In this letter the Department provides the instructions for reconciling your institution's actual 1997-98 Federal Pell Grant student payments with the payments accepted by the program, and using three methods to report post-deadline award adjustments.

*** Dear Guaranty Agency Director, Disaster Letter 98-96: Severe Weather in New York, September 16, 1998.**

On September 14, the Federal Emergency Management Agency expanded the September 11 major disaster declaration that President Clinton issued in response to recent severe storms and high winds in New York. Based on the President's declaration, FEMA designated Herkimer, Madison, Onondaga, and Wayne counties to be disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of storm damage that began on September 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 Guaranty Agency Director, Disaster Letter 98-97: Severe Weather in New York, September 21, 1998.**

On September 17, the Federal Emergency Management Agency designated four more counties in New York as disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of severe storms and high winds that began September 7. The most recent letter about the storm damage in New York was "Disaster Letter 98-96" dated September 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 are capitalized): CAYUGA, FULTON, Herkimer, Madison, MONROE, ONEIDA, Onondaga, and Wayne.

*** Dear Guaranty Agency Director, Disaster Letter 98-98: Severe Weather in Texas, September 24, 1998.**

On September 23, President Clinton issued a major disaster declaration in response to severe storms and flooding in Texas caused by Tropical Storm Frances. Based on the President's declaration, the Federal Emergency Management Agency designated Brazoria, Galveston, and Harris counties to be disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of storm damage and flooding that began September 9. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrower who are residents of those counties.

*** Dear Guaranty Agency Director, Disaster Letter 98-99: Severe Weather in Louisiana, September 24, 1998.**

On September 23, President Clinton issued a major disaster declaration in response to severe storms and flooding in Louisiana caused by Tropical Storm Frances. Based on the President's declaration, the Federal Emergency Management Agency designated Cameron, Jefferson, Lafourche, and Terrebonne parishes to be disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of storm damage and flooding that began September 9. 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.

*** Dear Guaranty Agency Director, Disaster Letter 98-100: Hurricane Georges in Puerto Rico, September 28, 1998.**

On September 24, President Clinton issued a major disaster declaration to assist the victims of Hurricane Georges in Puerto Rico. The entire commonwealth of Puerto Rico is covered under the President's declaration and qualifies for federal assistance under the Federal Emergency Management Agency's "Individual Assistance" program because of hurricane damage beginning September 20. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrowers who reside in Puerto Rico.

*** Dear Guaranty Agency Director, Disaster Letter 98-101: Hurricane Georges in Florida, September 29, 1998.**

On September 28, President Clinton issued a major disaster declaration to assist the victims of Hurricane Georges in Florida. Based on the President's declaration, the Federal Emergency Management Agency designated Monroe county to be a disaster area that qualifies for federal assistance under FEMA's "Individual Assistance" program because of hurricane damage beginning September 25. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrowers who are resident of that county.

☞ Dear Colleague, GEN-98-20, Interest Rates, September 1998.

This letter provides guidance on the interest rates for loans made on or after October 1, 1998 under the Federal Family Educational Loan (FFEL) Program and the William D. Ford Federal Direct Loan (Direct Loan) Program.

❖ Federal Register, Election of Education Benefits, 38 CFR Part 21, Final Rule, August 27, 1998.

This document amends the Department of Veterans Affairs (VA) educational assistance and educational benefits regulations relating to certain elections between benefits. VA has provided by regulations that after a veteran seeks to make an election to have service in the Selected Reserve credited toward payment under the Montgomery GI Bill--Selected Reserve (MGIB-SR) program or under the Montgomery GI Bill-Active Duty (MGIB-AD) program, the election will take effect when the individual has negotiated a check issued under the program she or he has elected. In order to adapt the regulations to the new system of electronic transfers, these election provisions are changed to make the election effective either upon negotiation of a check or electronic receipt of education benefits. VA has provided by regulation that an election to receive benefits under Survivors' and Dependents' Educational Assistance (DEA) for a program of education rather than Pension, compensation, or Dependency and Indemnity Compensation (DIC) will take effect when the

individual has commenced a program of education and negotiated a check issued under the program she or he has elected. In order to adapt the regulations to the new system of electronic transfers and to ensure that decisions are made with knowledge, these election provisions are changed to require a written election to be submitted and to make the election effective either upon negotiation of a check or electronic receipt of education benefits. Nonsubstantive changes are also made for purposes of clarity and to reflect current statutory codification and authority. This final rule also involves collections of information. The effective date for these final regulations is September 28, 1998.

❖ Federal Register, Reopening of Closing Date for Receipt of Applications, Notice, August 26, 1998.

On November 13, 1997, a notice was published in the Federal Register (62 FR 60988-60989) that established a closing date for transmittal of applications for the FY 1998 designation of eligible institutions for the Part A Strengthening Institutions and Hispanic-Serving Institutions Programs. The purpose of this notice is to reopen the closing date for the transmittal of applications and to allow applicants additional time to establish eligibility for purposes of receiving a waiver of certain non-Federal share requirement under the Federal Work Study (FWS) or Federal Supplemental Education Opportunity Grant (FSEOG) programs authorized under Title IV of the Higher Education Act of 1965, as amended (HEA).

Some institutions were unable to meet the established deadline date for submitting eligibility applications to obtain FWS or FSEOG program waivers. Under the reopened eligibility process, these institutions may apply for designation as an eligible institution under Title III, Part A of the HEA. Eligibility designation will only be for the purpose of qualifying for a waiver of the non-Federal share requirements of FWS and FSEOG programs. Institutions will be notified of the outcome of the reopening of the closing date by November 30, 1998. Deadline for transmittal of applications is October 16, 1998.

❖ Federal Register, Notice of Closing Dates, August 28, 1998.

Notice of closing date for the submission of the Fiscal Operations Report for 1997-98 and Application to Participate for 1999-2000 (FISAP) in the Federal Perkins Loan, Federal Supplemental Educational Opportunity Grant (FSEOG), and Federal Work-Study (FWS) Programs (ED FORM 646-1; OMB No. 1840-0073).

The Secretary gives notice to institutions of higher education of the deadline for an institution to apply for fiscal year 1999 funds--for use in the 1999-2000 award year (July 1, 1999 through June 30, 2000)-- under the Federal Perkins Loan, FWS, and FSEOG programs.

The Secretary further gives notice that an institution that had a Federal Perkins Loan fund or expended FWS or FSEOG funds during the 1997-98 award year (July 1, 1997, through June 30, 1998) is required to submit a Fiscal Operations Report to the Secretary to report its program expenditures as of June 30, 1998. Applicants that did not participate in the Federal Perkins Loan, FWS, or FSEOG Program in the 1997-98 award year will be required to submit data for the application portion of the FISAP only.

In addition, an institution must complete, sign, and submit one original FISAP signature page and one original combined lobbying, debarment, and drug-free workplace certifications form (ED 80-0013, referred to as the "compliance certifications" form) for the 1999-2000 award year.

Closing Date and Methods for Submitting a FISAP and Required Signed Documents is October 1, 1998.

❖ Federal Register, Notice of Proposed Information Collection Requests, September 1, 1998.

The Acting Deputy Chief Information Officer is inviting comment 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 November 2, 1998.

The items for review and comment are: Federal Direct PLUS Loan Promissory Note and the Addendum to Federal Direct PLUS Loan Promissory Note Endorser. The Department of Education is especially interested in public comment addressing the following issues: (1) Is this collection necessary to the proper function of the

Department; (2) will this information be processed and used in a timely manner, (3) is the estimate of burden accurate; (4) how might the Department enhance the quality utility and clarity of the information to be collected, and (5) how might the Department minimize the burden of this collection on the respondents, including through the use of information technology.

❖ **Federal Register, Participation in the Quality Assurance Program, Notice, September 9, 1998.**

The Secretary invites institutions of higher education that are not currently participating in the Quality Assurance (QA) Program under section 487A of the Higher Education Act of 1965, as amended, to submit a letter of application to participate beginning with the 1998-1999 award year. An institution that wishes to apply may do so by: (1) Mailing a letter of application to Barbara Mroz, U.S. Department of Education, 600 Independence Avenue, SW, Room 3925, ROB-3, Washington, DC 20202-5232; (2) faxing its application to (202) 708-9485; or (3) submitting its application electronically to Mr. Warren Farr at Warren__Farr@ED.gov or Mr. John Hill at John__Hill@ED.gov. Applications may be submitted any time after September 9, 1998.

❖ **Federal Register, 24 CFR Part 570, Hispanic-Serving Institutions Work Study Program, Final Rule, September 10, 1998.**

On February 25, 1998, HUD published an interim rule that broadened the eligibility for public and private non-profit two-year institutions of higher education to participate in the Hispanic-serving Institutions Work Study Program (HSI-WSP). This final rule makes final that interim rule without changes. Effective date is October 13, 1998.

❖ **Federal Register, Notice of Proposed Information Collection Requests, September 10, 1998.**

The Acting Deputy Chief Information Officer is inviting comment on the proposed information collection requests as required by the Paperwork Reduction Act of 1995. An emergency review has been requested in accordance with the Act (44 U.S.C. Chapter 3507(j)), since public harm is reasonably likely to result if normal clearance procedures are followed. Approval by the Office of Management and Budget (OMB) has been requested by September 15, 1998. A regular clearance process is also beginning. Interested persons are invited to submit comments on or before November 9, 1998.

The item for review and comment is: Federal Direct Consolidation Loan Program Application Documents. The Department of Education is especially interested in public comment addressing the following issues: (1) Is this collection necessary to the proper function of the Department; (2) will this information be processed and used in a timely manner, (3) is the estimate of burden accurate; (4) how might the Department enhance the quality utility and clarity of the information to be collected, and (5) how might the Department minimize the burden of this collection on the respondents, including through the use of information technology.

❖ **Federal Register, Deadline of Submission of Institutional Agreement, Notice, September 10, 1998.**

This notice established the deadline for submission of the "Institutional Agreement For Participation In the Federal Perkins Loan Program Expanded lending Option (ELO): (ELO Participation Agreement) by those eligible institutions that elect to participate in the Federal Perkins Loan program ELO in the 1998-99 award year (the period from July 1, 1998 through June 30, 1999). To ensure participation in the Federal Perkins Loan program ELO in the 1998-99 award year, an eligible institution that elects to participate must submit its ELO Participation Agreement by October 1, 1998.

❖ **Federal Register, Notice of Closing Date, September 18, 1998.**

The Secretary gives notice to institutions of higher education of the deadline for an institution to submit a written request for a waiver of the allocation reduction being applied to its Federal Perkins Loan, FWS, or FSEOG allocation for the 1999-2000 award year (July 1, 1999 through June 30, 2000) because the institution returned more than 10 percent of its allocation for that program for the 1997-98 award year. The closing date for requests, documentation, explanations is October 1, 1998.

❖ **Federal Register, List of Nationally Recognized Accrediting Agencies and State Approval Agencies, September 22, 1998.**

The U.S. Secretary of Education is required by statute to publish a list of nationally recognized accrediting agencies and State approval agencies (1) whose accreditation or approval is required element in enabling accredited or approved institutions, programs, or both to establish eligibility to participate in Federal programs and (2) whom the Secretary has determined to be reliable authorities regarding the quality of education or training provided by the institutions or programs these agencies accredit or approve. This document contains the current list of nationally recognized agencies and supersedes and previously published lists of these types of agencies.

ENCLOSURES

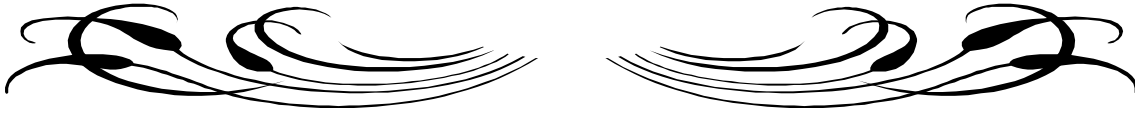
- ✍ Disaster Letter 98-88: Flooding in Texas
- ✍ Disaster Letter 98-89: Hurricane Bonnie in North Carolina
- ✍ Disaster Letter 98-90: Flooding in Texas
- ✍ Disaster Letter 98-91: Flooding in Wisconsin
- ✍ Disaster Letter 98-92: Flooding in Texas
- ✍ Disaster Letter 98-93: Hurricane Bonnie in North Carolina
- ✍ Disaster Letter 98-94: Hurricane Bonnie in Virginia
- ✍ Disaster Letter 98-95: Hurricane Earl in Florida
- ✍ Disaster Letter 98-96: Severe weather in New York
- ✍ Disaster Letter 98-97: Severe weather in New York
- ✍ Disaster Letter 98-98: Severe weather in Texas
- ✍ Disaster Letter 98-99: Severe weather in Louisiana
- ✍ Disaster Letter 98-100: Hurricane Georges in Puerto Rico
- ✍ Disaster Letter 98-101: Hurricane Georges in Florida

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

- ✍ Dear Colleague - GEN-98-20
- ✍ Interest Rates On Direct And FFEL Loans Chart
- ✍ FFELP Participant Training Needs Survey

QUESTIONS AND ANSWERS

OSFA's Q&A



Question: Can a school approve a student loan for a student who has a criminal record?

Answer: Yes. A criminal record will not render a student ineligible for Title IV Financial Assistance. If the student is incarcerated, he or she is ineligible for an SFA loan. However, incarcerated student are eligible for FSEOGs and FWS. The Violent Crime Control and Law Enforcement Act of 1994 amended the HEA to prohibit the awarding of a Federal Pell Grant to any individual who is incarcerated in any federal or state penal institution.

Federal Regulations, 668.32(c)(2)(i)

A student is eligible to receive title IV, HEA program assistance if the student--
For purposes of the Federal Perkins Loan, FFEL, and Direct Loan programs, is not incarcerated;

Federal Student Financial Aid Handbook

Chapter 2, page 37, Incarcerated Students

If a student is incarcerated, he or she is ineligible for an SFA loan. Incarcerated students are eligible for FSEOGs and FWS. The Violent Crime Control and Law Enforcement Act of 1994 amended the HEA to prohibit the awarding of a Federal Pell Grant to any individual who is incarcerated in any federal or state penal institution.

Common Manual, Chapter 5, section 5.2.B., Student Eligibility Requirements

Each eligible student who is seeking a Stafford loan-- or on whose behalf a PLUS loan is being sought--must meet the following requirements:

(Third Bullet)

The student must not be incarcerated at the time funds are disbursed or delivered.

(A) That the student has resumed enrollment on at least a half-time basis;

Common Manual, Glossary, Incarcerated

The status of a student or borrower who is serving a criminal sentence in a federal, state, or local penitentiary, prison, jail, reformatory, work farm, or other similar correctional institution. A student or borrower who is living in a half-way house or in home detention or who has been sentenced to serve only weekends is not considered to be incarcerated.

NOTE: Reauthorization may bring changes.