



OSFA OUTLOOK

Office of Student Financial Assistance • Florida Department of Education

April/May 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

■ COMMON MANUAL UPDATES

The *Common Manual* Governing Board approved several federal and guarantor policy changes to the *Common Manual*. These changes have been distributed to participants during the last two weeks of May.

The above mentioned approved policies, along with other policies that have been approved in 1997-98 (green update sheets) will be included in the official update that is expected to be distributed in June or July. The official update will replace the green update sheets.

If you do not receive the above mentioned updates within the next month or should you have questions or concerns, please call the Policy and Customer Service Unit at (850) 921-8948.

ALERT

■ **SFA Information in the Electronic Age**
Beginning July 1, 1998, most Department of Education publications will be made available in electronic format only rather than mailed to schools. Schools need to make decisions about how they will manage and maintain current and previous year student financial aid information.

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■ **Teacher Certification Programs, No Proration**

The Department of Education has stated that proration requirements do not apply to students in the teacher certification or recertification programs even for remaining periods of enrollment that are less than an academic year. Teacher certification or recertification programs are otherwise subject to the same annual loan limits as fifth-year undergraduate students.

Teacher certification programs have other unique aspects. For students enrolled at least half-time in teacher certification programs, even if the degree or certificate will be awarded by an entity other than the school, are eligible for Federal Family Education Loans, Directs Loans, Federal Perkins Loans and Federal Work Study funds. To qualify, the student must enroll in a program that is required for elementary or secondary teacher certification or recertification in the state where the student plans to teach, or in the state where the student is completing the program. Documentation by the schools that all of the coursework covered by Title IV funds is required by the state for teacher certification is required.

■ **Reauthorization Bill H.R.6**

The following is an update of the activity on Reauthorization since the last issue to the OSFA Outlook:

Senate bill S. 1882 that reauthorized the Higher Education Act. The legislation was introduced on March 30, 1998.

April 17, the House Committee on Education and the Workforce filed its committee report, H. Rpt. 105-481, to accompany H.R. 6, reauthorization for the Higher Education Act.

April 28, House Rules Committee approved a rule allowing H.R. 6. to be debated by the House of Representatives after spending reductions that offset the cost of the bill was insisted upon.

April 29, House of Representatives nearly completed action on H.R. 6. Nineteen amendments were approved and six amendments were withdrawn. Four amendments were subject to recorded votes when the House resumed consideration of the bill.

May 5, House of Representatives approved an amendment to the reauthorization legislation that would double the Federal Pell Grant award for the first two years of a student's postsecondary education if the individual graduated in the top 10% of their high school class.

May 6, the House voted to approve H.R.6.

May 18, Senate is expected to take up its legislation reauthorizing the Higher Education Act (HEA)

■ **Deceptive "Campus Card" Offer**

A company in New Jersey has offered a "Campus Card" for \$25 that is said to be required for discounts and services at schools nationwide. This card is actually a debit card that can be used only if additional money is deposited with the company. There are no connections to the many colleges and universities listed in the marketing materials distributed.

Many students across the country have received solicitation and schools are receiving call requesting information about the card. The company's founder has stated that a refund will be given to anyone who feels that the card was received or requested without fully understanding the nature of the services it offers. For students interested in getting their money refunded, send a written request to National College Registration Board, 251 Wall Street, Princeton, New Jersey, 08540.

Mr. Matthew Levenson, Founder, National College Registration Board responded with a letter of explanation due to the negative response generated by the promotion. The letter was provided by the NACUBO Web Site to NASFAA. Copy of the letter is attached.

■ **Interest Rate Fix**

The July 1, 1998 interest rate fix which was adopted by both the House and Senate authorizing committees as part of their Higher Education Act reauthorization bills also is on a separate legislative track. The fix may have been attached to H.R. 3579, a bill making supplemental appropriations for FY

1998. The purpose of H.R. 3579 was intended to provide emergency funding for U.S. military efforts in Bosnia and elsewhere, as well as provide funding for recent natural disasters, among other priorities for FY 1998. The House and Senate conferees completed action on April 29 on all parts of H.R. 3579, but could not agree on a provision implementing the July 1, 1998 interest rate fix which was adopted by the House and Senate authorizing committees as part of reauthorization.

Then on April 30, House and Senate conferees dropped plans to include in the H.R. 3579 the July 1, 1998 interest rate fix when they were unable to find an acceptable offset for that provision's cost. Even though it was dropped from H.R. 3579, the interest rate fix is in both the House and Senate reauthorization bill.

■ Proposed Tuition Tax Credit Reporting

The Hope Scholarship and the Lifetime Learning Tax Credits were made available in the Taxpayer Relief Act of 1997 to individuals who pay tuition to postsecondary institutions. To help reduce fraudulent reporting of these tax credits, colleges are required by law to collect and submit information to the Internal Revenue Service on every student enrolled at any time during the year. The colleges must mail a copy of the report to each student by February 1, 1999, which is the IRS deadline.

The Clearinghouse is in the process of developing a proposed tuition tax credit reporting service and determining if enough demand exists for such a service. There are 1,900 schools that currently participate in the Clearinghouse and already provide the Clearinghouse with the tuition tax credit data that is required to be reported to students and the IRS for 1998.

The two basic features of the proposed Clearinghouse tuition tax credit reporting service for 1998 is the 1098-T Information Returns Provided to Students and the IRS and the Student Service Supported through Web. The Clearing house would print and mail a 1098-T Information Return Form to each student who was enrolled at the school any time during the year and provide the same 1098-T information to the IRS. With receipt of the 1098-T Information Return Forms, students and parent would be triggered to make inquires to the schools, particularly since 1998 is the first year these forms would be received by taxpayers. To allow colleges to provide responsive student service, school personnel would be provided secure World Wide Web access to the Clearinghouse's 1098-T Information Return database.

The Clearinghouse is requesting feedback from schools in order to make sure they develop the services that would be most useful and cost-effective. You may respond to the request for information by e-mailing the Clearinghouse at: hope@nslc.org.

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

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*** Recalculation of Special Allowance Billings**

In Dear Colleague Letter 98-L-202, dated March 1998, the Department of Education provided information that on September 30, 1997, the United States Court of Appeals for the District of Columbia Circuit affirmed a District Court decision concluding that the Department's interpretation of Section 427A(i)(7) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. Section 1077a(i)(7) was incorrect. As a result of this decision, lenders participating in the Federal Family Education Loan program (FFELP) may choose to recalculate special allowance billings for all or part of the period from July 23, 1992 to December 31, 1994. This recalculation may result in additional special allowance payments being owed to lenders.

A lender who believes it is owed additional special allowance payments for the retroactive period should submit a separate ED Form 799 (Lender's Interest and Special Allowance Request and Report) to the Department of Education. This form should request the additional special allowance payments that the lender believes are due for all the quarters. In completing the form, the lender must comply with the following instructions:

In Part I, the lender should fill out all applicable lines with "1998" in the year field "1" in the quarter field.

The lender should write "Supplemental ED Form 799-BOA v. Riley" at the top of the form.

In Part IV of the Form, all relevant information should be entered as prior quarter adjustments. The lender must report ending and average daily balance information.

Parts II, III, V and VI of the Form 799 should be left blank.

The completed form must be signed and dated.

The form should be mailed to:
U.S. Department of Education
Student Loan Processing Center
Post Office Box 4134
Greenville, Texas 75403-4134

Any questions regarding submittal of the Form 799 for these payments should be directed to Angela Baker at (202) 401-3255.

❖ **Letter Confirming Public Status of Public Institutions**

Federal Regulations published November 25, 1997, which are effective July 1, 1998, revised the rules under which institutions demonstrate financial responsibility and maintain Title IV eligibility. The Department is requesting public institutions to submit this documentation of public status. The request is being made by notices posted on various web sites rather than through a direct mailing to institutions. The Department's notice is as follows:

The Financial Responsibility Standards in 34 CFR 668.171(c) allow a public institution to be considered financially responsible if the institution provides to the Department a letter from an official of the State or other governmental entity confirming that the institution is a public institution; and the institution is not in violation of any past performance or other requirements under 34 CFR 668. for an institution to be considered a public institution by the Department, the institution must:

Notify the Secretary that it is designated as a public institution by the State, local or municipal government entity, tribal authority, or other government entity that has the legal authority to make this designation, and

Provide a letter from an official of the government entity of sufficient stature to confirm the public status of that school. This letter must be on the letterhead of the government entity and signed by the government official.

The letter is a one-time submission and should be submitted as soon as possible separately from the financial statements. The public institution should submit the letter as follows:

If by U.S. Postal Service:
U.S. Department of Education
Institutional Participation and Oversight Service
Post Office Box 44805
L'Enfant Plaza Station
Washington, D.C. 20026--4805

If by commercial overnight mail/courier delivery:
U.S. Department of Education
Institutional Participation and Oversight Service
7th & D Streets, S.W.
GSA Building, Room 3514
Washington, D.C. 20407

❖ **Increased Amount of Unsubsidized Loan for Certain Health Professions Students**

Information has recently been received that, for any loan period that begins prior to July 1, 1999, schools will be able to continue to award increased unsubsidized loan amounts to certain health professions students. According to the Department of Education, schools can continue to award these increased amounts under the same school and student eligibility rules that applied during the 1997-98 award year. For further details on these rules, please reference Dear Colleague Letters GEN-97-4 and GEN-97-14. A Dear Colleague Letter is expected soon to announce the extension.

■ **HEAL Defaulter List Grows**

The Health Resources and Services Administration has added 190 names to the list of health care professionals disqualified for payment by Medicare/Medicaid. The list now contains 1,479 defaulters that owe a total of more than \$113 million. The 190 defaulters have been added for continuing to ignore collection efforts on past due Health Education Assistance Loans.

The 190 defaulters has been referred to HHS Inspector General’s office for exclusion from Medicare and Medicaid participation for failure to repay the HEAL loans. The names have also been referred to the Department of Justice for possible litigation and collection through wage garnishment, withholding tax refunds, etc.



**Federal
Regulations &
Letters**

* **Dear Guaranty Agency Director, Disaster Letter 98-26: Tornadoes in Georgia, March 23, 1998.**

On March 22, the Federal Emergency Management Agency Declared Dawson, Habersham, Hall, Rabun, and White counties in Georgia to be disaster areas that qualify for federal assistance under FEMA’s “Individual Assistance” program because of tornadoes that struck March 20. Guaranty agencies and lenders are authorized to use the Department’s disaster-related forbearance policies to assist FFEL borrowers who are residents of those five counties.

* **Dear Guaranty Agency Director, Disaster Letter 98-24: Flooding in Georgia, March 19, 1998.**

The Federal Emergency Management Agency has recently declared seven more counties in Georgia to be disaster areas that qualify for federal assistance under FEMA’s “Individual Assistance” program because of flooding that began March 7. The most recent notice about the flooding in Georgia was “Disaster Letter 98-21,” dated March 17.

Guaranty agencies and lenders are authorized to use the Department’s disaster-related forbearance policies that were described in that letter to assist FFEL borrowers who are residents of the following counties (new counties are in upper case): Appling, Atkinson, BACON, Baker, Ben Hill, Berrien, Bleckley, Brooks, Burke, Calhoun, Candler, Clay, Coffee, Colquitt, Cook, CRAWFORD, Crisp, Decatur, Dodge, Dooley, Dougherty, Douglas, Early, Emanuel, HARALSON, Heard, Irwin, JEFF DAVIS, Jefferson, Jenkins, Johnson, Laurens, Lee, MACON, McIntosh, Miller, Mitchell, Monroe, Montgomery, Pike, Pulaski, Quitman, Randolph, Screven, Seminole, Stewart, Sumter, Talbot, Telfair, Terrell, Thomas, TIFT, Toombs, Treutlen, WARE, Webster, Wheeler, Wilcox, and Worth.

*** Dear Guaranty Agency Director Letter, Disaster Letter 98-27: Tornadoes in North Carolina, March 24, 1998.**

On March 22, the Federal Emergency Management Agency declared Rockingham county in North Carolina to be a disaster area that qualifies for federal assistance under FEMA's "Individual Assistance" program because of tornadoes that struck March 20 and March 21. 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 98-25: Flooding in North Carolina, March 20, 1998.**

The Federal Emergency Management Agency has recently declared Robeson county in North Carolina to be a disaster area that qualifies for federal assistance under FEMA's "Individual Assistance" program because of flooding that began January 7. The most recent notice about the flooding in North Carolina was "Disaster Letter 98:04," dated January 20. At that time, Avery and Mitchell counties were the only counties that qualified. Guaranty Agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrowers who are residents of those three counties.

❖ Dear Colleague Letter, GEN-98-9: Rescheduled Transition to EDCAPS/GAPS, March 1998.

Announcement of Rescheduled Transition from PMS to EDCAPS/GAPS. April 24, 1998 is the new date on which the transition is scheduled. The completion is scheduled for May 11, 1998 for institutions east of the Mississippi river and May 13, 1998 for institution west of the Mississippi rivers. Institutions will not be able to receive funding during the transition period.

❖ Dear Colleague, ANN-98-3: Distribution of the 1998 Spring Training Calendar, March 1998.

Enclosed in the letter is the 1998 Spring Training Calendar, which lists student financial aid training offered by state agencies, professional associations, and other student aid-related organizations.

*** Dear Colleague, 98-L-202: Recalculation of Special Allowance Billings, March 1998.**

On September 30, 1997, the United States Court of Appeals for the District of Columbia Circuit affirmed a District Court decision concluding that the Department's interpretation of Section 427A(i)(7) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. Section 1077a(i)(7) was incorrect. See *Bank of America N.T. & S.A. v. Riley*, 1997 U.S. App. LEXIS 28483 (D.C. Cir. 1997), affg 940 F. Supp. 348 (D.D.C. 1996). As a result of this decision, lenders participating in the Federal Family Education Loan Program (FFELP) may choose to recalculate special allowance billings for all or part of the period from July 23, 1992 to December 31, 1994. This recalculation may result in additional special allowance payments being owed to lenders.

❖ Dear Colleague, DLB-98-12: Special Features on Direct Loan Web Site, March 1998.

Special features o Direct Loan Web Site. Address <http://www.ed.gov/DirectLoan>.

*** Dear Guaranty Agency Director, Disaster Letter 98-23: Flooding in Alabama, March 1998.**

The Federal Emergency Management Agency has recently declared seven more counties in Alabama to be disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of flooding that began March 7. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrowers who are residents of the following counties (new counties are capitalized): BARBOUR, BUTLER, Coffee, CONCUH, COVINGTON, CRENSHAW, Dale, Escambia, Geneva, HENRY, Houston, and RANDOLPH.

■ Dear Guaranty Agency Director, 98-G-309: ED Form 1130 Filing Extension, Revised Instructions, March 1998

The Office of Management and Budget has granted the Department of Education an extension for the current Guaranty Agency Quarterly/Annual Report (ED Form 1130) until September 30, 1998. Attached to this letter is the form with the new expiration date. Also attached are the revised instructions for reporting on the form. These instructions are effective for quarter ending June 30, 1998.

*** Dear Guaranty Agency Director, Disaster Letter 98-28, Flooding in Georgia, March 31, 1998.**

The Federal Emergency Management Agency has recently declared eleven more counties in Georgia to be disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of flooding that began March 7. The most recent notice about the flooding in Georgia was "Disaster Letter 98-24," dated March 19.

Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies that were described in that letter to assist FFEL borrowers who are residents of the following counties (new counties are capitalized): Appling, Atkinson, Bacon, Baker, Ben Hill, Berrien, BIBB, Bleckley, BRANTLEY, Brooks, Burke, Calhoun, Candler, CARROLL, CHARLTON, Clay, CLINCH, Coffee, Colquitt, Cook, Crawford, Crisp, Decatur, Dodge, Dooley, Dougherty, Douglas, Early, Emanuel, EVANS, GLYNN, GRADY, Haralson, Heard, Irwin, Jeff Davis, Jefferson, Jenkins, Johnson, LAMAR, Laurens, Lee, Macon, McIntosh, Miller, Mitchell, Monroe, Montgomery, Pike, Pulaski, Quitman, Randolph, Screven, Seminole, Stewart, Sumter, Talbot, TATTNALL, Telfair, Terrell, Thomas, Tift, Toombs, Treutlen, Ware, Webster, Wheeler, Wilcox, WILKINSON, and Worth.

*** Dear Guaranty Agency Director, Disaster Letter 98-29: Tornadoes in Minnesota, April 2, 1998.**

On April 1, the Federal Emergency management Agency declared Brown, Lesuer, Nicollet, and Rice counties in Minnesota to be disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of tornadoes that struck March 29. 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 98-30, Flooding in Georgia, April 6, 1998.**

The Federal Emergency Management Agency has recently declared four more counties in Georgia to be disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of flooding that began March 7. The most recent notice about the flooding in Georgia was "Disaster letter 98-28." dated March 31.

Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies that were referenced in that letter to assist FFEL borrowers who are residents of the following counties (new counties are capitalized): Appling, Atkinson, Bacon, Baker, Ben Hill, Berrien, Bibb, Bleckley, Brantley, Brooks, Burke, BUTTS, Calhoun, Candler, Carroll, Charlton, CHATHAM, Clay, Clinch, Coffee, Colquitt, Cook, Crawford, Crisp, Decatur, Dodge, Dooley, Dougherty, Douglas, Early, Emanuel, Evans, Glynn, Grady, Haralson, Heard, Irwin, Jeff Davis, Jefferson, Jenkins, Johnson, Lamar, Laurens, Lee, Macon, McIntosh, Miller, Mitchell, Monroe, Montgomery, MUSCOGEE, Pike, Pulaski, Quitman, Randolph, RICHMOND, Screven, Seminole, Stewart, Sumter, Talbot, Tattnall, Telfair, Terrell, Thomas, Tift, Toombs, Treutlen, Ware, Webster, Wheeler, Wilcox, Wilkinson, and Worth.

❖ Dear Colleague, DLB-98-13: Students Acting as Endorsers, April 1998.

This bulletin is to remind you of the policy prohibiting students from acting as endorsers on Direct PLUS Loans taken out on their behalf.

*** Dear Guaranty Agency Director, Disaster Letter 98-31, Flooding in Georgia, April 9, 1998.**

The Federal Emergency Management Agency has recently declared three more counties in Georgia to be disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of flooding that began March 7. The most recent notice about the flooding in Georgia was "Disaster letter 98-30," dated April 6. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies that were referenced in that letter to assist FFEL borrowers who are residents of the following three additional counties: Gordon, Henry, and Spalding.

❖ Dear Financial Aid Administrator, CB-98-5(LD): FWS Community Service Expenditure Requirement, May 1998.

This letter provides procedures for submitting a request for a waiver of the 1998-99 FWS community service expenditure requirement.

*** Dear Guaranty Agency Director, Disaster letter 98-34: Tornadoes in Georgia, April 14, 1998.**

The Federal emergency Management Agency has added Bryan county to the list of the counties in Georgia that qualify for federal assistance under FEMA's "Individual Assistance" program because of tornadoes that struck April 8. The most recent letter about the tornadoes in Georgia was "Disaster letter 98-32," dated April 13, which notified you that Cobb, DeKalb, Effingham, Fulton, Gwinnett, Liberty, and Long counties had been declared disaster areas. 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 98-33: Tornadoes in Alabama, April 13, 1998.**

The Federal Emergency Management Agency has declared Jefferson, St. Clair, and Tuscaloosa counties in Alabama to be disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of tornadoes that struck April 8-9. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrowers who are residents of those counties.

*** Dear Guaranty Agency Director, Disaster Letter 98-32: Tornadoes in Georgia, April 9, 1998.**

The Federal Emergency Management Agency has declared Cobb, DeKalb, Effingham, Fulton, Gwinnett, Liberty, and Long counties in Georgia to be disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of tornadoes that struck April 8. 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 98-35: Flooding in Georgia, April 14, 1998.**

The Federal Emergency Management Agency Has recently declared three more counties in Georgia to be disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of flooding that began March 7. The most recent notice to you about the flooding in Georgia was "Disaster Letter 98-31," dated April 9.

Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies that were referenced in that letter to assist FFEL borrowers who are residents of the following counties (new counties are capitalized): Appling, Atkinson, Bacon, Baker, Ben Hill, Berrien, Bibb, Bleckley, Brantley, Brooks, Burke, Butts, Calhoun, Candler, Carroll, Charlton, Chatham, Clay, Clinch, Coffee, Colquitt, Cook, Crawford, Crisp, Decatur, Dodge, Dooley, Dougherty, Douglas, Early, ECHOLS, Emanuel, Evans, Glynn, Gordon, Grady, Haralson, heard, Henry, Irwin, Jeff Davis, Jefferson, Jenkins, Johnson, Lamar, LANIER, Laurens, Lee, Macon, McIntosh, Miller, Mitchell, Monroe, Montgomery, Muscogee, Pike, Pulaski, Quitman, Randolph, Richmond, Screven, Seminole, Spalding, Stewart, Sumter, Talbot, Tattnall, Telfair, Terrell, Thomas, Tift, Tombs, Treutlen, TURNER, Ware, Webster, Wheeler, Wilcox, Wilkinson, and Worth.

❖ Dear Colleague, DLB-98-14: Updated Information on Program Year Close-out for 1995-96 and 1996-97, April 1998.

This bulletin provides additional important information needed for schools to successfully close program years 1995-96 and 1996-97 and clarifies some of the information previously provided in DLB-98-05. Although a significant number of schools have already closed program years 1995-96 and 1996-97, all schools should read the information in this bulletin carefully.

❖ Dear Colleague, DLB-98-15: March Borrower Delinquency Report, April 1998.

The Direct Loan Borrower Delinquency Report will be available on the Title IV WAN by close of business on April 21, 1998. The contents of the report reflect data for the month of March 1998, and convey an accurate picture of your institution's delinquent loan status.

However, the section which is titled "Defaulted This Month" may be inaccurate. If there is a number in the "Defaulted This Month" field on the Summary and there is no borrower detail to support it, then the summary "Defaulted This Month" filed should be blank. This problem only affects the report format (not the data format) of the Borrower Delinquency Report, and anticipate a resolution prior to the distribution of the April 30, 1998 report.

*** Dear Guaranty Agency Director, Disaster Letter 98-36: Tornadoes in Tennessee, April 21, 1998.**

On April 20, the Federal Emergency Management Agency declared Campbell, Davidson, Lawrence, Maury, Pickett, and Wayne counties in Tennessee to be disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of tornadoes that struck April 16. 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, CB-98-6: FWS Institutional-Share Requirement for Students, May 1998.

Information regarding the waiver of the institutional-share requirement under the Federal Work-Study Program for students employed as tutors in family literacy programs.

*** Dear Colleague, 98-L-205: Guidance on ED Form 799, April 1998.**

This letter provides guidance relating to the filing of the Lender's Interest and Special Allowance Request and Report (ED Form 799).

■ Dear Colleague, GEN 98-10: Distance Learning and Title IV Eligibility, May 1998.

This letter provides information regarding the eligibility of students enrolled in courses offered through distance education to receive financial assistance from the programs authorized by Title IV of the Higher Education Act of 1965, as amended (HEA).

*** Dear Guaranty Agency Director, Disaster Letter 98-37: Tornadoes in Tennessee, April 27, 1998.**

The Federal Emergency Management Agency recently has declared fifteen more counties in Tennessee to be disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of tornadoes that struck April 16. The most recent notice about the tornadoes in Tennessee was "Disaster Letter 98-36," dated April 21. 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 capitalized): ANDERSON, BRADLEY, Campbell, CLAIRBORNE, CROCKETT, Davidson, DICKSON, DYER, HANCOCK, KNOX, Lawrence, LOUDON, Maury, MORGAN, Pickett, RHEA, ROBERTSON, SEVIER, UNION, Wayne, and WILSON.

*** Dear Guaranty Agency Director, Disaster letter 98-38: Tornadoes in Arkansas, April 27, 1998.**

The Federal Emergency Management Agency has declared Mississippi county in Arkansas to be a disaster area that qualifies for federal assistance under FEMA's "Individual Assistance" program because of tornadoes that struck April 16. 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 Guaranty Agency Director, Disaster Letter 98-39: Tornadoes in Tennessee, April 29, 1998.**

The Federal Emergency Management Agency recently has declared nine more counties in Tennessee to be disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of tornadoes that struck April 16. The most recent notice about the tornadoes in Tennessee was "Disaster letter 98-37," dated April 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 capitalized): Anderson, Bradley, Campbell, CHEATHAM, Clairborne, Crockett, Davidson, Dickson, Dyer, GILES, Hancock, HARDIN, HAWKINS, JEFFERSON, Know, Lawrence, Loudon, MACON, Maury, MONROE, Morgan, Pickett, Rhea, Robertson, Sevier, SUMNER, Union, Wayne, WILLIAMSON, and Wilson.

*** Dear Guaranty Agency Director, Disaster Letter 98-40: Tornadoes in Alabama, May 5, 1998.**

The Federal Emergency Management Agency recently has declared two more counties in Alabama to be disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of tornadoes that struck April 8-9. The most recent notice about the tornadoes in Alabama was "Disaster Letter 98-33," dated April 13. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrowers who are residents of the following counties (new counties capitalized): COVINGTON, Jefferson, St. Clair, Tuscaloosa, and WALKER counties.

*** Dear Guaranty Agency Director, Disaster Letter 98-41: Tornadoes in Tennessee, May 5, 1998.**

The Federal Emergency Management Agency has declared four more counties in Tennessee to be disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of tornadoes that struck April 16. The most recent notice about the tornadoes in Tennessee was "Disaster Letter 98-39," dated April 29. 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 capitalized): Anderson, BLOUNT, Bradley, Campbell, CARROLL, Cheatham, Clairborne, Crockett, Davidson, Dickson, Dyer, Giles, GRAINGER, Hancock, Hardin, Hawkins, Jefferson, Knox, Lawrence, Loudon, Macon, Maury, Monroe, Morgan, Pickett, Rhea, ROANE, Robertson, Sevier, Sumner, Union, Wayne, Williamson, and Wilson.

*** Dear Guaranty Agency Director, Disaster Letter 98-42: Tornadoes in Kentucky, May 5, 1998.**

The Federal Emergency Management Agency recently declared Adair, Barren, Bell, Casey, Clay, Floyd, Knott, Knox, Metcalfe, Perry, Warren, and Whitley counties in Kentucky to be disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of tornadoes that struck April 16. 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 98-43: Tornadoes in Tennessee, May 6, 1998.**

The Federal Emergency Management Agency has just added Gibson County in Tennessee to the list of counties in Tennessee that have been declared disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of tornadoes that struck April 16. The most recent notice about the tornadoes in Tennessee was "Disaster Letter 98-41," dated May 5. 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: Anderson, Blount, Bradley, Campbell, Carroll, Cheatham, Clairborne, Crockett, Davidson, Dickson, Dyer, Gibson, Giles, Grainger, Hancock, Hardin, Hawkins, Jefferson, Knox, Lawrence, Loudon, Macon, Maury, Monroe, Morgan, Pickett, Rhea, Roane, Robertson, Sevier, Sumner, Union, Wayne, Williamson, and Wilson.

*** Dear Guaranty Agency Director, Disaster Letter 98-44: Flooding in Georgia, May 6, 1998.**

The Federal Emergency Management Agency has recently declared three more counties in Georgia to be disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of flooding that began March 7. The most recent notice about the flooding in Georgia was "Disaster Letter 98-35," dated April 14. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies that were referenced in that letter to assist FFEL borrowers who are residents of the following counties (new counties are capitalized): Appling, Atkinson, Bacon, Baker, Ben Hill, Berrien, Bibb, Bleckley, Brantley, Brooks, Burke, Butts, Calhoun, Candler, Carroll, Charlton, Chatham, Clay, Clinch, Coffee, Colquitt, COLUMBIA, Cook, Crawford, Crisp, Decatur, Dodge, Dooley, Dougherty, Douglas, Early, Echols, Emanuel, Evans, Glynn, Gordon, Grady, Haralson, Heard, Henry, Irwin, Jeff Davis, Jefferson, Jenkins, Johnson, Lamar, Lanier, Laurens, Lee, Macon, McIntosh, Miller, Mitchell, Monroe, Montgomery, Muscogee, Pike, Pulaski, PEACH, Quitman, Randolph, Richmond, ROCKDALE, Screven, Seminole, Spalding, Stewart, Sumter, Talbot, Tattnall, Telfair, Terrell, Thomas, Tift, Toombs, Treutlen, Turner, Ware, Webster, Wheeler, Wilcox, Wilkinson, and Worth.

❖ Dear Colleague, Direct Loan Bulletin 98-16: Reissue, Direct PLUS Loan Repayment Chart, May 1998.

This bulletin replaces Direct Loan Bulletin 97-45, which discussed the Direct PLUS Loan Repayment Chart. DLB-97-45 was not mailed because of errors on the chart.

*** Dear Guaranty Agency Director, Disaster Letter 98-45: Flooding In Georgia, May 11, 1998.**

On May 11, the Federal Emergency Management Agency declared two more counties in Georgia to be disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of flooding that began March 7. The most recent notice about the flooding in Georgia was "Disaster Letter 98-44," dated May 6. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies that were referenced in that letter to assist FFEL borrowers who are residents of the following counties (new counties are capitalized): Appling, Atkinson, Bacon, Baker, Ben Hill, Berrien, Bibb, Bleckley, Brantley, Brooks, Burke, Butts, Calhoun, Candler, Carroll, Charlton, Chatham, Clay, Clinch, Coffee, Colquitt, Columbia, Cook, Crawford, Crisp, Decatur, Dodge, Dooley, Dougherty, Douglas, Early, Echols, Emanuel, Evans, Glynn, Gordon, Grady, Haralson, Heard, Henry, Irwin, Jeff Davis, Jefferson, Jenkins, Johnson, Lamar, Lanier, Laurens, Lee, LINCOLN, Macon, McIntosh, Miller, Mitchell, Monroe, Montgomery, Muscogee, Pike, Pulaski, Peach, Quitman, Randolph, Richmond, Rockdale, Screven, Seminole, Spalding, Stewart, Sumter, Talbot, Tattnall, Telfair, Terrell, Thomas, Tift, Toombs, Treutlen, Turner, UNION, Ware, Webster, Wheeler, Wilcox, Wilkinson, and Worth.

*** Dear Guaranty Agency Director, Disaster Letter 98-46: Tornadoes in Tennessee, May 12, 1998.**

On May 11, the Federal Emergency Management Agency declared two more counties in Tennessee to be disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of tornadoes that struck April 16. The most recent notice about the tornadoes in Tennessee was "Disaster Letter 98-43," dated May 6. 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): Anderson, Blount, Bradley, Campbell, Carroll, Cheatham, Clairborne, Crockett, Davidson, Dickson, Dyer, Gibson, Giles, Grainger, Hancock, Hardin, Hawkins, Jefferson, Knox, Lawrence, Loudon, Macon, Maury, Monroe, Morgan, Pickett, POLK, Rhea, Roane, Robertson, Sevier, SHELBY, Sumner, Union, Wayne, Williamson, and Wilson.

*** Dear Guaranty Agency Director, Disaster Letter 98-47: Tornadoes in Kentucky, May 13, 1998.**

The Federal Emergency Management Agency has just added Leslie county to the list of counties in Kentucky that have been declared disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of tornadoes that struck April 16. The most recent notice about the tornadoes in Kentucky was "Disaster Letter 98-43," dated May 5. 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: Adair, Barren, Bell, Casey, Clay, Floyd, Knott, Knox, Leslie, Metcalfe, Perry, Warren, and Whitley counties.

*** Dear Guaranty Agency Director, Disaster Letter 98-48: Tornadoes in Tennessee, May 14, 1998.**

On May 13, the Federal Emergency Management Agency added Madison county to the list of counties in Tennessee that have been declared disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of tornadoes that struck April 16. The most recent notice about the tornadoes in Tennessee was "Disaster Letter 98-46," dated May 12. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrowers who are residents of Cheatham, Clairborne, Crockett, Davidson, Dickson, Dyer, Gibson, Giles, Grainger, Hancock, Hardin, Hawkins, Jefferson, Knox, Lawrence, Loudon, Macon, Madison, Maury, Monroe, Morgan, Pickett, Polk, Rhea, Roane, Robertson, Sevier, Shelby, Sumner, Union, Wayne, Williamson, and Wilson.

❖ Federal Register, Reduction in Required Reports, 38 CFR Part 21, Final Rule, March 24, 1998.

This document amends the educational assistance and educational benefits regulations of the Department of Veterans Affairs (VA). It changes the nature of the information to be reported by veterans and service-

members receiving assistance under the Montgomery GI Bill--Active Duty program and the number of reports required of educational institutions in which these veterans and servicemembers are enrolled. These changes will streamline the operation of this program, and reduce the information collection burden for this program, while maintaining the program's integrity. Effective Date is April 23, 1998.

■ **Federal Register, Notice of availability of funds and education awards under the AmeriCorps Education Awards Program, Notice, March 27, 1998.**

The Corporation for National and Community Service (the "Corporation") seeks to expand opportunities for individuals to serve as AmeriCorps members and earn educational benefits, broaden the network of national service programs and strategies, increase the number of communities joining with AmeriCorps to better meet compelling local needs, and encourage additional non-federal resources to support national and community service. Accordingly, the Corporation announces the availability of up to 10,000 education awards from the National Service Trust (the Trust) for national, state, and local community service programs that: (1) Can support most or all of the AmeriCorps member and program costs from sources other than the Corporation; (2) meet agreed-upon AmeriCorps program requirements; and (3) are judged to be high quality according to Corporation criteria, as highlighted below and set forth in the application materials. The education awards may be earned by AmeriCorps members successfully completing full-time, part-time, or reduced part-time terms of service in a community service program approved through this application process. Applications may be obtained on or after March 25, 1998. There are two separate competitions for funding with the following datelines: April 23, 1998, and June 23, 1998.

❖ **Federal Register, Monthly Verification of Enrollment and Other Reports, 38 CFR Part 21, Proposed rule, March 31, 1998.**

This document proposes to amend the educational assistance and educational benefit regulations of the Department of Veterans Affairs (VA). It proposes to expand the current requirement that some reservists receiving educational assistance under the Montgomery GI Bill--Selected Reserve (MGIB-SR) verify their pursuit of a program of education monthly to include those reservists who are pursuing a standard college degree. At the same time the document proposes reducing the number of reports VA receives from educational institutions. It appears that this would be a cost-effective way to reduce overpayments. Comments must be received on or before June 1, 1998.

■ **Federal Register, Comment Request, April 2, 1998.**

The Deputy Chief Information Officer, Office of the Chief Information Officer, invites comments on the submission for OMB review as required by the Paperwork Reduction Act of 1995. Interested persons are invited to submit comments on or before May 4, 1998.

■ **Federal Register, Proposed Collection, Notice, April 2, 1998.**

The Corporation for National and Community Service, as part of its continuing effort to reduce paperwork and respondent burden, conducts a preclearance consultation program to provide the general public and Federal agencies with an opportunity to comment on proposed and/or continuing collections of information in accordance with the Paperwork Reduction Act of 1995. This program helps to ensure that requested data can be provided in the desired format, reporting burden is minimized, collection instruments are clearly understood, and the impact of collection requirement on respondents can be properly assessed.

■ **Federal Register, Fund for the Improvement of Postsecondary Education, Notice, April 1, 1998.**

Fund for the Improvement of Postsecondary Education -- Special Focus Competition: Disseminating Proven Reforms Notice inviting Applications for New Awards for Fiscal Year 1998. The purpose of the program is to provide grants or enter into cooperative agreements to improve postsecondary education opportunities by focusing on problem areas or improvement approaches in postsecondary education.

■ **Federal Register, Notice of National Advisory Committee on Institutional Quality and Integrity, April 7, 1998.**

This notice sets forth the proposed agenda of the National Advisory Committee on Institutional Quality and Integrity. Notice of this meeting is required under section 10(a)(2) of the Federal Advisory Committee Act. This document is intended to notify the general public of its opportunity to attend this public meeting. Dates and times of the meeting is June 8-10, 1998, 8 a.m. until 6 p.m.

■ **Federal Register, Proposed collection, comment request, April 9, 1998.**

The Deputy Chief Information Officer, 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 8, 1998.

■ **Federal Register, Submission for OMB review, comment request notice, April 14, 1998.**

The Deputy Chief Information Officer, Office of the Chief Information Officer, invites comments on the submission for OMB review as required by the Paperwork Reduction Act of 1995. Interested persons are invited to submit comments on or before May 14, 1998.

■ **Federal Register, Administrative Costs for Learn and Serve America and AmeriCorps Grants Programs, 45 CFR Parts 2510, 2516, 2517, 2519, 2521, and 2540, Interim final rule, April 14, 1998.**

The Corporation issues this interim final rule to amend provisions relating to administrative costs in parts 2510, 2516, 2517, 2519, 2521, and 2540. For national service programs assisted by the Corporation that are subject to a statutory limit on the percentage of assistance that may be used to pay for administrative costs, the interim final rule clarifies the definition of administrative costs, adds an explicit definition of program costs that are not subject to the limitation on administrative costs, and provides additional guidelines for applying the limitation on administrative costs. This interim final rule is effective April 14, 1998. Written comments must be received on or before June 15, 1998.

■ **Federal Register, Claims and Effective Dates for the Award of Educational Assistance, 38 CFR Part 21, Proposed Rule, April 29, 1998.**

This document proposes to amend the educational assistance and educational benefit regulations of the Department of Veterans Affairs (VA). It proposes a standard for determining what constitutes a formal claim, an informal claim, and an abandoned claim that can be applied uniformly to the educational assistance programs VA administers. In addition, it proposes less restrictive effective dates for awards of educational assistance; proposes uniform time limits for acting to complete claims; and proposes to state VA's responsibilities when a claim is filed. It appears that this rule will result in a more uniform adjudication of claims for educational assistance under each of the education programs VA administers. Comments must be received on or before June 29, 1998.

■ **Federal Register, Submission for OMB Review; Comment Request, Notice, May 12, 1998.**

The Acting Deputy Chief Information Officer, Office of Chief Information Officer, invites comments on the submission for OMB review as required by the Paperwork Reduction Act of 1995. Interested persons are invited to submit comments on or before June 12, 1998.

ENCLOSURES

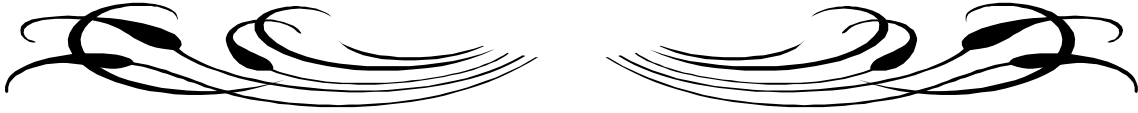
Disaster Letter 98-23: Flooding in Alabama
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Disaster Letter 98-25: Flooding in North Carolina
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Disaster Letter 98-27: Tornadoes in North Carolina
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Disaster Letter 98-45: Flooding in Georgia
Disaster Letter 98-46: Tornadoes in Tennessee
Disaster Letter 98-47: Tornadoes in Kentucky
Disaster Letter 98-48: Tornadoes in Tennessee

Enclosed copies of the Disaster Letters have been printed from the Department of Education Bulletin Board (SFA/BBS), except for Disaster Letter 98-23 which was printed from the NASFAA web site.

Errata - Late Attendance

QUESTIONS AND ANSWERS

OSFA's Q&A



Question: If payments are received from an employer of a borrower by a guarantor through wage withholding after the borrower's defaulted student loans have been consolidated, is the guarantor required to forward the payments to the Consolidation lender or to the borrower?

Answer:

Letter from Policy Unit at U.S. Department of Education, November 3, 1998.

In this situation, the guarantor would no longer be the holder of the defaulted loan. The Department allows a guarantor to forward the payment to the consolidation lender, or return it to the borrower (or the party who made the payment), with instructions as to where future payments on the consolidation loan should be directed.

QUESTION: Can a consolidated loan be made for a borrower with only one loan?

ANSWER: *Yes*

Letter from Policy Unit at U.S. Department of Education, March 18, 1998.

There is nothing in the Higher Education Act of 1965, as amended, or in the federal regulations governing loan consolidation that prohibits consolidation of a single loan.