



OSFA OUTLOOK

Office of Student Financial Assistance • Florida Department of Education

June 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 are being prepared for distribution to participants.

The approved policies pertain to Common Claim Initiatives. The Common Claim Initiative establishes new, standard formats for lenders to use when requesting preclaim assistance and claim reimbursement and common policies relating to skip tracing.

The Official Update to the *Common Manual* should be received by OSFA by mid-July for distribution to participants. The update will include all changes made through April 1998. All changes to the *Common Manual* beginning May 1998 until the 1999 Official Update is received next year will be provided on yellow paper. Any updates that have been provided at this time on green paper that is not included in the Official Update for 1998 will be provided on yellow paper to be inserted into the *Common Manual*.

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

■ Distance Education

In May the Department of Education issued a Dear Colleague Letter, GEN 98-10. The letter provided 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).

The Department defines distance education as a learning and

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teaching mode characterized by the separation of place and/or time between instructor and student. Currently, the statutes and regulations governing the Title IV, HEA Programs do not use the term “distance education.” Instead they use the terms “correspondence” and “telecommunications.”

The Department recognizes that significant changes in the HEA are required to accommodate new modes for delivering educational programs. The Department’s proposals for reauthorization of the HEA, if adopted, would expand the availability of Title IV, HEA Program funds to students in distance education programs.

On June 2, Assistant Secretary for Postsecondary Education David Longanecker and his Chief of Staff Marianne Phelps participated in a Web chat about Distance Education.

A summary of the Administration’s recommendations on distance education for the reauthorization of the Higher Education Act was provided by Mr. Longanecker. The recommendations are designed to delete some of the constraints on distance learners by the Reauthorization of 1992. The Department’s reauthorization proposals may be found on the Internet at (<http://www.ed.gov/offices/OPE/PPI/Reauthro/>).

The Department of Education has proposed to remove restrictions that provide aid to students studying at a distance which fall under the conditions that the institution must be degree granting and must be accredited by an agency that has developed specific standards for distance education. Also, students studying at a distance and students studying on campus must have student aid available under the same basis. The proposals also included a thirty-million dollar “Learning Anytime Anywhere Program.”

■ **HEAL Refinancing Letters and Charts**

On May 12, 1998, letter was sent to more than 48,000 HEAL borrowers with loans worth in excess of \$1.5 billion, notifying them of potential savings available through HEAL Refinancing. Allopathic and Osteopathic medical borrowers who graduated over the last three years were excluded because most are in, or about to enter internship/residency deferments when it is not always financially advantageous to refinance since interest is capitalized when loans are refinanced. Each customized letter estimated, based on the borrower’s current loan balance, the savings that would result if the interest rate were reduced by 1.5 percentage points, which is a possible scenario for the majority of borrowers.

Since HEAL Refinancing became available in 1994, borrowers have refinanced more than \$1.1 billion in HEAL loans. The HEAL Program would like borrowers to refinance an additional \$400 million over the next eighteen months to further reduce both borrower costs and the Federal liability associated with the HEAL portfolio.

■ **Reauthorization Senate Committee Report**

On May 4, 1998, the Senate Committee on Labor and Human Resources filed its committee report, S. Rept. 105-181, to accompany the bill S. 1882, which reauthorizes the Higher Education Act. Committee reports are required by the Senate rules. The House committee report (H. Rept. 105-481) that accompanies it reauthorization bill, H.R. 6., was filed on April 17, 1998. You can access these reports through the home page for the Library of Congress Thomas System Committee Reports.

■ **Regaining Eligibility: Clock Hour Students**

The Department of Education has provided clarification recently about when a school can pay Federal Pell Grant funds to a student who returns to a clock-hour program after withdrawing.

The 1998-99 *Federal Student Financial Aid Handbook* currently states that “if a student withdraws from a clock-hour program or nonterm credit-hour program, but returns to it in the same award year, or in the subsequent award year, the student will be held accountable for the remaining clock or credit hours in the payment period before the next disbursement of Pell Grant can be made. However when a student returns two years after withdrawing, the school may pay the student without waiting until the student has

completed the hours from the previous period of enrollment.” The question asked: Is this two calendar years or two award years?

The Department states that the two-year period refers to two award years. This determination comes from an earlier reference found in the 1994-95 *Federal Student Financial Aid Handbook*, that generally states that if a student withdraws and returns in the same award year or the next succeeding award year, the student is held accountable for the remaining clock or credit hours in the payment period before the next disbursement is made. But, if the student returns after the next succeeding award year, the student may again be paid for the entire program.

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.

■ **Temporary Interest Rate Change is Signed by President**

On June 9th, President Clinton signed into law a temporary interest rate change for the federal student loan programs. The temporary interest rate change was made a part of the transportation bill (ISTEA). This is now Public Law 105-178.

President Clinton is pleased that the H.R. 2400 adopts the low student loan interest rate that the Vice President proposed in February on behalf of the Administration. However, the President has concerns about the subsidies that the Act would force taxpayers to pay to lenders on top of the payments made by borrowers. The President feels that it is critical to move toward a system that relies on market pressures, not political pressures, in setting subsidies for lenders and intermediaries.

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-

■ **Senate Reauthorization Bill**

Richard Riley, Secretary of Education, wrote to the Senate Majority Leader, Trent Lott (R-MS) and the Senate Minority Leader, Thomas Daschle (D-SD) encouraging the Senate to pass its Higher Education Act (HEA) reauthorization bill, S. 1882. The Secretary commented on a number of the provisions in the legislation that he believed needed changes and the letter supported or opposed certain provisions in the reauthorization bill.

The Senate intends to address the S. 1882 prior to the July 4 recess. The debate may begin as early as the June 19th. The uncertainty on when the Senate will debate the S. 1882 is due to the stated intent by Democratic senators to offer the tobacco bill as an amendment to other appropriate legislation after the defeat of the tobacco legislation on June 17. If the tobacco bill continues to be offered as an amendment to other bills it could be possible that the Senate may not debate the reauthorization bill until after the July 4th recess.

ENCLOSURES

Disaster Letter 98-49: Flooding in Georgia

Disaster Letter 98-50: Tornadoes in Tennessee

Disaster Letter 98-51: Tornadoes in South Dakota

Disaster Letter 98-52: Tornadoes in South Dakota

Disaster Letter 98-53: Tornadoes in Pennsylvania

Enclosed copies of the Disaster Letters have been printed from the Department of Education Bulletin Board (SFA/BBS).

Interest Rate Chart

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

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Federal Updates

❖ Project EASI Update

The following news about Project EASI was prepared by the Department of Education's Office of Student Financial Assistance and distributed on may 28, 1998.

The Postsecondary Electronic Standards Council on May 15 unanimously accepted a Project EASI sub-group proposal to partner with Price Waterhouse in the review and validation of a forthcoming "standards comparison" task. The task will compare the recently delivered Logical Data Model with current data transaction sets (Commonline, NCES, ANSI ASC X12, Direct Loans), and then have this analysis validated by a committee of Standards Council members. August 1998 is the target date to begin the validation process.

As Colorado PEPPER (Project EASI Partnership Pilot for Electronic Re-engineering) participants, the University of Northern Colorado and the Colorado Student Loan program are now implementing the just-in-time invoice process for requesting FFELP funds. An integral step towards achieving the Project EASI vision, the just-in-time invoice method simplifies the process of requesting and accounting for student aid funds. The implementation guides for the EDI (electronic data interchange) transaction sets used to support the process are drafted by KPMG. Colorado PEPPER will begin testing the EDI transaction sets in June 1998, with additional trading partners to be added later in the year. The Pell Grant Program also is scheduled to accept EDI transaction sets in the 99-00 award year.

Project EASI-Info is a free information service from the U.S. Department of Education's Office of Student Financial Assistance that provides periodic Internet updates on the status and progress of Project EASI. To access Project EASI's World Wide Web site, the address is <http://easi.ed.gov>.

*** Interest Rates Beginning July 1, 1998.**

The Department of Education provided a memo dated June 10, 1998, which highlights the interest rates that will be in effect beginning July 1, 1998.

The following are the variable interest rates applicable to the Federal Stafford, Federal SLS, Federal PLUS, and Federal Consolidation programs for the period of July 1, 1998 through June 30, 1999.

I. Federal Stafford Variable Interest Rates

The final auction of 91-day Treasury Bills held prior to June 1 occurred on may 26, 1998. The bond equivalent rate was 5.155 percent which rounds to 5.16 percent.

A. "Converted" Variable-rate Federal Stafford loans.

1. 8/10% loans that were subject to the "windfall profits" provisions of 427A(I)(1) of the Higher Education Act of 1965, as amended (the Act) and that have been converted to a variable interest rate (the variable interest rate for these loans is capped at 10%):

Pursuant to 427A(I)(7)(A) of the Act, 5.16 percent plus 3.25 percent equals 8.41 percent for the period July 1, 1998 - June 30, 1999.

2. 7%, 8%, 9% and 8/10% loans that were subject to the "windfall profits" provisions of 427A(I)(3) of the Act and that have been converted to a variable interest rate:

Pursuant to §427A(I)(7)(A) of the Act, 5.16 percent plus 3.1 percent equals 8.26 percent. Because the variable interest rate for these loans is capped at the original fixed interest rate of 7%, 8%, 9%, or 10% (converted 8/10% loans which have reached the 49th month of the repayment period), the following rates apply for the period July 1, 1998 - June 30, 1999 -

Original Interest Rate Variable Interest Rate

7 percent 7 percent
8 percent 8 percent
9 percent 8.26 percent
10 percent 8.26 percent

I. Federal Stafford Variable Interest Rates

B. Regular Variable-rate Federal Stafford loans:

1. Federal Stafford loans made to "new" borrowers for which the first disbursement was made (a) on/after 10/1/92 but prior to 7/1/94 or (b) on/after 7/1/94 for a period of enrollment ending prior to 7/1/94 (i.e., a late disbursement) [the variable interest rate for these loans is capped at 9%]:

Pursuant to §427A(e)(1) of the Act, 5.16 percent plus 3.1 percent equals 8.26 percent for the period July 1, 1998 - June 30, 1999.

2. Federal Stafford loans made to all borrowers, regardless of prior borrowing, for periods of enrollment that include or begin on/after 7/1/94 for which the first disbursement is made on/after 7/1/94 but prior to 7/1/95:

Pursuant to §427A(e)(1) of the Act, 5.16 percent plus 3.1 percent equals 8.26 percent. Because the variable interest rate for these loans is capped at 8.25 percent, the variable interest rate is 8.25 percent for the period July 1, 1998 - June 30, 1999.

3. Federal Stafford loans made to all borrowers, regardless of prior borrowing, on/after 7/1/95 but prior to 7/1/98 (the variable interest for these loans is capped at 8.25%) -

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

Pursuant to §427A(g)(2) of the Act, 5.16 percent plus 2.5 percent equals 7.66 percent for the period July 1, 1998 - June 30, 1999.

(b) during the repayment period (except deferment periods):

Pursuant to §427A(f)(1) of the Act, 5.16 percent plus 3.1 percent equals 8.26 percent. Because the variable interest rate for these loans is capped at 8.25 percent, the variable interest rate is 8.25 percent for the period July 1, 1998 - June 30, 1999.

I. Federal Stafford Variable Interest Rates

4. Federal Stafford loans made to all borrowers, regardless of prior borrowing, on/after 7/1/98 and before 10/1/98 (variable interest rate for these loans is capped at 8.25 %) -

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

Pursuant to section 427A(j) (2) of the Act, 5.16 percent plus 1.7 percent equals 6.86 percent for the period July 1, 1998 - June 30, 1999.

(b) during the repayment period (except deferment periods)

Pursuant to section 427A(j)(1) of the Act, 5.16 percent plus 2.3 percent equals 7.46 percent for the period July 1, 1998 - June 30, 1999.

Note: The interest rate formula for Federal Stafford loans made on or after 7/1/98 and before 10/1/98 is provided in §7501 (Temporary Student Loan Provision) of the Transportation Equity Act for the 21st Century which amends §427A of the Higher Education Act of 1965, as amended. The formula remains in effect for the life of the loan, and the variable interest rate is calculated annually. The interest rate formula for Federal Stafford loans made on or after 10/1/98 is provided under current law in section 427A(h)(1) of the Act. Barring additional Congressional action, this interest rate formula will go into effect on 10/1/98.

II. Federal PLUS and Federal SLS Variable Interest Rates

The final auction of 52-week Treasury Bills held prior to June 1 occurred on May 28, 1998. The bond equivalent rate was 5.434 percent which rounds to 5.43 percent.

A. Variable-rate Federal PLUS and Federal SLS loans made prior to October 1, 1992 (the variable interest rate for these loans is capped at 12%):

Pursuant to §427A(c)(4)(B) of the Act, 5.43 percent plus 3.25 percent equals 8.68 percent, for the period July 1, 1998 - June 30, 1999.

Note: Because the variable interest rate formula (§427A(c)(4)(B) of the Act) produces a figure that is less than 12 percent, variable-rate PLUS/SLS loans will not be subject to special allowance payments during the four quarters ending 9/30/98, 12/31/98, 3/31/99 and 6/30/99. See §438(b)(2)(C)(I) of the Act.

B. Federal PLUS loans made on/after October 1, 1992 but prior to July 1, 1994 (the variable interest rate for these loans is capped at 10%); (ii) Federal PLUS loans made on/after July 1, 1994 but prior to July 1, 1998 (the variable interest rate for these loans is capped at 9%); and (iii) Federal SLS loans made on/after October 1, 1992 for a period of enrollment beginning prior to July 1, 1994 (the variable interest rate for these loans is capped at 11%):

Pursuant to §427A(c)(4)(D) and (E) of the Act, 5.43 percent plus 3.1 percent equals 8.53 percent, for the period July 1, 1998 - June 30, 1999.

Note: Because the variable interest rate formula (§427A(c)(4)(D) of the Act) produces a figure that is less than 10 percent (Federal PLUS) and 11 percent (Federal SLS), variable-rate PLUS loans made on/after 10/1/92 but prior to 7/1/94 and all SLS loans made on/after 10/1/92 will not be subject to special allowance payments during the four quarters ending 9/30/98, 12/31/98, 3/31/99 and 6/30/99. See §438(b)(2)(C)(ii) of the Act.

C. Federal PLUS loans made on/after July 1, 1998, but prior to October 1, 1998 (the variable interest rate for these loans is based on the 91-day Treasury Bills, and is capped at 9.0 %):

Pursuant to §427A(j)(3) of the Act, 5.16 percent plus 3.1 percent equals 8.26 percent, for the period July 1, 1998 - June 30, 1999.

Note: Because the variable interest rate formula (§ 427A(j)(3) of the Act) produces a figure that is

less than 9 percent, variable-rate PLUS loans made on or after 7/1/98 but before 10/1/98 will not be subject to special allowance payments during the four quarters ending 9/30/98, 12/31/98, 3/31/99 and 6/30/99. See § 438(b)(2)(G)(v) of the Act.

Note: The interest rate formula for Federal PLUS loans made on or after 7/1/98 and before 10/1/98 is provided in §7501 (Temporary Student Loan Provision) of the Transportation Equity Act for the 21st Century, which amends §427A of the Higher Education Act of 1965, as amended. The formula remains in effect for the life of the loan, and the variable interest rate is calculated annually. The interest rate formula for Federal PLUS loans made on or after 10/1/98 is provided under current law in §427A(h)(2) of the Act. Barring additional Congressional action, this interest rate formula will go into effect on 10/1/98.

III. Federal Consolidation Loan Interest Rates

A. Federal Consolidation loans made on or after November 13, 1997, but before October 1, 1998 (the variable rate for these loans is based on the 91-day Treasury Bills and is capped at 8.25%):

Pursuant to section 428C(c)(1)(D) of the Act, 5.16 plus 3.1 percent equals 8.26 percent. Because the variable interest rate for these loans is capped at 8.25 percent, the variable interest rate is 8.25 percent for the period July 1, 1998 - June 30, 1999.

Note: The interest rate formula for Federal Consolidation loans made on or after 11/13/97 and before 10/1/98 is provided in §609 (Emergency Student Loan Consolidation) of the Department of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act of 1998, which amends §427A of the Higher Education Act of 1965, as amended. The formula remains in effect for the life of the loan, and the variable interest rate is calculated annually. The interest rate formula for Federal Consolidation loans made on or after 10/1/98 is provided under current law in §428C(c)(1)(C) of the Act. Barring additional Congressional action, this interest rate formula will go into effect on 10/1/98.



Federal Regulations & Letters

*** Dear Guaranty Agency Director, Disaster Letter 98-49: Flooding in Georgia, May 18, 1998.**

The Federal Emergency Management Agency has added twenty-six more counties to the list of counties in Georgia that have been declared 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 98-45," dated May 11. 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 counties declared disaster areas. The following is the twenty-six additional counties: Baldwin, Barren, Bartow, Bulloch, Cherokee, Clayton, Dade, Dawson, Floyd, Forsyth, Habersham, Hall, Houston, Jones, Lowndes, Lumpkin, Murray, Newton, Paulding, Pickens, Rabun, Towns,

Twiggs, Walker, Wayne, and White.

❖ Dear Colleague, DLB-98-18: Information on Drawing Down Direct Loan Funds Through GAPS, May 1998.

The Department of Education's Grant Administration and Payment System (GAPS) became operational on May 11, 1998. Since that time, several issues have arisen related to drawing down Direct Loan funds through GAPS. This bulletin will address the main issues on how to draw down for the 1998-99 program year and how to draw down for prior program years. Additionally, this bulletin will cover how to use the GAPS control number in the Direct Loan processing.

❖ Dear Colleague, DLB-98-17: Tips for Database Backup Procedures and Scheduling, May 1998.

This letter is a reminder of the importance of backing up Direct Loan databases. Each week several schools lose their databases without having regularly backed up their data. Don't let this happen to you. When a school loses its EDExpress or other Direct Loan database, the Loan Origination Center (LOC) sends the school a paper data dump consisting of all loan data the LOC has for that school. Once this is received, the school then must reenter all data exactly as it appears in the data dump, a tedious and time consuming undertaking.

❖ Dear Financial Aid Administrator, CB-98-7(LD): Release of Campus-Based Funds and Request for Supplemental Federal Work-Study (FWS) Funds, May 1998.

This letter provides the Campus-Based Reallocation Form (E-40-4P) to use in the Federal Supplemental Educational Opportunity Grant, FWS, And Federal Perkins Loan programs (the campus-based programs) for the following purposes:

- To release 1997-98 award year (July 1, 1997, through June 30, 1998) unexpended campus-based allocations.
- To inform the Department of Education of institution's need for supplemental FWS funds for the 1998-99 award year (July 1, 1998, through June 30, 1999).

If your institution expended at least 10 percent of its total 1997-98 FWS federal funds to pay students employed in community service jobs, and your institution has a fair share shortfall in its 1998-99 final funding worksheet, your institution may qualify for a supplemental 1998-99 FWS allocation this fall.

*** Dear Guaranty Agency Director, Disaster Letter 98-50: Tornadoes in Tennessee, May 28, 1998.**

On May 26, the Federal Emergency Management Agency added Hamblen 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 98-48," dated may 14. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrowers who are resident of the declared disaster areas.

*** Dear Guaranty Agency Director, Disaster Letter 98-51: Tornadoes in South Dakota, June 1, 1998.**

Following President Clinton's disaster declaration of June 1, the Federal Emergency Management Agency declared McCook county in South Dakota to be a disaster area that qualifies for federal assistance under FEMA's "Individual Assistance" program because of tornadoes that struck May 30. 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, DLB 98-19: 1998-99 Direct Loan Reports, June 1998.

This letter contains a document prepared by Client Account Managers for the Cash Management and Reconciliation sessions at the Direct Loan anniversary Conference in March. The document contains a section on School Generated Reports and a section on LOC Generated Reports.

❖ Dear Colleague, CB-98-8(LD), Safeguard Activity Report for the Federal Perkins Loan Program, June 1998.

This letter concerns the submission of the annual Safeguard Activity Report for the period of July 1, 1997 through June 30, 1998, for institutions that participate in the Federal Perkins Loan Program.

*** Dear Guaranty Agency Director, Disaster Letter 98-52: Tornadoes in South Dakota, June 1998.**

On June 4, the Federal Emergency management Agency declared Hanson county in South Dakota to be a disaster area that qualifies for federal assistance under FEMA's "Individual Assistance" program because of tornadoes that struck May 30. On June 1, in Disaster Letter 98-51, you were informed that McCook county was also eligible. Guaranty agencies and lenders are authorized to use the Department's disaster-related forbearance policies to assist FFEL borrowers who are resident of those counties.

*** Dear Guaranty Agency Director, Disaster Letter 98-53: Tornadoes in Pennsylvania, June 9, 1998.**

Following President Clinton's disaster declaration on June 9, the Federal Emergency management Agency declared Allegheny, Berks, Somerset, and Wyoming counties in Pennsylvania to be disaster areas that qualify for federal assistance under FEMA's "Individual Assistance" program because of tornadoes that struck May 31 through June 2. 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.

❖ **Federal Register, Advance Payments and Lump-Sum Payments of Educational Assistance, 38, CFR Part 21, Proposed Rule, May 20, 1998.**

This document proposes to amend the educational assistance regulations of the Department of Veterans Affairs (VA) dealing with the advance payment and lump-sum payment of educational assistance. VA is proposing to amend these regulations by removing provisions that no longer apply and by making other changes for the purpose of clarification. This will make these regulations easier to use. Comment must be received on or before July 20, 1998.

❖ **Federal Register, Veterans Education: Increase in Rates Payable for Cooperative Training Under the Montgomery GI Bill--Active Duty, 38 CFR Part 21, Final Rule, May 21, 1998.**

This document amends the educational assistance and educational benefits regulations of the Department of Veterans Affairs (VA). The Veterans' Benefits Act of 1997 provided a new statutory formula for use in calculating the monthly rates of educational assistance payable under the Montgomery GI Bill--Active Duty to someone pursuing cooperative training. The new formula increases the monthly rates of educational assistance, effective from October 9, 1996, for veterans in cooperative training who were formerly eligible for assistance under the Veteran Era GI Bill. This final document amends the regulations to reflect the increased rates. Effective Date for this final rule is October 9, 1996.

■ **Federal Register, Submission for OMB review; comment request, May 22, 1998.**

The Acting 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 June 22, 1998.

■ **Federal Register, Notice of Proposed Information Collection Requests, May 27, 1998.**

The Acting 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 July 27, 1998.

❖ **Federal Register, Office of Postsecondary Education; Notice of Revision of the Need Analysis Methodology for the 1999-2000 Award Year; Notice, June 1, 1998.**

The Secretary of Education announces the annual updates to the tables that will be used in the statutory "Federal Need Analysis Methodology" to determine a student's expected family contribution (EFC) for award year 1999-2000 for the Title IV, HEA student financial assistance programs (Title IV, HEA Programs). An EFC is the amount a student and his or her family may reasonably be expected to contribute toward the student's postsecondary educational costs. The Title IV, HEA programs include the Federal Pell Grant, Federal Perkins Loan, Federal Work Study, Federal Supplemental Educational Opportunity Grant Programs, Federal Family Education Loan, and William D. Ford Federal Direct Loan Programs.

❖ **Federal Register, Federal Work-Study Programs, Notice, June 1, 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 statutory requirement that an institution shall use at least five percent of its total FWS Federal Funds granted for the 1998-99 award year (July 1, 1998 through June 30, 1999) to compensate students employed in community service jobs.

Closing Date for submitting a Waiver Request and any Supporting Information or Documents.

To request a waiver of the requirement that an institution use at least five percent of the total amount of its FWS Federal funds granted for the 1998-99 award year to compensate students employed in community

service jobs, an institution must mail or hand-deliver its waiver request and any supporting information or documents to the Department on or before June 19, 1998. The Department will not accept a waiver request submitted by facsimile transmission. The waiver request must be submitted to the Institutional Financial management Division.

❖ Federal Register, Community Development Work Study Program; Repayment Requirement; Final Rule, 24 CFR Part 570, June 10, 1998.

ON July 10, 1996, HUD published a Final Rule making various amendments to the Community Development Work Study Program (CDWSP), including the removal of requirements that students who are terminated from the CDWSP repay the tuition and additional assistance to the grant recipient, and that the grant recipient repay those funds to HUD. HUD has determined to extend this relief to all open grants, including those entered into before the effective date of the July 10 final rule. Effective date: July 10, 1998.

❖ Federal Register, Employment Authorization for Certain F-1 Nonimmigrant Student Whose Means of Financial Support Comes From Indonesia, South Korea, Malaysia, Thailand, or the Philippines, 8 CFR Part 214, Notice of suspension of applicability of certain requirements, June 10, 1998.

The Commissioner of the Immigration and Naturalization Service is temporarily suspending the applicability of certain requirements in 8 CFR 214.2(f)(9) governing on-campus and off-campus employment for nonimmigrant aliens who are admitted to the United States in F-1 classification for duration of status under section 101(a)(15)(F)(i) of the Immigration and Nationality Act, and whose means of financial support as reflected in the students' Form I-20, Certificate of Eligibility for Nonimmigrant (F-1) Student Status, is from Indonesia, South Korea, Malaysia, Thailand, or the Philippines. This action is necessary because students whose means of financial support comes from these countries are experiencing severe economic hardship due to the rapid devaluation of their currencies against the United States dollar and the consequent reduction in financial support. These affected students may need to be exempted from the normal student employment requirements in order to continue their studies in the United States. This document is effective June 10, 1998 and will remain in effect until the Attorney General rescinds this document.

■ Federal Register, Submission for OMB review, comment request notice, June 18, 1998

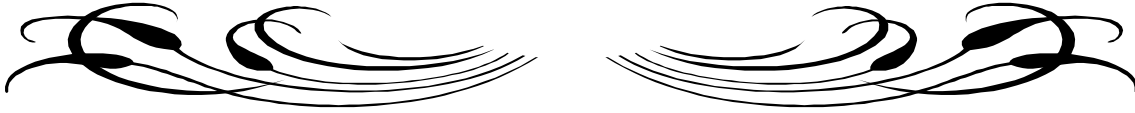
The Acting Deputy Chief Information Officer, Office of the Chief Information Officer, invites comments on the submission for OMB review as required by the Paperwork Reduction Act of 1995. Interested persons are invited to submit comments on or before July 20, 1998.

❖ Federal Register, Federal Work-Study Programs - Notice June 16, 1998.

The Secretary gives notice to institutions of higher education of the deadline for an institution that participated in the FWS Program for the 1997-98 award year (July 1, 1997 through June 30, 1998) to submit a Campus-Based Reallocation Form to request supplemental FWS funds for the 1998-99 award year (July 1, 1998 through June 30, 1999). The information collected is used to determine whether an institution is eligible to receive supplemental FWS funds for the 1998-99 award year. If an institution that participated in the FWS Program for the 1997-98 award year wants to ensure that it will be considered for supplemental FWS funds for the 1998-99 award year, the institution must submit the Campus-Based Reallocation Form by July 17, 1998. The Department will not accept a form submitted by facsimile transmission.

QUESTIONS AND ANSWERS

OSFA's Q&A



Question: Can an award letter from the financial aid office be used as proof of a new loan? Specifically, can this document be use to fulfill the proof of a new loan requirement for processing a half-time deferment for a new (1987) borrower?

Answer: YES

Federal Regulations, 34 CFR 682.210(c)(1)(iii) and 682.210(b)(4).

682.210(c)(1)(iii)

In the case of a deferment described in paragraph (b)(4) of this section for a borrower who is at least half-time but less than full-time, a statement from the financial aid administrator of the school or other documentation evidencing that the borrower has received, or will receive, a Stafford or SLS loan for the period of enrollment for which the deferment is sought.

682.210(b)(4)

For a “new borrower,” as defined in paragraph (b)(7) of this section, of a Stafford, SLS, or PLUS loan, deferment is authorized during periods when the borrower is engaged in at least half-time study at a school for a period of enrollment for which the borrower received a Stafford or SLS loan, unless the borrower is not a national of the United States and is pursuing a course of study at a school not located in a State.

QUESTION: Under what law or regulation is a school required to place a hold on the release of a borrower transcripts due to a defaulted student loan.

ANSWER:

Florida Statute 240.465(5) Delinquent accounts.

No individual borrower who has been determined to be in default in making legally required scholarship loan, student loan, or guaranteed loan repayments shall be furnished with his or her academic transcripts or other student records until such time as the loan is paid in full or the default status has been removed.