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May 21, 2009

Florida Department of Education, Office of Student Financial Assistance (OSFA) Will Continue to Pay Federal Default Fee

The Florida Department of Education, Office of Student Financial Assistance (OSFA) has received legislative approval to continue paying the mandatory one percent Federal Default Fee on all Federal Stafford and PLUS Loans.

OSFA's Federal Default Fee policy results in an annual savings of \$6 to \$7 million for borrowers and their families who choose OSFA as the guarantor of their student loans. Choosing OSFA as a guarantor also helps fund the Florida Student Assistance Grant (FSAG), a need-based grant program available to degree-seeking, resident, undergraduate students who demonstrate substantial financial need and are enrolled in participating postsecondary institutions.

Since the 2002-03 fiscal year, OSFA has contributed \$84.3 million toward need-based scholarships. Dr. Eric J. Smith, Commissioner of the Florida Department of Education, is strongly committed to helping students realize their goals as they pursue a postsecondary education.

OSFA administers the Federal Family Education Loan Program (FFELP), which provides low-cost education loans to assist students and their parents in paying for the cost of higher education. These loans include Subsidized Federal Stafford Loans, Unsubsidized Federal Stafford Loans, Federal PLUS Loans, Graduate PLUS Loans and Federal Consolidation Loans.

OSFA also administers the State Scholarship and Grant Programs, which provide a variety of state-funded and federally funded grants and scholarships to assist Florida students with the cost of higher education. These programs offer merit-based, need-based and special interest programs, which include two critical teacher shortage programs for professionals.

OSFA intends for the Federal Default Fee policy to remain in effect until June 30, 2010. However, industry developments may require this policy to be reevaluated prior to the policy end date.

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