



PROGRAM INTEGRITY REGULATIONS



The final program integrity regulations were published on October 29, 2010, and are effective July 1, 2011, except for the verification changes which will take effect for the 2012-2013 award year. Also published on October 29, 2010 was one part of the gainful employment regulations, implementing requirements for adding new non-degree programs July 1, 2011. ED anticipates that the balance of the gainful employment regulations will be published in late March 2011.

The PI regulations contain significant changes that will impact most schools:

- Reporting and disclosure requirements for non-degree programs
- To add new non-degree programs, schools must notify ED 90 days prior to the start date, and provide additional information
- Changes to requirements for schools' satisfactory academic progress policies
- A requirement for schools to have a policy for the validation of high school diplomas, which will be followed by ISIR flags in 2012-2013 for students for whom ED requires the school to validate the high school diploma
- All of the safe harbors for the incentive compensation regulations have been eliminated
- Increased requirements for written arrangements between schools

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REGULATORY UPDATE WORKSHOPS

FSA is hosting two-day regulatory update workshops from the end of February through April, to be held at various locations around the country. The announcement ANN-11-01, dated January 28, 2011, includes a link to the registration website. The workshop is free, and ED will post the training materials later this month for participants to download. The workshop will include the Program Integrity Regulations and the consumer information requirements in the HEOA. Attendees are responsible for their own travel, hotel and food. Registration is first-come, first-served, and space may be limited.

FY 2009 DRAFT CDR RELEASE

February 14, 2011 is the scheduled release date of FY 2009 Draft Cohort Default Rates.

Schools enrolled in the Electronic Cohort Default Rate process will receive FY 2009 rates and supplemental information via their SAIG mailboxes. Schools may also access the data on-line via NSLDS.

Draft rates are not released to the public.

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PI REGS

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- Requirements for state approval or licensure for distance education programs in states that have such processes, and for disclosure of those states' complaint policies
- Expanded definition of misrepresentation
- Revised mandatory clock to credit hour conversion rates, and a definition of a credit hour that includes two clock hours of homework for every hour of lecture, and comparable measures for lab and externship hours, subject to approval by schools' accrediting agencies
- Changes to the treatment for repeated coursework in term-time programs
- Specific requirement for allowing Pell recipients to purchase books and supplies, if a Title IV credit balance would exist, by the 7th day of the payment period
- Regulatory implementation of the 6 credit hour alternative for ATB admissions (from the HEOA legislation) and changes to the ATB test rules
- Revisions to the R2T4 regulations for institutions that offer courses in modules, and a change for schools that require their instructors to take attendance—they are now considered to be schools that are required to take attendance, and thus subject to the 14 day rule for dates of determination

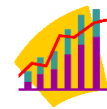


2011 FSA CONFERENCE

ED has announced the date and location of the 2011 FSA Conference. It will be held November 29 - December 2, 2011 at the MGM Grand Conference Center in Las Vegas, Nevada.

COHORT DEFAULT RATES FOR YEARS 2005-2008

ED released an electronic announcement on December 20, 2010 with a chart of cohort default rates, budget lifetime default rates, and cumulative lifetime default rates, by sector. The data is presented for analysis purposes.



PELL SCHEDULE FOR 2011-12

FSA has published the 2011-2012 Pell Award Schedule (P-11-01), with a maximum Pell Grant of 5550. There are some changes from 2010-2011 to various Scheduled Award amounts within the chart, despite the unchanged maximum award. Schools should note that Congress has not yet passed a budget for FY2011, so the Pell Grant appropriation has not been established. If the appropriation level varies from the maximum Pell award of 5550, FSA will published a revised Pell Award Schedule.

2011-12 CAMPUS-BASED FUNDS

ED released the tentative funding levels for the 2011-2012 award year as of February 1st. The award levels and funding worksheets are accessed via the eCB website. Final awards will be released by April 1, 2011.

2010 TAX FILING DELAY



According to an IRS announcement dated December 23, 2010, some taxpayers will have to wait to file their individual tax returns until mid to late February 2011. The delay is due to the tax law changes enacted by Congress in late December 2010. Taxpayers will need to wait to file their tax returns if they claim itemized deductions, the Higher Education Tuition and Fees Deduction, or the Educator Expense Deduction.

2010 FSA CONFERENCE HIGHLIGHTS

The 2010 Federal Student Aid Conference was held in Orlando, FL from November 30th to December 3rd.



- In fiscal year 2010, FSA processed 21 million FAFSAs. ED disbursed \$134 billion in federal financial aid for 14 million students at 6200 schools (\$113 billion in FY09).
- This year 20 million borrowers are being serviced by the DL servicers, compared to 9 million last year. \$80 billion in Direct Loans have been processed for FY10, a 261% increase from FY09. There has been a 58% increase in Pell Grants disbursed.
- For the 2010-11 award year, ED has processed 18.8 million FAFSAs as of November 2010. 250,000 applicants used the IRS data retrieval process.
- For 2008-2009, 98% of FFEL loans were sold as PUT loans to DL. For 2009-2010, almost 72% of FFEL loans were sold as PUT loans to DL.
- NSLDS has data for about 20% of the US population in its database.

- FAFSA counts through week 46 of the processing cycle (mid-November):

	Paper	Electronic
2009-10	91,848	16,756,893
2010-11	65,130	18,537,380

- The President's proposal for the FY11 budget includes over \$34 billion for Pell Grant funding, with a maximum grant of \$5710. Total Title IV aid with the FY11 proposed allocations would be over \$156 billion, compared to almost \$145.5 billion for FY10.
- According to the speakers at one interest session, ED's program compliance is placing a "renewed emphasis" on consumer information. (Session 39)
- All student applicants for whom a parent wishes to borrow a PLUS loan must file a FAFSA for the 2011-2012 award year.
- For 2011-2012, the IRS data retrieval process for the 2010 tax year was available January 30, 2011, for the initial FAFSA and corrections, in both English and Spanish. A tax filer's data should be available one to two weeks after filing the tax return electronically, six to eight weeks after filing a paper tax return.

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*Any opinions expressed herein are solely those of
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