

Federal Update
CASFAA EC Meeting 1/31/12

- Scheduled meetings for Fed Issues Committee
 - 2/22, 3/21, 4/18
- Update on the Federal Budget Affecting Federal Financial Aid for 2012/2013:
 - Provisions Affecting Pell Grant:
 - Maximum award remains at \$5550
 - Requires that a student be eligible for 10% of the maximum grant instead of 5% to receive the minimum grant
 - Duration of eligibility is the equivalent of 12 full-time semesters
 - Provisions Affecting all Title IV Programs:
 - Students must have a high school diploma, a GED, or have been home schooled.
 - This affects students who first enroll in a program of study on our after 7/1/12. Students will qualify for Title IV aid under the ATB alternatives if the student was enrolled in a Title IV eligible program prior to 7/1/12.
 - Qualifying income for the Automatic Zero EFC determination is reduced to \$23,000.
 - Provisions Affecting Direct Loans Only:
 - Interest subsidy during the six – month grace period is eliminated for new undergraduate loans made after July 1, 2012 and before July 1, 2014. The repayment period still begins 6 months after the student is no longer enrolled at least ½ time, but the interest that accrues during those six months will be payable by the student rather than be subsidized by the federal government.
 - Graduate students are no longer eligible for Subsidized loans
- Law introduced at congress to prevent the loan interest rates from going up to 6.8%. However, the law is unfunded and it isn't expected to pass.
- On the Horizon: College Access and Rising Costs
 - Rising college costs and decreasing state funding is limiting college access
 - Obama released a new plan during the State of the Union address for college affordability
 - Shared Responsibility on College Affordability
 - Tie federal aid allocations to an institution's ability to keep tuition costs down. The goal is to revise the campus-based allocation formula to be directly connected to "quality and affordability" outcomes.
 - A new State incentive program – a new competitive grant program, comparable to the K – 12 Race to the Top program, to reward states that fund and reform higher education to reduce costs.
 - Revamp the structure of state financing for higher ed
 - Align entry and exit standards with K-12 education and colleges to facilitate on-time completion
 - Maintain adequate levels of funding for higher ed in order to address important long-term causes of cost growth at the public institutions
 - Empowering students to be Better Consumers
 - College Scorecard, similar to the College Navigator – one page profile of each school with information
 - My opinion – if we're so interested in reducing college costs – the feds and the state shouldn't continue to increase our work by passing new laws every few

months that add to our administrative burden. Everytime a “new” issue arrises, the response is to pass several new regulatory requirements.

- On the Horizon: Improving Award Letters and Conusmer Information
 - Initiative has been launched to improve student aid award letters in response that the letters are difficult for students to compare.
 - Consumer Financial Protection Bureau and ED are developing a model Financial Aid Disclosure Form – Financial Aid Shopping Sheet
 - Again – additional burdens are being placed on insitutions that increase costs. Many universities don’t even have award letters – they have award notifications that are emailed to students and students are referred to their campus portal account to review their award
- NPRMs – two current neg reg committees
 - Federal student loans (direct, FFEL, and Perkins)
 - TEACH Grant