

U.S. Department of Education Federal updates

Federal Changes for 2012 -2013

- 12-13 Federal Pell Grant Amounts
- Auto Zero EFC Income Changes
- Minimum Federal Pell Grant award and Maximum EFC
- Pell Grant Duration of Eligibility
- Grace period Interest Subsidy
- Elimination of Subsidized loans for Graduate and Law Students

2012-2013 Federal Pell Grant Amounts- Max Pell remains \$5550 - \$602 minimum for the year.

Auto Zero EFC Formula Change- If the families Adjusted Gross Income was 30,000 they were funneled through the auto zero EFC formula. Now, the AGI has to be 23,000 or less to be considered an Auto Zero. (see: Expected Family Contribution (EFC)Formulas for the 12-13 award year)

Minimum Federal Pell Grant award and Maximum EFC Pell EFC qualifying table changed: Pell eligibility EFC range is now 0 to 4995. It used to be 0 to 5273.

The Pell eligibility chart eliminated a range. Students who were awarded \$ 556 are no longer eligible.

Federal Pell Grant Duration of Eligibility - Student may only receive Pell grant for 12 semesters instead of 18 semesters. This provision applies to all Federal Pell Grant eligible students effective 12-13. The duration calculation includes ALL years the student received the Pell Grant.

Grace Period Interest Subsidy: Undergraduate Students lose interest subsidy during grace for Direct Loans made on or after 7/1/12 and before 7/14/12. Grace is the 6 month after graduation or less than half-time enrollment. Interest will begin accruing immediately. The change is loan-specific, not borrower-specific. Meaning, if a borrower has loans prior to the effective date of the change those loans are still eligible for the interest subsidy during the borrower's grace period

Grace Period is for 6 months Interest rate is 6.80%

<i>Original loan amount</i>	1 month	to	6 th month
\$11,000.00	\$11,062.33		\$11, <u>379.34</u>

The Elimination of Subsidized Direct Loan for Graduate and Professional students - effective 7/1/12 qualified graduate student may still borrow the Direct Unsubsidized student loan or Graduate Plus loan program.

2 Years of "Subsidized" Interest lost:

<i>Amount borrowed over 2 years</i>	1 st month	thru	24 th month
\$17,000.00	\$17,096.33		\$19,469.12

Federal Verification Changes 2012-2013 (see verification [action plan](#))

Students completing the Free Application for Federal Financial Aid (FAFSA) will be asked a series of questions to determine whether they are eligible to use the IRS Data Retrieval Tool to complete their FAFSA. Although not required, families applying for aid are strongly encouraged to use the tool if possible as it may simplify the federally mandated verification process.

Later this spring, students who apply for aid and did not use the IRS Data Retrieval Tool will be sent an email from the federal government requesting they go back to the FAFSA on the web and determine if they now qualify to use the IRS data retrieval tool to possibly update their income information.

Students who are selected for verification of their financial aid file by the U.S. Department of Education will have to provide **2011 IRS Federal Tax Transcripts** and for themselves and if applicable their spouse and/or parent(s)

CSU will no longer accept copies of federal tax returns. Detailed information on how to obtain the tax transcript may be found online at www.irs.gov or by calling 1-800-829-1040

Students/spouse or student/parent who do not file a 2011 IRS federal tax return will have to provide 2011 employer issued W2 forms . If student/spouse or parent did not receive a W2 but earned an income, the amount and source of that income must be noted on the 2011-2012 verification worksheet.

If student or parent answers YES on the FAFSA that they receive Food Stamps, they will be asked to document that they receive the food stamp benefit. Acceptable documentation will include a copy of their SNAP card, print out of SNAP statement.

Students completing the FAFSA should be very careful to include the correct information as all changes/updates/corrections have to be sent to the federal processor for updates to insure integrity in our federal financial aid programs

Federal Changes for 2013 – 2014

- 13-14 Federal Pell Grant Amounts
- Minimum Federal Pell Grant award and Maximum EFC range
- Federal Stafford Loan Interest Rate Changes

Max Pell is \$5645 the minimum is \$602 for the year.

As of 8/2/13 - 3,290 students qualifying for max Pell \$5645

Pell EFC qualifying table changed: Pell eligibility EFC range is now 0 to 5081 (in 12-13 is was 4995)

Pell Grant Duration of Eligibility:

Student may only receive Pell grant for 12 semesters (6 full time years) instead of 18 semesters.

As of 8/2/13

Federal Loan Interest Rate –effective retroactively to 7/1/13

Federal Subsidized Stafford loan Interest rate: The new law is a 10 year plan, the loan interest rate(s) will be based on the 10 Year Treasury bill plus 2.05%. The new law sets rate caps at 8.25 percent for subsidized and unsubsidized undergraduate Stafford loans, 9.5 percent for graduate Stafford loans, and 10.5 percent for PLUS loans. Loans made at the current rate will remain the same for the life of the loan.

The Interest rate for loans made on July 1, 2013 through June 30, 2014 are:

Federal Subsidized and Unsubsidized for undergraduate will have the same rate this year at 3.86%

Graduate Stafford Unsubsidized Loan: 5.41%

PLUS (Parent and GradPLUS): 6.41%

Effective December 1, 2013

Federal Sequester impacts Federal Loan Origination Fees:

Effective December 1st, 2013 The Stafford origination fees are increasing from 1.051% to 1.072% The Graduate PLUS and PLUS loan origination fees are increasing from 4.204% to 4.288%

This change affects new loans where the 1st disbursement occurs on or after December 1st 2013.

Additional Regulatory Changes:

- **Admission Standards “Ability to Benefit”**

Effective July 1, 2012. All students must submit their Final Official High School transcript in order to be Federal Aid Eligible.

- **Standards of Academic Progress (SAP)**

Financial aid professionals no longer are able to use their professional judgment with students that do not meet standards of academic progress (SAP). They are being restricted to a very objective process. Students are no longer allowed to appeal the max timeframe (exceeding 150% of degree requirement) and repeat course options are now eliminated to 2 attempts when a pass grade was earned. We anticipate this will be changing, especially the max timeframe towards degree completion.

- **Award Letter**

The Federal Government is requiring all universities, when awarding financial aid to veterans, adopt a new award letter format that is easier to read and comprehend. They are also asking universities to voluntarily adopt this format for all students. See attached sample of the award letter. Embedded in the award letter is information on the university's graduation rates, loan default rates and median borrowing. This is part of the Consumer Rights initiative, providing consumers with information they should have before making a decision. We expect this to continue. While it is only being requested at this time on a voluntary basis for all other students, we anticipate that it will become mandatory for all students receiving financial aid in the future.

- **College Choice Tools:**

The College Scorecard- shows graduation rate, default rate, net price calculator, and student loan debt. The standardization of the financial aid award letter, called the "The Shopping Sheet" - not yet mandatory, the U.S. Department of Education would like all schools to adopt this standard voluntarily. The Shopping Sheet is required for Veterans.

- **New Student Loan Repayment Plans:**

A borrower's servicer is the primary point of contact for all questions about the IBR, Pay As Your Earn, and ICR plans. In addition, general information about the plans are available on the following www.studentaid.gov website. Click here for all of the federal [REPAYMENT PLANS](#). To make your payments more affordable, repayment plans can give you more time to repay your loans or be based on your income. Work with your loan servicer to choose a federal student loan repayment plan that is best for you. Contact your [loan servicer](#) if you would like to discuss repayment plan options or change your repayment plan. You can get information about all of the federal student loans you have received and find the loan servicer for your loans using the [National Student Loan Data System \(NSLDS®\)](#). WHO IS MY LOAN SERVICER? Visit the [National Student Loan Data System \(NSLDS®\)](#) to view information about all of the federal student loans you have received and to find contact information for the loan servicer or *lender* for your loans. You will need your [Federal Student Aid PIN](#) to access your information.

Effective December 1, 2013

Federal Sequester impacts Federal Loan Origination Fees:

Effective December 1st, 2013 The Stafford origination fees are increasing from 1.051% to 1.072% The Graduate PLUS and PLUS loan origination fees are increasing from 4.204% to 4.288%

This change affects new loans where the 1st disbursement occurs on or after December 1st 2013.