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We're on the Web!

See us at:

www.wfaa.org

A Note from the President-

“Greetings! The Executive Board recently met at the site of our October 2012 Conference; The Coast Wenatchee Conference Center. The Board was led on a tour of the hotel and conference center. The hotel has had a recent facelift and the rooms feature lovely granite and wood detailing – but still at a very affordable rate. The Restaurant on the top floor is currently going through a remodel that will feature 360 degree views, a communal fireplace, bar and banquet rooms. Wenatchee is, of course, centrally located in our state. It features local wine production, ski resorts, river sports and more.

The Board was also busy at work making sure we are keeping our association in excellent working order. The discussions of the day included ideas of increasing revenues through conference advertisements, funding to support student scholarships, volunteerism and the need to secure member participation, and making sure our bylaws, policies and procedures reflect “the now”.

This is a busy time of year for folks in our profession. It's important to take time out of each day to reflect on the good work we are doing and the critical social impact we make. Remember to “fill your cup” with the rewards of your profession, and please join us in October 17-19 for our conference in Wenatchee!

Cheers,

Darcy”

Good Morning WFAA Members!

I'm writing this morning to announce the results of our elections for the 2012-13 President Elect and Vice President for Legislation:

-President Elect: Ted Haase, Director of Enrollment and Financial Aid Services at Shoreline Community College

-Vice President for Legislation: Martin (Marty) Daniels, Director of Financial Aid at Pierce College

Please join me in congratulating Ted and Marty and, even more importantly, thanking them for their willingness to take on these important roles!

Rebecca Wonderly
2011-12 WFAA Past President
Seattle University

WFAA Training Committee Grows to Support You!

Despite the fact that we're now seeing more minutes of sunshine every day, our days seem to lose their hours with the constant pile of paperwork, phone messages and emails. And, while sometimes the work may feel tedious or monotonous, this is one business where you can never know it all – even if the rules and regs weren't constantly changing.

Fortunately, there are those among you who have heard the call and have joined together to help provide training resources for WFAA. This year, Traci Stensland (Whitworth University), WFAA VP of Training, has been joined by a record number of volunteers from across the state and across sectors. Our thanks go to: Isabelle Mora (Mars Hill Graduate School), Marilyn Ponti (Whitman College), Linda Weir (Shoreline Community College), Lyssa Thaden (American Student Assistance), Sherri Peterson (Gonzaga University), Kay Soltis (Pacific Lutheran University), Paul Nagel (Seattle University), Dawn Knight (Nelnet), Julie Japhet (Higher Education Coordinating Board), Georgette Chun (Western Washington University), and Jody Kolterman (University of Phoenix).

And, while this has added a line to their resume, this group is also hard at work for you. They have updated the Training portion of the WFAA website to include quick links to applicable national, regional and local resources. And, they are currently setting the agenda for the one-day WFAA Summer Training. While final details on this training will be available in early May, we can tell you that this event is always a great pick-me-up in the middle of the long summer, providing an opportunity to connect with your colleagues and get yourself up-to-date and ready to go for the school year ahead. Mark your calendars!

- Monday, July 16: Pacific Lutheran University
- Tuesday, July 17: Whitworth University

(And, please note, we've heard you! This training will now begin at 9:30 am to allow for drive time, and we'll get you thoroughly educated by 3:30 pm.) So what are you waiting for? Check out your training resources at www.wfaa.org. Let us know what other resources you would find valuable. And we'd love it if you'd give us your feedback in person at the upcoming Summer Trainings!



Announcement

Sarah Arslanian has joined American Student Assistance® (ASA) as the regional account executive for the Pacific Northwest. Sarah has dedicated the past 16 years to working in higher education in the areas of financial aid, admissions, and lending. Having a firm foundation in all of these areas has given Sarah a unique perspective and understanding of how the relationship between all of these areas is necessary for student success. She is thrilled to be able to offer sound debt solutions, financial wellness, and literacy strategies to benefit schools and students alike.

Tax Time Reminder: Awarding Aid to Students Filing Extensions

A tax season reminder from USA Funds Ask PolicySM: If a student files an income tax extension, regulations require a school to award federal student aid funds without waiting to collect the student's tax return documents.

If a student who files a tax extension is selected for verification, federal regulations for the 2012-2013 award year state that the school must complete verification in a timely manner, using income documentation submitted by the student or parent, as well as proof that the Internal Revenue Service granted the extension. You cannot delay verification while waiting for that student to supply the filed return.

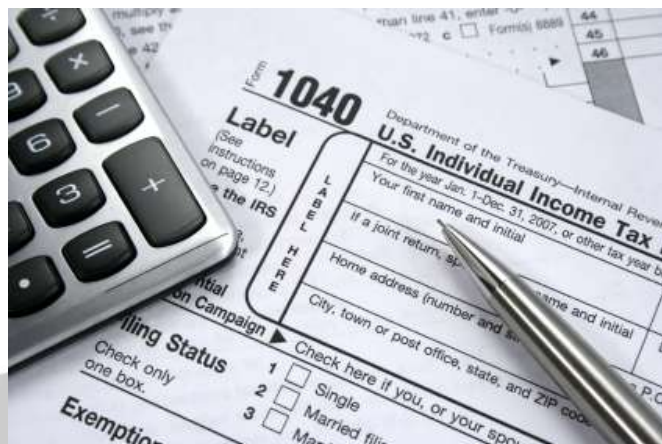
Once you complete verification and reconcile any conflicting information, then the student is eligible for Title IV funds without any further delay.

Under regulations effective for the current award year, 2011-2012, you then must collect a tax return once the student or parent files it, but you are not required to re-verify the data. New verification regulations effective for the 2012-2013 award year will not require a school to collect the actual tax documentation in this circumstance. You may choose to collect that documentation — but if you do, you'll be required to re-verify the data.

Another note about regulations changing for the 2012-2013 award year: You must obtain tax transcripts — not copies of the tax return — for use in verification.

For answers to questions about awarding aid to students who have filed tax extensions — or for other federal financial aid policy answers — submit your question to USA Funds Ask Policy at <http://support.usafunds.org/AskPolicy>.

*-John Blaine
USA Funds Account Executive*



Everything You Wanted to Know About State Aid Updates and Were Afraid to Ask

Join the Higher Education Coordinating Board financial aid and information technology staff at the statewide workshops to discuss changes to state aid programs.

- The transition to the Student Achievement Council
- The implementation of the College Bound Scholarship
- A review of State Need Grant policies
- Changes to HECB technologies
- Legislative and budget updates
- State Works Study updates
- Policy Roundtable – SNG Policies A to Z

The workshops will be held 9 a.m. to 2:30 p.m. the following dates and locations:

- Tuesday, **May 1** at North Seattle Community College
- Wednesday, **May 2** at Spokane Community College
- Thursday, **May 3** at Central Washington University
- Friday, **May 4** at Centralia College
- An IT-V option is available on Thursday, May 3.

If you choose to participate by IT-V or would like more details regarding the workshops, please contact Kristin Ritter, kristinr@hecb.wa.gov.

Is Income-Based Repayment the Best Option for My Students?

You've heard a lot about Income-Based Repayment, or IBR, but is it a one-size-fits-all solution for every student loan borrower? Below are some things to consider as you advise your current and former students on this repayment option.

IBR Has Benefits

Under current provisions, the benefits of IBR include a lowered monthly payment amount, currently capped at 15 percent of the borrower's discretionary income, and forgiveness of any balance that remains after 25 years and 300 payments. If the borrower is eligible for Public Service Loan Forgiveness, that forgiveness may take place after just 10 years. Additionally, if the borrower's IBR payment does not cover the interest accruing on any subsidized loans, the government will pay the remaining interest for up to three consecutive years from the date the borrower begins IBR.

IBR Also Has Drawbacks

IBR *can* be more expensive for the borrower in the long run. The lowered payments can cost the borrower more interest over the life of the loan, though—in most cases—the increase in interest will be less than the late fees and collection costs of a defaulted loan. Also, if the borrower's income rises to the point that they no longer qualify for the lowered IBR payment, their payment will return to the standard payment level, and the borrower will begin to make more progress toward paying down their balance.

Identify Borrowers Who Benefit Most from IBR

While IBR isn't the right option for every borrower, it is a plan that may work well for those with lower earnings, relative to their debt, looking for an affordable payment based on their income and family size. It is also a good option for borrowers entering public service careers, as they could also take advantage of Public Service Loan Forgiveness, and receive loan forgiveness sooner.

Not Every Borrower is Eligible

To qualify for IBR, borrowers must demonstrate a partial financial hardship. This means that their annual student loan payment amount is more than 15 percent of the difference between adjusted gross income and 150 percent of the poverty line for their state and family size. If the calculated IBR payment is lower than the borrower's payment under the 10-year standard repayment plan, they qualify.

Not Every Loan Type is Eligible

IBR-eligible loans include FFELP and Direct Stafford, Grad PLUS, and Federal Consolidation loans, as well as Perkins loans included in a FFELP or Direct consolidation loan. However, Parent PLUS loans, consolidation loans that include a Parent PLUS loan, private and alternative loans, and defaulted loans are not eligible.

IBR Forgiveness Amounts Will Be Taxed as Income

As the regulations stand now, the forgiveness amount will be taxed as income. There has been legislation proposed to change this, but it has not made progress in congress since its introduction.

Changes to IBR Are on the Way

New borrowers, on or after July 1, 2014, will be eligible for two new IBR provisions. First, their payment will be limited to only 10 percent of their discretionary income, rather than the current 15 percent. Secondly, they will be eligible for forgiveness after 20 years, instead of 25.

The IBR Application Must Be Completed Annually

Borrowers must apply for IBR every year in order to receive reduced payments, and the application can be tricky to complete correctly. Some tips to help ease the process:

- To offer proof of adjusted gross income, borrowers can submit a copy of their tax return or complete a 4506-T, or, if they are non-tax-filers, they may be required to submit other forms of documentation.
- When married borrowers who file their taxes jointly, both spouses' income and federal loan debt will be considered in the eligibility calculation. If they file separately, only the applicant's income and debt will be considered.
- The family size includes the borrower, his or her spouse, children, unborn children, and others who live with and receive greater than 50 percent of support from the borrower during a given year. The applicant must recertify this number each year, or it will default to a family size of one.

Understanding IBR is the key to making sure that this option is matched with the borrowers who can benefit most. IBR may not be the best option for every borrower, but for some it can be an ideal solution for making student loan payments more manageable in the long run.

- Mike Doman is a Senior Marketing Associate with Great Lakes, serving schools in WFAA. You can reach Mike at (888) 724-0557, or by e-mail at mdoman@glhec.org. Additional information about Great Lakes can be found online at www.mygreatlakes.org/web/FAP

Take These 10 Steps to Review Cohort Default Rate Information

With the recent release of draft 2010 two-year cohort default rates and the draft 2009 three-year rates, you'll want to compare your school's own records against the information from the U.S. Department of Education. Review the data and, if appropriate, submit an incorrect data challenge.

USA Funds® advises schools to take these 10 steps to review your cohort default rate data from the department and potentially issue a challenge:

1. **If you believe that your cohort default rate is incorrect, review information about cohort default rate calculations in the Department's Cohort Default Rate Guide.**
2. **Download the Department's Electronic Loan Record Detail Report (DRCO35, School Cohort Default Rate History Report — extract version, message class SHCDREOP).** The Department offers information about downloading the report on its website at www.ifap.ed.gov/eannouncements/0224eCDR6SixthBroadcast.html.
3. **Collect and review any relevant enrollment and repayment data.** This data should include the following:
 - a. Records from the financial aid office or the registrar's office.
 - b. Student Status Confirmation Reports or other electronic enrollment reports.
 - c. Transfer requests for new students and former students.
 - d. National Student Loan Data System borrower enrollment history or borrower aid history.
 - e. Lender or servicer records.
4. **Create a spreadsheet with data about borrowers in the cohort and when they entered repayment, based on your school's data.**
6. **Compare the internal data against the data on the LRDR.** If there is data on the LRDR that you believe is incorrect, based on your internal data, you should contest the LRDR data.
7. **Access the Department's eCDR appeals Web-based application.** The Department is the data manager for all Direct Loans and offers information about eCDR appeals at <https://ecdrappeals.ed.gov/ecdra/index.html>. You must file incorrect data challenges via eCDR — no paper challenges are permitted. Remember: You must submit a separate incorrect data challenge to each data manager. Each challenge should list only the loans held by that particular data manager.
8. **Determine what kind of error you believe has been made.** Allegations usually fall into one of these categories:
 - a. Data incorrectly reported.
 - b. Data incorrectly excluded.
 - c. Data incorrectly included.
9. **Review and confirm your data.**
10. **Gather supporting documentation.** You must provide documentation to prove each allegation.
11. **Submit the incorrect data challenge.** The Department's guidelines set a 45-calendar-day time frame for submitting incorrect data challenges. So for the 2010 two-year draft rate released Monday, Feb. 27, the deadline for submitting your school's incorrect data challenge is April 19. For the 2009 three-year draft rate released March 5, the incorrect data challenge deadline is April 26. Make sure you maintain documentation that verifies the receipt of the incorrect data challenge, and all electronic documentation that you submitted as part of the incorrect data challenge.

-John Blaine, USA Funds Account Executive

How Does the Ability to Benefit Change Affect State Financial Aid Programs?

The recent elimination of the federal Ability to Benefit (ATB) eligibility for Title IV funds for students who do not have a high school diploma or GED has left aid administrators wondering whether state aid regulations will follow suit.

The rules for the primary state aid programs, State Need Grant and State Work Study, have followed the federal ATB guidelines in the past.

SNG WAC 250-20-011(3)(c)

Have a high school diploma or its equivalent. Equivalent standards include a general education development certificate or a certificate of completion of a home study program recognized by the student's home state. For a student without a high school diploma or its equivalent, a school may accept a recognized ability-to-benefit test as defined by federal financial aid regulations.

SWS WAC-250-40-040(1)(c)

Be capable, in the opinion of the institution, of maintaining good standing in a course of study while employed under the program, and demonstrate satisfactory progress toward degree or certificate completion.

The HECB has determined that this ATB eligibility will continue for the 2012-13 academic year for SNG, SWS and Passport.

ATB eligibility would continue to include either passing a recognized test or successful completion of at least six college-level credits. The recognized tests found in chapter 1 of the federal handbook will not likely be provided for 2012-13. As such, FAAs will need to use the 2011-12 federal guidance in terms of the cutoff scores of various placement tests.

<http://www.ifap.ed.gov/fsahandbook/attachments/1112FSAHbkVol1Ch1.pdf>

Several factors were considered related to this decision:

- There have been concerns raised regarding the impact of this change particularly affecting students attending two-year campuses.
- The Legislature has asked for more information regarding State Need Grant student academic outcomes.
- The HECB is engaging in a comprehensive review of State Need Grant in collaboration with the SFA Workgroup (aid administrators and stakeholders representing all sectors and legislative staff).
- There is not sufficient time to alter the WAC for 2012-13 packaging guidance.

Campuses are not required to change their implementation of ATB for state aid programs for 2012-13. Campuses have the flexibility to develop packaging policies to prioritize awarding of state aid programs.

Questions regarding SNG policies may be directed to Julie Japhet at juliej@hecb.wa.gov and SWS to Jeff Powell at jeffreyp@hecb.wa.gov.



Executive Committee



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UPCOMING CONFERENCES



2012 FSA Conference
Tuesday, November 27 - Friday, November 30, 2012

About Our Organization...

WFAA is a professional membership organization of individuals whose aim is to promote higher education through the availability, support and administration of student financial assistance programs. WFAA is an example of a variety of state, regional, and national financial aid associations. Voting members are comprised entirely of financial aid professionals employed at Higher Education Institutions. Vendors are not eligible for elected office. Go to the National Association of Financial Aid Administrators site at <http://www.nasfaa.org> for more information and many resources.

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