



## Software Developers

The Federal Student Aid Software Developers' Conference 2006  
Date: August 3, 2006

This day long conference, sponsored by Federal Student Aid, is designed for software developers, their customers and institutions that develop their own software for financial aid processing.

Like all Federal Student Aid conferences, there is no registration fee for this event, although as a participant you will be responsible for your own travel, meals, and lodging. The Federal Student Aid Conference sections will contain information on future Software Developers activities this fall.

### Conference Agenda

#### Software Developers Conference August 3, 2006

Welcome	9:00 am – 9:20 am
Higher Education Reconciliation Act Overview	9:20 am – 10:50 am
Break	10:50 am – 11:15 am
Central Processing System Update	11:15 am – 11:45 am
Common Origination and Disbursement Update	11:45 am - 12:15 pm
Lunch on your own	12:15 pm – 1:30 pm
Information Framework/ Student Aid History Management	1:30 pm – 2:30 pm

Break	2:30 pm – 2:45 pm
E-Authentication	2:45 pm – 3:45 pm
Round Table	3:45 pm – 4:15 pm
Closing	4:15 pm – 4:30 pm



# Federal Student Aid

Software Developers Conference

August 3, 2006



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# WELCOME

Katie Blot





# Federal Student Aid Strategic Objectives





# Federal Student Aid

## Key Initiatives





# Agenda

<b>Welcome</b>	<b>9:00 am – 9:20 am</b>
<b>Higher Education Reconciliation Act Overview</b>	<b>9:20 am – 10:50 am</b>
<b>Break</b>	<b>10:50 am – 11:15 am</b>
<b>Central Processing System Update</b>	<b>11:15 am – 11:45 am</b>
<b>Common Origination and Disbursement Update</b>	<b>11:45 am – 12:15 pm</b>
<b>Lunch on your own</b>	<b>12:15 pm – 1:30 pm</b>
<b>Information Framework/ Student Aid History Management</b>	<b>1:30 pm – 2:30 pm</b>
<b>Break</b>	<b>2:30 pm – 2:45 pm</b>
<b>E-Authentication</b>	<b>2:45 pm – 3:45 pm</b>
<b>Round Table</b>	<b>3:45 pm – 4:15 pm</b>
<b>Closing</b>	<b>4:15 pm – 4:30 pm</b>





# Contact Information

Katie Blot

Chief Information Officer

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**Thank You for Coming!**







# Higher Education Reconciliation Act (HERA) Overview

Sue O'Flaherty



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# HERA Overview

- Enacted February 8, 2006
- Interim final regulations published July 3, 2006, and effective on August 2, 2006
- Comments accepted until August 17, 2006





# HERA Overview

- Regulations to be published  
November 1, 2006
- Negotiated Rulemaking required





# HERA Overview

- Major CPS and COD HERA Impacts:
  - Changes to income levels and assessment rates in Need Analysis: new questions required on FAFSA
  - Two new grant programs





# HERA Overview

- Major CPS and COD HERA Impacts, cont'd.
  - New borrower type for PLUS program
  - R2T4 changes and updated worksheets





# HERA Overview

- Major CPS and COD HERA Impacts, cont'd.
  - Change in the definition of an academic year for clock hour programs
  - Loan amounts, origination fees





# HERA Overview

- Major CPS and COD HERA Impacts, cont'd.
  - Multiple implementation dates for HERA Provisions
    - “upon enactment”
    - July 1, 2006
    - January 1, 2007





# HERA Overview

- Major CPS and COD HERA Impacts, cont'd.
  - Multiple implementation dates
    - July 1, 2007
    - Origination fee changes are over a period of years







# HERA Overview

- Approach and Challenges
  - Interest in making minimal change to the 2006-07 application system and output for students





# HERA Overview

- Approach and Challenges, cont'd.
  - Recognition of short time period for obtaining policy decisions and regulations
  - Concern for school and software developers





# HERA Overview

- Approach and Challenges, cont'd.
  - Uncertainty regarding ultimate ED reporting needs





# HERA Overview

- Approach and Challenges, cont'd.
  - Phased approach to allow for immediate school implementation of certain need analysis provisions while system changes to CPS being developed





# HERA Overview

- Approach and Challenges, cont'd.
  - Phased approach for new programs for COD to allow for key functionality to be available





# HERA Overview

- Approach and Challenges, cont'd.
  - Interest in coordination of HERA changes with 2007-2008 annual cycle changes





# HERA Overview

- Status: what has occurred to date?
  - CPS changes in May and June
  - PESC approval of COD schema changes
  - ACG Web functionality: July 1st
  - SAR/ISIR ACG comment code changes: July 1st





# HERA Overview

- Status: what has occurred to date?
  - Notification to potentially eligible ACG recipients: July 1st
  - e-MPN Web changes for Grad PLUS: July 1st







# HERA Overview

- Status: what has occurred to date?
  - Paper and electronic promissory note processing for Grad PLUS: July 1st
  - Initial authorizations and ESOAs for ACG and National SMART Grant to schools: July 29th





# HERA Overview

- Status: what has occurred to date?
  - Technical references for COD published
    - May: phased implementation; ESOA
    - June: Message classes, Updated Common Record Layout for Schema v20e
    - July: Grad PLUS, rules, edits for ACG/SMART





# HERA Overview

- Status: what has occurred to date?
  - New Message Class table for EDconnect SAIG
  - EDE Technical Reference
    - June
    - July





# HERA Overview

- Status: what has occurred to date?
  - 36 Electronic announcements
  - 19 Dear Colleague letters
  - 1 regulation
  - 3 NSLDS reference documents





# HERA Overview

- Schedule: What is next?
  - August 6: R2T4
  - August 11: EDExpress changes for Grad PLUS
  - August 12: COD release 5.2A - changes for Grad PLUS
  - August 18: COD Tech Reference Updates





# HERA Overview

- Schedule: What is next?
  - September 1: EDExpress award/disbursements for ACG/National SMART and Grad PLUS
  - September 1: Direct Loan Tools for Grad PLUS
  - December 15: EDExpress changes for sending and receiving ACG/National SMART data with COD





# HERA Overview

- Schedule: What is next?
  - December 16: COD release 5.2B - functionality for ACG/National SMART processing
  - December 17: NSLDS available to take ACG/National SMART and Grad PLUS disbursement information





# HERA Overview

- Schedule: What is next?
  - January 1: CPS available for 2007-2008
  - April 14: COD release 6.0 – reporting, loan amount changes, origination
  - On-going Electronic Announcements







# HERA Overview

- For the remainder of the morning, CPS and COD Updates will occur
  - Application Processing
  - Direct Loans
  - ACG/National SMART
  - COD





# HERA Overview

- CPS and COD Updates
  - Questions and answers after each segment
  - EDExpress: expert available for questions and answers prior to lunch break





It's **QUESTION TIME !!**





# Contact Information

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# 2007-2008 Central Processing System Update

Marilyn LeBlanc



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# 2007-2008 CPS Update

## Today's Topics

- FAFSA Changes
- Central Processing System (CPS) Changes
  - Edits
  - Need Analysis





# 2007-2008 CPS Update

## Today's Topics

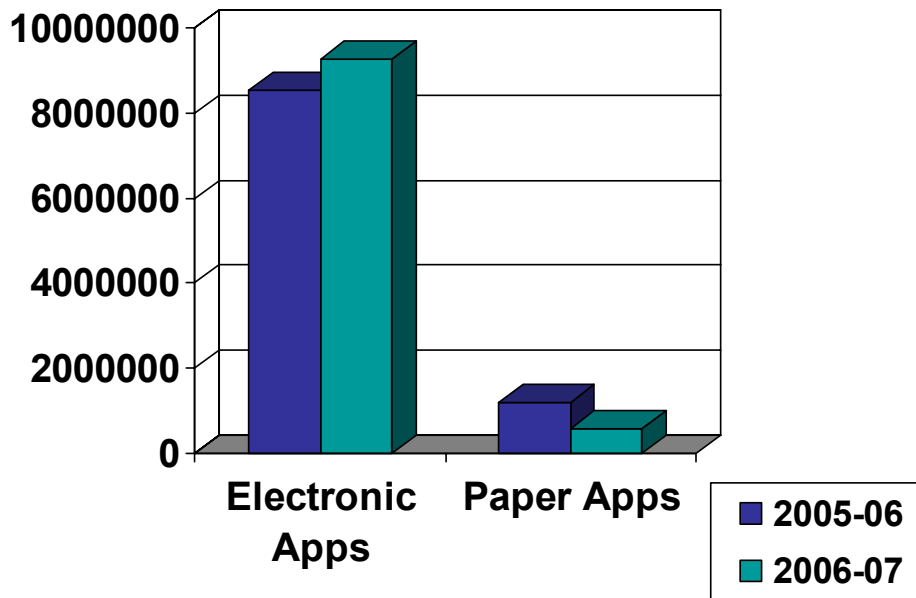
- Institutional Student Information Record (ISIR) Changes
- CPS Test System





# Application Processing Statistics

## Paper vs. Electronic Filers through Week 30



For 2006-2007


- 94% of applications filed electronically
- 6% of applications filed on paper FAFSA








# The 2007-2008 FAFSA



**FREE APPLICATION FOR FEDERAL STUDENT AID**  
July 1, 2007 — June 30, 2008

DRAFT 07.10.08



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Use this form to apply for federal and state student grants, work-study and loans.

Or apply free online  
at [www.fafsa.ed.gov](http://www.fafsa.ed.gov)

### Applying by the Deadline

For federal aid, submit your application as early as possible, but no earlier than January 1, 2007. We must receive your application no later than June 30, 2008. Your college must have your correct, complete information by your last day of enrollment in the 2007-2008 school year.

For state or college aid, the deadline may be as early as January 2007. See the table to the right for state deadlines. You may also need to complete additional forms. Check with your high school guidance counselor or a Financial Aid Administrator at your college about state and college sources of student aid and deadlines.

If you are filing close to one of these deadlines, we recommend you file online at [www.fafsa.ed.gov](http://www.fafsa.ed.gov). This is the fastest and easiest way to apply for aid.

### Using Your Tax Return

If you are supposed to file a 2005 federal income tax return, we recommend that you complete it before filing out this form. If you have not yet filed your return, you can still submit your FAFSA, but you must provide income and tax information. Once you file your tax return, correct any income or tax information that is different from what you initially submitted on your FAFSA.

### Filing Out the FAFSA

Your answers on this form will be read electronically. Therefore:

- use black ink and fill in circles completely: Correct  Incorrect
- print clearly in CAPITAL letters and skip a blank between words:
- report dollar amounts (such as \$12,354.1) like this:

1	5	E	L	M	S	T
---	---	---	---	---	---	---

\$	1	2	-	3	5	4	.	1	no cents
----	---	---	---	---	---	---	---	---	----------

Yellow is for student information and purple is for parent information.

If you or your family has unusual circumstances (such as loss of employment), complete this form for the student you care, then submit it as instructed and consult with the financial aid office at the college you plan to attend.

For more information or help in filling out the FAFSA, call 1-800-4-ED-AID (1-800-460-3243), TTY users may call 1-800-730-4813. Or visit our Web site at [www.studentaid.ed.gov](http://www.studentaid.ed.gov).

### Mailing Your FAFSA

After you complete this application, make a copy of pages 1 through 4 for your records. Then mail the original of only pages 1 through 4 in the attached envelope or send it to: Federal Student Aid Programs, P.O. Box 7001, Mt. Vernon, IL 62664-0001. Do not send the worksheets on page 5; keep them for your records.

If you do not receive the results of your application—a Student Aid Report (SAR)—within three weeks, please check online at [www.fafsa.ed.gov](http://www.fafsa.ed.gov) or call 1-800-460-3243. If you provided your e-mail address in question 10, you will receive information about your application within a few days after we process it.

### Let's Get Started!

Now go to page 1 of the application form and begin filling it out. Refer to the notes as instructed.

### STATE AID DEADLINES

Check with your Financial Aid Administrator for these states and territories:

AL, AK, AR, CO, CT, HI, IL, IN, IA, ID, MD, MA, ME, MI, MN, MO, NM, NY, ND, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VA, VT, WA, WI and WY.

- AE April 15, 2007 (date received)
- AR For Academic Challenge - June 1, 2007 (date received)  
For Work-Study Grant - Contact your Financial Aid Administrator.
- AZ June 30, 2008 (date received)
- CA For additional community college events - September 1, 2007 (date received)
- DC June 30, 2007 (date received by award)
- DE April 15, 2007 (date received)
- FL May 15, 2007 (date received)
- IA July 1, 2007 (date received)
- IL Post-award application - September 30, 2007  
Continuing applications - August 15, 2007 (date received)
- IN March 10, 2007 (date received)
- KS April 1, 2007 (date received)
- KY March 15, 2007 (date received)
- LA May 1, 2007  
Final deadline - July 1, 2007 (date received)
- MA May 1, 2007 (date received)
- MD March 1, 2007 (date received)
- ME May 1, 2007 (date received)
- MI March 1, 2007 (date received)
- MN 30 days after semester starts (date received)
- MO April 1, 2007 (date received)
- MP March 1, 2007 (date received)
- NC March 15, 2007 (date received)
- ND March 15, 2007 (date received)
- NE May 1, 2007 (date received)
- NY June 1, 2007, if you received a Tuition Aid Grant in 2004-2007  
All other applications - October 1, 2007; S&A spring term - March 1, 2008, spring term only (date received)
- NY May 1, 2008 (date received)
- OR October 1, 2007 (date received)
- OK April 15, 2007  
Final deadline - June 10, 2007 (date received)
- OR March 1, 2007 (date received)  
Final deadline - Contact your Financial Aid Administrator.
- PA All 2004-2007 State Grant recipients at all ages-2006-2007 State Grant recipients eligible program - May 1, 2007  
All other applications - August 1, 2007 (date received)
- RI March 1, 2007 (date received)
- SC June 30, 2007 (date received)
- TN For State Grant - May 1, 2007  
For State Lottery - September 1, 2007 (date received)
- VT March 1, 2007 (date received)

• For private organizations, submit application by date specified.  
• Applicants encouraged to show proof of mailing.  
• Additional forms may be required.



# The 2007-2008 Paper FAFSA

- 60-day public comment period began on 6/6/06
- E-mail comments to [FAFSAComments@ed.gov](mailto:FAFSAComments@ed.gov)





# The 2007-2008 Paper FAFSA

- To view draft FAFSA:
  - Go to IFAP at <http://ifap.ed.gov>
  - Scroll down to “Publications”
  - Click on “FAFSAs and Renewal FAFSAs”





# The 2007-08 Paper FAFSA

- To view draft FAFSA:
  - Click on “By 2007-2008 Award Year”
  - Click on “Draft FAFSA Form/Instructions”





# The 2007-2008 FAFSA

- 2007-2008 paper FAFSA is yellow and purple
  - New packaging:
    - Form pages numbered 1 through 4
    - Notes pages 5 through 10
    - Expanded instructions; one page of “Tips”







# The 2007-2008 FAFSA

## Page 1 and Notes Pages

- Enrollment status question (#25) reformatted and will follow “grade level in college?”

25. At the start of the 2007-2008 school year, what do you expect your enrollment status to be? **See Notes page 6** and enter the correct number in the box.





# The 2007-2008 FAFSA

## Page 1 and Notes Pages, cont'd.

- Notes for question 25 describe enrollment status choices

### Notes for question 25 (page 1)

For undergraduates, an enrollment status of “full time” generally means taking at least 12 credit hours in a term or 24 clock hours per week. “3/4 time” generally means taking at least 9 credit hours in a term or 18 clock hours per week. “Half time” generally means taking at least 6 credit hours in a term or 12 clock hours per week. Provide this information about the college you are most likely to attend. Enter the correct number in the box in question 25.

**Enter 1** for full time.

**Enter 2** for three-quarter time.

**Enter 3** for half time.

**Enter 4** for less than half time.

**Enter 5** for don't know.







# The 2007-2008 FAFSA

Page 1 and Notes Pages, cont'd.

- Work-study and loan questions combined and reformatted (to create space for new questions required by HERA)

26. In addition to grants, what types of student aid interest you? **See Notes page 6** and enter the correct number in the box.





# The 2007-2008 FAFSA

## Page 1 and Notes Pages, cont'd.

- Notes for question 26 describe work-study and loan choices

### Notes for question 26 (page 1)

Enter the correct number in the box in question 26.

**Enter 1** for “work-study” (student aid that you earn through work).

**Enter 2** for student loans (which you must pay back).

**Enter 3** for both work-study and student loans.

**Enter 4** for neither.

**Enter 5** for don't know.





# The 2007-2008 FAFSA

## Page 1

- Drug question (#31) wording revised to reflect HERA changes to this student eligibility provision

30. Do not leave this question blank. Have you been convicted for the possession or sale of illegal drugs for an offense that occurred while you were receiving federal student aid (such as grants, loans, and work-study)? If you have, answer "Yes," complete and submit this application, and we will send you a worksheet in the mail for you to determine if your conviction affects your eligibility for aid. If you are unsure how to answer this question, call 1-800-433-3243 for help.

Yes

No





# The 2007-2008 FAFSA

Pages 2, 4, and Notes Pages

- HERA treats all “qualified education benefits” as assets





# The 2007-2008 FAFSA

Pages 2, 4, and Notes Pages, cont'd.

- Notes for investment questions (#44 and #88) describe how to report education benefits

**Investments include** real estate (do not include the home you live in), trust funds, money market funds, mutual funds, certificates of deposit, stocks, stock options, bonds, other securities, Coverdell savings accounts, 529 college savings plans, the refund value of 529 state prepaid tuition plans, installment and land sale contracts (including mortgages held), commodities, etc. For more information about reporting education savings plans, call 1-800-433-3243. Investment value means the current balance or market value of these investments as of today. Investment debt means only those debts that are related to the investments.





# The 2007-2008 FAFSA

Pages 2, 4, and Notes Pages, cont'd.

- HERA does not treat family-owned and controlled small businesses as an asset





# The 2007-2008 FAFSA

Pages 2, 4, and Notes Pages, cont'd.

- Notes for business/investment farm questions (#45 and #89) tell applicants what kind of small businesses to exclude from asset net worth

Do not include the value of a family farm that you (or your parents) live on and operate. Business and/or investment farm value includes the market value of land, buildings, machinery, equipment, inventory, etc. **Do not include** the value of a small business that you (or your parents) own and control and that has 100 or fewer full-time or full-time equivalent employees.





# The 2007-2008 FAFSA

## Page 2

- Students serving on active duty in the U.S. Armed Forces for other than training purposes are now considered independent







# The 2007-2008 FAFSA

## Page 2, cont'd.

- New dependency status question 54 in Step 3

54. Are you currently serving on active duty in the U.S. Armed Forces for purposes other than training?  
See Notes page 7. .... Yes  No

- Notes for question 54 explain who is considered “active duty”

### Notes for question 54 (page 3)

Answer “**Yes**” if you are currently serving in the U.S. Armed Forces or are a National Guard or Reserves enlistee who is on active duty for other than state or training purposes.

Answer “**No**” if you are a National Guard or Reserves enlistee who is on active duty for state or training purposes.



# The 2007-2008 FAFSA

## Pages 3 and 4

- New means-tested benefits questions
  - Step 4, Questions 71–75 for dependent students
  - Step 5, Questions 92-96 for independent students





# The 2007-2008 FAFSA

## Pages 3 and 4, cont'd

- Did anyone from your household receive benefits from –
  - Supplemental Security Income (SSI)
  - Food Stamps
  - Free or Reduced Price Lunch
  - TANF
  - WIC

**Step Four:** Complete this step if you (the student) answered "No" to all questions in Step Three. Go to Notes page 7 to determine who is a parent for this step.

In 2006, did you, your parents, or anyone in your parents' household (from question 66) receive benefits from any of the federal benefit programs listed? Mark all the programs that apply. See Notes page 8.

71. Supplemental Security Income

72. Food Stamps

73. Free or Reduced Price Lunch

74. TANF

75. WIC

**Step Five:** Complete this step only if you (the student) answered "Yes" to any Step Three question.

In 2006, did you (or your spouse) or anyone in your household (from question 90) receive benefits from any of the federal benefit programs listed? Mark all that apply. See Notes page 8.

92. Supplemental Security Income

93. Food Stamps

94. Free or Reduced Price Lunch

95. TANF

96. WIC





# The 2007-2008 FAFSA

## Page 4

- Four college and housing code choices on paper FAFSA
- Colleges re-numbered on paper FAFSA (97a– 97h)







# 2007-2008 Renewal Application Process

- Online option only
- In October 2006, reminder to schools to have students update postal and e-mail addresses in CPS





# 2007-2008 Renewal Application Process

- Renewal Reminders sent in early January 2007 (instead of once in November and again in February)
  - Students with a valid e-mail address will receive e-mail reminders
- If no e-mail address or e-mail is undeliverable, paper reminder letter will be sent to applicant





# 2007-2008 Renewal Application Process

- Renewal Reminders sent in early January
- Will not convert “Do you want Work-study or Loans?” questions
- Will not convert enrollment status questions







# 2007-2008 Central Processing System Edit and ISIR Changes





# 2007-2008 Edit Changes



- New warning edits if --
  - Parent’s or independent student’s tax return status is “Will not file” and sum of earned income is within required range to file a return
  - Parent’s AGI equal to student’s AGI





# 2007-2008 Edit Changes



- New warning edits if --
  - Dependent student's AGI equal to Worksheet A
  - Parent or student reports receiving SSI or TANF but does not report amount on Worksheet A





# 2007-2008 Edit Changes

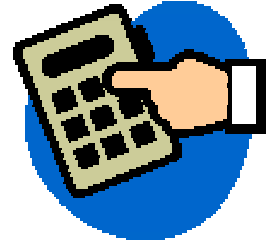
- Transactions resulting from FAA Adjustment –
  - New school code cannot be added to transaction that contains an FAA Adjustment Flag
  - Other schools cannot view transactions in FAA Access to CPS Online containing an FAA Adjustment done by another school





# Need Analysis Changes

## SNT and Auto Zero EFC Criteria



- SNT and Automatic Zero EFC
  - Only parent's type of tax return filed will be considered for dependent students
  - Means-tested federal benefit program an alternative to tax return requirement

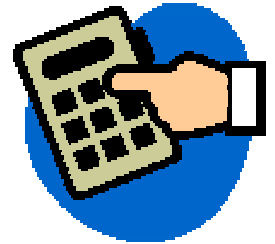




# Need Analysis Changes

## SNT and Auto Zero EFC

### Criteria



- Automatic Zero EFC Only
  - Income threshold is less than or equal to \$20,000





# Need Analysis Changes IPA and Asset Assessment Rates

- Increase in Income Protection Allowances
  - To \$3000 from \$2200 for dependent students





# Need Analysis Changes IPA and Asset Assessment Rates

- Increase in Income Protection Allowances, cont'd.
  - To \$6050 from \$5000 for independent students (single) without dependents and married students (without dependents) with a spouse enrolled at least 1/2 time







# Need Analysis Changes IPA and Asset Assessment Rates

- Increase in Income Protection Allowances, cont'd.
  - To \$9700 from \$8000 for independent (married) students without a dependent whose spouse is not enrolled





# Need Analysis Changes

## IPA and Asset Assessment Rates

- Decrease in Asset Assessment Rates
  - 35% to 20% for dependent students and independent students without dependents
  - 12% to 7% for independent students with dependents other than a spouse





# 2007-2008 ISIR Changes

- Draft 2007-2008 ISIR record layout posted to IFAP in early August 2006
- ISIR will follow order of 2007-2008 paper FAFSA





# 2007-2008 ISIR Changes

- Includes new data elements for new FAFSA questions and reformatted responses to questions
- Date fields incremented
- Will include up to six school and housing codes





# 2007-2008 ISIR Changes

- Will continue to include new Academic Competitiveness Grant Comment Codes (267 – 271)
- ACG flat file will be sent along with ISIRs
- No new message classes
- 2007-2008 ISIR in flat file format only (no XML ISIR)





# 2007-2008 ISIR Changes

- Changes to Financial Aid History
  - NSLDS will send ACG and National SMART data to CPS
  - Up to 3 ACG and 3 National SMART records will be included on pre-screening record
  - New ACG and National SMART Overpayment Contact Information will be added





# 2007-2008 ISIR Changes

- Changes to Financial Aid History
  - New Grad PLUS loan status codes of D3 and GB added
  - Grad PLUS MPN flag added to the pre-screening process
    - A change in MPN status will generate a post-screening record to CPS (post-screening reason code of 16)





# 2007-2008 ISIR Changes

- Changes to Financial Aid History
  - Changes associated with Fraud Convictions
    - Loan Status Codes FR and FD, and Loan Type Code F added
    - Value of F added for all Overpayment Flags; will be treated the same as a value of Y
    - New post-screening reasons added
      - 17 – Fraud Conviction added
      - 18 – Fraud Conviction resolved







# 2007-2008 EDE Corrections

- New CPS Internal Field number assigned to each data element will be used for submitting EDE corrections
  - Replaces SAR field number on correction record
  - Matches Application/SAR field number up to First College Choice field (field #97)





# 2007-2008 EDE Corrections

- New CPS Internal Field number assigned to each data element will be used for submitting EDE corrections
  - Subsequent fields are sequentially numbered
  - List will be published in the EDE Technical Reference





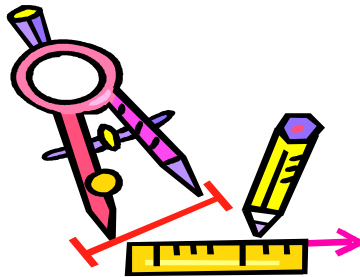
# 2007-2008 Central Processing System Test System





# CPS Update Specifications

- Draft Software Developer (NAS) Specifications will be posted in August
- Updates will be provided, as needed

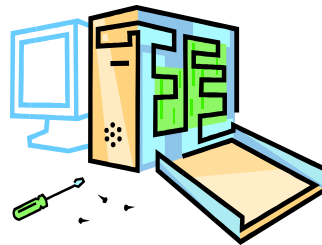




# CPS Update

## CPS Test System

- Mechanism for you to confirm that your system –
  - Meets specifications for interfacing with CPS
  - Is calculating correct results

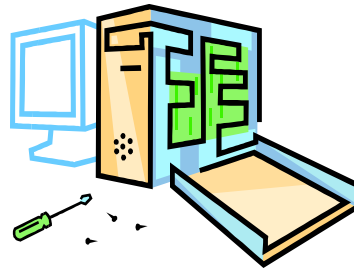




# CPS Update

## CPS Test System

- Allows you to –
  - Test applications and corrections
  - Receive ISIR data





# CPS Update

## CPS Test System

- Available on November 20, 2006, and remains available through end of processing cycle
- User Guide will be posted to Federal Student Aid Download Web site ([FSAdownload.ed.gov](http://FSAdownload.ed.gov)) by the end of October





# CPS Update

## CPS Test System

- An Electronic Announcement will be issued when test system goes live



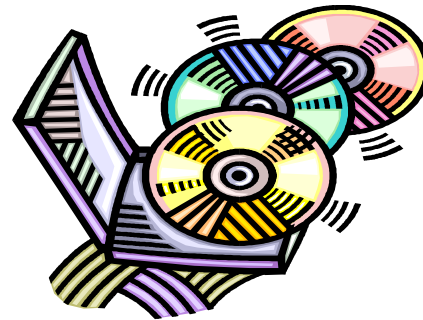




# CPS Update

## CPS Test System

- Test files will be available
- Separate input and output files will be posted for testing specifications

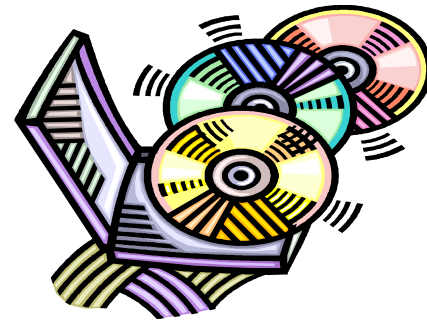




# CPS Update

## CPS Test System

- Remember—CPS is still in test until Federal Student Aid accepts the system and production starts on January 1, 2007





# CPS Update

## Contact Information

Phone: 1-800-330-5947

E-mail: [cpssaig@ed.gov](mailto:cpssaig@ed.gov)

We appreciate your feedback and  
comments





It's **QUESTION TIME !!**





# Contact Information

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# Direct Loan HERA Changes

Lisa DiCarlo





# HERA Changes

- Effective February 8, 2006
  - Reinstatement of low cohort default rate exemption
- Effective July 1, 2006
  - New False Certification Discharge due to Identity Theft
  - Graduate/Professional Students may borrow PLUS (Grad PLUS)





## HERA Changes, cont'd.

- Effective July 1, 2007
  - New Stafford (Sub/Unsub) Loan Limits for loans originated on or after July 1, 2007
  - New Sub/Unsub origination fees – reduced over time.







# HERA Implementation

- Low cohort default rate exemption: February 8, 2006
- Paper and electronic MPN available: July 1, 2006
- Credit Check available: July 1, 2006
- Correspondence updated: July 31, 2006
- Early Processing Options: July 1, 2006
  - COD Web Option
  - Spreadsheet Option





# HERA Implementation, cont'd.

- Full Grad PLUS Functionality: August 12, 2006
  - Process Grad PLUS via existing PLUS Common Record
- Loan Limit Changes: April 14, 2007
- Origination Fee Changes: April 14, 2007
- False Certification Discharge due to Identity Theft





- Reinstatement of low cohort default rate exemptions
  - <math><10\%</math> for last 3 years
    - Effective February 8, 2006
  - <math><5\%</math> for most recent year
    - Never expired





# Master Promissory Note (MPN) Related Changes

- Updated e-MPN site to
  - Allow student borrowers to complete a PLUS MPN.
  - Reflect HERA changes to Sub/Unsub and PLUS.





# Master Promissory Note (MPN) Related Changes

- Updated correspondence
  - Revised Plain Language Disclosure Statements for DL Sub/Unsub and PLUS.
  - New MPN Addenda for DL Sub/Unsub and PLUS
- Implemented: COD Release 5.1A, July 1, 2006





# Correspondence Changes

- Updated correspondence to reflect HERA changes, including new PLUS borrower type.
  - Credit Check
  - MPN Packages
- Implementation COD Release 5.1B, July 31, 2006





# PLUS

- Parent borrowers
- Graduate/Professional student borrowers
  - Effective July 1, 2006
  - Impacts 05/06 forward





# Grad PLUS Processing

- School can check MPN and credit check status via:
  - COD Web







# Grad PLUS Processing, cont'd.

- School can check MPN and credit check status via:
  - Spreadsheet Option
    - Implemented with COD 5.1A, July 1, 2006
    - Ends with COD 5.1B, August 12, 2006





# Full Grad PLUS functionality

- Implementation: COD 5.2A, August 12, 2006





# New False Certification Discharge Due to Identity Theft

- Implementation: COD Release 6.0,  
April 14, 2007





# Origination Fee Changes Implementation COD 6.0, April 14, 2007, through Spring 2010

Impacts 2006-2007 and forward

Loans first disbursed:		
On or after	Before	Fee
	July 1, 2007	3%
July 1, 2007	July 1, 2008	2.5%
July 1, 2008	July 1, 2009	2%
July 1, 2009	July 1, 2010	1.5%
July 1, 2010		1%





# Loan Limit Changes Implementation

COD 6.0,

April 14, 2007

**Impacts 2006-2007  
and forward**

Grade Level	Max Sub Amt (base amt)	Max Combined Sub/Unsub Amt
0 or 1	<b>\$3500</b>	<b>\$7500</b>
2	<b>\$4500</b>	<b>\$8500</b>
3, 4, 5	\$5500	<b>\$10,000</b>
>6	\$8500	<b>\$20,500</b>
Health Professions (HPPA Flag) = "Y"		
4 or 5	N/A	\$27,167
6 or 7	N/A	<b>\$47,167</b>
Preparatory coursework (for enrollment in a graduate or professional program) or Coursework for Teacher Certification (PreProfessionalCourseworkIndicator = "true")		
5	\$5500	<b>\$12,500</b>





It's **QUESTION TIME !!**





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# HERA ACG & National SMART

Kathleen Wicks



START HERE  
GO FURTHER  
FEDERAL STUDENT AID





# Two New Grant Programs

- Academic Competitiveness Grant (ACG)
  - First year maximum scheduled award: \$750
  - Second year maximum scheduled award: \$1,300





# Two New Grant Programs

- National Science and Mathematics Access to Retain Talent Grant (National SMART Grant)
  - Annual maximum scheduled award : \$4,000





# ACG/National SMART Student Eligibility Common Criteria

- U.S. citizen
- Full-time enrollment
- 2- or 4-year degree program at degree-granting institution
- Pell Grant recipient





# Institutional Participation

- All schools that participate in Pell Grants and offer an eligible educational program must participate in ACG and National SMART Grants.
- No new Program Participation Agreement (PPA).





# Institutional Eligibility

- Offers a 2 or 4 degree
- Program length in COD
  - 5,6,7,8 for ACG
  - 6,7,8 for National SMART





# Institutional Eligibility

- COD Edit 48
- Based on school program information as reported in the Application for Approval to Participate in Federal Student Financial Aid Programs





# Institutional Eligibility

- Not All Schools Will Be Eligible for ACG and/or National SMART
- Approximately 3350 eligible schools
- Of these, approximately 1950 are eligible for both ACG and National SMART





# Additional ACG Student Eligibility Requirements

First year students

- May not have been previously enrolled in a program of undergraduate education.







# Additional ACG Student Eligibility Requirements

First year students

- Have completed secondary school program of study after January 1, 2006.





# Additional ACG Student Eligibility Requirements

Second year students

- Have completed secondary school program of study after January 1, 2005.
- Have a 3.0 G.P.A.





# Additional ACG Student Eligibility Requirements

- Student must have completed a rigorous secondary school program of study.
- ED has outlined options to meet requirement in DCL GEN-06-08 and in the interim regulations.





# Options for Meeting Rigorous Program Definition

- 01 State Designated Program
  - State Submitted Program





# Options for Meeting Rigorous Program Definition

## 01 State Designated Program

- An advanced or honors secondary school program established by a state and in existence for the 04-05 or 05-06 school year.





# Options for Meeting Rigorous Program Definition

- 01 State Designated Program
  - State Scholars Initiative





# Options for Meeting Rigorous Program Definition

- 02 Completion of at least two Advanced Placement courses with passing test score of 3 or two International Baccalaureate courses with passing test score of 4.





# Options for Meeting Rigorous Program Definition

- 03 A set of courses as outlined in the Secretary's May 2 letter to states.







# Additional National SMART Grant Eligibility Criteria

- 3.0 GPA
- 3<sup>rd</sup> and 4<sup>th</sup> year students
- Eligible majors identified annually





# Additional National SMART Grant Eligibility Criteria

- In Physical science, Life science, Computer science, Engineering, Mathematics, Technology, and Critical foreign language
- See GEN-06-06 published May 2, 2006
- COD requires NCES CIP codes listed in attachment to GEN-06-06





# Additional ACG and National SMART Eligibility Criteria

- Student *may not* receive ACG or National SMART concurrently from more than one school.
- ACG and National SMART *must be* received from same school from which Pell Grant is received.





# ACG/National SMART Phased COD Implementation 5.1B

July 29

- Initial authorizations (CFL) to schools
- Electronic Statement of Account (ESOA) for 2006-2007 for ACG and National SMART





# ACG/National SMART Phased COD Implementation 5.1B

- ESOA Message Classes
  - ACG = AGAS07OP
    - Batch ID =AA
  - National SMART = SGAS07OP
    - Batch ID = SA





# ACG/National SMART Phased COD Implementation 5.1B

- School funding data displayed on the COD Web Site
- Funding available in Grant Administration and Payment System (GAPS) first week of August





# ACG/National SMART Initial Authorizations

- Based on proportional volume of 2005-2006 Pell Grant recipients at 2- and 4-year degree-granting schools
  - \$221m in ACG
  - \$208m in National SMART





# ACG/National SMART Initial Authorizations

- Estimated amounts to fund disbursements until mid-December.
- Pell JIT schools must draw from GAPS







# ACG/National SMART Phased COD Implementation 5.1B

- Cash Management regulations in 34 CFR 668 Subpart K apply
- The GAPS Award Number for ACG will be P375A06xxxx.





# ACG/National SMART Phased COD Implementation 5.1B

- The GAPS Award Number for National Smart Grant will be P376S06xxxx.

*Note: The "xxxx" will be populated with a school's GAPS award sequence number that currently exists for the Pell Grant and Direct Loan programs.*





# ACG/National SMART Phased COD Implementation 5.1B

- The earliest date on which a school may disburse an ACG or National SMART Grant for the 2006-2007 Award Year, either with Federal funds or its own funds, is July 1, 2006.





# ACG/National SMART Phased COD Implementation 5.1B

- Always report disbursement date, not date sent to COD





# ACG/National SMART Phased COD Implementation 5.2B

December 16

- Common Record and Web processing for ACG and National SMART for the 2006-2007
- Submission of student level data





# ACG/National SMART Phased COD Implementation 5.2B

December 16

- Adjustments to CFL based on disbursement reporting
- Daily reporting to NSLDS





# ACG/National SMART Phased COD Implementation 5.2B

- Funds available in August but no way to report student disbursements until COD Release 5.1B.
- 30-day disbursement-reporting requirement.





# ACG/National SMART Phased COD Implementation 5.2B

- E-mail notifications regarding ACG and National SMART Grant awards suspended until January 17, 2007.







# Differences Between Pell & ACG/National SMART

- Overaward logic (POP)
- Automatic corrections option
- Timing of actual disbursements
- Required record elements





# Overaward Logic (POP)

- Pell allows overaward at multiple schools for 30 days
- For ACG/National SMART, COD System **rejects** disbursement records when the sum exceed the scheduled award amount limit
  - At same school
  - At multiple schools





# Automatic Corrections Option

- For Pell, a school may opt to have COD correct certain values
- For ACG/National SMART, COD will reject incorrect values





# Timing of Actual Disbursements

- For Pell, as early as 30 days prior to disbursement date
- For ACG/National SMART, as early as 7 days prior to disbursement date





# Required Record Elements

Financial Award ID & Financial Award Number

- New concepts for grant program
  - Assists in properly directing overpayment information at Collections
  - Comparable to Loan ID





## Award ID

- Helps COD distinguish multiple awards for the same student at the same school for the same Award Year

## Financial Award Number

- The last 3 positions of the Award ID





# Financial Award ID & Financial Award Number

- Elements of the Financial Award ID (21 characters)
  - Current SSN
  - Award Type (A=ACG, T = National SMART)
  - Award Year (07)
  - Pell School ID
  - Award Sequence Number (Financial Award Number)





# Financial Award ID & Financial Award Number

## Example 1 - Student A

Student level code of 1 receives an ACG Award \$750

Fall Disbursement \$375

Award ID xxxxxxxxxA07xxxxxx001

Financial Award Number 001

Spring Disbursement \$375

Award ID xxxxxxxxxA07xxxxxx001

Financial Award Number 001







# Financial Award ID & Financial Award Number

## Example 2 - Student B

Student level code of 1 receives an ACG Award \$750

Fall Disbursement \$375

Award ID xxxxxxxxxxA07xxxxxx001

Financial Award Number 001

Progresses to student level code of 2 receives an ACG Award \$1300

Spring Disbursement \$650

Award ID xxxxxxxxxxA07xxxxxx002

Financial Award Number 002





# Financial Award ID & Financial Award Number

## Example 3 - Student C

Student level code of 3 receives a SMART Award \$4000

Fall Disbursement \$2000

Award ID xxxxxxxxxxT07xxxxxx001

Financial Award Number 001

Spring Disbursement \$2000

Award ID xxxxxxxxxxT07xxxxxx001

Financial Award Number 001





# Financial Award ID & Financial Award Number

## Example 4 - Student D

Student level code of 3 receives a SMART Award \$4000

Fall Disbursement \$2000

Award ID xxxxxxxxxT07xxxxxx001

Financial Award Number 001

Progresses to student level code of 4 and receives a SMART Award \$4000

Spring Disbursement \$2000

Award ID xxxxxxxxxT07xxxxxx002

Financial Award Number 002





# ACG/National SMART Phased COD Implementation 6.0

## April 17

### ACG and National SMART Multiple Reporting Record (MRR)

- Message Class: AGMR07OP (ACG)
- Message Class: SGMR07OP (National SMART)





# ACG/National SMART Phased COD Implementation 6.0

- ACG and National SMART Reconciliation Report
  - Message Class: AGRC07OP (ACG)
  - Message Class: SGRC07OP (National SMART)





# ACG/National SMART Phased COD Implementation 6.0

- ACG and National SMART Year-to-Date (YTD) Record
  - Message Class: AGYR07OP (ACG)
  - Message Class: SGYR07OP (National SMART)





# ACG/National SMART Phased COD Implementation 6.0

- ACG and National SMART Text File
  - Message Class: AGTX07OP (ACG)
  - Message Class: SGTX07OP (National SMART)





# ACG/National SMART Phased COD Implementation 6.0

- Data Requests
  - Message Class: AGRQ07IN (ACG)
  - Message Class: SGRQ07IN (National SMART)
- Data Request Responses
  - Message Class: AGRA07OP (ACG)
  - Message Class: SGRA07OP (National SMART)







# ACG/National SMART Phased COD Implementation 6.0

- SSN/Name/Date of Birth Change Report
  - Consolidated Pell, ACG and National SMART report
  - Message Class: PGSN07OP





# ACG/National SMART Phased COD Implementation 6.0

- ACG and National SMART Pending Disbursement Report
  - Message Class: AGPD07OP (ACG)
  - Message Class: PGPD07OP (National SMART)





# ACG/National SMART Phased COD Implementation 6.0

- Global Jobs
  - Reduce CFL to Accepted Records





# ACG/National SMART Phased COD Implementation 6.0

- Global Jobs
  - Warn and Reduce Disbursements for “No Pell”
    - System Generated Negative Disbursements





It's **QUESTION TIME !!**





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# Common Origination and Disbursement Update

Mike Murray





# ACG and National SMART Processing

- Common Record and Web processing for ACG and National SMART for the 2006-2007 Award Year
- With the introduction of ACG and National SMART...
  - New Schema
  - New Message Classes
  - New Edits







# Schema 2.0e

- ACG and National SMART Common Records must be submitted in Schema Version 2.0e
  - COD System will continue to accept Pell and/or Direct Loan records in previous versions
- COD System continues to “echo-back” Common Record Response Documents in the same schema version as the submitted record
- All System-Generated Responses returned in Schema Version 2.0e





- COD will be moving to a new Common Record Schema version 2.0e with December 16 release of COD
  - Software Vendors/ Schools are encouraged to start processing with the new schema on December 16, 2006
    - ACG/ National SMART cannot be submitted to COD using an earlier version of the schema
    - For Award Years 2002-2003 through 2006 -2007 System Generated responses will be returned in the NEW Schema version 2.0e
  - Software Vendors/ Schools are required to start processing with the new schema on April 14, 2007





# ACG and National SMART Common Record Elements

- <FinancialAwardType>
  - AcademicCompetitivenessGrant
  - NationalSMARTGrant
- <StudentLevelCode> required for an ACG or a National SMART award
  - For ACG, must be 0, 1 or 2
  - For National SMART, must be 3 or 4





# ACG and National SMART Common Record Elements

- <FinancialAwardID> required for an ACG or National SMART award
- <FinancialAwardNumber> required for an ACG or National SMART award





# ACG Common Record Elements

- <EligibilityPaymentReasonCode>
  - Required for ACG only, valid values are:
    - 01 = High School Program
    - 02 = Advanced Placement/International Baccalaureate Coursework
    - 03 = Coursework
- <RigorousHighSchoolProgramCode>
  - 6 alpha numerical string
    - Example: AL0001
  - Required for ACG only if  
<EligibilityPaymentReasonCode> = 01
    - Valid Values found in Volume VI, Section 9 of COD Technical Reference





# National SMART Common Record Elements

- <ProgramCIPCode>
  - 7 numerical string
    - Example for Computer and Information Sciences, General is 11.0101
  - Required for National SMART award, valid values found in Volume VI, Section 9 of the COD Technical Reference

NOTE: Refer to Volume II, Section 2 for more information on the Common Record Layout





# ACG and National SMART Message Classes

- Common Record Program Specific, Non Award Year Specific
  - ACG
    - CRAGMYIN – Common Record Documents
    - CRAGMYOP – Responses
  - National SMART
    - CRSGMYIN – Common Record Documents
    - CRSGMYOP – Responses





# ACG and National SMART Message Classes

- Common Record Program Specific, Award Year Specific (06/07 AY)
  - ACG
    - CRAA07IN – Common Record Documents
    - CRAA07OP – Responses
  - National SMART
    - CRSG07IN – Common Record Documents
    - CRSG07OP – Responses







# Establishing an ACG or National SMART Award

- COD establishes award information per student, per school, and per grade level
  - Student level code can span multiple award years
- Maximum scheduled award amount for ACG and National SMART awards at a single school or across multiple schools cannot exceed the maximum scheduled award amount





# Establishing an ACG Award

- The following fields are required to establish an ACG award
  - All the fields required to establish a Pell Grant, plus:
    - Financial Award ID
    - Financial Award Number
    - Student Level Code
    - Eligibility/Payment Reason Code
    - High School Program Code (if Eligibility/Payment Code = 01)
    - Citizenship Status Code





# Establishing a National SMART Award

- The following fields are required to establish an ACG award
  - All the fields required to establish a Pell Grant, plus:
    - Financial Award ID
    - Financial Award Number
    - Student Level Code
    - Program CIP Code
    - Citizenship Status Code





# New Edits

- Edit 14 – Citizenship Status is not eligible for this award
- Edit 123 – Incorrect Grade Level for ACG/National SMART Awards
- Edit 124 – Cannot change Grade Level
- Edit 125 – ACG/National SMART recipients must be Pell eligible
- Edit 126 – Incorrect Eligibility/Payment Reason for ACG
- Edit 127 – Missing High School Program Code





# New Edits

- Edit 128 – Unnecessary High School Program Code
- Edit 129 – Invalid High School Program Code
- Edit 130 – Award Amount Exceeds Maximum Scheduled Award for ACG
- Edit 131 – Incorrect CIP Code Value





# New Edits

- Edit 132 – Award Amount Exceeds Maximum Scheduled Award for National SMART grant
- Edit 134 – Disbursement exceeds scheduled award at multiple schools for ACG
- Edit 135 – Disbursement exceeds scheduled award for ACG at your school
- Edit 136 – Disbursement exceeds scheduled award for National SMART grant at your school
- Edit 137 – Disbursement exceeds scheduled award at multiple schools for National SMART grant

**NOTE:** Refer to Volume II, Section 4 for a complete list of Edits





# Pre-Implementation Testing 5.2B

- For a selected group of schools & vendors will include
  - Kick off meeting: October 2 – 6
  - Manual Validation Support: October 9 – November 3 (20 days)
  - Structured testing support November 6 – December 9<sup>th</sup> (23 days)





It's **QUESTION TIME !!**







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# Lunch on your own





# Information Framework/ Student Aid History Management

Pam Eliadis



START HERE  
GO FURTHER  
FEDERAL STUDENT AID



## Federal Student Aid Activities:

### Initial Steps:

- Validated current Federal Student Aid business functions
- Analyzed how well those functions met the current business needs





# Data Strategy Initiative

## NSLDS Analysis Results:

- NSLDS is more than a system
  - It is a critical business capability area for Federal Student Aid
- NSLDS is used for enterprise purposes:
  - Data Collection
  - Data Utilization
  - Information Analysis and Dissemination
- All required data is not currently collected
- Timing of data collection is inconsistent with business process requirements
- Adaptation to data standardization efforts would improve timeliness and integrity of data





# Data Strategy Initiative

## Federal Student Aid Activities:

- Developed an Enterprise Target State Vision (TSV) and identified Business Capability Areas (BCAs)
  - Application, Origination, and Disbursement
  - Borrower Services
  - Integrated Partner Management
  - Student Aid History Management
  - Partner Payment Management
  - Financial Management
- Within the TSV, developed a vision for Information Framework (IF)/Student Aid History Management (SAHM)





# Student Aid History Management

**The Student Aid History Management (SAHM) solution will perform the following high-level business functions:**

- Monitor aid eligibility through applicant pre-screening, post-screening, and transfer monitoring processes;
- Receive student enrollment updates from schools and their servicers, process and store this information in the Operational Data Store (ODS), and then distribute relevant enrollment updates to interested trading partners (i.e. lenders, lender/servicers, guaranty agencies).
- Manage the default rate processes including calculation, distribution, and publishing of default rates
- Provide aid-level calculation services and provide SAHM operational reports and metrics
- Manage receipt of student, aid, and organization data to provide an integrated student view of financial aid history

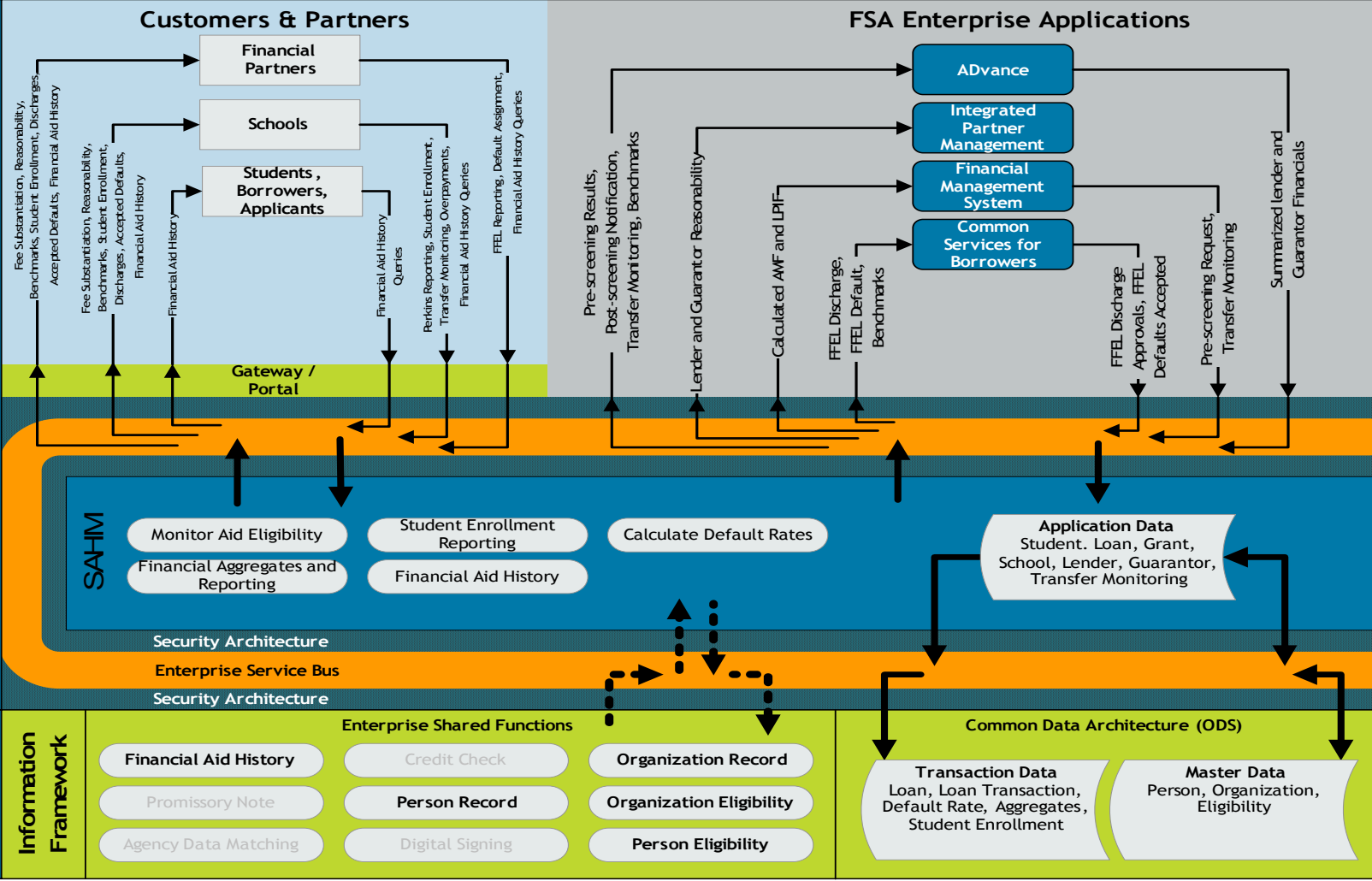




# Context within Target State Vision

FEDERAL STUDENT AID **START HERE. GO FURTHER.**

SAHM Application Context Diagram







# Information Framework

Information Framework key components:

- Provides Data Management (Data Movement, Data Transformation, Data Quality), Metadata Management, and Master Data Management services.
- Supports two Business Capability Areas
  - Student Aid History Management (SAHM, successor to NSLDS)
  - Enterprise Analytics and Reporting
- Information Framework Architecture is comprised of an Operational Data Store and a Data Warehouse
  - Operational Data Store (ODS)
    - Integrated operational data
    - Successor to NSLDS database for functional purposes
    - Optimized for operational uses
    - Timely data collection based on business process requirements
  - Data Warehouse (DW)
    - Historic and analytic data
    - Summarized Data
    - Optimized to fulfill reporting, analytics and query needs
    - Timely updates based on reporting and analytic process requirements
    - Supports data modeling





## Analysis Results: Areas Requiring Change

### Improve:

- Timeliness of data to be consistent with the business process requirements
- Collection of data to support the business process requirements
  - Examples of required data include: knowledge of delinquency, MPN, discharges, etc.
- Data Collection Approach by:
  - Focusing on business process and life cycle stages requirements
  - Adapting to Technology Standards (i.e. XML)
  - Implementing Data Standards (i.e. CommonLine)
- Consistency of Data Processes
  - Examples of consistency include editing of data, data exchange formats, etc.





## Goals for Re-engineering:

### Align with Federal Student Aid Data Strategy Efforts

- Implement FFEL data flow changes to facilitate design and implementation of Information Framework(IF)/ Student Aid History Management (SAHM)

### Improve Data Usefulness:

- Data Timeliness
- Data Quality
- Program Monitoring and Oversight





## Benefits:

### Students, Parents, and Schools

- Timely information for making eligibility decisions
- Enhanced data integrity
- Program Information Parity





## Benefits:

### Lenders, Lender/Service Providers, and Guaranty Agencies

- Data source becomes responsible for reporting, which brings them control and flexibility
- Standardized reporting for all life-cycle stages (i.e. CommonLine)
- Reduced duplicative reporting among FFEL participants
- Interface Consistency





## Benefits:

### Student Aid Programs

- Improved Customer Service to all constituents
- Facilitates better decision making
- Enhanced data integrity
- Improved oversight of FFEL Program





## Achieving our Proposed Vision

### Next Steps:

- Collaboration with community stakeholders
  - Establish workgroups comprised of community members
- Definition of requirements





# Questions, Comments, Suggestions







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# Break





# eAuthentication in Higher Education

Tim Bornholtz



START HERE  
GO FURTHER  
FEDERAL STUDENT AID



# What is eAuthentication?

- What is eAuthentication?
- What is a Federation?
- What is Transitive Trust?
- How are they different?





# Let's Start with A Math Lesson

- Transitive property of equality

If  $a = b$  and  $b = c$

Then  $a = c$





# Translate That To Trust

Christopher trusts Nicholas  
Nicholas trusts Stephanie

Christopher will (usually) trust Stephanie





# Boundaries of Trust

- These trust relationships can only go so far.
- We probably would not trust a friend of a friend of a friend of a friend.
- There are not indefinite levels of trust.
- The boundaries of your trust make up the Federation.





# Federation

- A Federation is a group of organizations that have agreed to trust each other.
- All members of the federation trust all other members within the federation.
- Separate agreements with each and every member are not necessary.







# Rules of a Federation

- All members of a federation agree to abide by the rules of the federation.
- Each federation has some sort of “steering committee” that decides on the rules:
  - Legal rules – who can participate and what can they do within the federation.
  - Technical rules – technical infrastructure and specifications necessary to communicate with other federation members.





# A Federation Must Provide

- Privacy
- Strength of identity proof
- Regulation / policies
- Ease of use
- Audit
- Indemnification





# So What Is eAuthentication?

- eAuthentication is a Federation of US government agencies and private sector organizations.
- GSA is coordinating the federation
  - Determined the legal policies required for joining the network.
  - Specified the technical requirements to participate.





# Federal eAuthentication

- Leverages many existing NIST standards
- Set standards for
  - Identity proofing
  - SAML bindings
  - Credential Assessment Framework
  - Risk Assessment
- Interoperability lab
- As of 6/30/06
  - Sixteen agencies signed up as Relying Party
  - Twelve Relying Parties in production
  - Six Credential Service Providers



- EAP is a multi-industry partnership that is bringing together both the public and private sector.
- Replacing custom bilateral agreements with a uniform set of rules.
- Developing a standard evaluation process for credentials and setting uniform approaches and minimum requirements for authentication.





# Authentication vs. Authorization

- Members of a federation determine what to trust and for what purposes on an application level basis.
- Authenticate locally.
- Passwords **never** go over the wire.





# eAuthentication Levels of Risk

- Each application needs to determine its level of risk.
  - A public service to reserve campgrounds is a very low risk.
  - A financial application for grants and loans is a higher risk, but there is no risk of loss of life.
  - The security codes to access a nuclear warheads is a very very high risk.





# eAuthentication Credential Strength

- NIST has defined four levels of user authentication in M-04-04.
  - Level 1: little or no confidence
  - Level 2: Some confidence
  - Level 3: High confidence
- Level 4: Very high confidence
- These are based on the strength of identity proofing and strength of credentials.
  - Something you know (e.g. password)
  - Something you have (e.g. ID badge)
  - Something you are (e.g. fingerprint)







# Shibboleth

- Shibboleth is open source software which provides Web Single SignOn (SSO).
- Uses Security Assertion Markup Language (SAML) as defined by OASIS.
- Access control based on attributes
  - Users can usually decide which attributes are released to each service provider.
  - Each service provider can specify a minimum set of requirements necessary to grant access.





# InCommon

- Federation to support a common framework to access online resources in support of education and research.
- Uses Shibboleth as the federating software.
- Provides standard conduct for all members to collaborate.
- Economies of scale for contractual agreements.





# Members of InCommon

- The Ohio State University
- The University of Chicago
- University of California, Los Angeles
- University of California, Office of the President
- University of California, Riverside
- University of California, San Diego
- University of Rochester
- University of Southern California
- University of Virginia
- University of Washington
- Case Western Reserve University
- Cornell University
- Dartmouth
- Georgetown University
- Internet2
- Miami University
- Napster, LLC
- OhioLink - The Ohio Library & Information Network
- Penn State
- Stanford University
- SUNY Buffalo





# Other Shibboleth Federations

- University of Maryland – 16 campuses
- University of Texas – 23 campuses
- University of California system
- California State system
- The Ohio State University





# Prominent International Federations

- FEIDE – Norway
  - Educational sector in Norway.
- HAKA Federation – Finland
  - Identity federation of Finnish universities, polytechnics and research institutions
- SDSS – United Kingdom
  - Federation for managing access to UK academic online resources
- SWITCH – Switzerland
  - Eleven universities - more than 140,000 users
  - More than 80 resources - primarily in the field of e-learning





# Inter-Federation Models

- Some organizations will join several federations and manage them as distinct groups.
- A more streamlined approach, though more difficult, is to create peering arrangements between the distinct federations.
  - These peering arrangements allow all members of one federation to access the resources of the other federation.
  - Some peering arrangements may be bilateral – meaning the sharing works both ways.





# InCommon and eAuthentication

- InCommon and the federal eAuthentication are working on a peering agreement to allow members to interoperate
  - High priority effort by PMO
  - One group working on policy
  - One group working on the technology
  - Hoping for agreement by 9/30/06
  - Looking to demo in 12/06





# InCommon and eAuthentication Phases

- Phase 1)
  - Use the existing SAML 1.0 profile
  - NSF FastLane
  - Department of Education systems
  - Small number of campus users
- Phase 2)
  - Upgrade to the SAML 2.0 profile
  - More agency applications and more agencies
  - More campuses







# Horizontal vs. Vertical Federations

- Most federations take a horizontal slice of the application space
  - The federation deals with authentication and authorization but does not care about the actual business process.
- Some federations take a vertical slice of a business process
  - The federation deals with one specific line of business or one specific application within a line of business.



# A Vertical Federation for Student Aid

- Meteor is an effort to provide financial aid professionals and students with online aggregated financial aid award information from various industry participants.
- Meteor enables students to obtain detailed, real time student aid information directly from the web.
- Meteor enables the financial aid professional to supplement their counseling services.



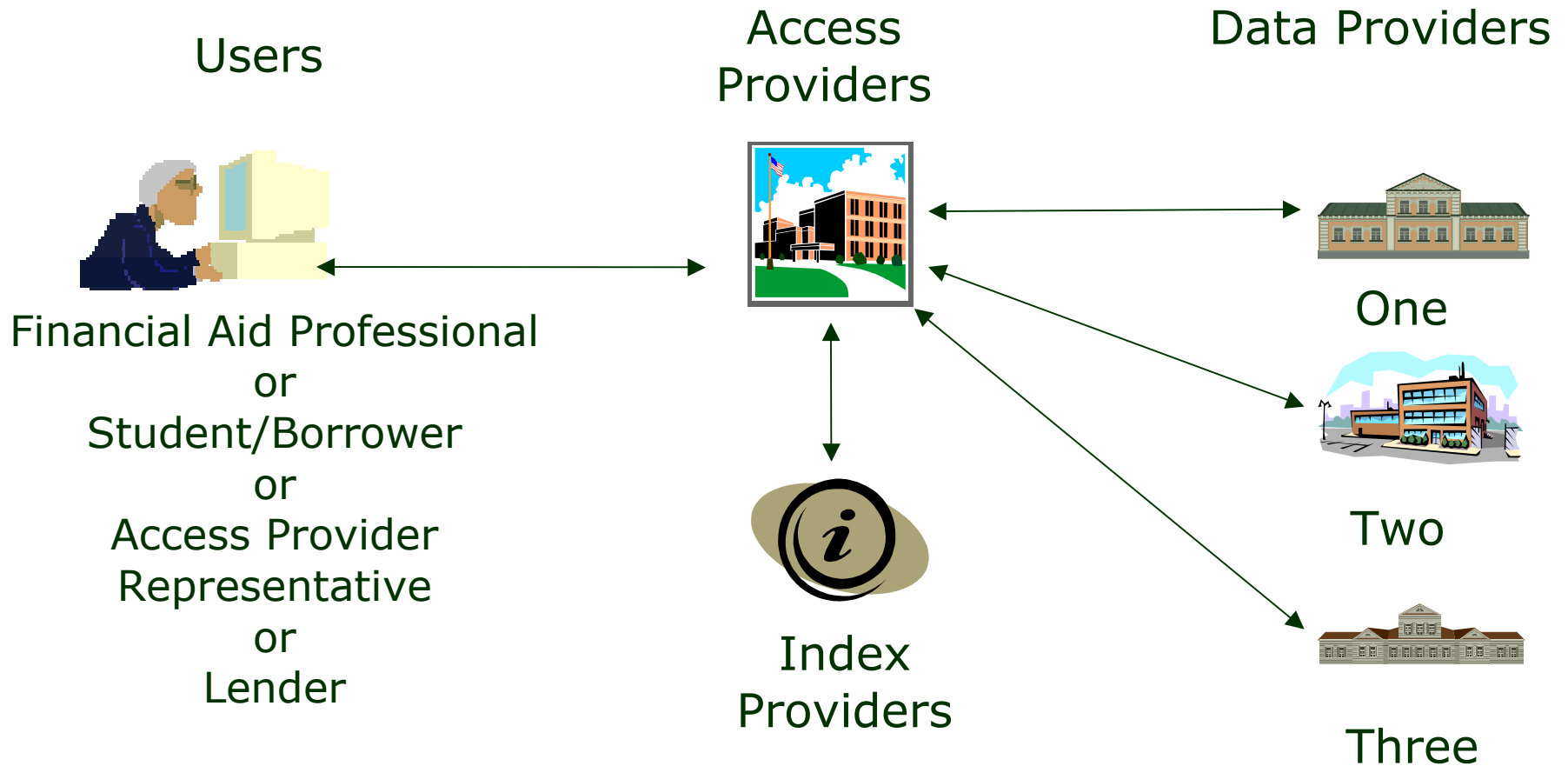
# Types of Data Available

- FFELP
- Alternative/Private Loans
- State Grants & Scholarships (Summer 2006)
- Perkins (In development)
- Direct Loans (Planned)
- Pell Grants (Planned)





# The Meteor Process





# Authentication Process:

- Student logs into Access Provider site (i.e. school, lender, servicer or guarantor)
- Access Provider follows their local authentication procedures, assigns a role and retrieves the appropriate assurance level from the Meteor Registry
- Access Provider builds the security assertion
  - AP Unique ID
  - User Role
  - End User Identifier
  - Authentication Process ID
  - Assurance Level





# Authentication Process:

- Access Provider digitally signs the request and queries the Index Provider
- Index Provider validates the provider (digital certificate) against the Registry;
- Index Provider builds a response message and digitally signs and sends the request to the Access Provider





# Authentication Process:

- Access Provider receives the response and validates the provider against the Registry; validates the digital signature; validates assurance levels for Data Provider requirements; builds, signs, and sends the request message
- The same validation process continues for the Data Provider's receipt and response and the Access Provider's receipt and display of the Meteor messages.





# Clearinghouse as Index Provider

- 100% of FFELP guarantee volume
- Over 5.6 million Direct Loan Program accounts
- Over 13.2 million FFELP servicer accounts
- Over 1.6 million Perkins/Private/Alternative Loan servicer accounts (including some managed by schools themselves)







# Meteor Customization

- Meteor screens can be customized to blend with the service providers current web services
- Meteor allows a service provider to customize the use of the data provided in the Meteor Network
  - e.g. MYF Exit Counseling application
    - Not a standard Meteor implementation
    - Customized screens
    - Further integration is possible!
- Meteor software can be used in other internal applications with approval from the MAT





# Reliability and Security

- Data is sent directly from the data provider's system and is not altered in any way within the Meteor software
- All data is electronically transmitted securely using SSL encryption
- Independent audit showed no serious vulnerabilities with the software





# Building Trust and Integrity

- The Meteor Advisory Team sought input and expertise regarding privacy and security from the sponsoring organizations and the NCHELP Legal Committee.
- Analysis was provided in relation to GLB and individual state privacy laws.
- The analysis revealed that Meteor complied with GLB, FERPA, and known state privacy provisions.





# Creating the Federation

## Challenges and Opportunities

- Policy
  - Provider eligibility
  - Security and privacy
  - Removal from the network
- Consensus Building
  - Over 40 providers (challenge!)
- Collaboration
  - Over 40 providers (opportunity!)





# Lessons learned

- The policy work is much harder than the technical work.
- The legal staff at every member will need to review the policies.
- Usually need to be educated:
  - Why federations work
  - Why they are secure





# Benefits of Federations

- Business process optimization.
- No need to manage large userid database.
- Get the authentication information from the very best source!





# Possible Future Directions

- Identity Providers
  - College Board and ACT
  - More schools
  - FAMS vendors
- Service Providers
  - Department of Education
  - Lenders, Guarantors, Servicers
  - School Information Systems
  - Many many others





# Questions, Comments, Suggestions







# Contact Information

Tim Bornholtz

Phone: 540-446-8404

Email: [tim@bornholtz.com](mailto:tim@bornholtz.com)

Web: <http://www.bornholtz.com>

Federal eAuthentication - <http://cio.gov/eauthentication>

Electronic Auth Partnership - <http://eapertnership.org>

InCommon - <http://incommonfederation.org>

Shibboleth - <http://shibboleth.internet2.edu>

Meteor - <http://nchelp.org/Meteor.htm>





# Round Table





# Round Table





# Closing





# Contact Information

Katie Blot

Chief Information Officer

Phone: 202-377-3528

Email: [katie.blot@ed.gov](mailto:katie.blot@ed.gov)

**Thank You for Attending!**





# Financial Award ID & Financial Award Number

- Financial Award Number also required
  - Financial Award Number = Award Sequence Number
- Required for ACG and National SMART but not Pell





**Step Two:** Answer questions 32-55 about yourself (the student). If you are married as of today, include information about your spouse (your husband or wife). If you are single, separated, divorced or widowed, answer only about yourself.

32. For 2006, have you (the student) completed your IRS income tax return or another tax return listed in question 33?  
 a. I have already completed my return.       b. I will file, but I have not yet completed my return.       c. I'm not going to file. (Skip to question 38.)
33. What income tax return did you file or will you file for 2006?  
 a. IRS 1040 .....       c. A foreign tax return. **See Notes page 6.** .....   
 b. IRS 1040A or 1040EZ .....       d. A tax return with Puerto Rico, a U.S. territory or freely associated State. **See Notes page 6.** .....
34. If you have filed or will file a 1040, were you eligible to file a 1040A or 1040EZ?  
**See Notes page 6.**      Yes     No     Don't Know

For questions 35–47, if the answer is zero or the question does not apply to you, enter 0.

35. What was your (and spouse's) adjusted gross income for 2006? Adjusted gross income is on IRS Form 1040—line 37; 1040A—line 21; or 1040EZ—line 4.	\$		,	
36. Enter your (and spouse's) income tax for 2006. Income tax amount is on IRS Form 1040—line 57; 1040A—line 36; or 1040EZ—line 10.	\$		,	
37. Enter your (and spouse's) exemptions for 2006. Exemptions are on IRS Form 1040—line 6d or on Form 1040A—line 6d. For Form 1040EZ, <b>see Notes page 6.</b>				
38-39. How much did you (and spouse) earn from working (wages, salaries, tips, combat pay, etc.) in 2006? Answer this question whether or not you filed a tax return. This information may be on your W-2 forms, or on IRS Form 1040—lines 7 + 12 + 18 + Box 14 of IRS Schedule K-1 (Form 1065); 1040A—line 7; or 1040EZ—line 1.	You (38)	\$		
	Your Spouse (39)	\$		
<b>Student (and Spouse) Worksheets (40–42)</b>  40-42. <b>Go to Page 9</b> and complete the columns on the left of Worksheets A, B, and C. Enter the student (and spouse) totals in questions 40, 41 and 42, respectively. Even though you may have few of the Worksheet items, check each line carefully.	Worksheet A (40)	\$		
	Worksheet B (41)	\$		
	Worksheet C (42)	\$		
43. As of today, what is your (and spouse's) total current balance of cash, savings, and checking accounts? Do not include student financial aid.	\$		,	
44. As of today, what is the net worth of your (and spouse's) investments, including real estate (not your home)? Net worth means current value minus debt. <b>See Notes page 7.</b>	\$		,	
45. As of today, what is the net worth of your (and spouse's) current businesses and/or investment farms? For a family farm or family business, <b>see Notes page 7.</b>	\$		,	
46-47. If you receive veterans' education benefits, for how many months from July 1, 2007, through June 30, 2008, will you receive these benefits, and what amount will you receive per month? Do not include your spouse's veterans' education benefits.	Months (46)			
	Monthly Amount (47)	\$		

**Step Three:** Answer all eight questions (48-55) in this step.

48. Were you born before January 1, 1984? ..... Yes  No
49. At the beginning of the 2007-2008 school year, will you be working on a master's or doctorate program (such as an MA, MBA, MD, JD, PhD, EdD, or graduate certificate, etc.)? ..... Yes  No
50. As of today, are you married? (Answer "Yes" if you are separated but not divorced.) ..... Yes  No
51. Do you have children who receive more than half of their support from you? ..... Yes  No
52. Do you have dependents (other than your children or spouse) who live with you and who receive more than half of their support from you, now and through June 30, 2008? ..... Yes  No
53. Are (a) both of your parents deceased, or (b) are you (or were you until age 18) a ward/dependent of the court? ..... Yes  No
54. Are you currently serving on active duty in the U.S. Armed Forces for purposes other than training? **See Notes page 7.** ..... Yes  No
55. Are you a veteran of the U.S. Armed Forces? **See Notes page 7.** ..... Yes  No

If you (the student) answered "No" to every question in Step Three, go to Step Four.  
 If you answered "Yes" to any question in Step Three, skip Step Four and go to Step Five on page 4.  
 (Health Profession Students: Your school may require you to complete Step Four even if you answered "Yes" to any Step Three question.)





87. As of today, what is your parents' total current balance of cash, savings, and checking accounts? \$

				,				
--	--	--	--	---	--	--	--	--

88. As of today, what is the net worth of your parents' investments, including real estate (not your parents' home)? Net worth means current value minus debt. **See Notes page 7.** \$

				,				
--	--	--	--	---	--	--	--	--

89. As of today, what is the net worth of your parents' current businesses and/or investment farms? For a family farm or family business, **see Notes page 7.** \$

				,				
--	--	--	--	---	--	--	--	--

### Step Five: Complete this step only if you (the student) answered "Yes" to any Step Three question.

90. Go to Notes page 8 to determine how many people are in your (and your spouse's) household. Enter that number here.

--	--

91. Go to Notes page 8 to determine how many people in question 90 will be college students, attending at least half time between July 1, 2007 and June 30, 2008. Enter that number here.

--

In 2006, did you (or your spouse) or anyone in your household (from question 90) receive benefits from any of the federal benefit programs listed? Mark all that apply. **See Notes page 8.**

92. Supplemental Security Income

93. Food Stamps

94. Free or Reduced Price Lunch

95. TANF

96. WIC

### Step Six: Please tell us which schools may request your information.

Enter the six-digit federal school code and your housing plans. Look for the federal school codes at [www.fafsa.ed.gov](http://www.fafsa.ed.gov), at your college financial aid office, at your public library, or by asking your high school guidance counselor. If you cannot get the federal school code, write in the complete name, address, city and state of the college. For state aid, you may wish to list your preferred school first. To have more schools receive your FAFSA information, read *What is the FAFSA?* on the back cover.

97.a	1ST FEDERAL SCHOOL CODE	OR	NAME OF COLLEGE	STATE	HOUSING PLANS
97.c	2ND FEDERAL SCHOOL CODE	OR	NAME OF COLLEGE	STATE	97.d on campus <input type="radio"/>
97.e	3RD FEDERAL SCHOOL CODE	OR	NAME OF COLLEGE	STATE	97.f on campus <input type="radio"/>
97.g	4TH FEDERAL SCHOOL CODE	OR	NAME OF COLLEGE	STATE	97.h on campus <input type="radio"/>
			ADDRESS AND CITY		with parent <input type="radio"/>

### Step Seven: Read, sign and date.

If you are the student, by signing this application you certify that you (1) will use federal and/or state student financial aid only to pay the cost of attending an institution of higher education, (2) are not in default on a federal student loan or have made satisfactory arrangements to repay it, (3) do not owe money back on a federal student grant or have made satisfactory arrangements to repay it, (4) will notify your school if you default on a federal student loan and (5) will not receive a Federal Pell Grant from more than one school for the same period of time.

If you are the parent or the student, by signing this application you agree, if asked, to provide information that will verify the accuracy of your completed form. This information may include U.S. or state income tax forms that you filed or are required to file. Also, you certify that you understand that **the Secretary of Education has the authority to verify information reported on this application with the Internal Revenue Service and other federal agencies.** If you sign any document related to the federal student aid programs electronically using a Personal Identification Number (PIN), you certify that you are the person identified by the PIN and have not disclosed that PIN to anyone else. If you purposely give false or misleading information, you may be fined \$20,000, sent to prison, or both.

98. Date this form was completed.

					2007		or		2008	
--	--	--	--	--	------	--	----	--	------	--

99. Student (Sign below)

--

Parent (A parent from Step Four sign below)

--

If this form was filled out by someone other than you, your spouse or your parents, that person must complete this part.

Preparer's name, firm and address

--

100. Preparer's Social Security Number (or 101)

				-					-				
--	--	--	--	---	--	--	--	--	---	--	--	--	--

101. Employer ID number (or 100)

		-								
--	--	---	--	--	--	--	--	--	--	--

102. Preparer's signature and date

--

SCHOOL USE ONLY:

D/O

FAA Signature

--

Federal School Code

--	--	--	--	--	--

DATA ENTRY

USE ONLY:  P  \*  L  E

DRAFT 07.19.06



Use this form to apply free for federal and state student grants, work-study and loans.

Or apply free online  
at [www.fafsa.ed.gov](http://www.fafsa.ed.gov).

### Applying by the Deadlines

For federal aid, submit your application as early as possible, but no earlier than January 1, 2007. We must receive your application no later than June 30, 2008. Your college must have your correct, complete information by your last day of enrollment in the 2007-2008 school year.

For state or college aid, the deadline may be as early as January 2007. See the table to the right for state deadlines. You may also need to complete additional forms. Check with your high school guidance counselor or a Financial Aid Administrator at your college about state and college sources of student aid and deadlines.

If you are filing close to one of these deadlines, we recommend you file online at [www.fafsa.ed.gov](http://www.fafsa.ed.gov). This is the fastest and easiest way to apply for aid.

### Using Your Tax Return

If you are supposed to file a 2006 federal income tax return, we recommend that you complete it before filling out this form. If you have not yet filed your return, you can still submit your FAFSA, but you must provide income and tax information. Once you file your tax return, correct any income or tax information that is different from what you initially submitted on your FAFSA.

### Filling Out the FAFSA

Your answers on this form will be read electronically. Therefore:

- use black ink and fill in ovals completely:
- print clearly in CAPITAL letters and skip a box between words:
- report dollar amounts (such as \$12,356.41) like this:

Correct  Incorrect

I | 5 | E | L | M | S | T

\$ | 1 | 2 | , | 3 | 5 | 6 | no cents

Yellow is for student information and purple is for parent information.

If you or your family has unusual circumstances (such as loss of employment), complete this form to the extent you can, then submit it as instructed and consult with the financial aid office at the college you plan to attend.

For more information or help in filling out the FAFSA, call 1-800-4-FED-AID (1-800-433-3243). TTY users may call 1-800-730-8913. Or visit our Web site at [www.studentaid.ed.gov](http://www.studentaid.ed.gov).

### Mailing Your FAFSA

After you complete this application, make a copy of pages 1 through 4 for your records. Then mail the original of only pages 1 through 4 in the attached envelope or send it to: Federal Student Aid Programs, P.O. Box 7001, Mt. Vernon, IL 62864-0071. Do not send the worksheets on page 9; keep them for your records.

If you do not receive the results of your application—a *Student Aid Report (SAR)*—within three weeks, please check online at [www.fafsa.ed.gov](http://www.fafsa.ed.gov) or call 1-800-433-3243. If you provided your e-mail address in question 13, you will receive information about your application within a few days after we process it.

### Let's Get Started!

Now go to page 1 of the application form and begin filling it out. Refer to the notes as instructed.

### STATE AID DEADLINES

[www.fafsa.ed.gov](http://www.fafsa.ed.gov)

Check with your Financial Aid Administrator for these states and territories:

AL, \*AS, CO, \*CT, \*FM, GA, \*GU, \*HI, ID, \*MH, \*MP, MS, \*NE, \*NM, \*NV, PR, \*PW, \*SD, \*TX, UT, \*VA, \*VI, \*VT, WA, WI and \*WY.

- AK April 15, 2007 *(date received)*
  - AR For Academic Challenge - June 1, 2007 *(date received)*  
For Workforce Grant - Contact your Financial Aid Administrator .
  - AZ June 30, 2008 *(date received)*
  - \*^CA For initial awards - March 2, 2007  
For additional community college awards - September 2, 2007 *(date postmarked)*
  - \*DC June 30, 2007 *(date received by state)*
  - DE April 15, 2007 *(date received)*
  - FL May 15, 2007 *(date processed)*
  - ^IA July 1, 2007 *(date received)*
  - #IL First-time applicants - September 30, 2007  
Continuing applicants - August 15, 2007 *(date received)*
  - IN March 10, 2007 *(date received)*
  - ##\*KS April 1, 2007 *(date received)*
  - #KY March 15, 2007 *(date received)*
  - #^LA May 1, 2007  
Final deadline - July 1, 2007 *(date received)*
  - #^MA May 1, 2007 *(date received)*
  - MD March 1, 2007 *(date received)*
  - ME May 1, 2007 *(date received)*
  - MI March 1, 2007 *(date received)*
  - MN 30 days after term starts *(date received)*
  - MO April 1, 2007 *(date received)*
  - #MT March 1, 2007 *(date received)*
  - NC March 15, 2007 *(date received)*
  - ND March 15, 2007 *(date received)*
  - NH May 1, 2007 *(date received)*
  - ^NJ June 1, 2007, if you received a Tuition Aid Grant in 2006-2007  
All other applicants  
- October 1, 2007, fall & spring terms  
- March 1, 2008, spring term only *(date received)*
  - \*^NY May 1, 2008 *(date received)*
  - OH October 1, 2007 *(date received)*
  - #OK April 15, 2007  
Final deadline - June 30, 2007 *(date received)*
  - #OR March 1, 2007 *(date received)*  
Final deadline - Contact your Financial Aid Administrator .
  - \*PA All 2006-2007 State Grant recipients & all non-2006-2007 State Grant recipients in degree programs - May 1, 2007  
All other applicants - August 1, 2007 *(date received)*
  - #RI March 1, 2007 *(date received)*
  - SC June 30, 2007 *(date received)*
  - TN For State Grant - May 1, 2007  
For State Lottery - September 1, 2007 *(date received)*
  - \*^WV March 1, 2007 *(date received)*
- # For priority consideration, submit application by date specified.  
^ Applicants encouraged to obtain proof of mailing.  
\* Additional form may be required.

STATE AID DEADLINES

### Notes for question 13 (page 1)

We will use this e-mail address to correspond with you. You will receive your FAFSA results through a secure link, sent to the e-mail address you provide. Leave blank if you prefer to receive information through regular mail. We will only share this address with the schools you list on the form and your state. They may use the e-mail address to communicate with you.

### Notes for questions 14 – 15 (page 1)

If you are an eligible noncitizen, write in your eight- or nine-digit Alien Registration Number. Generally, you are an eligible noncitizen if you are (1) a U.S. permanent resident with a Permanent Resident Card (I-551); (2) a conditional permanent resident (I-551C); or (3) the holder of an Arrival-Departure Record (I-94) from the Department of Homeland Security showing any one of the following designations: “Refugee,” “Asylum Granted,” “Parolee” (I-94 confirms paroled for a minimum of one year and status has not expired) or “Cuban-Haitian Entrant.” If you are in the U.S. on an F1 or F2 student visa, a J1 or J2 exchange visitor visa, or a G series visa (pertaining to international organizations), you must fill in oval c. If you are neither a citizen nor an eligible noncitizen, you are not eligible for federal student aid. However, you may be eligible for state or college aid.

### Notes for question 23 (page 1) — Enter the correct number in the box in question 23.

- Enter **1** for 1st bachelor’s degree.
- Enter **2** for 2nd bachelor’s degree.
- Enter **3** for associate degree (occupational or technical program).
- Enter **4** for associate degree (general education or transfer program).
- Enter **5** for certificate or diploma for completing an occupational, technical, or educational program of less than two years.
- Enter **6** for certificate or diploma for completing an occupational, technical, or educational program of at least two years.
- Enter **7** for teaching credential program (nondegree program).
- Enter **8** for graduate or professional degree.
- Enter **9** for other/undecided.

### Notes for question 24 (page 1) — Enter the correct number in the box in question 24.

- Enter **0** for never attended college & 1st year undergraduate.
- Enter **1** for attended college before & 1st year undergraduate.
- Enter **2** for 2nd year undergraduate/sophomore.
- Enter **3** for 3rd year undergraduate/junior.
- Enter **4** for 4th year undergraduate/senior.
- Enter **5** for 5th year/other undergraduate.
- Enter **6** for 1st year graduate/professional.
- Enter **7** for continuing graduate/professional or beyond.

### Notes for question 25 (page 1)

For undergraduates, an enrollment status of “full time” generally means taking at least 12 credit hours in a term or 24 clock hours per week. “3/4 time” generally means taking at least 9 credit hours in a term or 18 clock hours per week. “Half time” generally means taking at least 6 credit hours in a term or 12 clock hours per week. Provide this information about the college you are most likely to attend. Enter the correct number in the box in question 25.

- Enter 1** for full time.
- Enter 2** for three-quarter time.
- Enter 3** for half time.
- Enter 4** for less than half time.
- Enter 5** for don’t know.

### Notes for question 26 (page 1)

Enter the correct number in the box in question 26.

- Enter 1** for “work-study” (student aid that you earn through work).
- Enter 2** for student loans (which you must pay back).
- Enter 3** for both work-study and student loans.
- Enter 4** for neither.
- Enter 5** for don’t know.

### Notes for questions 29 – 30 (page 1)

Some states and colleges offer aid based on the level of schooling your parents completed.

### Notes for questions 33 c. and d. (page 2) and 77 c. and d. (page 3)

If you filed or will file a foreign tax return, or a tax return with Puerto Rico, Guam, American Samoa, the U.S. Virgin Islands, the Marshall Islands, the Federated States of Micronesia, or Palau, use the information from that return to fill out this form. If you filed a foreign return, convert all figures to U.S. dollars, using the exchange rate that is in effect today. To view the daily exchange rate, go to [www.federalreserve.gov/releases/h10/update](http://www.federalreserve.gov/releases/h10/update).

### Notes for questions 34 (page 2) and 78 (page 3)

In general, a person is eligible to file a 1040A or 1040EZ if he or she makes less than \$100,000, does not itemize deductions, does not receive income from his or her own business or farm, and does not receive alimony. A person is not eligible to file a 1040A or 1040EZ if he or she itemizes deductions, receives self-employment income or alimony, or is required to file Schedule D for capital gains. If you filed a 1040 only to claim Hope or Lifetime Learning credits, and you would have otherwise been eligible for a 1040A or 1040EZ, you should answer “Yes” to this question.

**Notes for questions 37 (page 2)****and 81 (page 3) — Notes for those who filed a 1040EZ**

On the 1040EZ, if a person checked either the “you” or “spouse” box on line 5, use EZ worksheet line E to determine the number of exemptions (\$3,300 equals one exemption). If a person didn’t check either box on line 5, enter 01 if he or she is single, or 02 if he or she is married.

**Notes for questions 43 – 45 (page 2)****and 87 – 89 (page 4)**

By applying online at [www.fafsa.ed.gov](http://www.fafsa.ed.gov), you may be eligible to skip some questions. If you do not apply online, you will not be penalized for completing questions 43-45 and 87-89 on the paper FAFSA.

Net worth means current value minus debt. If net worth is one million dollars or more, enter \$999,999. If net worth is negative, enter 0.

**Investments include** real estate (do not include the home you live in), trust funds, money market funds, mutual funds, certificates of deposit, stocks, stock options, bonds, other securities, Coverdell savings accounts, 529 college savings plans, the refund value of 529 state prepaid tuition plans, installment and land sale contracts (including mortgages held), commodities, etc. For more information about reporting education savings plans, call 1-800-433-3243. Investment value means the current balance or market value of these investments as of today. Investment debt means only those debts that are related to the investments.

**Investments do not include** the home you live in, the value of life insurance, retirement plans (pension funds, annuities, non-education IRAs, Keogh plans, etc.) or cash, savings, and checking accounts already reported in 44 and 88.

**Note for students who are reporting parental information on this form:** Education accounts owned by your parents, including Coverdell savings accounts, 529 college savings plans, and the refund value of 529 state prepaid tuition plans, are reported as an asset of your parents (question 88).

**Business and/or investment farm value includes** the market value of land, buildings, machinery, equipment, inventory, etc. Business and/or investment farm debt means only those debts for which the business or investment farm was used as collateral.

**Do not include** the value of a family farm that you (or your parents) live on and operate. **Do not include** the value of a small business that you (or your parents) own and control and that has 100 or fewer full-time or full-time equivalent employees.

**Notes for question 54 (page 3)**

Answer “**Yes**” if you are currently serving in the U.S. Armed Forces or are a National Guard or Reserves enlistee who is on active duty for other than state or training purposes.

Answer “**No**” if you are a National Guard or Reserves enlistee who is on active duty for state or training purposes.

**Notes for question 55 (page 3)**

Answer “**No**” (you are not a veteran) if you (1) have never engaged in active duty in the U.S. Armed Forces, (2) are currently an ROTC student or a cadet or midshipman at a service academy, or (3) are a National Guard or Reserves enlistee activated only for training.

Also answer “**No**” if you are currently serving in the U.S. Armed Forces and will continue to serve through June 30, 2008.

**Notes for question 55 (page 3)**

Answer “**Yes**” (you are a veteran) if you (1) have engaged in active duty in the U.S. Armed Forces (Army, Navy, Air Force, Marines or Coast Guard) or are a National Guard or Reserve enlistee who was called to active duty for purposes other than training, or were a cadet or midshipman at one of the service academies, **and** (2) were released under a condition other than dishonorable. Also answer “**Yes**” if you are not a veteran now but will be one by June 30, 2008.

**Notes for questions 56 – 89 (pages 3 and 4) Step Four: Who is considered a parent in this step?**

Read these notes to determine who is considered a parent on this form. Answer all questions in Step Four about your parents, even if you do not live with them. (Note that grandparents, foster parents and legal guardians are not parents.)

If your parents are living and married to each other, answer the questions about them.

If your parent is widowed or single, answer the questions about that parent. If your widowed parent is remarried as of today, answer the questions about that parent and the person whom your parent married (your stepparent).

If your parents are divorced or separated, answer the questions about the parent you lived with more during the past 12 months. (If you did not live with one parent more than the other, give answers about the parent who provided more financial support during the past 12 months, or during the most recent year that you actually received support from a parent.) If this parent is remarried as of today, answer the questions on the rest of this form about that parent and the person whom your parent married (your stepparent).

**Notes for question 66 (page 3)**

Include in your parents’ household (see previous notes for who is considered a parent):

- your parents and yourself, even if you don’t live with your parents,
- your parents’ other children if (a) your parents will provide more than half of their support from July 1, 2007, through June 30, 2008, or (b) the children could answer “No” to every question in Step Three on page 2 of this form, and
- other people if they now live with your parents, your parents provide more than half of their support, and your parents will continue to provide more than half of their support from July 1, 2007 through June 30, 2008.

## Information on the Privacy Act and use of your Social Security Number

We use the information that you provide on this form to determine if you are eligible to receive federal student financial aid and the amount that you are eligible to receive. Sections 483 and 484 of the Higher Education Act of 1965, as amended, give us the authority to ask you and your parents these questions, and to collect the Social Security Numbers of you and your parents. We use your Social Security Number to verify your identity and retrieve your records, and we may request your Social Security Number again for those purposes.

State and institutional student financial aid programs may also use the information that you provide on this form to determine if you are eligible to receive state and institutional aid and the need that you have for such aid. Therefore, we will disclose the information that you provide on this form to each institution you list in questions 96a-96h, state agencies in your state of legal residence, and the state agencies of the states in which the colleges that you list in questions 96a-96h are located.

If you are applying solely for federal aid, you must answer all of the following questions that apply to you: 1-9, 14-16, 18, 21-22, 26-27, 30-40, 42-49, 52-60, 62-73, 75-84, 96a-96h, and 97-98. If you do not answer these questions, you will not receive federal aid.

Without your consent, we may disclose information that you provide to entities under a published "routine use." Under such a routine use, we may disclose information to third parties that we have authorized to assist us in administering the above programs; to other federal agencies under computer matching programs, such as those with the Internal Revenue Service, Social Security Administration, Selective Service System, Department of Homeland Security, Department of Justice and Veterans Affairs; to your parents or spouse; and to members of Congress if you ask them to help you with student aid questions.

If the federal government, the U.S. Department of Education, or an employee of the U.S. Department of Education is involved in litigation, we may send information to the Department of Justice, or a court or adjudicative body, if the disclosure is related to financial aid and certain conditions are met. In addition, we may send your information to a foreign, federal, state, or local enforcement agency if the information that you submitted indicates a violation or potential violation of law, for which that agency has jurisdiction for investigation or prosecution. Finally, we may send information regarding a claim that is determined to be valid and overdue to a consumer reporting agency. This information includes identifiers from the record; the amount, status and history of the claim; and the program under which the claim arose.

### State Certification

By submitting this application, you are giving your state financial aid agency permission to verify any statement on this form and to obtain income tax information for all persons required to report income on this form.

### The Paperwork Reduction Act of 1995

The Paperwork Reduction Act of 1995 says that no one is required to respond to a collection of information unless it displays a valid OMB control number, which for this form is 1845-0001. The time required to complete this form is estimated to be one hour, including time to review instructions, search data resources, gather the data needed, and complete and review the information collection. If you have comments about this estimate or suggestions for improving this form, please write to: U.S. Department of Education, Washington DC 20202-4700.

We may request additional information from you to process your application more efficiently. We will collect this additional information only as needed and on a voluntary basis.

### Notes for question 67 (page 3)

Always count yourself as a college student. Do not include your parents. Include others only if they will attend, at least half time in 2007-2008, a program that leads to a college degree or certificate.

### Notes for questions 71 – 75 (page 3)

Mark an oval for each federal benefit program if you, your parents, or anyone in your parents' household received benefits from the program at any time during 2006. Use the instructions for question 66 to identify who is included in your parents' household. The federal benefit programs are listed below:

75. Supplemental Security Income Program (SSI)
76. Food Stamp Program
77. Free or Reduced Price School Lunch Program
78. Temporary Assistance for Needy Families (TANF)
79. Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

### Notes for question 90 (page 4)

Include in your (and your spouse's) household:

- yourself (and your spouse, if you have one),
- your children, if you will provide more than half of their support from July 1, 2007, through June 30, 2008, and
- other people if they now live with you, you provide more than half of their support, and you will continue to provide more than half of their support from July 1, 2007, through June 30, 2008.

### Notes for question 91 (page 4)

Always count yourself as a college student. Include others only if they will attend, at least half time in 2007-2008, a program that leads to a college degree or certificate.

### Notes for questions 92 – 96 (page 2)

Mark an oval for each federal benefit program if you (or your spouse if you are married), or anyone in your household received benefits from the program at any time during 2006. Use the instructions for question 90 to identify who is included in your household. The federal benefit programs are listed below:

31. Supplemental Security Income Program (SSI)
32. Food Stamp Program
33. Free or Reduced Price School Lunch Program
34. Temporary Assistance for Needy Families (TANF)
35. Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

# Worksheets

Calendar Year 2006

Do not mail these worksheets in with your application.  
Keep these worksheets; your school may ask to see them.

Student/Spouse

## Worksheet A

### Report Annual Amounts

Parents

For question 40		For question 84
\$	Earned income credit from IRS Form 1040—line 66a; 1040A—line 41a; or 1040EZ—line 8a.	\$
\$	Additional child tax credit from IRS Form 1040—line 68 or 1040A—line 42	\$
\$	Welfare benefits, including Temporary Assistance for Needy Families (TANF). Don't include food stamps or subsidized housing.	\$
\$	Social Security benefits received, for all household members as reported in question 90 (or 66 for your parents), that were not taxed (such as SSI). Report benefits paid to parents in the Parents column, and benefits paid directly to student (or spouse) in the Student/Spouse column.	\$
\$	Enter in question 40.	Enter in question 84.

## Worksheet B

### Report Annual Amounts

For question 41		For question 85
\$	Payments to tax-deferred pension and savings plans (paid directly or withheld from earnings), including, but not limited to, amounts reported on the W-2 Form in Boxes 12a through 12d, codes D, E, F, G, H and S	\$
\$	IRA deductions and payments to self-employed SEP, SIMPLE, and Keogh and other qualified plans from IRS Form 1040—line 28 + line 32 or 1040A—line 17	\$
\$	Child support you received for all children. Don't include foster care or adoption payments.	\$
\$	Tax exempt interest income from IRS Form 1040—line 8b or 1040A—line 8b	\$
\$	Foreign income exclusion from IRS Form 2555—line 43 or 2555EZ—line 18	\$
\$	Untaxed portions of IRA distributions from IRS Form 1040—lines (15a minus 15b) or 1040A—lines (11a minus 11b). Exclude rollovers. If negative, enter a zero here.	\$
\$	Untaxed portions of pensions from IRS Form 1040—lines (16a minus 16b) or 1040A—lines (12a minus 12b). Exclude rollovers. If negative, enter a zero here.	\$
\$	Credit for federal tax on special fuels from IRS Form 4136—line 15 (nonfarmers only)	\$
\$	Housing, food and other living allowances paid to members of the military, clergy and others (including cash payments and cash value of benefits)	\$
\$	Veterans' noneducation benefits such as Disability, Death Pension, or Dependency & Indemnity Compensation (DIC), and/or VA Educational Work-Study allowances	\$
\$	Other untaxed income not reported elsewhere on Worksheets A and B (e.g., workers' compensation, untaxed portions of railroad retirement benefits, Black Lung Benefits, disability, combat pay not reported on the tax return, etc.) Don't include student aid, Workforce Investment Act educational benefits, non-tax filers' combat pay, or benefits from flexible spending arrangements, e.g., cafeteria plans.	\$
\$	Money received, or paid on your behalf (e.g., bills), not reported elsewhere on this form	XXXXXXXX
\$	Enter in question 41.	Enter in question 85.

## Worksheet C

### Report Annual Amounts

For question 42		For question 86
\$	Education credits (Hope and Lifetime Learning tax credits) from IRS Form 1040—line 50 or 1040A—line 31	\$
\$	Child support you paid because of divorce or separation or as a result of a legal requirement. Don't include support for children in your (or your parents') household, as reported in question 90 (or question 66 for your parents).	\$
\$	Taxable earnings from need-based employment programs, such as Federal Work-Study and need-based employment portions of fellowships and assistantships	\$
\$	Student grant and scholarship aid reported to the IRS in your (or your parents') adjusted gross income. Includes AmeriCorps benefits (awards, living allowances and interest accrual payments), as well as grant or scholarship portions of fellowships and assistantships.	\$
\$	Enter in question 42.	Enter in question 86.

# What is the FAFSA?

## Why fill out a FAFSA?

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The FAFSA (Free Application for Federal Student Aid) is the first step in the financial aid process. You use it to apply for federal student financial aid, such as grants, loans and work-study. In addition, most states and schools use information from the FAFSA to award non-federal aid.

## Why all the questions?

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We enter your responses to the FAFSA questions into a formula from the Higher Education Act of 1965, as amended. The result is your Expected Family Contribution, or EFC. The EFC measures your family's financial strength. It is used to determine your eligibility for federal student aid. Your state and the schools you list may also use some of your responses. They will determine if you may be eligible for school or state aid, in addition to federal aid.

## How do I find out what my EFC is?

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We will send you a report called a Student Aid Report, or SAR, through the mail or the Internet. The SAR lists the information you reported on your FAFSA and will tell you your EFC. It is important to review your SAR when you receive it. Make sure all of your information is correct. Make any necessary changes or provide additional information.

## How much aid do I get?

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Your EFC, along with the rest of your FAFSA information, is made available to all the schools you list in Step Six of the FAFSA. The schools use your EFC to prepare a financial aid package to help you meet your financial need. Financial need is the difference between your EFC and your school's cost of attendance (which can include living expenses), as determined by the school. If you or your family have special circumstances that should be taken into account, contact your school's financial aid office. Some examples of special circumstances are: unusual medical or dental expenses or a large change in income from last year to this year.

## When do I get the aid?

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Any financial aid you are eligible to receive will be paid to you through your school. Typically, your school will first use the aid to pay tuition, fees, and room and board (if provided by the school). Any remaining aid is paid to you for your other educational expenses.

If you are eligible for a Federal Pell Grant, you may receive it from only one school for the same period of enrollment.

## How can I have more schools receive my FAFSA information?

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If you are filing a paper FAFSA, you can indicate up to four schools to receive your information. You may add more schools to your record once your FAFSA is processed. There are three ways to do this.

1. If you have a Federal Student Aid PIN, go to FAFSA on the Web at [www.fafsa.ed.gov](http://www.fafsa.ed.gov). Select the "Add or Delete a School Code" link to add school codes to your FAFSA.
2. If you do not have a PIN, wait until you receive your Student Aid Report (SAR) either by e-mail or by postal mail. Look for the four-digit Data Release Number (DRN) on the first page of your SAR, and then call 1-800-4-FED-AID (1-800-433-3243). The DRN, along with your name and Social Security number, verifies your identity and allows a customer service representative to add additional school codes to your FAFSA.
3. The financial aid administrator at your school can add their school code to your FAFSA, if you provide the school with your DRN.

Note: Your FAFSA information can only be sent to six schools at a time. If you need information to go to more than six schools, you can use Corrections on the Web or the FED-AID phone number to add up to six new school codes to your FAFSA. However, new school codes will replace the same number of original school codes. For example, if you have six schools on the FAFSA and add two new school codes, two of the original school codes will drop off. So if you correct other information on your FAFSA at the same time, remember that any schools you replaced will not receive the corrected information.

## Where can I get more information on student aid?

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The best place for information about student financial aid is the financial aid office at the school you plan to attend. The Financial Aid Administrator can tell you about student aid available from your state, the school itself, and other sources.

### **You can also check out these resources:**

- [www.studentaid.ed.gov](http://www.studentaid.ed.gov)
- [www.students.gov](http://www.students.gov)
- The Federal Student Aid Information Center at 1-800-4-FED-AID (1-800-433-3243). TTY users may call 1-800-730-8913.
- Your high school counselor's office
- Your state aid agency
- Your local library's reference section

*There may be information available from foundations, religious organizations, community organizations and civic groups, as well as organizations related to your field of interest, such as the American Medical Association or American Bar Association. Check with your parents' employers or unions to see if they award scholarships or have tuition payment plans.*