

# Is It "NEG REG" or "REG NEG"?

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**Program Development Division  
Student Financial Assistance**



# **“NEG REG” or “REG NEG”**

## **AGENDA**

**★ THE STATUTES**

**★ THE LEGISLATIVE PROCESS**

**★ THE SECRETARY'S RESPONSIBILITIES**

**★ THE REGULATIONS**

**★ NEGOTIATED RULEMAKING**

**★ THE REQUIREMENT**

**★ THE RESPONSIBILITY**

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# **“NEG REG” or “REG NEG”**

## **AGENDA - continued**

- ★ **NEGOTIATED RULEMAKING -continued**
  - ★ **THE STEPS**
  - ★ **THE MEMBERS**
- ★ **RULEMAKING STEPS**
- ★ **2000 PROPOSED RULES**

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# **“NEG REG” or “REG NEG”**

## **THE STATUTES**

- ★ **THE HIGHER EDUCATION ACT OF 1965, as amended**  
(20 U.S.C. 1001, et.seq.).
- ★ **The Department of Education Organization Act**
- ★ **The Privacy Act**
- ★ **The Freedom of Information Act**
- ★ **Others**



# **“NEG REG” or “REG NEG”**

## **HIGHER EDUCATION ACT OF 1965**

- ★ **Title I: Institutional Eligibility**
- ★ **Title IV: Student Assistance**
  - ★ **Part A: Grants - Pell, FSEOG, etc.**
  - ★ **Part B: FFELP**
  - ★ **Part C: FWS**
  - ★ **Part D: Direct Loans**
  - ★ **Part E: Perkins Loans**



# **“NEG REG” or “REG NEG”**

## **HIGHER EDUCATION ACT OF 1965**

- ★ **Title IV: Student Assistance**
- ★ **Part F: Needs Analysis and COA**
- ★ **Part G: General Provisions-Student Eligibility, etc.**
- ★ **Part H: Program Integrity**



# **“NEG REG” or “REG NEG”**

## **Legislative Process**

- ★ Authorizing Committees**
  - ★ Request Proposals**
  - ★ Hold Hearings**
  - ★ Draft Proposed Legislation**
  - ★ Debate Proposals**
  - ★ Approve Bill for Submission to Respective House**

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# **“NEG REG” or “REG NEG”**

## **Legislative Process**

- ★ Full House and Senate**
  - ★ Debate Proposed Law**
  - ★ Pass Their Version of Bill**
  - ★ Appoint Conference Committee Member**
- ★ Conference Committee**
  - ★ Reconcile Bills**
  - ★ Votes on Final Language**
  - ★ Refers Final Language to Houses**

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# **“NEG REG” or “REG NEG”**

## **Legislative Process**

- ★ Full House and Senate**
  - ★ Debate Proposed Law**
  - ★ Floor Amendments**
  - ★ Pass Final Legislation**
  - ★ Enrolled Bill**
  - ★ Sent to President**
- ★ President Signs Into Law**
- ★ Secretary Implements**

# **“NEG REG” or “REG NEG”**

## **Secretary of Education’s Responsibility**

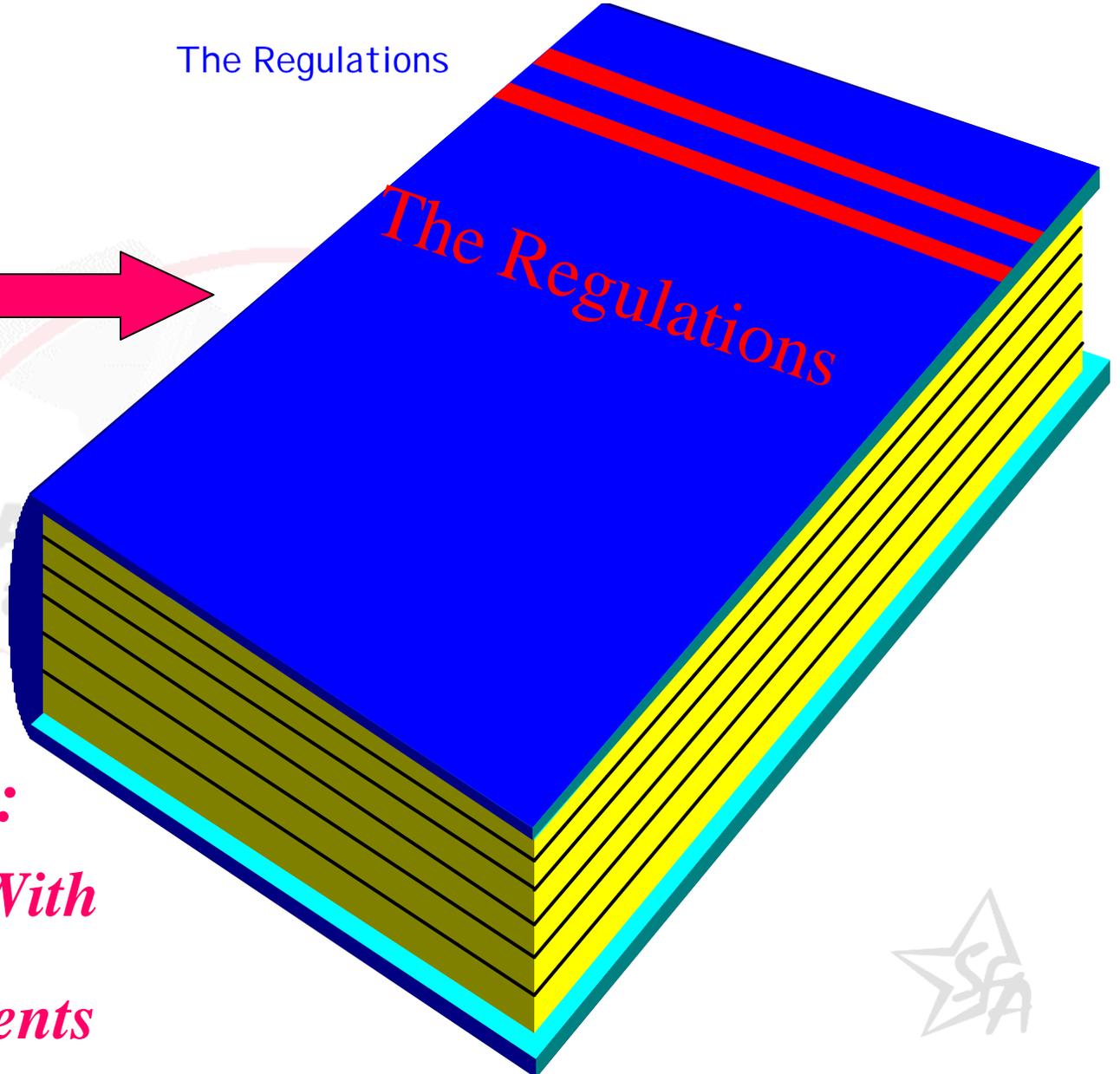
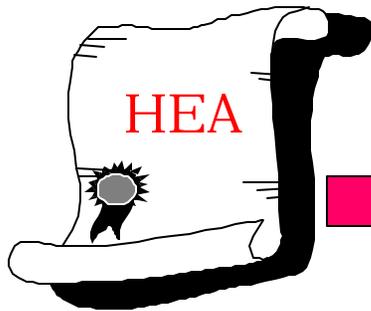
- ★ Advise Congress**
  - ★ Propose Legislation**
  - ★ Provide Technical Assistance**
  - ★ Assist with Constituent Issues**
- ★ Regulates Where Needed**
- ★ Enforces Law and Regulations**
- ★ Communicates With Interested Parties and the Public**



# “NEG REG” or “REG NEG”

The HEA

The Regulations



NASFAA  
nation

*And Think:*

*We Started With  
Just 10  
Commandments*



# **“NEG REG” or “REG NEG”**

## **Code of Federal Regulations**

### **Chapter 34 (34 CFR)**

- ★Part 86 - DRUG-FREE SCHOOLS**
- ★Part 99 - FAMILY EDUC RIGHTS AND PRIVACY (FERPA)**
- ★Part 600 - INSTITUTIONAL ELIG.**
- ★Part 602 - ACCREDITING AGENCIES**
- ★Part 603 - STATE AGENCIES**



# **“NEG REG” or “REG NEG”**

## **The Regulations - continued**

- ★ **Part 668 - GENERAL PROVISIONS**
- ★ **Part 673 - GEN PROVISIONS -  
Campus Based Programs**
- ★ **Part 674 - FEDERAL PERKINS LOAN**
- ★ **Part 675 - FEDERAL WORK-STUDY**
- ★ **Part 676 - FEDERAL SEOG**



# **“NEG REG” or “REG NEG”**

## **The Regulations - continued**

- ★Part 682 - FFEL**
- ★Part 685 - FEDERAL DIRECT LOAN**
- ★Part 690 - FEDERAL PELL GRANT**
- ★Part 692 - LEAP/Special LEAP (SSIG)**
- ★Part 693 - GEAR UP (NEISPP)**



# **“NEG REG” or “REG NEG”**

## **Negotiated Rulemaking**

### **(NEG REG)**

- ★ **Required by the HEA (Sec. 492A)**
- ★ **All parts of Title IV -- All the time**
- ★ **Goal: To develop Notices of Proposed Rulemaking (NPRM) that reflect a final consensus of the negotiating committee**
- ★ **Consensus: There must be no dissent by any member for the committee to have reached consensus.**

# **“NEG REG” or “REG NEG”**

## **2000 Negotiated Rulemaking**

- ★ **Secretary Delegated, Under the Deputy Secretary, Responsibility to:**
  - ★ **Maureen McLaughlin, Deputy Assistant Secretary, OPE**
  - ★ **Jack Kristy, Acting Deputy General Counsel**
- ★ **Started February 3, 2000**
- ★ **Two Teams**
  - ★ **I. Loan Issues**
  - ★ **II. Other Issues**



# **“NEG REG” or “REG NEG”**

## **Neg Reg Process**

- ★ **Secretary Holds Meetings to Consider Proposed Topics**
- ★ **Secretary Proposes Topics**
- ★ **Meetings with Interested Parties to Discuss Neg Reg Process**
- ★ **Solicit Nominations for Neg Reg Non-Federal Members**
- ★ **Select Non-Federal Members**



# **“NEG REG” or “REG NEG”**

## **Non-Federal Members**

- ★ **American Association of Collegiate Registrars and Admissions Officers**
- ★ **American Association of Cosmetology Schools**
- ★ **American Association of State Colleges and Universities**
- ★ **American Association of Community Colleges**
- ★ **American Council on Education**
- ★ **Association of Jesuit Colleges and Universities**
- ★ **Career College Association**

# **“NEG REG” or “REG NEG”**

## **Non-Federal Members**

- ★ **Coalition of Higher Education Assistance Organizations**
- ★ **Coalition of Publicly Traded Educational Institutions**
- ★ **Consumer Bankers Association**
- ★ **Education Finance Council**
- ★ **Education and Loan Management Resources**
- ★ **Legal Services**
- ★ **NAFSA: Association of International Educators**



# **“NEG REG” or “REG NEG”**

## **Non-Federal Members**

- ★ **National Accrediting Commission of Cosmetology Arts and Sciences**
- ★ **National Association of College and University Business Officers**
- ★ **National Association of Independent Colleges and Universities**
- ★ **National Association of Student Financial Aid Administrators**
- ★ **National Association for State Student Grant and Aid Programs**

# **“NEG REG” or “REG NEG”**

## **Non-Federal Members**

- ★ **National Association of State Universities and Land-Grant Colleges**
- ★ **National Association of Student Loan Administrators**
- ★ **National Council of Higher Education Loan Programs**
- ★ **National Direct Student Loan Coalition**
- ★ **Sallie Mae, Inc.**
- ★ **Student Loan Servicing Alliance**



# **“NEG REG” or “REG NEG”**

## **Non-Federal Members**

- ★ **The College Fund/United Negro College Fund**
- ★ **United States Student Association**
- ★ **US Public Interest Research Group**
- ★ **University Continuing Education Association.**

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# **“NEG REG” or “REG NEG”**

## **Neg Reg Process - continued**

- ★ Committee Approves Protocols**
- ★ Committee Finalizes Agenda Topics**
- ★ ED Submits Thoughts and Ideas**
- ★ Committee Reacts**
- ★ Negotiations Begin**
- ★ ED Provides Draft Regulatory Language**
- ★ Negotiations Continue**



# **“NEG REG” or “REG NEG”**

## **Neg Reg Process - continued**

- ★ Negotiations Continue**
- ★ Negotiations Continue**
- ★ Consensus Reached**
  - ★ NPRM Regulatory Language Published as Agreed**
- ★ No Consensus Reached**
  - ★ Secretary Publishes without regard to negotiations**

# **“NEG REG” or “REG NEG”**

## **Rulemaking Steps**

- ★ **ED Writes Preambles**
- ★ **Internal Review of NPRM Package**
  - ★ **Deputy Secretary**
  - ★ **OMB**
  - ★ **Budget Implications**
  - ★ **OPE Approval**
  - ★ **SFA Approval**
- ★ **Neg Reg Committee Reviews Preambles**

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# **“NEG REG” or “REG NEG”**

## **Rulemaking Steps - continued**

- ★ED May Make Changes to Preambles**
- ★Secretary's Approval**
- ★NPRM Published**
  - ★Submitted to the Federal Register**
  - ★Posted to IFAP**
  - ★30- 90 Day Comment Period ED**
- ★ED Reviews Comments**
- ★ED Decides on Changes**

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# **“NEG REG” or “REG NEG”**

## **Rulemaking Steps - continued**

- ★ **ED Writes Analysis of Comments and Changes, if any**
- ★ **Internal Approval (Same as for NPRM)**
- ★ **Submits for Publication in the Federal Register - Publish by November 1**
- ★ **Final Rule Effective Usually Following July 1.**



# **“NEG REG” or “REG NEG”**

## **Proposed Rules (NPRMs)**

### **★ To Be Published in July --**

- ★ Cohort Default Rates**
- ★ Federal Perkins Loans**
- ★ Guaranty Agency Due Diligence, etc.**
- ★ Teacher Loan Forgiveness (FFEL/DL)**
- ★ Death and Disability Discharges**
- ★ General Provisions Issues**
- ★ Special LEAP (SLEAP)**
- ★ Cash Management**



# NEG REG" or "REG NEG

## FFEL/DL Cohort Default Rates

- ★ Restructure and revise cohort default rate provisions for clarity and consistency.
- ★ Change of ownership - Branches, locations, mergers, acquisitions, etc.
- ★ Revised Treatment when rate > 40%
- ★ Definition of Default for ICR Payments

# NEG REG" or "REG NEG

## Federal Perkins Loan

- ★ Clarification of Collection Rate for Rehabilitated Loans
- ★ Bankruptcy Filing for State Schools
- ★ Easier Assignment of Defaulted Loans



# **“NEG REG” or “REG NEG”**

## **Guaranty Agency Due Diligence, etc.**

- ★ Streamlined Post-Default Due Diligence**
- ★ Closed School Discharges**
- ★ Retroactive Deferments**
- ★ Low Income Deferment Based on AGI or Monthly Income**



# **“NEG REG” or “REG NEG”**

## **Teacher Loan Forgiveness**

- ★ Amount: \$5,000 (FFEL and DL)**
- ★ Borrower Eligibility**
  - ★ New Borrower as of 10/1/98**
  - ★ Five Years Teaching on Low-Income School**
  - ★ At Least One Year After 1997-98**



# **“NEG REG” or “REG NEG”**

## **Death & Disability Discharges**

- ★ **OIG Report**
- ★ **All Three Title IV Loan Programs**
- ★ **Establish stronger evidentiary requirements for death discharges.**
- ★ **Modify Definition of Disability**
  - ★ **Remove Return to School Condition**
  - ★ **SSA Determination ???**



# **“NEG REG” or “REG NEG”**

## **Death & Disability Discharges**

- ★ Establish Conditional Discharge**
  - ★ Suspension of Collections**
  - ★ Three to Five Years**
  - ★ No Interest Accrual**
  - ★ Earnings Thresholds**
  - ★ Income**
  - ★ Months**
  - ★ Loan Discharged or Activated**



# **“NEG REG” or “REG NEG”**

## **General Provisions**

- ★ **Change of Ownership**
  - ★ **Publicly traded corporation.**
  - ★ **Public institutions.**
- ★ **Application procedures**
- ★ **Branches/Additional Locations**
- ★ **Elimination of Paper Financial Aid Transcripts (FATs)**



# **“NEG REG” or “REG NEG”**

## **Special LEAP (SLEAP)**

- ★ Implements New State Run Program**
- ★ State Matching Requirements**
- ★ State MOE Requirements**
- ★ Calculation of State Award**
- ★ Define Eligible Students**



# **“NEG REG” or “REG NEG”**

## **Special LEAP (SLEAP)**

### **Permissible Activities**

- ★ **Increase grants awarded in LEAP**
- ★ **Transition programs to postsecondary**
- ★ **Grants for students who wish to enter careers in information technology or other fields of study determined by the State to be critical to the State's workforce needs.**
- ★ **Community service work-study activities**

# **“NEG REG” or “REG NEG”**

## **Special LEAP (SLEAP)**

### **Permissible Activities**

- ★ Scholarship program for students who wish to enter teaching.**
- ★ Scholarship program for students who wish to earn a degree in mathematics, computer science, or engineering.**
- ★ Early intervention programs, mentoring programs, and career education programs.**
- ★ Merit or academic scholarships to eligible students.**

# NEG REG" or "REG NEG Cash Management -FFEL Delivery

- ★ **Modify Rule for Re-Checking Eligibility**
  - ★ **Similar to Secretary's Just-in-Time**
  - ★ **FFELP "Hold and Release" Process**

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