

**Department of Labor and Workforce Development
Alaska Vocational Technical Center Component**

Subject of RPL: AVTEC Pell Grant Increase and Federal Direct Loan Program	ADN/RPL #: 07-1-1018
Amount requested: \$1,006,800.00	Appropriation Authority: Sec 1 Ch 41 SLA 2010 Pg 30 Ln 29
Funding source: Federal Receipts - Operating	Statutory Authority: AS 44.31.020 (7)

PURPOSE

The Department of Labor and Workforce Development, Alaska Vocational Technical Center (AVTEC) component requests \$1,006,800 of additional federal grants line authorization to accommodate an increase in federal Pell Grant awards to students and the William D. Ford Federal Direct Loan Program for new federal student loans starting July 1, 2010. Approval of this request would increase the total FY2011 federal authorization for AVTEC from \$493,200 to \$1,500,000.

Students apply for Federal Title IV Pell Grants through the Free Application for Federal Student Aid (FAFSA) process. The students are the actual recipients of the federal funds, with AVTEC being a pass-through agency. The US Department of Education (DOE) has increased the maximum Federal Title IV Pell Grant award to post-secondary students in FY2011 by \$300 per award. Also, starting in FY2010, DOE has started authorizing a second Pell Grant award for students who received a Pell Grant award earlier in the year, this will occur again in FY2011 and future fiscal years. Pell Grant awards for AVTEC students in FY2011 are expected to total approximately \$600,000.

With enactment of the Health Care and Education Reconciliation Act (HCERA) of 2010, all Title IV eligible post-secondary institutions must use the William D. Ford Federal Direct Loan Program (direct loans) for new federal student loans starting July 1, 2010. Similar to the Pell Grant awards, students will apply through the FAFSA process and will be the actual recipients of the federal funds, with AVTEC being a pass-through agency. After July 1, 2010, AVTEC will certify the direct loans online and disburse the funds for AVTEC students. At this time it is anticipated that the direct loans for AVTEC students in FY2011 will total approximately \$700,000-\$800,000.

An additional \$100,000 in federal grants line authority has been built into this request due to uncertainty as to what the actual volume of the direct loans and Pell Grant awards will be.

PREVIOUS LEGISLATIVE CONSIDERATION

In FY2010, AVTEC requested and was granted an additional \$18,200 in federal authorization for the changes to the Pell Grants awards (RPL#: 07-0-1149). There have been no previous department requests or legislative appropriations for the direct loans to run through AVTEC.

TIMING ISSUES

The budgeted federal authorization for Pell Grant awards was sufficient prior to FY2010, when DOE first issued a second round of Pell Grant awards. The issuance of second Pell Grant awards will continue into the future with no known sunset date. The effective date for the direct loans program is July 1, 2010. AVTEC will be responsible for certifying and disbursing direct loans to students. These changes cannot be absorbed within the existing federal authorization.

If AVTEC does not receive the increased authorization the funds available for future training activities will be reduced. There may also be an issue relating to not disbursing the Pell Grant awards and direct loans which could jeopardize AVTEC's qualification as a Title IV funding institution. Losing Title IV Pell Grant award authorization and direct loans for AVTEC students could reduce the number of Alaskans seeking vocational and technical training at AVTEC because of financial limitations.

Although federal regulations regarding the second Pell Grant award were finalized on October 29, 2009, the actual federal authorization shortfall was not known in time to be incorporated in the FY2011 budget. Training for AVTEC staff on the changes was not received until April and May 2010. HCERA was not signed until March 30, 2010 and on April 2, 2010 AVTEC received a letter from DOE providing a high level description of its provisions.

BUDGETARY ISSUES

Providing Federal Title IV Pell Grant awards and direct loans is aligned with AVTEC's mission to provide training to prepare state residents for jobs that are Alaska's future. Having the opportunity to receive Pell Grant awards and/or direct loans allows students to pay for much of their training costs.

Since DOE will reimburse AVTEC for all Pell Grant awards, the federal authorization to receive and disburse these funds will not increase AVTEC's operational costs. AVTEC is a pass-through agency from DOE to post-secondary students.

The Pell Grant award and direct loan changes continue into the foreseeable future. Therefore, the department will submit a related FY2012 federal grants line authorization budget request for AVTEC.

Agency Contact and Telephone: Guy Bell, 465-2702

OMB Approved:

To obtain the discharge, the recipient (or his or her representative) is required to provide the Department:

A written statement from his or her commanding or personnel officer certifying that the recipient is on active duty status in the U.S. Armed Forces, the date on which that service began, and the date the service is expected to end; and a copy of his or her official military orders and military identification.

The Department would notify a TEACH Grant recipient of the decision reached on his or her request for a partial or full discharge of the teaching service obligation. The grant recipient is responsible for fulfilling any teaching service obligation that is not discharged.

We estimate that the final regulations will increase burden for institutions in OMB Control Number 1845-0083. The Department will submit an 83-C incorporating the changes after the final regulations have published.

Federal Pell Grant Program

Two Federal Pell Grants in an Award Year

Section 690.67(a)—Student Eligibility for a Second Scheduled Award

The final regulations amend § 690.67(a) to provide that a student is eligible for a second Scheduled Award if the student is enrolled for credit or clock hours attributable to the student's second academic year in the award year, and is enrolled as at least a half-time student in a program leading to a bachelor's or associate degree or other recognized educational credential (such as a postsecondary certificate or diploma), except as provided for students with intellectual disabilities. To the extent that the institution will be reporting these second Scheduled Award Pell disbursements via the Common Origination and Delivery (COD) system, there will be some additional burden for institutions.

We estimate that the regulations will increase burden for institutions by 47,432 hours in OMB Control Number 1845-NEW5.

Section 690.67(b)—Transfer Students

The final regulations in § 690.67(b) provide that an institution determine the credit or clock hours that a transfer student has earned at a prior institution during the award year based on the Federal Pell Grant disbursements that the student received at the prior institution during the award year in relation to the student's Scheduled Award at that prior institution. The credit or clock hours that the student would be considered to have earned

would be in the same proportion to credit or clock hours in the current institution's academic year as the disbursements that the student has received at the prior institution in the award year are in proportion to the student's Scheduled Award at the prior institution.

To the extent that the institution will be reviewing the transfer records of these students and subsequently reporting second Scheduled Award Pell disbursements via the Common Origination and Delivery (COD) system, there will be some additional burden for institutions.

We estimate that the final regulations will increase burden for institutions by 14,400 hours in OMB Control Number 1845-NEW5.

Section 690.67(c)—Special Circumstances

The final regulations in § 690.67(c) provide that in a payment period where there is insufficient remaining eligibility from the first Scheduled Award to make full payment for the payment period, a financial aid administrator may waive the requirement that a student complete the credit or clock hours in the student's first academic year in the award year due to circumstances beyond the student's control. The financial aid administrator is required to make and document the determination on an individual basis.

To the extent that the institution will be documenting these special circumstances and subsequently awarding second Pell grants, the institutions will be reporting the second Pell disbursements via the Common Origination and Delivery (COD) system, there will be some additional burden for institutions.

Section 690.67(d)—Nonapplicable Credit or Clock Hours

The final regulation in § 690.97(d) states that, in determining a student's eligibility for a second Scheduled Award in an award year, an institution may not use credit or clock hours that the student received based on Advanced Placement (AP) programs, International Baccalaureate (IB) programs, testing out, life experience, or similar competency measures.

To the extent that institutions will be making determinations about the applicability of AP, IB, or other non-applicable courses, institutions will subsequently award second Pell grants and thereafter report Pell disbursements via the Common Origination and Delivery (COD) system, thus there will be some additional reporting burden for institutions.

We estimate that the final regulations will increase burden for institutions by 2,032 hours in OMB Control Number 1845-NEW5.

Section 690.64—Payment Period in Two Award Years

The final regulation in § 690.64 states that, if a student is enrolled in a crossover payment period as a half-time or less-than-half-time student, the current requirements generally apply.

If a student is enrolled as a three-quarter-time or full-time student, an institution must consider the payment period to be in the award year in which the student would receive the greater payment for the payment period based on the information available at the time that the student's Federal Pell Grant is initially calculated. If the institution subsequently receives information that the student would receive a greater payment for the payment period by reassigning the payment to the other award year, the institution is required to reassign the payment to the award year providing the greater payment within specified time frames.

A student may request that the institution place the payment period in the award year that can be expected to result in the student receiving a greater amount of Federal Pell Grants over the two award years in which the payment period is scheduled to occur. If the student makes that request, the institution must assign the payment period to that award year.

To the extent that the institution will be reviewing enrollment status in each of the two award years and making determinations about which award year must be used and subsequently reporting these second Scheduled Award Pell disbursements via the Common Origination and Delivery (COD) system, there will be some additional burden for institutions.

We estimate that the final regulations will increase burden for institutions by 33,881 hours in OMB Control Number 1845-NEW5.

Section 690.63(h)—Payment From Two Scheduled Awards

Under the final regulations in § 690.63(h), if a student is eligible for the remaining portion of a first Scheduled Award in an award year and for a payment from the second Scheduled Award, the student's payment would be calculated using the annual award for his or her enrollment status for the payment period. The student's payment would be the remaining amount of the first Scheduled Award being completed plus an amount from the second Scheduled Award in

the award year up to the total amount of the payment for the payment period.

We estimate that the final regulations will increase burden for institutions by 8,471 hours in OMB Control Number 1845-NEW5.

Part 692 Leveraging Educational Assistance Partnership Program

Section 692.21(k)—Notification to Students of LEAP Grant Funding Sources

The final regulations require that the State program notify eligible students that grants under the LEAP Grant Program are (1) LEAP Grants and (2) funded by the Federal Government, the State, and, where applicable, other contributing partners.

The implementation of the final regulations for the changes to LEAP and the introduction of the GAP program will increase burden to States. We estimate that the burden in these final regulations will be associated with the application and performance report forms under development. These forms will be developed after the final regulations are published to ensure that the forms comport with the finalized requirements. The new forms will be submitted to OMB for approval under OMB Control Number 1845-NEW7.

Section 692.100—Requirements a State Must Meet To Receive GAP Funds

The final regulations in § 692.100 describe the requirements that a State must meet to receive an allotment under this program including submitting an application on behalf of a partnership and serving as the primary administrative unit of the partnership. Under § 692.100(a)(6), a State must include in its application the steps it plans to take to ensure, to the extent practicable, that students who receive a LEAP Grant under GAP would persist to degree completion.

Under § 692.100(a)(8) a State GAP Program is required to notify eligible students that the grants they receive under GAP are LEAP Grants and that the grants are funded by the Federal Government, the State and where applicable, other contributing partners.

The implementation of the final regulations for the changes to LEAP and the introduction of the GAP program will increase burden to States. We estimate that the burden in these final regulations will be associated with the application and performance report forms under development. These forms will be developed after the final regulations are published to ensure that the forms comport with the finalized requirements. The new forms will be submitted to OMB for approval under OMB Control Number 1845-NEW7.

Section 692.101—Requirements That Must Be Met by a State Partnership

The final regulations in § 692.101(b)(2) provide that a degree-granting institution of higher education that is in a partnership under the GAP Program must recruit, admit, and provide institutional grant aid to participating eligible students as agreed to with the State agency.

The implementation of the final regulations for the changes to LEAP and the introduction of the GAP program will increase burden to States. We estimate that the burden in these final regulations will be associated with the application and performance report forms under development. These forms will be developed after the final regulations are published to ensure that the forms comport with the finalized requirements. The new forms will be submitted to OMB for approval under OMB Control Number 1845-NEW7.

Section 692.111—Purposes for Which a State May Use Its GAP Grant

The final regulations in § 692.111 provide that each State receiving an

allotment shall annually notify potentially eligible students in grades 7 through 12 in the State, and their families, of their potential eligibility for student financial assistance, including a LEAP Grant under GAP, to attend a LEAP-participating institution of higher education.

The notice shall include information about early information and intervention, mentoring, or outreach programs available to the student. The notice shall provide a nonbinding estimate of the total amount of financial aid that an eligible student with a similar income level may expect to receive, including an estimate of the amount of a LEAP Grant under GAP and an estimate of the amount of grants, loans, and all other available types of aid from the major Federal and State financial aid programs. The final notice will also include any additional requirements that the State may require for receipt of a LEAP Grant under GAP.

The implementation of the final regulations for the changes to LEAP and the introduction of the GAP program will increase burden to States. We estimate that the burden in these final regulations will be associated with the application and performance report forms under development. These forms will be developed after the final regulations are published to ensure that the forms comport with the finalized requirements. The new forms will be submitted to OMB for approval under OMB Control Number 1845-NEW7.

Consistent with this discussion, the following chart describes the sections of the final regulations involving information collections, the information being collected, and the collections that the Department will submit to the Office of Management and Budget for approval and public comment under the Paperwork and Reduction Act.

Regulatory section	Information section	Collection
668.14(b)(31)	Providing that an institution that conducts a teach-out at a site of a closed institution may, under certain conditions, establish that site as an additional location (see sections 487(f) and 498 of the HEA).	OMB 1845-0022. There will be an increase in burden of 160 hours.
668.18	Establishing requirements under which an institution must readmit servicemembers to the same academic status they had when they last attended the institution (see section 484C of the HEA).	OMB 1845-NEW1. There will be a new collection. A separate 60-day Federal Register notice will be published to solicit comments. There will be an increase in burden of 1,513 hours.
668.23(d)(4)	Adds new requirements to include in the audited financial statement footnote the non-Federal and Federal revenue that was included in the 90/10 calculation.	OMB 1845-0038. There will be an increase in burden of 165 hours.
668.28	Establishing new requirements for determining how proprietary institutions calculate the amount and percent of revenue derived from sources other than Title IV, HEA program funds (see section 487(d) of the HEA).	OMB 1845-NEW2. There will be a new collection. A separate 60-day Federal Register notice will be published to solicit comments. There will be an increase in burden of 3,088 hours.



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF POSTSECONDARY EDUCATION

DCL: GEN-10-05
PELL-10-02

APR 2 2010

THE ASSISTANT SECRETARY

Subject: Enactment of the Student Aid Provisions of the Health Care and Education Reconciliation Act of 2010

Summary: This letter provides the higher education community with a high level description of two of the major Federal student aid provisions of the recently enacted Health Care and Education Reconciliation Act of 2010.

Dear Colleague:

As I am sure you are aware, on March 30, 2010, President Obama signed the Health Care and Education Reconciliation Act of 2010 (HCERA) (Public Law 111-152), that, among other things, makes significant changes to the Federal student aid programs authorized by Title IV of the Higher Education Act of 1965, as amended (the HEA). Over the next weeks and months we will be providing the financial aid community with details on those provisions. The purpose of this letter is to provide high level discussions on the provisions of the HCERA that impact the Federal Pell Grant Program and those that end the authority for lenders to make new loans under the Federal Family Education Loan (FFEL) Program.

Federal Pell Grant Program

The HCERA amends the HEA to provide for more stable and predictable funding for the Federal Pell Grant Program. It also modifies, beginning with the 2010-2011 Award Year, the calculation for determining an individual student's Pell Grant award. The HCERA increases the maximum Expected Family Contribution (EFC) for Pell Grant eligibility for the 2010-2011 Award Year to 5273. Note that the 2010-2011 Pell Grant Payment and Disbursement Schedules published on January 13, 2010, (see DCL P-10-01) established 4617 as the maximum EFC for Pell Grant eligibility. We expect to post to our IFAP Web Site revised 2010-2011 Pell Grant Payment and Disbursement Schedules sometime next week. Until then, institutions may wish to defer packaging students until the revised schedules are available.

Title IV Federal Student Loan Programs

The HCERA provides that, after June 30, 2010, no new student loans will be made under the Federal Family Education Loan (FFEL) Program. Therefore, beginning July 1, 2010, all new subsidized and unsubsidized Stafford Loans made to students, PLUS loans made to parents and to graduate/professional students, and consolidation loans made to borrowers, can only be made under the William D. Ford Federal Direct Loan (Direct Loan) Program. The Federal Perkins Loan Program is not affected by the HCERA.

It is important to note that if the first disbursement of a FFEL loan was made by the lender on or before June 30, 2010, the second and any subsequent disbursements of that loan, even if the subsequent disbursement(s) will be made after June 30, 2010, must be made by the FFEL lender. FFEL lenders that make a first disbursement are obligated to make the subsequent disbursement(s) as provided in the loan certification provided by the institution. This is a longstanding regulatory requirement. If, for example, an institution certifies a FFEL loan for a loan period of May 17, 2010 through August 15, 2010, and the FFEL lender makes the first disbursement of that loan prior to July 1, 2010, the FFEL lender must make the second disbursement at the mid-point of the loan period – on or about July 16, 2010 in this example. Similarly, if a FFEL lender makes the first disbursement of a loan for a borrower-based loan period that, for example, begins on June 1, 2010 and ends on December 31, 2010, it must make the second disbursement at the mid-point of the loan period – on or about August 31, 2010.

It would be prudent for institutions to confirm with those FFEL lenders who have made loans to their students in the past whether those lenders will make first disbursements for loans that the institution may certify for enrollment periods that begin prior to July 1, 2010 but may have a subsequent disbursement date(s) after June 30, 2010.

Institutions that are not currently participating in the Direct Loan Program and who have not begun making preparations to do so should contact the Department's Federal Student Aid (FSA) office as soon as possible in order to avoid disruption in the delivery of needed student loan funds to students and their families. Contacts should be directed to our School Relations Team at (800) 848-0978, or by e-mail at DLEnrollment_FSA@ed.gov.

Note: The HCERA makes special provisions for institutions located outside the United States to participate in the Direct Loan Program. These institutions should contact the Foreign Schools team at FSA.Foreign.Schools.Team@ed.gov or by calling (202) 377-3168, and attend, if possible, one of the training opportunities being offered in the coming months to assist foreign institutions in the transition to the Direct Loan Program.

Sincerely,


Daniel T. Madzelan
Delegated the Authority to Perform
the Functions and Duties of the
Assistant Secretary for
Postsecondary Education

14:31:05 Tuesday, August 03, 2010

FDE 520-50: APPROPRIATION BUDGET

B 2327010 S 0001

TRANS CODE MINOR 50

ADDITIONAL AUTH RD _____

DOCUMENT NUMBER AA23270100001

SOURCE RD CODE 7250_

BATCH EFF DATE 08/03/2010

TOTAL AMOUNT _____

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INCREASE FEDERAL GRANTS LINE AUTHORITY _____

PELL GRANT AWARDS AND FED DIRECT LOANS _____

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1':33:28 Tuesday, August 03, 2010

INDENTED STRUCTURE: 2011 APPROPRIATIONS

08/03/2010 PAGE

28710-11 AVTEC

TO LOWEST LEVEL

ENTITY	DESCRIPTION	PL	LL	RPTS	TO	SEQ	RANGE	A	F
1 28710-11	AVTEC	8	70	27514-11		1413	1426	Y	
2 28711-11	AVTEC REGULAR	9	75	28710-11		1414	1425	Y	E
3 28713-11	AVTEC GENERAL FUND	10	85	28711-11		1415	1415	Y	E
4 28714-11	AVTEC RSS	10	85	28711-11		1416	1416	Y	E
5 28715-11	AVTEC FEDERAL	10	85	28711-11		1417	1417	Y	E
6 28716-11	AVTEC STATE DESG REC	10	85	28711-11		1418	1418	Y	E
7 28718-11	AVTEC I/A ROLLUP	10	80	28711-11		1419	1425	Y	E
8 28712-11	AVTEC I/A BUDGETED	11	85	28718-11		1420	1420	Y	E
9 28870-11	AVTEC WIND TURBINE	11	85	28718-11		1421	1421	Y	E
10 28871-11	AVTEC AVAIL UNBUD RS	11	85	28718-11		1422	1422	Y	E
11 28872-11	AVTEC AVAIL UNBUD RS	11	85	28718-11		1423	1423	Y	E
12 28873-11	AVTEC AVAIL UNBUD RS	11	85	28718-11		1424	1424	Y	E
13 28874-11	AVTEC AVAIL UNBUD RS	11	85	28718-11		1425	1425	Y	E
14 28717-11	AVTEC TVEP	9	75	28710-11		1426	1426	Y	E

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APPROPRIATION EXPENDITURES BY NEXT LOWER LEVEL

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SUBALLOCATIONS

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