Important Recent Changes to the Federal Student Aid Program 2012-2013

There are some important changes to be aware of that will impact financial aid student eligibility.

Congress recently enacted the Consolidated Appropriations Act of 2012 which made changes to Title IV Federal Student Aid Programs.

Lifetime Limits for the PELL Grant Program

The maximum number of semesters a student can receive a Pell Grant is now 12 semesters (or its equivalent). This change goes into effect July 1, 2012 and impacts all students regardless of when they received their first Pell grant.

*Important details on the Pell lifetime limit are:* The number of years receiving Pell will be tracked as a percentage with a maximum Lifetime Eligibility Used (LEU) of 600%.

*Examples:*
A full-time student for 2 semesters who receives their full Pell grant for the year will use 100% per year.

A part-time student for 2 semesters who receives half of their Pell grant for the year will use 50% per year.

Students, who have submitted a 2012-13 FAFSA and are in excess of 450% Lifetime Eligibility Used (LEU), will receive an email message from the Department of Education in mid-April.

Students will be able to view their Lifetime Eligibility Used (LEU) on their Student Aid Reports (SAR) beginning in July 2012.

It is important that students use their Pell grant eligibility wisely, especially if they are transferring to a 4-year university.

Born to wealth and influence, six-term U.S. Democratic Senator Claiborne Pell was best remembered for his 1972 sponsorship of the educational grant program that now bears his name.
Questions about these changes?

Please contact: The Financial Aid Office or call 1-800-4-FED-AID

Expected Family Contribution - EFC

The lower a student’s Expected Family Contribution (EFC), the higher the student’s federal student aid eligibility. A change has been made to the income amount that is used to determine if a student qualifies for an automatic EFC of zero. When you complete the FAFSA, you receive an EFC, which is used to determine your federal student aid eligibility. For the 12-13 school year, you will automatically qualify for an EFC of zero if your family income does not exceed $23,000 – a reduction from the previous max income of $32,000.

Direct Loans-Interest Subsidy Removed for New Students

Also effective July 1, 2012, the grace period has been modified for Direct Subsidized Loans. Borrowers go into repayment once they are no longer enrolled in at least 6 units. The federal government will no longer cover the interest during the six-month grace period. You do not have to make payments during the grace period (unless you choose to) but the interest will be added (capitalized) to the principal amount of your loan when the grace period ends.

This provision does not eliminate the interest subsidy while the borrower is in school or during eligible periods of deferment.

Congress has passed a bill lowering the Subsidized loan interest rates to 3.4% for the 2012-2013 year. This rate was set to expire July 1, 2012 but has been extended through 2013. Unsubsidized remain at 6.8%.

In 1988, Congress renamed the Federal Guaranteed Student Loan program the Robert T. Stafford Student Loan program, in honor of U.S. Senator Robert Stafford a Republican, for his work on higher education.
Tax Documents for 2012-2013!

If you are selected for verification and required to submit tax information to the Financial Aid Office, there are two ways to submit the required tax information.

**IRS DATA RETRIEVAL**
Highly recommended – WHY?

1. It is the easiest way to provide your tax data.
2. It is the best way of ensuring that your FAFSA application has accurate tax information.
3. Copies of tax returns or transcripts will not have to be submitted to your college.
4. Faster processing!

This Data Retrieval allows students and parents to access the IRS tax return information needed to complete your FAFSA application.

**How the IRS Data Retrieval Tool Works:**
* Enter your PIN* and click Link to IRS
* You will not be asked to enter your PIN if you entered a PIN to begin your FAFSA.
* Your FAFSA will be saved and you will be transferred to the IRS Web site.
* On the IRS Web site, enter the requested information.
* Once the IRS has validated your identification, your IRS tax information will display. You can either transfer your information from the IRS, or choose to return to FAFSA on the Web from the IRS Web site. If you do not transfer your information or choose not to return from the IRS Web site, you will have to login to open your saved FAFSA.
* If you transfer your IRS tax information, questions that are populated with tax information will be marked with “Transferred from the IRS.”

**IRS TAX TRANSCRIPT**
The Financial Aid Office is no longer required to accept tax returns.

For tax transcripts you can call the IRS at 1-800-908-9946 to request by phone or you may download Form 4506-EZ from the IRS website at [irs.gov](http://irs.gov)