

Higher Education Reconciliation Act (HERA) Q & A

Following are answers to questions that were raised by financial aid administrators during HERA conference call sessions held in late May. For more information on the topics addressed here or on other HERA changes, please refer to guidance provided by the Department of Education (ED) on the www.ifap.ed.gov Web site. ED is also offering a variety of [online training opportunities](#) throughout the coming months to assist with the implementation of HERA changes.

Eligibility and General Provisions

Q. With the implementation of HERA, the definition of Estimated Financial Assistance (EFA) excludes non-Title IV State assistance designated to offset a specific component of the Cost of Attendance (COA). Does the State's Monetary Award Program (MAP) fit the definition of non-Title IV State assistance designated to offset a specific component of COA?

A. No. MAP does not meet the definition of assistance provided by the State that is designated to offset a specific component of COA. An example of State assistance that could offset a component of COA might be payments from a State's Department of Rehabilitative Services.

Q. Are we to rely on student-provided information on the Drug Conviction Question and the Drug Conviction Worksheet?

A. Yes, the student self-certifies his/her answers to the Drug Conviction Question (Question 31) on the FAFSA and any answers provided on the Worksheet that result in changes or corrections to his/her Student Aid Report (SAR). As a financial aid administrator, you are not required to confirm the information unless you are aware of conflicting information.

Q. Is the length of time of ineligibility due to a drug conviction the same as before?

A. Yes. The period of ineligibility related to a drug conviction, as well as the provisions for regaining eligibility were not changed by HERA.

Q. If a student is convicted for a drug offense in the Fall, is he/she eligible in the Spring?

Effective for the 2006-07 academic year, as long as the student is not receiving Title IV aid in the Fall term when he/she commits a drug offense for which he/she is convicted, then the student would still be eligible to receive aid for the subsequent Spring term.

However, if the student is receiving Title IV aid for the Fall term and commits a drug-related offense during that Fall term and is convicted for that offense, he/she would be ineligible for Title IV aid for at least one year, depending upon the type of offense. In this case, the student would not be eligible for the subsequent Spring term.

Academic Competitiveness (AC) and National Science and Math Access to Retain Talent (SMART) Grants

Q. Who notifies students of eligibility for the Academic Competitiveness Grant, the school or ED?

A. Based on the information provided on the FAFSA, ED will contact potentially eligible students by via regular mail or by electronic mail if an e-mail address was provided on the FAFSA.

The notification will refer students to a Web site that will help them determine whether or not they have completed “a qualifying rigorous secondary school program” as identified by a state or local educational agency and recognized by the U.S. Secretary of Education. Students must self-certify their eligibility by identifying the rigorous secondary school program completed.

After a student has identified the rigorous secondary school program completed, ED will notify each postsecondary institution(s) listed on the student’s FAFSA that the applicant may qualify for the AC Grant. The school will then verify whether or not the student meets all of the eligibility criteria and award the grant to the student.

Q. Did the State of Illinois submit a proposal to the Department of Education (ED) to establish a new “rigorous program of study” for Illinois high school students?

A. No. The Illinois State Board of Education (ISBE) did not submit a proposal to ED for the 2006-07 academic year. ISBE has chosen to go with the options that ED outlined in the [Dear Colleague Letter GEN 06-08](#) and has not yet decided whether or not a proposal will be submitted for the 2007-08 academic year and beyond. The deadline to submit a proposal to ED for the 2007-08 academic year is November 1, 2006.

In order to be considered eligible for the AC Grant for 2006-07, Illinois high school graduates will have to meet criteria from one of these two options:

- Completed a set of courses that included four years of English, three years of math (including Algebra I and a higher level course such as Algebra II, Geometry or Statistics), three years of science (including at least two courses from biology, chemistry or physics), three years of social studies and one year of a foreign language.
- Completed at least two Advanced Placement (AP) or International Baccalaureate (IB) courses and received passing test scores.

Q. What other types of rigorous programs of study should we be aware of as we verify eligibility for students from other states?

Listed below are the existing Advanced or Honors programs that are recognized as rigorous. This list was compiled based on ED's best efforts and may not be an exhaustive list of all rigorous secondary school programs within a State.

- Alabama -- Advanced Academic Endorsement
- Arkansas -- College Preparatory Core Curriculum
- California -- Golden State Seal Merit Diploma
- Delaware -- Distinguished Achievement Diploma
- Georgia -- College Preparatory with Distinction Diploma
- Indiana -- Academic Honors Diploma
- Kentucky -- Commonwealth Diploma
- Louisiana -- Academic Endorsement to the Standard Diploma
- Massachusetts -- Certificate of Mastery
- Missouri -- College Preparatory Studies Certificate
- Nevada -- Advanced Diploma
- New York -- Regents Diploma with Honors or Advanced Designation
- Ohio -- Honors Diploma
- Oklahoma -- Certificate of Distinction
- Pennsylvania -- Certificate of Distinction
- Texas -- Distinguished Achievement Diploma
- Virginia -- Advanced Studies Diploma
- Washington -- Scholar Designation
- Wyoming -- Advanced Endorsement Diploma

In addition, students who participated in and completed a State Scholars Initiatives program will also be considered eligible. The State Scholars Initiative program, which has been offered in 14 states, requires at least four years of English, three years of math (including Algebra I, Algebra II and Geometry), three years of lab science (biology, chemistry, physics), three-and-one-half years of social studies, and two years of a language other than English.

The 14 states that currently offer this program are:

- Arizona
- Arkansas
- Connecticut
- Indiana
- Kentucky
- Maryland
- Michigan
- Mississippi
- New Jersey
- New Mexico
- Oklahoma
- Rhode Island
- Tennessee
- Washington

In addition, eight new states have been chosen to participate in a State Scholars Initiative program in the coming year. They are:

- Colorado
- Louisiana
- Massachusetts
- Nebraska
- North Carolina
- Utah
- Virginia
- West Virginia

Q. What documentation is it going to be necessary for schools to have for the AC and SMART Grants?

A. Once the postsecondary school has received notification from ED on the student's Institutional Student Information Record (ISIR) that he or she may qualify for an AC Grant, the school must verify that the student meets all eligibility criteria, including obtaining documentation of the student's completion of a rigorous secondary school program of study. Once the school has determined that the student meets all eligibility criteria, the school can submit data to the Common Origination and Disbursement System.

For the SMART Grant, in addition to having school and ISIR data that indicates a student is a third or fourth year student who is eligible for Pell, institutions will also need to verify that the student is enrolled in an eligible major as defined by the ED's [Dear Colleague Letter GEN-06-06](#). Once the school has determined that a student meets all eligibility criteria for the SMART Grant, the school can submit the data to the COD System and draw down the funds for disbursement.

Q. What about students who have been dual-enrolled and earned college credit while in high school? Are they still eligible for the AC Grant?

A. ED has clarified their earlier interpretation involving the eligibility of dual-enrollment students to receive the new AC Grant. In the early stages of implementation, ED had stated that dual enrollment students would not be eligible because essentially they had been previously enrolled in a program of undergraduate education. However, in response to a letter from the National Governors Association, ED provided clarification stating that students would still be eligible as long as they were not previously enrolled in a formal degree or certificate program.

Under the federal student aid programs, a formal program of study is defined as one that leads to a degree, certificate or other postsecondary education credential. The term used by ED and by most institutional financial aid administrators to identify the status of this type of student is as a "regular student" of the postsecondary education institution. In general, ED does not consider a student who attends a postsecondary education institution to complete his or her high school diploma requirements to have been enrolled as a "regular student" at the postsecondary institution.

Student Loan Programs

Q. What is the interest rate on the old variable rate loans?

A. Effective July 1, 2006 through June 30, 2007, Stafford loans first disbursed between July 1, 1998 and June 30, 2006 will have a variable interest rate of 7.14% when in repayment or forbearance status and 6.54% during in-school, grace or deferment status. Also effective July 1, 2006 through June 30, 2007, PLUS loans with a first disbursement between July 1, 1998 and June 30, 2006 will have a variable interest rate of 7.94%.

Q. Does the change in regard to the rehabilitation of defaulted loans apply to both the FFELP and the DL programs?

A. Yes. HERA changes that allow a borrower to rehabilitate a loan with nine on-time payments apply to both the Federal Family Education Loan Program and the Direct Loan Program.