

News & Publications: Newsbriefs

Bi-weekly

Newsbriefs

News you can use from NSLP

July 2, 2009

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UPDATED JULY 1 INTEREST RATE CHART AVAILABLE

NSLP's [Interest Rate Chart](#) has been updated to include rates for FFELP loans based on the most recent information from ED. The updated rates are effective July 1.

On June 30, the Federal Reserve [issued](#) the 1-year constant maturity yield rate of .48. This rate is added to a differential that determines the new variable rate for certain PLUS and SLS loans.

For PLUS and SLS loans that were disbursed between July 1, 1987 and September 30, 1992, the variable rate is 3.73%. For SLS loans disbursed after October 1, 1992 and for PLUS loans disbursed between October 1, 1992 and June 30, 1998, the rate is 3.58%.

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HOUSE AND SENATE PASS HEA TECHNICAL CORRECTIONS BILL

On June 23, the House and Senate unanimously approved [legislation](#) that approves technical corrections to the Higher Education Act.

NSLP is currently working on an analysis of the bill and will publish a summary in *Newsbriefs* once we have completed our analysis.

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UNDERGRADUATE ENROLLMENT LEVELS INCREASE

Data shows patterns of grade-level enrollment increasing for all undergraduate students and more specifically for students in the two larger degree programs, Associate's and Bachelor's. Learn what this could mean for your school in this edition of [Research Review](#).

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VISIT WITH US AT NASFAA

Be sure to join us at NASFAA, NSLP booth #413, to test your knowledge about personal finances by playing our Financial Literacy Challenge or steer clear of defaults by starting your engine at our Default Prevention Raceway. Find out how [NSLP](#) meets the challenge to get students excited about understanding their personal finances.

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HOLIDAY PROCESSING SCHEDULE

We will be closed Friday, July 3 in honor of Independence Day. Applications received July 3 will be processed Monday, July 6,

and your response files will be ready at approximately 11 a.m. Central time.

Applications received before and after the holiday will be processed as usual. [NSLP Customer Service](#) and FES Client Support for ELITE will be available to answer your questions about application processing before and after the holiday.

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Dollars and Sense

NSLP's Financial Literacy team—experts on money management issues—provide helpful tips for your students in each edition of *Dollars and Sense*.

TIPS FOR MAKING THE MOST OF YOUR CHARITABLE CONTRIBUTIONS

In this economy charitable contributions can be difficult to give but it's critical to sustain the service orientated non-profits that many depend upon. If performed correctly giving doesn't have to be as big of an expense as you might think.

[Independentsector.org](#) provides these tips to help make the most of your charitable contributions:

- **Be a proactive giver**
Incorporate contributions into your budget by planning a giving strategy. Contact the charitable organizations meaningful to you and discuss how your gifts can make a difference in your community.
- **Keep records**
For gifts of less than \$250, a cashed check or receipt from the charitable organization is sufficient proof of contribution.
- **Know how much is tax-deductible**
If you are making a purchase in exchange for your gift, the amount of your tax deduction is reduced by the fair market value of the item. You can turn down the incentive item if you wish to claim a deduction for the full amount of your gift.
- **Ask about matching gifts**
Many employers match gifts made by their employees or make grants to organizations recommended by their employees.
- **Consider alternative forms of giving**
Don't overlook the benefits to you and your cause received from bequests, charitable gift annuities, endowments and other creative ways of giving. Ask your tax advisor or attorney to help you make the best plan for you and your family. Don't forget about organ donation, platelets, and blood!
- **Volunteer**
In addition to financial support, consider giving your time and skills. Not only could you make contacts and gain experience, but you'll also be helping others.

Follow these tips and you can continue to give in this time of need. "Service to others is the payment you make for your space here on earth." *Mohammed Ali*

Do you have a question about personal money management issues? Send it to [Ask Financial Literacy](#), and our team of experts will quickly respond with an answer you can rely on!

For more great advice from our Financial Literacy experts, subscribe to our biannual newsletter, [AFC Money Watch](#), and get the information you want sent directly to your inbox.

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Compliance Corner

Compliance Corner is a recurring feature highlighting recent questions from schools and lenders. Read what your colleagues are asking, and find answers to questions you may have.

Q. A student has applied for admission to a college and classifies himself as an "undocumented" (illegal) citizen/alien. The student has been living in the United States more than 10 years and his parents are applying for citizenship. The student possesses a high school diploma and if the student can be accepted for admission to a college, is he considered an eligible non-citizen for financial aid purposes?

A. In this situation the student would not be considered an eligible non-citizen and would not be eligible to receive Federal Financial Aid. A high school graduate possessing a diploma has no bearing on their eligibility for FSA funds. However, their citizenship status does.

According to the [2008-2009 FSA Handbook](#) (Chapter 2, Volume 1) a student is only an eligible non-citizen if they can provide the proper documentation. The Department of Education doesn't specify, but a school can choose which documents to accept as proper documentation.

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Tools For Schools

NATIONAL STUDY PROVIDES FINANCIAL AID DATA

The National Center for Education Statistics ("NCES") is the U.S. Department of Education's primary entity for collecting and analyzing data related to national and international education. One NCES study is the quadrennial National Postsecondary Student Aid Study ("NPSAS") that obtains a representation of how postsecondary students and their families pay for postsecondary education. Results include general demographics, types of aid and amounts received – including cumulative student loan debt; cost of attending college; combinations of work, study, and borrowing; and enrollment patterns.

The latest NPSAS focused on postsecondary students in the 2007-08 academic year. Results for this study plus prior studies can be accessed directly through NCES' [Data Lab](#). The established Data Analysis System is still available to use, or the new, more user-friendly Quick Stats option can access data as well.

Check out the data and see how your students compare to the nation as a whole or perhaps to your sector nationally. The 2007-08 study oversampled six states (California, Texas, Illinois, Minnesota, New York and Georgia) so the NPSAS data for these states is representative as well.

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Did You Know . . .

NSLP has an easy tool for schools to track the consumer information requirements. The [Consumer Information Checklist](#) helps schools comply with and track consumer information requirements by aggregating the requirements into a single, simple-to-use [form](#).

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Team NSLP. Recruiting Winners.

At various times, NSLP scouts for qualified candidates to join its winning team. Learn more about [NSLP](#) and [career opportunities](#) online, or contact [Human Resources](#) for more information.

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Calendar of Events

You can view the [Calendar](#) and find NSLP's Business Development team exhibiting and presenting at many of the upcoming events. Stop by our booth or call 800-735-8778, ext. 6618 for a personal consultation to learn how you can streamline your student loan process.

This and That . . .

The average American drinks about 600 sodas a year.

On That Note . . .

"After silence, that which comes nearest to expressing the inexpressible is music."
-Aldous Huxley

Questions or Comments?

If you have questions or comments, contact NSLP Customer Service at 800-735-8778, ext. 6300 or e-mail nslpcs@nslp.org.

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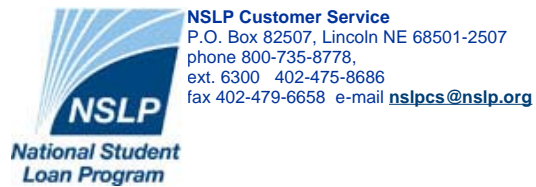
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Editors: Carol Ash and Amanda Boltz



June 30, 2009

Subject: Federal Stafford, Federal PLUS, Federal SLS, and Federal Consolidation Interest Rate Calculations for the Period July 1, 2009 – June 30, 2010

The attached charts show the variable interest rates applicable to the Federal Stafford, Federal SLS, Federal PLUS, and Federal Consolidation loan programs for the period **July 1, 2009 – June 30, 2010**. Interest rates for variable-rate loans under these programs are determined annually, and are based on the following:

- Stafford Loans – based on the bond equivalent rate of 91-day Treasury Bills auctioned at the final auction held before June 1st of each year. The bond equivalent rate for 91-day Treasury Bills auctioned on May 26, 2009 is 0.178 percent, which rounds to **0.18** percent.
- PLUS/SLS Loans – based on either the bond equivalent rate of 91-day Treasury Bills auctioned at the final auction held before June 1st of each year, or the weekly average of the one-year constant maturity Treasury yield as published for the last calendar week ending on or before June 26th of each year. The bond equivalent rate for 91-day Treasury Bills auctioned on May 26, 2009, is 0.178 percent, which rounds to **0.18** percent. The weekly average of the one-year constant maturity Treasury yield for the last calendar week ending on or before June 26th is **0.48** percent.
- Consolidation Loans – for which the loan application was received by an eligible lender on or after 11/13/97 but prior to 10/1/98 are based on the bond equivalent rate of 91-day Treasury Bills auctioned at the final auction held before June 1st of each year, or **0.18** percent. For the HEAL portion of consolidation loans for which the loan

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application was received by an eligible lender on or after 11/13/97, the rate is based on the average of the bond equivalent rates of the 91-day Treasury Bills auctioned for the quarter ending June 30th of each year, or 0.178 percent which rounds to **0.18** percent.

These rates do not affect new Federal Stafford or Federal PLUS loans made on or after July 1, 2006 that are subject to fixed-rates.

Accounting Division
Office of the Chief Financial Officer

Attachment

**FFEL “Converted” Variable-rate Stafford Loan Interest Rates for the Period July 1, 2009 through June 30, 2010
(Loans That Were Subject to the “Windfall Profits” Provisions of §427A(i) of the HEA)
(Table 1)**

COHORT	CITATION	INTEREST RATE FORMULA (T-Bill Rate + Additional Sum = Total)				
Type of Loan	Higher Education Act of 1965, As Amended	91-Day Treasury Bill Rate	Additional Sum	Total	Maximum Rate	INTEREST RATE FOR THE PERIOD 7/1/09 – 6/30/2010
8/10% Loans (SD/XB FVAR10)	§427A(i)(1) §427A(i)(7)(A)	0.18%	3.25%	3.43%	10%	3.43%
7% Loans (SD/XB FVAR7) (SE/XE FVAR7)	§427A(i)(3) §427A(i)(7)(A)	0.18%	3.1%	3.28%	7%	3.28%
8% Loans (SD/XB FVAR8) (SE/XE FVAR8)	§427A(i)(3) §427A(i)(7)(A)	0.18%	3.1%	3.28%	8%	3.28%
9% Loans (SD/XB FVAR9) (SE/XE FVAR9)	§427A(i)(3) §427A(i)(7)(A)	0.18%	3.1%	3.28%	9%	3.28%
8/10% Loans (SD/XB FVARX) (SE/XE FVAR10)	§427A(i)(3) §427A(i)(7)(A)	0.18%	3.1%	3.28%	10%	3.28%

**FFEL Regular Variable-rate Stafford Loan Interest Rates for the Period July 1, 2009 through June 30, 2010
(Table 2)**

COHORT			CITATION	INTEREST RATE FORMULA (T-Bill Rate + Additional Sum = Total)					
Type of Borrower	First Disbursement Made On or After	First Disbursement Made Before	Higher Education Act of 1965, As Amended	During	91-Day Treasury Bill Rate	Additional Sum	Total	Maximum Rate	INTEREST RATE FOR THE PERIOD 7/1/09 – 6/30/2010
“New” Borrower (SE/XE EVAR)	10/1/92	7/1/94	§427A(e)(1)		0.18%	3.1%	3.28%	9%	3.28%
“New” Borrower (SE/XE EVAR)	7/1/94 (for a period of enrollment ending prior to 7/1/94)		§427A(e)(1)		0.18%	3.1%	3.28%	9%	3.28%
All Borrowers (regardless of prior borrowing) (SG/XG EVAR)	7/1/94 (for a period of enrollment that includes or begins on or after 7/1/94)	7/1/95	§427A(f)(1)		0.18%	3.1%	3.28%	8.25%	3.28%

**FFEL Regular Variable-rate Stafford Loan Interest Rates for the Period July 1, 2009 through June 30, 2010
(Table 2)**

COHORT			CITATION	INTEREST RATE FORMULA (T-Bill Rate + Additional Sum = Total)					
Type of Borrower	First Disbursement Made On or After	First Disbursement Made Before	Higher Education Act of 1965, As Amended	During	91-Day Treasury Bill Rate	Additional Sum	Total	Maximum Rate	INTEREST RATE FOR THE PERIOD 7/1/09 – 6/30/2010
All Borrowers (regardless of prior borrowing)	7/1/95	7/1/98	§427A(g)(2) (SH/XH EVAR)	In-school, grace and deferment periods	0.18%	2.5%	2.68%	8.25%	2.68%
			§427A(f)(1) (SG/XG EVAR)	All other periods	0.18%	3.1%	3.28%	8.25%	3.28%
All Borrowers (regardless of prior borrowing)	7/1/98	7/1/2006	§427A(j)(2) §427A(k)(2) (SJ/XJ/CA/CE/XM EVAR)	In-school, grace and deferment periods	0.18%	1.7%	1.88%	8.25%	1.88%
			§427A(j)(1) §427A(k)(1) (SK/XK/CB/CF/XN EVAR)	All other periods	0.18%	2.3%	2.48%	8.25%	2.48%

**FFEL Variable-rate PLUS and SLS Loan Interest Rates for the Period July 1, 2009 through June 30, 2010
(Table 3)**

COHORT			CITATION	INTEREST RATE FORMULA (T-Bill Rate + Additional Sum = Total)					
Type of Loan	First Disbursement Made On or After	First Disbursement Made Before	Higher Education Act of 1965, As Amended	91-Day Treasury Bill Rate	One-year Constant Maturity	Additional Sum	Total	Maximum Rate	INTEREST RATE FOR THE PERIOD 7/1/09 – 6/30/2010
PLUS/SLS* (SD/XB VAR)		10/1/92	§427A(c)(4)(B)		0.48%	3.25%	3.73%	12%	3.73%
SLS* (SE/XE EVAR)	10/1/92 (for a period of enrollment beginning prior to 7/1/94)		§427A(c)(4)(D)		0.48%	3.1%	3.58%	11%	3.58%
PLUS* (SE/XE EVAR)	10/1/92	7/1/94	§427A(c)(4)(D)		0.48%	3.1%	3.58%	10%	3.58%
PLUS (SG/XG EVAR)	7/1/94	7/1/98	§427A(c)(4)(E)		0.48%	3.1%	3.58%	9%	3.58%
PLUS* (SH/XH EVAR)	7/1/98	1/1/2000	§427A(j)(3) §427A(k)(3)	0.18%		3.1%	3.28%	9%	3.28%
PLUS (CD/XQ/CH/ XPEVAR)	1/1/2000	7/1/2006	§427A(k)(3)	0.18%		3.1%	3.28%	9%	3.28%

* These loans will not be subject to special allowance payments during the four quarters ending 9/30/09, 12/31/09, 3/31/2010, and 6/30/2010. See Sections 438(b)(2)(C)(i); 438(b)(2)(C)(ii); 438(b)(2)(G)(v); and 438(b)(2)(H)(v) of the Higher Education Act of 1965, as amended.

**FFEL Variable-rate and Fixed-rate Consolidation Loan Interest Rates for the Period July 1, 2009 through June 30, 2010
(Table 4)**

COHORT				CITATION	INTEREST RATE FORMULA	
Consolidation Loans Made On or After	Consolidation Loans Made Before	Consolidation Loans for Which the Loan Application Was Received by an Eligible Lender On or After	Consolidation Loans for Which the Loan Application Was Received by an Eligible Lender Before	Higher Education Act of 1965, As Amended	Method Used to Determine Interest Rate	Maximum Rate
	7/1/94			§428C(c)(1)(B)	The interest rate is the weighted average of the interest rates on the loans consolidated, rounded to the nearest whole percent, but may not be less than 9 percent.	
7/1/94 (SE)			11/13/97	§428C(c)(1)(C)	The interest rate is the weighted average of the interest rates on the loans consolidated, rounded upward to the nearest whole percent.	

**FFEL Variable-rate and Fixed-rate Consolidation Loan Interest Rates for the Period July 1, 2009 through June 30, 2010
(Table 4)**

COHORT				CITATION	INTEREST RATE FORMULA	
Consolidation Loans Made On or After	Consolidation Loans Made Before	Consolidation Loans for Which the Loan Application Was Received by an Eligible Lender On or After	Consolidation Loans for Which the Loan Application Was Received by an Eligible Lender Before	Higher Education Act of 1965, As Amended	Method Used to Determine Interest Rate	Maximum Rate
		11/13/97 (SG/XG EVAR)	10/1/98	§427A(f) §428C(c)(1)(D)	The interest rate is determined annually, and equals the bond equivalent rate of 91-Day Treasury Bills auctioned on the final auction held before June 1 st of each year, plus 3.10 percent. The interest rate may not exceed the maximum rate. (For the period July 1, 2009 through June 30, 2010 the interest rate for these loans is 0.18 percent plus 3.10 percent or 3.28 percent.)	8.25%

**FFEL Variable-rate and Fixed-rate Consolidation Loan Interest Rates for the Period July 1, 2009 through June 30, 2010
(Table 4)**

COHORT				CITATION	INTEREST RATE FORMULA	
Consolidation Loans Made On or After	Consolidation Loans Made Before	Consolidation Loans for Which the Loan Application Was Received by an Eligible Lender On or After	Consolidation Loans for Which the Loan Application Was Received by an Eligible Lender Before	Higher Education Act of 1965, As Amended	Method Used to Determine Interest Rate	Maximum Rate
		10/1/98 (SL/XL/CC/CG/XO)	Indefinite	§427A(k)(4)(A) §428C(c)(1)(A)	The interest rate is the weighted average of the interest rates on the loans being consolidated, rounded to the nearest higher 1/8 th of one percent. The interest rate may not exceed the maximum rate.	8.25%

**FFEL Variable-rate and Fixed-rate Consolidation Loan Interest Rates for the Period July 1, 2009 through June 30, 2010
(Table 4)**

COHORT				CITATION	INTEREST RATE FORMULA	
Consolidation Loans Made On or After	Consolidation Loans Made Before	Consolidation Loans for Which the Loan Application Was Received by an Eligible Lender On or After	Consolidation Loans for Which the Loan Application Was Received by an Eligible Lender Before	Higher Education Act of 1965, As Amended	Method Used to Determine Interest Rate	Maximum Rate
HEAL Portion of the Consolidation Loan		11/13/97	Indefinite	§428C(d)(2)(B)	The interest rate for the HEAL portion of the consolidation loan is determined annually, and equals the average of the bond equivalent rates of the 91-Day Treasury Bills auctioned for the quarter ending June 30, plus 3.0 percent. There is no maximum rate on this portion of the loan. (For the period July 1, 2009 through June 30, 2010 the interest rate for these loans is 0.18 percent plus 3.00 percent or 3.18 percent.)	N/A

Loans First Disbursed on or After July 1, 2006 have Fixed Rates:

LOAN TYPE	GRADE LEVEL	First Disbursed July 1, 2006 through June 30, 2008	First Disbursed July 1, 2008 through June 30, 2009	First Disbursed July 1, 2009 through June 30, 2010
Subsidized Stafford	Undergraduate (CE/CI/CJ)	6.80	6.00	5.60
	Graduate (CE/CF/CI/CJ)	6.80	6.80	6.80
Unsubsidized Stafford	Undergraduate (CE/CF/CI/CJ)	6.80	6.80	6.80
	Graduate (CE/CF/CI/CJ)	6.80	6.80	6.80
PLUS Loans	Parent and Grad Student (CH/CM)	8.50	8.50	8.50

▼ *Citizenship not confirmed.* If the Social Security match doesn't confirm that the student is a citizen, the SAR and ISIR will include a comment explaining that the student either needs to provide documents proving citizenship or make a correction to show that she is an eligible noncitizen.

If the student is a citizen, he must give you documentation of his citizenship status. If it verifies that he is a citizen, you can disburse aid to him. Unlike the case of eligible noncitizens, you don't submit the documents to the DHS or any other agency for verification, but you do need to keep a copy in the student's file. The student should also contact the Social Security Administration to have it update its database—something all naturalized citizens should do—but he doesn't have to do this to receive aid. See “Other documentation” below.

If the student is an eligible noncitizen, she must submit a correction, which must include the Alien Registration Number or A-Number. When the correction is sent in, the CPS will attempt a match with DHS records to confirm the student's status.

Other documentation

If a student must prove his status as a citizen or national, you decide what documents are acceptable. The Department doesn't specify them, but here are documents you might choose to use:

- A copy of the student's birth certificate showing that she was born in the United States, which includes Puerto Rico (on or after January 13, 1941), Guam, the U.S. Virgin Islands (on or after January 17, 1917), American Samoa, Swain's Island, or the Northern Mariana Islands, unless the person was born to foreign diplomats residing in the U.S.
- A U.S. passport, current or expired, except limited passports (which are typically issued for short periods such as a year and which don't receive as much scrutiny as a regular passport when applying). In the case of nationals who are not citizens, the passport will be stamped “Noncitizen National.”
- A copy of Form FS-240 (Consular Report of Birth Abroad), FS-545 (Certificate of birth issued by a foreign service post), or DS-1350 (Certification of Report of Birth). These are State Department documents.
- A Certificate of Citizenship (N-560 or N-561), issued by USCIS to individuals who derive U.S. citizenship through a parent.
- A Certificate of Naturalization (N-550 or N-570), issued by USCIS through a federal or state court, or through administrative naturalization after December 1990 to those who are individually naturalized.

Older versions of the Certificate of Citizenship and of the Certificate of Naturalization instruct the holder not to photocopy them. The

Example: citizenship not confirmed

Chavo is a U.S. citizen, but SSA doesn't confirm his citizenship status. Sarven Technical Institute asks him to submit documentation of his status. Chavo first submits a Social Security card, but Sarven explains that the card doesn't document his status because noncitizens can have Social Security cards. Chavo then brings in his U.S. passport. Sarven makes a copy of the passport for its files, and tells Chavo his citizenship has been documented. Sarven also advises Chavo to have the SSA correct its database, so that he won't have this problem again.

Social Security card and driver's license

A Social Security card or driver's license isn't acceptable for documenting citizenship or national status, since noncitizens and nonnationals can also have these forms of identification.