

Financial Aid Updates

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July 11, 2013

Information on:

- Federal Financial Aid Fraud and Abuse
- Department of Education Program Review
- Projected Federal Student Loan Cohort Default Rate

Federal Aid Fraud and Abuse

Rising Epidemic Nationwide

- \$829 improper Federal Pell Grants for FY2012
- Improper Federal Student Loan payments doubled between FY2011 and FY2012 to \$614 million.
- More than 34,000 participants in crime rings received Federal FA in FY2012.
- Improper payments to Federal FA applicants has increased 82% since 2009.
- For 2013-14, 219,000 (1%) applicants have been flagged as suspicious.

Barton Actions Taken

- Added new FA position – Financial Aid Risk Management Officer.
- Establishment of new team – Fraud and Abuse Team with representatives from all college departments.
- Development of cloud-based editable template to share information amongst KS community colleges.
- Establishment of Unusual Enrollment History (UEH) process to review “swirlers”.
- Implemented new verification item – Verification of Identity and Educational Purpose.

ED Program Review Information

ED Program Review Information

- The Department of Education is increasing the number of program reviews.
- Program reviews priority for schools meeting certain criteria: 1) high cohort default rate; 2) high fluctuation in aid amounts; 3) concerns by state or regional accreditor; 4) high dropout rate; and, 5) administratively incapable.
- ED recently hired 5 new program reviewers for Kansas City region.

Barton Actions Taken

- Avoid triggers – 1) report in a timely manner; 2) ensure required student consumer information is compliant; 3) cultivate contacts within ED; 4) monitor cohort default rate; 5) ensure early adopter compliance, etc.
- Recently completed FAO Self-Evaluation using ED and NASFAA tools.
- Attend ED training, in particular sessions on federal program reviews.
- Participate in NASFAA's Standards of Excellence Program.

Cohort Default Rate

Nationwide Increase in Student Loan Default Rates

- Change in formula from 2-year to 3-year data
- State of the U.S. Economy
- Impact of increase in Federal Aid fraud and abuse within Federal FA programs

Barton Actions Taken

- Will be partnering with SALT to provide financial literacy and post-graduate guidance.
- More vigorous review of student default demographics
- Measures to prevent fraud and abuse should also help with default rate
- FA/Advising to help students who are struggling