

**DEPARTMENT OF EDUCATION****Office of Postsecondary Education;  
Federal Title IV Student Assistance**

**AGENCY:** Department of Education.

**ACTION:** Notice of the availability of the National Student Loan Data System (NSLDS) to be used by postsecondary educational institutions to meet the regulatory requirements for obtaining financial aid transcript (FAT) information for purposes of determining student eligibility for Federal Title IV student assistance.

**SUMMARY:** The Secretary gives notice to institutions of higher education that, beginning with the 1996-97 award year, the NSLDS may be used by postsecondary educational institutions to meet the regulatory requirements of Section 668.19(a)(1) and (a)(2)(i) for obtaining FAT information for most Title IV student aid applicants. Institutions were informed of this availability and the conditions under which the NSLDS may be used for FAT purposes, in a Dear Colleague letter dated July 1996 (GEN-96-13). Further guidance may be given by the Department in subsequent notifications.

**Background**

The FAT regulations were developed to make certain that schools had all of the information necessary to enforce both student eligibility provisions and to be in compliance with program-specific award maximums contained in the Higher Education Act (HEA) of 1965, as amended. The law and supporting regulations provide that, among other eligibility criteria, an applicant for Federal student aid cannot be in default on a Title IV student loan or owe an overpayment on Title IV aid. Additionally, the Pell Grant and loan programs have annual and/or aggregate award maxima that must be considered

when awarding Title IV aid to a student who transfers into one eligible institution from another. The Department has determined that obtaining FAT information from the NSLDS will be more efficient and less burdensome for institutions of higher education that participate in Title IV programs than the existing process of requesting the return of paper FATs from the previously attended institution. In addition, the use of the NSLDS by institutions provides significant burden reduction to students. The use of the NSLDS for the purpose of obtaining FAT information will eliminate paper forms and the need for schools and students to handle millions of paper FATs each year, significantly reducing delays in processing and the change of data error.

**General Information**

Using the information from the NSLDS will allow schools to meet the regulatory requirements for obtaining FAT information for those Federal student aid applicants who have previously attended other eligible postsecondary institutions, with the exception of mid-year transfer students. Schools may obtain FAT information from the NSLDS through several methods, including the Student Aid Report (SAR) and the NSLDS History section of the Institutional Student Information Record (ISIR). Once a school has obtained historical financial aid information from the NSLDS, including the information on a student's SAR or in the ISIR, it will not be required to re-check the NSLDS prior to disbursing Title IV student assistance. The Question and Answer section of Dear Colleague letter GEN-96-13 describes in detail how the NSLDS may be used for FAT purposes. Schools are reminded that the requirement that they respond to requests for FAT information

from other institutions in accordance with section 668.19(b), (c), and (d) of the regulations remains in effect.

**Applicable Regulations**

The following regulations are applicable to these programs:

General Provisions—34 CFR part 668.

Federal Family Educational Loan—34 CFR part 682.

Federal Perkins Loan—34 CFR part 674.

Federal Direct Student Loan—34 CFR part 685.

Federal Pell Grant Program—34 CFR part 690.

Federal Work-Study Program—34 CFR part 675.

Federal Supplemental Educational Opportunity Grant Program—34 CFR part 676.

**FOR FURTHER INFORMATION CONTACT:** Greg Gerrans, Program Specialist, Policy Development Division, Policy, Training and Analysis Service, Student Financial Assistance Programs, U.S. Department of Education, 600 Independence Avenue, S.W., Washington, DC 20202-5447. Telephone (202) 708-4607. Individuals who use a telecommunications device for the deaf (TDD) may call the Federal Information Relay Service (FIRS) at 1-800-877-8339 between 8 a.m. and 8 p.m., Eastern standard time, Monday through Friday.

Authority: 20 U.S.C. 1091, 1092b, 1094.

Dated: September 10, 1996.

(Catalog of Federal Domestic Assistance Numbers: Federal Supplemental Educational Opportunity Grant Program, 84.007; Federal Stafford Loan Program, 84.032; Federal PLUS Loan Program, 84.032; Federal Work-Study Program, 84.033; Federal Perkins Loan Program, 84.038; Federal Pell Grant Program, 84.063)

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