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Statutory Changes

United States Department of Education
Washington, D.C. 20202
December 1989

SUMMARY: Description of Statutory Changes Made by Public Law 101-166 and Public Law 101-239.

Dear Colleague:

Two recently enacted statutes made several changes in the student financial assistance programs authorized by Title IV of the Higher Education Act of 1965, as amended (the Act). Public Law 101-166 (the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1990) was signed by the President on November 21, 1989; Public Law 101-239 (the Omnibus Budget Reconciliation Act of 1989), which includes the Student Loan Reconciliation Amendments of 1989, was signed by the President on December 19, 1989.

Enclosed with this letter is a summary of the major changes made by Pub. L. 101-166 and Pub. L. 101-239. The sections of the Act that are affected by these changes and the effective date of each change are also indicated in the enclosure.

This letter is intended to address aspects of these statutes on which the public requires immediate guidance. As with each new piece of student financial assistance legislation, we expect that questions will arise concerning various provisions of these amendments during the course of their implementation. We will contact you via future "Dear Colleague" letters to provide additional guidance on these statutes.

Institutions should note that their certification of loan applications will now cover the following items, in accordance with the applicable effective dates:

- (1) Supplemental Loans for Students (SLS) eligibility, based on institutional default rate;
- (2) compliance with new SLS loan limits;
- (3) compliance of institutional disbursement schedules with the new §428G of the Act; and
- (4) SLS eligibility for ability-to-benefit students based on possession of a GED or high school diploma.

Guarantee agencies should note that they must review their existing institutional certification language to determine whether these items are covered and, if they are not covered, provide institutions with addendum language that covers them.

If you have further questions, please contact the Regional Office or the guarantee agency serving your State.

Sincerely,

Robert B. Dunn
Deputy Assistant Secretary for Student Financial Assistance

William L. Moran
Director, Student Financial Assistance Programs

Enclosure