

DEPARTMENT OF EDUCATION**William D. Ford Federal Direct Loan Program; Solicitation of Applications**

AGENCY: Department of Education.

ACTION: Notice of Solicitation of Applications.

SUMMARY: The Secretary of Education invites applications from schools to participate in the William D. Ford Federal Direct Loan (Direct Loan) Program for the 1996–1997 academic year, which is the academic year beginning July 1, 1996. This notice relates to the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, and the Federal Direct PLUS Program, collectively referred to as the Direct Loan Program. On December 29, 1994, the Department of Education published a notice in the **Federal Register** (59 FR 67579) inviting schools to apply to participate in the third year of the Direct Loan Program. That notice included the Secretary's application and selection procedures. However, the version of the application form included with the notice did not contain an expiration date issued by the Office of Management and Budget. The form contained in the appendix to this notice contains this date. Any school wishing to apply to participate in the Direct Loan Program after the date of publication of this notice must use the application form included as an appendix to this notice. If a school has already submitted an application to the Secretary using the form published on December 29, 1994, the school does not have to reapply. Along with the revised application form, the Secretary is republishing the application and selection process for the convenience of schools.

APPLICATION DEADLINE: The deadline date for the transmittal of applications is November 1, 1995.

FOR FURTHER INFORMATION CONTACT: Byron K. Belsler, U.S. Department of Education, 600 Independence Avenue SW., Room 3022, Regional Office Building 3, Washington, DC 20202–5400. Telephone: (202) 708–9406. 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 time, Monday through Friday.

SUPPLEMENTARY INFORMATION: The Omnibus Budget Reconciliation Act of 1993, enacted on August 10, 1993, established the Direct Loan Program under Title IV, Part D of the Higher Education Act of 1965, as amended

(HEA). See Subtitle A of the Omnibus Budget Reconciliation Act of 1993 (Pub. L. 103–66). Under the Direct Loan Program, loan capital is provided directly to student and parent borrowers by the Federal Government rather than through private lenders.

Background

The HEA directed the Secretary to phase in the Direct Loan Program. The HEA provided that the student loan volume made under the Direct Loan Program should represent five percent of the total student loan volume in academic year 1994–1995, the first year of implementation, and 40 percent for the second year of the program (academic year 1995–1996). For academic year 1996–1997, the HEA directs the Secretary to exercise his discretion in the selection of schools so that the loans made under the Direct Loan Program will represent 50 percent of the new student loan volume for that academic year unless the Secretary determines that a higher percentage is warranted by the number of institutions of higher education that desire to participate in the Direct Loan Program that meet the eligibility requirements for participation. See section 453(a)(2) and (3) of the HEA.

Schools participating in the Direct Loan Program transmit and receive loan origination information electronically to and from a Direct Loan Servicer and receive Federal funds electronically. The Secretary provides PC software and mainframe specifications, as well as technical assistance, to schools to facilitate their implementation of the Direct Loan Program.

The standards for institutional participation in the Direct Loan Program for the 1995–1996 and subsequent academic years were published as final regulations on December 1, 1994 (59 FR 61664). See 34 CFR 685.400, and § 685.402. These final regulations were developed after the Secretary received input from the financial aid community and other members of the public through a negotiated rulemaking process and numerous other opportunities for public comment.

Application and Selection Process

The Secretary is directed to increase the loan volume under the Direct Loan Program to 50 percent of the total student loan volume for the 1996–1997 academic year, unless the Secretary determines that a higher percentage is warranted by the number of institutions of higher education that desire to participate in the Direct Loan Program and meet the eligibility requirements for participation.

The Secretary will accept applications from schools to participate in the Direct Loan Program through November 1, 1995. The Secretary will select schools to participate in the Direct Loan Program periodically throughout 1995 and will notify the institutions that are selected individually. The Secretary will publish a final list of the schools selected to participate in the Direct Loan Program after he has evaluated all of the applications received on or before November 1, 1995. The Secretary encourages potential participants to submit applications early. This will provide a school with more time to plan for its transition into the Direct Loan Program and to begin the transition process. Further, a school will be able to take advantage of training opportunities and prepare any campus materials it may choose to use in the Direct Loan Program.

A school that has been selected to participate in the Direct Loan Program for the 1995–1996 academic year, and an eligible school that applied to participate in the program for that year but was not selected, need not submit an application for the 1996–1997 academic year. If an eligible school that applied but was not selected for participation in the second year does not wish to be considered for participation in the third year, it should notify the Secretary.

Solicitation of Applications for Participation in the Direct Loan Program—1996–1997 Academic Year*Purpose of Program*

To provide loans to enable students and parents of students to pay the students' costs of attendance at a postsecondary school. Under the Direct Loan Program, loan capital is provided directly to student and parent borrowers by the Federal Government rather than through private lenders.

Eligible Applicants

Colleges, universities, graduate and professional schools, and vocational and technical schools that meet the definition of an eligible institution under section 435(a) of the HEA.

Deadline for Transmittal of Applications

November 1, 1995.

For Information Contact

Byron K. Belsler, U.S. Department of Education, 600 Independence Avenue SW., Room 3022, Regional Office Building 3, Washington, D.C. 20202–5400. Telephone: (202) 708–9406. Individuals who use a telecommunications device for the deaf