



# Federal Update

Zack Goodwin, U.S. Department of Education  
WASFAA Conference Webinar

**Federal Student Aid**  
An OFFICE of the U.S. DEPARTMENT of EDUCATION

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the AMERICAN MIND®

April 2019

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***Please register:***  
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2 **Federal Student Aid** PROUD SPONSOR of the AMERICAN MIND®



## Negotiated Rulemaking

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**Accreditation Innovation and Other Issues**

- On July 31, 2018, the Department announced its intent to establish a negotiated rulemaking committee
- The Committee began work in January to develop proposed regulations on Accreditation Innovation and other related issues

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**Accreditation Innovation and Other Issues**

- The Department also established three subcommittees that would make recommendations to the Negotiated Rulemaking Committee on:
  - Distance Learning and Innovation
  - Eligibility of faith-based entities and activities
  - TEACH Grants

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**Accreditation Innovation and Other Issues**

- The Distance Learning and Educational Innovation Subcommittee addressed:
  - Simplification of State authorization requirements related to programs offered through distance education or correspondence courses, including disclosures about such programs to enrolled and prospective students and other State authorization issues
  - The definition of "regular and substantive interaction," as that term is used in the definitions of "correspondence course" and "distance education"

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**Accreditation Innovation and Other Issues**

- The definition of the term “credit hour”
- The requirement that an institution demonstrates a reasonable relation between the length of a program and entry-level requirements for the recognized occupation for which the program prepares the student
- Barriers to innovation and student completion, graduation, or employment
- Direct assessment programs and competency-based education

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**Accreditation Innovation and Other Issues**

- The TEACH Grants Subcommittee addressed:
  - The simplification and clarification of TEACH Grant program requirements to:
    - Minimize the inadvertent grant-to-loan conversions and
    - Provide opportunities to correct erroneous conversions

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**Accreditation Innovation and Other Issues**

- Main Committee Session Dates:
  - Jan. 14–16, 2019
  - Feb. 19–22, 2019
  - March 25–28, 2019
  - *April 1–3, 2019*
- Sessions will take place in Washington, DC
- The Department brought specific proposals to the first round of negotiations

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**Accreditation Innovation and Other Issues**

- Subcommittee Session Dates:
  - Jan. 17 – 18, 2019
  - Feb. 12 – 13, 2019
  - March 11 – 12, 2019
- Subcommittee sessions were livestreamed to provide public access

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**Accreditation Innovation and Other Issues**

**CONSENSUS!**

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**Gainful Employment**

- A negotiated rulemaking committee was formed to consider the Gainful Employment rules
- The committee met:
  - Dec. 4-7, 2017,
  - Feb. 5-8, 2018, and
  - March 12-15, 2018
- Negotiations concluded without consensus being reached

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### Gainful Employment

- A Notice of Proposed Rulemaking (NPRM) was published Aug. 14, 2018
  - The comment period ended on Sept. 13, 2018
  - The Department received nearly 14,000 comments
- A final regulation is under development

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### Gainful Employment

- [June 18, 2018 GE EA #116](#): Deadline to comply with requirements of 668.412 (d) and (e) delayed until July 1, 2019. Supersedes GE EA #106. Specifically these regulations require schools to:
  - Include the disclosure template, or a link thereto, in their GE program promotional materials; and,
  - Directly distribute the disclosure template to prospective students
- Consistent with previous announcements, schools must comply with 668.412(a), (b), and (c) to post disclosures on their GE program webpages using the approved disclosure template provided by ED. The deadline for these actions was April 6, 2018.

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### Gainful Employment Disclosure

- Resources for 2018 GE Disclosure:
  - Office of Postsecondary Education (OPE) website: Gainful Employment Disclosure Template
  - [GE Disclosure Template](#)
  - [GE Disclosure Template Quick Start Guide](#)
- Resources for 2019 GE Disclosure:
  - [Federal Register: February 13, 2019](#)
  - Comments due March 15, 2019




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### Gainful Employment

- GE Reporting for the 2017-2018 award year was due Oct. 1, 2018 in the same format as last year
- For assistance with reporting, contact the NSLDS Customer Support Center at 1-800-999-8219 or [nslds@ed.gov](mailto:nslds@ed.gov)

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### Statutory Updates

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### Minibus Appropriations Bill

- On Sept. 28, 2018 the President signed the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 (H.R. 6157; Public Law No: 115-245) which impacted Federal student aid in several ways:
  - Increased Maximum Pell Grant awards
  - Level funding for FWS/FSEOG awards
  - Deferment for Cancer Treatment
  - FAFSA® Data Usage
  - Temporary Extended Public Service Loan Forgiveness (TEPSLF)
  - Public Service Loan Forgiveness (PSLF) Outreach

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### Deferment for Cancer Treatment

- Direct Loan, FFELP, and Perkins Loan borrowers will become eligible for an interest-subsidized deferment for the period of time for which they are receiving treatment for cancer and for the 6-month period following the cessation of such treatment. The term "cancer treatment" is undefined.
- This provision is only available for loans that are disbursed on or after the date of enactment, Sept. 28, 2018, or loans in repayment on the date of enactment
- Loans disbursed prior to Sept. 28, 2018 that have not yet entered repayment are not eligible for this benefit

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### Deferment for Cancer Treatment

- Servicers are currently able to offer temporary forbearance for students who may be eligible for this benefit, at the student's request
- The Department provided servicers with appropriate guidance to help ensure consistent application
- Draft published with comments due by April 1, 2019
  - [Federal Register: February 12, 2019](#)

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### FAFSA Data Usage

- The law permits, but does not require, schools to provide FAFSA data to a scholarship granting organization, or *to an organization that assists the applicant in applying for and receiving Federal, State, local or tribal assistance if:*
  - The applicant has provided explicit written consent, and
  - The disclosure is to assist the applicant in applying for and receiving financial assistance at that school
- The organization cannot sell or otherwise share the FAFSA data they receive from schools under this section
- This provision will remain in effect until the HEA is reauthorized

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### Public Service Loan Forgiveness (PSLF)

- The appropriations law sets aside an additional \$2.3 million from the Student Aid Administrational account (same as in FY 2018) for FSA to perform outreach to all Direct Loan borrowers with respect to PSLF, particularly those who are not in qualifying repayment plans for PSLF
- The law also permits FSA to spend these funds on enhancements to PSLF operations
  - PSLF Help Tool - [StudentLoans.gov/pslf](http://StudentLoans.gov/pslf)

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### TEPSLF

- The appropriations law provides a supplemental \$350 million for the temporary expansion of PSLF for Direct Loan borrowers that was created in FY 2018, bringing the total appropriation to \$700 million
- This expansion is available to those who do not otherwise qualify for PSLF solely because some or all of their payments were made on a non-qualifying repayment plan (such as the Extended Repayment Plan)
- To qualify for the temporary expansion, a borrower must demonstrate that the payment they made 12 months prior to applying for the temporary expansion of PSLF and the payment they made immediately prior to applying for the expansion are at least as much as they would have paid under an income-driven repayment plan

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### TEPSLF

- ED will reconsider borrower eligibility for Public Service Loan Forgiveness (PSLF) using an expanded list of qualifying repayment plans and some payments that don't count toward PSLF may count toward forgiveness under TEPSLF
- Additional qualifying repayment plans include:
  - Graduated Repayment Plan
  - Extended Repayment Plan
  - Consolidation Standard Repayment Plan
  - Consolidation Graduated Repayment Plan
- Refer to [May 23, 2018 Electronic Announcement](#)

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### Children of Fallen Heroes Scholarship

- On March 23, 2018 the President signed the Consolidated Appropriations Act, 2018, (H.R. 1625, Public Law 115-141)
- Amends Sec. 473(b) of HEA and expands special rule for "EFC shall be deemed zero"
- Student must be eligible to receive Pell Grant for the year in which eligibility determination is made beginning with 2018-2019 award year (EFC > 0 and ≤ the maximum EFC for Pell Grant)
- Parent or guardian actively serving as a public safety officer and died in the line of duty while performing as a public safety officer

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### Children of Fallen Heroes Scholarship

- School's responsibility
  - Determine and document, working with the student, that the student met eligibility requirements
  - Documentation requirements are not prescribed but may include
    - Determination letter for certain federal benefits under DOJ's Public Safety Officers Benefit Program
    - Written attestation made by a state or local government official with authority over the individual who died in the line of duty
    - See 11/19/2018 EA for more examples
  - Submit eligibility determination to FSA through the COD System in awards 2018-19 and 2019-20
    - *Eligibility determination validation will move to FAA Access beginning in the 2020-2021 award year*

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### Verification

### Verification

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**Electronic Announcement: January 9, 2019**

- Signed copies of paper tax returns may now be accepted in lieu of documents issued by the IRS
  - Schools may still opt to require IRS documentation
  - Signature requirements for tax preparers continue to apply
- IRS verification of non-filing (VNF) is still required for non-filing parents, independent students and spouses, but a signed statement may be provided if the VNF cannot be obtained
  - Applicants are not required to document their attempt to obtain IRS documents, unless the school doubts the attempt was made

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**Tax Filing Extenders: Documentation**

- A signed statement certifying that the individual:
  - Attempted to obtain non-filing verification from the IRS or other tax authorities and was unable to; *and*
  - Has not filed a Federal income tax return
- A list of the sources of any income, and the amount of income from each
  - If self-employed, the signed statement must also include the AGI and the amount of U.S. income tax paid

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**Tax Filing Extenders: Other Documents**

- Copy of IRS Form 4868, "Application for Automatic Extension of Time to File U.S. Individual Income Tax Return"
- Copy of the IRS's approval of an extension beyond the automatic six-month period
- Copy of IRS Form W-2 for each source of employment income received or an equivalent document

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### Amended Tax Returns

- Individuals who filed an amended tax return must submit the following documents to the institution:
  - If identified by IRS Request Flag 07, all original income and tax information is considered verified
  - If not identified by IRS Request Flag 07, an IRS Tax Return Transcript, or any other IRS tax transcript(s) that include all of the income and tax information required, or a signed copy of the original tax return;

AND

  - a signed copy of IRS Form 1040X that was filed with the IRS
- If the amendment was not due to filing a 1040X, the applicant must provide IRS documentation of the change

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### Identity Theft

- Victims of IRS tax-related identity theft must submit:
  - Statement signed and dated by the tax filer indicating s/he was a victim of IRS tax-related identity theft and the IRS has been made aware;

AND

  - An IRS Tax Return Database View (TRDBV) transcript
    - Tax filers who cannot obtain a TRDBV transcript may instead submit other official IRS document(s) if they include all income and tax information required to be verified, or a signed copy of the tax return

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### Non-IRS Tax Filers

- Tax filers who filed an income tax return with a taxing authority in a US territory or commonwealth, or with a foreign central government, may submit:
  - a copy of a transcript of their tax information, if available free of charge

OR

  - a signed copy of the applicable income tax return that was filed with the taxing authority

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### Changes to IRS Tax Transcript

- New IRS Tax Transcripts Redacted Data
- Effective 9/23/18, IRS tax transcripts display a reduced number of digits/characters for SSN, EIN, account/phone #, last name, address
  - *The revised IRS tax transcript is acceptable for verification purposes*
  - As of the end of 2018 transcripts will no longer be faxed
  - Filers currently can create "customer file numbers" when requesting transcripts via 4506T/T-EZ
    - Available next year for Get Transcripts Online or Online by Mail

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### Changes to IRS Tax Transcript

- New IRS Tax Transcripts Redacted Data
- Spring of 2019, IRS plans to remove option for requesting 3rd-party receipt of tax data on 4506-T/T-EZ and only mail transcripts to taxpayer
    - Schools can receive transcripts directly by participating in IRS' Income Verification Express Services [IVES] by registering for e-Services on IRS.gov

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### Changes to Other IRS Tax Forms

- The recently passed tax reform law changes other IRS tax forms (e.g. Form 1040)
- The IRS released drafts of new tax forms in August 2018
- One major change is the elimination of tax forms 1040A and 1040EZ, and the creation of 6 new schedules
- FSA is reviewing these 2018 tax form changes to see how these changes effect 2020-2021 forms and processes

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# NSLDS Updates

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## New Enrollment Reporting Guide (November 2018)

- See [Electronic Announcement: November 14, 2018](#)

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## Aid Overpayment Compliance Report

- Released in November 2018
- To assist schools in their effort to identify aid overpayments which need to be assigned to ED or updated on NSLDS
- The report can be requested with the following outputs:
  - Ad-hoc report from the Web Report List Page on NSLDS
  - Scheduled report with a monthly or quarterly distribution via SAIG:
    - Fixed-width (Message Class AOCOFWOP)
    - Comma separated values (CSV) (Message Class AOCOCOP)

**ID:** [OVPC1](#) **Type:** Extract  
**Name:** AID OVERPAYMENT COMPLIANCE REPORT

AID OVERPAYMENT COMPLIANCE REPORT Profile Update

SAIG MESSAGE:

FREQUENCY:

SCHOOL BRANCH:

EXTRACT TYPE:

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### Aid Overpayment Compliance Notification

- Emails will be distributed quarterly to schools with active aid overpayments that meet the following criteria:
  - Created more than 2 years (730 days) in the past
  - Status of overpayment:
    - Satisfactory Arrangement (S)
    - Overpayment (Y)
- Email will instruct the recipients to review the OVPCL1 report
- The email will be delivered to:
  - NSLDS Overpayment Contact
  - FAA Designee from eCAR



40 See NSLDS Newsletter #61 Federal Student Aid

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### Supplemental Enrollment Reporting File

- See NSLDS Newsletter #63
- New Supplemental Enrollment Reporting File will allow schools the option to send enrollment data to NSLDS outside of their roster schedule. Schools will be able to provide more timely data updates to NSLDS
  - The new supplemental file will not return an Error/Acknowledgment File
  - Schools will be able to confirm receipt of the Supplemental Enrollment Reporting File on the Enrollment Submittal Tracking page of the NSLDSFAP website
- The new supplemental file does not replace existing enrollment rosters or reporting requirements

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### COD Updates

### COD Updates

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**COD Update –18.0 R2T4 on COD**

- R2T4 migrating to COD
  - Core-functionality and calculations will not change
  - Base year for tool will be 2017-18
    - Data (i.e., calculations, PDFs) will be available for ten years from base-year
  - Calculations and previous information will not transfer to COD
  - Iraq and Afghanistan Service Grant included in tool calculation

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**COD Update –18.0 R2T4 on COD**

- R2T4 enhanced functionality
  - Ability to "override" the completed days in calculation
    - Especially useful for certain modular or non-term credit-hour situations
  - Ability to copy/modify institutional and calendar profiles within an aid year
  - User can recalculate without creating a new record
  - Reports will be consolidated into one file for export
    - Search by award year(s) and Payment Period or Period of Enrollment start/end dates

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**Federal Student Aid Updates and Reminders**

**Federal Student Aid Updates and Reminders**

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### TEACH Grant Reconsideration

1/31/19 – *Electronic Announcement*

- TEACH Grant recipients whose grants converted to Direct Unsubsidized Loans can request reconsideration if met or are meeting four-year teaching requirement within eight-year service obligation period, but had grants converted to loans because did not comply with annual certification requirement
- Week of Feb. 4, 2019, emails were sent to individuals who were eligible to request TEACH Grant reconsideration
  - Emails sent from [noreply@studentloans.gov](mailto:noreply@studentloans.gov)
- More information at - [StudentAid.gov/teach-reconsideration](http://StudentAid.gov/teach-reconsideration)

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### Cohort Default Rates

- The Fiscal Year (FY) 2015 national federal student loan cohort default rate (CDR) decreased to **10.8 percent** from the FY 2014 national rate of 11.5 percent. The FY 2015 CDR represents the lowest national cohort default rate since the three-year rate was first released in 2012
- During the tracking period for the FY 2015 borrower cohort—from Oct. 1, 2014 to Sept. 30, 2017—more than 4.9 million borrowers entered repayment, and 531,653 of them, or 10.8 percent, defaulted on their loans. Those borrowers attended 6,155 postsecondary institutions across the nation
- Draft FY2016 CDRs: *Electronic Announcement: February 25, 2019*
- CDR appeal deadline: April 18, 2019

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### MyFAFSA and FSAID Improvements

3/20/19, 3/22/19 and 3/29/19 – *Electronic Announcements*

- Improvements to MyFAFSA
  - Customized user messaging
  - Removal of "swipe" signature
  - Masking of SSN
- Improvements to FSA ID
  - Login with verified phone number
  - More flexible password requirements
  - Lockout warnings

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**2020-2021 FAFSA**

*4/4/19 – Electronic Announcement*

**Draft 2020-2021 FAFSA**  
– Comments due June 3, 2019

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**School Closures**

Information for students impacted by the closures of Argosy University and the Art Institutes:

<https://studentaid.ed.gov/sa/about/announcements/dream-center>

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**Compliance Check**

*Net Price Calculator*

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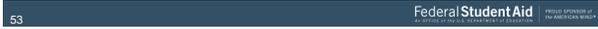
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**FSATraining.info...**

*...will transition to [FSATraining.ed.gov](https://fsatraining.ed.gov)*




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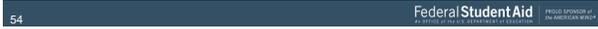
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**2019 Federal Student Aid Training Conference**

We look forward to seeing you at the FSATC in Reno, NV  
Dec. 3 – Dec. 6, 2019 at the Reno-Sparks Convention Center

Watch IFAP for more information  
as the date approaches




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Thank You

Follow-up questions? Contact:  
[AskaFed@ed.gov](mailto:AskaFed@ed.gov)



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