



Federal Update 2018

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Overview

Overview

- Regulatory Reform Agenda
- Statutory Updates
- Perkins Loan Updates
- Disaster Assistance
- Award Year Updates
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Regulatory Reform Agenda

Regulatory Reform Agenda

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Regulatory Reform Agenda

- Borrower Defense to Repayment
- Gainful Employment
- Elimination of Outdated Guidance
- Negotiated Rulemaking



Borrower Defense Implementation

The Secretary respects the role of the court and accepts the court's decision not to preliminarily enjoin the 2016 borrower defense regulation. The Secretary continues to believe the rule promulgated by the previous administration is bad policy, and the Department will continue the work of finalizing a rule that protects both borrowers and taxpayers. The Department will soon be providing further information regarding the next steps for implementation of the 2016 borrower defense regulation.



GE Disclosures – Electronic Announcements

[June 30, 2017 GE EA #106](#): Schools provided additional time to comply with disclosure requirements in accordance with 668.412 (d) and (e) are until July 1, 2018.

[June 18, 2018 GE EA #116](#): Deadline to comply with requirements of 668.412 (d) and (e) delayed until July1, 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 web pages using the approved disclosure template provided by ED. The deadline for these actions was April 6, 2018



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GE Disclosure Resources

The deadline for posting disclosures was April 6, 2018.

GE Disclosure Template
<https://www2.ed.gov/policy/highered/reg/hearulemaking/2009/negreg-summerfall.html>

Quick start guides

Help desk: 855-359-3697, gedt@inovas.net



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GE Reporting

GE Reporting for the 2017-2018 award year was due 10/1/18 in the same format as last year.

For assistance with reporting, contact the NSLDS call center at (800) 999-8219.



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Gainful Employment Negotiated Rulemaking

A negotiated rulemaking committee was formed to consider the Gainful Employment rules.

- The committee met:
- Session 1: December 4-7, 2017,
 - Session 2: February 5-8, 2018, and
 - Session 3: March 12-15, 2018.

Negotiations concluded without consensus being reached.



NPRM – Gainful Employment

August 10, 2018: Notice of Proposed Rulemaking (NPRM) to rescind Gainful Employment regulations – comments were due 9/13/2018.

Specifically, the NPRM proposes to rescind regulations that:

- established program-level eligibility based on Debt-to-Earnings (D/E) ratios among Title IV recipient graduates of GE programs
- required program-level data disclosures on program cost, completion rate, job placement rates and if the program meets licensure, registration or certification requirements in the State in which the school is located



NPRM – Gainful Employment (cont.)

The NPRM requested public comment as to whether or not to amend 34 CFR 668.14 requirement as a condition of a school's Program Participation Agreement program webpage disclosures on program size, completion rate, cost, accreditation, and if the program meets State licensure requirements in the State in which the school is located as well as in any other States that the program are able to work on become licensed.



Elimination of Outdated Guidance

- Identified nearly 1,200 outdated Dear Colleague Letters (DCL)
- Institutions no longer need to follow this guidance
- Marked the applicable DCLs as "*Maintained for Historical Purposes Only*" in IFAP





Negotiated Rulemaking: Intent to Establish a Committee

On 7/31/18, ED published a notice in the Federal Register announcing its intent to establish a negotiated rulemaking committee to develop proposed regulations related to:

- Streamlining ED's accreditor recognition process
- Clarifying ED's requirements of accreditors in performing their oversight role
- Emphasizing the importance of institutional mission in evaluating its policies, programs and outcomes

On 10/15/2018, ED published a notice in the Federal Register inviting nominations for negotiators; nominations are due no later than November 15, 2018



Intent to Establish a Committee (cont.)

Develop proposed regulations related to:

- Defining "job placement rates" to ensure consistency among those agencies that require institutions or programs to calculate and/or publish such rates
- Clarifying and simplifying the requirements regarding state authorization of distance education and correspondence courses
 - [May 25, 2018](#), and [July 3, 2018](#), Federal Registers delayed the effective date for amendments to 34 CFR 600.2, 600.9(c), 668.2, and the addition of 34 CFR 668.50, until July 1, 2020
- Defining "regular and substantive interaction" as it relates to current educational delivery modalities



Intent to Establish a Committee (cont.)

Develop proposed regulations related to:

- Defining the "credit hour"
- Defining the reasonable length of a clock-hour program
- Expanding the opportunity for an institution to contract with a non-accredited entity to provide 50 percent or more of an instructional program
- Developing minimum standards for an approved teach-out plan
- Competency-based, self-paced and direct assessment programs





Intent to Establish a Committee (cont.)

- Develop proposed regulations to:
- Clarify requirements for TEACH Grant recipients and to create procedures for correcting wrongful grant-to-loan conversions
 - Accreditors role regarding the participation of faith-based entities in Title IV programs, HEA programs



Intent to Establish a Committee (cont.)

- ED also intends to establish two subcommittees that will make recommendations to the committee to help address:
- Regulatory changes required to enable expansion of direct assessment programs and competency-based education; and
 - Rules regarding faith-based entities participation in the title IV, HEA programs



Intent to Establish a Committee (cont.)

The July 31, 2018 *Federal Register* notice also announced three public hearings at which interested parties may comment on the topics suggested and may suggest additional topics that should be considered for action by the negotiating committees.

ED accepted written comments on its suggested topics as well as on additional topics that should be considered for action by the negotiating committees through September 14, 2018.



Statutory Updates

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Minibus Appropriations Bill

On September 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).

This impacts Federal student aid in several ways:

- Maximum Pell Grant awards
- No change to FWS/FSEOG levels
- Deferment for Cancer Treatment
- FAFSA Data Usage
- Temporary Extended Public Service Loan Forgiveness (TEPSLF)
- Public Service Loan Forgiveness (PSLF) Outreach
- Perkins Servicing

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2019-2020 Pell

Maximum Scheduled Award: \$6,195

- Increase of \$100 from 2018-2019
- Able to receive up to 150% of scheduled Pell award
- New payment schedules to be released this Fall

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No change to FWS/FSEOG levels

Appropriations have provided (with no changes from the previous award year):

- \$22,475,352,000 for the Pell Grant Program
- \$1,130,000,000 for the FWS Program
- \$840,000,000 for the FSEOG Program

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Deferment for Cancer Treatment

Direct Loan, FFELP, and Perkins Loan borrowers will become eligible for a 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 or loans in repayment on the date of enactment. This means that loans which were previously disbursed but have not yet entered repayment will be ineligible.

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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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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.

Between FY 2018 and FY 2019, there is a separate \$1 billion cap on the total amount of outstanding balances that may be forgiven under the expansion.

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TEPSLF (cont.)

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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PSLF Outreach

The appropriations law sets aside an additional \$2.3 million from the Student Aid Administrative 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, such as a centralized, fully electronic form.

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Omnibus Appropriations Bill

On March 23, 2018 the President signed the Consolidated Appropriations Act, 2018, (H.R. 1625, Public Law 115-141) and provided for the Children of Fallen Heroes Act.

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Children of Fallen Heroes Scholarship Act

- 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 Act

- At time of parent or guardian's death student was:
 - Less than 24 years of age or;
 - Enrolled at an institution of higher education on a part-time or full-time basis
- Partial Pell Grant to full Pell Grant
- Zero EFC used for all other title IV aid
- Further guidance will be forthcoming

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Perkins Loans Updates

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Perkins Awarding

No new Perkins Loans awarded to students after September 30, 2017.

Subsequent disbursements could only be made through June 30, 2018, including for summer 2018, as long as the loan was first disbursed between July 1, 2017 and September 30, 2017.

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Distribution of Assets

The Extension Act requires schools to return to the ED the Federal share of the school's Perkins Loan Revolving Fund (the Fund).

Schools will be notified in late Fall, after the next FISAP deadline: October 1, 2018.

Both contributions and repayments of Fund capital from Federal Government and/or from the school over time are considered in formula.

Refer to [Dear Colleague Letter GEN 17-10](#)

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Distribution of Assets (cont.)

Schools may NOT reimburse themselves for service cancellations.

Section 465(b) of the HEA prohibits the use of funds appropriated for Federal Capital Contribution from being used for cancellation reimbursement.

The Consolidated Appropriations Act, 2018 (Pub. L. 115-141) appropriated funds for Fiscal Year 2018 for the Campus-Based programs, but did not allocate funds for Federal Perkins Loan service cancellation reimbursements.



Consolidation of Perkins Loans

November 1, 2016 Borrower Defense Final Rule (effective 7/1/17) **was not delayed** :

- § 685.220(d)(1)(i) eliminates the requirement that a borrower must have a Direct Loan or FFEL loan to consolidate
- § 685.220(b) allows other loan types such as Perkins Loans and certain loans issued by HHS, to access consolidation, even if the borrower did not also consolidate a Direct Loan or FFEL loan



Perkins Resources

- [Dear Colleague Letter GEN-16-05](#)
- [Dear Colleague Letter GEN-17-10](#)
- [July 11, 2019 Electronic Announcement](#) - Revolving Fund Distribution of Assets and Timelines for 2018–19
- Perkins Liquidation and Assignment resource pages: <https://ifap.ed.gov/ifap/cbp.jsp>
- Federal Student Aid Handbook, Vol. 6, Chap. 5



Disaster Assistance

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Hurricanes and Other Natural Disasters

[Dear Colleague Letter GEN-17-08](#)

[Updated Information Related to the 2018–19 Supplemental Campus-Based Funds and Hurricane Florence](#)

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Campus-Based Funds

- Supplemental Funds for Federal Supplemental Educational Opportunity Grant (FSEOG)
- Distributed September 28th to schools in areas impacted by Hurricane Florence
 - Based on number of Pell Students

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2018 – 2019 Award Year Updates

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FSA Publications Distribution

- After Aug. 30, 2018, we will no longer print or deliver FSA publications (except for the FAFSA form).
- Publications will still be available electronically.
 - FinancialAidToolkit.ed.gov/resources
 - StudentAid.gov/resources
 - IFAP.ed.gov
 - StudentLoans.gov

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IRS Tax Transcript Changes

Effective September 23, 2018, the current format of the individual tax return transcript(s) was replaced with an updated version that redacts sensitive personal identifying information of the tax filer.

At the end of the current calendar year, when taxpayers or third parties call the IRS with a transcript request, the transcript will be mailed to the taxpayer's address of record. The transcript will not be faxed on request to either the taxpayer or a third party.

Spring 2019 IRS plans to remove option for requesting third-party receipt of tax information from the Form 4506-T and 4506-EZ.

[IRS Announced Updated Tax Transcripts Redacting Sensitive Information](#)

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2018-2019 Verification

[GEN-17-05](#): 2018-2019 Verification (5/5/17 Federal Register)
• No changes to verification tracking groups

[August 16, 2017 Electronic Announcement](#): 2018-19 Verification Suggested Text

- Updates:
- Internal Revenue Service (IRS) Data Retrieval Tool (DRT) is available again (masking process)
 - *Dependent students* who are nontax filers **do not** have to provide confirmation of nonfiling status from the IRS or other relevant tax authority
 - Other parties do (parents, independent students, etc.)

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2019 – 2020 Award Year Updates

2019 – 2020 Award Year Updates

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2019-2020 Verification

- [GEN-18-03](#) - 2019-20 Verification (3/28/18 Federal Register)
• No changes to verification tracking groups or FAFSA verification items from 2018-2019
- No changes to the acceptable documentation requirements from 2018-2019
- [July 30, 2018 Electronic Announcement](#) - EDE Technical Reference for the 2019-20 ISIR record layout, including Verification Tracking Flags
- [2019-20 Verification Suggested Text](#) released June 8, 2018

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2019-20 CPS Processing Updates

- Need Analysis
 - Automatic Zero EFC income threshold increased from \$25,000 to \$26,000
- Comment Code 400/401



DHS-SAVE Process

Systematic Alien Verification Entitlement implemented to electronically provide citizenship information to financial aid administrators (FAAs).

FAAs are no longer permitted to submit paper G-845 forms in order to process third-step verification requests related to citizenship.



DHS-SAVE Process (cont.)

Instructions on how to access and use the SAVE system, and links to SAVE system resources, are available on the "DHS-SAVE, Eligible Noncitizen" information page on [IFAP](#)

- [Electronic Announcement, February 26, 2018](#)
- [Electronic Announcement, June 8, 2018](#)
- [Electronic Announcement, September 4, 2018](#)







FSA's Next Generation Financial Services Environment

Federal Student Aid (FSA) has one of the largest consumer loan portfolios in the world. We should deliver for our customers on par with world-class financial services. To do that, we have defined the **Next Generation Financial Services Environment** with **four primary goals**.





FSA's Next Generation Financial Services Environment (cont.)

- 1. **World-class customer experience**, grounded in a mobile-first, mobile-complete, and mobile-continuous environment, to improve customer outcomes
- 2. **Greater operational flexibility** to allow us to more rapidly integrate new capabilities and features
- 3. **Reduce complexity**, improve the stability and resiliency of our systems, and provide more cost-efficient solutions
- 4. **Improve repayment outcomes** and overall portfolio performance





Data Security

- Schools must ensure that its third-party servicers use NSLDS® data only for the Title IV function for which the servicer is contracted to perform on behalf of the institution
- Servicers are prohibited from using NSLDS data for any other purpose
- NSLDS data includes but is not limited to:
 - Any borrower or loan-level information retrieved from NSLDS
 - Usage of the NSLDS websites
 - Receipt of data from NSLDS reports
 - Receipt of data from NSLDS batch distribution (ex. Enrollment Reporting, FAH, etc.)
- ED will initiate an administrative action against schools and their third-party servicer if a the servicer violates this prohibition



2019-2020 Need Analysis Tables

As required in Sec. 482 of the HEA, the 2019-2020 need analysis tables with any modifications, updates, and notices was posted to IFAP, May 17, 2018



Thank you!



Thank you!

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We Appreciate Your Feedback

To ensure quality training we ask all participants to please fill out an online session evaluation:

<https://www.surveymonkey.com/r/ZacharyGoodwin>

This evaluation tool provides a means to inform us of areas for improvement, and to support an effective process for listening to our customers.

Additional feedback about training can be directed to Mark Gerhard at Mark.Gerhard@ed.gov.



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Reach FSA

855.FSA.4FAA.....One number to reach 7 contact centers!

- eZ-Audit School Eligibility Service Group
- COD CPS/SAIG
- NSLDS Nelnet Total & Permanent Disability Team
- G5







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