

# PASFAA Spring Training Federal Update

Amber Johnson  
March 14, 2017

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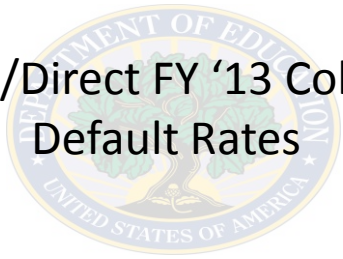
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## FFEL/Direct FY '13 Cohort Default Rates



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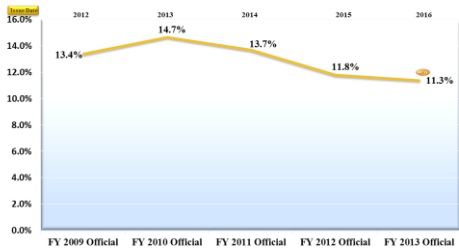
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National Student Loan Default Rates



3

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### FY '13 Cohort Default Rates

#### School Type

School Type and Control	FY '12 CDR	FY '13 CDR
Public – Two Year	19.1%	18.5%
Public – Four Year	7.6%	7.3%
Non-Profit – Two Year	16.1%	16.3%
Non-Profit – Four Year	6.3%	6.5%
For-Profit – Two Year	17.7%	14%
For-Profit – Four Year	14.7%	18.6%
Foreign	3.3%	3.6%

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### FY '13 Cohort Default Rates

#### PASFAA

STATE	FY '12 CDR	FY '13 CDR
Pennsylvania	9.7%	9.2%

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## 2017-2018 Federal Pell Grant Program



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### 2017-2018 Pell Payment Schedules

- Maximum Award - \$5,920
  - Increase from 2016-2017 - \$105
  - Minimum Award - \$595
  - Maximum eligible EFC – 5328
- Payment Schedules – See DCL GEN-16-19
  - October 18, 2016

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### Restoration of Eligibility

- Restore LEU and 2016-2017 TEU for Pell received at a school that closed before the student could complete
- COD (and NSLDS) will be changed in March
- New SARS and ISIRS will be produced
- Special notification to students

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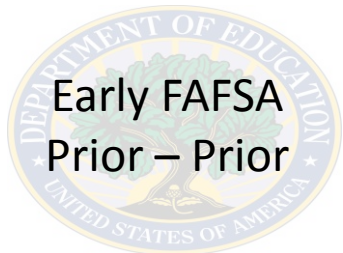
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Early FAFSA  
 Prior – Prior

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## Early FAFSA

- President’s Announcement –
  - FAFSA Start-Up on October 1
  - Use of Prior-Prior Income Data
- Beginning with the 2017-2018 FAFSA
  - October 1, 2016
  - 2015 Tax/Calendar Year for Income

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## CHANGES TO THE FAFSA PROCESS FOR 2017-18

**SUBMIT A FAFSA EARLIER:** Students will be able to file a 2017-18 FAFSA as early as Oct. 1, 2016, rather than beginning on Jan. 1, 2017. The earlier submission date will be a permanent change, enabling students to complete and submit a FAFSA as early as October 1 every year. (There is NO CHANGE to the 2016-17 schedule. The 2016-17 FAFSA will become available January 1, 2016.)

**USE EARLIER INCOME INFORMATION:** Beginning with the 2017-18 FAFSA, students will report income information from an earlier tax year. For example, on the 2017-18 FAFSA, students and parents, as appropriate, will report their 2015 income information, rather than their 2016 income information. The following table provides a summary of key dates as we transition to using the early FAFSA submission timeframe and earlier tax information.

IF YOU PLAN TO ATTEND COLLEGE FROM	YOU CAN SUBMIT THE FAFSA FROM	USING TAX INFORMATION FROM
July 1, 2015–June 30, 2016	January 1, 2015–June 30, 2016	2014
July 1, 2016–June 30, 2017	January 1, 2016–June 30, 2017	2015
July 1, 2017–June 30, 2018	October 1, 2016–June 30, 2018	2015
July 1, 2018–June 30, 2019	October 1, 2017–June 30, 2019	2016

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## Prior-Prior and Early FAFSA

- Verification
  - Use of DRT Will Reduce Selection for Verification
  - Documentation of income/taxes from 2016-2017 can be used for 2017-2018
  - Eliminating Tracking Group V6 (Low Income)

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### Prior-Prior and Early FAFSA

- **Conflicting Information**
  - Occurrences reduced if DRT used for both 2016-2017 and 2017-2018
  - FOTW warnings if 2017-2018 reporting income/taxes not equal to 2016-2017 reported amounts

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### Prior-Prior and Early FAFSA

- **Conflicting Information – The CPS Will –**
  - Perform an automatic review to determine if there might be conflicting information between the two FAFSAs
  - Flag (399) for institutional resolution only those 2017-2018 ISIRs where the potential conflict, once resolved, would have a significant impact on the student’s 2017-2018 EFC. Fewer than 4% selected

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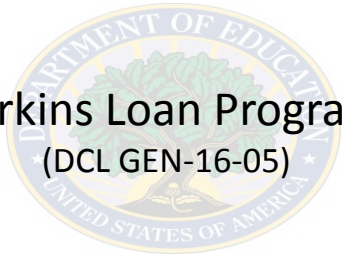
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## Perkins Loan Program

(DCL GEN-16-05)




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### Perkins Loan Program

- Federal Perkins Loan Program Extension Act of 2015.
  - Extends program through September 30, 2017
    - Last Disbursement could be as late as June 30, 2018
  - Effectively eliminates the eligibility for graduate students to receive Perkins Loans.
  - Receipt of Direct Loan requirements on the eligibility for undergraduates to receive a loan

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16

### Perkins Loan Program

- Federal Perkins Loan Program Extension Act of 2015.
  - Requires school disclosures
  - Requires return of federal share of revolving fund

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### Perkins Loan Program

- Federal Perkins Loan Excess Liquid Capital (ELC)
  - Last year schools returned more than \$190 million of Federal Share of ELC
  - This year schools returned more than \$179 million

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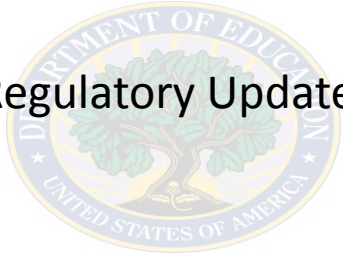
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18

# Regulatory Update



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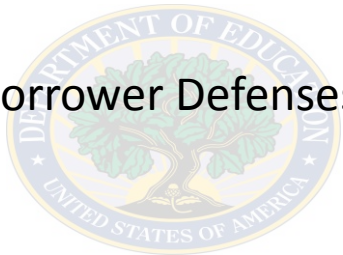
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19

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# Borrower Defenses



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20

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## Borrower Defense

- Negotiated Rulemaking: January 12-14, 2016, February 17-19, 2016, and March 16-18, 2016
- No consensus, although the Department took the Committee's feedback into account when drafting the proposed regulations
- NPRM Published, June 16, 2016
- Final regulations on November 1, 2016

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## Borrower Defenses

- Provides protection to student borrowers against predatory and other harmful practices by institutions
- Clarifies when and how borrowers can obtain loan forgiveness if defrauded or deceived by an institution
- Institution responsible for reimbursing government

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## Borrower Defenses

- Streamlined the process and provide additional communication to potentially eligible borrowers
- ED can initiate a proceeding to recover funds from the institution for loan discharges
- Prohibits the use of mandatory pre-dispute arbitration clauses and class action waivers that deny students their day in court if they are wronged

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## Borrower Defenses

- Requires institutions to post a Letter of Credit if they engage in misconduct or exhibit signs of financial risk
- Requires financially risky institutions and institutions where students have poor loan outcomes to provide clear, plain-language warnings to prospective and current students, and to the public. Applies to for-profit institutions only

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# Direct Loan REPAYE Payment Plan



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## REPAYE Regulations

- Negotiations held February - April, 2015 -- consensus reached on a Revised Pay As You Earn repayment plan (REPAYE) that extends the 10 percent income cap to all borrowers regardless of when they borrowed
- Published final regulations October 30, 2015
- Implemented on December 17, 2015

26

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## REPAYE Regulations

- Extends 10% of income repayment cap to all borrowers regardless of when they borrowed
- Repayment period = 20 years for undergraduate loans and 25 years if graduate loans included
- PAYE still available; not a replacement plan

27

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# Program Integrity Cash Management



28

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## Cash Management Regulations

- October 30, 2015: Final regulations published
- July 1, 2016: Regulations effective
- Ensure that students receiving Title IV, HEA funds:
  - Have convenient access to their funds
  - Do not incur unreasonable financial account fees
  - Are not led to believe they must open a particular financial account to receive their funds

29

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# Correct and Timely Reporting



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### Correct and Timely Reporting

- COD –
  - Program information
- NSLDS –
  - Enrollment, including academic program
  - GE Reporting
- CPS –
  - Professional Judgement
  - Results of V4 and V5 Verification

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### Protecting Student Information

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32

### Protecting Student Information

- Under various Federal and state laws and other authorities, including the HEA; FERPA; the Privacy Act of 1974; the Gramm-Leach-Bliley Act; state data breach and privacy laws; institutions may be responsible for losses, fines and penalties (including criminal penalties) caused by data breaches.

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33

### Protecting Student Information

- DCLs GEN-15-18 and GEN-16-12
- Reminds institutions (and their third-party servicers) of their continuing obligations to protect data used in all aspects of the administration of the Title IV Federal student financial aid programs.

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### Protecting Student Information

- The SAIG Enrollment Agreement includes a provision that the institution –
- Must ensure that all Federal Student Aid applicant information is protected from access by or disclosure to unauthorized personnel

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### Gainful Employment

See DCL GEN-15-12




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The HEA provides that to be Title IV eligible an educational program must:

- Be offered by a public or non-profit institution and leads to a degree; or
- Prepare students for *gainful employment* in a recognized occupation

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### Gainful Employment

- Final rules published on October 31, 2014
- Rules became effective July 1, 2015
- Published Dear Colleague Letter GEN-15-12 summarizing the rules

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### Gainful Employment Measure

- Debt-to-earnings (D/E) rates
  - Annual Earnings D/E rate
  - Discretionary Income D/E rate
- Pass: Annual D/E  $\leq$  8% or Discretionary D/E  $\leq$  20%
- Fail: Annual D/E  $>$  12% and Discretionary  $>$  30%
- Zone: Annual D/E  $>$  8% and  $\leq$  12% or Discretionary D/E  $>$  20% and  $\leq$  30%

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### Gainful Employment Results

- Program’s loses Title IV eligibility if:
  - D/E measures – Fails in two out of three years;
- OR
- D/E measures - Fails or in the zone for four consecutive years

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### GE Results

- On January 9, rates released to schools and to the public (FSA Data Center)
- 8,637 GE programs calculated – 65.72% at for-profit schools, (5,676 programs)
  - 6,595 (76.36%) programs passed – 56.48.% at for-profit schools, (3,725 programs).
- 1,239 programs (14.34%) in the ‘zone’ – 93.95% at for-profit schools, (1,164 programs)

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### GE Results

- 803 programs (9.30%) failed – 98.01% at for-profit schools, 787 programs
- Warning Letters -
  - Within 30 days of notification that a GE program has failed, the school must provide “warning letters” to the program’s current students and to any “prospective students”
    - Letter must advise the student that the program may lose Title IV student aid eligibility after one more year

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### Gainful Employment Disclosures

- New GE Disclosure
- Template Released on January 19
- Must be used no later than April 3, 2017
- In addition to program information, required disclosures include:

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### Gainful Employment Disclosures

- Normal Time to Completion
- Occupations Program Trains For
- Program's Costs
- Number of Students Who Enrolled
- Number of Enrolled Students Who Had Loans
- Median Debt

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44

### Gainful Employment Disclosures

- Median Earnings
- Completion Rates
- GE D/E Earnings Result (Pass, Zone, Fail)
- Job Placement Rates
- Licensure Satisfaction Status

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# Experimental Sites

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46

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## Experimental Sites

- Pell for short-term career programs
- Pell for students with a bachelors degree
- Reduced Unsubsidized Loans
- FWS for High School Tutors
- Prior Learning Assessments
- Limited Direct Assessment

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47

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## Experimental Sites

- Competency Based Education
- “Second Chance Pell” for incarcerated students
- Dual Enrollment – High school and postsecondary
- Additional Loan Counseling

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