

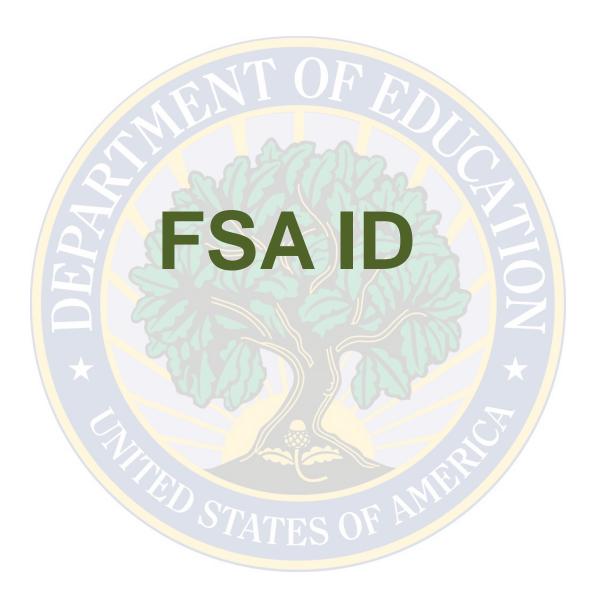
Federal Update

PASFAA Spring Training March 26 & April 1, 2015

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U.S. Department of Education



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FSAID

Issue:

The FSA ID (username and password) will replace PIN for **students**, **parents and borrowers** accessing FSA systems starting on May 10, 2015.

Solution:

FAFSA on the Web will be updated to require users to authenticate with the FSA ID rather than the PIN.

FSAID

The FSA ID (username and password) will replace the PIN for students, parents, and

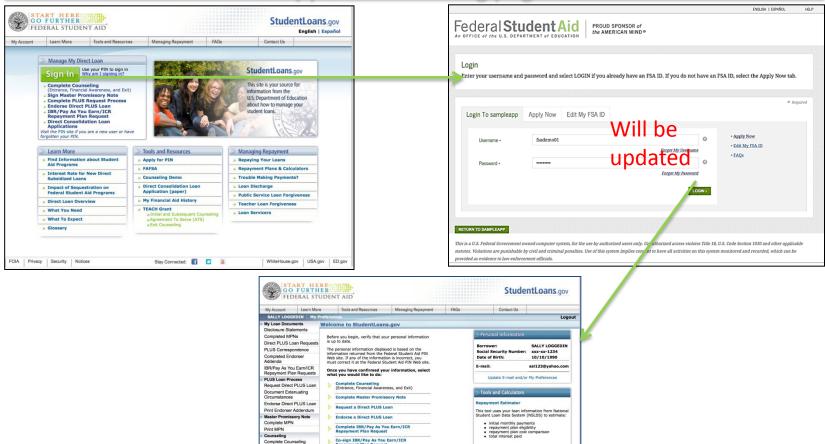
borrowers

- FSA is adopting the best practice of using a username and password instead of personal information
- All FSA Systems
- New and continuing users
- May 10, 2015



Introducing the FSA ID

Users still click the Sign in button. This directs them to the FSAID login page. Once they enter their FSA ID, they are directed back to the application landing page



Communication Strategy

- We will post an announcement about the FSA ID on each impacted website in mid-April 2015. This high-level information will introduce the FSA ID to users but will also reassure them that there is nothing they need to do before the change
- We will also create a new page on <u>StudentAid.gov</u> in mid-April that provides additional information about the upcoming transition to the FSA ID. Once the FSA ID is implemented on May 10, 2015, users who visit the PIN website will automatically be redirected to this page
- After implementation on May 10, 2015, users who arrive at the impacted websites will be directed to a link to register for their new FSA ID. The registration process should take less than seven minutes

Matching a PIN to FSA ID

- During the FSA ID registration process, an individual who already has a PIN with a successful match from the Social Security Administration (SSA) will have the option to link that PIN to their new FSA ID
- If an individual does not link to a "matched" PIN during the FSA ID registration process, they will have limited use of the FSA ID until the SSA confirms their personal identifiers (1-3 days)

FSA ID Resources

- October 1, 2014 Electronic Announcement
 (http://ifap.ed.gov/eannouncements/100114NewFSAIDto
 ReplacetheFederalStudentAidPIN.html
- 2014 FSA Training Conference Session #57
 (http://fsaconferences.ed.gov/)
- January 12, 2015 Electronic Announcement (http://ifap.ed.gov/eannouncements/011215FSAIDInformationCommunicatingtheTransitiontoStudents.html)

150% Direct Subsidized Loan Limit

- Interim Final Regulations published May 16, 2013
- Revised Final Regulations published January 17, 2014



First-Time Borrower

Applies only to first-time borrowers as of July 1, 2013:

Student who has no outstanding balance on a FFEL or Direct Loan when receiving a Direct Loan on or after July 1, 2013.

Example A

Student has never borrowed before

Student enrolls in August 2013 Student receives a Direct Loan

Student is a first-time borrower

Example B

Student received FFEL and Direct Loans prior to July 1, 2013 Student pays off all FFEL and Direct Loans in 2015

Student enrolls in 2017

Student receives a new Direct Loan in 2017

Student is a firsttime borrower



Subsidized Loan Limit

Students maximum time to receive subsidized loans is established based on the length of the program the student is enrolled in

Remaining subsidized eligibility is calculated by subtracting from maximum eligibility for the program, the time the student has already received subsidized loans for enrollment in any program

Consequence: Eligibility Loss

Borrower loses eligibility for additional Direct Subsidized Loans when borrower has received Direct Subsidized Loans for 150% of their current academic program.

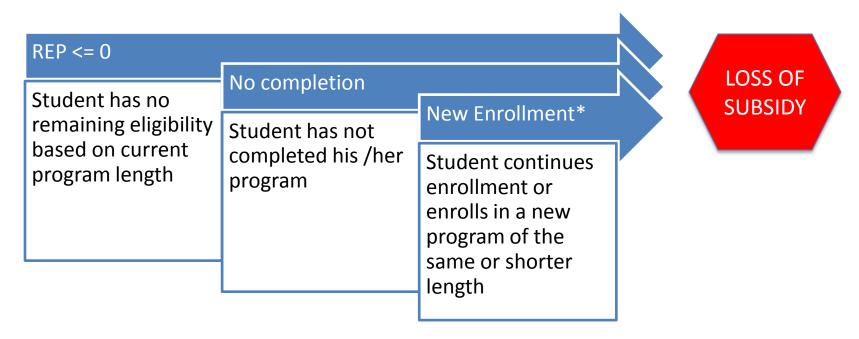
Generally measured in time, not dollars.

If eligibility is lost, borrower still eligible for Direct Unsubsidized Loans.



Loss of Interest Subsidy

Students can lose interest subsidy on existing Direct Subsidized Loans in certain conditions:



*Subsidy loss is effective on the date of the triggering enrollment.



Academic Year and Loan Periods

- GEN-13-13
 - Schools must update and report corrections to Direct Loan academic year and loan period dates in COD for ALL Direct loans first disbursed on/after July 1, 2013
 - Provides 13 examples in standard term and nonterm program situations
- Electronic Announcement August 22, 2014
 - When adjusting a disbursement to \$0, COD Reject Edit 205 (Payment Period Start Date outside Award Begin/End dates) is preventing schools from making loan period adjustments
 - Workarounds provided for EDExpress & 3rd-party software
 - COD System fix in spring 2015



Academic Year and Loan Periods

- Applies to ALL Direct Loans first disbursed on or after July 1, 2013
- Applies to ALL Direct Loan types
- Applies to ALL students
- Applies to ALL eligible programs and coursework

ED will monitor compliance with loan period and academic year date reporting

ED Responsibilities

- ED Responsibilities (NSLDS/COD/CPS)
 - Calculating a 1st-time borrower's maximum eligibility period;
 - Calculating a 1st-time borrower's subsidized usage periods;
 - Determining if 1st-time borrower has eligibility & how much;
 - Determining if a 1st-time borrower loses interest subsidy

150% DL Sub Limit Resources

- 150% Direct Subsidized Loan Limitation Website
 - IFAP.ed.gov (right-hand side)
 - http://ifap.ed.gov/150PercentDirectSubsidizedLo anLimitInfo/index.html
 - Contains:
 - Federal Registers; DCLs and EAs; Q & As; Training materials; Additional resources and references
 - Questions
 - 150Percent-Questions@ed.gov



Enrollment Reporting



Enrollment Reporting

- All schools must have implemented the new enrollment reporting processes and file layouts by October 1, 2014
 - As of February 1, 2015, the National Student Loan Data System (NSLDS), no longer accepts enrollment reporting files in file layout formats that are older than those posted to the Information for Financial Aid Professionals (IFAP) Web site on February 27, 2014

Enrollment Reporting Frequency

Beginning July 1, 2014, ED will request enrollment information from schools *every 60 days* and schools will be required to *respond to those requests within 15 days* of the date that ED sent the enrollment reporting roster to the school

 Schools may choose to receive reports more frequently

Failure to Report

- Failure to begin reporting under the new enrollment reporting requirements by October 1, 2014 will likely result in:
- Enrollment records being rejected by NSLDS
- School being out of compliance
- Potential sanctions
- Potential overaward of Subsidized loans
- Loss of interest subsidy
- Improper loan servicing

COD Updates - March 29, 2015

- COD will allow COD Web users to create and submit a Subsidized Usage inquiry to FSA for Subsidized Usage cases that require FSA intervention and can't be resolved by a school
 - Done via new Create Subsidized Usage Inquiry page

COD Updates - March 29, 2015

- COD will introduce a Subsidized Usage Calculator on COD Web
 - Users will be able to enter loan data and estimate the students' subsidized usage based upon the information entered and the loans existing on the COD System
 - Will allow the user to model potential impacts to the student's subsidized usage and eligibility
 - Actions taken via the Subsidized Usage Calculator will NOT result in any changes to the student's loans on the COD System

Enrollment Reporting Resources

- Dear Colleague Letter GEN-14-01
 (http://ifap.ed.gov/dpcletters/GEN1407.html)
- Dear Colleague Letter GEN-14-17
 (http://ifap.ed.gov/dpcletters/GEN1417.html)
- Electronic Announcement, September 26, 2014
 http://ifap.ed.gov/eannouncements/092614ReminderPrgm-LevelEnrollmentReportingRequirement.html)
- Electronic Announcement, December 23, 2014
 (http://www.ifap.ed.gov/eannouncements/122314ComplianceProgramLevelEnrollmentReportingNSLDS.html)
- NSLDS Enrollment Reporting Webinars held on <u>July 15</u> and 16 and 30 and 31





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

A public or non-profit postsecondary educational institution and leads to a degree; or

Any institution and "to prepare students for gainful employment in a recognized occupation"

- Generally, all nondegree programs must lead to gainful employment
- Generally, all programs at for-profit institutions must lead to gainful employment

Gainful Employment - Regulations

- Notice of Proposed Rulemaking (NPRM)
 - Federal Register March 25, 2014
 - OPE Website with discussions and materials associated with GE negotiated rulemaking:
 - http://www2.ed.gov/policy/highered/reg/hearul emaking/2012/gainfulemployment.html
- Final Federal Register published on October 31, 2014
 - Effective date is July 1, 2015

Which Programs are GE Programs

- At proprietary institutions, all programs are GE Programs except for –
 - Preparatory coursework necessary for enrollment in an eligible program
 - Bachelor's degree programs in liberal arts offered since January 2009 that are offered by a proprietary institution that has been regionally accredited since October 2007

Which Programs are GE Programs

- At public institutions and not-for-profit institutions, all programs are GE Programs except for —
 - Programs that lead to a degree
 - Programs of at least two years in length that are designed to be fully transferable to a bachelor's degree program
 - Preparatory coursework necessary for enrollment in an eligible program (loan only)

Which Programs are GE Programs

- GE Programs include
 - Teacher certification programs leading to a certificate awarded by the institution
 - English as a Second Language programs
- GE Programs do <u>not</u> include
 - Teacher certification coursework that does not lead to a certificate awarded by the institution
 - Preparatory coursework necessary for enrollment in an eligible program (loans only)

Gainful Employment Measure

- Debt-to-earnings (D/E) rates
 - Annual Earnings D/E rate
 - Discretionary Income D/E rate
 - Passing: Annual D/E < = 8% or Discretionary
 D/E < = 20%
 - Failing: Annual D/E > 12% or Discretionary > 30%
 - Zone: Annual D/E > 8% and < = 12% or Discretionary D/E > 20% and <= 30%



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

Gainful Employment - Disclosures

Court left regulations (34 CFR 668.6(b)) in place that require schools to disclose certain GE Program data

- Schools <u>must use the Department's GE Disclosure</u>
 <u>Template</u> to provide all GE disclosures
 - Schools must update their GE program disclosures with 13-14 information no later than <u>January 31, 2015</u>
 - GE Electronic Announcement #50 (9/11/14)
- Template updates include: improved printing capabilities, updated SOC codes, optional context boxes, graduate certificate option, school name on output screen, bulk upload tool used if certain criteria met with different length programs
- Technical questions: (855) 359-3697 or gedt@inovas.net



Disclosure Availability

- Post the Template on your institution's Web page
- Prominently display direct links to the Template on:
 - The GE program home page
 - Other institutional Web pages about the GE program
- Include the Template in all promotional materials about the GE program
 - Promotional materials include invitations, ads, course catalogs, social media, etc. that mention or otherwise refer to a specific GE program
 - If not feasible to include the Template, include a live link or URL to it and clearly explain what is available at that Web page



Disclosures Under New Final Rules

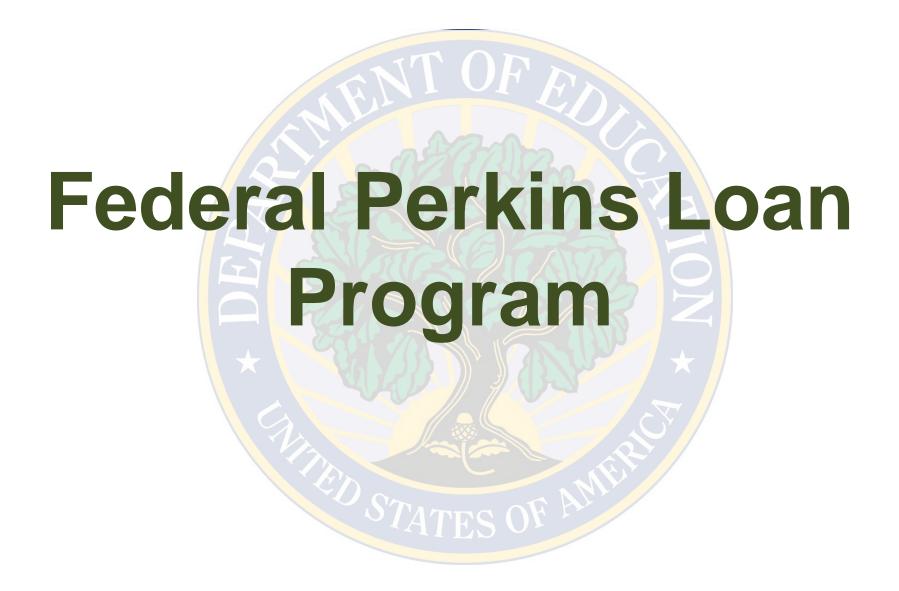
- Through December 31, 2016, current disclosure requirements remain in effect
- Institutions must comply with new disclosure requirements (October 31, 2014 Final Rules) beginning January 1, 2017
 - conduct consumer testing, hold focus groups and prepare new disclosure template

GE Resources

- GE Information Page on IFAP
 - Federal Register Notices; DCLs; Electronic Announcements; FAQs; Webinars; Presentations; Resources
 http://www.ifap.ed.gov/GainfulEmploymentInfo/indexV2.html
- GE presentations at the FSA Training Conference
 - Fsaconferences.ed.gov sessions #GS1, 30, 58
- EA 1/9/14 (GE #51) Updated NSLDS Gainful Employment Submittal File Record Layouts
- EA 2/11/15 (GE #52) NSLDS Functionality Now Available for Voluntary GE Reporting
- ANN-15-01 Webinar Recording– GE Reporting (http://ifap.ed.gov/dpcletters/ANN1501.html)

Send questions to GE-Questions@ed.gov





Federal Perkins Loan Program

- Narrow "grandfathering" provision that allows schools to make Federal Perkins Loans to certain students for up to five additional years to enable students who received loans for award years that ended prior to October 1, 2015 "to continue or complete their courses of study"
 - Students who received his or her first Perkins Loan for the 2015-2016 final award year of the program will not be an eligible grandfathered student

Federal Perkins Loan Program

ALL CONDITIONS MUST BE MET!

- The school made at least one Perkins Loan disbursement to the student on or before June 30, 2015
- The student is enrolled at the same institution where the <u>last</u>
 Perkins Loan disbursement was received
- The student is enrolled in the same academic program for which the student received his or her <u>last</u> Perkins Loan disbursement
- Can be made to an otherwise eligible grandfathered student to meet all or some of the student's unmet need <u>only</u> after the student has been awarded all Direct Subsidized Loan aid for which the student is eligible

Federal **Student**



Final Rules – Direct PLUS Loans

- NPRM published 08/08/14
- Final Rule published 10/23/14 effective 07/01/15
- Early implementation published 01/14/15 is March 29, 2015
- Key elements
 - New definitions for "charged off" and "in collection"
 - Amends what is considered adverse credit history
 - Requires PLUS loan counseling for approved borrowers with extenuating circumstances or an endorser
 - Extends validity of credit check from 90 to 180 days
 - ED will collect and publish performance of PLUS loans, including default rate information

"Charged Off" and "In Collection"

- Charged off a debt that a creditor has written off as a loss, but that is still subject to collection action
- In collection a debt that has been placed with a collection agency by a creditor or that is subject to more intensive efforts by a creditor to recover amounts owed from a borrower who has not responded satisfactorily to the demands routinely made as part of the creditor's billing procedures

Adverse Credit History

- One or more debts with total outstanding balance greater than \$2,085
 - That are 90 or more days delinquent as of date of credit report; OR
 - That have been placed in collection or charged off during two years preceding date of credit report

OR

 Subject of default, bankruptcy discharge, foreclosure, repossession, tax lien, wage garnishment or write-off of a debt under title IV during the five years preceding date of credit report

Required PLUS Loan Counseling

- PLUS loan counseling required for borrowers who have adverse credit history and successfully
 - document extenuating circumstances; OR
 - obtain an endorser (with no adverse credit history)
- Counseling will
 - include information on borrowers' current loan indebtedness
 - provide estimated loan repayment amounts
 - describe ways to avoid delinquency and default
 - provide additional financial aid literacy information
 - be provided by ED

Voluntary PLUS Loan Counseling

- Designed to enhance consumer information for PLUS applicants
- Some items that will be included
 - Calculator that will allow borrowers to estimate future required monthly payment amount under various repayment plans
 - Tools to assist borrowers in determining how factors such as taking out additional PLUS loans or deferring repayment affect required monthly repayment and total amount repaid
 - Available repayment plans for student and parent PLUS borrowers
 - Budgeting information emphasizing borrowing only minimum amount needed
 - Strategies for avoiding delinquency and default
- Available prior to start of the 2015-2016 academic year

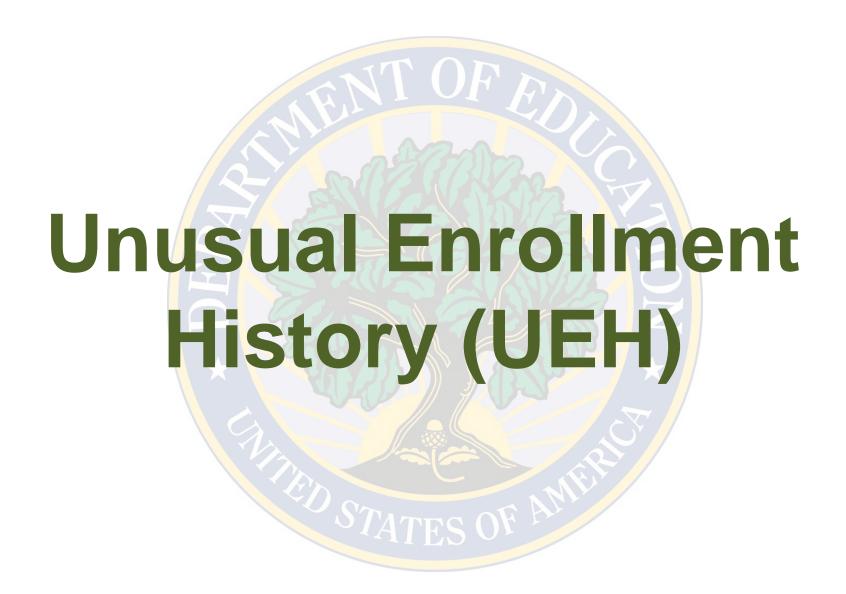


Validity of Credit Check

- Credit check indicating no adverse credit history will remain valid for 180 days instead of 90 days
- Any action that would normally trigger a credit check will not do so if prior credit check with no adverse credit obtained within past 180 days
- Will implement as soon as possible and inform community of effective date through IFAP

Performance of PLUS Loans

- Will collect and publish (where appropriate) information about performance of parent and student PLUS loans, including
 - Default rate information based on credit history characteristics of PLUS loan applicants and
 - Individual institutional default rates





Dear Colleague Letters

GEN-15-05 – 2015-16 Unusual Enrollment History Flag 2015-2016 UEH Flag has expanded to consider–

- An applicant's prior receipt of, in addition to a Federal Pell Grant, a Federal Direct Loan (not including Direct Consolidation Loans or parent PLUS Loans)
- The prior *four*, instead of three, award years
 - For 2015-2016, UEH Flag evaluation includes the 2011-2012, 2012-2013, 2013-2014, and 2014-2015 award years
- A school may self-select a student for UEH (not selected by ED) if suspect enrollment problems
 - Self-selected students treated as if have UEH 3 flag
 GEN-13-09 provides full institutional resolution guidance



- UEH Flag value is 'N': No action is necessary
- <u>UEH Flag value is '2'</u>: Must review student's enrollment and financial aid records to determine if, during the 4 award year review period (11/12, 12/13, 13-14, 14/15), student received a **Pell Grant and/or Direct Loans** at institution performing the review
 - If so, no additional action is required unless reason to believe student is one who remains enrolled just long enough to collect student aid funds. In this case, must follow guidance provided for a UEH Flag of '3'.
 - If not, must follow guidance provided for UEH Flag of '3'

- <u>UEH Flag value is '3'</u>: Review student's academic records to determine if student *received academic credit* at institutions student attended during the **4 award year period** (11/12, 12/13, 13/14, 14/15)
 - Identify institutions where the student received Pell Grant and/or DL funding over past 4 award years through NSLDS
 - Must determine (through transcripts or grade reports), for each of the previously attended institutions, whether academic credit was earned during the award year in which the student received Pell and/or Direct Loan funds
 - Academic credit is considered earned if academic records show student completed any credit hours or clock hours



UEH Flag value is '3':

- Academic Credit Earned: If determined student earned any academic credit at <u>each</u> of the previously attended institutions during the relevant award years, no further action is required *unless* institution has other reasons to believe student enrolls just to receive credit balances
 - If it is determined that academic credit was NOT earned <u>at one or more</u> of the previously attended institutions OR the school had reasons to believe student just enrolls for TIV funds, the institution must follow the "Academic Credit Not Earned" guidance

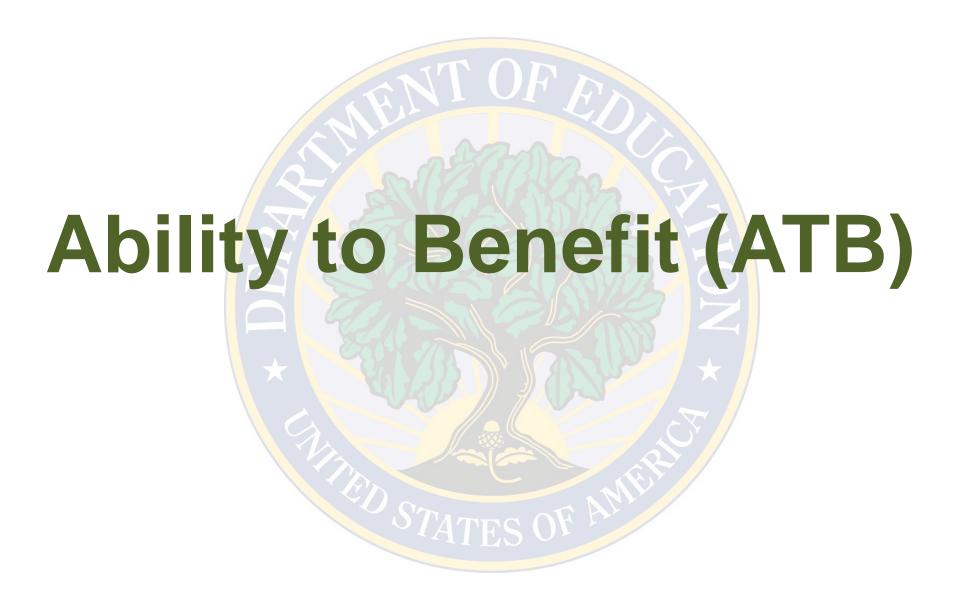
- UEH Flag value is '3':
 - Academic Credit NOT Earned: If student did not earn academic credit at a previously attended institution, including current school, must obtain documentation from student explaining why failed to earn academic credit
 - Must determine whether the documentation supports
 - (1) the reasons given by the student for the student's failure to earn academic credit; and
 - (2) student did not enroll only to receive credit balance funds
- Institutional determinations are final and not appealable to the Department, and reasons for the decision must be documented and maintained for possible review



- Approval of Continued Eligibility
 - If school approves student's continued eligibility, may:
 - Require student to establish academic plan, like (SAP),
 - Counsel student about the impact of the student's attendance pattern on future Pell and DL eligibility
- Denial of Continued Eligibility
 - If a student did not earn academic credit and does not provide acceptable explanation and documentation, school <u>must deny</u> student any additional Title IV
 - Student must be provided an opportunity to question and appeal decision, similar to SAP appeals



- Regaining Aid Eligibility
 - Provide student information on how to regain title IV eligibility
 - expected that successful completion of academic credit would form the basis for the student's subsequent request for renewal of title IV eligibility
 - could include meeting requirements of an academic plan
- Authority
 - 484(a)(4)(A) of the Higher Education Act of 1965
 - requires student to sign a Statement of Educational Purpose
 - by signing Statement of Educational Purpose (FAFSA), student certified would use title IV aid only to meet educational costs





Ability to Benefit (ATB)

- The Consolidated and Further Continuing Appropriations Act, 2015 reinstated the ATB alternatives for Title IV student eligibility for students enrolled in "career pathway programs"
 - Applies to students who are enrolled or who first enroll in an eligible program of study on or after July 1, 2014
 - Pell limitations for students who first enroll in an eligible program on or after July 1, 2015
 - OPE and OGC are currently reviewing the law and will provide detailed guidance to schools in the near future Stay tuned to IFAP!



DEFAULT RATES

National Default Rates

- On February 23, 2015, the Department electronically distributed FY 2012 Draft Cohort Default Rates (CDR) to all eligible schools
- Time period for challenging a school's FY 2012 3-Year Draft Cohort Default Rates (34 C.F.R. Part 668, Subpart N) began on Tuesday, *March* 3, 2015 for all schools

National Default Rates

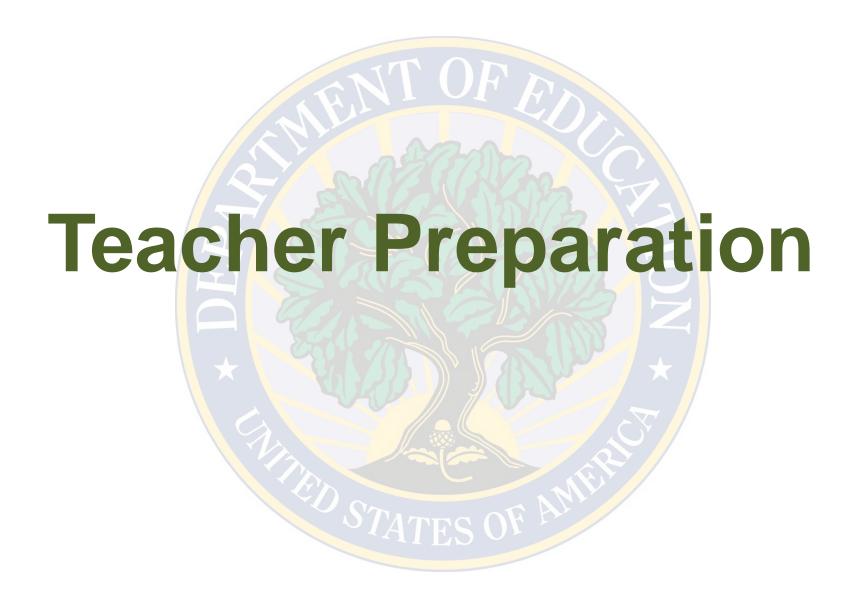
 This year schools will be subject to loss of eligibility based on a school's 3-year rates

- Schools are subject to loss of eligibility if they have:
 - CDR greater than 30% for 3 years OR
 - 2012 3-Year CDR greater than 40% for one year

Default Management Resources

- Default Prevention Resource Webpage
 - www.ifap.ed.gov/DefaultPreventionResourceInfo/index.html
 - Right-hand side of IFAP website
- Default Prevention questions can be sent to:
 - defaultpreventionassistance@ed.gov
- Default Management Website <u>www.ifap.ed.gov/DefaultManagement/DefaultManagement.html</u>
- Cohort Default Rate questions should be directed to:
 - (202) 377-4259; fsa.schools.default.management@ed.gov
- Default Prevention and Management Course
 - <u>fsatraining.info</u> (under training by topics)







Teacher Preparation

- Teacher Preparation Negotiated Rulemaking Committee
 - Negotiations held in 2012
 - Consensus not reached
 - ■Posting of NPRM was announced on November 25th
 - •NPRM published in the Federal Register on December 3
 - •60 days for public comment



Teacher Preparation

- Other changes in proposed rule
 - Performance ratings at program, rather than institutional, level
 - Minimum of four performance levels for programs
 - Restricts TEACH Grant eligibility to programs rated "effective" or higher in two of three reporting years, at least satisfactory student learning outcomes to ensure TEACH Grants are provided for quality programs

Teacher Preparation

- Timing under the proposed rule
 - Oct 2017: Institutions begin reporting under new framework based on data from 2016-17
 - April 2018: States submit pilot report
 - April 2019: State reports must use new indicators to determine ratings
 - July 2020: New ratings begin to determine TEACH Grant eligibility



Pay As You Earn Expansion

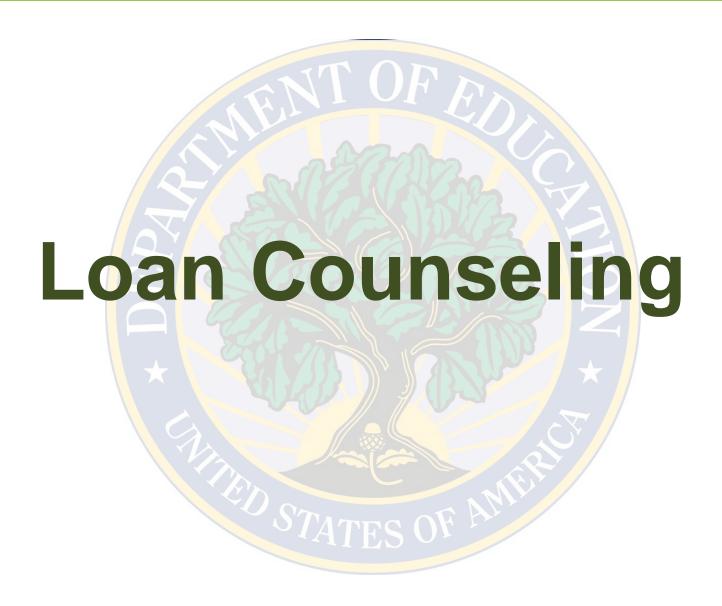
- Federal Register Notice published Sept. 3, 2014
- We propose to develop regulations that:
 - Allow more students the opportunity to cap their monthly student loan payments at 10%

 Target the new PAYE option to borrowers who would otherwise struggle to repay their student loans

Pay As You Earn Expansion

- Planned Negotiated Rulemaking on Expansion of PAYE Repayment plan
- Two public hearings held earlier this year in Washington, DC and Anaheim, CA
- Federal Register Notice inviting negotiator nominations published December 19, 2014
- The committee will meet for three sessions:
 - February 24 February 26, 2015
 - March 31 April 2, 2015
 - April 28 April 30, 2015





Department of Education Contacts

Research and Customer Care Center

800.433.7327

fsa.customer.support@ed.gov



Reach FSA

NSLDS

G5

855.FSA.4FAA -- 1 number to reach 10 contact centers!

Campus Based Call Center eZ-Audit

COD School Eligibility Service Group

CPS/SAIG Foreign Schools Participation Division

Research and Customer Care Center

Nelnet Total & Permanent Disability Team

Training

- ANN-14-15; ANN-14-18; ANN-14-19; ANN-14-26 Online training modules Institutional Eligibility;
 Completing the FISAP; Consumer Information and R2T4
 - available on FSA E-Training Website <u>fsatraining.info</u>
- 2014 FSA Training Conference presentations/recordings
 - fsaconferences.ed.gov

Training Feedback

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

- Go to https://www.surveymonkey.com/s/AmberJohnson
 - Evaluation form is specific to Trainer Name
- This feedback tool will provide a means to educate and inform areas for improvement and support an effective process for "listening" to our customers
- Additional feedback about training can be directed to annmarie.weisman@ed.gov; 215-656-6456



Questions?

Contact me with follow-up questions about this session:

Amber Johnson-Federal Training Officer

Amber.johnson@ed.gov; 215-656-5998

