

Federal Update

Amber Johnson | March, 2016
U.S. Department of Education
PASFAA Spring Training

Agenda

Regulatory Update	Perkins Loan Program
Prior Prior Year	GE
2016-17 Processing Update	Dear Colleague Letters
CDRs	Electronic Announcements

Regulatory Update

Recent & Upcoming Regulatory Efforts

- Program Integrity and Improvement (Cash Management)
- Teacher Preparation
- Borrower Defenses

Program Integrity and Improvement

- Final regulations published in October 2015
- Effective July 1, 2016
- Cash management
 - Debit card provisions
 - Other cash management-related changes

Program Integrity and Improvement

Cash management provisions ensure students

- Have convenient access to their Title IV, HEA program funds
- Do not incur unreasonable and uncommon financial account fees
- Are not led to believe they must open a particular financial account to receive their Federal student aid

Need for Regulatory Action

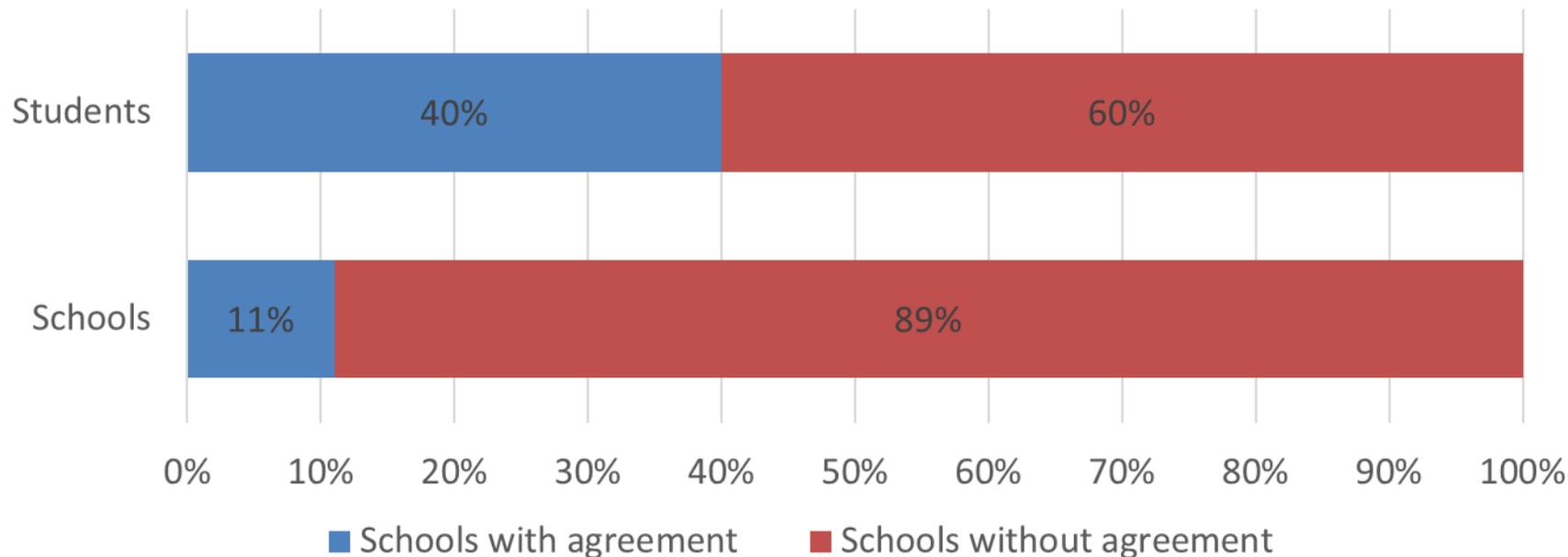
Proliferation of Campus Cards

- Passage of CARD Act restricting credit card marketing, preferred lender lists, declining State funding
- Widespread increase of debit and prepaid card agreements
- Marketed as way for students to receive credit balance refunds
- Typically on student IDs or co-branded cards

Government and Consumer Investigations

- 2012 USPIRG report identified several troubling practices in this market
- Later confirmed by Government Accountability Office, ED Inspector General, Consumers Union
- Enforcement actions by FDIC, Federal Reserve
- Troubling practices included unfair fees, misrepresentation, and transmission of private student information without consent

Impact of Agreements



Source: Government Accountability Office

Debit Card Provisions

Overview of Regulations

Require
convenient
access to aid

Prohibit fees
uncommon in
market

Require
disclosures

Other updates
to modernize

Most provisions
effective July 1,
2016

Two provisions
delayed until
2017

Who is covered?

Tier 1 (T1) Arrangement

- U.S. school with third-party servicer;
- Servicer processes Title IV aid; and
- Aid disbursed to contracted account; or
- Information about contracted account is provided to student

Tier 2 (T2) Arrangement

- U.S. school that has a contract with provider;
- Provider is not a third-party servicer;
- One or more Title IV credit balance recipient(s); and
- Product is marketed to students through school communication, student IDs, or co-branded cards

Overview of new requirements

All T1 and T2

Student choice menu

No automatic opening of accounts

Privacy restrictions

Contract disclosure

All T1

ATM network

Fee restrictions

Contracts negotiated in best interest of students

Average student cost disclosure

T2 (more than de minimis)

Fee-free ATM

Contracts negotiated in best interest of students

Average student cost disclosure

Other Cash Management Provisions

Overview of Changes

Prohibit practices that risk loss of Federal funds, sweeps

Reimbursement/HCM: must pay credit balances before requesting funds

Eliminate investment accounts

Adopt OMB guidance for interest-bearing depository accounts

Provide flexibility for foreign-school depository accounts

Credit account to pay only for allowable charges associated with the payment period

Cost of books and supplies can be included as part of tuition and fees

Provide flexibility for prior-year charges

Third-party servicers must confirm eligibility if they conduct certain activities

Reimbursement/HCM: cannot hold credit balances, even with authorization

Other Program Integrity and Improvement Provisions

- Clarify how previously passed coursework is treated for Title IV eligibility purposes
- Streamline requirements for converting clock hours to credit hours

Violence Against Women Act (VAWA)

- Signed by President on March 7, 2013
- Final rules published on October 20, 2014
- Regulations became effective July 1, 2015

Violence Against Women Act (VAWA)

Requires institutions to

- Maintain statistics on dating violence, domestic violence, sexual assault, and stalking
- Provide prevention and awareness campaigns and describe them in annual security reports

Violence Against Women Act (VAWA)

- Requires institutions to provide
 - Prompt, fair, and impartial disciplinary proceeding
 - Requirements governing that proceeding
 - Information and support services to victims
- ED revising Clery Handbook to reflect VAWA regulations

Borrower Defenses

- Two September 2015 public hearings in Washington and San Francisco
- Federal Register Notice announcing negotiator nominations and schedule of committee meetings published on October 20, 2015
- Negotiator nominations were due November 19, 2015 (33 nominations received)

Borrower Defenses

- Negotiations held
 - January 12-14, 2016
 - February 17-19, 2016
 - March 16-18, 2016
- Anticipate publishing
 - Proposed rules this summer
 - Final rules by November 1, 2016

Borrower Defenses

Negotiated Rulemaking Committee will consider

- Procedures for borrower to establish defense to repayment
- Criteria that will be used to identify acts or omissions of an institution that constitute defenses to repayment
- Standards and procedures that ED will use to determine school liability for amounts based on borrower defenses
- Effect of borrower defenses on institutional administrative capability assessments

Prior-Prior Year (PPY) & Early FAFSA Submission

Early FAFSA Submission

President's Announcement

- FAFSA Start-Up on October 1
- Use of Prior-Prior Year (PPY) income data
- Beginning with 2017-18 FAFSA
 - October 1, 2016
 - 2015 tax year

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

PPY and Early FAFSA Considerations

- Outreach
- Professional Judgment
 - GEN-16-03 reminds schools of PJ authority under HEA Sec 479A
- Verification
- Conflicting Information

PPY – What ***ISN'T*** changing...

When

- Pell amounts are finalized/announced
- Pell charts are released
- Pell origination/disbursement records can be sent to COD
- Pell funds will be available in G5
- award letters may be sent to students



Sec. 482 of the HEA

2016-17 Processing Update

FAFSA – List of Schools

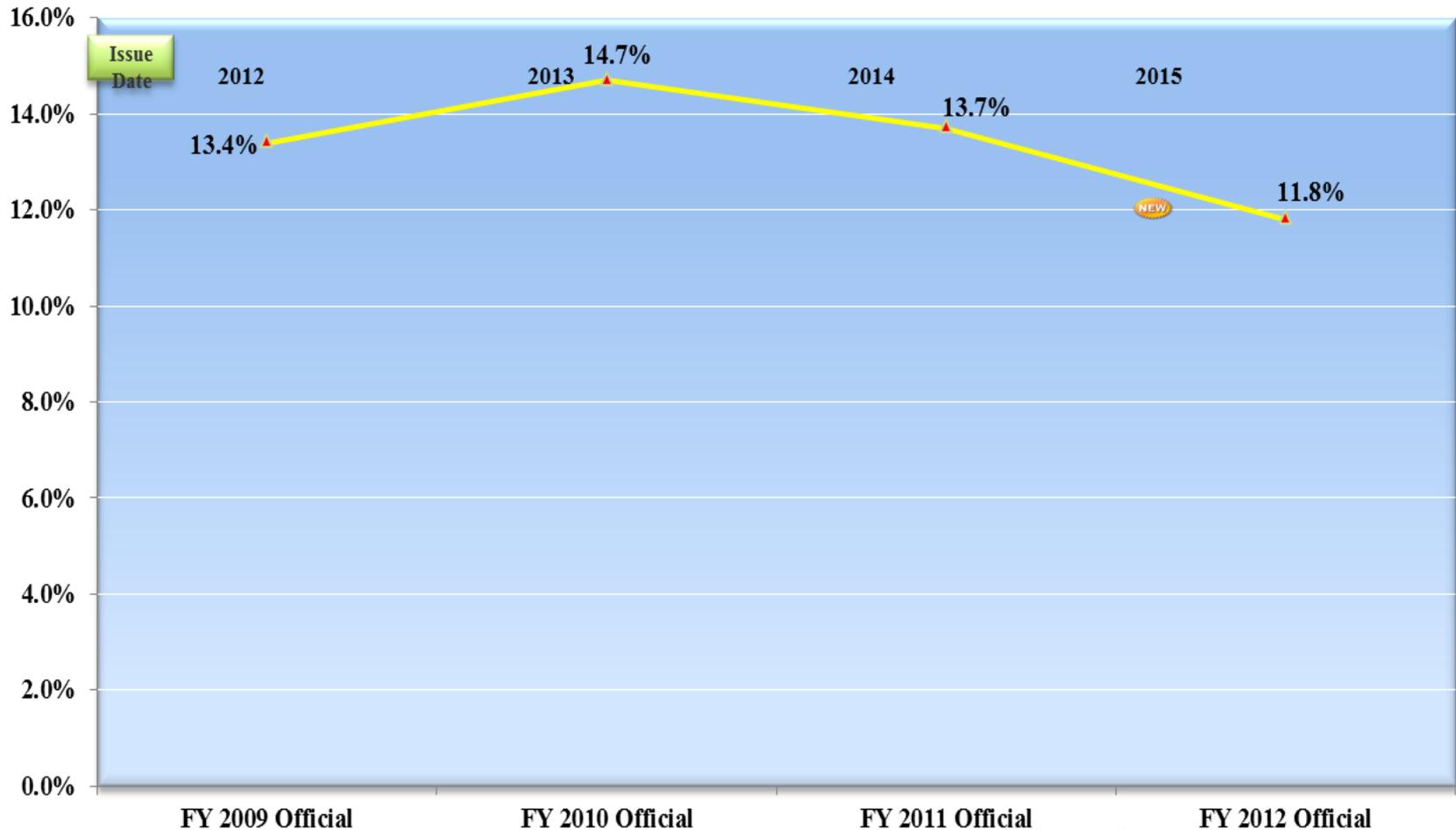
- Names of colleges listed by applicants on FAFSAs will not be included on ISIRs sent to institutions
- Will continue to be included on ISIRs provided to state grant agencies
- Will be on SARs provided to FAFSA applicants

FAFSA – PDF Packets

- More than 99 percent of FAFSAs are filed electronically
- Will no longer print FAFSA as color packet
- PDF FAFSA available online to be printed
- Call 1-800-4FEDAID to request copy

FFEL/Direct FY12 Cohort Default Rates

National Student Loan Default Rates



FY12 Cohort Default Rates

School Type

STATE	FY 11 CDR	FY 12 CDR
Public – Two Year	20.5%	19.1%
Public – Four Year	8.9%	7.6%
Non-Profit – Two Year	15.6%	16.1%
Non-Profit – Four Year	7.0%	6.3%
For-Profit – Two Year	20.0%	17.7%
For-Profit – Four Year	18.6%	14.7%
Foreign	3.8%	3.3%
All Schools	13.7%	11.8%

Perkins Loan Program

Perkins Loan Program

Program ended on September 30, 2015

- No congressional action
- Schools could not make Federal Perkins Loans to new borrowers after September 30, 2015
- DCL GEN-15-03 provided guidance

Perkins Loan Program

But then the *“Federal Perkins Loan Program Extension Act of 2015”* happened!

- Signed by the President on December 18, 2015
- P.L. 114-105

In the Senate of the United States,

December 16, 2015.

Resolved, That the bill from the House of Representatives (H.R. 3594) entitled “An Act to extend temporarily the Federal Perkins Loan program, and for other purposes.”, do pass with the following

AMENDMENT:

Strike all after the enacting clause and insert the following:

1 **SECTION 1. SHORT TITLE.**

2 *This Act may be cited as the “Federal Perkins Loan*
3 *Program Extension Act of 2015”.*

4 **SEC. 2. EXTENSION OF FEDERAL PERKINS LOAN PROGRAM.**

GEN-16-05

- Effective 12/18/15, schools participating in Perkins Loan Program may make Perkins loans as specified below:

A school may make Perkins loans through --	To an --	Who, on the date of disbursement --	If the school has awarded the student --
September 30, 2017	Eligible current undergraduate student	Has an outstanding balance on a Perkins loan made by the school	All Direct Subsidized Stafford aid for which the student is eligible
September 30, 2017	Eligible new undergraduate student	Does not have an outstanding balance on a Perkins loan made by the school	All Direct Subsidized and Unsubsidized aid for which the student is eligible

GEN-16-05

- Effective 12/18/15, schools participating in Perkins Loan Program may make Perkins loans as specified below:

A school may make Perkins loans through --	To an --	If the graduate student --	And the new Perkins loan will --
September 30, 2016	Eligible graduate student who has received a Perkins loan before October 1, 2015	Received his or her most recent Perkins Loan from the school, for enrollment in an academic program at the school.	Enable the graduate student to continue or complete the academic program for which the student received his or her most recent Perkins Loan.

GEN-16-05 – Additional Disclosures

- School must provide additional disclosures prior to first disbursement of Perkins including a notice and explanation stating
 - The end to future availability of Perkins Loan Program loans;
 - That repayment and forgiveness benefits available to Direct Loan borrowers are not available to Perkins Loan borrowers;
 - The borrower's option to consolidate a Perkins Loan into a Direct Consolidation Loan, including any benefit of consolidation

GEN-16-05 – Additional Disclosures(cont.)

- *For current undergraduate borrowers*, school must provide a notice and explanation
 - providing a comparison of the interest rates of Perkins Loans and Direct Loans
 - informing the borrower that the borrower has reached the maximum annual borrowing limit for Direct Subsidized Stafford Loans for which the borrower is eligible
- *For new undergraduate borrowers*, school must provide a notice and explanation
 - providing a comparison of the interest rates of Perkins Loans and Direct Loans
 - informing the borrower that the borrower has reached the maximum annual borrowing limit for Direct Subsidized and Unsubsidized Stafford Loans for which the borrower is eligible

ATB and Career Pathway Programs

ATB and Career Pathway Programs

- Allows for ability-to-benefit (ATB) alternatives for students without a high school diploma or equivalent who are enrolled in an eligible “Career Pathway Program”
- ATB
 - Pass an ED-approved ATB test
 - State process (none have ever been approved)
 - Complete six credit hours (or equivalent)

Eligible Career Pathway Program

Combines rigorous and high quality education, training and other services that

- Align with skill needs of industries in regional economy
- Prepare students to be successful in any of a full range of secondary or postsecondary education options, including apprenticeships
- Include counseling to support students in achieving education and career goals

Eligible Career Pathway Program

- Includes, as appropriate, education offered concurrently with and in the same context as workforce preparation activities and training for a specific occupation or occupational cluster
- Organizes education, training and other services to meet student's needs in a manner that accelerates educational and career advancement

Eligible Career Pathway Program

- Enables students to attain a secondary school diploma or its recognized equivalent and at least one recognized postsecondary credential
- Helps an individual enter or advance within a specific occupation or occupational cluster

Gainful Employment

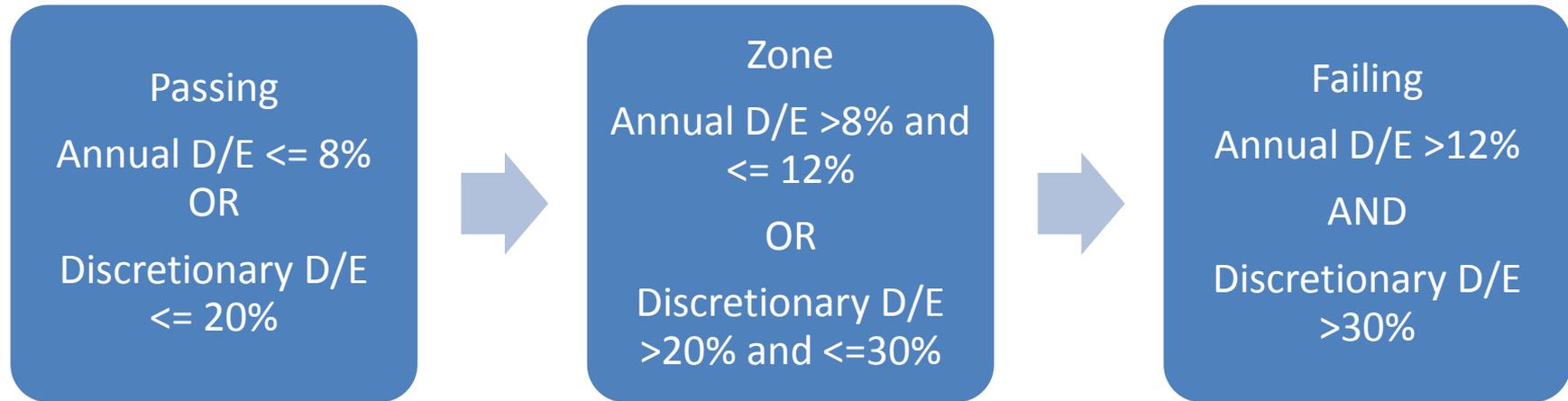
Gainful Employment

- Final rules published October 31, 2014
- Rules became effective July 1, 2015
- Published DCL GEN-15-12 summarizing GE rules

Gainful Employment Measure

Debt-to-earnings (D/E) rates

- Annual earnings D/E rate
- Discretionary Income D/E rate



Gainful Employment Results

Program loses 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

Important Dates

REPORTING

JUL 31, 2015
(For 2008/2009 to
2013/2014 Data)

OCT 01, 2015
(For 2014/2015 Data)

**COMPLETERS LIST
FOR INSTITUTIONS**

Spring 2016

**COMPLETERS LIST
CHALLENGES DUE
FROM INSTITUTIONS**

45 days

**DRAFT DEBT-TO-
EARNINGS RATES
TO INSTITUTIONS**

SUMMER 2016

**DRAFT DEBT-TO-EARNINGS
RATES CHALLENGES DUE
FROM INSTITUTIONS**

45 Day Challenge Period

**RELEASE FINAL DEBT-
TO-EARNINGS RATES
TO INSTITUTIONS**

WINTER 2016

Important Dates

**DISCLOSURES
(UPDATES)**

JANUARY 2016



**DISCLOSURES
(NEW REGULATORY
REQUIREMENTS)**

JANUARY 2017

**PROGRAM
CERTIFICATIONS**

DECEMBER 2015 &
Ongoing

GE Corrections and Challenges

Important information and data –

- Completers Lists – Spring 2016
- Draft D/E Rates w/Backup Data – Summer 2016
- Final D/E Rates w/Backup Data – Winter 2016
- Regulatory timeframes for responses

GE Corrections and Challenges

Each institution must –

- Establish SAIG Mailbox for GE files
- Register for Data Challenges and Appeals Solution(DCAS) using SAIG Enrollment site

GE Disclosures

- Beginning in 2017, in addition to program information, disclosures could include

D/E rates	Percent borrowing
Program cohort default rates	Completion rates
Loan repayment rates	Withdrawal rates
Median loan debt	Placement rates

Recent DCLs/Electronic Announcements

GEN-16-01

2016-17 Federal Pell Grant Payment and Disbursement Schedules

- Posted January 29, 2016
- Maximum Pell = \$5,815
- Maximum Pell-eligible EFC = 5234

GEN-15-20

Direct Loan/FFEL Program Reaffirmation Agreement

- Posted October 19, 2015
- Must use new reaffirmation agreement beginning March 31, 2016

GEN-15-18

Protecting Student Information

- Posted July 29, 2015
- Institutions and their third-party servicers are obligated to protect data used in all aspects of administration of Title IV Federal student financial aid programs



Protecting Student Information

SAIG Enrollment Agreement includes provision that –

- the school must ensure that all Federal Student Aid applicant information is protected from access by or disclosure to unauthorized personnel.
- in the event of an unauthorized disclosure or an actual or suspected breach of applicant information or other sensitive information (such as PII), the school must immediately notify FSA at CPSSAIG@ed.gov.

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

Recent Electronic Announcements

- 03/02/16 – Draft FY13 Cohort Default Rates
- 02/18/16 – Early FAFSA EA #2
 - Ways for students/parents to mitigate potential for conflicting information from 2016-17 and 2017-18 award years
 - Early FAFSA mailbox – EarlyFAFSAFeedback@ed.gov

Recent Electronic Announcements

- 01/27/16 – Process change for Federal Pell Grant administrative cost allowance payments
 - Will now be placed into G5 account
 - Grant award number P063Qxxxx
- 01/20/16 – Change to unusual enrollment history selection
 - Monitoring undergrad and grad separately

Recent Electronic Announcements

- 01/20/16 – Tentative 2016-17 funding levels for campus-based programs
- 01/19/16 – 2016-17 Financial Aid Shopping Sheet

Resources

LOGIN

Username

kevinc

Password

LOGIN

Create new account

- Return of Title IV Funds
- Institutional Eligibility
- Consumer Information
- Satisfactory Academic Progress
- Default Prevention and Management
- General Student Eligibility
- FISAP Training 2016-17
- Course Developers Only ▶
- Course Developers Main Menu

Intermediate FSA Coach

- The Intermediate Training course offers training in these specific areas of interest to more experienced financial aid administrators:
- *Beyond the Basics of Packaging: Awarding for Summer Sessions and Modules*
- *Beyond the Basics of R2T4, Including R2T4 for Modules*
- *Limits to Direct Subsidized Loan Interest Benefits*
- *Monitoring for Pell Grant LEU and Resolving Unusual Enrollment History Flags*
- See ANN 15-14 and **ANN 16-01** for more info
- Available at fsatraining.info



Upcoming Training

- 2016 FSA Training Conference
- November 29 – December 2
- Georgia World Congress Center – Atlanta, GA



Department of Education

Contacts



Research and Customer Care Center

800.433.7327

fsa.customer.support@ed.gov

Reach FSA

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

<i>Campus Based Call Center</i>	<i>eZ-Audit</i>
<i>COD</i>	<i>School Eligibility Service Group</i>
<i>CPS/SAIG</i>	<i>Foreign Schools Participation Division</i>
<i>NSLDS</i>	<i>Research and Customer Care Center</i>
<i>G5</i>	<i>Nelnet Total & Permanent Disability Team</i>

Regional Contacts



- Philadelphia School Participation Team
 - Main Number – 215-656-6442
 - Joe Kern (IIS) – Joe.Kern@ed.gov; 215-656-8566

- Philadelphia Training Officers
 - Amber Johnson – Amber.Johnson@ed.gov; 202-377-3369
 - Craig Rorie – Craig.Rorie@ed.gov; 215-656-5916

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 Amber Johnson
- Additional feedback about training can be directed to JoAnn.Borel@ed.gov; 409-579-3776

Thank You