


FEDERAL UPDATE



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U.S. Department of Education
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FederalStudentAid
AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

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AGENDA

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- 01 Negotiated Rulemaking Updates
- 02 Distance Education and Innovation Regulations
- 03 Consolidated Appropriations Act
- 04 COVID-19 Waivers and Flexibilities
- 05 Operational Updates and Reminders

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NEGOTIATED RULEMAKING

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NEGOTIATED RULEMAKING

Gainful Employment

- August 14, 2018 – NPRM
- July 1, 2019 – Final Rule
- July 1, 2020 – Effective date

Rescinds GE regulations in 34 CFR 668 Subparts Q and R, including:

- GE reporting
- GE disclosures
- Debt-to-earnings calculations
- GE certification

Requirements OUTSIDE Subparts Q and R remain, including:

- Reporting new GE programs within 10 days of the programs' start date
- Preparing students for gainful employment in recognized occupation
- Any requirements that apply to all Title IV, HEA programs

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NEGOTIATED RULEMAKING

Borrower Defense to Repayment

- July 31, 2018 – NPRM
- September 23, 2019 – Final Rule
- July 1, 2020 – Effective date

- Borrower Defense provisions will apply to all Federal student loans made on or after July 1, 2020
- Early implementation was allowed for financial ratios under § 668.172(d), and appendix A and B under subpart L (financial responsibility)

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NEGOTIATED RULEMAKING

Financial Responsibility (Part of Borrower Defense regulations)

- Composite score changes
- Updates due to Financial Accounting Standards Board (FASB) changes
- Triggering events for surety

- April 9, 2020 - Q and A ([Electronic Announcement](#))

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NEGOTIATED RULEMAKING

Accreditation and Innovation Negotiated Rulemaking

- Main committee plus three subcommittees
- July 31, 2018 - Notice: Intent to establish rulemaking committee; public hearings
- October 15, 2018 - Notice: Negotiator nominations and meeting schedule

Website:
<https://www2.ed.gov/policy/highered/reg/hearulemaking/2018/index.html>
(or search for Negotiated Rulemaking Higher Education 2018-19)

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NEGOTIATED RULEMAKING

Accreditation and State Authorization

- June 12, 2019 - Notice of Proposed Rulemaking (NPRM)
- November 1, 2019 - Final Rule
- July 1, 2020 - Effective date

TEACH Grants and Faith-Based Entities

- December 11, 2019 - NPRM
- August 14, 2020 - Final Rule
- July 1, 2021 - Effective date (with early implementation option)

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DISTANCE EDUCATION AND INNOVATION REGULATIONS

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DISTANCE EDUCATION REGULATIONS

Distance Education and Innovation

- April 2, 2020 – NPRM
- September 2, 2020 – Final Rule
- July 1, 2021 – Effective date (with early implementation option)

Goal of Distance Education and Innovation regulations:
Create new regulations and update existing regulations to remove barriers and allow for innovation while providing guardrails to protect students

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DISTANCE EDUCATION REGULATIONS

Modified definitions:

- Clock hour
- Correspondence course
- Credit hour
- Distance education
- Incarcerated student
- Nonprofit institution

Added new definitions:

- Academic engagement
- Juvenile justice facility

Provides additional guidance related to direct assessment program requirements and Department approval process

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DISTANCE EDUCATION REGULATIONS

Changes to Return of Title IV Funds (R2T4):

- Students no longer considered withdrawn if any of the following apply:
 1. The student completes all requirements for graduation before completing the days scheduled to complete in the period
 2. The student completes one or more modules that comprise 49% or more of the number of days in the payment period or at least half-time enrollment
 3. The institution obtains written confirmation that the student will resume attendance at a later point in the period
- Denominator of R2T4 will be based on coursework included in determination of Title IV awards

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DISTANCE EDUCATION REGULATIONS

Changes to Satisfactory Academic Progress (SAP):

- For purposes of maximum timeframe and pace evaluation (quantitative) for a credit hour program, an institution may use credits completed over calendar time rather than credits completed divided by credits attempted
- Institutions are no longer required to maintain a pace (quantitative) evaluation for nonterm credit-hour or clock-hour programs. SAP policies for such programs must still have qualitative and maximum timeframe evaluations.

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CONSOLIDATED APPROPRIATIONS ACT OF 2021

Includes FAFSA Simplification Act and Coronavirus Relief Provisions

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STOP STUDENT DEBT RELIEF SCAMS ACT OF 2019


PUBLIC LAW 116-251

Signed into law: December 22, 2020

Effective Date: 180 days after the date of enactment of this Act. (June 20, 2021)

What it does:


- Criminal sanctions
- Exit Counseling
- Preventing improper access
- Detection and reporting of suspicious activity



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FY 2021: STUDENT FINANCIAL ASSISTANCE Federal StudentAid



Program	FY 2020	FY 2021
Pell*	\$22.475B	\$24.545
FSEOG ¹	\$865M	\$880M
FWS ²	\$1.18B	\$1.19B

**The Federal Pell Grant Program is funded through a mix of discretionary and mandatory funding streams. The amounts reflected here are only those made available through FY 2020 and FY 2021 appropriations law—the discretionary funding stream.*

¹ Federal Supplemental Educational Opportunity Grant (FSEOG)
² Federal Work Study (FWS)

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PELL GRANTS

- Pell Grant
 - Maximum Federal Pell Grant increased for 2020-21 award year by \$150 to \$6,345
 - Maximum Federal Pell Grant increased for 2021-22 award year by \$150 to \$6,495
- Dear Colleague Letter GEN 21-01 for Pell Payment and Disbursement Schedules
- <https://ifap.ed.gov/dear-colleague-letters/GEN2101>

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SULA REPEAL Federal StudentAid

- Under the FAFSA® Simplification Act, part of the Consolidated Appropriations Act of 2021, the Department is directed to repeal 150% Direct Subsidized Loan Limit
- Future FSA modifications:
 - COD will cease applying the 150% limit to the awarding of new Direct Subsidized Loans; and
 - NSLDS® will cease to determine Loss of Subsidy on existing Subsidized Loans
- Monitor IFAP for updates; sign up to receive notifications of Electronic Announcements

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FAFSA® PROVISIONS

- Expected Family Contribution (EFC) will change to Student Aid Index (SAI) to calculate eligibility for need-based aid except Pell Grant eligibility
 - SAI will be used to determine the Pell award for amounts less than the maximum Pell
- EFC was established in the HEA in 1972; we called it "Student Eligibility Index" until 1984-1985
- Pell Grant eligibility will follow a completely different formula to determine eligibility

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FAFSA® PROVISIONS

- SAI will be simplified compared to EFC
- SAI will only include income information that is available from IRS
- SAI will change what counts as assets and how assets are treated
- SAI could be a negative number, but that number will be treated as zero for awarding purposes
- "Auto-Zero" SAI only available to those who are not required to file a Federal tax return

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FAFSA® PROVISIONS

- Will reduce the number of questions on the FAFSA
- Will add new questions to the FAFSA
- Will change some FAA authority regarding adjustments to FAFSA data elements used to determine the SAI
- Will change some FAA authority regarding other adjustments such as dependency status (including homeless youth determinations)

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PELL GRANT PROVISIONS

Pell Grant eligibility will **not** be based on Student Aid Index (SAI). However, the amount may be impacted by SAI.

Instead, whether a student qualifies for Pell will be based on Adjusted Gross Income (AGI), household size, and poverty guidelines.

Allows Pell Grants for otherwise eligible students who are incarcerated but enrolled in an eligible prison education program.

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OTHER CHANGES TO ELIGIBILITY

Removal of Selective Service requirements for Title IV eligibility

Removal of drug conviction requirements for Title IV eligibility

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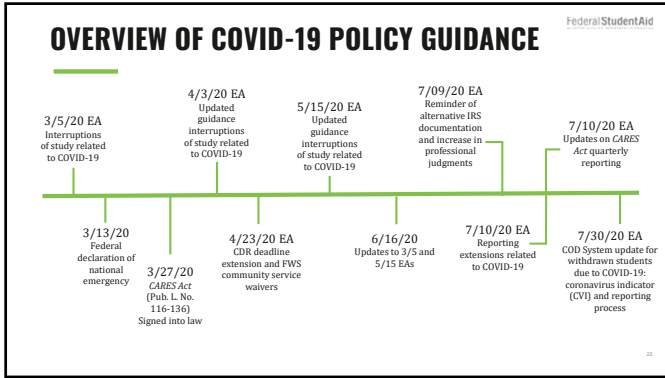
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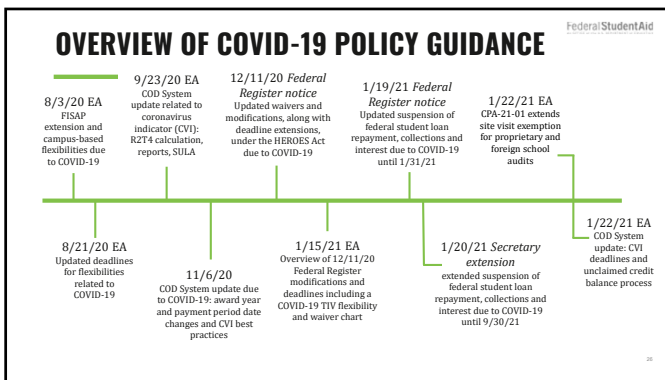
COVID-19 WAIVERS AND FLEXIBILITIES

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WITHDRAWAL REPORTING

CARES Act (Pub. L. 116-136); 5/15/20, 9/23/20, 11/6/20, and 1/22/21 EAs

Institutions must report two types of information to the Department:

- Disbursements that qualify for CARES Act relief
 - Use the "Coronavirus Indicator" in COD
 - By 12/31/20 for 2019-2020 or earlier award years (can be later in limited circumstances)
 - By 9/30/21 for 2020-2021 award year
- Amounts that were not returned through R2T4 as a result of CARES Act relief by 9/30/21
 - Use the COD R2T4 Tool; or
 - Institution-level reporting method (to be released in April 2021)

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VERIFICATION

April 3, 2020, May 15, 2020, July 9, 2020 EAs; December 11, 2020 Federal Register notice

- Permits various flexibilities with V4/V5 documentation
 - Including suspension of in-person submission and notary requirements
- Waives signature requirements where no responsible parent can be found
- Flexibilities in verification of non-filing and obtaining a duplicate IRS W-2 form
- Institution may use documentation of HS completion it has already obtained for V4 and V5, and may accept a signed, dated statement from the applicant attesting to completion of high school
- Applicable through the *end of the payment period that begins after the date on which the Federally declared national emergency related to COVID-19 is rescinded*
 - Applies to any award year where verification is being performed during that timeframe

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PROFESSIONAL JUDGMENT (PJ)

July 9, 2020 Electronic Announcement; GEN-21-02

- The Department encourages institutions to use PJ to reflect more accurately the financial need of students and families affected by the COVID-19 pandemic
 - May use documentation of unemployment—including, but not limited to, receipt of unemployment benefits—to reduce or adjust to zero the income earned from work for a student and/or parent as well as make corresponding adjustments to Adjusted Gross Income (AGI)
- For the 2019-20 through 2021-22 award years, the Department will not negatively view increased use of professional judgment or use it as a selection criterion for a program compliance review
- *No expiration* as professional judgment authority exists in statute and is not limited to circumstances related to COVID-19

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COVID-19 TITLE IV RESOURCES

General Guidance:
<https://www.ed.gov/coronavirus/program-information#highered>

FAQs for Title IV Programs:
 • <https://www2.ed.gov/about/offices/list/ope/covid19faq.html>

- January 15, 2021 EA:
 - Overview of 12/11/20 Federal Register notice waivers under the HEROES Act
 - Includes comprehensive chart of COVID-19 flexibilities and waivers, timeframes and various citations

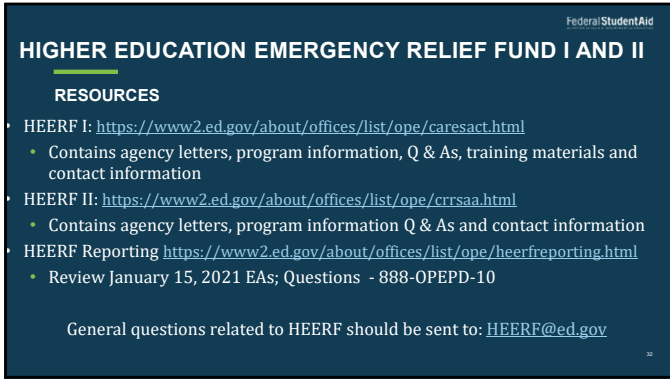
For questions, contact COVID-19@ed.gov

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RECENT EA POSTINGS

- March 28, 2021 – FSA Partner Connect and Knowledge Center
- March 19, 2021 – Clarification of R2T4 Guidance Related to COVID-19 National Emergency
- March 10, 2021 – COD System Implementation for 2021-22
- March 8, 2021 – Annual Student Loan Acknowledgement – Borrower Completion Will Not Be Required for 2021-22
- March 5, 2021 – IRS Data Retrieval Tool and Inaccurate \$1 Adjusted Gross Income
- March 5, 2021 – Designation as Title III or Title V Institution and Waiver of Non-Federal Share for FWS and FSEOG
- March 1, 2021 – First Pell Grant ACA Payments for 2020-21 AY
- February 23, 2021 – SNAP Benefits for eligible students during COVID-19 pandemic
- February 22, 2021 – FY 2018 Draft Cohort Default Rates Distributed

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VERIFICATION

- Same data items
- No changes to the verification tracking groups
- Acceptable documentation is listed in the Federal Register Notice on September 3, 2020
- 2021-22 FAFSA® Verification Suggested Text published September 25, 2020
- COVID-19 waivers apply to 2021-22 award year verification

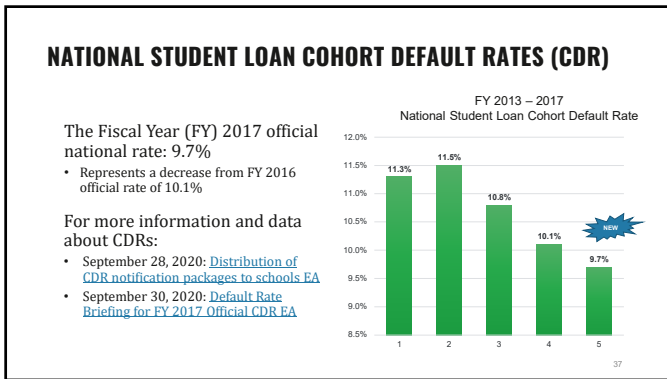
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PERKINS LOAN UPDATES



- Ensure Part III of the FISAP Perkins information is correctly reported
- Report to NSLDS® monthly
- Distribution of Assets process – after the FISAP correction deadline of December 15, 2020
- Schools are expected to assign loans to the Department that have been in default greater than 2 years

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2020 – 2021 FEDERAL LOAN INTEREST RATES

May 15, 2020 – Electronic Announcement

Federal Direct Loans Disbursed July 1, 2020 thru June 30, 2021	
Direct Subsidized Loans and Direct Unsubsidized Loans for Undergraduate students	2.75%
Direct Unsubsidized Loans for Graduate and Professional students	4.30%
Direct PLUS Loans for Parents of Dependent Undergraduate students and Graduate or Professional students	5.30%

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FEDERAL LOAN ORIGINATION FEE CHANGE OCTOBER 1, 2020

June 29, 2020 – Electronic Announcement


Any loan disbursement for a loan where the first disbursement is/will be...	The origination fee percentage (%) for Direct Subsidized Loans and Unsubsidized Loans is...	The origination fee percentage (%) for Direct PLUS Loans is...
On or after October 1, 2019 and before October 1, 2020	1.059%	4.236%
On or after October 1, 2020 and before October 1, 2021	1.057%	4.228%

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ANNUAL STUDENT LOAN ACKNOWLEDGEMENT

FORMERLY THE INFORMED BORROWER TOOL (IBT)

- Requirement that borrowers complete the Annual Student Loan Acknowledgement prior to disbursement will **not go** into effect for the 2021-22 Award Year.
- Borrowers will see a user-friendly interface to view cumulative loan balance and repayment obligation
 - Different views for first-time borrowers vs. returning federal loan borrowers
- For new borrowers, Annual Student Loan Acknowledgement is **in addition to** MPN and loan counseling processes
- Require student and parent borrower to view/acknowledge current amount owed in Federal student loans
- Available at StudentAid.gov



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CYBERSECURITY REQUIREMENTS

FEBRUARY 28, 2020 – ELECTRONIC ANNOUNCEMENT

- Enforcement of Cybersecurity Requirements under the Gramm-Leach-Bliley Act (GLBA)
 - All institutions agree to comply under Program Participation Agreement (PPA)
- Auditors are expected to evaluate three information safeguard requirements of GLBA in audits of postsecondary institutions or third-party servicers
- Findings related to GLBA are referred to the Federal Trade Commission (FTC) and FSA's Postsecondary Institution Cybersecurity Team
 - Questions: fsaschoolcybersafety@ed.gov or 202-245-6550

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DHS SAVE 3RD STEP VERIFICATION UPDATE




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DHS-SAVE 3RD STEP VERIFICATION UPDATE

- SAVE Instructions for U.S. Department of Education (School) Users Version 3.0 document is now available on IFAP: <https://ifap.ed.gov/dhs-save-eligible-noncitizen>



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DHS-SAVE 3RD STEP VERIFICATION UPDATE

Version 3.0

- Combines and updates all SAVE system process changes from last 2 electronic announcements
 - SAVE instructions 2.0 and
 - Resend record to matches functionality
- How to resolve the "No Cases Found" error message
- Changes to the "Additional Request" buttons (VAWA, Cuban/Haitian Entrant, and Fraud)
- PDPA (Supervisor Third Step Only, STSO) User IDs are now enabled to view records and submit third step verification requests
- DHS verification numbers will start with "00" followed by the last 2 digits of a year
- How to advise students who need to correct, renew or replace their immigration documents


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DHS-SAVE HELP AND SUPPORT

- Email questions to applicationprocessingdivision@ed.gov, or
- Call APD voicemail at 202-377-4600 and leave message with:
 - Student's DHS verification number
 - Your name
 - Your question
 - Your phone number



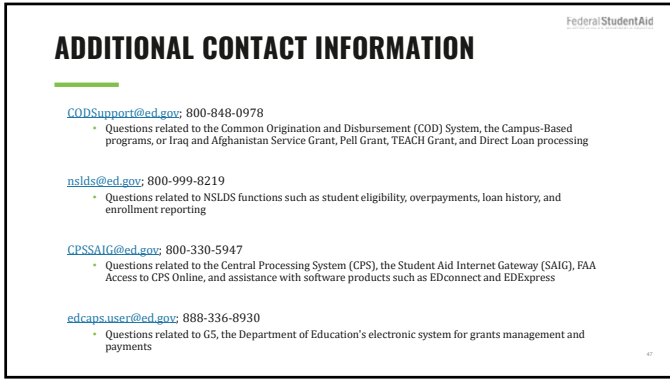
****Note:** Do not call the SAVE Call Center because they do not have a full understanding of our unique SAVE system access

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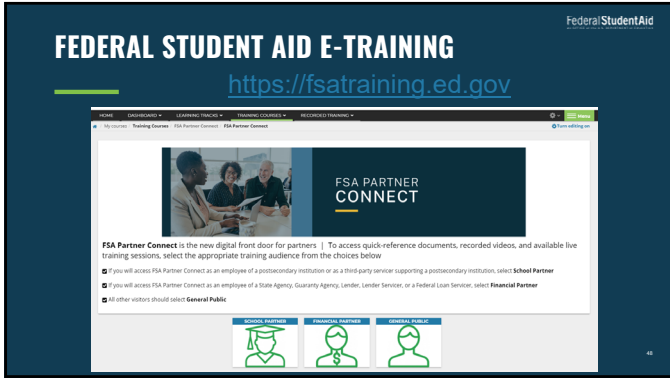
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ASK A FED

- The AskAFed email box is staffed by FSA training professionals every business day during normal business hours
- AskAFed can help with policy guidance inquiries related to Title IV administration
- The address is AskAFed@ed.gov



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TRAINING FEEDBACK

- To ensure quality training, we ask all participants to please fill out an online session evaluation
- At the conclusion of the conference, all attendees will receive an email with a link to an electronic evaluation that we ask you to complete
- This feedback tool informs FSA of areas for improvement in our training presentations and offers an effective process for “listening” to our school partners

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