

Federal Update


Federal Update

AASFAA Annual Conference
April 11-13, 2017

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U.S. Department of Education

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**IRS Data Retrieval Tool
(IRS-DRT)**



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IRS-DRT

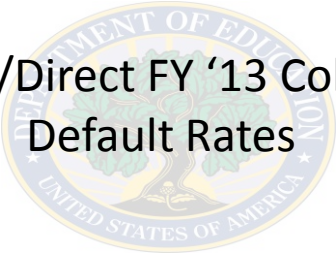
- Beginning on Friday, March 3, the IRS-DRT was unavailable for both the FAFSA on the Web (FOTW) process and for the Income Driven Repayment (IDR) process. The IRS and the Department are continuing to work on the issues that resulted in the unavailability of the IRS-DRT.
- FAFSA applicants can complete their FOTW by manually inputting the relevant IRS income and tax information, as can IDR applicants.

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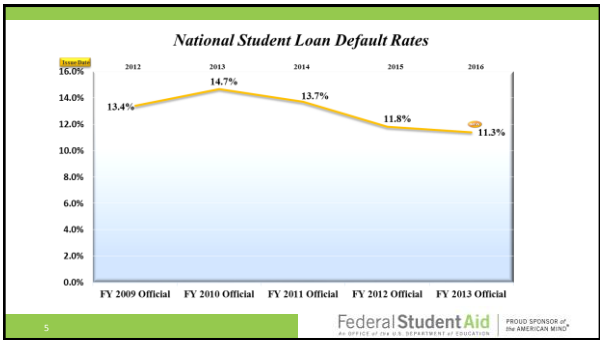
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**FFEL/Direct FY '13 Cohort
Default Rates**



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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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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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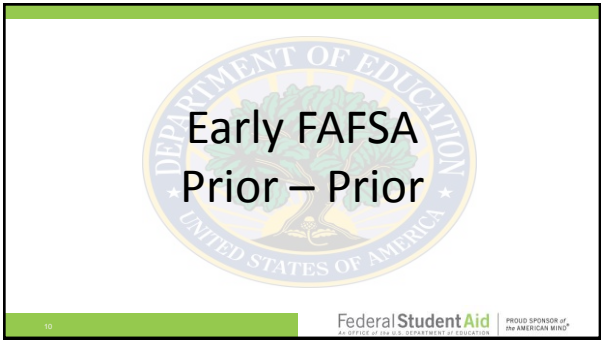
Restoration of Eligibility

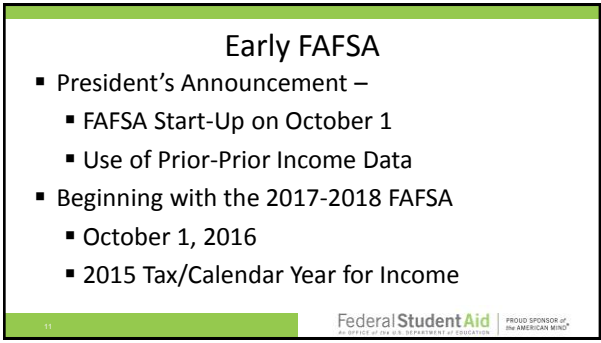
- Restore LEU and 2016-2017 TEU for Pell received at a school that closed before the student could complete
- COD (and NSLDS) will be changed in March
- New SARS and ISIRS will be produced
- Special notification to students

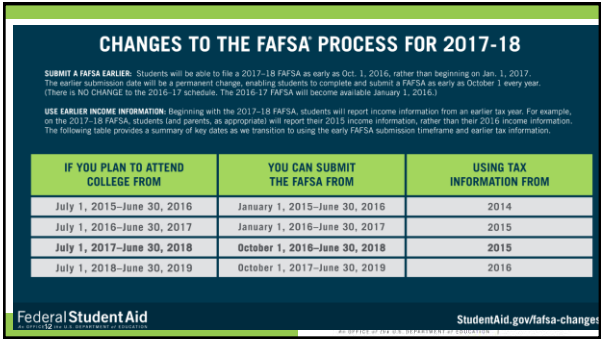
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Prior-Prior and Early FAFSA

- **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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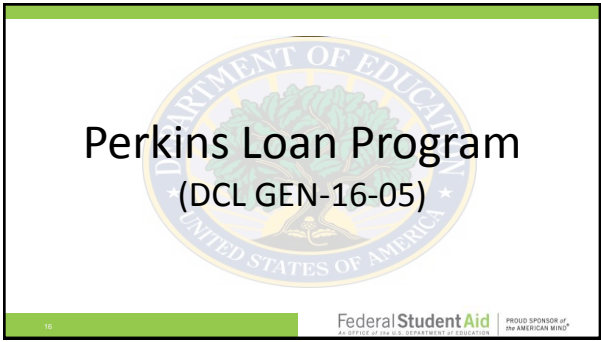
Prior-Prior and Early FAFSA

- **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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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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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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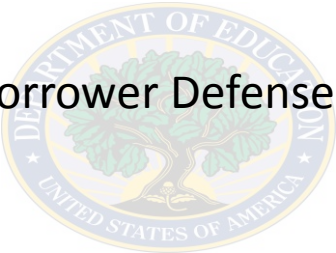
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Perkins Loan Program

- 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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Borrower Defenses



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Borrower Defenses

- 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
- Creates a standard process for eligible borrowers to request a closed-school discharge

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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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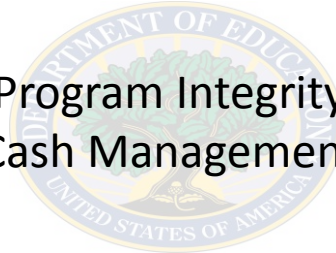
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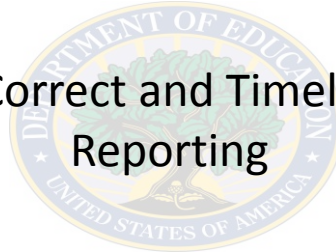
**Program Integrity
Cash Management**

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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

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**Correct and Timely
Reporting**

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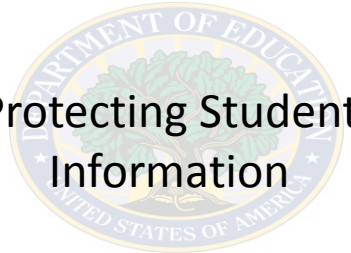
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Correct and Timely Reporting

- 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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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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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).

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GE Results

- 1,239 programs (14.34%) in the 'zone' – 93.95% at for-profit schools, (1,164 programs)
- 803 programs (9.30%) failed – 98.01% at for-profit schools, 787 programs
- Schools may appeal rates for programs that were in the zone or that failed. Appeals must be submitted no later than ~~March 10, 2017~~ July 1, 2017

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GE Results

- 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~~ July 1, 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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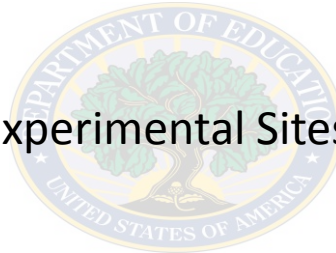
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Gainful Employment Disclosures

- 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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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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Experimental Sites

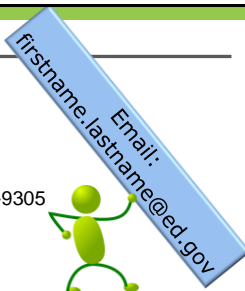
- Competency Based Education
- “Second Chance Pell” for incarcerated students
- Dual Enrollment – High school and postsecondary
- Additional Loan Counseling

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Contacts

- Atlanta School Participation Team
 - MS, AL, FL, GA, NC, SC
 - Main Number: 404-974-9303
 - Arva Thomas (IIS) 404-974-9412
 - Cassandra Weems (IIS) 404-974-9305
- Atlanta Training Officers
 - MS, AL, FL, GA, NC, SC, KY, TN
 - David Bartnicki – 404-974-9312

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Training Feedback

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

- Go to <http://s.zoomerang.com/s/DavidBartnicki>
 - Evaluation form is specific to David Bartnicki
- 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 joann.borel@ed.gov

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