

Federal Update 2018

COSUAA | April 29, 2018

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Federal Student Aid

Regulatory Update

Regulatory Reform Agenda

Executive Order on Regulatory Review

- On February 24, 2017, the President signed Executive Order 13777 to reduce regulatory burdens on the American people through regulatory reform
- ED has created a Regulatory Reform Task Force (RRTF) to review regulatory and sub-regulatory guidance throughout the Department

Regulatory Review Task Force (RRTF)

The RRTF is identifying regulations that:

- Eliminate jobs or inhibit job creation
- Are outdated, unnecessary, or ineffective
- Impose costs that exceed benefits
- Create a serious inconsistency or otherwise interfere with regulatory reform initiatives and policies

Regulatory Review Task Force

Public hearings on postsecondary regulatory relief:

- September 26, 2017 – Salt Lake Community College
- October 4, 2017 – U.S. Department of Education

ED received comments on a broad range of issues including financial aid regulations and Title IX guidance.

Initial Higher Ed Focuses of RRTF

Elimination of outdated guidance

Borrower defense to repayment

- Financial responsibility
- Guaranty agency authority to charge collection costs

Gainful Employment

Elimination of Outdated Guidance

Identified 398 outdated Dear Colleague Letters

- In the process of marking them as “historical records” on the Information for Financial Aid Professionals (IFAP) site
- Institutions no longer need to follow this guidance

Borrower Defense

Three delay notices published to delay effective date of most provisions of the final borrower defense regulations published on November 1, 2016 and that were scheduled to take effect on July 1, 2017.

In light of pending litigation, on June 16, 2017, the Department postponed the effectiveness of some provisions of the Borrower Defense regulations under section 705 of the Administrative Procedures Act

Borrower Defense

On October 24, 2017, the Department published:

- An Interim Final Rule that delays the effective date of selected provisions of the final regulations until July 1, 2018
- An NPRM proposing to delay the effective date of selected provisions of the final regulations until July 1, 2019
- 30-day comment period ended November 24, 2017

Secretary DeVos indicated that these regulations “missed an opportunity to get it right,” and created a “muddled process that is unfair to students and to schools, and puts taxpayers on the hook for significant costs.”

Borrower Defense Implementation

The Department did not postpone provisions in the Borrower Defense regulations relating to:

- Documentation for discharges for death
- Mandatory administrative forbearance or suspension of collection of FFEL loans that the borrower intends to consolidate for borrower defense
- Consolidation of Nursing Student Loans and Nurse Faculty Loans
- Severability
- Technical corrections

BD Negotiated Rulemaking

Committee formed to negotiate Borrower Defense negotiated the following issues:

- Federal standard
- Process
- Limited Aspects of Financial Responsibility and Administrative Capability
- Pre-dispute Arbitration Agreements, Class Action Waivers, and Internal Dispute Processes
- Closed School Discharge
- False Certification Discharge
- Guaranty Agency Collection Fees
- Subsidized Usage Period Recalculation

Borrower Defense (other issues)

Financial Responsibility Subcommittee

- Formed to consider two technical issues relating to recent changes to the Financial Accounting Standards Board Interpretations (FASBI) standards.

Borrower Defense Negotiations

Session 1: November 13-15, 2017

Session 2: January 8-11, 2018

Session 3: February 12-15, 2018

Negotiations concluded without consensus being reached

The Department will publish an NPRM in the coming months

Gainful Employment

On October 31, 2014, the Department published final GE regulations that went into effect on July 1, 2015 and:

- Establish a debt-to-earnings rate measure to determine whether a GE program prepares students for gainful employment in a recognized occupation
- Require institutions to report information about students who enrolled in each of the institutions' GE programs
- Require institutions to establish the eligibility of a GE program by certifying that the program:
 - Is included in the institution's certification
 - Satisfies applicable state licensing/certification requirements for the occupations the program prepares students to enter

Gainful Employment Negotiations

Session 1: December 4-7, 2017

Session 2: February 5-8, 2018

Session 3: March 12-15, 2018

Negotiations concluded without consensus being reached

The Department will publish an NPRM in the coming months

Federal Perkins Loan Program

Perkins Wind-down

Federal Perkins Loan Program Extension Act of 2015

- Enacted on December 18, 2015
- Extended the Perkins Loan program through September 30, 2017
- Eliminated grandfathering of students after the new expiration date

Perkins Wind-down Key Dates

Schools may not:

- Award Perkins Loans to graduate students after September 30, 2016
- Make subsequent disbursements to graduate students after June 30, 2017
- Award Perkins Loans to undergraduates after September 30, 2017
- Make subsequent disbursements to undergraduates after June 30, 2018

Perkins Wind-down (con't)

[Dear Colleague Letter GEN-17-10](#)

ED will begin collecting Federal share of schools' revolving funds after submission of the 2019-2020 FISAP (Distribution of Assets)

Schools are not required to liquidate their Perkins Loan portfolios

If a school chooses to liquidate, it should submit the school's intent to liquidate through the COD CB system

Excess Liquid Capital Reporting

Statutory Requirement in the HEA, Section 466(c)

Notifications and process later than normal due to transition to COD CB system

Schools with ELC were notified March 26, 2018

Excess Liquid Capital Reporting

- Adjustment requests through April 20, 2018
- Deadline to remit Federal share is April 30, 2018
- Report return of Federal share and removal of institutional share from revolving fund on next year's FISAP

Distribution of Assets Process

- Statutory Requirement in the HEA, Section 466
- Distribution of Assets process will be replacing the existing Excess Liquid Capital process
- Process and deadline will be provided later this Fall

Distribution of Assets Process

Schools will be notified in late Fall, after the next FISAP deadline: October 1, 2018

Both contributions and repayments of Fund capital from Federal Government and/or from the school over time are considered in formula

Federal Pell Grant Program

Omnibus Appropriations Bill

On March 23, 2018 the President signed the Consolidated Appropriations Act, 2018, Public Law 115-141 (H.R. 1625)

Impacts Federal student aid in several ways:

- **Maximum Pell Grant awards**
- FAFSA use
- Children of Fallen Heroes Act
- Public Service Loan Forgiveness (PSLF)

Revised Pell Grant Schedules

The law raises the maximum Pell Grant by \$175 from \$5,920 to \$6,095 for the 2018-2019 award year

Otherwise eligible applicants, with EFCs 5329 - 5486 are now Pell Grant eligible

Revised Pell Grant Schedules

April 10, 2018 the Department published REVISED 2018-2019 Federal Pell Grant Payment and Disbursement Schedules ([Dear Colleague Letter GEN-18-04](#))

[Electronic Announcement, April 13, 2018](#) provides operational guidance #1

Additional operational guidance will be forthcoming

Year-Round Pell Grants

Legislative Background

The Consolidated Appropriations Act of 2017 allows a student to receive Pell Grant funds up to 150% of the student's Scheduled Award for an award year

Effective beginning with the 2017-2018 award year

Applied to the summer of 2017 ONLY IF treated as a header to 2017-2018 award year

[Dear Colleague Letter GEN-17-06](#)

General Requirements

Student must be otherwise eligible to receive Pell Grant funds for the payment period

Student must be enrolled at least half-time in the payment period for which the student received the additional Pell Grant funds

Additional Pell Grant will be included in the student's 600% maximum Pell Lifetime Eligibility Used (LEU)

General Requirements

Payment period may include awards from both the initial Pell Grant Scheduled Award and from the additional Pell Grant award

When the calculated award for a payment period is greater than the remaining balance of an initial Scheduled Award, the award for the payment period is the remaining balance plus an amount from the additional Pell Grant award

One Term – Additional Pell Amount

When the calculated award for a payment period is greater than the remaining balance of the initial Scheduled Award, the award for the payment period is the remaining amount of the initial Scheduled Award plus the Additional Pell amount

- Awarded as one amount
- Reported to COD as one amount

Verification

2018–2019 Verification

Same data items

Same Verification tracking groups

Some changes for 2018-2019

2018–2019 Verification Changes

Internal Revenue Service (IRS) Data Retrieval Tool (DRT) is available again

Dependent students who are nontax filers do not have to provide confirmation of nonfiling status from the IRS or other relevant tax authority

Clarified that an applicant selected for V4 or V5 verification must submit an unexpired valid government-issued photo ID

IRS Data Retrieval Tool 2018–2019

IRS DRT function was reinstated for the 2018–2019 FAFSA® processing year

To enhance the security and privacy of the sensitive personal data, all DRT data will be encrypted/masked and hidden from view on:

- IRS DRT website
- FAFSA web pages
- Student Aid Report (SAR)

IRS Data Retrieval Tool 2018–2019

Institutional and state agency Institutional Student Information Records (ISIRs) will have IRS data

Applicants and parents will not be able to make corrections to the IRS DRT transferred items before or after submission

Institutions will continue to be able to make any necessary corrections

IRS Data Retrieval Tool 2018–2019

IRS Data Field Flags

- NEW set of flags that identify what, if any, information was changed
- Separate flags for student and parents
- Flags listed for EACH field that can be transferred from the IRS

DIFFERENT flags than the IRS Request Flags

- 02 Request Flag still means no data changed for verification purposes

[Electronic Announcement, August 7, 2017](#)

IRS Data Retrieval Tool 2018–2019

IRS Notification of access to the IRS DRT

- Additional security protection
- Tax filer notified that their personal information was used to access their tax return information through the IRS DRT

IRS Get Transcript Online available for new users

Rollover

If DRT transfers a non-zero amount into the untaxed pension or IRA distribution field, applicant will be able to report the amount of a rollover and Central Processing System (CPS) will subtract it

The IRS Data Field Flag will be “2 = Field changed by user prior to submission of application”

To complete verification for this item, collect a signed statement certifying that the untaxed pension or IRA distribution contained a rollover

Amended Tax Returns

Students or parents who filed an amended tax return may use the IRS DRT

IRS Request Flag value of 07

To complete verification the institution must obtain a signed copy of the IRS Form 1040X, in addition to one of the following:

- IRS tax return transcript; or
- IRS DRT information on an ISIR record with all tax information from the original tax return

V4/V5 Reporting Reminder

Institutions are reminded to regularly report the verification results of identity and high school completion status using FAA Access to CPS Online

Results should not be reported in instances where the institution itself has selected the student for verification of identity or high school completion status

V4/V5 Reporting Reminder

This reporting requirement continues to be in place for both the 2017-2018 and 2018-2019 processing years.

Institutions should not wait until the award year concludes before these results are reported.

[Electronic Announcement, November 18, 2016](#)

2018-2019 Verification Resources

- [Federal Register Notice of Information to be Verified for the 2018–2019 Award Year](#)
- [Dear Colleague Letter GEN-17-05](#)
- [2018-2019 Verification Suggested Text Package](#)
- [2018-2019 Application and Verification Guide](#)
- [Changes to the IRS Data Retrieval Tool Process for the 2018-2019 FAFSA Form](#)
- [2018-2019 ISIR Guide](#)
- [2018-2019 EDE Technical Reference](#)
- [Verification Q&As](#)

Verification FRN 2019-2020

[Federal Register Notice](#) informing the community of the 2019-2020 FAFSA information to be verified was published on March 28, 2018

There are **NO** changes to:

- FAFSA items that may require verification
- Verification tracking groups
- Acceptable documentation
- Departmental verification selection

Verification FRN 2019-2020

In a subsequent posting on the IFAP website, we will provide suggested verification text for the 2019-2020 FAFSA items

We estimate that the technical specifications for the 2019–2020 ISIR record layout, which includes the Verification Tracking Flag values, will be available on the IFAP website July 2018

Comment Codes 400 and 401

Web Edits and SAR Comments

2017–2018 and previous FAFSAs:

- When an applicant completed a FAFSA form online, edits are performed just prior to submission
- When triggered, these edits require online confirmation or correction of the information that caused the edit to display

Web Edits and SAR Comments

2018–2019 FAFSA:

- Because information transferred from the IRS does not display to the applicant or parent (nor can corrections be made), any web edits that include information transferred from the IRS can no longer be presented to the applicant or parent
- Instead, new SAR comments will display on the ISIR (and SAR) to alert financial aid administrators that at least one edit was triggered but could not be displayed to the applicant or parent and therefore, could not be resolved online

Comment Codes 400/401

Comment Codes 400 (parents) and 401 (dependent and independent student applicants)

400 = Your Financial Aid Administrator may contact you to resolve any issues related to parental data reported on your FAFSA

401 = Your Financial Aid Administrator may contact you to resolve any issues related to data reported on your FAFSA

Reasons for Comment Code 400

For Parents of Dependent Students

- Parent is a tax filer (FAFSA Question 80) and the AGI retrieved from the IRS is zero, but the total income earned from work (FAFSA Questions 88 and 89) is greater than zero
- The **total** of the Additional Financial Information fields reported on the FAFSA form (FAFSA Questions 93a-f) is greater than the AGI transferred from the IRS
- **Any item** from the FAFSA list of Untaxed Income (FAFSA Questions 94a-i) is equal to or exceeds the AGI transferred from the IRS

Reasons for Comment Code 401

For Dependent Students and Independent Students

- Student is a tax filer (FAFSA Question 32) and the AGI retrieved from the IRS is zero, but the total income earned from work (FAFSA Questions 39 and 40) is greater than zero
- The **total** of the Additional Financial Information fields reported on the FAFSA form (FAFSA Questions 44a-f) is greater than the AGI transferred from the IRS
- **Any item** from the FAFSA list of Untaxed Income (FAFSA Questions 45a-j) is equal to or exceeds the AGI transferred from the IRS

Special Notes

When Comment Code 400 or 401 appears on an ISIR and an institutional review confirms that none of the relevant data items for a 400/401 condition exists, the institution need not take any further action

Comment Code 400/401 can be considered resolved if (V1 or V5) verification is completed for the same applicant for the same ISIR record

Resources

For more information on Comment Code 400/401 see [Electronic Announcement, August 7, 2017](#)

Hurricanes and Other Natural Disasters

Hurricanes and Other Natural Disasters

[Dear Colleague Letter GEN-17-08](#)

The Hurricanes Harvey, Irma and Maria Education Relief Act of 2017 (Public Law 115-64)

Consolidated Appropriations Act, 2018, Public Law 115-141
([H.R. 1625](#))

Campus-Based Funds

Supplemental Funds for Federal Supplemental Educational Opportunity Grant (FSEOG)

- Distributed September 28th to schools in areas impacted by Hurricanes

Supplemental Funds for Federal Work Study (FWS)

- Distributed to schools in a FEMA declared disaster area
- Distributed to schools with concentrations of students who were impacted by disaster
- FWS jobs can clean up community after storm

Funding can be expended through for the remainder of the 2017–18 Award Year through the 2018–19 Award Year

Gainful Employment

GE Disclosure Resources

GE Disclosure Template

<http://www2.ed.gov/policy/highered/reg/hearulemaking/2009/negreg-summerfall.html>

Quick start guides

Help desk: 855-359-3697, gedt@inovas.net

GE Alternate Earnings Appeals

Notice of Intent to Appeal was due October 6, 2017

Documentation for appeal was due February 1, 2018

Gainful Employment Electronic Announcement #108

GE Completers List

Completers lists for next calculation of GE rates is coming soon

Corrections must be submitted within 45 days

- ED will approve or deny

Final completers list sent to Social Security Administration (SSA) for earnings data; debt-to-earnings calculations to follow

Statutory Update

Consolidated Appropriations Act, 2018

Public Law 115-141 (H.R. 1625)

Omnibus Appropriations Bill

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Impacts Federal student aid in several ways:

- Maximum Pell Grant awards
- **FAFSA data use**
- **Children of Fallen Heroes Act**
- **Public Service Loan Forgiveness (PSLF)**

FAFSA Data Use

The appropriations law permits, but does not require, institutions to provide FAFSA data to a scholarship granting organization designated by an applicant if:

- The applicant has provided explicit written consent and
- The disclosure is to assist the applicant in applying for and receiving financial assistance at that institution

The scholarship organization cannot sell or otherwise share the FAFSA data they receive from institutions under this section

This provision will remain in effect until the HEA is reauthorized

Children of Fallen Heroes Scholarship Act

Amends Sec. 473(b) of HEA

Expands special rule for “EFC shall be deemed zero”

Eligible to receive Pell Grant for the year in which eligibility determination is made beginning with 2018-2019 award year

Parent or guardian actively serving as a public safety officer and died in the line of duty while performing as a public safety officer

Children of Fallen Heroes Scholarship Act

At time of parent or guardian's death student was:

- Less than 24 years of age or;
- Enrolled at an institution of higher education on a part-time or full-time basis

Partial Pell Grant to full Pell Grant

Zero EFC used for all other title IV aid

Further guidance will be forthcoming

Public Service Loan Forgiveness (PSLF)

\$350 million appropriation for temporary expansion of PSLF

Otherwise eligible Direct Loan borrowers

PSLF ineligible solely due to some or all payments made under a non-qualifying repayment plan (such as the Extended Repayment Plan)

Further guidance will be forthcoming

Operational Reminders

2019-2020 Need Analysis Tables

As required in Sec. 482 of the HEA, the 2019-2020 need analysis tables with any modifications, updates, and notices are scheduled to be published by June 1

Electronic G-845 Confirmation Process

Beginning May 1, 2018 DHS-USCIS will return to sender all Forms G-845 received on or after this date

Schools should stop mailing Forms G-845 to DHS beginning on April 24, 2018 to avoid Forms being rejected

Schools must hold all third step requests until their SAVE system access is activated

Electronic G-845 Confirmation Process

For instructions on how to access and use the SAVE system, as well as for links to SAVE system resources, please visit the “DHS-SAVE, Eligible Noncitizen” information page on [IFAP](#)

[Electronic Announcement, February 26, 2018](#)

Questions?

Contact Information

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Thank You!