



Federal Update

Zack Goodwin
U.S. Department of Education
ISFAA Conference, Indianapolis, IN

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

PROUD SPONSOR of
the AMERICAN MIND®

January 2019

Federal Update

Negotiated Rulemaking

2 **Federal Student Aid**
An OFFICE of the U.S. DEPARTMENT of EDUCATION

Accreditation, Innovation and Other Issues

- On July 31, 2018, the Department announced its intent to establish a negotiated rulemaking committee
- The Committee began work in January to develop proposed regulations on accreditation, innovation and other related issues

3 **Federal Student Aid**
An OFFICE of the U.S. DEPARTMENT of EDUCATION



Accreditation, Innovation and Other Issues

The Accreditation and Innovation Negotiated Rulemaking Committee will address the Secretary's recognition of accrediting agencies and related institutional eligibility issues, including:

- Requirements for accrediting agencies in their oversight of member institutions and programs
- Criteria used by the Secretary to recognize accrediting agencies

Accreditation, Innovation and Other Issues

- Simplification of the Department's recognition and review of accrediting agencies
- Clarification of the core oversight responsibilities of each entity in the regulatory triad, including accrediting agencies, States, and the Department to hold institutions accountable
- Clarification of the permissible arrangements between an institution of higher education and another organization to provide a portion of an education program
- The roles and responsibilities of institutions and accrediting agencies in the teach-out process

Accreditation, Innovation and Other Issues

The Department also announced an intent to establish three subcommittees that would make recommendations to the Negotiated Rulemaking Committee on:

- Distance learning and innovation
- Eligibility of faith-based entities and activities
- TEACH Grants



Accreditation, Innovation and Other Issues

The Distance Learning and Educational Innovation Subcommittee will address:

- Simplification of state authorization requirements related to programs offered through distance education or correspondence courses, including disclosures about such programs to enrolled and prospective students and other State authorization issues
- The definition of "regular and substantive interaction," as that term is used in the definitions of "correspondence course" and "distance education"

Accreditation, Innovation and Other Issues

- The definition of the term "credit hour"
- The requirement that an institution demonstrates a reasonable relationship between the length of a program and entry-level requirements for the recognized occupation for which the program prepares the student
- Barriers to innovation and student completion, graduation, or employment
- Direct assessment programs and competency-based education

Accreditation, Innovation and Other Issues

The TEACH Grants Subcommittee will address:

- The simplification and clarification of TEACH Grant program requirements to:
 - Minimize the inadvertent grant-to-loan conversions; and
 - Provide opportunities to correct erroneous conversions



Accreditation, Innovation and Other Issues

The Faith-Based Institutions Subcommittee will address:

- Requirements for accrediting agencies to honor institutional mission
- Provisions regarding the eligibility of faith-based entities to participate in the Title IV, HEA programs

Accreditation, Innovation and Other Issues

To obtain public input on the topics for negotiation:

- The Department held three public hearings this Summer in Wisconsin, Louisiana, and Washington D.C.
- The Department also accepted and reviewed written comments submitted by the public

Accreditation, Innovation and Other Issues

Main Committee Session Dates:

- Jan. 14–16, 2019
- Feb. 19–22, 2019
- March 25–28, 2019



Accreditation, Innovation and Other Issues

Subcommittee Session Dates:

- Jan. 17 – 18, 2019
- Feb. 12 – 13, 2019
- March 11 – 12, 2019

Subcommittee sessions will be livestreamed to provide public access.

Borrower Defense to Repayment

- A Notice of Proposed Rulemaking (NPRM) was published July 31, 2018
 - The Department received nearly 32,000 comments in response
- The Department continues work on these regulations

Borrower Defense to Repayment

- The Department published Federal Register notices to delay the effective date
- In October 2018, the U.S. District Court for D.C. invalidated the delay and the 2016 Borrower Defense regulations became effective



Gainful Employment

- A negotiated rulemaking committee was formed to consider the Gainful Employment rules
- The committee met:
 - Dec. 4-7, 2017,
 - Feb. 5-8, 2018, and
 - March 12-15, 2018
- Negotiations concluded without consensus being reached

Gainful Employment

- A Notice of Proposed Rulemaking (NPRM) was published Aug. 14, 2018
 - The comment period ended on Sept. 13, 2018
 - The Department received nearly 14,000 comments
- A final regulation is under development

Gainful Employment

- June 18, 2018 GE EA #116: Deadline to comply with requirements of 668.412 (d) and (e) delayed until July 1, 2019. Supersedes GE EA #106. Specifically these regulations require schools to:
 - Include the disclosure template, or a link thereto, in their GE program promotional materials; and,
 - Directly distribute the disclosure template to prospective students
- Consistent with previous announcements, schools must comply with 668.412(a), (b), and (c) to post disclosures on their GE program webpages using the approved disclosure template provided by ED. The deadline for these actions was April 6, 2018.



Minibus Appropriations Bill

- On Sept. 28, 2018 the President signed the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 (H.R. 6157; Public Law No: 115-245) which impacted Federal student aid in several ways:
 - Increased Maximum Pell Grant awards
 - Level funding for FWS/FSEOG awards
 - Deferment for Cancer Treatment
 - FAFSA® Data Usage
 - Temporary Extended Public Service Loan Forgiveness (TEPSLF)
 - Public Service Loan Forgiveness (PSLF) Outreach

22



Maximum Pell Grant awards

- Maximum Scheduled Award: \$6,195
 - Increase of \$100 for 2019-2020
 - Able to receive up to 150% of scheduled Pell award
 - New payment schedules released January 23, 2019:
 - Dear Colleague Letter GEN-19-01

23



No Change to FWS/FSEOG levels

- Campus-based appropriations have provided (with no changes from the previous award year):
 - \$1,130,000,000 for the FWS Program
 - \$840,000,000 for the FSEOG Program

24



Deferment for Cancer Treatment

- Direct Loan, FFELP, and Perkins Loan borrowers will become eligible for an interest-subsidized deferment for the period of time for which they are receiving treatment for cancer and for the 6-month period following the cessation of such treatment. The term "cancer treatment" is undefined.
- This provision is only available for loans that are disbursed on or after the date of enactment, Sept. 28, 2018, or loans in repayment on the date of enactment
- Loans disbursed prior to Sept. 28, 2018 that have not yet entered repayment are not eligible for this benefit

Deferment for Cancer Treatment

- Servicers are currently able to offer temporary forbearance for students who may be eligible for this benefit, at the student's request
- The Department provided servicers with appropriate guidance to help ensure consistent application

FAFSA Data Usage

- The law permits, but does not require, schools to provide FAFSA data to a scholarship granting organization, or to an organization that assists the applicant in applying for and receiving Federal, State, local or tribal assistance 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 school
- The organization cannot sell or otherwise share the FAFSA data they receive from schools under this section
- This provision will remain in effect until the Higher Education Act is reauthorized



Public Service Loan Forgiveness (PSLF)

- The appropriations law sets aside an additional \$2.3 million from the Student Aid Administrational account (same as in FY 2018) for FSA to perform outreach to all Direct Loan borrowers with respect to PSLF, particularly those who are not in qualifying repayment plans
- The law also permits FSA to spend these funds on enhancements to PSLF operations, such as the PSLF Help Tool

PSLF

As of June 2018:

- 28,021 borrowers have applied for PSLF
- 96 borrowers have been approved to receive \$5.52 million in loan forgiveness
- The remainder have been not been approved or are pending approval, primarily for not meeting program requirements (e.g. having a Direct Loan or making 120 qualifying payments)
- A significant minority were not approved because of incomplete applications (e.g. the Employer Identification Number was missing)
 - Attempts to get complete applications were unsuccessful
 - Borrower can resubmit, but still may not meet program requirements

Source: FSA Data Center, as of June 2018

TEPSLF

- The appropriations law provides a supplemental \$350 million for the temporary expansion of PSLF for Direct Loan borrowers that was created in FY 2018, bringing the total appropriation to \$700 million
- This expansion is available to those who do not otherwise qualify for PSLF solely because some or all of their payments were made on a non-qualifying repayment plan (such as the Extended Repayment Plan)
- To qualify for the temporary expansion, a borrower must demonstrate that the payment they made 12 months prior to applying for the temporary expansion of PSLF and the payment they made immediately prior to applying for the expansion are at least as much as they would have paid under an income-driven repayment plan



TEPSLF

- ED will reconsider borrower eligibility for Public Service Loan Forgiveness (PSLF) using an expanded list of qualifying repayment plans and some payments that don't count toward PSLF may count toward forgiveness under TEPSLF
- Additional qualifying repayment plans include:
 - Graduated Repayment Plan
 - Extended Repayment Plan
 - Consolidation Standard Repayment Plan
 - Consolidation Graduated Repayment Plan
- Refer to May 23, 2018 Electronic Announcement

TEPSLF

- As of October 2018:
- We have received 33,947 TEPSLF email requests
 - 7,138 request are being or were reviewed for eligibility:
 - 26 have been approved (\$1.4 million)
 - 3,824 have been not been approved:
 - Nearly two-thirds of borrowers haven't been in repayment for 10 years,
 - One-fifth of borrowers didn't have any Direct Loans
 - 3,288 are still being reviewed
 - 22,872 requests are from borrowers who had not applied for PSLF or who had a PSLF application pending

Source: FedLoan Servicing, Oct. 16, 2018

Children of Fallen Heroes Scholarship Act

- On March 23, 2018 the President signed the Consolidated Appropriations Act, 2018, (H.R. 1625, Public Law 115-141)
- Amends Sec. 473(b) of HEA and expands special rule for "EFC shall be deemed zero"
- Student must be eligible to receive Pell Grant for the year in which eligibility determination is made beginning with 2018-2019 award year (EFC > 0 and ≤ the maximum EFC for Pell Grant)
- 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
- November 19, 2018 Electronic Announcement

Perkins Loans

Perkins Loans

Distribution of Assets

- The Extension Act requires schools to return to the ED the Federal share of the school's Perkins Loan Revolving Fund (the Fund)
- The Asset Distribution process is similar to the previous Excess Liquid Capital process. Collection will begin after October 1, 2018
 - July 11, 2018 Electronic Announcement indicated that due to additional system updates, FSA will delay notification to schools
- Refer to Dear Colleague Letter GEN 17-10 and
- New Assignment form and instructions are now available
 - See January 11, 2019 Electronic Announcement



Consolidation of Perkins Loans

- November 1, 2016 Borrower Defense Final Rule (effective July 1, 2017) was not delayed:
 - § 685.220(d)(1)(i) eliminates the requirement that a borrower must have a Direct Loan or FFEL loan to consolidate
 - § 685.220(b) allows other loan types such as Perkins Loans and certain loans issued by HHS, to access consolidation, even if the borrower did not also consolidate a Direct Loan or FFEL loan

Verification

Verification

Electronic Announcement: January 9, 2019

- Signed copies of paper tax returns may now be accepted in lieu of documents issued by the IRS
 - Schools may still opt to require IRS documentation
 - Signature requirements for tax preparers continue to apply
- IRS verification of non-filing (VNF) is still required for non-filing parents, independent students and spouses, but a signed statement may be provided if the VNF cannot be obtained
 - Applicants are not required to document their attempt to obtain IRS documents, unless the school doubts the attempt was made



Amended Tax Returns

- Individuals who filed an amended tax return must submit the following documents to the institution:
 - If identified by IRS Request Flag 07, all original income and tax information is considered verified
 - If not identified by IRS Request Flag 07, an IRS Tax Return Transcript, or any other IRS tax transcript(s) that include all of the income and tax information required, or a signed copy of the original tax return;

AND

 - a signed copy of IRS Form 1040X that was filed with the IRS
- If the amendment was not due to filing a 1040X, the applicant must provide IRS documentation of the change

Identity Theft

- Victims of IRS tax-related identity theft must submit:
 - Statement signed and dated by the tax filer indicating s/he was a victim of IRS tax-related identity theft and the IRS has been made aware;

AND

 - An IRS Tax Return Database View (TRDBV) transcript
 - Tax filers who cannot obtain a TRDBV transcript may instead submit other official IRS document(s) if they include all income and tax information required to be verified, or a signed copy of the tax return

Tax Filing Extenders: Documentation

- A signed statement certifying that the individual:
 - Attempted to obtain non-filing verification from the IRS or other tax authorities and was unable to; *and*
 - Has not filed a Federal income tax return
- A list of the sources of any income, and the amount of income from each
 - If self-employed, the signed statement must also include the AGI and the amount of U.S. income tax paid



Tax Filing Extenders: Other Documents

- Copy of IRS Form 4868, "Application for Automatic Extension of Time to File U.S. Individual Income Tax Return"
- Copy of the IRS's approval of an extension beyond the automatic six-month period
- Copy of IRS Form W-2 for each source of employment income received or an equivalent document

Changes to IRS Tax Transcript

- **10/4/18** – New IRS Tax Transcripts Redacted Data
 - On 9/23/18, IRS tax transcripts provide a reduced number of digits/characters for SSN, EIN, account/phone #, last name, address
 - *The revised IRS tax transcript is acceptable for verification purposes*
 - At the end of 2018 transcripts will no longer be faxed
 - Filers currently can create "customer file numbers" when requesting transcripts via 4506T/T-EZ
 - Available next year for Get Transcripts Online or Online by Mail
 - Spring of 2019, IRS plans to remove option for requesting 3rd-party receipt of tax data on 4506-T/T-EZ and only mail transcripts to taxpayer
 - Schools can receive transcripts directly by participating in IRS' Income Verification Express Services [IVES] by registering for e-Services on IRS.gov

Changes to Other IRS Tax Forms

- The recently passed tax reform law changes other IRS tax forms (e.g. Form 1040)
- The IRS released drafts of new tax forms in August 2018
- One major change is the elimination of tax forms 1040A and 1040EZ, and the creation of 6 new schedules
- FSA is reviewing these changes to see how these changes effect our forms and processes



Federal Student Aid's Next Generation Financial Services Environment



FederalStudentAid
AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

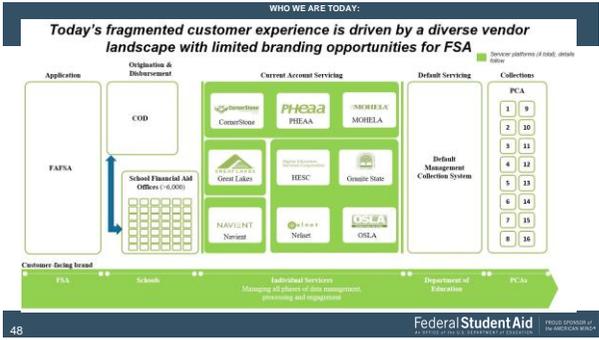
PROUD SPONSOR of
the AMERICAN MIND®

Federal Student Aid (FSA) has one of the largest consumer loan portfolios in the world. We should deliver for our customers on par with world-class financial services

To do that, we have defined the **Next Generation Financial Services Environment** with **four primary goals**:

- 1. World-class customer experience**, grounded in a mobile-first, mobile-complete, and mobile-continuous environment, to improve customer outcomes
- 2. Greater operational flexibility** to allow us to more rapidly integrate new capabilities and features
- 3. Reduce complexity**, improve the stability and resiliency of our systems, and provide more cost-efficient solutions
- 4. Improve repayment outcomes** and overall portfolio performance







Data Security

Consolidated Rules, Tools, Audit Language & Guidance

Compliant Self-Report Option and Suggested Data Share

Cyber Alerts and Contact Info

Outreach, Training & Links

52 Federal Student Aid PROUD SPONSOR OF THE AMERICAN MIND®

studentprivacy.ed.gov

Protecting Student Privacy
U.S. DEPARTMENT OF EDUCATION

RESOURCES TRAINING BROWSE BY AUDIENCE FAQs ABOUT US CONTACT FILE A COMPLAINT

Student Privacy 101:
STUDENT PRIVACY AT THE U.S. DEPARTMENT OF EDUCATION

Contact number - 855-249-3072

53 Federal Student Aid PROUD SPONSOR OF THE AMERICAN MIND®

Federal Student Aid Updates and Reminders

54 Federal Student Aid PROUD SPONSOR OF THE AMERICAN MIND®



FSA Publications Distribution

- As of Aug. 31, 2018, FSA no longer prints or delivers FSA publications (except for the FAFSA form).
- Publications will still be available electronically.
 - <https://financialaidtoolkit.ed.gov/tk/resources.jsp>
 - <https://studentaid.ed.gov/sa/resources>
 - <https://ifap.ed.gov/ifap/>
 - <https://studentloans.gov/myDirectLoan/index.action>

Shopping Sheet

- Renamed the College Financing Plan
- Released with January 16, 2019 Electronic Announcement
 - Comments requested by April 1, 2019





Federal Student Aid E- Training (FSA E-Training)

<https://fsatraining.info/>



2019 FSA Training Conference

Reno!

Thank You

Follow-up questions? Contact:
AskFed@ed.gov







