

# Federal Update

April, 2017

Federal Student Aid | PROUD SPONSOR of  
AN OFFICE of the U.S. DEPARTMENT of EDUCATION | the AMERICAN MIND®

---

---

---

---

---

---

---

---

## IRS Data Retrieval Tool (IRS-DRT)



Federal Student Aid | PROUD SPONSOR of  
AN OFFICE of the U.S. DEPARTMENT of EDUCATION | the AMERICAN MIND®

---

---

---

---

---

---

---

---

### 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.

Federal Student Aid | PROUD SPONSOR of  
AN OFFICE of the U.S. DEPARTMENT of EDUCATION | the AMERICAN MIND®

---

---

---

---

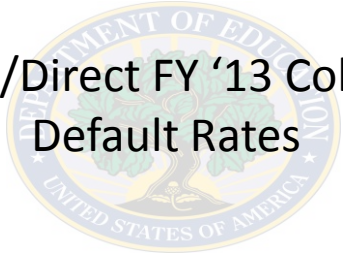
---

---

---

---

# FFEL/Direct FY '13 Cohort Default Rates



Federal Student Aid | PROUD SPONSOR OF THE AMERICAN MIND

---

---

---

---

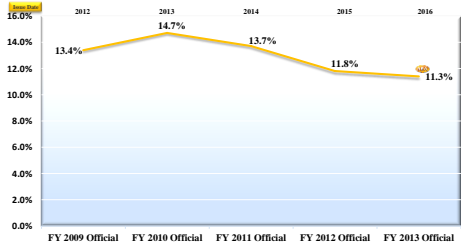
---

---

---

---

National Student Loan Default Rates



Federal Student Aid | PROUD SPONSOR OF THE AMERICAN MIND

---

---

---

---

---

---

---

---

# FY '13 Cohort Default Rates RMASFAA

STATE	FY '12 CDR	FY '13' CDR
Colorado	12.4%	11.5%
Kansas	9.9%	10.7%
Montana	9.8%	9.8%
Nebraska	8.0%	8.2%
North Dakota	6.6%	6.5%
South Dakota	11.4%	12.3%
Utah	9.9%	9.1%
Wyoming	13.9%	14.0%

Federal Student Aid | PROUD SPONSOR OF THE AMERICAN MIND

---

---

---

---

---

---

---

---

## 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%

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND

---

---

---

---

---

---

---

---

## 2017-2018 Federal Pell Grant Program



Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND

---

---

---

---

---

---

---

---

## 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

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND

---

---

---

---

---

---

---

---

### 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

10

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND

---

---

---

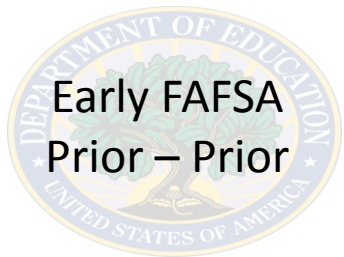
---

---

---

---

---



### Early FAFSA Prior – Prior

11

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND

---

---

---

---

---

---

---

---

### Early FAFSA

- President's Announcement –
  - FAFSA Start-Up on October 1
  - Use of Prior-Prior Income Data
- Beginning with the 2017-2018 FAFSA
  - October 1, 2016
  - 2015 Tax/Calendar Year for Income

12

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND

---

---

---

---

---

---

---

---



### 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.

16

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND

---

---

---

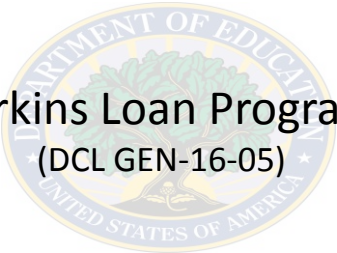
---

---

---

---

---



### Perkins Loan Program (DCL GEN-16-05)

17

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND

---

---

---

---

---

---

---

---

- **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

18

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND

---

---

---

---

---

---

---

---

- Federal Perkins Loan Program Extension Act of 2015.
  - Requires school disclosures
  - Requires return of federal share of revolving fund

19

---

---

---

---

---

---

---

---

### 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

20

---

---

---

---

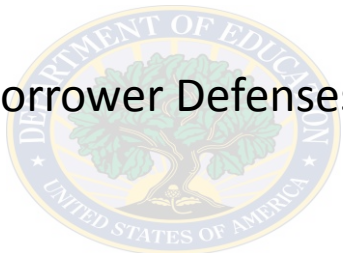
---

---

---

---

### Borrower Defenses



21

---

---

---

---

---

---

---

---

## Borrower Defense

- 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

Federal Student Aid | PROUD SPONSOR OF THE AMERICAN MIND  
AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

---

---

---

---

---

---

---

---

## 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

Federal Student Aid | PROUD SPONSOR OF THE AMERICAN MIND  
AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

---

---

---

---

---

---

---

---

## 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

Federal Student Aid | PROUD SPONSOR OF THE AMERICAN MIND  
AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

---

---

---

---

---

---

---

---



## 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

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND  
AN OFFICE of the U.S. DEPARTMENT of EDUCATION

---

---

---

---

---

---

---

---



## Direct Loan REPAYE Payment Plan

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND  
AN OFFICE of the U.S. DEPARTMENT of EDUCATION

---

---

---

---

---

---

---

---

## REPAYE Regulations

- Negotiations held February - April, 2015 -- consensus reached on a Revised Pay As You Earn repayment plan (REPAYE) that extends the 10 percent income cap to all borrowers regardless of when they borrowed
- Published final regulations October 30, 2015
- Implemented on December 17, 2015

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND  
AN OFFICE of the U.S. DEPARTMENT of EDUCATION

---

---

---

---

---

---

---

---

## REPAYE Regulations

- Extends 10% of income repayment cap to all borrowers regardless of when they borrowed
- Repayment period = 20 years for undergraduate loans and 25 years if graduate loans included
- PAYE still available; not a replacement plan

28

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND  
AN OFFICE of the U.S. DEPARTMENT of EDUCATION

---

---

---

---

---

---

---

---



## Program Integrity Cash Management

29

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND  
AN OFFICE of the U.S. DEPARTMENT of EDUCATION

---

---

---

---

---

---

---

---

## 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

30

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND  
AN OFFICE of the U.S. DEPARTMENT of EDUCATION

---

---

---


---

---

---

---

---



# Correct and Timely Reporting

21

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND®  
AN OFFICE of the U.S. DEPARTMENT of EDUCATION

---

---

---

---

---

---

---

---

## Correct and Timely Reporting

- COD –
  - Program information
- NSLDS –
  - Enrollment, including academic program
  - GE Reporting
- CPS –
  - Professional Judgement
  - Results of V4 and V5 Verification

22

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND®  
AN OFFICE of the U.S. DEPARTMENT of EDUCATION

---

---

---

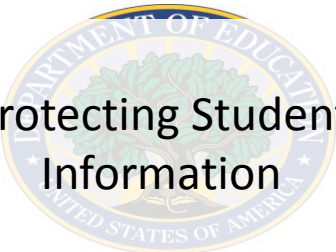
---

---

---

---

---



# Protecting Student Information

23

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND®  
AN OFFICE of the U.S. DEPARTMENT of EDUCATION

---

---

---

---

---

---

---

---

## 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.

34

Federal Student Aid | PROUD SPONSOR OF THE AMERICAN MIND

---

---

---

---

---

---

---

---

## 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.

35

Federal Student Aid | PROUD SPONSOR OF THE AMERICAN MIND

---

---

---

---

---

---

---

---

## 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.

36

Federal Student Aid | PROUD SPONSOR OF THE AMERICAN MIND

---

---

---

---

---

---

---

---

# Gainful Employment

See DCL GEN-15-12



Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND®  
AN OFFICE of the U.S. DEPARTMENT of EDUCATION

---

---

---

---

---

---

---

---

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.

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND®  
AN OFFICE of the U.S. DEPARTMENT of EDUCATION

---

---

---

---

---

---

---

---

# 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

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND®  
AN OFFICE of the U.S. DEPARTMENT of EDUCATION

---

---

---

---

---

---

---

---

## 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%

40

Federal Student Aid | PROUD SPONSOR of  
AN OFFICE of the U.S. DEPARTMENT of EDUCATION | the AMERICAN MIND™

---

---

---

---

---

---

---

---

## 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

41

Federal Student Aid | PROUD SPONSOR of  
AN OFFICE of the U.S. DEPARTMENT of EDUCATION | the AMERICAN MIND™

---

---

---

---

---

---

---

---

## 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).

42

Federal Student Aid | PROUD SPONSOR of  
AN OFFICE of the U.S. DEPARTMENT of EDUCATION | the AMERICAN MIND™

---

---

---

---

---

---

---

---

### 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.

Federal Student Aid | PROUD SPONSOR OF THE AMERICAN MIND  
AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

---

---

---

---

---

---

---

---

### 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.

Federal Student Aid | PROUD SPONSOR OF THE AMERICAN MIND  
AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

---

---

---

---

---

---

---

---

### 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:

Federal Student Aid | PROUD SPONSOR OF THE AMERICAN MIND  
AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

---

---

---

---

---

---

---

---

## 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

46

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND®  
AN OFFICE of the U.S. DEPARTMENT of EDUCATION

---

---

---

---

---

---

---

---

## Gainful Employment Disclosures

- Median Earnings
- Completion Rates
- GE D/E Earnings Result (Pass, Zone, Fail)
- Job Placement Rates
- Licensure Satisfaction Status

47

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND®  
AN OFFICE of the U.S. DEPARTMENT of EDUCATION

---

---

---

---

---

---

---

---

## Experimental Sites



48

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND®  
AN OFFICE of the U.S. DEPARTMENT of EDUCATION

---

---

---

---

---

---

---

---



## 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

49

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND®  
AN OFFICE of the U.S. DEPARTMENT of EDUCATION

---

---

---

---

---

---

---

---

## Experimental Sites

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

50

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND®  
AN OFFICE of the U.S. DEPARTMENT of EDUCATION

---

---

---

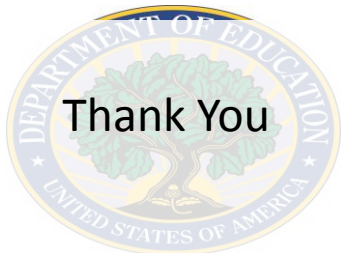
---

---

---

---

---



51

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND®  
AN OFFICE of the U.S. DEPARTMENT of EDUCATION

---

---

---

---

---

---

---

---