Federal Update

Breaking News!

• 2017-2018 Processing Announcements
  – Beginning with 2017-2018, the FAFSA cycle will begin October 1 instead of January 1
  • 2017-2018 FAFSA filing will begin October 1, 2016
  • Gives more time to review, submit & update FAFSA data
  – Beginning with 2017-2018, FAFSA income information will come from the “prior, prior year”
  • 2017-2018 FAFSA will collect tax year 2015 income data
  • Reduces the use of estimated income and increases the use of the Data Retrieval Tool (DRT)

More information coming soon. Stay tuned to IFAP!

For discussion purposes only
### Federal Update

#### National Default Rates – FY 2012

- On September 28, 2015, the Department electronically distributed FY 2012 3-Year official cohort default rates to all eligible schools.
- Please don’t forget to review your CDR data and appeal as appropriate within the required time frames.
  - Time period for appeals begins on Tuesday, October 6, 2015.
- Questions about default rates - contact fsa.schools.default.management@ed.gov or call the Operations Performance Division Hotline at (202) 377-4259.

#### FY 2012 3-Year Official National Cohort Default Rates

<table>
<thead>
<tr>
<th>School</th>
<th>Fiscal Year 2012 Official</th>
<th>Fiscal Year 2011 Official</th>
<th>Fiscal Year 2012 Official</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Schools</td>
<td>Borrower Default Rate (%)</td>
<td># of Borrowers Defaulted</td>
<td># of Borrowers Entered Repayment</td>
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</table>

- **Public**
  - Less than 2 yrs: 11.7% (301,453 borrowers defaulted out of 2,563,157 entered repayment)
  - 2-3 yrs: 19.1% (905,058 borrowers defaulted out of 4,637,818 entered repayment)
  - 4yrs(+): 7.6% (1,647,948 borrowers defaulted out of 1,647,948 entered repayment)

- **Private**
  - Less than 2 yrs: 12.2% (1,196 borrowers defaulted out of 8,750 entered repayment)
  - 2-3 yrs: 20.6% (767,073 borrowers defaulted out of 4,247,918 entered repayment)
  - 4yrs(+): 8.9% (1,476,511 borrowers defaulted out of 1,476,511 entered repayment)

- **Proprietary**
  - Less than 2 yrs: 17.7% (187,209 borrowers defaulted out of 1,887,549 entered repayment)
  - 2-3 yrs: 19.8% (390,649 borrowers defaulted out of 2,011,318 entered repayment)
  - 4yrs(+): 22.1% (770,585 borrowers defaulted out of 3,437,362 entered repayment)

- **Foreign**
  - Less than 2 yrs: 3.3% (56,921 borrowers defaulted out of 1,701,362 entered repayment)
  - 2-3 yrs: 4.6% (55,262 borrowers defaulted out of 1,192,234 entered repayment)
  - 4yrs(+): 4.8% (41,352 borrowers defaulted out of 1,036,562 entered repayment)

### For discussion purposes only
Federal Update

<table>
<thead>
<tr>
<th>Counseling Type</th>
<th>Required for:</th>
<th>When:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrance</td>
<td>• First time subsidized or unsubsidized loan borrowers</td>
<td>Prior to receiving funds the first time a student borrows as an undergraduate or graduate/professional student</td>
</tr>
<tr>
<td></td>
<td>• First time graduate/professional student PLUS borrowers</td>
<td></td>
</tr>
<tr>
<td>Financial Awareness Counseling (FAC)</td>
<td>Not required</td>
<td></td>
</tr>
<tr>
<td>PLUS</td>
<td>PLUS Borrowers (graduate/professional students and parents) who have an adverse credit history but who</td>
<td>Each year the borrower requests a PLUS loan and has an adverse credit history.</td>
</tr>
<tr>
<td></td>
<td>• Obtain an endorser</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Satisfactorily document extenuating circumstances to the Department of Education</td>
<td></td>
</tr>
<tr>
<td>Exit</td>
<td>Student borrowers</td>
<td>When student borrowers graduate, leave school, or drop below half-time enrollment</td>
</tr>
<tr>
<td>TEACH Initial and Subsequent Counseling</td>
<td>TEACH Grant recipients</td>
<td>Each year a student receives a TEACH Grant</td>
</tr>
<tr>
<td>TEACH Exit Counseling</td>
<td>TEACH Grant recipients</td>
<td>When TEACH Grant recipient leaves school, drops below half-time enrollment, or leaves the program</td>
</tr>
</tbody>
</table>

Negotiated Rulemaking

Federal Register Notice – 8/20/15

- Proposed regulation discussion
  - Procedures for a borrower to establish defense to repayment
  - Criteria the Department will use to identify acts/omissions of an institution that constitute defenses to repayment
  - Standards and procedures that ED will use to determine school liability for amounts based on borrower defenses
  - Effect of borrower defenses on school capability assessments

- Two public Hearings
  - 9/10/15 – Washington D.C.
  - 9/16/15 – San Francisco

Experimental Site Initiative

Federal Register Notice – 8/3/15

- Provide Pell Grant funding to otherwise eligible students who are incarcerated in Federal or State penal institutions
- Partner with Federal/State correctional facilities to offer TIV eligible programs to incarcerated students
- Prisoners must be eligible for release and priority given to prisoners who likely to be released within five years of enrollment in the educational program
- Must apply to participate by October 2, 2015 to receive priority consideration

For discussion purposes only

Kim Wells
U.S. Department of Education
Federal Update

Program Integrity “Proposed” Rules

- Main topics:
  - Cash Management
  - Repeat Coursework
  - Clock-to-Credit Conversion and clock hour program definition

- Cash Management
  - Establish two different types of arrangements between institutions and financial account providers (Tier 1 and 2) and publically disclose these contracts and costs
  - Cannot require student/parent to open a certain type of account in order to receive TIV credit balance funds
  - Provide a list of account options in a neutral manner with the student's preexisting bank account listed first
  - Obtain student/parent consent prior to sharing PII data or sending access devices from account providers
  - Mitigate fees incurred by student aid recipients

- Repeat Coursework
  - Allow institution offering term-based programs to count, for enrollment, courses a student is retaking that they previously passed, up to one repetition per course, including when student is retaking a previously passed course due to student failing other coursework

- Clock-to-Credit Hour Conversion
  - Streamline conversion by removing provisions where a State/Federal approval or licensure action cause a program to be measured in clock hours

Additional DCLs & Announcements

For discussion purposes only
Dear Colleague Letters

**GEN-15-19 – Perkins Excess Liquid Capital**
- Reminds institutions that participate in Perkins they must return to ED the Federal portion of any Excess Liquid Capital in Perkins Loan Revolving Fund
- Includes interactive worksheets to determine Excess Liquid Capital (ELC) that must be returned
  - ELC is amount of Fund’s “Cash On Hand” that is in excess of institution’s estimated immediate needs
- ED allows institution to calculate Federal share to be returned to ED and institutional share that must be removed from Fund and returned to institution
- Federal share of institution’s ELC must be returned to ED via G5 no later than December 31, 2015

**Dear Colleague Letters**

**GEN-15-18 – Protecting Student Information**
- Reminds institutions of higher education and their third-party servicers of continuing obligations to protect data used in all aspects of administering Title IV FSA programs
- Ensure that all FSA applicant information is protected from access by or disclosure to unauthorized personnel according to several state and federal laws.
- Provides list of Industry standards and best practices
  - Gramm-Leach-Bliley Act requires schools to ensure the security and confidentiality of customer records and information
  - Institution remains liable for any action by its third-party servicers

**Dear Colleague Letters**

**GEN-15-16 – Unaccompanied Homeless Youth Decisions**
- Reviews basic definitions, the application process, FAA protocols and possible documentation
- Remind institutions that they should limit any inquiry to whether the applicant has been determined to be an unaccompanied youth who is homeless, or at risk of being homeless, rather than the reasons for the applicant’s homelessness (why)
- If student unable to answer “yes” to the homeless youth dependency questions, is determined to be an unaccompanied youth who is homeless or at risk of being homeless by the FAA, then the FAA must submit a FAFSA “correction” using the “Homeless Youth Determination” flag

**Dear Colleague Letters**

**GEN-15-15 – Annual Security Report Changes**
- Provides summary of significant changes including:
  - Maintain statistics about the number of incidents of dating violence, domestic violence, sexual assault, and stalking
  - “Clery geography” includes areas within the patrol jurisdiction of the campus police or the campus security department
  - Definitions of dating violence, domestic violence, sexual assault and stalking
  - Updated crime definitions under the FBI’s Uniform Crime Reporting program
Dear Colleague Letters

**GEN-15-15 – Annual Security Report Changes**

- Provides summary of significant changes including:
  - Revised categories of bias for the purposes of Clery hate crime reporting to add gender identity and to separate ethnicity and national origin into separate categories
  - Develop primary educational programs and on-going campaigns to promote the awareness of dating violence, domestic violence, sexual assaults and stalking
  - Develop descriptions of safe bystander intervention options, risk reduction information and the definition of consent in reference to sexual activity

**GEN-15-15 – Annual Security Report Changes**

- Provides summary of significant changes including:
  - Process to remove and document “unfounded” crimes
  - Clear procedures for handling institutional disciplinary actions in cases of alleged dating violence, domestic violence, sexual assault or stalking which include:
    - proceedings be conducted by officials who receive at least annual training on issues related to dating violence, domestic violence, sexual assault and stalking and on how to conduct investigations and hearings that protect the safety of the victims and promote accountability

**GEN-15-15 – Annual Security Report Changes**

- To ease the burden on institutions and to help ensure accuracy, the Department will NOT collect data on incidents of dating violence, domestic violence, sexual assault, and stalking for the 2013 calendar year
- Required to report contact information of their lead Title IX coordinator in 2015 Campus Safety and Security Survey
- Nothing in the Clery Act, as amended by VAWA, alters or changes an institution’s obligations or duties under Title IX

**GEN-15-10 – State Authorization**

- Final regulations were effective July 1, 2011
  - ED provided for delays of implementation date (34 CFR 600.9(a) and (b)) so long as the State was establishing an acceptable authorization process effective by July 1, 2015
    - The stay of these regulations ended June 30, 2015
  - These regulations do not apply to distance programs, only to physical locations of an institution of higher education
  - If state officials have concerns - contact Sophia McArdle - (202) 219-7078; stateauthorization@ed.gov
  - If school officials have concerns - contact your school participation division

For discussion purposes only
Dear Colleague Letters

GEN-15-08 – Citizenship and Immigration Documentation

- Process through which a school and student can confirm student’s citizenship or immigration status when student is unable to appear in person at school
  - Confirmation of Eligible Noncitizen Status
    - If unable to provide original documentation (e.g., distance education), school policy may permit students to photocopy, scan, or image immigration documents, and submit electronic images or paper copies to school
    - Subsequently, the school must initiate paper-based secondary confirmation process using the G-845 form once documents received from student

- Confirmation of U.S. Citizenship or U.S. National Status
  - If unable to provide original documentation (e.g., distance education), school policy may permit students to photocopy, scan, or image citizenship documents, and submit electronic images or paper copies to school
  - NOTE: the G-845 secondary confirmation form is never used to confirm a student’s status as a U.S. citizen or national

- Photocopying or Imaging
  - Reproduction of these documents is lawful for limited purpose of applying for Title IV aid
  - A school may provide additional guidance on how (e.g., time, place, and media) student should submit photocopies or other images of his or her documentation
  - If the school chooses to allow a student to submit a hard copy or electronic image of an original document, school should have a process in place to ensure that a student is submitting an exact copy, such as an affidavit – a sample copy of an affidavit is attached to the DCL

For discussion purposes only
**Dear Colleague Letters**

**GEN-15-06 – Loan Counseling Requirements/Flexibilities**

- For 1st-time borrowers required to go through entrance counseling, a school may:
  - Add additional content, including tests or worksheets
  - Require attendance at workshops/presentations
- However, the additional information or steps cannot unreasonably impede the student from obtaining their loan in a timely manner
- A school may, on a voluntary basis, provide additional information beyond entrance counseling to certain groups of students as long as not discriminatory

**GEN-15-05 – 2015-16 Unusual Enrollment History Flag**

- 2015-2016 UEH Flag has expanded to consider:
  - An applicant’s prior receipt of, in addition to a Federal Pell Grant, a Federal Direct Loan (not including Direct Consolidation Loans or parent PLUS Loans)
  - The prior four, instead of three, award years
- A school may self-select a student for UEH (not selected by ED) if suspect enrollment problems
  - Self-selected students treated as if have UEH 3 flag

**GEN-13-09 provides full institutional resolution guidance**

**GEN-14-21 – Pell Grant eligibility for incarcerated students**

- Clarifies students confined/incarcerated in locations not Federal or State penal institutions, like juvenile justice facilities, and meet eligibility criteria, are eligible for Pell
- Juvenile justice facilities are NOT Federal or State penal institutions for Pell purposes regardless of what gov’t entity operates or has jurisdiction over the facility, including Federal or State government
- Students confined in juvenile justice facilities after being adjudicated delinquent are considered to be “incarcerated”
- Pell eligibility applies to students in juvenile justice facilities regardless of age, type of sentence, length of sentence, and whether adjudicated as a juvenile or convicted as an adult

**Electronic Announcements**

**9/8/15 – Clery Act 3rd Party Certifications**

- An institution is not required or expected to have any kind of Clery Act certification to comply with the Clery Act or the Department’s implementing regulations
- Moreover, we do not give any weight to any such certification if we review an institution’s compliance with the Clery Act

**For discussion purposes only**
Federal Update

Electronic Announcements

7/9/15 – Student Eligibility Codes in COD
• Provided a chart that outlined which eligibility codes to use in COD for students with high school diplomas or equivalents and which codes to use for students qualifying for Title IV aid under ability-to-benefit (ATB)
• **IMPORTANT**: Schools are responsible for determining student eligibility and the correct award amount for students who receive a Federal Pell Grant award under the Career Pathway Alternative Pell Grant Disbursement Schedules
  – COD does not contain these schedules and there are no system edits on the Pell Grant award amount related to these schedules

7/1/15 – Blue Book
• ED no longer publishing The Blue Book (manual of Title IV administrative guidance for fiscal officers)
• All essential guidance from The Blue Book will be placed in the FSA Handbook

6/29/15 – G-845 Form
• A new G-845 Form with an expiration date of 5/31/18 must now be used to request verification from DHS-USCIS of an applicant’s eligible non-citizenship status
• The new G-845 Form and application instructions have been updated in the 15/16 FSA HDBK Vol. 1, Chapter 2

4/22/15 – Processing Perkins Loan Assignments
• New Perkins Loan Assignment System (PLAS)
  – Submit multiple loans as a “batch file” or individual loans
  – Securely upload supporting documentation (prom notes, etc.)
  – Search, view, and edit submitted loan assignment information
  – View Perkins reports of accepted/rejected loans for assignment
• Includes draft version of batch file layout process
• **Summer 2015** – PLAS end-user materials provided
  – including details about system access, obtaining User IDs and passwords, and PLAS instructions for completing Web-based assignment form
• **Fall 2015** – PLAS available

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U.S. Department of Education
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Training

- 2015 FSA Training Conference
  - Tuesday, December 1 – Friday, December 4, 2015
  - Mandalay Bay, Las Vegas, Nevada
  - Conference and lodging registration is open!
    - fsaconferences.ed.gov (right-hand side of IFAP website)

- FSA E-Training Website - fsatraining.info
  - Online training modules (e.g., Institutional Eligibility; Completing FISAP; Consumer Information, R2T4)

- 2014 FSA Training and 2015 ED NASFAA Conference presentations
  - fsaconferences.ed.gov

- Past FSA presentations in audio and video format
  - Topics include – GE, NSLDS Enrollment Reporting and PLUS Loan Adverse Credit History changes

Questions?

Contact me with follow-up questions about this session:
Kim Wells - Federal Training Officer
Kimberly.wells@ed.gov; 206.615.2174

Contacts

- Seattle/San Francisco School Participation Division
  - Main Number -- 206.615.2594

- Seattle Training Officers
  - Suzanne Scheldt – 206.615.2583
    suzanne.scheldt@ed.gov
  - Kim Wells – 206.615.2174
    kimberly.wells@ed.gov

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**Department of Education Contacts**

**Research and Customer Care Center**
800-433-7327
fssa.customer.support@ed.gov

**Reach FSA**
855.FSA.4FSA -- 1 number to reach 10 contact centers!

<table>
<thead>
<tr>
<th>Campus Based Call Center</th>
<th>eZ-Audit</th>
</tr>
</thead>
<tbody>
<tr>
<td>COD</td>
<td>School Eligibility Service Group</td>
</tr>
<tr>
<td>CPS/SAIG</td>
<td>Foreign Schools Participation Division</td>
</tr>
<tr>
<td>NSLDS</td>
<td>Research and Customer Care Center</td>
</tr>
<tr>
<td>G5</td>
<td>Netnet Total &amp; Permanent Disability Team</td>
</tr>
</tbody>
</table>

**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/KimberlyWells](http://s.zoomerang.com/s/KimberlyWells)
- Evaluation form is specific to Kim Wells

- Additional feedback about training can be directed to joann.borel@ed.gov

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