Kim Wells | October 2016
U.S. Department of Education
IASFAA Conference

Federal Update

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Federal Student Aid

Agenda

Early FAFSA Filing and Prior-Prior Year
Processing Update
Dear Colleague Letters/Electronic Announcements
Upcoming Training

Early FAFSA Filing and Prior-Prior Year

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2017-18 Application Changes

- Two major changes beginning with 2017-18 award year
  - Early FAFSA launch
    - Beginning with 2017-18 award year, FAFSA cycle will begin on October 1 instead of January 1
    - 2017-18 FAFSA available 10/01/16
    - Change is permanent
  - Prior-Prior year income
    - 2017-18 FAFSA will collect tax year 2015 income
    - IRS Data Retrieval Tool (DRT) available at time of launch

Early FAFSA/Prior-Prior Year Considerations

- Outreach
  - Early FAFSA webpage
    - Periodic EAs, DCLs, training, etc.
  - Student websites, publications and communications updated appropriately and timely
  - Early FAFSA mailbox – EarlyFAFSAFeedback@ed.gov

Early FAFSA/Prior-Prior Year Considerations

- Materials and resources for outreach
  - Resources – [financialaidtoolkit.ed.gov/resources](http://financialaidtoolkit.ed.gov/resources)
  - FAFSA changes – [financialaidtoolkit.ed.gov/ffasga-changes](http://financialaidtoolkit.ed.gov/ffasga-changes)
    - Talking points
    - Table of FAFSA launch dates and tax years
    - Fact sheets for counselors, parents and college students
    - Outreach calendar
    - PowerPoint presentations
    - Information and upcoming webinars
GEN-16-14: Conflicting Information

- ED will identify possible conflicting information resulting from use of 2015 income and tax information for 2016-17 and 2017-18 FAFSAs
- Limit burden and minimize instances of conflicting information related to 2015 income and tax information
- Normal conflicting information rules apply for non-income and tax related information

GEN-16-14: Conflicting Information

- FOTW new edits warn if one or more income or tax amounts reported for 2017-18 differs from amount reported on 2016-17 FAFSA
- If corrections not entered, comments included on SAR and ISIR
- Edits NOT triggered if
  - 2016-17 FAFSA transaction was based on estimated income/taxes
  - Change in dependency status between two years
  - There has been a change in either student’s or parents’ marital status between two years

GEN-16-14: Conflicting Information

- CPS will identify conflicting information between two years that once resolved would have significant impact on EFC
- CPS will NOT flag if
  - Student is not expected to be Pell-eligible
  - Change in dependency status between two years
  - Change in student’s or parents’ marital status between two years
  - PJ was performed in either year
**GEN-16-14: Conflicting Information**

- Institutionally required resolution
  - Student’s 2017-18 ISIR and SAR will be flagged with ‘C’ code and comment code 399
  - Will NOT be included on 2016-17 ISIR
  - If comment code 399 not included on 2017-18 ISIR, school is not required to determine if there are any differences in income or tax information between two ISIRs
    - However, any other conflicting information (e.g., citizenship status or HS completion status) must be resolved

- Applicability of ISIRs
  - School does NOT have to resolve comment code 399 if
    - Never received 2016-17 ISIR
    - Received 2016-17 ISIR but did not and will not disburse TIV aid in *either* year
  - School does have to resolve comment code 399 if
    - Received 2016-17 ISIR and disbursed or may disburse TIV aid
    - Received 2016-17 ISIR but did not review or process 2016-17 ISIR

- Resolving potential conflicting information
  - School must compare all of 2015 income and tax-related FAFSA/ISIR items from both years’ ISIRs to determine which are in conflict
  - If, for either year, *school had verified conflicting information or student/parent used IRS DRT and did not change any of transferred data*, school can assume verified or DRT values are correct and submit changes to other ISIR’s year’s values
    - Exception
      - If school is aware that subsequent to verification, amended tax return was filed, school must ensure both years’ ISIRs based on amended tax data
For discussion purposes only

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GEN-16-14: Conflicting Information

- Conflicts must be resolved if information
  - Was not verified
  - Was not transferred using IRS DRT
  - Was transferred and then changed or
  - If school is aware amended tax return was filed with
    IRS
  - May need to reach out to student for reasons
    why data is different between years

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GEN-16-14: Conflicting Information

- Additional disbursements and overpayments
  - 2017-18 FAFSA/ISIR – if required correction is for
    2017-18 year, school must use EFC from corrected
    ISIR to award/disburse
  - 2016-17 FAFSA/ISIR – if required correction is for
    2016-17 year, school must ensure that all
    awards/disbursements for 2016-17 are using corrected
    2016-17 ISIR
  - Exception – not required to submit corrections to 2016-17
    ISIR if 09/09/17 published deadline for making corrections
    has passed

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GEN-16-14: Conflicting Information

- Unable to resolve
  - Until conflicting information is resolved, school
    may not disburse any additional 2016-17 or
    2017-18 Title IV aid
  - If unable to resolve school must consider
    student in overaward status for any need-based
    2016-17 Title IV aid that was disbursed
  - except FWS – though no more FWS can be earned
GEN-16-14: Conflicting Information

- Additional disbursements and overpayments
  - **Lower EFC**: when correction results in a lower official 2016-17 EFC, school must disburse any additional 2016-17 aid it determines student is eligible to receive
  - Consistent with late disbursement rules at 34 CFR 668.164(g)
  - **Higher EFC**: when correction results in a higher official 2016-17 EFC, school must determine student’s 2016-17 Title IV eligibility based on corrected EFC and may not make any additional 2016-17 disbursements for which student is no longer eligible
  - Overawards may occur

GEN-16-14: Conflicting Information

- Resolving overawards and overpayments
  - Title IV Grants and Perkins Loans
    - Adjust subsequent disbursements
    - If not resolved by adjusting subsequent disbursements, student must repay portion disbursed no longer eligible for
    - School is not liable
    - Follow normal overpayment rules and procedures
  - Direct Subsidized Loans
    - Does not need to be immediately repaid but instead will be repaid under terms of promissory note
    - No action school must take except to record its determination

Processing Update
2017-18 Enhanced Messaging - FOTW

- **Issue:** Students are confused about which FAFSA to complete when two cycles are active and the student has not completed a FAFSA for either year
- **Solution:** Messaging on “Get Started” page enhanced for clarity

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2017-18 Enhanced Messaging - FOTW

- **Issue:** Students and parents might not be sure which tax year data to report on financial information pages
- **Solution:** Applicants and parents are instructed to provide financial information from their 2015 tax return

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• Issue: There will be larger population of applicants and parents for whom the income tax return won’t provide correct information due to recent marital status change
Solution: Messaging and help text have been added
For discussion purposes only

2017-18 Enhanced Messaging - FOTW

• Issue: Most applicants should have filed their 2015 taxes already
• Solution: Messaging reflects expectation that taxes have already been filed

Student Tax Information

The following error(s) have occurred:

- You indicated that you will file taxes. If you have missed the 2015 tax filing deadline of April 2016 but still plan to file a 2015 income tax return with the Internal Revenue Service (IRS), click “OK.” Otherwise, change your answer.

For 2015, have you completed your IRS income tax return or another tax return?

- Will file

For 2015, what will be your filing status according to your tax return?

- Married-Filing Joint Return

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U.S. Department of Education
2017-18 IRS DRT Enhancements

- **Issue:** Filtering questions don’t align with collection of prior-prior year tax information
- **Solution:** Filtering questions have been modified

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2017-18 IRS DRT Enhancements

- **Issue:** Applicants who are eligible to use the IRS DRT are not using it
- **Solution:** Eligible applicants can only advance through FOTW if they use IRS DRT or actively opt out of using IRS DRT
Other 2017-18 FAFSA Changes

- Will no longer print FAFSA as color packet
  - More than 99 percent of FAFSAs are filed electronically
  - PDF FAFSA available online to be printed
  - Call 1-800-4FEDAIID to request copy
- Medicaid added as federal means-tested benefit

Important Dates

October 2016

- 2017-2018 FAFSA on the Web availability (October 1, 2016)
- 2017-2018 IRS Data Retrieval Tool availability (October 1, 2016)
- 2017-2018 FAA Access to CPS Online availability (October 1, 2016)
• Letter sent to presidents on Sept. 23, 2016 informing that ED no longer recognizes the Teacher Education Accreditation Council (TEAC) or National Council for Accreditation of Teacher Education (NCATE)

• Not currently possible for school to establish or maintain TEACH eligibility on basis of accreditation of teacher preparation program

• Action required by 30 days from date of letter (09/23)

• Three options for schools
  – Option 1 – State Approval
    • School provides teacher preparation program(s) at baccalaureate or master’s degree level that is
      – Approved by a State
      – Includes a minimum of 10 weeks of full-time pre-service clinical experience or its equivalent and
      – Provides either pedagogical coursework or assistance in provision of such coursework
TEACH-Eligible Schools

• Three options for schools
  – Option 2 – Provisional Certification and 18-month extension
    • School requests that TEACH eligibility be maintained for 18 months while it seeks to meet all applicable TEACH program eligibility requirements as discussed in GEN-08-07
    • School would be placed on provisional certification under 34 CFT 668.13(c)(2)
  – Option 3 – withdrawal from TEACH Grant Program

• More details in letter to president

GEN-16-16: Institutional Reporting of Fee Information

• Provides guidance about complying with new provisions requiring schools to publicly disclose information about costs incurred by students who elect to use a financial account offered under a T1 or T2 arrangement

• Posting accountholder and fee data
  – Beginning 09/01/17 school must provide fee information on same web page where financial account provider’s full contract is disclosed
GEN-16-16: Institutional Reporting of Fee Information

- School must disclose
  - Total consideration paid or received by parties under contract
  - For any year in which enrolled students open 30 or more accounts
    - Number of students with financial accounts under contract at any time during most recently completed award year
    - Mean and median costs incurred by those student account holders (options provided for calculating cost disclosure information)

GEN-16-15: 3rd Party Servicer Q & As

- Over 20 Q&As on 3rd party servicers
  - Key definitions, including chart with examples of functions and services that are/are not considered 3rd party servicing
  - Servicers cannot be located outside U.S. or owned by non-U.S. citizens/nationals or permanent residents
  - What constitutes working on behalf of a school
  - Compensation not required to be considered 3rd party servicer

- Written contracts between school and 3rd party servicers required
- 3rd party servicer contract requirements and restrictions
- Notification requirements to ED
- Data protection requirements (PII)
- 3rd party servicer audit and audit letter requirements and timeframes
GEN-16-12 & 15-18: Protecting Student Information

- Reminds schools and 3rd party servicers of obligations to
  - protect data used in all aspects of administering Title IV aid
  - ensure all FSA applicant information is protected from unauthorized access/disclosure according to state and federal laws including Gramm-Leach-Bliley Act (GLBA)
- Provides list of industry standards and best practices

GEN-16-12 & 15-18: Protecting Student Information

- SAIG Agreement includes provision in event of unauthorized disclosure or actual or suspected breach of applicant information or sensitive information (PII), school must immediately notify FSA at CPSSAIG@ed.gov

Electronic Announcements

- 09/13/16 – GE #89: Additional Information for Accurate GE Reporting by October 1, 2016 Deadline
- 09/13/16 – FAFSA Resources
- 09/09/16 – FAFSA on the Web Preview Presentation
- 09/08/16 – Official 3-year CDRs distributed 09/26/16
Electronic Announcements

- 07/19/16 – G-845 submissions
  - Must be submitted to L.A. field office
  - Exception for battered immigrant-qualified aliens with a status under VAWA
    • Still send to Buffalo field office
- 07/01/16 – Online Feedback System launched
  - Can be found at studentaid.gov/feedback

Upcoming Training

- 2016 FSA Training Conference
  - November 29 – December 2
  - Georgia World Congress Center – Atlanta, GA
- Fundamentals of Federal Student Aid Administration
  - January 23 – 27, 2017
  - Seattle RTF
  - EA posted July 1, 2016

Quick Takes Videos

- FSA-related topics that can be completed in about 15 minutes
- Several topics now available
  ◆ Finding Federal training resources
  ◆ Conflicting information
  ◆ Paper secondary confirmation
  ◆ Professional judgment
  ◆ Basics in FSA Parts I, II and III

Available now on fsatraining.info
Questions

ED Contacts

Research and Customer Care Center
800.433.7327
fsa.customer.support@ed.gov

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

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<th>NSLDS</th>
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Regional Contacts

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Training Feedback

To improve our training, we ask all participants to complete an online session evaluation

• Go to https://www.surveymonkey.com/r/KimberlyWells
• Additional feedback about training can be directed to joann.borel@ed.gov

Thank You