FEDERAL UPDATE

Virginia W Hagins
U.S. Department of Education
PacFAA Annual Conference March 2023
AGENDA

1. Negotiated Rulemaking Updates
2. Consolidated Appropriations Act
3. Recent Policy Guidance
4. FAFSA Simplification
AGENDA

5. Student Borrower Relief
6. Operational Updates and Reminders
7. Resources
   *And if time allows...*
8. Questions & Answers
NEGOTIATED RULEMAKING UPDATES
2021-22 NEGOTIATED RULEMAKING

Public hearings and negotiated rulemaking concluded in Fall 2021 and Spring 2022.

Negotiated Rulemaking

PELL GRANTS FOR PRISON EDUCATION PROGRAMS**

**subcommittee

AFFORDABILITY AND STUDENT LOANS

INSTITUTIONAL AND PROGRAMMATIC ELIGIBILITY
FINAL RULES
### AFFORDABILITY AND STUDENT LOANS

**10/28/22 Final Rules; 11/1/22 Final Rules**

<table>
<thead>
<tr>
<th>CONSENSUS</th>
<th>NO CONSENSUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Total and Permanent Disability Discharge</td>
<td>• Closed School Discharge</td>
</tr>
<tr>
<td>• Eliminate Interest Capitalization</td>
<td>• Public Service Loan Forgiveness (PSLF)</td>
</tr>
<tr>
<td>• False Certification Discharge</td>
<td>• Borrower Defense to Repayment</td>
</tr>
<tr>
<td>• Pell Grant Eligibility for Prison Education Programs**</td>
<td>• Pre-Dispute Arbitration</td>
</tr>
<tr>
<td></td>
<td>• Income-Driven Repayment (IDR) Plans (draft rules published January 11, 2023)</td>
</tr>
</tbody>
</table>
PELL FOR PRISON EDUCATION PROGRAMS (PEP)

FINAL RULES

• Define prison education program (PEP) and incarcerated/confined individual
• Establish PEP approval process for oversight entities
• Establish reporting requirements
• Amend waiver requirement for confined/incarcerated students to exceed 25% of regular student enrollment
• Require PEPs in correctional facilities be approved as additional locations
PELL FOR PEP (1 OF 2)

FINAL RULES (CONTINUED)

• Prevent enrollment where criminal conviction would prevent licensure or employment
• Outline wind-down process for current programs that do not meet PEP requirements
• Outline process for needs analyses when Pell Grant exceeds student COA
PELL FOR PEP (2 OF 2)

RELEVANT RESOURCES

• Prison Education Programs Knowledge Center Topic Page
• Understanding Prison Education Programs for Confined or Incarcerated Individuals
• Prison Education Programs Q&A
• PEP Final Rules Federal Register
• For more information email pep@ed.gov
INCOME DRIVEN REPAYMENT (IDR)

PROPOSED RULES

• Expand access to affordable monthly payment plans in Revised Pay as You Earn (REPAYE) plan

• Streamline and standardize Direct Loan repayment plan regulations
  • Fixed Payment Repayment
  • IDR
  • Alternative Repayment

• Federal Register IDR Proposed Rules
• Regulations.gov comments
# Institutional and Programmatic Eligibility

**10/28/22 Final Rules**

<table>
<thead>
<tr>
<th>Consensus</th>
<th>No Consensus</th>
</tr>
</thead>
<tbody>
<tr>
<td>90/10 (final rules published)</td>
<td>Administrative Capability</td>
</tr>
<tr>
<td>Ability to Benefit</td>
<td>Gainful Employment</td>
</tr>
<tr>
<td></td>
<td>Financial Responsibility</td>
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<tr>
<td></td>
<td>Change in Ownership (final rules published)</td>
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<td></td>
<td>Certification Procedures</td>
</tr>
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</table>
90/10

FINAL RULES

• Include other sources of Federal revenue in 90/10 calculation
• Modify how 90/10 is calculated
• Curtail deliberate delay of disbursements to next fiscal year
• Make schools liable for all TIV disbursed after become ineligible due to 90/10
• Federal Register 90/10 Final Rules
• 90/10 Q&A
CHANGES IN OWNERSHIP (CIO)

FINAL RULES

• Clarify definition of “nonprofit institution”
• Require 90-day notice on impending CIO
• Clarify CIO vs. change in control
RULEMAKING NEXT STEPS

**NPRM**
- ED publishes proposed rules in *Federal Register*
- Public comments via regulations.gov

**FINAL RULE**
- ED responds to public comments
- ED publishes Final Rules in *Federal Register* by November 1, 2023

**EFFECTIVE DATES**
- Final Rules become effective July 1, 2024
- May permit early implementation
CONSOLIDATED APPROPRIATIONS ACT, 2023

(PL. 117-328)
CONSOLIDATED APPROPRIATIONS ACT, 2023

HIGHLIGHTS

• Increases maximum 2023-24 Pell Grant award to $7,395
• Allocates $1.23B FWS and $910M FSEOG for 2023-24
• 2023-24 Pell Grant Payment and Disbursement Schedule
• Consolidated Appropriations Act, 2023
RECENT POLICY GUIDANCE
# THIRD PARTY SERVICER (TPS)

Any entity/individual that administers any aspect of Title IV participation ([DCL ID: GEN-23-03](https://example.com/dcl-id)).

<table>
<thead>
<tr>
<th>TPS ACTIVITIES</th>
<th>NON-TPS ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruiting</td>
<td>Hosting public service events</td>
</tr>
<tr>
<td>Application &amp; enrollment process assistance</td>
<td>Publishing general student aid info</td>
</tr>
<tr>
<td>Determining eligibility</td>
<td>Publishing ability-to-benefit tests</td>
</tr>
<tr>
<td>Processing/awarding/originating/certifying Title IV aid</td>
<td>Distributing consumer info disclosures/materials (not involved in design, delivery; does not provide faculty, tech, or curriculum)</td>
</tr>
<tr>
<td>Obtaining/prepping data for consumer information</td>
<td>Mailing checks issued by institution</td>
</tr>
<tr>
<td>Cash management</td>
<td></td>
</tr>
</tbody>
</table>
GRAMM-LEACH-BLILEY ACT UPDATES

Federal Trade Commission (FTC) updated Standards for Safeguarding Customer Information, effective June 9, 2023

- Applies to postsecondary schools and TPS (part of GLBA)
- Defines “customer information”
- Lists requirements of GLBA Safeguards Rule
- EA ID: GENERAL-23-09
GRAMM-LEACH-BLILEY ACT UPDATES

WRITTEN INFORMATION SECURITY (INFOSEC) PROGRAM REQUIREMENTS

- Designate Qualified Individual to implement/supervise program
- Conduct risk assessment
- Design/implement safeguards to control identified risks
- Regularly monitor/test safeguard effectiveness
- Train staff
- Monitor service providers
- Keep infosec program current
- Create written incident response plan
- Require Qualified Individual to report to Board of Directors
GRAMM-LEACH-BLILEY ACT UPDATES

ENFORCEMENT AUTHORITY
Part of Standards of Administrative Capability
34 CFR 668.16(c)

ENFORCEMENT PROCESS
Possible consequences
- Develop/update infosec program
- Corrective Action Plan
- Administrative action (limit, suspend, terminate, fine)

NIST STANDARDS
Begin incorporating infosec requirements under NIST 800-171
More guidance to follow
2023-24 FSA HANDBOOK REORGANIZED

- Application and Verification Guide
- Nine numbered volumes, including three new ones
  - Volume 7: The Federal Pell Grant Program and Iraq and Afghanistan Service Grants
  - Volume 8: The Direct Loan Program
  - Volume 9: The TEACH Grant Program
- Appendices
  - EA ID: GENERAL-22-03
2023–24 VERIFICATION

REQUIREMENTS

• Verification required for V1, V4, and V5
• Exception: Confined/incarcerated students
  ✓ V1 verification not required
  ✓ V4 and V5 verification for Identity/Statement of Educational Purpose only
• COVID-19 waivers and flexibilities apply to any award year verification being completed through end of PP that begins after national emergency rescinded

RESOURCES

• VERIF-23-01 Tax Return Transcript Matrix
• Electronic Announcement January 15, 2021 (Updated Feb. 26, 2021)
• DCL ID: GEN-22-09
• Federal Register Notice
LOW-FINANCIAL-VALUE (LFV) PROGRAMS

- Programs where total costs exceed financial benefits to students
- Potential harm to student loan borrowers and taxpayers
- Effort to identify LFV programs
  - Increase transparency
  - Increase public accountability
  - Issue future regulations
- Federal Register LFV Request for Information
- Regulations.gov public comments
VOTER REGISTRATION FORMS

REMINDERS

• Must make forms widely available to students

• Must individually distribute forms to students enrolled in Title IV-eligible degree/certificate programs

• Requirement applies to states that require voter registration prior to election day or do not allow registration at time of voting

RESOURCES

• Dear Colleague Letter April 21, 2022 (GEN-22-05)

• FSA Handbook Vol. 2, Ch. 6

• FSA Assessments - Consumer Information
OTHER RECENT POLICY GUIDANCE

- **EA ID GENERAL-23-14**: Use of Secret Shoppers to Evaluate Recruitment and Enrollment Practices
- **EA ID GENERAL-23-13**: Audit Guide for Proprietary Schools and TPS
- **EA ID GENERAL-23-11**: Personal Liability Requirements for Financial Losses
- **DCL GEN 22-15**: FAFSA Simplification Act Changes for Implementation in 2023-24
- **DCL GEN 22-14**: Cash Management
- **DCL GEN 22-07**: Written Arrangements
FAFSA SIMPLIFICATION
• Repeal of Subsidized Usage Limited Applied (SULA) calculation
• Removal of negative consequences associated with drug convictions or failure to register for Selective Service

• Comments on applicant’s Student Aid Report (SAR) updated to make it clear that they are now eligible for federal student aid regardless of how they answered FAFSA questions on drug convictions and Selective Service

• Removal of drug conviction and Selective Service FAFSA questions
• Addition of demographic survey
• Expansion of Pell Lifetime Eligibility Used restoration
• Extension of Pell eligibility to incarcerated students
• Carry over of responses to homeless/unaccompanied youth questions
• Changes to cost of attendance and professional judgment
• Adjustments for applicants who cannot provide parental info
• Expanded acceptable documentation for unaccompanied/homeless youth

• Modified FAFSA form to include the remaining FAFSA Simplification provisions
• Tool for estimating aid eligibility
• Expanded accessibility of FAFSA forms to 11 most common languages
• Student Aid Index (SAI) replaces Expected Family Contribution (EFC)
• Changes to Pell Grant formula
• Changes to verification selection criteria
• Direct Data Exchange to import Federal Tax Information (FTI) for FAFSA, IDR and TPD forms
• Re-engineered FAFSA processing systems
2023-24 FAFSA FORM

CHANGES

- Remove drug conviction and Selective Service questions
- Add separate demographic survey
  - Race/Ethnicity
  - Gender Identity
- Make existing homeless questions in Step Three renewal-eligible
- See 23-24 FAFSA Preview Presentation in EA ID: APP-22-18
2023-24 AWARDING & PACKAGING

CHANGES

• Must make any revisions to Cost of Attendance and consumer info public
• New provisions re: professional judgment
  • Definitions for special vs. unusual circumstances
  • Additional flexibility and requirements for dependency overrides (DO)
  • Updated acceptable documentation
2023-24 PELL GRANT ELIGIBILITY

CHANGES

• Restore Pell Lifetime Eligibility Used (LEU) for successful BD claims and certain loan discharges

• Establish eligibility for confined or incarcerated individuals in PEP as of July 1, 2023
2024-25 EXPECTATIONS

CHANGES

- Improved FAFSA experience
- APP-22-26 Draft FAFSA Specifications Guide
- IRS provides income info through FUTURE Act Direct Data Exchange (FADDX)
- Student Aid Index (SAI) replaces Expected Family Contribution (EFC)
  - Draft SAI and Pell Grant Eligibility Guide
- Pell Grant calculation method
- Verification selection criteria
- Federal Work Study earnings collected in COD
STUDENT BORROWER RELIEF
TARGETED STUDENT DEBT CANCELLATION

$20K CANCELLATION
- Department of Education (ED)-held loans
- Individuals with annual income <$125K during pandemic
- Married couples or HOH with annual income of < $250K during pandemic
- Pell recipient

$10K CANCELLATION
- ED-held loans
- Individuals with annual income <$125K during pandemic
- Married couples or HOH with annual income of < $250K during pandemic
- Did not receive Pell
PAYMENT PAUSE

*Extended again*

- Pause on
  - Student loan repayment
  - Interest
  - Collections
  - Delinquency
  - Default
- Reenter repayment in good standing
- Resume payment *earlier* of August 30, 2023, or 60 days after debt relief implemented or litigation resolved
- Announcement [Here](#)
ONE-TIME IDR AND PSLF ADJUSTMENT

• Credits applied toward IDR and PSLF that would not otherwise qualify:
  • Prior periods of repayment
  • Periods in deferment
  • Periods in forbearance
• To occur on or after July 1, 2023
• Eligibility:
  • Direct Loans and FFEL loans managed by ED
  • Other federal loans consolidated into Direct Loans by May 1, 2023
FRESH START INITIATIVE (1 OF 4)

For borrowers who defaulted before March 13, 2020

Applies to defaulted
- Direct Loans
- FFEL loans (ED- and commercial-held*)
- Perkins loan (ED-held)
FRESH START INITIATIVE (2 OF 4)

BENEFITS

• Access to affordable repayment plans, potential loan forgiveness
• Access to additional federal student aid
• Pause on collections activity for one year after payments resume
• Eligibility for loan rehabilitation
• Updated credit reporting (remove loans delinquent > 7 years; update others to “current”, etc.)
FRESH START INITIATIVE (3 OF 4)

CONSIDERATIONS

• Borrowers have one year after payment pause ends to request
  • Transfer to non-default servicer or
  • Title IV (TIV) aid at eligible school

• School must document TIV eligibility
  • NSLDS screenshots
  • Signed borrower statement
FRESH START INITIATIVE (4 OF 4)

RESOURCES

• DCL ID: GEN-22-13 Announcement of Fresh Start
• Fresh Start Fact Sheet
• 2022 FSATC Breakout Session #14
OPERATIONAL UPDATES AND REMINDERS
NATIONAL EMERGENCY END DATE

COVID-19

• National emergency related to COVID-19 pandemic ends May 11, 2023

• Check sunset timeframes for COVID-19 Title IV Flexibilities and Waivers
  • [EA ID: OPE Announcements-21-05 (Updated February 26, 2021)]
## UPCOMING DEADLINES

<table>
<thead>
<tr>
<th>Due Date</th>
<th>Topic</th>
<th>Resource</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2023</td>
<td>Perkins Loan assignment/purchase of loans in default more than two years</td>
<td>EA ID: CB-22-10; EA ID: CB-22-09; EA ID: GENERAL-21-53</td>
</tr>
<tr>
<td>July 31, 2023</td>
<td>2021-22 Direct Loan Data Submission (Closeout) Deadline (aka Last Date to Accept a Common Record in COD)</td>
<td>Important Dates Reminder cod.ed.gov</td>
</tr>
<tr>
<td>September 29, 2023</td>
<td>2017-18 Funding Cancellation Deadline: Pell/IASG/Campus-Based Programs</td>
<td>Important Dates Reminder cod.ed.gov</td>
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</table>
FEDERAL PERKINS LOAN PROGRAM

- Updated Assignment and Liquidation Guide
  - Electronic Announcement April 6, 2022 (EA ID: CB-22-09)

- Waiver of three-year cumulative forbearance limit (COVID-19)
  - Electronic Announcement January 13, 2022 (EA ID: CB-22-03)
R2T4 UPDATES

NEW RESOURCES

FSA Training Center

- Learning Tracks – Student Withdrawals
  - 2022-23 R2T4 for Programs Offered in Modules
  - 2022-23 R2T4 for Clock-Hour Programs
  - 2022-23 R2T4 for Credit-Hour Programs
- Recorded Training – Student Withdrawals – April 6, 2022 Live Webinar
- Recorded Training – R2T4 for Clock Hours – August 31, 2022 Live Webinar
SUBSCRIPTION–BASED PROGRAMS

NEW RESOURCES

2022-23 Federal Student Aid Handbook

- Volume 1, Ch. 1
- Volume 2, Ch. 2 and Ch. 3
- Volume 3, Ch. 1, Ch. 3, and Ch. 5
- Volume 4, Ch. 2
- Volume 5, Ch. 1 and Ch. 2
RESOURCES
FSA TRAINING CENTER

fsatraining.ed.gov

Take advantage of the FSA Training Center!

- Learning tracks
- Training courses
- Recorded policy and how-to videos
- Software training
LEARN HOW TO FIND ANSWERS

- Login to fsatraining.ed.gov
- Choose Recorded Training > Training Videos > FSA Resources
- Choose From Announcements to Regulations: Finding Answers Using FSA Resources
KNOWLEDGE CENTER

Knowledge Center Homepage

Use the Knowledge Center for Title IV resources!
Subscribe for daily or weekly email updates.

Knowledge Center Subscription
Subscribe to get the latest news and updates from the Knowledge Center.
FSA PARTNER CONNECT HELP CENTER

Contact Customer Support

Use Contact Customer Support Form in Help Center to ask policy questions.

Choose "Ask A Fed/Policy" from Topic dropdown list.
FEEDBACK SURVEY

https://www.surveymonkey.com/r/TQWTD3N

Survey open until April 14, 2023

QUESTIONS?