

Federal Update

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Dec. 2016

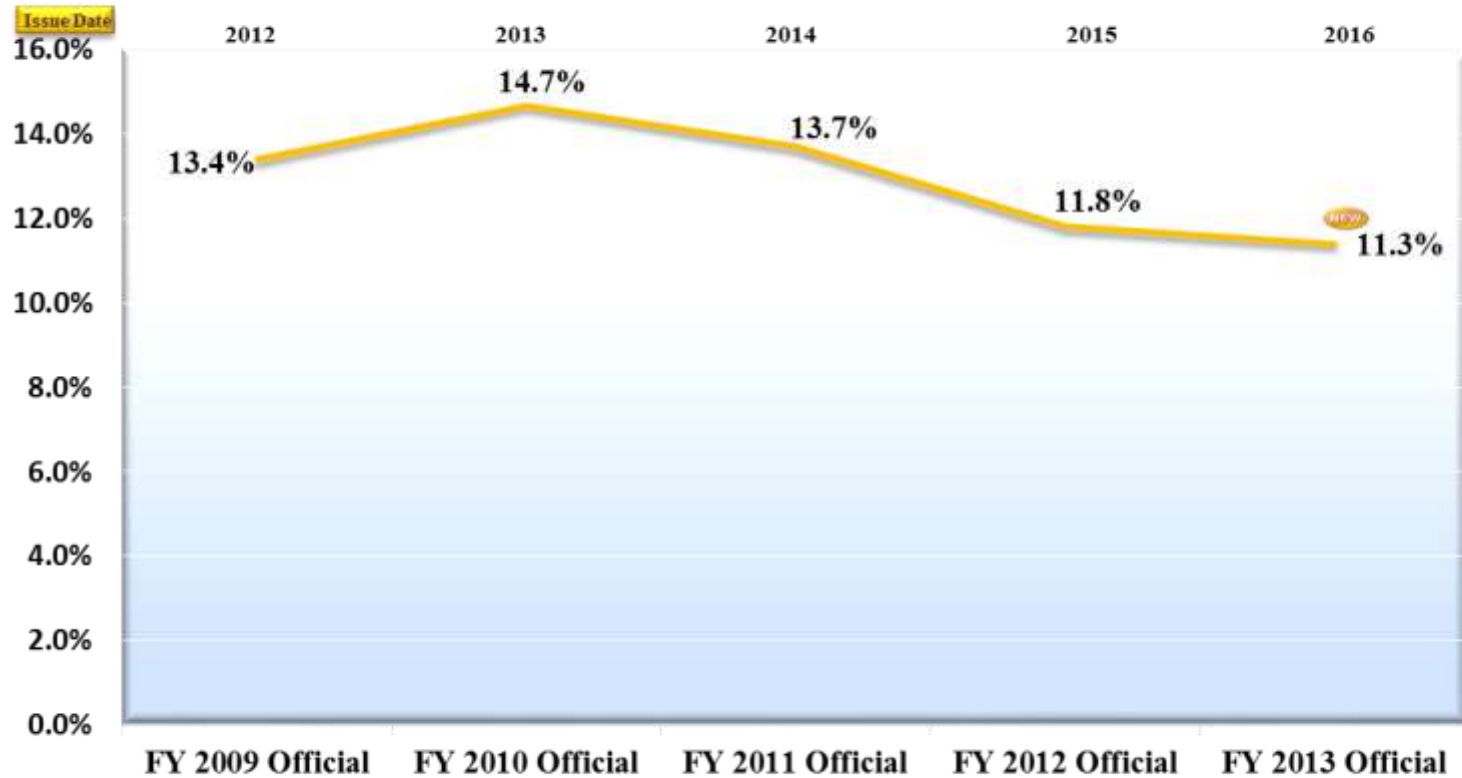
U.S. Department of Education

2016 PRASFAA Annual Conference

FFEL/Direct FY '13 Cohort Default Rates

The background of the slide features a large, semi-transparent seal of the U.S. Department of Education. The seal is circular with a blue border containing the text "DEPARTMENT OF EDUCATION" at the top and "UNITED STATES OF AMERICA" at the bottom, separated by two stars. In the center of the seal is a green tree with a yellow sun rising behind it.

National Student Loan Default Rates



*PR 11.6%

FY '13 Cohort Default Rates

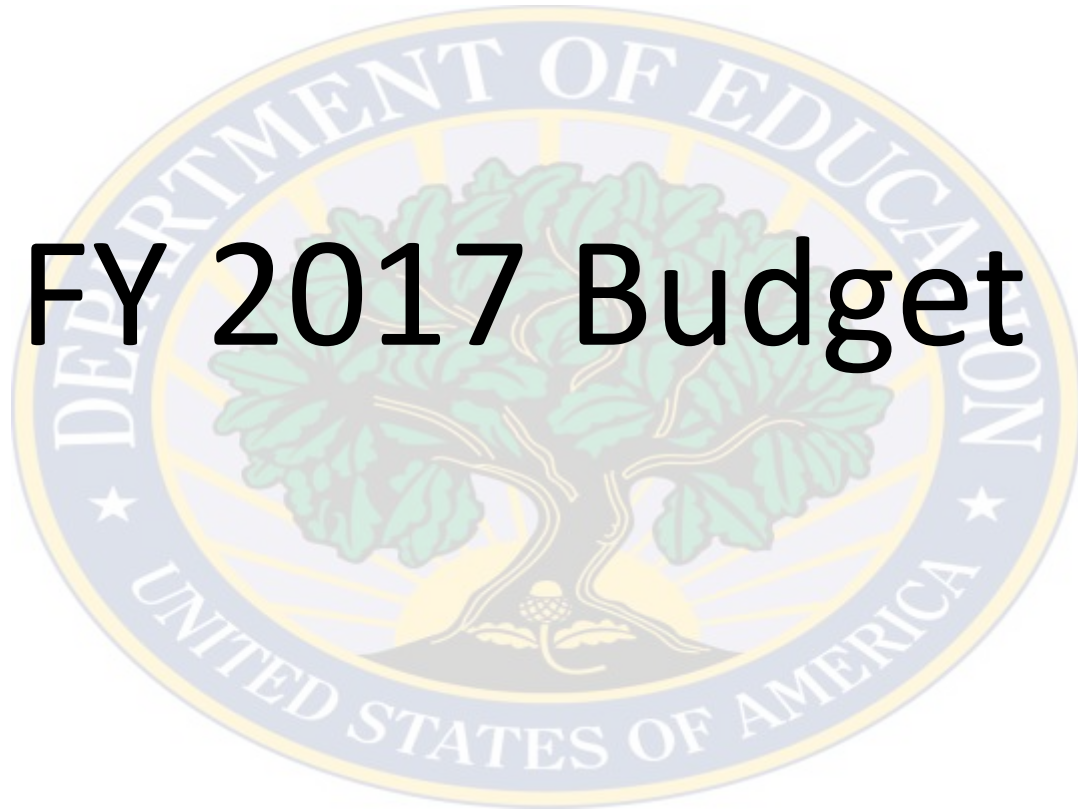
School Type

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%
All Schools	11.8%	12.1%

**Federal Direct Student Loans 2016-2017 Interest Rates
(For Loans First Disbursed on or After July 1, 2016 and
Prior to July 1, 2017)**

Loan Type	Borrower Type	Index	Add-On	Fixed Interest Rate
		10-Year Treasury Note		
Direct Subsidized Loans	Undergraduate Students	1.710%	2.05%	3.76%
Direct Unsubsidized Loans	Undergraduate Students	1.710%	2.05%	3.76%
Direct Unsubsidized Loans	Graduate/Professional Students	1.710%	3.60%	5.31%
Direct PLUS Loans	Parents of Dependent Undergraduate Students and Graduate/Professional Students	1.710%	4.60%	6.31%

FY 2017 Budget



FY 2017 President's Budget

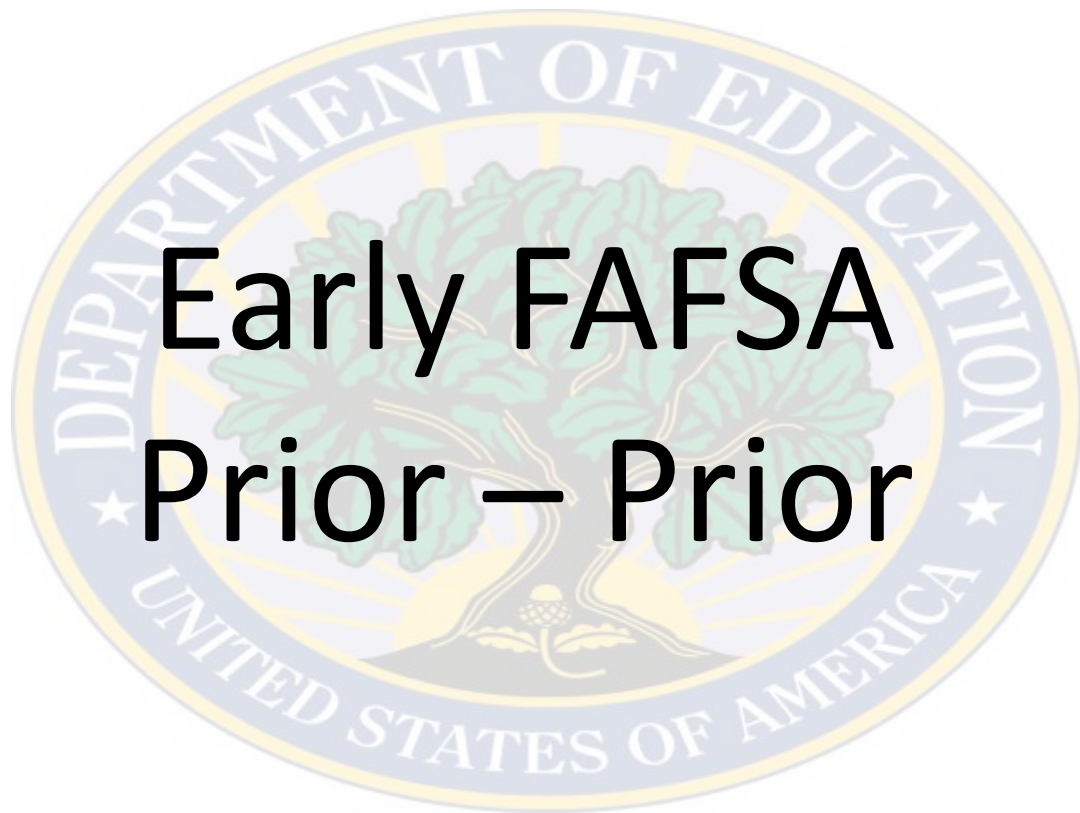
- Pell Grant Program
 - Higher award amount for more than 12 credits per term
 - Summer Pell for students who complete at least 24 credits in regular academic year

2017-2018 Pell Grant Payment Schedules

The seal of the U.S. Department of Education is centered in the background. It features a large green tree with a yellow sun rising behind it. The text "DEPARTMENT OF EDUCATION" is written in a blue arc at the top, and "UNITED STATES OF AMERICA" is written in a blue arc at the bottom. Two white stars are positioned on either side of the tree.

2017-2018 Pell Grant Program

- Maximum Award - \$5,920
 - Increase from 2016-2017 - \$105
 - Minimum Award - \$595
 - Maximum eligible EFC – 5328
- Payment Schedules by end of October



Early FAFSA Prior – Prior

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

CHANGES TO THE FAFSA® PROCESS FOR 2017-18

SUBMIT A FAFSA EARLIER: Students will be able to file a 2017–18 FAFSA as early as Oct. 1, 2016, rather than beginning on Jan. 1, 2017. The earlier submission date will be a permanent change, enabling students to complete and submit a FAFSA as early as October 1 every year. (There is NO CHANGE to the 2016–17 schedule. The 2016-17 FAFSA will become available January 1, 2016.)

USE EARLIER INCOME INFORMATION: Beginning with the 2017–18 FAFSA, students will report income information from an earlier tax year. For example, on the 2017–18 FAFSA, students (and parents, as appropriate) will report their 2015 income information, rather than their 2016 income information. The following table provides a summary of key dates as we transition to using the early FAFSA submission timeframe and earlier tax information.

IF YOU PLAN TO ATTEND COLLEGE FROM	YOU CAN SUBMIT THE FAFSA FROM	USING TAX INFORMATION FROM
July 1, 2015–June 30, 2016	January 1, 2015–June 30, 2016	2014
July 1, 2016–June 30, 2017	January 1, 2016–June 30, 2017	2015
July 1, 2017–June 30, 2018	October 1, 2016–June 30, 2018	2015
July 1, 2018–June 30, 2019	October 1, 2017–June 30, 2019	2016

Prior-Prior and Early FAFSA

■ Verification

- Use of DRT Will Reduce Selection for Verification
- Documentation of income/taxes from 2016-2017 can be used for 2017-2018
- Eliminating Tracking Group V6 (Low Income)

Conflicting Information

See DCL GEN-16-14

August 3, 2016

Conflicting Information Issue

- 2016-2017 and 2017-2018 FAFSAs use the same 2015 income and tax information
- Possibility of conflicting information between the two FAFSAs
- The regulations at 34 CFR 668.16(f) require resolution of any possible conflicting information
- Student aid must be provided based on correct information

Processes to Reduce Likelihood

- Minimize instances where institutional resolution of possible conflicting information would be required
 - Use of IRS DRT for both years
 - Pre FOTW submission warnings
 - ED identification of possible conflicting information that must be resolved

Pre FOTW Submission Warnings

- Real-time warnings displayed if one or more of the income or tax amounts being input into a 2017-2018 FAFSA differs from the amount(s) that was reported on the 2016-2017 FAFSA

Pre FOTW Submission Warnings

- No warnings if the 2016-2017 FAFSA transaction was based on –
 - Estimated income/taxes
 - If there has been a change in the student's dependency status between the two years
 - If there has been a change in either the student's or parents' marital status between the two years

ED Identification

- CPS will compare the last 2016-2017 ISIR transaction with the 2017-2018 ISIR to –
 - Determine if there is income/tax conflicting information between the two FAFSAs, and,
 - If any identified conflicting information would, once resolved, produce a significant change in the student's expected family contribution (EFC)
- CPS will flag the 2017-2018 ISIR to require institutional resolution - Comment Code 399

ED Identification

- CPS review will not be performed if—
 - Student is not expected to be Pell Grant eligible based on the 2017-2018 FAFSA
 - There was a change in the student's dependency status
 - There was a change in the student's or parents' marital status
 - Professional judgment was performed in either year

ED Identification

- If there is the possibility of a significant change in a student's EFC, the 2017-2018 ISIR will have a 'C' code and Comment Code 399, informing the institution that it must resolve the possible conflicting information

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Perkins Loan Program (DCL GEN-16-05)

Perkins Loan Program

- Federal Perkins Loan Program Extension Act of 2015.
 - Extends program through September 30, 2017
 - Eliminates the Perkins Loan five-year grandfathering provisions
 - Places requirements on the eligibility for undergraduates to receive a loan

Perkins Loan Program

- Federal Perkins Loan Program Extension Act of 2015.
 - Effectively eliminates the eligibility for graduate students to receive Perkins Loans.
 - Requires school disclosures
 - Requires return of federal share of revolving fund after October 1, 2017



Borrower Defenses

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
 - 45-day comment period – Ends August 1
- Final regulations by November 1, 2016

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
- Requires institutions to post a Letter of Credit if they engage in misconduct or exhibit signs of financial risk

Borrower Defenses

- Requires financially risky schools and schools where students have poor loan outcomes to provide clear, plain-language warnings to prospective and current students, and to the public
- Makes it simpler for eligible borrowers to receive a closed-school discharge
- Creates a process for group-wide loan discharges when whole groups of students have been subject to misconduct

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Direct Loan REPAYE Payment Plan

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

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

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Program Integrity Cash Management

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

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Correct and Timely Reporting

Correct and Timely Reporting

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

Enrollment Reporting Statistics

- As of February 2016, statistics no longer include enrollment status of X or Z, with no corresponding program-level data
- As of June, the evaluation period was extended from 65 days to 135 days to ease the calculation of statistics

	Start Date	Evaluation Date	Students in Portfolio	Students Certified	Students Certified With Program Enrollment	Percent Certified	Percent Certified with Program Enrollment	Roster Records Returned	Roster Records in Error Returned	Roster Error Percent
1	05/09/2016	09/21/2016	17,024	16,694	16,421	98.06%	96.46%	287,521	51,483	17.91%
2	04/04/2016	08/17/2016	18,192	18,085	17,653	99.41%	97.04%	286,931	69,704	24.29%
3	03/07/2016	07/20/2016	16,938	16,835	16,572	99.39%	97.84%	302,466	81,477	26.94%
4	04/11/2016	06/15/2016	17,692	14,577	14,424	82.39%	81.53% 🚩	127,127	39,675	31.21%
5	03/14/2016	05/18/2016	16,964	13,772	13,667	81.18%	80.56% 🚩	130,777	39,862	30.48%
6	02/15/2016	04/20/2016	20,328	17,135	16,908	84.29%	83.18% 🚩	181,612	52,488	28.90%

Compliance Letters

- Escalating letters will be sent by email to non-compliant schools in early 2017
 - Schools who fall below 90% of the portfolio certified with a program will be notified for non-compliance
 - The 90% threshold is considered minimal and may be increased in the future
- Schools who do not improve their performance will be referred to FSA Program Compliance for action



Enrollment Errors Report (SCHER5)

- Allows monitoring of errors generated by school and/or third-party servicer submittals
- Contains submittal error/acknowledgement information for each batch submittal processed for a school within a specified timeframe
- Released November 2016

NSLDS Menu Aid Enroll CE Org Report Tran

Report Link / Web Report List

FSA ID: NSL SCTST2FSA logged on as: SCTST2 SCHOOL USER from NORTH SOUTH UNIVERSITY / TG54560 / SCTST2

Return to Web Report List

ID: **SCHER5** Type: Extract
Name: ENROLLMENT ERRORS REPORT

Go to Report

Report Parameters

SCHOOL CODE: 057820

SCHOOL LOCATION CODE: * [dropdown] 18999999

PROCESSED ON OR BEFORE: 12/31/2998 MMDDCCYY

NUMBER OF MONTHS: 1-MONTH RANGE

EXTRACT TYPE: Standard

Sort By: -Select-

Output Medium: -Select-

Submit

REPORT DESCRIPTION: The Enrollment Errors Report (SCHER5) provides SUSAID users with the outstanding submittal error/acknowledgement information for each batch submittal processed for a 4-digit School Code or 6-digit School Location Code, within a specified timeframe. The user will indicate the Processed on or Before date, which limits output to batch submittals that were processed on or before that date. The Number of Months indicates the length of time, prior to the Processed on or Before date, for which submittals will be included. The report can be sorted by SDA or Last-First Name.

When Output Medium is SAID, the report is available with Extract Type options Service Denial (SD), and Standard (Full-Width). The output for these Extract Type options will be delivered to the SAID mailbox (TG number) associated with the FSA User ID that requested the report, using message class OPERCDOP for SD or STERFWOP for Full-Width. Additionally, the report is available as a web report using Output Medium SLS, which will report in a browser window using MS Word.

Note that Output Medium SAID will generate a file for each batch submittal processed, while Output Medium SLS will contain all data in one spreadsheet and not generate multiple files. For example, if the timeframe selected includes two enrollment management files, then SLS will generate two separate reports for Output Medium SAID. However, for Output Medium SLS, all of the data for the files included in the timeframe will appear in the spreadsheet.

The layout of the data records for Output Medium SAID is identical to the Enrollment Reporting Router File Report Layout Table in sections A-1 and A-2 of Appendix A in the NSLDS Enrollment Reporting Guide. Please see the NSLDS Enrollment Reporting Guide for reporting and file issues. The NSLDS Enrollment Reporting Guide is available in the NSLDS User Documentation section of the [NSLDS User Manual for Administrators \(SUSAID\) Web Site](#).

PRIVACY ACT: OE 1874 (AS AMENDED)

Late Enrollment Certifications Report (SCHLC1)

- Provides a list of students who have *not* been certified after a specified date
- Helps ensure students are certified in a timely manner
- Helps address Error 38 – Certification Date is too old

See NSLDS Newsletter 53 for more information.

The screenshot displays the NSLDS web interface. At the top, there is a navigation menu with buttons for Menu, Aid, Enroll, CE, Org, Report, and Tran. Below the menu, the user is logged in as TEST USER from NORTH SOUTH UNIVERSITY. The main content area shows the report parameters for the SCHLC1 report. The parameters include:

- SCHOOL CODE: 067909
- SCHOOL LOCATION CODE: [input field] 89999999
- NOT REPORTED AFTER DATE: [input field] MM/DD/CCYY
- FILE TYPE: --Select--
- Sort By: --Select--
- Output Medium: SAIG

A Submit button is located below the form. At the bottom of the page, there is a small text box containing the report description: "REPORT DESCRIPTION: The Late Enrollment Certifications Report (SCHLC1) allows authorized school users to request a list of students who have not had an enrollment certification reported after a specified date. The report can be requested for an eight-digit School Location Code. The user will indicate the Not Reported After Date which limits the report to students that have not had certifications reported after that date. The report can be sorted by Student Last Name or Student SSN, and is available in file types of Comma Separated Values (CSV) and Fixed Width. The report will be generated using message class L7ENHOPCR (Fixed width) or L7ENHOPCR (CSV) to the SAIG mailbox (10 number) associated with the FSA User ID that requested this report. The data records are identical to the Enrollment Reporting Master Layouts found in Appendix A of the NSLDS Enrollment Reporting Guide. Please see the NSLDS Enrollment Reporting Guide for reporting and field details. The Enrollment Reporting Guide is available on the NSLDS User Documentation Section on IPAD."

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Protecting Student Information

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.

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.

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.

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Gainful Employment

See DCL GEN-15-12

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.

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

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 $\leq 30\%$

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

GE Reporting

- Report all Title IV Students by July 31, 2015
 - Report 2008 – 2009 through 2013 – 2014 award years.
 - Programs with Medical and Dental Residencies report 2007 – 2008 through 2013 – 2014 award years.
- Report following award years by October 1.

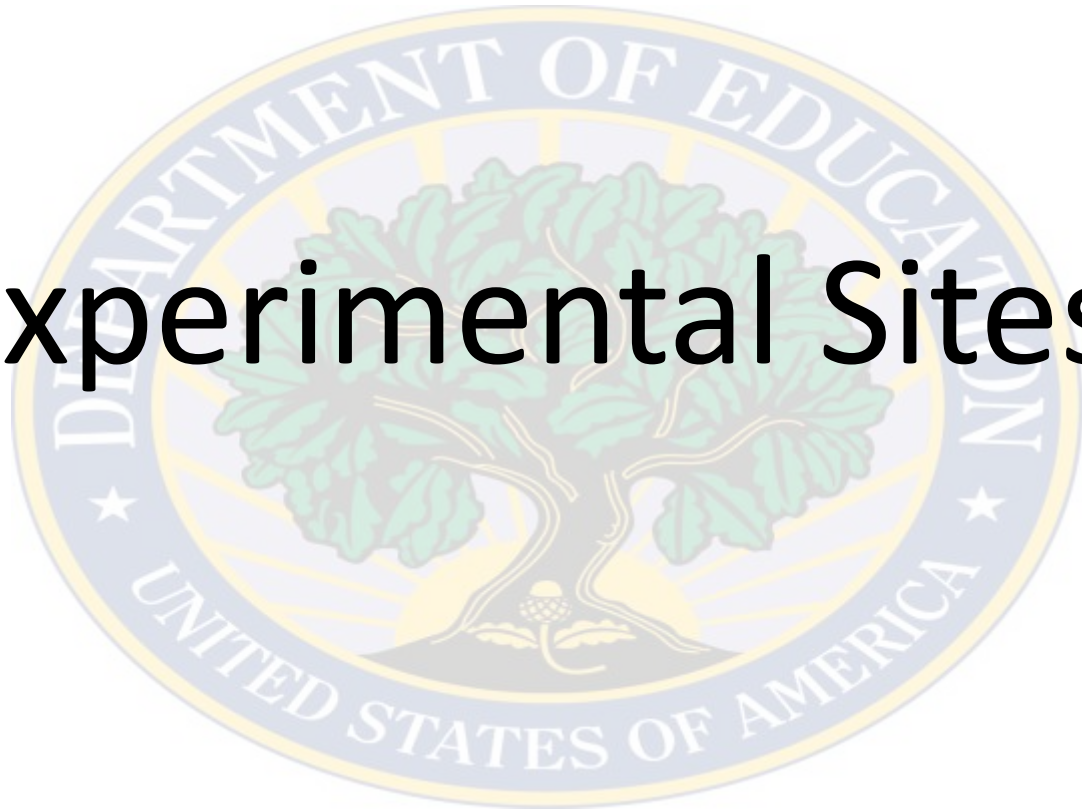
Gainful Employment Disclosures

- Beginning in 2017, in addition to program information required disclosures could include:
 - D/E rates
 - Program cohort default rates
 - Loan repayment rates
 - Median loan debt
 - Percent borrowing

Gainful Employment Disclosures

- Beginning in 2017, in addition to program information required disclosures could include:
 - Completion rates
 - Withdrawal rates
 - Placement rates

Experimental Sites



Experimental Sites

- Pell for students with a bachelors degree
- Reduced Unsubsidized Loans
- FWS for High School Tutors
- “Second Chance Pell” for incarcerated students
- Dual Enrollment – High school and postsecondary
- Loan Counseling

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Thank You

Contact info:

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