

Federal Update

Eric Santiago | Dec. 2015
U.S. Department of Education

2015 PRASFAA Annual Conference for Financial Aid Professionals

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

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Administration Priorities

The seal of the U.S. Department of Education is centered in the background. It features a tree with a path leading to it, surrounded by the text "DEPARTMENT OF EDUCATION" and "UNITED STATES OF AMERICA".

Administration Priorities

President's 2020 Goal: *By 2020, America will once again have the highest proportion of college graduates in the world.*

Themes:

- Increasing access
- Making college more affordable
- Improving outcomes



Access

Access: First Lady's Reach Higher Initiative


- Exposing students to college/career opportunities – encourage students to reach for the best college they can attend
- Encouraging academic planning and summer learning
- Understanding financial aid
- Supporting high school counselors

Access: FAFSA

- Promoting FAFSA Completion
- FAFSA Simplification
- Early FAFSA
- Prior-Prior Year

Access: Experimental Sites

- Second Chance Pell Pilot Program
 - Waivers to allow incarcerated individuals to receive Pell Grants for postsecondary education
- Dual Enrollment
 - Waivers to allow students who are enrolled in high school to receive Pell Grants for enrollment in Title IV-eligible postsecondary programs

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Affordability

Affordability: America's College Promise

- Proposal would make two years of college free and universal
- Students would be able to secure an associate's degree or certificate, earn the first half of a bachelor's degree, and gain skills needed in the workforce at no cost

Affordability: Increases in Pell Grant

Maximum Award

- 2008-2009 \$4,731
- 2015-2016 \$5,775

Affordability: Back End Strategies

- Student Aid Bill of Rights
- Income-Driven Repayment Plans
 - Pay As You Earn (PAYE)
 - Revised Pay As You Earn (REPAYE)

Affordability: Student Aid Bill of Rights



A graphic with a dark blue header and footer. The header contains a yellow circle with a blue graduation cap icon. The main body is light beige with dark blue text. The text reads: 'PRESIDENT OBAMA IS INTRODUCING A STUDENT AID BILL of RIGHTS'. Below this, it says 'EVERY STUDENT IN AMERICA SHOULD:' followed by a list of four points. The footer contains the hashtag '#CollegeOpportunity'.

PRESIDENT OBAMA IS INTRODUCING A

STUDENT AID BILL *of* RIGHTS

EVERY STUDENT IN AMERICA SHOULD:

- I.** Have access to a high-quality, affordable higher education.
- II.** Be able to easily find the resources they need to pay for college.
- III.** Be able to choose an affordable repayment plan for student loans.
- IV.** Receive quality customer service, reliable information, and fair treatment when repaying loans.

#CollegeOpportunity

Affordability: Student Aid Bill of Rights

- Protects Social Security benefits of borrowers with disabilities who may qualify for a loan discharge or other repayment options
- Ensures that the debt collection process for defaulted Federal student loans is fair, transparent, and reasonable (compensation of collection agencies, guidance provided to collection agencies, ensuring accurate information provided)

Affordability: Pay As You Earn (PAYE)

- Caps payments for Federal Direct Student Loans at 10 percent of discretionary income for eligible borrowers
- Helps ensure that borrowers are able to manage their debt and avoid defaulting on their student loans

Affordability: 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
- Early implementation in December 2015



Outcomes

Outcomes: College Scorecard

- Interactive tool – new data recently added
- Highlights key indicators about institutions' costs and value
- Helps students and families decide where to enroll for postsecondary education
- Allows comparison of schools based on simple criteria

Outcomes: College Scorecard

- Scorecard data include:
 - Costs
 - Graduation Rates
 - Loan Default Rates
 - Loan Repayment Rates
 - Average Amount Borrowed
 - Employment
 - Earnings



Regulatory Update

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Recent & Upcoming Regulatory Efforts

- Revised Pay As You Earn (REPAYE)
- Program Integrity and Improvement (Cash Management)
- VAWA
- State Authorization

Program Integrity and Improvement

- Final regulations published in October 2015
- Effective July 1, 2016
- Cash Management provisions ensure students:
 - Have convenient access to their Title IV, HEA program funds

Program Integrity and Improvement

- Do not incur unreasonable and uncommon financial account fees
- Are not led to believe they must open a particular financial account to receive their Federal student aid

Program Integrity and Improvement

- Other Program Integrity and Improvement Provisions:
 - Clarify how previously passed coursework is treated for Title IV eligibility purposes

Violence Against Women Act (VAWA)

- Signed by President on March 7, 2013
- Final rules published on October 20, 2014
- Regulations became effective July 1, 2015

Violence Against Women Act (VAWA)

- Requires institutions to:
 - Maintain statistics on dating violence, domestic violence, sexual assault, and stalking
 - Provide, and describe in annual security reports, prevention and awareness campaigns

Violence Against Women Act (VAWA)

- Requires institutions to:
 - Provide a prompt, fair, and impartial disciplinary proceeding, and provide for requirements governing that proceeding
 - Provide information and support services to victims
- Department revising the Clery Handbook to reflect VAWA regulations

State Authorization Requirements

- Under regulations published October 29, 2010, in order to receive Title IV funds, institutions are required to have State authorization, including:
 - Approval to provide postsecondary education programs
 - A student complaint process



Prior – Prior and Early FAFSA



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 Year

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

- Issues
 - Outreach
 - Professional Judgement
 - Verification
 - Conflicting information



2016-2017 FAFSA/ISIR



FAFSA – List of Schools

- Beginning with the 2016-2017 FAFSA the names of the colleges listed by applicants on FAFSAs will not be included on ISIRs sent to institutions.
- Will be on SARs provided to FAFSA applicants.

Paper FAFSAs

- More than 99 percent of FAFSAs are filed electronically.
- Beginning with the 2016-2017 FAFSA we will no longer print the FAFSA as a color packet.
- PDF FAFSA available on-line to be printed



FFEL/Direct FY '12 Cohort Default Rates

National Student Loan Default Rates



FY '12 Cohort Default Rates

School Type

STATE	FY 11' CDR	FY 12' CDR
Public – Two Year	20.5%	19.1%
Public – Four Year	8.9%	7.6%
Non-Profit – Two Year	15.6%	16.1%
Non-Profit – Four Year	7.0%	6.3%
For-Profit – Two Year	20.0%	17.7%
For-Profit – Four Year	18.6%	14.7%
Foreign	3.8%	3.3%
All Schools	13.7%	11.8%



Perkins Loan Program

The seal of the U.S. Department of Education is centered in the background. It features an eagle with wings spread, perched on a globe. The text "DEPARTMENT OF EDUCATION" is arched across the top, and "UNITED STATES OF AMERICA" is arched across the bottom. Two stars are positioned on either side of the eagle's chest.

Perkins Loan Program

- Communications
 - Dear Colleague Letter GEN-15-03
 - Electronic Announcements
 - Questions and Answers

Perkins Loan Program

- Program ended on September 30, 2015
 - Schools may not make Federal Perkins Loans to new borrowers after September 30, 2015.

Perkins Loan Program

- 2015-2016 Awards – If prior to October 1, 2015, a school made the first disbursement of a Perkins Loan to a student for the 2015-2016 award year, the school may make any remaining disbursements of that 2015-2016 loan after September 30, 2015.

Perkins Loan Program

- Grandfathering
 - Allows a school to make additional Perkins Loans to certain students for up to five additional years (through September 30, 2020) to enable the students “to continue or complete courses of study”.
 - Loans can be made only if all of the following conditions are met:

Perkins Loan Program

- School made at least one Perkins Loan disbursement to the student on or before June 30, 2015. Results in 2015-2016 being a “gap” year.
- Student is enrolled at the same school and in the same academic program as when the last Perkins Loan disbursement was received.
- Need remains after Direct Subsidized loan is awarded

Perkins Loan Program Excess Liquid Capital

- DCL GEN-15-19
- Attached Excel Work-Sheets
 - Calculate Excess Cash
 - Calculate Federal/School Shares
- Return Federal Funds by December 31, 2015

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Sequestration

See DCL GEN-15-07

Sequestration – Grants

- TEACH Grant and Iraq-Afghanistan Service Grant awards reduced by 6.8% for FY 2016 (first disbursed between October 1, 2015 and September 30, 2016).

Sequestration – Loan Fees

- Subsidized Loans and Unsubsidized Loans –
 - 1.068 percent for loans first disbursed on or after October 1, 2015 and before October 1, 2016.
- PLUS Loans (Parent and Grad Student) –
 - 4.272 percent for loans first disbursed on or after October 1, 2015 and before October 1, 2016

Direct Loan Interest Rates

Federal Direct Student Loans 2015-2016 Interest Rates Effective for Loans First Disbursed on or after July 1, 2015 and prior to July 1, 2016				
Loan Type	Borrower Type	Index	Add-On	Fixed Interest Rate
		10-Year Treasury Note		
Direct Subsidized Loans	Undergraduate Students	2.237%	2.05%	4.29%
Direct Unsubsidized Loans	Undergraduate Students	2.237%	2.05%	4.29%
Direct Unsubsidized Loans	Graduate/Professional Students	2.237%	3.60%	5.84%
Direct PLUS Loans	Parents of Dependent Undergraduate Students and Graduate/Professional Students	2.237%	4.60%	6.84%



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

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Protecting Student Information

Protecting Student Information

- Dear Colleague Letter GEN-15-18
 - 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


- Expectation is that all institutions will assess and implement strong security policies and controls and undertake ongoing monitoring of the systems, databases and processes that support all aspects of the administration of the Federal student financial aid programs

Protecting Student Information

- The SAIG Agreement includes a provision that in the event of an unauthorized disclosure or an actual or suspected breach of applicant information or other sensitive information (such as PII) the institution must immediately notify FSA at CPSSAIG@ed.gov.

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.

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Experimental Sites

Experimental Sites

- Current –
 - Pell for short-term career programs
 - Pell for students with a bachelors degree
 - Reduced Unsubsidized Loans

Experimental Sites

- Coming –
 - “Second Chance Pell” for incarcerated students
 - Dual Enrollment – High school and postsecondary

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Recent Dear Colleague Letters

Recent Dear Colleague Letters

- GEN-15-18: Protecting Student Information
- GEN-15-15: Implementation of the VAWA Final Regulations
- GEN-15-12: Regulatory Requirements Related to Gainful Employment Programs
- GEN-15-11: 16-17 FAFSA[®] Information to be Verified and Acceptable Documentation

Recent Dear Colleague Letters

- GEN-15-08: Citizenship and Immigration Status Documentation
- GEN-15-06: Loan Counseling Requirements and Flexibilities
- GEN-15-01: Third-Party Servicer Institutional Requirements and Responsibilities



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Thank You!