

# Federal Update

Raúl Galván, Minority Serving & Under-Resourced Schools  
Federal Student Aid  
U.S. Department of Education

2014 PRASFAA Conference – Ponce, PR



# Sequestration

# Grant Awards

- TEACH Grant awards reduced by 7.3 percent for FY 2015 (first disbursed between October 1, 2014 and September 30, 2015)
- Iraq-Afghanistan Service Grant awards reduced by 7.3 percent for FY 2015 (first disbursed between October 1, 2014 and September 30, 2015)

# Loan Fees

- Subsidized Loans and Unsubsidized Loans –
  - 1.072 percent for loans first disbursed on or after December 1, 2013 and before October 1, 2014
  - 1.073 percent for loans first disbursed on or after October 1, 2014 and before October 1, 2015
- PLUS Loans (Parent and Grad Student) –
  - 4.288 for loans first disbursed on or after December 1, 2013 and before October 1, 2014
  - 4.292 percent for loans first disbursed on or after October 1, 2014 and before October 1, 2015



# Interest Rates

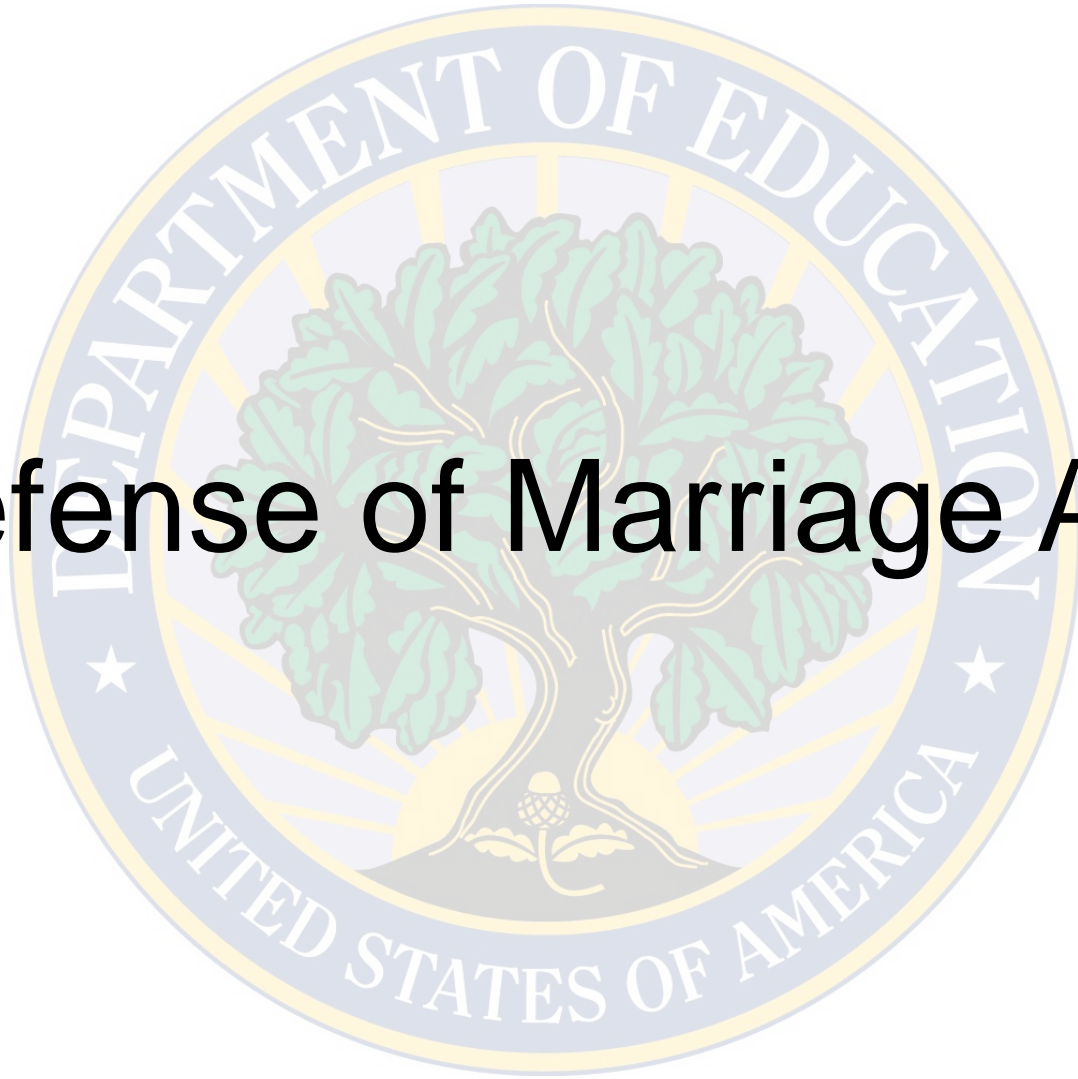
# Interest Rates

- Annual fixed rates based on 10 Year T-Bill, plus add-on
- Applies to loans first disbursed between July 1 and June 30
- Rate applies for the life of the loan
- Add-ons and caps—
  - Undergraduate Sub and Unsub: 2.05/8.25%
  - Graduate Unsub: 3.60/9.5%
  - PLUS Loans: 4.60/10.5%

# 2014-15 Interest Rates

- Undergraduate Students - Sub and Unsub
  - 4.66% compared to 2013-14 rate of 3.86%
- Graduate students – Unsubsidized Loans
  - 6.21% compared to 2013-14 rate of 5.41%
- PLUS Loans (parent and grad/professional)
  - 7.21% compared to 2013-14 rate of 6.41%

# Defense of Marriage Act





# Defense of Marriage Act

- In June 2013, the Supreme Court struck down section 3 of the Defense of Marriage Act (DOMA) that, for federal purposes, a marriage can only be between one man and one woman
- See Dear Colleague Letter GEN-13-25 published on December 13
- Additional DCLs on PLUS Loans, Income-Driven Repayment Plans, and In-State Tuition for Active Duty Military Spouses

The seal of the U.S. Department of Education is centered in the background. It features a large green tree with a sunburst behind it, all within a circular border containing the text "DEPARTMENT OF EDUCATION" and "UNITED STATES OF AMERICA".

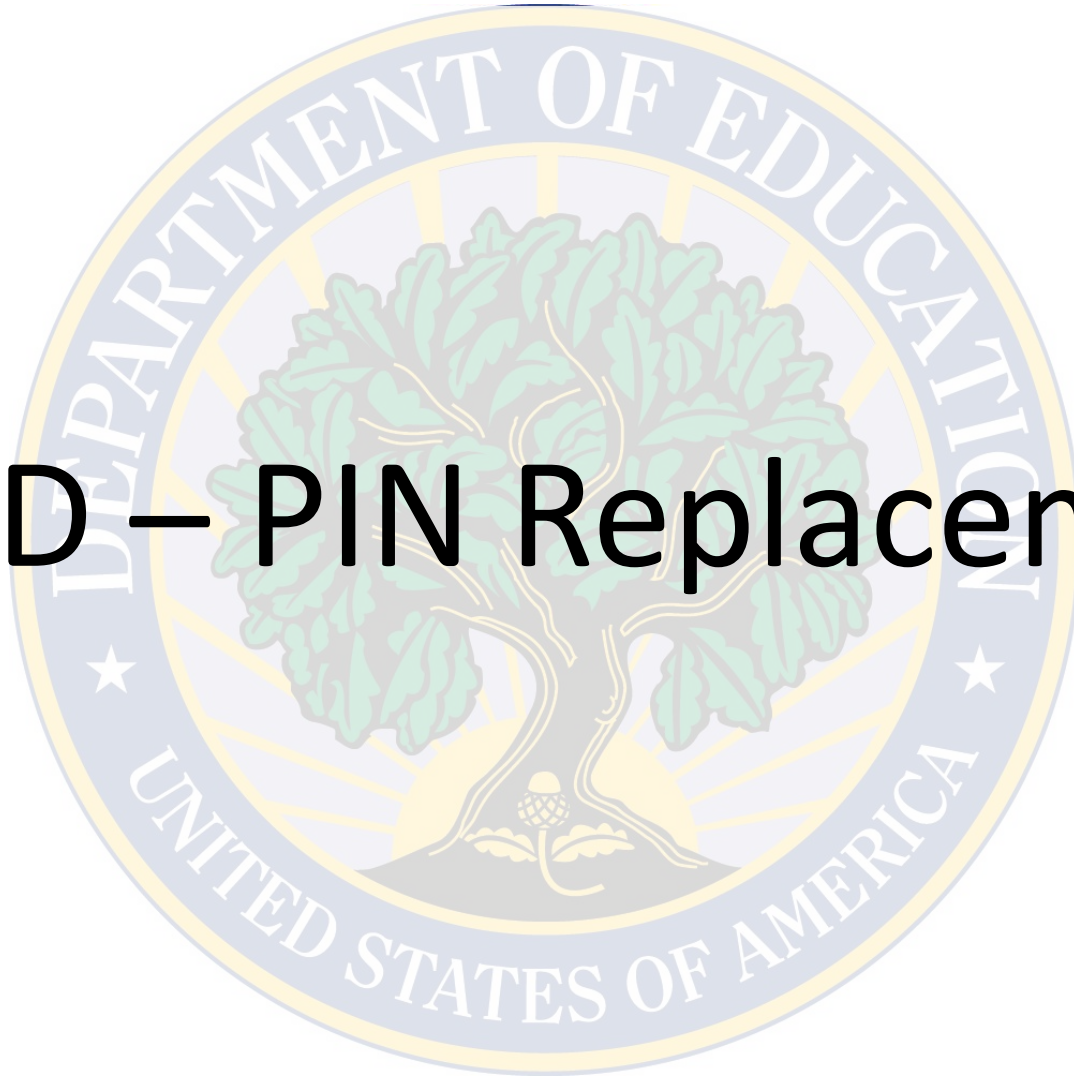
# FAFSA

## Parental Information

# FAFSA – PARENTAL DATA

- Eliminates longstanding inequities that were based on the legal relationship of the parents rather than on the parents' relationship with their child
- Beginning with the 2014-15 FAFSA, dependent students' FAFSA must include income and other information about both of the student's legal parents (biological, adoptive, or state designated) if the parents are living together, regardless of the parents' marital status or gender

# FSA ID – PIN Replacement



# FSA ID

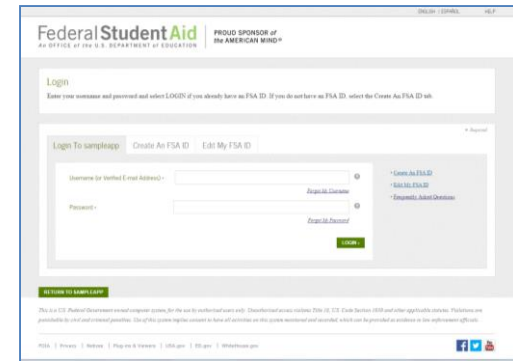
- The FSA ID (username and password) will replace the PIN for students, parents, and borrowers
- FSA is adopting the best practice of using a username and password instead of personal information
- Starting in April 2015
- All FSA Systems
- New and continuing users

# Introducing the FSA ID

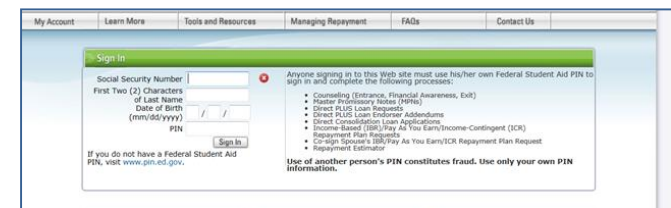
The FSA ID will modernize access for students, parents, and borrowers to FSA systems

- FSA is adopting the best practice of using a username and password instead of personal information
- The FSA ID
  - Requires users to enter less information (2 fields instead of 4)
  - Provides more secure access to user's information
  - Links to PIN information during registration
  - Allows users to update personal information such as last name changes without applying for a new FSA ID (Lifetime ID)
- The FSA ID (Username and Password) will replace PIN for **students, parents, and borrowers** accessing FSA systems starting in late Spring 2015.

## New FSA ID login



## Old PIN login on Studentloans.gov



# Introducing the FSA ID

Users still click the Sign In button. This directs them to the FSA ID login page. Once they enter their FSA ID, they are directed back to the website landing page

The screenshot shows the StudentLoans.gov landing page. At the top, it says "START HERE GO FURTHER FEDERAL STUDENT AID" and "StudentLoans.gov English | Español". There are navigation tabs for "My Account", "Learn More", "Tools and Resources", "Managing Repayment", "FAQs", and "Contact Us". The main content area is divided into several sections: "Manage My Direct Loan" with a "Sign In" button, "Learn More", "Tools and Resources", and "Managing Repayment". A green arrow points from the "Sign In" button to the login page.

The screenshot shows the FSA ID login page. At the top, it says "Federal Student Aid AN OFFICE of the U.S. DEPARTMENT of EDUCATION" and "PROUD SPONSOR of the AMERICAN MIND®". There are language options for "ENGLISH | ESPAÑOL" and a "HELP" link. The main content area is titled "Login" and contains a form with fields for "Username (or Verified E-mail Address)" and "Password". There are buttons for "Login To sampleapp", "Create An FSA ID", and "Edit My FSA ID". A green arrow points from the "LOGIN" button to the landing page.

The screenshot shows the StudentLoans.gov landing page after a user has logged in. The user is identified as "SALLY LOGGED IN" with "My preferences" next to it. The main content area is titled "Welcome to StudentLoans.gov" and contains a "Personal Information" section with fields for "Borrower: SALLY LOGGED IN", "Social Security Number: xxx-xx-1234", "Date of Birth: 10/10/1990", and "E-mail: sally123@yahoo.com". There are also sections for "Tools and Calculators" and "Repayment Estimator". A green arrow points from the "Logout" button to the landing page.

The seal of the U.S. Department of Education is centered in the background. It features a tree with a lamp of knowledge at its base, set against a sunburst. The words "DEPARTMENT OF EDUCATION" are arched across the top, and "UNITED STATES OF AMERICA" is arched across the bottom, with two stars on either side.

# Regulatory Update



# Recent Regulatory Efforts

- Gainful Employment
- Violence Against Women Act Implementation
- Program Integrity and Improvement
  - PLUS Adverse Credit
- Pay As You Earn

# Gainful Employment

- Defined “gainful employment in a recognized occupation”
- Originally, regulated in 2011. Parts of regulation struck by court on procedural grounds
- Renegotiated in 2013. Three negotiations:
  - Sept. 9 -11, Nov. 18 -20, and Dec. 13
- Consensus not reached
- NPRM published on March 25, 2014
- Final rule published October 31, 2014
- Effective July 1, 2015

The HEA provides that to be Title IV eligible an educational program must be offered by:

A public or non-profit postsecondary educational institution and leads to a degree; or

Any institution and “to prepare students for *gainful employment* in a recognized occupation.”

➤ Generally, all non-degree programs must lead to *gainful employment*

➤ Generally, all programs must lead to *gainful employment*

# Gainful Employment

- Debt to earnings metrics: passing average annual loan payment amount is no more than 8% of average annual income or 20% of average discretionary income
- Three levels: passing, zone, and failing
- Program ineligible if it fails two of three consecutive years or fails or is in the zone four consecutive years
- Disclosures on costs, earnings, debt, completion
- Reporting

# Violence Against Women Act

- Violence Against Women Act reauthorized March 7, 2013
  - Made changes to Clery Act institutional reporting requirements
- Three Negotiations: Jan. 13 – 14, Feb. 24 – 25, March 31 – April 1, 2014
- Consensus reached
- NPRM published June 20, 2014
- Final rule published October 20, 2014
- Effective July 1, 2015

# Violence Against Women Act

- 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
  - Provide a prompt, fair, and impartial disciplinary proceeding, and provides for requirements governing that proceeding
  - Provide information and support services to victims

# Program Integrity and Improvement

- Issues Negotiated:
  - Cash management
  - State authorization of distance education programs
  - State authorization of foreign locations of domestic institutions
  - Repeat coursework
  - Clock-to-credit hour conversion
  - Definition of PLUS adverse credit history

# Program Integrity and Improvement

- Four negotiations: Feb. 19 - 21, March 26 - 28, April 23 – 25, May 19 – 20, 2014
- Final regulations on PLUS adverse credit published
- Continuing to work on remaining issues



# PLUS Loan Adverse Credit

- Definition of PLUS Loan adverse credit history
  - NPRM published on August 8, 2014
  - Final rule published October 23, 2014
  - Effective July 1, 2015,
  - Will implement in late March
  - Applies to both Parent PLUS and Grad PLUS

# PLUS Loan Adverse Credit

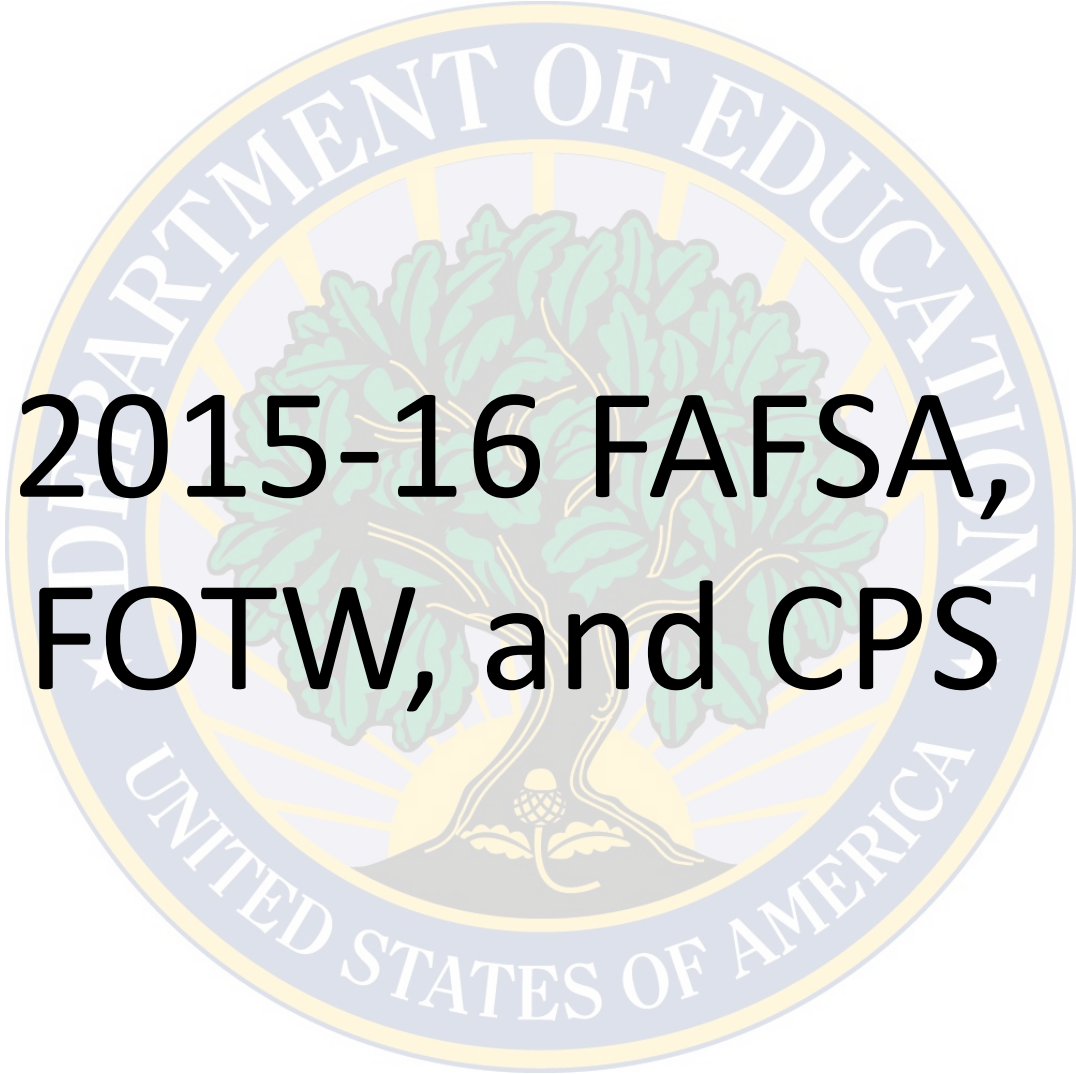
- No adverse credit if total outstanding balance is not greater than \$2,085 for debts that are:
  - 90 or more days delinquent;
  - Placed in collections;
  - Charged off (written off)
- \$2,085 can be increased by ED based on CPI if the change would be  $\geq$  \$100
- Borrowers who are eligible because of extenuating circumstances or endorser must complete Department provided counseling before loan can be disbursed

# Pay As You Earn Expansion

- Federal Register Notice published Sept. 3, 2014
- We propose to develop regulations that:
  - Allow more students the opportunity to cap their monthly student loan payments at 10%
  - Target the new PAYE option to borrowers who would otherwise struggle to repay their student loans

# Pay As You Earn Expansion

- Planned Negotiated Rulemaking on Expansion of PAYE Repayment plan
- Two public hearings held earlier this year in Washington, DC and Anaheim, CA
- Federal Register Notice inviting negotiator nominations expected in December 2015
- Negotiating sessions will begin Feb. 2015:
  - Three sessions
  - Approximately three days each
  - At roughly monthly intervals



# 2015-16 FAFSA, FOTW, and CPS

# List of Colleges Receiving FAFSA Data

- Adding text to tell applicant that all schools selected will receive the list of selected schools
- Adding text to tell applicant students that for federal purposes it does not matter in what order schools are listed but it may be important for state purposes

The seal of the U.S. Department of Education is centered in the background. It features a large green tree with a yellow sunburst behind it, all within a circular border containing the text "DEPARTMENT OF EDUCATION" at the top and "UNITED STATES OF AMERICA" at the bottom.

# Gainful Employment Implementation

# Which Programs are GE Programs

- At proprietary institutions, all programs are GE Programs except for –
  - Preparatory coursework necessary for enrollment in an eligible program
  - Bachelor's degree programs in liberal arts offered since January 2009 that are offered by a proprietary institution that has been regionally accredited since October 2007



# Which Programs are GE Programs

- At public institutions and not-for-profit institutions, all programs are GE Programs except for –
  - Programs that lead to a degree
  - Programs of at least two years in length that are designed to be fully transferable to a bachelor's degree program
  - Preparatory coursework necessary for enrollment in an eligible program (loan only)

# Which Programs are GE Programs

- GE Programs include –
  - Teacher certification programs leading to a certificate awarded by the institution
  - English as a Second Language programs
- GE Programs do not include –
  - Teacher certification coursework that does not lead to a certificate awarded by the institution
  - Preparatory coursework necessary for enrollment in an eligible program (loans only)

# GE Reporting

---

- GE reporting will begin in early 2015
- 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 2014 – 2015 Award Year by October 1, 2015

# GE Reporting

---

- **ONLY** submit data on students enrolled in a GE program
- **ONLY** submit data on Title IV aid recipients
- **ONLY** submit data for programs that exist as of July 1, 2015
  
- Data provided in 2011 will not be available to reuse

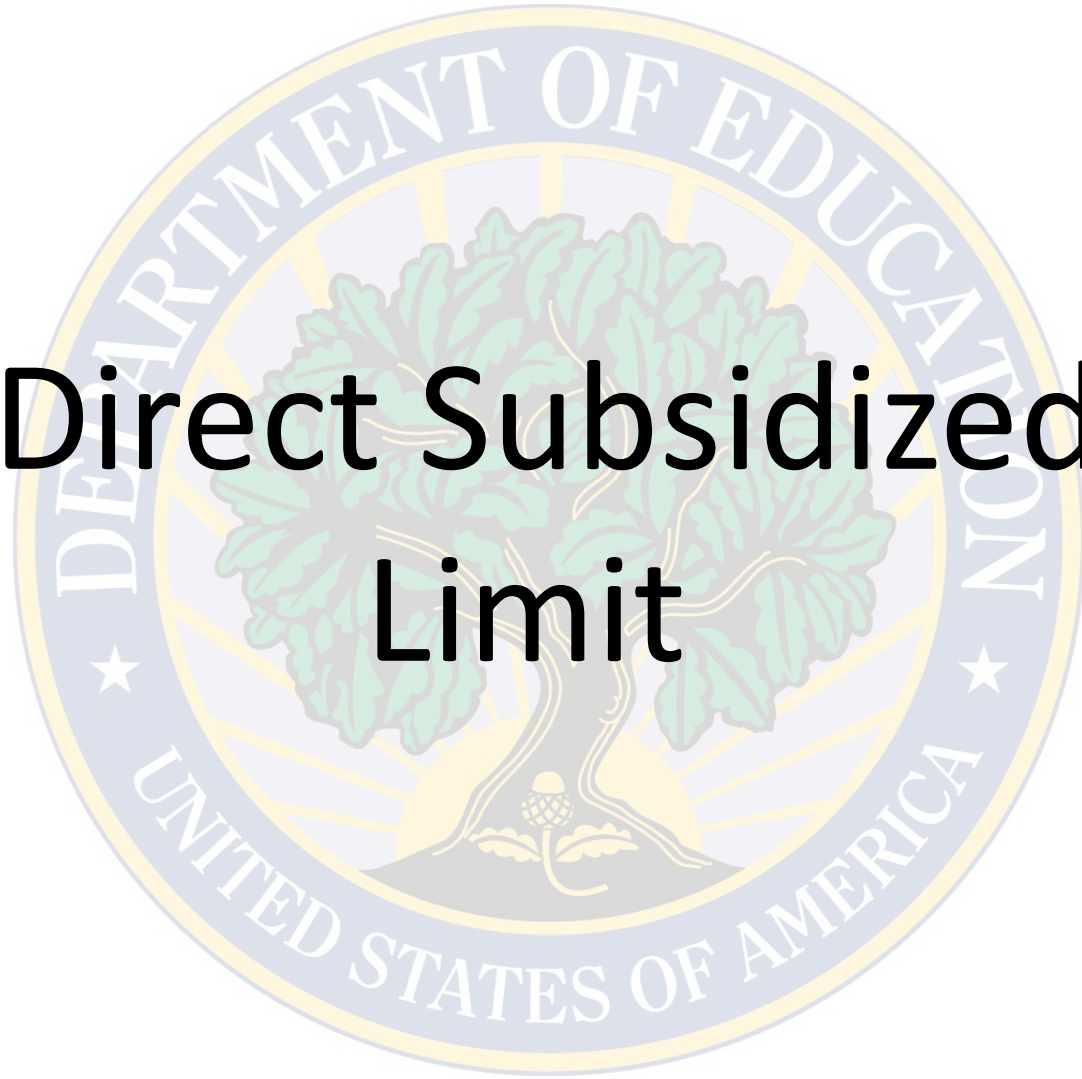
# GE Data to Report

- Institutional Data
- Program Data
- Student Enrollment Data
- Student Financial Data

# Gainful Employment Disclosures

- In addition to program information, includes:
  - pCDR
  - D/E rates
  - Loan repayment rates
  - Completion rates
  - Withdrawal rates
  - Placement rates
  - Median loan debt
  - Percent borrowing

# 150% Direct Subsidized Loan Limit



# Subsidized Loan Limit

- Limit on how many years a “first-time borrower” may receive subsidized loans
  - Applies to first-time borrowers on or after July 1, 2013
  - A first-time borrower is one who has no balance on any FFEL or Direct Loan on July 1, 2013, or



# Subsidized Loan Limit

- Condition - Student has received Direct Subsidized loans for a period of time that is equal to 150% of the published length of the student's current academic program
- Result - Student may not receive additional subsidized loans for enrollment in that program or in any program of equal or lesser length

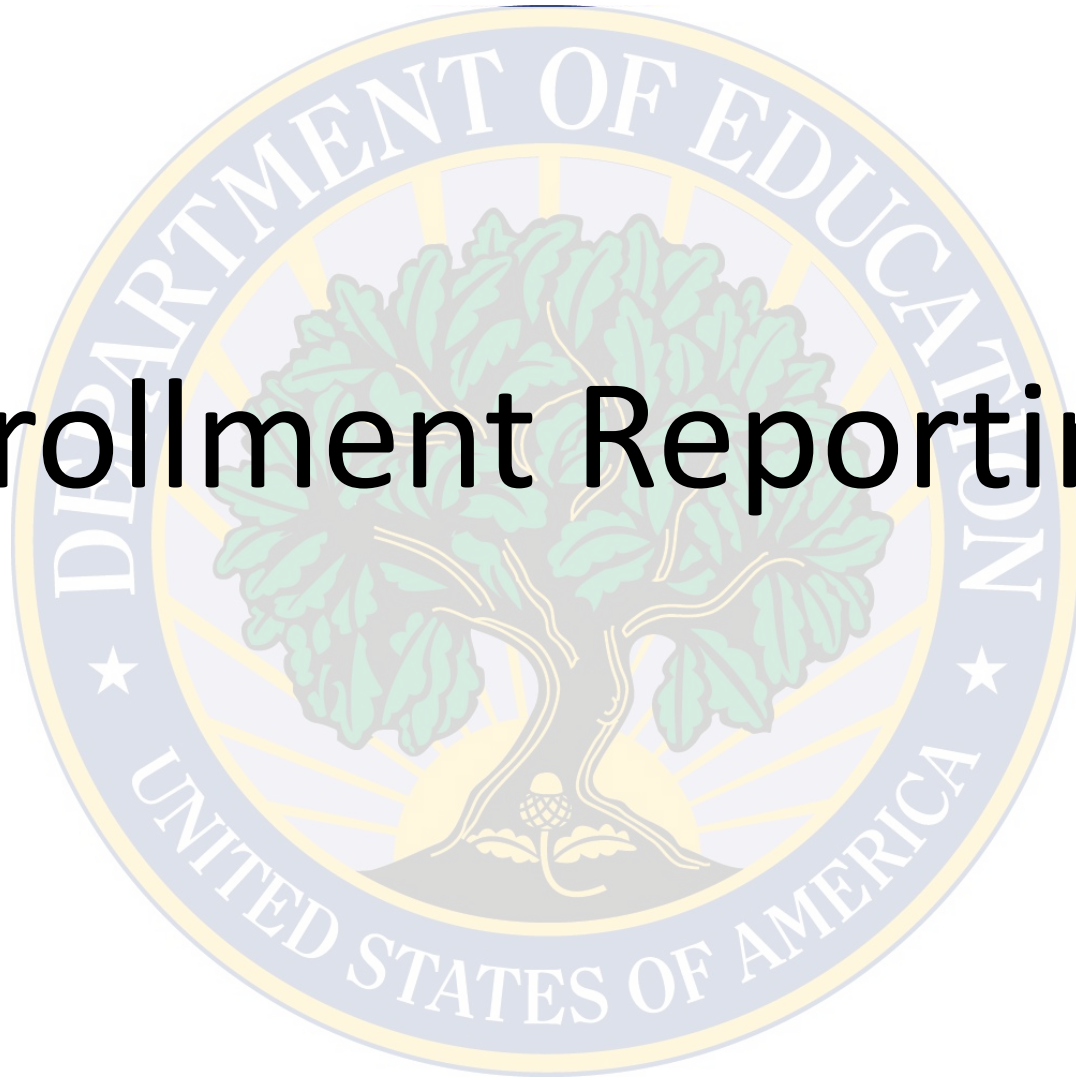
# Subsidized Loan Limit

- Students maximum time to receive subsidized loans is established based on the length of the program the student is enrolled in
- Remaining subsidized eligibility is calculated by subtracting from maximum eligibility for the program, the time the student has already received subsidized loans for enrollment in any program

# Subsidized Loan Limit

- A student who loses eligibility for additional subsidized loans may lose interest subsidy on previously received subsidized loans, if -
  - Student did not complete program, and
  - Continues in same program or,
  - Enrolls in another undergraduate program of the same or shorter length
- Effective on the date of the student's continued or new enrollment

# Enrollment Reporting



# Enrollment Reporting

- New Enrollment Reporting File Layouts
  - Draft – November 25, 2013
  - Final – February 27, 2014
- Dear Colleague Letter (DCL) GEN-14-07: April 14, 2014
- Newsletter 45: April 24, 2014 Enhancements to NSLDS
- New Enrollment Reporting Guide: April 25, 2014
- Dear Colleague Letter (DCL) GEN-14-17: August 29, 2014

# Enrollment Reporting Transition

- July 2014 - Schools are able to report Program-Level data to NSLDS in batch and/or online on the Enrollment Maintenance page
- October 1, 2014 - Final deadline for reporting under the new reporting requirements
  - Reporting of Program-Level enrollment information must be retroactive to the enrollment status as of July 1, 2014
- Required to provide enrollment information every 60 days. Schools are required to respond to roster within 15 days

# Failure to Report

- Failure to begin reporting under the new enrollment reporting requirements by October 1, 2014 will likely result in:
  - Enrollment records being rejected by NSLDS
  - School being out of compliance
  - Potential sanctions
  - Potential overaward of Subsidized loans
  - Loss of interest subsidy
  - Improper loan servicing



THANK YOU