FFEL/Direct FY ‘13 Cohort Default Rates
National Student Loan Default Rates

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td></td>
<td></td>
<td>13.7%</td>
<td>11.3%</td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td>13.4%</td>
<td>14.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td>13.7%</td>
<td>11.8%</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

*PR 11.6%
## FY ‘13 Cohort Default Rates
### School Type

<table>
<thead>
<tr>
<th>School Type and Control</th>
<th>FY ‘12 CDR</th>
<th>FY ‘13 CDR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public – Two Year</td>
<td>19.1%</td>
<td>18.5%</td>
</tr>
<tr>
<td>Public – Four Year</td>
<td>7.6%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Non-Profit – Two Year</td>
<td>16.1%</td>
<td>16.3%</td>
</tr>
<tr>
<td>Non-Profit – Four Year</td>
<td>6.3%</td>
<td>6.5%</td>
</tr>
<tr>
<td>For-Profit – Two Year</td>
<td>17.7%</td>
<td>14%</td>
</tr>
<tr>
<td>For-Profit – Four Year</td>
<td>14.7%</td>
<td>18.6%</td>
</tr>
<tr>
<td>Foreign</td>
<td>3.3%</td>
<td>3.6%</td>
</tr>
<tr>
<td>All Schools</td>
<td>11.8%</td>
<td>12.1%</td>
</tr>
</tbody>
</table>
## Federal Direct Student Loans 2016-2017 Interest Rates
(For Loans First Disbursed on or After July 1, 2016 and Prior to July 1, 2017)

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

<table>
<thead>
<tr>
<th>IF YOU PLAN TO ATTEND COLLEGE FROM</th>
<th>YOU CAN SUBMIT THE FAFSA FROM</th>
<th>USING TAX INFORMATION FROM</th>
</tr>
</thead>
</table>
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.
Perkins Loan Program
(DCL GEN-16-05)
Perkins Loan Program

  - 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

  - 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


- 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.
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
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
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.

![Image of Enrollment Reporting Statistics]

<table>
<thead>
<tr>
<th>Start Date</th>
<th>Evaluation Date</th>
<th>Students in Portfolio</th>
<th>Students Certified</th>
<th>Students Certified With Program Enrollment</th>
<th>Percent Certified</th>
<th>Percent Certified with Program Enrollment</th>
<th>Roster Records Returned</th>
<th>Roster Records in Error Returned</th>
<th>Roster Error Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>05/09/2016</td>
<td>09/21/2016</td>
<td>17,024</td>
<td>16,694</td>
<td>16,421</td>
<td>98.06%</td>
<td>96.46%</td>
<td>287,521</td>
<td>51,483</td>
<td>17.91%</td>
</tr>
<tr>
<td>04/04/2016</td>
<td>08/17/2016</td>
<td>18,192</td>
<td>18,085</td>
<td>17,653</td>
<td>99.41%</td>
<td>97.04%</td>
<td>286,931</td>
<td>69,704</td>
<td>24.29%</td>
</tr>
<tr>
<td>03/07/2016</td>
<td>07/20/2016</td>
<td>16,938</td>
<td>16,835</td>
<td>16,572</td>
<td>99.39%</td>
<td>97.84%</td>
<td>302,466</td>
<td>81,477</td>
<td>26.94%</td>
</tr>
<tr>
<td>04/11/2016</td>
<td>06/15/2016</td>
<td>17,692</td>
<td>14,577</td>
<td>14,424</td>
<td>82.39%</td>
<td>81.53%</td>
<td>127,127</td>
<td>39,675</td>
<td>31.21%</td>
</tr>
<tr>
<td>03/14/2016</td>
<td>05/18/2016</td>
<td>16,964</td>
<td>13,772</td>
<td>13,667</td>
<td>81.16%</td>
<td>80.56%</td>
<td>130,777</td>
<td>39,662</td>
<td>30.48%</td>
</tr>
<tr>
<td>02/15/2016</td>
<td>04/20/2016</td>
<td>20,328</td>
<td>17,135</td>
<td>16,908</td>
<td>84.29%</td>
<td>83.18%</td>
<td>181,612</td>
<td>52,488</td>
<td>28.90%</td>
</tr>
</tbody>
</table>
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
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.
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.
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
  - 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
Thank You

Contact info:
eric.santiago@ed.gov