FEDERAL UPDATE

Pam Gilligan | Training Officer
U.S. Department of Education
NCASFAA Spring 2021 Conference

April 2021
AGENDA

01 Distance Education and Innovation Regulations
02 Consolidated Appropriations Act
03 COVID-19 Waivers and Flexibilities
04 Operational Updates and Reminders
DISTANCE EDUCATION AND INNOVATION REGULATIONS
DISTANCE EDUCATION REGULATIONS

Distance Education and Innovation

- April 2, 2020 – NPRM
- September 2, 2020 – Final Rule
- July 1, 2021 – Effective date (with early implementation option)

Goal of Distance Education and Innovation regulations:
Create new regulations and update existing regulations to remove barriers and allow for innovation while providing guardrails to protect students
DISTANCE EDUCATION REGULATIONS

Modified definitions:

- Clock-hour
- Correspondence course
- Credit-hour

Added new definitions:

- Distance education
- Incarcerated student
- Nonprofit institution
- Academic engagement
- Juvenile justice facility

Provides additional guidance related to direct assessment program requirements and Department approval process
DISTANCE EDUCATION REGULATIONS

Changes to Return of Title IV Funds (R2T4):

- Students no longer considered withdrawn if any of the following apply:
  
  1. The student completes all requirements for graduation before completing the days scheduled to complete in the period
  2. The student successfully completes one or more modules that comprise 49% or more of the number of days in the payment period or at least half-time enrollment
  3. The institution obtains written confirmation that the student will resume attendance at a later point in the period
- Denominator of R2T4 will be based on hours included in determination of Title IV awards
Changes to Satisfactory Academic Progress (SAP):

• For purposes of maximum timeframe and pace evaluation (quantitative) for a credit-hour program, an institution may use credits completed over calendar time rather than credits completed divided by credits attempted.

• Institutions are no longer required to maintain a pace (quantitative) evaluation for nonterm credit-hour or clock-hour programs. SAP policies for such programs must still have qualitative and maximum timeframe evaluations.
CONSOLIDATED APPROPRIATIONS ACT OF 2021

Includes FAFSA Simplification Act and Coronavirus Relief Provisions
STOP STUDENT DEBT RELIEF SCAMS ACT OF 2019

PUBLIC LAW 116-251

Signed into law: December 22, 2020

Effective Date: 180 days after the date of enactment of this Act. (June 20, 2021)

What it does:
- Criminal sanctions
- Exit Counseling
- Preventing improper access
- Detection and reporting of suspicious activity
FY 2021: STUDENT FINANCIAL ASSISTANCE

<table>
<thead>
<tr>
<th>Program</th>
<th>FY 2020</th>
<th>FY 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pell*</td>
<td>$22.475B</td>
<td>$24.545</td>
</tr>
<tr>
<td>FSEOG1</td>
<td>$865M</td>
<td>$880M</td>
</tr>
<tr>
<td>FWS2</td>
<td>$1.18B</td>
<td>$1.19B</td>
</tr>
</tbody>
</table>

*The Federal Pell Grant Program is funded through a mix of discretionary and mandatory funding streams. The amounts reflected here are only those made available through FY 2020 and FY 2021 appropriations law—the discretionary funding stream.

1 Federal Supplemental Educational Opportunity Grant (FSEOG)
2 Federal Work Study (FWS)
PELL GRANTS

• Pell Grant
  • Maximum Federal Pell Grant increased for 2020-21 award year by $150 to $6,345. Maximum Pell EFC 5711
  • Maximum Federal Pell Grant increased for 2021-22 award year by $150 to $6,495. Maximum Pell EFC 5846

• Dear Colleague Letter GEN 21-01 for Pell Payment and Disbursement Schedules
SULA REPEAL

• Under the FAFSA® Simplification Act, part of the Consolidated Appropriations Act of 2021, the Department is directed to repeal 150% Direct Subsidized Loan Limit

• Future FSA modifications:
  • COD will cease applying the 150% limit to the awarding of new Direct Subsidized Loans; and
  • NSLDS® will cease to determine Loss of Subsidy on existing Subsidized Loans

• Monitor the Knowledge Center on FSA Partner Connect for updates; sign up to receive notifications of Electronic Announcements
• Expected Family Contribution (EFC) will change to Student Aid Index (SAI) to calculate eligibility for need-based aid except Pell Grant eligibility
  • SAI will be used to determine the Pell award for amounts less than the maximum Pell
  • EFC was established in the HEA in 1972; we called it “Student Eligibility Index” until 1984-1985
  • Pell Grant eligibility will follow a completely different formula to determine eligibility
• SAI will be simplified compared to EFC
• SAI will only include income information that is available from IRS
• SAI will change what counts as assets and how assets are treated
• SAI could be a negative number, but that number will be treated as zero for awarding purposes
• “Auto-Zero” SAI only available to those who are not required to file a Federal tax return
FAFSA® PROVISIONS

• Will reduce the number of questions on the FAFSA
• Will add new questions to the FAFSA
• Will change some FAA authority regarding adjustments to FAFSA data elements used to determine the SAI
• Will change some FAA authority regarding other adjustments such as dependency status (including homeless youth determinations)
PELL GRANT PROVISIONS

• Allows Pell Grants for otherwise eligible students who are incarcerated but enrolled in an eligible prison education program.

• Pell Grant eligibility will **not** be based on Student Aid Index (SAI). However, the amount may be impacted by SAI.

• Instead, whether a student qualifies for Pell will be based on Adjusted Gross Income (AGI), household size, and poverty guidelines.
OTHER CHANGES TO ELIGIBILITY

• Removal of Selective Service requirements for Title IV eligibility

• Removal of drug conviction requirements for Title IV eligibility
COVID-19 WAIVERS AND FLEXIBILITIES
OVERVIEW OF COVID-19 POLICY GUIDANCE

3/5/20 EA Interruptions of study related to COVID-19

4/3/20 EA Updated guidance interruptions of study related to COVID-19

5/15/20 EA Updated guidance interruptions of study related to COVID-19

7/09/20 EA Reminder of alternative IRS documentation and increase in professional judgments

7/10/20 EA Updates on CARES Act quarterly reporting

3/13/20 Federal declaration of national emergency


4/23/20 EA CDR deadline extension and FWS community service waivers

6/16/20 Updates to 3/5 and 5/15 EAs

7/10/20 EA Reporting extensions related to COVID-19

7/30/20 EA COD System update for withdrawn students due to COVID-19: coronavirus indicator (CVI) and reporting process
OVERVIEW OF COVID-19 POLICY GUIDANCE

- **8/3/20 EA**
  - FISAP extension and campus-based flexibilities due to COVID-19

- **9/23/20 EA**
  - COD System update related to coronavirus indicator (CVI): R2T4 calculation, reports, SULA

- **12/11/20 Federal Register notice**
  - Updated waivers and modifications, along with deadline extensions, under the HEROES Act due to COVID-19

- **1/19/21 Federal Register notice**
  - Updated suspension of federal student loan repayment, collections and interest due to COVID-19 until 1/31/21

- **1/22/21 EA**
  - CPA-21-01 extends site visit exemption for proprietary and foreign school audits

- **8/21/20 EA**
  - Updated deadlines for flexibilities related to COVID-19

- **11/6/20**
  - COD System update due to COVID-19: award year and payment period date changes and CVI best practices

- **1/15/21 EA**
  - Overview of 12/11/20 Federal Register modifications and deadlines including a COVID-19 TIV flexibility and waiver chart

- **1/20/21 Secretary extension**
  - Extended suspension of federal student loan repayment, collections and interest due to COVID-19 until 9/30/21

- **1/22/21 EA**
  - COD System update: CVI deadlines and unclaimed credit balance process
RELIEF FOR LOAN BORROWERS

CARES Act (Pub. L. 116-136; section 3513); December 11, 2020 Federal Register notice; January 20, 2021 Secretary Extension

- Through September 30, 2021, the following are suspended on Department-held loans:
  - Loan payments
  - Interest accrual
  - Involuntary collection, including wage garnishment and treasury offset
- Payments that would have occurred during suspension will count toward loan forgiveness and loan rehabilitation
- Borrowers are not required to recertify income for one calendar year from the date on which the borrower would have been required to recertify documentation in 2020
- Federally held loan flexibilities are allowed but not required for Perkins loans held by institutions
ADDITIONAL COVID-19 TITLE IV RESOURCES
COVID-19 TITLE IV RESOURCES

General Guidance:

https://www.ed.gov/coronavirus/program-information#highered

FAQs for Title IV Programs:

• https://www2.ed.gov/about/offices/list/ope/covid19faq.html

• January 15, 2021 EA:
  • Overview of 12/11/20 Federal Register notice waivers under the HEROES Act
  • Includes comprehensive chart of COVID-19 flexibilities and waivers, timeframes and various citations

For questions, contact COVID-19@ed.gov
COVID-19 WAIVERS AND FLEXIBILITIES

Guidance and FAQs for Higher Education Emergency Resources Fund
https://www2.ed.gov/about/offices/list/ope/caresact.html

Guidance and FAQs for Title IV Programs
https://www.ed.gov/coronavirus/program-information#highered
https://www2.ed.gov/about/offices/list/ope/covid19faq.html
COVID-19 WAIVERS AND FLEXIBILITIES

Latest communications

• Electronic Announcement published January 15, 2021
  • Explains extensions of waivers and deadlines in the December 11, 2020 Federal Register notice
  • Attachment to 1/15 EA provides chart of all COVID-19 relief and flexibilities

• Electronic Announcements published January 22, 2021
  • EA ID: GENERAL-21-03 describes Dear CPA Letter CPA-21-01 extending site visit exemption for auditors
  • EA ID: COD-21-01 explains deadline extension for entering Coronavirus Indicator and other COVID-19 COD issues
HIGHER EDUCATION EMERGENCY RELIEF FUND I AND II (HEERF) RESOURCES
HIGHER EDUCATION EMERGENCY RELIEF FUND I AND II

RESOURCES

• HEERF I: https://www2.ed.gov/about/offices/list/ope/caresact.html
  • Contains agency letters, program information, Q & As, training materials and contact information

• HEERF II: https://www2.ed.gov/about/offices/list/ope/crrsaa.html
  • Contains agency letters, program information Q & As and contact information

• HEERF Reporting https://www2.ed.gov/about/offices/list/ope/heerfreporting.html
  • Review January 15, 2021 EAs; Questions - 888-OPEPD-10 (673-7310)

General questions related to HEERF should be sent to: HEERF@ed.gov
OPERATIONAL UPDATES AND REMINDERS
VERIFICATION

- Same data items
- No changes to the verification tracking groups
- Acceptable documentation is listed in the Federal Register Notice on September 3, 2020
- 2021-22 FAFSA® Verification Suggested Text published September 25, 2020
- COVID-19 waivers apply to 2021-22 award year verification
PERKINS LOAN UPDATES

• Ensure Part III of the FISAP Perkins information is correctly reported
• Report to NSLDS® monthly
• Distribution of Assets process – after the FISAP correction deadline of December 15, 2020
• Schools are expected to assign loans to the Department that have been in default greater than 2 years
The Fiscal Year (FY) 2017 official national rate: 9.7%

- Represents a decrease from FY 2016 official rate of 10.1%

For more information and data about CDRs:

- September 28, 2020: Distribution of CDR notification packages to schools EA
- September 30, 2020: Default Rate Briefing for FY 2017 Official CDR EA
2020 – 2021 FEDERAL LOAN INTEREST RATES

May 15, 2020 – Electronic Announcement

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Subsidized Loans and Direct Unsubsidized Loans for <strong>Undergraduate</strong> students</td>
<td>2.75%</td>
</tr>
<tr>
<td>Direct Unsubsidized Loans for <strong>Graduate</strong> and <strong>Professional</strong> students</td>
<td>4.30%</td>
</tr>
<tr>
<td>Direct PLUS Loans for <strong>Parents of Dependent Undergraduate</strong> students and <strong>Graduate or Professional</strong> students</td>
<td>5.30%</td>
</tr>
</tbody>
</table>
ANNUAL STUDENT LOAN ACKNOWLEDGEMENT

FORMERLY THE INFORMED BORROWER TOOL (IBT)

• Annual Student Loan Acknowledgement – Borrower Completion Will Not be Required for 2021–22 Award Year (EA ID: DL-21-02)

• Annual Student Loan Acknowledgement is in addition to MPN and loan counseling processes

• For more information about COD operational impacts and contact information, please see the March 27, 2020 and April 21, 2020 Electronic Announcements
FSA TRAINING RESOURCES
FEDERAL STUDENT AID E-TRAINING

https://fsatraining.ed.gov

FSA Partner Connect is the new digital front door for partners. To access quick-reference documents, recorded videos, and available live training sessions, select the appropriate training audience from the choices below:

- If you will access FSA Partner Connect as an employee of a postsecondary institution or as a third-party servicer supporting a postsecondary institution, select School Partner.
- If you will access FSA Partner Connect as an employee of a State Agency, Guaranty Agency, Lender, Lender Servicer, or a Federal Loan Servicer, select Financial Partner.
- All other visitors should select General Public.
FEDERAL STUDENT AID E-TRAINING

https://fsatraining.ed.gov
ASKAFED

• The AskAFed email box is staffed by FSA training professionals every business day during normal business hours
• AskAFed can help with policy guidance inquiries related to Title IV administration
• The address is AskAFed@ed.gov
TRAINING FEEDBACK

• To ensure quality training, we ask all participants to please fill out an online session evaluation
• At the conclusion of the conference, all attendees will receive an email with a link to an electronic evaluation that we ask you to complete
• This feedback tool informs FSA of areas for improvement in our training presentations and offers an effective process for “listening” to our school partners
QUESTIONS?
THANK YOU!