

# Federal Update: The Unauthorized Biography

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MDHE Default Prevention Grant Meeting

April 26, 2018

# Consolidated Appropriations Act, 2018

Final Fiscal Year 2018 omnibus spending bill (Award year 2018-2019)

- Federal Pell Grant
  - \$6,095 maximum federal Pell Grant for award year 2018-2019
    - \$175 increase over previous year
    - Pell payment and disbursement scheduled re-released via GEN-18-04 on April 10, 2018
  - No cuts to the Pell reserves, previously proposed in President Trump's budget and in the Senate and House draft spending bills

# Consolidated Appropriations Act, 2018

- Campus Based Programs
  - \$107 million boost for Federal Supplemental Educational Opportunity Grant (FSEOG)
  - \$140 million increase to Federal Work Study
- \$5 million increase for TRIO, GEAR UP, and CCAMPIS to support open textbooks

# Consolidated Appropriations Act, 2018

- Provisional Patch for Problematic PTAC Privacy Predicament
  - With explicit written consent from the student, we may share FAFSA information with scholarship-granting organizations or tribal organizations

# Consolidated Appropriations Act, 2018

- Public Service Loan Forgiveness
  - \$350 million set aside to assist with DL borrowers who have made 120 otherwise qualifying payments – but under extended or graduated repayment plan instead of another approved plan – to qualify for PSLF loan cancellation.
  - Previously only payments made through graduated or extended repayment plans counted if they were made in excess of the required amount and were in line with the payment amount they would have been making under standard repayment
  - Both the monthly payment the borrower made 12 months prior to applying for forgiveness and the most recent payment made at the time of the application would need to have been greater than the amount the borrower would have paid under income-based or income-contingent repayment plan (exception for borrowers who demonstrated unusual fluctuation of income)

# Consolidated Appropriations Act, 2018

- Public Service Loan Forgiveness
  - Simply the process!
  - ED must develop a simple method for borrowers to apply for forgiveness within 60 days of the bill's enactment
  - Funding available on a first-come, first served basis until exhausted
  - Additional \$2.3 million approved for ED to reach out to borrowers who would qualify for consideration as well as to improve the employment certification process

# Consolidated Appropriations Act, 2018

- Children of Fallen Heroes Scholarship Act
  - Students who are younger than 24 years old or enrolled at an institution of higher education at the time of the death of a parent or guardian who died in the line of duty as a police officer, firefighter, or other public safety officer to receive maximum Pell Grant award
  - After verifying the student is eligible for the adjustment, a financial aid administrator can reduce the student's EFC to an auto-zero, making student eligible for the full Pell Grant

# Consolidated Appropriations Act, 2018

- Borrower Defense Claims
  - ED must provide quarterly reports on borrower defense claims
  - Guidelines for how ED issues loan servicing contracts
  - Requires FSA to contract with more than one servicer



# But wait!

- The Impoundment Control Act of 1974 provides the president the authority to rescind funds from an enacted appropriations bill.
- Word on the street is President Trump is interested in utilizing his authority by making rescissions to the FY2018 final omnibus spending bill
- Congress would have to vote on any rescission and both Republicans and Democrats have indicated they will not support cuts.

# Reauthorization

- Unlikely to happen this year, despite forward movement with the Prosper Act at the beginning of the year
- Mid-term elections and uncertainty on the Hill
- Prosper Act
  - Passed out of House Committee on Education and the Workforce in December 2017
  - Awaiting consideration by House of Representatives

# Prosper Act

- Pell Grant Bonus
  - Encourages students to enroll in additional coursework but does not punish students who may be unable to take a 15-credit or more course load in a semester
    - Creates a bonus if a student is enrolled more than the normal full-time work load for the course of study the student is pursuing and they will complete at least 30 hours in the payment year
    - Up to \$300 divided equally among each payment period of the award year

# Prosper Act

- Increase to Undergraduate Loan Limits

	Dependent	Independent
1 <sup>st</sup> Year	\$7,500	\$11,500
2 <sup>nd</sup> Year	\$8,500	\$12,500
3 <sup>rd</sup> and Beyond	\$9,500	\$14,500

# Prosper Act

- Elimination of Loan Fees
- Simplification of Repayment Plans
  - Standard Repayment Plan
  - Income-Based Repayment Plan
- Institutional Authority to Limit Loans

# Prosper Act

- Elimination of
  - Federal Supplemental Educational Opportunity Grants
  - Federal Direct subsidized loans for undergraduates
  - Federal PLUS loans for graduate students
  - Public Service Loan Forgiveness
  - Time-based loan forgiveness in Income-Driven Repayment Plans
  - TEACH Grant
  - Graduate student eligibility for Federal Work Study

# Prosper Act

- Modification of R2T4 process to extend beyond 60% to the full 100% of the semester
- Mandated Annual Counseling for Pell Grant and Federal Loan Recipients
- Aid Like a Paycheck
  - Aid disbursed in substantially equal monthly or weekly installments

# Other Legislation to Watch

- Campus-Based Program
  - HR 5312 Opportunities for Success Act
    - Changes to FWS program
    - Increase funding authorization levels and revise program's allocation formula by phasing out base guarantee
    - Set aside funds for "improved institutions" based on success of Pell recipients
    - Eliminate community service requirements and emphasize Job Location and Development programs



# Other Legislation to Watch

- FAFSA Simplification
  - Senate 2596/HR 5390, FAFSA Fairness Act
    - Allow students who do not have contact with their parents to submit FAFSA as provisionally independent
- Immigration Issues
  - HR 5229, Tuition Fairness for Citizens Act
    - Lawfully present at the federal level for aid

# Other Legislation to Watch

- Loans and Repayment
  - HR 5371, Education for Jobs Act
    - Expand eligibility for Direct Loans to students enrolled in at least 3 credit hours, or equivalent
    - As long as the student was employed on a full-time basis for not less than 10 years
  - HR 5384/S 2598 Debt-Free College Act
    - Creates new federal-state partnership program that aims to assist students in covering full cost of attendance at public institutions
    - Requires states to provide debt-free college commitment
    - Enroll in public institution, complete FAFSA, maintain SAP
    - Priority given to Pell students

# Department of Education Initiatives

- Regulatory Review Task Force (RRTF)
  - Executive Order on Regulatory Review
  - Aimed at reviewing regulatory and sub-regulatory guidance throughout ED to reduce regulatory burdens
  - Held public hearings on financial aid regulations and Title IX

# Department of Education Initiatives

- Negotiated Rulemaking
  - Borrower Defense
  - Gainful Employment
  - Authority of Guaranty Agencies to charge collection costs to defaulted FFEL borrowers who entered into repayment agreements
  - No consensus reached
  - Goal to publish final regulations by November 1, 2018

# 2018-2019 FAFSA

- Security restrictions on visible income information on the FAFSA when IRS DRT is used
- IRS Data Field Flags have been added to identify any specific information changes once retrieved from the IRS and transferred to the FAFSA
- Homeless Youth question modified to accommodate applicants aged 22 and 23
- Parent marital status question has been updated to assist in reducing applicant error
- FAFSA is more mobile friendly

# 2018-2019 FAFSA

- Amended returns
  - Identified through IRS DRT process with an IRS Request Flag of 07
  - Required to obtain documentation for the updated information and make any necessary adjustments regardless of verification selection

# 2018-2019 FAFSA

- Comment Code 400/401
  - Parent (400) or student (401) is a tax filer and the AGI retrieved from the IRS is zero, but the total income earned from work is greater than zero
  - The total of the Additional Financial Information fields reported on the FAFSA is greater than the AGI transferred from the IRS
  - Any item from the FAFSA list of untaxed income is greater to or exceeds the AGI transferred from the IRS

# 2018-2019 FAFSA

- Comment Code 400/401
  - Not all 400/401 meet the criteria of the previous slide. You only need to review those that do.
  - Completing V1 or V5 verification will also satisfy the requirement to review



# G-845 Process

- In May 2018, the US Citizenship and Immigration Services (USCIS) will be moving to an electronic process for reviewing and replying to G-845 data
  - Will use the Systematic Alien Verification Entitlement System (SAVE)
- Primary DPA will be notified and will enroll
  - Can then create additional users
- Additional information is forthcoming
- DHS/SAVE will reject any paper forms starting May 1, 2018

# Verification

- Dependent students who are nontax filers do not have to provide confirmation of non-filing status from the IRS or other tax authority
- Students selected for verification that qualify for an auto zero EFC have reduced requirements
- Rollovers identified via IRS DRT process and reported on FAFSA will have Data Field Flag of 2. Signed statement certifying this is a rollover is sufficient.
- All applicants identified as having an amended return on file need to be reviewed

# Year-Round Pell

- Consolidated Appropriations Act of 2017 provided ability for a student to receive up to 150% Pell
  - 1<sup>st</sup> 100% is the initial award
  - Final 50% is considered the additional Pell award
- Students must be enrolled at least half-time in the payment period for which they receive the additional Pell Grant funds

# Year Round Pell

- Crossover payment period can be determined by the institution
  - Can provide for an individual decision for each student
  - Can apply to all students or a category of students without exception
  - Can apply to all students or a category of students with allowance for an individual student exception

# FSA Systems

- NSLDS
  - New Enrollment Reporting Report, *Enrollment Reporting Statistics Backup Detail Report*, see NSLDS Newsletter #59
  - NSLDS will manage the Scorecard calculations for:
    - Repayment Rate
    - Completion Rate
    - Median Loan Debt

# Next Generation Financial Services Environment (NextGen)

- Primary Goals
  - Customer Service
  - Operational Flexibility
  - Reduce Complexity
  - Improve Repayment Outcomes

# Next Generation Financial Services Environment (NextGen)

- Single Department of Education-branded website where borrowers can manage their accounts
- Multiple servicers can work accounts in one platform
- One system, website, phone number, and mailing address
- Scheduled to roll out in 2019

# Data Security

The screenshot shows the Federal Student Aid website. At the top, it says "Federal Student Aid" and "PROUD SPONSOR of the AMERICAN MIND®". Below that is a navigation bar with links like "Home", "Getting Started", "What's New", "Calendar", "Library", "Training", "Help", and "Feedback". A search bar is on the left. The main content area is titled "Information for Financial Aid Professionals (IFAP)". It includes sections for "Hot Topics", "Information Pages", "What's New", "Electronic Assessments", "Federal Register", "Student Employment Information", and "Health Education Assistance Loan (HEAL) Information". A red arrow points from the text "FSA Cybersecurity Compliance Website" to the "What's New" section, which contains a link for "2015-01-12 Student Health Education Assistance Loan Information".

FSA Cybersecurity Compliance Website



# Data Security

- You must have secure means to receive inbound PII from students and parents. Secure means could include an appropriately safeguarded fax, a secure web portal to upload data and documents, student email accounts that encrypt communications to at least an AES-256-bit level, or separately encrypted email attachments that are password protected (with the password provided in a separate email)

# State Authorization

- ED sent a proposed rule to the Office of Management and Budget last Thursday requesting to delay “state authorization” regulations set to go into effect July 1

# Loan Discharge for Disabled Veterans

- The federal government will begin identifying and reaching out to disabled veterans who may be eligible for federal loan discharge
  - Match process between NSLDS and VA Database
  - Communication will go out to explain discharge process

# Request for Comments: TEACH ATS

- Submit comment on or before May 17, 2018
- [Regulations.gov](https://www.regulations.gov)
  - Docket ID number ED-2018-ICCD-0007

# Questions?

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# References

- NASFAA News
- NASFAA Capitol Recap
- FSA Trainer Federal Update
  - Iowa Conference, April 2018
  - Zack Goodwin