

# Federal Update



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NCASFAA Conference

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

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October 30, 2020

# AGENDA

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**01** Statutory Updates

**02** Regulatory Updates

**03** Operational Updates and Reminders

# Statutory Updates

# CARES ACT: HIGHER EDUCATION EMERGENCY RELIEF FUND

- Coronavirus Aid, Relief, and Economic Security: CARES Act
  - Higher Education Emergency Relief Fund: HEERF
  - <https://www2.ed.gov/about/offices/list/ope/caresact.html>
  - FAQs:  
<https://www2.ed.gov/about/offices/list/ope/heerfstudentfaqs.pdf>
- COVID-19 Information and Resources for Schools and School Personnel
  - <https://www.ed.gov/coronavirus?src=feature>
- Questions: [HEERF@ed.gov](mailto:HEERF@ed.gov)

# GUIDANCE FOR INTERRUPTIONS OF STUDY TO COVID-19

- FSA Guidance: Electronic Announcements  
[March 5, 2020](#), [April 3, 2020](#), [May 15, 2020](#)
  - Accrediting agency virtual evaluation visits
  - Distance Education
  - Financial Statement and Compliance Audit Requirements
  - Institutional Eligibility – Change of Ownership
  - Medical College Admissions Test (MCAT)
  - Verification of High School (or Equivalent) Completion Status

# GUIDANCE FROM EA'S – CONTINUED

- FSA Guidance: Electronic Announcements  
[May 15, 2020](#)
  - CARES Act Information:
    - Paycheck Protection Program (PPP)
    - Student Workers and PPP Loan Eligibility
    - Tax Treatment of HEERF

# GUIDANCE FROM EA'S – CONTINUED

- FSA Guidance: Electronic Announcements  
[March 5, 2020](#), [April 3, 2020](#), [May 15, 2020](#)
- Federal Student Aid Program Information
  - Campus-Based Waivers/Reallocations and FSEOG Emergency Aid Grants
  - General Provisions
    - Leaves of Absence (LOA)
    - Return of Title IV Funds (R2T4)
    - Satisfactory Academic Progress (SAP)
  - Title IV HEA Programs: TEACH Grant Program

# CORONAVIRUS (COVID-19) GUIDANCE

JULY 9, 2020 – ELECTRONIC ANNOUNCEMENT



Reminder of acceptable documentation to complete verification:

- **Verification of Non-Filing (VNF):** If an individual is unable to obtain VNF, *and* the school has no reason to doubt their good-faith effort to obtain, a school may accept alternative forms of documentation.
- **Obtaining a Duplicate IRS Form W-2:** An individual who is required to submit an IRS Form W-2, or a tax authority equivalent document, but did not maintain a copy should *first* request a duplicate. However, if unable to obtain in a timely manner, a school may accept alternative forms of documentation.



# CORONAVIRUS (COVID-19) GUIDANCE

JULY 9, 2020 – ELECTRONIC ANNOUNCEMENT

**Extension filers:** An institution may accept —

- A signed statement certifying that the individual:
  - Attempted to obtain the VNF from the IRS or other tax authorities and was unable to obtain the required documentation; *and*
  - Has not filed and list the sources of any income, and the amount of income from each source for the applicable tax year. If self-employed, the signed statement *must* also include the amount of AGI and U.S. income tax paid for the applicable tax year; *and*
- A copy of the IRS's approval of an extension beyond automatic six-month extension
- A copy of IRS Form W-2 for each source of income received or an equivalent document

# CORONAVIRUS (COVID-19) GUIDANCE

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**JULY 09, 2020 – ELECTRONIC ANNOUNCEMENT**

Professional Judgement Update:

- The Department understands that high unemployment nationwide resulting from the COVID-19 pandemic will increase the number of professional judgment decisions performed
- As a result, for the 2019-20 and 2020-21 award years, the Department will make appropriate adjustments to its risk-based model and will not negatively view increased use of professional judgment or use it as a selection criterion for a program compliance review

# CORONAVIRUS (COVID-19) GUIDANCE

**JULY 10, 2020 – ELECTRONIC ANNOUNCEMENT**

Regulatory flexibilities related to disclosures and reporting:

- Campus and Fire Safety
  - Disclosure required no later than December 31, 2020
  - Annual survey open from November 18, 2020 thru January 14, 2021
- Equity in Athletics Disclosures
  - Disclosure required no later than December 31, 2020
  - Annual survey open from December 2, 2020 thru January 28, 2021
- Fiscal Operations Report and Application to Participate (FISAP)
  - Deadline extended until November 2, 2020 for 2020-21 FISAP
  - **Edit corrections deadline** remains unchanged – December 15, 2020

# FISCAL YEAR 2020 APPROPRIATIONS

- **Fostering Undergraduate Talent by Unlocking Resources for Education (FUTURE) Act**
  - Reauthorizes mandatory funding programs for historically Black colleges and universities and other minority-serving institutions under Title III of the Higher Education Act of 1965 (HEA)
  - Provides secure disclosure of tax-return data from the Internal Revenue Service to the Department of Education to carry out student financial aid programs
  - Increases the level of mandatory appropriations for Pell Grants
- **Further Consolidated Appropriations Act, 2020**
  - Increases maximum Pell Grant for 2020-2021 by \$150

# Regulatory Updates

# NEGOTIATED RULEMAKING 2019

January-April of 2019, the Department conducted negotiated rulemaking on the following issues:

- Accreditation
- State Authorization of Distance Programs
- TEACH Grants
- Participation of Faith-Based Entities in Title IV
- Distance Education and Innovation

# NEGOTIATED RULEMAKING 2019

- The Negotiated Rulemaking Committee reached consensus on all issues!
- The issues will be published in three separate packages:
  - Accreditation/State Authorization
  - TEACH/Faith-Based Issues
  - Distance Education and Innovation

# ACCREDITATION AND STATE AUTHORIZATION DISTANCE EDUCATION REGULATIONS

- Final rules published on November 1, 2019
- Rules became effective July 1, 2020

<https://ifap.ed.gov/dear-colleague-letters/ANN2003>

[Publication of Regulations: Federal Register Notice](#)



# ACCREDITATION AND STATE AUTHORIZATION DISTANCE EDUCATION REGULATIONS

The Regulations will:

- Define the roles and oversight responsibilities of each member of the triad
- End distinctions between accrediting agencies based on their geographic scope
- Create opportunities for new accrediting agencies that give priority to student needs and outcomes

# ACCREDITATION AND STATE AUTHORIZATION DISTANCE EDUCATION REGULATIONS

- Revise accreditation regulations:
- Allow for expeditious approval of new programs and curricular changes
- Explicitly allows institutions to engage employers in program development
- Inform student choice in preparation for licensure/certification

# ACCREDITATION AND STATE AUTHORIZATION DISTANCE EDUCATION REGULATIONS

Revise state authorization for distance education requirements:

- Recognize state authorization reciprocity agreements
- Eliminates requirement for state-based complaint process if the institution does not have physical location in the state
- For institutions that are part of a reciprocity agreement, prevents states from enforcing additional requirements that are related to authorization of distance education
- Refer to the student's location (rather than residence)
- Provide for early implementation of the state authorization provisions

to the Department upon request

# TEACH GRANTS AND FAITH-BASED ENTITIES

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- Final rules published on August 14, 2020
- Rules become effective July 1, 2021

[Publication of Regulations: Federal Register Notice](#)



# TEACH GRANTS & FAITH-BASED ENTITIES

To minimize the number of TEACH Grants that are converted to Federal Direct Unsubsidized Loans, the proposed regulations include:

- Simplify TEACH Grant program requirements
  - Loan conversion will occur only if recipient asks the Secretary to convert his/her TEACH Grants to loans, or if the recipient fails to begin or maintain qualifying teaching service within a timeframe that would allow the recipient to satisfy the service obligation
- Update, strengthen, and clarify other areas of the TEACH Grant program regulations

# TEACH GRANTS & FAITH-BASED ENTITIES

Faith-Based Entities regulations include:

- Deleted outdated provisions that presume members of religious orders have no financial need
- Modified provisions relating Work-Study, Public Service Loan Forgiveness, and loan deferments for volunteer work to ensure that the provisions do not encroach on the Free Exercise clause of the Constitution

# DISTANCE LEARNING AND EDUCATIONAL INNOVATION

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Notice of Proposed Rulemaking (NPRM) Published  
April 2, 2020 - comments were due by May 4, 2020

Final Regulations Published September 2, 2020 -  
effective July 1, 2021



# DISTANCE LEARNING AND EDUCATIONAL INNOVATION

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## REGULATIONS INCLUDE:

- **Modified definitions of:**
  - Clock-hour
  - Correspondence course
  - Credit-hour
  - Distance education
  - Incarcerated student
  - Nonprofit institution
- **Added new definitions:**
  - Academic engagement
  - Juvenile justice facility
- Additional guidance related to direct assessment program requirements and Department approval process



# DISTANCE LEARNING AND EDUCATIONAL INNOVATION

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The final regulations include:

- Require prompt action by the Department on any applications
- Students enrolled in eligible foreign institutions may complete up to 25% of an eligible program at an eligible U.S. institution
  - An eligible foreign institution may still permit a Direct Loan borrower to perform research in the U.S. for not more than 1 academic year *if* research is conducted during the dissertation phase of a doctoral program

# DISTANCE LEARNING AND EDUCATIONAL INNOVATION

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The final regulations include changes to Satisfactory Academic Progress (SAP) regulations:

- For purposes of maximum timeframe and pace evaluation (quantitative) for a credit-hour program, an institution **may use** the number of hours the student should have completed by the evaluation point in order to complete the program within the maximum timeframe, 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 have a qualitative and maximum timeframe evaluations.

# BORROWER DEFENSE TO REPAYMENT

Notice of Proposed Rulemaking (NPRM) was published July 31, 2018

Final Federal Register - September 23, 2019

- Regulations will apply to all federal student loans made on or after July 1, 2020

# BORROWER DEFENSE TO REPAYMENT

The Regulations will...

- Grant borrowers the right to assert borrower defense to repayment claims against institutions, regardless of whether the loan is in repayment, in default, or in collection proceedings
- Maintain the current rule's preponderance of the evidence standard for all borrower defense to repayment claims

# BORROWER DEFENSE TO REPAYMENT

- Allow borrowers to file defense to repayment claims for three years from either the student's date of graduation or withdrawal from the institution
- Create streamlined and fair procedures, regardless of the borrower's current repayment status, that ensure basic due process for all parties

# BORROWER DEFENSE TO REPAYMENT

- Give students the ability to allege a specific amount of financial harm and to obtain relief in an amount determined by the Department, which may be greater or lesser than their original claim amount
- Extend the **closed school discharge** window from 120 days to 180 days, ensuring that students have a meaningful opportunity to obtain relief if they cannot complete their programs due to school closures

# BORROWER DEFENSE TO REPAYMENT

- Reduce precipitous closures by encouraging institutions to close only after the completion of well-planned teach-outs that allow students a reasonable opportunity to finish their programs
- Allow students to choose between accepting an institution's offer of a teach-out opportunity or submitting a closed school discharge to the Department

# BORROWER DEFENSE TO REPAYMENT

- Provide fair, clear, and verifiable financial triggers for recalculating an institution's financial responsibility composite score and triggering additional security to protect taxpayers
- Update composite score calculations to reflect changes to Financial Accounting Standards Board (FASB) accounting standards



# GAINFUL EMPLOYMENT

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- A Negotiated Rulemaking Committee was formed in 2018 to consider the Gainful Employment rules
- Negotiations concluded without consensus being reached
- The Final Rule that repealed the 2014 rule was published on July 1, 2019 and became effective July 1, 2020



# GAINFUL EMPLOYMENT

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## RESCISSION OF GE PROGRAMS OUTLINED IN 34 CFR SUBPARTS Q AND R, INCLUDING:

- GE reporting
- GE disclosure
- Debt-to-earnings (D/E) calculations
- GE certification

## ANY REQUIREMENTS OUTSIDE OF 34 CFR SUBPARTS Q AND R **REMAIN**, INCLUDING:

- Adding any new GE programs to the ECAR within 10 days of the programs' start date
- Preparing students for gainful employment in recognized occupation
- Any requirements that apply to all Title IV, HEA Programs

# OPERATIONAL UPDATES AND REMINDERS



# HIGHER EDUCATION ACT – SECTION 117

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Institutions (IHEs) must file a disclosure report if the IHE:

1. Owned or controlled by a foreign source
2. Received a gift from a foreign source ( $\geq$  \$250,000)\*
3. Entered into a contract with a foreign source ( $\geq$ \$250,000)\*

\* Greater than \$250,000 = alone or in combination with all other gifts from or contracts with that foreign source within a calendar year

New Reporting System: <https://partners.ed.gov/ForeignGifts>

# WHEN ARE SECTION 117 REPORTS DUE?

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An institution **MUST** file every 6 months

- By January 31<sup>st</sup> for preceding July 1<sup>st</sup> – December 31<sup>st</sup>
- By July 31<sup>st</sup> for preceding January 1<sup>st</sup> – June 30<sup>th</sup>

See June 22, 2020 Electronic Announcement for more information: <https://ifap.ed.gov/electronic-announcements/062220ReminderRprtOwnerContrlContractsGiftsForeignSrc>

# 2020 – 2021 FEDERAL LOAN INTEREST RATES



May 15, 2020 – Electronic Announcement

<b>Federal Direct Loans Disbursed July 1, 2020 thru June 30, 2021</b>	
Direct Subsidized Loans and Direct Unsubsidized Loans for <b>Undergraduate</b> students	2.75%
Direct Unsubsidized Loans for <b>Graduate</b> and <b>Professional</b> students	4.30%
Direct PLUS Loans for <b>Parents of Dependent Undergraduate</b> students and <b>Graduate or Professional</b> students	5.30%

# FEDERAL LOAN ORIGINATION FEE CHANGE OCTOBER 1, 2020

June 29, 2020 – Electronic Announcement

<b>Any loan disbursement for a loan where the first disbursement is/will be...</b>	<b>The origination fee percentage (%) for Direct Subsidized Loans and Unsubsidized Loans is...</b>	<b>The origination fee percentage (%) for Direct PLUS Loans is...</b>
On or after October 1, 2019 and before October 1, 2020	1.059%	4.236%
On or after October 1, 2020 and before October 1, 2021	1.057%	4.228%

# REVISED MASTER PROMISSORY NOTES (MPNS)

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April 24, 2020 – Electronic Announcement

- Revised version of the Direct Loan Master Promissory Note (MPN) on [Studentaid.gov](https://studentaid.gov)
- The new expiration date for both MPNs is July 31, 2022
  - Paper MPNs – COD website's Services page or IFAP
  - Direct the borrower to print a blank MPN from StudentAid.gov





# ANNUAL STUDENT LOAN ACKNOWLEDGEMENT

FORMERLY THE INFORMED BORROWER TOOL (IBT)

Beginning with Direct Loans associated with the 2021-22 Award Year:

- Require student and parent borrower to view/acknowledge current amount owed in Federal student loans
- Must be completed prior to school making 1<sup>st</sup> disbursement of the 1<sup>st</sup> Direct Loan that a student or parent borrower received for each new award year
- Available at [StudentAid.gov](https://studentaid.gov)



# ANNUAL STUDENT LOAN ACKNOWLEDGEMENT

## FORMERLY THE INFORMED BORROWER TOOL (IBT)

- Borrowers will see a user-friendly interface to view cumulative loan balance and repayment obligation
  - Different views for first-time borrowers vs. returning federal loan borrowers
- 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

# 2020 CIP CODES

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- CIP Codes are maintained by the Department's National Center for Educational Statistics (NCES). A "crosswalk" from 2010 to 2020 CIP Codes is available at:  
<https://nces.ed.gov/ipeds/cipcode/crosswalk.aspx?y=56>
- School Required Implementation:
  - COD – Required for the 2020-21 Award Year and forward beginning April 26, 2020
  - NSLDS® – 2010 CIP codes may be reported until school is prepared to report new CIP codes
- For more information about new CIP Codes impact within Federal Student Aid systems, please see the March 18, 2020 – Electronic Announcement.

# CYBERSECURITY REQUIREMENTS

FEBRUARY 28, 2020 – ELECTRONIC ANNOUNCEMENT

- Enforcement of Cybersecurity Requirements under the Gramm-Leach-Bliley Act (GLBA)
  - All institutions agree to comply under Program Participation Agreement (PPA)
- Auditors are expected to evaluate three information safeguard requirements of GLBA in audits of postsecondary institutions or third-party servicers
- Findings related to GLBA are referred to the Federal Trade Commission (FTC) and FSA's Postsecondary Institution Cybersecurity Team
  - Questions: [fsaschoolcybersafety@ed.gov](mailto:fsaschoolcybersafety@ed.gov) or 202-245-6550

# REVISED STANDARD TERM POLICY



NOVEMBER 5, 2019 – ELECTRONIC ANNOUNCEMENT

- Semesters and trimesters may now be between 14 and 21 weeks of instruction
- Quarters may now be between 9 and 13 weeks of instruction
- Standard terms are no longer required to be substantially equal
  - Two-week tolerance change to maximum term length cap limit (exception for 12-week standard quarters)
  - Academic Year definition remains unchanged
- Electronic Announcement contains a series of Q & As and examples

# ADDITIONAL CONTACT INFORMATION

[CODSupport@ed.gov](mailto:CODSupport@ed.gov); 800-848-0978

- Questions related to the Common Origination and Disbursement (COD) System, the Campus-Based programs, or Iraq and Afghanistan Service Grant, Pell Grant, TEACH Grant, and Direct Loan processing

[nslds@ed.gov](mailto:nslds@ed.gov); 800-999-8219

- Questions related to NSLDS functions such as student eligibility, overpayments, loan history, and enrollment reporting

[CPSSAIG@ed.gov](mailto:CPSSAIG@ed.gov); 800-330-5947

- Questions related to the Central Processing System (CPS), the Student Aid Internet Gateway (SAIG), FAA Access to CPS Online, and assistance with software products such as EDconnect and EDExpress

[edcaps.user@ed.gov](mailto:edcaps.user@ed.gov); 888-336-8930

- Questions related to G5, the Department of Education's electronic system for grants management and payments

# FSA TRAINING



# FEDERAL STUDENT AID E- TRAINING (FSA E-TRAINING)

<https://fsatraining.ed.gov>

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## FISAP 2020-2021 Update!

Available Late Next week August 22-23

COMING SOON!



### HELP CENTER

Navigation - Information - Course Help



### FUNDAMENTALS TRAINING SERIES

Coach Fundamentals and Workshops



### NAVIGATING THIS WEBSITE

On Screen Tours

#### Federal Student Aid

Information for Financial Aid Professionals (IFAP)  
Common Origination and Disbursements (COD)  
National Student Loan Database System (NSLDS)  
Program Integrity Information  
Code of Federal Regulations  
Plug-ins and Viewers  
Financial Aid Tool Kit

#### US Department of Education

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The White House Online  
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# TRAINING FEEDBACK

To ensure quality training, we ask all participants to please fill out an online session evaluation

- All registrants for this session will receive an email with a link to an electronic evaluation that we ask you to complete
- This feedback tool will provide a means to educate and inform areas for improvement and support an effective process for “listening” to our customers

# ASK A FED

FSA has implemented a new resource to assist Financial Aid Administrators obtain guidance about the FSA programs. Based on the popularity and effectiveness of the Ask A Fed desk at the annual FSA Training Conference, we have instituted a similar process using email.

Please send your inquiries about Title IV regulations to [AskAFed@ed.gov](mailto:AskAFed@ed.gov).

**Thank  
You!**

The Ask A Fed email box is staffed every business day by a team of FSA Training Officers ready to assist schools with their questions.