

**Federal Update**

Bruce Honer  
Federal Student Aid

1

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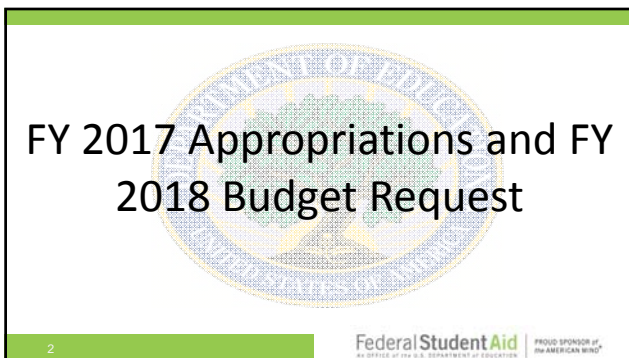
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**FY 2017 Appropriations and FY 2018 Budget Request**

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**FY 2017 Consolidated Appropriations Act**

- Pell Grants
  - \$22 Billion (level with FY 2016)
  - Rescinds \$1.31 billion in Pell surplus
  - Reinstates year-round Pell beginning with the 2017-2018 award year
- June 19, 2017 – Dear Colleague Letter (GEN-17-06)

3

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**FY 2018 Budget Request for Postsecondary Education**

- Safeguards Pell program by level funding which will increase aid available to eligible students by \$16.3 billion over 10 years.
- Cancels \$3.9 billion from unobligated carryover funding – no effect on students.
- Streamlines subsidized student loans.
- Replaces five different income driven repayment plans with a single plan aimed at prioritizing expedited loan repayment for undergraduate borrowers.

4

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**FY 2018 Budget Request for Postsecondary Education**

- Prospectively eliminates public service loan forgiveness.
- Reduces Federal Work Study while targeting program to undergraduate students who benefit most.
- Provides \$492 million for Historically Black Colleges and Universities (HBCUs), Minority-Serving Institutions, and Hispanic-Serving Institutions.

5

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**Regulatory Update**

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**Notice of Intent to Negotiate**

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Notice of intent to negotiate the following topics published June 15, 2017:

- Borrower Defense
- Gainful Employment
- Authority of Guaranty Agencies to charge collection costs to defaulted FFEL borrowers who enter into repayment agreements

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**Notice of Intent to Negotiate**

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- Public hearings on intent to negotiate:
  - July 10, 2017 – Department of Education, Barnard Auditorium, Washington, DC - 9 am to 4 pm
  - July 12, 2017 - Southern Methodist University, Underwood Law Library, Dallas, Texas - 9 am to 4 pm
- Written comments accepted through “regulations.gov” until July 12, 2017

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**Negotiated Rulemaking**

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Next Steps:

- Two committees will be formed:
  - Borrower Defense and Collection Costs, and
  - Gainful Employment
- In late summer/early fall, the Department will request nominations for negotiators representing various constituencies to serve on both committees

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### Negotiated Rulemaking

Next Steps:

- Anticipate conducting negotiations November 2017 through March 2018 in Washington, DC
- Aiming to publish final regulations by November 1, 2018

10

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### Regulatory Reform Agenda

- Executive Order on Regulatory Review
  - On February 24, 2017, the President signed Executive Order 13777 to reduce regulatory burdens on the American people through regulatory reform.
  - As required by Executive Order 13777, ED has created a Regulatory Reform Task Force (RRTF) to review regulatory and sub-regulatory guidance throughout the Department.

11

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### Regulatory Review Task Force

- Consistent with applicable law, the RRTF will identify regulations that:
  - Eliminate jobs or inhibit job creation;
  - Are outdated, unnecessary, or ineffective;
  - Impose costs that exceed benefits; or
  - Create a serious inconsistency or otherwise interfere with regulatory reform initiatives and policies.

12

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**2017-2018 Federal Pell Grant Program**



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**2017-2018 Pell Payment Schedules**

- Maximum Award - \$5,920
  - Increase from 2016-2017 - \$105
  - Minimum Award - \$595
  - Maximum eligible EFC – 5328
- Payment Schedules – See DCL GEN-16-19
  - October 18, 2016

14

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**Year-Round Pell- General**  
(See DCL GEN17-06)

- The Consolidated Appropriations Act of 2017 now allows a student to receive Pell Grant funds up to 150% of the student’s Pell Grant Scheduled Award for an award year.
  - See DCL GEN-17-07.
- Effective with the 2017-2018 award year.
  - Does not apply to summer of 2017 if treated as a trailer to 2016-2017 eligibility.

15

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**Year-Round Pell - General**

- Student must be otherwise eligible to receive Pell Grant funds for the payment period.
- Student must be enrolled at least half-time in the payment period(s) for which the student receives the additional Pell Grant funds.
- Additional Pell Grant will be included in the student's 600% maximum Pell Lifetime Eligibility Used (LEU).

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**Year-Round Pell - General**

- Payment period may include awards from both the initial Pell Grant Scheduled Award and from the additional Pell Grant award.
- When the calculated award for a payment period is greater than the remaining balance of an initial Scheduled Award, the award for the payment period is the remaining balance plus an amount from the additional Pell Grant award.

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**Crossover Payment Periods**

- Includes both June 30 and July 1 overlapping two award years.
- Institutions have the flexibility to assign crossover payment periods to either of the relevant award years
  - The law states "as it [the institution] determines is most beneficial to students".

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### Crossover Payment Periods

- The choice of crossover payment period award year can be made based on an institutional policy that –
  - Provides for an individual decision for each student;
  - Applies to all students (or students within a group) without exception; or
  - Applies to all students (or students within a group) with allowance for individual student exception.

19

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### Crossover Payment Periods

- Must consider the crossover payment period to occur entirely within one award year.
- Must have a valid SAR or valid ISIR for the selected award year.
- May be different than the year used for the student's other Title IV aid (i.e., loans, campus based).

20

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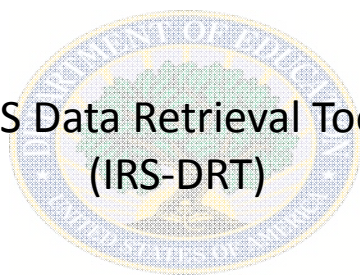
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## IRS Data Retrieval Tool (IRS-DRT)

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**IRS-DRT**

- Beginning March 3, 2017 the IRS-DRT was unavailable for both FAFSA on the Web (FOTW) and for the Income Driven Repayment (IDR) process.
- FAFSA and IDR applicants can complete their application by manually inputting the relevant IRS income and tax information.

22

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**IRS-DRT**

- On May 3, 2017 an Electronic Announcement was posted to IFAP that stated that –
  - The IRS and FSA have agreed upon a DRT process that will include -
    - Encryption of the IRS data, and
    - Masking of the data on both the IRS and FAFSA/IDR webpages.

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**IRS-DRT**

- The revised DRT process for IDR plans was brought up on June 2, 2017.
- The revised DRT process for FOTW will begin with the 2018-19 FAFSA on October 1, 2017.
- The DRT will not be available for the remainder of the 2017-18 FAFSA year.

24

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**IRS-DRT**

- Masked data from the DRT will not be displayed on the IRS webpage or on the FOTW webpage. Nor will it display on SARs.
- Institutional (and state agency) ISIRs will have the IRS information.
- Special provisions to allow applicants to –
  - Correctly input “income earned from work”; and
  - Adjust for IRA and pension distribution roll-overs.

25

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**IRS-DRT**

- Institutions will be responsible for submitting all required corrections and updates.
- If secure access, schools will be able to share IRS-DRT information with student/spouse/parent.
  - “Secure access” guidance forthcoming.

26

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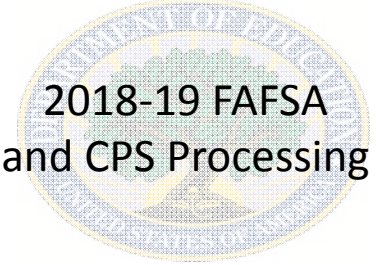
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2018-19 FAFSA  
and CPS Processing

27

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**Cancelled Enhancements**

- The IRS will not be able provide as part of the DRT process confirmation that a person did not file a tax return
- School selections will remain in the order chosen by the student on data sent to state agencies.

28

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**Amended Returns & IRS DRT**

- Amended tax return filtering question removed from the FAFSA.
- Applicant or parent can use the IRS DRT to import information from their original return.
- Flag from the IRS will indicate if there is an amended tax return on file.
- Institution must obtain documentation for the updated information.

29

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**Parent Marital Status**

Issue - Parents have difficulty answering the parent marital status question correctly.

Resolution - Question 59 has been modified so that the term “legal” only applies to “unmarried and both parents living together.”

30

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**Homeless Youth**

Issue - Applicants aged 22 or 23 who indicate on the FAFSA that they are homeless must rely on the FAA to set a Homeless Youth Override flag in order for the applicant to complete the FAFSA as an independent student.

Resolution - Homeless youth questions 56, 57, and 58 displayed for any applicant, regardless of age, who indicates that they are homeless.

31

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32

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**2017-2018 Verification**

- Due to the DRT not being available, institutions may consider a signed paper copy of the 2015 IRS tax return that was used by the tax filer for submission to the IRS as acceptable documentation to verify FAFSA/ISIR tax return information.

33

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**2018-2019 Verification**

- May 5 Federal Register and May 25 DCL (GEN-17-05)
  - No changes to verification tracking groups.
  - Tax extenders must now show IRS proof of any extensions beyond the automatic 6-month extension.
  - Dependent students who do not file taxes, do not have to provide proof of nonfiling.

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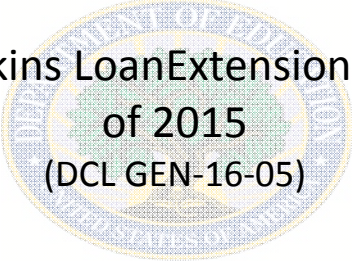
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**Perkins Loan Extension Act of 2015 (DCL GEN-16-05)**



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**Perkins Reminders**

- Authority to make new loans to graduate students ended September 30, 2016.
- Authority to make new loans to undergraduate students ends September 30, 2017.
  - Subsequent disbursements of current loans through June 30, 2018.

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**Perkins Reminders**

- Information regarding the distribution of assets from Perkins Loan Revolving Fund is coming soon.
  - Similar to the existing Excess Liquid Capital process.
- Assignment of Perkins Loans to ED.
  - No requirement in Extension Act.
  - Schools may assign both defaulted and non-defaulted loans.

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**Perkins Reminders**

- Institutions responsible for servicing their Perkins Loan portfolio unless assigned to ED.
- Refer to Federal Student Aid Handbook, Volume 6, Chapter 5 for information on servicing requirements.

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**Campus-Based Reallocation Process**



39

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**Campus-Based Reallocation**

- FSEOG and FWS.
- June 13, 2017 Electronic Announcement.
- 2016-2017 allocations that are unspent.
- Form releases unspent and requests additional funds.
- Deadline – August 14, 2017.

40

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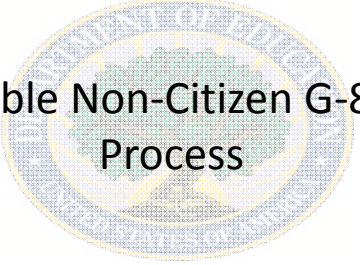
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**Eligible Non-Citizen G-845 Process**

41

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**G-845 Process**

- DHS Moving from Paper .
  - Sometime in 2018.
  - Details to follow.

42

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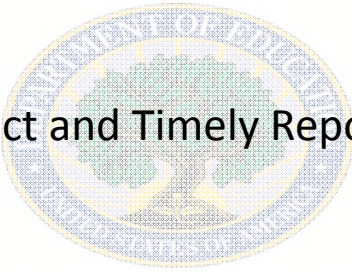
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## Correct and Timely Reporting

43


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### Program-Level Enrollment Reporting

- Program enrollment data reporting by schools has been required since **October 1, 2014**.
- Program level enrollment data is essential for administering the 150% Direct Subsidized Loan Limit.
- Incorrect or unreported program data can harm students.
- FSA has posted many communications on the program reporting requirements, going back to 2013.

44


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### Compliance Letters

- Escalating set of letters sent by email to non-compliant schools starting in April 2017.
- Schools that fall below 90% of the portfolio certified with a program will be notified for non-compliance.
- Schools with a high percentage of students actually not enrolled in any programs may request an exception.
- Schools may be referred to FSA Program Compliance.

45


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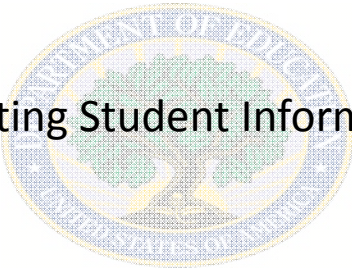
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# Protecting Student Information

46

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## 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.

47

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## 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.

48

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**Protecting Student Information**

- EA March 21, 2017: Privacy Technical Assistance (PTAC)
- The Department established PTAC as a “one-stop” resource for education stakeholders to learn about data privacy, confidentiality, and security practices related to student-level longitudinal data systems and other uses of student data
- Guidance is available at - [ptac.ed.gov/sites/default/files/FSA\\_final.pdf](http://ptac.ed.gov/sites/default/files/FSA_final.pdf)

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**Gainful Employment**  
See DCL GEN-15-12

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**Gainful Employment**

- The HEA provides that to be Title IV eligible an educational program must:
  - Be offered by a public or non-profit institution and lead to a degree; or
  - Prepare students for *gainful employment* in a recognized occupation.

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**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.
- On January 9, rates released to schools and to the public (FSA Data Center).
  - 803 programs failed.

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**GE Disclosures**

- New GE Disclosure
- Template Released on January 19
- Must be used no later than ~~April 3, 2017~~ July 1, 2017

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**GE Reporting**

- Data for the 2016-2017 Award Year Due October 1, 2017.
- Same data requirements, data items, and definitions as last reporting.

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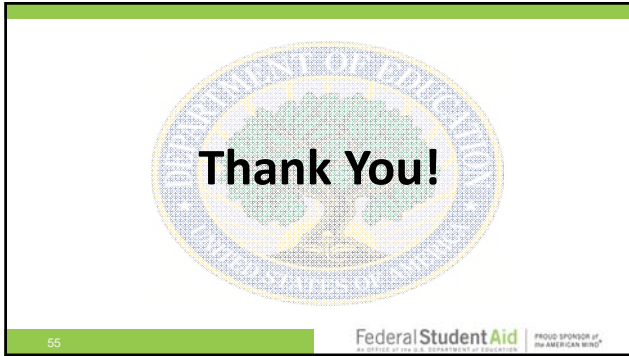
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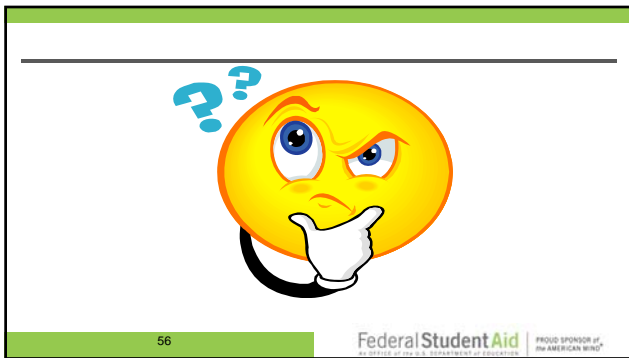
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