

2020–2021 Update

High School Counselor
Workshop

Legislative Update



Rethinking Higher Education

“Rethinking Higher Education requires us to challenge every assumption, examine every practice, and question the status quo. We must ask ourselves why we do what we do, if there might be a better way, and if the needs of all students are being met.”

–Secretary of Education Betsy DeVos

Rethinking Higher Education

- ▶ Empowering Students
- ▶ Empowering Institutions
- ▶ Empowering Innovators

Rethinking Higher Education

- ▶ Some of the Goals for Accreditation Reform:
 - Define clearly the roles and responsibilities of the TRIAD (i.e., accreditors, States, and the Department)
 - Increase academic and career mobility for students by eliminating artificial boundaries between institutions

Rethinking Higher Education

- ▶ Provide greater flexibility for institutions to engage in innovative educational practices and meet local or national workforce needs
- ▶ Within the confines of the law, protect institutional autonomy, honor individual campus missions, and afford schools the opportunity to build campus communities based on shared values

2019–2020 Funding Levels

- Maximum Scheduled Award: \$6,195
 - Increase of \$100 for 2019–2020
- Able to receive up to 150% of scheduled Pell award
 - Minimum Award – \$650
 - Maximum eligible EFC – 5576

2019–20 CPS Processing Updates

Need Analysis

- Automatic Zero EFC income threshold increased from \$25,000 to \$26,000

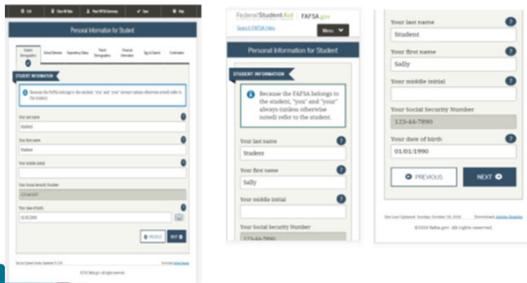
Deferment for Cancer Treatment

- ▶ Direct Loan, FFELP, and Perkins Loan borrowers are eligible for an interest-subsidized deferment - for both subsidized and unsubsidized loans - for the period during which they are receiving treatment for cancer and for the 6-month period following the cessation of such treatment. The term "cancer treatment" is undefined.
- ▶ This provision is only available for loans that are disbursed on or after the date of enactment, Sept. 28, 2018, or loans in repayment on the date of enactment

FAFSA.gov

- ▶ **Phase 1 - Making FAFSA.gov mobile responsive**
- ▶ Parts of FAFSA.gov became mobile-friendly. FAFSA.gov home and log in pages
- ▶ Initial and renewal FAFSA form
- ▶ Help and Hints replaced with Tool Tips

FAFSA.gov



Benefits of Changes

- ▶ The new design of fafsa.gov also offers the following features:
- ▶ The "Help and Hints" display box has been replaced by "tool tips" that provide information about each FAFSA question.
- ▶ While the number of questions on the FAFSA form remains the same, the questions are displayed in a more user-friendly way, with some now grouped in a different order to ease navigation through the site.

myStudentAid Mobile App

- ▶ In addition to the features provided by myFAFSA, the myStudentAid mobile app provides links to the following services:
- ▶ Profile: edit/manage an FSA ID
- ▶ myFederalLoans: view loan and aid history
- ▶ Contact Us: contact information for FSA's contact centers

Year Round Pell Grants

The Consolidated Appropriations Act of 2017 allows a student to receive Pell Grant funds up to 150% of the student's Scheduled Award for an award year

Effective beginning with the 2017-2018 award year

Applied to the summer of 2017 ONLY IF treated as a header to 2017-2018 award year

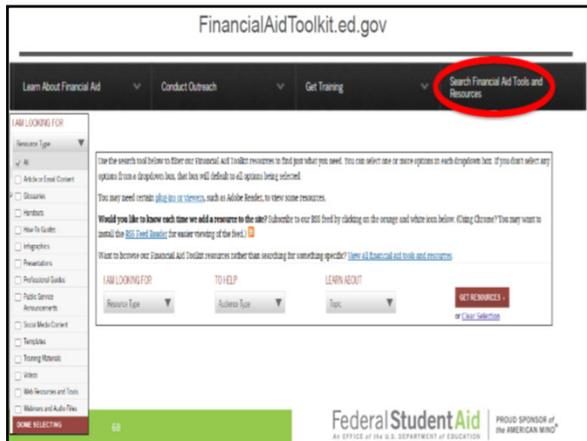
[Dear Colleague Letter GEN-17-06](#)

General Requirements

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 for which the student received the additional Pell Grant funds

Additional Pell Grant funds will count towards students 600% Pell LEU



FSA Publication Distribution

- After Aug. 30, 2018, we will no longer print or deliver FSA publications (except for the FAFSA form).
- Review your current inventory. If needed, order publications at FinancialAidToolkit.ed.gov/orderpubs.
- Publications will still be available electronically.
 - FinancialAidToolkit.ed.gov/resources
 - StudentAid.gov/resources
 - IFAP.ed.gov
 - StudentLoans.gov

Professional Judgment: Definition

“the authority of the financial aid administrator, on the basis of adequate documentation, to make adjustments on a case-by-case basis to the cost of attendance or the values of the data items required to calculate the expected student or parent contribution (or both) to allow for treatment of an individual eligible applicant with special circumstances.”

Professional Judgment: Basics

- Families cannot report special circumstances on the FAFSA
- Professional judgment exercised after the family files the FAFSA and completes verification (if required)
- Professional judgment exercised by the financial aid administrator

Professional Judgment: Process

- Process varies from college to college
- Documentation will always be required
- Final authority of the financial aid administrator
- No appeal of the decision

FSA ID

- ▶ The FSA ID — a username and password — has replaced the Federal Student Aid PIN and must be used to log in to certain U.S. Department of Education websites.
 - fafsa.gov
 - the National Student Loan Data System (NSLDS®): nsls.ed.gov
 - StudentLoans.gov
 - StudentAid.gov
 - Agreement to Serve (ATS): teach-ats.ed.gov

FSA ID Challenges

- ▶ email address
 - Can be associated with only one FSA ID
 - Free email accounts at Gmail.com, Hotmail.com or a similar service
- ▶ email address is invalid
 - Common email address errors
 - Space before, within or after the email address
 - An extra period
 - Doubled letters
 - Student and parent FSA IDs are swapped

FSA ID Challenges

- ▶ Name mismatch
 - The name used with the FSA ID must match the name on your Social Security Card
- ▶ Date of birth mismatch
- ▶ Social Security Number mismatch

FSA ID Challenges

- ▶ IRS Data Retrieval Tool, the information associated with the FSA ID must match the information on the taxpayer's federal income tax return
 - Address associated with the FSA ID must match the address on the federal income tax return

FSA ID Challenges

- ▶ color scheme on the FSA ID web site is difficult for people with low vision to read because of the use of gray and white text on a gray background
- ▶ easy for students and parents to forget their username and password
 - The FSA ID is used only once a year
 - email addresses may have changed

FSA ID Challenges

- ▶ write down the FSA ID username, email address and password on a piece of paper and keep it somewhere safe. If you have a smartphone, take a picture of the piece of paper with your smartphone's camera.
- ▶ If you are having problems with your FSA ID, call 1-800-557-7394 (TTY 1-800-730-8913).

IRS 'Get Transcript Online'

- ▶ The IRS has reactivated the way for tax filers to request and receive Tax Return Transcripts.
- ▶ With the IRS 'Get Transcript Online' tool the tax filer submits an online transcript request to the IRS and, if the request is authenticated, a second window displays the transcript in Portable Document Format (PDF).

IRS Tax Transcript

- ▶ On Oct 1, 2017, the IRS relaunched its Get Transcript Online tool
 - www.irs.gov
 - under the “Tools” tab by clicking “Get a tax transcript” and then “Get Transcript Online.”
 - The Get Transcript Online tool allows the user to immediately receive an online PDF version of their IRS Tax Return Transcript or, if appropriate, a verification of non-filing.

IRS Tax Transcript

- ▶ Get Transcript Online tool uses a new enhanced two-step, multi-factor authentication process that requires the user to register before submitting a transcript request.
 - User must have:
 - access to a valid email address
 - a text-enabled mobile phone (pay-as-you-go plans cannot be used) in the user's name
 - specific financial account numbers (such as a credit card number or an account number for a home mortgage or auto loan)

IRS Tax Transcript

- ▶ During the new Get Transcript Online registration process, the IRS will send the user a confirmation code via email and an authentication code via text. The IRS email and text will contain a one-time code that the user will use to finalize the Get Transcript Online registration.

IRS Tax Transcript

- ▶ May also obtain a tax return transcript by electronically submitting a transcript request using the IRS Get Transcript by Mail option
- ▶ By submitting a paper Form 4506T-EZ or 4506-T
- ▶ By calling 1-800-908-9946

These request methods will result in the IRS mailing a paper transcript to the address on file with the IRS.

IRS Tax Return Transcripts

- ▶ Beginning June 28, 2019 the IRS will no longer fax tax transcripts to individual tax filers or third parties.
- ▶ Beginning July 1, 2019 the IRS will only mail transcripts to the individual tax filer using the address on record with the IRS. Tax transcripts will no longer be mailed to 3rd parties.

Changes to Other IRS Tax Forms

- ▶ The IRS released drafts of new tax forms in August 2018
- ▶ Elimination of tax forms 1040A and 1040EZ, and the creation of 6 new schedules
- ▶ These changes are reflected in the draft 2020-2021 forms and processes

New IRS Tax Forms for 2018 Tax Year

SCHEDULE 1		Additional Income and Adjustments to Income	
Form 1041		2018	
Department of the Treasury		Internal Revenue Service	
OMB No. 1545-0047		Use only if you are required to file this schedule.	
Additional Income	1-46	1-46	1-46
10	10	10	10
11	11	11	11
12	12	12	12
13	13	13	13
14	14	14	14
15a	15a	15a	15a
15b	15b	15b	15b
16	16	16	16
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99	99	99	99
100	100	100	100

Individuals with Unusual Circumstances

- ▶ Individuals Granted a Filing Extension by the IRS
 - A copy of IRS Form 4868, "Application for Automatic Extension of Time to File U.S. Individual Income Tax Return," that was filed with the IRS for tax year 2018
 - A copy of the IRS's approval of an extension beyond the automatic six-month extension if the individual requested an additional extension of the filing time for tax year 2018; and
 - A copy of IRS Form W-2 for each source of employment income received for tax year 2018 and, if self-employed, a signed statement certifying the amount of the individual's Adjusted Gross Income (AGI) and the U.S. income tax paid for tax year 2018.

Individuals with Unusual Circumstances

- ▶ Individuals Who Filed an Amended IRS Income Tax Return
 - A 2018 IRS Tax Return Transcript (that will only include information from the original tax return and does not have to be signed), or any other IRS tax transcript(s) that includes all of the income and tax information required to be verified; and
 - A signed copy of the 2018 IRS Form 1040X, "Amended U.S. Individual Income Tax Return," that was filed with the IRS

Individuals with Unusual Circumstances

- ▶ Individuals Who Were Victims of IRS Tax-Related Identity Theft
 - A Tax Return DataBase View (TRDBV) transcript obtained from the IRS, or any other IRS tax transcript(s) that includes all of the income and tax information required to be verified; and
 - A statement signed and dated by the tax filer indicating that he or she was a victim of IRS tax-related identity theft and that the IRS is aware of the tax-related identity theft.

Individuals with Unusual Circumstances

- ▶ Individuals Who Filed Non-IRS Income Tax Returns
 - A transcript that was obtained at no cost from the relevant taxing authority of a U.S. territory (Guam, American Samoa, the U.S. Virgin Islands) or commonwealth (Puerto Rico and the Northern Mariana islands), or a foreign central government, that includes all of the tax filer's income and tax information required to be verified for the tax year 2018; or
 - If a transcript cannot be obtained at no cost from the relevant taxing authority, a signed copy of the 2018 income tax return(s).

2020-2021 Verification

- ▶ Same data items
- ▶ No changes to the verification tracking groups

2020–2021 Verification

2018 Income Information for Tax Filer (V1 and V5)

- Adjusted Gross Income (AGI)
- U.S. Income Tax Paid
- Untaxed Portions of IRA Distributions and Pensions
- IRA Deductions and Payments
- Tax Exempt Interest Income
- Education Credits

2020–2021 Verification

- ▶ Number of household members (V1 and V5)
- ▶ Number in college (V1 and V5)
- ▶ High School completion status (V4 and V5)
- ▶ Identity/Statement of Educational Purpose (V4 and V5)

Interest Rates

Loan Type	Borrower Type	Interest rates for loans first disbursed on or after 7/1/19 and before 7/1/20
Direct Subsidized Loans and Direct Unsubsidized Loans	Undergraduate	4.53%
Direct Unsubsidized Loans	Graduate or Professional	6.08%

Interest Rates

- ▶ For Direct PLUS Loans first disbursed on or after July 1, 2019, and before July 1, 2020, the interest rate is 7.08%.
- ▶ These are fixed interest rates for the life of the loan.

Interest Rates

- ▶ Rates are the same for both subsidized and unsubsidized loans.
- ▶ Rates are different between undergraduate students and graduate students.
- ▶ Fixed rate set each year. Applies for the life of the loan.

Variable Rate Loans

- ▶ Subsidized and Unsubsidized Stafford Loans before July 1, 2006:

In-school rate = 1.79%
Repayment rate = 2.39%
- ▶ Parent Loans = 3.19%

Sequestration

- Direct Sub and Direct Unsub Origination Fee
 - 1.068 percent for loans first disbursed on or after October 1, 2015 and before October 1, 2016.
 - 1.069 percent for loans first disbursed on or after October 1, 2016 and before October 1, 2017.
 - 1.066 percent for loans first disbursed on or after October 1, 2017 and before October 1, 2018.

On or after Oct. 1, 2018, and before Oct. 1, 2019	1.062%
On or after Oct. 1, 2019, and before Oct. 1, 2020	1.059%

Sequestration

- Direct PLUS Origination Fee
 - 4.272 percent for loans first disbursed on or after October 1, 2015 and before October 1, 2016.
 - 4.276 percent for loans first disbursed on or after October 1, 2016 and before October 1, 2017.
 - 4.264 percent for loans first disbursed on or after October 1, 2017 and before October 1, 2018.

On or after Oct. 1, 2018, and before Oct. 1, 2019	4.248%
On or after Oct. 1, 2019, and before Oct. 1, 2020	4.236%

Subsidized Loan Limit

- ▶ On July 6, 2012, the Moving Ahead for Progress in the 21st Century Act (MAP-21) was enacted (P.L. 112-141)
- ▶ Interim Final Regulations published on May 16, 2013.

Subsidized Loan Limit

- ▶ Limit on how many years a “first-time borrower” may receive subsidized loans
- ▶ Applies to first-time borrowers on or after July 1, 2013
 - A first-time borrower is one who has no balance on any FFEL or Direct Loan on July 1, 2013, or receives first Direct Loan (any type) on or after July 1, 2013

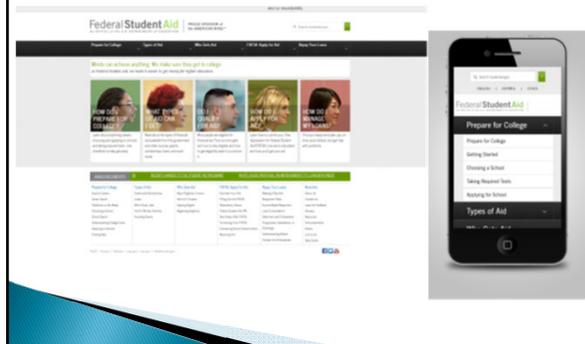
Subsidized Loan Limit

- ▶ When student has received Direct Subsidized loans for a period of time that is equal to 150% of the published length of the student’s current academic program....
 - Student may not receive additional subsidized loans for enrollment in that program or any program of equal or lesser length

Subsidized Loan Limit

- ▶ A student who loses eligibility for additional subsidized loans may lose interest subsidy on previously received subsidized loans, if....
 - Student did not complete program, and
 - Continues in same program or,
 - Enrolls in another undergraduate program of the same or shorter length
- ▶ Effective on the date of the student’s continued or new enrollment.

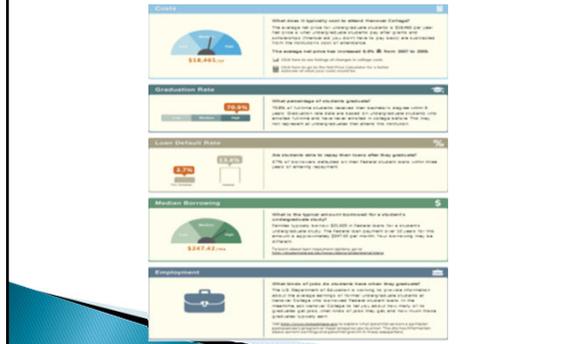
StudentAid.gov



Twitter, Facebook, YouTube



College Scorecard



EFC Formula: Assets

Reported on the FAFSA:

- Current balance of cash, savings, and checking accounts
- Net worth of investments, including real estate but excluding the family's primary residence
- Net worth of businesses and investment farms

EFC Formula: Assets

Parents' contribution from assets:

- Asset Protection Allowance subtracted from net worth
- Contribution is 12% of remaining assets

EFC Formula: Assets

Student's contribution from assets:

- 20% of net worth
- No Asset Protection Allowance!

EFC Formula: Assets

	Original APA Range	Corrected APA Range
Dependent Students		
Married Parents	0 - 10,700	0 - 29,600
Single Parent	0 - 5,800	0 - 14,300
Independent Students with Dependents Other than a Spouse		
Married Students	0 - 10,700	0 - 29,600
Single Student	0 - 5,800	0 - 14,300
Independent Students without Dependents Other than a Spouse		
Married Students	0 - 10,700	0 - 29,600
Single Student	0 - 5,800	0 - 14,300

2019-20 Delivery System



2017-2018 & 2018-2019 Processing Statistics

- ▶ Through June 30th:
- ▶ 2017-2018:
 - ▶ **13,682,550** FAFSAs processed
 - ▶ Total for 2017-18
- ▶ 2018-2019:
 - ▶ **13,814,465** FAFSAs processed
 - ▶ National: 18,969,616
(2016-17: 20,558,177)
 - ▶ Hawaii: 60,013
(2016-17: 66,188)

Hawaii 17-18 47,100

Hawaii 18-19 47,002

2017–2018 Processing Statistics

- ▶ Female 11,585,519
- ▶ Male 7,276,116
- ▶ Blank 107,981

- ▶ 18 or Less 1,965,769
- ▶ 19 through 24 9,113,869
- ▶ 25 or Greater 7,889,915
- ▶ Age Unknown 63

2017–2018 Processing Statistics

Parent (Dependent) Tax Filing Status and IRS Data Retrieval Tool Usage

- Not Going to File Taxes 591,532
- Will File but Have Not Yet Completed Taxes 53,335
- Already Filed Taxes: IRS Data Not Transferred 5,410,582
- Already Filed Taxes: IRS Data Transferred 2,717,521
- Tax Filing Status Unknown 104,315

FAFSA Completion Tool

- ▶ Allows high school counselors to monitor FAFSA completions for their school.

- ▶ <http://studentaid.ed.gov/about/data-center/student/application-volume/afsa-completion-high-school>

- ▶ Home » About Us » Data Center » Student Data » Application Volume Reports » FAFSA Completion by High School

Who Is Not a Parent?

- Foster parents
- Legal guardians who have not adopted the student
- Relatives who have not adopted the student
- Stepparents who have not adopted the student and who would be the only person providing parental information

Completion of FAFSA Without Parental Information

No Access to Parental Information

- ▶ FAFSA asks whether student will provide parental data
- ▶ If no, student indicates he or she meets special circumstances criteria
- ▶ Student can submit FAFSA without parent information
- ▶ FAFSA will have reject code
 - Student needs to work with school to complete application

Parents Refuse to Provide Information

- Student submits FAFSA without parental information.
- EFC not calculated.
- Student must contact school regarding documentation and decision.

Dependency Overrides

- Financial Aid Administrators have authority to change the filing status from dependent to independent
- Student must present documentation of situation

Dependency Overrides

- Special circumstances:
 - Abuse at home
 - Abandonment by parents
- NOT special circumstances:
 - Parents don't claim student on taxes
 - Student does not live with parents and supports self
 - Parents don't want to help pay for college
 - Parents refuse to provide information for FAFSA

Dependency Overrides

Documentation from third party:

- ▶ Teacher
- ▶ Social worker
- ▶ Member of clergy
- ▶ Court
- ▶ Law enforcement

Final override decision lies with the FAO

2020 - 2021 FAFSA



- ▶ Color rotation
 - Orange, Green, Blue, Yellow
- ▶ Color rotation for 2020-2021 is
 - Orange (students)
 - Purple (parents)

IRS Data Retrieval Tool

- ▶ Students completing a 2020-21 FOTW will be able to utilize IRS Data Retrieval Tool as of October 1st
- ▶ Data available in English and Spanish

IRS Data Retrieval Tool

- FOTW includes logic/questions to determine if applicant is eligible to use the IRS Data Retrieval Tool
- Applicant's response will take him or her to the IRS system or provide a message that the applicant should use own financial figures to complete FOTW
- "Unmarried and both parents living together" not eligible to use the IRS Data Retrieval
- Same gender married couples using "married filing jointly" status can use IRS Data Retrieval

IRS Data Retrieval Tool 2020-2021

- ▶ IRS DRT function is available for the 2020-2021 FAFSA processing year
- ▶ All DRT data continues to be encrypted, FAFSA applicants cannot make corrections, only institutions will be able to make corrections
- ▶ IRS data field flags identify what, if any, information was changed

Rollover

- ▶ If the Data Retrieval Tool (DRT) transfers a non-zero amount into the untaxed pension or IRA distribution field, the applicant will be able to report the amount of rollover and the Central Processing System (CPS) will subtract it
- ▶ The IRS Data Field Flag will be "2" - Field changed by user prior to submission of application
- ▶ To complete verification of this item, collect a signed statement certifying that the untaxed pension or IRA distribution contained a rollover

Challenges with IRS Data Retrieval

- ▶ Recently filed tax returns
- ▶ Tax returns not yet filed
- ▶ Mismatched identifying information
- ▶ Mismatched marital status
- ▶ Rollovers
- ▶ Foreign income tax returns
- ▶ Paper FAFSAs



IRS 'Get Transcript Online'

- ▶ The IRS will no longer handle requests for transcripts at its Taxpayers Assistance Centers or by phone, except for the IRS automated phone tool at 1-800-908-9946.
- ▶ Tax filers who are unable to use the 'Get Transcript Online' tool will still be able to submit a transcript request online by using the online 'Get Transcript by Mail' or by submitting a paper Form 4506 or 4506-T.

Trending in Washington

- ▶ Lots of activity, and nothing moving forward.
- ▶ Reauthorization of HEA - 2015
- ▶ What they're talking about:
 - One Grant / One Loan
 - Year Round Pell (yes, again!)
 - Early Notification of Potential Pell Grant Eligibility

Trending in Washington

- ▶ What they're talking about:
 - Consolidation of Repayment Plans into a single Income Base Repayment Plan.
 - Elimination of Loan Origination Fees
 - Provision of Funds for DREAM Eligible Students
 - Required Consumer Testing of Consumer Information Products

Federal Student Aid for Counselors

- ▶ <http://www.fsa4counselors.ed.gov>
- ▶ <http://www.fafsa4caster.ed.gov/>
 - This link is no longer valid - fafsa4caster may be accessed from the fafsa.gov web site
- ▶ <http://fafsademo.test.ed.gov/>

Questions ????????????

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