

# Federal Update

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# Administration Activities

Jeff Appel

## The Administration's Record

- Under the Obama Administration, total student aid has increased by over \$50 billion from 2008 to 2016 and selected tax benefits have increased by over \$12 billion per year:
- Increased the max Pell Grant by more than \$1,000 and indexed to CPI
- Created and extended the American Opportunity Tax Credit

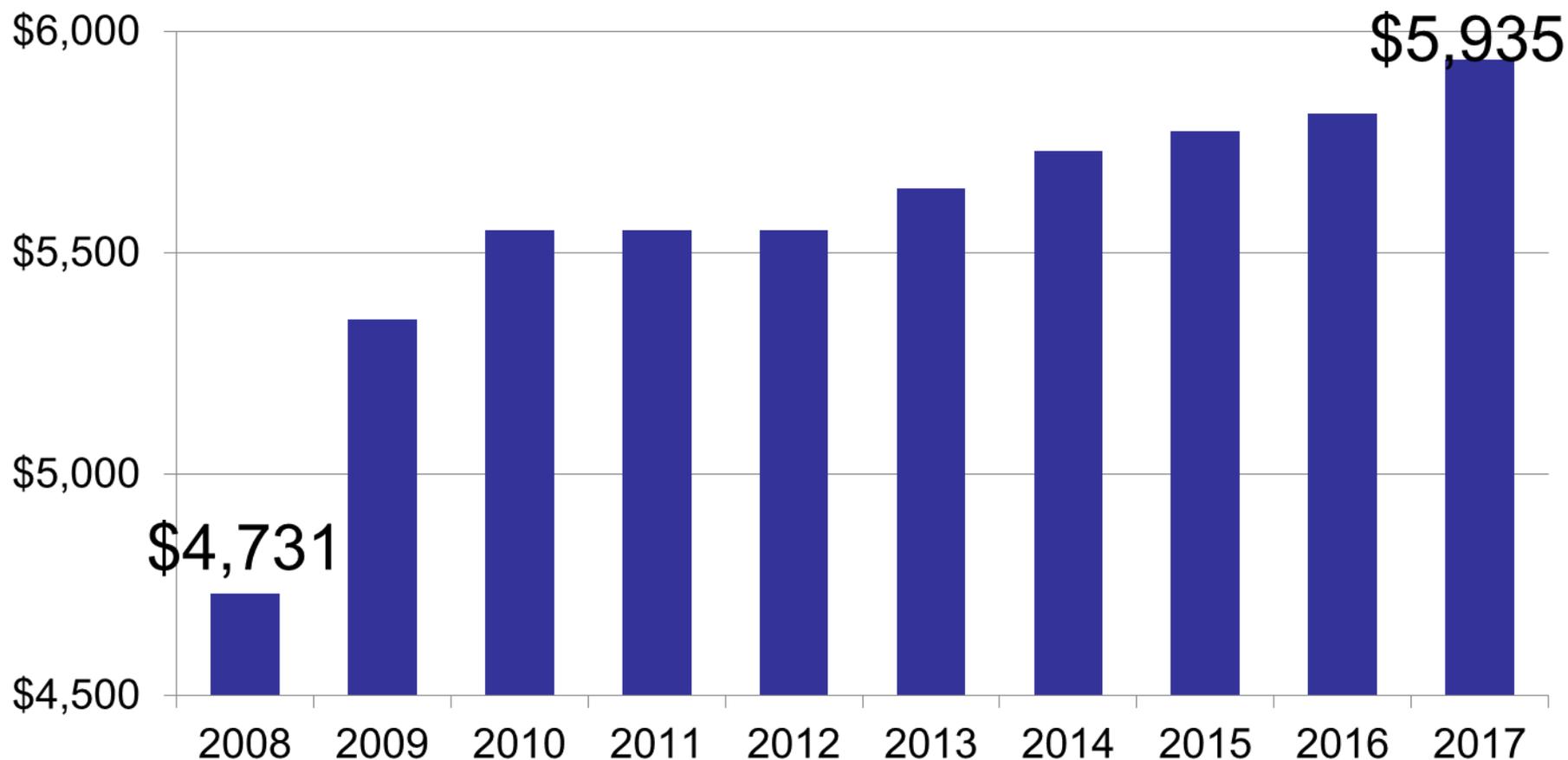
## The Administration's Record

- Cut student loan interest rates, saving students up to \$1,000 this year
- Expanded and improved income-driven repayment plans
- More students are graduating college than ever before -
  - +1 million Black and Latino students enrolled in college since 2008

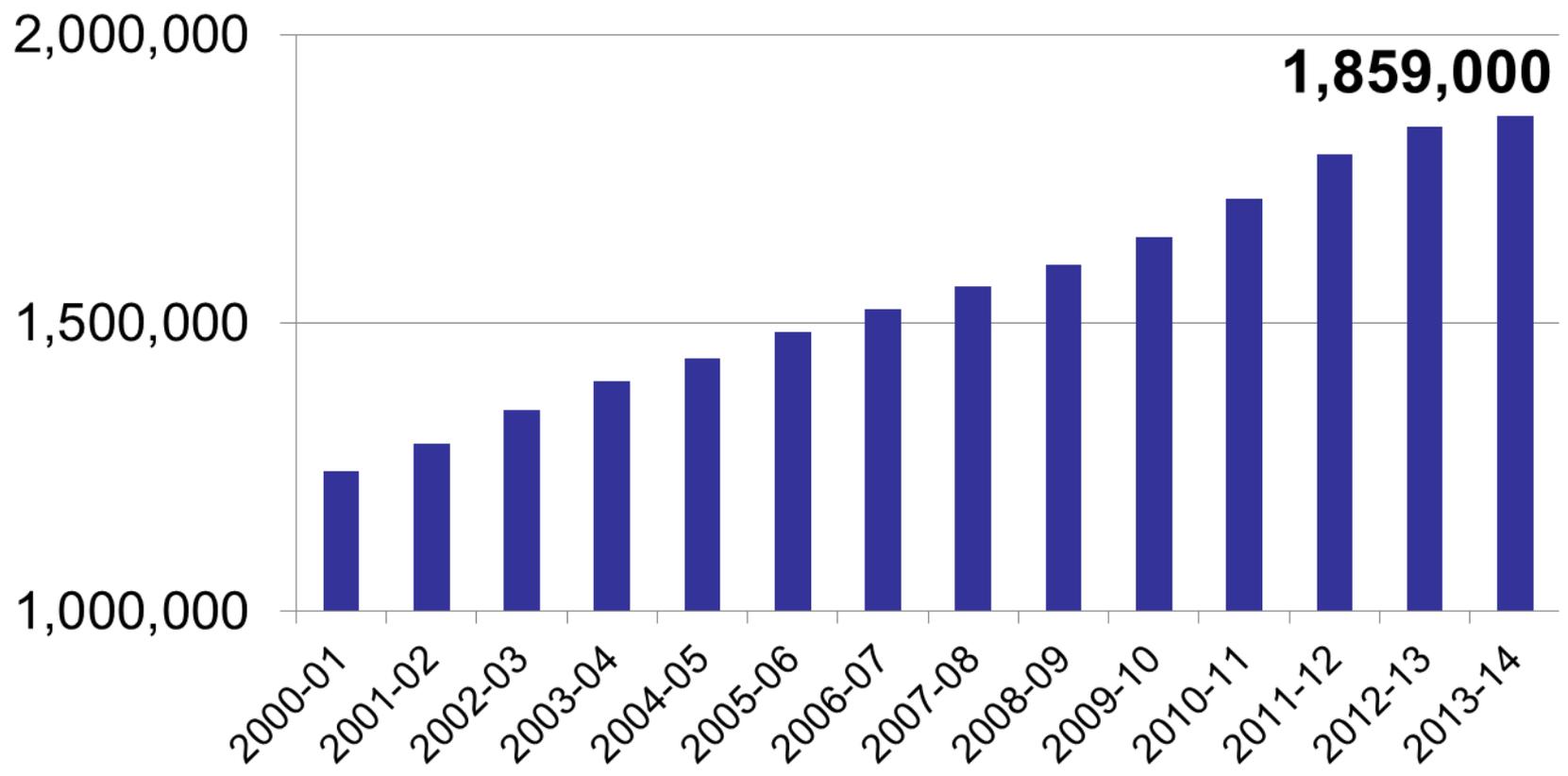
# The Administration's Record

- Largest and most diverse graduating class ever in 2014
- +1.6 million more Pell recipients per year, compared to 2008

## Maximum Pell Increased by \$1,000+

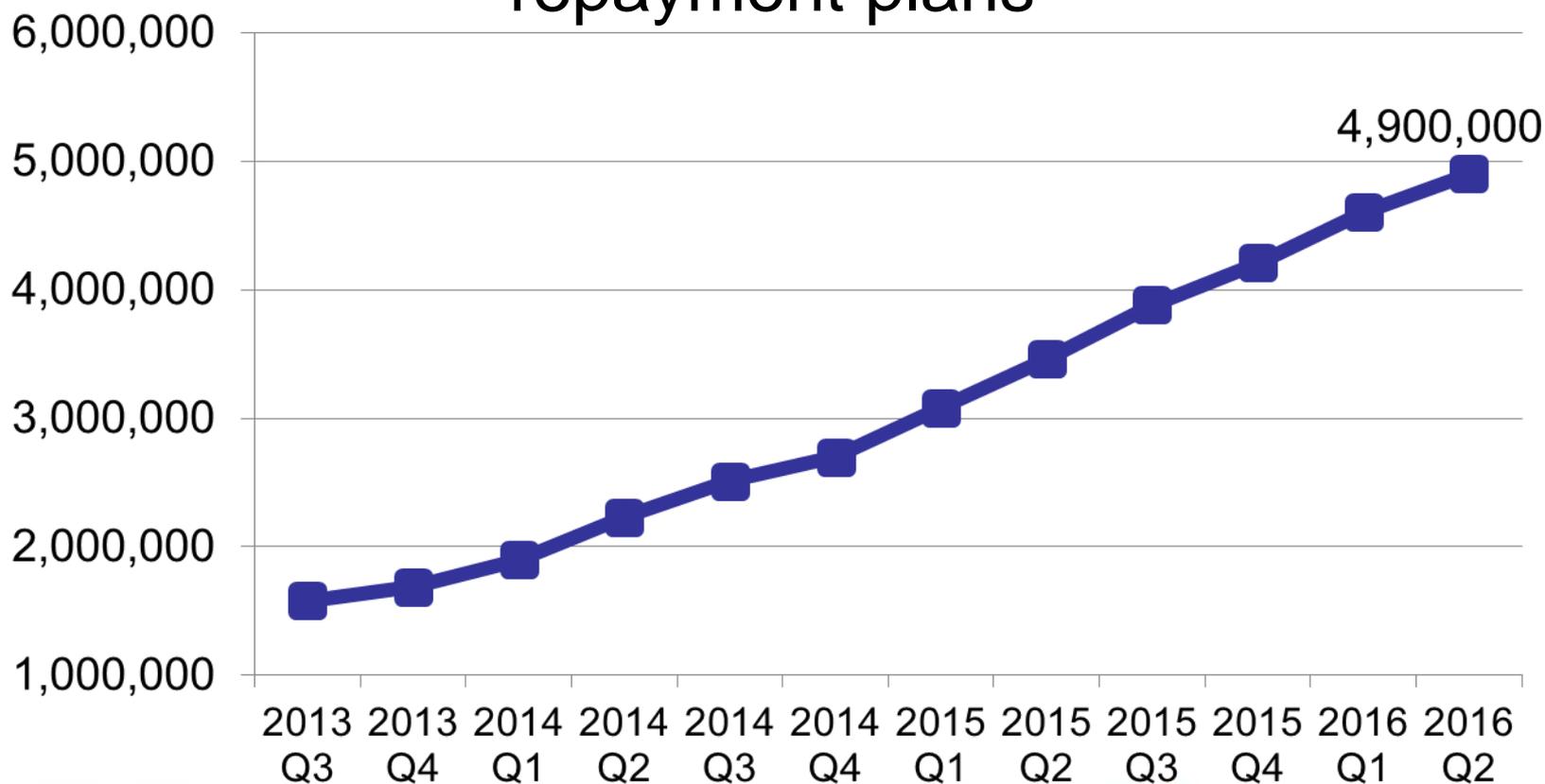


# More Bachelor's Degrees Awarded



# Affordable Loan Repayments

About 4.9 million Direct loan borrowers in income-driven repayment plans



## Major Challenges Remain

- Over the past three decades, tuition at public four-year colleges has more than doubled, even after adjusting for inflation
- Over the past 20 years, average debt more than doubled to \$27,000
- Max Pell award covers only about 30% of the cost of a 4-year public college education – half of what it covered in 1980

## Major Challenges Remain

- 1 in 2 of Americans from high-income families hold a bachelor's degree by age 25, but just 1 in 10 from low-income families
- Barely half complete their degree in a reasonable time at 4-year institutions; and at 2-year schools it's only about a third
- Students who drop out of school are three times as likely to default as their peers who complete

# Access, Affordability and Completion

## *President's 2017 Budget: New Initiatives to Promote College Completion*

- Pell for Accelerated Completion: Full-time students have the opportunity to earn a third semester of Pell Grants in an academic year. Nearly 700,000 students would receive an average \$1,915 increase per year on average
- On-Track Pell Bonus: \$300 Pell increase for students who take 15 credits per semester in an academic year, allowing them to finish on time. Estimated 2.3 million students would benefit next year

# Access, Affordability and Completion

## *President's 2017 Budget: New Initiatives to Promote College Completion*

- HBCU & MSI Innovation for Completion Fund: \$30 million to foster innovative, evidence-based strategies to increase the number of low-income college students and students of color graduating and help reduce time-to-degree
- America's College Promise: New partnership and MOE with states to waive tuition and fees for responsible students in community colleges and provide grants to 4-year HBCUs and MSIs to offer new low-income students with up to 2 years of college at zero or significantly reduced tuition

# Access, Affordability and Completion

## *President's 2017 Budget: New Initiatives to Promote College Completion*

- College Opportunity and Graduation Bonus: \$547 million to reward colleges that graduate many low-income students on time and to encourage all institutions to improve
- Second Chance Pell: Restore Pell eligibility of incarcerated individuals eligible for release to support their transition into the classroom or workforce

## Access, Affordability and Completion

### *President's 2017 Budget: New Initiatives to Promote College Completion*

- Pell Grants: A \$33 billion investment over 10 years to continue indexing Pell Grants to inflation after 2017
- Campus-Based Programs: Reform federal allocations to target institutions that enroll and graduate higher numbers of Pell students, and offer an affordable and quality education

## Access, Affordability and Completion

### *President's 2017 Budget: New Initiatives to Promote College Completion*

- Perkins: Modernize and expand the program into a new unsubsidized \$8.5 billion annual loan program and allocate lending authority through new campus-based formula
- FAFSA Simplification: Create an earlier and easier application process by eliminating burdensome, complex, difficult to verify, and unnecessary questions to simplify access to student aid

# Access, Affordability and Completion

## *President's 2017 Budget: New Initiatives to Promote College Completion*

- Improve and streamline income-driven repayment: Create a single, simple, and better targeted plan for borrowers that will help them manage their debt
- Protecting Students and Taxpayers: Enhance FSA enforcement and oversight and restore the original 85/15 ratio

## Access, Affordability and Completion

### *President's 2017 Budget: New Initiatives to Promote College Completion*

- First in the World: \$100 million, up to \$30 million for HBCUs/MSIs
- TRIO: \$900 million to maintain funding, including \$20 million to support a new initiative to implement, evaluate, and scale evidence-based college access and success strategies
- Titles III & V: \$834 million to protect critical investments

## Early FAFSA

- President's Announcement –
  - FAFSA Start-Up on October 1
  - Use of Prior-Prior Income Data
- Beginning with the 2017-2018 FAFSA
  - October 1, 2016
  - 2015 Tax/Calendar Year for Income

## Early FAFSA

- Students will benefit most from extra time on the front end - during which they can use financial aid eligibility estimates to compare institutions, through the College Scorecard and other resources, and determine the best options.
- Many colleges have committed to align their application aid timelines including providing earlier award notifications.
- Hope others will also

## Early FAFSA

- Institutions should NOT respond to the earlier start time by moving up deadlines
- Data show that doing so negatively impacts students from low-income backgrounds

# Policy Update

Lynn Mahaffie

## Borrower Defense

- Negotiated Rulemaking: January 12-14, 2016, February 17-19, 2016, and March 16-18, 2016
- No consensus, although the Department took the Committee's feedback into account when drafting the proposed regulations
- NPRM Published, June 16, 2016
  - 45-day comment period – Ends August 1
- Final regulations by November 1, 2016

## Borrower Defense

- Builds on the Obama Administration's commitment to protect students' and taxpayers' investments and ensure that all Direct Loan borrowers can engage in a process that is efficient, transparent, and fair when applying for a loan discharge based on the misconduct of an institution
- Provides additional protection to student borrowers and taxpayers against predatory and other harmful practices by postsecondary institutions

## Borrower Defense

- Clarifies when and how students can obtain loan forgiveness if defrauded or deceived by an institution
- Requires institutions to post a Letter of Credit if they engage in misconduct or exhibit signs of financial risk
- Requires financially risky schools and for-profit schools in which students have poor loan outcomes to provide clear, plain-language warnings to prospective and current students, and to the public

# Borrower Defense

- Makes it simpler for eligible students to receive a closed-school discharge
- Prohibits the use of mandatory pre-dispute arbitration clauses and class action waivers that deny students their day in court if they are wronged
- Creates a process for group-wide loan discharges when whole groups of students have been subject to misconduct

## State Authorization

- Under regulations published October 29, 2010, in order to receive Title IV funds, institutions are required to have State authorization, including:
  - Approval to provide postsecondary education programs
  - A student complaint process

## State Authorization

- Proposed regulations related to State authorization for Distance Education and additional locations or branch campuses located in foreign locations:
  - Were negotiated in 2014; no consensus reached
  - Under OMB review

## Teacher Preparation

- Negotiations held in 2012
  - Consensus not reached
- NPRM published on December 3, 2014
  - Received nearly 5,000 comments
- Supplemental NPRM published April 1, 2016
  - Received 58 comments
- Currently reviewing comments and working on final regulations

## Cash Management

- Final regulations published, October 30, '15
- Regulations effective, July 1, '16
- Ensure that students receiving Title IV funds:
  - Have convenient access to their funds
  - Do not incur unreasonable financial account fees
  - Are not led to believe they must open a particular financial account to receive their funds

## Strengthening Accreditation

- Increasing transparency in the accreditation process and in institutional oversight
- Increasing coordination within the Department and among accreditors, other agencies, and states to improve institutional reviews
- Encouraging greater attention to student outcomes within current accreditor review processes
- Increasing the rigor of the Department's processes to determine whether an agency is effective

## The Clery Act

- The new *Handbook for Campus Safety and Security Reporting (Handbook)* was released on June 23, 2016.
  - Contains information for institutions regarding compliance with the new requirements set out in the Violence Against Women Reauthorization Act of 2013 (VAWA)

# The Clery Act

- The new *Handbook for Campus Safety and Security Reporting (Handbook)* was released on June 23, 2016.
  - Other sections of the *Handbook* have been updated to reflect the current guidance
  - Questions regarding compliance with the Clery Act after consulting the *Handbook* should be directed to the Campus Safety Help Desk by phone at (800) 435-5985 or by email at [campussafetyhelp@westat.com](mailto:campussafetyhelp@westat.com).

# Homeless Youth

- Dear Colleague Letter GEN-15-16 - July 29, 2015, clarifies institutional and applicants' roles and responsibilities related to dependency determinations for unaccompanied homeless youth
- Applicants who are 22 and 23 year old qualify for homeless youth determination, although the current 2015-16 FAFSA defines "youth" as 21 and younger

## Homeless Youth

- Financial aid administrators are:
  - Required to make a homeless youth determination when requested by an applicant
  - Financial Aid Administrators make a determination “if” an applicant is homeless and not the circumstances as to “why” the applicant is homeless
  - Resources for making homeless youth determinations are at:  
<http://www.ifap.ed.gov/dpcletters/attachments/GEN1516Attach.pdf>

# Homeless Youth

- Beginning with the 2018-2019 FAFSA, we will remove the definition of “youth” from the paper version of the FAFSA
- We will also make changes to the way FOTW handles 22- and 23-year-olds who indicate they are homeless or at risk of being homeless
- All students who indicate they are homeless, regardless of age, will be able to indicate they have received an unaccompanied homeless youth determination

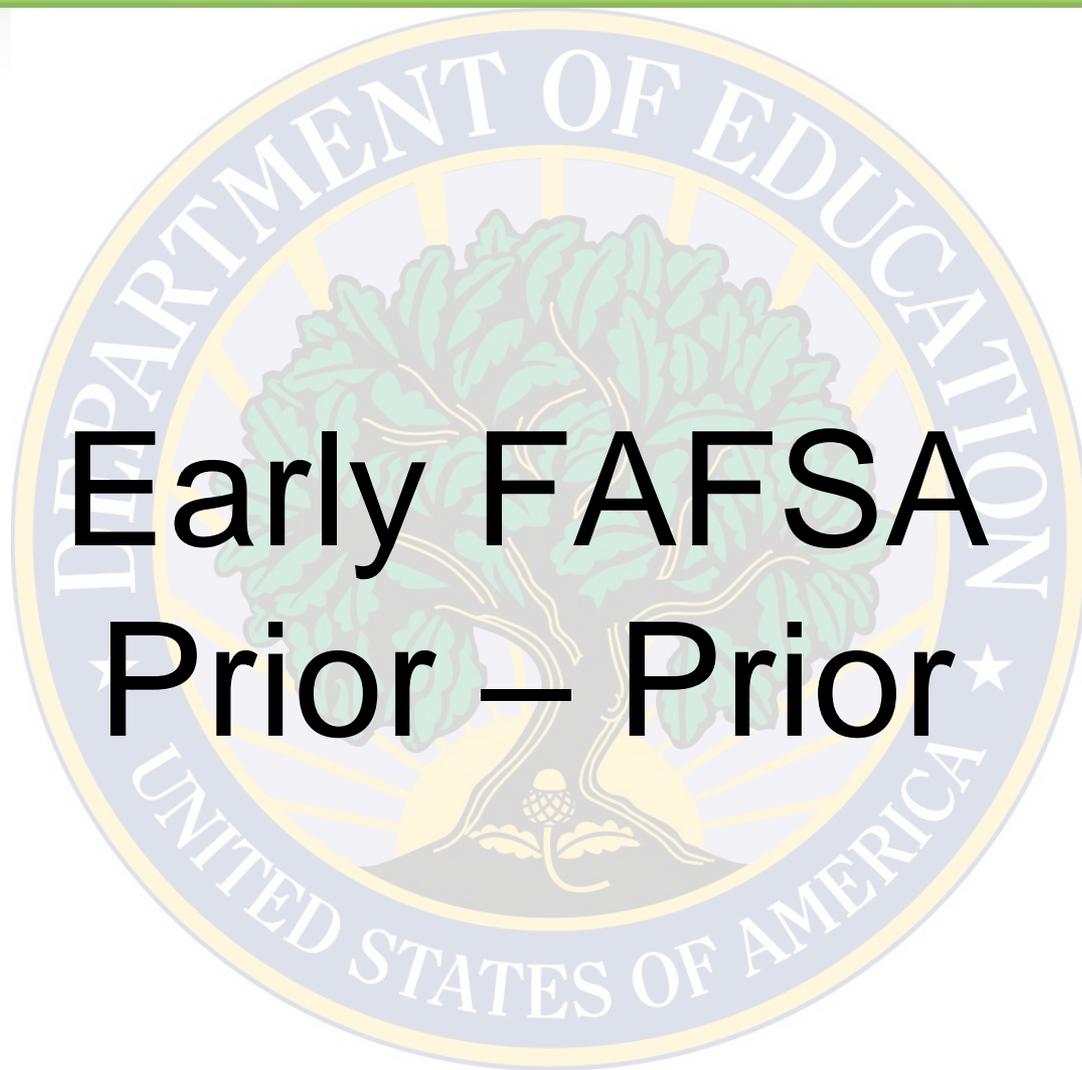
# Homeless Youth

## ED Released:

- Federal Student Aid and Homeless Youth Fact Sheet, June 10, 2016
  - Resource for homeless students navigating the Federal Student Aid application process
- Foster Care Transition Toolkit, May 26, 2016
  - Helps youth who are transitioning out of foster care and provides resources if these youth become homeless or are at risk of being homeless

# Other Issues

Jeff Baker



# Early FAFSA Prior – Prior

## CHANGES TO THE FAFSA® PROCESS FOR 2017-18

**SUBMIT A FAFSA EARLIER:** Students will be able to file a 2017–18 FAFSA as early as Oct. 1, 2016, rather than beginning on Jan. 1, 2017. The earlier submission date will be a permanent change, enabling students to complete and submit a FAFSA as early as October 1 every year. (There is NO CHANGE to the 2016–17 schedule. The 2016-17 FAFSA will become available January 1, 2016.)

**USE EARLIER INCOME INFORMATION:** Beginning with the 2017–18 FAFSA, students will report income information from an earlier tax year. For example, on the 2017–18 FAFSA, students (and parents, as appropriate) will report their 2015 income information, rather than their 2016 income information. The following table provides a summary of key dates as we transition to using the early FAFSA submission timeframe and earlier tax information.

IF YOU PLAN TO ATTEND COLLEGE FROM	YOU CAN SUBMIT THE FAFSA FROM	USING TAX INFORMATION FROM
July 1, 2015–June 30, 2016	January 1, 2015–June 30, 2016	2014
July 1, 2016–June 30, 2017	January 1, 2016–June 30, 2017	2015
<b>July 1, 2017–June 30, 2018</b>	<b>October 1, 2016–June 30, 2018</b>	<b>2015</b>
July 1, 2018–June 30, 2019	October 1, 2017–June 30, 2019	2016

## Prior-Prior and Early FAFSA

- Outreach
  - Toolkit Posted to IFAP
- Professional Judgment
  - More Expected
- Pell Grant Payment Schedules
- Campus-Based (FWS and FSEOG)
  - Need Congressional Appropriation

## Prior-Prior and Conflicting Information

- DCL Coming Next Week
- Occurrences reduced if DRT used for both 2016-2017 and 2017-2018
- FOTW warnings if 2017-2018 reporting income/taxes not equal to 2016-2017 reported amounts

## Prior-Prior and Conflicting Information

- The CPS will flag for institutional resolution only those 2017-2018 ISIRs where a potential conflict with 2016-2017 data, once resolved, would have a significant impact on the student's 2017-2018 EFC
- Resolution could require repackaging of 2016-2017 aid and possible repayment by student of some 2016-2017 need-based aid

# Perkins Loan Program

- Federal Perkins Loan Program Extension Act of 2015.
  - Extends program through September 30, 2017
  - Eliminates Perkins five-year grandfathering
  - Effectively eliminates the eligibility of graduate students
  - Places Direct Loan requirements on the eligibility of undergraduates to receive a loan

## Correct and Timely Reporting

- COD –
  - Program information
- NSLDS –
  - Enrollment, including academic program
  - GE Reporting
- CPS –
  - Professional Judgement
  - Results of V4 and V5 Verification

## 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; and state data breach and privacy laws;
  - Institutions may be responsible for losses, fines and penalties (including criminal penalties) caused by data breaches.

## Protecting Student Information

- Dear Colleague Letter GEN-15-18
  - 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
- Dear Colleague Letter GEN-16-12
  - GLBA Requirements
  - NIST Standards

## 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 leads to a degree; or
  - Prepare students for *gainful employment* in a recognized occupation

# 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

## Gainful Employment Reporting

- Report all Title IV Students by July 31, 2015
  - Report 2008 – 2009 through 2013 – 2014 award years.
- Report following award years by October 1.
  - 2014-2015 by October 1, 2015
  - 2015-2016 by October 1, 2016

## Gainful Employment Disclosures

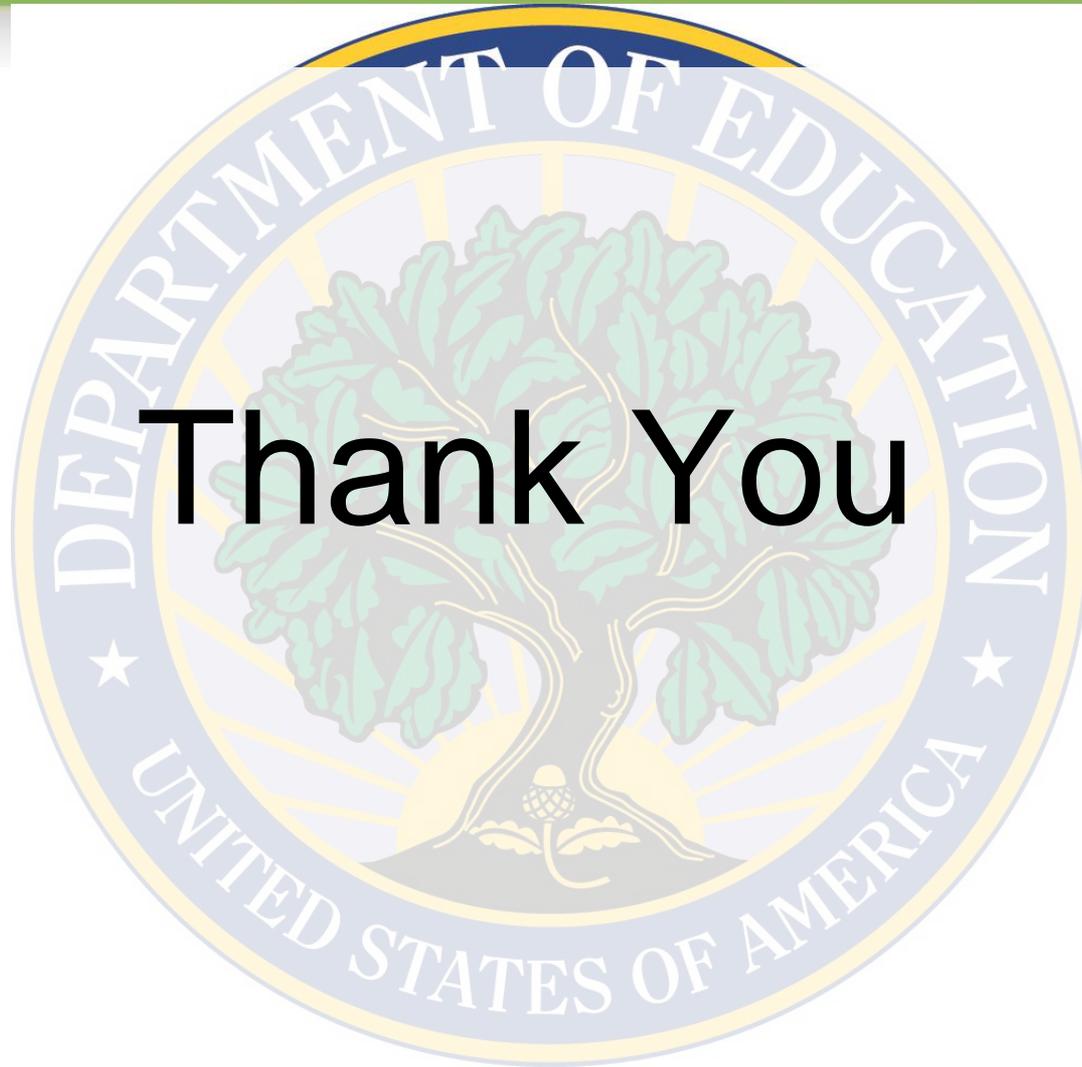
- In addition to program information required disclosures could include:
  - GE D/E rates
  - Program cohort default rates
  - Loan repayment rates
  - Median loan debt
  - Percent borrowing
  - Completion rates and withdrawal rates
  - Placement rates

## Experimental Sites

- Not Open for New Schools –
  - Pell for short-term career programs
  - Pell for students with a bachelors degree
- Open for New Schools –
  - Reduced Unsubsidized Loans
  - FWS for High School Tutors
  - Prior Learning Assessments
  - Competency Based Education
  - Limited Direct Assessment

## Experimental Sites

- Most Recent (Closed for New Schools) –
  - Expanded Competency Based Education
  - “Second Chance Pell” for incarcerated students
  - Dual Enrollment – High school and postsecondary
- Possible
  - Loan Counseling



**Thank You**