

GENERAL SESSION 4:

FEDERAL UPDATE AND COMING ATTRactions

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U.S. Department of Education

2020 FSA Training Conference for Financial Aid Professionals

December 2020

AGENDA

- 01 Negotiated Rulemaking Updates
- 02 Financial Responsibility
- 03 COVID-19 Waivers and Flexibilities
- 04 Other Noteworthy Items
- 05 Operational Updates and Reminders

NEGOTIATED RULEMAKING

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Accreditation and Innovation package

- Main committee plus three subcommittees
- July 31, 2018 - Notice: Intent to establish rulemaking committee; public hearings
- October 15, 2018 – Notice: Negotiator nominations and meeting schedule

Website:

<https://www2.ed.gov/policy/highered/reg/hearulemaking/2018/index.html>

(or search for Negotiated Rulemaking Higher Education 2018-19)

NEGOTIATED RULEMAKING

Accreditation and State Authorization (presentation at 2019 conference)

- June 12, 2019 – Notice of Proposed Rulemaking (NPRM)
- November 1, 2019 – Final Rule
- July 1, 2020 – Effective date

NEGOTIATED RULEMAKING

TEACH Grants and Faith-Based Entities

Breakout Session 13: Regulatory Update – TEACH Grant and State Authorization Distance Education Final Regulations; Thursday, 11:45 AM – 12:30 PM EST

- December 11, 2019 – NPRM
- August 14, 2020 – Final Rule
- July 1, 2021 – Effective date (with early implementation option)

TEACH Grant Goals:

- Minimize TEACH Grants to loan conversions
- Simplify and clarify other areas of TEACH regulations

NEGOTIATED RULEMAKING

TEACH Grants and Faith-Based Entities

- December 11, 2019 – NPRM
- August 14, 2020 – Final Rule
- July 1, 2021 – Effective date (with early implementation option)

Faith-Based Goal: update regulatory provisions

- Supreme Court decision – Trinity Lutheran Church of Columbia, Inc. v. Comer
- U.S. Attorney General’s Memorandum on Federal Law Protections for Religious Liberty re: Executive Order 13798

NEGOTIATED RULEMAKING

Distance Education and Innovation

Breakout Session 12: Regulatory Update - Distance Education; Wednesday, 11:15 am – 12:00pm EST

- April 2, 2020 – NPRM
- September 2, 2020 – Final Rule
- July 1, 2021 – Effective date (with early implementation option)

GOAL: Create new regulations and update existing regulations to remove barriers and allow for innovation while providing guardrails to protect students

NEGOTIATED RULEMAKING

Gainful Employment

- August 14, 2018 – NPRM
- July 1, 2019 – Final Rule
- July 1, 2020 – Effective date

- **Rescission** of GE regulations in 34 CFR 668 subparts Q and R

NEGOTIATED RULEMAKING

Gainful Employment

**RESCISSION OF GE PROGRAMS
OUTLINED IN 34 CFR 668 SUBPARTS
Q AND R, INCLUDING:**

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

**ANY REQUIREMENTS OUTSIDE OF 34
CFR 668 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

NEGOTIATED RULEMAKING

Borrower Defense to Repayment

- July 31, 2018 – NPRM
- September 23, 2019 – Final Rule
- July 1, 2020 – Effective date

- Regulations will apply to all Federal student loans made on or after July 1, 2020
- Early implementation was allowed for financial ratios under § 668.172(d), and appendix A and B under subpart L (financial responsibility)

FINANCIAL RESPONSIBILITY

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Session 11 - Regulatory Update, Financial Responsibility; Thursday, 1:30-2:15 PM EST

- Composite score changes
- Updates due to Financial Accounting Standards Board (FASB) changes
- Triggering events for surety

Negotiated Rulemaking - 2017-2018

<https://www2.ed.gov/policy/highered/reg/hearulemaking/2017/index.html>

- July 31, 2018 - NPRM
- September 23, 2019 - Final Rule
- Effective Date: July 1, 2020
- April 9, 2020 - Q and A ([Electronic Announcement](#))

COVID-19 WAIVERS AND FLEXIBILITIES

COVID-19 WAIVERS AND FLEXIBILITIES

COVID-19 Impact on higher education

General Session #5 - Federal Update: COVID-19 Higher Education Policy; Wednesday, 1:00pm – 2:00pm EST

CARES Act funding for institutions and students

Breakout Session #14 - Higher Education Emergency Relief Fund (HEERF) Reporting; Wednesday, 3:45 – 4:15 PM EST

COVID-19 WAIVERS AND FLEXIBILITIES

COVID-19 Waivers and Flexibilities

Authority to provide exceptions

Location of resources:

- ed.gov/coronavirus
- ifap.ed.gov

COVID-19 WAIVERS AND FLEXIBILITIES

Updated deadlines for flexibilities related to Coronavirus (COVID-19)

- ED extended the deadline for all flexibilities related to the COVID-19 emergency through the end of the payment period that includes December 31, 2020 or the end of the payment period that includes the end date for the Federally-declared emergency related to COVID-19, whichever occurs later
- Electronic Announcement released August 21, 2020 lists several exceptions to the general deadline

COVID-19 WAIVERS AND FLEXIBILITIES

2020 - Key Guidance:

- March 5 (pre-CARES Act*)
- March 17 (Accrediting agencies)
- March 20
- April 3
- May 15
- June 16 (FAQ)
- July 9 (PJ, Verification)
- July 10
- October 5 (Q and A)
- *More to come...*

**The Coronavirus Aid, Relief, and Economic Security Act or, CARES Act, was passed by Congress and signed by President Donald J. Trump on March 27, 2020.*

OTHER NOTEWORTHY ITEMS

2021–22 VERIFICATION

Session #19 – Verification (2020-21 and 2021-22), Wednesday
11:15 AM – 12:00pm EST

- Same data items
- No changes to the verification tracking groups
- Acceptable documentation in the *Federal Register* Notice on September 3, 2020
- 2021-22 FAFSA[®] Verification Suggested Text published September 25, 2020

ABILITY TO BENEFIT (ATB)

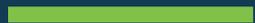
Students enrolled in an eligible career pathway program and who are not high school graduates, may be eligible to receive *Title IV* aid under an ATB alternatives:

- Passes an independently administered ED – approved ATB test
- Completes at least six credit-hours or 225 clock-hours applicable toward a degree/certificate offered by the postsecondary institution
- Completes a State process approved by ED (two currently approved)

RECISSION OF OUTDATED GUIDANCE DOCUMENTS

- On August 31, 2020 the Secretary published a Federal Register Notice announcing the guidance documents the Department is rescinding because they are outdated
 - Guidance review conducted under Executive Order 13891
- August 31, 2020 Electronic Announcement links to the Federal Register Notice

OPERATIONAL UPDATES AND REMINDERS



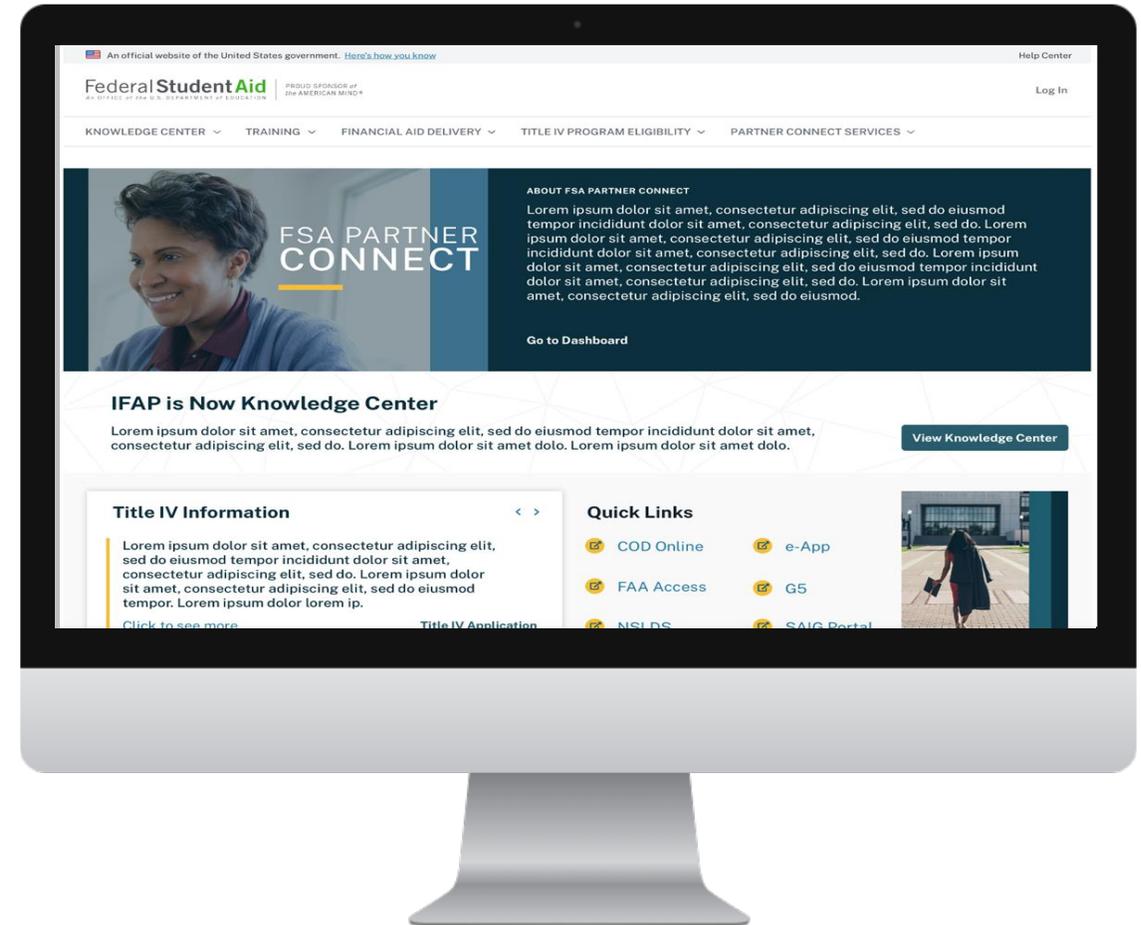
PELL, FSEOG, FWS

- Pell Grant
 - Maximum Federal Pell Grant increased for 2020-21 award year by \$150 to \$6,345
 - Pending Congressional action: Maximum Federal Pell Grant for 2021-22 award year
- Federal Supplemental Opportunity Grant (FSEOG) Program and Federal Work Study (FWS) Program
 - On Continuing Resolution (CR) until December 11, 2020

FSA PARTNER CONNECT

Learn more about the new FSA Partner Connect

- Wednesday, December 2 (2:00 – 2:30 pm)
General Session #8: FSA Next Gen Introduces FSA Partner Connect
- Wednesday, December 2 (4:30 – 5:15pm)
Breakout Session #25: FSA Partner Connect Preview
- Friday, December 4 (11:15 – 11:45am)
Breakout Session #26: Accessing FSA Partner Connect for Destination Point Administrators



HIGHER EDUCATION ACT – SECTION 117

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 \$250,00)*
3. Entered into a contract with a foreign source (\geq \$250,000)*

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

WHEN ARE SECTION 117 REPORTS DUE?

An institution **MUST** file every 6 months

- By January 31st for preceding July 1st – December 31st
- By July 31st for preceding January 1st – June 30th

HIGHER EDUCATION ACT – SECTION 117

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

See June 22, 2020 Electronic Announcement for more information:

<https://ifap.ed.gov/electronic-announcements/062220ReminderRprtOwnerContrlContrctsGiftsForeignSrc>

If you have questions about the Department's Section 117 efforts or information you wish to provide on related issues, please send to:

ForeignSourceReporting@ed.gov

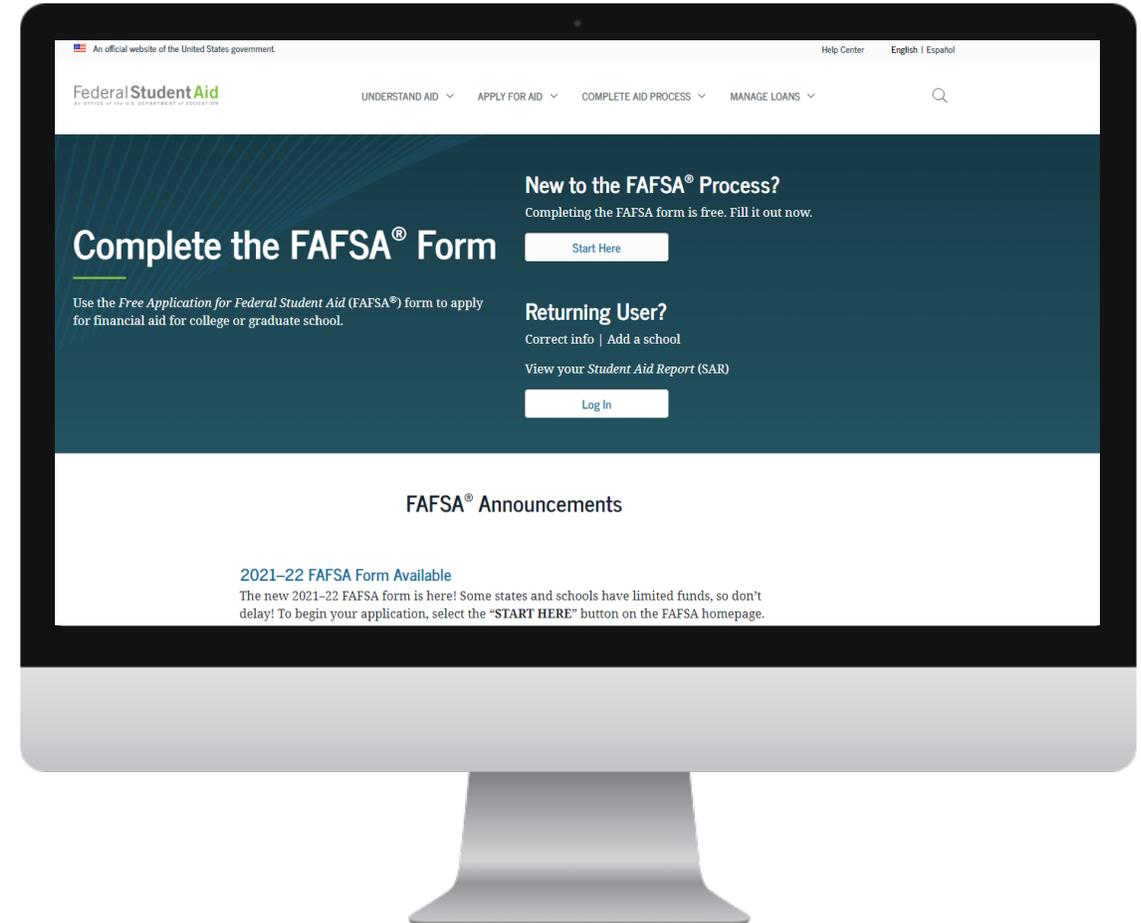
PERKINS LOAN UPDATES



- Ensure Part III of the FISAP Perkins information is correctly reported
- Report to NSLDS[®] monthly
- Distribution of Assets process – after the FISAP correction deadline of December 15, 2020
- Schools are expected to assign loans to the Department that have been in default greater than 2 years

2021-22 FAFSA® UPDATES

- 2021-22 FAFSA cycle began October 1, 2020.
 - The application is available until June 30, 2022
- See [October 1, 2020 Electronic Announcement](#) for summary of changes, updated resources, and sign up to receive partner email update



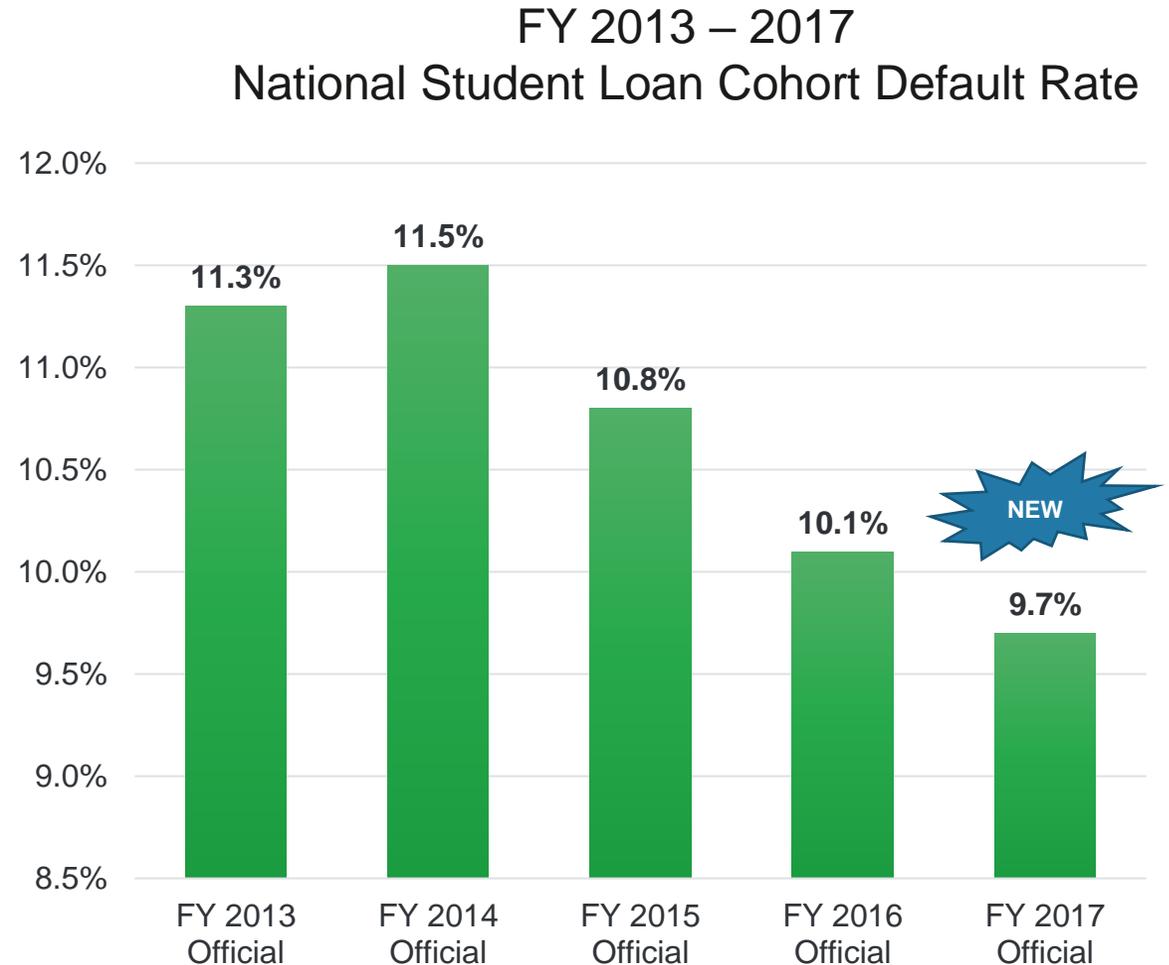
NATIONAL STUDENT LOAN COHORT DEFAULT RATES (CDR)

The Fiscal Year (FY) 2017 official national rate: 9.7%

- Represents a decrease from FY 2016 official rate of 10.1%

For more information and data about CDRs:

- September 28, 2020: [Distribution of CDR notification packages to schools EA](#)
- September 30, 2020: [Default Rate Briefing for FY 2017 Official CDR EA](#)



REVISED MASTER PROMISSORY NOTES (MPNs)

APRIL 24, 2020 – ELECTRONIC ANNOUNCEMENT

- Revised version of the Master Promissory Note for Direct Subsidized/ Unsubsidized Loan and Direct PLUS Loan on [Studentaid.gov](https://studentaid.gov)
- The new expiration date for both MPNs is July 31, 2022



2020 – 2021 FEDERAL LOAN INTEREST RATES



May 15, 2020 – Electronic Announcement

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

FEDERAL LOAN ORIGINATION FEE CHANGE

OCTOBER 1, 2020

June 29, 2020 – Electronic Announcement

Any loan disbursement for a loan where the first disbursement is/will be...	The origination fee percentage (%) for Direct Subsidized Loans and Unsubsidized Loans is...	The origination fee percentage (%) for Direct PLUS Loans is...
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%

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 1st disbursement of the 1st 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
- For new 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 and Session #27, Annual Student Loan Acknowledgement, Tuesday 3:30-4:00pm (EST)

2020 CIP CODES

- 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 or 202-245-6550

REVISED CLERY ACT GUIDANCE

OCTOBER 09, 2020 – ELECTRONIC ANNOUNCEMENT



- Rescinds 2016 Handbook for Campus Safety and Security Reporting
- Provides clarity to existing requirements under applicable statutory and regulatory provisions
- Significant Changes from the 2016 Handbook:
 - Clery Geography
 - Clery Crimes
 - Campus Security Authorities
- [Electronic Announcement](#) includes new Clery Act Appendix for FSA Handbook

THANK YOU!



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