

# FEDERAL UPDATE

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

# AGENDA

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- 01** Negotiated Rulemaking Updates
- 02** Distance Education and Innovation Regulations
- 03** COVID-19 Waivers and Flexibilities
- 04** Legislative Update
- 05** Operational Updates and Reminders
- 06** Resources

# NEGOTIATED RULEMAKING UPDATES

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# PUBLIC HEARINGS

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- Regulatory agenda announced [May 26, 2021 Federal Register notice](#)
  - Affordability of postsecondary education
  - Institutional accountability
  - Federal student loans
- Virtual hearings for public comment held June 21, 23 - 24, 2021
- More information at:  
<https://www2.ed.gov/policy/highered/reg/hearulemaking/2021/index.html>

# PROPOSED AGENDA

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- Change of ownership and change in control of institutions of higher education
- Certification procedures for Title IV participation
- Standards of administrative capability
- Ability to benefit
- Borrower defense to repayment
- Total and permanent disability discharges
- Closed school discharges
- Discharges for false certification of student eligibility
- Loan repayment plans
- Public Service Loan Forgiveness
- Mandatory pre-dispute arbitration and prohibition of class action lawsuits provisions in institutions' enrollment agreements and associated counseling
- Financial responsibility and heightened financial risk;
- Gainful employment
- Pell Grant eligibility for prison education programs

# DISTANCE EDUCATION AND INNOVATION REGULATIONS

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# DISTANCE EDUCATION REGULATIONS

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## Timeline

- Notice of Proposed Rulemaking April 2, 2020
- Final Rules published September 2, 2020
- Effective July 1, 2021



# DISTANCE EDUCATION REGULATIONS

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## Modified definitions:

- Clock hour
- Correspondence course
- Credit hour
- Distance education
- Incarcerated student
- Nonprofit institution

## New definitions:

- Academic engagement
- Juvenile justice facility

## Additional guidance:

- Direct Assessment program requirements and approval process

# DISTANCE EDUCATION REGULATIONS

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## Eligibility review timeframe

- ED must act within 12 months of current PPA expiration date

## Foreign institutions

- Students may complete up to 25% of eligible program at eligible U.S. institution
- Direct Loan borrowers in dissertation phase of doctoral program may still perform research in U.S. for not more than one academic year

# DISTANCE EDUCATION REGULATIONS

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## Reasonable relationship

- Program length
- Licensure requirements for recognized occupation for which program prepares students

## Modified clock-to-credit hour conversion

- One semester/ trimester hour = 30 clock hours
- One quarter hour = 20 clock hours
- Removes consideration of homework time



# DISTANCE EDUCATION REGULATIONS

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## Implementation of clock-to-credit hour conversion

- May 25, 2021 Electronic Announcement ([EA ID: GENERAL-21-34](#))
- If new conversion **increases Title IV credit hours**, schools must ***immediately update*** program information on **E-App**
- If not, schools update clock hours at next update or recertification



# DISTANCE EDUCATION REGULATIONS

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## Changes to Return of Title IV Funds (R2T4)

- Not considered withdrawn if:
  1. Student **completes** all **graduation requirements** before completing days scheduled to complete in period; or
  2. Student **completes** one or more modules totaling **49%** or more of days in payment period, or **at least half-time enrollment**; or
  3. School obtains **written confirmation** that student will **resume attendance** at later point in period
- Denominator in R2T4 calculation based on hours included in determination of Title IV awards

# DISTANCE EDUCATION REGULATIONS

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## Changes to Satisfactory Academic Progress (SAP):

- Credit hour programs may use *credits completed over calendar time*
  - Maximum timeframe
  - Pace evaluation (quantitative)
- Pace evaluation not required for nonterm credit-hour or clock-hour programs
  - SAP still includes *qualitative* and maximum timeframe evaluations



# DISTANCE EDUCATION REGULATIONS

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## Webinars by the Office of Postsecondary Education:

- Satisfactory Academic Progress and Return of Title IV Funds
- Distance Education and Institutional Eligibility
- Subscription-Based Programs

## Training materials available:

- OPE's [Negotiated Rulemaking 2018-19](#) webpage; and
- [FSA Training Center](#)
- [Dear Colleague Letter ANN-21-07](#)

# COVID-19 WAIVERS AND FLEXIBILITIES

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# COVID-19 WAIVERS AND FLEXIBILITIES

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## Guidance and FAQs for Higher Education Emergency Relief Fund

- [CARES Act HEERF](#)
- [HEERF Audit Guide](#)

## Guidance and FAQs for Title IV Programs

- [Higher Education COVID-19 FAQs and Responses](#)
- [OPE COVID-19 FAQs](#)

# COVID-19 WAIVERS AND FLEXIBILITIES

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- [EA ID: OPE Announcements-21-05](#)
  - Waiver, deadline updates and extensions in [December 11, 2020, Federal Register notice](#)
  - COVID-19 relief and flexibilities chart in [Attachment](#)
- [EA ID: GENERAL-21-19](#): Clarification of R2T4 CARES Act relief guidance
- [EA ID: COD-21-02](#) and [EA ID: COD-21-03](#)
  - R2T4 Lump Sum Reporting Tool now available in COD
- Deadlines for entering Coronavirus Indicator and reporting funds not returned due to CARES Act relief:
  - 2020-21 withdrawals: September 30, 2021
  - 2021-22 withdrawals: September 30, 2022

# COVID-19 WAIVERS AND FLEXIBILITIES

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## Frequently Asked Questions

**Q1:** How long will ED maintain flexibilities for distance education?

**A1:** Until the end of the payment period that begins *after* the date on which the Federally-declared national emergency related to COVID-19 is rescinded.

# COVID-19 WAIVERS AND FLEXIBILITIES

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## Frequently Asked Questions

**Q2:** Will the **FSEOG institutional match waiver** and the **automatic underuse waiver** for campus-based aid apply to the **2022-23** award year?

**A2:** **No.** FSEOG institutional **match waiver** only applies to the **2019-20** and **2020-21** award years. The **automatic underuse waiver** only applies to the **2020-21** and **2021-22** award years.

But CARES Act provisions for transfer of FWS to FSEOG and FSEOG Emergency Grant authority extend through the end of the payment period that *includes* the last date the COVID-19 national emergency is in effect.

# COVID-19 WAIVERS AND FLEXIBILITIES

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## Waiver of V1 verification

- [Dear Colleague Letter GEN-21-05](#) (published July 13, 2021)
  - Waives all\* verification requirements for 2021-22 award year
  - Applies no matter where institutions are in verification process
  - Must still:
    - Resolve conflicting information
    - Report valid Verification Status Code for every student selected for verification by ED

\* *Except* Identity/Statement of Educational Purpose and High School Completion Status under V4 and V5

# LEGISLATIVE UPDATE

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# STOP STUDENT DEBT RELIEF SCAMS ACT OF 2019

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## PUBLIC LAW 116-251

- Effective June 20, 2021
  - Impose criminal sanctions
    - [EA ID: GENERAL 21-59](#)
  - Update exit Counseling
  - Prevent improper access
  - Detect and report of suspicious activity



# CONSOLIDATED APPROPRIATIONS ACT 2021

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## PUBLIC LAW NUMBER 116-260

Signed into law December 27, 2020

- Title IV Program Appropriations
- FAFSA Simplification Act



# TITLE IV PROGRAM APPROPRIATIONS

Program	Enacted FY 2021	Enacted FY 2020	Difference
Federal Pell Grant	\$24.545 B	\$22.475 B	+ \$2.1 B
Maximum Pell Grant	\$6,495	\$6,345	+ \$150
FSEOG	\$880 M	\$865 M	+ \$15 M
Federal Work-Study	\$1.2 B	\$1.18 B	+ \$10 M

# PELL GRANTS

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- Increased \$150 for 2020-21 award year to \$6,345 max
- Increased \$150 for 2021-22 award year to \$6,495 max
- [2021-22 Federal Pell Grant Payment and Disbursement Schedules](#)



# FAFSA SIMPLIFICATION ACT

- FUTURE Act
- *FAFSA Simplification Act* Provisions
- Outreach and Engagement



# COORDINATION WITH *FUTURE ACT*

*Fostering Undergraduate Talent and Unlocking Resources for Education Act*  
*Public L. No. 116-91 (December 19, 2019)*



Automatic data exchange for FAFSA



Calculate and recertify income-driven repayment (IDR) plans



Confirm income for total and permanent disability (TPD) discharge

# FAFSA SIMPLIFICATION ACT

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- Sweeping overhaul of FSA systems, processes
- Simple is not easy
  - User experience
  - Back-end systems
- Phased implementation



## FAFSA Simplification Act & FUTURE Act Implementation Timeline

- Repeal of the Subsidized Usage Limited Applied (SULA) calculation
- Removal of negative consequences associated with drug convictions or failure to register for Selective Service

Award Year 2021-22

2022-23

2023-24

2024-25

# SULA REPEAL

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Effective July 1, 2021

- No 150% limit on new Direct Subsidized Loans
- No Loss of Subsidy determinations on existing Direct Subsidized Loans
- More information at [EA ID: DL-21-04](#)
- Monitor [Knowledge Center](#) for updates
  - Sign up for Electronic Announcement and Dear Colleague Letter notifications

# REMOVAL OF SELECTIVE SERVICE AND DRUG CONVICTION REQUIREMENTS

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## [Dear Colleague Letter GEN-21-04](#) (published June 11, 2021)

- Amends Sec. 484 of HEA to remove:
  - Requirement for male students register with Selective Service before age 26
  - Suspension of eligibility for Title IV aid for drug-related convictions that occurred while receiving Title IV aid

# FAFSA SIMPLIFICATION - SAI

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## STUDENT AID INDEX (SAI)

- SAI will replace Expected Family Contribution (EFC)
- SAI will determine eligibility for need-based aid except Pell Grant
  - Pell Grant will use different eligibility formula
  - Pell amounts less than maximum to be based on SAI

# FAFSA SIMPLIFICATION - SAI

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## STUDENT AID INDEX (SAI)

- SAI only to include income information available from IRS
- SAI to change what counts as assets and how they are treated
- SAI could be negative number
- “Auto-Zero” SAI available if students
  - Not required to file Federal tax return, or
  - Qualify for maximum Pell Grant

# PELL GRANT PROVISIONS

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- Pell eligibility requirements
  - Adjusted Gross Income (AGI)
  - Household size
  - Poverty guidelines
- Pell awards less than maximum affected by SAI
- Incarcerated students enrolled in eligible prison education program are Pell eligible if otherwise eligible

# PELL LIFETIME ELIGIBILITY USED (LEU) RESTORATION

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- HEA limits Pell eligibility to 12 semesters or equivalent
- *FAFSA Simplification Act* restores Pell eligibility
  - If student unable to complete course of study because of school closure
  - If student's previous eligibility was “falsely certified”
  - Recipient also has loan discharged due to borrower defense

# OPERATIONAL UPDATES AND REMINDERS

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# DESIGNATED ENTITIES

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Entities receiving FAFSA data to help administer specific benefit programs:

- **U.S. Department of Agriculture** – Supplemental Nutrition Assistance Program (SNAP)
- **Federal Communication Commission** – Emergency Broadband Benefit (EBB) program
- **U.S. Department of Health and Human Services** – Individuals purchasing health insurance through Federally Facilitated Marketplace
- **U.S. Department of Labor** – Pandemic Unemployment Assistance (PUA) program
- **U.S. Department of the Treasury** – Child Tax Credit (CTC) and Economic Impact Payments

# PERKINS LOAN UPDATES

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- Report to NSLDS® monthly
- Distribution of Assets process – after FISAP correction deadline of December 17, 2021
- Schools are expected to assign loans to the Department that have been in default greater than 2 years

# 2021 – 22 FEDERAL LOAN INTEREST RATES

[May 19, 2021– Electronic Announcement](#)



<b>Federal Direct Loans disbursed July 1, 2021 through June 30, 2022</b>	
Direct Subsidized Loans and Direct Unsubsidized Loans for <b>Undergraduate</b> students	3.73%
Direct Unsubsidized Loans for <b>Graduate</b> and <b>Professional</b> students	5.28%
Direct PLUS Loans for <b>Parents of Dependent Undergraduate</b> students and <b>Graduate or Professional</b> students	6.28%

# FEDERAL LOAN ORIGINATION FEE CHANGE

[May 17, 2021 – Electronic Announcement](#)

<b>Any loan disbursement for loan where first disbursement is/will be...</b>	<b>Origination fee percentage (%) for Direct Subsidized Loans and Unsubsidized Loans is...</b>	<b>Origination fee percentage (%) for Direct PLUS Loans is...</b>
On or after October 1, 2020 and before October 1, 2021	1.057%	4.228%
On or after October 1, 2021 and before October 1, 2022	1.057%	4.228%

# WHAT WE COVERED

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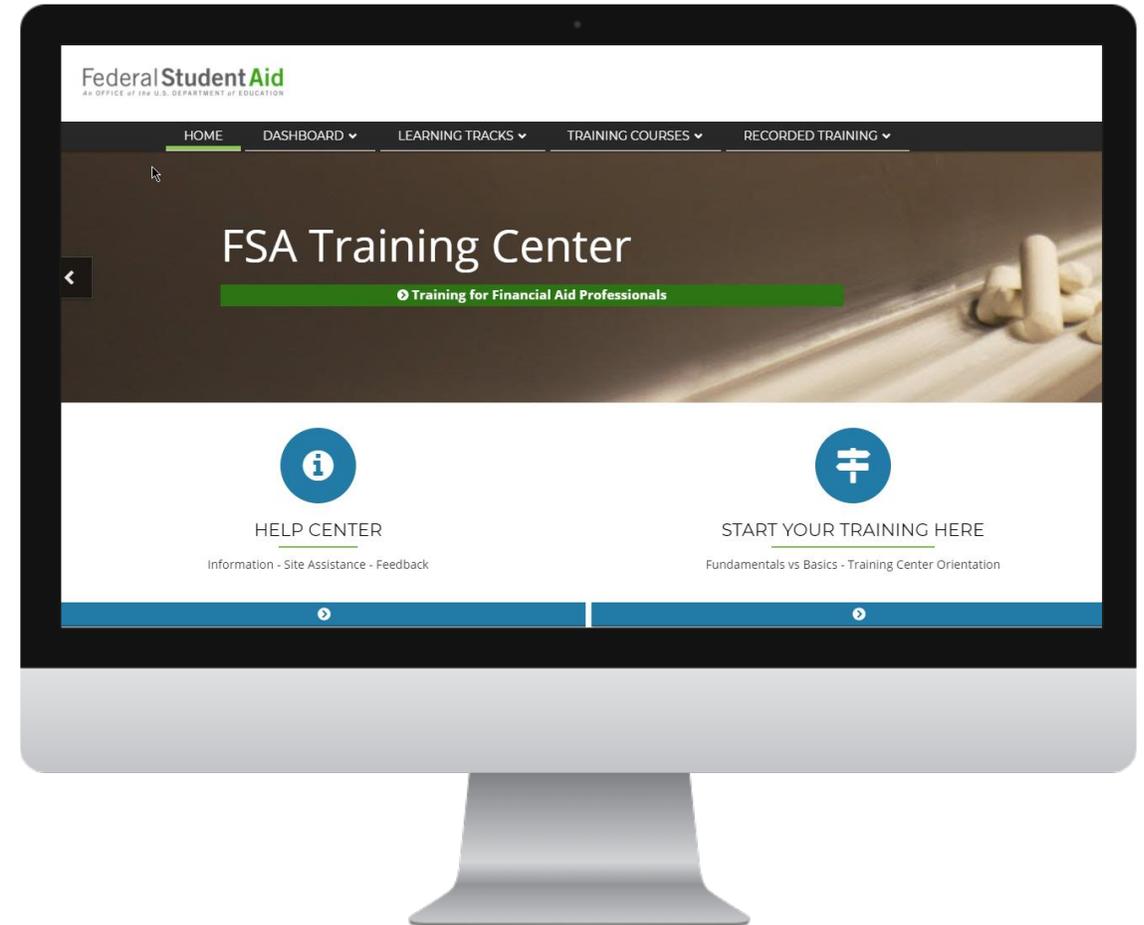
# RESOURCES

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# FSA TRAINING CENTER

[fsatraining.ed.gov](https://fsatraining.ed.gov)

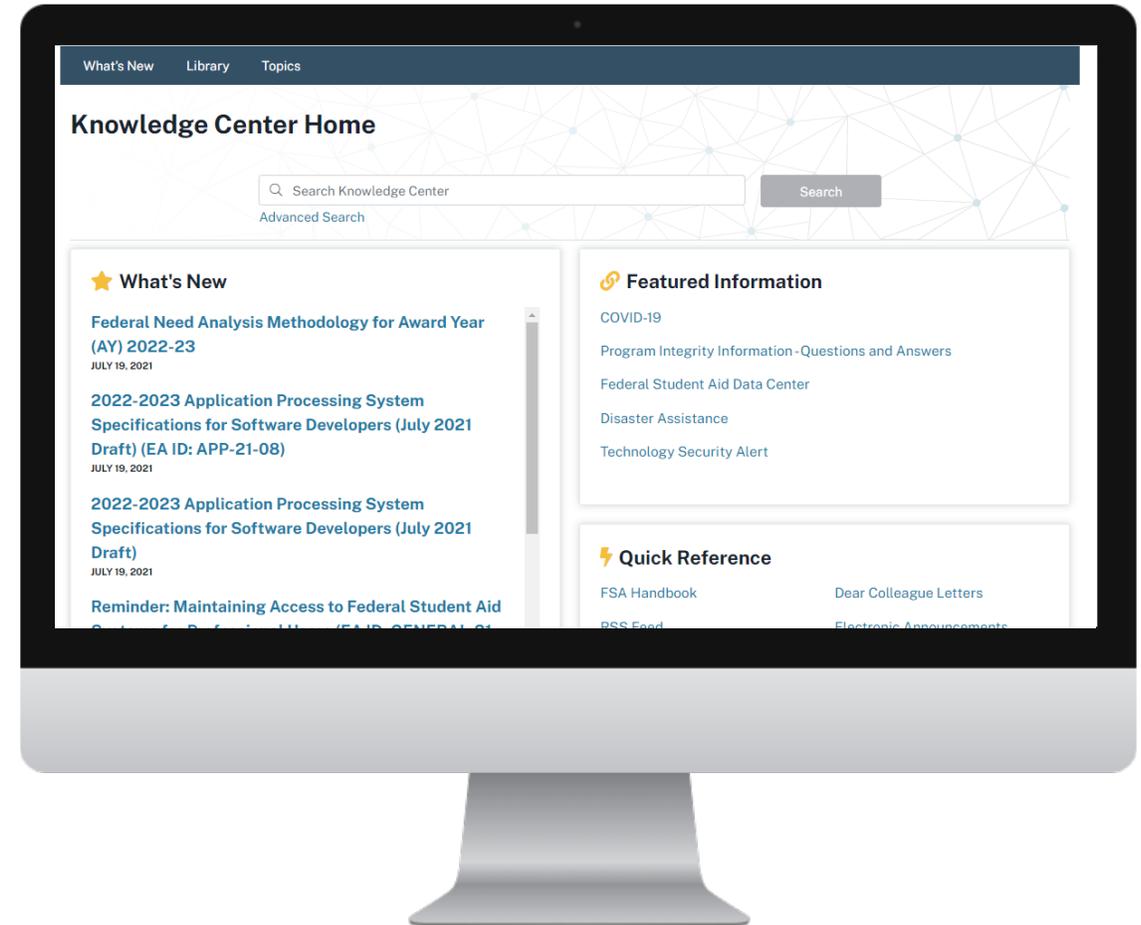
Check out learning tracks, software training, recorded policy videos here, and register for *FSA Fundamentals Training* series or *FSA Basics for New Staff* course.



# KNOWLEDGE CENTER

[fsapartners.ed.gov/knowledge-center](https://fsapartners.ed.gov/knowledge-center)

IFAP is now the Knowledge Center! Subscribe for daily or weekly email updates.



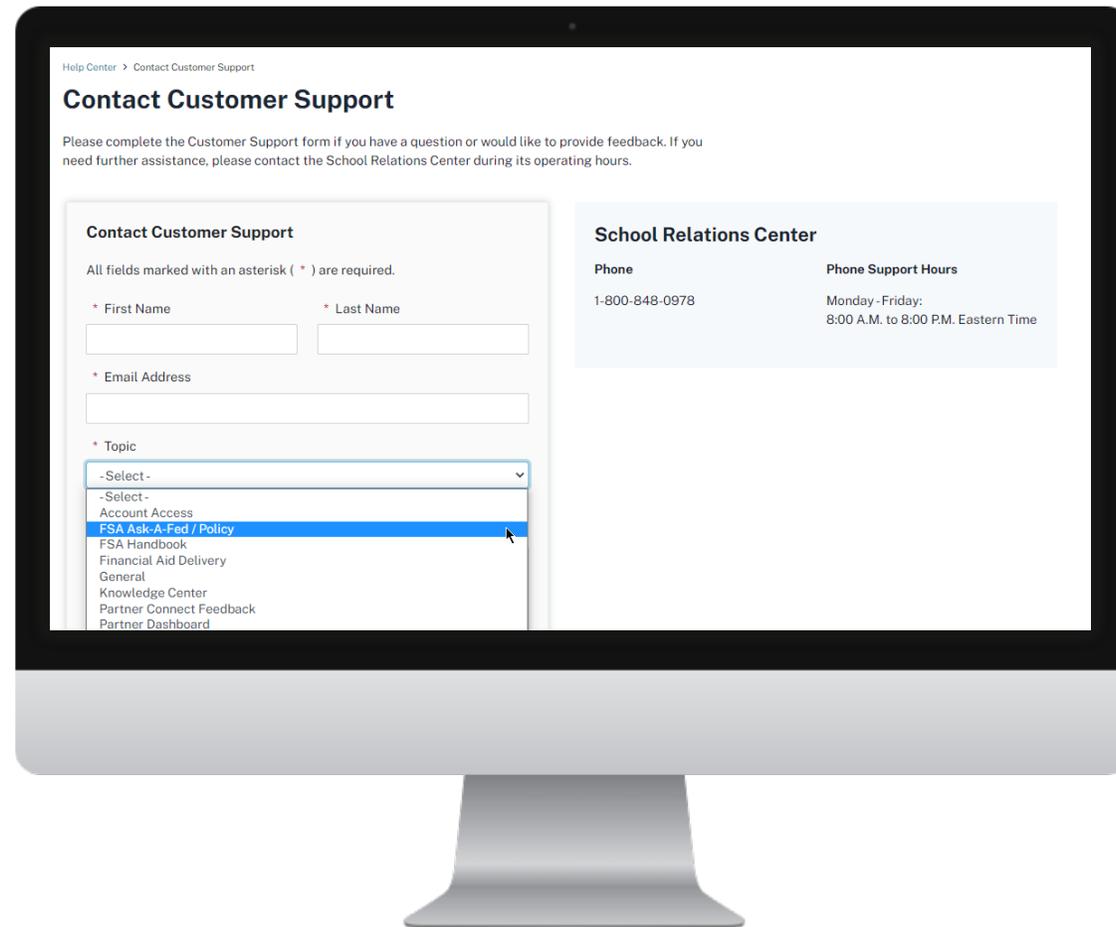
# QUESTIONS & ANSWERS



# GETTING HELP

[fsapartners.ed.gov/help-center/](https://fsapartners.ed.gov/help-center/)

For policy questions, use *Contact Customer Support Form* in Help Center on FSA Partner Connect. Choose “Ask A Fed/Policy” in Topic dropdown list.



The screenshot shows a computer monitor displaying the 'Contact Customer Support' form. The form is titled 'Contact Customer Support' and includes a breadcrumb trail: 'Help Center > Contact Customer Support'. Below the title, there is a brief instruction: 'Please complete the Customer Support form if you have a question or would like to provide feedback. If you need further assistance, please contact the School Relations Center during its operating hours.' The form itself is divided into two main sections. The left section, titled 'Contact Customer Support', contains several required fields: 'First Name', 'Last Name', 'Email Address', and 'Topic'. The 'Topic' dropdown menu is open, showing a list of options: '-Select-', '-Select-', 'Account Access', 'FSA Ask-A-Fed / Policy' (which is highlighted in blue), 'FSA Handbook', 'Financial Aid Delivery', 'General', 'Knowledge Center', 'Partner Connect Feedback', and 'Partner Dashboard'. The right section, titled 'School Relations Center', provides contact information: 'Phone: 1-800-848-0978' and 'Phone Support Hours: Monday - Friday: 8:00 A.M. to 8:00 P.M. Eastern Time'.

# THANK YOU!



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