

Federal Update

Bruce Honer, Training Officer / October 21, 2016
U.S. Department of Education

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Agenda

Early FAFSA / Prior Prior Year	2017-18 Verification
Regulatory Activity	Dear Colleague Letters & Electronic Announcements
Training Opportunities	

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2017-2018 Early FAFSA Prior Prior Year



For Discussion Purposes Only

2017-2018 Application Changes

- 2017-2018 Major Processing Announcements
 - Early FAFSA Launch
 - Beginning with 2017-2018, the FAFSA cycle will begin October 1 instead of January 1
 - 2017-18 FAFSA available Oct. 1, 2016, at fafsa.gov
 - Change to October 1 launch will be permanent
 - Prior-Prior Year Income
 - Beginning with 2017-2018, FAFSA income information will come from the "prior-prior year"
 - 2017-2018 FAFSA will collect tax year 2015 income information
 - IRS Data Retrieval Tool available at time of launch

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2017-18 FAFSA Changes

CHANGES TO THE FAFSA PROCESS FOR 2017-18

SUBMIT A FAFSA EARLIER: Students will be able to submit 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 their FAFSA as early as October 1 every year. (There is NO CHANGE to the 2016-17 schedule. The 2016-17 FAFSA became available Jan. 1, 2016.)

USE EARLIER INCOME AND TAX INFORMATION: Beginning with the 2017-18 FAFSA, students will report income and tax information from an earlier tax year. For example, on the 2017-18 FAFSA, students (and parents, as appropriate) will report their 2015 income and tax information, rather than their 2016 income and tax information.

Here's a summary of key dates for submitting the FAFSA depending on when you plan to go to school.

IF YOU PLAN TO ATTEND COLLEGE FROM	YOU WILL SUBMIT THIS FAFSA	YOU CAN SUBMIT THE FAFSA FROM	USING INCOME AND TAX INFORMATION FROM
July 1, 2015-June 30, 2016	2015-16	January 1, 2015-June 30, 2016	2014
July 1, 2016-June 30, 2017	2016-17	January 1, 2016-June 30, 2017	2015
July 1, 2017-June 30, 2018	2017-18	October 1, 2016-June 30, 2018	2015
July 1, 2018-June 30, 2019	2018-19	October 1, 2017-June 30, 2019	2016

Federal Student Aid StudentAid.gov/fafsa

Early FAFSA/Prior-Prior Year: Issues

We've heard your concerns about....

- Outreach
 - Early FAFSA Webpage (right-hand side of IFAP)
 - <http://ifap.ed.gov/EarlyFAFSA/indexV1.html>
 - Periodic EAs, DCLs, training, Resources on IFAP
 - Q & As recently added
 - Student websites, publications, communications will be updated appropriately and as timely as possible
 - "Early FAFSA" mailbox for the community to contribute thoughts, ideas, and concerns on the implementation of the 2017-2018 Early FAFSA
 - "Early FAFSA" mailbox - EarlyFAFSAFeedback@ed.gov

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Early FAFSA/Prior-Prior Year: Issues

Materials and Resources for Outreach

- **FAFSA:** FinancialAidToolkit.ed.gov/fafsa
- **Resources:** FinancialAidToolkit.ed.gov/resources
- **FAFSA Changes:** FinancialAidToolkit.ed.gov/fafsa-changes
 - Talking points
 - Table of FAFSA launch dates and tax years
 - Fact sheets for counselors and parents & college students
 - Outreach calendar
 - PowerPoint presentations
 - Information about upcoming webinars

Early FAFSA/Prior-Prior Year: Issues

We've heard your concerns about...

- Verification
 - May be some changes but overall process will be the same
 - In most cases financial data processed by IRS
- Conflicting information (16/17 vs. 17/18 data)
 - ED working to determine how to handle conflicting information during transitional year (e.g. 2015 financial data)
 - *2/18/16 EA - most effective way to reduce likelihood of conflicting information is to encourage use of IRS DRT in 16/17 and 17/18*
 - GEN-16-14 – resolving conflicting information for 2015 income and tax information

GEN-16-14: Conflicting Information


- Institutionally required resolution
 - Student's 2017-18 ISIR and SAR will be flagged with 'C' code and comment code 399
 - Will NOT be included on the 2016-17 ISIR
 - Regardless if selected for verification
 - If comment code 399 not included on 2017-18 ISIR, school is not required to determine if there are any differences in income or tax information between two ISIRs
 - *However, any other conflicting information (e.g., citizenship status or HS completion status) must be resolved*

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Code 399 Incorrectly Assigned

EA Ann: October 13, 2016



- CPS Reprocessing on October 17, 2016 to Update Records Incorrectly Assigned SAR Comment Code 399
 - Reprocessed ISIRs will include SAR Comment Code 172 and Reprocessed Reason Code 02 (ISIR Field #230)

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2017-2018 Important Dates

- August 2016
 - EFC Formula Guide
 - SAR Comments Code and Text Guide
 - ISIR Guide
- September 2016
 - CPS Web Applications Demo System availability
- October 2016
 - FAFSA on the Web available (10/1/16)
 - FAA Access to CPS Online availability (10/1/16)
 - IRS Data Retrieval Tool available (10/1/16)
 - Student Aid Report distribution begins (10/3/16)


May 6, 2016 Electronic Announcement

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2017-18 Maximum Pell Award

Electronic Ann: September 30, 2016

- Whitehouse announces 2017-18 Maximum Pell Award = \$5,920
- Pell Chart release in mid-October

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What is not necessarily changing...

- When Pell origination/disbursement records can be sent to COD
- When Pell funds will be available in G5
- When award letters may be sent to students (encourage early notification but not required)



Described in detailed in the Early FAFSA Q & As

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2017-2018 Verification

Resources

- Federal Register Notice – April 1, 2016
- GEN-16-07 – April 5, 2016

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4/1/16 Federal Register

- Updates
 - DD Form 214 Certificate of Release or Discharge From Active Duty that indicates an individual is a high school graduate/equivalent can be used as alternative documentation to verify high school completion status

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4/1/16 Federal Register

- Updates
 - Individual selected for verification required to file a 2015 IRS income tax return and granted a filing extension by the IRS or any nontax filer selected for verification (parent, student, etc.) regardless if they earned any income from work, MUST provide:
 - Confirmation of non-filing from the IRS or other relevant taxing authority dated on or after October 1, 2016
 - If person never filed a tax return before, can get letter of nonfiling from the IRS through 4506-T document (box 7)

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2017-2018 Verification

- GEN-16-07
 - Verification Tracking Group V6 is eliminated
 - Schools reminded they can still select items of their choosing for verification
 - SNAP and Child Support Paid removed as individual verification items under V1, V4 or V5

ELIMINATED

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2017-2018 Verification

- GEN-16-07
 - School can use verification documents from 2016-2017 for following items if meet 2017-2018 requirements:
 - Adjusted Gross Income (AGI); U.S. Income Tax Paid ; Untaxed Portions of IRA Distributions; Untaxed Portions of Pensions; IRA Deductions and Payments; Tax Exempt Interest Income; Education Credits; Income Earned from Work
 - Documentation of high school completion obtained prior to the 2017–2018 award year is acceptable
 - Must obtain new documentation each award year for:
 - Number of Household Members
 - Number in College
 - Identity/Statement of Educational Purpose

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Suggested Text – EA 7/29/16

- Contains 3 appendices to assist with crafting school verification documents to gather verification data
- Appendix A – Suggested Text
 - Not required to use ED’s suggested text and formats
 - **ONE EXCEPTION – institutions must use the exact language provided in the “Statement of Educational Purpose” (Groups V4 & V5)**
- Appendix B – Table of verification items
- Appendix C – Verification tracking groups and FAFSA verifiable information

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V4/V5 Tracking Results 2016-2017 & 2017-2018

- The V4 and V5 tracking process in FAA Access that began in the 2014-15 processing year WILL CONTINUE for 2016-17 AND 2017-2018
- Schools need to select the proper award year for which they are providing results
 - 2015-16, 2016-17, 2017-18, etc.

<https://faaaccess.ed.gov>

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Elec. Ann. – 8/19/16



NEW V4/V5 Tracking Results – 2017-18

New Value #6 added to drop down options for 2017-18:

- Dropdown options for 2017-18 will now be:
 1. Verification completed in person, no issues found
 2. Verification completed remotely, no issues found
 3. Verification attempted, issues found with identity
 4. Verification attempted, issues found with HS completion
 5. No response from applicant or unable to locate
 6. **Verification attempted, issues found with both identity and HS completion**

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Elec. Ann. – 8/23/16



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IRS “Get Transcript Online”

- Allows the user to immediately receive an online PDF version of their IRS Tax Return Transcript or, if appropriate, a verification of non-filing
- New enhanced two-step, multi-factor authentication process requires:
 - access to a valid email address,
 - a text-enabled mobile phone in the user’s name, and
 - specific financial account numbers (credit card number, etc.)
- During the new Get Transcript Online registration process, the IRS will send the user a one-time confirmation code via email and an authentication code via text that the user will use to finalize the Get Transcript Online registration

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July 26, 2016 EA

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Regulatory Activity



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Borrower Defense - PROPOSED

- **Notice of Proposed Rulemaking – June 16, 2016**
 - Borrower defense to repayment regulations
 - Establish new Federal standard and process for determining whether borrower has a defense to repayment on a loan based on an act/omission of school
 - Amend DL by prohibiting schools from using certain contract provisions with dispute resolution processes
 - Provide for remedial actions that may be taken to collect losses arising out of claims for which a school is liable
 - Revise the financial responsibility standards and add disclosure requirements for schools
 - Final regulations expected to be posted by 11/1/16

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NPRM – 7/25/16 (PROPOSED)

- **Distance Education and State Authorization**
 - Require an institution offering distance education or correspondence courses *to be authorized by each State in which the institution enrolls students*, if such authorization is required by the State
 - Define the term “State authorization reciprocity agreement” as an agreement between 2 or more States
 - Require an institution to document the State process for resolving complaints from students enrolled in programs offered through distance education
 - Require that an institution provide public and individualized disclosures to enrolled and prospective students regarding its programs offered solely through distance education

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**Additional DCLs
&
Announcements**

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Dear Colleague Letters

- **GEN-16-17 – Campus Policing**
 - Provides information and resources to ensure schools are properly policing campuses, adhering to Cleary Act requirements and meeting all Civil Rights obligations
 - Contains links to the updated Department’s Handbook for Campus Safety and Security Reporting, the President’s Task Force Report, plus several other websites and contact information
 - The Department’s Campus Security webpage is:
 - <http://www2.ed.gov/admins/lead/safety/campus.html>

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Dear Colleague Letters

- **GEN-16-16 – Cost Disclosures (T1 or T2)**
 - No later than September 1, 2017, an institution with a T1 or a T2 arrangement that meets or exceeds the credit balance thresholds must *post certain data prominently on the same website where the institution posts its full contract with a financial account provider*
 - The institution must disclose:
 - total paid or received by parties under the contract
 - any year students open 30 or more financial accounts
 - number of students who had accounts any time under the contract during the most recently completed award year
 - mean & median costs incurred by student account holders

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Dear Colleague Letters

- **GEN-16-16 – Reporting Fee data (T1 or T2)**
 - If school does not have efficient or cost-effective way of calculating cost disclosure information, the school may:
 - Provide student directory information (name, DOB, attendance dates) to account provider and use to determine account holders
 - School must list required data as part of the directory information and students will have option to opt out
 - Students that opt out will not be included in cost disclosure
 - Review accounts linked to a student ID which can be readily identified by the account provider
 - Review the number of accounts opened under a revenue sharing contract

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Dear Colleague Letters

- **GEN-16-15 – 3rd Party Servicer Q & As**
 - Over 20 Q & As on 3rd Party Servicers including:
 - Key definitions, including a chart with examples of functions and services that are or are not considered to be 3rd party servicing
 - Servicers cannot be located outside the U.S. or owned by non-U.S. citizens/nationals or permanent residents
 - What constitutes working on behalf of an institution
 - Compensation not required to be a 3rd party servicer

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Dear Colleague Letters

- **GEN-16-15** – 3rd Party Servicer Q & As
 - Over 20 Q & As on 3rd Party Servicers including:
 - Written contracts between school and 3rd parties servicers are required
 - 3rd party servicer contract requirements and restrictions
 - Notification requirements to ED
 - Data protection requirements (PII)
 - 3rd party servicer audit and audit letter requirements and timeframes

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Dear Colleague Letters

- **ANN 16-14:** Live Internet Webinars – GE
 - Reading Your Draft GE Debt-to-Earnings (D/E) Rates Files and Submitting Challenges
 - October 18, 2016
 - October 25, 2016

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Electronic Announcements

- **10/7/16** – Upcoming Release of SSA Earnings Data
- NSLDS will provide SSA earnings data to each institution
- Sent to SAIG mailbox: GESSFWOP message class
- SSA Earnings Data to be posted on the FSA Data Center in the near future
- Questions: Contact NSLDS Support at 800/999-8219 or nslds@ed.gov

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Electronic Announcements

- **10/13/16** – Upcoming Distribution of Draft GE Debt-to-Earnings (D/E) Rates
- NSLDS will send “GE Debt Measures Backup Data” detail files
- Sent to SAIG mailbox: GEBFLEOP message class
- Will contain GE D/E rates for each GE program at the institution as well as the data used to calculate the rates
- Questions: Contact NSLDS Support at 800/999-8219 or nslds@ed.gov

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Electronic Announcements

- **9/8/16** – Official Cohort Default Rates – FY2013
- On September 26, 2016, the Department will electronically distributed FY 2013 3-Year official cohort default rates to all eligible schools
- *Please don't forget to review your CDR data and appeal as appropriate within the required time frames*
- Questions about default rates - contact fsa.schools.default.management@ed.gov or call the Operations Performance Division Hotline at (202) 377-4259

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Electronic Announcements

9/6/16 – Pell Grant Overpayments

- Reminder when to report Pell Grant overpayments to NSLDS and when to make adjustments to Pell Grant information in the COD System
- Indicate different requirements between school and student errors
- Provide a table summarizing Pell Grant overpayment reporting requirements to NSLDS, the COD System, and G5

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Electronic Announcements

7/19/16 – G-845 submissions

- Verification of eligible non-citizenship statuses must be submitted to the Los Angeles field office:
U.S. Citizenship and Immigration Services (USCIS)
Attn: USCIS SAVE Program Status Verification Office
300 N. Los Angeles Blvd., Room 3204
Los Angeles, CA 90012
- Exception for Battered Immigrant-Qualified Aliens with a Status Under VAWA must still be sent to the Buffalo field office

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Electronic Announcements

7/1/16 – Posting Contract Information and Providing Contract URL to ED

- Schools with either a Tier One (T1) or Tier Two (T2) arrangement must post to their website any contracts or agreements establishing the T1 or T2 arrangements no later than September 1, 2016
 - Updates to the posting must occur within a reasonable time if there are substantive changes
- In addition, the school must also provide to ED the URL for their contract/agreement through <https://studentaid.ed.gov/sa/about/data-center/school/cash-management>

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Training

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Quick Takes Videos


- FSA-related topics that can be completed in about 15 minutes
- Several topics now available
 - ✦ Finding Federal training resources
 - ✦ Conflicting information
 - ✦ Paper secondary confirmation
 - ✦ Professional judgment
 - ✦ Basics in FSA Parts I, II and III



Available now on fsatraining.info

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Questions



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ED Contacts

Research and Customer Care Center
800.433.7327
fsa.customer.support@ed.gov

Reach FSA
855.FSA.4FAA – 1 number to reach 10 contact centers!


Campus-Based Call Center	eZ-Audit
COD	School Eligibility Services Group
CPS/SAIG	Foreign Schools Participation Division
NSLDS	Research and Customer Care Center
G5	Nelnet Total & Permanent Disability

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Contact Information

Contact me with follow-up questions about this session:
 Bruce Honer - Federal Training Officer
bruce.honer@ed.gov; 415-486-5521



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Training Feedback

To ensure quality training we ask all participants to please fill out an online session evaluation

- Go to <http://s.zoomerang.com/s/BruceHoner>
 – Evaluation form is specific to Bruce Honer
- This feedback tool will provide a means to educate and inform areas for improvement and support an effective process for “listening” to our customers
- Additional feedback about training can be directed to joann.borel@ed.gov; 936-201-3298

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Thank You

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