

Federal Update

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U.S. Department of Education

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Agenda

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| Early FAFSA Prior Prior Year Conflicting Information | 2017-18 Verification |
| Gainful Employment | Regulatory Activity |
| Dear Colleague Letters & Electronic Announcements | Training |

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**2017-2018
Early FAFSA
Prior Prior Year
Conflicting Info**



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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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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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 |

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StudentAid.gov/fafsa



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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

Enhanced FAFSA Instructions

- Which FAFSA should you complete?
- For which tax year should you report income and tax information?
- What should you do when your current marital status doesn't match the way you filed your tax return?
- Why should you use the IRS Data Retrieval Tool?

Early FAFSA/Prior-Prior Year: Issues

We've heard your concerns about....

- Professional Judgement (GEN-16-03)
 - Reminded schools of their ability to use PJ and encourages schools to use PJ when appropriate (and properly document)
 - ED acknowledges likely increase in use of PJ
 - ED will modify risk-based compliance models to account for PJ increase
 - Reminded schools to set Professional Judgment Flag to 1 (EFC Adjustment Processed) to indicate that the CPS submission was the result of a PJ determination

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)
 - 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

- ED will identify possible conflicting information resulting from the use of 2015 income and tax information for 2016-2017 and 2017-2018 FAFSAs
 - Limit the burden and minimize instances of conflicting information related to 2015 income and tax information
 - Normal conflicting information rules apply for non-income and tax related information

GEN-16-14: Conflicting Information

- FOTW new edits warn if one or more income or tax amounts reported for 2017-18 differs from amount reported on 2016-17 FAFSA
 - If corrections not entered, comments included on SAR and ISIR
 - Edits NOT triggered if:
 - 2016-17 FAFSA transaction was based on estimated income/taxes
 - Change in dependency status between two years
 - There has been a change in either student's or parents' marital status between two years

GEN-16-14: Conflicting Information

- CPS will identify conflicting information between two years that once resolved would have significant impact on EFC
- CPS will NOT flag if:
 - Student is not expected to be Pell-eligible
 - Change in dependency status between two years
 - Change in student's or parents' marital status between two years
 - PJ was performed in either year

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*

EA: October 21, 2016

- Includes information regarding institutional responsibility to resolve 2017-18 Comment Code 399 conflicting information issues
 - ❖ Reprocessing (10/17/2016)
 - ❖ Graduate students
 - ❖ Professional Judgment

GEN-16-14: Conflicting Information

- Applicability of ISIRs
 - School does NOT have to resolve comment code 399 if:
 - School never received a 2016-2017 ISIR
 - School received a 2016-2017 ISIR but did not and will not disburse TIV aid in *either* year
 - School does have to resolve comment code 399 if:
 - School received 2016-2017 ISIR and disbursed or may disburse TIV aid
 - Unless no longer enrolled in 2016-17 and not expected to enroll in 2017-18
 - School received 2016-2017 ISIR but did not review or process a 2016-2017 ISIR

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GEN-16-14: Conflicting Information

- Resolving potential conflicting information
 - School must compare 2015 income and tax-related ISIR items from both years' ISIRs to determine conflict
 - Compare 17/18 ISIR with 399 code and 16/17 ISIR that was, or will be, used for awarding and disbursing Title IV aid
 - If, in any year, *school had verified conflicting information or IRS DRT was used and no data was changed*, school can assume verified or DRT values are correct and submit changes to other ISIR's year's values
 - Exception
 - If school is aware that subsequent to verification, amended tax return was filed, school must ensure both years' ISIRs based on amended tax data

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GEN-16-14: Conflicting Information

- Conflicts must be resolved if information:
 - Was not verified
 - Was not transferred using IRS DRT
 - Was transferred and then changed or
 - If school is aware amended tax return was filed with IRS
- May need to reach out to student for reasons why data is different between years

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GEN-16-14: Conflicting Information

- Additional disbursements and overpayments
 - 2017-18 FAFSA/ISIR – if required correction is for 2017-18 year, school must use EFC from corrected ISIR to award/disburse
 - 2016-17 FAFSA/ISIR – if required correction is for 2016-17 year, school must ensure that all awards/disbursements for 2016-17 are using corrected 2016-17 ISIR
 - Exception – not required to submit corrections to 2016-2017 ISIR if published deadline September 9, 2017 for making corrections has passed

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GEN-16-14: Conflicting Information

- Unable to resolve
 - Until conflicting information is resolved, school may not disburse any additional 2016-17 or 2017-18 Title IV aid
 - If unable to resolve, either because student didn't respond or adequately clarify reasons for conflicting information, school must consider student in an overaward status for any need-based 2016-17 Title IV aid that was disbursed
 - except FWS – though no more FWS can be earned

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GEN-16-14: Conflicting Information

- Additional disbursements and overpayments
 - Lower EFC: when correction results in lower official 2016-17 EFC, school must disburse any additional 2016-17 aid that it determines student is eligible to receive, consistent with late disbursement rules at 34 CFR 668.164(g)
 - Higher EFC: when correction results in a higher official 2016-17 EFC, school must determine student's 2016-2017 Title IV eligibility based on corrected EFC and may not make any additional 2016-17 disbursements for which the student is no longer eligible
 - Overaward may occur

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2017-18 FAFSA Email Campaign Launch

Electronic Announcement #9- October 27, 2016

- Announces two separate 2017-18 FAFSA renewal reminder email campaigns:
 - October – December 2016
 - January 2017

2017-18 Pell Grant

The White House announced the maximum Pell Grant for the 2017-18 award year

<https://www.whitehouse.gov/the-press-office/2016/09/28/fact-sheet-providing-students-and-families-comprehensive-support-and>

2017-18 Pell Grant

DCL GEN-16-19

- Provides the 2017-18 award year Federal Pell Grant Program payment and disbursement schedules
- Provided earlier than prior year in support of the President's "Early FAFSA" initiative
- Maximum Pell Grant for 2017-18 is \$5920
- Maximum Pell Grant EFC for 2017-18 is 5328
- Minimum Pell Grant for 2017-18 is \$596

Future EAs will provide information about 2017-18 changes to CPS, CPS Online, FAA Access, FOTW, COD, and Ed Express



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

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

Suggested Text – EA 7/29/16

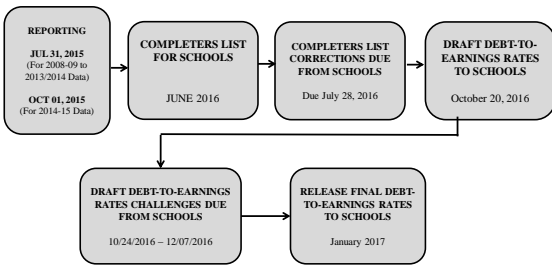
- Contains 3 appendices to assist with crafting school verification documents to gather verification data
- Appendix A – Suggested Text
 - Not required to use ED's suggested text and formats
 - **ONE EXCEPTION – institutions must use the exact language provided in the "Statement of Educational Purpose"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

Gainful Employment

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Important Dates



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EA GE #94: October 21, 2016

- Informs the community that the 45-day draft GE D/E rates challenge periods began 10/24/2016 and ends on 12/07/2016
- Three primary reasons for submitting a challenge:
 - ❖ The Loan does not belong to the student or the institution
 - ❖ Incorrect loan period dates
 - ❖ The Loan Debt Amount is incorrect

Must email supporting documentation to GE.Operations@ed.gov

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GE Electronic Announcements

- #95 – D/E Rates Alternate Earnings Appeals
- #94 – Draft GE D/E Rates Challenge Period
- #93 – Draft GE Debt-to-Earnings (D/E) Rates and Viewer Tool Now Available
- #90 – Updated NSLDS GE User Guide
- #89 – Additional Information for Accurate GE Reporting by October 1, 2016 Deadline
- #88 – Distribution of Final GE Completers Lists and Draft GE Completers Lists Correction Results
- #87 – Updated NSLDS GE User Guide and GE Program Tracking Information
- #86 – Upcoming October 1, 2016 GE Reporting Deadline for the 2015-16 Award Year

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GE Electronic Announcements

- #85 – Alternative Earnings Survey Resources Now Available
- #79 – GE Completers List Viewer Tool and Import Tool Available
- #78 – Draft GE Completers List files
- #77 – Fulfilling GE certification requirements when updating the E-App
- #75 – NSLDS Enrollment Update Access Required for Draft GE Completers List Corrections

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Regulatory Activity



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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>

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

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

Electronic Announcements

10/18/2016 – Acceptable Documentation Update for 2016-17 Award Year Verification

- Alternative documentation allowed when tax filer RECENTLY requested but unable to obtain an IRS Tax Return Transcript using the IRS *paper or on-line* request process
- No alternative documents for telephone requests
- Exception not permitted for transcripts unable to be obtained simply because the IRS has not had time to process the data due to a recent filing

For 2016-2017 award year only!



Electronic Announcements

In instances where tax filer recently requested a tax transcript from the IRS but was unsuccessful in obtaining the tax transcript :

1. **Signed copy of relevant 2015 IRS tax return**
AND
2. **A statement from the tax filer (on or attached to the tax return) which certifies that the tax return submitted to the institution includes the same information that was submitted to the IRS**
AND
3. **Documentation from IRS of unsuccessful tax transcript request**
 - Screen shot print (*SIGNED AND DATED BY TAX FILER*) or
 - Letter from IRS (*SIGNED AND DATED BY TAX FILER*); orAND
4. **Completed and signed IRS Form 4506T-EZ or 4506-T listing institution as third party**
 - Send to IRS only if doubt paper tax return accuracy



Electronic Announcements

- 10/18/2016 – Additional COD System Implementation Planned for October 28-30, 2016
- During October 28-30, 2016, additional COD System functionality was implemented
- Includes an attachment that highlights the processing function enhancements and modifications that will be implemented







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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Thank You!

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