

Federal Update (Campus-Based & Loan Programs) PacWest Webinar

U. S. Department of Education
March 3, 2020



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Agenda

- Coronavirus Aid, Relief, and Economic Security (CARES) Act and Higher Education Relief Opportunities for Students Act of 2003 (HEROES Act) waivers and flexibilities
- HEERF Resources
- Campus-Based Programs Updates
- Federal Perkins Loan Update
- Consolidated Appropriations Act, 2021
- Questions



CARES Act and HEROES Act Waivers and Flexibilities

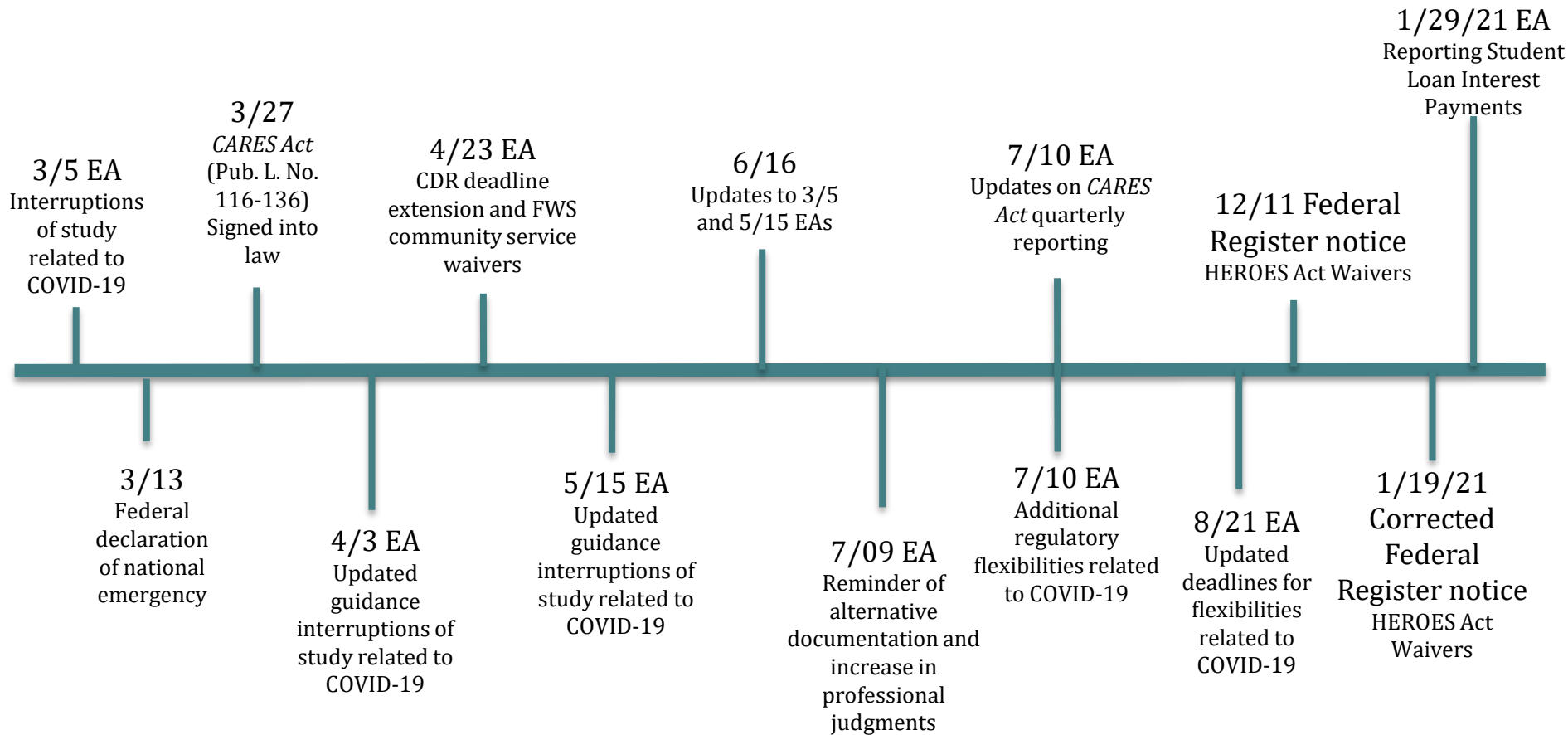


CARES Act

- The CARES Act, was signed in to law on March 27, 2020
 - Provided for many flexibilities and waivers for Title IV programs (this session will focus on Federal Loan Programs and Campus-Based Programs)
 - Find complete information on all COVID-19 flexibilities and continued guidance on the Information for Financial Aid Professionals (IFAP) website <https://ifap.ed.gov/>



Timeline of Published Guidance



HEROES Act

- The HEROES Act Federal Register notice was published on December 11, 2020
 - Provided waivers and modifications of statutory and regulatory provisions
- The corrected HEROES Act Federal Register notice was published on January 19, 2021
 - Extended deadline date to January 31, 2021



Relief for Department-Held Loan Borrowers

- CARES Act provided relief to borrowers until **9/30/2020** by:
 - Suspending loan payments
 - Stopping collections on defaulted loans
 - Reducing interest rate to 0%
- Presidential Memo and HEROES Act Federal Register notice extended deadline to **12/31/2020**
- Corrected HEROES Act Federal Register notice extended deadline to **1/31/2021**
- **Announcement by Acting Education Secretary extended deadline to 9/30/2021**



Relief for Department-Held Loan Borrowers

- Payments that would have occurred during suspension will count toward loan forgiveness and loan rehabilitation
- Borrowers are not required to recertify income for income-driven repayment purposes until December 31, 2020



COVID-19 Title IV and HEROES Resources

- Guidance and FAQs for Title IV Program available at:

<https://www.ed.gov/coronavirus/program-information#highered>

<https://www2.ed.gov/about/offices/list/ope/covid19faq.html>

- COVID-19 Questions – COVID-19@ed.gov

- HEROES Resources

<https://ifap.ed.gov/federal-registers/FR121120>

<https://ifap.ed.gov/federal-registers/FR011921WaiversCorrection>



Additional Resources

- FSA Conference Presentations - (available for the next three years)

<https://fsaconferences.ed.gov/>

Sessions on:

Federal Update and Coming Attractions

Legislative Update

Federal Update COVID-19 Higher Education Policy

And many more sessions



Higher Education Emergency Relief Fund (HEERF)



Higher Education Emergency Relief Fund

- Resources

- Guidance available at:

<https://www2.ed.gov/about/offices/list/ope/caresact.html>

- HEERF FAQs:

<https://www2.ed.gov/about/offices/list/ope/heerffaqsoc2020rollup.pdf>

- Questions related to HEERF should be sent to:

HEERF@ed.gov



Campus-Based Programs Updates



Federal Work Study and Federal Supplemental Educational Opportunity Grant

- Non-federal match waived for Federal Supplemental Educational Opportunity Grant (FSEOG) and Federal Work Study (FWS) programs
 - **Applies to the 2019-20 and 2020-21 award years**
 - Exception: FWS wages at for-profit employers
 - Institutions may reimburse themselves from the FWS allocation for the nonfederal portion of wages paid to students on or after March 13, 2020



FWS and FSEOG

- Schools that returned more than 10% of their 2019-20 allocations did not need to request underuse waivers
- Underuse penalties will not be applied on any 2021-22 allocations due to COVID-19
- Unexpended FWS allocation 100% transferable to FSEOG



FWS

- Federal Work Study payments may be made to “affected work-study students” who were unable to work due to COVID-19 that:
 - Received a FWS award for the award year when the COVID-19 disruption occurred;
 - Earned FWS wages for that award year; and
 - Were prevented from completing FWS scheduled hours due to COVID-19



FWS

- FWS community service requirements are waived for all FWS-participating schools of the 2019-20 and 2020-21 award year
 - Waivers granted automatically for both award years



FSEOG

- FSEOG can be used as “emergency grants”
- FSEOG emergency grant amount up to the than applicable award year’s maximum Federal Pell Grant amount
- FSEOG awarding rules waived
- Emergency grants are not considered EFA



FISAP Reporting

- **Accurate Reporting**
 - DO NOT rollover data from prior year
 - Verify prior to submission
 - Inaccurate reporting could impact distribution of assets, reimbursement for service cancellations, and funding for FWS and FSEOG
 - Administrative Capability
 - False and misleading information could result in fines or prison



Perkins Loan Program Update



National Student Loan Database System Reporting

- *National Student Loan Database System (NSLDS®)*
 - The **ONLY** system that contains Perkins loan borrower-level data
 - Loan data is self-reported by institution or third-party servicer
 - NSLDS data should match institution's records
 - Data quality is **CRITICAL!**



NSLDS Reporting

- School's responsibility to report accurate and timely data §674.16
- Loans should be properly reported and updated in NSLDS **at least monthly**

EA on Perkins Loan Administrative Responsibilities and Reporting Requirements published Oct. 4, 2018



NSLDS Reporting

- Use the Data Provider Instructions (DPI) as of October 23, 2020
 - Available on the Information for Financial Aid Professionals (IFAP) website in the Processing Resources section under NSLDS reference materials
 - Listed under the NSLDS Reference Materials Type
 - Provides information on reports, file layouts, and steps used to extract/submit data to NSLDS



Distribution of Assets and Service Cancellations

- Capital distribution (Distribution of Assets) of the balance of the institution's Perkins Revolving Fund
 - Reimbursement for Service Cancellations
 - Section 466(a) of the Higher Education Act (HEA) requires a capital distribution

Electronic Announcement (EA)

Distribution of Assets and Service Cancellation
Reimbursement

published on October 20, 2020



Distribution of Assets Calculation

- Proportional share formula considers:
 - Changes in the ICC matching requirements
 - Overmatching of institutional funds
 - **Cumulative** amounts repaid of both Federal share to the Department and institutional share to the institution as reported on FISAP
- Federal and institutional share percentages are not impacted by reimbursement of service cancellations



Distribution of Assets and Service Cancellations

- The Department will reimburse the institutional share of service cancellations for institutions that:
 - Report Cash on Hand on the FISAP
 - Service their Perkins portfolio
 - Are liquidating their Perkins portfolio

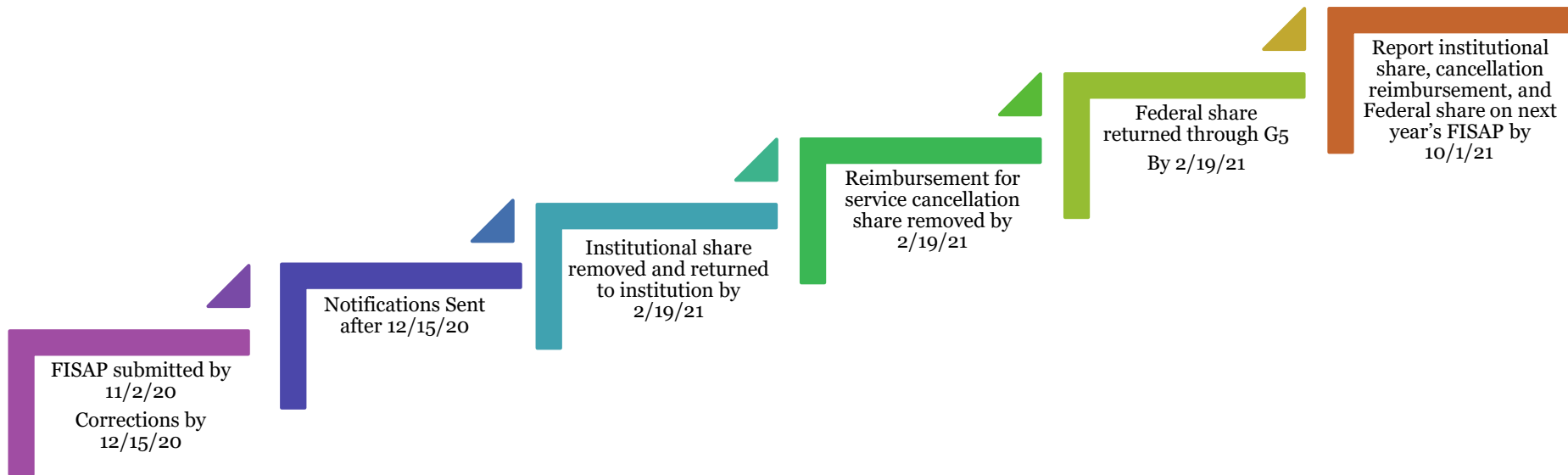


Distribution of Assets and Service Cancellations

- Institutions are required to:
 - Remove and return the federal share owed to the Department by the deadline
 - Remove the institutional share owed to the institution
 - Remove the reimbursement for service cancellation (partial or full) as determined by the Department
 - Report these amounts on next year's FISAP



Distribution of Assets Process



Assignment of Perkins Loans

- When a loan is assigned to the Department, the institution:
 - Transfers all rights and responsibility to the Department
 - Relinquishes its rights to any share of future collections
 - Does not incur any additional expenses



Assignments of Perkins Loans

- An institution is permitted to assign **any** loan to the Department at any time
 - National Direct/Defense and Perkins loans
 - Non-defaulted loans
 - Defaulted loans
- Required to assign **all** loans when the institution:
 - Has lost approval to participate (servicing)
 - Has a cohort default rate over 50% for three years
 - Is closing or liquidating
- Required to assign **all** loans that have been in default for two or more years only after institution has been notified



Required Assignment of Defaulted Loans

- Due to the wind-down of the Perkins program and Section 463(a)(4)(a) of the HEA, the Secretary is requiring the institution to assign any loan that:
 - Has been in default for two or more years
 - Does not have an acceptable collection record

EA on Assignment of Perkins Loans in Default for Two or More Years
published on Sept. 16, 2019



Required Assignment of Defaulted Loans

Your institution shall:

- Pursue collection activity for up to 12 months
 - Loan still not converted to regular repayment status
 - Borrower does not qualify for deferment, postponement, or cancellation
- Account still not in successful repayment status, your institution must:
 - Litigate in accordance with the procedures in § 674.46;
 - Make a second effort to collect the account (only another 12 months); **or**
 - Submit the account for assignment to the Secretary (procedures set forth in § 674.50)



Required Assignment of Defaulted Loans

Institution must continue to service until loan has been:

- Recovered through litigation (under §674.46), or
- Assigned to the Department, or
- Written-off
 - Loans with a balance of less than \$25
 - Loans with a balance of \$50 after two years of billing



Assignment of Defaulted Loans Process

- Department sent the first notifications to schools and provided the deadline by which these defaulted loans must be assigned (last year)
- This process will continue with additional notifications to institutions (soon)
- Institutions may assign defaulted loans now



Assignment of Loans

- Alternate documentation for loans without signed promissory notes or required documentation
- Proof of due diligence is no longer required when assigning defaulted loans

EA about [Supporting Documentation for Perkins Loan Assignment](#)

published on March 14, 2016



Perkins Assignment and Liquidation Guide

- Published on the Information for Financial Aid Professionals (IFAP) website at the following link [Federal Perkins Loan Assignment Guide](#)
- Separated into two sections
 - Assignment Section
 - Liquidation Section

EA on [Updated Federal Perkins Loan Assignment and Liquidation Guide](#) published on May 3, 2019



Consolidated Appropriations Act, 2021



Consolidated Appropriations Act, 2021

- Consolidated Appropriations Act, 2021, Public Law 116-260, enacted December 27, 2020
- Highlights (not all inclusive):
 - Department of Education Appropriations Act, 2021
 - Coronavirus Response and Relief Supplemental Appropriations Act
 - FAFSA Simplification Act



Consolidated Appropriations Act, 2021

Department of Education - \$73.5 billion in discretionary funding, an increase of \$785 million over the FY 2020 enacted level

- Pell Grant maximum - \$6495
- FWS - \$1,190,000
 - Work Colleges Program - \$10,136,000
- FSEOG - \$880,000
- Temporary Expanded Public Service Loan Forgiveness (TEPSLF) - \$50 million in discretionary funding



Consolidated Appropriations Act, 2021

Student Aid Administration - \$1.853 billion

- Requires more expansive and restrictive servicing language
- Requires detailed spending plan of anticipated uses of funds
- Requires \$2,300,000 to be used to conduct outreach to borrowers who may qualify for loan cancellation of loans made under William D. Ford Direct Loan Program
- Permits use of funds to pay institutions for Perkins loan servicing costs



Consolidated Appropriations Act, 2021

Coronavirus Response and Relief Supplemental Appropriations Act - \$82 billion in funding between three programs:

- Governor's Emergency Education Relief Fund
- Elementary and Secondary School Emergency Relief Fund
- Higher Education Emergency Relief Fund - \$22.7 billion
 - Funds are available through September 30, 2022
 - Other grants and provisions in the Act



Consolidated Appropriations Act, 2021

- FAFSA Simplification Act – makes major changes to:
 - The application form for student aid
 - The formula used to calculate eligibility for and amount of aid
 - The eligibility rules for student aid
- The FAFSA Simplification Act also:
 - Forgives capital financing loans for HBCUs



Any
Questions

Contact Information

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