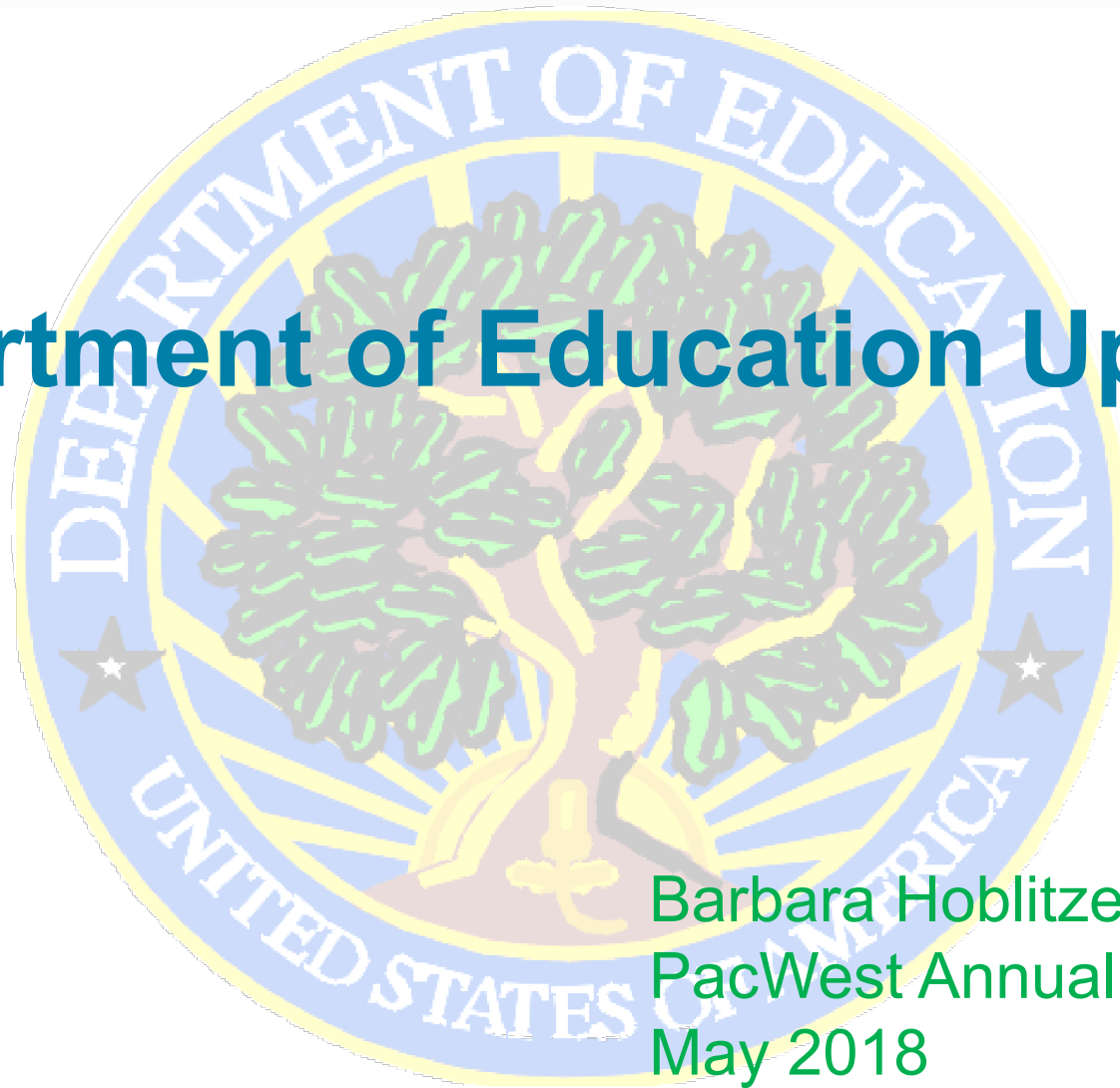




# Department of Education Update



Barbara Hoblitzell  
PacWest Annual Conference  
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# Agenda



- Regulatory Reform Agenda
  - Regulatory Review Task Force
  - Elimination of Outdated Guidance
  - Borrower Defense to Repayment
  - Gainful Employment
- Perkins Wind-Down
- Year-Round Pell



# Regulatory Reform Agenda



- Executive Order on Regulatory Review
  - On February 24, 2017, the President signed Executive Order 13777 to reduce regulatory burdens on the American people through regulatory reform
  - ED has created a Regulatory Reform Task Force (RRTF) to review regulatory and sub-regulatory guidance throughout the Department



The RRTF is identifying regulations that:

- Eliminate jobs or inhibit job creation
- Are outdated, unnecessary, or ineffective
- Impose costs that exceed benefits
- Create a serious inconsistency or otherwise interfere with regulatory reform initiatives and policies





The Department held public hearings on postsecondary regulatory relief and received written comments on a broad range of issues including financial aid regulations and Title IX guidance

# Initial Higher Ed Focuses of RRTF

Elimination of outdated guidance

The Department formed two negotiated rulemaking committees:

- Borrower Defense to Repayment
- Gainful Employment

# Elimination of Outdated Guidance

## Identified 398 outdated Dear Colleague Letters

- In the process of marking them as “historical records” on the Information for Financial Aid Professionals (IFAP) site
- Institutions no longer need to follow this guidance

# Borrower Defense: Background



On November 1, 2016, the Department published final regulations that were scheduled to take effect on July 1, 2017. The final regulations:

- Created a new Federal standard for borrower defense
- Prohibited mandatory arbitration clauses
- Required repayment rate disclosures under some circumstances

*Secretary DeVos indicated that these regulations “missed an opportunity to get it right,” and created a “muddled process that’s unfair to students and schools, and puts taxpayers on the hook for significant costs.”*



# BD Delay of Implementation



## Three delay notices published:

- In light of pending litigation, on June 16, 2017, the Department postponed the effectiveness of some provisions of the Borrower Defense regulations under section 705 of the Administrative Procedures Act
- On October 24, 2017, the Department published:
  - An Interim Final Rule that delays the effective date of selected provisions of the final regulations until July 1, 2018
  - An NPRM proposing to delay the effective date of selected provisions of the final regulations until July 1, 2019
  - A final rule delaying the effective date of selected provisions of the final regulations until July 1, 2019

# BD Delay of Implementation



The Department did not postpone provisions in the Borrower Defense regulations relating to:

- Documentation for discharges for death
- Mandatory administrative forbearance or suspension of collection of FFEL loans that the borrower intends to consolidate for borrower defense
- Consolidation of Nursing Student Loans and Nurse Faculty Loans
- Severability
- Technical corrections

# Borrower Defense Neg Reg



Committee formed to negotiate the following issues:

- Federal standard
- Process
- Limited Aspects of Financial Responsibility and Administrative Capability
- Pre-dispute Arbitration Agreements, Class Action Waivers, and Internal Dispute Processes
- Closed School Discharge
- False Certification Discharge
- Guaranty Agency Collection Fees
- Subsidized Usage Period Recalculation



## Financial Responsibility Subcommittee

- Formed to consider two technical issues relating to recent changes to the Financial Accounting Standards Board (FASBI) standards
- Recommendations were made to revise regulations to:
  - Establish the conditions or events that may have an adverse material effect on an institution's financial condition and which warrant financial protection for the Department,
  - Update the definitions of terms used to calculate an institution's composite score to conform with changes in accounting standards, and
  - Expand the types of financial protection acceptable to the Secretary.



- Session 1: November 13-15, 2017
- Session 2: January 8-11, 2018
- Session 3: February 12-15, 2018

# Gainful Employment: Background

On October 31, 2014, the Department published final GE regulations that went into effect on July 1, 2015

These regulations:

- Establish a debt-to-earnings rate measure to determine whether a GE program prepares students for gainful employment in a recognized occupation
- Require institutions to report information about students who enrolled in each of the institutions' GE programs
- Require institutions to establish the eligibility of a GE program by certifying that the program:
  - *Is included in the institution's certification*
  - *Satisfies applicable state licensing/certification requirements for the occupations the program prepares students to enter*

# Gainful Employment



On March 10, 2017, the Department allowed additional time—until July 1, 2017—for institutions to comply with specified provisions in the GE regulations that had not yet gone into effect including alternate earnings appeals and the disclosure template.

# Gainful Employment Negotiation



A negotiated rulemaking committee was formed to consider the Gainful Employment rules, and the committee met:

- Session 1: December 4-7, 2017
- Session 2: February 5-8, 2018
- Session 3: March 12-15, 2018





## Federal Perkins Loan Program Extension Act of 2015

- Enacted on December 18, 2015
- Extended the Perkins Loan program through September 30, 2017
- Eliminated grandfathering of students after the new expiration date
- Prohibits any further extensions of the Perkins Loan Program under GEPA



## Key Dates

- Schools may not award Perkins Loans to graduate students after **September 30, 2016**
- Schools may not make subsequent disbursements to graduate students after **June 30, 2017**
- Schools may not award Perkins Loans to undergraduates after **September 30, 2017**
- Schools may not make subsequent disbursements to undergraduates after **June 30, 2018**

# Perkins Wind-Down



## DCL GEN-17-10 (posted October 6, 2017)

- ED will begin collecting Federal share of schools' revolving funds after submission of the 2019-2020 FISAP
- Schools are not required to liquidate their Perkins Loan portfolios
- If a school chooses to liquidate, it should submit the school's intent to liquidate through the eCB system

# General Steps for Liquidation

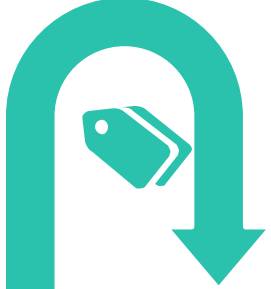


Notify ED of Intent to Liquidate - electronically



Notify Borrowers

Assign Loans



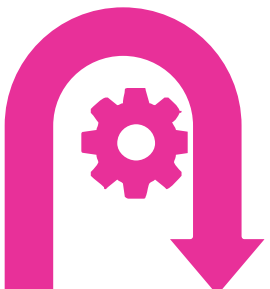
Purchase Loans that can't be Assigned, if necessary

Complete Closeout Audit



Remit Federal Share

Final FISAP Data





Per the Consolidated Appropriations Act of 2017, a student may now receive Pell Grant funds up to 150% of the Scheduled Award in an award year

- 1<sup>st</sup> 100% is initial scheduled Pell award
- Final 50% is considered the additional Pell award (YRP)

Effective with the 2017-2018 award year

- Does not apply to summer 2017 if it is treated as a trailer to the 2016-2017 award year

Technical information – Electronic Announcement: June 20, 2017

# Year-Round Pell: Student Eligibility



Student must be enrolled at least half-time in the payment period(s) for which s/he receives the additional Pell Grant funds (additional 50%)

- Dropping below half-time enrollment after Pell is disbursed will not render the student ineligible

Pell calculations and formulas remain unchanged

The additional Pell Grant funds will be reflected in the student's 600% maximum Pell Lifetime Eligibility Used (LEU)

# Q & A





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**Thank You!**