



Department of Education Update

PacWest Conference

Gail McLarnon

U. S. Department of Education

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- Budget Issues
- Administration Initiatives
- Recent Legislation
- Regulatory Activity
- Perkins Loan Issues
- DCLs / Electronic Announcements





- President's FY 2016 Budget
 - Invests in education in all domains with a particular emphasis in four areas--
 - Increasing equity
 - Expanding access to high-quality early learning
 - Increasing support for teachers
 - Expanding college opportunity and quality



- America's College Promise Proposal
 - Would make two years of community college free for responsible students
 - An estimated 9 million students could benefit
 - A full-time community college student could save an average of \$3,800 in tuition per year



- America's College Promise Proposal
 - To qualify, a student must--
 - Attend a participating community college at least half-time
 - Maintain a 2.5 GPA while in college
 - Make steady progress toward completing their program of study



- America's College Promise Proposal
 - A community college must offer--
 - Academic programs that fully transfer to local public four-year colleges and universities; or
 - Occupational training programs with high graduation rates that lead to degrees and certificates that are in demand among employers



- America's College Promise Proposal
 - A community college must also--
 - Adopt promising and evidence-based institutional reforms to improve student outcomes
 - Help students pay for books and transit costs
 - Provide academic advising and supportive scheduling programs to meet the needs of participating students



- America's College Promise Proposal
 - Federal funds would cover $\frac{3}{4}$ of the costs. Participating states would--
 - Put up matching funds to cover the remaining costs of eliminating tuition for eligible students
 - Commit to continue existing investments in higher education
 - Coordinate high schools, community colleges, and 4-year institutions to reduce the need for remediation and repeated courses
 - Allocate a significant portion of funding based on performance, not enrollment alone



- American Technical Training Fund Proposal
 - Award programs created within community colleges and other training institutions that
 - Have strong employer partnerships and include work-based learning opportunities
 - Provide accelerated training
 - Are scheduled to accommodate part-time work



- American Technical Training Fund Proposal
 - The focus of the budget proposal would be to help high-potential, low-wage workers to gain skills to work in growing fields such as--
 - Energy
 - Information technology
 - Advanced manufacturing
 - The program would fund the start-up of 100 centers



- FY 2016 Budget Proposal
 - \$60.3 billion over 10 years for America's College Promise
 - \$200 million for the American Technical Training Fund
 - \$200 million for the First in the World fund
 - Full funding for the Pell Grant maximum award (\$5,775 in 2015-16)



- FY 2016 Budget Proposal
 - Reward colleges that successfully enroll and graduate a significant number of low- and moderate-income student on time and encourage all schools to improve performance through the College Opportunity and Graduation Bonus program



- FY 2016 Budget Proposal
 - Simplify FAFSA® by eliminating burdensome and unnecessarily complex questions
 - Improve and streamline income-driven repayment and create a single, simple, and better targeted plan for new borrowers on or after July 1, 2016



- FY 2016 Budget Proposal
 - A single income-driven repayment plan would include the following reforms:
 - Calculate payments for married borrowers filing separately based on their combined AGI
 - Establish a 25-year forgiveness period for borrowers with balances above \$57,500
 - Eliminate the standard repayment cap
 - Cap the amount of interest that accrues when a monthly payment is insufficient to cover interest



- FY 2016 Budget Proposal
 - Modify Public Service Loan Forgiveness (PSLF) for future loans by:
 - Capping PSLF at the aggregate loan limit for independent undergraduate students to protect against institutional practices that may further increase student indebtedness
 - Preventing payments made under non-income driven repayment plans from being applied toward PSLF to ensure that loan forgiveness is targeted to students with the greatest need

Budget Issues



- FY 2016 Budget Proposal

Student Aid Summary Tables

Budget Authority (dollars in millions)	2014	2015	2016 Request
Pell Grants			
Discretionary funding	\$22,778.4	\$22,475.4	\$22,475.4
Mandatory funding	<u>5,423.5</u>	<u>6,079.5</u>	<u>6,460.4</u>
Subtotal, Pell Grants	28,201.8	28,554.9	28,935.7
Supplemental Educational Opportunity Grants	733.1	733.1	733.1
Work-Study	974.7	989.7	989.7
TEACH Grants	18.4	14.3	11.7
Iraq and Afghanistan Service Grants	0.3	0.3	—
Federal Family Education Loans	-5,676.0	-3,293.6	—
Federal Direct Loans	-15,715.1	25,647.5	-14,011.8
Unsubsidized Perkins Loans	—	—	-876.9
Total	8,537.2	52,646.1	15,781.2





- College Ratings Program
 - ED continues to develop a college ratings system by the 2015-16 school year that will recognize institutions that--
 - Excel at enrolling students from all backgrounds
 - Focus on maintaining affordability
 - Succeed at helping all students graduate with a degree or certificate of value



- Center for the Analysis of Postsecondary Readiness
 - ED launched a new \$10 million Center for the Analysis of Postsecondary Readiness (CAPR) funded by the Institute for Education Sciences
 - CAPR is working to strengthen the research, evaluation, and support of college readiness efforts across the nation



- Call to Action on College Opportunity
 - The President, Vice President, and First Lady joined with college presidents and leaders of non-profit organizations to announce over 600 new commitments to produce more college graduates



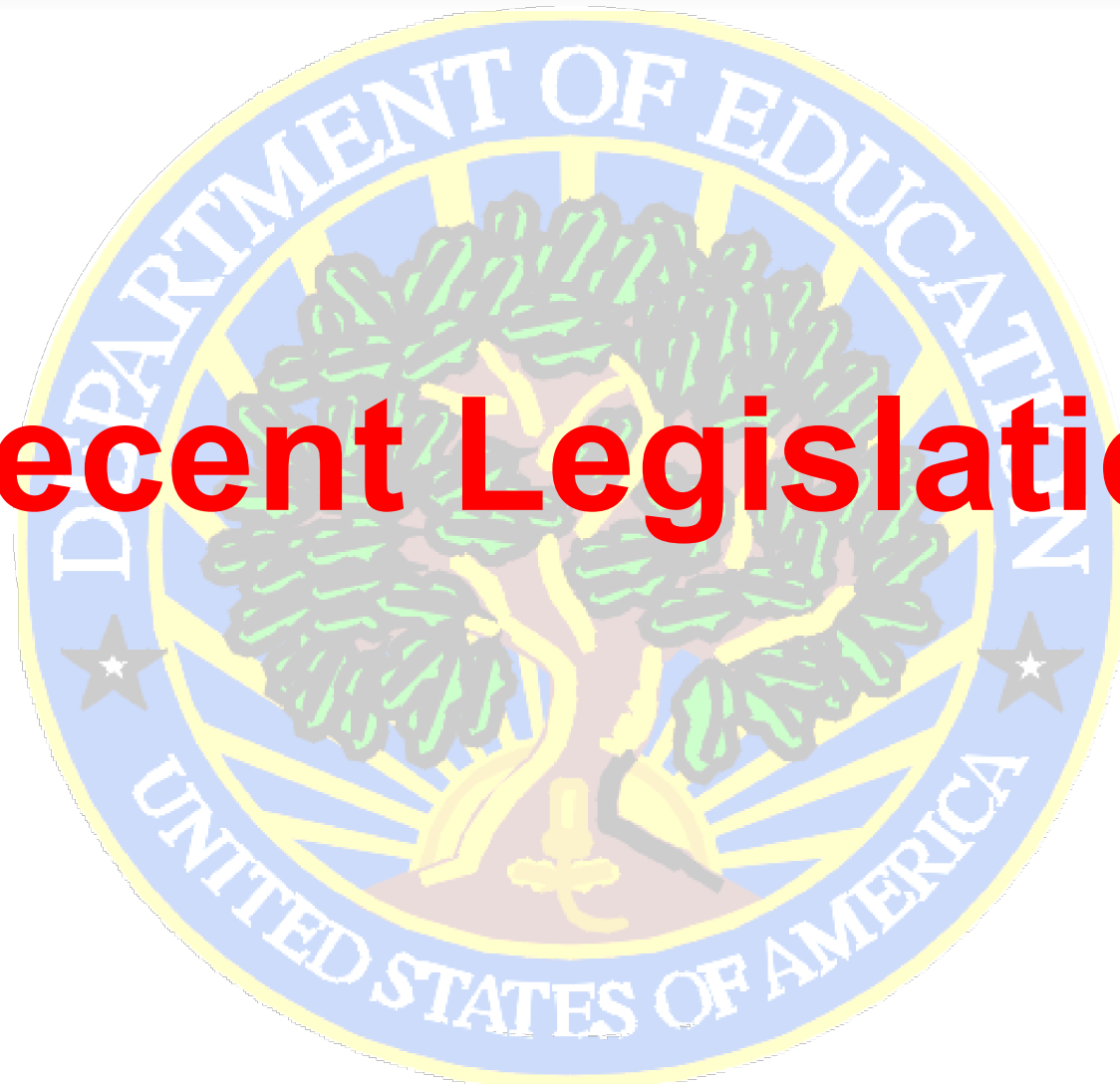
- Call to Action on College Opportunity
 - Community colleges made commitments individually and with school districts and 4-year institutions to-
 - Build seamless transitions among institutions
 - Develop clear educational and career pathways
 - Implement strategies to increase student completion of STEM programs
 - Establish more accurate measures of student progress and success



- FAFSA® Completion Initiative
 - Ensures that more students take the first step towards college by completing the FAFSA®
 - ED partners with states to identify students who have not completed the FAFSA®
 - FSA updated existing FAFSA® completion tool to track overall number of completions by students at particular schools



Recent Legislation





- Continuing Appropriations Resolution, 2015 (H.J. Res. 124)
 - Funded Federal government until December 11, 2014
 - Made no changes to the HEA, Title IV, student financial assistance programs





- Consolidated and Further Continuing Appropriations Act, 2015 (H.R. 83)
 - Provides Fiscal Year 2015 full-year appropriations through Sept. 30, 2015, for all agencies except Dept. of Homeland Security (DHS)
 - DHS appropriations provided through February 27, 2015



- Department of Homeland Security Appropriations Act, 2015 (H.R. 240)
 - Provides Fiscal Year 2015 full-year appropriations through Sept. 30, 2015, for Dept. of Homeland Security (DHS)



Regulatory Activity





- Gainful Employment Negotiated Rulemaking Committee
 - Three negotiations:
 - Sept. 9 -11, Nov. 18 -20, Dec. 13, 2013
 - Consensus not reached
 - NPRM published on March 25, 2014
 - Final regulations published on Oct. 31, 2014
 - Effective July 1, 2015



- Violence Against Women Act
Negotiated Rulemaking Committee
 - Three negotiations:
 - Jan. 13 – 14, Feb. 24 – 25, March 31 – April 1, 2014
 - Consensus reached
 - NPRM published on June 20, 2014
 - Final regulations published on Oct. 20, 2014
 - Effective July 1, 2015

Negotiated Rulemaking



- Program Integrity and Improvement Negotiated Rulemaking Committee
 - Four negotiations:
 - Feb. 19 - 21, March 26 - 28, April 23 – 25, May 19 – 20, 2014
 - Cash management
 - State authorization of distance ed programs
 - State authorization of foreign locations of domestic institutions
 - Definition of PLUS adverse credit history
 - Repeat coursework
 - Clock-to-credit hour conversion
 - Consensus not reached



- PLUS “Adverse Credit History” Definition
 - NPRM published on August 8, 2014
 - Final regulations published on Oct. 23, 2014
 - Effective July 1, 2015
 - Regulations designated for early implementation



- PLUS “Adverse Credit History”
Definition
 - Federal Register notice announcing early implementation date published on January 14, 2015
 - Early implementation date: March 29, 2015
 - New adverse credit history standards apply to all PLUS loan credit checks conducted on or after March 29, 2015
 - Enhanced PLUS loan counseling is available as of March 29, 2015



- PLUS “Adverse Credit History”
Definition
 - A PLUS loan applicant has an adverse credit history if the applicant has one or more debts with a combined outstanding balance greater than \$2,085 that are--
 - 90 or more days delinquent as of the date of credit report; or
 - In collection or charged off during the two years preceding the date of the credit report; OR



- PLUS “Adverse Credit History”
Definition

- During the five years preceding the date of the credit report, the applicant has been subject to--

- Default determination
- Bankruptcy discharge
- Foreclosure
- Repossession
- Tax lien
- Wage garnishment
- Write-off of a Title IV debt



- PLUS “Adverse Credit History”
Definition
 - A PLUS loan applicant with an adverse credit history may still qualify for a PLUS loan if--
 - ED determines that extenuating circumstances exist; or
 - The PLUS loan applicant obtains an endorser



- PLUS “Adverse Credit History”
Definition
 - A PLUS applicant who qualifies due to extenuating circumstances or by obtaining an endorser must complete PLUS loan counseling provided by ED
 - The PLUS loan counseling is also available for PLUS applicants/borrowers who do not have adverse credit histories



- Teacher Preparation Negotiated Rulemaking Committee
 - Negotiations were held in November 2012
 - Consensus not reached
 - NPRM published on Dec. 3, 2014
 - Closing date for public comments: Feb. 2, 2015



- Negotiated Rulemaking in FY 2015
 - Federal Register Notice published Sept. 3, 2014, proposed establishing a negotiating committee to develop regulations that would expand the Pay As You Earn (PAYE) repayment plan to more borrowers



- Negotiated Rulemaking in FY 2015
 - Interested parties were invited to suggest additional issues for consideration by the negotiating committee at two hearings:
 - Washington, D.C. (Oct. 23, 2014)
 - Anaheim, California (Nov. 4, 2014)
 - Deadline for written suggestions was Nov. 4, 2014



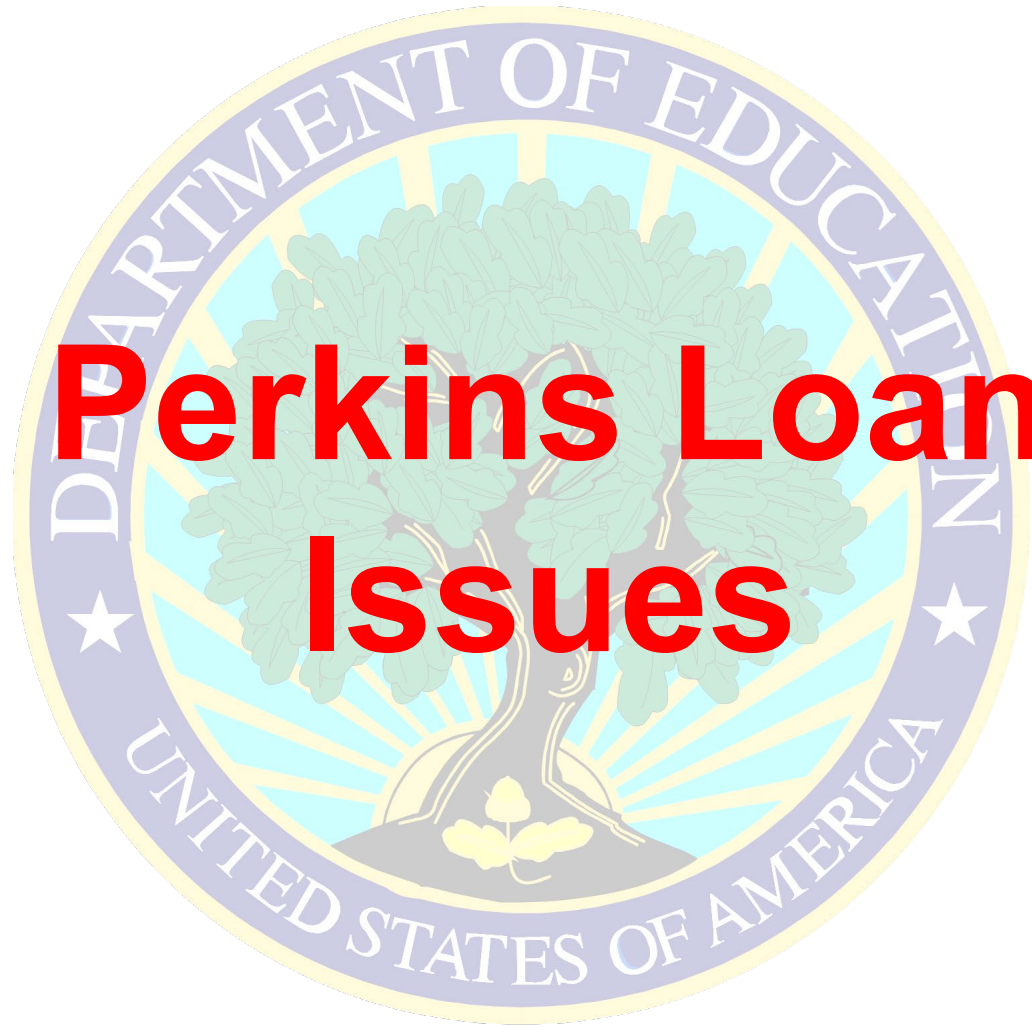
- Negotiated Rulemaking in FY 2015
 - Notice inviting nominations for committee members published Dec. 19, 2014
 - Deadline for nominations was January 20, 2015
 - Negotiating sessions held on:
 - Feb. 24 - 26
 - March 31 – April 2
 - April 28 - 30



- Negotiated Rulemaking in FY 2015
 - ED proposed to develop regulations that:
 - Establish a new PAYE repayment plan for those not covered by the existing PAYE plan
 - Establish procedures for FFEL loan holders to identify servicemembers who may be eligible for lower FFEL loan interest rates under the SCRA (Servicemembers Civil Relief Act)



- Negotiated Rulemaking in FY 2015
 - Committee agreed to add 4 additional items to the negotiating agenda:
 - Easing the transition from loan rehabilitation to servicing
 - CDR participation rate index appeals
 - Application of DOD lump sum payments for Public Service Loan Forgiveness
 - Technical corrections to FFEL loan rehabilitation regulations





- Status of the Perkins Loan Program
 - HEA authorized Perkins through Sept. 30, 2014
 - Congress has not extended or repealed Perkins, so it receives an automatic 1-year extension to Sept. 30, 2015
 - If Congress extends the HEA without a full re-authorization Perkins will be also be extended, unless Congress enacts legislation specifically addressing Perkins



- Status of Perkins Loan Program
 - Absent Congressional action, schools may not make Perkins Loans after Sept. 30, 2015, except that:
 - A school may make any remaining disbursements of a Perkins Loan that was first disbursed before Oct. 1, 2015, for the 2015-16 award year
 - A school may make new Perkins Loans to borrowers who qualify under the “grandfathering” provision



- Status of Perkins Loan Program
 - A Perkins borrower qualifies for “grandfathering” if the borrower:
 - Received at least one Perkins Loan disbursement before June 30, 2015
 - Is enrolled at the same institution where the borrower received the last Perkins disbursement
 - Is enrolled in the same academic program for which the last disbursement was received
 - Has unmet need



- Status of Perkins Loan Program
 - A Perkins Loan can only be made to an otherwise eligible grandfathered borrower if the borrower has unmet need after the borrower has been awarded all Federal Direct Subsidized Loan aid for which the borrower is eligible



- Status of Perkins Loan Program
 - A grandfathered Perkins borrower may receive Perkins Loans for up to five additional years (thru Sept. 30, 2020):
 - Year 1 (2016-17 Award Year)
 - Year 2 (2017-18 Award Year)
 - Year 3 (2018-19 Award Year)
 - Year 4 (2019-20 Award Year)
 - Year 5 (2020-21 Award Year)



- Status of Perkins Loan Program
 - More information on “grandfathering” is provided in DCL GEN-15-03
 - Information on other aspects of the wind-down of the Perkins Loan program, such as the disposition of schools’ Perkins Funds and outstanding loan portfolios, will be addressed in future DCLs



- **NSLDS Reporting Reminder**
 - Schools should report Perkins borrower enrollment and loan details accurately and regularly to the National Student Loan Data System (NSLDS)
 - As of 7/1/2008, Perkins Loans for separate award years may no longer be “bundled” when reported to NSLDS



- NSLDS Reporting Reminder
 - Perkins NSLDS Technical Update PK-2008-02 (published May 23, 2008) notified Perkins Loan data providers that:
 - Separate reporting of Perkins Loans must begin with loans made for any payment period that is part of the 2008-09 award year
 - Schools may continue “bundled” reporting for Perkins Loans made for award years prior to 2008-09



- NSLDS Reporting Reminder
 - For NSLDS reporting purposes:
 - An award year includes all payment periods within an award year, regardless of the disbursement date
 - For a Perkins Loan awarded for a period that crosses over an award year, a school must assign that payment period and the award to either the ending award year or the beginning award year



Dear Colleague Letters and Electronic Announcements



- Loan Counseling Requirements and Flexibilities
(GEN-15-06)
 - Published April 6, 2015
- 2015-16 Unusual Enrollment History Flag
(GEN-15-05)
 - Published March 16, 2015



- Policy for Nonprofit College Access Organizations Presumed to Qualify as Additional Designated Entities

(GEN-15-04)

– Published February 9, 2015

- 2015-16 Pell Grant Payment and Disbursement Schedules

(GEN-15- 02)

– Published January 29, 2015

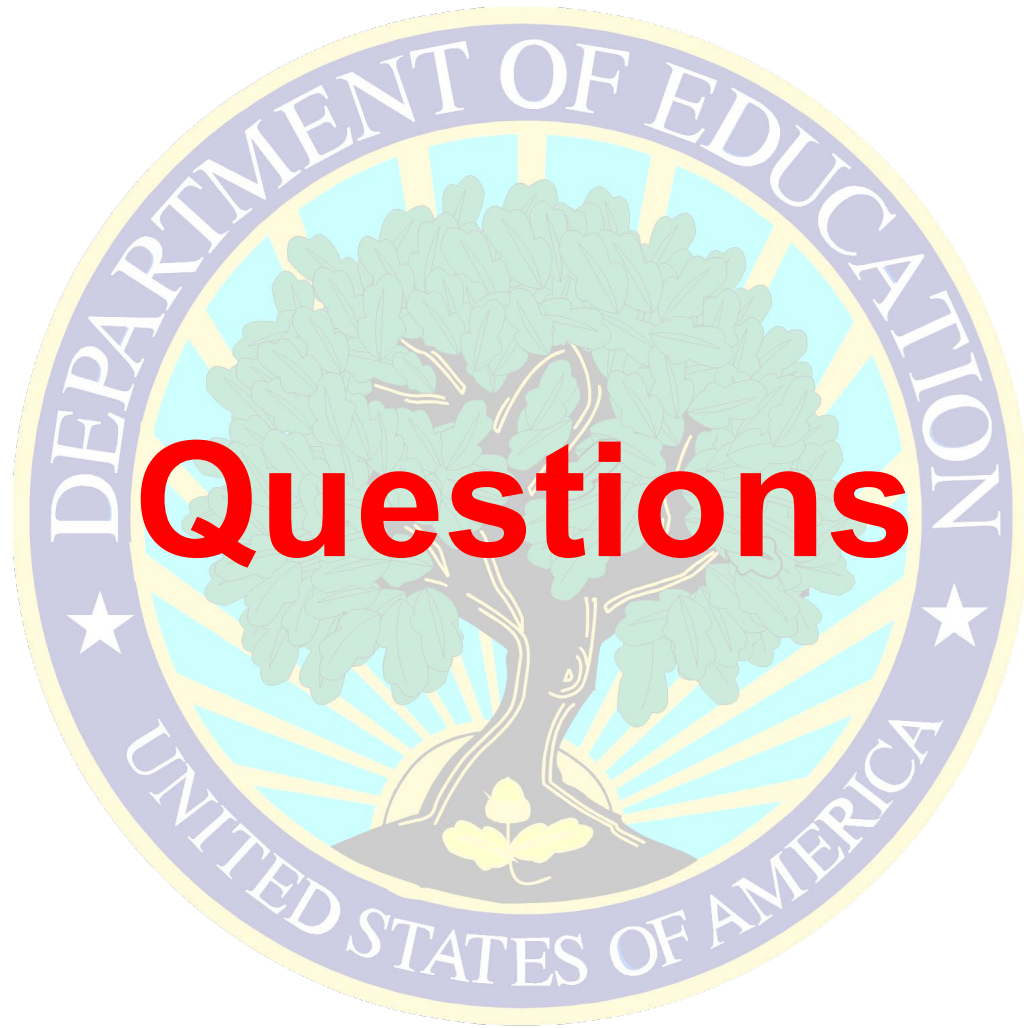
Electronic Announcements



- 2015-16 FWS Program Community Service Waiver Requests
 - Published March 27, 2015
- Perkins Loan Program Status of Default as of June 30, 2014
 - Published March 23, 2015
- Sharing Information on Educational Tax Benefits with Students and Families
 - Published March 17, 2015



- 2015-16 Final Funding Authorizations for Campus-Based Programs
 - Published February 24, 2015
- 2013-14 Campus-Based Awards Closeout
 - Published February 10, 2015
- Participation in and Reporting Expenditures for the Work Colleges Program
 - Published February 2, 2015



Questions



CONTACT INFORMATION



Brian Smith

Office of Postsecondary Education

202-502-7551

Brian.Smith@ed.gov

Gail McLarnon

Office of Postsecondary Education

202-219-7048

Gail.Mclarnon@ed.gov