

# Perkins Surprise and V6 Demise: A Federal Update

Zack Goodwin  
US Department of EducationIASFAA Conference, Johnston, IA  
April 6, 2016

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## Perkins Loan Program Updates



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### Perkins Grandfathering

Narrow "grandfathering" provision allows schools to make Perkins loans to certain students through September 30, 2016...if:

- Student received a Perkins Loan disbursement on or before June 30, 2015 (or the first year or earlier),
- Student is enrolled in the same program where the last Perkins Loan disbursement was received,
- Student is enrolled in same academic program for which student received his or her last Perkins Loan disbursement
  - First four digits of the program's CIP code are identical

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## Surprise!

- Congress ultimately *did* extend the Perkins Loan program
  - Federal Perkins Loan Program Extension Act signed into law on December 18, 2015
    - Extends the Perkins Loan program through September 30, 2017

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## Perkins Loan Program Changes

- Definitions of “new” and “current” borrowers apply only to a student’s current institution
- Additional disclosures are required regarding the termination of the Perkins Loan program, and how Perkins Loans differ from Direct Loans

*Dear Colleague Letter GEN-16-05*

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## Perkins Loan Program Changes

- Graduate students
  - Loans may be offered to *current* graduate students through September 30, 2016
    - Must have received a Perkins Loan prior to October 1, 2015
    - Must be enrolled in the same program of study (same first four digits of CIP code)
- Undergraduate students
  - Loans may be offered to *new* and *current* students through September 30, 2017
    - For new students, all Direct Loan eligibility must be considered
    - For current students, only subsidized Direct Loans are considered

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## Excess Liquid Capital

Section 466(c) of the Higher Education Act requires institutions to return to ED the Federal share of any Excess Liquid Capital (ELC) in the institution's Federal Perkins Loan Revolving Fund

- ELC is the amount of the Fund's "Cash On Hand" that exceeds the institution's estimated immediate needs.

*Dear Colleague Letter GEN-15-19*




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## Excess Liquid Capital

Federal share of Excess Liquid Capital (ELC) must be returned by December 31 of each year

- ELC is calculated using worksheet attached to [Dear Colleague Letter GEN-15-19](#)
- If funds must be returned, follow "Instructions for Returning Perkins Funds" on the IFAP website:  
<http://ifap.ed.gov/cbpmaterials/attachments/InstructionsForReturningPerkinsFunds.pdf>




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## Perkins Loan Assignments

- The Department has developed an easier electronic Perkins Loan assignment process
- This new Perkins Loan Assignment System (PLAS) allows users to:
  - Electronically submit loan assignment requests, either for individual loans or for multiple loans as a batch file
  - Securely upload supporting documentation
  - Search, view, and edit submitted loan assignment information
  - View reports of accepted/rejected loans for assignment

*Electronic Announcements:  
April 22 and September 21, 2015, and January 8, 2016*




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# Gainful Employment



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# Gainful Employment

- Final rules published October 31, 2014
- Rules became effective July 1, 2015

*Dear Colleague Letter GEN-15-12*

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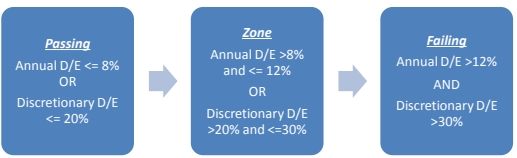
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# Gainful Employment Measure

## Debt-to-earnings (D/E) rates

- Annual earnings D/E rate
- Discretionary income D/E rate



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## Gainful Employment Results

- Program loses eligibility if:
  - Fails D/E measures in two out of three years;

**OR**

  - Fails D/E measures or in the Zone for four consecutive years

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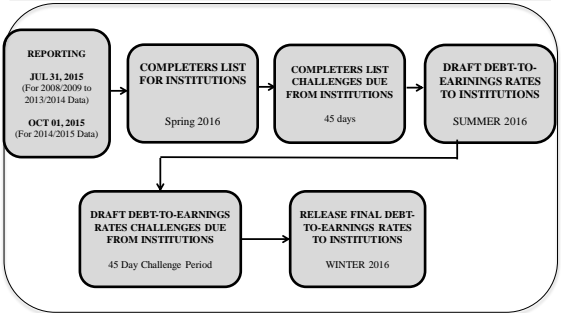
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## Important Dates




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## Completers Lists

*GE Electronic Announcement #71: December 11, 2015*

- Schools will have 45 days after their Draft Completer Lists are distributed to:
  - Make corrections to data elements
  - Challenge the inclusion or exclusion of a student on the list
- Any approved corrections and challenges should also be updated in NSLDS Gainful Employment Reporting

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## Data Challenges and Appeals

*GE Electronic Announcement #64: October 22, 2015*  
*GE Electronic Announcement #67: October 26, 2015*

- Through the Data Challenges and Appeals Solution (DCAS) Web-based application, schools will be able to submit corrections and challenges to:
  - Gainful Employment Completers Lists
  - Information used to calculate debt-to-earnings (D/E) rates

Enrollment open at SAIG: [fsawebenroll.ed.gov](http://fsawebenroll.ed.gov)

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## Important Dates



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## Regulatory Activity



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### Negotiated Rulemaking

- Program Integrity [July 1, 2016](#)
  - Cash Management
  - Repeat Coursework
  - Clock-to-Credit Conversion
- Revised Pay as You Earn (REPAYE) repayment plan [December 17, 2015](#)
- Borrower Defense [July 1, 2017](#)

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### Cash Management




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### Overview of Regulations

Require convenient access to aid	Prohibit fees uncommon in market	Require disclosures
Other updates to modernize	Most provisions effective July 1, 2016	Two provisions delayed until 2017

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Who Is Covered?

**Tier 1 (T1) Arrangement**

- US school with third-party servicer
- Servicer processes Title IV aid, and
- Aid is disbursed to contracted account or information about the contracted account is provided to students

**Tier 2 (T2) Arrangement**

- US school that has a contract with a provider
- Provider is not a third-party servicer
- One or more Title IV credit balance recipients, and
- Product is marketed to students through school communication, student IDs, or cobranded cards

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New Requirements

<p><b>All T1 and T2</b></p> <ul style="list-style-type: none"> <li>Student choice menu</li> <li>No automatic opening of accounts</li> <li>Privacy restrictions</li> <li>Contract disclosure</li> </ul>	<p><b>All T1</b></p> <ul style="list-style-type: none"> <li>ATM network</li> <li>Fee restrictions</li> <li>Contracts negotiated in best interest of students</li> <li>Average student cost disclosure</li> </ul>	<p><b>T2</b> <i>(more than de minimis)</i></p> <ul style="list-style-type: none"> <li>Fee-free ATM</li> <li>Contracts negotiated in best interest of students</li> <li>Average student cost disclosure</li> </ul>
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Retaking Coursework

*For term-based programs, Title IV aid may be provided for the repetition of previously passed coursework that is required because the student failed other coursework*

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## Book Allowances

- Currently, a process must be in place to allow Federal Pell Grant recipients to purchase books by the 7<sup>th</sup> day of a payment period
  - Applies to those students who would be due a Title IV credit balance as of 10 days prior to the start of the period
- This provision will be expanded to include *all* students with Title IV aid

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## Clock Hour Programs

*Programs offered in clock hours due to a Federal, State or other requirement that such programs be in clock hours will be able to offer the programs in credit hours for Title IV purposes.*

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## Revised Pay As You Earn (REPAYE)




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**REPAYE**

- Pay As You Earn (PAYE) repayment plan
  - Applies only to new borrowers as of October 1, 2007 who received a Direct Loan disbursement on or after October 1, 2011
  - Partial Financial Hardship required
- New REPAYE plan applies to *all* Direct Loan student borrowers, regardless of when they borrowed
  - Partial Financial Hardship *not* a requirement

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**REPAYE**

- Limits loan repayment amount to 10% of discretionary income
- Loan forgiveness after 20 years for borrowers with only undergraduate loans
  - Forgiveness granted in 25 years for those with graduate-level loans

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**REPAYE**

- Married borrowers must provide Adjusted Gross Income of spouse, regardless of filing status, unless:
  - The couple have separated
  - The student cannot access the spouse's information

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# Borrower Defenses



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# Borrower Defenses

- Negotiations held...
  - January 12-14, 2016
  - February 17-19, 2016
  - March 16-18, 2016



- Anticipate publishing...
  - Proposed rules summer 2016
  - Final rules by November 1, 2016

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# Borrower Defenses

- Procedures for borrower to establish defense to repayment
- Criteria that will be used to identify acts or omissions of an institution that constitute defenses to repayment
- Standards and procedures that ED will use to determine school liability for amounts based on borrower defenses
- Effect of borrower defenses on institutional administrative capability assessments

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### 2016-2017 Verification Overview

- Same data elements as for 2015-2016
- Tracking group V3 eliminated
- Some modifications and clarifications to acceptable documentation
- In limited circumstances, an applicant's Verification Tracking Group could be changed to V5

*Dear Colleague Letter GEN-15-11*  
*Federal Register Notice: June 26, 2015*  
*Suggested Verification text: November 18, 2015*

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### Verification 2017-2018

*Required Verification items*

*Federal Register: April 1, 2016*  
*Dear Colleague Letter GEN-16-07*

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### 2017-2018 Verification Changes

- SNAP benefits, child support paid, and other untaxed income are no longer required Verification items
- Tracking group V6 eliminated
- Confirmation of non-filing required for all tax non-filers and for applicants with tax filing extensions
- Documentation used for 2016-2017 Verification may also be used for 2017-2018 provided it meets current requirements

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### Application Processing

## Application Processing



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### 2016-2017 Updates

- Schools will no longer receive on the ISIR the list of schools to which the student is applying
- Improvements made to messaging and edits
  - Legal guardianship
  - Amended tax returns
  - Duplicate parent information
  - IRA rollovers
- Automatic Zero EFC income threshold raised to \$25,000

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## 2017-2018 Updates

- FAFSA income information will be derived from the prior-prior year
- 2017-2018 FAFSA will collect tax year 2015 income data
- Reduces the use of estimated income and is expected to increase the use of the IRS Data Retrieval Tool (DRT)

*Electronic Announcement: September 14, 2015*  
*Dear Colleague Letter expected January 2016*

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## Issues

- Outreach
- Verification
- Conflicting information
- Professional Judgment
- State grant agencies
- Early awarding
- Deadlines
- System readiness
- Pell Grant schedules

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## Odds and Ends

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## Protecting Student Information

*Institutions and their third-party servicers are obligated to protect data used in all aspects of administration of Title IV Federal student financial aid programs*

*Dear Colleague Letter GEN-15-18  
[ptac.ed.gov](http://ptac.ed.gov)*

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## Enterprise Complaint System

*"[To] give students and borrowers a simple and straightforward way to file complaints and provide feedback about federal student loan lenders, servicers, collections agencies, and institutions of higher education. Students and borrowers will be able to ensure that their complaints will be directed to the right party for timely resolution, and the Department of Education will be able to more quickly respond to issues and strengthen its efforts to protect the integrity of the student financial aid programs."*

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## Loan Servicing Portal

- Single loan servicing platform
- Department of Education branding
- Enhanced customer service and communication
- Reduced incidence of loan transfer
- Improved oversight and accountability

*[blog.ed.gov](http://blog.ed.gov)*

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# Training

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## 2016 Drive-In Workshops

### Kansas City Regional Office

- Consumer Information.....April 12
- R2T4 Clock Hour Basics .....May 10
- R2T4 Credit Hour Basics .....June 21
- R2T4 Term-Based Credit Hour with Modules.....July 26
- Verification .....August 30

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## 2016 FSA Training Conference



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**Thank you!**

*Zack Goodwin*  
*zachary.goodwin@ed.gov*  
*617.289.0051*



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**We Appreciate Your Feedback**

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

<https://www.surveymonkey.com/s/ZacharyGoodwin>

This evaluation tool provides a means to inform us of areas for improvement, and to support an effective process for listening to our customers.

Additional feedback about training can be directed to Joann.Borel@ed.gov.

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**Department of Education Contacts**

*Kansas City Training Officers*

*David Bartlett*  
*david.bartlett@ed.gov*  
*816.268.0434*

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**Department of Education 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!*

- |                                 |   |
|---------------------------------|---|
| <i>Campus Based Call Center</i> | <i>eZ-Audit</i>                               |
| <i>COD</i>                      | <i>School Eligibility Service Group</i>       |
| <i>CPS/SAIG</i>                 | <i>Foreign Schools Participation Division</i> |
| <i>NSLDS</i>                    | <i>Research and Customer Care Center</i>      |
| <i>G5</i>                       | <i>Nelnet Total &amp; Permanent</i>           |
|                                 | <i>Disability Team</i>                        |

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