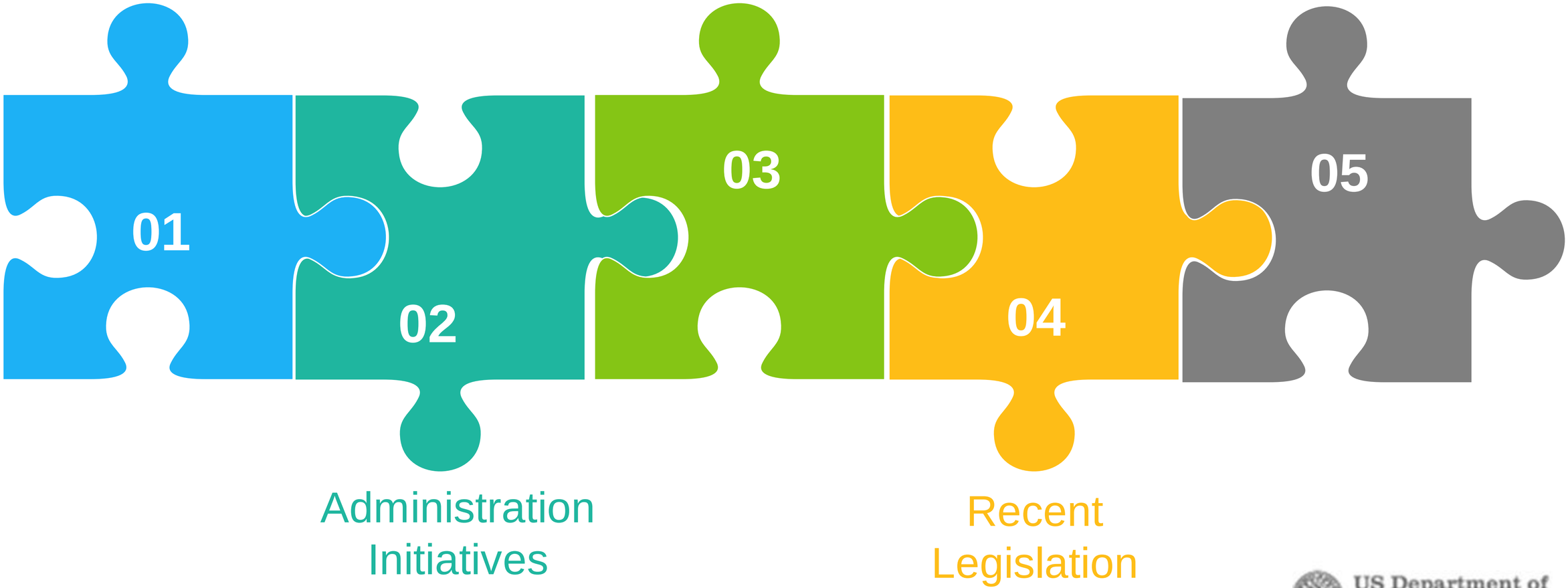
U.S. Department of Education Update

Barbara Hoblitzell

Coalition of Higher Education Assistance Organizations

August 2016

Topics



US Department of Education

Administration Overview

- Bipartisan Budget Act of 2015 (H.R. 1314)
  - Increased discretionary spending by $80B over two years [FY2016 and FY2017]
  - Separate appropriations bill needed to provide actual funding levels for each agency

- Consolidated Appropriations Act, 2016 (H.R. 2029)
  - Funds the Federal government through September 30, 2016

Administration Overview

- Total Federal student aid increased by more than $50B from 2008 to 2016
  - Selected tax benefits increased by more than $12B/year
  - Maximum Pell Grant increased by more than $1K and indexed to CPI
  - Created and extended the American Opportunity Tax Credit

Administration Overview

- Cut student loan interest rates
- Expanded and improved income-driven repayment plans
- More students graduating college than ever before
  - Black and Latino student enrollment up 1M since 2008
  - Largest and most diverse graduating class ever in 2014
  - More Bachelor's degrees awarded
- 1.6M more Pell recipients per year, compared to 2008
- More borrowers enrolled in affordable repayment plans

Administration Overview

Major challenges remain:

- Tuition at public 4-year colleges more than doubled over past three decades
- Average student debt more than doubled to $27K over past 20 years
- Maximum Pell Grant covers about 30% of cost of 4-year public college education – half of what it covered in 1980

Administration Overview

Major challenges remain:

- 50% of Americans from high-income families hold a Bachelor's degree by age 25; only 10% from low-income families
- Barely half complete a degree in a reasonable time at 4-year institutions and about a third at 2-year schools
- Students who drop out are three times as likely to default as their peers who complete

Administration Overview

President's FY 2017 Budget Proposal

Access

Affordability

Completion

Administration Overview

President's FY 2017 Budget Proposal

Pell Proposals to Boost Completion and CPI Indexing

HBCU & MSI Innovation for Completion Fund

America's College Promise

College Opportunity & Graduation Bonus

US Department of Education

Administration Overview

President's FY 2017 Budget Proposal

FAFSA® Simplification

Improve & Streamline Income-Driven Repayment

Protect Students and Taxpayers

Campus-based aid reforms

US Department of Education

Administration Initiatives

- The College Scorecard
- FAFSA® Changes for 2017-18
- Accreditation Transparency & Rigor
- Experimental Sites
  - Second Chance Pell
  - Dual Enrollment
  - Loan Counseling
  - EQUIP

US Department of Education

Administration Initiatives

- The College Scorecard
  - User-centered design
  - Comprehensive and update data depicting institutional performance metrics, including:
    - Post-graduate earnings
    - Median cumulative loan debt
    - Repayment rates
    - Completion and transfer rates

US Department of Education

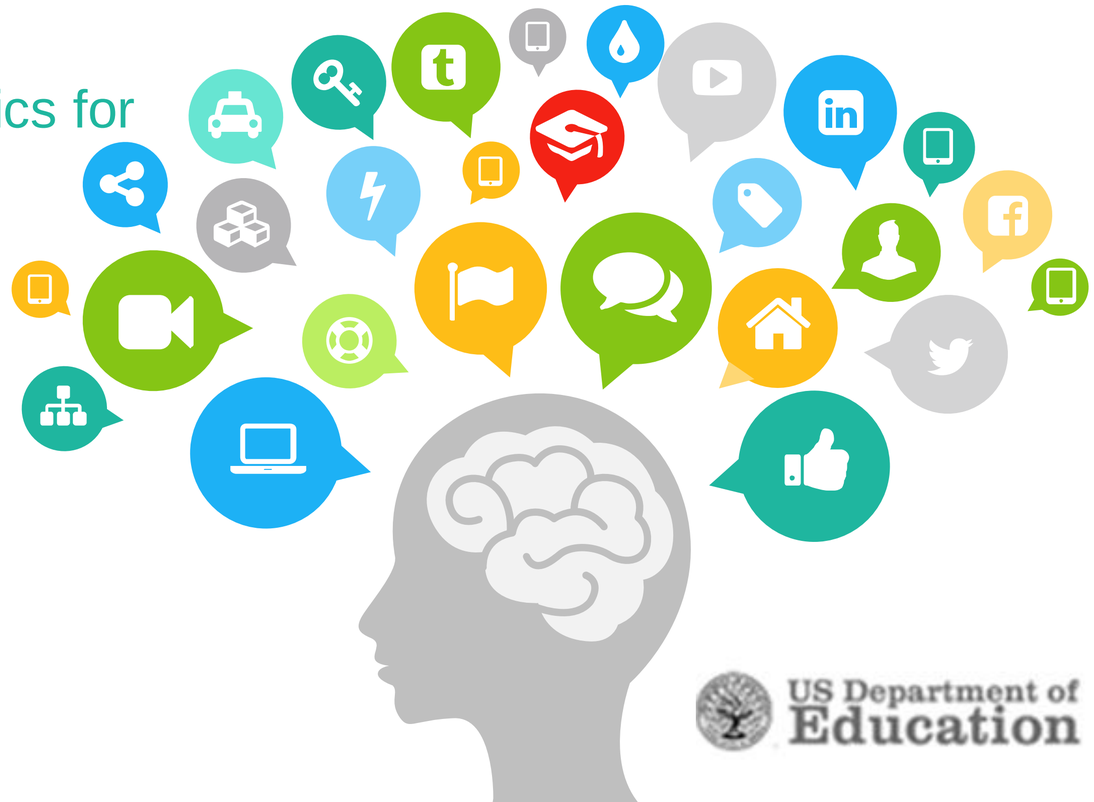
Administration Initiatives

- FAFSA® Changes for 2017-18
  - Submit a FAFSA earlier
    - As early as Oct. 1, 2016, rather than beginning on Jan. 1, 2017
    - The earlier submission date will be a permanent change
  - Use earlier income and tax information
    - 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

US Department of Education

Administration Initiatives

- Accreditation Transparency & Rigor
  - Publishing each accreditor's standards for evaluating student outcomes
  - Increasing transparency in the accreditation process and in institutional oversight
  - Increasing coordination within the Department and among accreditors, other agencies, and states to improve oversight
  - Publishing key student and institutional metrics for postsecondary institutions arranged by accreditors
  - Promoting greater attention to outcomes within current accreditor review processes



US Department of Education

Administration Initiatives

- Experimental Sites
  - Second Chance Pell
  - Dual Enrollment
  - Loan Counseling
  - Educational Quality through Innovative Partnerships (EQUIP)

US Department of Education

Policy & Regulatory Activity

- Borrower Defense to Repayment
- State Authorization Distance Education & Foreign Locations
- Teacher Preparation
- Cash Management
- Strengthening Accreditation
- The Clery Act
- Homeless Youth

Recent Legislation

Federal Perkins Loan Program Extension Act of 2015

Federal Perkins Loan Program Extension Act of 2015

Extends Perkins Loan program through 9.30.17

Prohibits any further extensions under GEPA

Enacted on 12.18.15

Eliminates grandfathering of students after new expiration date

Wind Down

US Department of Education

Federal Perkins Loan Program Extension Act of 2015

Institutions may make Perkins Loans through 9.30.17 to:

- An eligible **current** undergraduate student
- Who **has** an outstanding balance on a Perkins Loan made by that institution
- If the institution has **awarded** the student **all** of the Direct Subsidized Loan aid for which the student is eligible

US Department of Education

Federal Perkins Loan Program Extension Act of 2015

Institutions may make Perkins Loans through 9.30.17 to:

- An eligible **new** undergraduate student
- Who **does not have** an outstanding balance on a Perkins Loan made by that institution
- If the institution has **awarded** the student **all** of the **Direct Subsidized and Unsubsidized Loan aid** for which the student is eligible

US Department of Education

Federal Perkins Loan Program Extension Act of 2015

A **new** undergraduate student is:

- An undergraduate student with no outstanding Perkins Loan balance from that institution
- An undergraduate student who consolidated his or her Perkins Loan is treated as a new undergraduate student

US Department of Education

Federal Perkins Loan Program Extension Act of 2015

The calculation of the undergraduate student's Perkins Loan amount

must include the amounts of

Direct Subsidized and Unsubsidized loan

for which the student is also eligible,

even if the student declines the Direct Loan award.

Federal Perkins Loan Program Extension Act of 2015

If an **undergraduate student** receives a disbursement
of a Perkins Loan amount
after 6.30.17 and before 10.1.17
for the 2017-18 award year
the student may receive
any subsequent disbursements
of that Perkins Loan

Federal Perkins Loan Program Extension Act of 2015

- A **graduate student** who has received a Perkins Loan before 10.1.15 may receive a Perkins Loan through 9.30.16
- The most recent Perkins Loan must have been awarded by that institution for enrollment in an academic program at that institution
- The new Perkins Loan must enable the graduate student to continue or complete the academic program for which the student received the most recent Perkins Loan

Federal Perkins Loan Program Extension Act of 2015

A **graduate student** is considered to be
continuing or completing the academic program
for which the student received
the most recent Perkins Loan only if
the first 4 digits of the CIP code are identical
to the first 4 digits of the academic program
for which the student received
the most recent Perkins Loan

Federal Perkins Loan Program Extension Act of 2015

In the case of graduate programs with different degree objectives,
a **graduate student** meets the eligibility criteria
if the most recent Perkins Loan received
was for enrollment in a program with one
degree objective,
and then enrolled in a program with the
same CIP code
but a different degree objective

Federal Perkins Loan Program Extension Act of 2015

If a **graduate student** receives a disbursement
of a Perkins Loan amount
after 6.30.16 and before 10.1.16
for the 2016-17 award year
the student may receive
any subsequent disbursements
of that Perkins Loan through
6.30.17

Federal Perkins Loan Program Extension Act of 2015

Disclosure requirements:

- The end of the future availability of Perkins Loans
- Direct Loan repayment and forgiveness benefits not available to Perkins Loan borrowers
- The option to consolidate a Perkins Loan, and the benefits of consolidation
- A comparison of Perkins Loan and DL interest rates
- That the borrower has reached the maximum annual Direct Subsidized borrowing limit or Direct Subsidized and Unsubsidized borrowing limit

Guidance & Announcements

Dear Colleague Letters

Electronic Announcements

US Department of Education

Guidance & Announcements

New OMB-Approved Forms:

DL/FFEL/Perkins deferment forms for:

- In-school
- Graduate fellowship
- Rehabilitation training program
- Economic hardship
- Unemployment

Revised Military Service Deferment form is currently in the OMB-forms clearance process

Guidance & Announcements

New OMB-Approved Forms:

DL/FFEL/Perkins forbearance forms for:

- Mandatory Forbearance Request (*student loan debt burden*)
- General Forbearance Request (*other acceptable reasons*)

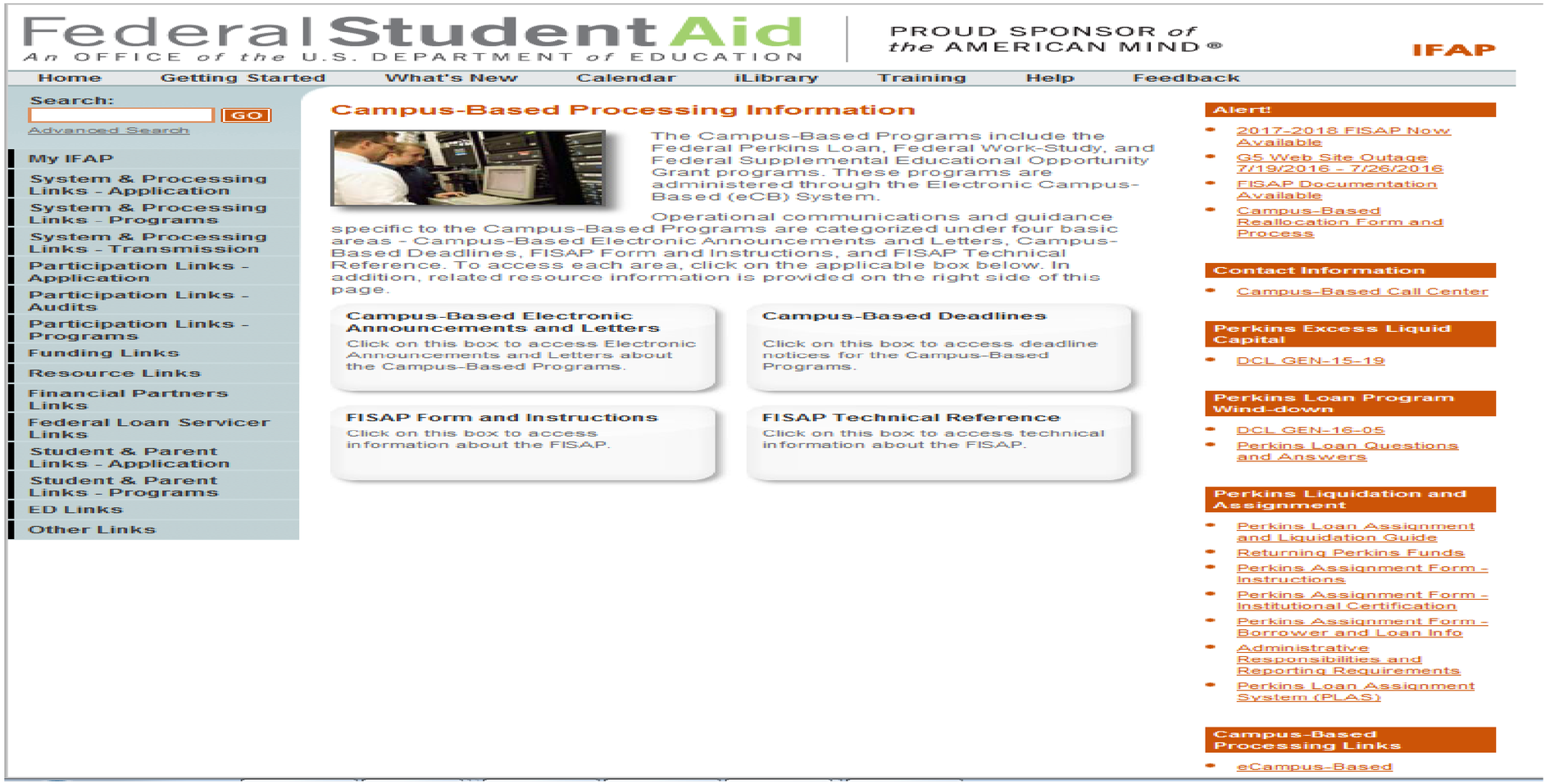
Guidance & Announcements

New IFAP Site for Campus-Based Program

US Department of Education

Guidance & Announcements

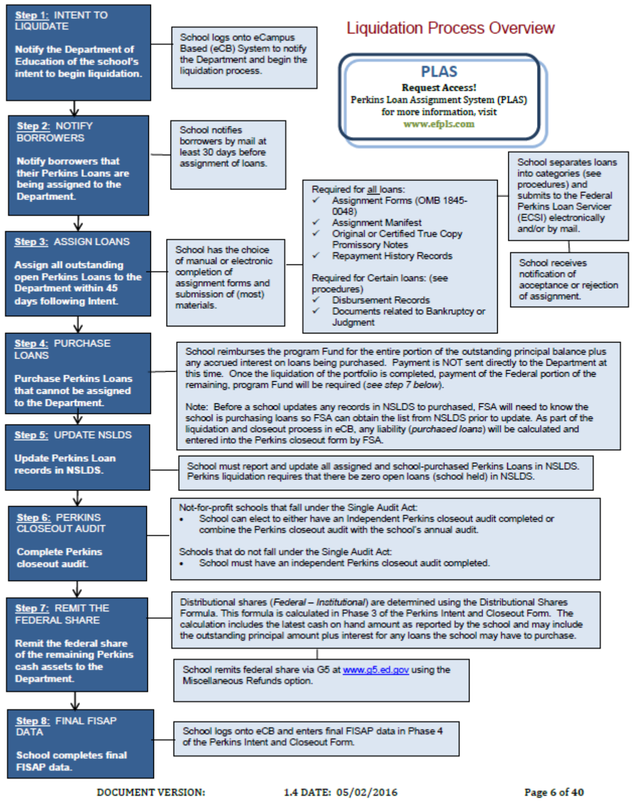
New IFAP Site for Campus-Based Programs



US Department of Education

Guidance & Announcements

Liquidation & Assignment Guide & Perkins Assignment Form



Liquidation Process Overview

Step 1: INTENT TO LIQUIDATE
Notify the Department of Education of the school's intent to begin liquidation.
- School logs onto eCampus Based (eCB) System to notify the Department and begin the liquidation process.

Step 2: NOTIFY BORROWERS
Notify borrowers that their Perkins Loans are being assigned to the Department.
- School notifies borrowers by mail at least 30 days before assignment of loans.

PLAS
Request Access!
Perkins Loan Assignment System (PLAS) for more information, visit www.efpls.com

Step 3: ASSIGN LOANS
Assign all outstanding open Perkins Loans to the Department within 45 days following Intent.
- School has the choice of manual or electronic completion of assignment forms and submission of (most) materials.

Required for all loans:
- ✓ Assignment Forms (OMB 1845-0048)
- ✓ Assignment Manifest
- ✓ Original or Certified True Copy Promissory Notes
- ✓ Repayment History Records

Required for Certain loans: (see procedures)
- ✓ Disbursement Records
- ✓ Documents related to Bankruptcy or Judgment

School separates loans into categories (see procedures) and submits to the Federal Perkins Loan Servicer (ECSI) electronically and/or by mail.

School receives notification of acceptance or rejection of assignment.

Step 4: PURCHASE LOANS
Purchase Perkins Loans that cannot be assigned to the Department.
- School reimburses the program Fund for the entire portion of the outstanding principal balance plus any accrued interest on loans being purchased. Payment is NOT sent directly to the Department at this time. Once the liquidation of the portfolio is completed, payment of the Federal portion of the remaining, program Fund will be required (*see step 7 below*).

Note: Before a school updates any records in NSLDS to purchased, FSA will need to know the school is purchasing loans so FSA can obtain the list from NSLDS prior to update. As part of the liquidation and closeout process in eCB, any liability (*purchased loans*) will be calculated and entered into the Perkins closeout form by FSA.

Step 5: UPDATE NSLDS
Update Perkins Loan records in NSLDS.
- School must report and update all assigned and school-purchased Perkins Loans in NSLDS. Perkins liquidation requires that there be zero open loans (school held) in NSLDS.

Step 6: PERKINS CLOSEOUT AUDIT
Complete Perkins closeout audit.

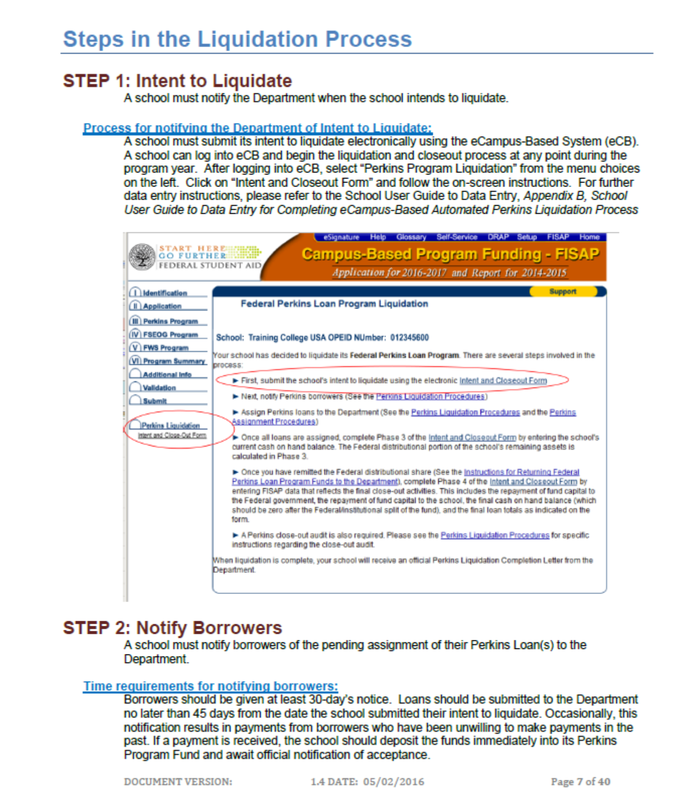
Not-for-profit schools that fall under the Single Audit Act:
- School can elect to either have an Independent Perkins closeout audit completed or combine the Perkins closeout audit with the school's annual audit.

Schools that do not fall under the Single Audit Act:
- School must have an independent Perkins closeout audit completed.

Step 7: REMIT THE FEDERAL SHARE
Remit the federal share of the remaining Perkins cash assets to the Department.
- Distributional shares (*Federal – Institutional*) are determined using the Distributional Shares Formula. This formula is calculated in Phase 3 of the Perkins Intent and Closeout Form. The calculation includes the latest cash on hand amount as reported by the school and may include the outstanding principal amount plus interest for any loans the school may have to purchase.
- School remits federal share via G5 at www.g5.ed.gov using the Miscellaneous Refunds option.

Step 8: FINAL FISAP DATA
School completes final FISAP data.
- School logs onto eCB and enters final FISAP data in Phase 4 of the Perkins Intent and Closeout Form.

DOCUMENT VERSION: 1.4 DATE: 05/02/2016 Page 6 of 40



Steps in the Liquidation Process

STEP 1: Intent to Liquidate

A school must notify the Department when the school intends to liquidate.

Process for notifying the Department of Intent to Liquidate:

A school must submit its intent to liquidate electronically using the eCampus-Based System (eCB). A school can log into eCB and begin the liquidation and closeout process at any point during the program year. After logging into eCB, select "Perkins Program Liquidation" from the menu choices on the left. Click on "Intent and Closeout Form" and follow the on-screen instructions. For further data entry instructions, please refer to the School User Guide to Data Entry, *Appendix B, School User Guide to Data Entry for Completing eCampus-Based Automated Perkins Liquidation Process*

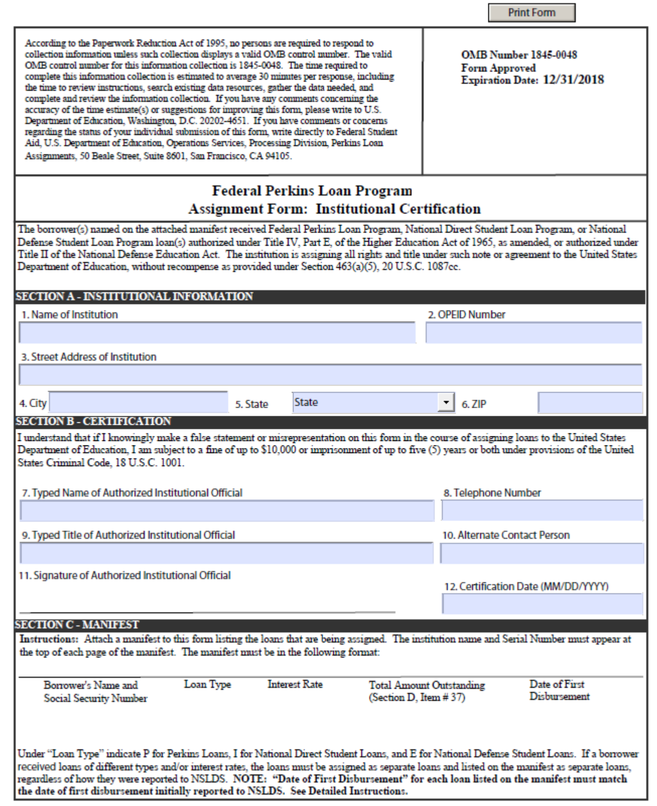
STEP 2: Notify Borrowers

A school must notify borrowers of the pending assignment of their Perkins Loan(s) to the Department.

Time requirements for notifying borrowers:

Borrowers should be given at least 30-day's notice. Loans should be submitted to the Department no later than 45 days from the date the school submitted their intent to liquidate. Occasionally, this notification results in payments from borrowers who have been unwilling to make payments in the past. If a payment is received, the school should deposit the funds immediately into its Perkins Program Fund and await official notification of acceptance.

DOCUMENT VERSION: 1.4 DATE: 05/02/2016 Page 7 of 40



Print Form

According to the Paperwork Reduction Act of 1995, no persons are required to respond to collection information unless such collection displays a valid OMB control number. The valid OMB control number for this information collection is 1845-0048. The time required to complete this information collection is estimated to average 30 minutes per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to U.S. Department of Education, Washington, D.C. 20202-4651. If you have comments or concerns regarding the status of your individual submission of this form, write directly to Federal Student Aid, U.S. Department of Education, Operations Services, Processing Division, Perkins Loan Assignments, 50 Beale Street, Suite 8601, San Francisco, CA 94105.

OMB Number 1845-0048
Form Approved
Expiration Date: 12/31/2018

Federal Perkins Loan Program
Assignment Form: Institutional Certification

The borrower(s) named on the attached manifest received Federal Perkins Loan Program, National Direct Student Loan Program, or National Defense Student Loan Program loan(s) authorized under Title IV, Part E, of the Higher Education Act of 1965, as amended, or authorized under Title II of the National Defense Education Act. The institution is assigning all rights and title under such note or agreement to the United States Department of Education, without recompense as provided under Section 463(a)(5), 20 U.S.C. 1087cc.

SECTION A - INSTITUTIONAL INFORMATION

1. Name of Institution
2. OPEID Number
3. Street Address of Institution
4. City
5. State
6. ZIP

SECTION B - CERTIFICATION

I understand that if I knowingly make a false statement or misrepresentation on this form in the course of assigning loans to the United States Department of Education, I am subject to a fine of up to $10,000 or imprisonment of up to five (5) years or both under provisions of the United States Criminal Code, 18 U.S.C. 1001.

7. Typed Name of Authorized Institutional Official
8. Telephone Number
9. Typed Title of Authorized Institutional Official
10. Alternate Contact Person
11. Signature of Authorized Institutional Official
12. Certification Date (MM/DD/YYYY)

SECTION C - MANIFEST

Instructions: Attach a manifest to this form listing the loans that are being assigned. The institution name and Serial Number must appear at the top of each page of the manifest. The manifest must be in the following format:

Borrower's Name and Social Security Number	Loan Type	Interest Rate	Total Amount Outstanding (Section D, Item # 37)	Date of First Disbursement

Under "Loan Type" indicate P for Perkins Loans, I for National Direct Student Loans, and E for National Defense Student Loans. If a borrower received loans of different types and/or interest rates, the loans must be assigned as separate loans and listed on the manifest as separate loans, regardless of how they were reported to NSLDS. **NOTE: "Date of First Disbursement" for each loan listed on the manifest must match the date of first disbursement initially reported to NSLDS. See Detailed Instructions.**

US Department of Education

Guidance & Announcements

Perkins Loan Assignment System (PLAS)

Federal Student Aid
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Perkins Loan Assignment System User Access Process
Attachment to September 2015 Electronic Announcement (Updated 2/19/2016)

In this document, we provide information about user access for the Perkins Loan Assignment System (PLAS). We cover the information in the following order:

- PLAS Overview
- PLAS User Access Form
- Two Factor Authentication
- Contact Information

PLAS Overview

The Perkins Loan Assignment System (PLAS) will provide schools the ability to electronically submit Federal Perkins Loan (Perkins Loan) assignment information to the Department of Education (the Department). With the electronic Perkins Loan assignment process, authenticated users will complete the Perkins Loan Assignment Form online using PLAS.

PLAS User Access Form

Your school must complete a paper PLAS User Access Form to gain access to PLAS. Electronic enrollment is not available.

To complete a paper PLAS User Access Form use the links found on https://efpls.com.

- ***PLAS Institution Administrator (Required):*** Your school is required to identify a PLAS Institution Administrator. He or she will then be responsible for managing PLAS access for other individual institution users. PLAS Institution Administrators will also be able to enter and submit loan assignments, upload supporting documentation, and retrieve and review reports.
- ***Institution User:*** An institution may have as many Institution Users as needed. These users will be able to enter and submit assignments, upload supporting documentation, and retrieve and review reports.

The PLAS User Access Form will also be used by the PLAS Institution Administrator to modify or terminate access for an existing PLAS user.

- ***Modify User Access:*** When a PLAS user's demographic information changes, the PLAS Administrator should submit a PLAS User Access Form to indicate the reason for the change on the form.
- ***Terminate User Access:*** When a PLAS user should no longer have access to the system, the PLAS Administrator must immediately submit a PLAS User Access Form to indicate the user's access should be terminated.

Submitting PLAS User Access Forms

For the quickest processing, completed PLAS User Access Forms should be e-mailed to PLASAccess@efpls.com. Alternatively, forms can be mailed to the address below:

ECSI Federal Perkins Loan Servicer
Attn: PLAS Access Requests
100 Global View Drive, Suite 800
Warrendale, PA 15086

Before returning the forms, confirm the following:

- The President/CEO/Chancellor or Designee (referred to as the Authorizing Official) name and signature match the information on file with the Department.
- All signatures are original. Signatures are not photocopied or stamped.

Once the submitted PLAS User Access Form is processed, the user will receive two separate e-mails, one with a Login ID and one with a temporary password. The temporary password will need to be changed the first time the user signs in to PLAS.

Two Factor Authentication

Similar to the security process used to access Federal Student Aid systems, such as the eCampus-Based (eCB) System, authorized users of PLAS will be required to enter two forms of "authentication" to access the system.

This security process is an established technology referred to as Two Factor Authentication (TFA). TFA will require each authorized user to log in to PLAS with his or her Login ID and password as well as a Security Code generated by a registered TFA token.

If a user already has a TFA token because he or she also has access to one of Federal Student Aid's systems, the user only needs to complete the PLAS User Access Form.

If a user does not have a TFA token, the user should contact the school's Primary Destination Point Administrator (DPA) for Federal Student Aid systems to obtain one. Once the token is received, it will need to be registered. In addition, the user will need to complete the PLAS User Access Form. ***Note:*** The school's Primary DPA for Federal Student Aid systems is not required to be the same person as the school's designated Institution Administrator for PLAS.

If a school's Primary DPA has questions related to TFA tokens, contact the TFA Support Center at 800/330-5947, option 2 or by e-mail at TFASupport@ed.gov.

Contact Information

If you need assistance completing the PLAS User Access Form, contact ECSI Federal Perkins Loan Servicer at 844/301-2620. Customer Service Representatives are available Monday through Friday from 8:00 A.M. until 5:00 P.M. (ET).

Guidance & Announcements

Supporting Documentation For Assignment of Perkins Loans: March 2016

Status of the Loan	Required Documents	Alternative Required Documents (Only if Original Promissory Note or Master Promissory Note Does Not Exist)	Extenuating Circumstances Documentation
In-School or Grace	• Or • Ma wit		
In Repayment - No Default	• Or • Ma wit • Re		
In Repayment – Default School Has Not Initiated Legal Action Against the Borrower	• Or • Ma wit • Re		

Notes:

Disbursement record is the evidence s

Repayment record is an accounting rec deferments, forbearance periods. If no p included.

Status of the Loan	Required Documents	Alternative Required Documents (Only if Original Promi Note or Master Promi Note Does Not Exi	Extenuating Circumstances Documentation
In Repayment – Default Judgment Initiated – Decision Not Yet Rendered Assignment by a School Not Liquidating or Closing	Loan cannot be assigned until judg		
In Repayment – Default Judgment Initiated – Decision Not Yet Rendered Assignment by a School Liquidating or Closing	• At the specific request of the Department, documentation that the school requested the court to end the judgment proceedings or request the court to name the Department as the creditor • All documents related to the school's filing the request for judgment • Original Promissory Note or Master Promissory Note with Disbursement Records • Repayment Records	• At the specific reques the Department, documentation that the school requested the court to end the judgment proceedings or request the court to name the Department as the creditor • All documents related to the school's filing the request for judgment • Certified True Copy of Front and Back of Promissory Note or Master Promissory Note with Disbursement Records • Repayment Records	the Department documentation t school requeste to end the judgn proceedings or court to name th Department as t • All documents r the school's filin request for judg • Approval letter f Federal Student other acceptabl alternative docu

Status of the Loan	Required Documents	Alternative Required Documents (Only if Original Promissory Note or Master Promissory Note Does Not Exist)	Extenuating Circumstances Documentation
In Repayment – Default Judgment Rendered Assignment Form Amount and the Judgment Amount Match	• Original or certified true copy of the judgment • Original Promissory Note or Master Promissory Note • Signed statement providing amount, interest rate, and expiration date if this information does not appear on the judgment	• Original or certified true copy of the judgment • Certified True Copy of Front and Back of Promissory Note • Signed statement providing amount, interest rate, and expiration date if this information does not	• Original or certified true copy of the judgment • Signed statement providing amount, interest rate, and expiration date if this information does not appear on the judgment documents • Approval letter from Federal

Status of the Loan	Required Documents	Alternative Required Documents (Only if Original Promissory Note or Master Promissory Note Does Not Exist)	Extenuating Circumstances Documentation
In Repayment – Default Judgment Rendered Assignment Form Amount and Judgment Amount Do Not Match	• School must work with FSA to determine amount that will be assigned • Original Promissory Note or Master Promissory Note • Original or certified true copy of the judgment • Signed statement providing amount, interest rate, and expiration date if this information does not appear on the judgment documents • Repayment records made on the judgment • Repayment records on all payments made prior to judgment (if available)	• School must work with FSA to determine amount that will be assigned • Certified True Copy of Front and Back of Promissory Note • Original or certified true copy of the judgment • Signed statement providing amount, interest rate, and expiration date if this information does not appear on the judgment documents • Repayment records made on the judgment • Repayment records on all payments made prior to judgment (if available)	• School must work with FSA to determine amount that will be assigned • Original or certified true copy of the judgment • Signed statement providing amount, interest rate, and expiration date if this information does not appear on the judgment documents • Repayment records made on the judgment. • Repayment records on all payments made prior to judgment (if available) • Approval letter from Federal Student Aid for other acceptable alternative documentation
Bankruptcy Initiated – Decision Not Yet Rendered Assignment by a School Not Liquidating or Closing (Applies to both non-defaulted and defaulted loans)	Loan cannot be assigned until court rules on the bankruptcy petition		

US Department of Education

Guidance & Announcements

Current Excess Liquid Capital Process

- A statutory requirement
- Calculated using institution's FISAP data
- Requires the Federal share to be returned to ED
- Requires the Institutional share to be removed from the Fund
- Requires reporting on the next FISAP due September 30, 2016

Guidance & Announcements

Future Excess Liquid Capital Process

- Regulatory and statutory requirement
- New information coming very soon in an EA announcing the process
  - ✓ Updating the formula
  - ✓ Streamlining efforts
  - ✓ Providing completed worksheet to institutions
  - ✓ Eliminating common errors completing worksheets

Questions?

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202.453.7583

http://www2.ed.gov/about/offices/list/ope/policy.html

Coffee Break!

Time to relax and enjoy a cup of coffee?