Perkins Loan Program History

- The statutory authority for schools to make Perkins Loans (HEA Section 461) ended on September 30, 2014, with an automatic one-year extension to September 30, 2015.

- Language (now outdated) in HEA Section 466 calls for schools to return Federal share funds from the Perkins Loan Program to the government after October 1, 2012.

- Department has interpreted HEA Section 461 to govern the duration of the Perkins program.

Dear Colleague Letter GEN-11-02
Current Program Status
Since Congress did not ultimately act to extend the program, the authority to make Perkins Loans to new borrowers ended September 30, 2015.

• If school made the first disbursement of a Federal Perkins Loan for the 2015-2016 award year prior to October 1, 2015, school may make any remaining disbursements
  – Loan may be increased in 2015-2016 assuming the student is eligible and the first disbursement was made prior to October 1

Dear Colleague Letter GEN-15-03

Perkins Grandfathering
Narrow “grandfathering” provision allows schools to make Perkins Loans to certain students through September 30, 2020...if:

• Student received at least one Perkins Loan disbursement on or before June 30, 2015 (for 2014-15 award year or earlier), and

• Student is enrolled at same institution where the last Perkins Loan disbursement was received, and

• 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

Grandfathered Perkins Loan can be awarded only after student is awarded all Direct Subsidized Loan aid for which s/he is eligible

• Full Direct Subsidized Loan eligibility must always be considered when determining Perkins eligibility

• Declining a Subsidized Loan does not mean a Perkins Loan may be added to a student’s aid package, or increased
**Undeclared Majors**

For students whose program is “Undeclared” or “Undecided,” students may continue to receive Perkins under grandfathering provisions until and after they declare a major

- Once a major is declared, students must remain in that program to continue receiving Perkins

*Perkins Loan Wind-Down Q&A:*
http://ifap.ed.gov/cbpmaterials/attachments/PerkinsQandAs.pdf

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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, 2015

- ELC is calculated using worksheet attached to *Dear Colleague Letter GEN-15-09*

- If funds must be returned, follow “Instructions for Returning Perkins Funds” on the IFAP website:
Perkins Loan Assignments

• For several years, the Department has encouraged schools to assign dormant loans

• Schools may choose to assign loans when:
  - A Perkins Loan remains in default after due diligence, or
  - An initial determination has been made for a total and permanent disability discharge, or
  - The school wishes to voluntarily liquidate its Perkins portfolio

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

Perkins Loan Assignments

• Those wishing to use the new PLAS must request access

• More information about Perkins Loan Assignment Procedures is available at the Campus Based Processing Information site: [http://ifap.ed.gov/ifap/cbp.jsp](http://ifap.ed.gov/ifap/cbp.jsp)
Application Processing

2016-2017 FAFSA

- Comments on draft 2016-2017 FAFSA and SAR were due October 13, 2015
  – Final version expected by December 2015

Electronic Announcement: August 13, 2015

Beginning 2017-2018

- The FAFSA will open October 1 instead of January 1
  – 2017-2018 FAFSA filing will begin October 1, 2016

Electronic Announcement: September 14, 2015
Beginning 2017-2018

- 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 increases the use of the Data Retrieval Tool (DRT)

Electronic Announcement: September 14, 2015
Dear Colleague Letter expected by December 2015

Cohort Default Rates

National Student Loan Default Rates
National Default Rates – FY 2012

- On September 28, 2015, the Department electronically distributed FY 2012 three-year official Cohort Default Rates
- Appeal period opened on October 6, 2015
- Default rate questions?
  
  fsa.schools.default.management@ed.gov
  Operations Performance Division Hotline: 202.377.4259

Sequestration
Dear Colleague Letter GEN-15-07

Direct Loan Fees for FY 2015 and FY 2016

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>FY 2015 Impacted Loans</th>
<th>FY 2016 Impacted Loans</th>
<th>Loan Fee Percent</th>
<th>Fee Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Subsidized Loans and Direct Unsubsidized Loans</td>
<td>First disbursed on or after October 1, 2014 and before October 1, 2015</td>
<td>First disbursed on or after October 1, 2015 and before October 1, 2016</td>
<td>1.073</td>
<td>$59.01 on a $5,500 loan</td>
</tr>
<tr>
<td>FY 2016</td>
<td></td>
<td></td>
<td>1.068</td>
<td>$58.74 on a $5,500 loan</td>
</tr>
</tbody>
</table>

Zack Goodwin
US Department of Education
### Iraq-Afghanistan Service Grant Awards

<table>
<thead>
<tr>
<th>Award Year</th>
<th>Impacted Awards</th>
<th>Statutory Award Amount</th>
<th>Reduction from Statutory Award Amount</th>
<th>Dollar Reduction Amount</th>
<th>Adjusted Award Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-2015</td>
<td>First disbursed prior to October 1, 2014 (FY 2014 Sequestration)</td>
<td>$5,730</td>
<td>7.20%</td>
<td>$412.56</td>
<td>$5,317.44</td>
</tr>
<tr>
<td></td>
<td>First disbursed on or after October 1, 2014 and before October 1, 2015 (FY 2015 Sequestration)</td>
<td>$5,730</td>
<td>7.30%</td>
<td>$418.29</td>
<td>$5,311.71</td>
</tr>
<tr>
<td>2016-2016</td>
<td>First disbursed on or after October 1, 2014 and before October 1, 2015 (FY 2015 Sequestration)</td>
<td>$5,775</td>
<td>7.30%</td>
<td>$421.57</td>
<td>$5,353.43</td>
</tr>
<tr>
<td></td>
<td>First disbursed on or after October 1, 2015 and before October 1, 2016 (FY 2016 Sequestration)</td>
<td>$5,775</td>
<td>6.80%</td>
<td>$392.70</td>
<td>$5,382.30</td>
</tr>
</tbody>
</table>

### TEACH Grant Awards

<table>
<thead>
<tr>
<th>Award Year</th>
<th>Impacted Awards</th>
<th>Statutory Maximum Award Amount</th>
<th>Percentage Reduction from Statutory Award Amount</th>
<th>Dollar Reduction Amount</th>
<th>Adjusted Maximum Award Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-2015</td>
<td>First disbursed prior to October 1, 2014 (FY 2014)</td>
<td>$4,000</td>
<td>0.95%</td>
<td>$35.66</td>
<td>$3,664.40</td>
</tr>
<tr>
<td></td>
<td>First disbursed on or after October 1, 2014 and before October 1, 2015 (FY 2015)</td>
<td>$4,000</td>
<td>7.30%</td>
<td>$252.00</td>
<td>$3,748.00</td>
</tr>
<tr>
<td>2015-2016</td>
<td>First disbursed on or after October 1, 2014 and before October 1, 2015 (FY 2015)</td>
<td>$4,000</td>
<td>7.30%</td>
<td>$252.00</td>
<td>$3,748.00</td>
</tr>
<tr>
<td></td>
<td>First disbursed on or after October 1, 2015 and before October 1, 2016 (FY 2016)</td>
<td>$4,000</td>
<td>6.80%</td>
<td>$272.00</td>
<td>$3,728.00</td>
</tr>
</tbody>
</table>

Verification
Verification Policy Updates

Victims of IRS tax-related identity theft must submit:

- Statement signed and dated by tax filer indicating s/he was a victim of IRS tax-related identity theft and the IRS has been made aware; and
- An IRS Tax Return Database View (TRDBV) transcript
  - Tax filers who cannot obtain a TRDBV transcript may instead submit another official IRS document if it includes all of the income and tax information required to be verified

*Guidance applies to 2015-2016 and subsequent years*

Federal Register: June 26, 2015

Verification Policy Updates

Individuals who filed an amended tax return must submit:

- an IRS Tax Return Transcript, or any other IRS tax transcript(s) that include the income and tax information required to be verified; and
- a signed copy of the IRS Form 1040X that was filed with the IRS

*Guidance applies to 2015-2016 and subsequent years*

Program Integrity Q & A website: Effective August 13, 2015

2015-2016 Documentation Update

- Alternative documentation may now be accepted when tax filer requested but is unable to obtain an IRS Tax Return Transcript using the IRS *paper or on-line* request process
  - Exception not permitted due to:
    - Transcripts being unavailable because the IRS has not had time to process the data, due to recent filing
    - The removal of the "Get Transcript Online" tool

*Electronic Announcement: October 2, 2015*
2015-2016 Documentation Update

Alternative documentation includes:

- Signed copy of 2014 IRS tax return, and
- Statement from tax filer, on or attached to the return, certifying data is the same as submitted to the IRS, and
- Communication from IRS stating request unsuccessful
  – Letter from IRS (signed and dated by tax filer) or
  – Screen shot print (signed and dated by tax filer), and
- Completed and signed IRS Form 4506 T-EZ or 4506-T listing institution as third party
  – For mailing only if accuracy is doubted

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 text coming soon!

Career Pathway Programs and
Title IV Eligibility
Dear Colleague Letter GEN-15-09

- Students without a high school diploma or equivalent who enrolled in an eligible career pathway program on or after July 1, 2014 may be eligible to receive Title IV aid if they:
  - Pass an independently administered Department of Education approved Ability to Benefit (ATB) test
  - Complete at least 6 credit hours or 225 clock hours that are applicable toward a degree or certificate offered by the postsecondary institution
  - Completes a State process approved by the Secretary
    - No State process has ever been sent for ED approval

Electronic Announcement: June 24, 2015

- Identifies ATB tests that continue to be approved, and newly approved tests
  - Includes passing scores and publisher contact information

- Identifies ATB tests that are no longer approved

Eligible Career Pathway Program

- An eligible career pathway program must:
  - Concurrently enroll students in connected adult education and eligible postsecondary programs
  - Provide students with counseling and supportive services to identify and attain academic and career goals
  - Provide structured course sequences that:
    - Are articulated and contextualized, and
    - Allow students to advance to higher levels of education and employment
  - Provide opportunities for acceleration for students to attain recognized postsecondary credentials
Eligible Career Pathway Program

• An eligible career pathway program must:
  – Be organized to meet the needs of adults
  – Be aligned with the education and skill needs of the regional economy, and
  – Have been developed and implemented in collaboration with partners in business, workforce development, and economic development

Eligible Career Pathway Program

• Eligible career pathway programs contain 2 components:
  – an adult education component, and
  – a Title IV-eligible postsecondary program component

Limited Pell Grants

• Any student whose first enrollment in any Title IV-eligible postsecondary program was on or after July 1, 2015, and who is eligible under the Career Pathway ATB provisions, will only be eligible for a limited Pell Grant award
  – Maximum limited 2015-2016 Pell Grant is $4,860
  – Maximum regular Pell Grant is $5,775 (non-ATB)

Limited Pell Grant schedules attached to GEN-15-09
Electronic Announcement: July 9, 2015

Schools are responsible for determining student eligibility and the correct award amount for students who receive a Federal Pell Grant award under the Career Pathway Alternative Pell Grant Disbursement Schedules

- COD does not reflect these schedules and there are no system edits on the Pell Grant award amount related to these schedules

Gainful Employment
GE Reporting

- Reported prior-year Title IV students by July 31, 2015
  - For award years 2008-09 through 2013-14 award years

- Report future award years by October after end of the award year
  - Reported 2014 – 2015 Award Year by October 1, 2015

Gainful Employment Measure

- Debt-to-earnings (D/E) rates
  - Annual and discretionary
  - Passing: Annual rate ≤ 8% or Discretionary ≤ 20%
  - Failing: Annual D/E > 12% or Discretionary > 30%
  - Zone: Annual D/E > 8% and ≤ 12% or Discretionary D/E > 20% and ≤ 30%

Gainful Employment Results

- Program loses Title IV eligibility if:
  - Fails in two out of three years
  - Fails or in the zone for four consecutive years
DEBT-TO-EARNINGS RATE CALCULATION PROCESS

1. Schools Report GE data to NSLDS
2. Schools Receive Draft Debt-to-Earnings Rates
3. Schools may challenge Draft Debt-to-Earnings Rates
4. Rates and any related debt are distributed to schools
5. Challenges are addressed by FSA
6. Schools Receive Final Debt-to-Earnings Rates
7. School may notify FSA of issue to avoid adverse earnings appeals

Note: FSA calculates & validates each step before sending to schools.

GE PROGRAM TRACKING

- Gainful Employment Program Tracking page on NSLDS
  - Listed under the ORG Tab
  - Provides a listing of the GE programs ED records show the institution offers
  - Shows whether the institution has reported to NSLDS the GE information for any required programs

NSLDS Gainful Employment User Guide, Chapter 4

“GE Program Detail Response Status Report” provides GE data institution has reported to NSLDS

GE PROGRAM TRACKING – CORRECTIONS

GE Electronic Announcement #60: September 4, 2015

- GE programs listed were based in part on COD origination information for 2014-2015 that indicated a program was a Gainful Employment program
- Many errors are program credential level code errors
- Errors must be corrected in NSLDS and COD accordingly
GE Program Tracking List

GE electronic announcement #54: June 11, 2015

- New Program Participation Agreements (PPAs) executed on or after July 1, 2015 will have new certifications included

- Schools that won’t execute a PPA between July 1, 2015 and December 31, 2015 must provide a Transitional Certification signed by the CEO/President
  - Certifies each GE program meets all TIV eligibility criteria
  - Sent to GECertification@ed.gov
### Disclosures

- Current disclosure requirements remain in effect through December 31, 2016
- New disclosure requirements will be effective as of January 1, 2017
  - ED to conduct consumer testing to determine new disclosure requirements and prepare new disclosure template

*Final Rule: October 31, 2014*

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### Regulatory Activity

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### Negotiated Rulemaking

- Program Integrity
  - Cash Management
  - Repeat Coursework
  - Clock-to-Credit Conversion
- Pay as You Earn (PAYE) repayment plan
- Defense to Repayment
Odds and Ends

Dear Colleague Letter GEN-15-08

Citizenship and Immigration Documentation

- If unable to provide original documentation (e.g., distance education), school policy may permit students to submit photocopies or images of immigration documents
  - Eligible noncitizen status
    - The school must initiate paper secondary confirmation process using the G-845 form
    - The G-845 is never required for confirmation of citizenship

Training
2015 FSA Training Conference

December 1–4, 2015
Mandalay Bay
Las Vegas, Nevada

Conference registration and lodging are open!
• fsaconferences.ed.gov
  (right-hand side of IFAP website)

Thank you!

Zack Goodwin
zachary.goodwin@ed.gov
617.289.0051

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**

**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!

Campus Based Call Center  
COD  
CPS/SAIG  
NSLDS  
G5

eZ-Audit  
School Eligibility Service Group  
Foreign Schools Participation Division  
Research and Customer Care Center  
Nelnet Total & Permanent Disability Team

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Zack Goodwin  
US Department of Education