



# Department of Education Update

## COHEAO Annual Conference

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U. S. Department of Education  
February 3, 2016

# TOPICS



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





- Bipartisan Budget Act of 2015 (H.R. 1314)
  - Increased discretionary spending by \$80 billion over two years (FY 2016 and FY 2017)
  - 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
  - \$22.475 billion for Pell Grants
  - \$570 million for Aid for Institutional Development programs
  - \$582 million for Adult Education State Grants
  - \$618 million for the Institute of Education Sciences



- Consolidated Appropriations Act, 2016
  - Student Loan Servicing:
    - \$1.552 billion for loan servicing and administration of Federal student aid programs
    - Requires student loan accounts to be allocated according to quality of services provided by servicing contractors





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

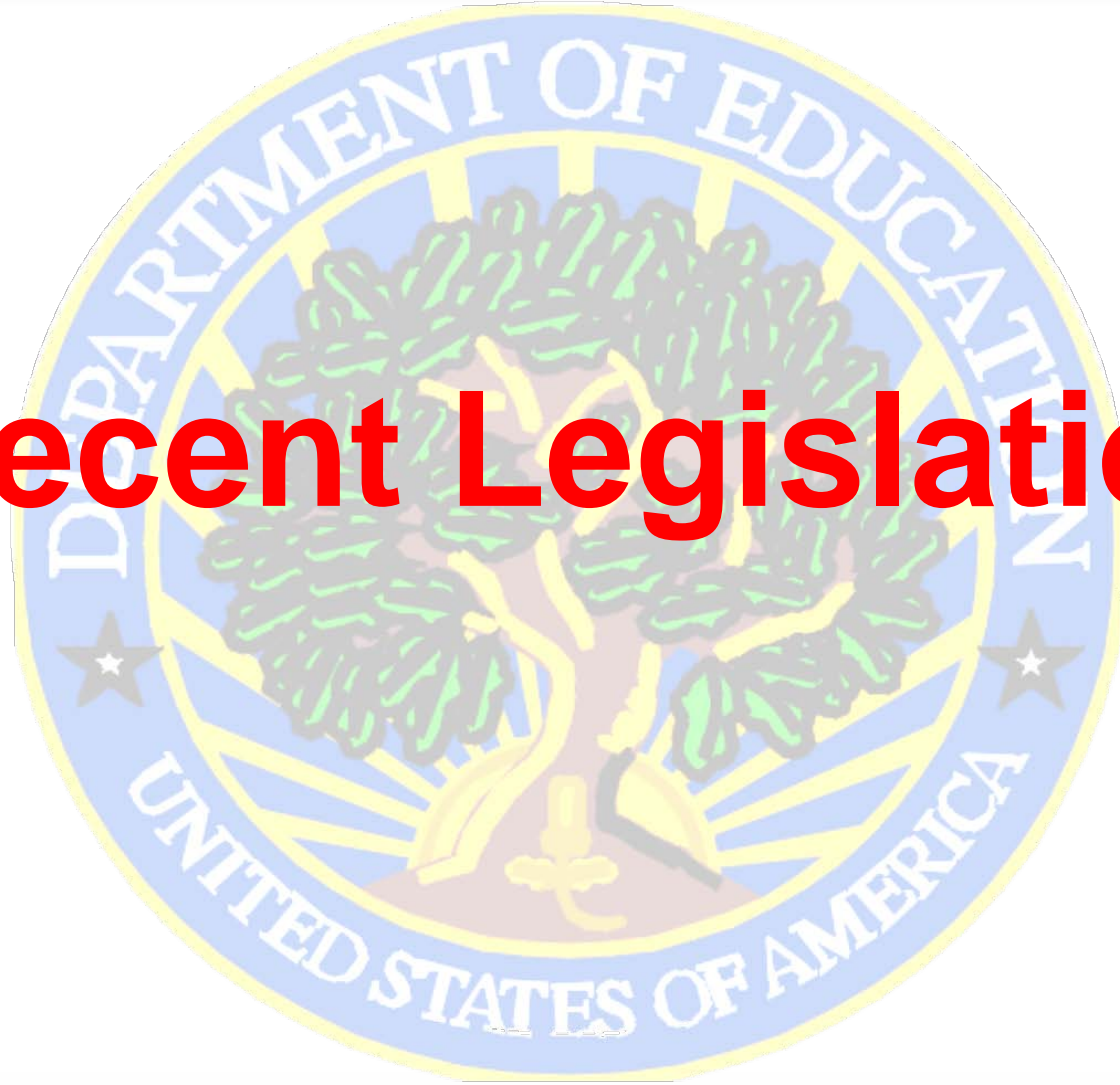




- FAFSA® Changes for 2017-18
  - Students will be able to file a 2017-18 FAFSA® as early as October 1, 2016 (rather than January 1, 2017)
  - Students (and parents) will report income from an earlier tax year. For the 2017-18 FAFSA®, 2015 income information will be reported, rather than 2016 income information



# Recent Legislation





- Continuing Appropriations Act, 2016 (H.R. 719)
  - Funded Federal gov't until December 11, 2015
  - Did not extend the Perkins Loan Program beyond the September 30, 2015 expiration date



- Federal Perkins Loan Program Extension Act of 2015 (H.R. 3594)
  - Enacted on December 18, 2015
  - Extends the Perkins Loan program through September 30, 2017
  - Eliminates grandfathering of students after the new expiration date
  - Prohibits any further extensions of the Perkins Loan Program under GEPA



- Federal Perkins Loan Program Extension Act of 2015
  - Schools may make Perkins Loans through Sept. 30, 2017 to an:
    - Eligible current undergrad student
    - Who **has** an outstanding balance on a Perkins Loan made by the school
    - If the school has awarded the student all Direct Subsidized Stafford Loan aid for which the student is eligible

# Recent Legislation



- Federal Perkins Loan Program Extension Act of 2015
  - Schools may make Perkins Loans through Sept. 30, 2017 to an:
    - Eligible new undergrad student
    - Who **does not have** an outstanding balance on a Perkins Loan made by the school
    - If the school has awarded the student all Direct Subsidized and Unsubsidized Stafford Loan aid for which the student is eligible



- Federal Perkins Loan Program Extension Act of 2015
  - Schools may continue to make Perkins Loans through Sept. 30, 2016 to an eligible graduate student who has received a Perkins Loan before October 1, 2015

# Recent Legislation



- Federal Perkins Loan Program Extension Act of 2015
  - The graduate student must:
    - Have received his or her most recent Perkins Loan from the school for enrollment in an academic program at the school; and
    - The new Perkins Loan must enable the graduate student to continue or complete the academic program for which the student received his or her most recent Perkins Loan





- Federal Perkins Loan Program Extension Act of 2015
  - If an eligible graduate student borrower receives a disbursement of a Perkins Loan after June 30, 2016, and before October 1, 2016, for the 2016-2017 award year, the student may receive any subsequent disbursements of that Perkins Loan through June 30, 2017



- Federal Perkins Loan Program Extension Act of 2015
  - In addition to the disclosures currently required, schools must make additional disclosures to each Perkins borrower before making a first disbursement of a Perkins Loan



- Federal Perkins Loan Program Extension Act of 2015
  - Schools must provide each Perkins borrower a notice and explanation:
    - Regarding the end of future availability of Perkins Loans
    - Of Direct Loan repayment and forgiveness benefits not available to Perkins Loans
    - Regarding the borrower's option to consolidate a Perkins Loan, and the benefits of consolidation



- Federal Perkins Loan Program Extension Act of 2015
  - Schools must provide each Perkins borrower a notice and explanation:
    - Providing a comparison of Perkins Loan and Direct Loan interest rates
    - Informing the borrower that the borrower has reached the maximum annual borrowing limit for Direct Subsidized Stafford Loans (for current undergrads) or Direct Subsidized Stafford Loans and Direct Unsubsidized Stafford Loans (for new undergrads)



# Regulatory Activity





- 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



- Program Integrity and Improvement (PII) 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



- PII: PLUS “Adverse Credit History”  
Definition
  - NPRM published on August 8, 2014
  - Final regulations published on Oct. 23, 2014, effective July 1, 2015, but designated for early implementation
  - New adverse credit history standards apply to all PLUS loan credit checks conducted on or after March 29, 2015
  - Enhanced PLUS loan counseling available as of March 29, 2015





- PII: Cash management, repeat coursework, and clock-to-credit hour conversion
  - NPRM published on May 18, 2015
  - Final regulations published on October 30, 2015



- Negotiated Rulemaking in FY 2015
  - Three negotiations:
    - Feb. 24 - 26, March 31 – April 2, April 28 – 30, 2014
    - Revised Pay As You Earn (REPAYE) repayment plan
    - Identifying servicemembers who qualify for lower interest rates under the SCRA
    - Treatment of DOD lump sum payments for Public Service Loan Forgiveness
    - CDR participation rate index challenges and appeals
    - Transition to servicing and technical corrections to loan rehabilitation regulations
  - Consensus reached



- Negotiated Rulemaking FY 2015
  - NPRM published on July 9, 2015
  - Received nearly 3,000 comments
  - Final regulations published on October 30, 2015



- Negotiated Rulemaking in FY 2016
  - Federal Register Notice published August 20, 2015, proposed establishing a negotiating committee to develop regulations for determining which acts or omissions of a school a borrower may assert as a defense to repayment of a Direct Loan (“Borrower Defenses”), and the consequences of such borrower defenses for borrowers, schools, and ED



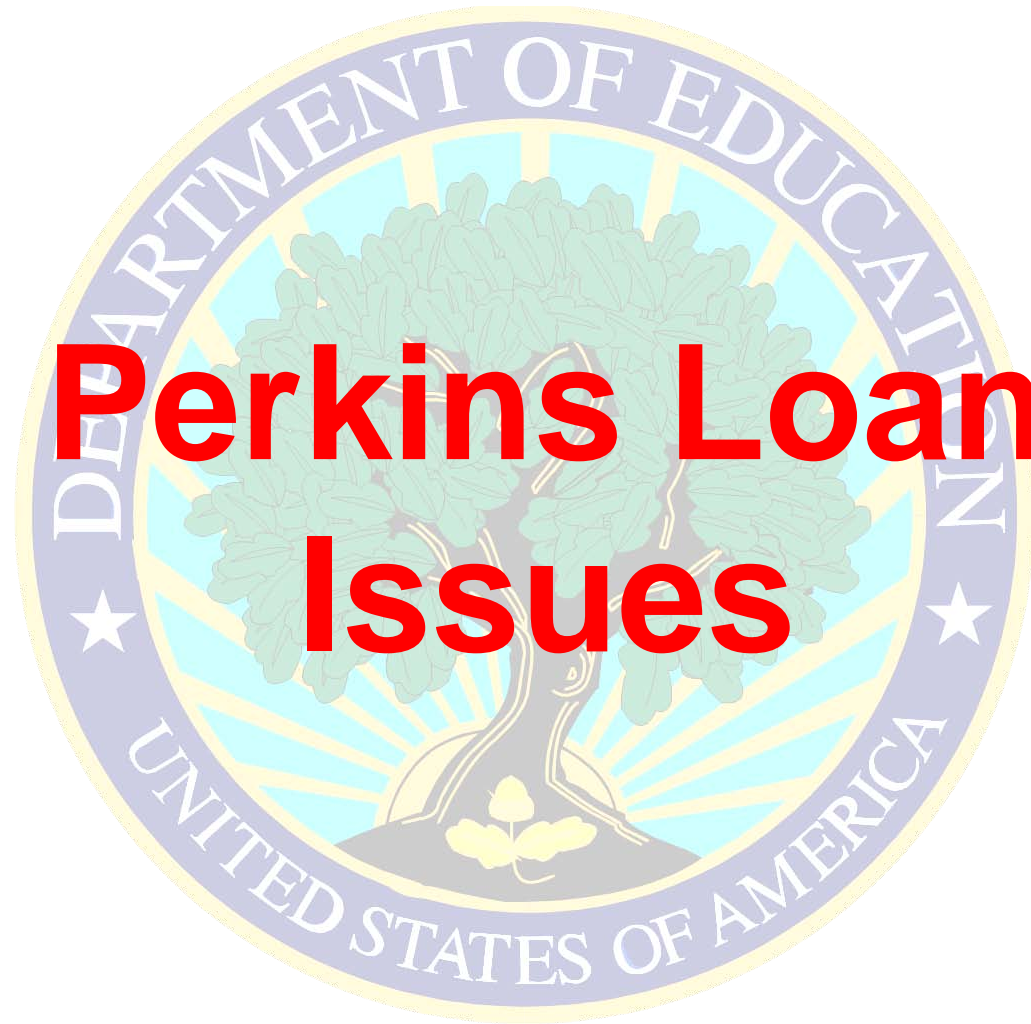
- Negotiated Rulemaking in FY 2016
  - The committee would address:
    - Procedures for a borrower to establish a defense against repayment
    - Criteria ED will use to identify acts or omissions by a school
    - Standards and procedures ED will use to determine liability of a school
    - Effect of borrower defenses on institutional capability assessments



- Negotiated Rulemaking in FY 2016
  - Interested parties were invited to suggest additional issues for consideration by the negotiating committee at two hearings:
    - Washington, D.C. (Sept. 10, 2015)
    - San Francisco, California (Sept. 16, 2015)
  - Deadline for written suggestions was Sept. 16, 2015



- Negotiated Rulemaking in FY 2016
  - Federal Register Notice published October 20, 2015 announced the schedule for Borrower Defenses negotiating sessions:
    - January 12 -14, 2016
    - February 17 -19, 2016
    - March 16 – 18, 2016



# Perkins Loan Issues





- **Excess Liquid Capital**
  - ED estimates the amount of excess cash in schools' Funds, based on expenditures reported on the FISAP
  - Schools must remove the institutional share of excess cash from the Fund
  - Federal share of excess cash must be returned to ED



- Excess Liquid Capital
  - Deadline for returning excess cash was December 31, 2015
  - Schools that missed the deadline must return excess cash to ED by February 15, 2016



- Perkins Loan Assignment
  - The Perkins Loan Assignment System (PLAS) allows authenticated users to:
    - Submit multiple loans as a batch file, or submit individual loans
    - Upload supporting documentation (prom notes, payment histories, etc.)
    - Search, view and edit submitted assignment information
    - View reports of Perkins loans accepted or rejected for assignment



- Perkins Loan Assignment
  - Sept. 21, 2015 Electronic Announcement announced the availability of PLAS and provides:
    - PLAS Overview
    - PLAS User Access Form
    - PLAS User Guide
  - ED continues to explore ways to streamline the assignment process



- Perkins Liquidation
  - Schools that state an intention to liquidate on the FISAP must follow-up by contacting ED
  - Contact information for schools planning to liquidate:  
[Perkinsliquid@ed.gov](mailto:Perkinsliquid@ed.gov)



- Deferment Forms
  - The Military Service Deferment form is the only current combined DL/FFEL/Perkins deferment form
  - ED has developed additional combined deferment forms



- Deferment Forms
  - The new DL/FFEL/Perkins deferment forms cover:
    - In-school deferments
    - Graduate fellowship and rehabilitation training program deferments
    - Economic hardship deferments
    - Unemployment deferments



- Deferment Forms
  - The new deferment forms posted for public comment on July 7, 2015
  - Closing date for comments: August 6, 2015
  - OMB-approved forms will be posted to IFAP





# **Dear Colleague Letters and Electronic Announcements**



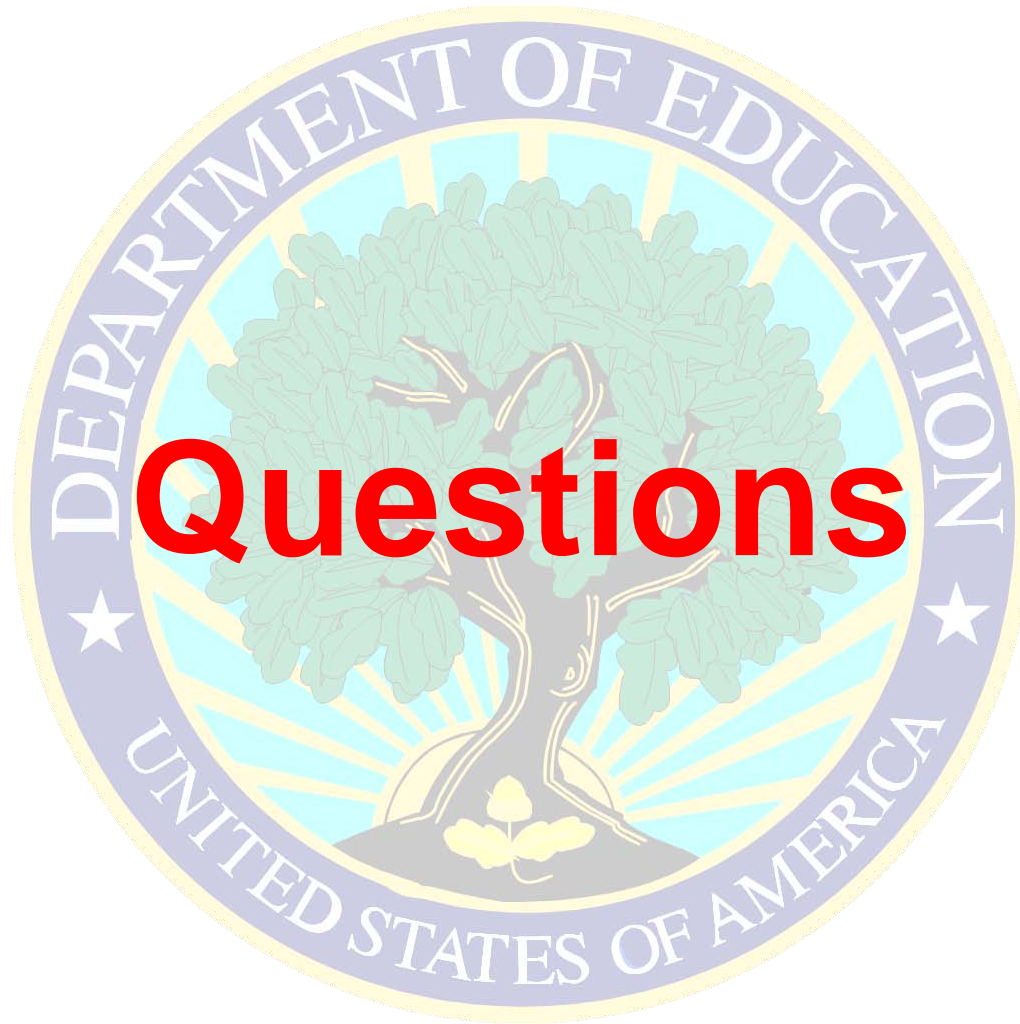
- Perkins Loan Program Excess Liquid Capital (ELC) DCL reminds schools that they must return the Federal portion of ELC to ED, and provides worksheets for schools to use to determine the amount of ELC in their Fund

(GEN-15-19)

– Published Sept. 29, 2015



- Tentative 2016-17 Funding Levels for the Campus-Based Programs
  - Published January 20, 2016
- Deadline for the 2016-17 Underuse Penalty Waiver for Campus-Based Programs
  - Published January 11, 2016
- Perkins Loan Assignment Form and Instructions
  - Published January 8, 2016



# Questions



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\*We're moving! Telephone numbers will change as of Feb. 29, 2016

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