



Department of Education Update

COHEAO Mid-Year Conference

Gail McLarnon
U. S. Department of Education
July 28th, 2015



“By 2020, America will once again have the highest proportion of college graduates in the world.”

President Barack Obama, February 24, 2009



ACCESS
AFFORDABILITY
OUTCOMES





ACCESS



ACCESS



- Pre-K-12
- First Lady's Reach Higher Initiative
 - Exposing students to college/career opportunities
 - encourage students to reach for the best college they can attend
 - Understanding financial aid
 - Encouraging academic planning and summer learning
 - Supporting high school counselors
- Promoting FAFSA Completion
- FAFSA Simplification





AFFORDABILITY





Front End Strategies

- America's College Promise
- Increase in Pell Grant funding
- Dual Enrollment Programs
- First in the World (FITW)



America's College Promise



- Makes two years of college free and universal
- Students would be able to secure an associate's degree or certificate, earn the first half of a bachelor's degree, and gain skills needed in the workforce at no cost
- States must invest more in public higher education and training
- Community colleges must strengthen their programs and improve student outcomes
- Students must take responsibility for their education, attend at least half-time, and earn good grades, to stay on track to graduate



First in the World



- Spur innovation to drive down costs while maintaining quality
- Support projects that lead to proven results
- Support innovative and novel solutions to higher education challenges



First in the World



- In FY14, \$75 million was awarded to 24 colleges and universities in 17 states:
 - Nine four-year institutions
 - Five two-year institutions
 - \$20 million awarded to six minority-serving institutions, including one HBCU
- New competition for FY15 with \$60 million available
 - \$16 million set-aside for minority-serving institutions, including HBCUs





Back End Strategies

- Student Aid Bill of Rights
- Income Driven Repayment Plans
 - Pay As You Earn (PAYE)





PRESIDENT OBAMA IS INTRODUCING A

STUDENT AID BILL *of* RIGHTS

EVERY STUDENT IN AMERICA SHOULD:

- I.** Have access to a high-quality, affordable higher education.
- II.** Be able to easily find the resources they need to pay for college.
- III.** Be able to choose an affordable repayment plan for student loans.
- IV.** Receive quality customer service, reliable information, and fair treatment when repaying loans.

#CollegeOpportunity



Student Aid Bill of Rights



- Recent Announcements:
 - Protecting Social Security benefits of borrowers with disabilities who may qualify for a loan discharge or other repayment options
 - Ensuring that the debt collection process for defaulted Federal student loans is fair, transparent, and reasonable (compensation of collection agencies, guidance provided to collection agencies, ensuring accurate information provided)



Undue Hardship Dear Colleague Letter GEN-15-13

- Published July 7, 2015
- Provides guidance to guarantors for the FFEL Program and institutions for the Perkins Loan Program on whether to provide consent or not object to a borrower's claim of undue hardship in a bankruptcy proceeding



Pay As You Earn Repayment Plan



- Caps payments for Federal Direct Student Loans at 10 percent of discretionary income for eligible borrowers
- Helps ensure that borrowers are able to manage their debt and avoid defaulting on their student loans
- Provides relief on loan payments, especially in a borrower's early years of repayment
- Complements other repayment plans that help borrowers manage their debt, including Income-Based Repayment





Proposed Regulatory Changes for PAYE

- Extends the 10 percent payment cap to an additional 6 million Federal loan borrowers
- Creates a streamlined process to identify military service members who hold Federal Family Education Loan (FFEL) program loans and who are eligible for lower interest rates while they are on active duty
- Requires guaranty agencies to contact FFEL borrowers who rehabilitated their defaulted loans to provide them information on repayment plans—including income-driven repayment options—to help them decide which repayment plan to choose



Pay As You Earn (PAYE)



- Negotiations held February - April, 2015; Committee reached consensus
- NPRM published July 9, 2015; 30-day comment period ends August 10, 2015
- Anticipate publishing final regulations by November 1, 2015
- Early implementation in December 2015





OUTCOMES



OUTCOMES



- College Ratings
- Gainful Employment Regulations
 - Consumer protections and information
 - Debt to income ratios



College Ratings



- Received many public comments and listened to the feedback
- Realize there is difficulty determining best metric/s to judge every type of college and university
- Plan to release new, easy-to-use tools later this summer that will provide students with more data than ever before to compare college costs and outcomes



College Ratings



- Will take a different, more consumer-driven approach than described in the past
- Instead of rating institutions, the Department will provide information to help students reach their own conclusions about a college's value
- Will provide open data to researchers, institutions, and the higher education community to help others benchmark institutional performance





REGULATORY UPDATE



Current Regulatory Efforts



- Cash Management
- Teacher Preparation
- Pay As You Earn



Cash Management



- Proposed regulations propose tougher standards and greater transparency around agreements between colleges and companies providing prepaid/debit cards to students
 - Meaningful choice of products
 - Clear and neutral information
 - Looking at fees charged



Cash Management



- Negotiations held in early 2014
- NPRM published in May of 2015
- Public comment period closed July 2, 2015
 - Received over 200 comments
- Anticipate publishing final rule by November 1, 2015
- Effective July 1, 2016



Teacher Preparation



Goal: To help ensure teacher preparation programs are preparing educators who are ready to succeed in the classroom

Proposed regulations: Would focus Title II reporting on outcomes, including student achievement, employment, teacher and principal survey information, and tie outcomes to Title IV TEACH Grant eligibility



Teacher Preparation



- Negotiations held in 2012
- Consensus not reached
- NPRM published on December 3, 2014
- Received nearly 5,000 comments
- Currently reviewing comments and working on final regulations





- Gainful Employment
- PLUS Adverse Credit
- Violence Against Women Act
- State Authorization



Gainful Employment (GE)



- Rules became effective July 1, 2015
- Published Dear Colleague Letter GEN-15-XX on June 30, 2015, summarizing the rules
- Reporting of data by July 31, 2015



PLUS Loan Adverse Credit



- NPRM published August 8, 2014
- Final rule published October 23, 2014
- Early implementation began March 29, 2015
- Applies to both Parent PLUS and Grad PLUS



PLUS Loan Adverse Credit



- No adverse credit if total outstanding balance is not greater than \$2,085 for debts that are:
 - 90 or more days delinquent
 - Placed in collections
 - Charged off (written off)
- \$2,085 can be increased by ED based on CPI if the change would be \geq \$100
- Borrowers who are eligible because of extenuating circumstances or endorser must complete Department provided counseling before loan can be disbursed





- Signed by President on March 7, 2013
- Final rule published on October 20, 2014
- Regulations became effective July 1, 2015





- Requires institutions to:
 - Maintain statistics on dating violence, domestic violence, sexual assault, and stalking
 - Provide, and describe in annual security reports, prevention and awareness campaigns
 - Provide a prompt, fair, and impartial disciplinary proceeding, and provide for requirements governing that proceeding
 - Provide information and support services to victims

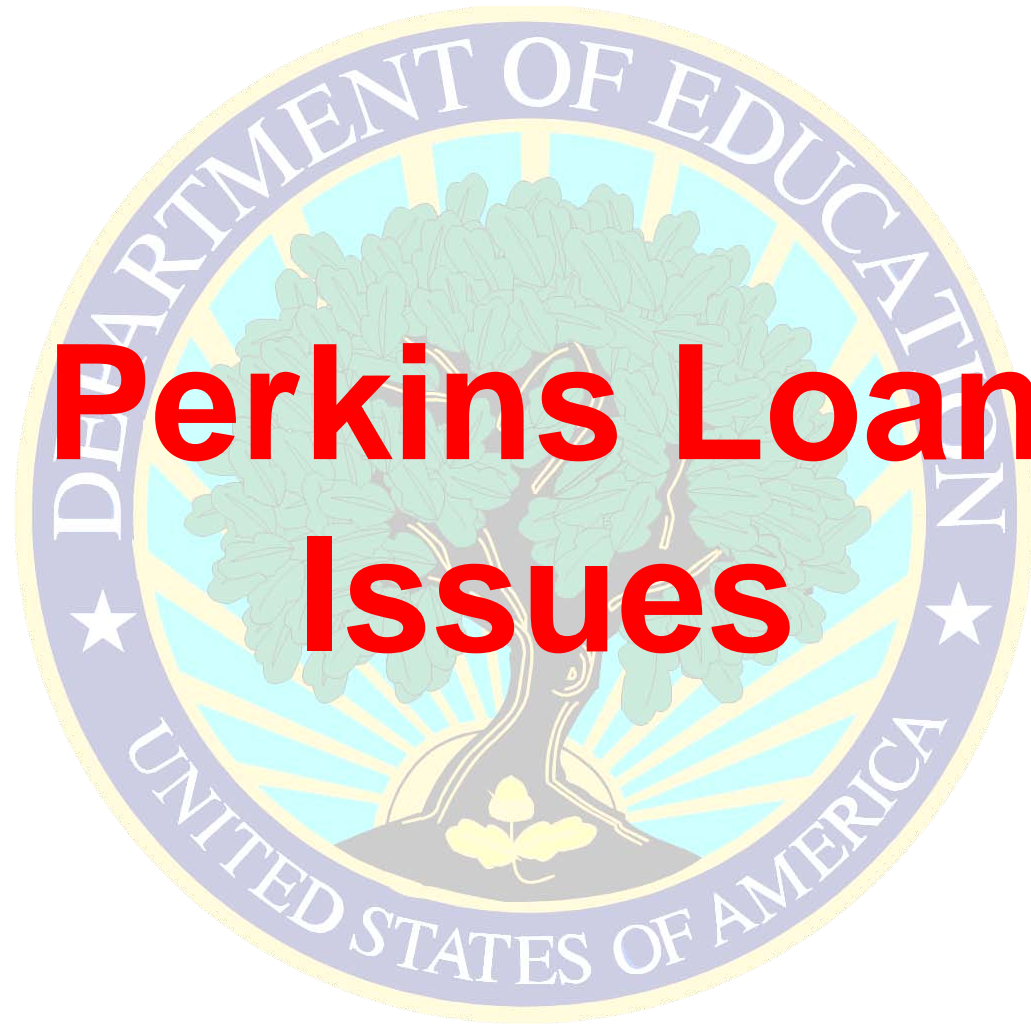


State Authorization



- Under regulations published October 29, 2010, in order to receive Title IV funds, institutions are required to have State authorization, including:
 - Approval to provide postsecondary education programs
 - A student complaint process
- Published Dear Colleague Letter GEN-15-xx n June 19, 2015
- Effective on July 1, 2015





Perkins Loan Issues



- 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 may be “grandfathered” if the borrower:
 - Received at least one Perkins Loan disbursement before June 30, 2015
 - Is enrolled at the same institution where the last Perkins disbursement was received
 - Is enrolled in the same academic program for which the last disbursement was received
 - Has unmet need after being awarded all Direct Subsidized Loan aid the borrower is eligible for



- Status of Perkins Loan Program
 - A grandfathered Perkins borrower:
 - May decline a Direct Subsidized Loan, as long as the amount of the offered Direct Loan is included in the calculation of the student's Perkins Loan eligibility
 - Who is initially enrolled as undeclared, undecided, or in a general education major may receive subsequent Perkins Loans after the borrower has a specific, declared major



- Status of Perkins Loan Program
 - A grandfathered Perkins borrower:
 - May receive Perkins Loans for up to five additional years (thru Sept. 30, 2020)



- Status of Perkins Loan Program
 - Administrative Cost Allowance (ACA)
 - Schools may continue to use ACA to service Perkins Loans, including ACA generated from the FWS and FSEOG programs
 - Other costs chargeable to the Fund include:
 - Past-due payment billing costs not paid by the borrower
 - Limited collection costs not paid by the borrower



- Status of Perkins Loan Program
 - Student selection policy:
 - Schools may establish in their selection policies priority groups for awarding Perkins Loans
 - Selection policies for Award Year 2015-16 could place students who wouldn't qualify for grandfathering in subsequent award years in a low priority group



- Status of Perkins Loan Program
 - Excess cash:
 - Schools should continue to use their Perkins Revolving Funds to make loans
 - ED will estimate the amount of excess cash in schools' Funds, based on expenditures reported on the FISAP
 - Federal share of excess cash must be returned to ED
 - Schools may remove the institutional share of excess cash from the Fund



- Electronic Processing Option for Perkins Assignments
 - Timeline:
 - End-user materials for the Perkins Loan Assignment System (PLAS) will be provided to schools (Summer 2015)
 - Schools will be able to use PLAS to submit Perkins assignments and supporting documentation (Fall 2015)



- Electronic Processing Option for Perkins Assignments
 - PLAS will allow 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



- Electronic Processing for Perkins Assignments
 - April 22, 2015 Electronic Announcement provides:
 - Preliminary batch file process information
 - Draft Perkins Loan assignment system batch file layout



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



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



- Deferment Forms
 - The new deferment forms will be posted to [regulations.gov](https://www.regulations.gov) for public comment
 - Public comment period will be for 30 days
 - Federal Register Notice will announce the availability of the forms and the closing date for public comments



- Perkins Wind-Down Notifications
 - Perkins Wind-Down Questions and Answers
 - EA published June 5, 2015
 - Wind-Down of the Perkins Loan Program
 - DCL GEN-15-03, published Jan. 30, 2015

Available on the Campus-Based Processing Information web page:

<http://ifap.ed.gov/ifap/cbp.jsp>

Dear Colleague Letters



- GEN-15-15 Implementation of the VAWA Final Regulations
- GEN-15-14 Repayment Agreements and Liability for Collections Costs on FFELP Loans
- GEN-15-13 Undue Hardship of Title IV Loans in Bankruptcy
- GEN-15-12 Regulatory Requirements Related to Gainful Employment
- GEN-15-10 State Authorization Regulations Effective July 1, 2015

CONTACT INFORMATION



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