

CAPFAA State and Federal Relations Committee – News Update

12/31/23

Committee Chair:

- Ryan Jones, Campus Supervisor, Gateway Community College

ED Under Secretary Kvaal Shares Hope for Reduced Burden With New FAFSA

Education Under Secretary James Kvaal kicked off the third day of Federal Student Aid’s virtual training conference with a keynote address underscoring the breakneck pace at which the higher education landscape has changed in recent years, saying the flexibility needed to respond to challenges stemming from the pandemic, demographic cliffs, the rise of artificial intelligence, and debates over the value of higher education require that of an Olympic-level gymnast.

The Department of Education (ED) is currently grappling with significant changes in college admissions, FAFSA reform, student loan repayment, and new regulations, to name a few.

Front of mind for the financial aid community, though, is the redesign of the FAFSA — “the most ambitious redesign” since its predecessor was created during the Reagan administration, according to Kvaal.

Kvaal also said the redesign would reduce burdens for financial aid administrators, but acknowledged the change in the short-term could be challenging.

“I know this change isn't easy for anyone,” Kvaal said. “A new formula, new terminology, new computer systems, it's a lot of work. This week, FSA is sharing a lot of information about how we hope to support you through this transition, so let me just say how much I appreciate your partnership.”

Kvaal also said that the department is working with Congress to increase the annual Pell Grant, with the goal to double it by 2029.

On the student loan portfolio Kvaal urged the higher education community to continue to highlight the benefits of the administration’s new income-driven repayment program, the Saving on Valuable Education (SAVE) repayment plan.

While more than 5 million borrowers have enrolled in the plan, according to Kvaal most of the borrowers who are eligible for lower payments or even loan forgiveness have not applied. Kvaal urged financial aid professionals to help inform borrowers about all student loan options available.

In developing new [regulations](#) and data to promote affordability and accountability in the higher education space through [negotiated rulemaking](#), Kvaal said the department aimed to deter wrongdoing and protect taxpayers.

FSA Outlines Provisions of Federal Tax Information and FAFSA Data Use

FSA outlined new provisions of federal tax information (FTI) and FAFSA data use under the FUTURE Act and FAFSA Simplification Act, answering key questions from financial aid offices.

Michael Ruggless, program specialist with FSA's Policy Implementation and Oversight group, began [the session](#) by distinguishing the difference in FAFSA data definitions after the implementation of the FUTURE Act and FAFSA Simplification Act.

After implementation, FAFSA data will include applicant and contributor information provided on the FAFSA, and manually entered or provided income and asset information. Separately, FTI data includes any federal tax return information received from the IRS by the Department of Education (ED) under the FUTURE Act Matching Program (FA-DDX), and information indicating whether a tax return was filed. Derived FAFSA data will include the Student Aid Index (SAI) and federal Pell Grant eligibility.

Ruggless stressed the importance that starting with the 2024-25 FAFSA cycle, FTI received via Institutional Student Information Records (ISIRs) is not considered FAFSA data and therefore, the current FAFSA data sharing rules will not apply to FTI. Instead, FTI data access, use, and disclosure are restricted under both the Internal Revenue Code (IRC) and the Higher Education Act (HEA).

"Starting in 24-25, and succeeding FAFSA cycles, FAFSA data no longer includes FTI data or income information that is received by the department from the IRS," Ruggless said.

After receiving FTI from the IRS, ED is allowed to redisclose the FTI to institutions of higher education, state higher education agencies, and designated scholarship organizations (United Negro College Fund and the Hispanic Scholarship Fund), solely for the use in the application, award, and administration of federal, state, or institutional financial aid or aid awarded by UNCF or HSF. Institutions, state agencies, UNCF and HSF are permitted to further redisclose to their contractors that assist in the application, award, and administration of financial aid programs.

Institutions may, with the applicant's written consent, release FTI to a scholarship granting organization, or to an organization assisting the applicant in applying for and receiving Federal, State, local, or tribal assistance, that is designated by the applicant to assist the applicant in applying for and receiving financial assistance for any component of the applicant's cost of attendance. While institutions may not release FTI for other purposes, even with the applicant's written consent, they must release a complete ISIR (including FTI) directly to an applicant upon their request. The applicant can then redisclose their own FTI in any way that they choose.

Institutions are prohibited from using FTI for any purpose other than the application, award, and administration of financial aid to the applicant. This prohibition includes research purposes. Institutions may use the FAFSA data, excluding FTI, for research that does not release any individually identifiable information on any applicant, to promote college attendance, persistence, and completion.

During the session, FSA answered several frequently asked questions that address these concepts, such as whether institutions are permitted to disclose FTI data to other departments and offices on campus and whether aid offices can share FAFSA information without FTI data.

Ruggless said the ability to disclose FTI data depends. The disclosure must be related solely to the application, awarding and administration of federal, state, and institutional financial aid programs. He

added that if the use, access, or disclosure of the FTI is for another purpose, it is prohibited under the IRC.

“Even with written consent to the applicant, FTI data may only be disclosed or used to assist the applicant applying for and receiving aid towards cost of attendance or to permit another party to participate in discussions that include FTI data,” Ruggless said.

Ruggless added that FAFSA data that does not include FTI may be disclosed and used by other internal institutional offices consistent with the HEA. That use must also meet a FERPA exception in order to be further redisclosed without FERPA consent of the student.

Ruggless also confirmed that financial aid offices can share Pell Grant eligibility status with academic advisors at their institution to identify Pell recipients, refer them to resources, and support their persistence and completion, so long as they have written consent from the student.

Another question asked was if FTI from the FAFSA be accessed or disclosed to, or be used by a TRIO Program. Ruggless said it depends, and that if an institution is determining student eligibility for an amount of a TRIO grant, then FTI data may be accessed and used.

FTI data cannot be used to determine student eligibility for the TRIO program, such as additional student services and resources, since it is not a program authorized by the IRC. However, FSA stated that with written consent from the applicant, a TRIO advisor or administrator “may participate in discussions with a financial aid administrator for purposes of the TRIO program.”

Furthermore, FTI data can be shared with a contractor, either an individual or organization, that assists in the awarding of institutional aid, or to carry out the application, award, and administration of student financial aid programs. Additionally, Ruggless clarified that institutions are permitted to disclose FTI if the student record is a part of an audit.

Financial aid professionals have also asked whether an institution or state higher education agency can implement a written consent requirement that would permit the access, disclosure, and use of FTI for any purpose. However, Ruggless said consent must be done on a case-by-case basis.

“Having a written consent requirement policy that requires all students to sign it is not permitted,” Ruggless said. “It must be done on a case-by-case basis and it must meet the requirements under Section 494 (a) [of the HEA], which specify the key components of written consent and what must be included in that written document that is signed by the student.”

Ruggless ended the session by highlighting two resources for financial aid professionals to use – a [FSA electronic announcement](#) and [FERPA guide](#).

ED Releases Updated Draft Regulatory Text for Student Debt Relief

The ED released an [updated draft regulatory text](#) to provide student debt relief to several groups of borrowers ahead of next week’s third and final negotiated rulemaking session.

The draft regulatory text is part of the Biden administration's attempt to cancel debt through the negotiated rulemaking process — known as neg reg — for certain borrowers after the U.S. Supreme

Court struck down the administration's initial student debt relief plan. The negotiating committee will meet Monday and Tuesday, December 11 and 12, to discuss the newly updated draft regulatory text.

In its first draft regulatory text released in October, ED specified four groups of borrowers who could be provided debt relief. In Monday's update, the four groups mostly remain the same.

That includes borrowers whose balances are greater than what they owed upon entering repayment; borrowers whose loans first entered repayment many years ago; borrowers who are eligible for forgiveness under income-driven repayment (IDR) plans or discharge opportunities such as Public Service Loan Forgiveness (PSLF) but have not yet applied for such relief; and borrowers who attended programs or institutions that failed to deliver sufficient financial value.

ED clarified in a press release that it will continue to consider relief options for borrowers experiencing financial hardship that the current loan system does not address and will be dedicating time to this topic in the upcoming negotiating session. A full agenda of next week's neg reg session was [posted on ED's website](#).

ED outlined additional details in the draft regulatory text on eligibility and other requirements, including a proposal that would provide up to \$10,000 of relief to all borrowers who have experienced balance growth due to interest. Additionally, borrowers whose balances are greater than what they owed upon entering repayment, are enrolled in an IDR plan, and whose income is below 225% of the poverty line could receive \$20,000 in forgiveness from their outstanding student loan balance.

For borrowers whose loans first entered repayment many years ago, ED updated its proposal to provide one-time relief for borrowers who entered repayment 20 years ago and only for undergraduate loans. All other borrowers would receive forgiveness on loans that entered repayment 25 years ago, ED stated.

For borrowers who attended programs or institutions that failed to deliver sufficient financial value, ED added language to include forgiveness for borrowers in situations where institutions or programs lose access to federal student aid due to actions that financially harm students, such as misconduct.

Education Secretary Miguel Cardona said in a statement that the administration knows there are "so many hard-working Americans and families" who need help with their student loans.

"This rulemaking process is about standing up for borrowers who've been failed by the country's broken student loan system and creating new regulations that will reduce the burden of student debt in this country," Cardona said in a statement.

NASFAA Publishes New Professional Judgment Brief

NASFAA is offering a new FAFSA simplification [resource](#) summarizing the legislative changes to Professional Judgment (PJ), dependency overrides, and homeless youth determinations from the FAFSA Simplification Act. This brief, intended as a quick reference for financial aid administrators and their campus partners, includes a high-level overview of the changes. For a more in-depth look, you can use the updated PJ [Monograph](#), and for the latest updates on FAFSA simplification, visit NASFAA's [FAFSA Simplification Web Center](#).

House Unveils Bipartisan Short-Term Pell Grant Legislation

Congressional leaders in the House on Tuesday unveiled a [bipartisan bill](#) that would enable the use of short-term Pell Grants.

The legislation for “Workforce Pell Grants,” as they’ve been dubbed, has garnered heightened interest this session. If enacted, it would allow Pell Grants to be used to support students enrolled in “high-quality” short-term education programs as soon as the 2025-26 award year.

The bill would prohibit certain private institutions that are subject to an excise tax on investment income, also known as the endowment tax, from awarding federal student loans to eligible students. These schools must also not award Federal Direct PLUS loans to a parent of a Pell Grant recipient, and as a condition of receiving funding under the FSEOG program, schools must guarantee emergency financial assistance to Pell Grant recipients and either maintain or increase Pell Grant enrollment each subsequent award year.

Per the bill, these grants cannot be used for programs that would lead to a master’s, doctorate, or other post-graduate degree, or by students who have already attained a degree.

In order to qualify for a Workforce Pell Grant, a program must have at least 150 clock hours of instruction, but not exceed 600 clock hours, or an equivalent number of credit hours, and be offered at a minimum of eight weeks, but less than 15 weeks.

State boards would also need to decide that the program provides an education aligned with the requirements of high-skill, high wage, or in-demand industry sectors or occupations, meets hiring requirements, and satisfies professional licensure or certification in the state or states in which the program is offered.

Once a state board decides that a program is qualified, an accreditation agency or association must determine that the program leads to a recognized postsecondary credential that is portable across more than a single employer and is accepted toward meeting specific certificate or degree program requirements.

The agency or association would then need to publish on a prominent website of the institution the following information:

- the recognized postsecondary credential that will be awarded to the student upon completion of the program, including the entity issuing the credential, any third-party endorsements of the credential;
- the occupation or occupations for which the credential prepares individuals for employment;
- the competencies achieved to earn the credential;
- the level of mastery of such competencies and how mastery is assessed; and
- specific information with respect to where, whether, and under what circumstances the credential is stackable or portable.

The agency or association would also need to ensure that a plan is in place to ensure that students who complete their program have access to transcripts for their completed coursework without a fee, and

that the program has been available for no less than 1 year prior to the determination made by the agency or association.

Once these determinations have been made and approved, the secretary of education would then need to determine that the program:

- has a verified completion rate of at least 70%, within 150% of the normal time for completion;
- has a verified job placement rate of at least 70%, within 180 days after completion;
- does not charge a total amount of tuition and fees that exceeds the value-added earnings of students for the most recent year for which data is available; and
- within three years of completion, shows a student's earnings to have exceeded the annual median earnings of individuals in the state in which the program is located who are in the labor force, between the ages of 25-34, and have the highest degree attainment of a highschool diploma.

The legislation would also require the ED to conduct data collection and dissemination related to Workforce Pell Grants by using data from the National Student Loan Data System (NSLDS) or administrative data maintained by the department, matched with Internal Revenue Service (IRS) income data.

The bill would also appropriate \$40 million for fiscal year 2025, while the following four fiscal years would be appropriated \$30 million.

The measure was introduced by the leaders of the House Committee on Education and the Workforce, with the chair Virginia Foxx (R-N.C.) and ranking member Bobby Scott (D-Va.) spearheading the effort.

Foxx said the bill will elevate skills-based programs and meet workforce needs.

"America has always been a skills-based economy, so it's critical that we retool the Pell Grant to match the education needs of both students and employers," Foxx said. "This bill is a major win for students and workers, as well as employers who are desperately looking to fill in-demand jobs."

Scott said the bill will help students, workers and employers compete in the modern economy and complete courses and certifications that will allow them to access "good-paying jobs," in professions like IT and welding.

The House Education and the Workforce Committee is slated to mark up this bill on December 12.

ED Forgives \$4.8 Billion in Student Loan Debt for Over 80,000 Borrowers

The ED announced that it approved an additional \$4.8 billion in federal student loan debt forgiveness for over 80,000 borrowers through fixes to the income-driven repayment (IDR) and Public Service Loan Forgiveness (PSLF) programs.

The fixes are part of ED's initiative to remedy "historical failures" of the IDR program, in which qualifying payments made under IDR plans were not accounted for. ED first announced in April 2022 that it would

perform a one-time adjustment to count some borrowers' accounts in long-term forbearances toward IDR forgiveness and PSLF.

ED announced in July that it forgave \$39 billion in federal student loan debt for 804,000 eligible borrowers enrolled in IDR plans. And in October, ED announced an additional \$9 billion in student loan debt forgiveness for 125,000 borrowers through fixes to the IDR and PSLF programs, along with automatic forgiveness for borrowers with total and permanent disabilities.

The announcement specifically provided \$2.2 billion in student loan forgiveness to 46,000 borrowers through fixes to the IDR program. ED stated that including Wednesday's announcement, the Biden administration has approved almost \$44 billion in IDR relief for nearly 901,000 borrowers.

Additionally, ED provided \$2.6 billion in student loan forgiveness for 34,400 borrowers through PSLF. ED clarified that this number includes borrowers who have benefited through the limited PSLF waiver and ongoing regulatory improvements to the programs. In total, almost 750,000 borrowers received \$53.5 billion in student loan forgiveness through PSLF since October 2021.

House Passes Legislation Revising Foreign Gift Reporting Requirements

The House passed the Defending Education Transparency and Ending Rogue Regimes Engaging in Nefarious Transactions (DETERRENT) Act, by a vote of 246-170, with more than two dozen Democrats voting in favor of the bill.

The legislation would make several amendments to foreign gift and contract reporting requirements for institutions of higher education, notably by lowering the reporting threshold from \$250,000 to \$50,000 for some gifts and contracts.

NASFAA, along with several higher education organizations, recently signed a letter, sent to the House Committee on Education and the Workforce, with comments on how the bill, as drafted, could have "detrimental impacts" to institutions.

The measure now heads to the Senate, where a companion bill has been referred to the chamber's education committee.

FSA Releases Update to Draft 2024-25 FAFSA Specifications Guide Including Final Comment Codes

FSA [released an update](#) to the draft 2024-25 FAFSA Specifications Guide. Volumes that were updated in the draft include Volume 7 – Comment Codes, Volume 8 – Agency Matches, and Volume 9 – Testing and Web Demo System, which FSA states are now final. Additionally, FSA states that the introduction of the guide and Volume 1 are also final but were unchanged in this most recent update.

Student Debt Relief Negotiators Discuss New Amendments in Third and Final Neg Reg Session

The ED inched closer to developing a regulatory framework for student loan debt relief as a stakeholder committee kicked off its final negotiated rulemaking session, discussing several updates ED made to the

draft regulatory text, including provisions on which subsets of borrowers are eligible for debt forgiveness and what amount of student debt could be forgiven.

As part of the negotiated rulemaking process – known as neg reg – negotiators gathered on Monday to hear amendments ED made to [its draft regulatory text](#). Negotiators will meet again on Tuesday, December 12, to discuss other amendments and take a final consensus check, along with an additional conversation about the financial hardships borrowers may face and possible relief that could be given.

Tamy Abernathy, ED's federal negotiator, began the session by outlining technical changes made to the draft regulatory text and clarifying that the technical corrections are small and were made since many references are out of date.

Additionally, Abernathy stressed during the session that ED was focused on waiver authority to carry out the debt relief. She said that although negotiators proposed several changes to a section focusing on ED's authority to discharge borrowers' debt, the department was focused on waivers.

Kyra Taylor, a negotiator representing legal assistance organizations, and other negotiators voiced concerns that ED has yet to release any draft regulatory text on potential student loan forgiveness for borrowers facing financial hardships. Taylor encouraged ED to investigate ways it can discharge borrowers' debt.

Abernathy clarified later in the session that the group would be having a discussion on hardship on Tuesday to hear feedback from negotiators.

From there, Abernathy outlined two additional amendments in the drafted regulatory text. One amendment proposes ED would cancel up to \$20,000 of the amount above what a borrower owed when they entered repayment. Borrowers would be eligible for this forgiveness if they're enrolled in an income-driven repayment (IDR) plan and have income at or below 225% of the federal poverty guideline.

The other amendment would provide up to \$20,000 in negative amortization relief for borrowers enrolled in the Saving on a Valuable Education (SAVE) repayment plan. Borrowers would be able to receive this waiver if their income is less than \$125,000 for a single tax filer, or less than \$250,000 for a household.

Multiple negotiators expressed concerns with these two amendments, specifically with the cap that eligible borrowers could only see up to \$20,000 in student loan forgiveness.

Taylor also voiced concerns for this amendment, suggesting that ED could provide total loan forgiveness to targeted borrowers, such as Pell Grant recipients, those with low incomes, and those enrolled in the SAVE plan.

Other amendments discussed include updated language to provide relief for borrowers who attended programs or institutions that failed to deliver sufficient financial value. The updated regulatory text adds language to include situations where institutions or programs lose access to federal student aid due to actions that financially harm students. Additionally, there are amendments that would apply to borrowers who enrolled in programs or institutions that closed prior to determinations of misconduct.

Negotiators also discussed a proposal that would provide relief for borrowers who first entered repayment 20 or 25 years ago. Under the drafted text, borrowers with only undergraduate loans, or a federal consolidation loan or Direct consolidation loan, that first entered repayment on or before July 1, 2005, could have their entire balance waived. Borrowers with other types of loans, such as graduate loans, could have their entire balance waived if the loan first entered repayment on or before July 1, 2000.

Multiple negotiators expressed their concerns about this time frame, noting that many borrowers would not be able to receive forgiveness with the 2000 and 2005 cut-off dates.

During the public comment section, Rep. Ayanna Pressley (D-Mass.) and Sen. Elizabeth Warren (D-Mass.) gave remarks, urging ED to act to forgive student loan debt more broadly. Earlier on Monday, Pressley and Warren, along with other Democratic lawmakers, sent a letter to Education Secretary Miguel Cardona with several recommendations to expand student loan forgiveness.

Warren gave six recommendations that ED could implement, such as ED eliminating all debt that exceeds a borrower's original principal balance. She added that ED should consider providing full cancellation – not just a waiver of excess interest – for borrowers who have repaid enough to cover their original principal.

Warren also recommended that ED eliminate the cliff that provides relief to borrowers who entered repayment by 2000 or 2005, and that ED should add a debt relief provision for borrowers with financial hardships. She added that borrowers should be able to apply for relief by directly showing hardship.

ED could also extend relief to borrowers who've been victims of misconduct by loan servicers, not just institutions or programs, Warren said. And finally, ED should make access to student loan forgiveness easy, ideally using information the department already has.

As for additional steps, ED outlined in its latest regulatory agenda that proposed final regulations for student debt relief will arrive in May.

Bipartisan Group of Senators Urges ED to Provide Clear FAFSA Guidance, Verification Relief

A bipartisan group of 37 senators is warning the ED that vulnerable student populations could be negatively impacted by the delayed rollout of the 2024-25 FAFSA and is calling on the department to work with the higher education community to ensure the form successfully provides more students with federal student aid.

The signatories include Sens. Patty Murray (D-Wash.), chair of the appropriations committee, Tim Kaine (D-Va.) and Chuck Grassley (R-Iowa), who all expressed concern over the planned release of the FAFSA “by December 31, 2023, with no indication of an actual date,” the letter reads. “This is a considerable departure from the traditional launch date of October 1st.”

“Further, the Department's latest announcement also revealed that processing delays will take place in the first few months of 2024, meaning that schools will not be able to generate financial aid offers for their students in a timely fashion,” the lawmakers wrote.

The letter calls on ED to take 10 actions to ensure that vulnerable student populations — including those who lack reliable broadband access, students in foster care, students experiencing homelessness, first-generation students, and students experiencing financial insecurity — can complete the form.

Among the requests, the senators call on ED to:

- Maintain low verification selection rates for the 2024-25 cycle;
- Encourage institutions of higher education to push back their financial aid deadlines to March 1, at the earliest, so that students, families, and counselors have adequate time to complete the form;
- Allow institutions to accept electronic copies of verification materials, including electronic signatures; and
- Offer institutions timely updates on progress and provide them the resources to address students' questions, concerns, or challenges.

A Mixed Bag: Student Debt Relief Committee Does Not Reach Consensus On Multiple Proposals During Final Neg Reg Session

The ED held its final negotiated rulemaking session on student loan debt relief, where the committee ultimately did not reach consensus on several proposals. Along with the votes on consensus, the committee discussed how ED could provide relief to borrowers experiencing financial hardships.

However, as the session concluded, negotiators pressed ED to have another session to further discuss the issue of hardship, since ED did not provide any regulatory text on the issue. ED did not commit to holding another session to discuss hardship at the time, but said it was a possibility.

Where the committee did reach consensus, the regulatory text ED publishes in its proposed rule will reflect the language the committee agreed to. The other portions, however, can be drafted as ED sees fit, presumably taking into account the comments and discussion from the neg reg committee. Once ED publishes a proposed rule — which is expected to come in May — there will be a public comment period before a final rule is issued. If the final rule is issued before Nov. 1, 2024, the rule will take effect July 1, 2025.

The session began with negotiators discussing two amendments. The first was a proposal from ED to forgive up to \$10,000 of a borrower's balance that exceeds what they owed upon starting repayment. Tamy Abernathy, ED's federal negotiator, noted that this waiver doesn't have any set borrower eligibility requirements. However, borrowers would not be eligible for this waiver if they are already eligible for forgiveness from other waivers in the draft text.

When pressed on how ED landed on \$10,000 in forgiveness, Abernathy said ED thought the amount was appropriate to provide for all borrowers and that lower income borrowers would have access to additional relief.

Multiple negotiators expressed their concerns with the forgiveness for this amendment being capped at \$10,000. Yael Shavit, a negotiator representing state attorneys general, suggested that ED remove the \$10,000 cap, saying it constrains ED's ability to address the actual harms borrowers are experiencing.

Wisdom Cole, a negotiator representing civil rights organizations, noted the disparity in interest accumulation in student loan debt for Black borrowers and urged for all interest to be forgiven.

Angelika Williams, a negotiator representing private nonprofit institutions of higher education, added that the proposal wouldn't provide long-term relief to many borrowers who have ballooning interest on their student loans.

The other amendment discussed would provide relief for low-income borrowers who are not enrolled in an income-driven repayment (IDR) plan. The proposal would forgive up to \$10,000 of a borrower's balance if their total balance exceeds the amount when they first entered repayment. Low-income borrowers are defined as those making an income under 225% of the federal poverty guideline.

A negotiator asked Abernathy to clarify why ED is providing up to \$10,000 forgiveness in this proposal, but for another proposal, low-income borrowers already enrolled in an IDR plan could receive up to \$20,000 in forgiveness. Abernathy said that these borrowers would be eligible for up to \$10,000 in this proposal and could receive an additional \$10,000 through another proposed category for relief.

During discussion of this proposal, multiple negotiators expressed to ED again their concerns with the \$10,000 cap on forgiveness.

From there, negotiators discussed updates in the regulatory text surrounding language for borrowers who have Federal Family Education Loan (FFEL) loans. Abernathy noted that the updates added procedures clarifying how ED would work with guarantors and lenders to deliver relief to borrowers, along with what types of borrowers would be captured under a waiver, among other things. A group of negotiators caucused privately with ED for most of the discussion on FFEL.

After that discussion, negotiators moved to have a consensus check on different proposals of ED's regulatory text. The committee did reach consensus on multiple amendments, such as an amendment that ED could provide forgiveness when a loan is eligible based on repayment plan. Another amendment that reached consensus from the committee is that ED may waive the outstanding balance of a loan received by a borrower associated with gainful employment programs with high debt-to-earnings rates or low median earnings.

However, there were multiple proposals the committee did not reach consensus on, including the amendments discussed earlier that morning, which would provide up to \$10,000 in relief to eligible borrowers. Some negotiators explained why they didn't vote in support of amendments, noting that ED's proposals don't go far enough to provide relief to struggling borrowers.

The session ended with a discussion on financial hardships that borrowers face and how ED could possibly provide relief to those borrowers. Part of the discussion included a presentation from Dalié Jiménez, the director of the University of California, Irvine's Student Loan Law Initiative.

Jiménez's presentation gave two recommendations to ED. The first is that ED should reduce borrowers' student loan debt to \$0 for borrowers at the bottom half of the U.S. income distribution, which is below

\$71,000. The other recommendation, Jiménez said, is that the ratio for a borrower's income to their student loan debt should be less than 30%. Any ratio that is higher than 30% is a hardship, Jiménez said.

As the session wound down, multiple negotiators expressed their frustrations that ED had not released proposed regulatory text that included financial hardships. Borrowers said it was tough to have a discussion on the topic without the drafted text and urged ED to schedule another session solely focused on financial hardships.

ED did not commit to another session devoted to financial hardships during Tuesday's session. Abernathy said the department needs time to discuss what the next steps are and that if another session does happen, it will be announced on the Federal Register.

House Education Committee Advances Bipartisan Short-Term Pell Grant Legislation

The House Education and the Workforce Committee on Tuesday advanced legislation that would enable the use of short-term Pell Grants by a bipartisan vote of 37-8.

During the committee hearing, members approved a substitute [amendment](#) that would make a number of minor technical changes, concerning data collection and definitions, and revise an offset provision. An offset is when a bill makes adjustments to spending priorities by increasing spending for certain activities and offsetting the increase by decreasing or striking funding for other activities.

The bill maintains a concerning provision intended to help cover the cost of the legislation that would prohibit certain private institutions that are subject to an excise tax on investment income, also known as the endowment tax, from awarding federal student loans to eligible students. These schools would also be unable to award Federal Direct PLUS loans to a parent of a Pell Grant recipient. The substitute amendment approved during Tuesday's hearing also included a new offset provision specifying that schools subject to the endowment tax may only receive Federal Supplemental Educational Opportunity Grants (FSEOG) if they ensure that Pell Grant recipients receive a total amount of grants and scholarships that is not less than the student's cost of attendance.

Democrats offered, and withdrew, a pair of amendments seeking to exclude for-profit institutions and online programs from being eligible for the program.

The [legislation](#) to allow for short-term Pell Grants for academic programs that operate for at least eight and no more than 15 weeks, often referred to as "Workforce Pell Grants," garnered praise from members on both sides of the aisle, but the committee indicated that it would continue to revise the bill text as the process moves forward.

Rep. Virginia Foxx (R-N.C.), chairwoman of the committee, thanked the committee for working in a bipartisan fashion, which she said would help to "broaden the precarious education tightrope to a true pipeline in which many paths can lead to a rewarding career."

Ranking member Bobby Scott (D-Va.) also praised the committee's work on negotiating the bipartisan legislation over the course of the year.

During the markup, both Democrats and Republicans were optimistic about the prospect of short-term Pell Grants and wanted to see the process continue, but members on both sides did express some

concern over the legislation's offset language. Members said that by removing the availability of federal student loans at certain institutions would pressure students to take out private loans and incur higher borrowing costs.

Some Democrats, who ultimately voted against the bill, said they were supportive of the effort to expand short-term Pell Grants, but hoped their concern with the legislation, related to the inclusion of for-profit and online programs and the offset provision, would be addressed in the Senate's version.

Scott pledged that the committee, going forward, would look at how the bill's offset language could be refined and would also work to ensure that the necessary guardrails are in place to assure program quality.

Prior to the markup, the American Council on Education (ACE) led a group of higher education-based associations in sending a letter to the committee urging members to revise the offset provision in the bill. The letter warned that "offsets contained in the bill represent an unprecedented and harmful shift in federal financial aid."

The letter specifically expressed concern that the bill would create a "harmful precedent" that could push students, at certain institutions, to take out private loans and incur higher borrowing costs.

The measure now heads to the House floor, but so far, the Senate has not yet introduced a companion version of the bill, but has put forward its own proposal, the Jumpstarting Our Businesses by Supporting Students (JOBS) Act, that includes a bipartisan short-term Pell Grant provision.

NASFAA Asks ED for Burden Relief Due to Delayed FAFSA Rollout

In a [letter](#) to the ED, NASFAA requested temporary relief from burdensome requirements on students and institutions so financial aid administrators can focus on helping students navigate the financial aid application process in light of the delayed release of the FAFSA and ISIRs. NASFAA asked ED to keep verification selection rates to a minimum, increase FSAIC customer service hours, communicate clearly with students about the delays, and pause non-urgent oversight activities, among other things.

Final 2024-25 Paper FAFSA Approved by Office of Management and Budget

The Office of Management and Budget (OMB) approved the ED's draft paper FAFSA for the 2024-25 aid year. The paper form will presumably be released at the same time as the online version, with the exact date yet to be determined but expected in late December before the statutory deadline.

This final version of the paper form reflects changes ED made in response to comments received during its 30-day comment period that wrapped up in October.

In the final version of the paper FAFSA, ED made some minor language changes and updated state FAFSA deadlines and IRS tax form line number references. The department also changed references to "you" and "your" to "the student" throughout the form for clarity as to who should be answering questions in the student section of the form.

Two significant issues that have come up multiple times over the past several months relate to education savings accounts and business and farm values. ED updated instructions in the “Notes” section for both assets:

- Education savings accounts: Previous instructions on education savings accounts like 529 plans included confusing and, at times, conflicting information. ED clarifies in this final version of the FAFSA that parents of dependent students should report as parental assets only the value of college savings plans designated for the dependent student (not those designated for other children), regardless of whether the account holder is the parent or the dependent student, and that independent students should report education savings accounts as their own assets.
- Businesses and investment farms: ED adds clarifying language to what it considers a business or investment farm, adding that they are businesses the family owns (including a small or family-run business) or income-producing farms the family owns, including the fair market value of land, buildings, livestock, unharvested crops, and machinery actively used in investment farms, agricultural, or commercial activities. ED also clarifies what is not considered a business or investment farm, including the value of crops grown solely for consumption by the student and their family, or the home in which they live (principal residence). ED further specifies that the principal residence may include the home, structures, and land that are adjacent to the home that are not being used, stored, or sold for farming or other commercial activities.

New language is added to the “Completing the FAFSA form” section concerning which parent should provide information on a dependent student’s FAFSA when parents are divorced or separated. ED adds new language to existing instructions stating, “If both parents provided an exactly equal amount of financial support during the past 12 months, or if they don’t support the student financially, answer the questions about the parent with the greater income and assets. If this parent is remarried as of today, answer the questions about that parent and the stepparent.”

ED also adds several new instructions on which applicants can skip certain questions on the form.

Several questions were updated for clarity in this final draft. For instance, Question 4 related to the student’s college grade level, adds Graduate Certificates to the “Master’s or Doctorate program” option. Question 16 clarifies that parents killed in the line of duty for purposes of Pell Grant eligibility under the special rule must have served in the U.S. armed forces and adds new information about why this question is being asked.

ED accepted a suggestion to remove the “Optional” designation from the question asking the amount of college grants, scholarships, or AmeriCorps benefits reported as income to the IRS. While the question remains optional and will not hold up FAFSA processing if left blank, it was recommended that the designation be removed since answering the question is beneficial to applicants.

In the “Notes” section of the paper FAFSA, ED adds new instructions for how students experiencing homelessness should provide contact information, noting that they can provide an address where they can reliably receive mail.

Instructions on tax filing status for individuals who file non-U.S. tax returns remove reference to converting to U.S. dollars and add a new link for non-U.S. tax filers to get more information on how to answer tax return questions.

ED Announces Plans for 2024-25 FAFSA “Soft Launch”

The ED in a notice published on [Friday afternoon](#) announced — with no specific timeline — that the days before and after December 31 will serve as a period to “monitor and respond in real time to potential issues” with the 2024-25 FAFSA application.

The impending soft launch of the program will allow students and families to access the FAFSA form; they will not need to resubmit the form once the soft launch ends. FSA stressed that users do not need to rush to complete the application as soon as the soft launch is available since FSA will not transmit Institutional Student Information Records (ISIRs) to schools until later in January. The announcement also hinted that FSA is expecting large volumes of applicants at one time, as officials shared the soft launch will include a “waiting room feature” to control web traffic volume and “ensure optimal performance of the form.”

After completing the form during the soft launch period, applicants will receive a confirmation email notifying them of their submission date, along with an estimated Student Aid Index (SAI) and estimated Pell Grant eligibility. Applicants will receive their FAFSA Submission Summary and a notification once their ISIR has been sent to their selected schools, beginning in late January.

FSA also outlined potential situations students and families might come across while filling out their application — such as if maintenance is initiated while an applicant is filling out the form — and explained how site maintenance and the submission process could play out during the soft launch.

Friday’s notice follows increased pressure from lawmakers and the higher education community over concerns about how the delayed rollout could impact vulnerable student populations and underscored the importance of a clear communications campaign to keep schools informed about any changes to the application timeline. Various organizations sent communications to ED and FSA officials urging them to communicate realistic time frames and expectations to students.

Previously, the department has opened student aid based programs through a similar [beta application](#). During the initial rollout of the Saving on A Valuable Education (SAVE) plan, students who were able to submit those forms, and receive a confirmation email, were able to enroll in the program without being required to resubmit their materials once the official application went live.

As a reminder, ED has committed to releasing the FAFSA by December 31, 2023, and institutions will begin receiving Institutional Student Information Records (ISIRs) by the end of January 2024.

As the soft launch period unfolds, FSA urges institutions, state agencies, and college access partners to direct students and families to [StudentAid.gov](#), which will be updated with the latest guidance.

Down to the Wire: Questions and Concerns Loom Over New FAFSA

Anxiety, tension, stress, and nervousness are the current emotions many financial aid professionals are feeling day-to-day as the launch of the 2024-25 FAFSA inches closer. By the end of this month, FSA will launch the 2024-25 FAFSA, which comes with major changes to the federal methodology and processes, leaving aid offices in limbo about training, vendors, staffing shortages, burnout, and more.

For Alex DeLonis, FAAC®, associate dean for enrollment management and director of financial aid at Wabash College, the general mood in his office is anxiety.

“The aid administrators I’ve talked to are still very nervous about whether the Department of Education (ED) will be able to hold to the timeline we have been given and if everything will go smoothly once we go live with processing,” DeLonis said. “It’s almost like we are still bracing ourselves for the next set of twists and turns.”

Patti Kohler, FAAC® vice president of financial aid at Western Governors University, said she senses trepidation among her colleagues. However, she added that she also feels a desire to get the new FAFSA process “moving along.”

“Now that we know when we’ll have information to work with, we are anxious to dive in,” Kohler said.

FSA announced in November that the 2024-25 FAFSA would launch by December 31, meeting the statutory requirement that the form must be available by January 1, 2024. However, aid offices are still concerned with the timeline of the launch, specifically because institutions will not immediately begin receiving ISIRs. ED said those will come by the end of January 2024.

Financial aid professionals have expressed many concerns with several logistical issues, such as how to train staff on new guidance and onboard new financial aid professionals, how to communicate these changes not just with students and families, but their own campus officials, and much more.

Kohler added that due to the magnitude of changes from FAFSA simplification and subsequent processes that need to be addressed, aid offices are feeling on edge.

“Our students are the ones that will be affected the most,” Kohler said. “Aid offers cannot go out the door until the processes are available and tested, and we cannot trigger these activities until the final FAFSA is available and records are sent to schools.”

DeLonis shared that sentiment, saying his biggest concern is getting everything done with a compressed time frame.

“The thought of not receiving ISIRs [sooner] seems unreal,” DeLonis said. “This means we likely won’t be able to get aid offers out until late February or early March. Unfortunately, I think the burden will fall on already short-staffed aid offices to help families work through the confusion.”

The same is true for Beck Gusler, director of financial aid compliance at Wentworth Institute of Technology, who said that her biggest concern is planning for ISIR delays, and how to address student and parent questions.

“We’re all doing our best to prepare, but it’s like packing your clothes for a vacation when you don’t know the destination,” Gusler said. “Meanwhile, students and families are understandably nervous and are asking us a lot of questions about the new FAFSA and when they can complete it.”

Kim Showman, director of financial aid at Denison University, said that while she anticipated FSA would launch the new FAFSA by the end of December, she didn’t expect for ISIRs to be delayed. The delayed launch date, coupled with the wait for ISIRs to arrive, leaves a tight window for her office to complete its work before the school releases regular admissions decisions in mid-March — and that’s assuming everything works smoothly, she said.

However, the delay with ISIRs is not an issue for all institutions, said Jaime Missimer, director of financial aid at Pearl River Community College. She noted her aid office processes and packages aid offers later than other institutions, typically in April each year.

Missimer noted that one of her main concerns is that the 2024-25 FAFSA may be more challenging for some students and parents who may lack technology skills — specifically due to confusion around consent and contributor invitations, since students need to have personal information to invite their parents to complete the FAFSA.

“We frequently encounter parents who have trouble with creating an FSA ID or cannot create one because they are undocumented,” Missimer said. “I anticipate that undocumented parents may be very hesitant to create an FSA ID to complete the FAFSA. We also have seen parents who do not want to share any of their information with students to complete the FAFSA, so the fact that the student will need each contributor’s name, Social Security number, date of birth, and email address, is very concerning and I expect challenges with that as well.”

DeLonis shared the sentiment, noting that there may be difficulties for students and parents completing the FAFSA due to the new identity verification process for contributors with no Social Security numbers. He adds that he hopes the process doesn’t drive more families to complete the paper FAFSA or walk away from the process altogether.

During FSA’s 2023 virtual training conference, officials shared that FSA is implementing an update to allow users that don’t have Social Security numbers to create an FSA ID.

Outreach to students and families

Logistics and timing aside, NASFAA members have also said they worry about how they — and ED officials — will communicate the upcoming FAFSA changes to students and families.

DeLonis, for example, stressed that FSA needs to make it clear to students and families of what a realistic timeline could look like after they complete the FAFSA, since aid offices will be unable to begin their work until they start receiving ISIRs.

“It is very normal for a family to submit their FAFSA, and then pick up the phone and call us,” DeLonis said. “We can usually have some kind of information about next steps for them in less than a week. Now, it could be over a month before we actually receive their data.”

And as Missimer noted, some students and parents may struggle to complete the new form, in which case there will need to be “serious outreach” to both prospective and current students to explain the changes with the new FAFSA and walk them through the new process.

Gusler stressed that applicants and families with concerns about the FAFSA, or in complicated family situations, should try to reach out to their financial aid offices sooner rather than later for help.

“My largest concerns are how much of the process is being thrown onto schools to handle, coupled with some of the simplified questions being much more difficult for our families and students,” Gusler said. “In addition to all the unknowns around where and when data will be housed in our student systems, it will create a large volume of work for financial aid offices in a more condensed time frame.”

NASFAA has also stressed to the department the importance of comprehensive communication that relays realistic time frames and next steps to students, and the need to increase the availability of customer support to both students and financial aid offices.

“ED must include in its communications with applicants when they submit the FAFSA that, while their FAFSA submission was successful, institutions may not have this information until the end of January,” NASFAA wrote in a December 12, 2023 letter to ED. “As institutions gear up to begin importing ISIRs and making financial aid offers, they cannot afford to spare already limited and overworked staff to answer questions from applicants about why their FAFSA data hasn’t reached the school.”

Onboarding and training staff

To be able to navigate the many changes FAFSA simplification will bring and appropriately counsel students and families, it’s crucial that aid offices are properly trained and stay up to date on relevant guidance.

DeLonis said his entire team has been to numerous conferences and watched countless webinars to get ready for FAFSA simplification. His office has also used [NASFAA’s Student Aid Index \(SAI\) modeling tool](#), which he said helped his office improve its packaging methodology for the upcoming year.

Showman, of Denison University, noted that her team has been taking advantage of webinars, local in-person trainings, and working through current early decision applicants to get more practice in understanding how the new SAI formula works. Denison uses the College Board CSS profile for institutional aid and has used it to estimate federal Pell Grants amounts and SAI. Showman added that early decision applicants will still be required to complete the FAFSA once it is available.

“I hope making this a priority until we begin receiving ISIRs will alleviate some of the angst of the unknown, especially given the time crunch we will be facing,” Showman said. “Supporting and reminding each other to stay focused on today has been helpful for us.”

The aid office at Western Governors University, however, is atypical, in that it’s large and onboards three to eight staff members monthly, Kohler said. The frequent onboarding means she needs to train staff this upcoming spring not only on the 2023-24 EFC methodology, but also on the 2024-25 SAI methodology. Kohler said these changes concern her that employees won’t be able to gain the information as quickly.

Kohler noted that her aid office has an action item list of 429 items that need to be reviewed, which includes items for training, project management, data and reporting, change management, policy updates, student and institutional communications, and more. She said she expects the list will grow as her office receives finalized information from its software providers to address its technical needs.

“I do, however, have complete confidence in our financial aid community to get this done for our students,” Kohler said.

Darcy Johnson, FAAC®, assistant director of compliance at Washburn University of Topeka, added that with all these changes come concerns with institutions having up-to-date policies and procedures. Additionally, staffing shortages in aid offices can create more difficulties. In 2022, a survey found that 56% of aid offices said they are concerned about their ability to adequately serve students with current staffing levels.

“In talking with a lot of my colleagues across the country, policies and procedures are one of those things that sometimes end up on the bottom of the to-do list as far as getting them updated,” Johnson said. “If a school is understaffed, that just makes it more difficult trying to balance getting financial aid packaged and out to students and making sure that everything is up to date.”

Preparing for the launch

Despite the time crunch and challenges that lie ahead, financial aid offices are taking steps to prepare for the launch of the FAFSA.

Kohler stressed that institutions and aid offices should put together a project plan for the FAFSA launch, if they haven’t already, and noted that Western Governors University has adopted a project manager, change manager, and process engineer to review her institution’s needs.

“This is a significant institutional change, not just a change for the financial aid office,” Kohler said. “It requires attention at the enterprise level, and support from the president’s level to all others. Awareness of the change is key in the success of the launch of the new FAFSA.”

At Wabash College, DeLonis said the school was able to make an institutional application for early decision applicants to complete so students could receive an early estimate of their SAI, despite the delayed release of the FAFSA.

Meanwhile, Gusler said Wentworth Institute of Technology has focused on outreach by sending postcards and emails to parents and students with spouses informing them that they may need a new FSA ID and how to apply. Wentworth also posted a Q&A about FAFSA simplification on its website, and the aid office is planning to offer more workshops and one-on-one meetings for students to help make sure they file their FAFSA before state deadlines, she said.

The aid office at Washburn University of Topeka is spending time making sure that the campus community and high school counselors are aware of the changes that are coming, Johnson said, while Mississippi’s state college completion group, Get2College, is conducting trainings on campuses across the state for employees on the updates to the FAFSA and how to help students complete the new application, Missimer shared.

Community support

DeLonis said that while the long road to finding out when the 2024-25 FAFSA will launch has been frustrating for him and his colleagues, the time has brought the financial aid community closer together.

Currently, aid offices have access to member-submitted FAFSA simplification communication samples, along with other FAFSA simplification tools and resources through NASFAA, as well as trainings and webinars provided by ED.

“Financial aid administrators have always been a supportive group, but now we need each other more than ever,” DeLonis said. “It has been great to see the sharing of resources, information and data sharing, and the innovation from the community to overcome these challenges.”

NASFAA Updates Comment Code Crosswalk

In light of the ED's recent [updates](#) to the 2024-25 comment codes volume of the *FAFSA Specifications Guide*, NASFAA has updated its comment codes [crosswalk](#) document to reflect the changes.

FSA Releases 2024-25 FAFSA Guidance for Puerto Rico and Other U.S. Territories Dual Tax Filers

FSA [released guidance](#) for how institutions should treat residents of U.S. territories who file dual tax returns in the U.S. and with their local tax authority when their tax data is transferred through the FADDX. ED instructs institutions to use the Professional Judgment flag to correct IRS tax information to match the AGI and taxes paid from the applicant's and/or contributor's U.S. territory tax form. ED stressed that, despite use of the PJ flag, these corrections are not considered PJ and need not be made on a case-by-case basis.