CAPFAA State and Federal Relations Committee – News Update

1/31/24

Committee Chair:

- Ryan Jones, Campus Supervisor, CT State Community College (Gateway Campus)

ED Initiates 2024-25 FAFSA Soft Launch, With Periodic Maintenance Outages

The Department of Education (ED) this weekend has begun its soft launch of the overhauled 2024-25 FAFSA, during which time the application will be available to students and families periodically as the department pulls the form down from time to time to perform maintenance and address any potential issues.

As a reminder, ED announced plans for a soft launch in mid-December, noting that during this time, students and families that do access the form will not need to resubmit the form once the soft launch ends. The department has not specified how long the soft launch will last, nor when the planned pauses will take place.

Federal Student Aid (FSA) has stressed that applicants do not need to rush to complete the application during the soft launch since FSA will not transmit Institutional Student Information Records (ISIRs) to institutions until later in January.

Read More: December 15 Electronic Announcement on 2024-25 FAFSA Soft Launch

During planned maintenance pauses, applicants who are already online and in the process of filling out their FAFSA will be able to complete their work, but others may not be able to begin or resume work on the 2024-25 FAFSA form. The department has said that users who are unable to access the form during the soft launch should check back later to access the form once any planned maintenance has been completed. Applicants may also experience a waiting room feature to help control web traffic volume and “ensure optimal performance of the form,” FSA said earlier this month.

The soft launch follows increased pressure from lawmakers and the higher education community over concerns about how the delayed roll-out 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.

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.

First Reactions and Coverage of the 2024-25 FAFSA Soft Launch

With the start of the New Year, the higher education community hit the ground running as the Department of Education initiated its soft launch of the 2024-25 FAFSA over the weekend. Since the launch, applicants have been reporting glitches and complaints due to the intermittent availability of the form.

In response to the limited availability and reported glitches during the soft launch, NASFAA President Justin Draeger issued the following statement:

"Even by soft-launch standards, this weekend's rollout was challenging and students, families, and financial aid administrators who have been waiting for this release for months are understandably frustrated.

Frustration will likely continue because even if students fill out the FAFSA today, we still don't have an exact date of when schools will receive FAFSA applicant data, so financial aid administrators can begin building and communicating financial aid packages.

We know the Department of Education is working to bring the FAFSA online 24/7, but until that happens, and until we know more details about when schools will begin receiving finalized applicant data, schools cannot provide realistic timelines about when students and families will receive financial aid offers."

While NASFAA continues to monitor developments concerning the FAFSA rollout here's a look at the most recent* articles quoting NASFAA staff on the FAFSA launch:

- 1/3: Applying for Student Aid in California? What to Know About New FAFSA Form and Deadlines (*The Sacramento Bee*)
- 1/3: FAFSA Applicants Face 'Minor Issues' During Soft Launch of New Aid Process (*Virginia Mercury*)
- 1/3: The New FAFSA Is Here. Or Is It? (*Inside Higher Ed*)
- 1/3: Harvard's Reckoning (*POLITICO*)
- 1/3: Changes to FAFSA Causing Big Headaches for Students and Families (*Wish-TV*)
- 1/3: Soft Launch Troubles Turn the FAFSA Simplification Into a Headache (*University Business*)
- 1/3: The New FAFSA: What You Need to Know to Get Financial Aid for College (*CNN*)
- 1/2: Hanging in the FAFSA Waiting Room? What to Do to Prepare as You Wait for Your Turn. (*USA Today*)
- 1/2: The Updated Federal Student Aid Form Has Been Simplified (*KVIA*)
- 1/2: New Year, New FAFSA: College Aid Changes (*WWAY News*)
- 1/2: New FAFSA Form Launches: What You Need to Know to Apply for Financial Aid (*Fox 5)*
- 1/2: What to Know About Changes to This Year's FAFSA Application for College Students (*The Associated Press*)

- 1/2: Arizona Students Can Now Begin Filling Out the FAFSA. Here's What to Know (*The Arizona Republic*)
- 1/2: FAFSA Rollout Off to a Rocky Start (*The Washington Post*)
- 1/2: 'It's Very Frustrating.' The First Few Days of the Simplified FAFSA Are Proving Complicated (*MarketWatch*)
- 1/2: 'Frustration All Around': The FAFSA's Rocky Rollout (*The Chronicle of Higher Education*)
- 1/2: New Financial Aid Form Faces Rocky Rollout Amidst Technical Glitches (*BNN Breaking*)
- 1/1: I Spent New Year's Eve Trying to Do the FAFSA. It Didn't Go Well. (*The New York Times*)

NASFAA Creates Explainer Document for Obtaining FSA ID Without a SSN

NASFAA is pleased to announce a new resource for financial aid administrators to share with students and families on how to obtain an FSA ID for individuals without a Social Security Number. Please note, the explainer is based on the most recent information we have from the Department of Education.

FSA Announces IRS Systems Outage on Saturday, January 6

FSA announced a planned IRS systems outage scheduled for Saturday, January 6, from 6 a.m. to 12 p.m. ET. FSA recommends that applicants wait until the outage is over before completing the 2024-25 FAFSA. Applicants completing the 2023-24 FAFSA will have to manually enter income information during this time, and borrowers applying for income-driven repayment plans will have to submit alternative income documentation. FSA also created an Issue Alerts webpage for stakeholders to refer to for regular status updates and resources related to the 2024-25 FAFSA launch.

Federal Oversight on Student Loan Servicer Management Shows a Bumpy Transition for Student Loan Borrowers

A pair of announcements from federal agencies overseeing the transition of student loan borrowers returning to repayment indicate that during the transition period several servicers have contributed to a challenging landscape for borrowers attempting to meet their payment obligations.

The first action came from the ED when it announced it would be withholding payments to three student loan servicers due to their failure to meet contractual obligations by sending timely billing statements to a combined 758,000 student loan borrowers during the first month of repayment.

ED said it will withhold $2 million, $161,000, and $13,000 respectively from Aidvantage, EdFinancial, and Nelnet, which the department said all failed to meet their obligations. The totals are based upon the number of borrowers impacted.

To address these errors, ED directed each servicer to place impacted borrowers into administrative forbearance, where they will remain until the issue is resolved. While loans are in forbearance, ED said

that borrowers will not be required to make payments, and their accrued interest will be adjusted to zero. Further, any month a borrower is in forbearance due to this issue will count toward Public Service Loan Forgiveness (PSLF) and income-driven repayment (IDR) plans.

“As millions of Americans return to repayment, the Department of Education will continue to engage in aggressive oversight of student loan servicers and put the interests of borrowers first,” Education Secretary Miguel Cardona said in a statement. “When unacceptable errors are uncovered, servicers should expect to be held accountable and borrowers should count on this administration to hold them harmless.”

Back in October, ED announced that it was withholding $7.2 million from MOHELA over issues with billing statements to 2.5 million borrowers.

Also, the Consumer Financial Protection Bureau (CFPB) published a spotlight issue paper highlighting its oversight of student loan servicing practices and issues it had identified related to the resumption of repayment, such as long wait times and abandoned calls, delays in processing IDR plan applications, and issues with billing statements.

CFPB identified these issues by using consumer complaints, along with its supervisory authority to examine loan servicer conduct and performance.

In the report, the bureau claimed long servicer wait times and abandoned calls forced many borrowers to give up without receiving any assistance. According to CFPB, average wait times rose from 12 minutes in August 2023 to 60 minutes in October 2023, with call abandonment rates jumping from 10% to nearly 30% during the same period.

CFPB also recorded instances of significant delays in servicers processing IDR plan applications, with some servicers taking “five times longer than others to process applications.” Servicers reported that between August and October of 2023 that there were 1.25 million pending IDR plan applications and that more than 450,000 of those applications were pending for more than 30 days with no resolution.

The final issue tied into a similar trend that ED found concerning billing statements. CFPB’s paper found that servicers provided “premature due dates before the end of the payment pause, inflating monthly payment amounts due to the servicer using outdated poverty guidelines, or using the incorrect income when calculating a borrower’s new income-driven repayment plan payment.”

“The report shows that there is significant variation between servicers in their ability to manage these demands. During the payment pause, many servicers made a business decision to cut costs and significantly curtail their capacity,” CFPB Director Rohit Chopra said in a statement. “However, loan servicers must adhere to existing law. In certain cases, the CFPB has notified servicers that they may be in violation of federal consumer financial protection law.”

While the transition to student loan repayments continues, ED also highlighted a recent letter it sent to credit reporting agencies and credit scoring companies in an effort to prevent any issues during the transition from impacting a borrower's credit. The letter reminds those organizations that a borrower's current payment behavior is “not necessarily indicative of an inability or unwillingness to make payments.”

ED said it will continue to monitor servicer performance.

IRS Will No Longer Send Tax Transcripts to Schools Through IVES

The IRS announced this month that starting on June 30, 2024, it will only provide tax return transcripts through its Income Verification Express Services (IVES) to mortgage lending firms. Some financial aid offices have used the IVES program to request tax return transcripts on behalf of students and parents, with their consent, for verification purposes.

ED Kicks Off First Negotiated Rulemaking Session for Program Integrity and Institutional Quality

The ED began its latest negotiated rulemaking, or "neg reg," focused on several regulations that directly impact institutions of higher education and their oversight providing entities.

As a reminder, neg reg brings together stakeholders from the higher education community with the goal of reaching consensus on new or revised regulatory language.

The first day's session focused on getting the committee members acclimated to the process and began to dig into the issue papers provided to the committee. The first day's session primarily focused on cash management.

In opening remarks, Under Secretary James Kvaal briefly joined negotiators and thanked them for their participation and dedicating their time to the rulemaking process.

"We hope that these new regulations will help students get the most from their education and from the federal investment in college affordability," he said.

Prior to reading through the regulatory framework, the committee held a discussion about adding additional seats to the committee. Members sought to add constituency groups that they said should be represented during the committee's discussions due to their perspectives and experience.

Consumer advocates, for example, urged the committee to split their seats, composed of civil rights organizations and consumer advocates, into their own groups so that each could have a primary negotiator at the table.

The motion to add the seat failed due to a single negotiator opposing the addition.

The committee also considered adding a seat for distance education experts, but the federal negotiator indicated ED was not amenable to adding a distance education expert constituency on the basis that the negotiating table already included experts in this area, so no vote was held.

Negotiators then began their discussion on cash management, as ED provided an overview of the newly proposed regulatory text.

According to ED, the goal of the proposed regulatory changes is to create more "consumer-friendly policies to ensure students have access to the aid they are entitled to, to cover the cost of attendance."

First, ED is seeking to establish a 180-day time frame within which institutions subject to heightened cash monitoring and receiving funds under a reimbursement payment method (HCM2) must submit their final HCM2 requests after losing eligibility to participate in the Title IV student aid programs.

Currently there is no such time frame, which in some instances has forced ED to track down payments for as long as two years.

ED said that the 180-day time frame is an "applicable number" to encourage schools to complete their requests in a timely manner.

The next provision concerned requiring institutions to return Title IV funds from students' unused meal plan accounts back to students instead of the common practice of institutions retaining those funds, commonly referred to as "sweeping." If a student has any unused funds from flex accounts that students can use like cash, the institution would be required to return those funds to students within 14 days of the end of the payment period.

Negotiators for ED said they feel strongly that these funds are the student's money and should be made available to them.

The committee suggested giving students an option to apply any potential leftover meal plan flex funds to offset debts they may owe to the institution, which ED indicated they would consider.

Jason Lorgan of the University of California, Davis, a primary negotiator for public four-year institutions of higher education, suggested students have the option to roll unused meal plan funds over so that they can use them between terms, such as students who sometimes rely on funds between semesters if they remain on campus during that time; ED was amenable to this inclusion.

Magin Misael Sanchez, of UnidosUS, serving as an alternate negotiator for civil rights organizations and consumer advocates, said that having unused meal plan funds refunded would be helpful for students so they can have more choice and flexibility.

However, David Cohen, of Five Towns College and APC Board of Directors, an alternate for proprietary institutions of higher education, took issue with the proposed regulations. Cohen said the regulations would limit institutional meal plan offerings, particularly at small institutions, and lead to a decline in service and that returning funds to students would ultimately favor more wealthy students who can afford to pay for food off campus.

Committee members also requested that ED ensure that the regulatory text clearly stated that the funds being impacted only applied to "flex plans" and not all student meal plans, such as the more traditional fixed number of all-you-can-eat meals per day.

While the ED did not offer the committee specific data to detail how many complaints the department had received on this topic, officials did explain that they've heard it voiced that this is an area that needs to be addressed.

ED then turned to the next change in regulatory text, which would increase the amount of current year funds that may be credited against prior year charges from $200 to $300. This increase is intended to account for inflation since the $200 limit was set in 2007. Going forward, the ED would assess adjusting this amount on a five-year basis through a Federal Register notice.

The committee then moved onto provisions concerning the inclusion of books and supplies in tuition and fees charges.

In the regulatory text, ED seeks to eliminate the provision allowing institutions to include the cost of books and supplies as part of tuition and fees. Current regulations allow schools to automatically apply Title IV funds to tuition and fees charges (including books and supplies if the school includes those in tuition and fees.)

Under the proposed language, ED allows for two exceptions to barring this inclusion: if a school documents on a current basis that the materials are not available elsewhere or accessible by students enrolled in that program from sources other than those provided or authorized by the institution; or the institution demonstrates there is a compelling health or safety reason for including books and supplies charges in tuition and fees.

But negotiators expressed concern about how these rules could impact pricing and availability of course materials. In some instances, negotiators noted that when institutions buy in bulk, they are able to get materials at discounted prices and can ensure that students have materials at the start of their coursework.

ED countered that institutions can still make books and supplies an institutional charge under the proposed rule; they just cannot include those costs in tuition and fees, which allows them to automatically apply Title IV funds to cover those costs. Under the proposal, if the school treated books and supplies as a non-tuition institutional charge, it would only have to collect authorization from the student to apply Title IV aid to those costs.

ED then moved on to discussing how it would seek to require institutions to refund within 14 days any credit balance more than allowable charges to any student that receives Title IV aid, regardless of whether the credit balance arose from Title IV funds.

Negotiators then offered no comments on a pair of revised sections granting ED authority, on a case-by-case basis during the audit or program review processes, to direct institutions to make late disbursements beyond the 180-day limitation; and allowing late disbursement of loan funds in any payment period regardless of whether the student successfully completed the period for which the loan was intended.

The committee then wrapped up its discussion on a few consolidated regulations that touched on program-specific regulations to cash management regulations related to overpayments, establishing new deadlines, and modifying small balance write-offs.

The session concluded with public comments on issues covered that day, including course material fees and access and affordability programs. Those interested in watching the next session can register to watch online. Additionally, updates in the negotiated rulemaking process will be available on ED's website.

Neg Reg Committee Dives into State Authorization and Distance Education

The ED hosted its second day of negotiated rulemaking for issues related to program integrity and institutional quality, this time focusing on state authorization and distance education.

The state authorization issue paper primarily concerned the oversight framework of institutions of higher education and evaluated the current complaint system and governance in state authorization reciprocity agreements. ED cited concerns that certain exemptions of state approval and licensure requirements for institutions in current regulations, such as the exemption for institutions that have been in operation for at least 20 years, "do not ensure sufficient State oversight of those institutions."

The proposed regulatory language would also make changes to state authorization reciprocity agreements which allow institutions located in one state to operate in other states covered in the agreement through distance education or correspondence courses. According to the department, the current reciprocity system allows for the manipulation of state rules, which ED said, "prioritizes administrative convenience over student and taxpayer protection."

ED proposes to remedy that issue with two changes.

First, under the draft text, reciprocity agreements would have to require institutions to have a system in place to report student complaints directly to the state in which they reside.

Second, ED is aiming to adjust the makeup of governing boards that oversee state authorization reciprocity agreements so that they only include representation from state employees and members of the public, as opposed to current rules that permit others such as institutional representatives on such boards, which ED officials argued has the effect of states passing off their role in the accountability triad to other parties.

But committee members expressed concern over ED's proposed limits to the makeup of the governing boards, which according to negotiators, could prohibit willing service from members whose expertise could benefit the board.

The committee also considered a proposal offered by a pair of negotiators that would create an advisory board role in the process that could help inform a governing board but would not have any decision-making authority.

Negotiators from ED remained open to the language and said they would review the proposed text, which is currently unavailable to the public.

ED also noted that its reference to National Council for State Authorization Reciprocity Agreements (NC-SARA) in the issue paper was merely meant as an example and was not an entity whose practices the department was looking to target. ED's negotiator stated that it is not the department's intention to regulate NC-SARA but, rather, any state authorization reciprocity agreement, and noted NC-SARA was not referenced in the official regulatory text.

ED also underscored that its intent with the proposed regulations was not to eliminate reciprocity agreements or do away with distance education, but instead to strengthen state authorization rules and "appropriately" regulate distance learning.

In the afternoon, discussion turned toward state authorization exemptions. Some committee members urged ED to take actions to overhaul the higher education program integrity triad, Negotiators deliberated exemptions being made for schools who have been in operation for at least 20 years, as is laid out in the current regulations, noting that the practice of changes in ownership has increased since

those regulations were written and arguing that having been in existence for 20 years is less meaningful if ownership had changed in that time.

The committee then began to review and discuss proposed regulatory text on distance education.

In its issue paper, ED sought feedback on two separate issues related to distance education, which were handled separately: virtual locations and clock hour programs delivered through asynchronous learning.

On virtual locations, ED proposed to require programs offered exclusively by distance education to have their own two-digit suffix in the school's OPE ID, as institutions currently do for additional physical locations. By including this provision, ED would be able to obtain more data on student outcomes that are currently unavailable, and better identify enrollment trends for distance education students.

The department currently has only limited data on enrollment in distance education programs since it collects such information only at the institution and program level through IPEDS. The department argued that by designating programs offered entirely online as additional virtual locations it will now have individual student level data for Title IV recipients. Among the benefits of such a change would include easy identification of students eligible for a closed school discharge if an institution ceased to offer distance education.

ED also urged the committee to think over data collection options and asked negotiators to think through how often schools would need to update information that the department may request.

The department then turned to its second part of the issue paper that would remove the allowance for clock-hour programs provided via distance education to be offered through asynchronous learning.

ED claims it has seen abuse in this area with programs not properly logging academic activity that students performed, primarily because they lacked the technology to do so, which according to ED is very expensive. ED made clear that the change would not preclude clock-hour programs from offering distance education; they just could no longer count asynchronous work toward the student's completed hours for purposes of Title IV aid disbursements.

Negotiators asked ED when these regulations would be effective and what would happen if the effective date occurred when students are in the middle of a program. ED said it had not yet mapped out that timeline but would look for suggestions from the committee as to how to address a potential transition period.

During the public comment period, participants detailed their experiences with postsecondary programs, urged the committee to include more student voices, and discussed the governance structure of state oversight.

The committee will reconvene to cover the R2T4 and accreditation issue paper.

Neg Reg Committee Works Through R2T4 and Begins Overview of Accreditation

The ED worked through another pair of issue papers during its third day of negotiated rulemaking (neg reg) for issues related to the Return of Title IV funds (R2T4) and accreditation.

ED proposed eight changes in total to the R2T4 regulations, all of which were met with general agreement from the committee.

First, ED proposed to allow students who receive a credit balance refund within 10 days of the start of classes, but who never begin attendance, to repay any loan funds advanced to them under the terms of the promissory note as opposed to the current rules which make those funds repayable immediately.

ED moved on the R2T4 for programs offered in modules, on which it proposed several changes. First up was a proposal to remove the 49% completion of the payment period provision for determining whether a student had earned 100% of their Title IV funds for a payment period offered in modules during which the student withdrew. ED would retain the provision that a student is considered to have earned 100% of their aid if they completed coursework in modules that comprised at least half-time enrollment.

Negotiators recognized ED’s attempt at simplifying the R2T4 regulations but argued that the 49% completion provision benefits students and urged the department to issue more guidance to help schools better understand the provision over eliminating it.

Next up was a proposal for R2T4 relief for institutions that offer generous tuition refund policies. Under the proposal, institutions that treat students who withdraw as if they had never attended the term, refund 100% of institutional charges, return 100% of Title IV aid, and cancel student debts to the institution would no longer be required to calculate the amount of Title IV aid the student had earned. This proposal was met with general support from negotiators.

Another proposed R2T4 exemption applies to incarcerated students enrolled in Prison Education Programs (PEP) who are forced to withdraw due to circumstances beyond their control, like transfer to another carceral facility or lockdown. ED indicated it was still working through its legal authority on this proposal, but still wanted negotiator feedback. Negotiators were generally supportive but concerned that students in these situations were still using their Pell Grant lifetime eligibility and urged the department to consider a way to keep Pell funds received in such instances from counting toward the lifetime Pell limit.

Negotiators next discussed a proposal that codifies a longstanding practice by which institutions that are required to take attendance must make a determination of unofficial withdrawal within 14 days of when the student ceased attendance.

ED then moved onto an R2T4 proposal for students enrolled exclusively in distance education for a payment period. ED argued that institutions have tools available to them to measure engagement in academic activity for distance education courses, which in essence makes all distance education courses attendance-taking courses, regardless of whether the institution is required to take attendance. As such, in those cases where students are enrolled exclusively in distance education, ED would require institutions to determine the date a student withdrew per the rules for attendance-taking institutions.

ED also proposed to eliminate the use of the cumulative method of determining the percentage of the payment period a student completed for R2T4 purposes for clock-hour programs, retaining only the payment period method.

To wrap up the morning session and the R2T4 topic, ED proposed to eliminate the concept of a "freeze date" for determining withdrawal date for programs offered in modules. Under the proposal a module would be considered "part of the payment period so long as a student attends the module."

The afternoon session began with a section-by-section overview of the accreditation issue paper, and included a number of questions for discussion throughout in order to garner additional conversation.

ED indicated that the session would be an extensive discussion of regulatory text, while the other would focus more on the concepts.

Under accreditation, ED is seeking to achieve four key goals: bolstering robust accreditation and oversight of postsecondary educational institutions and programs; implementing a process that focuses on areas of the greatest risk among accrediting agencies and their reviews; increasing the rigor of the accreditation process; and strengthening accreditation as a critical pillar of the regulatory triad.

As a part of the regulations, ED is also looking for ways to simplify, clarify, and streamline regulations to better meet the department's goals.

The committee then turned to a proposal that seeks to limit public membership on accreditation decision-making bodies to include only individuals who are independent from agencies, associations, and institutions.

Here the department lists a number of individuals who would be excluded from participating as a public member to include:

- Current or former employees, members of the governing board, owners, shareholders of, or consultants to accredited, pre-accredited, and applicant institutions or programs;
- Current or former members of any trade association or membership organization related to, affiliated with, or associated with the agency;
- Current or former employees of, or consultants to, the agency; or
- Members of the program integrity triad.

Negotiators expressed concern with how overly broad the exclusions were and how they could lead to blanket bans that could deprive skills, knowledge, and coordination. Members urged the department to consider some sort of time frame between when a public member could work in the roles ED seeks to prohibit and when those individuals may participate on accreditation boards, which ED agreed to explore.

The committee also urged the department to consider inclusionary language instead of exclusionary language, which could help to better define the role of public members.

In order to better assess risk associated with accreditation and better prioritize reviews, ED is also seeking to "require that the accreditor provide verified documentation of the number of accredited institutions or programs that participate in the established non-HEA programs, including the amount of Federal funding the programs or institutions receive using the agency as a federal link."

ED also looks to reinstate requirements that an agency be "widely accepted" as a reliable authority regarding the quality of the education provided by the institutions or programs the agency accredits.

Further the department is also looking to include language that would require accreditors to take action more quickly when they identify areas of non-compliance.

ED then posed questions for discussion concerning whether the department needed to capture instances of significant risk.

The department still had remaining sections of the issue paper left for discussion, along with several questions for discussion for negotiators to review before embarking on the regulatory text that is expected to take up the bulk of the upcoming session.

During the public comment period, participants detailed their experiences with postsecondary programs, urged the committee to tackle regulations that would prevent abrupt school closures, experiences related to the cash management issue paper, and additional experiences with the accreditation landscape.

The committee will reconvene to discuss the final issue paper on accreditation regulatory text.

ED Wraps Up First Week of Program Integrity and Institutional Quality Negotiations

The ED and non-federal negotiators wrapped up their fourth and final day of negotiations related to program integrity and institutional quality, focusing the entire day on the topic of accreditation.

The day began by revisiting topics discussed earlier in the week, which had been discussed broadly but without visiting the proposed regulatory text, which was the focus.

First up was the topic of limiting who can fill public member seats on accreditation decision-making bodies, which was met with limited discussion other than a suggestion that ED look at all positions on such boards for conflicts of interest instead of focusing solely on members of the public.

Also discussed again was the proposed reinstatement of a requirement that accreditors seeking recognition or renewal of recognition provide documentation that the agency's practices are widely accepted by others by providing letters of support. A robust discussion ensued about the perceived value of such letters, the accountability of letter-writers, and whether ED should be more focused on looking for negative feedback in addition to or in place of letters of support in light of the fact that it would be relatively simple for most accreditors to provide three letters.

Limited discussion followed on topics like expansion of scope, ensuring consistency, timelines, innovation, substantive changes, anonymous complaints, and applications for recognition or renewal of recognition. ED noted much in these topic areas represents a reorganization of the regulations versus substantive changes.

Negotiators then moved on to discussion questions posed by the department, starting with how ED can determine whether accrediting agency standards for areas like student achievement, fiscal and administrative responsibility, and recruiting and admissions practices are sufficiently rigorous. Negotiators discussed the distinction between standards and metrics, and accreditation representatives stressed the importance of nuance and the need to look at the entirety of an institution to tell the story of a school's performance, taking into account many factors about the school and not just the metrics themselves.

Discussion followed on teach-outs, where negotiators generally agreed many problems exist, and how ED could develop and codify a risk-based process for recognizing accreditation agencies.

The group finished the week's discussions by addressing the topic of institutional changes to accreditors in light of 2020 changes that allowed regional accreditors to operate on the national level and action in Florida and North Carolina to require schools to change accreditors. Questions discussed included how the department should define an institution's voluntary choice of accreditor and which factors to consider in determining a reasonable cause for switching accreditors.

Thursday's public comments included Cheryl Dowd from the WCET State Authorization Network, who spoke on the student complaint process for distance education reciprocity agreements with respect to student changes of location, as well as on the proposed requirement for attendance taking for distance education.

Kimberly Jones of the Council for Opportunity in Education also spoke during public comments, where she urged the department to consider Pell Grant eligibility as a criteria for TRIO programs given changes from the FAFSA Simplification Act that limit sharing of student data that TRIO programs have traditionally relied on.

ED's subcommittee on TRIO programs will meet to discuss proposed changes to the regulations governing those programs. Negotiators will meet next during the week of February 5.

Foxx Bill on College Affordability and Transparency Includes Financial Aid Offer Provisions

Rep. Virginia Foxx (R-N.C.), chairwoman of the House Committee on Education and the Workforce, introduced the College Cost Reduction Act, which seeks to address issues around college cost, accountability, and transparency. The bill includes a provision that would "create a standardized financial aid offer form that includes standardized definitions and terminology, formatting requirements, and information for students and families." Foxx released a bill summary and fact sheet along with the bill text.

The FAFSA rollout has been rough on students. The biggest problem is yet to come

College hopefuls are already waiting longer than usual for their financial aid offers this year, due to the delayed release of the FAFSA. But what applicants may not realize is that this year's FAFSA also comes with a big mistake — one that will *lower* the amount of federal financial aid many receive unless it's remedied soon.

The ED is wrestling with whether to fix this mistake in time for this year's financial aid applicants. A last-minute FAFSA change of this magnitude could further delay college aid offers, but it would also mean many students would qualify for *more* help.

More than 17 million students are expected to fill out the FAFSA this year in hopes of getting help paying for college. The form had a shaky, first-week "soft launch." Normally released on Oct. 1, the latest FAFSA was repeatedly delayed, and many applicants have struggled to access or complete the form online since it was intermittently opened to the public, three months late, on Dec. 30.

In spite of those problems, the Education Department said more than a million applicants have successfully submitted the form — and that the FAFSA is now available 24 hours a day, though a spokesperson said the department is still assessing how to handle the big mistake that will hurt many of these applicants unless it's fixed. The big mistake has to do with inflation.

This year's FAFSA is the result of a sweeping (and labor-intensive) update from prior versions of the form that was mandated by Congress three years ago.

Lawmakers wanted the form to be shorter and easier, with the IRS helping the Education Department automatically fill out some of the form's toughest financial questions. Check!

Congress wanted to expand the number of lower-income students who qualify for a federal Pell Grant, a form of aid that does not need to be repaid.

And lawmakers told the ED to use a new, more generous formula to protect more of a family's income from being used to determine financial aid eligibility. They also told the department to adjust its math for inflation.

Let's call this one partially checked ... because the department didn't do that last bit, adjusting for inflation. That's a problem because protecting more of a student's or family's income allows them to qualify for more financial aid. And failing to adjust this "income protection allowance" for inflation, especially given the past couple years of rampant inflation, will make it look as though students and families have more income at their disposal than they really do. And that will mean they qualify for less student aid.

"Because salaries go up every year and expenses go up every year with inflation, you need to make sure that that's taken into account," says Bryce McKibben, senior director of policy and advocacy at the Hope Center at Temple University. McKibben also helped craft the FAFSA update legislation as a congressional staffer.

"If you don't adjust for inflation, that means more of your income is being calculated to apply toward financial aid. You're being asked to pay more for college when you haven't actually made more in real terms."

Without this inflation adjustment, according to McKibben, a single parent with two children who is trying to go to college would have more than $10,000 of income considered in the student aid math that should instead, he says, be protected.

Without adjusting families' incomes for inflation, McKibben warns, hundreds of thousands of students could either get less Pell Grant aid than they otherwise would have – or not qualify for Pell at all. The lack of an inflation adjustment will also impact a student's ability to qualify for other federal aid, including work-study, as well as financial aid offered by states and schools.

"It is critical the Department comply with the law, especially given the significant inflation that has taken place since the legislation was passed," wrote NASFAA, in an October letter to the department.

The problem now is that all of the potential remedies come with a host of complications. The path of least resistance — albeit for the department, not for students — would be to simply ignore the failure

and allow colleges and universities to make aid offers this year knowing that many students won't be getting the full help they're entitled to. In December, *The Washington Post* reported that the department would be doing just that — not making the change imminently "because of timing and data constraints but will make updates for the 2025-2026 aid cycle."

That position may be changing.

The department now appears to be leaning toward making the inflation adjustment sooner rather than later. That's according to two sources with access to internal deliberations, who requested anonymity because they were not authorized to speak publicly.

This path would pose a Herculean challenge for the department. Students *would* get the aid levels Congress had intended in the 2024-25 school year, but the change would either further delay aid offers from schools to families or potentially force schools to revise and adjust those offers (increasing aid for students) after the fact.

The Education Department would not confirm or deny that it has decided to move forward with the inflation adjustment this year. A spokesperson told NPR that the department is still assessing its options.

"Doing it now would certainly be good for a good number of students and families," says Justin Draeger, president and CEO of NASFAA. "The downside is that it introduces several new complexities into an already disjointed rollout."

Even without this inflation adjustment, schools have been complaining of a compressed timeline, with the department saying it will not be sending them any FAFSA data — which schools need to make financial aid offers — until late January.

In previous years, Draeger says, students' data was forwarded on to their schools of choice within just a few days of completing the FAFSA, beginning in October.

That means by the time schools can respond to the first round of students who fill out the FAFSA, they will already be nearly four months behind the normal financial aid schedule. And the longer students and families must wait to know what a given college will cost them, the longer colleges will have to wait for students and families to make that life-altering decision.

The department now faces a painful choice: Prevent further delays by denying students the full aid Congress envisioned or exacerbate FAFSA delays and confusion in order to follow the law and save families money.

ED Announces Early Implementation of Student Loan Forgiveness for Borrowers Enrolled in SAVE Plan

The ED announced that starting in February, eligible borrowers enrolled in the Saving on a Valuable Education (SAVE) repayment plan will have their federal student loan debt forgiven as part of an early implementation of a SAVE plan provision.

The borrowers eligible for this student loan forgiveness must be enrolled in the SAVE repayment plan, have at least 10 years of repayment history, and have originally borrowed $12,000 or less in federal student loans.

Under the SAVE plan, the maximum time frame for repayment is 20 years for undergraduate debt and 25 years for debt incurred for graduate or professional study. A provision of the final rule of the SAVE plan indicates that low-balance borrowers can see student loan forgiveness in as few as 10 years if their original principal balance was less than $12,000. Additionally, for each $1,000 borrowed above $12,000, a borrower can receive forgiveness after an additional year of payments.

Initially, this provision would have become effective on July 1, 2024. However, ED stated through the Federal Register that it would implement this provision early through its authority under the Higher Education Act (HEA) on January 21.

Here's an up-to-date timeline on implementation of various provisions of the SAVE plan:

Already Implemented

- Auto-Renewal: If a borrower consents to disclose their tax information, their monthly payment will be adjusted and their enrollment in IDR (including SAVE) will be automatically recertified every year
- Automatic re-enrollment: Borrowers will be automatically enrolled into SAVE if they are currently enrolled in or recently applied to the REPAYE plan (which will be replaced by the SAVE plan)
- Elimination of negative amortization
- Income below 225% of the poverty line is protected
- Excludes spousal income for borrowers who are married and file separately
- 20 years to cancellation for undergraduate debt (25 years for graduate debt)
- Elimination of requirement for borrowers returning to SAVE after having previously been on another repayment plan to provide income documentation for years not on REPAYE/SAVE

Implementation set for January 21, 2024

- Early cancellation for low-balance borrowers

Set for early implementation, but no implementation date set

- Automatic credit toward forgiveness for certain periods of deferment and forbearance

Implementation set for July 1, 2024

- Monthly payment equals 5% of discretionary income for undergraduate debt and 10% for graduate debt
- Credit for consolidation loans that include loans with qualifying payments equal to the weighted average of pre-consolidation qualifying payments made
- Automatic IDR enrollment for borrowers who are 75 days or more late with their monthly payment
- Restricting new enrollment in certain IDR plans

According to ED on Friday, eligible borrowers will have their debts canceled immediately starting next month with no action necessary on the borrower's part. And the department will continue to identify and discharge the loans of eligible borrowers on a regular basis.

Additionally, ED stated it is beginning an outreach and email campaign to encourage borrowers not currently enrolled in the SAVE repayment plan to enroll because they may be eligible for forgiveness. The department will also work with the SAVE on Student Debt coalition and other organizations to reach borrowers.

ED noted that this provision will particularly help borrowers who attended community college and estimates that the SAVE Plan will make 85% of future community college borrowers debt free within 10 years.

Along with the announcement, ED said there are over 6.9 million borrowers enrolled in the SAVE repayment plan as of early January. ED in a press release listed a state-by-state breakdown of borrowers enrolled in the SAVE plan. However, ED did not indicate how many borrowers would be eligible for forgiveness through Friday's announcement.

Rep. Virginia Foxx (R-N.C.), chairwoman of the House Committee on Education and the Workforce, responded saying that Friday's announcement would exacerbate college costs and that the Biden administration is "downright desperate to buy votes before the election." Foxx, in her statement, also highlighted her latest bill, the College Cost Reduction Act, which seeks to address issues around college cost, accountability, and transparency.

Additionally, Sen. Bill Cassidy (R-La.), ranking member of the Senate Health, Education, Labor, and Pensions (HELP) Committee, said "this new allocation of time and resources" by ED comes as it has "failed to properly implement" the 2024-25 FAFSA and is "threatening students' access to financial aid services for college."

Now Available: Examining Federal Work-Study Task Force Report

NASFAA convened the Examining Federal Work-Study Task Force in December 2022 to examine what changes institutions implemented during the COVID-19 pandemic to their Federal Work-Study (FWS) programs (especially given the temporary nature of the FWS flexibilities), what challenges they are facing now as they look to transition back to the original regulations, and what flexibilities may be required for this program to continue to be successful in the future. Along with recommendations for the Department of Education and Congress on ways to improve and bolster the FWS program, the task force researched and put forth best practices institutions are using in utilizing their FWS funding. The full report is available now.

Top House Education Committee Democrat Expresses Concern Over Further FAFSA Processing Delays

In a recent letter to the ED, Rep. Bobby Scott (D-Va.), ranking member of the House Education and the Workforce Committee, requested updated information to detail the department's "readiness to support" students and families through the 2024-25 FAFSA cycle.

Scott, who was a lead sponsor and negotiator of the bipartisan FAFSA simplification legislation that made substantial changes to the form along with the overall application experience, said he was concerned that the majority of FAFSA processing will continue to be delayed for the 2024-25 application cycle.

The FAFSA rollout, which was initially released through a soft launch at the end of December, has experienced a number of reported glitches, errors, and issues with access to the application. The rollout has already garnered criticism from other leaders in Congress, with Sen. Bill Cassidy (R-La.), ranking member of the Senate Health, Education, Labor, and Pensions (HELP) Committee, accusing ED of botching the launch.

In Friday's letter, Scott expressed concern that the delays could impact institutions' ability to finalize financial aid offers and cited Federal Student Aid's (FSA) recent announcement that it will not be able to process FAFSA forms and send Institutional Student Information Records (ISIRs) to institutions of higher education until later this month.

"This processing delay will hinder institutions' ability to promptly communicate with students regarding any additional information needed prior to finalizing aid packages," Scott wrote. "Many students are expected to commit to a school May 1st. The delay in the FAFSA processing will mean millions of students will be expected to make a life-altering decision in a very short period or without the full context of information to inform that decision."

Scott recognized that the form's overhaul was a "tremendous undertaking" and requested that ED provide updated information on the department's ability to respond to ongoing concerns surrounding the FAFSA.

However, Scott wrote that he was "deeply concerned" that FSA will not begin processing paper FAFSA forms until February, which he said was vital for students who have limited access to broadband and for incarcerated individuals who utilize the paper form.

In his letter, Scott requested details on ED's customer service plan for families and students concerned about the ongoing FAFSA delays, guidance the department will provide to stakeholders who support students completing the FAFSA, and copies of the communications sent to FAFSA applicants regarding the changes and delays to the financial aid process.

Additionally, Scott asked if ED would alter any of the verification procedures to reduce the burden on institutions and financial aid offices during peak FAFSA-processing time.

Scott also requested details on the steps ED is taking to support students who rely on the paper form and how they are collaborating with the Bureau of Prisons to support incarcerated students.

Last, Scott asked ED if there would be any components of the FAFSA Simplification Act that will not be finalized for the 2024-25 FAFSA, and if there will be any further delays to the rollout.

Scott stressed that the overall goal to simplify the FAFSA was to make the application process for federal student aid easier, fairer, and more effective for working families.

"Unfortunately, the benefits of the FAFSA Simplification Act will be deferred for many students, given the anticipated delay to FAFSA processing," Scott wrote. "Already, implementation has been delayed

from the 2023-2024 award year to the 2024-2025 award year to ensure that all of the complex moving parts are properly addressed."

The letter called on the department to provide Scott with answers to his questions no later than February 1, 2024.

House GOP Pushes ED for Cost Estimate on Student Loan Debt Relief Proposals

A pair of top House Republicans are calling on the ED to provide cost estimates and promised regulatory text from the recent negotiated rulemaking committee on student debt relief, with the lawmakers expressing concern over the administration's efforts to implement loan forgiveness without congressional approval.

In a letter penned by Reps. Virginia Foxx (R-N.C.), chair of the House Education and the Workforce Committee, and Jody Arrington (R-Texas), chair of the House Budget Committee, the lawmakers – who have long opposed the White House's effort to carry out student debt relief – request that ED provide Congress with cost estimates associated with the programs, and details on the unreleased regulatory text developed during December's student loan debt relief committee.

The committee reached consensus on a number of proposals — such as providing forgiveness when a loan is eligible based on repayment plan or waiving 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 — but did not reach consensus on others. 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.

The leaders requested ED provide details on the "hardship waiver" regulatory text that was proposed in the committee's agenda. During the committee sessions, ED did not provide negotiators with regulatory text, instead saying the department would possibly consider holding another session to further discuss the issue.

Foxx and Arrington questioned whether the department plans to use that unpublished issue paper to carry out a larger scale of student loan debt cancellation.

Specifically, the letter makes two requests of ED. First, the lawmakers question whether the department has produced cost estimates for each proposal put forth by the committee and if those estimates will be made public.

Second, the lawmakers want to know when more details will be provided concerning the "financial hardship" waiver, and whether that text will also contain cost estimates.

The letter called on the department to provide answers on these two questions no later than January 30, 2024.

Part 1 Deep Dive: Foxx's College Cost Reduction Act Includes Financial Aid Offer Provisions

Rep. Virginia Foxx (R-N.C.), chairwoman of the House Committee on Education and the Workforce, last Thursday introduced the College Cost Reduction Act, which seeks to address issues around college cost, accountability, and transparency.

This article, the first in a three-part series analyzing the bill, focuses on aspects of the bill that would create a standardized financial aid offer for institutions to use. Additionally, the article touches on updates the bill would make to the College Scorecard, and the creation of a new Postsecondary Student Data System.

Standardized Financial Aid Offer

The bill introduces a standardized aid offer, similar to the guidelines that the Understanding the True Cost of College Act has introduced, with fewer required or restrictive elements. The form would first require institutions to list their entire cost of attendance (COA) for a student, including both their direct costs, which includes all costs billed to the student and additional costs otherwise required by the institution for enrollment and indirect costs, such as books, supplies, technology, and transportation.

The bill would allow schools to add items that are applicable to their institution or remove components if they do not apply. Institutions would also be required to indicate whether the aid offer estimates are based on full-time or part-time enrollment, and if any of the costs listed are estimated based on a prior year or the academic period indicated on the aid offer.

Following COA information, institutions must list all forms of grants and/or scholarships the student has been offered or received, by source (e.g. institutional, state, federal, or other.) Schools must disclose that this type of aid does not need to be repaid.

Required next on the aid offer is net price. This bill includes the requirement for two calculations related to net price, direct net price, and annual net price. Direct net price is direct costs, as defined in the bill, minus any grants and/or scholarships offered.

Annual net price is calculated by taking the entire COA, direct and indirect costs, and subtracting any grants and/or scholarships offered. This section would also require institutions to include a disclosure that the net price is based on an estimate of the total COA for the year, and not necessarily the amount the student will owe directly to the institution.

After the required Net Price calculations, the bill then focuses on how subsidized, unsubsidized, private and/or institutional loans may be presented. All loans offered must plainly include at minimum the word “loan” in their title, be clearly labeled as either subsidized or unsubsidized, and if they are an interest-bearing loan, that must be made clear. Notably, this bill eliminates the PLUS loan programs – covered in a forthcoming article – so requirements for those programs are not included in the loans section of the aid offer.

Private loans can only be included with a dollar amount on the aid offer if the loan has already been applied for and approved for that amount. Institutions may not list an amount next to private loans on the aid offer to show what amount a student may be eligible to receive.

Student employment aid types must also be listed in a separate section with their own totals. If offered Federal Work-Study, the institution must include information about the maximum annual amount the

student may earn through the program, and a disclosure that any amounts received are subject to the availability of qualified employment and earnings are disbursed over time as earned.

Required disclosures on the aid offer include instructions for students who wish to decline, accept, or adjust their offered aid, an explanation that verification of information provided on the FAFSA may require the student to submit further documentation, and where students can find more information regarding their financial aid, college costs, and student outcomes specific to the institution. That would include a link to the College Scorecard and the Universal Net Price Calculator proposed in this bill.

While a standard form, this bill would give institutions some flexibility. Notably, institutions are able to supplement the form with any other additional information as long as it does not misrepresent or conflict with the information in the form related to costs, financial aid offered, or the net price. Schools are also able to exclude a required item or disclosure from the form on an individual student basis, or entirely if the student is not eligible for an aid type, the institution doesn't participate in an aid program, or the COA item is not applicable to the student or institution.

The ED, in consultation with the heads of relevant federal agencies and higher education stakeholders, would establish the standard terminology and definitions that will be used on the aid offers. ED must also develop multiple drafts of the standard form that shall go through consumer testing, as well as separate forms for use for undergraduate students versus graduate students.

College Scorecard

This bill would add an additional data point to the College Scorecard to match the new data point required on aid offers – "total net price required for completion" – which is calculated by taking the direct costs, or the cost required for enrollment, minus any grants and/or scholarships the student received. ED is also required to add to and make public on the Scorecard the number of students enrolled in distance education, information on students' progression and completion, the grants and scholarships received by students, and the number and percentage of students receiving such awards, a link to the institution's website containing campus safety data, as well as disaggregated student information based on varied characteristics. The Scorecard must also include a universal net price calculator.

ED would also be required to ensure students who submit a FAFSA receive links to the College Scorecard website applicable to each of the institutions that the student listed on their form.

Postsecondary Student Data System

The College Cost Reduction Act would allow the National Center for Education Statistics (NCES) to create a post-secondary student-level data system. The system would collect data elements on Title IV or veteran education benefits receiving students, such as student enrollment, persistence and progression, enrollment status, credential-seeking status, student demographic characteristics, as well as measures related to college preparedness, and information on types of aid received. The bill would allow data sharing by the institution of higher education, ED, or NCES, when possible, to avoid duplication of reporting by institutions.

Biden Signs Another Short-Term Spending Extension to Avert a Government Shutdown

Federal lawmakers have a few more weeks to come to a compromise on the annual budget, as President Joe Biden signed off on another stop-gap spending plan that congressional leaders quickly pushed through both chambers to avert an impending partial government shutdown.

On Thursday, both the Senate and the House advanced their second two-tiered continuing resolution, which extends funding for one batch of the 12 spending bills through March 1, while a second batch, which includes the Labor-HHS-Education bill that funds the Department of Education (ED), is extended through March 8.

The Senate passed the bill by a vote of 77-18, while the House cleared the measure by a vote of 314-108.

Talks regarding spending levels have been stalled. The House proposed to slash funding for education-related programs with an overall request of $67.4 billion to ED, a reduction of $12.1 billion from the fiscal year 2023 enacted level and $22.6 billion less than the president's budget request. The Senate, meanwhile, proposed $79.6 billion in discretionary funding for ED. This total was below the President's budget request for education spending, but spared a number of higher education programs from steep cuts that were proposed in the package put forth by House Republicans.

This is now the third continuing resolution for the fiscal year 2024 spending bills.

House Republicans Demand Answers From Cardona on Student Loan Audit

The House Education and Labor Committee is looking to question Education Secretary Miguel Cardona after an annual audit once again was unable to render an opinion of the department's fiscal year 2023 financial statements.

The report was published in November 2023 by KPMG, an independent certified public accounting firm contracted by ED's Office of Inspector General. KPMG reviewed the department's financial report for fiscal year 2023, and for the second year in a row highlighted concerns with the department's cost estimates.

"KPMG has not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion because of unresolved errors KPMG identified in the underlying data used to calculate the subsidy re-estimates for the Department's direct loan and loan guaranty programs," KPMG wrote.

Rep. Virginia Foxx (R-N.C.), chairwoman of the House Committee on Education and the Workforce, and a group of House Republicans are now demanding Cardona testify before the committee sometime during the month of February.

In response to the audit, the department wrote that it will address the issues raised by KPMG.

"This year, the independent auditor issued a disclaimer of opinion on the Department's FY 2023 balance sheet. The Department will develop and implement additional corrective action strategies to address the issues highlighted in the FY 2023 report," Cardona wrote. "We remain committed to continually evaluating our programs, current business processes, and our internal controls for improvement opportunities in FY 2024 and beyond."

Part 2 Deep Dive: Foxx's College Cost Reduction Act Includes Changes to Pell, Campus-Based Aid, and Loans

Rep. Virginia Foxx (R-N.C.), chairwoman of the House Committee on Education and the Workforce, earlier this month introduced the College Cost Reduction Act, which seeks to address issues around college cost, accountability, and transparency.

This article, the second in a three-part series analyzing the bill, focuses on aspects of the legislation that would establish a Pell Plus program – effectively doubling a student's Pell Grant – replace FSEOG and LEAP programs with a new PROMISE program, and establish new loan limits and loan repayment plans.

Part 1 of this series covered this bill's proposal to create a standardized financial aid offer form, update the College Scorecard, and create a new Postsecondary Student Data System.

New Definitions

Effective with the 2025-26 award year, the bill introduces a new "median cost of college" concept to the determination of financial need. Under this new framework, a student's financial need would be equal to the median cost of college of the program of study in which they are enrolled, minus their student aid index (SAI) and any other financial assistance received. The median cost of college is defined in the bill as the median of the cost of attendance for similar programs at all higher education institutions across the country. Pell Grants could not exceed the median cost of college.

Federal Pell Grant program

The bill establishes a "Pell Plus" program, which would award eligible baccalaureate level students at participating institutions an additional Federal Pell Grant (Federal Pell Plus Grant) in an amount equal to their original Pell Grant amount. It outlines the requirements a student must meet to be considered eligible, which include being enrolled in their first baccalaureate course of study, having completed at least four semesters or equivalent, and maintaining progress toward on-time completion of the program (100% of program length). If a student's combined Pell Grant and Pell Plus Grant exceed the median cost of college for their program, the Pell Plus Grant will be reduced so that the student's combined total of Pell and Pell Plus dollars received do not exceed the median cost of college.

Pell Plus Grants would count toward Lifetime Eligibility Used (LEU) like how standard Pell Grants are counted. In essence, the proposed changes would reward students who complete a baccalaureate degree in four years' time with the benefit of receiving the full six year's Pell Grant lifetime eligibility in just four years.

The bill also outlines institutional requirements to participate in the Pell Plus program. Institutional participation is voluntary and schools will need to indicate if they will participate at the individual program level or participate for all programs. Schools would also be required to provide eligible students with a notification indicating whether they are maintaining progress towards completion and how much Pell Plus Grant funds they will receive.

If the student is not maintaining progress towards completion, the school would need to provide a list of additional resources and support services to help the student complete their courses. If the student is not maintaining progress toward completion by the end of the first semester of the third academic year, the school would be required to provide a warning indicating that the student would not be eligible to

receive a Pell Plus Grant if they do not demonstrate progress toward completion by the beginning of the fourth academic year.

Institutions participating in the Pell Plus program must provide each Pell Grant recipient enrolled in a Pell Plus program of study with a “maximum total price” for their program and must guarantee that the maximum total price will not exceed the median value-added earnings of students who have completed that program. Maximum total price is the difference between the total amount of tuition and fees (including required costs) for completion of the program of study and the total of non-federal grants and scholarships.

Value-added earnings would be calculated for all Title IV aid recipients who completed their program of study. Value-added earnings would equal the student’s annual earnings at 1 year, 2 years, or 4 years post-completion (depending on credential earned), less 150% of the federal poverty guideline for an undergraduate credential, or 300% for a graduate credential.

This would be based on the latest data available on the College Scorecard from the award year immediately prior to the student’s current year of enrollment at the institution. Information about this guarantee would need to be readily available for students on the institution’s webpage, their marketing materials, and other publication sources. Schools must provide the maximum price guarantee for at least the “median time to credential for students who completed any undergraduate program of study at the institution during the most recent award year for which data are available,” and for at least the length of the program in which the student is enrolled. The bill also notes that schools do not have to provide the maximum price guarantee after a period of 6 years has passed since the student first enrolled at the institution.

Campus-based aid programs.

Beginning on October 1, 2026, this bill would terminate the Federal Supplemental Educational Opportunity (FSEOG) Grant and the Leveraging Educational Assistance Partnership (LEAP) programs. Those programs would then be replaced with Promoting Real Opportunities to Maximize Investments and Savings in Education (PROMISE) grants, which would be awarded to eligible institutions beginning in the 2026-2027 award year in six-year increments.

Institutions applying to receive the performance-based PROMISE grants must meet the maximum total price guarantee requirements and demonstrate they will continue to meet those requirements for students first enrolling at the school within the six-year grant period. Additionally, institutions would need to show how they plan to use the PROMISE grant funds to promote affordability, postsecondary access, and student success. The application would also need to describe how the institution plans on evaluating the effectiveness of their use of the PROMISE grant funds, in addition to how the institution would gather and share information on best practices.

To be considered eligible and to receive PROMISE grant funds, each institution would need to determine their maximum total price for each program of study for a designated set of income and student aid index categories. Institutions must ensure that students are able to access maximum total price information on the institution’s webpage and other publication sources. If a student receives multiple maximum total price guarantees because they fall in more than one category, or if they are participating in the Pell Plus program, the lowest maximum total price guarantee will be applicable to that student.

The amount an eligible institution could receive in PROMISE grant funds would be determined annually by a funding formula that takes into account median value-added earnings, the maximum total price of the program of study, the total dollar amount of Federal Pell Grants awarded at the institution, and the percentage of low-income students enrolled at the institution that received federal financial aid and completed their program of study on time (or, in the case of a two-year institution, successfully transferred to and completed a bachelor's degree at a four year institution). The maximum amount an institution would be able to receive in PROMISE grant funds each year would be equal to the three-year average of the number of federal student aid recipients enrolled at the institution multiplied by $5,000.

As outlined in the application to be considered eligible, institutions would be able to use PROMISE grant funds in various ways, including activities to help promote higher education affordability, access, and student success. Additionally, institutions would need to evaluate their use of PROMISE grant funding and share best practices.

The PROMISE grant program would be funded by risk-sharing payments, described in detail in the forthcoming third article in this series. If the risk-sharing payments are not enough to cover the program's funding, the bill authorizes $2 billion starting in fiscal year 2026 through the following nine fiscal years. If funding for the program is still insufficient after the risk-sharing payments and the funds authorized through this bill, ED would be permitted to provide PROMISE grant funding to eligible institutions in the order of which institutions have the highest percentage of low-income students.

Loan limits

Beginning July 1, 2025 this bill would enact changes to annual and aggregate loan limits for the federal direct loan programs.

While current annual loan limits remain in place, further limitations are placed on how much undergraduate students can borrow, both annually and in the aggregate, ultimately making the annual limit whichever is lower of the two, the current limits or the new limits described below.

Undergraduate subsidized federal direct loans would be capped annually at the sum of the median cost (defined above) of the program of study in which they're enrolled, minus the sum of the Federal Pell Grant, and Pell Plus if applicable that they've been awarded, up to their cost of attendance. Students can borrow unsubsidized federal direct loans for up to the difference between the median cost of college of the program of study in which they're enrolled, the amount of Federal Direct Subsidized loans they've accepted, and the amount of Pell and Pell Plus they've been awarded. In aggregate, undergraduate students may not borrow more than $23,000 in subsidized loans and $50,000 in combined subsidized and unsubsidized loans. Currently, dependent students may not borrow more than $23,000 in subsidized loans and $31,000 in combined subsidized and unsubsidized loans, and independent undergraduate students may not borrow more than $23,000 in subsidized loans and $57,500 in combined subsidized and unsubsidized loans.

Graduate unsubsidized annual limits remain unchanged at $20,500 but are capped annually at the median cost of college of the program of study in which the student is enrolled, as long as the amount of the loan and the amount of other financial assistance the student has received does not exceed the cost of attendance for the student. The aggregate loan amount a graduate student may borrow is capped at $100,000 and the cap is $150,000 for professional program students. Combined undergraduate and

graduate aggregate borrowing is capped at $200,000. Additionally, this bill would terminate the Graduate PLUS and Parent PLUS loan programs effective July 1, 2025.

Similar to a bill introduced and endorsed by NASFAA in early 2023, a section of this bill allows institutions, at the discretion of a financial aid administrator, to prorate or limit the amount of a loan a student may receive if they can reasonably demonstrate that the amount of eligible loan allowed under this act would be excessive for the student based on their enrolled program. The reduction must be applied equally to all students in the program. Currently, financial aid administrators may only limit loans on a case-by-case basis using professional judgment.

The bill also allows increases for individual students who were subject to the institutionally set limit. The discretion is left to the judgment of a financial aid administrator, and the amount may still not exceed the annual loan limit applicable to the student.

Loan repayment

The College Cost Reduction Act, effective July 1, 2024, would create two repayment plans that borrowers may choose from, eliminating all the other current repayment plans from new enrollments. The borrower may choose from a standard 10-year repayment plan, or what would be similar to an income-driven repayment plan, dubbed a “repayment assistance plan” under this bill.

Under the repayment assistance plan, borrowers’ monthly payments would be 10% of their annual income above 150% of the poverty line. Borrowers enrolled in this plan, who make on-time in-full payments would see at least half of their payment applied to the loan’s principal, even if the portion that goes towards their interest doesn’t cover the full amount, as the remaining interest costs would be waived, effectively eliminating the negative amortization. This plan would also cap the total amount of payments to what the borrower would pay under the standard 10-year repayment plan, replacing the time-based forgiveness systems currently in place.

If a borrower does not select a repayment plan when eligible, they will be automatically placed into the standard 10-year repayment plan. Current borrowers would be able to switch to one of these plans or remain in their current plan.

The bill also prohibits ED from creating new repayment plans, or modifying existing plans if they increase costs to the government.

Loan rehabilitation

This bill would allow borrowers in default to benefit from the loan rehabilitation process twice, instead of only once.

Interest capitalization

The bill removes references to interest capitalization events, such as when loans enter repayment grace periods, periods of deferment, and upon default. This would be effective for current and new borrowers upon the date that the College Cost Reduction Act is enacted and would complement ED’s recent regulatory effort to eliminate all non-statutory capitalization events, which became effective in July of last year.

Origination fees

This bill would repeal origination fees, effective for any loans made after July 1, 2024.

Part 3 Deep Dive: Foxx's College Cost Reduction Act Includes Risk-Sharing Agreements, Transfer Student Support, and Regulatory Overhaul

Rep. Virginia Foxx (R-N.C.), chairwoman of the House Committee on Education and the Workforce, earlier this month introduced the College Cost Reduction Act, which seeks to address issues around college cost, accountability, and transparency.

This article, the third in a three-part series analyzing the bill, focuses on aspects of the legislation that would create a risk-sharing program centered around direct loans, create new policies to aid transfer students in their pursuit of higher education degrees, and eliminate many of the recent regulations created during negotiated rulemaking.

Part 1 of this series covered this bill's proposal to create a standardized financial aid offer form, update the College Scorecard, and create a new Postsecondary Student Data System. Part 2 covered aspects of the legislation that would establish a "Pell Plus" program – effectively doubling a student's Pell Grant – replace FSEOG and LEAP programs with a new PROMISE program, and establish new loan limits and loan repayment plans.

Institutional Risk-Sharing for Direct Loans

The bill adds institutional risk-sharing as a condition for participation in the Direct Loan Program. Institutions would be required to remit annual payments to the ED for a percentage of the non-repayment balance of a cohort of borrowers.

The non-repayment balance is equal to the payments due on the loans of borrowers in a cohort less the payments made. Another new concept includes "total price," which for risk-sharing purposes would include tuition, fees, and required costs billed to the student for the program, less non-Title IV grants and scholarships. And finally, the bill adds a new "value-added earnings" calculation.

Value-added earnings would be calculated for all Title IV aid recipients who completed their program of study. Value-added earnings would equal the student's annual earnings at one year, two years, or four years post-completion (depending on credential earned) minus 150% of the federal poverty guideline for an undergraduate credential or 300% for a graduate credential. The bill provides authority for the Secretary to extend the post-completion earnings measurement period to five years for programs that require additional postgraduate training for licensure purposes. The bill would apply a geographical adjustment to the value-added earnings figure for students enrolled primarily through in-person learning based on location of the institution. No adjustment would be made to earnings of students who attended principally through distance education.

Risk-sharing would be calculated separately for program completers and non-completers. For completers, the risk-sharing percentage would be calculated based on median value-added earnings divided by median total price. For non-completers, the risk-sharing percentage would equal the percentage of students in the award year in which the cohort is established, who did not complete their program within 150% of the program length.

The risk-sharing percentages for completers and non-completers would then be applied to the non-repayment balance for those respective groups of students in the annual cohort. Institutions would then be expected to remit payments to ED within 90 days of notification by the department of their risk-sharing payment due. Failure to make timely payment under the risk-sharing framework would be associated with penalties ranging from the addition of interest to the balance due for three-month delinquencies, up to a 10-year loss of eligibility to participate in the Title IV programs for delinquencies of two years.

Regulatory Relief

Many of the new and amended regulations issued by the Biden administration are eliminated under the bill in the name of regulatory relief. For the 90/10 rule, the bill repeals both the legislative text establishing the rule in statute and the associated regulations, eliminating the concept altogether. Also eliminated entirely are regulations related to Gainful Employment (GE) and Financial Value Transparency, with a provision that prohibits ED from issuing future GE regulations.

The change in ownership regulations issued in 2022 are also repealed, and replaced with new legislative text that, among other changes, codifies in statute the comprehensive pre-acquisition review which ED discontinued via guidance in 2022. Also included in the new statutory language are an addition to the existing list of actions that result in a change of control for conversions from for-profit to not-for-profit status, and a requirement for ED to make decisions on changes in ownership within 90 days.

Also repealed are amendments to regulations made during the Biden administration on financial responsibility, closed school discharges, borrower defense to repayment, pre-dispute arbitration, false certification, administrative capability, certification procedures, and ability to benefit. Note, regulations remain in place for these provisions; the repeal applies to the changes made in recent rulemaking, so the regulations revert to the pre-Biden era rules. The bill also repeals ED's guidance related to personal responsibility for financial losses related to the Title IV programs. The legislation also prohibits the Secretary from implementing "any rule, regulation, policy, or executive action" for the repealed regulations unless authorized explicitly by Congress.

The bill also adds language to the incentive compensation ban exempting third-party servicers (TPS) from the ban if they provide recruiting or admissions services as part of a larger bundle of services to the institution, codifying language from previous ED guidance.

It goes on to add to the existing statutory definition of a third-party servicer to establish what is not considered a third-party servicer. Excluded from TPS are entities that engage in marketing or recruitment, application completion assistance, administering Ability to Benefit tests, student retention activities, or providing instructional content. ED attempted to classify contractors conducting these types of activities as subject to third-party servicer rules in 2023, ultimately tabling the issue indefinitely. The bill prohibits ED from issuing new regulations on the definition of a third-party servicer.

The bill institutes a time limit on program review activities by the department, introducing several intermediary deadlines throughout the process and imposing a two-year overall cap on the entire program review process, unless ED determines the program review to be so complex as to not allow a full review in that timeframe. In such instances ED would be required to notify institutions of both the reason behind the delay and a date by which it expects to complete the review.

Limitation on Authority of ED

ED would be prohibited under the bill from proposing new draft regulations that would result in an increase in a subsidy cost. The department would further be prohibited from issuing new proposed or final rules, or executive actions, if they were determined to be economically significant (having an annual effect on the economy of $100,000,000 or more), or that would result in an increase in a subsidy cost.

Office of Federal Student Aid

The bill establishes federal preemption over state laws or other requirements related to disclosure requirements, loan communications with borrowers, and loan servicing and collection. It also requires ED to issue contract modifications to student loan servicers through official channels such as Dear Colleague Letters, change orders, or Electronic Announcements.

Accrediting Agency Recognition

The bill makes several changes to accrediting agency recognition related to ensuring members of accreditor decision-making bodies are free from conflicts of interest. New language also requires accreditors to respect institutions' religious missions and creates an appeal process for institutions who believe they have been subject to adverse accreditor action because of their religious mission.

It adds as a condition for ED recognition that accreditors consider the new value-added earnings figure as a factor in evaluating institutional success with respect to student achievement outcomes.

The legislation also introduces language to make it easier for institutions to switch accreditors when required to do so under state law.

National Advisory Committee on Institutional Quality and Integrity (NACIQI)

Similar to new statutory language related to accreditor boards, the bill adds language disqualifying individuals from serving on NACIQI if they have significant conflicts of interest, which would include being a current regulator.

Quality Assurance Experimental Site Initiative

The bill authorizes a new experiment under the Experimental Sites Initiative (ESI) that would waive the requirement that an IHE or non-IHE education provider be accredited to participate in the Title IV student aid programs. Evaluation of the five-year experiment would include examining value-added earnings and other student achievement outcomes as compared to students not included in the experiment.

Student Success Grants

The proposal amends the section of the HEA that addresses the Fund for the Improvement of Postsecondary Education (FIPSE), eliminating a number of existing programs underneath the FIPSE umbrella and codifying an amended version of the existing Postsecondary Student Success Grant program. The bill would provide $45 million in funding for the Postsecondary Student Success Grant program for each year beginning in fiscal year 2025 and ending in fiscal year 2030. The competitive grant program would provide grants to institutions and other eligible entities to "provide student services to

increase participation, retention, and completion rates of high-need students," which includes students from low-income backgrounds, first generation college students, students with disabilities, and students who stopped out before completing, among others. The bill also requires that 2% of funding be reserved for services geared towards supporting high-need students at tribal colleges and universities (TCUs).

Reverse Transfer Efficiency

This bill would also amend the FERPA statute to add to the list of entities with whom institutions of higher education can share student education records without the student's parent(s)' written consent. That authority would be extended to institutions of higher education to share records of postsecondary credits earned for purposes of applying those earned credits toward a postsecondary degree or credential. Student consent would still be required to authorize such data sharing.

Transfer Credit Policy

This bill would amend the HEA to require any higher education institution that receives Title IV funding to publicly disclose their policy for accepting and denying the transfer of credits between institutions. Institutions would also be prohibited from establishing a policy that denies the transfer of credits from another institution simply because of that institution's accreditation source (so long as that institution's accreditor is recognized by ED).

ED Announces 2024-25 FAFSA Inflation Adjustments, But How and When Remains Unclear

The ED announced that it will update the tables used to protect a portion of a family's income and assets from being considered in the Student Aid Index (SAI) by inflation-adjusted amounts. However, the department failed to give a timeline of when or how the new tables will be implemented, causing concerns among the higher education community around delays in financial aid offers to students.

First reported by NPR and shortly thereafter confirmed by an ED spokesperson in an email to NASFAA and other member-based organizations, the department said it will be updating data tables used in the Student Aid Index (SAI) calculation to account for inflation for the 2024-25 award year. According to the spokesperson, ED estimates that this update will provide students with an additional $1.8 billion in federal student aid that would have been left on the table had ED's mistake not been corrected.

"We will share more details on the timeline for these updates soon," the spokesperson wrote. "We understand the urgency in providing clear information to schools, counselors, students and families."

The FAFSA Simplification Act passed by Congress in 2020 included a provision that required ED to annually update the tables to account for inflation and other economic changes. NASFAA alerted the department back in October 2023 that the tables had not been updated, and urged ED to comply with the law, especially given the inflation that took place during the pandemic.

NASFAA President and CEO Justin Draeger said in a statement that this update will benefit many students and give them access to the federal financial aid to which they're entitled.

On top of the delays for students and families, there are concerns about how the adjustment will impact financial aid offices' ability to deliver financial aid offers in a timely manner after a rocky launch of the 2024-25 FAFSA.

The rollout of the revamped 2024-25 FAFSA has already been delayed, and the "soft-launch" in late December was marred by glitches and technical errors for some users, most of which are still unresolved.

Now institutions, students, and families are left in limbo as they await for more details from ED. The department could either further delay sending Institutional Student Information Records (ISIRs) to institutions after making adjustments, or it could begin sending the information to institutions to start crafting initial financial aid offers that would need to be updated once the tables are adjusted and FAFSAs are reprocessed.

Either of those decisions leads to equity issues, as higher education advocates have noted, since students from lower-income families depend on timely and accurate financial aid offers when committing to an institution. As Christina Tangalakis, FAAC®, associate dean of financial aid at Glendale College, said in an NPR interview, many students could be discouraged if they receive an aid offer that's not accurate.

Draeger called on the department to provide institutions operational guidance on how and when these inflationary adjustments will be made, how and when they will impact FAFSA applicant data being delivered to schools, and whether these updates will result in any FAFSA reprocessing, as soon as possible.

In light of what is sure to be a busy and challenging spring and summer in aid offices around the country, NASFAA has also asked ED to keep verification selection rates low, to temporarily pause non-urgent oversight activities, and to extend the deadline on gainful employment reporting. Additionally, NASFAA has resources members can use, including the AskRegs Knowledgebase and the FAFSA Simplification Web Center with the most up-to-date information and guidance.

Republican Leaders Call for an Investigation of ED's "Botched" FAFSA Rollout

Congressional Republicans, citing continued delays from the ED, are calling on the Government Accountability Office (GAO) to formally examine how the 2024-25 FAFSA rollout is impacting students and schools.

Rep. Virginia Foxx (R-N.C.), chair of the House Committee on Education and the Workforce, and Sen. Bill Cassidy (R-La.), ranking member of the Senate Committee on Health, Education, Labor, and Pensions (HELP), spearheaded a letter to GAO, requesting the agency look into the challenges faced by students and schools in applying for and administering federal student aid during the 2024-25 cycle.

Twenty-six Republicans joined Foxx and Cassidy in the letter and urged GAO to also investigate whether ED has provided sufficient guidance and communications to schools that are incorporating FAFSA changes into their financial aid awarding process, and whether the department has provided students with sufficient information needed to complete the form and navigate the aid process.

Further, the members asked GAO to examine whether ED has taken any steps to address the challenges stemming from the department's FAFSA soft launch, and what they are doing in preparation for next year's cycle.

The letter comes just a day after the department announced that it will update the tables used to protect a portion of a family's income and assets from being considered in the Student Aid Index (SAI) by inflation-adjusted amounts. However, the department failed to give a timeline of when or how the new tables will be implemented, causing concerns among the higher education community around delays in financial aid offers to students.

Rep. Bobby Scott (D-Va.), ranking member of the House Committee on Education and the Workforce, in response to ED's commitment to updating the tables, commended ED for making the adjustment, but said he would continue to conduct "oversight" of the department's implementation of the FAFSA.

Top Congressional Democrats Call on Biden Administration to Hold Fourth Neg Reg Session

Almost 40 congressional Democrats, including Sen. Elizabeth Warren (D-Mass.) and Sen. Chuck Schumer (D-N.Y.), are urging the ED to host another negotiated rulemaking session – known as neg reg – to discuss student loan debt relief for borrowers who face financial hardship.

Back in December, ED held its final negotiated rulemaking session on student loan debt relief, where the committee did not reach consensus on several proposals. During the session, 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. However, ED would not commit to hosting another session and said it needed to discuss next steps.

In a letter sent by congressional Democrats, along with Senate Health, Education, Labor, and Pensions Committee Chair Bernie Sanders (I-Vt.), the lawmakers stressed that negotiators did not have enough time to discuss the issue of hardship, and that the department should schedule another session.

The lawmakers noted that beyond issues with timing, ED did not release draft regulatory text on how it would provide relief for borrowers experiencing financial hardship, and stressed that with the added session, negotiators need proposed regulatory text to vote on.

"The Department should announce a fourth session of the neg-reg to allow the appropriate time for negotiators to discuss and vote upon a relief proposal for borrowers experiencing financial hardship," the lawmakers wrote.

The lawmakers also listed possible ways the department could give relief to borrowers experiencing financial hardship, such as measuring hardship through factors such as a debt-to-income ratio and a student debt-to-income ratio. ED could also provide relief to borrowers who have filed bankruptcy, did not complete their degree, have Parent PLUS loans while also paying off their own loans, and other financial hardships. The lawmakers added that the regulatory text should provide ED's secretary the flexibility to waive debt based on other unanticipated forms of financial hardship.

If the Biden administration is "providing student debt relief to as many borrowers as possible as quickly as possible," the lawmakers stressed it is imperative for the department to provide relief for borrowers experiencing financial hardship.

"The Biden Administration must continue to use its authority to deliver on the promises made to student loan borrowers and hold a fourth negotiated rulemaking session, as quickly as possible, to

complete discussion of hardship-based relief—and once complete, swiftly propose and implement debt relief for millions of hard-working Americans," the lawmakers wrote.

ED Announces ISIR Delivery Delayed Until "First Half of March"

The White House and U.S. Department of Education officially announced that your institutions will not receive FAFSA applicant information until "the first half of March," further delaying an already sluggish process.

In response to this news, NASFAA President Justin Draeger issued the following statement:

"On the very day that schools were expecting FAFSA applicant information, they were instead notified by the U.S. Department of Education that they shouldn't expect to receive that data until March, at the earliest. These continued delays, communicated at the last minute, threaten to harm the very students and families that federal student aid is intended to help.

Complicating the financial aid application process even further, the online FAFSA is still today unavailable to entire swaths of students who are unable to log in or complete it. These include eligible students in special family circumstances, as well as students who make simple mistakes on the form and who cannot log back in to correct them and submit.

With this last-minute news, our nation's colleges are once again left scrambling as they determine how best to work within these new timelines to issue aid offers as soon as possible — so the students who can least afford higher education aren't the ones who ultimately pay the price for these missteps."

ED Announces ISIR Delivery Delayed Until 'First Half of March,' Further Delaying 2024-25 FAFSA Rollout

The ED announced that institutions and states will begin receiving Institutional Student Information Records (ISIRs) in the "first half of March," backtracking its original — and already delayed — commitment that ISIRs would be delivered by the end of January.

ED clarified that it would begin delivering ISIRs in batches, and it will take several weeks for ED to clear the backlog of ISIRs. It is not yet known what process ED will be using to batch the ISIRs, although ED has confirmed that ISIRs will be sent on an applicant basis, not a school basis. That is, all institutions listed on an applicant's ISIR will receive that applicant's ISIR at the same time.

Once FAFSA processing begins in March, students will also be able to make corrections to their FAFSAs. ED has confirmed that the school corrections process will be available after the student correction process but did not provide an estimated date.

ED has acknowledged the need for schools and software providers to receive additional test ISIR records and has committed to providing test records, but has not provided an expected release date. In a press release, ED stated that it is "continuing to test several vendor-built systems" and will provide "regular progress updates" to institutions and stakeholders.

Along with the announcement, ED noted that the tables used to protect a portion of a family's income and assets from being considered in the Student Aid Index (SAI) have been updated and adjusted for inflation. The tables are available in the final SAI and Pell Grant Eligibility Guide. When ED begins transmitting batches of ISIRs to institutions and state agencies in the first half of March, the SAIs will be based on the updated tables.

The update to these tables will give students approximately an additional $1.8 billion in federal student aid, ED announced. ED also clarified in a stakeholder call with higher education associations that the $1.8 billion is exclusively money for Pell Grant recipients. Several NASFAA members have pointed out that the Asset Protection Allowance (APA) figures have been adjusted down to zero. This is not an error; watch for an explanatory article on how APAs are adjusted soon in *Today's News*.

ED noted that when Congress finalizes the fiscal year 2024 budget and determines the 2024-25 maximum federal Pell Grant award amount, ISIRs will be reprocessed to reflect that update, if needed, as is the customary practice. Currently, appropriators are operating under another continuing resolution and are aiming to finalize spending levels for the 2024 fiscal year by early March.

As a part of the announcement, ED also shared it will be updating the Federal Processing System (FPS) to include the updated tables and anticipates "catching up" with the majority of ISIR transmissions in the weeks following the beginning of ISIR delivery.

NASFAA will now begin to make updates to its SAI Modeling Tool to include the inflation-adjusted tables and will alert members when the updated tool is available. NASFAA will also release instructions for users to update the SAI modeling tool themselves with the updated, inflation-adjusted formulas, for users who prefer to update a version of the model that already includes their student data versus importing student data into the latest version of the model.

Prior to the announcement, members of Congress had already begun to ramp up pressure on ED and have called on the Government Accountability Office (GAO) to investigate the rollout of the 2024-25 FAFSA, with Republicans accusing ED of "botching" the launch.

Sen. Bill Cassidy (R-La.), ranking member of the Senate Health, Education, Labor, and Pensions (HELP) Committee, criticized ED for its rollout of the FAFSA, noting that ongoing issues with the FAFSA "forced high school counselors to postpone financial aid information sessions and counselors are now rushing to connect with students and families to help them navigate the new FAFSA process."

Rep. Virginia Foxx (R-N.C.), chair of the House Committee on Education and the Workforce, and Rep. Burgess Owens (R-Utah.), chair of the House Subcommittee on Higher Education & Workforce Development, sent a letter to ED on Tuesday evening in response to the ISIR delays. The lawmakers criticized the department's rollout of the 2024-25, stating "the problems with the new FAFSA are various and have yet to be entirely remedied."

Rep. Bobby Scott (D-Va.), ranking member of the House Committee on Education and the Workforce, also reminded ED that he will continue to conduct oversight on implementation efforts.

NASFAA Shares Feedback with House Education Committee on College Cost Reduction Act

On Friday NASFAA sent a letter to House Education and Workforce Committee leadership sharing feedback on its recent proposed legislation, the College Cost Reduction Act. NASFAA praised student-friendly provisions of the bill, elimination of origination fees and student loan interest capitalization, but opposed elimination of the SEOG, Graduate PLUS, and Parent PLUS programs. NASFAA also shared concerns and questions about a new institutional risk sharing framework proposed in the bill, as well as on a new loan repayment scheme.