CAPFAA State and Federal Relations Committee – News Update

2/29/24

Committee Chair:

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

NASFAA Community Letter on FAFSA Rollout and Delays

It's no secret that the last several months have been challenging for our profession, for our students, and for the higher education community as we navigate the launch of a completely overhauled FAFSA. The most recent news out of the U.S. Department of Education (ED) compounds those challenges even further. Read an open letter from 2024-25 National Chair Helen Faith and NASFAA President & CEO Justin Draeger to the NASFAA member community.

NASFAA Releases Updated SAI Modeling Tool With New, Inflation-Adjusted Tables

NASFAA is pleased to share an update to the Student Aid Index (SAI) Modeling Tool reflecting recent changes by the ED to adjust several tables in the SAI formula to account for inflation, as required by the FAFSA Simplification Act. NASFAA has also developed instructions for directly updating the SAI modeling tool formulas, for users who have already loaded student data into an earlier version of the tool and prefer updating the tool itself instead of loading student data into the latest version.

ED Announces Fourth Neg Reg Session to Provide Debt Relief for Borrowers Facing Financial Hardships

The ED announced that it will be hosting another negotiated rulemaking session – known as neg reg – specifically focused on how the department can provide student loan debt relief to borrowers facing financial hardships.

During the rulemaking session on student loan debt relief in December, non-federal negotiators expressed frustration with the department for not releasing any draft regulatory text aimed at providing relief for borrowers experiencing financial hardships — a subset of borrowers that ED initially stated it was looking to provide relief for. At the conclusion of that final session, non-federal negotiators pressed ED to convene another session.

At the time, ED would not commit to holding another session, stating that they needed additional time. Since then, advocacy groups and lawmakers have called on the department to hold another session focused on the issue of hardship.

In the announcement, the department said that the upcoming session, devoted exclusively to the issue of financial hardship, will take place virtually on February 22 and 23, from 10 a.m. to 4 p.m. ET. There will also be a period for public comment each day during the session, from 3 p.m. to 4 p.m. ET.

According to ED, draft regulatory text on this issue will be provided to negotiators and the public at least a week in advance. Links to register to watch the new session will be posted on ED's website.

"The Biden-Harris administration will never stop working to deliver student debt relief for borrowers," Under Secretary James Kvaal said in a statement. "We look forward to discussing another avenue for borrower relief related to hardship at our next negotiation session."

Senate GOP Launches Website for Reporting FAFSA Issues

A group of Senate Republicans led by Sen. Bill Cassidy (R-La.), ranking member of the Health, Education, Labor, and Pensions (HELP) Committee, have launched a website for students, guidance counselors, college admissions faculty, financial aid administrators and others, to report issues they are experiencing with the 2024-25 FAFSA application.

Cassidy also announced in a press conference that the Government Accountability Office (GAO) has begun an investigation – which Cassidy and other Republicans requested – into the ED's handling of the FAFSA launch.

"The biggest concern is for those high school students who are just now attending college for the first time who have not been through this before," Cassidy said. "Many students will likely forgo college because they do not know if they can afford it."

The new resource comes in the wake of ED's continued delays in the FAFSA rollout, with the department announcing on Tuesday that institutions and states will begin receiving Institutional Student Information Records (ISIRs) in the "first half of March."

"The purpose of this hotline is for students, guidance counselors, college admissions faculty, financial aid administrators and other interested parties to report problems with the FAFSA and process," the webpage for the submission form reads. "Any information submitted through this form will be used to inform policymaking and congressional oversight only."

House Democrats Unveil 'Roadmap to College' Legislative Package to Tackle Access, Affordability and Quality of Postsecondary Programs

House Democrats put forth a package of bills dubbed the "Roadmap to College Student Success" that incorporates six pieces of legislation seeking to address issues in higher education, with a particular focus on affordability, access and student support.

Rep. Bobby Scott (D-Va.), ranking member of the House Committee on Education and the Workforce, formally unveiled the legislative blueprint, which serves as an outline of Democrats' higher education agenda for 2024 — and an alternative to the proposal recently put forth by Rep. Virginia Foxx (R-N.C.), chair of the committee.

"This campaign has three main objectives: first, bring down the cost of college, second, help students access a quality degree, and third—once students are in school—provide them with the support they need to graduate," Scott said. "Ultimately, our goal remains the same as it was in 1965: Regardless of a student's background, a college degree shall never be out of reach."

Scott added that in the coming months Democrats would continue to add other pieces of legislation to the package that seek to ensure students can access and benefit from higher education.

The bills currently included in the package include:

- H.R. 1731 – Lowering Obstacles to Achievement Now (LOAN) Act. In its most recent iteration the LOAN Act would double the federal Pell Grant by increasing the maximum award over a five-year period to $14,000. The bill would also alter the Public Service Loan Forgiveness (PSLF) program by reducing the time repayment from 120 to 96 on-time monthly payments, and codifying the limited PSLF waiver.

- H.R. 5998 – America's College Promise Act. As introduced, this bill would create a new federal-state partnership to make the first two years of community college tuition-free for eligible students.

- H.R. 961 – Pell to Grad Act. Most recently introduced in February of 2023, this bill would extend the eligibility period for the usage of a Pell Grant from the current 12 semester cap to a new cap of 16 semesters, and allow students who have received a Pell Grant during their undergraduate work to use any remaining unused eligibility for graduate school. Currently, Pell Grants are prohibited from being used in graduate or professional degree programs.

- H.R. 2957 – College Transparency Act. A bipartisan bill, most recently introduced in April of 2023, this bill would create a user-friendly website for students and families with reports on student outcomes including enrollment, completion, and post-college success across colleges and programs. Institutions would be able to report privacy-protected, student-level data to the National Center for Education Statistics, among other things.

- H.R. 2401 – Respond, Innovate, Succeed, and Empower (RISE) Act. A proposal with bipartisan support, this bill would allow students with disabilities to utilize existing documentation, such as an individualized education program (IEP), as proof to demonstrate a need for accommodations while transitioning to higher education.

- H.R. 309 – Opportunity to Address College Hunger Act. Originally introduced in January of 2023, the bill would require institutions who participate in the Federal Work-Study (FWS) program to inform students in the program, through email or other electronic means, that they may qualify for SNAP benefits. Institutions would also provide qualifying students documentation, developed by the secretary of ed and agriculture, of their eligibility.

Scott used the proposal's introduction as a "contrast" to Foxx's College Cost Reduction Act, which was marked up by the Education and the Workforce Committee on Wednesday, arguing that the Republican plan would do nothing to lower the cost of college, and would eliminate protections against low-quality institutions and programs.

During the markup members sparred over their vision for reforms needed in higher education.

Survey Brief on Using FAFSA Data to Help Students Access Means-Tested Benefits

Higher Learning Advocates recently published the results of a survey that it conducted early last year on using FAFSA data to help students better access means-tested benefits. The survey showed just over one-quarter of respondents noted their IHE is currently conducting direct outreach to students about any federal benefit programs with or without using FAFSA data, and an additional 18% have plans to do so. Read the full survey brief.

The College Completion Crisis Fuels the Student Debt Crisis

This issue brief, commissioned by NASFAA and authored by the HEA Group, explores the extent to which college completion impacts student loan repayment. Specifically, author Michael Itzkowitz looks at the U.S. Department of Education's College Scorecard data four years after students enter repayment to see if there are differences between those who completed college and those who did not.

Download Brief (PDF)

In just over a four-year period, the author observed outstanding loan balances exceeding the amounts initially borrowed for those who entered but never completed college. They found:

- Borrowers who completed college collectively owed $3.2 billion (6%) less than they borrowed.
- Borrowers who did not complete collectively owed $918 million (6%) more than they borrowed.

The author also found significant differences based on the sector students attended.

Public Institutions

- College completers owed $2.6 billion (8%) less than they borrowed.
- Non-completers owed $519 million (5%) more than they borrowed.

Private, Non-profit Institutions

- College completers owed $1.6 billion (12%) less than they borrowed.
- Non-completers owed $61 million (2%) more than they borrowed.

Proprietary Institutions

- College completers owed $951 million (12%) more than they borrowed.
- Non-completers owed $337 million (15%) more than they borrowed.

Education Secretary Miguel Cardona Addresses NASFAA's 2024 Leadership & Legislative Conference & Expo, Pledging New FAFSA Support

U.S. Secretary of Education Miguel Cardona addressed NASFAA's 2024 Leadership & Legislative Conference & Expo to announce a new partnership, the "FAFSA College Support Strategy," which seeks to provide institutions with additional resources so that they can best prepare to process student records as quickly and accurately as possible.

As a part of the announcement, Cardona also said that ED will begin releasing test versions of Institutional Student Information Records (ISIRs) within the next two weeks.

“I know I'm in the right crowd when I say ISIRs and people clap,” Cardona said.

Further, the department says it has been “actively working” with financial aid system developers to ensure that colleges and states are best prepared for the release of the test data.

ED has taken a three-step approach to the new FAFSA support strategy. Namely, they are planning to deploy federal personnel and expertise to colleges to help prepare them for financial aid forms, directing up to $50 million in federal funding for technical assistance and support to under-resourced schools, and releasing tools that will help schools prepare to deliver their financial aid packages.

“We are determined to get this right. We must, and we will,” Cardona said, noting that he himself had never filled out the FAFSA due to the form’s complexity, even though he knew he’d be eligible for aid. “Our hope is that these steps we’re announcing today are going to go a long way toward helping colleges and universities make the most of the Better FAFSA.”

The department has decided to focus on lower-resourced schools that may have fewer administrative staff in their financial aid offices and older software systems.

According to ED, the main goal is to ensure that schools are able to accelerate their development of student aid packages and to give students adequate time to evaluate their options for postsecondary education programs.

ED anticipates that many historically Black colleges and universities (HBCUs) and tribal colleges and universities (TCUs) will be able to access these new resources.

More details about Monday’s announcement will be forthcoming.

ED Hosts Second Neg Reg Session Focusing on Cash Management

The ED kicked off its second negotiated rulemaking session on program integrity and institutional quality, focusing solely on the issue of cash management.

Negotiated rulemaking — known as neg reg — brings together stakeholders from various interested constituencies with the goal of reaching consensus on new or revised regulatory language. While Monday’s session primarily focused on cash management, this neg reg committee will touch on issues including state authorization, distance education, return to Title IV funds (RT24), and accreditation throughout the rest of the week.

The session was structured to go through changes ED made in its draft regulatory text on cash management since the last neg reg session, which was in January. The committee began the day by discussing newly added draft text regarding how institutions credit a student's ledger account with Title IV funds to pay for charges associated with the current payment period.

ED tweaked language from the last session to clarify that its proposal to require schools to return to students any unused meal plan flex dollars applies only to those cash equivalents and not to leftover swipes at traditional all-you-can-eat dining halls. Under this draft regulatory text, institutions would not be able to retain unused flex dollars on student meal plans and any remaining balance at the end of the payment period must be returned to the student no later than 14 days after the end of the payment period. ED clarified that an institution is not required to refund any remaining balance that is less than $1.00, and added language proposed by negotiators in January that would allow an institution to apply unused meal plan flex dollars to be carried forward or to be used to pay unpaid allowable charges at the student's request.

Some negotiators expressed concerns that the regulatory text could exclude students from receiving leftover funds from their meal plan if their institution uses a "swipes" system. Magin Misael Sanchez, representing civil rights organizations and consumer advocates in the committee, pressed ED to add language to include students who have "swipe" meal plans.

The draft regulatory text also included language that an institution may only automatically include costs of books and supplies as a part of tuition and fees if the institution "demonstrates there is a compelling health or safety reason to do so." ED is proposing to remove current language that permits institutions to also automatically include books and supplies in the tuition and fees charged in instances where the materials are not available from other sources. Zack Goodwin, representing financial aid administrators, pointed out that the removal of this regulatory text potentially contradicts guidance ED has issued with respect to prison education programs. While ED argued schools could continue to do so with the student's authorization, they admitted that it could be problematic to collect authorizations from PEP students and would re-visit the language.

And an institution may credit a student's ledger account for purchasing books, supplies, and other "educationally related goods and services" provided by the institution, given that in each payment period, the institution individually discloses the cost of the goods before any authorization being signed, and the parent or student must choose to purchase those materials. The institution must also make those books or supplies available to students "at or below competitive market rates."

The committee then moved on to cover added language to the tier one arrangement section. ED added language that an institution, third-party servicer, or third-party servicer's associated financial institution may add or change any fees to students where a withdrawal is attempted but denied due to insufficient funds in the financial account. Additionally, ED added language that no "sunset" fee can be charged to a student "at any point in the lifecycle of a financial account or access device," including if the student graduates, leaves the institution, or turns a certain age.

Most of the negotiators supported this added language. Barmak Nassirian, a negotiator representing U.S. military service members and veterans, said the added language is "an added layer of protection."

"This issue of non discrimination is intended to protect Title IV recipients by requiring that they not be treated any differently than people who deposit their own money or have access to their own accounts without Title IV," Nassirian said.

Monday's session ended with a discussion over returning funds and overpayments. In the draft regulatory text, ED created timelines for how institutions handle reporting Title IV overpayments. Multiple negotiators, including Nassirian, urged ED to be as flexible as possible in collecting Title IV overpayments from students. They noted that, because overpayments arise primarily from Pell Grants and FSEOG, the students who must repay them are by definition low-income. They asked that ED revise the payment plan criteria for overpayments to match the SAVE repayment plan in acknowledgment of this fact.

FSA Provides Federal Student Aid Update for LLCE Attendees with an Open Discussion

Delays in the overhauled 2024-25 FAFSA and the delivery of applicant data have been top of mind for financial aid professionals, and on Tuesday, officials from Federal Student Aid (FSA) joined NASFAA's 2024 Leadership & Legislative Conference & Expo to discuss key updates to federal student aid policies, including the FAFSA rollout.

Officials underscored that successful implementation of the 2024-25 FAFSA has been, and will continue to be, a top priority for Secretary Miguel Cardona, who spoke to the conference on Monday.

The session touched on several topics, including key insight and further background of the process that went into the FAFSA launch, and how department officials are focused on solutions to reported problems. Officials also detailed trends they are seeing with application data and next steps for the rollout. Specifically, the officials said they were noticing a continued uptick in form submissions and that while it is difficult to compare to previous years, they remained confident that students would begin to catch up to previous years' submission rates.

FSA also noted that for students able to complete the form, the process has been smooth and in many reported instances completed in under 10 minutes.

FSA officials also reminded attendees that the maximum Pell Grant award for the 2024-25 award year have not been finalized, as Congress is still working through its annual appropriations cycle. Once appropriations have been finalized, ED will release the information to schools. Pell Grant estimated awards presented to applicants after completion of the 2024-25 FAFSA are currently based on the 2023-24 maximum award of $7,395.

An official from the department also provided some insight into outstanding FAFSA completion issues that applicants are encountering. They are prioritizing resolution of those issues that prevent completion of the FAFSA, particularly situations where a FAFSA contributor does not have a Social Security Number (SSN).

ED said it has data showing that some parents of students who indicate that their parent(s) do not have a SSN actually have one. The department has hypothesized that students might not know their parents' SSNs so they continue on with the form indicating their parent is without a SSN.

FSA also said it is working on several wording updates to the form to help address some user experience issues. Some applicants appear to be struggling with how to answer the question asking for the date the student became a legal resident of their state in cases where the student has lived in the state for their entire life. Additional language will be added to direct applicants to answer with their date of birth. ED has also observed an uptick in the portion of applicants indicating they would like to be considered for an unsubsidized loan only, so they are working to clarify the wording.

Throughout the conversation, officials also discussed concerns stemming from verification rates, Institutional Student Information Records (ISIRs) delivery dates, the batch delivery process of ISIRs, and the order in which FAFSAs would be processed, much of which remains still to be determined. FSA officials reaffirmed that they were listening closely to the financial aid community and closely examining how these policies could impact students given ISIR delays.

The panel also conducted an extensive Q&A, where members were able to share their perspective with officials to directly question the department on how the delays in the FAFSA process could impact schools and concerns over how ED's rollout could result in challenges for creating equity in awarding aid.

ED Continues Neg Reg Session With Discussion on State Authorization and Distance Education

The ED continued its negotiated rulemaking session on program integrity and institutional quality, gathering stakeholders to discuss the topics of state authorization and distance education.

While the first session focused on cash management, this session began with negotiators discussing ED's updates to the draft regulatory text on state authorization. The updates to the text were made after the first session in January.

ED added regulatory language related to its discussion questions from the first session to address state exemptions from state authorization requirements, based on accreditation status or having been in operation for more than 20 years. New language would phase out such exemptions by 2030.

The discussion then moved to the topic of states' "education-specific" laws. ED asked negotiators to think about what defines an education-specific law, and to provide feedback. Federal negotiator Gregory Martin noted that ED received a proposal from negotiators to allow states participating in a reciprocity agreement to enforce their own education-specific laws.

Carolyn Fast, representing civil rights organizations and consumer advocates, was a negotiator that wrote that proposal. Fast said that negotiators are concerned with only permitting states to enforce their general-purpose consumer protection laws, but prohibiting them from enforcing anything else. Fast said the negotiators used the term "education-specific" because many states have determined it's important to protect students against predatory and financially unstable institutions and that general purpose laws cannot always do that.

"States are impeded in their ability to enforce those types of laws by the fact that they are prohibited from doing that with respect to out-of-state schools that are operating in their state under the current NC-SARA guidelines," Fast said. "It's an issue of making sure that students are able to be protected, and also that there's not different standards that apply to different students enrolled in online programs."

While ED's focus is on reciprocity agreements in general, negotiators tended to refer to the use of NC-SARA and state authorization reciprocity agreements interchangeably, because 49 states are part of that agreement.

Some negotiators had concerns about creating a provision for states to enforce their own education-specific laws. Robert Anderson, representing state officials, state authorizing agencies, and state regulators of institutions of higher education, shared his concerns with institutions moving to a different system for reciprocity agreements outside of NC-SARA, which he said has worked well for many states.

“My concern is in search of the perfect, you're going to blow up what has been very solid for states,” Anderson said. “And we're going to be left wondering what's next? How do you build this together?”

Other negotiators were in support of creating a provision to allow states to enforce their own education-specific laws, including Emmett Blaney, representing students or borrowers, who said NC-SARA has failed students when their institutions shut down abruptly.

“This shows huge shortcomings of a reciprocity agreement designed to make oversight lighter for schools, rather than protecting students,” Blaney said. “I'm so strongly in favor of the language the department put forward that would allow states participating in a reciprocity agreement to enforce their laws and protect the residents from predatory practices and institutions.”

The negotiators then moved on to discuss a new provision proposed by negotiators that would require state authorization reciprocity agreements to provide for a “state-led process” in which participating states would propose and adopt policies of the agreement.

The proposed language also stipulates that a reciprocity agreement must allow any state of the agreement to enforce its own general-purpose state laws and regulations outside of the state’s authorization of distance education. Additionally, the agreement would have to include a process for communicating information about a student’s complaints with the institution to the state.

ED clarified during this discussion that the term “state-led process” gives the impetus to the state to proceed with the agreement without any interference from any other entities.

Several negotiators, including Robyn Smith, representing legal assistance organizations, urged ED to create more language in this section to make sure that only state regulators are overseeing and making decisions around any kind of reciprocity agreements. Smith said state regulators are specifically trained to handle these agreements, how to handle investigations, and also have regulatory powers — such as the power to issue a subpoena — and more.

The session ended with a discussion on distance education. In the issue paper, ED added language to several definitions. For the term “additional location,” ED added language that defined the term as “a virtual location through which the institution offers 100 percent of an educational program through distance education or correspondence courses, notwithstanding requirements for students to complete on-campus or residential periods of 90 days or less.”

The department also removed language from the definition of “clock hour” in distance education, which would no longer permit Title IV aid to be used for asynchronous learning in clock hour programs. ED’s rationale for this move was a desire to re-establish the distinction between clock hour and credit hour programs, noting their belief that they inadvertently expanded the reach of the Title IV student aid programs when they permitted asynchronous learning for clock hour programs.

The topic was debated by several negotiators who disagreed, with arguments that emerging technologies could better monitor asynchronous learning as well as a desire to measure outcomes rather than focusing on modalities. A temperature check resulted in several thumbs down.

ED added that it received two proposals from negotiators on how the department could collect data from students in distance education programs. Both proposals would collect data through the National Student Loan Data System. 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.

This neg reg session continues throughout the week, with the committee set to discuss return to Title IV fund (R2T4) and accreditation.

ED Continues Neg Reg Session with Discussion of Return to Title IV Funds and Accreditation

The ED continued its negotiated rulemaking session, this time with negotiators discussing issues around return to Title IV funds (R2T4) and accreditation.

The session began with negotiators discussing ED's issue paper on R2T4, which had some new updates to the draft regulatory text added by the department. One provision negotiators all supported was ED's reinstating the provision that a student is not considered to have withdrawn if the student successfully completes one module that includes: 49% or more of the number of days in the payment period; or a combination of modules that when combined contain 49% or more of the number of days in the payment period; or coursework equal to or greater than the coursework required for the institution's definition of a half-time student.

ED had initially proposed to remove this language from the regulations but was swayed by negotiator arguments that there are instances where this provision is especially beneficial to students, including during summer terms.

The negotiators then moved on to discuss language ED developed about withdrawals by incarcerated students due to circumstances beyond their control. Initially, ED proposed that a confined or incarcerated individual is not considered to have withdrawn in instances of correctional facility-wide lockdown, involuntary transfer to a different correctional facility, or other events as determined by ED's secretary.

Dave Musser, a federal negotiator representing ED, said that after internal discussions, the department determined that it doesn't have the authority to waive R2T4 requirements for a targeted group of students like their proposal would have done. In response, ED amended language in the leave of absence regulations to add that students enrolled in a prison education program need not return to their program from an approved leave of absence where they left off, and the student could come back at a different point in their prison education program (PEP). The institution would still have to adhere to all other requirements of a leave of absence, ED clarified. The negotiators were in support of this new language.

However, where negotiators disagreed with the department was on language about the withdrawal date for a student who withdraws from an institution that is required to take attendance. The department proposed language that an institution is required to take attendance if the institution offers a course entirely through distance education, which they changed from the first round of negotiations where they referred to a program offered entirely through distance education.

Multiple negotiators, including Jillian Klein, representing proprietary institutions of higher education, raised concerns that ED's language implies that if an institution offers one course via distance education, the entire institution is required to take attendance.

Musser said this language only applies in cases where the student is taking a course through distance education. He clarified that in cases where a student is taking some courses through distance education and some not through distance education, the institution is not considered required to take attendance.

Klein urged ED to make that language clearer to represent the department's intentions, and that as written, the language suggests that if an institution offers one course via distance education, the institution would be required to take attendance for all courses.

Additionally, Jason Lorgan, representing public four-year institutions of higher education, told negotiators that he asked financial aid administrators from the University of California system to interpret the language ED proposed on attendance. He said the financial aid administrators interpreted it to mean that the entire institution would be responsible for taking attendance.

The negotiators concluded the conversation on R2T4, and moved on to begin the discussion of [ED's issue paper on accreditation]. One key issue that negotiators discussed was who can be on a program accrediting agency's decision-making body as a "representative of the public."

Under the drafted regulatory language, ED amended its original proposal that banned individuals such as former trade association members, employees of institutions that are accredited by the agency, and employees of the accrediting agency itself. The changes placed a 5-year time gap before working in such capacities and serving on and accrediting agency decision-making body, whereas initially the ban was for the individual's lifetime.

Additionally, under ED's proposal, a family member of an individual who doesn't qualify to be a "representative of the public'' under those provisions can also not be a representative. That includes a parent, stepparent, sibling, step-sibling, spouse, child, step-child, grandchild, step-grandchild, spouse's parent or step-parent, and more.

Some negotiators were not in support of the language added, including Laura Rasar King, who represents programmatic accrediting agencies recognized by ED's secretary. Rasar King said the language "borders on the absurd," since the language expands on who from a family cannot be considered a representative of the public.

Barmak Nassirian, representing U.S. military service members and veterans, called on ED to not solely focus on the representatives of the public, but to focus on creating language that would make program accrediting agency boards have more outside experts, rather than trade representatives and CEOs.

Another topic of discussion was around administrative and fiscal responsibilities of an accrediting agency. The agency must, under ED's new language, have adequate administrative staff, data and technology infrastructure, and financial resources to carry out its accrediting responsibilities.

While most negotiators were in support of that language, some negotiators, including Nassirian, pressed ED to add more language to prevent accreditation agencies from including individuals who are a fiduciary of the institution seeking accreditations from participating in agency actions. Negotiators representing accrediting agencies pushed back, arguing that accreditors need institutional senior officials and business officers to be involved in the process to speak to issues like financial sustainability and planning.

Additionally, negotiators discussed accreditation and pre-accreditation standards. Under ED's drafted regulatory text, accrediting agencies standards must set forth "clear minimum expectations of performance" that the agency must verify and enforce for the institutions or programs it accredits. That includes using "consistent and reliable data" which may include federal data, ED wrote.

Some negotiators said that the language may be too strong for accrediting agencies, and that agencies should focus more on student outcomes, rather than educational inputs. Other negotiators urged ED to enforce that all accrediting agencies be required to use federal data when evaluating their performance – noting that data could be manipulated by agencies otherwise.

The discussion ended with a conversation on enforcement of accreditation standards.

Foxx Calls for Cardona to Resign, While Republicans Ramp Up Oversight Efforts on ED

Congressional Republicans are once again pressing the Government Accountability Office (GAO) to investigate the Department of Education's (ED) planning for the 2024-25 FAFSA launch, this time digging deeper into the vetting process ED deployed for the new FAFSA. But Rep. Virginia Foxx (R-N.C.), chairwoman of the House Education and the Workforce Committee, has gone a step further and called for Education Secretary Miguel Cardona to resign.

Foxx's call cites a number of issues with Cardona's management of the department and specifically cites the 2024-25 FAFSA rollout — along with an annual independent audit on ED's finances that once again was unable to render an opinion of the department's fiscal year 2023 financial statements — as instances of "abject failure."

Foxx also signed onto a joint letter with Sen. Bill Cassidy (R-La.), ranking member of the Senate Committee on Health, Education, Labor, and Pensions (HELP), where the GOP leaders are calling for a new GAO-led investigation into ED's handling of the FAFSA IT system.

Foxx and Cassidy's first request to GAO concerned challenges faced by students and schools in applying for and administering federal student aid during the 2024-25 cycle.

In their follow-up request the Republicans want to know more about how ED tested the FAFSA IT system before it became available to students, and to what extent the department knew about issues before the rollout.

Foxx and Cassidy, in their joint letter, also take issue with the department's efforts, dating back to 2021, to modernize the FAFSA IT system. That process was meant to be completed by December of 2023.

NASFAA Seeks Emergency Corps of Consultants to Help Severely Under-Resourced Schools

The ED announced a new initiative, the "FAFSA College Support Strategy," to assist the most in-need, resource-constrained schools prepare for the 2024-25 FAFSA rollout. NASFAA stands at the ready to meet the department's call for support.

ED plans to direct up to $50 million in federal funding for technical assistance and on-the-ground support to under-resourced schools, including those that may have a smaller staff and/or utilize older software systems. While the delays in the 2024-25 FAFSA rollout have impacted all institutions, these resources will be made available to schools that, without such help, may not be able to successfully process aid for students.

NASFAA's role will be focused on providing remote, peer-level support to severely under-resourced institutions that are identified by the Department of Education.

While the scope of NASFAA's support is still being finalized, the association is eager to provide support to institutions identified by ED. NASFAA will be utilizing Blue Icon Advisors to deploy consultants through this initiative. Members of the financial aid community who are interested in working on this initiative should submit their interest online. Those who are selected will be compensated for their time. We need members who can assist with financial aid management systems or financial aid processing.

- You should have at least 5 years of financial aid experience.
- Be available for consulting work at least 10 hours per week on a flexible schedule.
- Can work remotely from a personal computer with reliable internet access.
- If currently employed, you should confirm with your current employer that you can work outside of your institution.

We are also talking with our associate members to identify synergies that may exist to help with this effort. Those interested in collaborating may reach out to Mindy Eline, Blue Icon executive director and NASFAA vice president.

It is crucial that students and families have the time they need to make informed decisions about attending college, and helping our institutions most in need is key to a successful transition.

ED Wraps Up Second Week of Program Integrity and Institutional Quality Negotiations with Continued Discussion of Accreditation

The ED and non-federal negotiators wrapped up their fourth and final day of negotiations related to program integrity and institutional quality, concluding the day with a continued conversation on accreditation.

Negotiators began a discussion on the department's issue paper on accreditation. Starting the day, negotiators resumed their discussion by focusing on enforcement of accreditation standards. In its draft regulatory text, ED proposed that if an institution or program is not compliant and does not bring itself into compliance within a specified period, the accrediting agency must take immediate action, or under a "good cause," extend the period for achieving compliance for a maximum of one additional year.

Jillian Klein, a negotiator representing proprietary institutions of higher education, asked ED to clarify why it selected one year as an appropriate time frame for an extension on a compliance deadline. Herman Bounds, an ED official who led the accreditation discussion, responded that it didn't necessarily have a reason, but several negotiators had argued for capping the "good cause" extension to avoid letting institutional noncompliance go too far. Bounds noted that this provision is the first time the department has put a timeframe on an extension to meet compliance.

Klein said the year time frame seems arbitrary and asked ED to consider looking at data that indicates if that's an appropriate length of time. However other negotiators, including Barmak Nassirian, representing U.S. military service members and veterans, said the year-long extension to meet compliance was too much and could still potentially harm students.

The negotiators also discussed situations in which an institution may be out of compliance and may need an additional extension to meet compliance due to issues like natural disasters, implementation of a teach-out plan, an economic recession, and more. Most negotiators were not in support of the language on enforcement of standards.

Another significant topic of conversation within the committee was a new provision from ED targeted at institutions' arrangements with online program management companies, coding boot camps and other third-party organizations. Under ED's drafted regulatory text related to substantive changes, an accrediting agency would have to include in its evaluation of a written arrangement between an accredited institution and a non-title IV eligible entity, an assessment of both financial capacity and expertise of the third-party to provide the portion of the program for which the institution enters a contract.

Carolyn Fast, representing civil rights organizations and consumer advocates, said she appreciated this added language from ED, but urged the department to go further and codify language that would make accrediting agencies obligated to oversee the percentage of programs provided under an arrangement with third-party programs and institutions.

Jamie Studley, representing institutional accrediting agencies recognized by ED's secretary, said that the concept of the language is reasonable and that it's up to the institution to make sure its third-party organizations and institutions meet standards. However, she cautioned against additional proposals that would add more language on what accrediting agencies are already doing.

The negotiators then moved on to another provision from ED that would require accrediting agencies to have a mechanism for conducting visits at "reasonable intervals" to all physical locations and branch campuses of the institutions it accredits.

Some negotiators had concerns with this language, including Scott Dolan, who represents private nonprofit institutions of higher education. Dolan said some institutions have many physical locations, some even abroad, making these visits very costly and not necessarily feasible for accreditors. He urged ED instead to focus on areas of greatest risk.

Bounds responded to Dolan and said ED does not think this is an unreasonable ask, considering many of the accreditors would need to do the visits within a 10-year accreditation cycle. Many negotiators were not in support of this language, including Studley, who added that if an institution already has strong student outcomes and no concerns from the accreditor, the visit would not be a good use of resources, especially in hiring site reviewers.

Another draft proposal that was met with lively discussion concerned a provision that would require accreditors to require all institutions to submit teach-out plans upon initial or renewal application for accreditations. According to ED when an institution reaches a point where it needs to submit a teach-out plan, those plans have not been ideal. The department said they hope to prevent future difficulty with teach-out plans by requiring all institutions to have one, to make them easier to implement if they need to be put into place.

The proposal was met with pushback from several negotiators, who for the most part agreed with ED's premise that rushed teach-out plans may fall short but argued that most schools will never need a teach-out plan, and it would be overly burdensome to require a plan from every school to account for the few that may close.

The session ended with a discussion on when an institution changes accrediting agencies. Under current language the department does not recognize the accreditation or pre-accreditation of an eligible institution if that institution is in the process of changing its accrediting agency, unless the department approves the cause of the change to be reasonable.

ED added several instances under which an institution's request to change accrediting agencies would be considered unreasonable. Those examples include: if the institution has changed accrediting agencies and has not yet completed two full accreditation cycles with its current accrediting agency; or the institution has been directed to select a particular accrediting agency by a party other than the institution, such as under some state laws. Most negotiators were in support of the language.

A separate set of other negotiators will gather to discuss issues with federal TRIO programs. The committee on program integrity and institutional quality will meet again for its third and final session on March 4-7.

ED Commits to February 16 Delivery Date for Test ISIRs and Provides Additional Details on its FAFSA College Support Strategy

The ED in an electronic announcement provided additional information on three key components of its "FAFSA College Support Strategy," and also committed to releasing test versions of Institutional Student Information Records (ISIRs) by no later than February 16, 2024.

The department said they are "on track" to release test versions of ISIRs, which will enable institutions to prepare their own systems and processes for assembling financial aid award packages.

ED also said that they are working directly with vendors and states to discuss how the test data can be used.

As a part of the announcement, the department also outlined key components of their recently unveiled "FAFSA College Support Strategy."

Those key areas include the department's efforts to deploy federal personnel and expertise to assist with the delivery of the 2024-25 FAFSA form, details on the funding partnership being used to bolster technical assistance and support, and tools to help schools process student records and deliver aid packages.

Education Secretary Miguel Cardona announced the department's new FAFSA strategy at NASFAA's Leadership & Legislative Conference & Expo, where he said that the administration would focus on providing assistance to lower-resourced schools that may have fewer administrative staff in their financial aid offices and older software systems.

NASFAA has prepared to meet the department's call for support and has begun to reach out to financial aid experts by seeking an "emergency corps of consultants." These individuals will utilize their expertise to assist with financial aid management systems, or financial aid processing for the 2024-25 FAFSA rollout.

ED also detailed its newly launched concierge service, housed within Federal Student Aid (FSA), which will provide institutions with direct financial aid experts who can provide them with additional support to prepare for, and send, financial aid award letters to students.

During the week of February 12, FSA will begin to proactively contact lower-resourced colleges that the department has identified based on factors like known past challenges in administering a Title IV program – including heightened cash management – the percentage of enrolled students that receive Pell Grants, imminent critical deadlines, which include decision dates or start of summer semester, and the level of resources currently available to the institution.

ED Announces Verification Relief and Additional Flexibilities to Ease FAFSA-Related Burden

The ED, in an electronic announcement, detailed its latest efforts to help institutions of higher education prepare for the 2024-25 FAFSA rollout, namely by reducing verification requirements, suspending routine program reviews, and providing flexibility on renewing participation in the federal student aid programs.

According to the department, the announcement seeks to assist colleges and help those on the front lines of implementing the 2024-25 FAFSA prepare to process student financial aid forms as efficiently as possible.

Per ED's announcement, the department will be "significantly reducing verification requirements," but will maintain measures focused on avoiding identity fraud. The department cited implementation of the direct data exchange with the IRS as a key factor for no longer needing to verify income data and has allowed ED to more "effectively target" verification efforts. In conversations with the department, it is NASFAA's understanding that the reduction in verification requirements will be realized through a significantly lower selection rate. That rate will even be lower than during the pandemic, according to sources from within the department, and will focus mainly on verifying identity.

ED will also suspend all new program reviews through June of 2024, except in instances where there are "serious issues" stemming from suspected fraud. Institutions with ongoing program reviews will also be able to request extensions for responses to program reviews, reports, or requests for additional documentation.

The third flexibility concerns recertification eligibility. Here ED is waiving the 90-day recertification window for schools whose Program Participation Agreement (PPA) expires in March, June, or September 2024. Per the department these schools will have until their expiration day to submit a recertification application.

While the announcement meets some of those requests, there are still additional areas where the department could provide more relief to schools in order to assist financial aid offices efficiently process FAFSA applications. Those additional areas of relief include; permitting schools to accept electronic copies of verification materials, including electronic signatures; and delaying institutional Gainful Employment (GE) and financial value transparency reporting deadlines, without delaying accountability deadlines.

The announcement also reiterated that test versions of ISIRs will be released “by the end of the week.” Cardona urged every college to start testing their records as soon as the test ISIRs become available.

Tuesday’s announcement comes on the heels of a letter from over 100 congressional Democrats who pressed the department for more clarity on its timelines and next steps for the 2024-25 FAFSA form.

Democrats Seek More Clarity From ED About Next Steps in the Delayed FAFSA Rollout

Over 100 congressional Democrats sent a letter to Education Secretary Miguel Cardona pressing the ED for answers on the delayed rollout of the 2024-25 FAFSA.

The letter, spearheaded by top education lawmakers including Sens. Bernie Sanders (I-Vt.), chairman of the Senate Health, Education, Labor, and Pensions Committee, and Patty Murray (D-Wash.), chairwoman of the Appropriations Committee, and Rep. Bobby Scott (D-Va.), ranking member of the House Education and the Workforce Committee, noted that implementation of the new FAFSA is a significant undertaking that ED was required to do with less congressional funding than anticipated.

However, the lawmakers expressed disappointment that inflation adjustments to the 2024-25 FAFSA, which are legally mandated by Congress, created further delays in this year’s FAFSA processing. Currently, ED states it will begin sending institutions Institutional Student Information Records (ISIRs) in the “first half of March,” with the tables used to protect a portion of a family’s income and assets from being considered in the Student Aid Index (SAI) updated and adjusted for inflation.

The letter also pressed ED to provide more clarity on how they will communicate any further delays in FAFSA processing, and further calls on the department to minimize the potential impact on students and families.

The lawmakers did express support for ED’s newly announced FAFSA College Support Strategy, and on Friday ED released more details of what the strategy will entail. Members of the financial aid community who are interested in working on this partnership should submit an interest form.

The letter listed seven specific questions for the department to answer, including what specific date will ED begin sending ISIRs to institutions, how the department is communicating with students, families, and other stakeholders about delays with the 2024-25 FAFSA, whether ED will consider reducing the rate of students selected for additional verification, and more.

This letter from Democrats comes as congressional Republicans launched a website for students, guidance counselors, college admissions faculty, financial aid administrators and others, to report issues they are experiencing with the 2024-25 FAFSA application.

ED Releases Additional Batch of Test ISIRs and Testing Tools

The ED announced via electronic announcement that the first batch of test Institutional Student Information Records (ISIRs) are now available for institutions and software providers.

The department committed to the February 16 delivery date for test ISIRs last Friday, following Secretary Miguel Cardona's preview of the data's availability at NASFAA's Leadership & Legislative Conference & Expo.

The batch of test ISIRs, per the announcement, are available for institutions and software providers via ED's GitHub repository. In the announcement, ED also noted that the batch includes only eight test ISIRs and that additional test ISIRs will be added as they become available, however, ED did not give any information on when that would be. It is NASFAA's understanding that ED is working to release a larger batch of system-generated test ISIRs in the coming weeks.

This announcement is part of an already rocky FAFSA rollout, where institutions are expected to begin receiving ISIRs in the "first half of March." The department initially committed to 300-400 test ISIRs for institutions and software providers, and then recommitted to 100 test ISIRs in smaller batches.

In Friday's announcement, ED outlined the eight different scenarios included in the batch of test ISIRs. The department also clarified that this batch of test ISIRs contains test data and should be considered as drafts, and updates will be made if there are issues. Institutions and software vendors will be able to upload their own test ISIRs to a community repository by submitting a "pull request."

ED also announced that it has begun to publish open-source tools to help institutions, third-party servicers, and software vendors with ISIR testing. That includes an ISIR viewer, which ED stated can "intake a file of ISIRs with .dat or .txt extension, conduct light field-level validation, export the data as an Excel spreadsheet, and display both the ISIR data and validation results in a simple browser-based user interface."

These open-source tools will have limited ongoing support, according to ED. Additional tools and updates to existing tools will be published as they become available. The tools are also available via ED's GitHub repository.

Financial Aid Professionals Reflect on Their Most Recent 2023-24 Virtual Pipeline

Last month, NASFAA hosted two financial aid administrators for its annual Graduate/Professional community Advocacy Pipeline. The NASFAA members — Melet Leafgreen from the University of Texas Southwestern Medical Center and Calaundra M. Clarke from the Southern University Law Center — engaged in virtual meetings with staffers on Capitol Hill and focused on the financial aid policy issues specifically related to their graduate/professional students.

The pipeline consisted of four meetings with various congressional offices: Rep. Jasmine Crocket (D-Texas), Rep. Troy Carter (D-La.), Sen. John Cornyn (R-Texas), and Sen. John Kennedy (R-La.). NASFAA members touched on a wide range of legislative issues, such as eliminating student loan origination fees and restoring subsidized loan eligibility for graduate and professional students. During their meetings pipeline participants discussed the Protecting Our Students by Terminating Graduate Rates that Add to Debt (POST GRAD) Act, which was formally reintroduced by Rep. Judy Chu (D-Calif.) in October 2023 and is supported by NASFAA. NASFAA member Calaundra M. Clarke also had the opportunity to discuss the experience of being a financial aid administrator at a Historically Black College and University (HBCU).

We asked the two Advocacy Pipeline participants to share their thoughts and key takeaways from their time advocating for graduate and professional issues with congressional staff:

Melet Leafgreen, Director, Student Financial Aid, University of Texas Southwestern Medical Center:

Given the way that politicians are sometimes portrayed, an experience like this always reminds me that there are servants of the people working in our nation's capital. It's easy to feel disillusioned sometimes with how our democracy works and what's wrong with it. But the staffers we spoke to were genuinely interested in hearing our thoughts. It was refreshing to hear someone in a position of influence really curious about what we do and how students are impacted.

I would recommend that any financial aid administrator with significant experience take this opportunity when it's offered. Let's be honest: speaking with congressional staff is outside everyone's comfort zone the first time they do it – but it's so worth it. My university has its own government affairs & policy office, and after this experience I will be much more likely to suggest items to them for inclusion in our institutional legislative agenda.

Another thing that surprised me was how much support NASFAA provided that made the experience so easy. I didn't have to schedule or coordinate anything. NASFAA even provided talking points that I could use if I wanted to. It was so empowering to have things like references to regulations, Dear Colleague Letters, and legislative bill numbers in front of me because I didn't have to spend any time finding that information.

As an employee at a state institution, I am prohibited from lobbying or advocating on behalf of my institution. When I spoke with the legislative staff, they understood that I was not speaking on behalf of anyone, just a concerned private citizen with expertise and experience that could be of help to their understanding.

Calaundra M. Clarke, Associate Vice Chancellor of Financial Aid Services, Southern University Law Center:

I enjoyed participating in the Advocacy Pipeline to assist with NASFAA's advocacy efforts. By participating in this day, I was able to serve as a voice for students, particularly graduate and professional students, and highlight some of the issues impacting the law students at my institution.

Initially, I was hesitant because my volunteerism has been on a different scale in the past, but I am glad that I accepted the charge. NASFAA did an excellent job in reviewing expectations and detailing the overall flow of the day, ensuring we were comfortable with discussing our topics by providing talking points, setting up the meetings, and facilitating the Advocacy Pipeline.

The congressional staffers were engaged and even asked us questions so that we could better assist them in understanding our concerns and the role they could play in supporting our efforts. This was a great experience and hopefully more financial aid administrators will get to participate in the Advocacy Pipeline initiative.

ED Announces Resolution for FAFSA Contributors Without SSNs Coming in 'First Half' of March

The ED announced that it would resolve a 2024-25 FAFSA issue that is preventing submission when a contributor does not have a Social Security Number (SSN), in the "first half" of March.

ED urged applicants to wait for the permanent fix if possible, but has offered a workaround process by which impacted applicants can submit an online FAFSA without the contributor's signature in order to obtain a confirmation email with an application submission date. The confirmation email can be used as documentation of FAFSA submission if needed for state, institutional, and/or private aid deadlines. However, because the contributor's consent, approval, and signature are missing, the process will result in a rejected FAFSA without a Student Aid Index (SAI). Once processing and corrections are available these students will be notified that they will need to make corrections. Once the contributor provides their consent and approval via their FSA ID, the rejection will be resolved. ED reiterated in its announcement that this workaround is intended only for applicants with a critical state or institutional deadline to meet to receive financial aid.

The nine-step process walks applicants through submitting the FAFSA without the contributor(s) without SSNs signing the form. The students would still have to identify and invite their contributors, and manually enter income and tax information for their contributors who lack SSNs.

ED instructs those applicants to check their form's status in the first half of March when ED will begin processing FAFSA forms, at which time students will need to make corrections to their form and have their contributors provide their consent and signature.

NASFAA Offers Six Considerations for Developing Future FAFSA Forms

As part of its ongoing advocacy efforts to ensure smooth implementation of the FAFSA Simplification Act, NASFAA partnered with ASA Research, LLC (ASA) to incorporate the student voice into its feedback to the U.S. Department of Education (ED) to help improve the FAFSA form and process. In a new report, NASFAA has detailed areas the department should focus on in order to offer more clarity for students and families in upcoming FAFSA cycles. However, one area of consideration that can still be addressed in the 2024-25 cycle concerns increased customer support and soliciting feedback from FAFSA completers. The considerations offered in this report seek to ensure that the newly released FAFSA is easier to complete and will help increase the number of students applying for, and receiving, federal financial aid. Read the full report for more details.

ACE to Survey College Leaders on Software Readiness for Processing the 2024-25 FAFSA

The American Council on Education (ACE) is currently conducting an anonymous survey of senior financial aid officers and college leaders to assess institutions' readiness to process 2024-25 FAFSA data. According to ACE, the purpose of the survey is to assess institutions' upgrade to their Student Aid Internet Gateway (SAIG) software, and their ability to adequately process the Institutional Student Information Records (ISIRs), once they are received. All publicly shared information will be anonymized and aggregated by select institutional characteristics. The survey should take approximately 5-7 minutes to complete and the deadline is February 23.

ICYMI: 60-Day Comment Period for GE, Financial Value Transparency Reporting Requirements Posted in Federal Register

The ED in a federal register notice announced the beginning of its 60-day comment period for Gainful Employment and Financial Value Transparency reporting requirements. ED is looking for public comments to address the following issues: (1) is this collection necessary to the proper functions of the Department; (2) will this information be processed and used in a timely manner; (3) is the estimate of burden accurate; (4) how might the Department enhance the quality, utility, and clarity of the information to be collected; and (5) how might the Department minimize the burden of this collection on the respondents, including through the use of information technology. Comments can be submitted through ED's notice.

Consensus: Student Debt Relief Committee Agrees on Financial Hardship Language

The ED concluded its final negotiated rulemaking session for its student loan debt relief committee and reached consensus on the drafted financial hardship regulatory text.

Throughout the discussion, negotiators continued to make suggestions to the text, and the committee then took a consensus check after ED revised the drafted text following the morning's discussion.

The department first walked negotiators through changes it made to the text by incorporating suggestions made by negotiators during the meeting, which ED said were appropriate for the regulatory text.

At the top of the text, ED changed the title of the regulation from "forgiveness" to "waiver" in order to make the text more consistent.

In the section outlining "factors that substantiate hardship," the department accepted a number of technical suggestions. ED also noted that it would include some specificity in the eventual preamble of the regulatory text to provide further clarity, but the department felt it did not need to add that language to the regulatory text itself. For example, the preamble would make it clear that Parent PLUS loans would be eligible for relief.

Negotiators had asked the department to include more specificity in this section, but ED argued that it did not want to get too specific, stressing that it wants breadth and flexibility in considering the terms throughout so that it can retain flexibility in administering student loan debt relief.

The department made a few other technical changes in the text. For example, instead of referring to an institution's "sector," the text now refers to the institution's "type."

The text also replaced a provision related to an effective date for relief by relying on the publication date of the regulations, which ED said would help with construction of its predictive model that would be used for determining automatic relief.

In response to a question posed during the session, requesting the department to give examples of borrowers who would be eligible for the relief, ED said it declined to provide hypothetical examples because they would not be helpful due to the department's discretion to administer relief. According to

ED, the text sufficiently provides specificity about how the secretary would exercise discretionary authority to administer the relief.

The committee then shared its initial round of feedback and broadly thanked ED for coming back to the table for the committee to discuss the issue of financial hardship and asked some clarifying questions.

Negotiators also stressed the impact servicer errors had on hardship and cited public testimony as powerful examples, where some borrowers described instances where their loan balances had quadrupled.

Negotiators mostly pushed back on ED's hardship threshold, where it would implement relief for borrowers who were 80% likely to be in default in the next two years.

Following this discussion, ED then further amended the text under "process for additional relief" to provide more specificity. Here, the text now reads that the secretary "may rely on data in the secretary's possession or acquired through an application addition or any other means."

ED's general counsel added that they will welcome feedback in the development of the predictive model that would use historical data to determine the likelihood of a borrower defaulting on their loans.

The committee then took its consensus check and reached consensus. While the committee did ultimately reach consensus, Scott Buchanan, the executive director of the Student Loan Servicing Alliance, and primary negotiator for Federal Family Education Loan (FFEL) lenders, servicers, or guaranty agencies, abstained from voting.

Since the committee reached consensus, the regulatory text ED publishes in its proposed rule will reflect the language the committee agreed to. Once ED publishes a proposed rule there will be a public comment period before a final rule is issued. If the final rule is issued before Nov. 1, 2024, the rule will take effect July 1, 2025.

However the department could seek to implement provisions of its final rule earlier, like it did with its SAVE repayment plan by using its authority under the Higher Education Act (HEA). If ED adjusts its timeline, it will do so through an announcement in the Federal Register.

NASFAA Submits Comments on ED Process for FSA ID Without SSN

NASFAA submitted comments to the ED related to its authentication process for individuals without a Social Security number (SSN) applying for an FSA ID. NASFAA reminded ED of the importance of this population's ability to obtain an FSA ID and to submit the FAFSA. With respect to the form, NASFAA's comments were largely technical and focused on areas where ED could provide more clarity.

ED Announces Update to SAI Formula, Release of 100 Additional Test ISIRs

The ED announced that it updated the Student Aid Index (SAI) formula in order to be "in full alignment with the FAFSA Simplification Act," just weeks before institutions are expected to begin receiving Institutional Student Information Records (ISIRs).

In an electronic announcement, ED explained that previously, the SAI formula for dependent students was calculated by using a minimum threshold of -1500 on the allowance for negative income earned by dependent students for the Student's Contribution from Income (SCI). In preparation to send ISIRs to institutions next month, ED said it identified that the FAFSA Simplification Act did not specify an income floor for dependent students. Further, ED clarified that implementing a floor would be "inconsistent with the letter of the law."

Technical updates to SAI formula A will be reflected in the ISIRs that are delivered to institutions and state aid agencies in the first half of March, ED announced. The update to the SAI formula will result in 7.3 million students in total expected (2.1 million more than expected after ED adjusted IPA tables in January) to be eligible for federal Pell Grants in the 2024-25 award year, according to ED. The department said this update will not affect its timeline for delivering ISIRs to institutions in the first half of March. NASFAA will announce plans for updating its SAI Modeling Tool with the new formula later this week.

Specifically, this update allows the SCI, an interim calculation in the SAI formula, to have a negative calculated value with no floor. In previous iterations of the SAI formula, ED had set a -$1,500 floor on this value, which was inconsistent with statute. The change impacts only dependent students who do not qualify for the automatic maximum Pell Grant and associated automatic -1500 SAI.

For impacted students, the formula modification could result in a decrease to the SAI of up to $4,065. This number will vary based on whether the students had income in 2022 and how much they earned. The lower the student's income, the more their SAI would decrease with this most recent change, potentially making them eligible for new or larger Pell Grants and/or other types of financial aid. The impact on the SAI would phase out as students' incomes increase, up to an income of around $13,500, where there would be no impact on the SAI from the latest changes.

This announcement comes as the Committee for a Responsible Federal Budget (CRFB) released an analysis last week that estimates Pell Grant costs will exceed new funds and the program's reserves will soon be depleted. The CRFB, using data from ED and the Congressional Budget Office (CBO), estimates that the Pell Grant reserves will be exhausted by 2026 or sooner, and the Pell Grant program faces a $35 billion to $95 billion 10-year shortfall.

Additionally, the costs of the federal Pell Grant program will exceed appropriations funding each year for at least the next decade, the committee estimated. In order to close this shortfall, Congress will need to require higher appropriations to the federal Pell Grant program and give smaller benefits and have tighter eligibility.

"Further Pell grant expansions will widen the shortfall and grow needed adjustments," the committee wrote.

One such expansion of Pell Grants that could further impact the program's reserve funds is the proposal to extend Pell eligibility to certain short-term programs. A "workforce Pell" bill could be taken up on the House floor as soon as this week, though the mechanism to cover the cost of that expansion continues to be a source of concern and disagreement for policymakers.

Over the next few days, ED said it will work with institutions and vendors to put the SAI formula update in effect, and will be available to provide technical support and assistance to institutions through its FAFSA College Support Strategy. The department said over the next week, it will begin to deploy support from Federal Student Aid and nonprofit organizations to lower-resourced institutions to conduct needs assessments and provide help to institutions to prepare for processing student aid offers.

In its announcement, ED also confirmed it will send system-generated test ISIRs to institutions and vendors this week. Federal Student Aid and nonprofit organizations were told by ED that this batch will be approximately 100 test ISIRs. So far, 11 test ISIRs have been provided by the department.

This batch of test ISIRs will cover different student scenarios, according to ED, including dependent student records with one or two parents, independent student records with and without a spouse, and records reflecting the new provisionally independent student status. The test ISIRs will also provide examples of federal tax information (FTI) retrieved from the IRS.

There will be examples of all three formulas (A, B, and C) used to calculate the new Student Aid Index (SAI) along with the intermediate values, Max Pell Indicator, and Min Pell Indicator. And there will be some rejected records that will not have an SAI but will include the associated reject codes. ED said it will continue to update additional test ISIRs and open-source tools stored in a public department repository.

Additionally, ED announced that it will transmit a test file to all active FTI-SAIG mailboxes. The purpose of the test, according to ED, is to ensure that a test file can be received in the active FTI-SAIG mailbox and retrieved by the institution. The test file will be sent in the SAIG message class ISRF25OP and will include a message noting that it is a test file. ED stated that the test file will not mimic an ISIR file and should not be downloaded into the institution's system.

Short-Term Funding Bill Would Rescind SAI Formula Change

A draft continuing resolution (CR) released in the House of Representatives that would fund the federal government through March 22 and forestall a government shutdown would also rescind the Department of Education's latest update to the Student Aid Index (SAI) formula, which was just announced in an electronic announcement on Tuesday.

The provision, embedded in the CR, would now restore a floor of -1500 on the Student's Contribution from Income (SCI) for the 2024-25 year, and set the floor at zero for the 2025-26 year, and every year thereafter.

The House is expected to vote on the CR in the coming days to avoid a government shutdown.