

CAPFAA State and Federal Relations Committee – News Update

4/23/24

Committee Chair:

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

States Sue to End Biden’s SAVE Repayment Plan

A pair of new lawsuits are seeking to prevent President Joe Biden from fully implementing the Saving on a Valuable Education (SAVE) student loan repayment plan.

Both challenges, led by Republican attorneys general in Kansas and Missouri, attempt to build on previous lawsuits that successfully blocked the Biden administration’s student loan debt cancellation program.

The new income-driven repayment plan was finalized through a [negotiated rulemaking](#) conducted in the fall of 2021, with some provisions available for early implementation. Full implementation of the final rules is slated to occur July 1, 2024.

The first [challenge](#), led by Kansas, claims that the program is an attempt by the Department of Education (ED) to implement a debt cancellation program.

“Last time Defendants tried this the Supreme Court said that this action was illegal. Nothing since then has changed, other than introducing more legal errors into this Rule’s underlying analysis,” the legal challenge reads.

The states, 11 in total, specifically take issue with the program’s cost estimates, argue that the administration does not have the authority to carry out the program, and claim that the administration is advertising the program as an effort to “buy votes with federal funds.”

“A major round of this ‘forgiveness’ occurred on February 21, 2024, when the Department of Education unilaterally erased the debt of 153,000 borrowers. Defendant Biden openly boasted about his defiance of the Supreme Court with this move, stating in Jacksonian fashion: ‘the Supreme Court blocked it. They blocked it. But that didn’t stop me,’” the challenge reads. “This lawsuit is now necessary to prevent Defendants from continuing to flout the law, which includes ignoring Supreme Court decisions.”

The second [challenge](#), led by Missouri’s attorney general, is expected to be formally filed in the coming days. This challenge argues that the administration lacks the authority to carry out the repayment plan.

“Between our two coalitions of states, we will get this matter in front of a judge even more quickly to deliver a win for the American people,” writes Missouri Attorney General Andrew Bailey. “The Supreme Court sided with Missouri on this matter the first time. I look forward to bringing home yet another win for the Constitution and the rule of law.”

While the challenge plays out in the courts, Senate Democrats have moved to codify the program through new [legislation](#), but it is unclear if the bill can overcome a potential filibuster. The bill is also unlikely to be taken up by the Republican-led House.

CAPFAA State and Federal Relations Committee – News Update

4/23/24

Committee Chair:

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

2024-25 Final Funding for Campus-Based Programs

In the latest update, the ED has finalized the funding levels for the 2024–25 Campus-Based programs, including the Federal Work-Study (FWS) and Federal Supplemental Educational Opportunity Grant (FSEOG) programs. This follows the enactment of the Further Consolidated Appropriations Act, 2024, which allocated \$1,230,000,000 to FWS and \$910,000,000 to FSEOG for the award year.

The final funding for each campus-based program is determined by statutory formulas and Congressional appropriations. Importantly, a school's funding cannot exceed its requested amount on the Fiscal Operations Report for 2022–23 and Application to Participate for 2024–25 (FISAP). The allocation details for each program will be available on the Common Origination and Disbursement (COD) website by April 1, 2024. Administrators should log in to the COD website, navigate to the "Campus-Based" section under the "School" tab, and select "Self-Service" to access the Statement of Account and Final Funding Worksheets. Keep in mind that if you return more than 10% of the 2022–23 allocation for any Campus-Based program, the funding for 2024–25 may be reduced, unless you have a waiver. We have notified you of the decisions on waiver requests and they are shown in the funding worksheets.

Be sure to carefully review your institution's allocation details on the COD website and prepare for the upcoming academic year accordingly. This ensures not only compliance but also the maximum benefit for eligible students under these vital financial aid programs.

CAPFAA State and Federal Relations Committee – News Update

4/23/24

Committee Chair:

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

ED Revises Loan Consolidation Guidance for Incarcerated Borrowers

The ED in a recently [revised notice](#), announced it will allow incarcerated individuals who are not currently students to consolidate their student loans.

The department said the guidance will help incarcerated borrowers manage and repay their loans by allowing these individuals to access income-driven repayment options. According to ED's interpretation of its authority under the Higher Education Act of 1965, as amended (HEA), incarcerated individuals, but not incarcerated students, are allowed to consolidate their loans. The guidance became effective on April 16, 2024.

The administration also reminded incarcerated borrowers that they can still sign up for the operation "[Fresh Start](#)" program through September 30, 2024, which is another pathway for borrowers to exit default. However, this program is only temporary so borrowers will need to sign up through their servicer to receive the benefits of returning to a current repayment status.

"Prior to today's announcement, borrowers who are incarcerated with loans other than Direct Loans had limited options to get out of default," the White House wrote in a statement. "Now, these borrowers will have an easier path to get out of default—stopping harmful credit reporting and improving future financial prospects—and return to repayment status during their incarceration."

CAPFAA State and Federal Relations Committee – News Update

4/23/24

Committee Chair:

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

Gainful Employment Reporting Postponed Until October

GE Reporting has been postponed.

In a recent bipartisan effort, Senators Roger Marshall, Tommy Tuberville, Tim Kaine, and John Hickenlooper addressed a significant concern to Secretary of Education Miguel Cardona. They advocated for a delay in school reporting deadlines related to the institutional FVT/GE (Financial Value and Transparency /Gainful Employment). This move aims to reduce the administrative load on educational institutions, especially critical now as they handle challenges resulting from the nationwide FAFSA debacle. And it seems to have worked!

Initially set for July 31, 2024, the deadline for submitting FVT/GE data to NSLDS has been pushed back to October 1, 2024, granting institutions an additional two months for compliance. The rules were scheduled to take effect on July 1, 2024, with the first batch of reports due from schools by July 31. This short reprieve comes just in time because schools are just gearing up to begin awarding federal aid for the 2024-25 cycle, months later than normal due to the troubled launch of the Better FAFSA®. This delay could help institutions focus more on efficiently distributing financial aid to students facing urgent commitment deadlines for the upcoming school year.

The Department also provided a summary of the Financial Value Transparency and Gainful Employment Regulations in a separate Dear Colleague Letter. It details applicability, definitions, and exclusions for various educational programs. The DCL outlines the major provisions of the regulatory package and delves into the differences between the applicability of the regulations GE components of and the FVT components. The DCL also provides an overview of the program level and student level reporting requirements including a list of the information schools will be required to report.

CAPFAA State and Federal Relations Committee – News Update

4/23/24

Committee Chair:

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

2024-2025 FAFSA Problems Still Not Better

The U.S. Department of Education's (ED's) Office of Federal Student Aid continues to struggle to deliver the "Better" FAFSA® amid a wide array of problems. Over the last month they provided several important updates for the 2024-25 Free Application for Federal Student Aid (FAFSA®) processing cycle, including updates on continuing delays and timeframes for when students will be able to make corrections to the FAFSA, when forms containing previously reported errors can be reprocessed, and how many applications have been submitted and processed.

First the good news. Following the signing of the "Further Consolidated Appropriations Act, 2024" by President Biden, the Federal Pell Grant program will continue with a maximum award of \$7,395. No additional reprocessing will be necessary for adjusting the Pell Grant awards.

The Department started to deliver Institutional Student Information Records (ISIRs) to schools in the middle of March. Up to this point, the Department has processed more than 4.3 million FAFSA forms, and most of the Institutional Student Information Records (ISIRs) have reached schools, states, and chosen scholarship organizations. The Department's goal was to finish processing about 6 million FAFSA forms by March's end. Only a few million left!

The Department revealed last month that they found a mistake in the formula for the Student Aid Index (SAI) for 2024-25 that could cause more delays in student aid awards. The mistake was caused by a vendor problem that affected how the Student Aid Index was computed for some records, which has since been fixed. However, affected applications will be reprocessed once student changes can be made sometime in April. The Department also announced another issue, this time one related to certain discrepant tax information retrieved from the IRS. The Department has not provided any specific details and said they were working with the IRS to determine the extent of the issue. Stay tuned for updates once more information is made available.

The Department is expected to offer guidance soon about how to make FAFSA® corrections – a feature that is not yet available. Students have reported myriad issues and are still unable to make corrections. In severe cases the entire FAFSA® on the web application bombs out and students have been unable to submit their application altogether.

Although most schools haven't even begun to construct federal aid packages for students yet, students will at least be able to update and correct their FAFSA forms sometime in mid-April. For summer terms and crossover payment periods, the Department says the Common Origination and Disbursement (COD) System will also be accessible in the latter half of April.

Despite their failure to deliver a usable product in time, the Department wants institutions to plan effectively and is suggesting flexibility in deadlines for students who are making enrollment decisions. The Department advises that schools change their aid packaging and originating schedules to give students and families more time to figure out how they will pay for school.

Education Secretary Miguel Cardona, in a letter to state governors championed the progress the Department is making and listed actions that state higher education systems can take to help students complete the 2024-25 FAFSA and to support institutions that are preparing financial aid packages amid these delays. Institutions and states are asked to take these updates into account when setting aid application and commitment deadlines.