CAPFAA State and Federal Relations Committee – News Update

5/31/24

Committee Chair:

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

ED Closes In on Reprocessed FAFSAs, Provides Temporary Filing Fix for Mixed-Status Families

The Department of Education (ED) announced that it has developed a new process to streamline 2024-25 FAFSA completion for applicants and contributors without a Social Security number (SSN), to enable this group to immediately access and submit the online form.

The announcement follows the department's notice that it has reprocessed and delivered "nearly all" Institutional Student Information Records (ISIRs) impacted by known issues, including Federal Processing System (FPS) errors as well as erroneous data transferred to the FAFSA via the FUTURE Act Direct Data Exchange (FA-DDX) to institutions and states.

The process has been even more fraught for applicants from families with mixed immigration status, where one or more contributors do not have an SSN.

To allow individuals without an SSN to complete the 2024-25 FAFSA, the department will temporarily allow individuals whose identity has not yet been validated to complete and submit the FAFSA before the validation process is completed; however, they must manually enter their tax information. Students who do not have an SSN will be required to verify their eligible noncitizen status through their school before they receive any federal funds.

This process will only remain available until the IRS data retrieval issues for individuals without an SSN are resolved. ED said it will continue to work on a resolution and provide updates on timing "as soon as possible."

ED also said it will work "expeditiously" to complete the manual identity validation process outlined in the guidance.

The department reminded schools that they are required to ensure that a student's identity and citizenship status is verified before disbursing federal student aid. Guidance for meeting these requirements can be found in the Student Aid Handbook.

Schools can direct students and families who have questions about citizenship status and the impacts it can have on their eligibility for federal student aid to Federal Student Aid (FSA).

The announcement also detailed the department's upcoming, targeted FAFSA completion campaign to raise awareness over FAFSA completion. ED is particularly focused on states that have the largest FAFSA completion gaps. Per the department's data these states include Arizona, California, Nevada, and Texas.

According to ED, there is also a "sizeable" number of students who have started but not yet submitted their FAFSA form. To boost completion rates, ED will begin sending weekly communications to these students and their contributors.

ED Under Secretary James Kvaal also stressed that students should check their application status on StudentAid.gov and ensure their form has been accepted.

NASFAA Research Report Details Financial Aid Offices' Insights and Concerns Over 2024-25 FAFSA Filing Rates Among First-Year Undergraduates

NASFAA's Research Department recruited financial aid administrators at public and private four-year institutions to participate in one-on-one interviews to discuss their 2024-25 FAFSA filing rates among admitted first-year undergraduate students. Overall, institutions in this sample reported they were down an average of 16% for 2024-25 FAFSA filing by their admitted first-year undergraduate students as compared to the same time last year, for the 2023-24 cycle. Review the full report to learn more.

'An Unmitigated Disaster' - Senators Press Cardona 2024-25 FAFSA Rollout During Appropriations Hearing

As Education Secretary Miguel Cardona defended the Biden administration's 2025 fiscal year budget request during a Senate appropriations subcommittee hearing, he also faced many questions on the rocky rollout of the 2024-25 FAFSA.

Cardona testified before the Senate Labor, Health and Human Services, Education, and Related Agencies appropriations subcommittee on Tuesday, with his opening remarks touching on how the Biden administration's budget request invests in the country's education system. Earlier in April, Cardona also defended the Biden administration's budget request in front of the House appropriations subcommittee.

Much of the hearing was devoted to questioning Cardona on this year's FAFSA rollout, which has been plagued by issues, glitches, and technical errors. Sen. Tammy Baldwin (D-Wisc.), chair of the subcommittee, along with Sen. Shelley Moore Capito (R-W.V.), the subcommittee's ranking member, both noted in their opening remarks the challenges the rollout has had on students, families, and institutions.

Baldwin noted that the number of high school seniors who have fully completed their FAFSA is down nearly 30% from last year, and even lower among students in low-income high schools. She asked Cardona to describe how the ED is working to increase completions and help students complete the form.

Cardona responded that the department is holding FAFSA clinics, hosting webinars, providing support to students and parents, and providing daily communications to colleges — including calls with college presidents and financial aid directors.

Cardona also said it is ED's expectation that it will launch the 2025-26 FAFSA on October 1, though many stakeholders have expressed doubt that next year's form will go live on time.

Sen. Susan Collins (R-Maine), vice chair of the Senate Appropriations Committee, said multiple times throughout her opening remarks that the rollout of the 2024-25 FAFSA is "inexcusable." During questioning, she asked Cardona what happened with the FAFSA and why there were delays. Cardona stated that "there's no excuse," but noted that implementing the FAFSA Simplification Act required a complete overhaul of the system.

The Latest Updates on the FAFSA Overhaul

The recent overhaul of the FAFSA form and application process, dubbed the "Better FAFSA," aimed to simplify the process of applying for federal aid for millions of students heading to college. However, the rollout encountered significant setbacks, including issues with the FAFSA website and delays in the distribution of Institutional Student Information Records (ISIRs) to schools. These problems have, unfortunately, impacted students applying to college this year, complicating financial planning and admissions timelines.

Nearly five months after the launch of the new FAFSA form, schools are only just beginning to receive ISIRs from the Department of Education. This delay has been particularly challenging for both students and college administrators, who rely on timely and accurate data to make financial aid decisions.

Recognizing these challenges, the Department of Education has been actively issuing updates to address and rectify the issues surrounding the new FAFSA implementation.

Here are some of the recent updates provided by the Department to assist institutions and improve the FAFSA process:

- Last month ED announced it had identified more errors in tax data affecting a subset of FAFSA applications due to issues with the IRS FUTURE Act Direct Data Exchange (FA-DDX). Approximately 5% of FAFSA forms are estimated to need reprocessing to correct these discrepancies, which could affect students' financial aid eligibility.
- New reports and tools are available to help you find ISIRs with known tax discrepancies resulting from the IRS FUTURE ACT Direct Data Exchange (FA-DDX) errors identified last month.
- On April, 30, ED announced that it delivered the reprocessed Institutional Student Information Records (ISIRs) of "nearly all" impacted records to institutions and states. ED noted that additional research into the IRS FA-DDX known issues determined that reprocessing some records outlined in Electronic Announcement (GENERAL-24-38) would not result in a change to the data provided on the ISIR. If reprocessing a FAFSA record would not result in an updated ISIR, they did not reprocess that record or send a subsequent transaction.
- State agencies will have access to FAFSA data in support of state aid and scholarships soon! The U.S. Department of Education has announced State Grant Agencies will have a new agreement available that will allow them use FAFSA data to support FAFSA completion efforts and federal means-tested benefits outreach more effectively. State agencies will be able to access and share FAFSA Filing Status Information with designated entities to encourage FAFSA completion and inform eligible students about federal benefit programs they may qualify for.
- Students can now begin making corrections to their FAFSA applications. This announcement from the Department of Education provides updates on the availability of student-initiated corrections to FAFSA forms and outlines the ongoing reprocessing of records affected by known issues within the FAFSA Processing System (FPS).

ED Proposes New Rules for Debt Relief and Loan Programs

The ED recently unveiled a Notice of Proposed Rulemaking (NPRM) that could lead to significant changes in student debt relief mechanisms across several federal loan programs. These proposed regulations are aimed at broadening debt relief options under the William D. Ford Federal Direct Loan Program, the Federal Family Education Loan (FFEL) Program, the Federal Perkins Loan Program, and the Health Education Assistance Loan (HEAL) Program.

The proposed regulations aim to address various situations encountered by some borrowers by specifying conditions under which debt relief could be granted. These include cases where the balance of a loan has grown beyond the initial amount owed upon entering repayment, the length of time a loan has been in repayment, eligibility for loan forgiveness or discharge, and scenarios involving loans for attending institutions that have been subject to significant administrative actions like closure or sanctions due to failing to meet certain standards.

Key provisions in the NPRM include:

- Authority for the Secretary to waive loan amounts exceeding what was originally borrowed under certain income-driven repayment plans for incomes up to specified thresholds.
- Waivers of up to $20,000 or the amount by which the current outstanding balance exceeds the balance owed upon entering repayment.
- Cancellation of all outstanding balances on loans taken for undergraduate education that first entered repayment as far back as 2005, with similar provisions for older loans or those not currently under repayment plans.
- Debt relief for loans associated with educational programs that failed to meet necessary outcomes or financial value metrics, and for loans tied to Gainful Employment programs that were closed due to poor debt-to-earnings ratios or low earnings outcomes.

These changes are proposed to be codified by amending several subparts of 34 CFR part 30 and adding new regulations under Part 682 for FFEL Program loans. The deadline for public comment on this NPRM is set for May 17, 2024, offering stakeholders a chance to contribute to the final shaping of these potentially transformative regulations.

Financial Value Transparency and Gainful Employment

The ED has introduced significant changes to the Financial Value Transparency and Gainful Employment (FVT/GE) regulations that will take effect this year. The changes aim to enhance transparency and ensure students have access to valuable information about the financial implications and employment outcomes of their chosen educational programs.

The new FVT/GE Regulations were published in the Federal Register on October 10, 2023, and require educational institutions to report detailed information about their programs and the students enrolled in them. The goal is to provide prospective students with clear, accessible data on the financial value and employment success of graduates, helping them make informed decisions about their education.

There are two main types of data that institutions must annually report to the National Student Loan Data System (NSLDS):

Student-Specific Information

Institutions will report data on students who are enrolled, have completed, or have withdrawn from a program. For the initial 2024 reporting, this includes students from the most recently completed award year and those who completed or withdrew in prior years, depending on the chosen reporting standard—standard or transitional.

Program-Specific Information

This must be reported annually and include data on the most recently completed award year. The deadline for the first reporting cycle is October 1, 2024, covering the 2017-2018 through 2023-2024 award years for most programs, and going back to 2016-2017 for certain Graduate programs. Subsequent reporting will be due on October 1 in future years.

To assist institutions in complying with these requirements, the Department announced the availability of three new NSLDS reports on April 22, 2024. These tools are designed to streamline the reporting process and ensure accuracy in data submission. The available reports include:

- FVT/GE Program Enrollment Detail Report (SHDPE1): Provides a list of all students and their program enrollment status, focusing on those who received Title IV aid.
- FVT/GE Program Enrollment Summary Report (SHSPE1): Summarizes program data for students with certified attendance who received Title IV aid.
- FVT/GE Students with No Program Enrollment Report (SHNPE1): Identifies students with certified campus-level enrollment but no program-level data.

The new regulations are set to be implemented starting July 1, 2024. Institutions must prepare to adopt these changes by updating their reporting systems and ensuring all relevant staff are trained on the new requirements.

The Department also announced the availability of a new FVT/GE Topics Page on Federal Student Aid's Knowledge Center. The Topics Page features a Frequently Asked Questions (FAQ) section, offering further clarification on the nuances of the FVT/GE reporting requirements and helping institutions navigate their compliance responsibilities more effectively.

Implementation of Program Length Restrictions for GE Programs

The ED has enacted changes to the regulations governing the length of programs eligible for Title IV funding under the Gainful Employment (GE) provisions. These changes, published on October 31, 2023, in the Federal Register, set new standards for program lengths that more tightly align with state and federal training requirements for various occupations. The new rules take effect on July 1, 2024.

Under the revised regulations, the permissible length of GE programs must not exceed the greater of the state-established minimum training hours or the federal requirements, where applicable. This adjustment represents a shift from the previous "150 percent rule," which allowed programs to offer up to 150% of the state or federally required hours. The goal is to prevent programs from extending beyond what is necessary for employment in the field, thereby potentially reducing student costs and time spent in education.

For existing programs exceeding these new limits, the Department will allow institutions to continue teaching current students under the old rules to avoid disrupting their educational progress. However, institutions must transition to the new requirements and can no longer enroll new students into these extended programs after the regulation's effective date. Once current students complete, transfer, or withdraw, schools must update their program offerings to comply with the new length standards.

Keep in mind that revised program lengths will likely need to be approved by the appropriate state educational authorities and accreditation bodies before reporting them to ED. This is an important step to maintain program eligibility for Title IV funding.

Clients with questions are welcome to contact our office for additional assistance ensuring all state and accreditation approvals are updated to reflect these changes and to prepare for the necessary adjustments in their academic operations.

ED to Exercise Discretion on GW Program Enforcement

The ED has issued clarifications regarding new certification procedures for institutions participating in Title IV programs, specifically addressing the challenges institutions may face in complying with new regulations set to take effect on July 1, 2024. These regulations include limiting program lengths in Gainful Employment (GE) programs and ensuring programs meet state licensure requirements for all states where they enroll students via distance education. Recognizing the difficulties some institutions may face in meeting these requirements, the Department will exercise enforcement discretion over the next six months until January 1, 2025, to give schools time to update their needed accreditation and/or state approvals and transition programs to align with the new requirements.

Enforcement determinations will be made on a case-by-case basis and leniency may be granted when an institution can demonstrate delays were beyond the control of the institution. The Department also announced plans to start approving existing eligible career pathway programs by January 1, 2025, and will soon publish further guidance, including a series of Dear Colleague Letters and FAQs to aid institutions in navigating the new regulations.

Proprietary Institutions Advised to Delay eZ-Audit Audit Submission

The ED recently released important guidance for proprietary institutions regarding the submission of annual financial statements and compliance audits. This notice specifically impacts institutions with fiscal years beginning on or after January 1, 2023, and includes those undergoing a change in ownership towards becoming a nonprofit or public institution.

On October 28, 2022, the Department published final regulations in the Federal Register, which significantly amended the 90/10 revenue reporting requirements. These amendments took effect on July 1, 2023, and required a major update to the eZ-Audit system to integrate these new regulatory requirements accurately. The new processes required to process the 90/10 revenue reported by institutions on their financial statements is still under development and the eZ-Audit system is not ready to begin accepting the additional information schools were required to report.

Due to the ongoing updates to the eZ-Audit system, the Department advises proprietary institutions to delay submitting their annual financial statements and compliance audits until these updates are fully implemented. They caution institutions that any submissions for fiscal years ending on or after December 31, 2023, will be purged from the eZ-Audit system and will require resubmission once the eZ-Audit updates are available this summer.

The Department anticipates that the necessary eZ-Audit updates will be completed well before the June 30, 2024, submission deadline for institutions whose fiscal year ends on December 31, 2023. Until further guidance is issued, the current protocols as outlined will remain effective.

Institutions are encouraged to monitor the release of the updated eZ-Audit system and prepare their submissions accordingly to avoid complications with their financial and compliance audit processes.

Institutions must still comply with the current 90/10 revenue reporting rules per 34 CFR 668.28. It remains mandatory to report any failure to meet the 90/10 revenue requirement within 45 days after the fiscal year-end, or immediately if later information reveals inaccuracies in previous compliance reports. Reports of failure should be directed to the FSA Financial Analysis Division at FSAFinancialAnalysisDivision@ed.gov.

Understanding GLBA Compliance for Title IV Institutions

The FSA Office has shared important updates about the Gramm-Leach-Bliley Act (GLBA) compliance, particularly how schools that participate in Title IV programs handle their service provider relationships according to information security requirements.

Historically, the GLBA mandates stringent safeguards for protecting the privacy and personal information of students and consumers. In December 2021, the Federal Trade Commission (FTC) revised the Standards for Safeguarding Customer Information, known as the Safeguards Rule, intensifying the cybersecurity protocols institutions must follow.

Under the Safeguards Rule, institutions are required to ensure that their service providers, who have access to customer information, uphold robust safeguarding measures. This involves selecting service providers capable of maintaining proper security, mandating by contract that these safeguards are upheld, and regularly evaluating these providers based on the risk they present.

According to a recent electronic announcement, the Department of Education and FSA do not fall under the category of service providers for Title IV institutions, meaning that institutions do not need to seek information security certifications or assurances from the Department or FSA to fulfill GLBA compliance. The department advises that institutions should focus their compliance efforts on actual service providers as defined under the GLBA.

Updated Federal Perkins Loan Assignment and Liquidation Guide

The ED has released an updated Federal Perkins Loan Program Assignment and Liquidation Guide, now accessible on the Campus-Based Processing Information page of the Knowledge Center. This guide is essential for schools managing the Perkins Loan portfolio, particularly during the assignment of older, defaulted loans or liquidation processes. It includes updated reconciliation reports from the National Student Loan Database System (NSLDS®), notably the new Perkins Portfolio Report and revised Perkins Extract by Parameters Report. Additionally, the guide provides updated procedures for spreadsheet submissions and returning funds to the Department via G5/G6 systems. Schools are advised to bookmark the Campus-Based Processing Information page for easy future access and utilize this updated guide to ensure compliance and efficiency in handling Perkins Loans. This resource is designed to aid schools by clarifying the processes involved in managing borrower payments and loan purchasing procedures.

Update on NASFAA Leadership Transition and Presidential Search

In a letter to NASFAA members, the National Chairs share more about the leadership transition plan as NASFAA President Justin Draeger departs following the National Conference, and the search for NASFAA's next President & CEO:

"NASFAA President Justin Draeger will transition into a new role at Strada Education Foundation following the National Conference in Milwaukee. We are immensely grateful for his leadership and dedication over the past 14 years. As we embark on this new chapter, we want to assure you that a smooth transition is already under way, and we are fully committed to engaging all stakeholders in the search for NASFAA's next chief executive.

To ensure operational continuity during this transition, Beth Maglione, NASFAA's longtime Executive Vice President, has been appointed by the Board as Interim President, to begin immediately upon Justin's departure. Beth brings more than 20 years of higher education leadership experience, primarily at NASFAA. Her tenure as our second-in-command, liaison to the Board of Directors, and key operational lead makes her an ideal choice for this role.

The leadership transition plan includes a smooth handover of operational responsibilities from Justin to Beth in the near term, and from Beth to the next permanent leader of NASFAA upon the successful conclusion of the NASFAA presidential search. We have a tenured leadership team with deep experience to carry on the association's goals and objectives. NASFAA is strong financially, operationally, and culturally and has the right people, resources, leadership, strategic plans, and Board to operate seamlessly through this transition.

This is the first in a regular series of transparent updates to NASFAA members on the transition and search process, which will begin this spring. A Presidential Search Committee, to be appointed by the Board, will take the lead in finding and vetting candidates for the position. NASFAA's Board of Directors is responsible for making the ultimate decision as to who will be the next President & CEO of NASFAA.

Later this month, the Board of Directors will approve:

- *Milestones to map our progress toward finding a new President & CEO.*
- *A request for Board funds to support the association's search process.*
- *Request for Proposal (RFP) for a search firm to support our national search process.*

We want to assure you that NASFAA remains committed to its mission and strategic plans, and we do not expect any disruptions during this transitional period. Your continued support and engagement are crucial as we navigate this transition and usher in a new era of leadership at NASFAA.

For those of you who wish to bid farewell to Justin in person and celebrate his years of steadfast leadership, we encourage you to join us in Milwaukee next month. In addition, we welcome you to share your comments and thoughts about the search process and NASFAA's next leader.

Thank you for your dedication to NASFAA's mission and vision. Together, we will continue to uphold our standards of excellence in member service and advocacy.

Warm regards,

Helen Faith, National Chair, NASFAA
Kristi Jovell, National Chair-Elect, NASFAA
Brad Barnett, Past National Chair, NASFAA"

ED Focuses on 2024-25 FAFSA Completion Rates with New $50 Million Program

The ED announced the launch of a program that would allocate up to $50 million to stakeholders working to boost 2024-25 FAFSA completion rates.

The focus of the next phase of the "FAFSA Support Strategy," per the department, is to "grow capacity" that would enable school districts, state agencies, nonprofits, and other educational-based organizations to expand their availability and outreach to support students and families in completing the revamped form.

The new program from ED comes amid concerning FAFSA completion trends. According to the National College Attainment Network (NCAN), FAFSA completions for the class of 2024 have not caught up with previous enrollment cycles and while the gap in recent weeks has been closing, completion rates are still down 24.3% compared to the previous academic year. Financial aid administrators have expressed significant concerns about how the glitches and shifting timelines associated with the 2024-25 FAFSA rollout could impact students.

ED noted that the funds could be used to increase program availability through evenings, weekends, and the summer. Additionally, the funds could be used to facilitate the logistics associated with FAFSA submission clinics, such as transportation costs, or to support communication campaigns that help students complete their FAFSA forms.

"The funding will be prioritized for organizations currently working with schools and districts, and those that have deep ties with students and families which have the reach and capacity to help decrease barriers and increase FAFSA submissions," ED wrote.

According to the department, Institutional Student Information Records (ISIRs) from more than 8.95 million applications have now been transmitted to schools, states, and scholarship organizations.

ED also noted that it has made “significant progress” in addressing known issues with the 2024-25 FAFSA form, and reminded stakeholders that there is now a new temporary process to allow applicants and contributors without a Social Security number (SSN) to complete the form.

Foxx on Cardona’s Tenure: ‘On All the Broad Strokes, You Have a Failing Grade’

Congress continued to carry out its oversight of the ED’s handling of the 2024-25 FAFSA, as the House Committee on Education and the Workforce conducted a wide-ranging hearing on President Joe Biden’s fiscal year 2025 budget request. During the hearing Education Secretary Miguel Cardona received pointed questions on the administration’s priorities.

While Republicans and Democrats were rarely in agreement over the department’s performance and held widely differing views of Cardona’s record, both expressed concern over the current 2024-25 FAFSA and the upcoming aid cycles.

At the outset Cardona pledged to answer questions related to the budget and sought to engage in conversation where officials could find common ground to invest in education and make higher education more affordable.

Rep. Virginia Foxx (R-N.C.), chairwoman of the committee, gave Cardona numerous failing grades for his tenure and once more called for his resignation, citing the secretary’s “lack of moral clarity” over ongoing campus protests.

When it came to the FAFSA, Foxx remained critical of Cardona’s leadership, taking ED to task for glitches and errors associated with the 2024-25 rollout. She also cited a recent NASFAA Quick Scan Survey as an indicator of concerning trends for the upcoming enrollment cycle.

“A financial aid administrators’ survey of schools just last week found that over 30% of schools have still not even begun to package aid offers, thanks to your delays,” Foxx said. "FAFSA should have been a top priority. Instead, your actions proved time and again that it wasn’t.”

Foxx went on to criticize the department’s handling of ongoing campus protests and argued that administration officials have done little to address concerns over campus safety.

Further, Foxx argued that ED should work to ensure students who are participating in campus protests be barred from any form of student loan cancellation and continued to criticize ED’s debt relief programs, including the SAVE plan and efforts to implement debt cancellation through negotiated rulemaking.

The Office of Federal Student Aid (FSA) was also top of mind for Foxx, who has long been critical of outgoing Chief Operating Officer Richard Cordray. In her questioning, she called on Cardona to find a replacement who has deep knowledge of operations and lending expertise.

Cardona committed to working with Foxx on a process to find a replacement once Cordray formally steps down at the end of June.

Foxx also took issue with recent annual audits of ED and sought updated materials from Cardona to respond to findings that led KPMG — an independent certified public accounting firm contracted by ED’s

Office of Inspector General — to decline to render an opinion of ED's fiscal year 2022 financial statements.

Rep. Bobby Scott (D-Va.), ranking member of the committee, also expressed concern about the FAFSA and called on Cardona to work expeditiously to course correct so students are not adversely impacted when determining their college enrollment.

"We expect you to get that back on track as quickly as possible," Scott said of the rollout.

Scott also took issue with Republicans' priorities and argued that previously proposed cuts to ED's budget would only worsen disparities for vulnerable student populations.

"If we want to reduce rising tensions on college campuses, we need to advance meaningful legislation to actually address the problem," Scott said. "Our students deserve more than to be used as pawns in politicians' games and fundraising schemes."

Rep. Gregorio Sablan (D-Northern Mariana Islands) also took issue with the FAFSA rollout, noting that the Mariana Islands were kept out of the system, requiring students to declare themselves as foreign students to access the form. While ED has provided a workaround for this year, Sablan expressed concern about the 2025-26 cycle. Cardona pledged to address the issue.

The sharp critique of the FAFSA rollout in the hearing followed the submission of a bipartisan bi-cameral letter, which also expressed growing alarm about the 2025-26 FAFSA rollout with concerns that ED is already falling behind.

"We request that you provide weekly updates on the timeline, consumer testing, and bug fixes on the 2025-2026 FAFSA to our staff beginning the first week in June," the letter reads. "We also request the Department provide a list of any current errors or issues with the form that require resolution before next FAFSA cycle to us by July 8, 2024 and the planned timeline for resolution of those issues."

The letter was signed by both Foxx and Scott, as well as leaders of the House and Senate Appropriations Committees, and the Senate Health, Education, Labor, and Pensions (HELP) Committee.

In response to questions over the department's readiness for the 2025-26 FAFSA to launch on October 1, Cardona said it was his "expectation" that the FAFSA will be ready to go, and that he is making sure staff knows "this is the highest priority."

During the hearing, which lasted nearly four hours, members also focused on college campus protests, the student loan portfolio, foreign gift reporting, the department's regulatory agenda, and more education-related issues that touched on the totality of K-12 and higher education systems.

Report: Over 50% of Financial Aid Professionals Are Likely to Seek Other Employment Opportunities

In a year where many financial aid offices feel overworked due to FAFSA simplification, administrative burden, being short-staffed, and more, a new report from the College and University Professional Association for Human Resources (CUPA-HR) and NASFAA found that over half of financial aid professionals are likely to seek other employment opportunities within the next year.

This new report, most of which drew on the responses of 6,073 financial aid employees at 956 institutions, explores the financial aid workforce, touching on employee pay and pay equity, staffing, diversity, and retention, along with recommendations institutions could take to increase retention in their financial aid offices.

In CUPA-HR's 2023 Higher Education Employee Retention Survey, higher education employees were asked several questions on retention, including if they plan to seek other employment opportunities in the next 12 months. For financial aid employees, over half, 56%, said they are at least somewhat likely to seek other employment opportunities, and 33% are likely or very likely to seek other employment opportunities.

The desire to seek other employment opportunities was largely driven by pay and salary increases, as well as the ability to work remotely, have a more flexible work schedule, or to receive a promotion or more responsibility.

For employees who were at least somewhat likely to look for other employment opportunities, a majority, 78%, said they plan to look for other employment opportunities at other higher education institutions. That's followed by nonprofit organizations outside of higher education, at 59%, private for-profit companies, at 55%, and within their own institutions, at 46%.

The new report also examined pay disparities across institutions, finding that the more FAFSA applications the institution processes, the higher the median salary for financial aid positions. For example, chief student financial aid officers at 4th quartile institutions — those that process the most FAFSA applications — are paid 1.6 times what their peers at 1st quartile institutions are paid.

At the same time, many institutions are feeling the pressure of being short-staffed. A survey from NASFAA in 2022 found more than three-quarters of respondents are concerned about their ability to be administratively capable, and more than half are concerned about their ability to adequately serve students.

CUPA-HR and NASFAA's new report looks at the median number of people per financial aid position, finding that institutions that process more FAFSA applications are more likely to have more resources, including more staff. For example, institutions that receive over 17,805 FAFSAs in a year have a median of seven financial aid officers working. Still, the report noted that more than 1 in 10 institutions (13%) reported having a financial aid office of one.

Looking at retention rates, years in position are lowest among student financial aid counselors, with the position having the highest concentration of people who have been in their position for fewer than two years, at 43%. The position with the highest retention rates is chief student financial aid officers, where more than one-third have held the position for more than 10 years.

Diversity in financial aid offices

This report also looked at the composition of financial aid employees by position, race, ethnicity, and gender and compared their representation among people with bachelor's degrees, which is typically required of these positions. Within most financial aid positions, women comprise the most employees, the report found. However, the report notes that the representation of women among chief student financial aid officers is lower than the representation of women among lower-level financial aid positions.

And, as the level of financial aid position increases, the representation of people of color also decreases. People of color had the highest representation in student financial aid counselor positions, at 37%, and had the lowest representation among chief student financial aid officers, at 19%. The report also noted that women of color have higher representation in financial aid positions overall than men of color.

Specifically looking at different races and ethnicities, Asian men and women are underrepresented within all financial aid positions, according to the report. The highest representation within the financial aid positions is Asian women, holding 3% of student financial aid counselor positions.

Black men are also underrepresented in all financial positions, with Black men holding 3% or less of each financial aid position. Meanwhile, Black women are more represented in nearly all financial aid positions compared with their representation among bachelor's degree-holders. Black women comprise at least 6% of all financial aid positions.

Hispanic or Latino men are underrepresented within all financial aid positions, holding fewer than 5% of each financial aid position. Hispanic or Latina women are underrepresented within most financial aid positions, with fewer than 6% being chief student financial aid officers. However, Hispanic or Latina women are well represented among deputy heads in student financial aid and student financial aid counselors, holding at least 7% of these roles.

A key finding of this report was that pay equity decreases as the level of financial aid position increases. Chief-level financial aid positions have more groups that are paid inequitably relative to white men than lower-level financial aid positions. For example, as the report noted, Black women and Hispanic or Latino men are paid equitably within lower-level financial aid positions, but not within chief positions. Additionally, white women are paid equitably to white men in student financial aid counselor positions but are paid only $0.94 per $1.00 paid to white men in chief student financial aid officer positions.

Recommendations for institutions

The report made several recommendations for institutions to better support their financial aid employees, including retaining people of color and women within the financial aid pipeline, improving pay equity, and considering measures to encourage retention.

The first recommendation asks institutions to evaluate whether their financial aid offices have sufficient staff to process the volume of FAFSA applications that their institution receives. From there, institutions should make plans for how to allocate the necessary budget to ensure proper staffing levels.

The next recommendation asks institutions to compare themselves with the trends found in this report. Institutions should ask themselves how they can improve processes to ensure that diversity is better emphasized in succession planning for financial aid positions at your institution.

And institutions should conduct an internal pay equity analysis of their financial aid office. As the report noted, pay equity declines for women and people of color as the level of financial aid position increases. Institutions should also consider how they could implement retention incentives among their financial aid employees — such as salary increases, remote work, and flexible work options.

Federal Student Loan Interest Rates for 2024-25 Award Year Set to Increase

Interest rates are determined each June 1 for the upcoming award year by adding a fixed percentage to the high yield of the 10-year Treasury note auctioned at the final auction prior to June 1. As a result of the May 8 auction, the interest rate for federal loans first disbursed on or after July 1, 2024 are expected to increase from 5.50% to 6.533% for undergraduate Direct Loans, from 7.05% to 8.083% for graduate/professional Direct Unsubsidized Loans, and from 8.05% to 9.083% for Parent and Grad PLUS loans. The interest rate caps for these loans are 8.25%, 9.5 %, and 10.5% respectively. Federal Student Aid (FSA) will provide a chart detailing those rates for dependent students in its knowledge center.

New Survey Paints Hopeful Picture on Higher Ed Value, But Costs and Completion Barriers Remain

The higher education sector has faced a litany of challenges in recent years, including the pandemic, rising college costs, downward enrollment trends, and the delayed implementation of the 2024-25 FAFSA. But a new survey has found some positive indicators for perceived economic benefits offered by a postsecondary education.

During a pair of panel discussions, Gallup and the Lumina Foundation formally unveiled their "2024 State of Higher Education Report," an updated survey, last unveiled in 2023, that seeks to provide both policymakers and institutions with ways to highlight the value of postsecondary education.

The survey collected responses from over 14,000 U.S. adults aged 18 to 59 without a college degree who are either currently enrolled, stopped out, or have never enrolled in higher education. The questions measured these groups' attitudes toward, and interest in pursuing education beyond high school.

Among the main findings, nearly all respondents reported that at least one postsecondary credential was either "extremely" or "very" valuable. More than nine in 10 adults said at least one credential is valuable.

What's more, half of unenrolled adults indicated that they were likely to pursue a credential in the next five years.

Since the 2021 survey, the number of unenrolled adults who have considered enrolling in postsecondary education has jumped 15 percentage points, with 59% of unenrolled adults in the past two years having considered additional education.

The vast majority of current or prospective students (84%) cite employment opportunities as a reason to pursue a degree or credential.

However, the survey found some concerning trends, particularly around costs and a lack of financial aid being significant barriers to enrollment. Flexibility in course delivery was another important factor.

According to the survey, at least half of adults without a degree said financial aid or their personal income were "very" important factors in potential or continued enrollment, with Black and Hispanic adults being especially likely to say these were "very" important factors.

For currently enrolled students, 1 in 3 said they considered stopping out, with 64% citing emotional or mental health stress. This statistic is more than twice the percentage of those who cited cost as a potential cause for stopping out.

Following the release of the report, Gallup and Lumina hosted a panel of college presidents and chancellors who provided insight into the ways in which their schools have worked to increase college access, prevent students from stopping out, and make sure their campuses foster a sense of belonging.

Participants included former Education Secretary John King Jr., who is now the chancellor at the State University of New York. King urged Congress to double the Pell Grant and stressed the need for the federal and state government to step up and invest in colleges. King cited various programs' return on investment and highlighted the ways in which these programs have benefited states looking to bolster their economies.

A second panel – which focused more directly on the current landscape of higher education policymaking with insights from state, institutional, and federal perspectives – included Education Under Secretary James Kvaal, who provided an update on the current state of the 2024-25 FAFSA rollout. Kvaal once more told students and families that now is the time to fill out and submit an application.

During the discussion, Kvaal noted that this year would see the lowest verification rates since the pandemic, with flexibilities implemented due to the delayed FAFSA rollout. Kvaal said that ED would still investigate instances where fraud or abuse is indicated.

Kvaal recognized the challenges with the rollout and referred to this year as a "big transition year." He also said that the implementation of FAFSA simplification did not go as well as ED would have liked.

While the previous application backlog for this cycle has been addressed, and students can now expect their applications to be sent to colleges within three days of submission, experts have begun to express concern about the upcoming cycle.

During the panel's discussion, guests questioned whether issues and glitches that popped up during the 2024-25 FAFSA cycle will plague the timeline for the upcoming cycle set to open on October 1, 2024.

In the short-term, Kvaal said the department is focused on increasing completion rates and making sure that every student can get the help they need.

Campus officials who joined Kvaal on the panel said that there is still time for enrollment trends and FAFSA completion rates to recover and are engaged in new direct communication campaigns to inform students of the status of the FAFSA form.

NASFAA Shares Preview of Comments on ED's Student Loan Debt Relief Proposal

NASFAA shared a preview of comments it plans to submit to the ED on its student loan debt relief proposal. In the comments, NASFAA stresses the need for debt forgiveness programs to be fair, data-informed, and well-targeted. NASFAA also argues for the importance of pairing debt relief efforts like this one with long-term, bipartisan student loan reform, and provides technical comments on specific provisions in the proposal. Comments are due May 17, and NASFAA encourages members to submit their own comments.

School Corrections and Paper Processing Unavailable 'Until Late June,' Per ED's Latest FAFSA Guidance

The ED in an electronic announcement detailed updated processing timelines for the 2024-25 FAFSA form, including that schools will be able to submit corrections electronically "by the end of June," along with important guidance concerning paper FAFSA submissions, and temporary changes to Title IV aid disbursements.

According to the notice, institutions will be able to submit corrections through the FAFSA Partner Portal (FPP), which will allow schools to manually enter data through the portal's electronic submission process. In the weeks following the FPP corrections process opening, ED will make batch institutional corrections available through the Electronic Data Exchange (EDE).

The department also highlighted updated processing guidance for individuals who submitted paper forms. Per ED's notice processing of paper FAFSA forms, including those from incarcerated students, will begin "by the end of June."

"With the launch of the new FAFSA, the Department strongly encouraged students and contributors to complete the online form, rather than submitting and sending paper forms in the mail," the notice read. "Currently, fewer than one-half of one percent of 2024-25 FAFSA submissions are paper FAFSA forms."

ED recommends that students complete an online FAFSA, even if they had previously submitted a paper FAFSA, unless a student previously filed a paper FAFSA to meet an aid or scholarship deadline. Per the department, submitting an online application will negate the filing date associated with a paper FAFSA.

To enable schools to award and disburse Title IV aid before the corrections process opens, ED will also take several steps to allow schools to make awards and disburse some, but not all aid types, based on estimated SAIs.

ED clarified in today's guidance that it views institutions' awarding aid based on an estimated SAI generated by their internal systems to be "consistent with requirements to provide accurate student financial assistance information under 34 CFR 668.42" so long as the institution indicates awards could change once the school received an official ISIR.

To provide additional support for the 2024-25 award year, schools that receive federal Pell Grant funds under the Advance Funded method will receive an initial Current Funding Level (CFL) for the Pell Grant program to assist with summer disbursements.

The CFL will depend on several factors for the summer term. Per the guidance schools will be responsible for "determining immediate need for eligible students and drawing only that portion of funds." Schools who receive funds through heightened cash monitoring or the reimbursement funding method will not qualify for the CFL.

ED will also extend the 2024-25 deadline for reporting Direct Loan, Pell Grant, and TEACH Grant program disbursements to the COD System to 30 days after the date that school corrections become available. NASFAA has asked ED to clarify if the 30-day clock begins when manual correction functionality is available via the FPP, or weeks later when batch correction processing is available. Schools typically must report disbursements to COD within 15 days of disbursement.

Additional flexibility will be granted to schools who receive funds under the Advanced Funded or HCM1 funding method and enable those institutions to make Pell grant and Federal Supplemental Educational Opportunity Grant (FSEOG) disbursements based on an estimated SAI, even if the school does not yet have a valid ISIR for their student. However, those schools must notify recipients in writing that those amounts may change based on an official ISIR from ED.

Further, institutions may originate, but not disburse, a Direct Subsidized Loan and they may allow Federal Work-Study employment for the first 60 consecutive days after enrollment.

These flexibilities do not extend to schools on the HCM2 or reimbursement payment method, or to any school if there is conflicting student information present or if the student has ceased attendance.

“A school that chooses to make an interim disbursement based on an estimated SAI before school-initiated corrections are available takes full responsibility for submitting corrections or changes due to professional judgment and, once the school receives a valid revised ISIR, ensuring that award and disbursement amounts are correct,” the notice stated.

Institutions who make interim disbursements based on an estimated SAI will not be able to report the disbursement to the COD System until school-initiated corrections are available, the school has made the appropriate corrections, and the FAFSA Processing System (FPS) produces a valid ISIR for the student. These interim disbursements would be subject to the same interim disbursement rules currently in place related to verification, aside from the fact that in this case interim disbursements would not be based on a valid ISIR. Once the corrections process is available schools will have 30 days to submit corrections and make any necessary corrections to disbursement amounts based on discrepancies between the estimated and the official SAI.

The electronic announcement also included several resources under “Get Help” for schools looking for technical assistance and general FAFSA information.

NASFAA Comments on Proposed Changes to IPEDS Reporting

NASFAA submitted comments to the ED in response to proposed changes to IPEDS data reporting. While NASFAA had no concerns with the changes, we used the opportunity to reiterate the urgent need for ED to issue clear data-use and data-sharing guidance to help institutions understand how they can use and share both FAFSA data and Federal Tax Information (FTI) broadly as well as for IPEDS reporting purposes.

Panel Highlights Concerns and Impacts of Delays in the FAFSA Timeline

As many institutions begin sending out financial aid offers after a delayed rollout of the 2024-25 FAFSA, a panel on Thursday discussed how the higher education community got here, as well as the implications that this year’s FAFSA rollout has had for both students and institutions.

The panel, hosted by the American Enterprise Institute (AEI) was led by AEI’s Beth Akers, and included Karen McCarthy, NASFAA’s vice president of public policy and federal relations, Mark Kantrowitz, president of Cerebly, and AEI’s Michael Brickman. The conversation began with background on all the issues that have plagued the 2024-25 FAFSA – from a delayed launch date of late December, technical glitches, and a delayed delivery of ISIRs.

McCarthy explained aid offer timelines in typical years and explained how this year's rollout – caused by glitches, technical issues, and delays – has created a significant time crunch for financial aid offices, who are now expected to do months of work in a much tighter time frame.

Kantrowitz said that because of the stress of FAFSA simplification, some financial aid professionals are thinking of leaving the profession. He pointed to a new report from the College and University Professional Association for Human Resources (CUPA-HR) and NASFAA that found over 50% of financial aid professionals were likely to seek other employment opportunities within the next year.

Kantrowitz noted that because of these issues, the number of students who have submitted FAFSAs now, compared to the same time last year, is down by more than 2 million, and some families still can't even complete the form. Additionally, issues with the FAFSA that remain unresolved are already causing concern for next year's rollout.

The conversation further explored concerns with the upcoming implementation of the 2025-26 FAFSA.

Earlier this month, Education Secretary Miguel Cardona said in a Senate subcommittee hearing that it is ED's expectation that the 2025-26 FAFSA will launch on October 1.

McCarthy shared her concerns with possible issues and delays for the 2025-26 FAFSA, specifically that ED will not fix minor issues with the FAFSA – such as rewording questions that confused students on the form. Rather, she said, ED could decide to just focus on major issues that prevent students from completing the FAFSA due to the time crunch.

Kantrowitz pointed out that the department last year posted the 2023-24 draft FAFSA in February 2022, and the 2024-25 draft FAFSA was posted in March 2023. This year, ED has yet to release a draft FAFSA for 2025-26.

Updated Guide: How To Submit the FAFSA For Contributors Without an SSN

FSA updated its instructions to help students and their contributors without a Social Security number (SSN) successfully submit the 2024-25 FAFSA form. When the 2024-25 FAFSA initially launched, a technical issue prevented contributors without an SSN from starting or accessing the form. FSA states that the issue has been resolved and that the updated instructions are meant to help students and contributors navigate issues that may impact user experience. The updated instructions also address frequently asked questions students may have, including what to do if a student invited a contributor to their FAFSA but they still don't see the form after logging into studentaid.gov, or what to do if a contributor doesn't have a U.S. mailing address.

Biden Administration Extends Loan Consolidation Deadline to Get Credit for Loan Forgiveness

The ED announced it will extend the deadline for borrowers to consolidate their loans into the Direct loan program for them to get credit for student loan forgiveness under the Public Service Loan Forgiveness (PSLF) program and income-driven repayment (IDR) plans.

This student loan forgiveness is part of ED's efforts to "fix" the PSLF program and IDR plans where some qualifying payments were not being accounted for. With this one-time adjustment of borrowers' payment count, ED said this fix ensures borrowers get proper credit for their payment progress under PSLF and IDR, where borrowers typically receive loan forgiveness after 10, 20, or 25 years in repayment — depending on the plan.

Initially, borrowers with non-federally held Federal Family Education Loans (FFEL) loans had until April 30, 2024, to apply to consolidate their loans to be eligible for this adjustment to provide more credit toward forgiveness. Now, these borrowers have until June 30, 2024, to apply to consolidate their loans.

NASFAA Submits Comments on ED's Student Loan Debt Relief Proposal

NASFAA submitted comments to the ED on its student loan debt relief proposal. In the comments, NASFAA stressed the need for debt forgiveness programs to be fair, data-informed, and well-targeted. NASFAA also argued for the importance of pairing debt relief efforts like this one with long-term, bipartisan student loan reform, and provided technical comments on specific provisions in the proposal.

"How Many Students Did We Lose?" Aid Offices Fear Enrollment Repercussions After Rocky FAFSA Rollout

College Decision Day came and went with little fanfare this year.

A day that normally involves celebration and excitement as high school seniors officially decide where they'll attend college for the upcoming year, May 1 looked different for students this year, with many still undecided on which institution they'll attend, or if they can even afford the institutions they've been accepted into.

That's in large part because of the botched rollout of the 2024-25 FAFSA, which has been chaotic from the get-go. Due to ongoing delays and technical errors, many students could not even complete the FAFSA until recently because of an issue preventing contributors without a Social Security number from accessing the form.

The problems have been so widespread that many institutions are now anticipating downstream impacts in their enrollment numbers for the coming school year, as FAFSA completions are still lagging far behind previous years' numbers.

The National College Attainment Network (NCAN) tracks annually submissions and completions for each FAFSA cycle. As of May 3, 2024, NCAN found that only 38.1% of high school seniors completed a FAFSA. That is a 20.5% decrease from the last academic year.

According to Jill Orcutt, global consulting lead for the American Association of Collegiate Registrars and Admissions Officers (AACRAO) Consulting, many institutions do not believe they have a good understanding of their enrollment numbers for this fall.

“We will not know the full impact of the FAFSA issues until classes start in August for semester schools and September for quarter schools,” Orcutt said. “The FAFSA issues have caused enrollment concerns throughout the enrollment cycle from students not being able to submit their FAFSA, to students not having financial aid offers in time to submit their admissions deposits, to students not feeling they can commit to the financial commitment of signing a housing contract, orientation, and registration for classes.”

NASFAA spoke with several enrollment and financial aid experts on how issues with the rollout of the 2024-25 FAFSA could impact enrollment for the upcoming academic year, and beyond.

While the glitches and technical issues with the FAFSA have certainly not helped FAFSA completions, Bill DeBaun, NCAN’s senior director of data and strategic initiatives, said that the bigger issue is that high school seniors had less time to complete it, as the form didn’t launch until late December. Typically, the FAFSA is released October 1.

“Students have just had a much smaller window to complete the FAFSA,” DeBaun said. “The technical glitches, all that kind of stuff, doesn't help at all. But the fact of the matter is that this class had just nearly 100 fewer days to complete the FAFSA. And that's what's really a challenge.”

Looking at the first 15 weeks that students were able to complete the FAFSA — starting from October 1, 2022, for last year, and from late December for 2024-25 — DeBaun pointed out that more high school seniors this year had completed the FAFSA. But due to the truncated timeline, the overall completion rate could still be lower overall.

He added that, by June 30, an optimistic estimate would leave this year’s high school seniors with a FAFSA completion rate that is 10 percentage points lower than last year.

“We see FAFSA completion as completion rates, and we get college enrollment rates moving in the same direction,” DeBaun said. “The implications here are that we should be really worried about the fall enrollment numbers.”

What’s At Stake

Orcutt noted that the issues with the FAFSA will more likely hurt institutions with higher numbers of aid-eligible students, because many highly selective institutions traditionally have more self-paying students. Enrollment managers across the U.S. have shared their frustration with the FAFSA issues and the impact to first-generation and lower-income students, she added, noting that the issues with the FAFSA have not impacted financial aid eligibility but all the downstream processes – such as housing, orientation, and registration.

Paula Luff, vice president for enrollment planning and management at Ball State University and a former NASFAA national chair, shared a similar sentiment, noting that affordability is a key indicator as to whether a student will choose to go to college.

“You hear all about Harvard, Stanford, and Yale, but that's not who's really serving most of our students — especially the students who have financial need,” Luff said. “I think we're going to see a decline in enrollment just across the board, especially for low-income, underrepresented first-generation students.”

Brent Tener, assistant provost, and executive director of student financial aid at Vanderbilt University and a former NASFAA national chair, emphasized that many students could skip out on attending college entirely because of issues with the FAFSA, thinking they wouldn’t be eligible for any federal student aid.

“We always talk about how important it is for students to make good financial decisions and do things the right way,” Tener said. “Well, if you can't tell them what their aid offers are going to be, how in the world can they responsibly say [they] can afford this? And so, it's a huge barrier.”

Billie Jo Hamilton, associate vice president of enrollment planning and management at the University of South Florida and a former NASFAA national chair, also voiced concerns about how this year’s troubles could impact retention of this year’s high school seniors — noting that some students may have committed to an institution with incorrect or incomplete financial aid information.

“Students have made a decision based on incomplete financial information — they've put a deposit, they've got a housing contract — but don’t know exactly what financial aid they're going to have,” Hamilton said. “And maybe they're good for a couple of years, but then their savings run out and then we have a retention problem.”

Some worry that the ripple effect will stretch past this upcoming academic year, like how some schools are still feeling the impact of the COVID-19 pandemic.

Luff noted that lower enrollment for one academic year means an overall reduction in enrollment for multiple years for an institution. And if an institution is reliant on tuition revenue or the number of students that it enrolls and graduates according to a state’s budget model, it's going to have a long-term impact on the institution’s finances — meaning some institutions could possibly close. Already, dozens of institutions closed in 2023, and several others have announced their closures this year.

Looking Forward

As institutions scramble to piece together operations for the coming year, there are already concerns in the higher education community of how the rollout of the 2025-26 FAFSA will play out. So far, Education Secretary Miguel Cardona said in a Senate subcommittee hearing this month that it was ED’s expectation that it will launch the 2025-26 FAFSA on October 1.

Hamilton said she’s “cautiously optimistic” the 2025-26 FAFSA will be live on October 1, but that there are still many functionalities that need to be built out for next year.

Luff shared a similar sentiment, noting that for the past few months, it has felt like new errors and glitches were frequently identified. Because of this year’s troubled rollout, she feels like it’s unlikely that ED has made much progress on the 2025-26 FAFSA.

“I don't know how they can even think about launching next year's app,” Luff said. “And when they do, if they make any changes whatsoever — and they have to make some based on inflation — I don't know if they're going to be able to do it.”

But hope isn't lost yet. The higher education community remains cautiously optimistic and is working diligently to help students complete the FAFSA, and many institutions have begun to distribute aid offers. NCAN's DeBaun noted that while FAFSA completion is a good indicator of a student's intent to enroll in college, he doesn't think demand for students seeking a college education suddenly dropped this year because of all the issues with the FAFSA.

"I think you have a lot of students out there who still have postsecondary aspirations," DeBaun said. "Our question from the 'it takes a village' lens is how can we continue to nurture that demand for college, to meet students' needs, and to be supportive in getting through the FAFSA process?"

Tener says he hopes some students who chose not to complete the FAFSA this year or enroll in college pursue higher education next year — but noted that regardless, there will be students that were lost in the process.

ED Announces Completion of Previously Identified FPS and IRS-DDX Reprocessing for 2024-25 FAFSA Records

The ED explained that it has completed reprocessing ISIRs affected by identified Federal Processing System (FPS) or IRS Direct Data Exchange (IRS-DDX) issues. Therefore, schools should no longer use previously provided data files that identified potentially impacted records due to FPS or IRS-DDX reprocessing.

The announcement came as a follow-up to guidance provided on April 10, concerning reprocessed FAFSA records. ED found that for some of the ISIRs affected by known errors, reprocessing would not result in a change to the record's data, and therefore decided to not reprocess those records "to avoid confusion.'" In other words, the data files provided by ED included some records that ultimately ED did not, and will not, reprocess. Therefore, schools should not hold back these records from the packaging process in anticipation of a reprocessed ISIR.

ED also said that it is continuing to review "a small number of potential issues," which the department indicates is typical for each FAFSA cycle and is prioritizing reports that could result in an inaccurate eligibility calculation. As ED continues to resolve these issues, subsequent ISIR records will be delivered with their appropriate reprocessing codes as soon as "this week."

The department also noted that it has been researching reports of a "small number" of ISIRs – fewer than one-half of 1% of ISIRs, per ED's data – with a blank SAI field and no reject code and records selected for verification without a verification tracking flag. As soon as "this week," ED will send transactions to resolve this issue.

Additionally, ED provided the following fields on an ISIR meant to assist in identifying a reprocessed transaction, and detailed the reason for reprocessing:

- Field 9: Transaction Source will be set to "5" to indicate FPS as the source of the transaction.
- Field 16: FPS Correction Reason will be set to "P" to indicate Reprocessing.

- Field 572: Reprocessed Reason Code, a two-digit code allowing for cross-referencing reprocessing reasons with the known issues detailed in the Technical FAQ and Known Issues document.

The electronic announcement also detailed currently assigned codes along with a description of reprocessed categories:

- 02: Pell eligibility and Pell Grant Eligibility Flag
- 03: Comment codes related to a few FPS edits may not be set correctly
- 04: No SAI on non-rejected ISIRs
- 05: Blank “Student Contributions from Assets” (SCA) leading to miscalculated SAIs
- 06: Updated FTI IRS data
- 07: Correct Federal School Code (FSC) order

According to the department, ISIRs from more than 9.7 million applications have now been transmitted to schools, states, and scholarship organizations. Additionally, ED indicated that over 1.5 million corrections have been successfully processed.

ED Provides New FAQ Guides on Financial Responsibility and Certification Rules Effective July 1

FSA released two guides of frequently asked questions regarding final regulations for financial responsibility and certification procedures, which will go into effect on July 1, 2024. The FAQs were created in response to several policy questions from the higher education community. FSA also noted that it will add future FAQs to their policy guidance website if they receive additional questions that are of interest to the full higher education community.

NASFAA Signs onto Letter Urging Congress to Strengthen the FAFSA Process

NASFAA signed onto a letter calling on Congress to consider specific proposals that would improve the financial aid system by strengthening the FAFSA process and ensure that implementation of these provisions do not cause future FAFSA delays.

In response to the delays associated with the 2024-25 FAFSA rollout, the letter calls on Congress to enable institutions to opt in to transfer up to 100% of their unexpended Federal Work-Study dollars to the Federal Supplemental Educational Opportunity Grant (FSEOG) program, like flexibilities that were offered to institutions during the COVID-19 pandemic.

The letter also calls on Congress to conduct a long-term, publicly available, assessment of the ways in which this cycle’s FAFSA delays have impacted students, particularly those who are low-income, and institutions.

Further the letter also calls for Congress to include clear “hold harmless” statutory language to protect institutions who followed ED’s packaging guidance for Institutional Student Information Records (ISIRs), move the statutory deadline of the FAFSA to October 1 instead of January 1, assess how the inclusion of family farm and small business assets impacted student aid index (SAI) calculations, reduce income verification, and more.

NASFAA Updates Comment Codes Crosswalk

NASFAA has updated its comment codes crosswalk on the FAFSA Simplification Web Center to reflect changes made by the Department of Education on May 22.

Report: Levels of Educational Attainment on the Rise for All Racial and Ethnic Groups, but Financial Equity Gaps Remain

A recent report from the American Council on Education (ACE) is looking to provide the higher education community with updated data to help address, and work to close, systemic equity gaps.

The latest iteration of their report "Race and Ethnicity in Higher Education" serves as a follow-up to ACE's respective 2019 and 2020 reports, covering several topics on race and ethnicity in higher education, including undergraduate and graduate student enrollment, completion rates, student debt, and financing.

Data for 2024's report pulled information from eight principal sources, including the ED and U.S. Census Bureau, and looks specifically at the 2019-20 academic year.

A key takeaway from this report was that although the white population has continued to be the largest racial and ethnic group in the U.S., diversity in higher education participation has also increased.

While the levels of educational attainment continued to rise for all racial and ethnic groups, the data still found equity gaps. One noteworthy example in the report of this financial disparity was that Black and African American students are more likely than those from other racial or ethnic groups to accumulate large amounts of educational debt.

In evaluating how undergraduate students finance their education, ACE noted that between the 2010-11 and 2020-21 academic years, the average total cost of attendance went from $27,589 to $35,725 at four-year institutions, and from $13,777 to $16,503 at two-year institutions.

"As the cost of attending college increases, students face larger financial barriers," the report read. "Given the rise in prices, many students rely on grants and loans to help cover tuition, fees, books and supplies, and other expenses associated with college enrollment."

When it comes to FAFSA completions for the 2019-20 academic year, 69.7% of all domestic undergraduate students and 73.6% of full-time students completed the FAFSA. Both Black or African American dependent and independent students had the highest filing rates across all racial and ethnic groups, with 90.5% and 81.2% respectively. Multiracial students had the lowest FAFSA completion rate among both full-time – at 70.8% – and dependent students – at 68.2%.

The report also looked at Expected Family Contribution (EFC), which determines a family's ability to make any financial contribution to their student's post-secondary education. Black or African American students had the highest percentage of undergraduate students with an EFC of $0, at 55.1%, followed by American Indian or Alaska Native and Hispanic or Latino students.

The data found that Black or African American students were more likely than others to receive grant aid to fund their undergraduate education, at about 80.6%. The report noted that sources of grant aid varied among racial or ethnic groups, with Black or African American full-time students receiving 36.5% of their grant aid from non-military federal programs and 37.2% from institutional grant aid. Meanwhile, among white full-time students, 17.7% of grants were federal and 54.5% were institutional.

Overall, 71.3% of full-time undergraduate students received grant aid in 2019-20, and about half of that grant aid came from institutional grant aid, ACE noted.

The report also looked at student borrowing from federal loan programs and private loans. In the 2019-20 academic year, the average undergraduate student borrower took out $7,948 in student loans. White students borrowed an average of $8,151, Asian students borrowed an average of $7,620, Hispanic or Latino borrowers an average of $7,448, and Black or African American students borrowed an average of $7,373. These averages excluded the Parent PLUS Loans program.

The report also examined the shares of students who borrowed to pay for educational costs. Overall, 36.1% of all undergraduate students borrowed loans, excluding Parent PLUS loans. However, Black or African American students made up the highest share of students who borrowed loans, at 49.7%, followed by white students at 38.6%, and multiracial and Native Hawaiian or other Pacific Islander students at 38.6%.

Graduate education financing was another component of the report. ACE noted that between 2015 and 2021, graduate enrollment in the U.S. increased 10%, from approximately 2.9 million to 3.2 million students, and graduate enrollment is expected to grow another 6% by 2031, according to the National Center for Education Statistics.

Overall, graduate students received less grant aid and covered more expenses through earnings and loans than undergraduates. In the 2019-20 academic year, 44.7% of graduate students received some grant aid. More than half of research doctoral students received grant aid, at 51.5%, followed by professional and other doctoral students, at 46.1%, and master's students, at 43%.

As for the types of grant aid in 2019-20 that graduate students received, 29% received grant aid from their institutions, 13% from their employers, and 6.5% from other private sources.

Looking specifically at institutional grant aid among master's students, the percentages of students who received institutional grant aid were similar across racial and ethnic groups – ranging from 22.3% of white students to 27.8% of Asian students. However, the average grant amount per recipient differed by race and ethnicity, ACE noted, where Asian students received an average of $11,712, while Black or African American students received $5,149.

Additionally, ACE found that among professional and other doctoral students, 33.5% of Black or African American students received institutional grant aid, while over half of international students, 51.4%, received institutional grant aid. Among research doctoral students, Black or African American students had the lowest percentage of students who received institutional grant aid, 30.8%, and received the smallest average grant amount per recipient, $10,797, out of any racial and ethnic group.

Looking at borrowing trends from graduate students in the 2019-20 academic year, 68.5% of professional and other doctoral students borrowed an average of $43,371, 45.5% of master's students borrowed an average of $20,610, and 19.1% of research doctoral students borrowed an average of $19,595.

ACE noted that the largest amounts of loans were borrowed from federal loan programs, with about 40% of all graduate students in 2019-20 borrowing federal loans. Meanwhile only about 5% borrowed private loans.

Disparities were also found among racial or ethnic groups when it came to graduate borrowing. Specifically, the majority of Black or African American graduate students – 64.5% – borrowed some type of loan in the 2019-20 academic year, followed by Hispanic or Latino graduate students at 55.9%. Meanwhile, fewer than half of all other racial and ethnic groups borrowed funds. However, the report noted that Asian students had the highest average loan amount per borrower at $39,613.