



## SEPTEMBER 2021 NEWSLETTER

### IMPORTANT DATES:

*September 6 – Labor Day*

DJA Closed

*September 8*



*September 8*

DJA Webinar

Cash Management

11:00 a.m. CDT

*September 11*

**Deadline for 20/21 FAFSA  
Corrections**

*September 17*

Constitution Day

*September 30*

Pell Disbursement Deadline for  
20/21

*October 1*

**FISAP DUE**

### IN THIS ISSUE:

- Deadline for HEERF III Extended
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- 21/22 Supplemental Campus-Based Funds
- Implementation of HS Completion Status Removal from Verification
- FISAP Due October 1
- Automatic Total and Permanent Disability Discharge through SSA
- 22/23 FAFSA Verification
- Compliance Corner
- DJA Calendar

*September is a critical month as the deadline for 20/21 FAFSA Corrections looms, in addition 20/21 Pell disbursements must be requested and posted to COD by September 30<sup>th</sup>. It is also the last month to prepare to submit the FISAP. We have provided an overview of these processing deadlines, as well as guidance issued by the Department in regards to the FISAP. If you are a DJA client, be assured our team is on top of ensuring your institutions are on target to meet each deadline.*

*This month's newsletter covers everything from recent announcements on the HEERF funding and the pause on federal student loan payments, as well as a variety of topics affecting our financial aid sector. Lastly, we review the importance of maintaining strong fraud and identity controls in our Compliance Corner. FSA recently shared a few articles that have hit the news regarding fraud attempts in the higher education industry.*

*We hope each of you enjoyed your Labor Day weekend and had the opportunity to unwind, relax and enjoy the company of family and friends.*

*Thank you and until next time, stay safe!*

*Deborah John, President*

### **DEADLINE FOR HEERF III, AMERICAN RESCUE PLAN ACT, 2021 EXTENDED TO SEPTEMBER 10, 2021**

On May 14, 2021, the U.S. Department of Education published in the Federal Register a notice announcing the availability of funds and application deadlines for the third round of the Higher Education Emergency Relief Fund through the American Rescue Plan Act. With an original deadline of August 11, 2021 to file the required Proprietary Institution Certification Form, the Department recently released a reopening notice extended that deadline to September 10, 2021.



[Federal Register :: Reopening; Notice Inviting Applications for the Proprietary Institution Grant Funds for Students Program Under the Higher Education Emergency Relief Fund \(HEERF\); American Rescue Plan Act, 2021 \(ARP\)](#)

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### ***IN THE NEWS: BIDEN ADMINISTRATION EXTENDS PAUSE ON FEDERAL STUDENT LOAN PAYMENTS THROUGH JANUARY 2022***

The Department of Education announced in early August it will extend the current pause on federal student loan payments through January 31, 2022. This is the fourth time since the pandemic started that the Department has provided this relief to student borrowers. However, the Department did state this would be the final extension.

Originally set to expire on September 30<sup>th</sup>, the Biden Administration pushed for the extension amid the recent Coronavirus Delta variant sweeping the world once again. All borrowers with student loans from the Education Department will see their payments automatically suspended until Jan. 31 without penalty or accrual of interest. Each month until then will still count toward loan forgiveness for borrowers in public-service jobs. It will also count toward student loan rehabilitation, a federal program that erases a default from a person's credit report after nine consecutive payments.

To read the Washington Post article regarding the announcement, visit the following link: [Student loan payment pause to run through January 2022 - The Washington Post](#)

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### ***IMPLEMENTATION OF R2T4 FUNDS REGULATIONS***

On September 2, 2020, the Department published in the [Federal Register](#) final regulations on distance education and innovation issues ([85 FR 54742](#)). These final regulations make a number of changes to the regulations governing the programs authorized by the Higher Education Act of 1965, as amended (HEA).

These regulations, including changes to the Return of Title IV Funds (R2T4) requirements, are effective July 1, 2021, unless early implemented by institutions. For any institutions that do not early-implement, the new R2T4 regulations will apply to students who *withdraw or otherwise cease attendance (including by graduating) on or after July 1, 2021*.

The September 2, 2020 final rule amended the R2T4 regulations at 34 CFR §668.22 in several areas. The regulations:

- Updated the order of return (for both institution and student returns) to require returns of Iraq-Afghanistan Service Grants prior to returns of Federal Supplemental Educational Opportunity Grant (FSEOG) and Teacher Education Assistance for College and Higher Education (TEACH) Grant funds;
- Expanded the approved leave of absence (LOA) definition to incorporate subscription-based programs;



- Expanded the definitions of “academic attendance” and “attendance at an academically-related activity” to refer to the new definition of “academic engagement” found under 34 CFR 600.2;
- Updated the definition of a “program offered in modules” to apply only to standard and nonstandard term programs that are not subscription-based;
- Amended the timeframe associated with when a student is considered withdrawn if not scheduled to begin a new course in a non-term or subscription-based program;
- Amended the written confirmation timeframe associated with when a student is scheduled to resume attendance later in the period for students in non-term or subscription-based programs;
- Exempted students who graduate or complete all requirements for graduation from the R2T4 requirements;
- Exempted students in term-based programs that do not use subscription periods from R2T4 requirements if they cease attendance after successfully completing a module or combination of modules that include 49 percent or more of the number of days in the payment period;
- Exempted students in term-based programs that do not use subscription periods from R2T4 requirements if they cease attendance after successfully completing coursework equal to or greater than the coursework required for the institution’s definition of a half-time student under 34 CFR 668.2;
- Amended the requirements for establishing the total number of days in the payment period or period of enrollment (denominator) of the R2T4 calculation to only include the days in a module if the student attended the module or the student’s coursework in that module was used to determine the amount of the student’s eligibility for Title IV, HEA funds for the payment period or period of enrollment; and
- Allowed institutions to use an “R2T4 Freeze Date” to establish the number of days in the denominator of the R2T4 calculation based on the student’s enrollment on a specific date.

To reflect these changes, and to respond to other questions received from the community, the Department has updated the Q & As under the “Return of Title IV Funds” topic on the [the Program Integrity Questions and Answers Information page](#). Affected parties are responsible for taking the steps necessary to comply by the effective date established by the final regulations.

The Department encourages interested parties to review the preamble to the April 2, 2020 notice of proposed rulemaking ([85 FR 18638](#)) and the preamble and final regulations in the September 2, 2020 final federal register notice ([85 FR 54742](#)). In addition, institutions are recommended to review the Department’s recent webinar on Satisfactory Academic Progress and Return of Title IV Funds for more information regarding the new R2T4 regulations. The link to the webinar recording, transcripts and presentation materials can be found in [ANN-21-07](#).

Any questions related to the new R2T4 regulations should be sent through the [Customer Support form in the FSA Partner Connect Help Center](#). When submitting a question through our Contact Customer Support form, please enter your name, email address, topic and question. When selecting a topic, please select “FSA Ask-A-Fed/Policy.”

<https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2021-08-20/implementation-return-title-iv-funds-r2t4-regulations-ea-id-general-21-50>

## **ADMINISTRATIVE COST ALLOWANCE PAYMENTS FOR 19/20 and 20/21**

The Federal Pell Grant (Pell Grant) regulations at 34 CFR 690.10 provide for an Administrative Cost Allowance (ACA) payment of \$5.00 to each participating school for each student who receives a Pell Grant at that school for an award year. These funds may be used only to defray the costs of administering the Pell Grant, Federal Supplemental Educational Opportunity Grant, Federal Work-Study, and Federal Perkins Loan programs.

ACA payment amounts are not included in a school's Current Funding Level (CFL) but are direct payments made to a school based on its unduplicated student recipient information. A school's total number of Pell Grant unduplicated recipients, used in the calculation of the ACA payment, includes students with at least one reported and accepted actual disbursement (Disbursement Release Indicator or DRI value equal to "true") in the Common Origination and Disbursement (COD) System. A student will be included in the calculation even if there is a full recovery of the entire Pell Grant award.

A school's total unduplicated recipient count *excludes* the following students:

- Those who have been determined ineligible for a Pell Grant or rejected by the Central Processing System
- Those for whom origination records were accepted in the COD System but for whom accepted actual disbursements (Disbursement Release Indicator or DRI value equal to "true") have not been received
- Those for whom all actual disbursements have been rejected

### **Third and Final Pell Grant Administrative Cost Allowance Payments for 2019-2020 Award Year**

The third and final ACA payment for the 2019–20 award year is based on records that the COD System has processed from the date we processed the second ACA payments for the 2019–20 award year (Aug. 20, 2020) up to the date that we process the third and final ACA payments for the 2019–20 award year. We began processing the third and final ACA payments for all schools on Aug. 23, 2021.

A school's calculated Pell Grant ACA payment will be posted in G5 as an Available Balance in the school's ACA G5 Award Number, P063Q19####. Once posted, *a school must sign in to the G5 website and process a drawdown transaction in G5 to receive the funds.*

ACA payment amount notifications will be sent to reporting schools. Specifically, we will send an Electronic Statement of Account (ESOA) (Message Class PGAS19OP) that reflects the ACA payment amount to the reporting school's Student Aid Internet Gateway (SAIG) mailbox. Additionally, the ACA payment amount and other ACA-related information will be displayed on the [COD website's](#) School Funding Information screen. This information is as follows:

- **"Total Unduplicated Recipients" Field** – Count of unduplicated recipients for the 2019–20 award year for the school
- **"Total Unduplicated Recipients Paid" Field** – Count of unduplicated recipients for the 2019–20 award year for whom ACA has been paid



- **“Total ACA” Field** – Dollar amount paid to the school to date for the 2019–20 award year
- **“Last ACA Payment Date” Field** – Most current date for which an ACA payment was made for the 2019–20 award year
- **“ACA Payment History” Link** – “Number of Recipients,” “Date ACA Paid” and “Amount” for the first, second, and third/final ACA payments for the award year

### **Second Pell Grant Administrative Cost Allowance Payments for 2020-21 Award Year**

The second ACA payment for the 2020–21 award year is based on records that the COD System has processed from the date we processed the first ACA payments for the 2020–21 award year (March 1, 2021) up to the date that we process the second ACA payments for the 2020–21 award year. We began processing the second ACA payments for all schools on Aug. 20, 2021.

A school’s calculated Pell Grant ACA payment will be posted in G5 as an Available Balance in the school’s ACA G5 Award Number, P063Q20####. Once posted, **a school must sign in to the G5 website and process a drawdown transaction in G5 to receive the funds.**

ACA payment amount notifications will be sent to reporting schools. Specifically, we will send an Electronic Statement of Account (ESOA) (Message Class PGAS20OP) that reflects the ACA payment amount to the reporting school’s Student Aid Internet Gateway (SAIG) mailbox. Additionally, an ACA payment amount and other ACA-related information will be displayed on the [COD website's](#) School Funding Information screen. This information is as follows:

- **“Total Unduplicated Recipients” Field** – Count of unduplicated recipients for the 2020–21 award year for the school
- **“Total Unduplicated Recipients Paid” Field** – Count of unduplicated recipients for the 2020–21 award year for whom ACA has been paid
- **“Total ACA” Field** – Dollar amount paid to the school to date for the 2020–21 award year
- **“Last ACA Payment Date” Field** – Most current date for which an ACA payment was made for the 2020–21 award year
- **“ACA Payment History” Link** – “Number of Recipients,” “Date ACA Paid” and “Amount” for the first and second ACA payments for the award year

<https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2021-08-23/third-and-final-pell-grant-administrative-cost-allowance-payments-2019-20-award-year-ea-id-grants-21-08>

<https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2021-08-23/second-pell-grant-administrative-cost-allowance-payments-2020-21-award-year-ea-id-grants-21-07>



## **2021-22 SUPPLEMENTAL CAMPUS- BASED FUNDS**

Sometime at the end of September schools can expect to be notified via email if they received Supplemental Campus- Based funds. In a recent Electronic Announcement, FSA explains how 21-22 supplemental award funds for each of the Campus-Based programs will be distributed and how schools will be notified of supplemental awards. Other than funds distributed through the supplemental process described in this announcement, we do not anticipate that any additional Campus-Based funds will become available for the 2021–22 Award Year.

The Department of Education uses information collected on the Campus-Based Reallocation Forms (that were due Monday, Aug. 16, 2021) to reallocate unexpended Federal Supplemental Educational Opportunity Grant (FSEOG) and the Federal Work-Study (FWS) program funds from the previous award year as supplemental allocations for the current award year. (See a [July 15, 2021 Electronic Announcement](#) for more information about the reallocation form and process.)

### **Distribution of Supplemental Campus-Based Funds**

Supplemental Campus-Based funds are distributed in accordance with section 413D(d) for FSEOG and section 442(d) for FWS of the *Higher Education Act of 1965*, as amended, and the regulations at 34 CFR 673.4.

While we intend to award supplemental funds as described, if there is a FEMA-declared disaster that impacts schools during the summer, we may award funds to those schools to assist students impacted by the disaster. Should that occur, a subsequent Electronic Announcement will be posted that will supersede the information below.

### **FSEOG**

Available FSEOG funds are reallocated to schools that show a shortfall in their fair share calculation (final funding worksheet for FSEOG, line 25). The allocation is distributed using the same formula as final awards. Depending on the funding available, supplemental FSEOG awards may be very small and not all schools may receive supplemental FSEOG funds.

### **FWS**

We will award 100% of the available FWS funds to schools that (1) have a 2021–22 fair share shortfall (final funding worksheet for FWS, line 28); and (2) requested a supplemental 2021–22 FWS allocation on line 5 of the Campus-Based Reallocation Form.

### **School Notification**

Schools will be notified by email by the end of September 2021, if they received supplemental Campus-Based funds. This email is sent to the Financial Aid Administrator identified on the most recently submitted FISAP, or as updated on the "Demographics" page on the [COD website](#).

In the email, schools will be referred to their Campus-Based Statement of Account which will reflect the supplemental award amount for each program.

To access the Statement of Account, schools should follow these steps:

1. Log in to the [COD website](#).
2. From the School tab, select the “Campus-Based System” link from the left navigation menu.
3. Select “Self-Service,” then “Notifications” from the left navigation menu.

<https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2021-08-26/2021-22-supplemental-campus-based-funds-ea-id-cb-21-11>

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## **IMPLEMENTATION OF HS COMPLETION STATUS REMOVAL FROM VERIFICATION**

As noted in the September 1, 2021 [Federal Register notice](#) and [GEN-21-06](#), starting with the 2022–23 *Free Application for Federal Student Aid* (FAFSA®) processing year, the Department has removed high school completion status as a verification item under tracking groups V4 and V5. As a result, while high school completion (or recognized equivalent) is still required for Title IV eligibility, institutions will no longer be required to obtain high school completion documentation in order to complete V4 or V5 verification.

Please be advised, following adjustments to the verification process for the 2021-2022 award year, the Department is currently evaluating what changes may be made to the verification process for the 2022-2023 award year. Guidance on those adjustments, if any, will be released as soon as possible.

### **Departmental Verification Selection Process**

Though we have modified the verifiable items under the Verification Tracking Groups V4 and V5, we have not altered our general verification identification or selection process. The Central Processing System (CPS) will set a Verification Tracking Flag on the *Institutional Student Information Record* (ISIR) indicating when an applicant is selected by the Department for verification and denote the specific Verification Tracking Group the applicant has been placed in. In addition, SAR/ISIR Comment Codes 170 and 171 will also indicate when a student has been selected for verification.

Starting with the 2022–23 award year, if a student is selected for verification under the V4 or V5 verification tracking group, institutions will not be required to obtain verification of high school completion documentation. This means for the V4 tracking group, institutions will only be required to obtain student identity and statement of educational purpose information. For the V5 tracking group, institutions will still verify all items from Verification Tracking Group V1 (financial and tax information, household size and number in college), along with student identity and statement of educational purpose; however, institutions will not be required to obtain documentation of high school completion.



Please note that the removal of the high school completion status from the V4 and V5 Verification Tracking Groups does not impact an institution's ability to self-select FAFSA items under the institution's own verification policy. Institutions may continue, at their discretion, to require a student to verify any FAFSA information, including a student's high school completion status, according to consistently applied institutional verification policies.

### Financial Aid Administrator (FAA) Access to CPS Online

Beginning with the 2014–15 FAFSA processing year, institutions were required to report the verification results of identity and high school completion status using the FAA Access to CPS Online website (<https://faaaccess.ed.gov>) under the “Enter Identity Verification Results” section. Starting with the 2022–23 FAFSA processing year institutions will only be required to report the verification results of a student's identity.

Reporting is required no more than 60 days following the institution's first request to the student to submit the required V4 or V5 identity documentation. Institutions must report the results (as described below) for any student for whom they received an ISIR with a Verification Tracking Group of V4 or V5, and for whom they requested verification documentation. Institutions should only use this reporting function for students where the CPS placed the student in Verification Tracking Groups V4 or V5.

At this time, the “Enter Identity Verification Results” section in FAA Access to CPS Online has not been updated to remove references to high school completion status. However, the following revised value descriptions for reporting identity verification results under V4 and V5 should assist institutions when reporting verification results using FAA Access to CPS Online for the 2022–23 award year.

Results Value		
Value = 1	Verification of identity was satisfactorily completed by the applicant in person, and no issues were found.	The applicant appeared in person, presented acceptable government-issued photo identification, and signed the Statement of Educational Purpose.
Value = 2	Verification of identity was satisfactorily completed remotely by use of a notary, and no issues were found.	The applicant submitted an original notarized Statement of Educational Purpose and a copy of his/her government-issued photo identification.
Value = 3	Verification was attempted, and issues were found with identity.	The identity documentation that was presented was not acceptable and no signed or notarized Statement of Educational Purpose was received.



Value = 4	No longer valid –do not use for 2022–23 and beyond.	Value used prior to 2022–23 award year to identify when high school completion status issues existed but there were no issues with identity.
Value = 5	The applicant did not respond to the request for documentation or the applicant could not be located.	Verification of identity was not completed, and no signed or notarized Statement of Educational Purpose was received because the applicant did not respond to the request for documentation or the applicant could not be located.
Value = 6	No longer valid –do not use for 2022–23 and beyond.	Value used prior to 2022–23 award year to identify when both high school completion status and identity issues existed.

<https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2021-09-01/implementation-high-school-completion-status-removal-verification-ea-id-verif-21-02>

### **REMINDER FISAP DUE OCTOBER 1, 2021**

The Department released in an Electronic Announcement on August 26, 2021 a reminder of the upcoming deadline for submitting the Fiscal Operations Report for 2020–21 and the Application to Participate for 2022–23 (FISAP) for the Campus-Based Programs. As announced in the “[Campus-Based Deadline Dates Notice for the 2021–22 Award Year](#)” published in the *Federal Register* on January 26, 2021 (86 FR 7075), the date by which a school must submit the FISAP and the required signature is **Friday, Oct. 1, 2021**.

All schools requesting Federal Supplemental Educational Opportunity Grant (FSEOG) or Federal Work-Study (FWS) program funds for the 2022–23 award year and/or that had FSEOG or FWS expenditures or Federal Perkins Loan (Perkins Loan) activity for the 2020–21 award year are required to electronically submit a FISAP via the [Common Origination and Disbursement \(COD\) website](#). Schools that closed during the 2020–21 award year are required to complete and submit a final FISAP to report any 2020–21 Campus-Based expenditures.

The [COD website](#) allows a school to complete and submit its FISAP online, receive real-time validation edits, and access prior-year data to assist in completing the FISAP. Schools should review all validation edits and ensure accuracy of the information reported. For information about accessing the FISAP on the [COD website](#) and to review important reporting reminders and supplemental instructions related to the *CARES Act*, refer to the [Aug. 2, 2021 Electronic Announcement announcing that the 2022–23 FISAP is available](#).

The deadline for electronic submission of the FISAP is 11:59 p.m. Eastern time (ET) on Oct. 1, 2021. Transmissions must be completed prior to midnight. Additionally, the signature page must be printed, signed, and mailed by the Oct. 1, 2021 deadline. Signature requirements and instructions can be found in the [2022–23 FISAP Instructions](#).

## FISAP Reminders

- **Click “Submit”** – Remember that **saving** data into the FISAP online is **not** the same as **submitting** the FISAP. Data can be entered and saved as a school user works through the form, but it is not actually submitted until the school user clicks on **“Submit.”**
- **Consequences for Not Filing the FISAP** – 2020–21 Campus-Based funding levels will be reduced to zero (\$) for a school that received 2020–21 Campus-Based funds but fails to file the FISAP by the deadline. This includes schools that closed during the 2020–21 year and drew Campus-Based funds for that year from G5. Any 2020–21 program funds that have been drawn down in G5 will be required to be returned to the Department of Education (the Department). Campus-Based funds for the 2022–23 award year will not be awarded to schools that fail to file the FISAP.

Schools must provide true and accurate data and **must not roll forward data previously reported on last year’s FISAP just to meet the deadline.**

**Note:** Failing to accurately and timely file the FISAP may result in referral to the FSA Partner Eligibility and Oversight Services Division for further review and action. These actions may include fines, and a limitation, suspension, or termination of your school’s eligibility to participate in the Campus-Based Programs. In addition, through the signature process, the President/CEO has certified that information in the FISAP is true and accurate and in compliance with legislation and regulations. Providing false and misleading information can result in fines, prison, or both.

- **Updated Financial Aid Administrator (FAA) Contact Information Required** –All Campus-Based notifications are sent via email to the FAA. For timely receipt of these notifications, it is important that a school ensures the accuracy of its FAA contact information, including the FAA email address. A school can update its contact information when submitting the FISAP or by selecting “School Information” then “Demographics” on the Campus-Based section of the [COD website](#). All changes or corrections to contact information must also be updated in the Program Participation Agreement using the [E-App website](#).
- **Accuracy Helps Avoid Negative Balances** – Make sure the information reported for expenditures of 2020–21 award amounts are accurate and consistent with the amounts drawn in G5. For example, if a school's FWS authorized amount was \$50,000 and the school reported an expended amount of \$40,000 on the FISAP (Part V, Section E, Field 18), the school's award will be closed out at the expended amount of \$40,000 (i.e. the \$10,000 difference will be deobligated from G5). If the amount the school has drawn from G5 is different from the expended amount reported on the FISAP, we will assume that the correct expenditures are the amounts reported on the FISAP and certified by the Chief Executive Officer in Part I, Section B. In some cases this results in a negative balance which is required to be returned by the school to the Department. Using the above example, if the school drew down its entire \$50,000 FWS authorization from G5, it would need to return \$10,000.
- **Edit Corrections through Dec. 15, 2021** – Once a FISAP is submitted, the school can submit corrections until 11:59 p.m. ET on Dec. 15, 2021. Data can be entered and saved as a school makes corrections. If corrections are made, remember to **submit** them. Edits to the FISAP will exist as a draft only until they are submitted. Transmissions must be completed prior to midnight. **Note:** After the Dec.



15, 2021, deadline for submitting corrections, approval of FISAP change requests is reserved for exceptional issues only.

**Online Help is Available 24/7** – If additional help is needed, the [COD website](#) has several documents that can be accessed online as well as a series of frequently asked questions and answers (Q&As).

[2022–23 FISAP Desk Reference](#)

[2022–23 FISAP Instructions](#)

[Q&As](#)

\*\*Please note if you are a DJA Client we take care of this for you and are already diligently working on all FISAP's. If you have a specific question on your FISAP, please reach out to Deborah John at [djohn@gotodja.com](mailto:djohn@gotodja.com).

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## ***AUTOMATIC TOTAL AND PERMANENT DISABILITY DISCHARGE THROUGH THE SOCIAL SECURITY ADMINISTRATION DATA MATCH***

Starting in September 2021, the Department will begin automatically discharging the *Title IV* loans and Teacher Education Assistance for College and Higher Education (TEACH) Grant service obligations of borrowers and TEACH Grant recipients who are identified as eligible for Total and Permanent Disability (TPD) discharges based on information obtained through the quarterly data match that we conduct with the Social Security Administration (SSA).

In a recent Electronic Announcement the Department outlines how the automatic discharge will take place. We have copied below for your convenience:

### **Background**

Under the William D. Ford Federal Direct Loan (Direct Loan), Federal Family Education Loan (FFEL), Federal Perkins Loan (Perkins Loan), and TEACH Grant program regulations, borrowers and TEACH Grant recipients may qualify for a TPD discharge of their federal student loans and/or TEACH Grant service obligations based on:

- A certification from a physician that they are totally and permanently disabled;
- An SSA notice of award for Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) benefits indicating that the borrower's next scheduled disability review will be within five to seven years (i.e., a “medical improvement not expected” status); or
- A determination by the U.S. Department of Veterans Affairs (VA) that they are unemployable due to a service-connected disability (see DCL [GEN-09-07](#) for more information about the specific types of qualifying VA determinations).



Since 2016, we have had a data matching agreement with the SSA to identify borrowers and TEACH Grant recipients who qualify for TPD discharges, and since 2018, we have had a similar matching agreement with VA (see the Electronic Announcements posted on [April 12, 2016](#) and [April 17, 2018](#), for more information). When these matching agreements were first implemented, eligible borrowers and TEACH Grant recipients were notified that to receive a TPD discharge, they needed to sign and submit a TPD discharge application to Nelnet, the U.S. Department of Education's (the Department's) TPD servicer, without having to provide any additional documentation.

In 2019, the TPD discharge regulations were modified to allow us to automatically discharge the loans and TEACH Grant service obligations of individuals identified as eligible for TPD discharges through the VA match, without requiring them to submit a discharge application. Under this automatic discharge process, eligible borrowers and TEACH Grant recipients receive letters notifying them that they qualify for TPD discharge and that their loans and/or TEACH Grant service obligations will be automatically discharged unless they notify us within 60 days of the date of the letter that they do not want the discharge. However, the 2019 regulatory change did not apply to borrowers and grant recipients identified through the SSA match.

### **Automatic TPD Discharge Based on SSA Data Match**

A regulatory change announced today will now allow us to automatically discharge the loans and TEACH Grant service obligations of individuals identified as eligible for discharge through the SSA data match without requiring the submission of an application. We will begin the new automatic discharge process starting with our next scheduled quarterly match with the SSA in September 2021.

Going forward, borrowers and TEACH Grant recipients identified as eligible for TPD discharge through the SSA data match will receive notices informing them of their eligibility and, consistent with the existing automatic discharge process based on the VA match, explaining that we will automatically discharge their loans and/or TEACH Grant service obligations unless they opt out of receiving the discharge within 60 days of the date of the eligibility notification.

We will also apply the change to approximately 323,000 borrowers owing more than \$5.8 billion who were notified of their eligibility for TPD discharge through prior SSA matches, but who did not submit discharge applications as was previously required under the regulations. Note: This figure excludes TEACH Grant recipients whose grants have not converted to loans.

### **TPD Post-Discharge Monitoring Period**

As a reminder, under current regulations, borrowers and TEACH Grant recipients who qualify for TPD discharge based on SSA disability determinations are subject to a three-year post-discharge monitoring period during which they must annually provide documentation of earnings from employment. If a borrower or grant recipient fails to provide this documentation, their discharged loans or service obligations are reinstated. Due to COVID-19, the requirement to provide documentation of earned income during the post-discharge monitoring process has been suspended through the end of the pandemic. As announced by the Department in its [press release](#), the Department will indefinitely stop sending automatic requests for earnings information for these borrowers even after the national emergency ends. This continues a practice that the Department announced in



March 2021 would be in place for the duration of the national emergency. The Department will then propose eliminating the monitoring period entirely in the upcoming negotiated rulemaking that will begin in October.

### **Federal Tax Consequences of TPD Discharges**

As an additional reminder, the *Tax Cuts and Jobs Act* (Pub. L. No. 115-97) eliminated the federal tax consequences of TPD discharges that are granted during the period from January 1, 2018 through December 31, 2025. The *American Rescue Plan Act* (Pub. L. No. 117-02) extended this federal tax treatment to *all types* of federal student loan discharges from January 1, 2021 through December 31, 2025. However, loan amounts discharged due to TPD may be considered taxable income under some state laws. Borrowers should consult a tax professional about any potential state tax consequences of receiving a TPD discharge so they can make an informed decision about whether to opt out of the discharge.

### **Other Operational Impacts**

At this time, we are not making any changes to the loan holder notification file process, as described in this [April 17, 2018](#) Electronic Announcement or the TPD assignment process described in the Electronic Announcements posted on [March 8, 2016](#) and [October 31, 2016](#).

<https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2021-08-19/automatic-total-and-permanent-disability-discharge-through-social-security-administration-data-match-ea-id-general-21-49>

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## **2022-2023 AWARD YEAR: FAFSA INFORMATION TO BE VERIFIED AND ACCEPTABLE DOCUMENTATION**

On September 1, 2021 the Department published a *Federal Register* announcing the 2022–2023 *Free Application for Federal Student Aid* (FAFSA) verification items for applicants selected by the Department, as well as the acceptable documentation for those items. As specified in the *Federal Register* notice, the 2022–2023 Verification Tracking Groups are the same as those for the 2021–2022 award year, however for applicants placed in Verification Tracking Groups V4 and V5, verification of the applicant’s high school completion status will not be required as high school completion was removed from the list of items to be verified for the 2022–2023 award year. In addition, the [Electronic Announcement \(EA\)](#) published on January 15, 2021, provides COVID-19 flexibilities and waivers relating to verification. Additional flexibilities continue to be considered for the 2022–2023 award year verification process to help institutions and applicants deal with the ongoing challenges resulting from the novel coronavirus disease (COVID–19) pandemic. Any additional flexibilities will be announced in a future publication.

### **High School Completion Status**

As outlined in the September 1, 2021, *Federal Register* notice, the Department removed high school completion status as a verification item under the V4 and V5 tracking groups starting with the 2022–2023 FAFSA processing year. As a result, institutions will no longer be required to obtain high school completion



documentation to complete V4 or V5 verification. Further communication will be provided to the community with regards to any additional operational and system updates including any modifications to the V4/V5 verification results reporting process in FAA Access to CPS Online.

Institutions are reminded that removing the high school completion status requirement from the verification process has not in any way removed or altered an institution's obligation under 34 CFR 668.16(p) to evaluate the validity of a student's high school diploma if your institution has reason to believe that the high school diploma is not valid or was not obtained from an entity that provides secondary school education (For more information please refer to the FSA Handbook, Volume 1, Chapter 1).

### **Departmental Verification Selection**

Traditionally, the Department used a Classification and Regression Trees model to select up to 30% of all FAFSA applicants for verification by considering which characteristics were most associated with risk of error or fraud. However, in October 2018 the Department started using a Machine Learning Model (MLM) to determine an efficient verification rate that reduced the burden on applicants, their families, and institutions while maintaining the value of improper payments of Title IV Federal student aid captured. So, beginning October 1, 2018, the Department verified 22% of FAFSA filers, an 8% decrease from the previous year.

The Department conducted a cost-benefit analysis in 2020, and the results demonstrated that if the Department verified above 18% of FAFSA filers, the costs of doing so would exceed the benefits. Therefore, in October 2020 the verification rate was further reduced to 18%, a reduction of 4% from the previous rate. The MLM will be retrained yearly and serve as a tool to continue reducing the burden of verification while responsibly controlling for improper payments of Title IV Federal student aid.

The Central Processing System (CPS) will set a Verification Tracking Flag on the *Institutional Student Information Record* (ISIR) indicating when an applicant is selected by the Department for verification. The ISIR will also indicate the Verification Tracking Group for the applicant. The Verification Tracking Group provides which FAFSA data elements institutions are required to verify to determine eligibility for Title IV Federal student aid.

### **Suggested Verification Text**

In APPENDIX A, suggested text for each of the 2022–2023 verification items is provided in the September 1, 2021, *Federal Register* notice. While use by an institution of the suggested text fulfills the regulatory verification requirements, institutions are not required to use the Department's suggested text and formats, except as noted below. Instead, institutions may develop and use their own text, forms, documents, statements, and certifications that are specific to the items required to be verified for a particular student or group of students. The one exception is that institutions must use the exact language in the "Statement of Educational Purpose" in APPENDIX A for students who are placed in Verification Tracking Groups V4 or V5.

It is suggested that each page of an institutionally developed verification document include appropriate headings and numbering that identify the item(s) being verified. Institutions should ensure that the verification document collects the student's name, ID number, and other identifying information, and that each page is identified as

belonging to that student. Also, institutions may have difficulty matching the tax account information with the student because the last names may be different or because portions of the tax filer's identifiers are redacted. Therefore, we recommend that institutions advise students to write their own name on the tax information prior to submitting it to the institution. The verification document should include any special instructions necessary so that students will know when and how documents are to be submitted to the institution. Institutions are reminded that documentation obtained as part of the verification process must be maintained at the institution for at least the required Title IV record retention period as outlined in Volume 2 of the Federal Student Aid Handbook.

Dear Colleague: <https://fsapartners.ed.gov/knowledge-center/library/dear-colleague-letters/2021-09-01/2022-2023-award-year-fafsar-information-be-verified-and-acceptable-documentation>

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## COMPLIANCE CORNER

### REMINDER: IDENTITY VERIFICATION

Recently the Department released an Electronic Announcement prompted by recent news articles regarding fraud and identity verification. The announcement is posted below:

You may have seen recent news articles—[latimes.com/california/story/2021-09-01/california-college-financial-aid-scam-fake-students](https://www.latimes.com/california/story/2021-09-01/california-college-financial-aid-scam-fake-students) and [nytimes.com/2021/09/01/education/california-college-financial-aid-fraud.html](https://www.nytimes.com/2021/09/01/education/california-college-financial-aid-fraud.html)—reporting that some institutions in California have detected atypical enrollment patterns that suggest attempts to obtain financial aid fraudulently. The Department is working with law enforcement partners and institutions to stop the suspected student aid fraud and protect individuals and the federal student aid programs.

While that work continues, we want to remind institutions about your responsibilities to identify and prevent fraud, and we provide some recommended actions.

Identifying and preventing identity theft is and remains a key goal of the student aid verification process. For specific guidance, refer to the [Application and Verification Guide](#) in the *2021–22 Federal Student Aid Handbook*.

- In a [July 13, 2021 announcement](#), the Department issued a waiver of certain verification requirements in order to provide relief to students and colleges facing challenges resulting from the COVID-19 emergency while retaining a strict focus on identity and fraud. **In accordance with that policy, requirements remain for institutions to verify identity.**
- Further, institutions maintain and should exercise the discretion to select students for other types of verification according to consistently applied institutional policies.

In reference to recent news articles, here are recommended actions for all institutions:



1. Be on the lookout for unusual FAFSA and/or enrollment patterns that may indicate fraud. Where possible, the Department will release additional information to support institutions' efforts to identify fraud.
2. Conduct required identity verification and any additional identity verification deemed necessary.
3. Immediately report suspected fraud to the OIG Hotline at [ED Office of Inspector General Hotline](#) or 1-800-MIS-USED (1-800-647-8733).

The Department will provide additional information as it becomes available.

Questions about the information in this Electronic Announcement can be sent through the [Customer Support form in the FSA Partner Connect Help Center](#). To submit a question, complete the form, and select "General" as the topic. <https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2021-09-02/reminder-identity-verification-ea-id-general-21-54>

## REMINDER: CONSTITUTION DAY - THURSDAY, SEPTEMBER 17, 2021

As we mentioned in last month's newsletter, Constitution Day is this month on September 17<sup>th</sup>. This day commemorates the September 17, 1787 signing of the United States Constitution. Educational institutions that receive federal funds are required to hold an educational program pertaining to the U.S. Constitution on September 17 of each year.

## DJA CALENDAR

**Monthly DJA Webinar:** *Cash Management — Wednesday, September 8th at 11 a.m. CDT*

**NOTE:** There may be a difference between DJA local time and your time zone. To determine your time zone equivalent, click on this link to view a time zone map: <http://www.worldtimezone.com/time-usa12.php>

Webinars are free to clients. There is a \$45 fee for all others who may be interested in joining us for these presentations. Invitations are automatically sent to all clients, however if you do not receive an invitation, email Renee Ford at [rford@gotodja.com](mailto:rford@gotodja.com). After registering, you will receive the log-in information. Questions can be directed to Renee by email or by calling toll free at 1-800-242-0977.

## 2020 DJA MONTHLY WEBINAR SCHEDULE

SEPT 8	Cash Management
OCT 6	Enrollment Reporting Using NSLDS
NOV 3	Program Integrity (Audits, Program Review)



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**2021 FEDERAL STUDENT AID (FSA) TRAINING CONFERENCE GOING VIRTUAL**  
**November 30- December 2, 2021**

This year's FSA Training Conference will feature keynote addresses from Secretary Miguel Cardona and FSA's Chief Operating Officer, Richard Cordray plus 35 engaging sessions on the latest policy and operations from our subject matter experts.

Sessions will feature live Q&A and all sessions will be available on-demand. A resource center will be offered where you can get one on one assistance.

A complete [agenda](#) and [session descriptions](#) are now available.

Registration will open in October!

The event platform will open on Nov. 22, in advance of the FSATC, for you to learn how to access and navigate the platform prior to the conference.

Interested in getting training before you attend the FSATC? Visit the [FSA Training Center](#) for your FSA training needs! This free training site includes online courses and recorded presentations to help you administer the programs at your institution.

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*Disclaimer: The information presented in this Newsletter is provided as a service and represents our best efforts to assist institutions with federal student aid regulations. We have collected information we believe to be important in finding and obtaining the resources for administering federal student aid; however, we assume no liability for the use of this information. The information in this newsletter does not constitute, and should not be construed as, legal advice.*

