



## APRIL 2022 NEWSLETTER

### **IMPORTANT DATES:**

#### **April 13<sup>th</sup>**

DJA Webinar  
Satisfactory Academic Progress

#### **April 25<sup>th</sup>**

DJA Annual Client Training  
Virtual Zoom 9am-1pm CST

#### **April 28<sup>th</sup>**

DJA Annual Client Training  
Virtual Zoom 9am-1pm CST

### **IN THIS ISSUE:**

- In the News: Pell Grant Increases \$400 for 22/23
- Income Share Agreements and Private Education Loan Requirements
- Updated Program Participation Signature Requirements
- 2022-23 Campus Based Final Funding Released
- Student Aid. Gov Enhancements and Modifications Started March 2022
- Compliance Corner
- DJA Calendar

*Big announcement this past month is the passing of the Consolidated Appropriates Act, 2022 and the increase of the Pell Grant by \$400. Find more information in this publication of our newsletter, as well as other industry updates and happenings.*

*The Annual DJA Financial Aid Training is this month! This year the event will be held virtually due to the ongoing pandemic and the increased attendance last year. For registration information, details and the final agenda, please see the DJA Calendar section of this newsletter.*

*In addition to this yearly training event, DJA offers free monthly webinars and training on relevant topics periodically throughout the year. We also provide our clients with prompt and detailed updates on USDE regulations via regular client memos. Training is critical to reduction of chronic staff turnover and lowering institutional costs.*

*DJA completes a thorough financial aid file review on every student receiving funding through your institution, ensuring accurate calculations, detailed records and clean audits. Clean audits are just one of the many benefits our clients enjoy as a result of our services. We believe you will find DJA's financial aid servicing to be an ideal solution for your institution's financial aid administration requirements.*

*To learn more about how DJA's services benefit Title IV schools, simply contact Kristi Cole, Director of Client Services, or myself at (800) 242-0977. I would love to hear from you!*

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

*Deborah John, President*



## ***IN THE NEWS: PELL GRANT INCREASES \$400 FOR THE 2022/23 AWARD YEAR***

On March 15, 2022, the President signed the Consolidated Appropriations Act, 2022 (P.L. 117-103). Under this new appropriations legislation, the maximum Pell Grant award will increase from \$6,495 to \$6,895 for the 2022-2023 award year, and the corresponding maximum Pell Grant eligible expected family contribution (EFC) will increase from 5,846 to 6,206. Under section 401(b)(4) of the HEA, the minimum Pell Grant award is ten percent of the maximum award amount for the award year. Please note that because midpoints are used in both the EFC columns and the cost of attendance (COA) rows in constructing the Pell Grant Payment and Disbursement schedules, the actual minimum scheduled award amount for the 2022-2023 award year will be \$692.

On March 24, 2022, Dear Colleague Letter [GEN-22-04](#) was released with REVISED 2022-2023 Federal Pell Grant Payment and Disbursement Schedules. Schools are reminded that a student may be eligible to receive Pell Grant funds for up to 150 percent of the student's Pell Grant scheduled award for an award year. To be eligible for the additional Pell Grant funds, the student must be otherwise eligible to receive Pell Grant funds for the payment period and must be enrolled at least as a half-time student, as defined in [34 CFR § 668.2\(b\)](#), in the payment period(s) for which the student receives the additional Pell Grant funds in excess of 100 percent of the student's Pell Grant scheduled award. For additional information, see Dear Colleague Letter [GEN-17-06](#).

Moreover, in using the newly released schedules for awarding a Federal Pell Grant to a student, the full nine-month EFC must always be used regardless of the student's actual period of attendance. The Title IV COA to be used is always based on the costs for a full-time student for a full academic year, regardless of the actual enrollment status or actual time the student will be enrolled during the award year. It is also important to note that the statutory restrictions of using only certain cost components in constructing a COA in some circumstances still apply. For example, for a less-than-half-time student, the COA includes only cost components for tuition and fees, books, supplies, transportation, room and board for a limited period, and dependent care expenses.

For more information on these COA restrictions, please refer to Volume 3, Chapter 2, of the [Federal Student Aid Handbook](#).

Also, note that a student's eligibility to receive a Federal Pell Grant award may be limited by section 401(c)(5) of the HEA, which sets a lifetime Pell Grant eligibility limit of 12 semesters (or its equivalent). Institutions should review information on Pell Grant eligibility determinations and the Lifetime Eligibility Used (LEU) limit posted on our Information for Financial Aid Professionals (IFAP) website. For more information on the LEU limitation, see Dear Colleague Letter [GEN-13-14](#) and Volume 3, Chapter 3 of the [Federal Student Aid Handbook](#).

FSA will release future electronic announcements providing information about system, web, and software modifications that will reflect the revised 2022-2023 Pell Grant Payment and Disbursement Schedules. These include changes to the Central Processing System (CPS), the Institutional Student Information Record (ISIR) Analysis Tool, the Common Origination and Disbursement (COD) System, and the EDEXpress for Windows software.



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## **INCOME SHARE AGREEMENTS AND PRIVATE EDUCATION LOAN REQUIREMENTS**

FSA published an Electronic Announcement last month reporting on a recent [Consent Order](#) issued by the Consumer Financial Protection Bureau (CFPB) against a student loan originator. The order outlined the following infractions: misleading borrowers about income share agreements (ISAs); failing to provide required disclosures; and violating the prohibition against prepayment penalties for private education loans. The CFPB concluded in its Consent Order that a student loan originator's ISAs are private education loans under the Truth in Lending Act (TILA) and its implementing Regulation Z. Additionally, in January 2022, the CFPB updated its [examination procedures](#) for private student lending to explicitly reference ISAs.

Accordingly, the FSA electronic announcement clarified that such ISAs used to finance expenses for postsecondary education are private education loans under 34 C.F.R. 601.2(b). The Department also seeks to remind institutions of higher education (institutions) of their obligations when recommending, promoting, or endorsing private education loans under 34 C.F.R. Part 601.

### **BACKGROUND**

Title 1, Part E of the Higher Education Act of 1965, as amended (HEA), requires lenders that make private education loans and institutions involved in certain arrangements regarding those loans to make specific disclosures to borrowers of those loans, report related information to the Department, and comply with critical protections and prohibitions against conflicts of interest. The Department's regulations governing these requirements on institutions and lenders relating to private education loans are in 34 C.F.R. Part 601.

These additional disclosures and requirements are intended to ensure:

- an informed student loan borrower;
- the borrower's choice of lender;
- transparency and high ethical standards in the student lending process, including the maintenance of a code of conduct for employees of institutions;
- institutions' selection of preferred lenders based on the best interest of borrowers; and,
- a prohibition on institutions' revenue-sharing arrangements with lenders.

### **INCOME SHARE AGREEMENTS**

Traditionally, private education loans have been loans made by lenders to help students pay the costs of higher education. These loans typically have a fixed or variable interest rate and borrowers repay the loans in regular installments over a period of time. ISAs have these features too, though they are often marketed as an alternative to conventional student loans to help students pay postsecondary education expenses. Borrowers may use private education loans to assist with costs not covered by Federal student financial aid or to attend non-accredited institutions that do not want to participate or are ineligible to participate in the Direct Loan



Program. Certain banks, other financial institutions, and institutions may also offer other financial products to help students finance their postsecondary education.

The CFPB is responsible for enforcing TILA and its regulations. Since the Department's authorizing statute and regulations expressly incorporate the TILA definitions, it follows that any product, including an ISA, that meets the TILA and Regulation Z definitions of a private education loan also meets the definition of that term under the HEA and the Department's regulations.

The CFPB's findings and conclusions under the consent order provide guidance to institutions about the applicability of the regulations under 34 C.F.R. Part 601 when recommending, promoting, or endorsing ISAs. For example, the CFPB found that ISAs marketed by a certain student loan originator are:

- “private education loans” under Regulation Z because they are, among other things, “extended to a consumer expressly, in whole or in part, for postsecondary educational expenses.” 12 C.F.R. § 1026.46(b)(5).
- “private education loans” under TILA because they are “an extension of credit that... [i]s extended to a consumer expressly, in whole or in part, for postsecondary educational expenses, regardless of whether the loan is provided by the educational institution that the student attends” and are “not made, insured, or guaranteed under title IV of the Higher Education Act of 1965 (20 U.S.C. § 1070 et seq.)” 12 C.F.R. § 1026.46(b)(5).

## REGULATORY AUTHORITY

With some exceptions, 34 C.F.R. 601.2(b) defines private education loan as:

*Private education loan:* As the term is defined in 12 C.F.R. 226.46(b)(5), a loan provided by a private educational lender that is not a title IV loan and that is issued expressly for postsecondary education expenses to a borrower, regardless of whether the loan is provided through the educational institution that the student attends or directly to the borrower from the private educational lender.

***Responsibility of All Entities in the Making of Private Education Loans.*** Institutions and institution-affiliated organizations are reminded that they must comply with the private education loan requirements in 34 C.F.R. Part 601, including critical disclosure, consumer protection, and reporting requirements. These regulations are applicable to all institutions that participate in the Title IV programs, including for students enrolled in programs that don't qualify for Title IV aid.

<https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2022-03-02/income-share-agreements-and-private-education-loan-requirements>



## **UPDATED PROGRAM PARTICIPATION AGREEMENT SIGNATURE REQUIREMENTS FOR ENTITIES EXERCISING SUBSTANTIAL CONTROL OVER NON-PUBLIC INSTITUTIONS OF HIGHER EDUCATION**

In late March, FSA released an Electronic Announcement outlining the general circumstances in which entity owners of eligible institutions of higher education (institutions) will be required to sign Program Participation Agreements. The announcement defined the current signature requirements and shared the updated requirements.

### **Current PPA Signature Requirements**

A Program Participation Agreement (PPA) conditions the initial and continued participation of an eligible institution in any *Title IV*, HEA program upon compliance with the provisions of [34 CFR 668.14](#), *Title IV*, HEA program regulations, and any additional conditions specified in the PPA that the Secretary requires the institution to meet.

Currently, a PPA must be signed by the official at the institution who has the authority to sign on behalf of the institution. That individual is typically the institution's chief executive officer, president, chancellor, or other designated official. In appropriate cases, FSA also requires authorized representatives of owner entities or individuals to sign the PPA. These requirements remain in effect.

### **Updated PPA Signature Requirements**

To better ensure that taxpayers are protected in the event of school closure, approved borrower defense claims, or when other liabilities are owed to the U.S. Department of Education (Department) and to provide more accountability, consistent with 34 CFR 668.14, the Department may require additional signatures on an institution's PPA when an institution seeks initial certification or recertification, or when it undergoes a change of ownership under 34 CFR § 600.31(a).

By entering into a PPA, an institution agrees that it will comply with the provisions of § 668.15 relating to factors of financial responsibility and that it will comply with the provisions of § 668.16 relating to standards of administrative capability. Thus, to ensure financial responsibility, the Department may in certain cases require signatures from corporations or other legal entities that have, or could have, a direct or indirect effect on the institution's financial responsibility. The Department uses a rebuttable presumption that the following entities have or could have a direct or indirect effect on the institution's administrative capability or financial responsibility if they:

- Are the sole member of, or hold a 100 percent direct or indirect equity or voting interest in the institution;
- Hold less than a 100 percent interest but otherwise exercise (either directly or indirectly) substantial control over the institution; or
- Provide the audited financial statements or other financial submissions on behalf of the institution.



Substantial control is generally presumed to be any direct or indirect equity, membership, or voting interest of 50 percent or more in the institution, including in combination with other interest holders, whether by affiliation, contract, proxy, or other arrangement.

These entity signatures, to the extent required, will be a condition of a non-public institution's initial or continuing *Title IV* participation. No additional signatures are required for public institutions that are backed by the full faith and credit of the state.

Examples of situations for which there is a rebuttable presumption that the Department will require an additional signature(s) include, but are not limited to, the following:

- If the institution has had a financial responsibility composite score below 1.5 since its last certification (initial or recertification);
- If the institution is on provisional certification status by the Department;
- If the institution is on HCM2;
- If the institution goes through a change of ownership;
- If the Department has approved a significant number of borrower defense or false certification claims for the institution, or if there are a substantial number of these types of claims under review that, if approved, would result in the potential for significant liability;
- If the Department has recently identified systemic or significant audit or program review findings, or has unpaid liabilities resulting from an audit or program review; or
- If the institution or any of its principals or interest holders has consented to or has a judgment of fraud or misrepresentation entered against it by a federal or state court, foreign tribunal, or arbitration body.

At the institution's next recertification, the Department will determine whether the entities can be relieved from the signature requirement. By co-signing the PPA, the entities (but not the individuals who sign as authorized representatives of the entities) agree to assume liability for financial losses to the federal government related to the institution's administration of the *Title IV* programs.

### **Alternatives to PPA Signatures**

As part of this analysis, the Secretary may determine, on an individualized basis, that an entity is not required to sign the PPA for reasons including if the Secretary determines that alternative protections, such as a letter of credit or other acceptable financial protections, minimize the risk of financial losses.

### **Effective Date**

The signature policy described in this announcement may be applied to:

- PPAs issued on or after July 1, 2022, resulting from recertification applications;
- PPAs issued prior to the date of this Electronic Announcement and for which a signature requirement has previously been communicated to the institution; and
- All other applicable PPAs, such as those issued for changes in ownership, initial certifications, and reinstatements, issued on or after the date of this Electronic Announcement.

<https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2022-03-23/updated-program-participation-agreement-signature-requirements-entities-exercising-substantial-control-over-non-public-institutions-higher-education>

## 2022-23 FINAL FUNDING AUTHORIZATIONS FOR THE CAMPUS-BASED PROGRAMS

In a [Jan. 25, 2022 Electronic Announcement](#), schools were informed of tentative 2022–23 funding levels for the Campus-Based programs. In a [March 25, 2022 Electronic Announcement](#), schools learned the final 2022–23 Campus-Based programs funding worksheets and the 2022–23 Statement of Account for each of the Campus-Based programs were posted to the Common Origination and Disbursement (COD) website.

A school's 2022–23 final funding authorization for each of the Campus-Based programs is based on the applicable statutory formula and on the amount of funds appropriated by Congress for that program. A school will not receive a 2022–23 final funding authorization amount for a Campus-Based program that is in excess of its request for funds made for that program on the Fiscal Operations Report for 2020–21 and Application to Participate for 2022–23 (FISAP) that the school previously submitted to the U.S. Department of Education (the Department).

The recently passed "Consolidated Appropriations Act, 2022" appropriated \$1,210,000,000 for the Federal Work-Study (FWS) Program and \$895,000,000 for the Federal Supplemental Educational Opportunity Grant (FSEOG) Program for the 2022–23 award year.

The total 2022–23 federal funds available for allocation to schools under the FWS and FSEOG programs are as follows:

<b>Program</b>	<b>Total Federal Funds Appropriated for Allocation to Schools</b>
FWS	\$1,210,000,000
FSEOG	\$895,000,000

**Note:** The *Higher Education Act of 1965*, as amended (*HEA*), authorizes the Secretary to award up to 10% of the FWS appropriation that exceeds \$700 million in a manner other than the applicable statutory formula. To preserve this authority for the 2022–23 Award Year, the total amount of FWS funds available for allocation to schools has been reduced by \$35,989,800. The Department will award this additional FWS funding to schools that are participating in the FWS experiment under the Experimental Sites Initiative that was announced in the [Federal Register notice published on May 23, 2019](#).



## How the Campus-Based Awards for a School are Determined

A school's final funding level for each of the Campus-Based programs is determined in accordance with provisions of the *HEA*, and by the implementing regulations at 34 CFR Part 673. The final funding worksheets posted on the [COD website](#) will show the information that was used in the calculation of each school's 2022–23 Campus-Based allocations.

## Returning more than 10% of the 2020-21 Allocation for one of the Campus-Based Programs Affects a School's 2022–23 Allocation

As required by the HEA, unless a waiver has been granted, if a school returns more than 10% of its FWS or FSEOG program allocation for an award year, the school's allocation for that program in the second succeeding award year will be reduced by the amount returned. Thus, underutilization of 2020–21 funds could impact a school's allocation of 2022–23 funds.

The Department accepted requests for a waiver of any 2022–23 award year penalty for the underuse of 2020–21 award year funds with the initial submission of the FISAP or with any FISAP edit submissions received through the Feb. 7, 2022, waiver request deadline. The waiver requests received were reviewed, financial aid administrators at the requesting schools were notified of the final decisions and the decision letters were subsequently posted to the [COD website](#). Any school that underutilized its 2020–21 allocation by more than 10% and did not receive approval of a waiver request will see an adjustment in the applicable final funding worksheet on the line labeled "Allocation Reduction".

## Notification of 2022-23 Campus-Based Allocations

In addition to the recent electronic announcement, individual schools were notified by email that the 2022–23 Campus-Based allocation information was posted to the [COD website](#). Emails were sent to the school's Financial Aid Administrator, as provided in the school's most recently submitted FISAP or the FAA listed on the "Contact Info" page in the Campus-Based section of the [COD website](#). The email advised the school that it can access its 2022–23 Campus-Based allocation information for each Campus-Based program in which the school participates in the school's 2022–23 Statement of Account or Final Funding Worksheets posted on the COD website. To access both documents:

- Log in to the [COD website](#)
- From the School tab, select "Campus-Based" from the left navigation menu
- Select the "Self-Service" link from the left navigation menu, then "Notifications"
- Select the 2022–23 Application Year from the drop-down menu to view the Statement of Account and Final Award Worksheet

An explanation of the funding worksheet for each program and information about Standard Expected Family Contribution procedures can be found in the attachments to the [Jan. 25, 2022 Electronic Announcement](#). The final funding explanation is the same as the tentative funding explanation.



## **Reallocation of Additional Campus-Based Funds for the 2022–23 Award Year**

All Campus-Based funds available for the 2022–23 award year, minus the funds reserved for the experiment referenced above, have been allocated in this final Campus-Based allocation process. However, some schools may qualify for supplemental 2022–23 Campus-Based funds based upon a reallocation of funds not spent by institutions from 2021–22 allocations. Specific information on the reallocation process and the electronic application for requesting additional funds will be provided in subsequent communications.

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## ***STUDENT AID.GOV ENHANCEMENTS AND MODIFICATIONS STARTED MARCH 2022***

On March 27, 2022, additional updates were made to [StudentAid.gov](https://studentaid.gov) features designed to improve the information and self-service tools available to the customers. These updates continue Federal Student Aid's (FSA's) commitment to improve customer experiences and outcomes through ongoing modernization of the technology, tools, and resources.

This announcement summarizes updated features that are now available.

### **Updated Features on StudentAid.gov**

Several features were updated with this release.

- Aidan<sup>®</sup> Virtual Assistant – Aidan can answer common questions about federal student aid and guide customers to the correct information and resources. With this release, FSA enhanced information and responses to questions about FSA ID and income-driven repayment plans.
- Loan Simulator– Loan Simulator was updated with additional content and functionality including a new Public Service Loan Forgiveness tooltip.
- Processing Flow Updates – We made updates to the Direct PLUS Loan Application flow and Loan Consolidation flow.

### **Additional Features and Enhancements Continuing in 2022**

Throughout 2022, FSA will continue to add tools and enhance current features to improve customers' understanding of and interactions with the Title IV programs. Details about new tools and features will be provided in forthcoming Electronic Announcements posted on the FSA Partner Connect Knowledge Center.



## COMPLIANCE CORNER

### STUDENT'S RIGHTS IN THE THIRD STEP VERIFICATION PROCESS FOR CITIZENSHIP STATUS

If the student's immigration documentation appears to demonstrate that he is an eligible noncitizen, you must complete a third step verification request. You must allow the student at least 30 days from the time you receive the output document to provide documentation of his immigration status. During this period and until the results of the third step verification are received, you can't deny, reduce, or terminate aid to him. Unless you can determine that the documentation doesn't support an eligible noncitizen status, you must submit the student's immigration documents within ten business days of receipt. If the documentation supports the student's status as an eligible noncitizen, and if at least 15 business days passed since the date on which the documentation was submitted to the USCIS, you can disburse aid to an otherwise eligible student pending the USCIS response.

Your school isn't liable if you erroneously conclude that a student is an eligible noncitizen, provided that you had no conflicting data on file and you relied on:

- A SAR or ISIR indicating that the student meets the requirements for federal student aid;
- A USCIS determination of an eligible immigration status in response to a request for third step verification; or
- Immigration status documents submitted by the student, if the USCIS did not respond in a timely fashion.

The student (or parent borrower of a PLUS loan) is liable for any FSA funds received if he is ineligible. If you made your decision without having one of the documents above, your school is held responsible for repaying FSA funds to the Department. Your school should establish procedures to ensure due process for the student if FSA funds are disbursed but the aid office later determines (using third step verification) that the student isn't an eligible noncitizen. The student must be notified of his ineligibility and given an opportunity to contest the decision by submitting to your school any additional documents that support his claim to be an eligible noncitizen. If the documents appear to support the student's claim, you should submit them to USCIS using third step verification. You must notify the student of your office's final decision based on the third step verification results.

For every student required to undergo third step verification, you must furnish written instructions providing:

- An explanation of the documentation the student must submit as evidence of eligible noncitizen status;
- Your school's deadline for submitting documentation (which must be at least 30 days from the date your office receives the results of the primary confirmation);



- Notification that if the student misses the deadline, he may not receive FSA funds for the award period or period of enrollment; and
- A statement that you won't decide the student's eligibility until he has a chance to submit immigration status documents.

For more information on the DHS SAVE System Third Step Verification Process read Volume 1 of the Handbook, pages 56-61 <https://fsapartners.ed.gov/sites/default/files/2021-07/2122FSAHbkVol1Ch2.pdf>

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## DJA CALENDAR

### DJA MONTHLY WEBINARS

*Satisfactory Academic Progress - Wednesday, April 13, 2022: 11 a.m. CST*

**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 fee of \$45 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.

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### 2022 DJA WEBINAR SCHEDULE

*Please Note the April and May webinars were pushed back a week due to interference with the FSA Wednesday Webinar Series*

APR 13	Satisfactory Academic Progress
MAY 11	Return of Title IV Funds (Including LOA)
JUN 1	General Participation Requirements
JUL 6	Campus Crime Report
AUG 3	Entrance and Exit Counseling
SEPT 7	Cash Management
OCT 5	Enrollment Reporting Using NSLDS
NOV 2	Program Integrity (Audits, Program Review)
DEC 7	1098-T Reporting

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## 2022 FSA WEDNESDAY WEBINAR SERIES

APR 6	R2T4 Modules
APR 20	Conflicting Information
MAY 4	May Federal Update

For further descriptions of each session and links to attend, please visit the complete Electronic Announcement here: <https://fsapartners.ed.gov/knowledge-center/library/dear-colleague-letters/2022-01-14/live-internet-webinars-wednesday-webinar-series-february-may-2022>

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## ANNUAL DJA FINANCIAL AID TRAINING COMING IN APRIL 2022

We had a much higher attendance during our virtual annual training than in person. This year we weighed the ongoing pandemic along with previous attendance numbers and decided to continue the path of virtual. With that being said, we will conduct our annual training over a period of 2 days. Those dates and times are as follows:

- Monday April 25<sup>th</sup>, 9am- 1pm CST
- Thursday April 28<sup>th</sup>, 9am- 1pm CST

All training will be provided on a Zoom webinar that will be recorded and posted to our DJA Client Login on the DJA website should you or team be unavailable to attend. We are currently working on the agenda for each day; however, we will be covering current Regulatory Updates and Cybersecurity Compliance.

These sessions are free to DJA clients. All other interested institutions are welcome to attend. The cost is \$95 per person for both sessions, prepaid in advance. All attendees will need to register in advance by contacting Renee Ford via email at [rford@gotodja.com](mailto:rford@gotodja.com).

*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.*

