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APRIL 2023 NEWSLETTER

IMPORTANT DATES:

April 10th

HEERF Quarterly Report for 1st Quarter 2023 Due

April 13th

DJA Webinar
Satisfactory Academic Progress

April 24th

DJA Virtual Annual Client Training 9am-1pm CST

April 27th

DJA Virtual Annual Client Training 9am-1pm CST

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- Availability of the NEW 2023 Audit Guide
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- FSA Partner Connect Website Updates
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- DJA Calendar

Big announcement this past month is the release of the Implementation Roadmap for the 24/25 FAFSA. The form is getting a complete re-design and FSA has shared it's launch will be delayed to December 2023 versus the normal October 1st release. Additionally, FSA reminds industry partners of the early implementation of the changes implemented in the FAFSA Simplification Act for the 23/24 Award Year.

The Annual DJA Financial Aid Training is this month! Our team of industry professionals will cover a variety of topics including the new regulations implementing on July 1, 2023, the Safeguard Rule updates effective early June, the newly released Audit Guide, the 23/24 updates made by the FAFSA Simplification Act and much more!

In addition to this yearly training event, DJA offers free monthly training webinars on relevant topics periodically throughout the year. We also provide our clients with prompt and detailed updates on USDE regulations via regular client memos. Regulatory compliance in the higher education industry is extensive and can be overwhelming. Our trainings reduce the administrative burden by providing clear guidance and policy templates. A well educated team is also critical to the reduction of chronic staff turnover and the lowering of institutional cost overhead.

To compliment our extensive education program, DJA also 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 when partnering with DJA. Coupled with our own financial aid administration software New Leaf, we believe you will find DJA's financial aid servicing package to be an ideal solution for your institution's financial aid administration requirements.

To learn more about how our service offerings can benefit Title IV schools, contact Kristi Cole, Director of Client Services, or myself at (800) 242-0977. I would love to hear from you!

Deborah John, President



IN THE NEWS: IMPLEMENTING THE 2024-25 FAFSA RE-DESIGN

In late March, the U.S. Department of Education's (the Department) office of Federal Student Aid (FSA) published the [Better FAFSA Better Future Roadmap \(Roadmap\)](#), an implementation timeline of resources, guidance, and training materials for students and parents, schools and institutions, and other stakeholders about the redesigned 2024-25 FAFSA. Although the FAFSA typically launches in October 1st each year, FSA stated in the recent announcement the release of the form would be delayed until December 2023 due to the significant changes being made. The reason for the overhaul of the existing form is due to requirements outlined in the *FAFSA Simplification Act* and *Fostering Undergraduate Talent by Unlocking Resources for Education (FUTURE) Act*. Both acts call for FSA and their various partners to adopt important changes to the FAFSA process that will support students and families and make their federal student aid experience smoother.

In addition to sharing the delayed date of implementation, the Roadmap publication outlines important resources for all industry partners.

For students and parents, FSA will

- carry out the Better FAFSA Better Future campaign, which spreads awareness of the changes to the FAFSA process and form;
- update StudentAid.gov, to include revised FAFSA help articles and tools such as the Federal Student Aid Estimator;
- conduct outreach and tutorials about obtaining an FSA ID; and
- expand language-specific resources and translation services to the 11 most common languages spoken in the U.S.

For schools and states, FSA will

- issue policy guidance about expanded Federal Pell Grant eligibility, FAFSA data use, cybersecurity, school reporting requirements, the transition from Expected Family Contribution to the Student Aid Index (SAI), and more;
- update technical references and specifications;
- issue an updated Federal Student Aid Handbook for the 2024–25 award year;
- publish a dedicated [FAFSA Simplification Information](#) landing page on the FSA Partner Connect Knowledge Center website; and
- conduct summer training for financial aid professionals.

For college access professionals, FSA will

- launch a [communication campaign and information hub](#) on the Financial Aid Toolkit website to help counselors understand and communicate changes to students and their families;
- issue tutorial videos, a FAFSA preview site, and a Federal Student Aid Estimator to prepare and support students;
- conduct federal financial aid virtual bootcamps; and



- execute training sessions specifically for college access professionals.

For system vendors, FSA will

- issue Institutional Student Information Record tests and record layouts in machine readable formats;
- publish an expanded SAI calculation and Pell Grant eligibility guide;
- update technical references and specifications; and
- conduct software vendor focus group sessions.

While there are many changes expected for the future 24/25 award year and FSA's Roadmap publication addresses their implementation, they also share in a recent Electronic Announcement a reminder of the early implementation changes that will occur for the 23/24 Award Year. On Nov. 4, 2022, FSA published a [Dear Colleague Letter](#) providing additional guidance for the requirements of the *FAFSA Simplification Act* that the Department is implementing for the 2023–24 award year. These include changes to cost of attendance, professional judgment, and independent student status that must be implemented by July 1, 2023. These changes will continue to apply to the 2024–25 award year. **For DJA Clients:** For access to our webinar on the FAFSA Simplification Act Changes for the 23/24 Award Year visit our DJA Client Portal at www.gotodja.com. We will also be covering this topic during our Annual Virtual Training Conference later this month. Please see the DJA Calendar for additional details.

[Implementing the 2024–25 FAFSA Process | Knowledge Center](#)

[Updated FAFSA Launch Officially Delayed Two Months To December \(forbes.com\)](#)

AVAILABILITY OF 2023 TITLE IV AUDIT GUIDE FOR PROPRIETARY SCHOOLS AND THIRD-PARTY SERVICERS

Early in March, the Department of Education, Office of Inspector General published its new Title IV Audit Guide, *Guide for Financial Statement Audits of Proprietary Schools and For Compliance Attestation Examination Engagements of Proprietary Schools and Third-Party Servicers Administering Title IV Programs* (Guide). The Guide and the related transmittal letter, are available on the [OIG Non-Federal website](#).

This Guide supersedes the previous guide dated September 2016 and the related amendments to that guide and is effective for fiscal years beginning on or after January 1, 2023. Early implementation is allowed and encouraged.

The transmittal letter summarizes the changes released in the new guide, as well as includes a crosswalk form as a reference tool for auditors to compare the changes between the 2016 Guide and the 2023 Guide.

For your convenience, we have also included the summary highlight of the changes implemented in the new publication.

Changes released:

Auditors should read through this Guide thoroughly to identify changes, but the following summary of major changes is included here for convenience:

- Changed the compliance engagement to an examination-level attestation engagement.
- Removed descriptions of general requirements contained in auditing or attestation standards, though auditors are still required to comply with all applicable requirements.
- Clarified when the Guide can be used as a “safe harbor” and the auditor’s responsibility for ensuring that the requirements subject to audit are current and the attestation procedures are sufficient.
- Established that the example 90/10 Revenue Percentage footnote is the required format and added more detail to the 90/10 footnote testing.
- Added a requirement to test the Financial Responsibility Supplemental Schedule and included the required in-relation-to reporting in the illustrative reports.
- Clarified which students make up the total population, allowed for sampling of universes of 25 or fewer students and added requirements to include students with certain attributes in the samples.
- Expanded on the minimum sampling requirements for third-party servicer engagements.
- Eliminated the requirement for auditors to observe Financial Aid Administrators accessing and/or printing National Student Loan Data System and Common Origination and Disbursement system records.
- Expanded the description of compliance requirements subject to audit.
- Moved testing related to a school’s participation under the Zone Alternative to its own compliance requirement, separate from Institutional Eligibility.
- Aligned compliance examination objectives and procedures, revised objectives and procedures for clarity, added objectives and procedures to address new compliance requirements, and removed objectives and procedures for compliance requirements that no longer apply or may not have had a direct and material effect on the program or when testing did not add value.
- Added footnotes on COVID-19 flexibilities and waivers where testing is impacted.
- Updated illustrative reports for proprietary school engagements and added illustrative reports for third-party servicer engagements.
- Updated the information to be included in the School Information Sheet (previously referred to as the Auditor Information Sheet) and the Servicer Information Sheet.



- Removed the requirement for a Servicer Information Sheet in school report packages.
- Changed the requirements of the prior findings schedule so that it is the responsibility of the auditee, rather than the auditor.
- Clarified the required elements of a third-party servicer report package

For DJA Clients: DJA will be reviewing the new audit guide in our DJA Annual Virtual Training later this month.

[Availability of 2023 Title IV Audit Guide for Proprietary Schools and Third-Party Servicers | Knowledge Center](#)

OPERATIONAL IMPLEMENTATION GUIDANCE FOR THE 23/24 AWARD YEAR

FSA released an Electronic Announcement (EA) on March 8, 2023 providing schools guidance on the implementation timeline for modifications to Department systems, websites and software to reflect the 23/24 Pell Grant payment and disbursement schedules. In Dear Colleague Letter GEN-23-02, posted to the Knowledge Center website on Jan. 26, 2023, FSA provided schools with payment and disbursement schedules for determining Pell Grant awards for the 2023–24 award year. These schedules must be used for all 2023–24 Pell Grant award calculations.

As noted in the Dear Colleague Letter, the maximum Pell Grant award for the 2023–24 award year is \$7,395, an increase of \$500 from the \$6,895 maximum Pell Grant award for the 2022–23 award year. The maximum expected family contribution (EFC) eligible for a Pell Grant for the 2023–24 award year is 6656 as compared to 6206 for the 2022–23 award year. The EA shares the need to reprocess 23/24 ISIRs with an EFC between the range of 6206 to 6656 as initially ISIRs were processed using the EFC maximum from the 22/23 Award Year. As a result of the maximum EFC increase for 23/24 AY, some applicants who were not Pell eligible when initially processed (using the 22/23 calculations), are now Pell Grant eligible for the 23/24 Award Year.

To view the EA in its entirety click here to read: <https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2023-03-07/operational-implementation-guidance-federal-student-aids-implementation-2023-24-federal-pell-grant-payment-and-disbursement-schedules>. CPS, COD and EdExpress will be updating their systems for Pell Disbursements this month. The implementation timeline for each system has been outlined on the next page:

Implementation Timeline for 23/24 System Updates

April 2:

- COD will implement functionality of the system to support processing for 23/24 awards for Pell.
- FSA will update the ISIR Request edits that enable FAA Access to CPS Online users to request Pell-eligible ISIRs with EFCs in the range of 6207 to 6656. Updates will also be made to help text in FAA Access to

CPS Online to reference the maximum Pell Grant award and/or new maximum Pell-eligible EFC for 2023/24. This will ensure that the reprocessed ISIRs are available for school download from FAA Access to CPS Online on April 26.

April 23: CPS will update Pell disbursements as well as determine Pell Grant eligibility and estimates for all newly submitted 23/24 FAFSAs as well as newly-submitted corrections to ISIRs.

April 24: CPS will identify all ISIRs impacted by the Pell increase with EFCs from 6206 to 6656.

April 25: CPS will reprocess those identified; this will send out new ISIR transaction for students that are now Pell Eligible up to 6656.

- ISIRs produced as a result of the April 25 reprocessing will include a value of “01” for the Reprocessed Reason Code (ISIR field #241).
- The FAA Information page in Student Inquiry on the FAA Access to CPS Online website will display “01 – Reprocessed due to change in the Pell Maximum EFC” for the Reprocessing Code for the transaction resulting from the April 25 reprocessing.

April 26: Reprocessed ISIRs will be available for school download from FAA Access to CPS online

Late April: EdExpress 2.0 will be released to include the 23/24 Pell Schedule with the increased award.

Please Note: for students who are newly Pell-eligible based on the CPS reprocessing, schools must wait until after the April 25th CPS reprocessing to send these Pell Grant origination records to the COD Systems

FSA ANNOUNCES THE USE OF SECRET SHOPPERS TO EVALUATE RECRUITMENT AND ENROLLMENT PRACTICES, MONITOR TITLE IV COMPLIANCE

To support FSA’s responsibility in managing the administrative and oversight functions of student aid programs authorized under *HEA* and its implementing regulations, the FSA Office of Enforcement recently announced that it will use secret shoppers as a method of review. In a recently released Electronic Announcement, FSA shares that secret shoppers will serve as one of many tools that FSA may use to evaluate an institution’s recruitment, enrollment, financial aid, and other practices. They will also help to identify deceptive or other predatory practices used to recruit and enroll students and other violations of the *Title IV* regulations.

Findings from secret shopping may serve as evidence to support an open investigation or other review or provide a basis for opening such an investigation or review. Enforcement may refer findings to other U.S. Department of Education offices, including the Office of Inspector General, for action or review as appropriate. Enforcement may also share its findings with other law enforcement partners where permitted, including other federal and state agencies and officials.



Practices that secret shoppers will look for may include—but are not limited to—misrepresentations related to the transfer of credits into or out of the school, job placement rates, completion rates, withdrawal rates, future earning potential of graduates, the career services offered by the school, the total cost of attendance, the amount of *Title IV* aid available to students, and the institutional or programmatic accreditation, along with any other violations of the *Title IV* regulations.

If an investigation or other review demonstrates that an institution is engaging in deception, substantial misrepresentation, or other predatory recruitment and enrollment practices in violation of the *Title IV* regulations, FSA will consider all appropriate corrective actions and sanctions. In such cases, borrowers subject to such misrepresentations or fraud could be entitled to discharge of their student loan(s) based on borrower defense to repayment or other applicable regulations, and the institution could be held accountable for the cost of those discharges.

[FSA Enforcement Bulletin, March 2023 – Announcing Use of Secret Shoppers to Evaluate Recruitment and Enrollment Practices and Monitor Title IV Compliance | Knowledge Center](#)

FSA PARTNER CONNECT WEBSITE UPDATES COMING APRIL 2023

On March 6, 2023, FSA announced plans to implement additional customer-focused updates to the [FSA Partner Connect website](#). The updates outlined in the announcement support previously shared goals for FSA Partner Connect—providing improved experiences for customers in accessing data pertinent to their school or organization, information contained in the Federal Student Aid (FSA) Handbook, guidance published and maintained in the Knowledge Center, and accessing FSA conference information. The website updates were initially slated for March 26, 2023, but FSA provided an update to their announcement and shared a delayed date of April 23, 2023.

Overall FSA Partner Connect Updates

- The FSA Conferences website (fsaconferences.ed.gov) will be moved to FSA Partner Connect, and the former website will be retired. The new location aligns with the overall design of FSA Partner Connect and the new look and feel will provide an improved user experience. Conference information and resources currently available on the FSA Conferences website—including session materials and recordings from past conferences—will move to the new location.

A redirect will be in place to easily get users to the new location. If school users have the current website bookmarked or have references to it in printed material, they will need to update those bookmarks or references to the new web link after it becomes available in late April.

More information about this update will be provided in a forthcoming Electronic Announcement.

Student/Parent/Borrower Profile Updates

- We will make changes to how Pell Grant Lifetime Eligibility Used (LEU) information is **displayed** within the Student, Parent, Borrower Accounts feature. There is no change to the underlying LEU data or calculation.

[FSA Partner Connect – FSA Partner Connect Website Updates Coming March 2023 \(Updated March 17, 2023\) | Knowledge Center](#)

COMPLIANCE CORNER

ESTABLISHING PERSONAL LIABILITY REQUIREMENTS FOR FINANCIAL LOSS RELATED TO TITLE IV PROGRAMS

On March 23, 2022, the U.S. Department of Education (Department) published an [Electronic Announcement](#) notifying institutions of higher education (institutions) that, in certain circumstances, it would require additional signatures on an institution's Program Participation Agreement (PPA) from individuals representing corporations or other legal entities that have, or could have, direct or indirect effects on the institution's administrative capability or financial responsibility. The Department took this action to increase the accountability of corporations and other entities with substantial control over institutions.

To further strengthen accountability and better ensure that taxpayers are protected in the event of school closures, approved borrower defense claims, or outstanding liabilities owed to the Department, the Department issued an [Electronic Announcement on March 1, 2023](#) to clarify its process for considering when to require certain *individuals* who exercise substantial control over institutions to assume personal liability for financial losses which may be incurred by the federal government. That announcement outlines the process the Department will use when it considers imposing signature requirements for PPAs that will apply to individuals in their personal capacity, rather than corporations and other entities. This process is intended to provide the Department with additional tools for ensuring compliance with the legal requirements of the Title IV programs and recouping funds to cover financial losses incurred by the federal government.

Personal Liability for Losses Related to the Title IV Programs Under the Higher Education Act

Section 498 of the Higher Education Act of 1965, as amended (HEA), ([20 U.S.C. § 1099c](#)), gives the Department the authority to require the assumption of personal liability (or financial guarantees) from individuals who own or exercise substantial control over institutions. 20 U.S.C. 1099c(e)(1)(B) provides that the Secretary may, to the extent necessary to protect the financial interest of the United States, require the assumption of personal liability by an individual who exercises substantial control over an institution participating in Title IV programs. Under these provisions, personal liability may be imposed for financial losses to the federal government, student assistance recipients, and other program participants for funds under Title IV, and for civil and criminal monetary penalties authorized under Title IV.



Additionally, 20 U.S.C. § 1099c(e)(2)(A) specifies that the Department may determine that an individual exercises substantial control over a participating institution if the Department determines that the individual:

- directly or indirectly controls a substantial ownership interest in the institution;
- either alone or together with other individuals, represents, under a voting trust, power of attorney, proxy, or similar agreement, one or more persons who have, individually or in combination with the other persons represented or the individual representing them, a substantial ownership interest in the institution; or
- is a member of the board of directors, the chief executive officer, or other executive officer of the institution or of an entity that holds a substantial ownership interest in the institution.

“Ownership interest” is defined in 20 U.S.C. § 1099c(e)(3) and in the Department’s regulations under [34 CFR 600.31\(b\)](#).

As noted, the Secretary has wide discretion to require the assumption of personal liability by an individual who exercises substantial control over a participating institution “to the extent necessary to protect the financial interest of the United States.” 20 U.S.C. § 1099c(e)(4) also provides that the Secretary shall **not** impose the requirement on an individual who exercises substantial control if the institution:

- A. has not been subjected to a limitation, suspension, or termination action by the Secretary or a guaranty agency within the preceding five years;
- B. has not had, in the two most recent audits of the institution’s conduct of programs under Title IV, an audit finding that resulted in the institution being required to repay an amount greater than five percent of the funds the institution received from programs under Title IV for any year;
- C. meets and has met for the preceding five years the Department’s financial responsibility requirements under [34 CFR Subpart L](#); **and**
- D. has not been cited during the preceding five years for failure to submit audits required under Title IV in a timely fashion.

If any one of these conditions is not satisfied (for example, an institution **was** subjected to a limitation, suspension, or termination action within the preceding five years), the Secretary may require an individual to assume personal liability as a condition of the institution’s continued participation in Title IV programs, to the extent necessary to protect the financial interest of the United States.

For institutions that fail to meet any of the conditions set forth in 20 U.S.C. § 1099c(e)(4)(A)-(D), the Department will consider, on a case-by-case, individualized basis, a variety of factors in evaluating whether requiring an individual exercising substantial control over an institution to assume personal liability is necessary to protect the financial interest of the United States. The Department anticipates it is most likely to request signatures from individuals at institutions or groups of affiliated institutions that pose the largest financial risk to the United States—for example, those institutions that annually receive tens or even hundreds of millions of dollars of Title IV funds or institutions with serious and significant sets of concerns related to their compliance with federal financial aid rules.



DJA CALENDAR

DJA MONTHLY WEBINARS

Satisfactory Academic Progress – Thursday, April 13, 2023 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 \$95 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. 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.

2023 DJA WEBINAR SCHEDULE

Please Note the April webinar was pushed back a week due to interference with the Department's recently Wednesday Webinar Series

APR 13	Satisfactory Academic Progress
MAY 10	Return of Title IV Funds (Including LOA)
JUN 7	General Participation Requirements
JUL 12	Campus Crime Report
AUG 2	Entrance and Exit Counseling
SEPT 6	Cash Management
OCT 4	Enrollment Reporting Using NSLDS
NOV 1	Program Integrity (Audits, Program Review)
DEC 6	1098-T Reporting

FSA WEDNESDAY WEBINAR SERIES

Earlier this year, FSA resumed their Wednesday Webinar Series, a series of live, two-hour webinars (from 1-3 p.m. ET) which cover a variety of topics related to the *Title IV* programs. The webinars provide the most recent guidance from the U.S. Department of Education (the Department) and the office of Federal Student Aid, including statutory and regulatory updates. Operational information and reminders are also shared. Participants are encouraged to ask questions by typing them into the chat during the webinar and a live Q&A session follows each presentation.



You do not need to register for these webinars. Participation will be available on a first come, first-served basis and each session can accommodate up to 10,000 attendees in each session. For the links to each webinar session, see the electronic announcement: [Live Internet Webinars – Wednesday Webinar Series, Winter–Spring 2023 | Knowledge Center](#)

APR 5 Federal Update
MAY 24 SAP Essentials

ANNUAL VIRTUAL DJA FINANCIAL AID TRAINING

The DJA Annual Training is scheduled for the following dates and times:

- Monday April 24th, 9am- 1pm CST
- Thursday April 27th, 9am- 1pm CST

All training will be provided on a Microsoft Teams Webinar that will be recorded and posted to our DJA Client Portal 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 23/24 Regulatory Updates, the FAFSA Simplification Act, the new 2023 Audit Guide and Cybersecurity Compliance with the new FTC Safeguards Rule.

DJA Clients: Be looking for future Client Memo's announcing the complete agenda and instructions for registration.

These sessions are free to DJA clients. Attendance by outside institutions is subject to availability and offered for an additional fee. Please email rford@gotodja.com for more information.

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.

