



800.242.0977
djainfo@gotodja.com

P.O.Box 456
Wichita, KS 67002

JUNE 2023 NEWSLETTER

IMPORTANT DATES:

June 6

11:00 a.m. CST
DJA Webinar
Return of Title IV Funds

June 14

11:00 a.m. CST
DJA Webinar
General Participation
Requirements

June 20-22

CECU Convention
Kansas City, MO

June 30, 2023

- Deadline to award SEOG funds
- Deadline to submit 22-23 FAFSA's.

IN THIS ISSUE:

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- FY 24 Sequestered Required Changes to the Title IV Student Aid Program
- Further Delay in NEW Third-Party Servicer Guidance
- New Implementation Date Set for G6
- NPRM Published for New Regulations
- Compliance Corner: Prepare for the 24-25 FTI Compliance Regulations
- DJA Calendar

REMINDER: DEADLINES ARE MUCH CLOSER THAN THEY APPEAR!

22-23 FAFSA'S must be processed by June 30, 2023. It is important to keep in mind that you must allow time to submit and receive the ISIRs back prior to that date; if there happens to be an error you will need the time to re-submit the FAFSA for additional processing.

The closeout deadline for the 21-22 Direct Loan Program is Saturday, July 31, 2023. All school data must be received and accepted by this date to be included in a school's final Ending Cash Balance for the year.

If your school participates in the FWS and FSEOG programs, you should be in the process of wrapping up those awards and examining your current expenditures. SEOG funds need to be awarded (not paid) to the student by June 30, 2023. Schools that plan to return unexpended campus-based program funds to the USDE or request supplemental (FWS) funds for community service jobs, must complete and submit a Reallocation Form to the Department before midnight, August 14, 2023. The Final Form, Instructions, Desk Reference and Technical Reference for FISAP 24-25 (reporting for 22-23 expenditure data) should be released early this month, with the online FISAP to be available on COD by August 1, 2023. The deadline for schools to submit their 2024-25 FISAP and the required signature pages is September 29, 2023.

Now is also the time to review your 2022-23 Pell disbursements to make sure you are all set before the deadline of September 29, 2023 for posting disbursements to COD. Additionally, final corrections for 22-23 ISIRs is September 9, 2023.

Lastly, be sure your institution is ready for the June 9th implementation of the remaining FTC Safeguards Rule regulations and the upcoming implementation on July 1, 2023 of the final regulations on 90/10 Compliance, Borrower Defense to Repayment, Change in Ownership and Control and the Pell Grants for Prison Education Programs.

*Thank you and as always stay safe!
Deborah John, President*



IN THE NEWS: STUDENT LOAN INTEREST RATES FOR THE 2023-24 AWARD YEAR SET TO INCREASE YET AGAIN

Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans first disbursed on or after July 1, 2013 have fixed interest rates that are determined in accordance with formulas specified in sections 455(b)(8)(A) through (C) of the Higher Education Act of 1965, as amended (HEA).

The interest rate is determined annually for all loans first disbursed during any 12-month period beginning on July 1 and ending on June 30 and is equal to the high yield of the 10-year Treasury notes auctioned at the final auction held before June 1 of that 12-month period, plus a statutory add-on percentage that varies depending on the loan type and, for Direct Unsubsidized Loans, whether the loan was made to an undergraduate or graduate student. Loans first disbursed during different 12-month periods may have different interest rates, but the rate determined for any loan is a fixed interest rate for the life of the loan.

For each loan type, the calculated interest rate may not exceed the maximum rate specified in the HEA. The maximum interest rates are 8.25% for Direct Subsidized Loans and Direct Unsubsidized Loans made to undergraduate students, 9.50% for Direct Unsubsidized Loans made to graduate and professional students, and 10.50% for Direct PLUS Loans made to parents of dependent undergraduate students or to graduate or professional students. Additionally, Federal law also dictates that student undergraduate Direct loan interest rates to be 2.05 percentage points (3.60 for Graduate Direct loans) above the 10-year treasury note yield and 4.60 percent points above for the Parent PLUS loan rates.

Direct Loan Interest Rates for 2023-24

On May 10, 2023, the Treasury Department held a 10-year Treasury note auction that resulted in a high yield of 3.448%. This year’s rates have increased approximately .50% from the 22-23 award year and about 1.8 % in comparison to the 21-22 award year. However, the rates are reflective of the pre-COVID rates and shouldn’t be a cause for panic. The chart below shows the interest rates for Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans first disbursed on or after July 1, 2023 and before July 1, 2024.

Interest Rates for Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans First Disbursed on or After July 1, 2023 and Prior to July 1, 2024				
Loan Type	Borrower Type	Index	Add-On	Fixed Interest Rate
		10-Year Treasury Note		
Direct Sub Loans	Undergraduate Students	3.448%	2.05%	5.50%
Direct Unsub Loans	Undergraduate Students	3.448%	2.05%	5.50%
Direct Unsub Loans	Graduate/Professional Students	3.448%	3.60%	7.05%

Direct PLUS Loans	Graduate/Professional Students and Parents of Dependent Undergraduate Students	3.448%	4.60%	8.05%
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[Interest Rates for Direct Loans First Disbursed Between July 1, 2023 and June 30, 2024 | Knowledge Center](#)

FY 24 SEQUESTED-REQUIRED CHANGES TO THE TITLE IV STUDENT AID PROGRAMS

While the Higher Education Act (HEA) regulates the interest rates as mentioned above for the Federal Direct Loan Program, it is the Budget Control Act of 2011 (the sequester law) that provides information and guidance regarding the loan fees for the Direct Loan program, as well as the statutory maximum award amounts for the Iraq and Afghanistan Service Grants and TEACH Grants. However, the sequester-required changes for FY 24 are the same as the FY 23 required changes.

The terms of the sequester as outlined in the Budget Control Act increase the loan fees charged to Direct Loan borrowers for Direct Subsidized/Direct Unsubsidized and Direct PLUS Loans from their statutory rates of 1% and 4%, respectively. In addition to not changing from FY 23 to FY 24, the loan fees for the Direct Loan program have also not changed since FY 21. Therefore, all loans where the first disbursement is made on or after October 1, 2020 and before October 1, 2024 the loan fees will remain as follows:

- 1.057% for Direct Subsidized Loans and for Direct Unsubsidized Loans. As an example, the loan fee on a \$5,500 loan would be \$58.13.
- 4.228% for Direct PLUS Loans (for both parent borrowers and graduate and professional student borrowers). As an example, the loan fee on a \$10,000 loan would be \$422.80.

Loan fee calculations that result in more than two decimal places must be **truncated** (not rounded) to two digits after the decimal point (cents).

Note: As of the Electronic Announcement date of May 15th, institutions are now able to begin submitting Direct Loan origination records to the COD System where the first disbursement will be on or after Oct. 1, 2023, using the loan fees provided in this announcement.

In addition to regulating the loan fees associated with the Direct Loan Program, the terms of the sequester law also require a reduction in the statutory award amounts for the Iraq and Afghanistan Service Grants and TEACH Grants. Since we established the FY 24 has not changed from the FY 23 and remains the same since FY 23, the statutory award amount for all Iraq and Afghanistan Service Grant awards and TEACH Grant awards where the first disbursement is **on or after Oct. 1, 2020, and before Oct. 1, 2024**, must be reduced by 5.70%, as shown below.

- 5.70% reduction from the 2023–24 award year Iraq and Afghanistan Service Grant statutory award amount of \$7,395. This is a dollar reduction of \$421.51, resulting in an adjusted 2023–24 award amount of \$6,973.49.



- 5.70% reduction from the 2022–23 award year Iraq and Afghanistan Service Grant statutory award amount of \$6,895. This is a dollar reduction of \$393.01, resulting in an adjusted 2022–23 award amount of \$6,501.99.
- 5.70% reduction from the TEACH Grant statutory maximum award amount of \$4,000. This is a dollar reduction of \$228, resulting in an adjusted maximum award amount of \$3,772.

[FY 24 Sequester-Required Changes to the Title IV Student Aid Programs | Knowledge Center](#)

FURTHER DELAY IN THIRD-PARTY SERVICER GUIDANCE

Earlier this year, the Department released [Dear Colleague Letter GEN-23-03](#) to ensure oversight of additional entities that have been performing aspects of institutions' participation in the Title IV aid programs. These functions cover contractors who work closely with institutions of higher education, particularly in the critical areas of recruiting, retention, and the provision of educational content and instruction. The Dear Colleague Letter identified which services we would consider to be activities of third-party servicers—a designation that offers additional transparency into the work of these servicer providers. The list included categories of activities identified in previous guidance and several new categories of services that the Department has determined constitute aspects of an institution's participation in the Federal student aid programs. Enhanced transparency helps all entities engaged in the administration of the Federal student aid programs to comply with applicable Federal laws and regulations.

Initially, the DCL set an effective date of May 1st; however, the immediate feedback received in the comment period caused the Department to extend the implementation deadline to September 1st and offer a 30 day comment period extension to March 30, 2023. During this comment period, the Department received more than 1,000 comments and subsequently issued a recent update in a separate publication of [Dear Colleague Letter GEN-23-08](#). DCL GEN-23-08 removes the effective date of September 1, 2023 and leaves an open-ended timeline for institutions and companies to come into compliance. Specifically, the newest DCL indicates the Department plans to issue a final revised DCL with an effective date at least six months after its publication to allow institutions and third-party servicers covered by the final guidance to meet any reporting requirements. Deadlines for audit and contractual requirements will follow, starting with the institution's first fiscal year that begins after the effective date for the reporting requirements.

Additionally, throughout the comment period, the Department received numerous comments regarding the Department's prohibition on contracts between colleges and foreign-owned or operated third-party servicers, which was established in guidance published in 2016 ([Dear Colleague Letter GEN-16-15](#)). These comments revealed that the number of servicers with some level of foreign ownership has expanded substantially since the 2016 guidance was issued, and the guidance does not clearly define foreign ownership. For those reasons, DCL GEN-23-08 announces the Department is rescinding the 2023 and prior guidance (DCL GEN-16-15 and the [March 8, 2017 Electronic Announcement Updated Third-Party Servicer Questions and Answers](#)) prohibiting contracts between colleges and foreign-owned or operated servicers. That issue may instead be addressed in the future through negotiated rulemaking.



While left unsaid within this DCL, it is still a good time to review your contracts and ensure that your institution and any third-party servicers your institution contracts with will be prepared to maintain compliance within the six month time period once the final revised DCL is released with the new effective date.

NEW IMPLEMENTATION DATE FOR THE RELEASE OF G6: THE MODERNIZATION OF G5

In January, the Department announced the upcoming release of G6, a new and modernized grants management system. This new program will replace G5 with a modernized user interface and new functionality. Initially slated for implementation on May 22nd, the Department announced in late April the modernization efforts had been indefinitely paused. However, they followed up that communication with a recent email last month indicating the new launch date of August 7, 2023. On this date, the URL will switch to www.g6.ed.gov and offer a new landing page. All users will have to navigate to www.g6.ed.gov to sign in to G5, and the www.G5.gov URL will redirect to www.g6.ed.gov.

The movement to G6 will be done in phases to minimize impact and this new G6 landing page will be the first step in the transition. The page will introduce the new look and feel of G6, and will contain tiles with pertinent information, contacts, and where users will have the ability to submit a ticket directly to the OBSS helpdesk. In addition to revamping the login page, the modernization to G6 will include an update to how users sign into the grants management system. Also on August 7th, Login.gov will launch as a sign-in method for accessing G5 along with the current G5 sign-in page (remember at this point the landing page is directing you to G6, but we are still processing in G5). Eventually, the Department will be moving exclusively to Login.gov as the authentication method for signing into G6, to bring the system in line with White House-mandated security standards for systems across the federal government. On the new G6 landing page, you'll click on the "Sign in" button. This will then take you to another page giving you the option to log in to G5 as you do today or to use Login.gov as your sign-in method. To learn more about Login.gov and how to set up an account, please read the Login.gov Frequently Asked Questions we've included from the Department's announcement below.

As we look ahead, the Department plans for another phase implementation in Fall 2023/Winter 2024 with the new G6 Pre-award functionality will. These will cover Program Planning and Application Library (Discretionary Application, Discretionary Slate, and Formula Application), replacing these modules currently in G5. The Department shares that future announcements will cover details on this functionality and end user training resources.

Login.gov Frequently Asked Questions: (taken from the Department's email to G5 users sent on 5/22/23)

What is Login.gov?

Login.gov is a single sign-on method operated by the US General Services Administration (GSA) as a safe and secure way to access government websites. You can use a single account to access the site of any government agency that partners with Login.gov.

What do I need to do if I would like to sign in to G6 using Login.gov?

- If you don't have a Login.gov account under the same email address you use to access G5, you must create one. Create a login.gov account here: https://secure.login.gov/sign_up/enter_email. Make sure that you can access email at that address, as you will need to retrieve an emailed link to set up your account.
- If you have an existing Login.gov account under the same email address you use to access your G5 account, no further action is required from you at this time. On Monday, August 7th, navigate to g6.ed.gov and click "Sign in" and then click on the Login.gov option. Once you sign in via Login.gov, your account will automatically connect to G6, and you will be able to access G5, unchanged.
- If you have an existing Login.gov account but tied to a different email address than the address you use to log into your G5 account, you must create a new Login.gov account that matches the email address you use to log into G5. Create a login.gov account here. https://secure.login.gov/sign_up/enter_email

What will I need to create a Login.gov account?

You'll need the same email address that you used to set up your account in G5, and one or more additional authentication methods such as a mobile device. [Learn more about Login.gov authentication methods here.](#)

What if I no longer have access to the email address I use to log into my G5 account?

The US Department of Education Office of Business Support Services (OBSS) helpdesk will need to assist you with changing your G5 account email. You can contact the helpdesk at 1-888-336-8930 or send us an email at obssed@servicenowservices.com. (Please note that the OBSS G5 helpdesk will NOT be able to assist you in accessing or creating a Login.gov account.)

How do I create an account with Login.gov if I am based in a country outside of the United States?

Login.gov works with countries outside of the United States. To create a Login.gov account, you'll need to have a method of two-factor authentication that works with the Login.gov system. SMS works as an authentication method for several countries outside of the U.S. For more information, [learn about the countries that support SMS two-factor authentication for Login.gov here](#). If SMS is not supported in your country, you can use a two-factor authentication app on your smartphone, for example Google Authenticator. [Learn more about Login.gov two-factor authentication here.](#)

What if I forget my Login.gov password or am having trouble logging in?

[You can visit this page to troubleshoot accessing your account or resetting your password.](#) If you are experiencing trouble with your Login.gov account, you will need to contact the GSA Login.gov help center at 1-844-875-6446, or [submit a help desk ticket here](#).

What will happen when I enter www.G5.gov in my browser on or past August 7th? Will I be redirected to G6?

You will be redirected to the new G6 homepage at g6.ed.gov, where you will click a link to log into G5 via either the G5 sign-in page or through Login.gov. After you log in, you can access all your work in G5, unchanged. G5.gov will redirect to g6.ed.gov for the time being, but eventually the G5.gov URL will be discontinued. We recommend bookmarking the new URL: www.g6.ed.gov.

Who should I call if I need assistance with logging into G5/G6 via Login.gov?

If you need assistance with creating a Login.gov account, troubleshooting your Login.gov account, or password issues with Login.gov, please contact the GSA Login.gov helpdesk here: <https://www.login.gov/contact/>

Who should I call if I need assistance logging in with my G5 Login?

If you need assistance logging in with your G5 login, you can reach out to the US Department of Education Office of Business Support Services helpdesk at 1-888-336-8930, or send us an email at obssed@servicenowservices.com.

Who should I reach out to if I have further questions about the transition from G5 to G6?

You can reach out to the US Department of Education Office of Business Support Services helpdesk at 1-888-336-8930 or send us an email at obssed@servicenowservices.com.

Who should I reach out to if I have ideas or suggestions for the new G6 system?

Please direct any feedback for G6 to obssed@servicenowservices.com.

****DJA Clients:** If you are a DJA client, we take care of the connection to G5 for you so you will feel little to no impact on this modernization.

NPRM PUBLISHED FOR NEW REGULATIONS

Last month, the Secretary published in the Federal Register the Notice of Proposed Rulemaking (NPRM) proposing new regulations to promote transparency, competence, stability, and effective outcomes for students in the provision of postsecondary education. These regulations seek to make improvements in the areas of:

- Gainful employment;
- Financial value transparency;
- Financial responsibility;
- Administrative capability;
- Certification procedures; and
- Ability to Benefit.

The Department has opened up public comments on these regulations through June 20, 2023. Many of these regulations have the potential to significantly impact the private sector offering post-secondary education. We urge you to visit the Federal Register publication [here](#) and actively participate in the comment period if you feel relevant to your institution.



COMPLIANCE CORNER

STEPS TO PREPARE FOR THE 24-25 FTI DATA TRANSMISSION

In the higher education industry, we spend much of our time looking ahead in order to prepare for future compliance regulations as there are often a multitude of steps to implement prior to the actual date of implementation. Although we are just now winding down the 22-23 Award Year and preparing to enter next month into the 23-24 Award Year, we know from our Better FAFSA Roadmap we shared last month that there are extensive changes up ahead for the 24-25 Award Year. For this edition of our *Compliance Corner*, we wanted to share the Department's recent announcement regarding the guidance and expectations for those within the higher education industry as we prepare to navigate the integration of federal tax information (FTI) through the FAFSA experience for purposes of determining an applicant's eligibility for federal student aid.

The announcement begins by explaining the laws that necessitated this change. On December 19, 2019, the Fostering Undergraduate Talent by Unlocking Resources for Education Act (FUTURE Act) (P.L. 116-91) amended the Higher Education Act of 1965, as amended (HEA), and the Internal Revenue Code of 1986 (IRC) to, among other things, permit a FAFSA contributor, including an applicant for federal student aid and their parent(s) or spouse, the ability to consent to the disclosure and use of their federal tax information (FTI) for purposes of determining an applicant's eligibility for federal student aid. The Consolidated Appropriations Act of 2021 (P.L. 116-260) also amended the HEA under the provisions of the FAFSA Simplification Act in December 2020, which was further amended by the Consolidated Appropriations Act of 2022 (P.L. 117-103).

These laws, among others, require the U.S. Department of Education (Department) to create a simplified FAFSA experience and explain the use of FTI and FAFSA data to eligible institutions and our partners, i.e., institutions participating in the Title IV, HEA programs, state higher education agencies, scholarship organizations designated by the Secretary of Education prior to December 19, 2019, and any applicable third-party servicer or state contractor. In March 2022, the FAFSA Simplification Act Technical Corrections Act (FSATCA) moved the general effective date for full implementation of the FAFSA Simplification Act (including the use of FTI) back one year, to July 1, 2024, coinciding with the beginning of the 2024-25 award year. With the inclusion of FTI in the FAFSA, institutions need to be aware of their obligation to ensure its privacy and security. Additionally, the announcement describes requirements to label FTI as controlled unclassified information (CUI) and obtain FAFSA contributor consent for the disclosure and use of their information.

Background: FTI Definition

Federal tax information received from the U.S. Department of the Treasury may only be used by for purposes of administering financial aid programs, including determining eligibility for, and amounts of, funds under the Title IV programs and other financial aid programs. Per IRS Publication 1075, FTI consists of (1) tax data elements and (2) information derived from a tax return that is in the Department's possession or control, which are covered by the

confidentiality protections of the IRC. Return information includes, but is not limited to, information extracted from a return, including, FTI, names of dependents; the taxpayer's name, address, and identification number; status of whether a return was filed, under examination or subject to other investigation or processing, including collection activities. Return information also includes any FTI that is received by the Department from the IRS through any mechanism, including FTI received through data exchanged via a matching program. Return information or information derived from a tax return does not include the Department's Student Aid Index (SAI) or indicators of Pell Eligibility which use underlying FTI in their calculations.

Since the 2009-10 award year, the IRS data retrieval tool (DRT) has provided millions of applicants and families with the ability to transfer their FTI from the IRS to complete the FAFSA form. Eligible applicants who have already filed their federal income tax return are transferred to the IRS website during the FAFSA process to authenticate their identities, are notified of the data that will be transferred, and elect or decline to have their FTI transferred into the FAFSA. Under the IRS DRT solution, the IRS does not directly provide FTI to the Department; rather, the tool permits taxpayers to transfer their data into their respective FAFSA form. Once tax data is transferred into the FAFSA by the taxpayer, it is considered "FAFSA data" under the Department's purview and is not subject to IRC confidentiality requirements but remains subject to the data use and privacy restrictions in Section 444 of the General Education Provisions Act, which is commonly referred to as the Family Educational Rights and Privacy Act (FERPA), Section 483(a)(3)(E) of the HEA (prior to amendments under the FAFSA Simplification Act), and the Privacy Act of 1974, as amended. The Department then provides that data to our partners based on the applicant identifying up to 10 institutions on their FAFSA.

The FUTURE Act has changed this process for the 2024-25 award year and thereafter by amending the IRC to permit the disclosure of FTI for the purpose of determining an applicant's eligibility for, and amount of, federal student aid and to further provide a method by which the Department may receive a taxpayer's FTI directly from the IRS with an individual's approval and consent. The statutory authority enables the Department to receive FTI from the IRS through a matching program to, among other things, determine the eligibility and amounts of federal student aid for which an applicant is eligible. FTI will be sent directly from the IRS to the Department rather than from FAFSA contributors via the IRS DRT, thus providing a more streamlined FAFSA experience. FTI is categorized as Controlled Unclassified Information/Specified Tax (CUI/SP-TAX) and may contain sensitive personally identifiable information (PII). Accordingly, all FTI must be handled—at minimum—in accordance with the confidentiality protections of the IRC and subject to Section 6103(l)(13) of the IRC requirements as well as the use restrictions of FTI under Section 483 of HEA as amended by the FAFSA Simplification Act. The use restrictions that are specific to FTI do not apply to manually entered income information on the FAFSA as such data is not considered FTI; however other privacy restrictions could apply as mentioned above.

Consent to Disclosure and Use Federal Tax Information

The IRC and HEA collectively outline the process by which a taxpayer may permit the Department to receive FTI for purposes of applying for federal student aid. The approval and consent process captures the necessary approvals for use and disclosure of FTI by the IRS, as well as consent for the Department to use and disclose PII provided on the FAFSA form to the IRS to request FTI. **The process to provide approval and consent for purposes of FTI must be completed annually by FAFSA contributors when completing the FAFSA form.** For example, upon completing the FAFSA form for the first time, an individual applying or contributing to a FAFSA form will provide



the necessary approval and consent only once for the entire 2024-25 FAFSA cycle. Once an applicant provides their consent and approval, the question asking for consent will not be presented in future instances (e.g., when an applicant corrects the FAFSA to add a school). For each successive FAFSA cycle in which an applicant applies for federal student aid, the FAFSA contributors (including parent(s) or spouse as necessary) will be required to provide approval and consent for the respective FAFSA cycle (e.g., 2025-26; 2026-27; 2027-28) to allow the Department to obtain, use, and disclose the necessary FTI from the IRS for the respective tax year (i.e., 2022 FTI for the 2024-25 FAFSA cycle).

To provide approval and consent, FAFSA contributors (including parent(s) or spouse) must agree to (1) the Department's use and disclosure of their information (e.g., name and Social Security number) to match with the IRS; (2) the disclosure of their FTI by the IRS to the Department; (3) the use of their FTI by a Department official to determine an applicant's eligibility for federal student aid and the amount for which they are eligible; and (4) the redisclosure of FTI by the Department to an eligible institution, state higher education agency, or a designated scholarship organization (e.g., institutional or state financial aid). Only the Department has the authority to obtain approval and consent for the use and disclosure of FTI for such purposes. Institutions third party servicers are not permitted to obtain approval and consent on behalf of FAFSA contributors (including parent(s) or spouse) for the use and disclosure of FTI.

Once a FAFSA contributor has provided approval and consent for use and disclosure of FTI for a FAFSA cycle (e.g., the 2024-25 FAFSA cycle), they cannot revoke consent for that cycle. The ability to revoke consent is not needed for FAFSA purposes because the FAFSA contributor is providing a one-time consent for a specific tax year and an annual consent is required for each FAFSA cycle.

Federal Tax Information and System Processing

FTI can only be stored/held in the FTI Module (FTIM), which is a new Federal Student Aid (FSA) system designed to ensure compliance with IRS Publication 1075 requirements as well as the broader security of the data received. The Department's FAFSA processing system (FPS), which will replace the central processing system (CPS), will send information to FTIM to calculate the student aid index (SAI) using both FTI and FPS data provided by the contributors on the FAFSA. In no circumstances will FPS receive FTI from FTIM; it will only receive the SAI and intermediate values. With the approval and consent of the applicant and, if applicable, parent(s) or spouse of the applicant, FTI will be available to institutions, state higher education agencies, and designated scholarship organizations, via the Institutional Student Information Record (ISIR). FTI will not be available in FAA Access, nor will FTI corrections be permitted through the system. While modifications to FTI are not permissible, FAFSA applicants may work with their postsecondary institution to request a professional judgement. Like the existing FAFSA process, FTI will not be made available to the applicant and other contributors on the online FAFSA or the applicant's Student Aid Report (SAR).

The following data received by the Department from the IRS are considered FTI, starting with award year 2024-25 data:

- Tax Year (ex. Award year 2024-25 is based on 2022 tax year information from the IRS)
- Tax Filing Status
- Adjust Gross Income (AGI)



- Number of Exemptions and Number of Dependents
- Income Earned from Work
- Taxes Paid
- Educational Credits
- Untaxed IRS distributions
- IRA deductible and payments
- Tax exempt interest
- Untaxed pension amounts
- Schedule C net profit/loss
- Indicators for Schedules A, B, D, E, F, H
- IRS response code

The ISIR will also include an IRS response code. The code will indicate the status of the tax filer/ FTI with the IRS, to include one of the following:

- Tax filer and FTI provided to FTIM
- Not found at the IRS
- Found and a non-filer
- Found but IRS not able to provide information

Based on the IRS response code and FTI that are received from the IRS, FPS will decide if the user should provide manually entered FTI. In those limited circumstances, the manually entered data would be used in the SAI calculation. For example, manually entered data would be used in a situation where a (federal) non-filer has foreign income and the taxpayer was found by the IRS, but the IRS is unable to provide information for that individual. It is important to note that the mere existence (or lack thereof) of an individual taxpayer in IRS systems and the individual's respective FTI is considered FTI (e.g., status of non-filing).

Beginning with the 2024-25 FAFSA cycle, the ISIR will have blocks of data that are for specific purposes related to FTI. The FTI block will include four (4) subgroups:

- Student
- Student Spouse
- Parent
- Other Parent

For more information on system processing of FTI, please review the Department's [December 28, 2022, Electronic Announcement: Publication of the 2024-25 Draft FAFSA Specifications Guide](#).

Labelling Federal Tax Information as Controlled Unclassified Information

As noted above, FTI is categorized as CUI/SP-TAX and may contain sensitive PII. Accordingly, all FTI must be handled—at minimum—in accordance with the confidentiality protections of Section 6103(1)(13) of the IRC and in accordance with all applicable privacy laws, regulations, and policies.

The U.S. National Archives and Records Administration (NARA) has established a [CUI Registry](#) that serves as the authoritative reference for all CUI category markings. FTI is a category of CUI and is required to have a banner marking the information as CUI. A federal aid applicant's ISIR will include two (2) FTI label fields:

- FTI Label Start at the beginning: 'CUI//SP-TAX.'
- FTI Label End near the end: 'CUI//SP-TAX'

All the ISIR fields within the two label fields will be the FTI received from the IRS for the applicant and, if applicable, the other subgroups listed above. Partners that receive ISIR data must retain the CUI labeling of FTI wherever the data is stored and used within their student information system(s). This includes ensuring CUI labels appear when FTI is inspected or used for purposes of determining an aid applicant's eligibility and the awarding of federal, state, and/or institutional financial aid programs. For example, when a financial aid administrator inspects or uses FTI for the purpose of federal student aid, the appropriate CUI labels (above) must appear with the FTI. CUI labels may appear at the beginning and end of FTI (as outlined above), or FTI may be labeled individually with CUI/SP-TAX.

Federal Tax Information Safeguarding Requirements and Penalties

Partners that receive ISIRs must protect federal student aid information provided to them by the Department or otherwise obtained in support of the administration of the federal student aid programs. As previously described above, all FTI received by Department partners is classified as CUI//SP-TAX and is permitted, with approval by the applicant and, if applicable, their parent(s) or spouse, for redisclosure by the Department to their partners under Section 6103(l)(13)(D)(iii) of the IRC. While institutions and third party services are not subject to [IRS Publication 1075 - Tax Information Security Guidelines](#), the Department does encourage them to use this publication as a resource when developing and implementing information security standards as it pertains to FTI. Again, institutions are required to maintain appropriate receipt, handling, marking, and safeguarding of CUI data since FTI is a subcategory of CUI. The Department emphasizes in its announcement that it is unlawful to access, view, use, or disclose (without the express written consent of the applicant) FTI for any other purposes than those authorized by federal law. To explore the penalties for such violations, visit the link below this article to read the announcement in its entirety.

Summary and Additional Information

In addition to defining FTI and explaining the process in which it will be obtained and labeled and the regulations required to ensure its confidentiality and integrity, the announcement also shares the SAIG enrollment agreement will need to be updated, as well as the SAIG mailbox to continue to receive ISIR data. The revised SAIG agreements are targeted to be released in Fall 2023 and must be completed prior to the launch of the 2024-25 FAFSA. **The Department urges their partners to begin preparing for this setup process and ensure appropriate leadership teams are informed of the forthcoming requirements to ensure there is no delay in the receipt of ISIR data for the processing of financial aid offers to future and current students for the 2024-25 award year.**



The announcement also provides a general overview of the restrictions surrounding the use of FTI and General FAFSA data use reminders. The Department intends to supplement this announcement with FSA training on the topics of consent and FTI for the federal student aid programs. In our DJA Calendar, we review the upcoming scheduled FSA Webinar Series.

To read the announcement in its entirety to ensure your institution is taking the necessary steps to maintain compliance and minimize any disruptions in ISIR processing for the 24-25 Award Year, click [here](#).

DJA CALENDAR

DJA MONTHLY WEBINARS

Return of Title IV Funds (Rescheduled) – Tuesday, June 6, 2023 11 a.m. CST

General Participation Requirements- Wednesday, June 14, 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

JUNE 6	Return of Title IV Funds (Rescheduled)
JUN 14	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 BETTER FAFSA BETTER FUTURE WEBINAR SERIES

This series of live webinars will cover the most recent guidance from the U.S. Department of Education (the Department) and the office of Federal Student Aid on implementation of the *FAFSA Simplification Act*, the *FUTURE Act*, and what your school needs to know about upcoming changes for the 2024–25 award year.



Participants are encouraged to ask questions by typing them into the chat during the webinar and a live Q&A session follows each presentation. Federal Student Aid staff will present the 11 webinars in this series in June–July 2023.

You do not need to register for these webinars. Participation will be available on a first come, first-served basis and we can accommodate up to 10,000 attendees in each session. A video recording and transcript of the Q&A portion of the webinar will be available the week following each live session.

Refer to the [Electronic Announcement](#) for more information about each webinar, including instructions to add reminders to your calendar for the sessions that you would like to attend. These webinars will be scheduled on Tuesdays and Thursdays from 1-2pm ET.

JUNE 6	Better FAFSA Better Future Overview and Timeline
JUNE 8	Protecting Federal Tax Information (FTI) at Your Institution (Covered in the <i>Compliance Corner</i>)
JUNE 13	ISIR vs. ISIR
JUNE 15	Professional Judgment, Dependency Status, and Verification
JUNE 20	Better FAFSA Better Future Q&A- Session 1
JUNE 22	Student Aid Index (SAI)- Part 1
JUNE 27	Student Aid Index (SAI)- Part 2
JULY 6	Pell Grant Minimums, Maximums and In Between
JULY 11	The FAA's Role in FAFSA Simplification
JULY 13	Better FAFSA Better Future Q&A- Session 2
JULY 25	2024-25 FAFSA Determination

2023 CECU CONVENTION AND EXPOSITION

The Annual North American Career Education Convention is scheduled for June 20-22, 2023 in Kansas City, Missouri.

DJA will be attending as an exhibitor and we are excited to see attendees in person! We would love to visit with you should you have any questions on our third-party financial aid servicing and consulting options, in addition to our New Leaf financial aid administration software we now provide. Please visit our booth #308 and chat with our Director of Client Services, Kristi Cole at kcole@gotodja.com, as well as our owners Deborah John, Renee Ford, and Tom John, who is also the developer of New Leaf. To learn more about the CECU Convention schedule exhibitors visit <https://www.career.org/convention.html>.

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.

