



JANUARY 2024 NEWSLETTER

IMPORTANT DATES:

End of January

Release of 24/25 ISIRs

February 5

Deadline for 24/25 Campus-Based Underuse Waiver

February 7

Consumer Information
11:00 a.m. CST

February 19-22

ABACC Annual Conference

February 27

Deadline for Title II or IV
Designation and Waiver

March 1

22/23 Campus-Based Awards
Closeout

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Happy New Year! January has flown by and with it came many industry updates regarding the 24/25 FAFSA launch and pending compliance regulations being challenged at the government level. Last month, we shared the Department of Education's planned soft launch for the 24/25 FAFSA and fully expected the release of those ISIRs by the end of this month. The overhaul of the FAFSA for this award year has encountered several roadblocks and we end this month with yet another push back on the promised publication of the 24/25 ISIRs. We had delayed this month's newsletter in the hope we were able to provide a clear outline for the ISIR release and a walk through of how receipt was handled in the new FTI SAIG Mailbox. Unfortunately, our time spent waiting brings us to a similar spot we were in last month and a new release date of at least early March. Our first article within this month's publication covers that delay, as well as an explanation for why the launch could not be completed this month.

The industry climate is rich with change as the upcoming July 1st implementation date for regulation updates published last fall looms on the horizon. Many of these regulations, notably Gainful Employment, Program Eligibility and Borrower Defense to Repayment, are in an appeal status awaiting their day in court or as with the 150% rule included in amendments under House and Senate review to block their implementation. As these regulations will largely impact institutions of higher education within the proprietary sector it is important to stay current on these government updates and participate in call to action steps that advance the efforts to halt their full implementation.

There are several deadlines and regulatory reminders within this edition as well, many that are approaching as early as next week. Be sure to review the important dates to the left of this introduction and the remaining coverage provided within this issue. We have also shared valuable resources provided by trusted industry partners addressing regulatory compliance on the horizon of implementation. We encourage you to visit those links following our assessment of the pending regulations.

We appreciate the opportunity to keep your institution informed.

*Thank you,
Renee Ford, Vice President*



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IN THE NEWS: 24/25 FAFSA ISSUES DELAY ISIR RELEASE; HOWEVER FSA PRODUCES PELL GRANT MAXIMUM AND MINIMUM FIGURES DESPITE BUDGET EXTENSION

In last month's [newsletter](#), we shared FSA's release of an [Electronic Announcement](#) outlining the soft launch period of the re-designed FAFSA. The plan proposed included the availability of the 24/25 FAFSA to contributors on December 30, 2023 and a subsequent release of those results in the form of the ISIR to schools no later than January 2024. While FSA reiterated several times in their announcement that processing delays and system maintenance outages should be expected, they certainly did not anticipate the issues subsequently encountered over the past month. While the FAFSA successfully became available at the tail end of 2023, the ISIR release did not meet the communicated January 2024 date and instead FSA published an [Electronic Announcement](#) just this week projecting a delayed release date of early March 2024.

This timeline update comes as increased news coverage revealing the missed inflation adjustments made in configuring the Student Aid Index (SAI) tables utilized in determining aid eligibility for the 24/25 award year. The SAI produced on the 24/25 ISIR provides institutions with an estimated allowance student borrowers are able to contribute to their educational expenses, in addition to being the determining factor for Pell eligibility. The error in accounting for inflation in the SAI tables was first brought to the Department's attention during the comment period for the 24/25 FAFSA in October of 2023. In the months following, the Department responded to a press announcement from the [Washington Post](#), indicating it would proceed with the current SAI tables to adhere to the time constraints surround an already delayed release of the 24/25 FAFSA. Promises were made to update the tables for the 25/26 award year instead.

As the FAFSA application process began in December for 24/25, the Department published a [press release](#) within a week of opening the overhauled application touting that over one million students had successfully submitted the 24/25 FAFSA. NPR immediately responded to the press release covering how the missed inflation adjustments were already causing concern for students as aid estimate outputs upon completion of the 24/25 FAFSA indicated reduced Pell eligibility or a removal of grant eligibility altogether. Department insiders reported to NPR at the time they were considering revisiting addressing the inflation adjustments for the 24/25 award cycle. This consideration is backed by the industry group, National Association of Student Financial Aid Administrators (NASFAA), which also contributed to the comments first made in October.

The purpose of the mass overhaul of the 24/25 FAFSA was to increase aid eligibility for student applicants through a series of laws passed under the FAFSA Simplification Act and the FUTURE Act. One can assume that the intent of those laws would not support a mistake of this magnitude that would instead reduce eligibility for the borrowers most in need. As indicative in the most recent electronic announcement to industry partners and the Department's own [press release](#) earlier this week, the decision was made to prioritize aid eligibility and address the lack of inflation adjustment in the SAI tables for the 24/25 award cycle. Thus, the causation for the delay in the release of the 24/25 ISIRs as the reconfiguration of the SAI tables will put a pause on the ability to calculate the SAI included on the ISIR.

While the delay and the inflation adjustment will prove to be more beneficial to student borrowers in the long term, it presents very worrisome for institutions of higher education already struggling to adapt to the overdue release of the ISIR. Without an ISIR to reference, schools are unable to complete an application overview and provide



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packaging estimates to prospective and current students for the quickly approaching 24/25 award year. To account for this incredible delay, industry groups are urging the Department to make exceptions to application review processes such as verification- something the Department hinted at during their 2023 annual training conference. At this time no such adjustment has been officially announced.

In conjunction with a published SAI on the 24/25 ISIR, institutions also require the Department to provide the Federal Pell Grant maximum and minimum award amounts for the 24/25 award year to determine aid eligibility and provide financial aid offers. The Department references their federal budget allocations for the current fiscal year to determine those final figures. However, as we shared in our [November DJA Newsletter](#), the FY 2023 funding levels expired in September 2023 and the FY 2024 appropriations have not yet been approved and instead were under a second continuing resolution passed on November 15, 2023. The last continuing resolution allowed for a funding continuance through January 19, 2024. At which time, the House and the Senate passed [a third continuing resolution](#) extending the previously communicated ladder approach to expire March 1st and March 8th dependent on federal branch. For reference, the Department of Education is within the March 8th deadline.

Despite not having an approved FY 2024 appropriation, the Department of Education is required by the Higher Education Act of 1965, as amended, to publish the upcoming award year Pell Grant awards by February 1st. With the changes under the FAFSA Simplification Act, the Department will no longer be publishing these figures in a Pell Grant Payment and Disbursement Schedule (affectionally referred to as the Pell Chart), but instead by providing a Maximum Pell Grant Award and a Minimum Pell Grant Award. To meet their deadline, FSA rounded out the chaos of January by publishing in a [Dear Colleague](#) these figures using the FY2023 allocations. As such, for the 24/25 award year, the maximum Pell Grant award remains fixed at \$7,395 and to account for rounding rules, the Federal Pell Grant minimum award amount for 2024-2025 is \$740.

While the publication of these awards allow institutions to effectively package aid estimates for students attending in the 24/25 award year, the Department includes in their announcement a reminder that these figures could change at any time pending further action by Congress for the FY2024 appropriations. **DJA Clients:** New Leaf will produce financial aid offers based on these figures once 24/25 ISIRs. However, communication with students will be critical as you explain the potential for adjustment upon the approval of the FY2024 budget. New calculations will be updated on offers affected by a Pell grant adjustment made under the FY2024 appropriation.

Sources:

Supporting news publications and Department releases linked within the article. To stay current on regular status updates and resources related to the 24/25 FAFSA, we encourage you to visit the [FSA 24-25 FAFSA Update](#) page on the Knowledge Center.



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IN THE NEWS: GOVERNMENT UPDATE ON PENDING REGULATIONS AND CALL TO ACTION STEPS

2023 was a busy year from a regulatory standpoint. Final Regulations were published on many compliance requirements surrounding participation in the Title IV programs. I encourage you to revisit our [September](#), [October](#), and [November](#) issues to review our assessment of these final regulations. It would be fair to say that these regulations, many set to implement on July 1, 2024, will have a significant impact on the proprietary sector of institutions of higher education. Since many of these regulations are being challenged in court or have caught the attention of the House and Senate through proposed amendments, we wanted to provide a comprehensive update on the status of their implementation. Additionally, in our industry's present climate, we feel it is important to exercise your voice to your legislative representatives and have followed our update with some call-to-action steps that may have the power to enforce actionable change. Lastly, through our tenured year in the industry, DJA has established industry relationships with partners specializing in compliance changes. These partners include legal firms, industry groups and auditors committed to providing institutions valuable resources to prepare for changing regulatory guidance. We have linked many of those in the sources section following this article.

Gainful Employment

Covered extensively in our October newsletter published shortly after the Final Regulations were set forth in a [Federal Register](#) on October 10, 2023, the Department established updates and amendments to prior gainful employment regulations, as well as changes to the financial value transparency framework. For a quick overview, the Final Rule makes reference to prior versions of the Gainful Employment Regulations published in 2011, 2014 and 2019 (which rescinded the 2014 Prior Rule). This final rule departs from the 2019 Prior Rule and partly reinstates provisions of the 2014 Prior Rule; however, there are some key differences the Department states are meant to improve the regulation. The similarities of the prior regulation and this Final Rule are that both offer various measurements designed to assess whether a program offers students a solid return on their educational investment. Additionally, the Final Rule resembles the 2014 Prior Rule by providing similar certification, reporting and disclosure requirements to offer financial transparency.

Perhaps one of the most notable differences from the prior rule is that the Final Rule adjusts the application of the Debt to Earning metric, as well as a new earnings premium measurement, to every program at every Title IV institution. While the financial value transparency framework has been widened to apply to all types of programs participating in the Title IV program, the regulations pertaining to gainful employment and determining ongoing Title IV eligibility will still only be required of educational programs designed to prepare students for gainful employment in a recognized occupation. As such, the Final Rule establishes subparts Q and S of part 668 in regard to the Student Assistance General Provisions, as well as amendments to §§ 600.10, 600.21, 668.2, 668.13, 668.43, and 668.91. Subpart Q, titled the Financial Value Transparency, provides for the financial value transparency framework changes indicated above with a goal of improving the quality and availability of information provided to students regarding the program costs, source of financial aid and outcomes of students enrolled in all Title IV programs. Subpart S, titled Gainful Employment, establishes the accountability and eligibility framework for gainful employment programs.



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These regulations require significant reporting requirements as well and are set to implement on July 1, 2024 with the first reporting deadline being thirty days after that on July 31, 2024. Following their publication, the industry group representing cosmetology schools, American Association of Cosmetology Schools, announced their intent to challenge the regulation as its stipulations represented a government overreach that had the potential to threaten many of its member schools. A fund was created to pool resources and partner with the legal team of Duane Morris to prepare a lawsuit. Just as with the challenge to the Borrower Defense to Repayment regulations by CCST, AACCS and its legal team filed their complaint within the state of Texas court of appeals. The official suit was filed on December 22, 2023 against the US Department of Education and Secretary Miguel Cardona, in US District Court for the Northern District of Texas, Fort Worth Division. AACCS is joined as plaintiff in this suit by DuVall's School of Cosmetology LLC, an AACCS member school in the district.

Shortly after the suit was filed, another industry group Career Education Colleges and Universities (CECU)'s CEO Jason Altmire authored a Dear Colleague letter sharing their support of the action. CECU had been coordinating efforts with AACCS regarding the legal challenge citing the regulations are also of interest to their member schools. The lawsuit remains pending review, but argues the GE regulation is not only arbitrary, but violates institutions' and students' First Amendment rights to free speech, since it will selectively restrict which colleges are able to operate and reduce the selection of opportunities available to students pursuing an education leading to gainful employment certifications.

Sources:

Higher Ed Dive: [Education Department sued over Gainful Employment Rule](#)

Borrower Defense to Repayment

As we first covered back in our September issue, the Borrower Defense to Repayment regulations were initially set to implement on July 1, 2023; however, CCST began their appeal of their regulations in February of 2023 initially placing a block on their implementation for their member institutions only. On August 7, 2023 that appeal later extended to all institutions of higher education when the U.S. Court of Appeals for the Fifth Circuit issued an order postponing the July 1, 2023 regulations on borrower defense to repayment and closed school loan discharge. To read the order in its entirety- [click here](#). To read the Federal Register on the regulations published last fall that were scheduled to take effect July 1, 2023 [click here](#). Arguments for the appeal were set to be heard in November of 2023.

In Altmire's letter, he felt confident that the oral arguments presented in November substantiated the extension of the delayed pause in those regulations. While the challenge in the lower court at the District level is still awaiting to be heard, the protocol should the outcome be not favorable allows the loser to appeal and brings the hearing back to the fifth circuit. The movement of these appeals could extend out months, possible years which essentially buys the industry time as there may be a potential leadership shift within the government with the 2024 elections on the horizon.



Smucker Amendment to the Removal of the 150% Rule

The [Final Regulations](#) covering Financial Responsibility, Administrative Capability, Certification Procedures and Ability to Benefit (ATB) were published on October 31, 2023 and reviewed in our October newsletter. One of the significant changes within those regulations proposed an amendment to what is called the 150% rule under the Certification Procedures. Essentially the amendment removed the ability for schools to certify programs at 150% of the minimum state's requirements and instead would require those programs be offered at 100% of what the state regulations outline for the minimum program length. The 150% rule allowed short term programs to extend program length to meet the Department's minimum requirement for eligibility to participate in the FSA programs. The reduction of this rule has the potential to reduce federal aid offerings to many programs, which would in turn affect the opportunities for federal funding opportunities to student borrowers seeking an educational certification in these short term programs.

To address this concern, House Representative Lloyd Smucker (R-PA) introduced an amendment in the latest text of the Labor, HHS, and Education Appropriations Act that "prohibits the Department from using funds to implement, administer, or enforce a provision of their October 31, 2023 final rule that would prohibit education and training programs from exceeding their state's minimum hours requirements.". Initially introduced last fall, the amendment, coined as the Smucker Amendment, sat waiting House approval. Within that amendment is a provision to block the 150% certification rule.

At present, the Smucker Amendment was approved by the House Appropriations Committee. Following the passage of House and Senate appropriations bills, the next step in the appropriations process is to hold a formal conference committee between the House and Senate to negotiate compromised text.

College Cost and Reduction Act

Chairwoman of the House Committee on Education and the Workforce, House Representative Virginia Foxx, just recently introduced to the committee [HR 6951](#) College Cost and Reduction Act geared towards addressing the current student loan debt crisis. To accomplish that goal, the legislative proposal also includes accountability measures that if passed would repeal current regulations that are harmful to proprietary institutions sector. The measures being challenged within the Act include:

- Gainful Employment and Financial Value Transparency
- 90/10 Rule
- Financial Responsibility
- Changes in Ownership
- Loan Limits
- Loan Repayments
- Institutional Accountability
- Borrower Defense to Repayment



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Though the Act was only recently introduced and is just now being reviewed by the House committee, it challenges key regulations and our team wanted to ensure you were aware of its introduction.

Call to Action Steps and Resources

You might be reading this article and asking yourself, well what now? Sometimes these legislative efforts can feel so far away from the present that it often leads partners wondering what we can do in the here and now. The answer to that is a lot- let's review:

- As a voting participant in this democracy, your voice should be heard, especially when legislative actions and regulatory requirements significantly impact livelihood and the industry in which you operate. We encourage you to reach out to your legislators in the House of Representatives and Senate. Mention the amendments and acts outlined above and how you would like them to vote if and when the efforts reach that point. To Find your Representatives utilize this website: [Find Your Representative | house.gov](https://www.house.gov)
- While the first step does not cost anything, this next one provides an opportunity to contribute to the legal funds backing the legal challenges to Gainful Employment and Borrower Defense to Repayment.
 - To contribute to the GE Legal Fund, visit the ACCS website at: <https://www.beautyschools.org/gainful-employment-2023-update/>
 - To contribute to the Borrower Defense to Repayment Legal Fund, visit the CECU website at: [Legal Fund \(career.org\)](https://www.cecunet.org/legal-fund)
- Consider speaking during the Negotiated Public Rulemaking Comment Period. Before regulations become finalized, they are first published by the Negotiated Public Rulemaking Committee and then open for a comment period. This is an opportunity to have your comments heard directly by the committee. To participate, individuals must register in advance by emailing the Department at negreghearing@ed.gov. CECU has offered to help individuals prepare public comments and encourages those interested to reach out. The Senior Vice President and General Counsel for CECU is Jed Brinton- Jed.Brinton@career.org.
- Prepare your institution for the passing of these regulations. While we can continue to support the legal efforts in play, it is important to be rooted in the reality that the July 1, 2024 implementation date is not far off. This is where our partner resources may come in handy.
 - Thompson Coburn LLC: [Free Desk Guide- ED's Financial Value Transparency and Gainful Employment Rule](#)
 - Thompson Coburn LLC: [ED's Latest BDR Guidance, and Why Institutions Should Respond to Claims](#)

COD SCHOOL TESTING FOR THE 24/25 AWARD YEAR

Late December, the FSA Partner and School Relations Center opened the opportunity for COD School Testing for the 2024–25 award year from Jan. 8, 2024, through Dec. 13, 2024.

The purpose of COD School Testing is to provide organizations (schools, third-party servicers, and software providers) an opportunity to test Federal Pell Grant (Pell Grant), Teacher Education Assistance for College and

Higher Education (TEACH) Grant, and William D. Ford Federal Direct Loan (Direct Loan) business processes and system software with the COD System prior to the transmission and processing of actual production data using [COD Common Record XML Schema Version 5.0b](#). It also allows schools, third-party servicers, and software providers the opportunity to make corrections or enhancements to software applications and processes prior to sending data to the “live” production environment.

All organizations that wish to participate in COD School Testing must submit the “COD School Testing 2024–25 Sign-Up Document” to the FSA Partner and School Relations Center. Complete testing information is available in the COD School Testing Guide (Volume 5 of the 2024–25 COD Technical Reference) posted on the [Knowledge Center](#). In an [Electronic Announcement](#), FSA provides information about COD School Testing for the 2024–25 award year.

School testing is comprised of three phases; the table below shows when each testing phase is available. School testing is self-paced, but an organization must complete Phase 1 testing before participating in Phase 2 testing. Following the completion of Phase 1 and Phase 2 testing, an organization may participate in Phase 3. Organizations are not required to test for the full duration of a testing phase, and often complete a testing phase before the end date of that phase. **Note:** The FSA Partner and School Relations Center will supply the **test** student data that must be used during testing.

TESTING PHASE	TESTING PHASE DESCRIPTION	START DATE	END DATE
Phase 1	Common Record Manual Verification Testing	01/08/2024	10/04/2024
Phase 2	Structured Application Testing	05/13/2024	11/15/2024
Phase 3	Unstructured Application Testing	05/13/2024	12/13/2024

For a breakdown of each of those phases, visit the E-announcement linked above. This opportunity is a beneficial way to ensure your institution’s environment is setup to work in the updates provided to COD for the 24/25 award year prior to it’s official release.



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[URGENT DEADLINE APPROACHING FOR THE 24/25 UNDERUSE PENALTY WAIVER FOR THE CAMPUS-BASED PROGRAMS](#)

The Higher Education Act of 1965, as amended, specifically sections 413D(d)(2) and 442(d)(2), outline that if a school returns more than 10% of its Federal Supplemental Educational Opportunity Grant (FSEOG) or Federal Work-Study (FWS) allocations in a given award year, the allocation for the second succeeding award year is reduced by the dollar amount returned unless the Secretary waives this provision. The deadline to request a waiver of the 2024–25 award year penalty of FWS and FSEOG for the underuse of 2022–23 award year funds is **Feb. 5, 2024**. This deadline was announced in a notice, “[2023–24 Award Year Deadline Dates for Federal Perkins Loan, Federal Work-Study, and Federal Supplemental Educational Opportunity Grant Programs](#),” published in the *Federal Register* on Jan. 18, 2023 (88 FR 2901).

A school can determine if it is subject to an underuse penalty by reviewing its most recent Fiscal Operations Report and Application to Participate (FISAP) or Campus-Based Tentative Funding Worksheet for 2024–25. The school may submit an underuse penalty waiver request if the school can explain that the underuse was due to circumstances beyond its control and why those circumstances are not expected to reoccur. The Department began communications with schools subject to underuse of these funds already; however, to determine if there will be an underuse penalty for your school FSA provides the following steps:

For FSEOG – Determine the underused percentage by dividing the unexpended 2022–23 funds in Part IV, Section E, Item 18 by the school's 2022–23 FSEOG allocation in Part IV, Section A, Item 1. If that quotient is more than 10%, the 2024–25 FSEOG allocation will be reduced by the total amount of unexpended 2022–23 FSEOG funds (Part IV, Section E, Item 18).

For FWS – Determine the underused percentage by dividing the unexpended 2022–23 funds in Part V, Section E, Item 19 by the school's 2022–23 FWS allocation in Part V, Section A, Item 1. If that quotient is more than 10%, the 2024–25 FWS allocation will be reduced by the total amount of unexpended 2022–23 FWS funds (Part V, Section E, Item 19).

It is important to note that if you also include funds returned through the reallocation process in August as well. If you returned 2022–23 FWS and/or FSEOG program funds to the Department those funds must be included among the total unexpended allocation amounts by program to determine their underuse percentage (even though this amount is not reported on the school's FISAP).

The [Campus-Based Tentative Funding Worksheets for 24/25](#) were just also posted late this month and can also be used to determine if there is an underuse penalty applicable to your institution. If the school failed to expend more than 90% of its 2022–23 program allocation(s), the underuse penalty will be applied to the tentative 2024–25 award allocations.

For directions on how to Request an Underuse Penalty, click the announcement link above. Once filed, the Department will review the penalty waiver requests and justifications and will notify the school in an email to the school's Financial Aid Administrator whether the request has been granted or denied.



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If the waiver request is granted, the underuse penalty for that program will not be applied when final awards for 2024–25 are made.

If the waiver request is denied, the underuse penalty for that program will be applied when final awards for 2024–25 are made.

UPCOMING DEADLINE: APPLY FOR DESIGNATION AS A TITLE III OR TITLE V INSTITUTION AND WAIVER OF THE NON-FEDERAL SHARE REQUIREMENT FOR FWS AND FSEOG

Another upcoming deadline approaching next month is the February 27th deadline to apply for designation of Title III or Title V status for institutions and the resulting waiver of the non-federal share requirements for the Federal Work-Study (FWS) and Federal Supplemental Education Opportunity Grant (FSEOG) programs.

Institutions participating in the FWS and FSEOG programs are normally required to provide a non-federal share under each program. Certain institutions, however, are eligible for a waiver of those requirements under 34 CFR 675.26(d) of the FWS regulations and 34 CFR 676.21(b) of the FSEOG regulations. To receive this waiver of the FWS and FSEOG non-federal share requirement, an institution must be designated by the Department of Education’s Office of Postsecondary Education Institutional Service (OPE/IS) as an eligible Title III or Title V institution under the *Higher Education Act of 1965 (HEA)*.

If an institution is designated as a Title III or Title V institution for federal fiscal year 2024 under the process described below, it will receive a waiver of the requirement for the non-federal share of earned compensation paid to students under the FWS Program and of FSEOG funds awarded to students for the 2024–25 award year. Federal Student Aid will send a notice to the financial aid administrator indicating that the waiver of the non-federal share matching requirement has been granted.

Institutions that receive the waiver may choose to continue to provide a non-federal share and to determine the amount of that share for one or both programs.

It is important to note that the 50% federal share limitation for FWS wages paid to students employed by a private, for-profit organization, and the 80% federal share limitation for the administration of the Job Location and Development (JLD) Program are **not** waived under the Title III or Title V designations.

OPE/IS uses an automated designation process by reviewing existing data from the Integrated Postsecondary Education Data System (IPEDS) to assess eligibility for Title III and Title V programs. Institutions must check their eligibility status by going to the “Application for Designation as an Eligible Institution” on the OPE/IS website (<https://hepis.ed.gov/title3and5/>). Institutions that are determined to be eligible for a Title III or Title V program automatically receive the waiver of the non-federal share requirement for the Campus-Based Programs for the 2024–25 award year. **No further action is required.**



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Institutions that are **not** designated as eligible for a Title III and Title V program must complete the “Application for Designation as an Eligible Institution” by the [Feb. 27, 2024, deadline stated in the Federal Register Notice](#) if they wish to be considered for Title III or Title V eligibility and the resulting waiver of the non-federal share requirement for FWS and FSEOG.

If assistance is needed FSA provides the following contact information:

U.S. Department of Education
Office of Postsecondary Education
Higher Education Programs, Institutional Service
400 Maryland Avenue SW, 5C122
Washington, DC 20202

Christopher Smith
Email: Christopher.smith@ed.gov

Jason Cottrell
Email: Jason.cottrell@ed.gov

For questions about the Title III or Title V waiver of the non-federal share requirement for the FWS and FSEOG programs, contact the FSA Partner and School Relations Center at 1-800-848-0978. You may also email CODSupport@ed.gov.

UPCOMING DEADLINE: 22/23 CAMPUS BASED AWARDS CLOSEOUT

Looking ahead into March, we want to review the deadline for the closeout of all 22/23 Campus-Based program awards. Wrapping up FSA’s updates in January is the release of the [Electronic Announcement](#) providing the regulatory deadline for the Campus Based Program closeout, as well as directions and the determination process. We have summarized the process of closeout with the directions published by FSA; however, for further guidance on the determination process following closeout we invite you to read FSA’s publication in its entirety.

Closeout must be completed by March 1st using the data submitted on the 24/25 FISAP. The 2022–23 awards closeout for the Campus-Based programs involves reconciling a school's authorized award in G6 for each of the Campus-Based programs with the amount reported as expended for the program on the school's 2022–23 Fiscal Operations Report.

For example, if a school's Federal Work-Study (FWS) authorized amount was \$50,000 and the school reported an expended amount of \$40,000 (in Part V, Section E, Field 18), the school's award will be closed out at the expended amount of \$40,000. It is assumed that the correct amount of expenditures is the amount reported on the FISAP. The unexpended \$10,000 will be de-obligated from the school’s authorization amount in G6.

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The closeout amount will appear in G6 as the authorized amount for the 2022–23 award year. If a school drew down more than what was reported as expended in its 2022–23 Fiscal Operations Report, a negative amount will appear in the "available balance" line in G6 and on reports generated from G6.

If a school has a negative balance in G6, the school must refund the amount of the negative balance using G6. If a school has made the refund but posted it to the wrong program, the school must make a drawdown from the program in which the incorrect refund was posted and then refund the amount to the correct program.

Note about Negative Balances and Late FISAP Corrections: If the closeout process results in a negative balance, the balance cannot be resolved through the submission of late FISAP corrections. The unexpended amount de-obligated from G6 at closeout will not be reinstated for any reason.

For assistance in making refunds or drawdowns, contact the U.S. Department of Education Business Support Services Helpdesk at 1-888-336-8930 or email obsseed@servicenowservices.com. Customer Service Representatives are available Monday through Friday from 8 a.m. to 6 p.m. Eastern time (ET).

COMPLIANCE CORNER

PREPARING FOR DRAFT COHORT DEFAULT RATES

The U.S. Department of Education (the Department) calculates cohort default rates twice each year. Generally, the Department sends draft cohort default rates to schools in February. After schools receive their draft cohort default rate data, schools are provided an opportunity to identify and correct any inaccuracies by submitting an incorrect data challenge. Schools also have the opportunity to challenge a potential loss of eligibility or potential placement on provisional certification by submitting a participation rate index challenge. The Department then calculates and releases the official cohort default rates. Official cohort default rates are generally released to schools and the public approximately six months after the release of the draft cohort default rates. Official cohort default rates must be released no later than September 30th each year.

As the February release of the Draft CDR approaches, let's review why it is important to review these reports and submit challenges if discrepancies are identified. For a regulatory overview, it is a requirement of participation in the FSA programs that schools must demonstrate they are [financially responsible](#). The financial responsibility standards can be divided into two categories: (1) general standards, which are the basic standards used to evaluate a school's financial health, and (2) performance and affiliation standards, which are standards used to evaluate a school's past performance and to evaluate individuals affiliated with the school. For our purposes today, we are going to focus on one specific standard of the general standards. For an oversight understanding the general standards state that a A proprietary or private nonprofit school is considered financially responsible

- if the Department determines that the school has a composite score of at least 1.5
- the school has sufficient cash reserves to make required returns of unearned Title IV funds, as provided under the refund reserve standards
- the school or persons affiliated with it are not subject to a condition of past performance



- the school is able to meet all of its financial obligations and provide the administrative resources necessary to comply with Title IV program requirements.
 - A school is not deemed able to meet its financial or administrative obligations if it fails to make refunds under its refund policy or return Title IV funds it is responsible for under the R2T4 rules, or if it
 - fails to make repayments to the Department for any debt or liability arising from its participation in the Title IV programs,
 - Or if the school is subject to a mandatory triggering event or to a discretionary triggering event that the Department determines is likely to have a material adverse effect on their financial condition. It is this sub-standard that includes the calculation of the Cohort Default Rate and how that value reflects on a school's financial responsibility.

The discretionary trigger of the Cohort Default Rate which is outlined as occurring when the school's two most recent official cohort default rates are 30 percent or greater, THAT IS –unless the school files an appeal for one or both of those fiscal years that either remains pending, results in reducing below 30 percent the default rate for one or both of those years, or precludes the rate from one or both years from resulting in a loss of eligibility. To avoid a discretionary trigger, it is important to stay on top of your institution's CDR calculation and ensure it stays below the 30 percent threshold.

An important action step is to ensure you review the draft CDR received in February against your own institutional records. After receipt of draft rate data, schools are provided an opportunity to identify and correct any inaccuracies by submitting an incorrect data challenge. Schools have the opportunity to challenge a potential loss of eligibility or potential placement on provisional certification by submitting a participation rate index challenge. The Department electronically transmits cohort default rate (eCDR) notification packages to all schools, using the Student Aid Internet Gateway (SAIG) destination point administrator (DPA) designated by the school. All schools are allowed five business days to report any problems with the electronic transmission of their eCDR packages. Timelines for submitting challenges, adjustments, and appeals begin on the sixth business day following the announced transmission date. The data file received in the SAIG mailbox includes 2 files- the cover letter and also the loan record detail (LRDR) information in an unformatted extract. Beginning with 2023, the CDR package no longer includes what we used to call the user friendly Loan Record Detail Report (however, those can be obtained in NSLDS).

A LRDR contains information on the loans that were used to calculate a school's draft or official cohort default rate. The LRDR lists a school's Federal Family Education Loan (FFEL) and/or William D. Ford Federal Direct Loan (Direct Loan) activity, including but not limited to: the number of borrowers who entered repayment during a given fiscal year, and the loan status of those borrowers. Note that the information on the LRDR includes loan information that the schools and data managers have submitted to the National Student Loan Data System (NSLDS).

The LRDR is used to verify information such as "Date Entered Repayment," and is the basis for:

- Incorrect data challenges (draft rates)
- Uncorrected data adjustments
- New data adjustments



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- Erroneous data appeals

Why should a school review the LRDR for the DRAFT cohort default rates?

- Unless it is corrected, the draft cohort default rate data will be used to calculate the official cohort default rates. Therefore, it is important for the school to verify the accuracy of the draft cohort default rate data before the official cohort default rates are calculated and released.
- If the school does not challenge draft cohort default rate data that the school believes is incorrect, the school forfeits the right to submit certain types of adjustments and appeals when the official cohort default rates are released.

A school should review the LRDR by comparing the school's records to the information on the LRDR. A school can simplify this process by creating a spreadsheet or database using information from the school's records. The [Cohort Default Rate Guide](#) only recommends the use of a school spreadsheets; it is up to your school to consult its technical staff to discuss database creation. It is important to note that a school does not need to wait until the release of the cohort default rates to create the school's spreadsheet. This spreadsheet can now be used to compare to the LRDR or even the repayment information in NSLDS or various data managers. In doing so, it is recommended the school ask the following questions:

- Is each data element on the school's spreadsheet the same as the corresponding element on the LRDR (if not, the data may be incorrectly reported)?
- Are there borrowers on the LRDR that are not on the school's spreadsheet (if so, the borrowers may be incorrectly included)?
- Are there borrowers on the school's spreadsheet that are not on the LRDR (if so, the borrowers may be incorrectly excluded)?

Using NSLD to Monitor Loans:

On at least a monthly basis, school staff should compare the default and repayment status reports available through the National Student Loan Data System (NSLDS) with the school's own data. This gives the school a chance to identify and correct errors before the draft or official cohort default rates are released. If an error is found in a student's record, the school should contact the appropriate data manager to resolve the discrepancy. Repayment information also helps schools ensure the data reported to NSLDS is accurate. Schools that monitor borrowers' repayment and default status can contact data managers as errors occur instead of waiting until the release of the cohort default rates to correct inaccuracies. Schools that monitor borrowers' repayment status can identify borrowers who have just entered repayment and make sure that they are aware of all of the repayment options available to them. This information can help a borrower avoid default.

Helpful Reports in NSLDS

- The School Repayment Information Loan Detail (DRC015) provides the current repayment status of certain borrowers in the FFEL and Direct Loan programs who attended a school during a specific period. Schools

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can request detailed repayment information for the most current 24-month period. As the most current 24-month period is only available on NSLDS for a month, it may be useful to download the information each month. The school can then select the students who fall into a specific cohort period and compare the NSLDS repayment data with the school's data.

- The Date Entered Repayment Report (DER001) is a list of student borrowers who are scheduled to go into repayment during a specified date range and are currently enrolled with loans in good-standing, with their loan histories. The school may specify the 'begin' and 'end' dates for the date range, specify one of three sort orders (SSN, Name or Date Entering Repayment).
- The Borrower Default Summary Report (SCHDF1) provides a list of loans that currently have a defaulted loan status (DB, DL, DO, DT, DU, DW, DF, or DZ) and a loan status date that falls within the requested date range. Users can select all loan programs or only one. The report includes student identifiers, loan identifiers, Guaranty Agency information, Federal Servicers, and lender information. It also includes the current loan status and up to three status codes from history. The report can be sorted by Loan Status Date, Last Name, or Social Security Number. The information is available in an extract file.

With this guidance in mind, be on the lookout for the receipt of your draft CDR in the SAIG Mailbox in early February.

CALENDAR and RESOURCES

Training Resources

DJA MONTHLY WEBINARS

Consumer Information- Wednesday, February 7th, 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, as well as our newsletter recipients on a trial basis. Invitations are automatically sent to all clients, however if you do not receive an invitation, email Lynessa Roberts at lroberts@gotodja.com. After registering, you will receive the log-in information. If you would like to attend a webinar and are not a DJA client, please email Lynessa and she will ensure you receive an invite to register. Questions can be directed to Lynessa by email or by calling toll free at 1-800-242-0977.

2024 DJA WEBINAR SCHEDULE

FEB 7	Consumer Information, Record Keeping and Disclosures
MAR 6	Administrative Capabilities
APR 3	Satisfactory Academic Progress
MAY 8	Return of Title IV Funds (Including LOA)



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JUN 5	General Participation Requirements
JUL 10	Campus Crime Report
AUG 7	Entrance and Exit Counseling
SEPT 4	Cash Management
OCT 2	Enrollment Reporting Using NSLDS
NOV 6	Program Integrity (Audits, Program Review)
DEC 4	1098-T Reporting

Conference Schedule

ABACC Annual Conference February 19-22nd

The Association of Business Administrators of Christian Colleges (ABACC) Annual Conference is the only event that provides professional development and networking opportunities specifically for Christian Higher Education business officers. The conference will be held at the Embassy Suites Orlando in Lake Buena Vista South from February 19th -22nd, 2024. DJA will be attending as an exhibitor to provide administrators an opportunity to visit with our team on the financial aid software and services we offer to streamline the complexities of Title IV aid administration. To sign up as an attendee and learn more on the conference, click [here](#).

20th Annual National Conference on Allied Health Education March 25-28th

The National Conference on Allied Health Education is an annual event hosted by the Accrediting Bureau of Health Education Schools (ABHES). This year's conference will be held in Las Vegas at the Aria Resort and Casino starting March 25, 2024 through March 28, 2024. An array of informative and timely break-out sessions will be offered to attendees. DJA will also be present, alongside other exhibitors, to showcase the advantages a partnership with our company can offer to ensure your institution maintains regulatory compliance through our streamlined, cost-savings approach. Visit us to discuss how our services can best meet your financial aid administration needs.

For more information on this event visit their [site](#).

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.

