

COVID-19 and Federal Student Aid: What We Know Follow-Up

April 2, 2020



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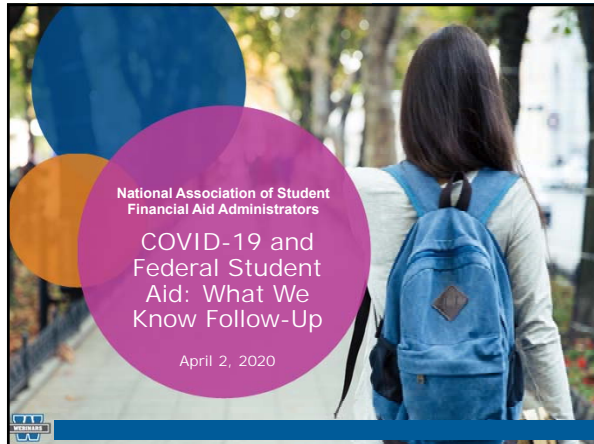
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April 2020



NASFAA's Webinar COVID-19 and Federal Student Aid: What We Know Follow-Up






Presented April 2, 2020



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Speakers

- **Justin Draeger**
 - President & CEO, NASFAA
- **Karen McCarthy**
 - Director of Policy Analysis, NASFAA
- **Jill Desjean**
 - Policy Analyst, NASFAA
- **David Futrell**
 - Knowledgebase & AskRegs Manager, NASFAA

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Agenda

- Updated Department of Education Guidance
- Congressional Legislation
- What We'd Like To See
- NASFAA Resource Page
- Q&A

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▶ Department of Education Guidance



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Guidance for Interruptions of Study Related to COVID-19

- Published March 5th on IFAP website
- Includes initial guidance from the Department of Education
- Addresses concerns regarding how higher education institutions should comply with Title IV policies for students whose activities are impacted by COVID-19



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Guidance for Interruptions of Study Related to COVID-19

Updated March 5th Electronic Announcement with
attached COVID-19 FAQs covering:

- Extension of EA to cover payment periods
beginning on or before June 1, 2020
- FWS clarifications
- Cost of Attendance (COA) recalculations
- R2T4 clarifications
- Loan period begin and end dates
- Clinicals and leaves of absence
- Clock-hour classes online
- Overlapping terms/payment periods



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Scenario 1—Refunding Charges

School is considering delaying refunds of room
and board charges until 2020-21 academic year
for continuing students

- 3 types of refunds involved:
 - Institutional charges refund amount applied to student's
account either this award year or next award year
 - Title IV credit balance refund for current award year or
loan period
 - Credit balance refund of institutional aid
- Institutional refund applied toward next year's charges
is EFA; otherwise not EFA
- Title IV credit balance regulations still apply

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Scenario 2—Graduating Early

School has been asked by state authorities to
permit 4th-year medical students to graduate 3
weeks early to assist with COVID-19. Semester is
still 16 weeks and academic year still exceeds 30
weeks of instructional time.

- Institutional decision
- Does not require ED approval
- Can graduate some or all students early
- Does not impact student's eligibility or previously
disbursed loans
- Early graduation date for Enrollment Reporting and
repayment

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Scenario 3—Recalculations

School offers four 4-week modules within the term/payment period. Student is unable to begin attendance in second module.

- Per 3/5 EA, COA recalculation not required if refunding charges or for housing changes
- Enrollment status recalculations still required when student fails to begin attendance in some or all classes
- Different recalculation rules for Pell Grants, IASGs, and TEACH Grants versus Direct Loans

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Seeking Additional ED Guidance

- Clock-hour programs
- Deadlines
 - Audits
 - Enrollment Reporting
 - Recertification
- FWS and average “scheduled hours”
- Payment periods starting after June 1
- Adjusting term dates and disbursement dates
- GEN-17-08
- And more...

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▶ The Coronavirus Aid, Relief, and Economic Security Act



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CARES Act: Emergency Stabilization Fund

- \$2 trillion COVID-19 relief package
- Emergency Stabilization Fund
 - Nearly \$14 billion for higher education
 - 90% (\$12.5 billion) will be allocated to institutions based 75% on the enrollment of full-time equivalent (FTE) Pell Grant recipients and 25% on enrollment of FTE non-Pell Grant recipients
 - Students enrolled exclusively in online, distance education courses prior to the COVID-19 emergency will be excluded from this calculation

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CARES Act: Emergency Stabilization Fund

- 50% of the school's allocation must go directly to students in the form of emergency financial aid grants for expenses under COA related to the disruption of campus operations
- Remaining funds may be spent on institutional crisis-related expenses
- Funding will be distributed by ED via Title IV systems
- American Council on Education (ACE) conducted a simulation of the distribution of emergency funds for every institution of higher education – see nasfaa.org/covid19

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CARES Act: Campus-Based Provisions

- Waives nonfederal share for institutions FWS and FSEOG for 19-20 and 20-21 years
- Allows school to transfer up to 100% of unexpended FWS funds to FSEOG during qualifying emergency
- Allows use of FSEOG funds for emergency scholarships to students, including graduate students
 - FSEOG awarding rules waived
 - Not counted as estimated financial assistance (EFA)
 - Maximum amount awarded per student is the maximum Pell Grant award for the year (\$6,195 for 19-20)

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CARES Act: SULA, LEU, and SAP

- Excludes subsidized loan usage and Pell Grant usage from SULA and LEU calculations for students who withdraw as result of qualifying emergency
- Allows school to exclude from SAP quantitative component any credits not completed, without requiring an appeal

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CARES Act: Return of Title IV Funds

- Waives R2T4 requirements for schools or students to return unearned grant or loan assistance
- School must report to ED total amount of grant/loan for each affected student and total amount of grant/loan not returned by the school under this waiver
- Note: Schools still must complete R2T4 calculation
- ED will cancel portion of Direct Loan for payment period from which student withdrew
- Approved leave of absence does not require that student return at the same point

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CARES Act: Foreign Institutions

- Title IV-participating foreign institutions, can offer distance education to U.S. students not enrolled in a study abroad program during a declared emergency and the following payment period
- ED may permit a Title IV-participating foreign institution to enter into a written arrangement with a U.S. institution that participates in the Direct Loan program, to allow a borrower at a foreign institution to take courses from the U.S. institution, during a qualifying emergency and the following payment period

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CARES Act: Borrower Relief

- Suspended payments and interest accrual until September 30, 2020 for Direct Loans and ED-held FFEL Loans automatically
 - Each month of suspended payments is counted as if the borrower had made a payment for the purposes of PSLF and loan rehabilitation
- Suspension of involuntary collections such as wage garnishment, tax refund reductions, and reductions of federal benefits like Social Security benefit through September 30, 2020

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▶ What We'd Like to See



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What We'd Like to See: The Department of Education

- Education Stabilization Fund
 - Significant flexibilities for campuses in determining who to award to and how much to award
 - Maximum grant amount
 - Inclusion of a maximum timeframe schools would need to spend the money by
- Flexibility for school documentation processes disrupted by COVID-19 (e.g., verification, C-code resolution)

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What We'd Like to See: Future Legislation

- Emergency grant funds under Education Stabilization Fund to not be considered estimated financial assistance (EFA)
- Stimulus checks excluded from counting as untaxed income on the FAFSA
- Waiver of the non-federal share for FWS if it is paid by a non-profit organization
 - Currently it's only the institutional non-federal share
- Inclusion of Perkins, commercially-held FFEL, and HHS loan borrowers in relief provisions
- Exemption for PSLF participants from requirement to work full-time for public service organization during payment suspension period for borrowers who were involuntarily laid off/terminated or had hours cut due to COVID-19

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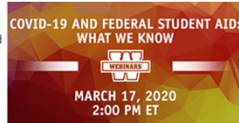
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Coronavirus (COVID-19) Web Center

This web center has been created to keep NASFAA members and the financial aid community updated on pertinent news related to the coronavirus (COVID-19).

Register now for our "COVID-19 and Federal Student Aid: What We Know" webinar, scheduled for March 17, 2020 at 2:00 p.m. ET. — free of charge for NASFAA members and non-members.



www.nasfaa.org/covid19

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► Questions?



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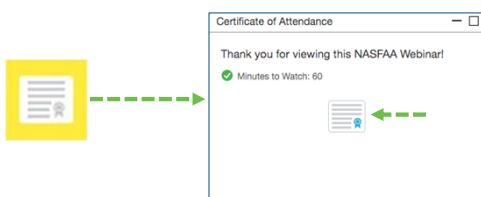
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Verification 2020-21	11/19/2019
What the Pell Am I Supposed to Do With These Enrollment Status Changes?	12/11/2019
Policy Update*	12/17/2019
Verification 2020-21: Follow-Up Webinar	01/22/2020
Financial Literacy	02/12/2020
Enrollment Management for Financial Aid Administrators	03/19/2020
Grad/Professional School Townhall*	03/25/2020
Satisfactory Academic Progress: Basics & Beyond	04/22/2020
Return of Title IV Funds Spotlight: Advanced Concepts	05/13/2020
Policy Update*	05/19/2020
Direct Loan Spotlight	06/03/2020

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