

FEDERAL UPDATE



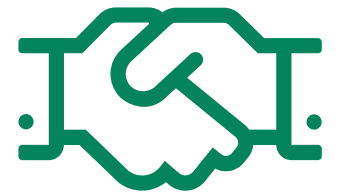
U.S. Department of Education

NASFAA 2025 CONFERENCE
June 26, 2025

AGENDA

OFFICE OF POSTSECONDARY EDUCATION POLICY UPDATES

- Negotiated Rulemaking Overview
- Negotiated Rulemaking Activities
- Regulatory Updates
- Federal Loan Program Updates
- Recent Policy Guidance



AGENDA - CONTINUED

FEDERAL STUDENT AID IMPLEMENTATION UPDATES

- FAFSA operational updates
- Pell Grant min/max awards
- Campus-based funding
- Verification
- Gainful employment (GE)/ financial value transparency (FVT) operational update
- Electronic announcements
- Return to repayment outreach and school outreach
- Compliance updates
- FTI & FAFSA data use
- Cybersecurity



Negotiated Rulemaking Overview



Negotiated Rulemaking



- Under Sec. 492, Regional meetings and negotiated rulemaking, of the *Higher Education Act of 1965*, as amended (*HEA*) provides that the Secretary shall:

- Obtain public involvement in the development of proposed regulations.
- Obtain the advice of and recommendations from individuals and representatives of the groups involved in student financial assistance programs.
- Provide for a comprehensive discussion and exchange of information and consider such information in the development of proposed regulations.
- Prepare draft regulations and submit such regulations to a negotiated rulemaking process.
- Negotiated rulemaking may be waived in some situations.
- Publish a summary with proposed regulations in the Federal Register.
- See our [Higher Education Policy Initiatives](#) page for updated information on policy and rulemaking activities.

REGULATORY PROCESS



PUBLIC HEARINGS

Inform community of intent to regulate and topics

Conduct public hearing(s)

Request nominations for non-federal negotiators



NEGOTIATED RULEMAKING

Negotiating committee meets

ED provides draft amendatory text for discussion

Final consensus vote on last day of negotiations



PROPOSED REGULATIONS

Publish Notice of Proposed Rulemaking (NPRM) in the *Federal Register*

Request for comments submitted through regulations.gov



FINAL REGULATIONS

Review, redact, summarize, and respond to public comments

Publish notice of Final Regulations (NFR) final regulations in the *Federal Register*



MASTER CALENDAR

Final regulations published by Nov 1 go into effect on the following July 1

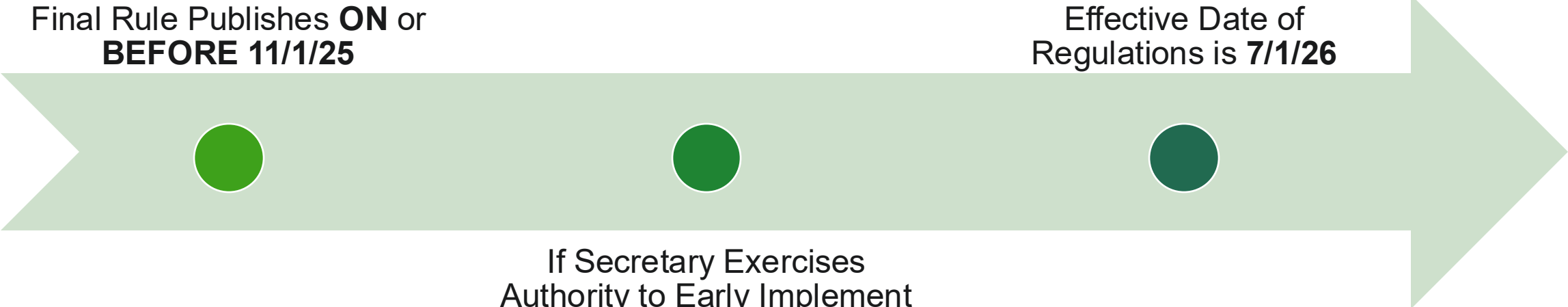
Early implementation at Secretary's discretion

FINAL RULE PUBLISHES **ON OR BEFORE** NOVEMBER 1, 2025

Implementation Date and Effective Date Master Calendar

Final Rule Publishes **ON** or
BEFORE 11/1/25

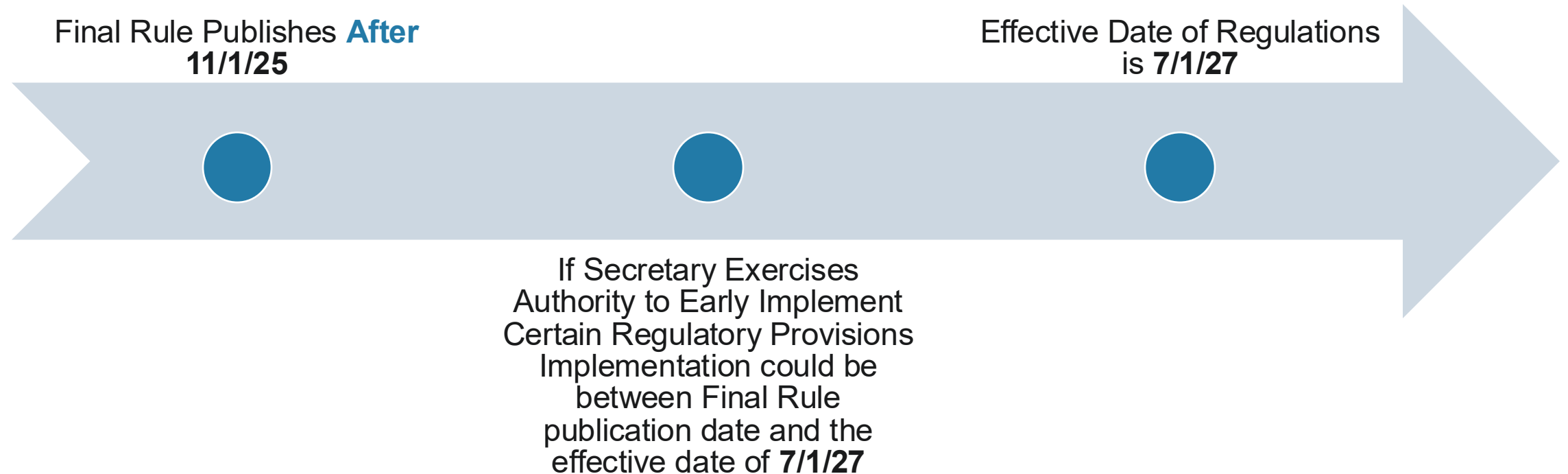
Effective Date of
Regulations is **7/1/26**



If Secretary Exercises
Authority to Early Implement
Certain Regulatory
Provisions (implementation
could be between
publication date and **7/1/26**-
effective date)

FINAL RULE PUBLISHES **AFTER** NOVEMBER 1, 2025

Implementation Date and Effective Date Master Calendar



Negotiated Rulemaking Activities



PROGRAM INTEGRITY & INSTITUTIONAL QUALITY

Negotiations were held

- Session 1 held January 8-11, 2024
- Session 2 held February 5-8, 2024
- Session 3 held March 4-7, 2024

Consensus Reached

- Federal TRIO Programs

Consensus Not Reached

- Accreditation
- Cash Management
- Distance Education
- Return of Title IV Funds (R2T4)
- State Authorization

PROGRAM INTEGRITY AND INSTITUTIONAL QUALITY

The Department did not publish an NPRM for Accreditation, Cash Management, or State Authorization

- Federal Register notice published 12/26/2024 terminated the rulemaking proceedings for these three topics.
- The Department could revisit any of these topics in the future but would need to conduct negotiated rulemaking again.



PROGRAM INTEGRITY AND INSTITUTIONAL QUALITY

[NPRM](#) for TRIO, Distance Education, and R2T4 published: July 24, 2024

- Public comment ended August 23, 2024
- Received 454 comments in response to the NPRM

[Final Rule](#) published: January 3, 2025

- Makes substantive changes to Distance Education and R2T4
- Makes technical updates only for TRIO Programs
- Effective date: July 1, **2026**
 - Optional early implementation for some provisions effective February 3, 2025

FINAL RULE – DISTANCE EDUCATION

Amends 34 CFR
§ 600.2 to add a
definition for distance
education course

- A course in which instruction takes place exclusively as described in the definition of distance education, notwithstanding in-person non-instructional requirements including orientation, testing, and academic support services

Requires institutions to
report student
enrollment in distance
education or
correspondence
courses

- Effective July 1, **2027**
- Procedure to be determined by the Department

FINAL RULE – R2T4

Codifies longstanding policy that an institution required to take attendance must, within 14 days of a student's last date of attendance, assess whether the student has withdrawn.

Allows a confined or incarcerated individual, in a term-based setting, to not resume where the student left off when returning from a leave of absence (optional early implementation as of February 3, 2025).

Simplifies and makes consistent institutions' calculation of the percentage of the payment period completed for a clock-hour program.

Includes a module as part of the payment period used in the denominator of the R2T4 calculation only when a student begins attendance in the module.

FINAL RULE – R2T4 (CONTINUED)

Optionally exempts institutions from performing an R2T4 calculation if **all** the following conditions are met:

- The student is treated as never having begun attendance;
- The institution returns all Title IV aid disbursed to the student for that payment period or period of enrollment;
- The institution refunds all institutional charges to the student for that payment period or period of enrollment; and
- The institution writes off or cancels any current year balance owed by the student to the institution due to the institution's return of Title IV funds to the Department.

Schools may choose to early implement this new exemption, effective February 3, 2025.

FINAL RULE – TRIO PROGRAMS

Makes technical updates to the TRIO program regulations to:

- Reflect the status of the Republic of Palau as a member of the Freely Associated States, and
- Remove references to the Trust Territory of the Pacific Islands.



SAVE PLAN STATUS

In July 2024, a lawsuit was filed against the Department and the SAVE plan. The court issued an injunction against the entire rule.

The Department discontinued new enrollments in SAVE and placed borrowers into forbearance.

In March 2025, the income-driven application and on-line consolidation became available.

UPCOMING RULEMAKING

The Department published a *Federal Register* notice on April 4, 2025, announcing its intent to establish a negotiated rulemaking

- Topics may include Public Service Loan Forgiveness (PSLF), the Pay As You Earn (PAYE) Plan, and Income-Contingent Repayment (ICR) Plan.
- Future rulemakings may address other topics that would streamline current federal student financial assistance programs.

Public hearings to accept suggestions and feedback

- April 29, 2025 (Washington, DC)
- May 1, 2025 (Virtual)

Public comment period to accept suggestions and feedback

- Comment period ended on 5/8/25
- Received 7,929 comments

UPCOMING RULEMAKING

- The Department published a [Federal Register notice](#) on May 12, 2025, announcing a Negotiated Rulemaking Committee on Student Loans and Affordability and requesting nominations for non-federal negotiators.
 - Refining definitions of a qualifying employer for the purposes of determining eligibility for the Public Service Loan Forgiveness program.
 - Revisiting family size, restructuring repayment plan provisions, including the alternative repayment plan, and certain other provisions of the rule published on July 10, 2023.

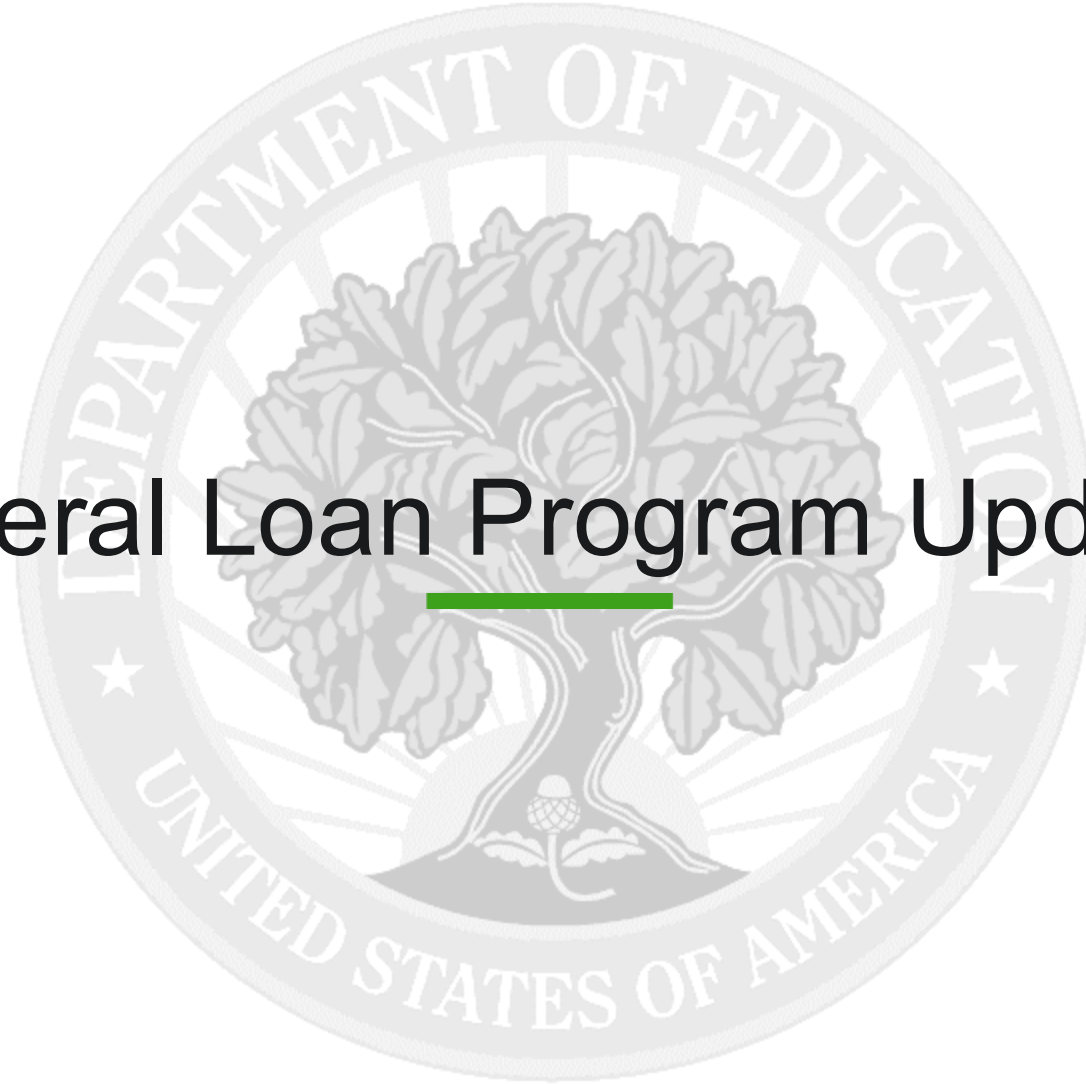
[2025-2026 Negotiated Rulemaking Activities](#)

UPCOMING RULEMAKING CONTINUED

- Negotiations will be held in person at the Lyndon Baines Johnson (LBJ) Department of Education Building in Washington, DC
 - Session: June 30 – July 2, 2025
 - Session times: 9:00 a.m. to 12:00 p.m. and 1:00 p.m. to 4:00 p.m. Note: Public comment period from ~3:30 p.m. to 4:00 p.m. (EST).



Federal Loan Program Updates



PERKINS LOANS

- Schools are required to report the status of their Perkins Loan portfolio and program fund annually through the Fiscal Operations Report and Application to Participate (FISAP), as well as report monthly on their outstanding loans to the National Student Loan Database System (NSLDS®).
- Schools must account for the receipt and expenditure of Perkins Loan program funds.
- Part III, Section A of the FISAP should be coming from accounting records (reconciled with their cash balance as of June 30th).



PERKINS LOANS – (CONTINUED)

- Under the due diligence general requirements, schools are required to follow all policies and procedures.
- When using contractors for billing and collection, schools must make certain servicers and collection firms comply with the program rules in performing its duties.
- Institutions are required to reconcile their loans (not servicers, institutions).
 - Perkins Loan Portfolio Report (PRKPF1) is a new report.



PERKINS LOANS – (CONTINUED)

- Schools are required to assign to the U.S. Department of Education any Perkins Loan that has been in default for more than two years
 - Please refer to the May 26, 2023 [[EA ID: CB-23-09](#)] and Aug. 27, 2021 [[EA ID: General 21-53](#)] Electronic Announcements for complete information and conditions.
 - Institutions should create their assignment documents or oversee the servicer's work to eliminate the creation of duplicate loan data on NSLDS.
- Schools that no longer wish to service their Perkins Loan portfolio should begin the liquidation process to close out their program
 - Follow the steps outlined in Part II of the [Federal Perkins Loan Assignment and Liquidation Guide](#).



JOINT CONSOLIDATION LOANS

- On October 11, 2022, the Joint Consolidation Loan Separation Act (JCLSA) was signed into law.
- The JCLSA allows joint consolidation loan (JCL) borrowers who have either Direct Loans (DL) or Federal Family Education Loans (FFEL) to separate their joint debts into separate, individual Direct Consolidation loans.
- In October 2024, borrowers could apply for JCL.
- The Department started processing JCL applications on December 31, 2024.



JOINT CONSOLIDATION LOANS (CONTINUED)

- Borrowers who have applied are in forbearance while the separation is being processed.
- Borrowers who requested the limited PSLF waiver by October 31, 2022, must have applied by June 30, 2025, to have the benefits of the waiver applied.
- All JCL borrowers have until June 30, 2025, to apply for the one-time Income-Driven Repayment (IDR) account adjustment.
- The timing for the actual application of the payment count adjustment and the limited PSLF waiver to borrowers' accounts has not been finalized yet.



The seal of the Department of Education, United States of America, is a circular emblem. It features a large, leafy tree in the center, with a smaller tree or plant at its base. The words "DEPARTMENT OF EDUCATION" are written in a circular path around the top, and "UNITED STATES OF AMERICA" around the bottom. Two stars are positioned on the left and right sides of the seal.

Recent Policy Guidance

RECENT POLICY GUIDANCE

The requirement for institutions to begin collecting statistics on hazing incidents reported to campus security authorities or local police became effective on January 1, 2025. These statistics will be included in each institution's 2025 Annual Security Report (ASR), which is required to be distributed on or before October 1.

Institutions must have a process for documenting violations of the institution's standards of conduct relating to hazing.

Hazing statistics will first be included in the 2026 ASR (2025 statistics).

2025

January 2025

June 23

July 1

December 23

2026

October 1

Anti-hazing policies and prevention programs must be in place by June 23, 2025.

The Campus Hazing Transparency Report (CHTR), which includes the violations that institutions begin documenting on July 1, must be publicly available. Please note that this new report is distinct and separate from the ASR requirements and must be updated at least two times a year.

Stop Campus Hazing Act Timeline

RECENT POLICY GUIDANCE

DCL on: Institutional Responsibilities under the Stop Campus Hazing Act publishing soon. **Campus Hazing Transparency Report** must, for each hazing case with a finding of responsibility, include:

- The name of the student organizations(s)
- General description of the violation, including whether the violation involved the abuse or illegal use of alcohol or drugs
- The findings of the institution and any sanctions placed on the organization by the institution
- The date(s) the alleged incident was reported to have occurred

- The date the investigation into the incident was initiated
- The date the investigation ended with a finding that hazing violation(s) occurred
- The date the institution provided notice to the organization that the incident resulted in a finding that hazing violation(s) occurred

- May also include other information necessary to provide context or required by state disclosure laws
- Must not include personally identifiable information (PII)

RECENT POLICY GUIDANCE

- [DCL GEN-25-03](#): Changes to the Approval Process for Changing Accrediting Agencies
- The Department will expedite review of applications to change accrediting agencies except in rare cases where an institution lacks reasonable cause
- When it begins the process, the institution should submit a Reasonable Cause Request Certification form to CaseTeams@ed.gov

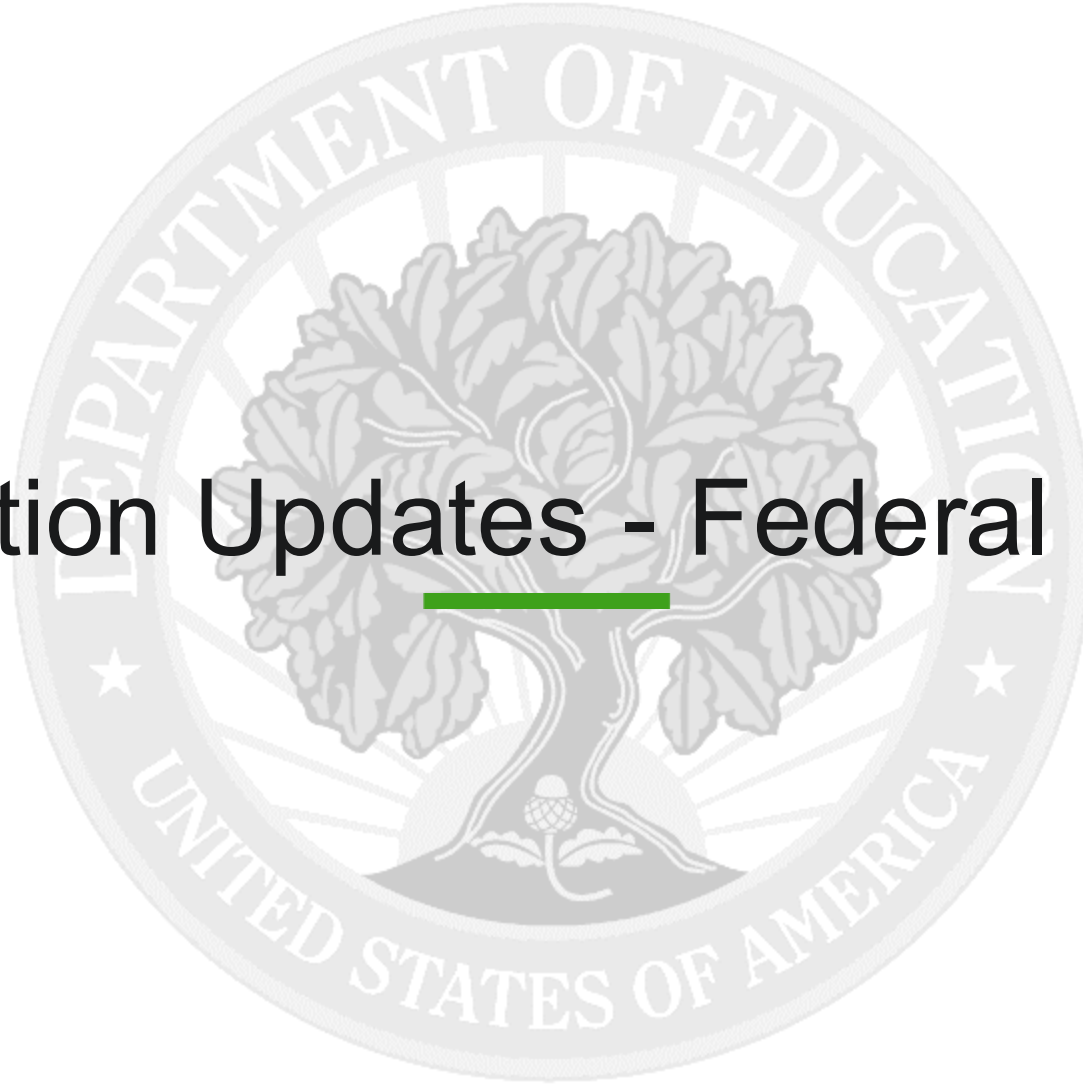
- The Department will find cause to be reasonable and approve change if an institution submits all materials required under 600.11(a)(1) and 600.11(b)
- Cause is not reasonable if the institution:
 - has had its accreditation withdrawn, revoked, or otherwise terminated for cause during the preceding 24 months, unless such action has been rescinded.
 - has been subject to a probation or equivalent, show cause order, or suspension order during the preceding 24 months.
- Notwithstanding the adverse actions above, the Department may still find cause reasonable if:
 - prior agency did not provide the institution its due process rights as defined in 34 CFR § 602.25,
 - prior agency applied its standards and criteria inconsistently, or
 - the adverse action, probation, show cause, or suspension order was the result of the prior agency's failure to respect an institution's stated mission.
- Supersedes [GEN-22-10](#) and [GEN-22-11](#)

RECENT POLICY GUIDANCE

- DCL on: Guidance on the Use of Federal Tax Information (FTI), *Free Application for Federal Student Aid* (FAFSA®) and Non-FAFSA Data Publishing Soon
 - Statutory changes permit and limit the access, disclosure, and use of FTI, FAFSA, and non-FAFSA data by institutions of higher education, and state higher education agencies that administer state-based financial aid;
 - Guidance clarifies how FTI and FAFSA data may be used with respect to the “application, award, and administration of aid”, research partnerships, FAFSA completion initiatives, means-tested benefits outreach, and aggregate reporting; and
 - Provides additional information about student written consent needed for disclosures to third-parties.
 - **Supersedes (GENERAL-24-129) Guidance for State Grant Agencies and Institutions of Higher Education on the Access, Disclosure, and Use of FAFSA Data for the Application, Award, and Administration of Student Aid Programs**



Implementation Updates - Federal Student Aid



2025-26 FAFSA DASHBOARD

Volume

Previous day plus total figures since the launch of 2025-26 (incl beta)

	6/19	Total
Starts	33,249	14.7m
Submissions	33,669	13.1m
Processed	302	13.0m
Corrections	12,240	2.4m

Performance

Quality metrics to understand customer experience

	6/19	Total
Satisfaction	94%	94%
Reasonable time to complete	89%	86%
Rejection Rate	0.7%	2.7%

Contact Center

Performance of the Contact Center for the previous week (through 6/20)

	Calls	Chat
Average Speed to Answer	0:16	0:05
Abandonment	0.5%	0.5%
Volume	234,384	45,125

2026-27 FAFSA BETA

FSA will conduct beta testing of the 2026-27 FAFSA launch in advance of releasing to the public by Oct. 1, 2025.

- Testing online and paper FAFSA submissions with students and families
- Validating that their ISIRs are successfully delivered and data is accurate
- Addressing user feedback and fixing critical issues along the way

Goals:

- Launch by October 1 with no critical blockers or user issues
- Continue to engage real students, families, and partners to inform our roadmap

2026-27 FAFSA FORM PLANNED CHANGES

Question 11— Student Demographic Information

- “What is the student’s gender?” changed to “What is the student’s sex?”
- “Nonbinary” and “Prefer not to answer” responses removed

Question 12 — Student Race and Ethnicity

- Separate Hispanic, Latino or Spanish origin question removed
- “Hispanic or Latino” and “Middle Eastern or North African” categories added

Real-Time SSA Match

- Match occurs during the application process

Contributor workflow

- No longer requires applicant to include all of contributor personal information

Invite Your Parent to This FAFSA® Form

To determine your student aid eligibility, we need more information on your household financial situation. You'll need to invite a contributor to provide this information.

As a dependent student, you need to invite a legal parent as a contributor. You only need to invite one parent. We may ask them to invite their spouse or partner.

[Who counts as a parent on the FAFSA form?](#)



Parent

Invite a Parent Contributor

Email



Send Invite

Previous

Continue

✓
Personal
Circumstances

✓
Demographics

✓
Financials

✓
Colleges

5
Contributor Invite

6
Signature


Invitation Sent!

Once your parent accepts the invitation, they can complete the parent section of this FAFSA form.

They may be asked to invite their spouse as a contributor too. You can check the status of contributor invitations from your My Activity page.

 Parent

Alcina Tran

 Invite Accepted

 Replace Contributor

Previous

Continue

[← FAFSA Homepage](#)

Accept 2026-27 FAFSA Invitation

Enter the code from the student who invited you to join their FAFSA form.

Invitation Code

Submit

Need to accept an invitation for a different year?

Navigate to the [My Activity page](#) where you will see FAFSA forms from previous years where you've been invited as a contributor.

Don't have a contributor code?

Please speak with the student who invited you to their form and ensure they have sent it to your email. Check your inbox for your contributor code.

FRAUD PREVENTION EFFORTS

EA-APP-25-16

- Due to significant evidence of fraud, the Department is launching a nationwide effort to prevent fraud and identity theft and improve the integrity of the *Title IV*, HEA programs
- This effort will take place in two phases:

Phase 1: V4/V5 Selection

- Begins early summer
- Increased selection for V4 verification
- Expect an additional 125k students will be selected

Phase 2: FSA Identity Confirmation

- Begins in the fall
- Performed by FSA; will not require institutional action
- Expect reductions in V4 selection

COMPLETING V4/V5 IDENTITY VERIFICATION

[EA-APP-25-16](#)

- Statement of Educational Purpose is ***no longer required***
- The Department has updated the ways an institution can document completion of the identity component of V4 and V5 verification:
 1. Submit valid government identification in person or through a video call.
 2. For a student who cannot appear in person, a certification from the notary that they appeared before the notary and presented a government-issued photo ID confirming their identity.
 3. Vendor that is compliant with NIST Identity Assurance Level 2 has verified the student's identity.
 4. Confirmation of student identity by responsible individual at the student's prison facility.

EXPANDED LATE DISBURSEMENT FLEXIBILITY

EA-GENERAL-25-25

- The Department has expanded its guidance on flexibilities for late disbursements to include all students who filed a 2024-25 FAFSA and are or were impacted by a known issue announced by the Department.
- For these students, a school may utilize the flexibility to start the 180-day late disbursement clock from the later of:
 - The date the student withdrew or otherwise became ineligible for the award year, or
 - The earliest Transaction Processed Date with an official SAI.
- Flexibility applies to all known issues described in the [Technical Frequently Asked Questions and Known Issues](#) (TeFAQKI).

APPROPRIATIONS / PROGRAM FUNDING

Continuing Appropriations and Extensions Act, 2025 (P.L. 119-4)

Pell Grant

- 2025-26 Maximum Pell Grant remains \$7,395
- 2025-26 Minimum Pell Grant remains \$740

Campus-Based Programs

- Total federal funds appropriated:
 - \$1.23B FWS
 - \$910M FSEOG
- 2025-26 final FWS and FSEOG funding levels posted to COD

DIRECT LOAN / TEACH GRANT UPDATES

[EA DL-25-03](#): Interest Rates

Direct Subsidized Loans and
Direct Unsubsidized Loans for
Undergraduate
Students

6.39%

Direct Unsubsidized Loans for
Graduate and Professional
Students

7.94%

Direct PLUS Loans for
Parents of Dependent
Undergraduate Students and
for Graduate or Professional
Students

8.94%

[EA GENERAL-25-20](#): Sequester Changes

Loan fees for Direct
Subsidized Loans and Direct
Unsubsidized Loans first
disbursed 10/1/25 – 9/30/26

1.057%

Loan fees for Direct PLUS
Loans first disbursed 10/1/25
– 9/30/26

4.228%

TEACH Grant maximum
awards (reduced by 5.7%)

\$3,772

FVT/GE REPORTING – 2024 AND 2025 CYCLES

2024 Reporting Cycle

- In February, the Department announced in [EA GE-25-02](#) that the deadline for Financial Value Transparency (FVT) reporting for the 2024 cycle was extended to **September 30, 2025**.

2025 Reporting Cycle

- The Department has not extended the deadline for the 2025 FVT reporting cycle. Therefore, the deadline to report for the 2025 cycle remains **October 1, 2025**.
- For the 2025 cycle, schools will generally report only for the most recently completed award year (2024-25) unless a group of substantially-similar programs that was exempt in the prior cycle is no longer exempt in the 2025 cycle.

PROGRAM ELIGIBILITY UPDATES

Prison Education Programs (PEPs)

- Prior to disbursing Title IV aid to students enrolled in a PEP, an institution must seek approval for the first PEP offered at the first two locations where the institution offers PEPs.
- [EA GENERAL-24-118](#) updates the process for an institution to seek approval for a PEP.
 - All components of application must now be completed on the E-App. No separate application form is needed.

Career Pathway Programs (CPPs)

- Students must be enrolled in an eligible career pathway program (CPP) to qualify for Title IV aid through one of the “ability-to-benefit” (ATB) alternatives if they do not have a high school diploma or its recognized equivalent.
- [EA GENERAL-24-151](#) provides updated guidance on the approval of CPPs.
 - An institution that offered one or more CPPs prior to July 1, 2024, must apply to have one of its CPPs certified as Title IV-eligible by the time it submits an E-App submission, including a recertification application on or after January 1, 2025.
 - Institutions that have not offered a CPP prior to July 1, 2024, must submit an E-App with supporting documentation and receive approval from the Department prior to awarding Title IV funds to students who are eligible on the basis of the ATB alternatives.

SCHOOL OVERSIGHT UPDATES

- All school oversight questions should be sent to caseteams@ed.gov.
- Analysis of applications has been redesigned to improve efficiency; program review process will also undergo redesign.
- In future recertification applications, schools will be able to self-certify that their policies and procedures include all components required by statute and regulation.
- The Department is focused on resolving open issues, including:
 - program reviews,
 - financial issues,
 - audit resolutions (80% open audits resolved), and
 - HCM2 claims (no current backlog).

PARTNER CONNECT 3.0

EA GENERAL-25-21

Shifts system access process from Participation Management (PM) system to Partner Connect.

Enables AIMS single sign-on process for almost all major FSA systems, including eZ-Audit and eCDRA, and streamlines system enrollment, eliminating paper and manual processes.

Replaces requirements for paper signatures with an electronic signature process.

OUTREACH TO BORROWERS

- The Department is taking steps to re-engage student borrowers to support repayment of student loans.
- In [EA GENERAL-25-19](#), the Department requested that institutions perform outreach to remind former students of their loan repayment obligations.
- The Department also plans to publish loan non-payment rates by institution.
- FSA provided additional resources for default prevention in [EA GENERAL-25-27](#), including information on the NSLDS Delinquent Borrower Report (DELQ01).



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