SCHOOL ELIGIBILITY PROCESS

Updates and Changes

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U.S. Department of Education

2025 NASFAA Conference

Federal **Student Aid**
An OFFICE *of the* U.S. DEPARTMENT *of* EDUCATION

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AGENDA

1. School Eligibility Policy Updates

2. Updated Approach to School Oversight and Eligibility

3. Changes to Eligibility Process

4. Audits and Program Reviews

5. Partner Connect Updates

SCHOOL ELIGIBILITY POLICY UPDATES

NEW REGULATIONS EFFECTIVE JULY 1, 2024

TRANSCRIPT WITHHOLDING

- Prohibition on withholding transcripts for balances due to institutional error

- Requirement to transcript credits for periods when Title IV funds received and charges fully paid

FINANCIAL RESPONSIBILITY

- Additional of several new mandatory and discretionary triggers

- New set of criteria for lack of financial responsibility added (e.g. failure to make debt payments for >90 days)

ADMINISTRATIVE CAPABILITY

- New administrative capability requirements, including making timely disbursements; offering geographically accessible clinicals; and evaluating suspect high school diplomas

PROGRAM PARTICIPATION AGREEMENTS

- Codified various reasons an institution could be placed on a provisional PPA

- Added several specific new requirements for all PPAs

TRANSCRIPT WITHHOLDING

- Prohibition on withholding transcripts for balances due to institutional error

- Requirement to transcript credits for periods when Title IV funds received and charges fully paid

- *Certification Procedures Questions and Answers*

STATE LICENSURE REQUIREMENTS

In each state where the institution is located, students enrolled by the institution in distance or correspondence courses, or students attest that will seek employment, the institution must determine that a program:

- Is programmatically accredited (if such accreditation is required).

- Meets requirements for licensure or certification in the state.

- Complies with all state laws related to closure, including record retention, teach-out plans or agreements, and tuition recovery funds or surety bonds.

STATE LICENSURE REQUIREMENTS
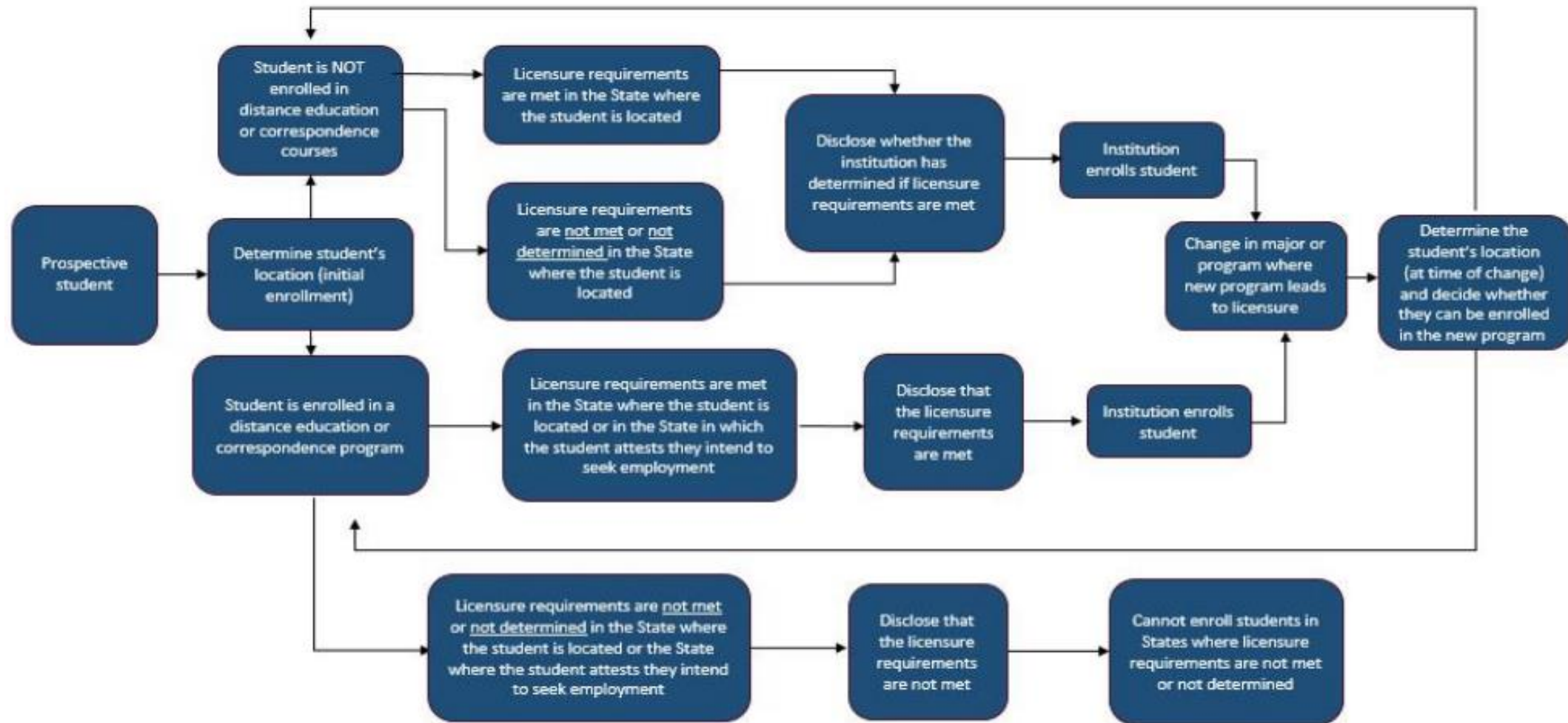
PROGRAM LENGTH RESTRICTIONS

EA GENERAL-24-83

- [Regulations published Oct. 31, 2023](#) would have reduced the maximum length of gainful employment (GE) programs to 100 percent of a state's minimum educational requirements for licensure in the occupation for which the programs prepare students, with certain limited exceptions.

- However, on June 21, 2024, the United States District Court for the Northern District of Texas, in *360 Degrees Education, LLC, et al. v. U.S. Department of Education, et al.*, enjoined the Department from enforcing the changes while the case proceeded.

- Therefore, until further notice, institutions must continue to comply with the maximum program length regulations that were previously in effect.

- As described in [EA GENERAL-25-02](#), GE programs may be no longer than 150 percent of a state's minimum educational requirements for licensure, or 100 percent of the requirements of an adjacent state, whichever is greater.

FINANCIAL VALUE TRANSPARENCY AND GAINFUL EMPLOYMENT

EA GE-25-02

- 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 **Sept. 30, 2025**.

- The Department does not plan to produce any FVT/GE metrics prior to the new deadline and will take no enforcement or other punitive actions against institutions who have been unable to complete reporting to date.

FVT/GE REPORTING – 2025 CYCLE

- The Department has not extended the deadline for the 2025 FVT reporting cycle. Therefore, the deadline to report for the 2025 cycle remains **Oct. 1, 2025**.

- For the 2025 cycle, schools will generally report only for the most recently completed award year (2024–25).

- Reporting for prior years is required **only** if:
  - one of its groups of substantially similar programs was exempt during the 2024 cycle (for example, because there were only 28 completers in the four prior award years in any programs in that group), and
  - in the 2025 cycle, the group is no longer exempt because there are at least 30 completers over the four most recently completed award years.

PRISON EDUCATION PROGRAMS

EA-GENERAL-24-118

- In September 2024, the Department published updated guidance on reporting prison education programs (PEPs) for approval in EA-GENERAL-24-118. This EA supersedes the previous guidance published in June 2023.

- The new instructions direct schools to complete all components of the PEP application in the E-App. The separate PDF application form is no longer required.

- Schools **must** use the E-App to report or request approval of a PEP.

SECOND CHANCE PELL EXPERIMENT ENDING

- The Second Chance Pell experiment is entering its final year and will conclude on June 30, 2026.

- At that time, institutions that have not yet converted their Second Chance Pell programs to eligible PEPs may risk those programs losing eligibility.

- Given the number of programs that have not yet converted and the time that it takes to receive accrediting agency approval and Department approval, we **strongly encourage** Second Chance Pell participants to take action as soon as possible to get your programs approved as eligible PEPs.

ELIGIBLE CAREER PATHWAY PROGRAMS

EA GENERAL-24-151

- As a reminder, 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.

- In December 2024, the Department published guidance on the application requirements for eligible career pathway programs in EA-GENERAL-24-151.

ELIGIBLE CAREER PATHWAY PROGRAMS

- Institutions that offered one or more CPPs prior to July 1, 2024, must apply to the Department to have one of its CPPs certified as eligible for Title IV purposes by the earlier of:

  – the submission of any update the institution makes to the Electronic Eligibility Application (E-App) on or after January 1, 2025, or

  – the submission of the institution's 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 aid to prospective students.

ACCREDITING AGENCY CHANGES

DCL GEN-25-03

- In [DCL GEN-25-03](#), the Department announced changes to its process for approving a new accrediting agency or multiple accrediting agencies at a single institution. This DCL supersedes earlier guidance on this topic in GEN-22-10 and GEN-22-11.

- The updated guidance emphasizes that the Department does not believe that an institution's change in accrediting agency due to compliance with state law constitutes an impermissible "involuntary membership."

ACCREDITING AGENCY CHANGES

These are the updated steps to change accrediting agencies:

1. As soon as possible when an institution begins the process of obtaining a new accrediting agency, an institution should notify the Department in writing of its intent to change its primary accrediting agency or to add a new accrediting agency, by:

    - Submitting a [Reasonable Cause Request Certification](#) form; and
    - Providing materials demonstrating reasonable cause for changing or adding an accrediting agency to comply with [34 CFR § 600.11(a)](#) or [(b)](#).

2. The Department will review the materials and inform the institution of its decision.

3. If the Department does not approve a change in accrediting agency within 30 days of the date of its receipt of a complete notice of this change and materials demonstrating reasonable cause, approval will be deemed to have been granted.

UPDATED APPROACH TO SCHOOL OVERSIGHT AND ELIGIBILITY

UPDATED APPROACH TO SCHOOL OVERSIGHT AND ELIGIBILITY

CORE FUNCTIONAL AREAS

- Eligibility, including Change in Ownership and Merger Applications

- Program Review

- Financial Analysis

- Audit Resolution

- Method of Payment

All communication should be sent to

caseteams@ed.gov

ELIGIBILITY

- Team is currently managed by two Team Chiefs

    - Tammi Sawyer manages all Institutions of Higher Education (IHEs) located in the original Chicago/Denver, Dallas, Kansas City, Foreign Schools, and San Francisco/Seattle School Participation Divisions.

    - Sherrie Bell manages all IHEs located in the original Atlanta, Philadelphia, and New York/Boston School Participation Divisions.

    - The IHEs originally assigned to the Multi-Regional School Participation Division are now assigned to one of the two above-mentioned teams based on the state of the main location.

- Analysis of applications has been redesigned to create added efficiency. Please assist us by ensuring all documentation is uploaded at the time the application is submitted; this includes approval for locations and programs.

- Strong focus on aged applications and Initial Certification applications

- (GEN-25-03) Changes to the Approval Process for Changing Accrediting Agencies

    - Specific team member focused on assisting IHEs through this process.

ELIGIBILITY (Cont.)

- A team, led by Kelli Goers, is focused on all Change in Ownership and Merger applications.

    – The team is focused on its messaging regarding Change in Ownership and Merger applications, to ensure stronger lines of communication with the IHE.

    – As IHEs consider merging institutions, the Department encourages early and consistent communication to ensure there is minimal impact to students.

- Moving forward, IHEs will be able to self-certify that their required Policies & Procedures for the Recertification process has all regulatory components.

- Partner Connect

    – A team is focused on assisting IHEs with access issues.

    – Changes will be made to the E-App to ensure a more streamlined approach.

    – Partner Connect 3.0 Release (future slides) and future updates

PROGRAM REVIEW

- Team is focused on the following in AY25:
  - Resolving all open program reviews.
  - Opening new program reviews where the IHE has self-reported an issue, or where fraud, waste, and abuse have been documented.
- IHEs were notified in mid-May if the Department had record of an open review.
- SEOSB will work collaboratively with each IHE to resolve the open review.
- To expedite this process, all IHEs with an open program review are highly encouraged to ensure its full response has been uploaded to COD.
- SEOSB is also focused on redesigning the program review process to create a more streamlined and efficient process moving forward.

FINANCIAL ANALYSIS, AUDIT RESOLUTION, AND METHOD OF PAYMENT

- Financial Analysis
  - Strong focus on resolving all open cases.
  - Additional focus on Letter of Credit and Escrow Accounts; specifically, ensuring the Department is in receipt of all required financial protection and equally, any funds owed to IHEs have been returned.
- SEOSB has resolved nearly 80% of all audits that were open. Remaining audits have been assigned to team members for resolution.
  - If additional information is required by the IHE, communication will be sent via email with specific contact information.
  - The Department has extended the grace period from 30 days to 60 days for any late annual audit/financial statement before it may take action.
- All HCM2 claims are reviewed within a 30-day window of time.
  - There is no current backlog.
  - Reminder that only one claim may be submitted by an IHE at a time.

WHAT IS CHANGING IN PARTNER CONNECT?

EXISTING PARTICIPATION MANAGEMENT (PM)

Background

- PM is FSA's central system for managing enrollment in, and access to, FSA's systems and electronic data exchange services, including batch download and online data exchange services.

Current State

- PM is a critical system within FSA's enterprise, controlling access to 9 key systems for 110,000 school and partner users.
- PM is comprised of two main web components, the SAIG Enrollment Site and the Customer Service Site.

AIMS vs PM

- AIMS is FSA's account and authentication solution.
- PM is FSA's legacy role(s) solution—it manages what users can and cannot do within the enterprise.

BENEFITS OF PARTNER ROLE MANAGEMENT

Modernize FSA

- Retire an outdated and expensive mainframe system from the FSA landscape
- Eliminate paper processing
- Utilize DocuSign capabilities
- Modern and cohesive look and feel under the FSA brand
- Replace 3 legacy batch processing with APIs

Consolidate Experience

- Single place to manage access with improved capabilities for our partners
- Brings roles and entitlements under one FSA brand
- Consolidation of entitlement services for FSA systems currently not using PM (eZ-Audit)
- Eliminate redundancies and confusion with parallel capabilities on NSLDS

Simplify Oversight

- Provide FSA more insight and control into user access across their systems
- Provide new capabilities for FSA to manage contracts and contractors
- New web-based Active Confirmation process for internal users (previously all FSA employees and contractors completed active confirmation manually)

Questions?