

Year-End Student Aid Legislation: COVID Relief, Funding, and FAFSA Simplification

Webinar Transcript - Recorded January 15, 2021

Margot O'Meara:

Good afternoon, everyone. Thank you for joining us for this webinar this afternoon. My name is Margot O'Meara, and I'm the webinar producer here. And I will be kicking us off for the Year-End Student Aid Legislation webinar. We have a lot to get through so I will just take a few moments. Hopefully, you can hear me and audio is streaming just fine. If you have any technical issues, so the audio goes out, it appears your slides aren't advancing, just to refresh your browser. That'll normally solve any issues that you encounter. Otherwise, you can reach out to me in the Q&A box, and I'll be happy to talk you through any of the issues that you might be experiencing. That is also where you will submit your questions for the presenters, and we will get to those at the end of the webinar.

Margot O'Meara:

We are offering closed captions for this webinar, so those are over to the right-hand side of your screen. You can minimize that box if you don't want to see them, or you can make it larger if you want to see them bigger. We also have a lot of handouts and resources for this webinar. Those are also located over to the right of your screen. There is a certificate of attendance that you can print. That'll be available 60 minutes into the webinar. And finally, there is a survey. It is available across the bottom of your screen, if you'd like to provide your feedback prior to the end, otherwise, it'll launch automatically when we wrap up the webinar. All right. With that, I will turn things over to Justin Draeger. Justin, take it away.

Justin Draeger:

Hello everybody. And thanks for joining us for today's webinar. You see on your slide there, several people who will be presenting this afternoon. We have Megan Coval, our vice president of public policy, Karen McCarthy, director of policy analysis, Jill Desjean, our policy analyst, and David Futrell, our Knowledgebase and AskRegs manager. Welcome everybody. Thanks for joining us. We are going to be closing our cameras for parts of the presentation, just to save on bandwidth and to make sure that we can get through this with as much technological and bandwidth help as possible. I'll also ask for all of your patience. The DC office, NASFAA office, is inside the security zone in preparation for the inauguration. And our ability to get to the office is limited to non-existent at least through the inauguration. So we're all doing this from home. We're letting you see portions of our home, and we have some limited control about all the kids, the pets and the delivery people that might interrupt today's presentation.

Justin Draeger:

Let me look at the agenda with you. We're going to go through several portions. And when you look at the agenda where we tried to organize this in a way that was sort of a timeline of immediate concern to later implementation. So for example, we're going to talk about the COVID money that you already have, and just some updates there. We're going to talk about the Biden administration coming in next week, the Consolidated Appropriations Act, which will have some things taking effect soon and some things not until 2023, like FAFSA Simplification.

Justin Draeger:

We suspect that a lot of the comments and questions that we'll be getting today will be about this latest round of COVID funding, so we do expect to spend significant time on those funds. Before we jump right in, let's do an audience poll. And we just want to know, we understand that you're still trying to get your arms all the way around some of the new guidance, FAQs and some of this might be determined based on what you hear today. But in your initial plans, how quickly does your institution anticipate spending the bulk of your HEERF or HEERF II allocations.

Justin Draeger:

Are we talking within a month of when you receive funds? Are we talking within a quarter, three months here? Are we talking six months? Or do you think that you'll be trenching it out over the next year? So folks just want to go ahead and answer that we'll share the results with the entire audience and Margot- [crosstalk 00:03:57]

Margot O'Meara:

You can go ahead whenever you are ready.

Justin Draeger:

Thank you.

Margot O'Meara:

Yep.

Justin Draeger:

So you can see here, just in terms of your colleagues out of the gate, recognizing that guidance just came down yesterday from the Department of Education, it looks like just around half are looking to get this money out pretty quickly within one to three months of when they receive it. So with that in mind, I'm going to turn it over to David, who's going to walk us through some latest updates on your existing money, David.

David Futrell:

All right. Thanks Justin. With the notion that we're going to talk a lot about the new HEERF Funds, I'm going to spend a brief amount of time talking about things that happened at the end of the year, late in the year in case you missed them. The first of those is the coronavirus indicator. We know that a lot of you were rushing to get your coronavirus indicators set at the end of the year, and some of you were rightfully worried that how you would be processing your R2T4 unofficial withdrawals at the end of the term. And you're all left students with all left grades. We had been asking ED for a while to extend the deadline, which they finally did in a December 16th processing update that was sent directly to schools through COD. There was no Electronic Announcement on this yet, just to COD processing update.

David Futrell:

In that update they extended the deadline for the 20-21 award year for setting the coronavirus indicator. That deadline is now September 30th, 2021. So this means you can still process your fall and winter on official withdrawals and review your students with all half grades and apply the R2T4 waiver and set the coronavirus indicator and in time. Do note that ED did not extend the deadline for the 19-20

award year. That deadline remains December 31st, 2020. Now we have heard from some schools that still have open payment periods that applied to the 19-20 award year non-term programs, students and clock out programs that might have payment periods set cross over December 31st. We did ask the department this question on Tuesday, and they told us that you should go ahead and process the withdrawal, apply the R2T4 waiver and set the coronavirus indicator, even though it's after December 31st. Just do it as soon as possible.

David Futrell:

And we do understand the department will be issuing further guidance on this one, so you should expect to see something in their Electronic Announcement. Also remember that there are two coronavirus indicators, the one that set on disbursements and the one that set on the R2T4 calculator tool, and that deadline is still September 30th, 2021 for both award years, the 1920 award year, and the 2021 award year. Let's talk briefly about another requirement that is bearing down on you right now and that is the HEERF annual reporting that is done through the annual report and data collection system. Under HEERF annual reporting requirement, schools must report information on how they spent their student and institutional HEERF grant funds last year. This reporting includes information such as how schools determined which students were eligible for the grants and how they set their award amounts for those grants and also how students established that a student met the student eligibility criteria for those HEERF grants under the CARES Act last year.

David Futrell:

Now that annual report is due here soon, that is February 1st, 2021. All schools that received HEERF grant funds must complete this report for both the student and institutional funds that it spent during all of calendar year 2020. This includes the emergency grants for student expenses related to COVID-19 for institutional costs associated with significant changes in the delivery of instruction, through the coronavirus and funding for HBCU's minority serving institutions, tribal colleges, and universities, as well as the FIPSE funding.

David Futrell:

Now, if you haven't gotten access to the data collection system yet, you have to get that set up immediately. In early December of last year, schools were required to send ED contact information for the school officials, who should receive that information on your campus. The departments began sending emails to those very same school officials on January 5th, announcing the availability of the data collection system and giving you the login credentials to access that system. Now, if you've not yet provided contact information to the department in order to get your login credentials, you can do that by using that heerfannual@ed.gov email address on your screen.

David Futrell:

Now, even if you're now getting access for the first time, the report is still due February 1st. And we just found out yesterday in the late breaking guidance that schools that have not complied with the reporting requirements yet, may experience a delay in getting their new HEERF Funds under the Consolidated Appropriations Act. They'd all might also receive awards with a restriction on the ability to draw down those funds until the school has satisfied reporting obligations. So if you haven't done your reporting yet, don't wait until February 1st. If you can help it, go ahead and get it done so that you will free up your new HEERF money as soon as the department gets around to sending it.

David Futrell:

Now let's talk about, really briefly, about some timeframes and apply to the COVID related flexibilities that were granted by ED last year. As you know, many of the flexibilities were granted over the course of the spring and summer and fall of 2020. And though many of those were already extended by the department and the August 21st, 2020 Electronic Announcement. Well, fortunately the December 11th, *Federal Register* now extends some, but not all of those flexibilities through the end of the payment period that begins after the date on which the federally declared national emergency related to COVID-19 is rescinded. In other words, if the Coronavirus emergency ends now during the spring semester, the flexibilities on the screen apply through the end of the summer payment period.

David Futrell:

That gives you a little extra time to get that, for example, your accreditor approval and state authorization requirements set. So it's just a little more time to work within the flexibilities. Now, the *Federal Register* did not extend the deadline or it's deadlines or timeframes for a lot of the other flexibilities, but we do expect that the department might be releasing another Electronic Announcement, further extending some timeframes that might be coming soon. So, keep an eye out in *Today's News* for that. With that, I'm going to turn it over to Justin to start talking about some of the new things that are coming up.

Justin Draeger:

Thanks, David. I know we want to keep this moving, but David, I have one question for you that has come in that I think is, a lot of people are asking, which is they're trying to do accounting of what they should have turned in already or shortly we'll need to, in terms of their reporting, question is, should we have submitted two quarterly reports by now and the annual report for their CARES Funds? If yes, how do they know if they've actually submitted them successfully?

David Futrell:

Okay. The quarterly reports are separate from the annual reporting requirement and you would have needed to submit one for October and another one through the end of December. So you had 10, is it 10 or 15 days, Karen or Jill? After the end of their quarter, we have to submit that report.

Justin Draeger:

Okay.

Jill Desjean:

I think it's- [crosstalk 00:12:26]

David Futrell:

They should be submitting the second one sometime here soon, 10 days after. Yeah, actually you should be on your second quarterly report by now.

Justin Draeger:

Right. So site two quarterly reports and then the annual. All right.

David Futrell:

Yeah. I apologize for the confusion there.

Justin Draeger:

Thanks, David.

David Futrell:

I forgot that you are here- [crosstalk 00:12:45]

Justin Draeger:

Yeah, no worries at all. Let's keep moving and talk just very briefly about the Biden administration, the inauguration is planned for next week. What do we expect to see? Well, a couple of different things. One is we're hoping that a full reinstatement of DACA. We're hoping to see and the Biden administration has already announced their intent to extend borrower and payment relief from expiration at the end of January beyond that. So we're expecting to see something very quickly on that. We hoping to see a full the Biden administration, resend the IFR on the original CARES act. And we are hoping that the Biden administration will take another look at DACA students and their ability to receive emergency grants.

Justin Draeger:

We'll talk more about some of that in just a moment on student eligibility for the second tranch of funding. Down the road, the Biden administration is eyeing with congressional support or looking for congressional support on some form of student loan relief and forgiveness. And so we'll keep our eyes open for that as well. New administration, sometimes new interpretations, and certainly we'll be looking over the next four years for new potential regulation. So those are some of the things out of the gate, some of the things that are a little more medium to long-term and we'll keep you abreast of everything that's happening with the new administration. Megan, I think I'm going to turn it over to you to talk about some of the provisions in the appropriations act.

Megan Coval:

Yes, thanks Justin. I'm going to turn now to the massive spending and stimulus bill that Congress passed and the president signed into law at the end of last year. So really just a few weeks ago, we sort of affectionately here at the NASFAA offices, call it the "Coronabus" because it is the combining together of COVID relief. Also with the omnibus fiscal year 2021 spending bill, so really pulled everything together. Just as a little overview, it was an 8,000 page piece of legislation. So for sure, one of the largest packages that Congress has ever really pushed through, let alone in a lame duck session. So there really was a lot in there, but the best way to think about it and break it down for our world is that it really contained three major important sections for higher education. So the first piece is that contained the final fiscal year 2021 appropriations.

Megan Coval:

The second piece, of course, that we'll spend a lot of time on today is that it provided additional COVID-19 relief funding for higher education institutions and students. And the third is that it contained provisions related to a major revamp of federal methodology and fastest simplification, and then some other important student need provisions. And some people have even called this part of it, a mini HEA, and I think Mini HEA higher education act reauthorization. And I think that is in fact, a pretty accurate way to describe it. It's sort of the most higher education legislation that we've seen combined together in a really long time. I would even say since the last reauthorization in 2008, so there's a lot to unpack

there. But I want to start with fiscal year 2021 appropriations, which you should be thinking in your head here, impact award year 2021-2022.

Megan Coval:

And really the appropriations piece was the impetus for this big bill. Congress had to kind of pass these final numbers and the final spending bill in order for the government not to shut down. Having these numbers is important of course, for the financial aid community, because it allows you to have the final appropriations for Pell and SEOG, work study, so that you can get those award letters out and, and get them out with the actual number. So it's really important. And I will just say that even though Congress was two months late and finalizing the appropriations, there have been many years where we've seen it happen even later. So we're just grateful to have them and grateful that we can move forward here. So big picture, the Department of Education overall received more funds than it did last year. So it was funded overall at about \$73.5 billion.

Megan Coval:

Important for our world is that the Pell grant received \$150 increase. So the new maximum award for 21-22 will be \$6,495. This is about the third or fourth year I think that we have received increases to Pell in the form of a \$100 or \$150. And while that might seem nominal, it is really important for the momentum of the program to just see some sort of increase every year. And in the not too distant past, there was a time where we were just seeing it level funded, so we're really happy to see any type of increase. And then we also saw the \$25 million increase for both SEOG and work-study combined. So that was really very positive news. Turning now to that second section, the impacts higher education, the additional COVID relief, there were additional funds for higher education as part of the COVID relief for both students and institutions.

Megan Coval:

And so as a community, we were really pleased to see that. And I'm just going to kind of go over the high level numbers here. Overall, there was 23 billion for institutions of higher education. So that kind of represents the big pot. 20 billion of that goes to public and private nonprofit institutions. 1.7 billion of that goes to minority serving institutions, and then 113.5 million of that goes to institutions who have the greatest unmet need and this is sort of similar to what we saw in the CARES Act. This portion goes through FIPSE, the Fund for the Improvement of Post-Secondary Education. And then finally, \$680 million goes to proprietary institutions. So that sort of serves as the overall breakdown of the funds. And even though the amount is a little bit higher, it kind of mirrors the breakdown in terms of where the dollars go that we saw in the CARES Act. A couple of quick, fast facts here and then Jill was going to dive in a little bit deeper to the information regarding the allocations and guidance that we got yesterday.

Megan Coval:

Just want to make a note that there's almost \$10 billion more in this piece of legislation for higher education than there was in CARES. CARES had 14 billion for institutions, so I apologize. I see a typo there that million should be billion, but that is notable. To put it in perspective, however, the higher education community as a whole had requested that Congress provide 120 billion. So I think that gives us, I think, some ammunition to kind of push for more funds in future bills, but nonetheless, we're greater to have additional funds here and certainly happy that it was more than was even provided in CARES. Overall Congress followed the same structure as CARES in terms of funding, so there'll be

utilizing the existing Higher Education Emergency Relief Fund and sort of pushing the funds out that way.

Megan Coval:

I understand there were a lot of hiccups with the HEERF Funds, last year and hopefully we've had a lot of those kinks ironed out, but I think it's a really positive thing that we are using the same model instead of creating a whole new model that we would have to learn from scratch. I think that's positive. And then last thing I'll say here is just that Democrats have called this a down payment. So I think Justin already mentioned when he was talking about what the Biden administration may do, that one of the things they're considering already, in fact, they just put out a plan yesterday is to come up with additional stimulus funds, so the community here will continue to push for more funds for higher education institutions and students. And then my last line here, I'm just going to talk about a couple of other provisions that were in the stimulus bill and sort of outside of the funds for institutions and students.

Megan Coval:

And first, just to make a point and Justin already hit this, but the stimulus bill did not include an extension for the student loan borrower for relief provisions that currently expire on January 31st. Incoming Biden administration has indicated that that's something that they will do on the first day is to extend that, but it is not wording that it was not included in the package. And the stimulus package also extended the provision, allowing employers to contribute up to \$5,250 tax-free towards their employees student loan debt payments made before January 1st, 2026. And this was actually set to expire January 1st, 2021. So it just extended this provision. And then lastly, SNAP eligibility will not be limited for postsecondary students who are enrolled at least half time and who are either eligible to participate in work study or have a zero EFC. So they have temporarily expanded that eligibility. So I will stop here and turn it over to Jill, who is going to take a little bit deeper dive into the information that we received yesterday.

Jill Desjean:

Thank you, Meg. So yesterday afternoon, the Department of Education released allocations and guidance for the second round of HEERF funding, which Megan just described what we'll be calling HEERF II. If your institution already received both the Student Share and the Institutional Share of your CARES HEERF funding, there's nothing you need to do right now to get those funds. ED is working, I think as we speak, on releasing those funds. And what will happen is your institution will receive an email, notifying you that the funds are available in the GBS system.

Jill Desjean:

By drawing down those funds, you'll be acknowledging that you accept the terms and conditions of this new round of supplemental funding. I'll just note here that ED said yesterday in a briefing call, that it would likely be weeks before they get all of these funds out the door, so you should set your expectations accordingly. I'll know another important point from yesterday's call, and David mentioned this earlier, but I think it's worth repeating, ED indicated the institutions who haven't yet

Jill Desjean:

I mentioned this earlier, but I think it's worth repeating. ED indicated the institutions who haven't yet submitted their CARES annual report with a due date of February 1st may see their allocations delayed

or restricted. So, as David said, if it is within your control to get that submitted ASAP, it'll be in your best interest to do that.

Jill Desjean:

Now, if your institution did not already receive CARES HEERF funds, you will need to submit an application for the funds that you haven't submitted one for yet. So, for instance, there were two pots of money. There was the institutional share and the student share. Say you only applied for the student share in the last round, you won't need to submit a new application for the student share of the HEERF II dollars, but you would need to go through the institutional share application process. And all proprietary institutions also need to complete a new application, regardless of whether they received CARES Act HEERF funds.

Jill Desjean:

Institutions have one year from the date they received their HEERF II funds to spend them. Unlike the CARES Act, this funding does not require that at least 50% of a school's allocation be spent on student emergency grants. However, there is still a minimum that must be spent on emergency grants. For this supplemental funding, schools have to spend at least the same dollar amount on student emergency grants that they spent on CARES Act student emergency grants. There's also a stipulation in the law that all of the portion of HEERF II funding that a school receives for their exclusively online students be spent on student emergency grants. So, there are some cases where the minimum that schools are required to spend on emergency grants is actually higher than their CARES Act student share. And that would happen if the amount that they receive for their exclusively online students under HEERF II exceeds their student share from CARES. I took a quick look at the allocation tables and that's generally not the case, but I saw some instances of that.

Jill Desjean:

New schools' minimum required spending on student emergency grants is clearly laid out in those allocation tables, so you don't have to do the math. That if there's a column for it, it's pretty clear. So, rest easy that it's not something that you're going to have to figure out. And, of course, schools always have the option to spend more than the minimum in student emergency grants. There's a floor, but there's no ceiling. So, if you want to spend more than what you spent on of your CARES Act HEERF funds on student emergency grants, you are free to do that. The requirement that students meet all Title IV eligibility requirements is removed for this supplemental round of HEERF II funding.

Jill Desjean:

So, that requirement came from an interim final rule, AKA an IFR, that was issued by the Department of Education last June, but it applies only to CARES funds. So, you don't have to make your students complete a FAFSA and, say, if you have a student who isn't making SAP, or isn't registered for selective service, those other requirements for Title IV student aid eligibility, you don't have to ensure that the student is meeting those requirements. They can still get these HEERF II funds.

Jill Desjean:

With that said, the DACA and international student ineligibility is still in place. And this is not because of this law, but because of another law from 1996 called the Personal Responsibility and Work Opportunity Reconciliation Act. And that prohibits certain non-citizens from receiving federal assistance. So, that law is applicable broadly, and applies here.

Jill Desjean:

These are the allowable uses of funds for HEERF dollars, for HEERF II dollars, forgive me. They are different from the CARES Act allowable uses of funds, so you want to be sure to familiarize yourself with them, excuse me. These uses of funds also apply to any unspent CARES Act HEERF funds that you might have. So, if you received funding last spring, last summer, whenever you may have applied for it from CARES Act HEERF funds and you haven't spent it all yet, you can spend those using these new parameters. And you'll notice they are more expensive than the CARES Act. So, it will be easier for you to spend these funds, both the new HEERF II funds and your remaining CARE funds than it might've been under the old set of rules.

Jill Desjean:

So, with that, I will move from the present, what happened very presently just yesterday, into the future. And spend the next few minutes talking about the FAFSA simplification provisions of the Coronavirus bill. I have a lot of information on this, but I'm going to try to trim it down. So, forgive me if I jump around a little bit, or if I don't say things that you see on the slides.

Jill Desjean:

So, the omnibus bill that was signed into law back on December 27th, incorporated these elements of Senator Alexander's fast and simplification legislation, and the provisions in this bill are intended to work in concert with another bill that's already been passed called the Future Act, which permits direct data sharing between the IRS and the Department of Education such there will be no income questions required on the FAFSA. All taxed and all untaxed income data would come directly from the IRS. So, that's a big improvement for students. And we'll go into that a little bit more. I just want to be clear before we get started, all of the changes that I'm going to cover over the next couple of slides are in the future. They will not go into effect until 2023-24, that award year. So, none of these changes are happening now or any time too soon, but a couple years down the road.

Jill Desjean:

So, a few of the FM formula changes that we'll see as a result of FAFSA simplification include, first, fewer untaxed income items factored into a family's total income. And that is really in the interest of this goal of simplification, which was the whole push for these changes. And taking advantage of the new IRS/ED data sharing authority from the Future Act. And so, the idea is that untaxed income items that can't be pulled from the tax return will not be asked. And there's only one exception there and it's with child support paid... I'm sorry, child support received as untaxed income. And that's being moved from untaxed income to assets just to, basically, remove all income questions from the FAFSA. Not because people think that child support received is actually untaxed income.

Jill Desjean:

In other changes, divorced and separated parents of dependent students would continue to have only one parent's information reported on the FAFSA like now, but which parent's information will change. Currently, that is based on which parent the student lived with more during the past 12 months. It's now going to shift to which parent who provided the greater portion of the student's financial support. That's the parent whose information will be reported on the FAFSA in cases of divorce or separation.

Jill Desjean:

The Expected Family Contribution, which is now known as the Student Aid Index or SAI, which we'll cover in a moment, will no longer be divided by the number of household members in college as the EFC currently is. There still, though, will be a simplified formula in place where certain applicants won't have to provide asset information. And that'll be for populations, including students, who receive means-tested benefits, and also for lower income families who have simple tax returns.

Jill Desjean:

As I mentioned a moment ago, this new legislation replaces the term Expected Family Contribution with a new term called the Student Aid Index or the SAI. This SAI would be used to determine eligibility for all types of Title IV student aid, the same way it is now, except for the maximum and minimum Pell grant awards. This is a really new way of doing things, so I want to take a couple of minutes to walk you through how this would work. And I will pose this with the caveat that the FAFSA changes that have to be made to accommodate all these changes have not yet taken place. The Department of Ed is still working on them. So, I don't know exactly what the applicant's experience will be, but the way I'm envisioning it is what you're going to hear me say now. So, if it turns out to be wrong, I apologize in advance.

Jill Desjean:

If the applicant is completing the FAFSA, they're going to enter their demographic information. And, at the same time, their income information is going to be flowing behind the scenes directly from the IRS into their FAFSA. All of that information, demographic and income, will be run through a maximum Pell eligibility formula, which is based on the number of parents in the household, and the family's income as a percentage of the federal poverty guidelines. This will be done before the applicant answers any asset questions, because whether they have to answer asset questions is partly dependent on whether they would qualify for a maximum Pell award. So, you have to figure out first, if they qualify for max Pell, if they meet those criteria for maximum Pell, they're assigned to max Pell, they get a Student Aid Index assigned of zero, they're exempt from completing any FAFSA asset questions. And they are done with their application.

Jill Desjean:

If the student does not qualify for the maximum Pell something similar to what happens now. They are put through the FM formula to calculate a Student Aid Index. And their Pell and other aid eligibility is based on the Student Aid Index. If the student doesn't qualify for a Pell grant, either through that first path where they just kind of automatically get a maximum Pell or that second path, which is very similar to the need analysis formula now, where you calculate a Student Aid Index, currently known as an EFC and get a Pell that way. If the student doesn't get a Pell grant either way, there's this third path toward a minimum Pell grant award. It's based on those same student characteristics as max Pell eligibility is based, number of parents in household, family income as a percentage of the federal poverty level. It just higher poverty thresholds. So, this would be for people whose income is higher than those people who qualified for the maximum Pell, which makes sense. And if the AGI falls below those poverty thresholds, the student gets a minimum Pell award, if not their Pell award remains at zero.

Jill Desjean:

I know that's a lot to digest. I would not expect anyone to understand, from what I just said. I think the biggest thing you need to wrap your head around here is that Pell eligibility can be, but is not necessarily, tied to the Student Aid Index, which is the replacement for the EFC. You can get a Pell grant

sort of regardless of what your Student Aid Index is there's no SAI cutoff for Pell eligibility, like there is now with the EFC. And that concept, I speak from personal experience because I've been looking at this a long time, it takes some getting used to. But I got there, and you can too.

Jill Desjean:

I will not spend a lot of time on this because it's long. But this is just a full rundown of which students qualify for that max Pell award, which students go through that first path where just based on demographic information, and income information from IRS, the formula takes them through this path. The people who would qualify for maximum Pell would be non-filers, would be children of certain deceased veterans and public safety officers, and low-income students. Keep in mind, as I mentioned before, a student can still qualify for the maximum Pell award by going through the SAI calculation, either the simplified or the full formula, and having an SAI of zero or lower, just like a calculated zero EFC now grants max Pell eligibility. What's on this slide is just that quick path to the maximum Pell award.

Jill Desjean:

And what is this? It looks like a lot, I get it. To help you visualize how student eligibility will now be determined, we came up with this eligibility flow chart, which is what you see here on the side. I know it's busy and I know it looks really complicated. And I'm sure you're thinking, "This is simplification?" Look at it for a little while before you make any judgements. I just want to take you through a quick scenario, just so you can just see how it works. You'll start at that top arrow where you see a blue arrow at the very top of the page that asks the dependent student's parent, or the independent student file a tax return. There's a yes/no path. You see the no is purple. If you follow the purple arrow, you see that that student gets a maximum Pell automatic SAI of negative 1,500 and answers no questions, asset questions on the FAFSA.

Jill Desjean:

If the student answers, yes, there, they get taken down a different path and asked about whether they are under the age of 33 and have a deceased parent who was a veteran or a public safety officer? If they say yes, that takes them through the green box at the bottom. By following the green arrow, you can see those students also get a maximum Pell automatic SAI of zero, and answer no asset questions on the FAFSA. If they don't fall under any of those categories, and there's a no, then it takes them through this middle section, which is basically running them through these poverty thresholds, determining whether they need to provide asset information, or if they qualify for the simplified formula and it calculates their Pell eligibility and their SAI.

Jill Desjean:

So, I want to be clear, this shows all of the behind the scenes magic that is going to be completely transparent to the student. This chart does not reflect at all what the applicant's experience of completing a FAFSA will be. A, we don't know yet because the FAFSA to accommodate this hasn't even been developed. But also just logically thinking that the whole idea was to make the FAFSA simpler for students. And if you think about when you run through this, what the student will actually see, it's not going to be anything even remotely close to this.

Jill Desjean:

Students are going to answer demographic questions and dependency status. They're not going to answer any income questions anymore. And there is still a simplified needs test. So, many students will not complete asset information either. Those that do are going to be families who have more complicated tax returns, more complicated finances, and are likely, probably, better equipped to answer a complicated FAFSA anyway. So, the backend is super complicated, but the applicant's experience is simplified. And with that, I'm going to pass things off to Karen who will talk about other changes coming from the Coronavirus and Relief Supplemental Appropriations Act.

Karen McCarthy:

Thank you very much, Jill. Justin, have you been taking a look at the questions? Did you want to stop and do a few questions before I go or just keep rolling here?

Justin Draeger:

Yeah. I'll just point out that we have over 3000 people in this webinar. And I think the last time I looked, we have 225 questions in the queue. I don't want to throw up our hands and give up here Karen, but maybe we ought to just get through the rest of the content. And then, we'll jump right back into the HEERF II funding at least for the initial outset of questions.

Karen McCarthy:

Okay, that sounds good. I will keep it moving here. Okay so, Jill mentioned that in this very large bill, there was this whole set of FAFSA simplification, a whole new structure for how the FAFSA is going to look. And the inputs and the outputs, and how eligibility will be determined. And that's what Jill just ran through.

Karen McCarthy:

Also, in that same FAFSA section of the bill, there were also some changes to student eligibility provisions, and to cost of attendance. Again, as Jill mentioned, this whole section is not effective until the 23-24 year. So, July 1, 2023, unless there was a specific early implementation option. And there are a couple of those, which I will mention as we go along.

Karen McCarthy:

So, especially with this first slide that I'm showing right now, which is drug convictions and selective service, I don't want to get people super excited just yet because this whole section of the law, again, is not effective until July 1, 2023. So, we are still in the realm of, these are things that are often the distance, but are definitely coming for the legislation that we have on hand right now.

Karen McCarthy:

So yea, the drug conviction and selective service student eligibility requirements will be completely going away. There's not a whole lot to say here. People who were ineligible because of their drug conviction status, or their selective service lack of registration will now be considered eligible for Title IV aid. The questions will be completely removed from the FAFSA and you will be completely out of the business of monitoring drug convictions and selective service registration. So, that is pretty straight forward, very positive. Many of you know that we have been working at NASFAA to try to eliminate these questions for many, many years. So, we are really happy to see this.

Karen McCarthy:

We also were very happy to see that the limitation on subsidized loan eligibility, the lifetime limitation will also be completely going away. It will be repealed entirely. And there is an allowance in here that would allow the Department of Education to early implement this before July 1, 2023. To clarify, the early implementation option is on the Department of Ed side, it's not on the school side. So, you all do not have the option to say, "Well, we're not going to pay attention to SULA requirements anymore," because there's a lot of programming that has to happen on the Department of Ed side. They are currently evaluating how quickly they could get this turned out, turned around, and pushed out. They did warn though that the SULA requirements are very deeply embedded into their system. So, it will be quite a big lift for them to get all of that out of their systems. But, again, something to look forward to that will be [inaudible 00:00:40:41].

Karen McCarthy:

The bill also restored Pell grant eligibility for incarcerated students who are currently prohibited from accessing any type of Pell grants. And this has been in place for quite some time. One caveat that I do want to say about Pell eligibility for incarcerated students is that the student is eligible, but the institution also has to be participating in such a program. And the institution must be approved to participate either through their State Department of Corrections or the Federal Bureau of Prisons. And the institutional program has to meet certain types of requirements. And participation is, obviously, optional on the part of the institution. So, this is not something where all institutions will now be awarding Pell grants to incarcerated students. The institution would have to apply to participate and offer a prison education program. So, again, that will also be coming down the pike. Some parts of this are also open to early implementation. We do not yet have a date as to how quickly this can be rolled out.

Karen McCarthy:

Professional judgment changes that will be coming in the future. The first one would prohibit institutions from having a blanket policy that they do not consider professional judgment requests. In our prior surveys of institutions, there were very small, if any, institutions that had such a policy. So, this shouldn't really affect many schools, if any, at all. It's also, as you all know right now, a dependent student whose parents refuse to fill out a FAFSA, do have the ability, you have the option to grant them an unsubsidized loan. If the parent documents that they will not fill out the form, and they are no longer providing any financial support to the student. What is in this bill would tweak that somewhat in that those two conditions would turn from an "and" to an "or." So, the parent of the student has ended financial support, or will not fill out the FAFSA form. So, that is a significant expansion of the PJ authority that you have right there.

Karen McCarthy:

And the third bullet here is that it would allow schools during a qualifying emergency to use professional judgment to zero out income earned from work, if the applicant could provide documentation that they are receiving unemployment, or that they have applied for unemployment benefits. So, this is part of what we had back in the Dear Colleague Letter, GEN-09-05 that the Department of Ed had rescinded and said was no longer active guidance. So, this is a restoration of that during a qualifying emergency in the statute. So, getting away from the Dear Colleague Department of Ed guidance and putting it into the statute instead.

Karen McCarthy:

There is a new provision called provisional independent status. And this would allow an otherwise independent student to fill out a FAFSA as a provisional independent student. So, this is a student who, when they are completing a FAFSA, they get to the portion that says, "Hey, it looks like you're a dependent student. We're going to need your parents' information." And the FAFSA provides information, and it does this right now saying, "Unless if you have unusual circumstances, you can reach out to your institution and see about a dependency override." And what happens right now is, in those circumstances, the student is allowed to complete the rest of the FAFSA, but the [ICE-R 00:44:30] is rejected and there is no expected family contribution that is calculated. So you, as the institution, just get a rejected FAFSA.

Karen McCarthy:

So, what this would allow, instead, is for the student to continue on their way and to say, "I think I have a circumstance that would qualify here. I have unusual circumstances." And it allows them to continue to complete the FAFSA as an independent student provisionally. And it will calculate an EFC for that student based on independent status. And you will get some type of notification at the institution of that fact. The institution will be required to follow-up with those students to let them know what your process is for dependency overrides, what the student has to do in order to be considered for a dependency override. So, the operational details for how this will work will still need to be figured out. In some way, the Department of Ed will need to flag these records for you, so you know that these are provisionally independent students that you need to follow-up with. So, a lot of the details on that will still be ironed out in the next few years.

Karen McCarthy:

There are some changes about dependency overrides and the bill would require the institutions to assume that a student who received a dependency override for any preceding award year is still an independent student, if they are at the same institution, unless the student otherwise notifies you that their circumstances have changed or...

Karen McCarthy:

Student otherwise notifies you that their circumstances have changed, or you, as the institution, have conflicting information. That is, again, a big change in what your requirements are in terms of looking at prior years, dependency overrides. Again, how this will all work and how you will find out that somebody had this dependency override, and if these will be flagged, what years we're talking about, as far as preceding award years, all of that is still to be worked out. Now, on the cost of attendance side, the biggest change that we saw here is that the bill gives the Department of Ed the authority to regulate all costs of attendance components, except tuition and fees. And this is a pretty big change.

Karen McCarthy:

Right now, what's in the Higher Education Act are all of the components that must be in the cost of attendance, and generally what those components address. So, it tells you room and board for your different categories of students, computer allowance, all of those types of things. And then, what the institution is allowed to do, is to calculate what those allowances are going to be however it sees best. And it can establish its own methodology. The Department of Ed is forbidden from regulating how institutions come up with their cost of attendance right now. And so this bill would change all of that. And it would give the department the authority to regulate how you come up with your cost of attendance components.

Karen McCarthy:

So how, one way that the department might do this would be to establish a set methodology that you would have to use or a choice of methodologies, or if you do it this way, then these are the requirements for how you go about doing that. We do not know exactly how the department might go about this. We do have some concerns since this is a bit unprecedented in that the Department of Ed cannot regulate this in the past. Again, it is the authority. It doesn't require the department to do it. So we don't know exactly how they'll approach it, when they might approach it, if they would regulate all the components or only some of them, we really don't have any idea at this point, but we'll be reaching out to the department as we get a little bit closer. Again, this would not go into effect until July 1st, 2023. So we do have some time there.

Karen McCarthy:

As far as the actual components that are listed in the COA, the bill also made some tweaks to the wording there, that set out some of the requirements that you can see here on the screen. It requires that the food allowance provide the equivalent of at least three meals per day, for programs that have a first professional license at the end of the program, it would require the institution to include the one-time cost of that license. Right now, the institution has discretion, whether they will include that cost in the cost of attendance.

Karen McCarthy:

Another change to cost of attendance that is a bit concerning, that we'll be following up on is that it would require that institutions use actual federal loan fees in the cost of attendance. As you are likely aware, right now institutions can use actual loan fees or an average of loan fees. We are concerned about the burden, the kind of the cost benefit analysis. If all institutions are required to use actual fees, it's quite burdensome as you all know, there's a lot of adjusting of small dollar amounts that might not make this worth it in the long run.

Karen McCarthy:

So we'll be following up on that. And it also removes the option that schools now have to include private loan fees in the cost of attendance. There are also some additional disclosure requirements on the elements of your cost of attendance added on to existing disclosure requirements. The main one being that your cost of attendance figures must be disclosed on any page of your website, where you described the tuition and fees.

Karen McCarthy:

We have some resources here, and I believe these are also available as the handout handouts for you, links to some of the documents that were mentioned during the presentation today. So you can go out and take a look. A lot of these are the HEERF links that were just mentioned yesterday. And I know there are some questions in the queue, people asking where they can find some of these things, some of these items. So this should help you out in that space. And I'm going to turn it back over to Justin now for Q and A.

Justin Draeger:

All right, thanks Karen. As I said earlier, we have about 3000 people just over 3000, actually attending this webinar live. We have lots of questions. I don't think we're going to get through them in the next 40 minutes, but we're going to get there as many as we can. Please rest assured that we're going to have

more webinars in the future as we get down the road. And obviously Margot, I think we can send out or post in the webinar notes, links to our web centers on the Coronabus and on our COVID web center. So let's dive into these.

Justin Draeger:

Jill, I think I'm going to start with a slew of HEERF II funding questions, and then we'll sort of skip around a little bit. First question, and then I'll try to push these out so the audience can see them too. When it comes to the policy that we have to create for student grants for the first round of funding, can we create a new policy for the new grant money and the leftover money for the first round? So I think they're asking about a new policy for their allocating these funds for the new funds, and does this new policy also apply to the leftover money from the first round?

Jill Desjean:

Yeah. You can do that for sure. You might actually want to do that because the provisions of the new funding are more expensive. So you might be able to, for both the HEERF II and for the remaining CARES Grants, so you might want to create a new policy so that you could, to give grants to more students who didn't qualify before.

Justin Draeger:

This is a related question. Can unused CARES Act funds to be paid to students who don't meet Title IV eligibility. So I think they mean from the first round, now that Title IV eligibility has been removed for round two, can they apply that to unspent funds from the first round?

Jill Desjean:

No, we don't believe so. The interim final rule that came out in June was specifically for CARES Act funds. And so I think that those Title IV eligibility requirements still apply to the unused CARES funds. They just don't apply to the HEERF II funds.

Justin Draeger:

And Jill, it's fair to say that if the Biden administration comes in and rescinds the entire interim final rule, at that point, they could put potentially retroactively spend that unspent portion on non-Title IV students. But that would be dependent on the Biden administration actually doing something here.

Jill Desjean:

Yeah, that's true.

Justin Draeger:

Okay. Next question. Do the second round of HEERF funds to students, need to be direct payments as it was with round one, or can they be applied to students accounts?

Jill Desjean:

Unlike the first round of CARES Act funds, the HEERF II funds can be applied to the student's account. ED did reconsider their stance on that and is not requiring direct payments.

Justin Draeger:

And Jill, is it safe to say that they can do that with student's permission? Like the student has to have the option?

Jill Desjean:

Yes, there are caveats. Yes. The student must opt in. Affirmatively opt in, and the school cannot make it a condition of receipt of the funds that the student agreed to have the funds apply to their account.

Justin Draeger:

Okay.

David Futrell:

And Justin can I add something new?

Justin Draeger:

Yeah, please.

David Futrell:

Remember that these are HEERF funds, these are not Title IV funds. So that authorization would not normally be covered under your standard cash management, Title IV cash management authorization. You would need a separate authorization for that.

Justin Draeger:

Okay. Thank you, David. Next question here. Jill, do online students qualify for HEERF II funds?

Jill Desjean:

Yes, they do. In fact, the formula factored in exclusively enrolled online students. And they do qualify for these funds.

Justin Draeger:

All right. Let's revisit Jill, how much schools have to pay to direct grants to students. Based on the new funds, are we, the school required to distribute the second set of funds based on what was the school, or what the school gave out. So if a school decided to give more to the students, what will the school be held to? Is it what they were first required to or what they actually gave out if that's higher?

Jill Desjean:

Yeah, so it is based on their allocation. So if they decided to be more generous and use some institutional share funds to cover student grants, that amount does not need to be spent on HEERF II funds. It's just based on your student share allocation, and I'll stress again that the minimum amount you need to spend from HEERF II, is clearly outlined in your allocation tables. So if there's any confusion, you can just go and look there, and your number is in one of the columns there.

Justin Draeger:

A question on the overall allocation of the 20 plus billion dollars. Were funds allocated specifically for minority serving institutions this time around?

Jill Desjean:

Yes, there is a separate pot of funds for HBCUs, MSIs, and TCCUs. This announcement from yesterday applies only to the funds that apply to the sort of institutional share slash student share, but not to those other pots of funds. So that guidance is coming later and the allocations will come later from you ED.

Justin Draeger:

Jill, for this next pot of funds, will the reporting requirements remain the same? That is two quarterly and an annual with the new round of funding.

Jill Desjean:

That we don't know. The department in their FAQ guidance that they put out yesterday, said that they will be making a future announcement about reporting, but they did not commit either way.

Justin Draeger:

All right, Jill, I think you can take a breath. I'm going to turn to just a few other questions outside of HEERF II, and then we'll come back to you, okay?

Jill Desjean:

Okay.

Justin Draeger:

David, going to you are the quarterly reports required to be submitted to ED or posted on the institution's website?

David Futrell:

Yeah, my apologies for word choices in my original answer. I used the word submitted. For your quarterly reports, for your institutional and your student monies that you spent, you only need to post those reports on your institution's primary website, and send an email to HEERF@ed.gov indicating the URL where that information is located. The annual report is the one that must be completed using the data collection system portal and submitted by the [inaudible 00:57:27].

Justin Draeger:

Okay. So it's the answer is both. They have to post it and then they have to submit the link to the Department of Education via that email address.

David Futrell:

For the quarterly reports only.

Justin Draeger:

Okay. Megan, this one's coming to you. You covered the appropriations for the 21-22 year. People are asking, when will the Pell Grant charts be available for 21-22?

Megan Coval:

The Pell Grant charts are required to be by the master calendar, put out by February one. So we are sure hopeful that we'll all see them by that date. It'd be nice to have them earlier. I just don't think that we can probably expect that with everything else going on, but February one is right around the corner.

Justin Draeger:

Thank you. Karen, this one's coming to you. Are all cost of attendance changes that you covered also effective for 23-24?

Karen McCarthy:

Yes. July 1st, 2023.

Justin Draeger:

Karen, I'm going to stick with you here for just a second. The question is here, when can we begin using PJ to zero out earned income from work? That might be a joke.

Karen McCarthy:

This one's a little bit of a longer response because in the legislation, this portion is also not effective until July 1st, 2023, which we did here after the fact was an oversight. So unfortunately the legislation is still not effective until July one, 2023. However, I, and Megan you might have something to add here. Under professional judgment, you do have the authority to exercise professional judgment to do this now, if you wish as part of your PJ policy, are pushing to get the department to restate the guidance or to get it into the legislation was mostly about schools comfort level, and that there were some schools in our surveys who told us that they would feel more comfortable doing this than exercising their professional judgment authority, if there were more explicit guidance from the department or from Congress that they could do this. But technically you can't do it now.

Justin Draeger:

All right. Thank you, Karen. Jill, I think we're going to come back your direction. And if I could pause for just a moment and ask my colleagues who are in the question queue with me, if we've answered a question, could I ask you all to help me move those over to the answered folder so that we can clear out some of the questions in the question box? All right, Jill, can you generate a policy that provides HEERF II funding to all Pell Grant recipients without an application, and then use an application for the balance of your eligible aid applicant population?

Jill Desjean:

Yeah, I can't see why not. You are right required to prioritize your Pell Grant recipients. You're required, excuse me, to prioritize grants to students who demonstrate exceptional needs such as those who receive Pell Grants, when you're rewarding your HEERF II grants. But yeah, that policy seems like that would fit within those parameters.

Justin Draeger:

Okay. Thank you, David. This one is coming-

David Futrell:

[inaudible 01:00:42].

Justin Draeger:

Oh, yeah. Go ahead, David.

David Futrell:

Justin can I add something there real quick?

Justin Draeger:

Yeah.

David Futrell:

I saw another question come in, that's based on I think a misunderstanding. You were never required to only give HEERF II Pell eligible students. It was always a recommendation.

Justin Draeger:

Thank you, David. David, let's stick with you for just a second here. The question here is, you did not mention the alternative reporting method for the coronavirus indicator on R2T4. Do you have any more information on that?

David Futrell:

Yeah, my apologies on that. That was something that was in my talking points about, since we were going to be talking a lot about HEERF II today, I scratched those notes. Yes. For when you're reporting the total amount of funds that you did not return to the department, they under the R2T4 waiver, there are two options. One is the coronavirus indicator in the R2T4 calculator tool that you do in COD. And there is an alternative method that you may choose to use. The department has not yet developed or published that method. We talked to them on Tuesday, I think, and they are in the process of developing that and they will be providing an update on the status of that reporting method and an upcoming Electronic Announcement that we expect shortly.

David Futrell:

You can choose to use either the R2T4 calculator tool to complete this reporting requirement, or you can choose to use the alternative method, but you cannot use both. You can't start your reporting in COD, in the R2T4 calculator tool and then only complete it through the alternative method. You have to report all of your information through either the calculator tool or the alternative method when it becomes available. And again, that's not due until September 30th, 2021.

Justin Draeger:

All right, thank you. I'm going to turn to Jill. For whatever reason, if the school never applied for the first round of HEERF funds, are they eligible or will they be able to get their hands on the second tranch of funds?

Jill Desjean:

Yes, they can, but they do unfortunately need to do that application. The only schools that are exempt from doing an application are the people who went through the process in the spring. So yes, you can apply for them, but unfortunately you do have to go through the tedious process of creating the grants.gov account and navigating that system that you might not be familiar with.

Justin Draeger:

Okay. Jill, I'm going to stay with you for just a second. I think this is a thornier question that presupposes sort of the context that you laid out, that the department for the second tranch of funding has backed off the student financial aid eligibility requirements. But this administration continues to view citizenship as one of the requirements to receive these grant funds. And the question from the school is, without requiring a student to complete a FAFSA, how do they confirm citizenship status? And can it be self-reported by the student?

Jill Desjean:

That is a thorny one, indeed. We don't have a lot of answers here. All we know from what we've seen, is that you can't knowingly give these funds to non-citizens. Whether you have to actively verify that they are eligible is not known. So, unfortunately, I think our best advice for you is to work with your legal counsel, to determine whether and how you'll verify eligibility in line with your comfort, your institution's comfort with risk.

Justin Draeger:

I'll also add that we don't know with an incoming administration, what their interpretation around citizenship might be. As you pointed out, Jill, this is coming from a completely separate law that was passed, let's see, I don't know, more than 20, 25 years ago. So there might be some additional information coming down, but there's a risk tolerance here that the school is going to want to check with their legal counsel on. Karen, I want to go to you next. The question here is what are the implications for verification of the new FAFSA? I think they meant 23-24.

Karen McCarthy:

Yeah. So we don't know yet. The hope is that this will, this FAFSA simplification will vastly also simplify the verification process. And there are so many fewer questions. So many people are subject to fewer questions. It seems to us that there's a lot less to verify. There's the automatic sharing between the IRS and the Department of Ed. So there's no verification there. Part of the goal with FAFSA simplification is that it would go all the way through the whole process, and that it would also impact the verification process.

Karen McCarthy:

That said, there's a lot of work that still has to be done between now and then. And I imagine the department will start to hammer some of that out. I know that they are already talking, they've been working actually for the past year or so on the future act. And what just the future act in that direct data sharing would do to verification. So this new FAFSA simplification on top of the future act will just kind of add to the verification of simplification, hopefully.

Justin Draeger:

Thank you, Karen. Jill, I want to go back to you with some HEERF II questions. Would students have to be enrolled at the time of the emergency? And this person asks specifically in March, 2020 to qualify for this next round of funding?

Jill Desjean:

No, there's nothing that limits their eligibility to tie it to the declaration of the emergency in March.

Justin Draeger:

Thank you. I'm going to open this one up a little bit to several of you folks. Karen, Jill, David, Megan, if any of you have thoughts. But this question is really sort of a best practice question or a practical question about, if you're a grad professional school, how do you prioritize exceptionally high need given that they're dealing with independent students who might all have EFCs of zero? Any thoughts there?

David Futrell:

I'm thinking they still do have EFCs. And EFCs is the metric by which we decide need for a student. So I would expect that the EFC that they do have in relation to your cost of attendance, would still be a sufficient measure need related to grad students, even though they're all unsubsidized aid funds, it seems that you could still use that as a gauge.

Jill Desjean:

Yeah. It'd be hard to distinguish them from one another, but to prioritize them, everyone's a priority if all the EFCs are zero.

Justin Draeger:

Yeah. And the other part of this is that if it is hard distinguishing, I mean, schools could Jill, create a separate application for students. I mean, one option is block grant out students who all have zero EFCs, another is to divide them into different tranches or create an application so students can indicate back to you. But there's additional filtering that the school could do within the use of funds.

Karen McCarthy:

Sure. Justin I was just going to add one thing on there and that the department didn't provide any more rules as to how the school does this prioritization, and we don't want any more rules. So it really is up to the institution. So it's definitely worth a discussion on your campus as to how you're going to do this. And you should definitely document whatever you decide to do. There was some inkling, and I'm not sure, Jill, if you mentioned this during your presentation, that the department in their documents do say that they will likely require you to report in some way, shape or form once a week...

Jill Desjean:

We require you to report in some way, shape or form, once we get to the reporting stage, how you did this prioritization. So whatever you do, make sure you have it down in writing and that you actually do what you say you're going to do so that you can report that if it comes to that, once we get to reporting.

Justin Draeger:

Okay. Thank you. Jill, I think I'm going to stay with you for a second. Can HEERF II funds for students be given to students who enroll for the 21-22 year, looking out until next fall, summer fall?

Jill Desjean:

Yeah, I can't see why not. You have a year to spend your funds and there is no requirement linked to the student having been enrolled as of a certain date or anything like that. So yeah, I think that they could be given to students for 21-22.

Justin Draeger:

Right, and I would agree while there's not any requirement that says you can't, I just always add sort of the things that presidents think about is financial risk, which in this case, you're allowed to do it and reputational risk. So, schools making sure that they're meeting the needs or the emergency needs of students today as well. That nothing prevents you from holding a little back that you might need, but also being aware that the public will be well aware that these funds have been made available by Congress.

Jill Desjean:

Yeah, especially since there might be more funds available.

Justin Draeger:

Right. Question here about eligibility, Jill, for HEERF II, do students who are ineligible for Title IV aid due to other reasons and citizenship like default or selective service, are they still eligible for HEERF II funds?

Jill Desjean:

Yes, they are. So, yeah, that's the big thing by saying that the IFR does not apply to the HEERF II funds. All of those other Title IV eligibility requirements like what's here citizen, default selective service, do not apply. Those students can get HEERF II funds. It's just the citizenship thing, and that is because it falls under a separate law.

Justin Draeger:

What about student eligibility and in an eligible program, what about students who are in continuing education classes, or dually enrolled in high school, any prohibition there?

Jill Desjean:

There's nothing that's come out so far saying that there's any limitation there.

Justin Draeger:

Okay. Karen, well, actually I think this is you as well, Jill, if we're talking federal methodology changes in 23-24. How do students answer income questions if they did not file or not required to file taxes? There's nothing from the IRS to actually come over to the FAFSA.

Jill Desjean:

The department is still working on implementing the provisions of the FUTURE Act. And so, and, Karen, you've been, I think, working on this too, so maybe you can correct me if I'm wrong or add more. But I don't think things like that have actually been decided as yet.

Karen McCarthy:

Yeah. I would say that for these students there wouldn't be any income questions. When the FUTURE Act is implemented, it will document that the student or the parent is a non-filer, so we will have that direct data share, the non-filing status as part of that. And then, and this is how the FUTURE Act works together with the FAFSA Simplification. With the new FAFSA Simplification model that Jill walked through, you can see on the flow chart, if you're a non-filer, that's that one all the way on the right side of the flow chart. You say you're a non-filer and you go all the way to the bottom of that flow chart. So it doesn't ask you the income questions. The non-filers are our neediest students, who we feel really

shouldn't have to answer any of those income questions because their income is low enough to be a non-filer.

Justin Draeger:

Thank you, Karen, let's stay with you for just a second here. Does the requirement to use actual loan fees in your cost of attendance, does that go into effect now or 23-24?

Karen McCarthy:

23-24.

Justin Draeger:

Okay. Jill, will HEERF II student grants be considered estimated financial assistance?

Jill Desjean:

We do not know. The department did not address that in the guidance that they came out with, so that's something we need to follow up on. Similarly, I'll add, we also don't know if they'll be excluded from income and whether they would need to be reported on the FAFSA because those three things are all, students are exempt from all those things under CARES Act funds. We don't know how that will apply to HEERF II.

Justin Draeger:

Okay. Thank you. David, let's turn to you for just a second. How are the Coronavirus Indicator canceled disbursements treated if a student returns within 180 days?

David Futrell:

You're going to like this answer. You do absolutely nothing. The Coronavirus Indicator stays in place for these students. The reason for that is, when a student in a nonterm program returns within 180 days, they retain the Title IV aid that they already received. You do not get to add new charges. So the student isn't eligible for new aid for that payment period in which they return. So effectively, they get to keep the aid either way, by returning within 180 days and within the R2T4 waiver. So in this instance, you do nothing. You leave the Coronavirus Indicator, the disbursements for the payment period that they return to are eventually canceled by the department and they regained eligibility for that aid for the next payment period or payment periods going down the road.

Justin Draeger:

Thank you, David. I'm going to stay with you for just a second here. The question is, when do we expect the National Emergency to end? And I think the implication here is all the flexibilities that come with it.

David Futrell:

Yeah, we have no idea on this one. I imagine that the new administration might have a different view on when the qualifying emergency might end, but we have no indication from the department or anyone else as to when it might end. As soon as it ends, we will be sure to let you know and [inaudible 00:06:25].

Justin Draeger:

Thank you. Jill, I want to go back to you. And we're sort of, I think dancing around variations of the same question, because this is sort of a bit of a needle we have to thread. This person is asking to confirm, are eligible non-citizens that is permanent residence eligible for HEERF II funds?

Jill Desjean:

I can't say off the top of my head. This is in a law that is not something that we typically look at this Welfare Reform Act from 1996. That law does list out the citizenship categories that are, and are not eligible to receive federal benefits. Karen, you may remember because we did look at this a while ago, I just haven't looked at it recently, whether permanent residents were in that group or not.

Karen McCarthy:

I think that the people in that Welfare Reform Act who were excluded from getting public benefits, so the people who were ineligible would include DACA students, international students, and undocumented students. So I think that permanent residents would not be excluded.

Jill Desjean:

Yeah, that's my sense too.

Justin Draeger:

Not be excluded, meaning they could receive the funds is-

Jill Desjean:

Yes.

Karen McCarthy:

Yes, right.

Justin Draeger:

... what we think? Okay.

Karen McCarthy:

Yes.

Justin Draeger:

We're going to do the logic math on the double negative there. But we want a, is it fair to say team, we might need to do a little bit more digging there just to be sure? Are we good on that one? Why don't we take another look and just to be sure, because I heard a lot of "thinks" in there and maybe we can get something out there *Today's News*. I know this one is the whole eligibility thing, given what schools went through last year can be a real touchy subject. So, there is what we think and we'll take another look here. Next question. Karen, this is with you, of all the things we talked about, and I guess this includes the FM changes that Jill discussed. Can ED implement any of them other than SULA prior to 23-24?

Karen McCarthy:

So the FAFSA and the student eligibility, all of that, what they can do prior to July 1, 2023 is SULA and the Pell for incarcerated students are the only ones that were explicit in the law that ED has the authority to implement early.

Justin Draeger:

Okay.

Karen McCarthy:

And we don't have exact dates for those. It really left it up to the department that if they can do it early, that would be great. I mean, they didn't say that would be great. That's my editorial addition there. And the department would need to put out a notice to let people know when they plan implement, specifically with regards to SULA, they would have to put out a *Federal Register* notice at least 60 days before they plan to implement. So you will get a heads up when there're changes coming.

Justin Draeger:

Okay. We have several requests here that we follow up on, whether HEERF II funds are considered EFA, and I can let you know that we have already asked the question of the department and we will continue to press for an answer there. Karen or David or Jill, correct me if I'm wrong, but normally emergency funds to students are not considered EFA, right?

David Futrell:

Right. I'm going to push this question now because it is related. And that is the April 3rd Electronic Announcement does say any aid received by victims of an emergency from federal or state entity is not counted as income in the EFC or as estimated financial aid assistance for packaging purposes. However, we're just not going to make the leap that this also applies to HEERF II monies. We would hope so. We're certainly hoping the answer is yes. The answer is no EFA. But just in case you're looking at that and wondering, we're stopping just shy of saying this also applies because that was CARES Act guidance issued during making emergency grants to students back in the spring. So, just putting that out.

Karen McCarthy:

Justin, adding onto that, we did get a verbal response from the department that they thought that it would not be considered EFA, like they responded to all three of those questions in a positive way, the way that we would want them to. It would not be considered EFA. It would not be considered untaxed income on the FAFSA, and it would not be tackled by the IRS. So we were, but they did not include that in any of their FAQ documents that were released yesterday, so we may want to circle back around with them just to confirm.

Justin Draeger:

Okay. Thank you very much. Jill, let me turn to you for another second here. Do students need a FAFSA on file to receive HEERF II funds?

Jill Desjean:

No, they do not.

Justin Draeger:

It certainly, schools could use that as a way of assessing need, but they don't need to have a FAFSA and they don't need to be Title IV eligible.

Jill Desjean:

That's right.

Justin Draeger:

Just to reaffirm. Okay. Okay, David, this one's to you. Can we still move federal work study money to FSEOG money for the 20-21 award year?

David Futrell:

Yes. I was just making sure I was unmuted myself. Yes, you are still allowed to transfer up to a hundred percent of your unexpended work-study allocation into federal work or a federal SEOG to make awards for the 19-20 or 20-21 award years. According to guidance we got from the department, the ability to transfer work-study to FSEOG applies through the end of the first payment period that begins after the date that the COVID emergency is rescinded. So even if it were rescinded now, you'd still be able to make that transfer for summer. That's not in any written ED guidance and we hope that it does appear soon in an Electronic Announcement. But that's what we received from the department before the Christmas break or the holiday break. Sorry.

Justin Draeger:

Okay. Thank you. Jill, let me go back to HEERF II funds and the FAFSA. This person is pointing out that the FAFSA is not necessary, but how would one determine exceptional need without a FAFSA is the question?

Jill Desjean:

You can have an institutional application to do that. It's not limited to students who are Pell grant eligible, so you wouldn't need a FAFSA to be able to determine that and you could use any kind of internal application or process to determine exceptional need.

Justin Draeger:

Okay. Thank you. If a student was awarded a CARES Act grant, Jill, during spring 2020, can they receive a second grant with the new grants in the fall of 2021?

Jill Desjean:

Yeah. There's no prohibition on students getting a subsequent HEERF I or HEERF II grant.

Justin Draeger:

Right. So if the school creates a policy about how they're going to allocate the second tranch of funding, it wouldn't really matter what date you put in there, right? If the student fell into either that new category or that new allocation that the school develops, they could give an additional emergency grant to the student.

Jill Desjean:

Yeah. Yeah.

Justin Draeger:

Okay. Jill, could you talk a little bit about how HEERF II applies to proprietary institutions? How is it different than non-profits?

Jill Desjean:

Sure. Let me pull up my notes on that because proprietary institutions can first, they have to apply, even if they did receive CARES Act HEERF Funds, they do not, it's a new bucket of funding in the Coronavirus Bill than it was under the CARES Act. So they do have to fill out an application regardless of whether they did receive any CARES Act funding. And proprietary school funds can only be spent on emergency student grants. There's no institutional share for those schools.

Justin Draeger:

All right. Thank you. Megan, this one's coming to you and I assume the all caps is the enthusiasm of the question here. Are they going to pass the \$10,000 in loan forgiveness?

Megan Coval:

Yeah. So this is a proposal that has been talked about, particularly from the incoming Biden administration. They had talked about kind of this across the board, \$10,000 loan forgiveness for every borrower. I think the answer is, not anytime soon, if they're going to do it. I don't think it will be something that will be done as a part of further COVID stimulus. I think if anything, debt forgiveness will roll into bigger HGA conversations and will become a much bigger policy discussion.

Justin Draeger:

All right. Thank you, Megan. Jill, I think this one's coming to you. Will there be a list of awards by institution in the second round of funding to be released and if so, when was it released?

Jill Desjean:

Yes. The list of allocations by institution was released yesterday. So, I don't have the exact website. Maybe we can, it's probably in our article from today's new. But yes, they were released yesterday.

Justin Draeger:

Yes and it's also the second, I think it's slide 37 in our slide deck has the website.

Jill Desjean:

Oh, nice. Great.

Justin Draeger:

Okay. Federal methodology question here, Jill. For the new FAFSA changes in 23-24, if a parent says they didn't file a FAFSA, but they actually did, will the IRS check, catch that error?

Jill Desjean:

I think they probably mean a tax return.

Justin Draeger:

Yeah.

Jill Desjean:

Right?

Justin Draeger:

Yeah. I'm sorry, yeah.

Jill Desjean:

So, yeah, they won't say either way, to be honest. As Karen was describing, the FUTURE Act allows for this automatic data sharing between IRS and ED and it verifies whether they filed a tax return or not. So you don't have to get the verification of non-filing or anything like that. People can't lie about filing or not filing because their information is going to go to IRS and IRS is going to report back whether they did or did not.

Justin Draeger:

Okay, thank you. This next one is for you, David. We have submitted our information for the annual reporting, but have not received our log-in information. What do they do next? Is there a number to call?

David Futrell:

Unfortunately, there is no phone number to call. You can send an email to HEERFAnnual@ED.gov. But unfortunately there is no phone number to call.

Karen McCarthy:

Justin, I can add a little bit of info on that question, because we have heard from a few schools here and there, wondering if they did something wrong or why haven't gotten this login information yet. And we did reach out to the department who responded that it is a delay on the department side, that they are a little bit short-staffed. They had some staff pulled in another direction. So they are trying to get those log-ins out to schools as quickly as possible. They told me yesterday that they hoped to get all of them out that were in their backlog by the end of the week, so that would be today. Because we did stress that schools needed the log-in to do the report so that they're not delayed in getting their next batch of funding. So we do understand the urgency and if you still don't have it next week, you could reach out to us and we'll try to get some more information from the department.

Justin Draeger:

Okay. David, this next one's coming to you. Regarding the prior presentation on the COVID waivers and deadlines, does a school have any recourse if it finds that it missed a Coronavirus Indicator on spring 20 loans? And then they give an example there. If not, what will happen, will the student then owe the money on that loan?

David Futrell:

You should go ahead and set the Coronavirus Indicator, because the student qualifies under the law for the R2T4 withdrawal, with the withdrawal benefits under the CARES Act. We have no idea what the

penalties will be, if there will be penalties at all, and what form of action the department might take for those that submitted the Coronavirus Indicator late. But for now go ahead and make the assignment. They haven't cut off the Coronavirus Indicator. They will probably be looking at those that submitted them late. You're taking your chances at this point. But do go ahead and do it. You must apply the waiver on the Coronavirus Indicator, if you know the student withdrew due to COVID-19. Just do it late.

Justin Draeger:

All right. I am going to push one more question and then, Jill, I'm going to go to you and say, are there any questions here that, you'll get the final question and answer, okay? So let me do one that I can answer and then I'm going to turn to you. The question that I'll answer is given that today's 1/15 servicers need to start billing for student loans, which forbearance end on 1/31, what is the expectation of timeframe for an extension of the forbearance?

Justin Draeger:

The Biden administration didn't exactly say, but because they came out sort of in a rare way before the President Elect took office and said that they plan to actually extend all of the benefits, servicers I'm sure took note, so they are already planning for an extension. And I don't know what that extension will be, but we have been in contact with the Biden transition team on this issue, flagged it for them very early, and we're pleased that they came out publicly and said that students will have that extension. All right, Jill. What's the final Q&A that you'd like to tackle?

Jill Desjean:

Okay. I've got related to HEERF II expenditures... Oh, wait. I can push us to this slide, right? Let me...

Justin Draeger:

Yep.

Jill Desjean:

Let me do that. Sorry, I'm not very tech savvy. Related HEERF II expenditures, what is the earliest date they can be incurred, is it on or after 12/27/2020, the date that the was enacted or earlier than that? And the answer to that is correct, it is 12/27/2020.

Justin Draeger:

All right. Listen, everybody, I wanted to say a big thank you to all of you for joining us today. As I said previously, please stay in touch with us through our web centers and we'll include those links in the show notes. We also asked you to complete the survey at the end of this webinar. It determines how many additional webinars we have and the content of those webinars, does play a pretty big part in our planning. And in addition, just a big thank you to all of you for what you're doing for students, for hanging in there in what is a very abnormal year and putting in the extra hours to get your students the funds that they need. We appreciate you and stand in awe of everything that you're doing. We will see you again very soon.