

Hispanic Association of Colleges and Universities Conference

Remarks by Mark A. Brown, Chief Operating Officer
Federal Student Aid
U.S. Department of Education

FSA: Operational Snapshot

**Process more than
18 million FAFSA
forms***

**Distribute more than
\$120 billion in federal
student aid***

**About 12 million
students receive
federal student aid***

**Nearly 6,000 schools
participate in the
Title IV programs^**

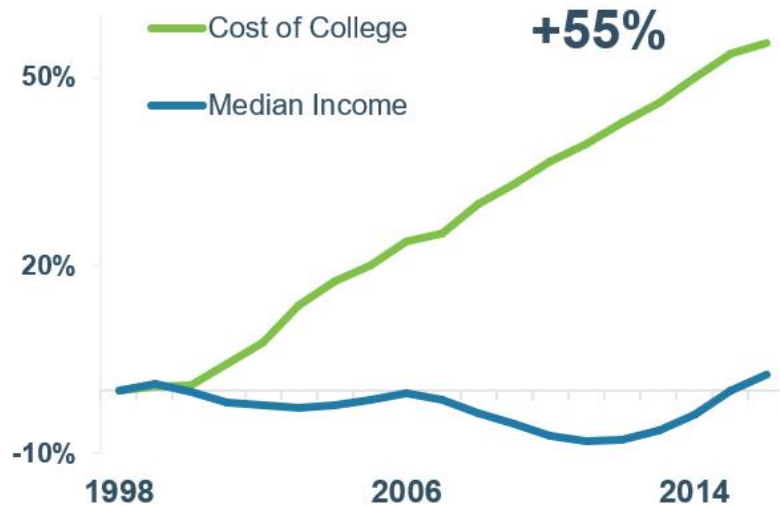
SOURCE: FSA, * As of Sept. 30, 2019; ^As of March 31, 2019

President Lyndon B. Johnson's Promise

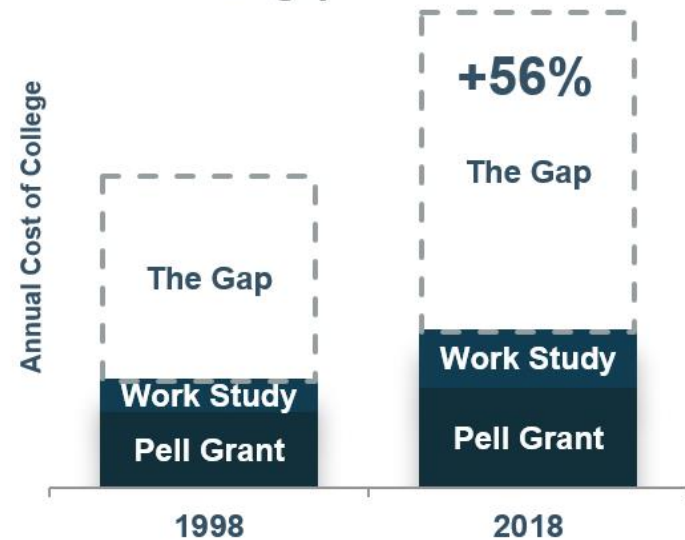


A Changing Educational Landscape

The cost of college continues to climb, well outpacing the median income.

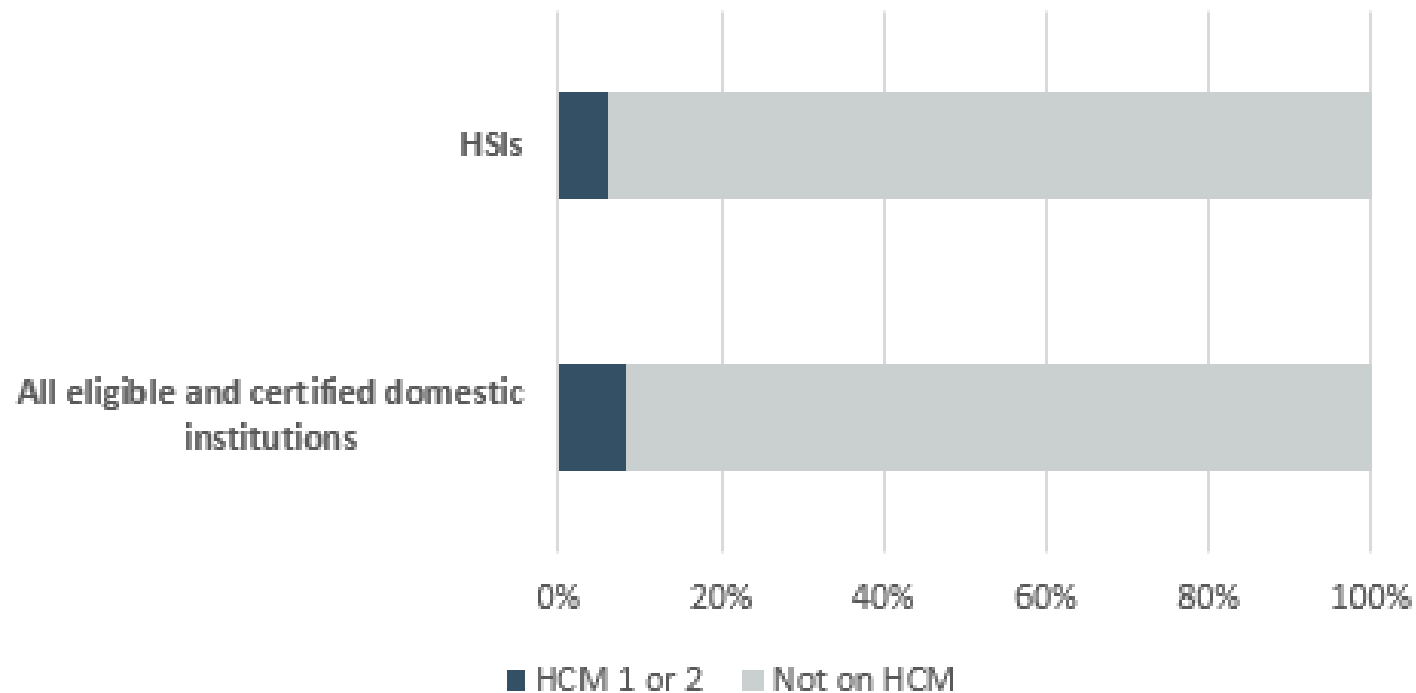


More students and families have turned to loans and savings to cover the gap.



HSIs on Heightened Cash Monitoring

Schools on Heightened Cash Monitoring

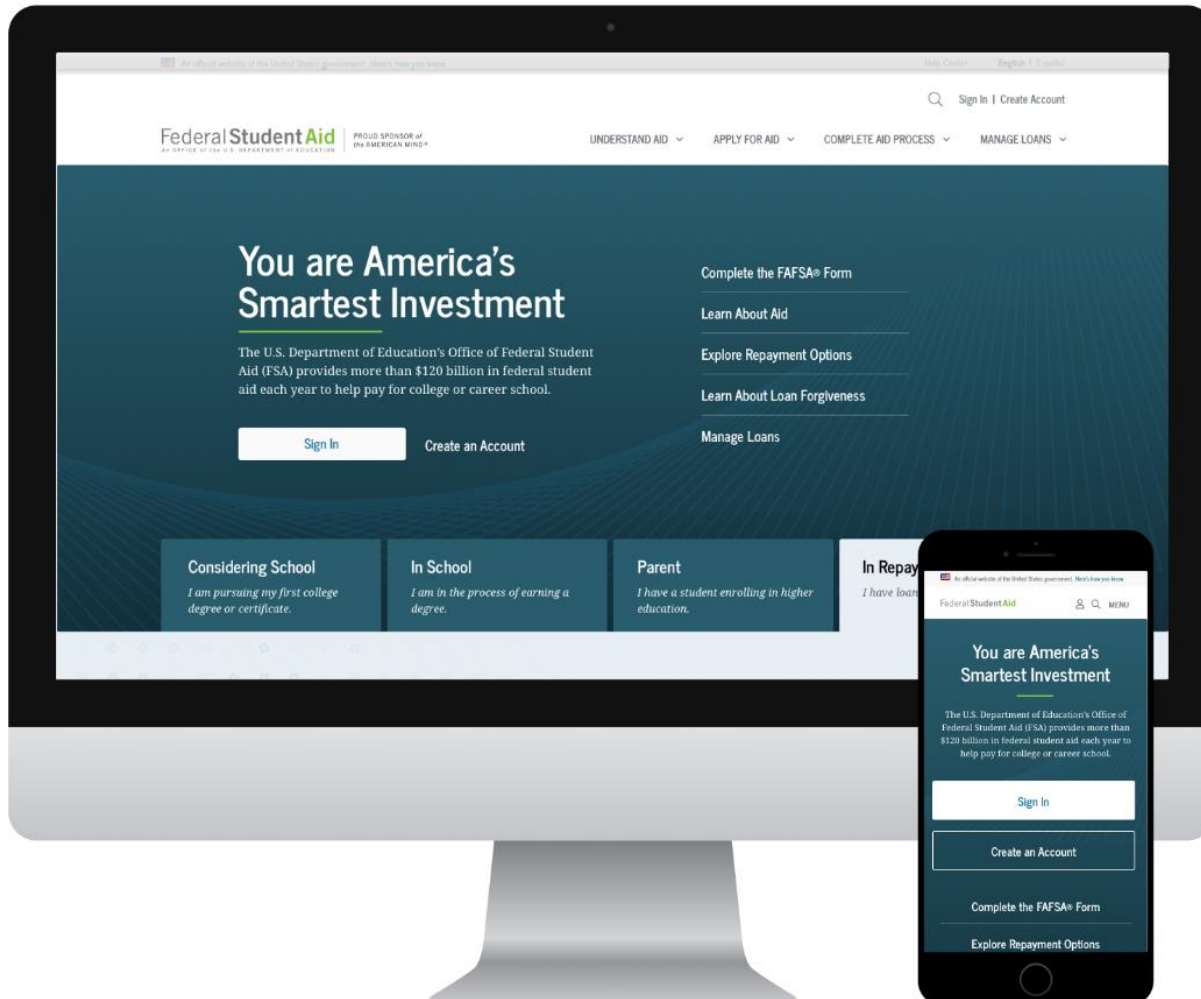


Coming This Fall: A Consolidated Website

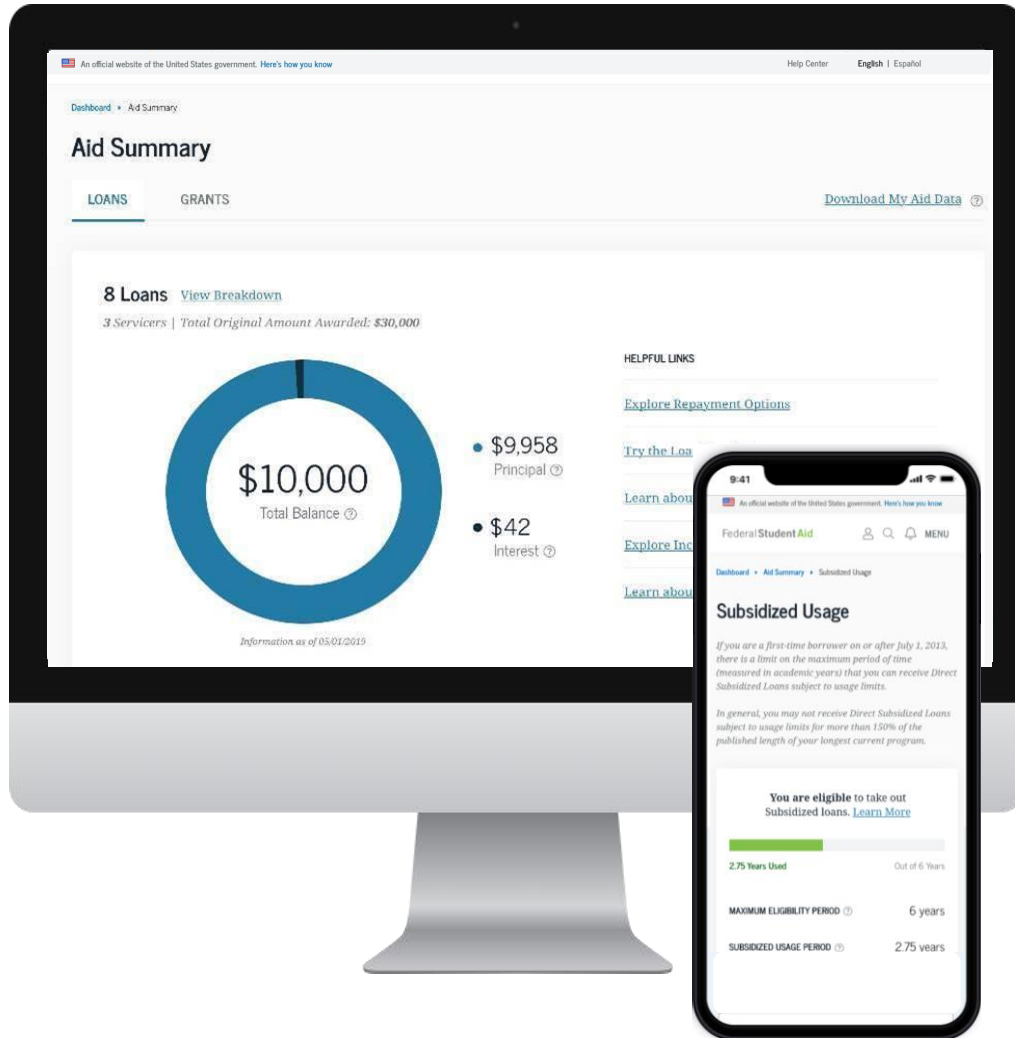


The first step to an improved customer experience will be the consolidation of multiple websites into one front-end platform.

StudentAid.gov



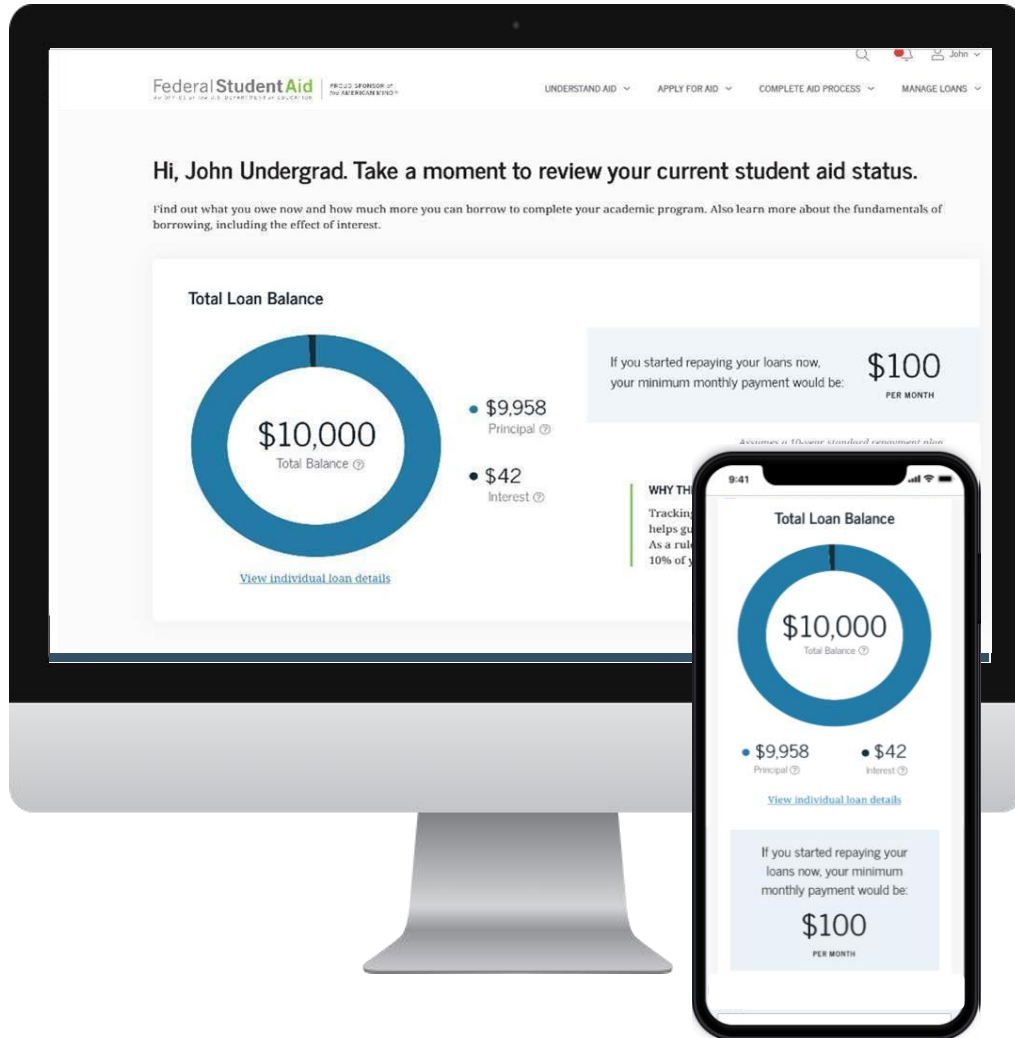
Personalized Customer Aid Summary



Personalized Aid Summary

Provides detailed
loan and grant information

Informed Borrower Tools



Informed Borrower Tools

Presents financial literacy content and an overview of how much debt customers have accrued and how much more aid they are eligible to receive

CLOSING MESSAGE

Stay in the fight!

Title IV Compliance

Strategies for Success

Joel V. Harrell

U.S. Department of Education

HACU Annual Conference, Presidential Executive Track

- Why Title IV Compliance Matters
- The Successful Compliance Program
- Program Reviews
- How Prepared Are You?

Take a Moment and Ask Yourself...

Think about this for a minute and discuss within your groups.



"You have your way. I have my way. As for the right way, the correct way, and the only way, it does not exist."

- Friedrich Nietzsche

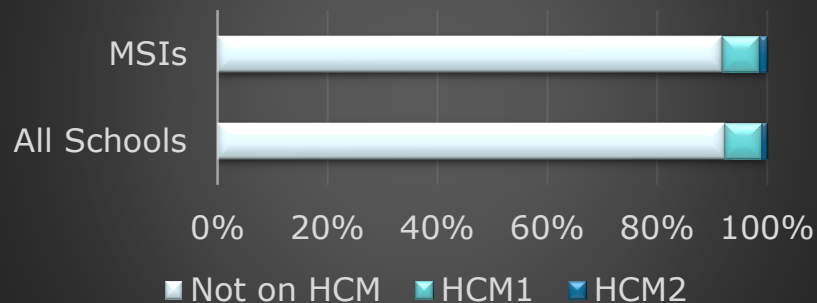
- ① Your institution retains its eligibility to participate in the Title IV programs.
- ② You avoid actions requiring monetary resolutions that could impact the financial health of the institution, such as repayment of liabilities and fines.
- ③ You maintain access to funds without additional requirements imposed that result in a delay in your receipt.

- ④ You avoid additional financial requirements in order to continue to participate, such as Letters of Credits.
- ⑤ You avoid restrictions placed on your institution's participation, such as the ability to add new programs and locations that are Title IV eligible.
- ⑥ You avoid the administrative burden associated with having to conduct files reviews and respond to deficient audits and program reviews.

Top Ten Domestic School Program Review Findings by Number of Findings for Fiscal Year 2018		
Finding Code Description	Number of Findings	Percent
STUDENT STATUS - INACCURATE/UNTIMELY REPORTING	176	7.4%
VERIFICATION VIOLATIONS	128	5.3%
ENTRANCE/EXIT COUNSELING DEFICIENCIES	125	5.2%
RETURN TO TITLE IV (R2T4) CALCULATION ERRORS	105	4.4%
STUDENT CREDIT BALANCE DEFICIENCIES	100	4.2%
CRIME AWARENESS REQUIREMENTS NOT MET	95	4.0%
CONSUMER INFORMATION REQUIREMENTS NOT MET	94	3.9%
DRUG ABUSE PREVENTION PROGRAM REQUIREMENTS NOT MET	88	3.7%
INACCURATE RECORDKEEPING	71	3.0%
LACK OF ADMINISTRATIVE CAPABILITY	67	2.8%
Total Top Ten Deficiencies	1,049	43.8%
Total 2018 Deficiencies	2,394	100.0%

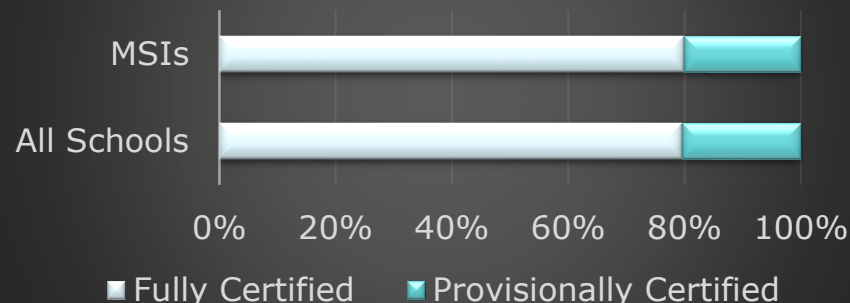
Top Ten Domestic School Audit Findings by Number of Findings for Fiscal Year 2018		
Finding Code Description	Number of Findings	Percent
STUDENT STATUS - INACCURATE/UNTIMELY REPORTING	831	14.6%
REPEAT FINDING - FAILURE TO TAKE CORRECTIVE ACTION	668	11.8%
RETURN TO TITLE IV (R2T4) CALCULATION ERRORS	491	8.6%
RETURN OF TITLE IV FUNDS MADE LATE	356	6.3%
VERIFICATION VIOLATIONS	271	4.8%
QUALIFIED AUDITOR'S OPINION CITED IN AUDIT	261	4.6%
STUDENT CREDIT BALANCE DEFICIENCIES	245	4.3%
ENTRANCE/EXIT COUNSELING DEFICIENCIES	222	3.9%
PELL--OVERPAYMENT/UNDERPAYMENT	179	3.1%
G5 EXPENDITURES - UNTIMELY/INCORRECTLY REPORTED	174	3.1%
Total Top Ten Deficiencies	3,698	65.1%
Total 2018 Deficiencies	5,684	100.0%

Schools on Heightened Cash Monitoring



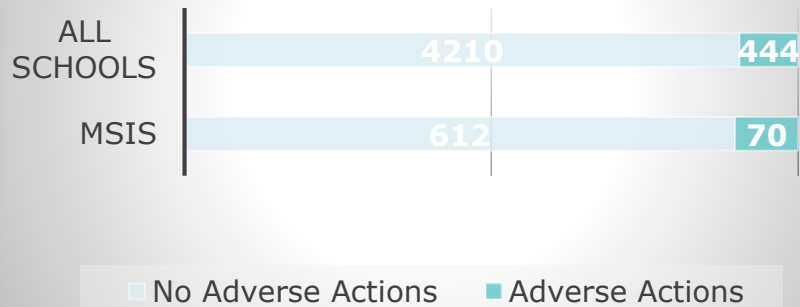
- 8.4% of all participating Title IV institutions were on restrictive cash monitoring
- 8.9% of all MSIs were on HCM1 or HCM2
- 1.6% of MSIs were participating via HCM2 vs. 1.1% of all Title IV institutions

TIV Program Participation Certification Status



- 20.4% of all eligible institutions are provisionally certified to participate in Title IV programs
- 20.1% of MSIs are provisionally certified to participate in Title IV programs

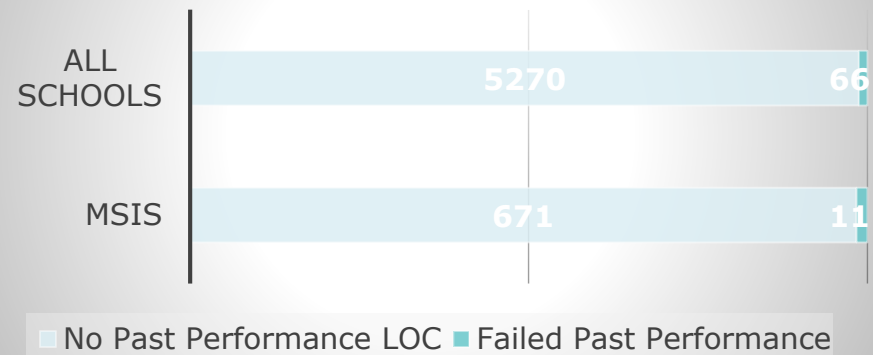
Adverse Accreditor Actions



January 2017 to June 2019

- 9.5% of all participating TIV institutions were placed on probation, show cause or an equivalent by an accreditor
- 10.3% of MSIs were sanctioned by accreditors during this timeframe

LOC for Past Performance



June 2019

1.2% of all participating Title IV institutions remitted Letters of Credit due to failure of the past performance standard
 1.6% of MSIs had remitted Letters of Credit to ED for this reason

Audit	Purpose
Compliance Audit	Covers the school's administration of the FSA programs
Financial Statement Audit	Provides the Department with information necessary to evaluate a school's status in relation to the standards of financial responsibility

Financial Responsibility Standards

General Standards

Used to evaluate a school's financial health

Performance and Affiliation Standards

Used to evaluate a school's past performance and to evaluate individuals affiliated with the school

Thresholds

Students Without a High School Diploma or Equivalent

Ineligible if $> 50\%$

Incarcerated Student Limitation

Ineligible if $> 25\%$

Correspondence Course Limitation

Ineligible if $> 50\%$

Correspondence Student Limitation

Ineligible if $> 50\%$

- 1 For a cohort default rate of greater than 40 percent for any year, schools lose eligibility to participate in the Direct Loan Program.
- 2 For a default rate of 30 percent or more for any year, they must create a default prevention taskforce that will develop and implement a plan to address the high default rate. That plan must be submitted to the Department for review.
- 3 For a default rate of 30 percent or more for a second consecutive year, they must submit to the Department a revised default prevention plan and may be placed on provisional certification.
- 4 For a cohort default rate of 30 percent or more for three consecutive years, schools lose eligibility to participate in both the Direct Loan Program and the Federal Pell Grant Program.

Consequences of High CDR

CDR > 40%	Loss of student loan eligibility
CDR > 30%	Must create default prevention taskforce
CDR > 30%; 2 nd Year	Must submit a revised plan to the Department; may be placed on provisional certification
CDR > 30%; 3 rd Year	Loss of eligibility

Eligible School	Benefits
<p>A school whose most recent official cohort default rate is less than 5.0% and is an eligible home institution that is originating loans to cover the cost of attendance in a study abroad program.</p>	<ul style="list-style-type: none"> • May disburse loan proceeds in a single installment to a student studying abroad regardless of the length of the student's loan period. • May choose not to delay the disbursement of the first installment of loan proceeds for first-year first-time borrowers studying abroad.
<p>A school with a cohort default rate of less than 15.0% for each of the three most recent fiscal years for which data are available, including eligible home institutions and foreign institutions.</p>	<ul style="list-style-type: none"> • May disburse, in a single installment, loans that are made for one semester, one trimester, one quarter, or a four-month period. • May choose not to delay the first disbursement of a loan for 30 days for first-time, first-year undergraduate borrowers.

- CDR > 15% - Lose Benefits
- CDR > 18% - Urgent
- CDR > 30% - Critical



3-Year Cohort Default Rate **SANCTIONS**



*A school's **three** most recent official cohort default rates are **30.0** percent or greater for the three year calculation

- A school will lose **Direct Loan** eligibility
- A school will lose **Federal Pell Grant** eligibility

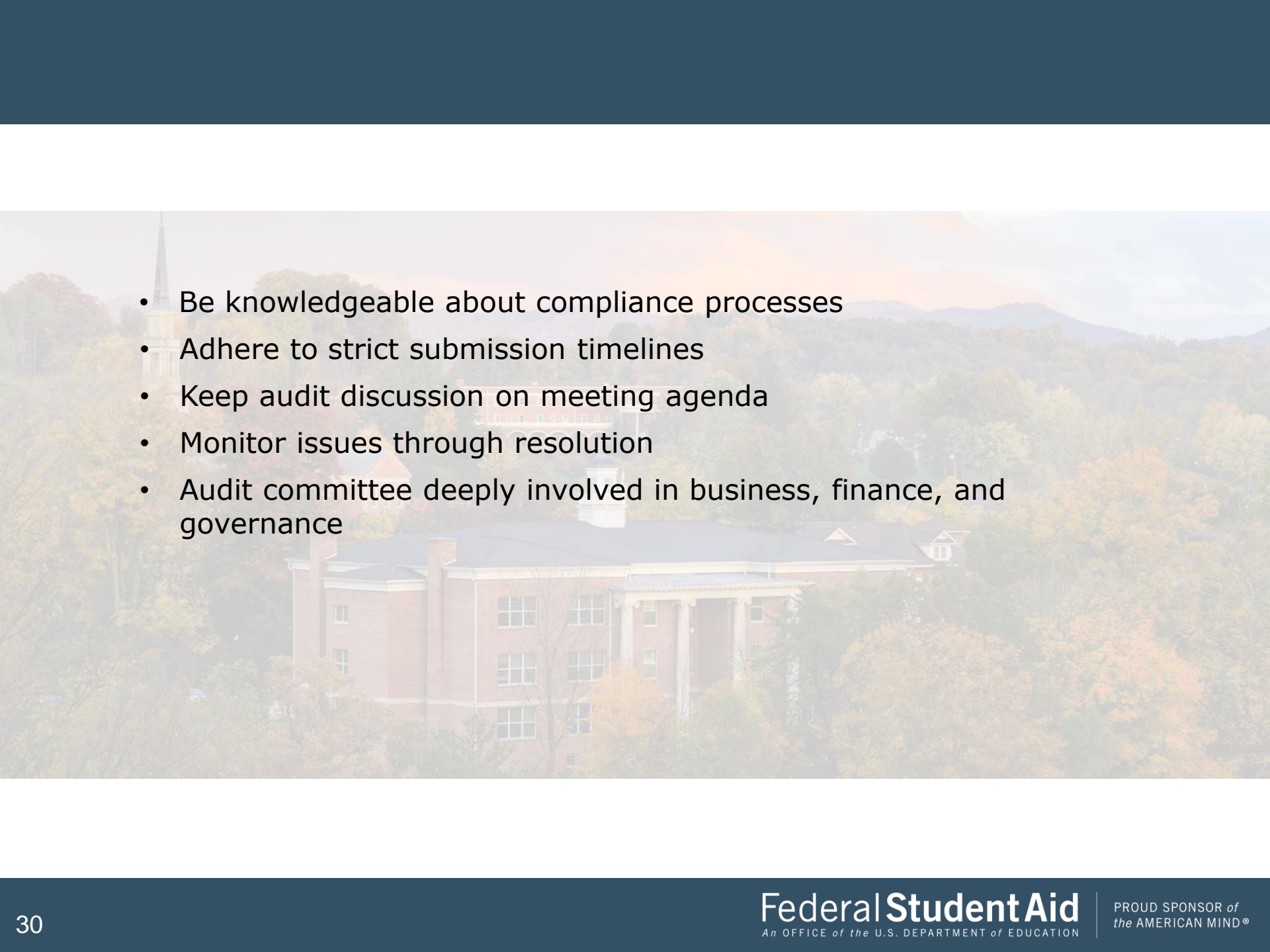


*A school's **current** official cohort default rate is greater than **40.0** percent, for the three year CDR calculation

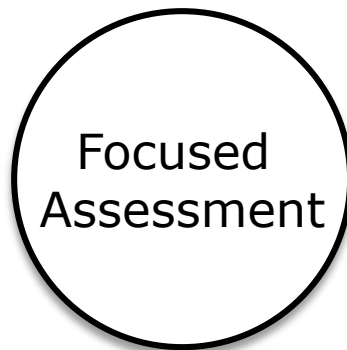
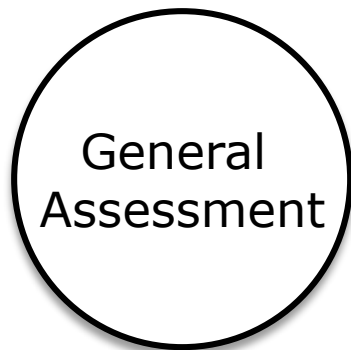
- A school will lose **Direct Loan** program eligibility

*Except in the event of a successful adjustment or appeal a school will lose eligibility as indicated above for the remainder of the fiscal year in which the school is notified of its sanction and for the following two fiscal years

Report/Disclosure	When Due
Audits	Six months after end of institution's fiscal year
FISAP (Fiscal Operations Report and Application to Participate)	October 1
Foreign sources and gifts	January 31 or July 31 (most recent date from event triggering report; if a substantially similar report has been submitted to the state, may send that report to satisfy requirement)

- 
- Be knowledgeable about compliance processes
 - Adhere to strict submission timelines
 - Keep audit discussion on meeting agenda
 - Monitor issues through resolution
 - Audit committee deeply involved in business, finance, and governance

- ➔ Evaluate compliance with the Title IV, HEA statute and regulations
- ➔ Identify liabilities owed to the Department for errors in compliance
- ➔ Improve future institutional capabilities



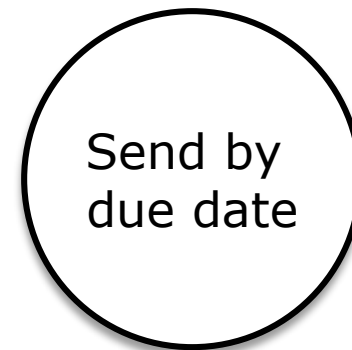
- ① Review of the institution's data and records
- ② Interviews with institution staff and/or students
- ③ Determine whether institution is compliant with Title IV
- ④ Determine source of any identified errors for correction
- ⑤ Program Review Report and Expedited Determination Letter (EDL)
- ⑥ Written response from institution



Both electronic and
hardcopy are
acceptable.



Protect sensitive and
personally identifiable
information.



Send reports to the
reviewers and do not
submit hard copy
originals.

Questions?

