National Association of Student Financial Aid Administrators

NASFAA's Top AskRegs: Test Your Knowledge

Presented for:
AASFAA
May 18, 2023

1

Introduction

- **David Downing**
  - *Instructor*
  - *NASFAA*

Slide 2

2

Agenda

Review top AskRegs Knowledgebase questions and answers (Q&As) related to:

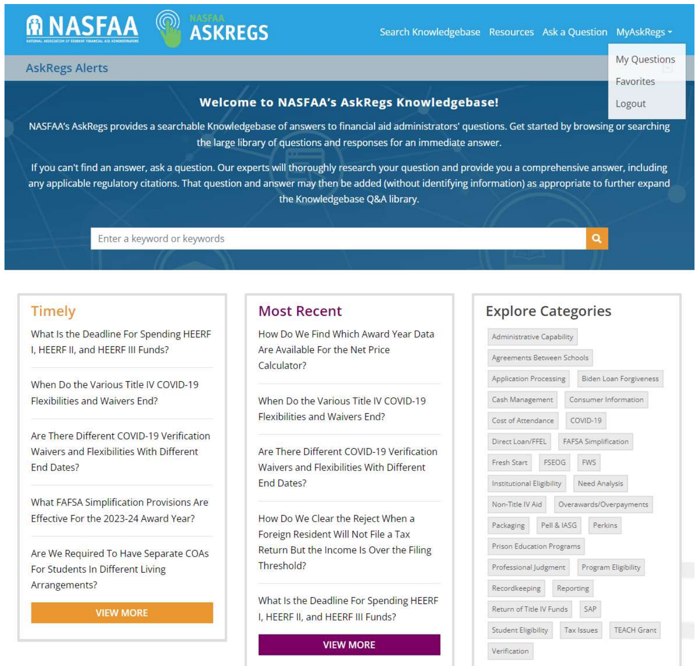
- COVID-19
- Application processing
- Cost of Attendance
- Verification
- Packaging
- Direct Loans

3

NASFAA's AskRegs

- NASFAA's AskRegs provides a searchable Knowledgebase of answers to financial aid administrators' questions. Get started by browsing or searching the large library of questions and responses for an immediate answer.

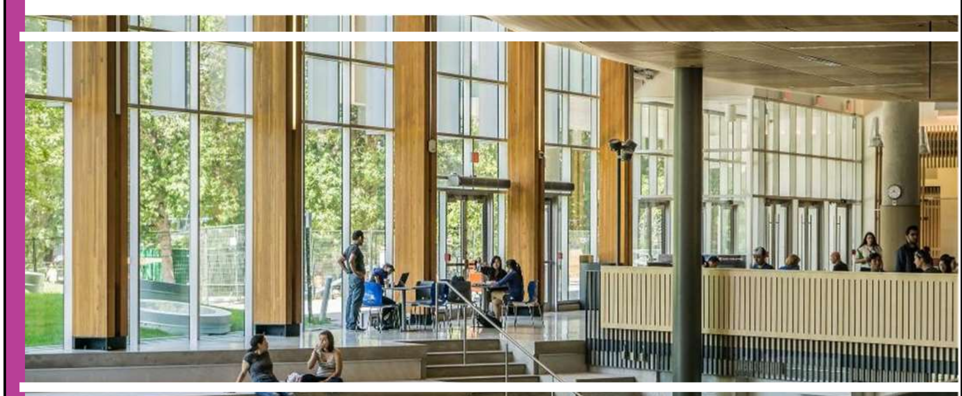
4



Slide 5 © 2023 NASFAA

5

COVID-19



Slide 6 © 2023 NASFAA

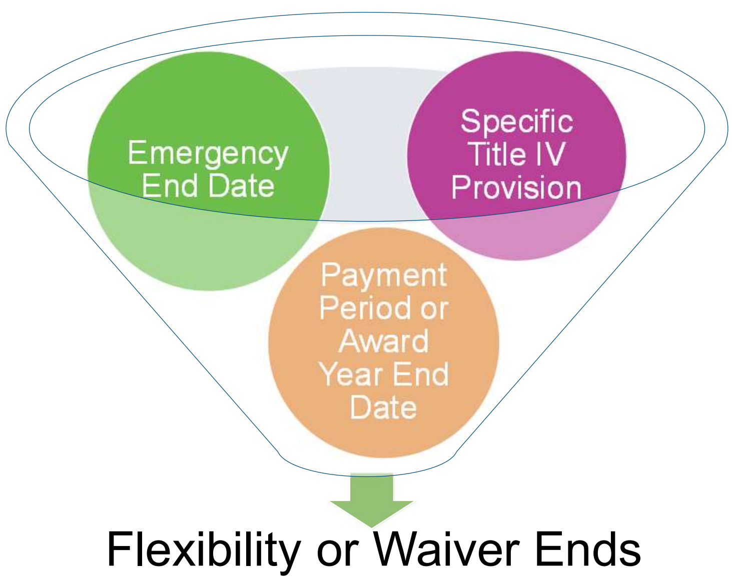
6

COVID-19 Flexibilities and Waivers

When do the COVID-19 flexibilities and waivers end?

7

COVID-19 Flexibilities and Waivers



8

COVID-19 Flexibilities and Waivers

COVID-19 Relief/Flexibility	Timeframe Applicable	Citation
Student Withdrawals: • Waiver of returns under R2T4 requirements • Reversal of Pell Grant lifetime eligibility/subsidized loan usage for aid received for the period • Cancellation of TEACH Grant and Direct Loan funds received for the period • Requires institutions to report amounts eligible for CARES Act relief for withdrawn students	Applicable for any student who begins attendance in a payment period that includes March 13, 2020, or begins between March 13 and the last date that the national emergency is in effect, and subsequently withdraws from the period as a result of COVID-19-related circumstances. For institutions basing R2T4 calculations on a period of enrollment, the waiver may apply to a student who begins attendance in a payment period that includes the last date that the national emergency is in effect and withdraws after the conclusion of that payment period but within the applicable period of enrollment. Institutions must add the Coronavirus Indicator to disbursements qualifying for CARES Act relief by the following deadlines: • For disbursements from award years prior to 2020–2021, no later than December 31, 2020 • For disbursements from the 2020–2021 award year, no later than September 30, 2021 Institutions must report amounts not returned under R2T4 requirements due to CARES Act relief no later than September 30, 2021.	CARES Act, enacted March 27, 2020 • Sec. 3506 • Sec. 3507 • Sec. 3508 May 15, 2020, Electronic Announcement August 21, 2020, Electronic Announcement Operational Announcements: July 30, 2020, Electronic Announcement September 23, 2020, Electronic Announcement November 6, 2020, Electronic Announcement The Department first provided guidance on these provisions in the May 15 electronic announcement. We subsequently extended the period of applicability for this relief by amending the May 15 electronic announcement on June 16, 2020. We further clarified the period of applicability in the August 21 electronic announcement. Federal Student Aid published electronic announcements explaining the implementation of CARES Act relief and deadlines for reporting on withdrawn students in electronic announcements published on July 30, September 23, and November 6, 2020.

January 15, 2021 Electronic Announcement

Slide 9

9

COVID-19 Flexibilities and Waivers

- COVID-19 national emergency ended April 10, 2023.
- COVID-19 public health emergency ended on May 11, 2023.
- This means some of the COVID-19 flexibilities and waivers expire based on the April 10 date and others expire based on the May 11 date.
- According to ED, the sunset timelines for most HEROES Act waivers are tied to the end of the national emergency on April 10, 2023, while the sunset for most CARES Act waivers are tied to the end of the national emergency **or** the public health emergency, whichever ends later.

Slide 10

10

COVID-19 Flexibilities and Waivers

- With the introduction of separate COVID-19 emergency end dates, it is now unclear from Section 3502 of the CARES Act which date is to be used for the expiration of the CARES Act flexibilities and waivers contained in the COVID-19 Title IV Flexibilities and Waivers outlined in the January 15, 2021 Electronic Announcement.

11

COVID-19 Flexibilities and Waivers

- AskRegs Q&A, *When Do the Various Title IV COVID-19 Flexibilities and Waivers End?*, will be updated when an Electronic Announcement becomes available. Stay tuned!

12

Verification COVID-19 Flexibilities

Do the COVID-19 verification flexibilities apply to the 2022-23 award year and beyond?

Slide 13

13

Verification COVID-19 Flexibilities

- Do not apply to a specific award year
- Expire at end of payment period that begins after date on which national emergency is rescinded
- Apply to all verifications for any award year that are being completed through end of specified payment period

Slide 14

14

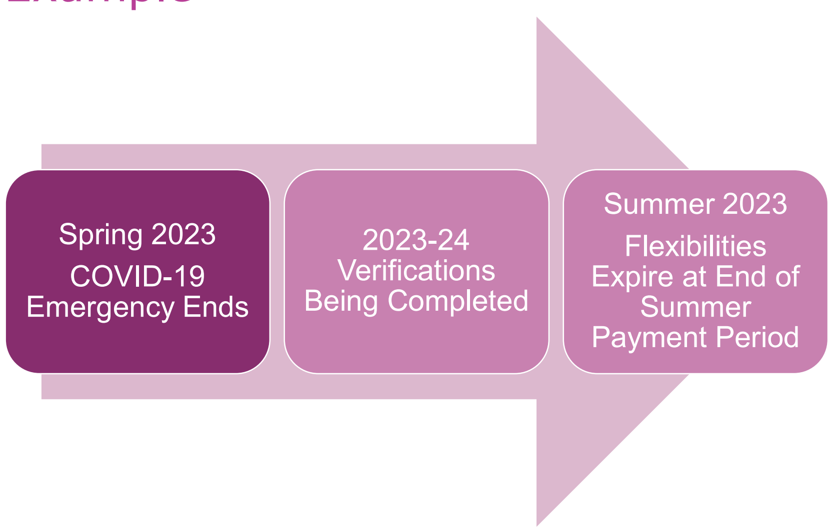
Verification COVID-19 Flexibilities

- Suspension of in-person requirement for identity and Statement of Educational Purpose
  - Allows electronic submission to school
- Acceptance of expired identification if expired after March 1, 2020
- Waiver of dependent student's parent's signed statement if unable to provide one
- Self-certification of high school completion
- W-2 alternatives
- Electronic submission of all verification documents

Slide 15

15

Verification COVID-19 Flexibilities—Example



Slide 16

16

Verification Waiver

Is Verification Waived for the 2023-24 Award Year?

17

2023-24 Verification Waiver

- No *(not at the time of this presentation)*
- Except for confined and incarcerated students, the verification waiver that was in place for the 2022-23 award year is not in place for the 2023-24 award year.
- Refer to the verification data elements and documentation requirements in:
  - July 8, 2022 Federal Register
  - Dear Colleague Letter GEN-22-09
- Although ED has used COVID-19 as the rational for the verification waiver in GEN-22-06, it is not considered one of the original waivers and flexibilities listed in the January 15, 2021 Electronic Announcement.

18

Application Processing

19

Household Size and Half Support—Scenario

- 20-year-old dependent student selected for V1 verification
- Verification worksheet indicates parents' household includes:
  - Mother and father
  - Student
  - 28-year-old sister
  - 27-year-old sister with 27-year-old husband and their two young children
- Neither sister nor brother-in-law are in college but would be independent if they were

20

Household Size and Half Support—Scenario

Can the sister, brother-in-law, and their children be included in the household, since only three dependents were claimed on the parents' tax return?

Slide 21

21

Household Size and Half Support

Yes, and it's the law

Parents' Children	Other Persons
• If parents will provide more than half support between July 1 and June 30 of FAFSA award year; **or** • Could answer "No" to every dependency status question • Include even if not living with parents	• If living with parents; and • Parents provide more than half support between July 1 and June 30 of FAFSA award year

Slide 22

22

Household Size and Half Support

Are we required to verify half support and, if so, how?

Slide 23

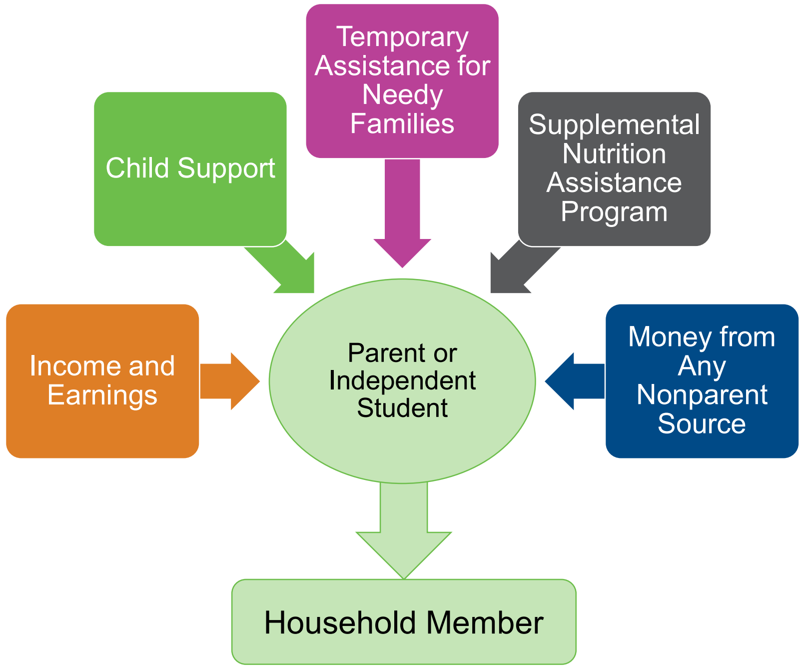
23

Household Size and Half Support

- No
- No requirement to verify half support
- Having an independent sibling or other persons in household size is not conflicting information by itself
- School must confirm half support only if:
  - Conflicting information exists beyond what was reported on the FAFSA; or
  - Institutional verification policy

Slide 24

24



Slide 25 © 2023 NASFAA

25

Pop Quiz

When Will the 2024-25 FAFSA Go Live?

- ❑ *October 1, 2023*
- ❑ *November 2023*
- ❑ *December 2023*
- ❑ *January 1, 2024*

Slide 26 © 2023 NASFAA

26

2024-25 FAFSA Go Live Date

- December 2023- exact date TBD
- March 21, 2023 Electronic Announcement (GENERAL-23-17), ED published the "Better FAFSA Better Future Roadmap" and indicated the 2024-25 FAFSA "is on track for December 2023"
  - Schools that verify and/or package students early should start planning now
  - Draft of 2024-25 FAFSA became available on 3/23/23
  - 2025-26 FAFSA launch will occur on October 1, 2024

27

Cost of Attendance

28

Cost of Attendance

Does a School Have To Publish Its Cost Of Attendance On Its Website?

29

Answer

- Yes, effective with the 2023-24 award year.
- COA must be publicly available on the school website, and on any portion of the website describing tuition and fees of the institution.
- Schools determine how and where to best provide this information.

30

So, what does this mean, really?

- NASFAA's understanding:
  - This is to ensure transparency and clarity. Listing only tuition and fees misrepresents how much college costs.
  - You cannot list tuition and fee figures on one page and then link out to another webpage that lists the other cost component figures.
  - When any portion of the school's website has a narrative about tuition and fees, it could then direct or link students to a single webpage that shows all of the cost components and figures for that program.

Slide 31

31

So, what does this mean, really?

- NASFAA's understanding:
  - The school is not required to list all cost components/figures for all academic programs on a single webpage, but it could.
  - When there are programs with different COA components, you should be detailing those differences specifically, not referencing a general COA breakdown.
  - The COA is a Title IV-concept and is program-specific. If the academic program is not a Title IV-eligible program, you do not need to include the COA information; however, it is a best practice to do so.

Slide 32

32

Cost of Attendance

Will Housing Choice Be Included On the 2024-25 FAFSA?

33

Answer

- No
- Effective with the 2024-25 FAFSA, the student housing choice question (on campus, off campus, with parents, etc.) is removed from the FAFSA.
- If the school needs this information to assign the correct cost of attendance (COA) to each student, the school will need to find an alternative method for collecting the student's housing choice.

34

Why is the housing choice being removed?

- The FAFSA Simplification Act specifies which questions can be asked on the FAFSA and prohibits the U.S. Department of Education (ED) from asking for additional information. ED interprets this to mean they cannot ask for the student's choice of living arrangements

35

Impacts for the 2023-24 award year

- Staring in the 2023-24 award year, at a minimum, the school is required to have different, separate costs of attendance (COAs) for the following:
  - Students without dependents residing in institutionally owned or operated housing*;
  - Students with dependents residing in institutionally owned or operated housing*;
  - Students living off campus and not in institutionally owned or operated housing;
  - Dependent students residing at home with parents;
  - Students living in housing located on a military base or for which a basic allowance for housing (BAH) is provided under 37 USC 403(b); and
  - All other students.

**Only if on-campus housing is an option*

36

Poll

Does your school use the FAFSA Housing Plans question when assigning COAs?

- ❑ Yes
- ❑ No
- ❑ I was not aware this question was being removed.

37

Verification

38

Married Filing Head of Household

Can a married parent file taxes as head of household?

Slide 39

39

Married Filing Head of Household

- If married individual living apart from their spouse meets certain conditions, they would be:
  - Considered unmarried for tax purposes; and
  - Eligible to file as head of household
- Not conflicting information unless there is some other indication taxes were filed incorrectly
  - For example: Still living together or living apart on a temporary basis
- Don't assume everyone filed incorrectly

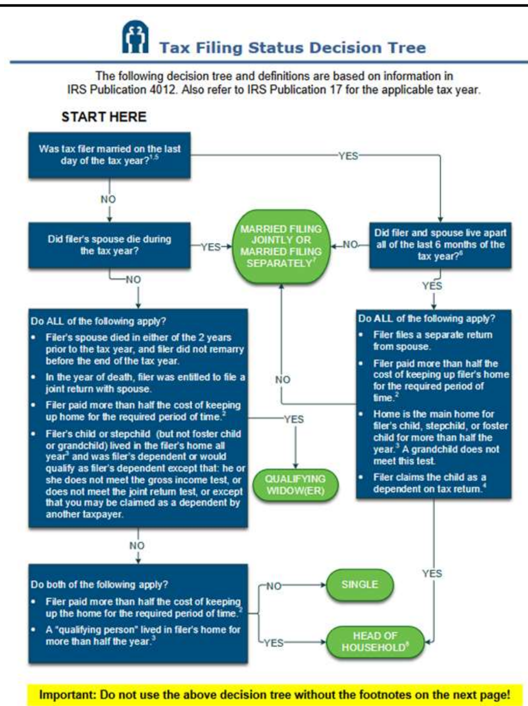
Slide 40

40

Married Filing Head of Household

Who is "considered unmarried" for taxes?

- Tax filer files a separate return;
- Tax filer paid more than half the costs of keeping up the home for the tax year;
- Tax filer's spouse did not live in tax filer's home during last 6 months of the tax year and it was not a temporary absence;
- Tax filer's home was main home of his or her child, stepchild, adopted child, or foster child for more than half the tax year; and
- Tax filer is able to claim child as a dependent on the tax return



Packaging

Slide 43 © 2023 NASFAA

43

Estimated Financial Assistance (EFA)

What are the rules on the treatment of estimated financial assistance (EFA)?

Slide 44 © 2023 NASFAA

44

EFA Definition

"The estimated amount of assistance for a period of enrollment that a student (or a parent on behalf of a student) will receive from Federal, State, institutional, or other sources, such as scholarships, grants, net earnings from need-based employment, or loans" [34 CFR 685.102(b)]

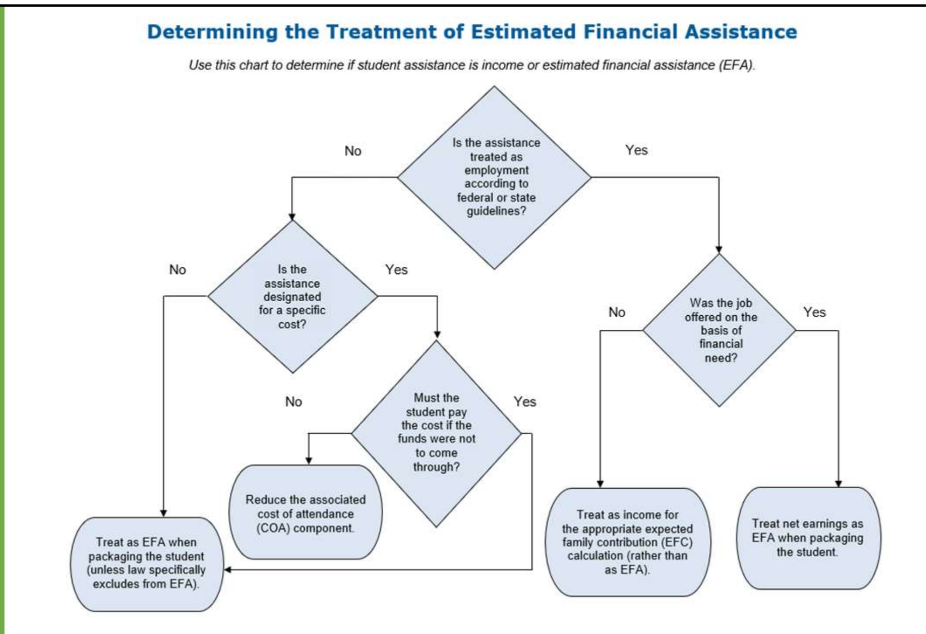
45

Is it EFA?

Is the award or benefit:

- Considered employment?
  - If so, is the employment need-based?
  - If not need-based employment, it is not EFA
- Contingent upon the recipient's status as a postsecondary student?
  - If so, it is EFA
- Covering an educational expense that can be included in the COA?
  - Either way, it is EFA if due to postsecondary enrollment

46



Slide 47 © 2023 NASFAA

47

Pop Quiz

Which of the following are considered EFA?

- ❑ *Graduate assistantship*
- ❑ *School-issued gift card*
- ❑ *Employer tuition reimbursement*
- ❑ *Non-FWS on-campus employment*
- ❑ *FSEOG*

Slide 48 © 2023 NASFAA

48

Answer

Which of the following are considered EFA? (Check all that apply.)

- [x] *Graduate assistantship*
- [x] *School-issued gift card*
- [x] *Employer tuition reimbursement*
- [ ] *Non-FWS on-campus employment*
- [x] *FSEOG*

Slide 49

49

Direct Loans

Slide 50

50

Direct Loans—Equal Disbursements

Does a Direct Loan always have to be split in equal amounts for the fall and spring semesters?

Slide 51

51

Equal Disbursements

- Yes
- If loan period equals academic year, then loan must be disbursed in "substantially equal installments, and no installment may exceed one-half of the loan" [685.303(d)(5)]

Slide 52

52

Unequal Direct Loan Disbursements

How do we accommodate requests for unequal Direct Loan disbursements?

53

Accommodating Unequal Disbursements

- Increase or decrease loan amount over entire loan period so disbursements can be made in equal disbursements
- Create separate single-term loan for difference of full academic year loan minus total loan request
- Adjust loan period per GEN-13-13

54

Loan Reduction Request—Scenario

- Irving is sophomore at Eagan College
- Loan originated for $6,500 for fall/spring
- Irving requests to decrease fall loan to $2,000
  - Total loan is now $5,250

Fall - $3,250	Spring - $3,250

Reduce to $2,000

55

Answer

- Reduce fall/spring loan to $4,000
- Originate spring-only loan for $1,250

Fall - $2,000	Spring - $2,000
	Spring - $1,250

** Spring-only loan must be made in 2 disbursements*

56

Accommodating Unequal Disbursements

- Permissible to originate separate single-term loans
  - Each term can be a different amount
- Each term's loan must be disbursed in 2 installments
  - Unless your institution's default rate is less than 15% for each of last 3 years [685.303(d)(6)(i)(A)(2)(ii)]
- This should be the exception, not the rule
  - Aid is intended to cover full academic year's costs

57

Annual Loan Limit in a Single Term

Can a student receive the entire annual loan limit in a single term?

58

Annual Loan Limit in a Single Term

- Yes
- Student can receive entire annual loan limit for a Direct Loan during a single term as long as:
  - Loan period reflects single term
  - Student demonstrates sufficient financial need (for subsidized loans) and COA and EFA allows

Slide 59

59

Calculating Single-Term Loan Eligibility

Direct Subsidized Loan

Single-term COA − Single-term EFC − Single-term EFA = Single term subsidized loan

Direct Unsubsidized and PLUS Loans

Single-term COA − Single-term EFA = Single-term unsubsidized or PLUS

Slide 60

60

NASFAA U Courses for 2023-24:

https://www.nasfaa.org/Online_Courses

Fundamentals of Student Financial Aid – 7/11/23
Cost of Attendance – 9/5/23
Return of Title IV Funds – 10/2/23
Fundamentals of Enrollment Management– 10/17/23
Professional Judgment– 11/13/23
Fundamentals of Student Financial Aid – 1/5/24
Verification 2024-25 – 1/9/24
Application Processing – 2/12/24
Need Analysis/Pell – 3/12/24
Return of Title IV Funds – 4/22/24

Slide 61

61

Thank you for joining me!

David Downing
downingd@nasfaa.org

Slide 62

62

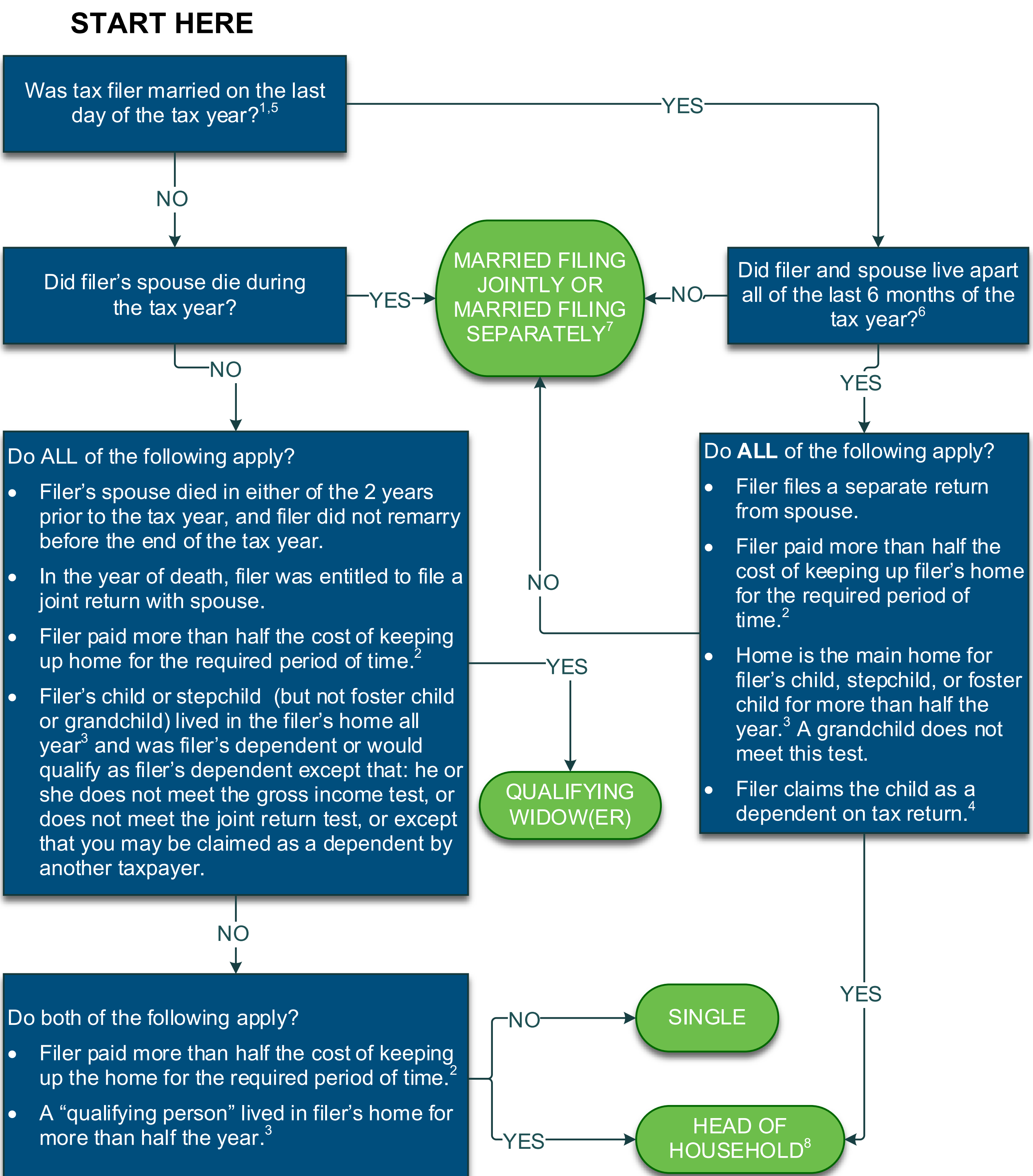
NASFAA

NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

63

Tax Filing Status Decision Tree

The following decision tree and definitions are based on information in IRS Publication 4012. Also refer to IRS Publication 17 for the applicable tax year.



Important: Do not use the above decision tree without the footnotes on the next page!

[1] Answer “NO” to this question if, on the last day of the year, the tax filer was legally separated from his or spouse under a divorce or separate maintenance decree. Answer “NO” for individuals who have entered into a registered domestic partnership, civil union, or other similar relationship that is not called a marriage under state (or foreign) law. Answer YES if taxpayer is married regardless of where the spouse lives.

[2] Include in the cost of upkeep expenses such as rent, mortgage interest, real estate taxes, insurance on the home, repairs, utilities, and food eaten in the home. Under proposed regulations, a taxpayer may treat a home’s fair market rental value as a cost of maintaining a household instead of the sum of payments for mortgage interest, property taxes and insurance.

[3] See IRS Publication 17, *Your Federal Income Tax*, Table 2-1, “Who Is a Qualifying Person Qualifying You To File as Head of Household?”, as well as rules applying to birth, death, or temporary absence during the year.

[4] Unless the child’s other parent claims him or her under rules for children of divorced or separated parents or parents who lived apart.

[5] Filer is considered unmarried for head of household purposes if the filer’s spouse was a nonresident alien at any time during the year and filer does not choose to treat his or her nonresident spouse as a resident alien. However, filer’s spouse is not a qualifying person for head of household purposes. Filer must have another qualifying person (see Publication 17, Table 2-1, “Who Is a Qualifying Person Qualifying You To File as Head of Household?”) and meet the other tests to be eligible to file as a head of household. Filer is considered married if he or she chooses to treat the nonresident alien spouse as a resident alien. See chapter 1 of IRS Publication 519, *U.S. Tax Guide For Aliens*.

[6] Filer’s spouse is considered to live in filer’s home even if he or she is temporarily absent due to special circumstances such as illness, education, business, vacation, military service, or incarceration. It must be reasonable to assume the absent person will return to the home after the temporary absence. Filer must continue to keep up the home during the absence.

[7] The filer may choose to file Married Filing Separately regardless of the advantages to Married Filing Jointly.

[8] There can be multiple households within a shared living quarters if certain requirements are met. See AskRegs Knowledgebase Q&A, Can Both Legal Parents Who Are Unmarried to Each Other File Their Taxes as “Head of Household” Using the Same Home Address?

Note: If one spouse dies and the other remarries in the same year, the deceased spouse files Married Filing Separately

Determining the Treatment of Estimated Financial Assistance

Use this chart to determine if student assistance is income or estimated financial assistance (EFA).