



DEPARTMENT OF HIGHER EDUCATION & WORKFORCE DEVELOPMENT

COMPLIANCE UPDATE By Amy Hedrick, Policy Analyst

FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE AUDIT REQUIREMENT

[Dear Colleague Letter](#) GEN-21-07 clarified the requirement for proprietary, private non-profit, and applicable foreign schools to include a Financial Responsibility Supplemental Schedule as part of any audited financial statement submission to the U.S. Department of Education on or after July 1, 2020. Regulations require additional disclosures in the financial statements and a Supplemental Schedule that must include references to the Balance Sheet, Statement of (Loss) Income, or Notes to the Financial Statements (proprietary schools); or Statement of Financial Position, Statement of Activities, or Notes to the Financial Statements (non-profit schools) for each item; an amount must tie directly to a line item (or part of a line item and include the actual amount in the Notes). These additions are necessary for DE to calculate a school's composite score and evaluate its financial responsibility and eligibility for Title IV participation.

FY 2018 OFFICIAL COHORT DEFAULT RATES PUBLISHED

The U.S. Department of Education publically released the FY 2018 Official Cohort Default Rate on September 29, 2021. Eligible schools enrolled in eCDR received notification and documentation via the Student Aid Internet Gateway (SAIG). Schools not enrolled in eCDR, guarantors, and other eligible parties may download their cover letter, cohort default rate, and Loan Record Detail Reports through the National Student Loan Data System ([NSLDS](#)) Professional Access website. The appeal period began October 5, 2021. For additional information on appeals, see [Electronic Announcement](#) LOANS-21-08. DE also released the [National Default Rate Briefing](#); see [Electronic Announcement](#) LOANS-21-09 and the [Cohort Default Rates for Guaranty Agencies and Lenders](#) 2021 guide for further details.

2021–2022 HIGHER EDUCATION NEGOTIATED RULEMAKING

The first of three scheduled virtual sessions for the 2021–2022 Negotiated Rulemaking Affordability and Student Loans Committee was held October 4-8, 2021; Jaye O'Connell (Vermont Student Assistance Corporation) is the primary FFELP lenders and/or guarantee agencies negotiator and Will Shaffner (MOHELA) is the alternate. This year's sessions will focus on student loan repayment and discharge program reforms. Session 2 is scheduled for November 1-5, 2021 and Session 3 will be December 6-10, 2021. The first of two sessions for the Prison Education Program Subcommittee, focused on Pell Grant eligibility, will be held later this month on October 18-21, 2021; the second session is set for November 8-10, 2021. Recordings and transcripts are available on DE's [Negotiated Rulemaking](#) webpage. Interested parties wishing to view upcoming sessions or schedule a time to comment may also register through the webpage.

REQUIREMENTS FOR THIRD-PARTY ACCESS TO DE’S INFORMATION SYSTEMS AND CRIMINAL PENALTIES FOR MISUSE; CRIMINAL PENALTIES WITH THE STOP ACT

The [Federal Register](#) (86 FR 50707) dated September 10, 2021 outlined the requirements to access the U.S. Department of Education’s information technology (IT) systems and announced the penalties for misuse. The Register defined access device, relayed acceptable use of the system and the code of conduct, and outlined the information security standards. It also established a criminal penalty of a fine up to \$20,000 and/or imprisonment up to five years for misuse of system access. [Electronic Announcement](#) GENERAL-21-59 further clarified that in accordance with the Stop Student Debt Relief Scams Act of 2020, or “Stop Act” (PL 116-251), “the criminal penalties associated with the Stop Act *only* apply to those who access systems for the purposes of ‘obtaining criminal advantage or private financial gain, or in furtherance of any criminal or tortious act.’”

MANDATORY SAIG SOFTWARE UPGRADE

[Electronic Announcement](#) GENERAL-21-56 announced the mandatory SAIG software upgrade to EDconnect 8.5 or the current TDClient to support TLS 1.2 or higher by October 23, 2021. After October 23rd, older versions of the software will no longer connect to SAIG. See the Electronic Announcement for operating system requirements and additional guidance.

- [TDClient 3.x \(September 10, 2021\)](#)
- [EDconnect 8.5.0 \(September 10, 2021\)](#)

FSA WEBINAR ON RECENT GUIDANCE AND TITLE IV PROGRAM UPDATES

[Dear Colleague Letter](#) ANN-21-10 announced a live webinar followed by a Q&A session on September 28, 2021 that discussed recent U.S. Department of Education guidance and statutory and regulatory updates regarding Title IV programs. A pdf handout of the slides and a recording of the presentation are available in the [FSA Training Center](#). The updated [DCL](#) (September 30, 2021) provided navigational instructions to the recorded webinar. *Note:* The Training Center requires separate login credentials than the FSA Knowledge Center. Use the *Create New Account* button at the bottom of the login page to register.

2022–2023 FAFSA[®] VERIFICATION UPDATES

[Electronic Announcement](#) VERIF-21-02 announced the removal of verification for high school completion status under tracking groups V4 and V5 beginning with the 2022–23 FAFSA[®] processing year. This removal does not impact an institution’s ability to self-select items for its own verification policy, which may still include high school completion status. Additional adjustments for 2022–23 processing year are still under consideration; however, the [Federal Register](#) (86 FR 49002) dated September 1, 2021 indicated that the temporary COVID-19 pandemic verification waivers enacted for the 2021–22 processing year will not be extended. See the Register for items to be verified for the 2022–23 cycle.