



DEPARTMENT OF HIGHER EDUCATION & WORKFORCE DEVELOPMENT

FINANCIAL AID DEVELOPMENTS 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.

POTENTIAL AID ELIGIBILITY ISSUES FOR 2022–2023 FAFSA® CYCLE

FSA released two announcements alerting to potential issues impacting a student's aid eligibility for the 2022–23 processing cycle. [Electronic Announcement](#) APP-21-18 discussed potential issues for filers whose 2020 taxes included unemployment insurance (UI). The American Rescue Plan (ARP) made the first \$10,200 of UI tax-exempt for each taxpayer with income less than \$150,000; returns with UI filed prior to the ARP (March 11, 2021) will therefore have a higher Adjusted Gross Income (AGI) and a higher Expected Family Contribution (EFC) than those filed or amended after the ARP, potentially reducing eligibility for need-based aid. FSA encourages schools to work with affected applicants and to use professional judgement to adjust AGIs as appropriate. The ARP may also impact Income Driven Repayments (IDR) with payments based on 2020 returns.

[Electronic Announcement](#) APP-21-19 discussed the potential for an inaccurate AGI of \$1 for filers who used the IRS's new non-filer portal to determine eligibility for the Child Tax Credit in 2019 or 2020 then filed a 2020 tax return. When using the IRS Data Retrieval Tool (DRT) to transfer 2020 tax information into the 2022–23 FAFSA®, the form will report the incorrect AGI of \$1, similar to the DRT's erroneous reporting issue during the transfer of 2019 data,

potentially resulting in a lower EFC and a higher Pell Grant award for students who would not otherwise be eligible. Schools are encouraged to resolve as appropriate all instances with a \$1 AGI on the 2022–23 FAFSA[®].

FEDERAL STUDENT AID ESTIMATOR LAUNCHED

On September 26, 2021, FSA [launched](#) its new [Federal Student Aid Estimator](#), replacing the FAFSA4Caster. The free tool, available in English and Spanish, estimates aid eligibility and provides information about the EFC without requiring login or an account. Additionally, the *Estimator* provides a link to [College Scorecard](#).

MANDATORY SAIG SOFTWARE UPGRADE

[Electronic Announcement](#) GENERAL-21-56 announced the mandatory SAIG software upgrade to EDconnect 8.5 or the current TDClient version 3.x 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 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 DE 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 2022–2023 cycle.

GUIDANCE & OPERATIONS

Federal Registers, Dear Colleague Letters, and Electronic Announcements regarding guidance and operational information for federal financial aid programs and award years.

- [Cohort Default Rate Guide for Guaranty Agencies and Lenders \(2021\)](#)
- [National Default Rate Briefing for FY 2018 Official Cohort Default Rates \(EA LOANS-21-09\)](#)
- [FY 2018 Official Cohort Default Rates Distributed Sept. 27, 2021 \(EA LOANS-21-08\)](#)
- [Standardizing Filing Procedures for Administrative Appeals \[Final Regulations\] \(86 FR 52829\)](#)
- [Update on Stop Student Debt Relief Scams Act \(STOP Act\) Implementation \(EA GENERAL-21-59\)](#)
- [Volume 6 – The Campus-Based Programs \[2021-2022 Federal Student Aid Handbook\] \(EA GENERAL-21-58\)](#)
- [Information Related to 2021–22 Supplemental Campus-Based Funds, Hurricane Ida, and the California Wildfires \(EA CB-21-12\)](#)
- [Designation of U.S. Department of Treasury under Section 483\(a\)\(3\)\(E\) of the Higher Education Act \(EA GENERAL-21-57\)](#)
- [2022–2023 SAR Comment Codes and Text Guide \(Updated September 9, 2021\)](#)
- [End of Federal Fiscal Year 2021 – Impact on Funds Availability for Pell Grant, Campus-Based, Iraq and Afghanistan Service Grant, TEACH Grant, and Direct Loan Programs \(G5 and COD System\) \(EA GENERAL-21-55\)](#)
- [Pell Grant and Iraq and Afghanistan Service Grant 2020–21 Award Year](#)

[Data Submission Deadline \(EA GRANTS-21-09\)](#)

- [Additional TEACH Grant Closeout Information for 2020–21 Award Year \(EA GRANTS-21-10\)](#)
- [Distance Education and Innovation Regulations – Correction \(86 FR 49478\)](#)
- [Reminder - Identity Verification \(EA GENERAL-21-54\)](#)
- [2022–23 Free Application for Federal Student Aid \(FAFSA®\) Form and the FAFSA on the Web Worksheet \(EA APP-21-15\)](#)
- [Free Application for Federal Student Aid \(FAFSA®\) Information To Be Verified for the 2022-2023 Award Year \(86 FR 49002\)](#)
- [2022–2023 Award Year: FAFSA® Information to be Verified and Acceptable Documentation \(DCL GEN-21-06\)](#)

INFORMATION & TRAINING

Federal Registers, Dear Colleague Letters, and Electronic Announcements regarding federal financial aid informational sessions, learning opportunities, and published reports.

- [FSA Training for Foreign Schools for 2021–22 \(FS-2021-01\)](#)

SYSTEM UPDATES & SOFTWARE

Federal Registers, Dear Colleague Letters, and Electronic Announcements regarding federal student aid systems and software.

- [COD System Operational Update – Reporting Deadlines and Reminders for CARES Act Relief, Coronavirus](#)

[Indicator and R2T4 \(Updated Sept. 30, 2021\) \(EA COD-21-01\)](#)

- [Availability of EDEExpress for Windows 2022–2023, Release 1.0 \(EA EDESUITE-21-05\)](#)
- [Availability of 2022–23 CPS Web Applications Demonstration \(Web Demo\) System and 2022–23 CPS Mainframe Test System \(EA APP-21-17\)](#)
- [FSA Partner Connect – September 2021 Updates to FSA Partner Connect Website \(EA GENERAL-21-61\)](#)
- [Additional COD System Implementation for 2021–22 Award Year \(September 2021\) \(EA COD-21-07\)](#)
- [2022–23 Application and ISIR Test Files and 2022–23 Comment Code Text \(EA APP-21-16\)](#)
- [COD Common Record XML Schema Version 5.0a Now Available \(EA COD-21-06\)](#)
- [2022-2023 Summary of Changes for the Application Processing System Guide \(Updated September 9, 2021\)](#)
- [Perkins TEF File \(September 7, 2021\)](#)
- [NSLDS GA TEF File \(September 7, 2021\)](#)