

# DEPARTMENT OF HIGHER EDUCATION & WORKFORCE DEVELOPMENT

## FINANCIAL AID DEVELOPMENTS

By Amy Hedrick, Policy Analyst

### CARES ACT EXPANSION TO FFEL

A [Dear Colleague Letter](#) dated May 12, 2021, updated May 24, 2021, extended the collection moratorium on federally-held student loans under the CARES Act to defaulted Federal Family Education Loan (FFEL) program loans held by Guaranty Agencies. Retroactive to March 13, 2020, guarantors will set interest rates to 0%; stop all collection activity, including Administrative Wage Garnishment and the Treasury Offset program; refund all involuntary payments; refund any voluntary payments upon request by the borrower; and credit any skipped payments towards the required minimum number of payments for rehabilitation. Borrowers defaulting on or after March 13, 2020 will be assigned to the U.S. Department of Education and taken out of default. Additionally, these defaults will be removed from the borrower's credit report.

### HELPFUL INFORMATION ABOUT

[Electronic Announcement](#) GENERAL-21-35 announced the inaugural "Helpful Information About" segment highlighting the FSA Partner Connect Help Center. This periodic segment is designed to increase website use and improve customer experience by briefly spotlighting the website's different features.

### CLOCK-TO-CREDIT CONVERSION

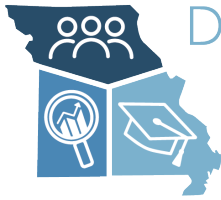
[Electronic Announcement](#) GENERAL-21-34 addressed the final rule amending regulations for non-degree programs to qualify for FSA eligibility. Notably, the final rule removes consideration of out-of-class work in the clock-to-credit conversion and revises the formula for determining the credit hours of each class.

### SMALL BUSINESS COMPLIANCE

[Electronic Announcement](#) OPE-21-07, announced the availability of the *Small Business Compliance Guide for Distance and Innovation Regulations* to assist in compliance with rule changes. Notably, it clarifies several points that effect a student's eligibility for Title IV aid, including foreign institution participation, satisfactory academic progress requirements, and enrollment terms.

### STUDENTAID.GOV SITE UPDATES

[Electronic Announcement](#) GENERAL-21-32 announced several May 2021 enhancements to the StudentAid.gov website, including the Aiden Virtual Assistant, mobile app updates, Annual



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Student Loan Acknowledgements updates,  
and *Loan Simulator* updates.

### 2021-2022 DIRECT LOAN INTEREST RATES

[Electronic Announcement](#) LOANS-21-06  
announced Direct Loan interest rates for  
loans first disbursed on or after July 1, 2021  
and before July 1, 2022.

### FY22 SEQUESTER CHANGES

[Electronic Announcement](#) GENERAL-21-  
31 announced the FY22 sequester-required  
changes for Direct Loans, Iraq and  
Afghanistan Service Grants, and TEACH  
Grants first disbursed on or after October 1,  
2021 and before October 1, 2022. Fees and  
reductions remain the same as the FY21  
sequester.

### ACCESS TO FAFSA<sup>®</sup> DATA GRANTED

[Electronic Announcement](#) GENERAL-21-  
30 announced that the Federal  
Communication Commission, Department  
of Labor, and Department of Health and  
Human Services have been granted use of  
FAFSA<sup>®</sup> data under Section 483(a)(3)(E) of  
the Higher Education Act of 1965.

### 2022-2023 EDE TECHNICAL REFERENCE DRAFT POSTED

[Electronic Announcement](#) APP-21-04  
announced the posting of the 2022-2023  
Electronic Data Exchange Technical  
Reference draft.

### DIRECT LOAN PROGRAM YEAR CLOSEOUT

[Electronic Announcement](#) DL-21-03  
reiterated the 2019-2020 Direct Loan  
Program Year closeout deadline of July 30,  
2021 and provided closeout guidance.