



Monday, October 30, 2023

## In Today's Edition

- Weekly Rundown
- FAFSA Simplification Act's Impact on CommonLineSM
- Department of Education Issues Proposed Regulatory Language for Negotiated Rulemaking on Federal Student Loan Forgiveness
- California Publishes Final Regulations on Student Loan Servicing
- White House Issues Executive Order on Artificial Intelligence, Directs Department of Education to Develop AI Toolkit and Other Resources
- U.S. Department of Education News
- Member News
- General News



## Weekly Rundown

The NCHER Weekly Rundown, which includes the latest information on important events in Washington, DC, is available today and can be downloaded from the [NCHER website](#).

## FAFSA Simplification Act's Impact on CommonLineSM

The Free Application for Federal Student Aid (FAFSA) Simplification Act introduces several changes to the data provided by students and families and the use of that data to

determine financial aid eligibility and amounts. The FAFSA Simplification Act Technical Corrections Act, enacted as Division R of the Consolidated Appropriations Act of 2022, pushed the implementation of those changes back one year to be implemented no later than July 1, 2024, and will now be implemented with the 2024-25 FAFSA. Because CommonLineSM includes several items that reference terminology and other areas that were modified under the FAFSA Simplification Act, NCHER is currently working with its membership to make them aware of upcoming changes and obtain their support in the necessary system improvements.

The U.S. Department of Education's Office of Federal Student Aid (FSA) has indicated that the transition to the new FAFSA will be performed in phases, and has further communicated to returning students and families that they expect the 2024-25 FAFSA to be available sometime in December 2023. Therefore, both new and old forms will be valid from December 2023 until June 2024, requiring CommonLineSM file processing to be flexible during the transition period, since both the 2023-24 and 2024-25 academic year FAFSAs will be in use.

To ensure the industry has all of the necessary information to make required changes to CommonLineSM, NCHER recently held an industrywide call with data trading partners to discuss the required changes to CommonLineSM and address any related concerns prior to updating the file layouts and documentation. Call participants agreed to provide data trading partner readiness information regarding their ability to accept and process under the updated specifications of the CommonLineSM standard. As in the past, NCHER will collect and publish a matrix of organizations' readiness dates.

In broad terms, the new law requires the alteration of two fields related to CommonLineSM file specifications, field validation rules, processing edits, and error codes, in order to use FAFSA data provided on private education loan applications and transmitted to schools for certification:

- **Estimated Financial Aid Amount** is being replaced/renamed to **Other Financial Assistance Amount**. This should have minimal impact on alternative loan processing other than accurately reflecting the field title and use.
- **Expected Family Contribution** will be replaced by **Student Aid Index**, which will now support negative values up to -\$1,500. Student Aid Index will then be used in the calculation to determine need. (Need = Cost of Attendance – Student Aid Index – Other Financial Assistance Amount)

Based on the call discussions, red-lined, CommonLineSM r4 and CommonLineSM r5 documentation files have been created with a summary of changes document and added to a dedicated document library for industry review. The library of red-lined files can be found on the [CommonLineSM page](#) in the [Initiatives section](#) of the NCHER website.

If you have objections to the proposed changes, please email [info@ncher.org](mailto:info@ncher.org) using the subject line -CommonLine: FAFSA Comments - **no later than November 3, 2023**, and include the **specific objection(s) as well as the justification(s)** for the objection(s).

NCHER plans to hold a second industry-wide call on November 14th at 1:30 p.m. ET to finalize and approve the updated CommonLineSM documentation. If you would like to receive information for that call and did not already receive a meeting invitation from NCHER, please send an email to [info@ncher.org](mailto:info@ncher.org) with your contact information.

## Department of Education Issues Proposed Regulatory Language for Negotiated Rulemaking on Federal Student Loan Forgiveness

This evening, the U.S. Department of Education released [proposed regulatory language and an issue paper pertaining to borrowers facing hardship](#) in anticipation of next week's sessions of the negotiated rulemaking committee tasked with developing federal regulations on student loan forgiveness. The next round of meetings is scheduled for November 6 and 7, 2023.

The regulatory language released today outlines several circumstances that the Department is proposing to forgive federal student loan debt consistent with the five categories outlined during the first neg-reg sessions that took place in mid-October. The proposed language would provide forgiveness to borrowers with loans made under the Federal Family Education Loan Program (though it is important to note that only three categories would apply to the program), the Federal Direct Loan Program, the Federal Perkins Loan Program, and the Health Education Assistance Loan Program, and includes the following circumstances:

- When the balance of a loan exceeds the original principal balance. The provision would be a one-time occurrence and have to take place prior to July 1, 2025. Under this situation, the Department is seeking input on whether all or a portion of the loan should be forgiven, and how long such a loan would have to be in repayment.

- When a loan first entered repayment 25 years ago. The provision would be a one-time occurrence and have to take place prior to July 1, 2025.
- When a borrower is not enrolled in a repayment plan that provides forgiveness or is eligible for Public Service Loan Forgiveness, Borrower Defense to Repayment, Closed School Discharge or other discharge programs, and the Secretary has deemed the borrower to meet the eligibility requirements for forgiveness or discharge.
- When a borrower was enrolled in a program that failed the debt-to-earnings or earnings premium test under the recently issued regulations on gainful employment.
- When a borrower attended an institution of higher education that lost its eligibility due to a failing cohort default rate and the borrower was included in the cohort that was deemed failing.

The issue paper on hardship also released today proposes several questions that the Department is using to solicit input from the negotiators on what standards and administrative data to use to determine and define hardship. The agency also asks whether borrowers should qualify for full or partial loan cancellation and what operational limitations might exist depending on its approach.

For a copy of the Department's press release, click [here](#).

## California Publishes Final Regulations on Student Loan Servicing

Earlier this month, the California Department of Financial Protection and Innovation (DFPI) published [final regulations](#) implementing the state's Student Loan Servicing Act and Student Loans: Borrower Rights Law. The final rules will go into effect on January 1, 2024. In conjunction with the rules, DFPI released a [Final Statement of Reasons](#) that reiterate its objective to include within the definition of student loans in both laws all education financing products used to finance a student's higher education, including income share agreements and installment contracts, and to include servicers of these products within the definition of student loan servicers. The statement also discussed several comments received from industry and consumer groups responding to its proposed rules issued on January 6, 2023 and March 6, 2023, including Better Future Forward, Jobs for the Future, Strive Funding, the Student Loan Servicing Alliance, the

Student Borrower Protection Center, and Navient Corporation.

## White House Issues Executive Order on Artificial Intelligence, Directs Department of Education to Develop AI Toolkit and Other Resources

Today, President Joe Biden issued an [Executive Order](#) directing federal agencies to monitor the risks of artificial intelligence (AI) and develop new uses for the technology while also attempting to protect workers. At its core, the Executive Order requires any company developing any foundation AI model that poses a serious risk to national security, national economic security, or national public health and safety to notify the federal government when training the model, and must share the results of all red-team safety tests. It also requires the National Institute of Standards and Technology to set rigorous standards for extensive red-team testing to ensure safety before public release. On education, the order would direct the U.S. Department of Education to create an “AI Toolkit” for education leaders to assist them with implementing recommendations for using artificial intelligence in the classroom and develop resources, policies, and guidance that address safe, responsible, and nondiscriminatory uses of AI in education within the next year. The agency has been working on the toolkit and expects to release it next spring. For additional coverage, see these articles from [Politico](#) and [The Hill](#).

## U.S. Department of Education News

For today’s Federal Register, click [here](#).

Press Release: [U.S. Department of Education Announces Withholding of Payment to Student Loan Servicer as Part of Accountability Measures for Harmed Borrowers | U.S. Department of Education](#)

The following announcement was posted to Federal Student Aid’s Knowledge Center:

- [\(LOANS-23-12\) MOHELA to Transition Borrowers to New Loan Servicing Platform](#)

---

## Member News



## Edfinancial Services: Position Opening for Chief Compliance Officer (CCO)

The CCO is responsible for the administration of Edfinancial's compliance management program which includes the primary components of written policies and procedures, training, monitoring and corrective action, the goal of which is compliance with all applicable federal and state laws and regulation. The CCO reports directly to the Chief Executive Officer. Collaboration with other company departments is necessary to direct compliance issues to appropriate channels for investigation and resolution and will work with General Counsel as needed to resolve difficult legal compliance issues. The CCO communicates directly with the U.S. Department of Education and leads various projects for the Company. Various other responsibilities of the CCO and the compliance department include, but are not limited to:

- Act as an independent review and evaluation body to ensure that compliance issues/concerns within the organization are being appropriately evaluated,

- Access records relevant to compliance and monitoring activities and report findings.
- Conduct surveys, inspections, audits, and investigation periodically to assess staff readiness and to identify where corrections are needed.
- Re-evaluate areas of previous deficiency to identify improvements.
- Present evaluations and reports to the CEO monthly and to Senior Management at least annually but typically quarterly.
- Investigate complaints and coordinate action plans with other departments.
- Utilize knowledge of the company's purpose and applicable statutes, rules and regulations, procedures, and practices, to respond to other departments and external requests for assistance or information.
- Track all developments in connection with new laws and regulations issued by federal and state governments, particularly those directly related to student loan servicers.

Edfinancial is looking to hire a new CCO to start as soon as possible. Interested parties should send their resume to

investigated, and resolved.

Wanda Hall, CCC, via email at

[whall@edfinancial.com](mailto:whall@edfinancial.com).

- Coordinate external and internal quality assurance, compliance and audit reviews, and monitoring activities.

---

## General News

[The Hill](#) reports that hard-line House Republicans are giving new Speaker Mike Johnson (R-LA) breathing room as he tackles some of the most pressing policy problems.

[InvestorPlace](#) reports on the positive effect that federal student loan repayment is having on SoFi as the company's student loan revenue sharply rebounded.

[Bloomberg](#) reports that the return of federal student loan payments is threatening to harm graduates of Historically Black Colleges and Universities more than other students.

An online version of this Daily Briefing is available to view and print from the [Daily Briefing Section](#) of the [NCHER e-Library](#).

***Do not forward this email with this link included.***

***Anyone clicking on this link will unsubscribe you from the Daily Briefing distribution.***

[Unsubscribe](#) | [Manage subscription](#)

**Copyright © 2023**

**National Council of Higher Education Resources**

1050 Connecticut Ave NW #65793

Washington, DC 20035

Phone: **(202) 822-2106**

Fax: (202) 822-2142

