

AAMC Committee on Student Financial Assistance (COSFA)

Financial Aid Community Call

April 22, 2020
12 pm EDT



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American Medical Colleges

Welcome & Introductions



Damien Jackson, MEd
COSFA Chair
Asst. Dean, Office of Student Finance
Albert Einstein College of Medicine

AAMC Committee on Student Financial Assistance Financial Aid Community Call

- ❑ **COSFA Chair Welcome** – Damien Jackson, MEd
- ❑ **AAMC Updates**
 - ***COVID-19 Legislative Updates*** – Matthew Shick, JD, Senior Director, Government Relations & Regulatory Affairs; Brett Roude, Legislative Analyst
- ❑ ***Community Topics: COVID-19 Student Aid Regulatory Implementation*** – Julie Fresne, Senior Director, Student Financial & Career Advising Services & Kristen Earle, Lead Specialist, Student Financial Assistance
- ❑ ***Community Discussion & Q&A***

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Legislative Updates: COVID-19 Student Aid Impacts



Matthew Shick, JD
Senior Director,
Government Relations &
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Brett Roude
Legislative Analyst
AAMC

Legislative Update

Coronavirus Aid, Relief, and Economic Security (CARES) Act

- Signed by the President on March 27.
- **Interest on student loans:**
 - Requires the Secretary of Education to defer student loan payments, principal, and interest for 6 months (Sept. 30, 2020) on federal direct loans, without penalty to the borrower.
 - Applies to all Direct Loans, and federally held Federal Family Education Loans & Perkins Loans
 - All payments during this time to count towards loan forgiveness, including PSLF.

Legislative Update

CARES Act

➤ **Education Stabilization Fund**

- Provides \$12.6 billion in institutional awards (IAs).
 - 75% of IAs are based on Pell FTE and 25% of IAs are based on non-Pell FTE,
 - Department of Education released institutional allocation on April 9.
- At least 50% of funds awarded to institutions must be used to provide direct emergency aid to students
 - Can be used for food, housing, course materials, technology, health care, and childcare.
 - Department is expected to release guidance on how to disburse this aid.
- Funds will be distributed to institutions using the Title IV disbursement mechanisms.

Legislative Update

CARES Act

➤ **Federal Work Study**

- Allows institutions to issue work-study payments to students who are unable to work due to work-place closures.
- Allows institutions to transfer unused work-study funds to be used for supplemental grants related to COVID-19.

➤ **Health Resources and Services Administration**

- Reauthorizes the HRSA Title VII programs, which includes Scholarships of Disadvantaged Students and Minority Faculty Loan Repayment through 2025.

Legislative Update

CARES Act

➤ **Regulatory Relief**

- Ensures that students at eligible institutions whose semesters ended due to COVID do not have distributed aid count towards their loan limits.
- Suspends an institution's obligation to return Title IV funds if a student withdraws during a payment period due to COVID.
- Suspends a student's obligation to return Title IV aid they have received if they withdraw because of COVID.
- Permits institutions to allow students to take a leave of absence without needing to return in the same semester.

Legislative Update

Future Coronavirus Legislation

- **Congress is beginning to draft the next COVID-19 relief legislation.**
 - Not expected to be released until late spring.
 - Higher education and student aid issues are expected to be addressed.

- **Loan forgiveness for health professionals.**
 - Congress is currently considering loan forgiveness proposals for health professionals on the front line of fighting the COVID pandemic.
 - Including expansion of the National Health Service Corps to support public health emergencies.

COVID-19 Student Aid Regulatory Implementation



Julie Fresne
Senior Director, Student
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Kristen Earle
Lead Specialist
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Coronavirus Aid, Relief, and Economic Security (CARES) Act Implementation

Servicers required to:

- Temporarily waive interest rates on federally owned loans (March 13 – September 30, 2020)
- Place eligible loans in Administrative Forbearance during impacted timeframe
 - Applies to: Direct Loans, federally held Federal Family Education & Perkins Loans; and Direct Consolidation Loans
 - Monthly payments not required & no auto-debit unless otherwise indicated
 - Borrowers can continue to make payments – applied to outstanding interest first than principal
 - Payments and months of non-payments during this time will be counted for purposes of loan forgiveness
 - Automatically extend by six months the deadline for any borrower whose annual recertification of income becomes due during the period of suspended payments
 - Does not apply to private and other commercially held loans

Community Topic: Emergency Grant Aid Allocations

Education Stabilization Fund – Student Funds

- Higher Education Emergency Relief (HEERF) Fund: roughly \$12.6 billion in stimulus relief funding to institutions of higher education.
 - Roughly \$6 billion in emergency funds allocated to qualifying institutions to help students directly impacted by coronavirus.
 - Required to use money directly on students to cover unforeseen expenses related to disruptions due to the coronavirus (Ex: funds for food, housing, course materials, technology, health care, and childcare).
- Does not count against the Expected Family Contribution or Estimated Financial Aid.
- Law gives some flexibility to institutions to define enrolled population.
- To receive money, must sign certification agreement indicating use in accordance with the law (Grants.gov).
- **Discussion:** Is your financial aid office involved in the disbursing of emergency grant aid?

Community Topic: Emergency Grant Aid Allocations

Education Stabilization Fund – Institutional Funds

- Higher Education Emergency Relief (HEERF) Fund: roughly \$12.6 billion in stimulus relief funding to institutions of higher education.
 - 50% designated for aid to Institutions of Higher Education (IHE).
 - 75% of the award based on full-time equivalent enrollment of Pell students at an institution
 - 25% of the is award calculated using full-time equivalent enrollment of non-Pell students.
 - All aid will be disbursed to institutions using the Title IV financial aid disbursement mechanisms.
 - Institutional allocation can be used for IHEs to reimburse themselves to cover any costs associated with significant changes to the delivery of instruction or disruption on campus due to the COVID-19.
 - Can be used to reimburse for room & board refunds.
 - No authorization to use funds to create new scholarships.
 - To receive aid, institutions must enter the Funding Certification and Agreement for Emergency Financial Aid Grants to Students, established under the CARES Act.

Community Topic: Early Graduation

LCME Guidance

- Principles for schools to follow for early graduation are broadly outlined in the “LCME-Specific” documents on the LCME COVID-19 resources page:
 - <https://lcme.org/wp-content/uploads/filebase/March-25-2020-LCME-Guidance-for-Medical-Schools-Considering-Early-Graduation-Option.pdf>
- LCME documents provide guidance for institutions to put in place a sound mechanism for proceeding with early graduation.
- Medical schools considering this course of action should make clear to students the impact of any relevant regulations and/or policies on current or future federal or institutional financial aid.

Community Topic: Early Graduation

Department of Education (ED) Guidance

- ED not requiring special approval for institutions to move forward with early graduation of its students to assist with coronavirus – provides institutional flexibility.
- Not requiring adjustments to loan periods in the Common Origination and Disbursement (COD) Systems or recalculation of aid due to COVID-19 interruptions.
- Institutions still need to report graduate date to NSLDS.
- March 5, 2020 Electronic Announcement for additional guidance.

Community Topic: Student & Repayment Impacts

➤ **Grace Period Clarifications**

- Two separate entities
- Institution separation date determines start of grace period

➤ **Loan Forgiveness** (Income-Driven Repayment plans & Public Service Loan Forgiveness)

- Applies to borrowers currently in an income-driven repayment (IDR) plan only
- No payments required but months of suspension will count
- Credit for one payment per month
- “Direct” federally held loans only
- Borrower can opt to make payments – will likely not put in “pay ahead” status
 - Payments will be applied to outstanding interest first, then principal
- PSLF payments count toward forgiveness during period of suspension if borrower has a Direct Loan, is in a qualifying repayment plan prior to suspension, and works full-time for a qualifying employer*.

➤ **Consolidation Considerations**

- Borrowers with non-eligible loans can choose a Direct Consolidation Loan to take advantage of CARES Act relief
- Must select a qualifying repayment plan

*This is a new clarification from the Department of Education since the time of our presentation. This slide has been updated to reflect the current interpretation of guidance.

Financial Impact of 0% interest for 6.5 months

3/13 to 9/30 (6.5 months) 2020 CARES Act

“Dr. Median” borrows \$200K during medical school

Month	0% Interest	Dr. Median Status	Balance with 0% interest months	If no 0% interest	Difference
March	2 weeks	In-School			
April	0%	In-School			
May	0%	Graduation	\$224,500	\$225,600	
June	0%	Grace 1			
July	0%	Grace 2			
August	0%	Grace 3			
September	0%	Grace 4			
October	No	Grace 5			
November	No	Grace 6/Repayment	\$226,100	\$231,700	-\$5,600

Bottom Line: Dr. Median “saves” ~\$5,600 of interest while in-school and in-grace due to CARES Act. Monthly interest after grace is \$58 lower with CARES Act. Total savings depends on details of repayment plan and future career.

Additional Community Topics

- Student refund requests
- Federal Work Study
- Professional Judgement
- Perkins Loans
- Wellness

Student Aid Resources

- **AAMC's Coronavirus (COVID-19) Resources for the Academic Medicine Community**

<https://www.aamc.org/coronavirus-covid-19-resource-hub>

- **NASFAA's Coronavirus (COVID-19) Web Center**

<https://www.nasfaa.org/covid19>

- **Federal Student Aid's Coronavirus and Forbearance Info for Students, Borrowers, and Parents site**

<https://studentaid.gov/announcements-events/coronavirus>

- **The Department of Education's COVID-19 ("Coronavirus") Information and Resources for Schools and School Personnel**

<https://www.ed.gov/coronavirus>

AAMC Additional Resources

- **LCME Update of Medical Students, Patients, and COVID-19: Guiding Principles for Early Graduation of Final-Year Medical Students (March 25, 2020)**
<https://lcme.org/wp-content/uploads/filebase/March-25-2020-LCME-Guidance-for-Medical-Schools-Considering-Early-Graduation-Option.pdf>
- **CORONAVIRUS (COVID-19) AND THE FEE ASSISTANCE PROGRAM**
<https://students-residents.aamc.org/applying-medical-school/article/coronavirus-covid-19-and-fee-assistance-program/>
- **CORONAVIRUS (COVID-19) RESOURCE HUB**
<https://www.aamc.org/coronavirus-covid-19-resource-hub#services>

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Open Discussion and Q&A

moderated by Damien Jackson, MEd, GSA COSFA Chair,

Julie Fresne and Kristen Earle, AAMC

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