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FEBRUARY 2026 NEWSLETTER

IMPORTANT DATES:

March 4-6

FSA Conference
Washington D.C.

March 7-9

NACCAS Workshop
Seattle, WA

March 11

DJA Monthly Webinar
Administrative Capability
11:00 am CST

March 23-25

CECU Advocacy Day

March 31

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Due

IN THIS ISSUE:

- In the News: New Regulations Under OBBBA Could Impact Title IV Eligibility
- FSA Conference Agenda Released
- FSA Releases Nonpayment Rates for Student Borrowers
- Program Participation Signature Requirements
- Compliance Corner: DL Closeout and Reconciliation
- DJA Calendar

As February came to a close, we're reminded that even the shortest month of the year can bring big changes. From shifting policies and new initiatives to evolving trends in higher education, February has been anything but quiet. Whether it was major industry updates, institutional developments, or fresh discussions shaping the future of academia, this month has kept us all on our toes.

In this edition, we'll recap the key industry changes, upcoming regulatory deadlines, and provide insights to help you stay ahead as we move into March. We start off by continuing our discussion on the One Big Beautiful Bill Act and the regulatory provisions coming out of Negotiated Rulemaking. The RISE Committee comment period wrapped up earlier this week. We anticipate March will bring us the publication of the AHEAD draft NPRM. The new Accountability Measures proposed to align with the "Do No Harm" provision under the OBBBA will have significant impact on continued Title IV eligibility as programs face failure of the new measures. It is critical to ensure you are staying up to date on these provisions and determine how they will affect your institution and the programs you offer.

Next, in advance of the draft Cohort Default Rates expected this month, the Department published updated nonpayment rates. Alongside the data, they also encourage schools to revisit their default management plans if they are subject to a high nonpayment rate.

This week FSA returns to in an in-person conference in D.C. with the agenda focused primarily on the upcoming regulatory changes under the OBBBA. The conference provided limited attendance, but FSA has communicated virtual training will be provided following the event. Lastly, be sure to check out our event calendar. We'd love the opportunity to connect in person at an upcoming conference.

Wishing you a smooth transition into March,

Renee Ford, Vice President



IN THE NEWS: NEW REGULATIONS UNDER OB3 COULD IMPACT YOUR ELIGIBILITY

Since July, we have been sharing the statutes under the One Big Beautiful Bill Act (OB3) set to implement July 1, 2026, and the progress of the negotiated rulemaking committees. For a quick review of what has transpired to this point, following the passage of the bill the administration announced the intent to pursue the process of negotiated rulemaking to achieve final regulations prior to the deadline. The initial committees were the RISE (Reimagining and Improving Student Education) and AHEAD (Accountability in Higher Education and Access through Demand-driven Workforce Pell). Last month DJA attended the CSPEN Higher Education Policy meeting in Washington D.C., where industry leaders from all facets presented to attendees regarding the forthcoming regulatory changes under the OB3. Under-secretary Nicholas Kent, congressional leaders, negotiated rulemaking committee members and representatives from industry groups were brought together to share impactful insight on the goals of the Trump administration and planned implementation of these final regulations.

Firstly, let's share regarding the RISE committee, which conducted their meetings in the fall and reached consensus in early November. They recently published their draft regulations in an [NPRM](#) (Notice of Proposed Rulemaking) on January 30th, with public comment ending March 2nd. The committee reviewed regulatory provisions that will:

- Allow borrowers to have a second opportunity for loan rehabilitation
- Update definitions for *expected time to credential, graduate student, professional student and program length*
 - The Department notes that the term “professional student” as used in the NPRM is intended solely to distinguish those programs proposed to be eligible for higher loan limits, as required by the OB3. The designation, or lack thereof, of a program as "professional" does not reflect a value judgment by the Department regarding whether a borrower graduating from the program is considered a “professional.” This NPRM only interprets the phrase “professional student” as used in the context of the loan limits established by the OB3.
- Implement two new student loan repayment plans for new borrowers
 - Phases out the existing Income-Contingent Repayment (ICR) plans, creating a new tiered standard repayment plan option, and implementing a new income-driven repayment plan known as the Repayment Assistant Plan
- Make conforming amendments to current regulations on consolidation, deferment, forbearance, and PSLF
- Retire the Graduate Direct PLUS loan program
- Establish new loan limits for graduate students, professional students, and parents
 - Professional Student
 - Unsub annual limit: \$50k/year
 - Unsub aggregate limit: \$200,000
 - Lifetime limit: \$257,500
 - Graduate Student
 - Unsub annual limit: \$20,500/year
 - Unsub aggregate limit: \$100,000
 - Lifetime limit: \$257,500
 - Parent PLUS



- All parents (combined) per dependent student: \$20,000/year
- All parents (combined) per dependent student: \$65,000 aggregate
- Legacy borrower provisions apply to borrowers who have a Direct Loan originated **and** disbursed before July 1, 2026
 - Can continue to borrow under existing limits for 3 academic years or the remainder of their expected time to credential, whichever is less
 - Applies to annual loan limits and the Grad Plus program
- Establishes less than full-time reduction of annual loan limits
 - Introduces schedule of reductions formula: The number of credits enrolled in a term for a program of study divided by the total number of credits that considered full time for that term in the program.
 - Enrollment status tied to the date the institution determines the student's eligibility for a disbursement
 - Must apply the schedule reduction formula at time of disbursement, not just when packaging the loan
 - Before issuing second or subsequent disbursements, you must re-check enrollment status. If student status falls below less than full time in the first term, the subsequent disbursements must be reduced so that the total loan for the academic year reflects actual enrollment status
 - By anchoring reduction to the disbursement eligibility date, regulations ensure that:
 - Students who remain full-time across the academic year may still receive the full annual loan limit;
 - Students whose enrollment falls below full-time before a disbursement will have their annual loan amount reduced in proportion to their updated enrollment; and
 - Institutions are not required to predict future enrollment beyond what they already do under the existing aid packaging process

During the CSPEN meeting with the Under-secretary Kent, he also encouraged any commenter to include data that supports their comment, specifically it is contesting the validity of regulations. To read the notes and documentation reviewed during the committee meetings, visit the [Negotiated Rulemaking web page](#) and navigate to RISE Committee. Click on the arrow to the left and you can navigate through transcripts, recordings, notes and submitted documentation.

Secondly, and perhaps the **most impactful regulation** to our cohort of clients, is the regulations reviewed by the AHEAD committee. This group initially gathered in December for their first session, which focused on the creation of the Workforce Pell program and Pell eligibility. The second session ended on January 9th and focused on implementing the “Do No Harm” provision of the OBBB, as well as an appropriate accountability measure. This committee also reached consensus. The link to the draft language that will be utilized in the Notice of Proposed Rulemaking is provided [here](#). The industry speculates we can expect the published NPRM sometime in March.

The Workforce Pell program was a topic discussed in great detail during the CSPEN conference. Full transparency, those presenting shared the steps required to establish the program are extensive, while the financial contribution is minimal (roughly \$67 in Pell award at the student level). While this program is one many institutions have advocated for years to offer, the initial financial funding level is small.

To be considered an eligible Workforce Pell program, the program must:

- Requires a minimum of 8 weeks, but less than 15 weeks of instruction
- Is at least 150 clock hours, but less than 600 clock hours
 - At least 4, but less than 16 semester/trimester hours or
 - At least 6, but less than 24 quarter hours
- Is not offered through correspondence, study abroad or direct assessment
- Is approved by the governor after consulting with the state board
 - Provides education aligned with high skill, high-wage or in demand industry sectors
 - Meets the hiring requirements of potential employers
- Completion rate of 70%, placement rate of 70%
- Complies with the annual value-added earnings requirements
- Leads to a recognized postsecondary credential or prepares students to pursue latter certifications

This is a very brief summary of the requirements surrounding the Workforce Pell program. For a more in-depth review, we encourage you to read the [draft consensus language](#) from the committee (that will become the basis for the NPRM expected in March).

Within the same session, the committee also finalized language around Pell eligibility in the case of students who receive non-federal funds exceeding the program's Cost of Attendance. The regulatory language proposes, "A student shall not be eligible for a Federal Pell Grant for an award year during which the student receives grant or scholarship assistance from non-Federal sources, including States, eligible institutions, or private sources, in an amount that equals or exceeds the student's cost of attendance for the award year. Grant or scholarship assistance from non-Federal sources does not include sources that are excluded under Section 480(i) of the Higher Education Act of 1965, as amended." **In reviewing the language from 480(i), this would exclude VA benefits from counting.** Section 480(i) linked [here](#), reference page 568. The proposed language makes it clear, if the student receives grants/scholarships equal to or greater than the COA, the student is not Pell eligible, regardless of SAI listed on the ISIR.

Session 2 of the AHEAD committee was tasked with creating the regulatory language and accountability framework to align with the Do No Harm provision of the OBBB. They accomplished this by creating a new framework, STATS, which stands for Student Tuition and Transparency System. This regulatory framework replaces the Financial Value Transparency (FVT) and Gainful Employment (GE) regulations, which will sunset on June 30, 2026. Additionally, STATS removes the Debt-to-Earnings test under the FVT/GE regulations, but retains the Earnings Premium Measure, with adjustments. **STATS applies to ALL programs, including GE and non-GE programs. The exception is for programs that have fewer than 30 Title IV completers after aggregation (see notes below on that approach).** STATS is effective July 1, 2026.

Earnings Premium Measure: The Earnings Premium Measure under STATS references the median earnings of Title IV recipients 4 years post-completion from the institutional program (in comparison GE/FVT utilized 3 years).



The benchmark data these earnings will be compared to will depend on if the program is an Undergraduate/certificate or a graduate program.

- Undergraduate program: compares to median earnings of individuals aged 25-34 with a high school diploma in the state in which the institution is located, or nationally, if more than 50% of the institution's students are from out of state
- Graduate: compares to median earnings of individuals aged 25-34 with a bachelor's degree, calculated as the lowest of the state median, the state median in the same 2-digit or 4-digit Classification of Instructional Programs (CIP) code, or the national median in the same 2-digit or 4-digit CIP code. If more than 50% of the institution's students are from out of state, the threshold is the lower of the national median or the national median in the same CIP code.

Exclusions: Like the FVT/GE regulations there are completers excluded from the metric calculation. Those excluded are:

- Students whose loans were discharged through Total and Permanent Disability (TPD).
- Students who were enrolled (in any enrollment status, not limited to full-time) in another program during the calendar year for which the Department of Education obtains earnings data.
- Students who completed a higher-credentialed undergraduate program at the same institution after completing the program, as of the end of the most recently completed award year prior to the calculation of the earnings premium.
- Students who completed a higher-credentialed graduate program at the same institution after completing the program, as of the end of the most recently completed award year prior to the calculation of the earnings premium.
- Students enrolled in Prison Education Programs (PEPs).
- Students enrolled in Comprehensive Transition and Postsecondary (CTP) programs.
- Students who are deceased.

Cohort: The STATS Earning Premium Measure references a single year cohort; if there are fewer than 30 completers in a single year, an aggregating approach is used. ED will progressively pool cohorts going back 4 years until 30 Title IV recipient completers are reached; if necessary, they will expand to programs with the same 4-digit CIP code and then to the 2-digit CIP code level for up to 4 years each to reach a cohort of at least 30 completer (meaning they will go out potentially 8 years). Metrics are not issued if a minimum 30 completer cohort can't be reached.

Results: A program will be considered to PASS the Earnings Premium Measure if the cohort's program earnings are greater than or equal to the earnings benchmark. A program will be considered to FAIL the Earnings Premium Measure if the cohort's program earnings are less than the earnings benchmark.



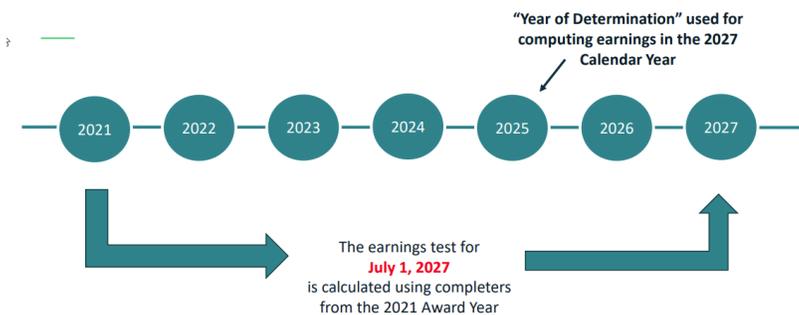
Sanctions: If a program fails the Earnings Premium Measure for 2 of 3 consecutive years, they will lose Direct Loan eligibility for the program. A new standard was added to the Administrative Capability Standards that also provides for the loss of all Title IV eligibility if failing programs represent greater than 50% of Title IV students or greater than 50% of Title IV dollars for 2 of 3 consecutive years. The period of ineligibility following failure is 2 years.

Reporting: The reporting deadline is October 1st of each year. The reporting lookback period is 2 years. There is no reference to standard or transitional reporting as this piece of the regulation has been removed.

First Earnings Premium Measurement: The first Earnings Premium Measurement will take place in early 2027, with sanctions being effective July 1, 2027. **This means the first year of potential loss of eligibility will be July, 1, 2028 if two years are failed consecutively.**

- The cohort of completers to be referenced will be the completers in the 2020/2021 award year. The referenced earnings will be from the 2025 calendar year. These would be the students who completed the program between July 1, 2020 and June 30, 2021.
- The benchmark earnings will reference the 2025-earnings year data of individuals ages 25-34 with a high school diploma in the state the institution is located or national, depending on student cohort (a graduate program will reference the same age group, but those with a BA degree).
 - As stated these will be calculated in early 2027, utilizing the 2025 tax information filed in April 2026.

Tables taken from Negotiated Rulemaking Committee documents:



Summary

Calendar Year	Colleges First Notified	Takes Effect	Completer Cohort Used	Earnings Period Measured	Aggregation Window
2026	N/A	N/A	N/A	N/A	N/A
2027	Early 2027	July 1, 2027	Award Year 2021	Jan. 1, 2025- Dec. 31, 2025	AY2017- AY2020
2028	Early 2028	July 1, 2028	Award Year 2022	Jan. 1, 2026- Dec. 31, 2026	AY2018- AY2021
2029	Early 2029	July 1, 2029	Award Year 2023	Jan. 1, 2027- Dec. 31, 2027	AY2019- AY2022
2030	Early 2030	July 1, 2030	Award Year 2024	Jan. 1, 2028- Dec. 31, 2028	AY2020- AY2023
[...]	[...]	[...]	[...]	[...]	[...]

The first year programs could lose eligibility for Federal student loans.

If cohort aggregation is needed, earnings for prior cohorts are measured at the same interval (the tax year corresponding to four years after that cohort exits).

As the AHEAD committee wrapped up their second session in January with an expected draft NPRM release in March, the final regulations will likely not publish until June as a 30-day comment period will be provided. **Please note if wish to file a comment opposing these regulations, this is the comment period we suggest submitting in. The NPRM will provide the 30-day comment period start and end date.**

Resources: The AHEAD Negotiated Rulemaking committee reviewed a lot of data in their Session 2 meetings. Included in those materials distributed by the Department (ED) is 2026 Program Performance Data, which references the debt, earnings and earnings test metrics for the following cohorts:

- The 4-year median earnings of working, not enrolled Title IV program completers from the pooled 2017-18 and 2018-19 completer cohorts.
- The 4-year median earnings of working, not enrolled Title IV program completers from the pooled 2014-15 and 2015-16 completer cohorts; and
- The 3-year median earnings of not enrolled Title IV program completers from the pooled 2014-15 and 2015-16 completer cohorts.

The data spreadsheet is linked [here](#). You can search your school by name. To understand the data published in each column, you will want to reference the [Data Technical Appendix](#). For a broader understanding of the data published, you can reference the [Data Fact Sheet](#). In addition the program earnings, the spreadsheet also posts the benchmark earnings (column V) and sites if the state or national data was used (column U). Utilize the directions under **Results** above to determine if your program would Pass or Fail (or see our linked table below).

The information posted above is taken directly from the [Negotiated Rulemaking webpage](#). You can find it yourself by clicking on the webpage link, navigating to the AHEAD Committee and clicking the arrow on the left to open it up. Scroll down to Session 2 and the section title “Materials distributed by the Department Pre-session.” These are the three documents:



Materials distributed by the Department Pre-session:

- [Committee Agenda*](#)
- [AHEAD Session 2 Discussion Draft and Amendatory Text*](#)
- [AHEAD Session 2 Discussion Draft and Amendatory Text \(Annotated\)*](#)
- [AHEAD Session 2 Program Performance Data \(Institution Characteristics and Completions\) *](#)
- [AHEAD Session 2 Program Performance Data \(Enrollments\)*](#)
- [AHEAD Session 2 Program Performance Data \(Financial Aid Part 1\)*](#)
- [AHEAD Session 2 Program Performance Data \(Financial Aid Part 2\)*](#)
- [AHEAD Session 2 Program Performance Data \(Financial Aid Part 3\)*](#)
- [AHEAD Session 2 Program Performance Data \(Debt, Earnings, and Earnings Test Metrics\)*](#) ←
- [AHEAD Session 2 Program Performance Data Variable Codebook*](#) ←
- [AHEAD Session 2 Program Performance Data Fact Sheet*](#) ←
- [AHEAD Session 2 Program Performance Data Technical Appendix*](#) ←

Another valuable resource shared to us by a client (we have the best!) is a blog post by Preston Cooper, who also presented a proposal to negotiators under Day 2 in representing the Taxpayers and the Public Interest Constituency. Mr. Cooper authored a blog post for the American Enterprise Institute (AEI), [“Low-Earning Degrees Will Soon Lose Access to Federal Loans- Is Yours on the List?”](#). Mr. Cooper utilized the 2026 Program Performance Data to create a very easy to [utilize table](#), *Will Your Programs Pass “Do No Harm”?* This table joins the program earnings directly against the benchmark earnings. The table also has an easy to use search bar that allows you type in your school name and easily generate the data fields, including if your program would Pass or Fail. Here is an example (the school name has been redacted):

State	Institution	Cred. Type	Field of Study	Program Earnings	Benchmark Earnings	Status
██████	██████████	UG Cert	Cosmetology and Related Personal Grooming Services.	\$22,385	\$33,298	FAIL

There are MANY challenges we see with how this data is being used. Here are our top concerns:

- Tip industry: Programs in the beauty and wellness space are part of the tip industry, meaning a portion of earnings are derived directly from tips. Tips often go unreported to avoid tax liability. While the OBBB provides for a removal of federal tax liability on tips, many may not be aware of this provision or are concerned as several states did not follow suite and are continuing to tax tips.
- Full time versus Part time: The earnings data being reported does not distinguish between wages earned through full time or part-time employment. Many completers in the beauty and wellness space obtain their certificates with the intent of working part-time (example: a woman graduate wants to prioritize being a mother while maintaining her certification for supplemental income). This discrepancy is not noted and therefore is causing many programs to show failure.

- Wage comparison: This formula does not adjust for gender, age or racial wage disparities, which unfairly affects beauty and wellness fields.

What are action steps you can take?

- 1) Contact your 20/21 completers NOW before they file taxes. Urge them to report their tip earnings by explaining the impact it may have on the beauty industry.
- 2) Begin contacting completers in following award years and educating them on this concern and need for them to file their tip wages. The 21/22 completers may be the year that impacts your continued eligibility.
- 3) Contact your state representatives!! If you don't know who these contacts are, you can visit the Find Your Member page at [Congress.gov](https://www.congress.gov) and type in your state. It will generate your House representative and Senate contacts. Share with them your concerns by utilizing those listed above.
- 4) Seek out industry groups your institution is partnered with. If they are not currently planning advocacy campaigns, urge them to start. Here are some examples:
 - a. American Association of Career Schools (AACCS): AACCS will be hosting their annual Hill Day on April 14-15th right in Washington D.C. For information, click [here](#). **This event is open to ALL institutions regardless of AACCS membership.**
 - b. Career Education Colleges and Universities (CECU): CECU is also hosting an [Advocacy Day](#) in Washington DC supporting members in pursuing government relations work. The event will be March 23-25th.
 - c. Associated Bodywork and Massage Professionals (ABMP): ABMP has been communicating with members and advocating for action as well. They recently shared a [blog post](#) with members, which includes the table generated by Preston Cooper.

While the RISE and AHEAD committees are at the publication phase of their regulatory review, the Department released a [Federal Register \(FR\)](#) in late January the intent to establish the Accreditation, Innovation, and Modernization (AIM) Committee. The FR indicates the committee's intent will be to, "prepare draft regulations amending the regulations for the Secretary's recognition of accrediting agencies and related institutional eligibility regulations." Under that direction, the proposed issues for negotiation for the AIM Committee include, but are not limited to:

- Simplification and streamlining of the Department's regulations for recognizing new accrediting agencies to reduce competition with focus on institutional choice. Simply the process for institutions to switch accrediting agencies to one that more closely aligns with their mission and vision.
- Revision of criteria and related regulations used by the Secretary to recognize accrediting agencies, including emphasizing criteria and standards requirements that effectively focus on student achievement and outcomes, high educational quality, and high-value programs and removing criteria that are anti-competitive, discriminatory, or which contribute to credential inflation and escalating tuition costs.



- Amending requirements for accrediting agencies' standards, application of such standards, and oversight of member institutions and programs, including requiring all accrediting agencies and associations to have standards that consider program-level student achievement and outcomes data to improve such outcomes without reference to race, ethnicity, or sex; ensuring that accrediting agency procedures for taking action on noncompliance findings resulting from the Office of Civil Rights investigations under Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) or Title IX of the Education Amendments Act of 1972 (20 U.S.C. 1681et seq.) provide for expeditious resolution and actions; and ensuring that any other information provided by the Secretary regarding an institution's record of compliance with its Federal program responsibilities are expeditiously addressed and acted upon.
- Review of accrediting agencies' concurrent oversight responsibilities in the “regulatory triad” of accrediting agencies, States, and the Department, and determining what accreditation standards and related regulations are needed, or should be eliminated, to ensure that accrediting agency standards do not contravene Federal or State law.
- Review of the role that accrediting agency standards have played in promoting violations of Federal law, including unlawful discrimination by member institutions under the guise of accreditation standards for diversity, equity, and inclusion and adoption of appropriate regulatory safeguards to ensure that accredited institutions provide high-quality, high-value programs that are free from unlawful discrimination and other violations of Federal law.
- Determination of whether the current regulations in 34 CFR 602.18 and other regulations should be clarified or expanded to ensure that the use of new learning models and innovative program delivery approaches by accredited institutions is not impeded by accreditation standards or accrediting agency decisions.
- Expansion of current regulations on accreditation standards for faculty to include support for and appropriate prioritization of intellectual diversity amongst faculty in order to advance academic freedom, intellectual inquiry, and student achievement and learning outcomes.
- Amending the standards governing when an accrediting agency is deemed separate and independent from any related, associated, or affiliated trade association or membership organizations.
- Technical changes and corrections to the regulations for recognition and review of accrediting agencies and other related title IV program regulations.
- Addressing other Administration priorities relating to accreditation.

As you can see, it is a critical time in the higher education industry with the projected regulations set to implement under the OBBB. The OBBB regulations will be a primary agenda topic at our upcoming DJA Annual Client Training Conference in early May. For more information, visit our Events section of this monthly newsletter.

FSA CONFERENCE AGENDA RELEASED

The Federal Student Aid Training Conference returns to an in-person event this week in Washington D.C. The conference will begin on Wednesday, March 4th and conclude on Friday, March 6th. In late February, FSA released the agenda for the training. The link to the EA containing the agenda can be found [here](#). On March 2nd, the EA was updated with expanded information including detailed session descriptions and presenter bios. In addition to



providing information for the on-site training sessions, visitors are encouraged to stop by the 2026 FSA Resource Center located in the Atrium to connect directly with support teams from applicable FSA departments.

PUBLICATION OF NONPAYMENT RATES AHEAD OF DRAFT CDR CALCULATION

On February 18, 2026, FSA published an EA announcing the release of updated nonpayment rate [data](#), which provides the percentage of Direct Loan borrowers, on an institutional basis, who entered repayment between January 2020 and May 2025 and whose federal student loans were more than 90 days delinquent. The updated data shows that over 1800 institutions have nonpayment rates at or exceeding 25 percent. The first release of such nonpayment rate data was provided in an [EA](#) published in July 2025. It is important to note the nonpayment rate differs from the official Cohort Default Rate calculation.

The nonpayment rates are indicative of both institutions' success in counseling borrowers on the impact and potential consequences associated with their student loan debt, as well as the extent to which institutions may be at risk of losing access to federal student assistance due to high CDRs in the future. In the coming weeks, FSA intends to release draft FY 2023 CDR notification packages to all eligible domestic and foreign schools. As a reminder, as a result of COVID-19 pandemic-related flexibilities, many institutions may have artificially low CDRs; the nonpayment rate may be a more reliable indicator of how successful current borrowers are in repayment.

Alongside the release of the updated nonpayment rate data, FSA utilized the same EA to remind institutions of their key role they play in improving loan repayment outcomes. This reminder echoes the same sentiment shared last [May 2025](#) in an EA urging institutions to begin student outreach to borrowers communicating their obligation to repay federal student loans, share repayment options and update their StudentAid.gov account with current contact information. In the recent EA, FSA goes a step further to encourage institutions with a high nonrepayment rate to update, maintain and execute their default management and prevention plans as soon as possible. While this step is not a requirement until a school has a CDR greater than or equal to 30%, the Department believes performing this correction action now would be a positive proactive measure.

The Department hosted a webinar in late February to assist schools with default prevention. To catch the replay of that training, you can login to FSA Training, navigate to Recorded Webinars and Training and select Webinars and Training Videos from the drop-down menu. Once on the landing page, recent webinars links are available at the top left. Select *February 25: Cohort Default Rates and Default Prevention*.

LEGAL CHALLENGES ADJUST THE OWNER-ENTITY SIGNATURE POLICY FOR THE PPA

In an [EA released in late January](#), the Department addressed the general circumstances in which an owner-entity of an eligible institution of higher education will be required to sign a Program Participation Agreement (PPA). The announcement came as a result of litigation filed by Hannibal-LaGrange University challenging the regulatory basis of the existing signature requirements imposed by the Department on proprietary and private non-profit institutions. As the regulations currently stand, under [34 CFR 668.14\(a\)\(3\)\(ii\)](#), for all proprietary or private nonprofit

institutions, an authorized representative of an entity with direct or indirect ownership of an institution must sign the institution's PPA. In response to the Hannibal-LaGrange lawsuit and the subsequent settlement agreement reached in their favor, the EA provides the Secretary has agreed not to enforce the owner-entity signature requirement in the manner set forth in 34 C.F.R. § 668.14(a)(3)(ii). The EA includes both the complaint and the settlement agreement the Department entered into associated with this litigation.

The effective date of this change of policy is as of the release of the EA, January 16, 2026. While the Department will not entertain a request to remove an owner-entity signature from a PPA that is currently in effect, they do intend to apply this guidance prospectively, including upon renewal of a PPA.

The EA does indicate the Secretary reserves the right to require that an authorized representative of an entity that directly or indirectly holds a substantial ownership interest in the institution sign that institution's PPA on a case-by-case basis, in a manner consistent with 20 U.S.C. § 1099c(e). Specifically, the Secretary reserves the right to impose this requirement when it is determined such signatures are necessary to protect the financial interest of the United States. This may include, for example, when the owner-entity has sufficient assets that such a guarantee is warranted, consistent with the limitations set forth in Section 498(e)(4) of the HEA. However, ED will not generally impose this requirement if the owner-entity of an institution has no or *de minimis* assets, unless there are circumstances that suggest that a parent owner withdraws equity from an owner-entity in a pretextual manner in order to intentionally evade liability.

COMPLIANCE CORNER

DIRECT LOAN RECONCILIATION AND CLOSEOUT

While we are only just now entering the month of March, based on how quickly time flies, July will be here before we know it and with it comes the big closeout deadline for the 24/25 Direct Loan Program Year. All school data must be received and accepted by **July 31, 2026** to be included in a school's final Ending Cash Balance for the year. In a [January 27th EA](#), ED reminds institutions of that deadline, in addition to the importance of monthly reconciliation to ensure accuracy in the final closeout.

As a reminder, all cash management, disbursement reporting, and monthly reconciliation regulatory requirements supersede the closeout deadline. For schools meeting these regulatory requirements, the final closeout stage should begin no later than the last award end date (also known as the loan period end date) at the school for a given program and year. This means many schools may be actively working on closeout now. As such, each school should complete reconciliation to a zero Ending Cash Balance and close out soon after its final disbursements and should **not** wait until the closeout deadline.

To be considered successfully closed out, a school must—

- Have an Ending Cash Balance of \$0 and Total Net Unbooked Disbursements of \$0 internally, and as reflected on the School Account Statement (SAS), and
- Complete the School Balance Confirmation form on the [COD website](#).



As part of the closeout process, ED will send Zero Balance or Remaining Balance notifications via email (for DJA clients, when you receive this letter, please email to Shannon Wise at swise@gotodja.com). In early May 2026, ED will send a Notification Warning Letter via email to schools. This email will be sent to the Financial Aid Administrators (FAA) and President at each school that has not confirmed closeout on the COD website (including any schools with a zero balance that have not confirmed closeout). This letter will serve as a reminder to finish processing and confirm closeout before the established data submission closeout deadline. After the closeout deadline, schools will be notified of any remaining balances through the Post-Closeout Deadline Multi-Year Balance Reminder letters sent via email, outreach conducted by COD Reconciliation Coordinators and the School Reconciliation Branch (SRB) via the Combined Programs Closeout Letter Process, that may result in the school receiving a Combined Programs Demand Letter or Negative Balance Letter. With so many opportunities to be reminded of this compliance deadline, ED states any remaining positive balance will result in a final liability for the school.

If your school utilizes a third-party servicer to assist in this process, the EA reminds institutions the final responsibility for this regulatory requirement remains in your hands. As such, you are encouraged to communicate regularly with your third-party servicer to ensure closeout is completed. **It is each school's responsibility to monitor its balances to ensure that it finishes processing and confirms closeout on time.**

As mentioned earlier, the closeout process can be fairly easy if your school is staying on top of monthly reconciliation efforts. The EA recommends the following action steps as best practices:

- Complete required monthly reconciliation, including:
 - **Internal reconciliation** - compare internal student accounts and Business Office or Bursar records with Financial Aid Office records. If your school uses a third-party servicer, you should also ensure your internal and servicer records match
 - **External reconciliation** - compare internal records to your Direct Loan School Account Statement (SAS) sent via your SAIG mailbox (For DJA clients we perform external reconciliation and resolve any discrepancies)
 - **Resolve any discrepancies** and document outstanding timing issues
- Verify all drawdowns and refunds of cash are applied to the correct program and award year
- Ensure all batches have been sent to and accepted by the COD System and all responses have been imported
- Resolve all outstanding rejected records and ensure all disbursements and adjustments are accurately reflected
- Review all pending disbursements and determine whether these need to be reported as actuals (DRI = TRUE). If not, reduce these to \$0
- Return all refunds of cash electronically via G5 (g5.gov)
- Request any remaining funds if supported by actual disbursement data

The EA also includes a Frequently Asked Questions section. We encourage you to visit the FAQs for further assistance.

CALENDAR and RESOURCES

Training Resources

DJA MONTHLY WEBINARS

Administrative Capability- Wednesday, March 11th, 11 a.m. CST

NOTE: There may be a difference between DJA local time and your time zone. To determine your time zone equivalent, click on this link to view a time zone map: <http://www.worldtimezone.com/time-usa12.php>

Webinars are free to clients, as well as our newsletter recipients on a trial basis. Invitations are automatically sent to all clients, however if you do not receive an invitation, email Lynessa Roberts at lroberts@gotodja.com. After registering, you will receive the log-in information. If you would like to attend a webinar and are not a DJA client, please email Lynessa and she will ensure you receive an invitation to register. Questions can be directed to Lynessa by email or by calling toll free at 1-800-242-0977.

2026 DJA WEBINAR SCHEDULE

MAR 11	Administrative Capabilities
APR 1	Satisfactory Academic Progress
MAY 13	Return of Title IV Funds (Including LOA)
JUN 3	General Participation Requirements
JUL 15	Campus Crime Report
AUG 5	Entrance and Exit Counseling
SEPT 9	Cash Management
OCT 7	Enrollment Reporting Using NSLDS
NOV 4	Program Integrity (Audits, Program Review)
DEC 2	1098-T Reporting

2026 TITLE IV DATES TO REMEMBER

We know how complex the compliance requirements can be for schools participating in the Title IV programs, as can keeping up with all the reporting deadlines year to year. To assist our clients and other institutional partners, we have developed a quick reference calendar reviewing the important deadlines for the 2026 year. For a printed color copy, visit us at any of our upcoming [exhibitor events](#) or to print your own copy, click [here](#).



February 2026

Upcoming Conference Schedule

NACCAS Quarterly Workshop

NACCAS is hosting their first 2026 quarterly Workshop in Seattle, WA at the Renaissance Seattle Hotel, with pre-candidate training on Saturday March 7th and workshop sessions the following Sunday and Monday. DJA will be available as an exhibiting partner. We invite you to stop by our booth for a yearly calendar of Title IV deadlines, a copy of our most recent newsletter and a notebook and pen to utilize throughout your training. We invite you to stop by our booth and visit with Kristi on how partnering with DJA can be a great addition to ensuring compliance with Title IV financial aid administration.

SPECS Annual Conference

The Salon Professional Education Company (SPEC) is hosting their annual conference in Tampa, Florida April 10th through the 12th. The SPEC group is a beauty school franchise including academy brands, Salon Professional Academy, Spa Pro Academy and Elevate Salon Institute. For more information on the franchise, visit their [site](#). DJA will be joining other industry leaders for a fun and informative conference. If you're in attendance, we'd love for you to visit our booth to connect with Renee and Ashley.

DJA Annual Financial Aid Conference- IN PERSON

Our clients have spoken and DJA will be returning to an in-person training conference this year! Our annual training event, “*Mastering the Moment in Financial Aid*”, will be held on Monday, May 4th and Tuesday, May 5th at the Harrah's Hotel and Casino in Kansas City, MO. This dynamic event brings together financial aid professionals for timely training on the newest regulations emerging from the One Big Beautiful Bill Act, along with other critical industry updates shaping our work. Our compliance team will lead practical, actionable training sessions alongside engaging guest speakers who will bring fresh perspective and expertise. Attendees will have the opportunity to meet their DJA Quality Control account representatives, build meaningful connections with peers and industry leaders, and collaborate on today's most pressing challenges.

Attendance by outside institutions is subject to availability as this training is designed to be exclusive to our partner institutions. Please email rford@gotodja.com for more information. DJA Clients- the link to register has been sent in your client memos and is available on the New Leaf home page.

For a complete listing of where to find DJA at upcoming industry conventions and conferences, visit our exhibiting calendar at our website [here](#).

Disclaimer: The information presented in this Newsletter is provided as a service and represents our best efforts to assist institutions with federal student aid regulations. We have collected information we believe to be important in finding and obtaining the resources for administering federal student aid; however, we assume no liability for the use of this information. The information in this newsletter does not constitute, and should not be construed as, legal advice.

