

# Federal Student Aid: Supporting Students from FAFSA Through Repayment

**Ben Cecil**

Senior Education Policy Advisor

[!\[\]\(003082e50e3009141f59bd5df831749f\_img.jpg\) @BenCecil](https://twitter.com/BenCecil)**Michelle Dimino**

Deputy Director of Education

[!\[\]\(d3102649f02e825ddb76dc3de0190154\_img.jpg\) @MichelleDimino](https://twitter.com/MichelleDimino)

You've likely heard of Federal Student Aid (FSA). This office within the US Department of Education (Department) manages the oversight and administration of a wide array of federal student grant and loan programs available to college students.<sup>1</sup> But FSA does far more than just oversee the Free Application for Federal Student Aid (better known as FAFSA) and the student loan system. Using funds appropriated from the Student Aid Administration account in the federal budget, FSA provides support and resources to students before, during, and after their enrollment in postsecondary programs. FSA's work is student-centered and resource-intensive, serving students along their pathways into and through higher education and student loan repayment.

## Pre-Enrollment

Before students enroll in higher education, FSA is the one-stop shop for all things related to paying for college and helping students make the best decision on how to use their federal student aid

dollars.

- **FAFSA:** FSA develops and oversees the FAFSA form and application process. To access the approximately \$130 billion in grants, loans, and work-study funds that FSA administers each year, students must complete the FAFSA.<sup>2</sup> Nearly 18 million students submitted a FAFSA application in the 2020-2021 application cycle.<sup>3</sup> States and higher education institutions often also use this form to determine other grants or aid for which students may be eligible.
- **Pell Grants:** FSA manages the allocations and disbursements of various forms of federal financial aid, including the Pell Grant. Available to low- to moderate-income students, the Pell Grant is the most powerful tool in the toolbox for the federal government to help students with high financial need access college, and FSA connects these funds to eligible students using FAFSA data.
- **Student Loan Access:** Prior to enrolling, student borrowers complete student loan entrance counseling, a condition to receiving federal loans. Entrance counseling serves multiple purposes including educating students on how to repay, how to avoid delinquency and default, and how interest works—all key components of financial literacy.<sup>4</sup> FSA also provides student-facing online tools like the federal student aid estimator to help students understand what financial aid they may be eligible for and a loan simulator to help calculate student loan payments and consider various scenarios for repayment.<sup>5</sup>

## During Enrollment

Once a student chooses to enroll in higher education, FSA helps ensure that they can continue to fund their education on an annual basis while protecting students from predatory institutions and programs.

- **FAFSA Renewal:** Students must refile the FAFSA each year that they plan to use federal student aid. This annual renewal ensures students are receiving the maximum amount of aid relevant to their financial situation (including Pell Grant eligibility) and opens the door for other potential financial support mechanisms from their state or institution. To communicate this process with students and remind them to renew, FSA works to contact each student either via email or text message annually.<sup>6</sup>
- **Federal Work-Study Program (FWS):** FSA oversees the Federal Work-Study program, in operation at over 3,000 colleges around the country, through the FAFSA submission process. FWS allows students to gain important work experience on campus or in their community while earning money to help them pay for education expenses.<sup>7</sup> These employment experiences supply important work-based learning opportunities as a part of a student's overall financial aid package.

- **Office of Enforcement:** FSA’s enforcement office, restored by the Department in 2021, is charged with safeguarding the integrity of the federal student aid programs through oversight of schools that receive federal student loans, grants, and FWS funding.<sup>8</sup> The office conducts investigations, monitors complaints and allegations about school conduct, and takes public enforcement action when needed to ensure compliance with federal law and regulations and protect students and borrowers from predatory institutional behavior.

## Post-Enrollment

Once student loan borrowers leave higher education and enter repayment, FSA is both highly visible to borrowers and deeply involved behind the scenes in connecting them with appropriate repayment options, ensuring oversight of student loan servicing systems, and implementing debt forgiveness programs.

- **Student Loan Servicing Contracts:** Student loan servicers are borrowers’ primary point of contact for repayment and questions related to their loans. These servicers are contracted to manage the day-to-day repayment process for millions of borrowers within their portfolios and students are assigned to a servicer at the time of origination of their loan.<sup>9</sup> As a part of FSA’s ongoing accountability for student loan servicers and to ensure they are working in the best interest of students, FSA provides financial incentives for servicers to help support borrowers through repayment, while also including financial disincentives for unsatisfactory customer service.<sup>10</sup>
- **Repayment System Oversight:** Through servicer contracts, FSA supports the administration of the federal student loan repayment programs created by Congress and regulation. Servicers administer multiple repayment plan types—the standard plan, the graduated repayment plan, the extended repayment plan, and multiple income-driven repayment (IDR) options.<sup>11</sup> FSA is also currently implementing a one-time initiative known as the Fresh Start Program—an opportunity for borrowers who have defaulted on their student loans to get out of default and back into good standing with their loans.<sup>12</sup>
- **Borrower Defense:** When predatory institutions mislead students or engage in fraud or misconduct, borrowers are eligible for a discharge of their federal student loan debt through borrower defense to repayment (BD). FSA reviews BD claims submitted by individuals or groups of harmed borrowers to determine eligibility for relief and issue decisions and approvals for BD applications.

- **Targeted Loan Forgiveness Programs:** In addition to BD discharges, FSA supports the administration of federal loan forgiveness programs available to borrowers who meet specific criteria—such as their school closing while they were enrolled or having a total and permanent disability—or who are eligible for Public Service Loan Forgiveness (PSLF), Teacher Loan Forgiveness, or IDR relief based on their employment and repayment status.<sup>13</sup>

## **FSA: More Than Just Student Loans**

FSA oversees the federal student loan system, but that is only one part of its work to support higher education. FSA has a far more complicated job than many may realize, and its programs and services require significant federal resources to provide a strong customer experience and promote student borrower success from pre-enrollment through repayment. It's important for stakeholders on all sides to understand the role that FSA plays as one of the major actors helping students pursue higher education and how closely the agency's work impacts students, loan borrowers, institutions, and the success of the US higher education system.

### TOPICS

**HIGHER EDUCATION** 642

## ENDNOTES

1. Moultrie, Tiara, Denise A. Smith, and Peter Granville. "Without Adequate Funding, the Office of Federal Student Aid Can't Support Borrowers." *The Century Foundation*, 17 April 2023, <https://tcf.org/content/commentary/without-adequate-funding-the-office-of-federal-student-aid-cant-support-borrowers/>. Accessed 25 April 2023.
2. Federal Student Aid. "The FAFSA Process." <https://studentaid.gov/sites/default/files/fafsa-process.pdf>. Accessed 25 April 2023.
3. Federal Student Aid. "FAFSA Volume Reports." <https://studentaid.gov/data-center/student/application-volume/fafsa-school-state>. Accessed 25 April 2023.
4. Federal Student Aid. "Complete Your Student Loan Entrance Counseling Requirement." <https://studentaid.gov/entrance-counseling/>. Accessed 2 May 2023.
5. Federal Student Aid. "Estimate Your Federal Student Aid." <https://studentaid.gov/aid-estimator/>. Accessed 2 May 2023.  
  
Federal Student Aid. "See Your Federal Student Loan Repayment Options with Loan Simulator." <https://studentaid.gov/loan-simulator/>. Accessed 2 May 2023.
6. "(APP-23-04) 2023-24 FAFSA Spring 2023 Renewal Campaign." Press Release, Federal Student Aid, 31 March 2023, <https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2023-03-31/2023-24-fafsar-spring-2023-renewal-campaign>. Accessed 2 May 2023.
7. Federal Student Aid. "Work-Study Jobs." <https://studentaid.gov/understand-aid/types/work-study>. Accessed 25 April 2023.
8. U.S. Department of Education. "U.S. Department of Education to Establish an Enforcement Unit Within Federal Student Aid." (Press Release.) 8 October 2021, <https://www.ed.gov/news/press-releases/us-department-education-establish-enforcement-office-within-federal-student-aid>. Accessed 2 May 2023.
9. Sattelmeyer, Sarah. "A (Recent) History of Student Loan Servicing Reform." *New America*, 20 May 2022, <https://www.newamerica.org/education-policy/edcentral/a-recent-history-of-student-loan-servicing-reform/>. Accessed 25 April 2023.
10. U.S. Department of Education's Office of Federal Student Aid Awards New Contracts to Five Companies to Serve Borrowers, Reduce Delinquency, and Improve Accountability." Press Release, US Department of Education, 24 April 2023, <https://www.ed.gov/news/press-releases/us-department-educations-office-federal-student-aid-awards-new-contracts-five-companies-serve-borrowers-reduce-delinquency-and-improve-accountability>. Accessed 25 April 2023.
11. Federal Student Aid. "Repayment Plans." <https://studentaid.gov/manage-loans/repayment/plans#repayment-plans>. Accessed 2 May 2023.

- 12.** Federal Student Aid. "Get Out of Default with Fresh Start." <https://studentaid.gov/announcements-events/default-fresh-start>. Accessed 25 April 2023.
- 13.** Federal Student Aid. "Student Loan Forgiveness." <https://studentaid.gov/manage-loans/forgiveness-cancellation>. Accessed 2 May 2023.