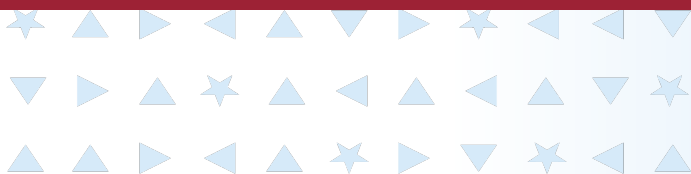


# Partnerships, Policy, and Practice: Updated Guidelines from ED

Third-Party Servicer (TPS)



# What is a Third-Party Servicer?

## What is a Third-Party Servicer (TPS)?

- An individual or a State, or a private, profit or nonprofit organization
- Enters into a contract with an eligible institution
- Administers *any aspect* of the institution's participation in any Title IV, HEA program

**The work product determines the status!**

# History of TPS Guidance

## 2012 to 2018

- TPS initially defined April 2012 - GEN-12-08
  - Excess aid disbursement contractor
  - Processing FA
  - Performing Needs Analysis/FISAP Preparation
  - Loan Certification/Servicing & Collection
  - Etc.
- TPS definition expanded January 2015 - DCL GEN-15-01
  - Providing FA counseling over the phone or by other means (call center providers)
  - Providing default prevention services
  - Financial aid consulting
  - Prepping consumer disclosures
  - Etc.

### **Vendor Examples:**

*Global & Higher One/Bank  
Mobile*

### **Vendor Examples:**

*Edamerica & Financial Aid  
Services (FAS)*

# History of TPS Guidance

## 2012 to 2018

- More attention on TPS resulted in Aug. 18, 2016, ED released [GEN-16-15](#)
  - Added chart w/categories & examples of functions or services performed by TPS
  - Introduced the **prohibition** on contracting with:
    - An offshore organizations to perform TPS Activity
    - Company owned by non-U.S. citizen or permanent resident
- [Updated version](#) March 8, 2017

### **Vendor Examples:**

- *Edamerica is hired to do Benchmark survey of enrollment division (NON-TPS Activity)*
- *Edamerica is hired to do Re-enrollment Outreach to Stop Outs (TPS Activity)*

# Wider Focus on TPS and Incentive Comp

February 15

## DCL ID GEN-23-03

- Requirements and Responsibilities for TPS
  - Greatly expanded definitions and activities
    - Recruitment, Retention, Software Products and Services and/or Education Content/Instruction(OPMs, LMS, or School in consortiums)
  - 9/1/23 Effective Date

# Wider Focus on TPS and Incentive Comp

## February 28 Update

- Extended public comment period
- Established a future effective date
- Extended the reporting deadline

## May 16 Update

- Rescinded prohibition on foreign owned TPS
- Extended effective date
- New DCL pending

# Wider Focus on TPS and Incentive Comp

## FSA March 23 Listening Session

- Incentive compensation prohibition
- Bundled Services Exception (previously allowed)
- USDOE now considers TPS activity
- DCL Pending

# What Does the CBO Need to Know?

## Today

- **ED Notification**
  - College must notify ED within ten days of a new or modified TPS contract (FAD responsibility via PPA)
- **Contract Clauses Required**
  - Colleges must ensure that a TPS contract includes specific clauses concerning liability, compliance, reporting records and responsibilities
- **Liability**
  - The College is ultimately responsible for the use of Title IV funds and will be held accountable even if TPS's actions led to an institutional liability



# Vendor Responsibility

## Today

- **ED Notification**
  - A TPS is required to submit their Third-Party Servicer Data Form to the ED and to update changes within ten days
- **Agreed to Clauses in Contracts**
  - TPS's must agree to the specific clauses concerning liability compliance reporting records and responsibilities
- **Audits/Program reviews**
  - A TPS must submit an Annual Title IV compliance audit within six months of the end of their FY
  - May be part of a Title IV Federal Program Review
- **Past Performance**
  - Institution cannot knowingly contract with a TPS that's been terminated
  - ED can fine, limit, suspend or terminate a TPS

# Third-Party Servicer Audits

March 10, 2023

- **ELECTRONIC ANNOUNCEMENT ID:** [GENERAL-23-13](#)
  - **SUBJECT:** Availability of 2023 Title IV Audit Guide for Proprietary Schools and Third-Party Servicer
  - The new Audit supersedes the Sept 2016 Guide and the related amendments to that Guide
  - Effective for fiscal years beginning on/after 1/1/23

# Going Forward

- Be mindful of which activities on your campus are currently TPS or could be TPS related
  - College Financial Aid Director
  - NASFAA: Go to <https://www.nasfaa.org/AskRegs>
  - U.S. Department of Education: Go to <https://fsapartners.ed.gov/help-center/contact-customer-support>
- New Guidance is pending but remember compliance with new guidance will be required within six months of DCL publication

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