

National Association of Student Financial Aid Administrators

Inside the Beltway



Agenda

- Inside the Beltway
- Outlook
 - Higher Education Act Reauthorization
 - PROSPER Act
 - Federal Budget & Funding
 - Perkins Loan Program
- Department of Education Update
- NASFAA Update
- Opportunities for Advocacy



Inside the Beltway

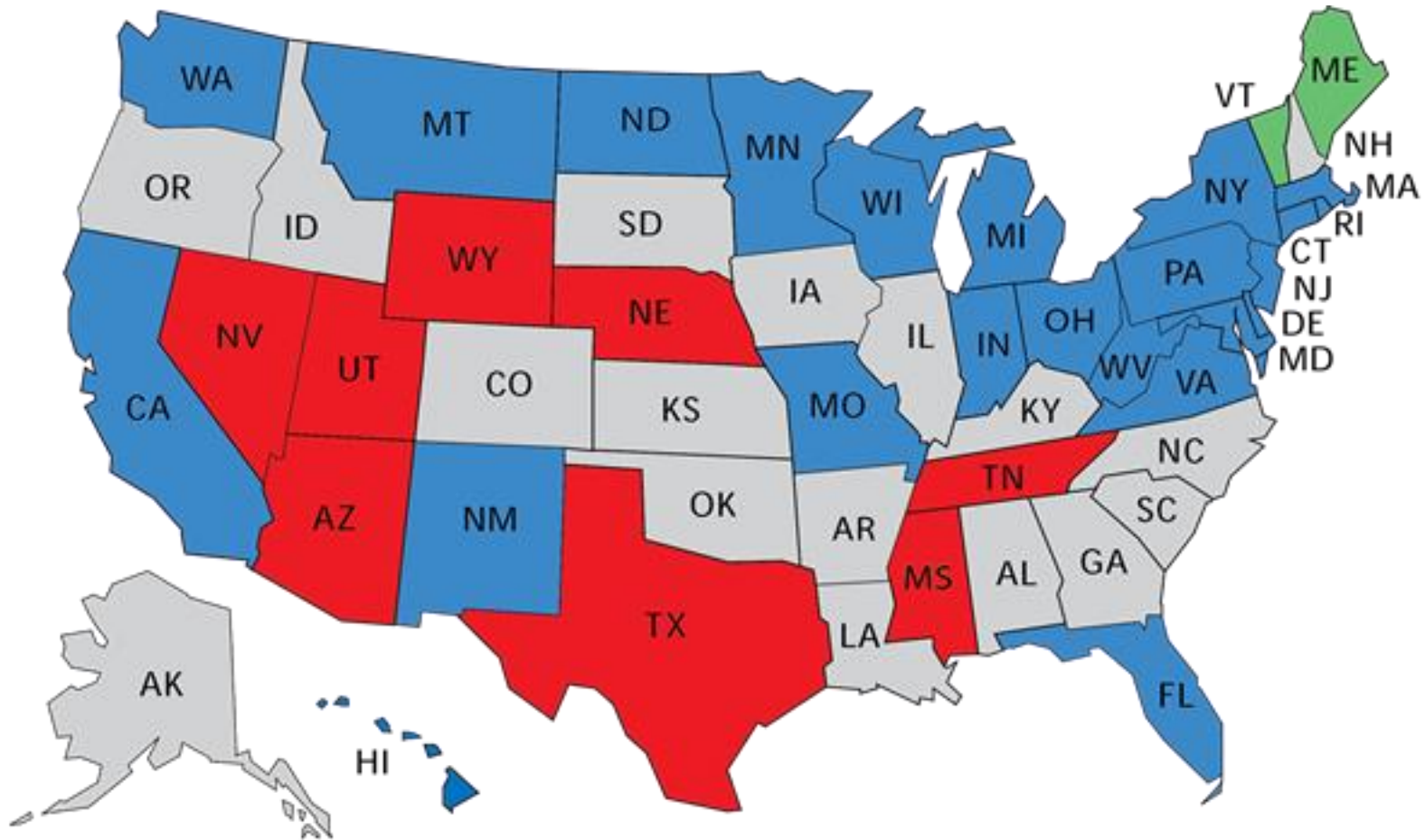


Dynamics in Washington

- Republicans control House, Senate, and White House for the first time in a decade.
 - Republicans only have 51 seats in the Senate, however, so legislative action will requires some compromise with Democrats
 - 52 seat majority changed to 51 after GOP lost AL Senate race in late 2017
 - Republicans will need to work together despite some differences in opinion within the party itself
- First “unified” government since 2009–10
- Midterm elections inching closer...



Senate Seats in Play in 2018 Midterms



Democrat (23) Independent (2)* Republican (8)
*The two independents caucus with Democrats, so practically speaking the Democrats are defending 25 seats.

Administration/Congress Top Priorities

- Obamacare Repeal
- ✓ Tax Reform
- Immigration
- Infrastructure Package
- ✓ Obama-era Regulation Repeal



Tax Reform

- Tax Cuts and Jobs Act signed into law in Dec.
- Original House tax bill eliminated several higher education tax provisions, including:
 - student loan interest deduction
 - Lifetime Learning Credit
 - employer-provided educational assistance benefit
 - tuition reduction benefit for university employees
- Ultimately, final bill did not include many of the negative provisions in the House tax bill
 - However, the bill did include an endowment excise tax
- Final bill included an exclusion from income discharge from death or total and permanent disability (TPD)

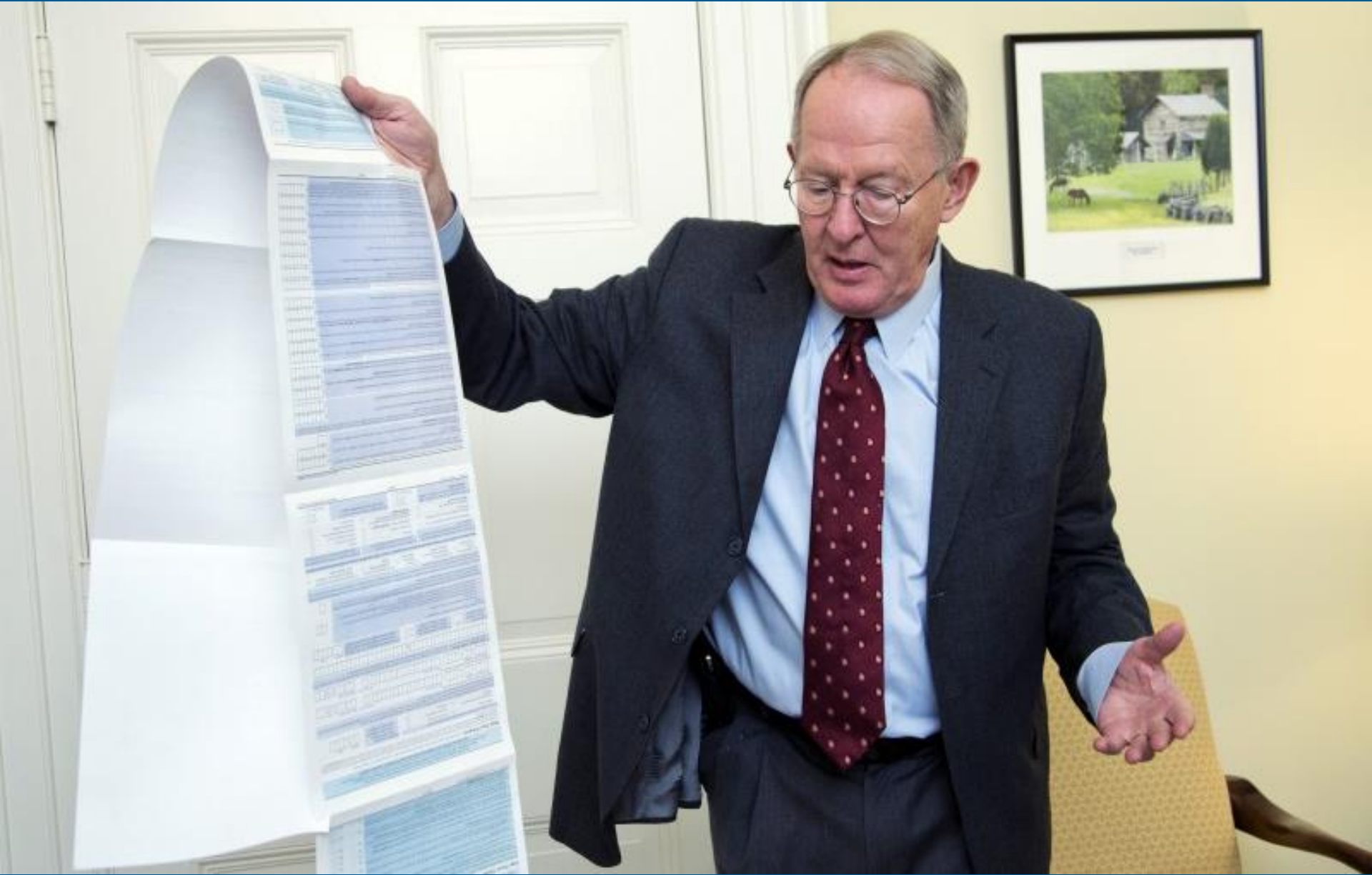


Immigration

- President Trump set a March deadline for Congress to address DACA before his administration would repeal the executive order.
- Congress negotiating a compromise, but land mine issues persist, including wall funding, border security issues, and addressing so-called “chain migration”
- Sen. McConnell (R-KY) agreed to consider bipartisan immigration legislation as part of an agreement to reopen the federal gov’t on 1/22



HEA Reauthorization Outlook



HEA Reauthorization

- House education committee passed the Promoting Real Opportunity, Success and Prosperity Through Education Reform (PROSPER) Act in December
 - Unclear if it will go before the entire House floor
- Sen. Alexander expressed desire to have an HEA bill in the spring
- All bets are off on passage of a final bill, however, as 2018 is a midterm election year.
- Last reauthorization took place in 2008
 - Current version of HEA technically expired in 2013



HEA Reauthorization: Republican Priorities

- One Grant, One Loan, One Work Study
- Regulatory Relief
- FAFSA Simplification
- Risk-sharing/Accountability
- Modifications to forgiveness benefits and income-driven repayment plans
- Expanding the private sector role in parent and graduate student borrowing



HEA Reauthorization: Democratic Priorities

Affordability and student debt

- Addressing state disinvestment
- Commitment to Pell
- Debt relief/refinancing
- Loan servicing

Accountability and transparency

- Outcomes and data
- Accreditation reform
- For-profit colleges

Access and success

- Strengthening campus-based aid
- Serving underrepresented students
- Policies for "today's student"

Protecting student safety and rights

- Campus sexual assault
- LGBTQ students
- Students with disabilities
- Hazing

Source: "Senate Democratic Caucus HEA Reauthorization Principles" – Feb. 2018



PROSPER: Concepts Supported by NASFAA

- Pell Grant bonus
- Increase to undergraduate loan limits
- Ability to Benefit full restoration
- Elimination of origination fees
- Streamlined repayment options and cap on negative amortization
- Institutional authority to limit loans
- Relaxation of certain FWS requirements
- FAFSA simplification
- FSA reform and accountability



PROSPER: NASFAA's Areas of Concern

Overall Loss of Student Aid Dollars

- Program Elimination
 - FSEOG
 - subsidized loans
 - Grad PLUS
 - PSLF and occupation-based forgiveness
 - Time-based forgiveness
 - TEACH Grant
 - Grad student FWS eligibility
- Pell Grant Leveling



PROSPER: NASFAA's Areas of Concern

Potential Unintended Consequences:

- R2T4 provision
- Rapid allocation changes for FWS

Increased Complexity:

- Mandated weekly or monthly disbursements
- Mandated annual counseling for Pell and Loans



PROSPER: NASFAA Resources

For more on PROSPER, including one-pagers, NASFAA statements and letters, and additional analysis and insight, see NASFAA's PROSPER Act page:

nasfaa.org/PROSPER



HEA Reauthorization: Long Way to Go...

- ✓ House Committee mark-up
- ✓ Pass out of Committee
- Pass out of full House

- Senate must introduce comprehensive bill
- Senate committee mark-up
- Pass out of Committee
- Pass out of full Senate

- Conference between House & Senate bills
- Both chambers pass final version
- President signs into law





NASFAA Influence



Future of Perkins Loan Program

- NASFAA supported an extension of the Perkins Loan Program until HEA reauthorization allowed for a comprehensive look at the program.
- As in 2015, the obstacle to an extension remained Sen. Alexander, who strongly supports a “one grant, one loan” landscape.



Future of Perkins Loan Program

- On September 28, Sen. Alexander blocked a unanimous consent agreement to pass the extension.
- The House did not bring up the two-year extension bill, even though the bill has garnered over 243 co-sponsors (51 R; 192 D).
- Congress could still choose to extend the program, as in 2015 when the program was extended in December, though increasingly unlikely.



Future of Perkins Loan Program

NASFAA has shifted advocacy to ensuring an equitable close-out of the program. NASFAA has made several requests to ED, including:

1. Accommodations to ensure an institution receives its fair share of the revolving fund in cases where it made one or more short-term loans to its loan fund, and subsequently repaid itself the lent amount
2. Payments to institutions for unreimbursed loan cancellations
3. If close-out audits will be required, the ability to charge the cost of the audit against the loan fund, and an extended deadline to secure an audit letter of engagement
4. Flexibility for the institution to decide if it would prefer to continue servicing outstanding Perkins loans, or assign them to ED for servicing



Future of Perkins Loan Program

NASFAA has shifted advocacy to ensuring an equitable close-out of the program. NASFAA has made several requests to ED, including ensuring schools maintain their share of their fund for

- unreimbursed cancellations
- short-term loans to loan fund
- if the institution chooses to assign their portfolio to ED

In October, ED rejected many of NASFAA's requests. NASFAA is continuing to push our recommendations with ED and with Congress.



Federal Budget & Funding Outlook



FY2018 NASFAA Requests

NASFAA letter to House and Senate appropriations leaders made the following requests for FY2018:

1. Extend inflation adjustment to maximum Pell Grant.
2. Protect Pell reserve fund.
3. Adequately fund FWS, FSEOG, and Perkins cancellations.
4. Support other important programs like TRIO and GEAR UP.
5. Maintain parity between defense and non-defense spending.



Final FY 2018 Spending Package— Victories!

- Award year 2018-19
- Rebukes drastic cuts/eliminations proposed in President Trump's FY 2018 budget request
- Final FY 2018 spending package released March 21—major victories for student aid!
 - \$175 increase to Pell maximum grant: \$6095
 - \$107 million increase to SEOG
 - \$140 million increase to FWS
- "Fix" for FAFSA data-sharing issue
 - Data can now be shared, with written consent from student, to scholarship providers or tribal organizations



Final FY 2018 Spending Package, Continued

- Provision to allow borrowers who would otherwise have qualified for Public Service Loan Forgiveness (PSLF), except that some or all of their payments were in the graduated or extended repayment plans, to now qualify under certain circumstances, up to \$350 million.
- Several requirements for ED:
 - Quarterly reports on borrower defense claims
 - Guidelines on how ED issues student loan servicing contracts.
- Establishes “Children of Fallen Heroes Scholarship Act”: students who are younger than 24 years old or enrolled at an institution of higher education at the time of the death of a parent or guardian who died in the line of duty as a police officer, firefighter, or other public safety officer to receive the maximum Pell Grant award.



FY2019 Trump Budget: Pell

- No cut to Pell surplus this year
- Expands Pell to short-term programs
- No extension of annual inflation adjustment to maximum award, meaning for FY19 (AY 19–20), the maximum award will hold steady at \$5,920 (note this could change with final FY 2019 approps)



FY2019 Trump Budget: Loans

- Eliminate subsidized loans
- Eliminate Public Service Loan Forgiveness
- Streamline repayment plans



FY2019 Next Steps

- House and Senate must develop and vote on their own budget proposals and appropriations bills
- Process is to be finished by September 30, 2018 (hasn't happened on-time in over 10 years)



Department of Education Update



Department of Education Outlook

- In April, Secretary DeVos hit the reset button on loan servicing by rescinding Obama Administration plans for loan servicing. Shortly thereafter, ED announced plans to continue with a single loan portal and multiple servicers.
- “Next Generation Processing and Servicing Environment”
- “FSA Payment Card Program” pilot to launch in the spring



Regulatory Outlook

- In September, NASFAA submitted comments to an ED solicitation on regulatory relief based on NASFAA member input. Topics included:
 - R2T4
 - SULA
 - Disclosures
 - Verification
 - Nontraditional program formats & distance education
 - Preferred lender arrangements
 - FSEOG awarding criteria
- Large number of NASFAA submissions identified statutory issues instead of regulatory issues



Negotiated Rulemaking

- Two current rulemaking sessions:
 1. Borrower Defense to Repayment and Financial Responsibility
 2. Gainful Employment
- Negotiations conclude late winter
- Notice of Proposed Rulemaking (NPRM) and public comment period expected in summer
- Final rules by November 1, effective July 1, 2019



Data Sharing

- HEA 483(a)(3)(E): personally identifiable FAFSA data can only be released for purposes of administration of federal, state, or institutional aid
 - FAFSA Data include:
 - EFC, other ISIR data, and disbursement data
- Required reporting (e.g. IPEDS) is allowable



Data Sharing

- Ramifications for private scholarship providers:
 - Written release by student not allowable
 - Student can provide FAFSA data directly
- NASFAA pressed PTAC for written guidance
- Final FY 2018 appropriations bill included fix



ED Inspector General Agenda

The ED Inspector General identified several financial aid-related areas of interest for 2018:

- Improper payments
- PSLF
- Verification
- SAP



NASFAA Update



Forward50 Grant

- Background:
 - NASFAA received a grant from the Bill & Melinda Gates Foundation to form The Higher Education Committee of 50 (or "Forward50")
 - Committee members represent almost every office on a college campus and are forward-thinking leaders



Forward50 Grant

- The primary purposes of the Forward50 are to:
 - Identify emerging policy issues that impact students and the higher education landscape, with a specific focus on the four specific policy areas: access, affordability, transparency, and accountability
 - Create practical solutions and recommendations for members of Congress
 - Elevate the principles and positions put forth by the Forward50 after the grant has ended



Forward50 Grant

Members represent the following offices:

- President
- Provost/Dean
- Chancellor
- Governing Body
- System Head
- General Counsel
- Ombudsperson
- Enrollment Management
- Financial Aid
- Registrar
- Admissions
- Business
- Student Affairs
- Disabilities/Equity and Diversity
- IT
- Institutional Research
- Human Resources
- Online Learning
- Faculty
- Student



Forward50 Grant

- Project Timeline:
 - Spring – Summer 2018: Committee members working to formulate recommendations in assigned area
 - Fall 2018: NASFAA shares proposed recommendations with NASFAA members and the membership of other associations for public comment and feedback
 - Winter 2018: Committee approves final recommendations
 - Winter-Spring 2019: Final recommendations are published and shared with policymakers



#Fight4FinAid

- At the 2017 NASFAA National Conference NASFAA launched a new “Fight for Financial Aid” campaign
- Tools, resources, and more at nasfaa.org/Fight4FinAid
- Like our Facebook page: facebook.com/Fight4FinAid



#Fight4FinAid

Resources include:

- Budget Effect Estimator (BEE)
- Tips on organizing advocacy events in your community
- Budget fact sheets
- Social media graphics
- And more to come!



Policy Task Forces & Working Groups

Existing

- Advocacy Network

Upcoming

- Accountability in Higher Education

Past

- HEA Reauthorization
- Reimagining Aid Design & Delivery
- Student Indebtedness
- Public Service Loan Forgiveness
- Campus-Based Aid Allocations
- Consumer Information
- Loan Servicing
- R2T4
- FAFSA Working Group
- Innovative Learning Models
- Dynamic Loan Limit Working Group
- One Grant, One Loan
- Graduate-Specific Financial Aid Data
- Consumer Information & Law Student Indebtedness
- Tuition- and Debt-Free College
- PPY Implementation
- Graduate/Professional Loan Limits
- Cost of Attendance Working Group
- Campus-Based Aid in One Grant, One Loan



NASFAA Online Resources



NASFAA Legislative Tracker

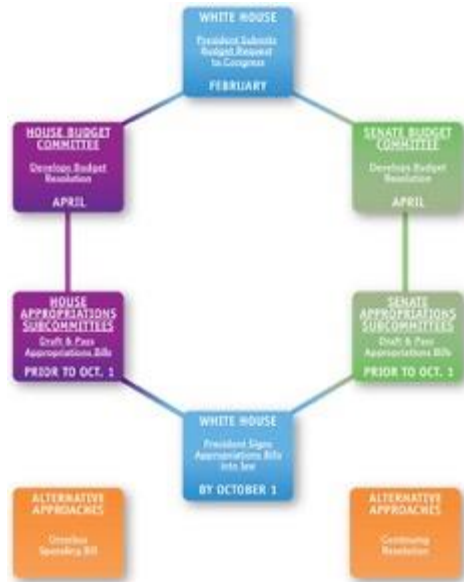
- Comprehensive list of all student aid-related legislation introduced in this session of Congress
- Organized by subject area

The Capitol Recap

- Monthly series in *Today's News* that lists and summarizes newly-introduced legislation



NASFAA Online Resources



Federal Budget & Appropriations Page

- Interactive chart on the federal budget process
- Budget and appropriations news archive from *Today's News*

Off the Cuff Podcast

- Weekly podcast with NASFAA staff and colleagues on student aid policy



Opportunities for Advocacy

- **Volunteer!**
 - Advocacy Pipeline
 - Task Force or Working Group
- **Write and Visit Your Member of Congress**
 - Share your advocacy efforts with NASFAA, so we can support and assist you in your efforts.
 - New education committee members means new states in the mix
- **Stay Informed on What's Happening**
 - Read NASFAA's *Today's News* and Policy and Advocacy Webpages on nasfaa.org





NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS