



National Association of Student
Financial Aid Administrators

Federal Update

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PESC
May 2019

Agenda

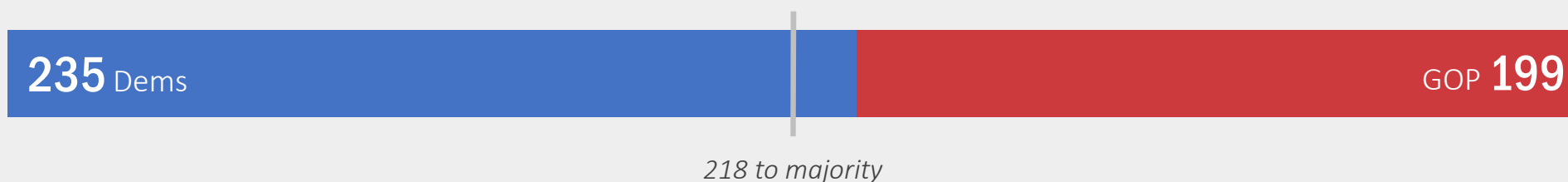
- Inside the Beltway
- Outlook
 - Higher Education Act Reauthorization
 - » House
 - » Senate
 - » Student Unit Record
 - » FAFSA Act
 - Federal Budget & Funding
- Department of Education Update

Inside the Beltway

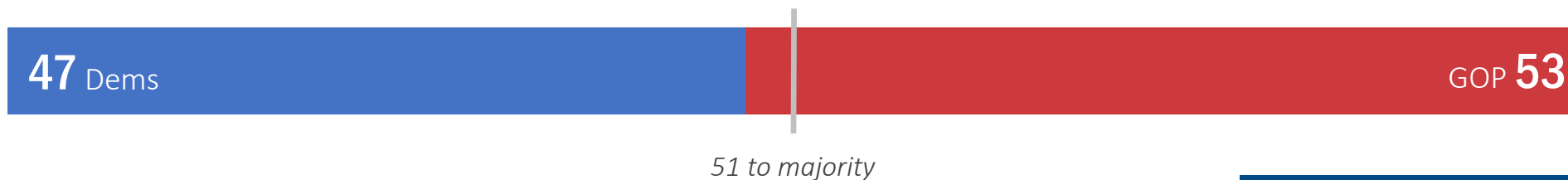


2018 Midterm Results

U.S. House of Representatives



U.S. Senate

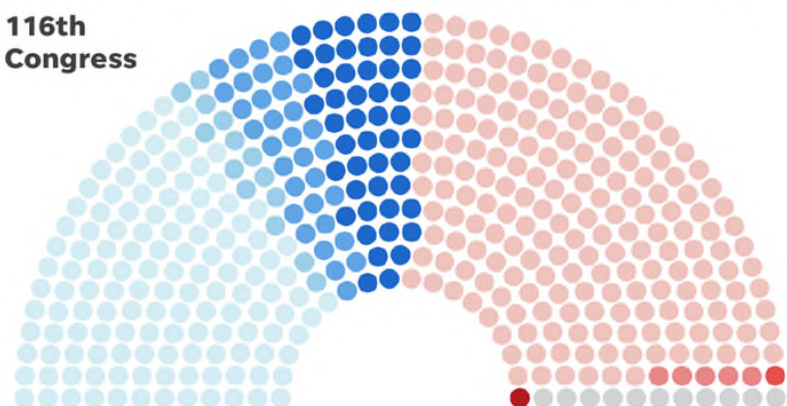


Dynamics in Washington

- New committee leadership in the House:
 - Committee on Education and the Workforce
 - » Chairman: Rep. Bobby Scott (D-VA)
 - Committee on Appropriations
 - » Chairwoman: Rep. Nita Lowey (D-NY)
- Democratic House majority will likely mean increased oversight of ED
- Feasibility of a bipartisan HEA reauthorization remains unclear

The most diverse Congress in U.S. history

116th Congress



- White Democrats
- Asian/other Democrats
- Hispanic Democrats
- Black Democrats
- Vacant/undecided
- White Republicans
- Hispanic Republicans
- Black Republicans
- Asian/other Republicans

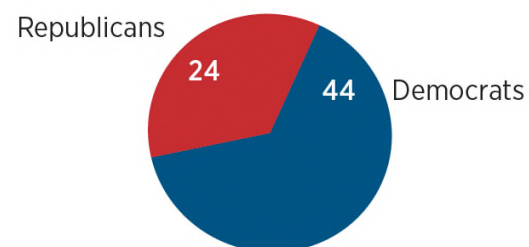
SOURCE Flourish data visualization



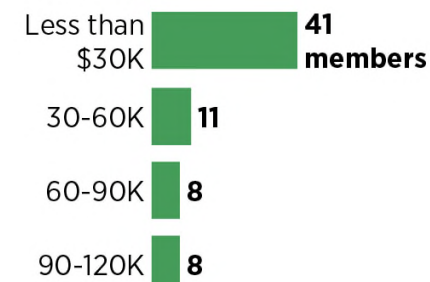
Congressional student loan debts

68 members are still paying off student loans, either for themselves or a dependent.

Student loans by party:



Debt ranges:



Note: Amounts listed are minimum reported value of liabilities.
Source: House and Senate financial disclosures, 2017 and 2018.
Sara Wise/Roll Call

**Roll
Call**

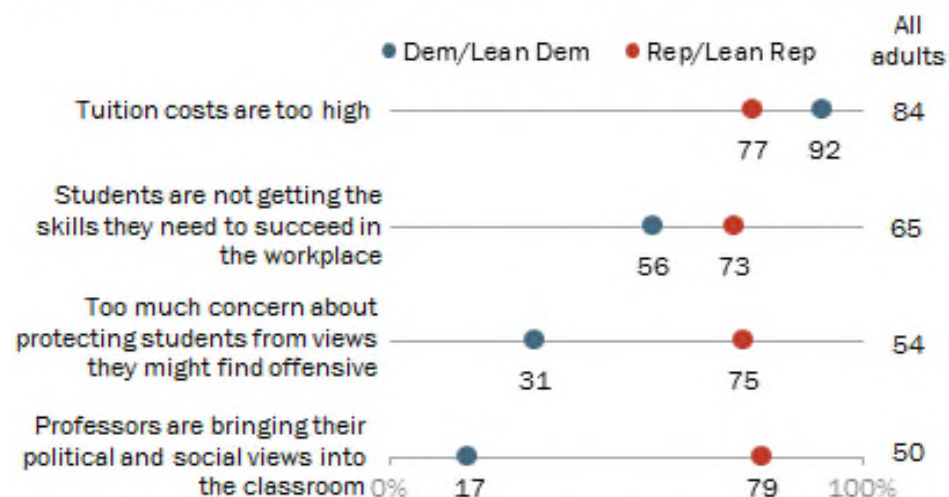
One Area of Agreement?

- Distrust/Disillusion with traditional Higher Education
 - Unaffordable
 - Unattainable
 - Only for elite
 - Not as necessary as we think it is
- Things that don't help:
 - Main stream media focus on college cost and indebtedness
 - School closures
 - Scrutiny over race in admissions
 - Varsity Blues scandal

Divide between Republicans & Democrats

Vast divide between Republicans and Democrats on reasons behind negative views of higher education

% saying each is a major reason why the higher education system is going in the wrong direction, among those who think it is going in the wrong direction



Source: Survey of U.S. adults conducted June 19-July 2, 2018.

PEW RESEARCH CENTER

HEA Reauthorization



HEA Issue Priorities



Issue	House Republicans	House Democrats	Senate Republicans	Senate Democrats
"One Grant, One Loan"	✓		✓	
FAFSA simplification	✓	✓	✓	✓
Risk-sharing	✓	✓	✓	✓
Repayment simplification	✓	✓	✓	✓
Free college for two years		✓		✓
Pell Grant increases tied to inflation		✓		✓
Pell Grants for short-term programs	✓	✓	✓	✓
Pell Grant "bonus" for increased credit load	✓			✓
Eliminate origination fees	✓	✓		✓
Loan refinancing		✓		✓
Campus-based aid allocation formula changes	✓	✓		✓

HEA Reauthorization: Last Session

	PROSPER	Aim Higher
1. Introduce in the House	✓	✓
2. House Committee mark-up	✓	
3. Pass out of Committee	✓	
4. Pass out of full House		
5. Senate introduces comprehensive bill		
6. Senate Committee mark-up		
7. Pass out of Committee		
8. Pass out of full Senate		
9. Conference House & Senate bills		
10. Both chambers pass final version		
11. President signs into law		

Student Unit Record

- The tide is turning...
- College Transparency Act
 - » Removes ban, creates student-level data system
 - » Reintroduced in 116th Congress
 - » Bipartisan: Sens. Cassidy, Warren, Scott and Whitehouse
 - » 17 co-sponsors (more than prior Congress)
 - » Chairman Alexander acknowledged this is a bill good example of bipartisan effort that could be included in reauthorization
- Companion bill (bipartisan) also introduced in House (30 cosponsors)
- Important tie to accountability discussion

FAFSA Act

- Bipartisan Faster Access to Federal Student Aid (FAFSA) Act, introduced in the Senate in November 2018
 - Allows for direct cross-agency sharing between IRS and ED
 - » All items currently brought over from the DRT
 - » Applicant's filing status
 - Addresses burden associated with verification, including verification of non-filing
 - Permits ED, with applicant's consent, to share tax return information related to the application, award, and administration of aid with allowable entities (institutions of higher education, state grant agencies, etc.)
 - Permits sharing of taxpayer information between ED and IRS related to IDR and TPD

Federal Budget & Funding

FY 2019 Appropriations Package

Funding Provisions:



Pell Grant

Increases maximum Pell Grant award by \$100 to \$6,195 (funded in part by a \$600 million rescission from reserves)



Federal Supplemental Educational Opportunity Grant (FSEOG)

Level-funded at \$840 million



Federal Work Study (FWS)

Level-funded at \$1.1 billion



Public Service Loan Forgiveness (PSLF)

\$350 million for borrowers who were enrolled in ineligible repayment plans – first come, first served account - \$700 million total over 2 years

Additional Provisions:

- Expanded FAFSA data-sharing
- Deferment for Active Cancer Treatment Act
- ED allowed to use Student Aid Administration funds to support Perkins Loan servicing (though unlikely)
- ED required to include and evaluate multiple servicers in “NextGen Financial Services Environment”

FY 2019 President's Budget vs. Passed Bill

Trump Budget Proposal	Final Appropriations Bill
Flat-lines Pell maximum award	Increases Pell maximum award by \$100
N/A	Cuts \$600 million from Pell reserves
Eliminates FSEOG	Level-funds FSEOG
Cuts FWS by \$500 million; limits eligibility to undergraduates	Level-funds FWS
Eliminates in-school interest subsidy, PSLF	Additional \$350 million for borrowers enrolled in ineligible PSLF plans

FY 2020 President's Budget

Funding Provisions:



Pell Grant

No increase to maximum Pell Grant award (\$6,195), but \$2 billion cut to Pell reserves



Federal Supplemental Educational Opportunity Grant (FSEOG)

Eliminated



Federal Work Study (FWS)

Cut by \$630 million to \$500 million



Public Service Loan Forgiveness (PSLF)

Eliminated



Subsidized Loans

Eliminated



Student Aid Administration

Increase of \$134 million to support NextGen

Additional Provisions:

- Support for student loan risk-sharing
- Support for expansion of Pell Grants to short-term programs
- Revise FWS formula
- Eliminates FWS eligibility for graduate students
- IDR consolidation
 - 12.5% discretionary income
 - Undergrads: 15 years
 - Grad/prof: 30 years

What's next for FY 2020?

- Dramatic cuts to student aid in President's budget again this year, but as always, Congress has the final say.
- NASFAA will continue to advocate with the community to raise the spending caps and for robust investment in the federal student aid programs.
- Just yesterday/today:
 - House Labor HHS Appropriations Subcommittee released text of their FY2020 bill and will mark-up today:
 - » Max Pell \$6,345 (\$150 increase)
 - » SEOG \$1 billion (+\$188 million)
 - » FWS \$1.4 billion (+\$304 million)
 - Next stop, Senate, but good starting place!

Department of Education



Negotiated Rulemaking: January – April 2019

- Addressed rules regarding:
 - Accreditation & Innovation
 - Distance Learning (sub-committee)
 - TEACH Grants (sub-committee)
 - Faith-based Entities (sub-committee)
- Committee reached consensus on proposed regulatory language
- ED expected to publish NPRMs in late Spring/early Summer for public comment
- Final rules must be published by November 1, 2019 to be effective for the 2020-2021 award year

Verification Guidance Updates

- New acceptable documentation for verification
 - Signed copy of income tax return
 - Signed statement of Verification of non-filing
 - Signed copy of form1040x for amended filers
- Applies to 2018-2019 & 2019-2020 award years

ED Shopping Sheet

- Released beta version of the new 2019-20 Financial Aid Shopping Sheet
 - Soliciting input from institutions to inform the creation of the final version
 - » To be released for 2020-21 award year

White House Executive Order

On March 21, the Trump Administration issued its first higher education executive order with two components (to be implemented by Jan. 1, 2020):

1. “Improving Free Inquiry on Campus”

- Requires heads of several federal agencies to "ensure institutions that receive federal research and education grants promote free inquiry"
- Specifically excludes "federal student aid programs that cover tuition, fees, or stipends"

2. “Improving Transparency and Accountability on Campus”

- Introduces program-level data on College Scorecard
- Expands institution-level data on College Scorecard

New College Scorecard Components

- Introduction of program-level data:
 - Estimated median earnings;
 - Median Direct subsidized and unsubsidized loan debt;
 - Median Graduate PLUS loan debt (if applicable);
 - Median Parent PLUS loan debt (if applicable); and
 - Student loan default and repayment rates.
- Expanded institution-level data:
 - Student loan default and repayment rates;
 - Graduate PLUS default and repayment rates; and
 - Parent PLUS default and repayment rates.



NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS