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**

- Dems: 235
- GOP: 199

218 to majority

**U.S. Senate**

- Dems: 47
- GOP: 53

51 to majority
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

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

Student loans by party:

<table>
<thead>
<tr>
<th>Party</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Republicans</td>
<td>24</td>
</tr>
<tr>
<td>Democrats</td>
<td>44</td>
</tr>
</tbody>
</table>

Debt ranges:

- Less than $30K: 41 members
- 30-60K: 11 members
- 60-90K: 8 members
- 90-120K: 8 members

Note: Amounts listed are minimum reported value of liabilities. Source: House and Senate financial disclosures, 2017 and 2018. Sara Wise/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
Vast divide between Republicans and Democrats on reasons behind negative views of higher education

<table>
<thead>
<tr>
<th>Reason</th>
<th>Dem/Lean Dem</th>
<th>Rep/Lean Rep</th>
<th>All adults</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition costs are too high</td>
<td>84</td>
<td>77</td>
<td>92</td>
</tr>
<tr>
<td>Students are not getting the skills they need to succeed in the workplace</td>
<td>56</td>
<td>73</td>
<td>65</td>
</tr>
<tr>
<td>Too much concern about protecting students from views they might find offensive</td>
<td>31</td>
<td>75</td>
<td>54</td>
</tr>
<tr>
<td>Professors are bringing their political and social views into the classroom</td>
<td>17</td>
<td>79</td>
<td>100%</td>
</tr>
</tbody>
</table>

PEW RESEARCH CENTER
## HEA Issue Priorities

<table>
<thead>
<tr>
<th>Issue</th>
<th>House Republicans</th>
<th>House Democrats</th>
<th>Senate Republicans</th>
<th>Senate Democrats</th>
</tr>
</thead>
<tbody>
<tr>
<td>“One Grant, One Loan”</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>FAFSA simplification</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Risk-sharing</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Repayment simplification</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Free college for two years</td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Pell Grant increases tied to inflation</td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Pell Grants for short-term programs</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Pell Grant “bonus” for increased credit load</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Eliminate origination fees</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Loan refinancing</td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Campus-based aid allocation formula changes</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>
HEA Reauthorization: Last Session

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

<table>
<thead>
<tr>
<th>PROSPER</th>
<th>Aim Higher</th>
</tr>
</thead>
<tbody>
<tr>
<td>✅</td>
<td>✅</td>
</tr>
<tr>
<td>✅</td>
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<tr>
<td>✅</td>
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</tr>
</tbody>
</table>

Slide 11 © 2019 NASFAA
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
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

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