Agenda

• Inside the Beltway
• Outlook
  - Higher Education Act Reauthorization
  - FAFSA Act
  - Federal Budget & Funding
• Department of Education Update
• NASFAA Update
• Opportunities for Advocacy
Dynamics in Washington

- 2018 Midterms: Democrats take control of the House, Republicans maintain control of the Senate
- 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

2018 Midterm Results

U.S. House of Representatives

<table>
<thead>
<tr>
<th></th>
<th>Dems</th>
<th>GOP</th>
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<tbody>
<tr>
<td>Seats</td>
<td>218</td>
<td>199</td>
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U.S. Senate

<table>
<thead>
<tr>
<th></th>
<th>Dems</th>
<th>GOP</th>
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<tr>
<td>Seats</td>
<td>47</td>
<td>53</td>
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</tbody>
</table>

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:

- Republicans: $34,000
- Democrats: $33,000

Note: Figures are based on individual responses to an online questionnaire. Data collected by the National Association of Student Financial Aid Administrators (NASFAA) in 2018.
HEA Reauthorization

• Last reauthorization in 2008
  - Current version of HEA technically expired in 2013
• House
  - Republicans: Promoting Real Opportunity, Success and Prosperity Through Education Reform (PROSPER) Act
    » Passed House education committee in December 2017
  - Democrats: Aim Higher Act
    » Introduced July 2018
    » Starting point for HEA conversations in the House in 2019
• Senate
  - No comprehensive bills from either side yet, but Sen. Alexander’s pending retirement adds a new dynamic.

House Democrats - Aim Higher Act Overview

• Substantially increases federal investment in student aid
  - Pell Grant: Increases maximum award by $500; permanently indexes to inflation; increases mandatory funding share to 60%
  - Maintains all current programs, increases funding for many of them
• Includes positive attempts to streamline
  - FAFSA simplification, elimination of origination fees, streamlines repayment options
• Maintains and strengthens accountability standards for certain institutions
  - Maintains gainful employment provision
  - Changes 90/10 rule to 85/15
House Republicans - PROSPER Act Overview

• Substantially decreases federal investment in student aid
  - Eliminates Pell Grant – does not index to inflation
  - Eliminates 7+ major federal student aid programs (including FSEOG, subsidized
    loans, Grad PLUS, PSLF, TEACH, FWS eligibility for grad students, etc.)
• Includes positive attempts to streamline
  - FAFSA simplification, elimination of origination fees, institutional authority to
    limit loans, FSA reform and accountability, streamlines repayment options
• Alters accountability standards
  - Return to Title IV
  - Repeals gainful employment, 90/10 rule

Senate Republicans - HEA Priorities

On February 4, Sen. Alexander (R-TN) announced three components of his HEA reauthorization proposal
1. FAFSA simplification
   • No more than 2...dozen questions
   • Pairs with FAFSA Act
2. Repayment consolidation and reform
   • Automatic income-driven option through payroll withholding
   • “Standard” option still available, but also through payroll withholding
3. Accountability
   • Programmatic loan repayment metric

Senate Democrats - HEA Priorities

Affordability and student debt
• Addressing state disinvestment
• Commitment to Pell
• Debt relief/refinancing
• Loan servicing

Access and success
• Strengthening campus-based aid
• Serving underrepresented students
• Policies for “today’s student”

Accountability and transparency
• Outcomes and data
• Accreditation reform
• Increased accountability for for-profit schools

Protecting student safety and rights
• Campus sexual assault
• LGBTQ students
• Students with disabilities
• Hazing

Source: “Senate Democratic Caucus HEA Reauthorization Principles” – Feb. 2018
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>
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</thead>
<tbody>
<tr>
<td>“One Grant, One Loan”</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>FAFSA simplification</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Risk-sharing</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Repayment simplification</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Pell Grant increases tied to inflation</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Pell Grants for short-term programs</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Pell Grant “bonus” for increased credit load</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Eliminate origination fees</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Loan refinancing</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Campus-based aid allocation formula changes</td>
<td>✓</td>
<td>✓</td>
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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
10. Both chambers pass final version ✓ ✓
11. President signs into law

Annual Counseling Provisions

- The Empowering Students Through Enhanced Financial Counseling Act passed the full House in September 2018 by a vote of 406-4
  - Previously passed the full House in 2014 (by a vote of 405-11) and in 2016 (by voice vote). The Senate has not considered the bill in any session.
  - Bipartisan support indicates annual counseling may be an HEA priority.

- The bill would require:
  - All Pell recipients and Direct Loan borrowers (including Parent PLUS), to receive annual counseling before disbursement
  - All borrowers to accept loans annually by signing a master promissory note (MPN) or written statement
  - Institutions to provide new exit counseling information
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 Update

- House and Senate leaders agreed on funding levels for FY 2019 defense, labor, health, and education programs in September 2018
- President Trump signed the package into law on September 28
- First “regular order” on-time passage of education funding in over two decades (since 1996)
FY 2019 Appropriations Package

Funding Provisions:
- Pell Grant: Increases maximum Pell Grant award by $100 to $6,295, funded in part by a $600 million rescission.
- 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, $170 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>
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<tbody>
<tr>
<td>Pell Grant: No increase to maximum Pell Grant award ($6,195), but $2 billion cut to Pell reserves.</td>
<td>Pell Grant: Increases maximum Pell Grant award by $100.</td>
</tr>
<tr>
<td>Eliminates FSEOG</td>
<td>Cuts $600 million from Pell reserves.</td>
</tr>
<tr>
<td>Excul FWS by $500 million, limits eligibility to undergraduates.</td>
<td>Eliminates FWS.</td>
</tr>
<tr>
<td>Eliminates in-school interest subsidy, PSLF</td>
<td>Level funds FWS.</td>
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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 $2 billion 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.
- 15 years:
  - Undergrads
  - Grad/Prof: 30 years.

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What's next for FY 2020?

- Congress will need to agree on a new budget agreement to avoid the return of sequester spending caps.
- Budget deal talks delayed due to government shutdown and negotiations on final funding levels for other FY 2019 bills.
- 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.

Late April:
- House Labor HHS Appropriations Subcommittee released text, and marked up their FY2020 bill:
  - Max Pell $6,345 ($150 increase)
  - SEOG $1 billion (+$188 million)
  - FWS $1.4 billion (+$304 million)
- Next stop, Senate, but good starting place!

Threat for FY 20: NDD Spending Cap Drops $55 Billion
#Fight4FinAid Campaign

Launched
Summer 2017

Tools/Resources
nasfaa.org/Fight4FinAid

'Like' Us on Facebook!
facebook.com/Fight4FinAid

Department of Education Outlook

• “Next Generation Financial Services Environment”
  - Single loan portal and multiple servicers
  - Original solicitations scrapped; reissued mid-January
  - Aggressive timeline; services must start 6 months after contract is awarded
  - Will include the migration of over 200 million borrower accounts

• “Next GEN PPO (Partner Participation and Oversight)”
  - In the future, single portal for participating institutions
  - Will be able to report to one system to cut down on reiterating data in multiple reports

• “FSA Payment Vehicle Program” pilot
  - For release of Title IV credit balances to students
  - In October 2018, ED released a request for applications from companies to participate in the pilot
  - Schools may volunteer to participate in the pilot
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 form 1040x 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

ED Releases Aid Offer EA

- Released in April, unexpected
- 8 things to “avoid” in aid offers, including the word “award”
- Some items in guidance conflict with College Financing Plan
  - Treatment of PLUS Loans
  - Information about “next steps”
- NASFAA confirmed that ED will not be enforcing these; they are simply guidance
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);
  - Student loan default and repayment rates.

- Expanded institution-level data:
  - Student loan default and repayment rates;
  - Graduate PLUS default and repayment rates;
  - Parent PLUS default and repayment rates.

NASFAA Update

NASFAA’s Recent Work on Award Notifications

- In June 2018, the NASFAA Board of Directors voted to endorse a recommendation to Congress to standardize terms and elements on award notifications
  - Recommendation would incorporate NASFAA Code of Conduct into statute
- For more information:
  - nasfaa.org/Improving_Award_Notifications
NASFAA’s Recent Work on Award Notifications

NASFAA has identified four elements that belong in an award notification:

1. Breakdown of estimated individual COA components, including which are direct (billed) costs vs. indirect (non-billed) costs;
2. Clear identification and proper grouping of each type of award, indicating whether the aid is a grant/scholarship, loan, or work program;
3. Estimated net cost; and
4. Standard terminology, including for example, common definitions for net price/cost.

Advocacy Opportunities

Volunteer!
Work with and support NASFAA: nasfaa.org/volunteer_information

Stay Informed
Read NASFAA’s Today’s News and Policy and Advocacy Webpages on nasfaa.org

Write and Visit Your Member of Congress
• Share your advocacy efforts with NASFAA, so we can support and assist you
• New education committee members mean new states in the mix!

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» NASFAA Live option expanded this year!
» Visit nasfaa.org/conference