



National Association of Student  
Financial Aid Administrators

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# Federal Update

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Stephen Payne

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CCCSFAAA

# Agenda

- Inside the Beltway
- Outlook
  - Higher Education Act Reauthorization
    - » House
    - » Senate
    - » FAFSA Act
  - Federal Budget & Funding
- Department of Education Update
- NASFAA Update
- Opportunities for Advocacy

# Inside the Beltway



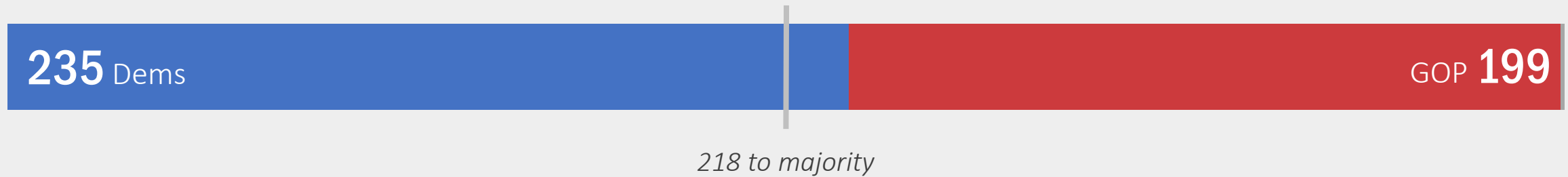


# Dynamics in Washington

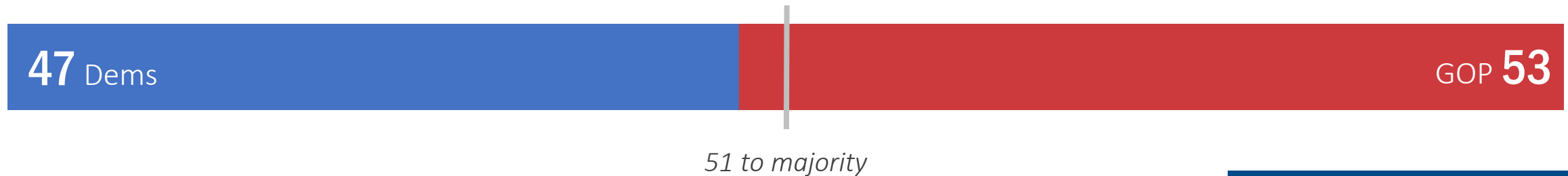
- 2018 Midterms: Democrats take control of the House, Republicans maintain control of the Senate
- New committee leadership in the House:
  - Committee on Education and the Workforce
    - » Chairman: Rep. Bobby Scott (D-VA)
  - Committee on Appropriations
    - » Chairwoman: Rep. Nita Lowey (D-NY)
- 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

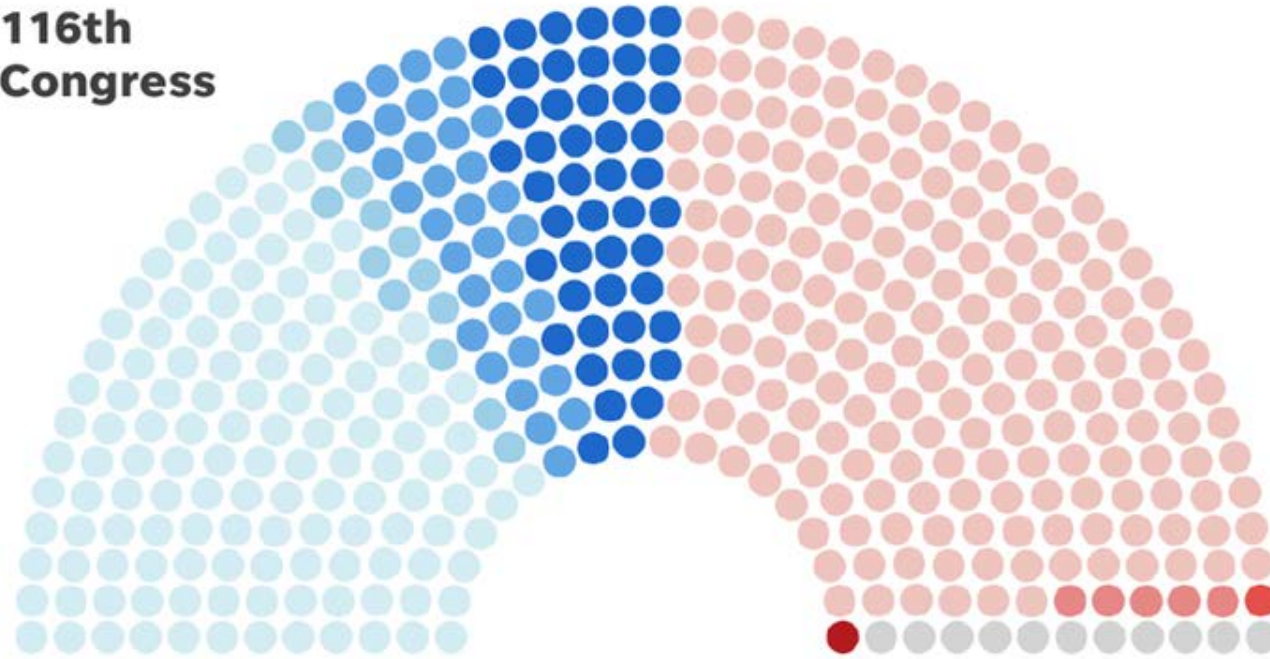


## U.S. Senate



# The most diverse Congress in U.S. history

116th  
Congress



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

SOURCE Flourish data visualization

# HEA Reauthorization





# 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
  - Level-funds 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

# 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		



# 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 (FASFA) 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 \$6,195 (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”

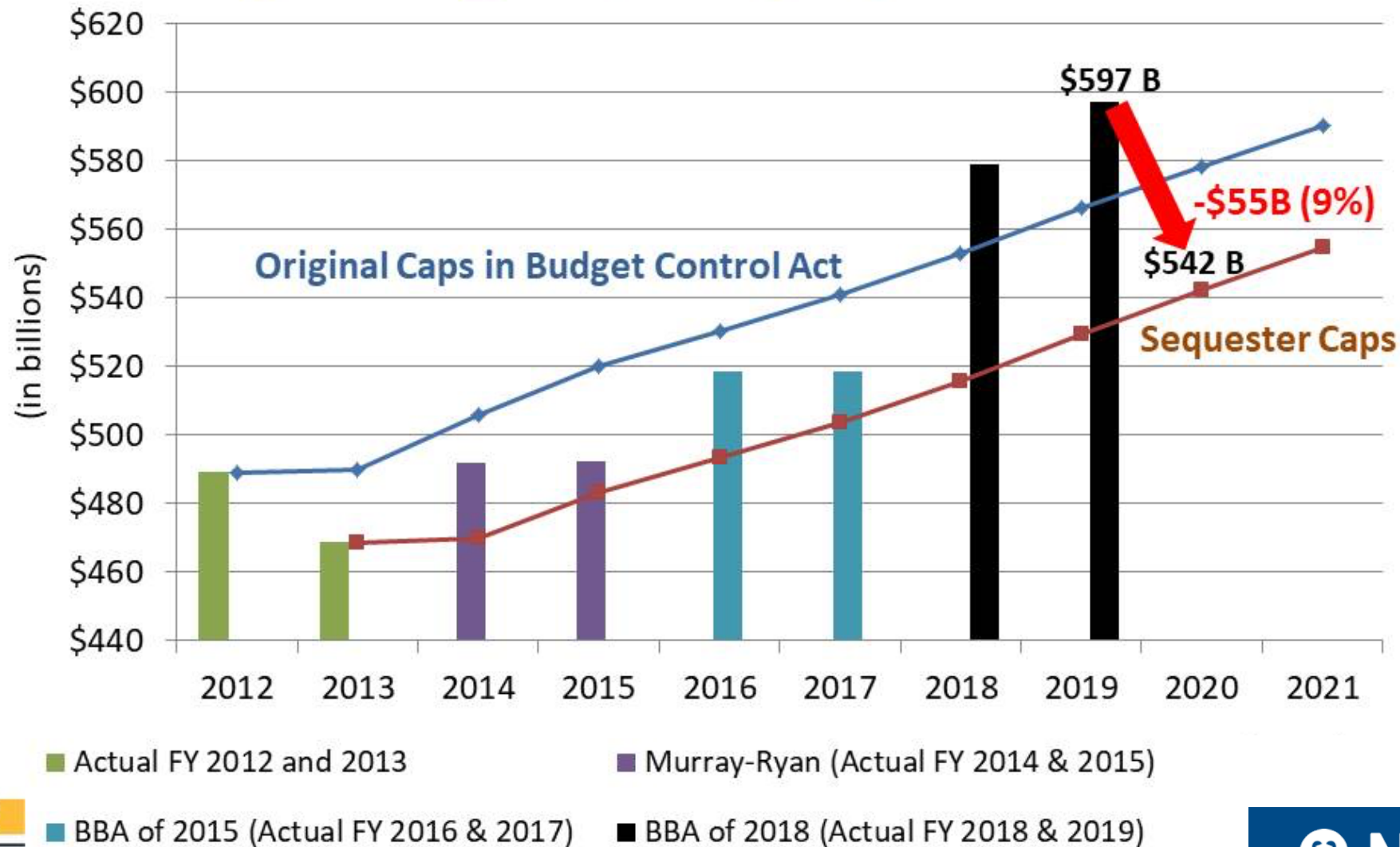
# FY 2019 President's Budget vs. Passed Bill

Trump Budget Proposal	Final Appropriations Bill
Flat-lines Pell maximum award	Increases Pell maximum award by <b>\$100</b>
N/A	Cuts <b>\$600 million</b> 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; consolidates IDR plans	Additional <b>\$350 million</b> for borrowers enrolled in ineligible PSLF plans

# 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.
- Expect 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.

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





# #Fight4FinAid Campaign



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**Launched**

Summer 2017

**Tools/Resources**

[nasfaa.org/Fight4FinAid](https://nasfaa.org/Fight4FinAid)

**‘Like’ Us on Facebook!**

[facebook.com/Fight4FinAid](https://facebook.com/Fight4FinAid)

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# Department of Education



Hon. Betsy DeVos  
Secretary, Department of Education

# Department of Education Outlook

- “Next Generation Financial Services Environment”
  - Single loan portal and multiple servicers
  - Original solicitations scraped; 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

- Series of committee & subcommittee meetings started mid-January 2019 and will continue through April
- Addressing rules regarding:
  - Accreditation & Innovation
  - Distance Learning (sub-committee)
  - TEACH Grants (sub-committee)
  - Faith-based Entities (sub-committee)
- ED released proposed language ahead of committee meetings
- Earliest implementation would be July 1, 2020

# 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



# 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](https://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's policy team:



**Advocacy Pipeline**



**Policy Task Forces**



**Get Students  
Involved!**

## ▲ Stay Informed

Read NASFAA's *Today's News* and Policy and Advocacy Webpages on [nasfaa.org](https://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!

# Join Us for the 2019 NASFAA National Conference!

- » Teach, learn, network, and share best practices alongside nearly 2,300 student aid professionals
- » NASFAA Live option expanded this year!
- » Visit [nasfaa.org/conference](https://nasfaa.org/conference)







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NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS