



Federal Update

Presented October 20, 2017

National Association of Student
Financial Aid Administrators

Federal Update

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NASFAA



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Agenda

- New Dynamics in Washington
- The Top Priorities
- Our Key Players
- Outlook
 - Higher Education Act Reauthorization
 - Federal Budget & Funding
 - Perkins Loan Program
 - Department of Education
- NASFAA Update
- Opportunities for Advocacy



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New Dynamics in Washington

- Republicans control House, Senate, and White House for the first time in a decade.
 - Republicans only have 52 seats in the Senate, however, so legislative action will require some compromise with Democrats
 - Republicans will need to work together despite some differences in opinion within the party itself (particularly between President Trump and Congress)
- First “unified” government since 2009–10 (Obama and Democratic Congress)



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New Dynamics in Washington

- Still some uncertainty in the executive branch:
 - What will a Trump/DeVos Department of Education look like?
 - Will Trump let Congress lead on higher education issues?
 - Will President Trump champion any particular higher education issues or initiatives?



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The Top Priorities

1. Obamacare Repeal
 2. Tax Reform
 3. Immigration
 4. Infrastructure Package?
- ✓ Obama-era Regulation Repeal



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The Top Priorities: Tax Reform

- Republicans will attempt to use “reconciliation” to pass a tax reform package.
- Higher education-related tax provisions on the chopping block could include
 - Student loan interest deduction
 - Charitable contributions
 - Employee tuition benefits
 - Endowments



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The Top Priorities: Tax Reform

- Because Tax Reform will be costly, Congress will use the “reconciliation” tool to offset major tax cuts.
- Vulnerable student aid programs include:
 - Public Service Loan Forgiveness (PSLF)
 - In-school interest subsidy for undergrads
 - “Mandatory” Pell Grant add-on
 - TEACH Grants
 - Consolidating income-contingent repayment and modifying eligibility and terms



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Our Key Players



WHITE HOUSE / ED

- Trump/Pence
- Betsy DeVos
- Others TBD

SENATE

- Sen. Alexander (R-TN)
- Sen. Murray (D-WA)

HOUSE

- Rep. Foxx (R-NC)
- Rep. Scott (D-VA)



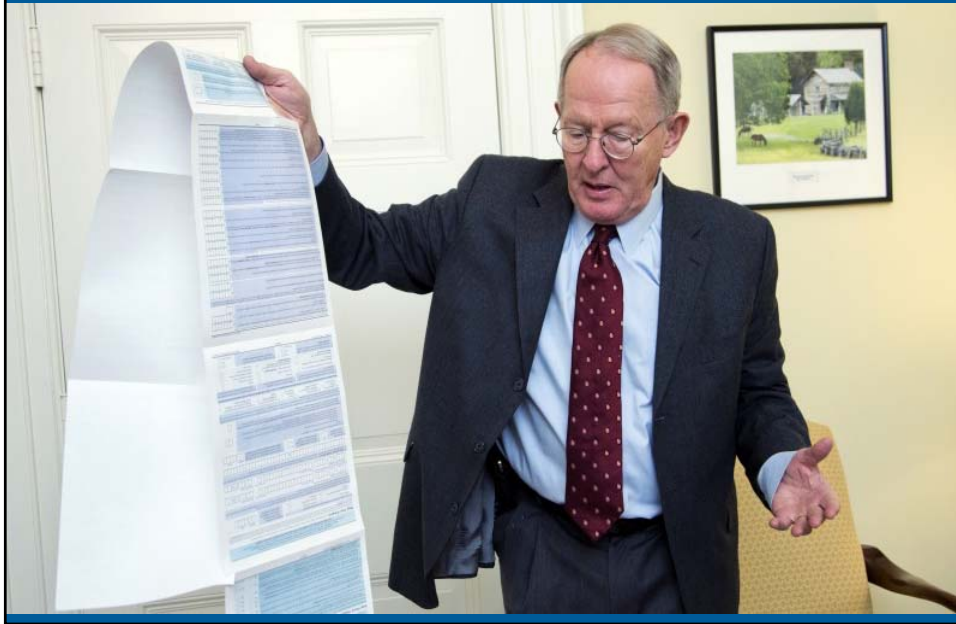
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HEA Reauthorization Outlook



HEA Reauthorization Outlook

- Comprehensive HEA bills likely before the end of the year in the House, but movement beyond committee work unlikely because of major issues taking time and attention.
- All bets are off for HEA in 2018, a midterm election year.



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HEA Reauthorization Outlook

- Republican higher education priority issues:
 - One Grant, One Loan, One Work Study
 - Regulatory Relief
 - FAFSA Simplification
 - Risk-sharing/Accountability
 - Fair-value Scoring of loan program
 - Modifications to forgiveness benefits
 - Elimination of Grad PLUS



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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.



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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 garnered over 230 co-sponsors.
- Congress could still choose to extend the program, as in 2015 when the program was extended in December.



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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



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Federal Budget & Funding Outlook



FY2018 Budget Process Begins

- Sequestration suspension expires for FY2018 (award year 18–19).
- New OMB Director Mulvaney was a deficit reduction advocate in House.
- President Trump unveiled his budget priorities in March and more fully in May.
- House and Senate appropriations bills rejected proposed cuts.



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FY2018 Appropriations Bills

Trump Budget Proposal	House Appropriations Bill	Senate Appropriations Bill
Flat-lines Pell maximum award	Flat-lines Pell maximum award	Increases Pell maximum award by \$100
Cuts \$3.9 billion from Pell reserves	Cuts \$3.3 billion from Pell reserves	Cuts \$2.6 billion from Pell reserves
Eliminates FSEOG	Level-funds FSEOG	Level-funds FSEOG
Cuts FWS in half	Level-funds FWS	Level-funds FWS
Eliminates in-school interest subsidy, PSLF; consolidates IDR plans	n/a	n/a
Cuts TRIO and GEAR UP	Increases TRIO; level-funds GEAR UP	Increases TRIO and GEAR UP



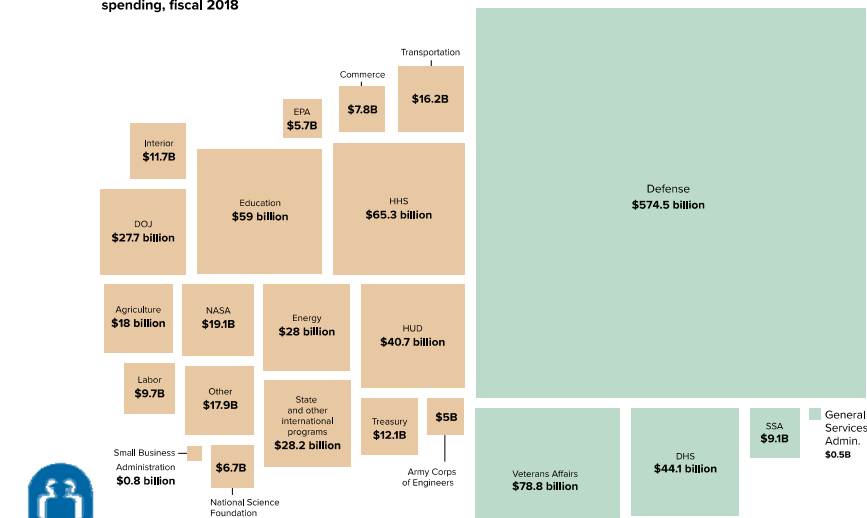
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FY2018 Trump Budget

Total proposed discretionary program spending, fiscal 2018

AGENCIES THAT WILL RECEIVE LESS

AGENCIES THAT WILL RECEIVE MORE



Source: OMB
By Taylor Thomas and Cristina Rivero, POLITICO Pro DataPoint

Note: DHS amount excludes border request; HUD amount excludes receipts; DOJ and Treasury amounts exclude offsets.

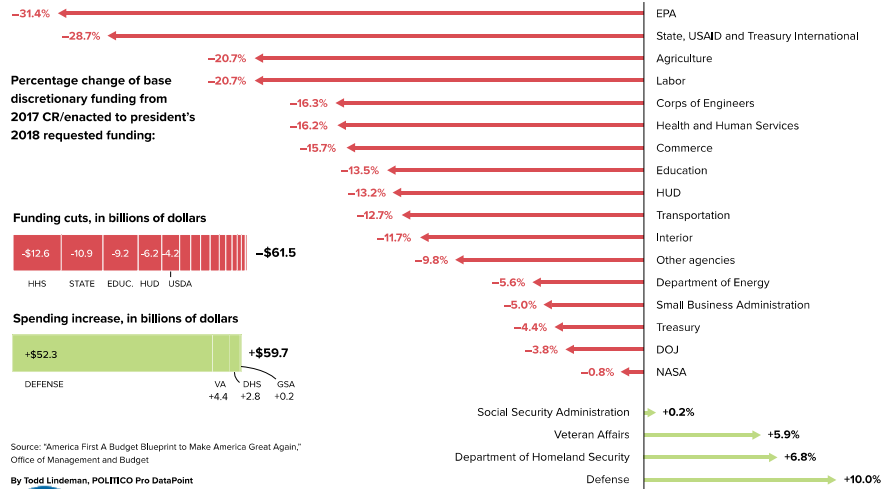
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FY2018 Trump Budget



Source: "America First A Budget Blueprint to Make America Great Again," Office of Management and Budget

By Todd Lindeman, POLITICO Pro DataPoint



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FY2018: What's Next?

- Trump, Pelosi, and Schumer agree to CR/debt ceiling deal to fund government through December 8.
- Omnibus spending bill possible in December, as is an additional CR or government shutdown.



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Department of Education Update



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



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Negotiated Rulemaking

This summer ED announced a new round of negotiated rulemaking sessions to rewrite Obama-era regulations:

1. Borrower Defense to Repayment and Financial Responsibility
2. Gainful Employment



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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



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Data Sharing

- Ramifications for private scholarship providers:
 - Written release by student not allowable
 - Student can provide FAFSA data directly
- NASFAA pressing PTAC for written guidance
- Discussions continue...stay tuned!



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NASFAA Update





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#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



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#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!



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Policy Task Forces & Working Groups

Existing

- Campus-Based Aid in One Grant, One Loan
- Advocacy Network

Upcoming

- Higher Education Tax Issues
- 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



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NASFAA Research Update

Collaborative Work:

- Student Loan Counseling Challenges and Opportunities (November, 2016)
 - A collaboration between NASFAA and the Board of Governors of the Federal Reserve System.
 - Found that many schools are challenged to find effective counseling and would like the ability to require additional financial aid counseling.
 - A survey of NASFAA membership was conducted in Fall, 2016 and the results will be released in October, 2017.

Forthcoming projects:

- Displaced Student Work
 - Grant from Lumina Foundation to assist students who's college or career school closed.
 - Four focus areas for NASFAA:
 - A working group to manage student questions/inquiries
 - An informational website will be created for students
 - A paper with recommendations on how current regulations may be updated to better assist these students
 - A paper with lessons learned and recommendations for Federal Student Aid to make the process around school closure more streamlined for students



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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



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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



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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



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