

## Federal Update Presentation: Audience Handout

### INSIDE THE BELTWAY

#### Dynamics in Washington

- Biden Presidential Transition
- Democrats control Congress:
- The COVID-19 Pandemic
- Tension following the 2020 Election

#### Biden Administration

- High Level Priorities
  - Double Pell
    - Similar to Obama Admin proposal
    - NASFAA Resource: [Free College Matrix](#)
  - Debt Cancellation
    - Talk about forgiving 10k via executive order; Has been pushed to forgive 50k by Senate/House Dems
    - NASFAA's take on debt cancellation: [Aligning Policy with Principle: NASFAA's Take on Student Debt Forgiveness](#)
  - Repayment Simplification
    - Federal student loan borrowers should not have to make payments & interest should not accumulate until they are earning at least \$25,000
    - Automatically enroll borrowers into income-driven repayment plans
    - Restructure PSLF to allow for borrowers to receive \$10,000 in debt relief "for every year of national or community service, up to five years"
  - Accountability
    - Unions and education policy groups are pushing for more accountability for institutions
    - What could we see?
      - focus on for-profit institutions; restoration of Obama administration regulations that the Trump administration had rescinded; return of gainful employment; using borrower repayment rates as a quality metric; arguments over carrot vs stick approach to ensuring institutional improvements

#### NASFAA & Biden Admin

- NASFAA [released a document detailing 5 key student aid priorities](#) for the Biden administration and 117th Congress:
  - Deliver additional COVID-19 relief to students and institutions
  - Strengthen the Federal Pell Grant program
  - Simplify the federal financial aid application process
  - Curb student indebtedness and simplify repayment
  - Enhance student aid delivery

#### 117th Congress: Senate

- With Democrats winning both Georgia Senate seats in the January runoff, the 117th Senate will be split evenly between Republicans and Democrats (50 Rs, 48 Ds, & 2 Independents that vote alongside Ds).
- Vice President Kamala Harris will act as the President of the Senate and cast the tie-breaking vote
- Democrats have regained control of the chamber, which means:

- Minority Leader Schumer → Majority Leader Schumer
- Democrats will chair committees and control which bills get votes

### 117th Congress: House

- Democrats will retain control of the 117th House, although their margin has narrowed following the 2020 election where Republicans netted 10 seats.
  - 222 Democrats
  - 211 Republicans
- House E&K - Bobby Scott, only comprehensive HEA bill last congress, expect to see reintroduced this congress

## COVID-19

### NASFAA Resources

- [COVID-19 Web Center](#)
- [AskRegs COVID-19 Questions](#)

### The American Rescue Plan

- \$1.9 trillion stimulus package called the *American Rescue Plan*
  - Stimulus checks, boost to unemployment aid, eviction moratorium, testing and vaccine funding
- \$170 billion to K-12 schools, colleges and universities to help them reopen and operate safely or to facilitate online learning
  - \$130 billion for K-12
  - \$40 billion for Higher Education
- The bill was signed into law on March 11th, 2021
- NASFAA Resources:
  - NASFAA Article (3/12/21) - [Biden Signs American Rescue Plan Into Law, Sending \\$40 Billion to Higher Education](#)

### HEERF III

- American Rescue Plan includes \$40 billion in additional HEERF funds ("HEERF II") for institutions of higher education.
  - 91% allocated based upon the number of full-time Pell Grant recipients they have, the same formula as in CARES and CRRSA using the same method of delivery.
  - 1% for for-profit institutions (down from 3% set aside in CRRSA)
  - 7.5% for MSIs/HBCUs
  - .5% for schools with greatest need
  - \$91 million for student aid administration
- 50% of funds must be used on grants to students
- Nearly same allowable uses as the CRRSA Act HEERF II Funds
- Assumption that schools who received CARES HEERF I or CRRSA HEERF II funds will not need to apply to receive HEERF III funds; was not stipulated in the bill text
- institutions have one year from the date their most recent grant obligation was processed by ED to spend all of their HEERF funds, including funds from prior rounds of funding from HEERF I and HEERF II.
- NASFAA Resources:
  - NASFAA [HEERF III Reference Page](#)
  - NASFAA [TN Summary Article](#)
  - NASFAA [Policy Deep Dive: What's Included in HEERF III FAQs](#)
  - [Public/NonProfit Institution Allocation](#)
  - [Proprietary Institution Allocation](#)

### CRRSA Act

- Coronavirus relief measure that passed in December 2020 as part of the Consolidated Appropriations Act.
  - \$23 billion for institutions of higher education
  - \$20 billion went to public and private nonprofit institutions through existing HEERF. Allocation formula uses headcount and FTE.

- Does not require that 50% of an institution's fund be sent on student grants. Allocation tables reflect the amount institutions must spend on student grants
  - Institution must spend the same amount on student grant's that they were required to under the CARES Act
  - More flexible allowable uses for institutions and student grants
    - Additional \$1.7b for MSIs, \$113m for schools with unmet needs, and \$681m for proprietary institutions.
- SNAP eligibility will not be limited for postsecondary students who are enrolled at least half-time and who are either eligible to participate in work-study or have a zero EFC.
- NASFAA Resources:
  - NASFAA [Consolidated Appropriations Act Web Center](#)
  - NASFAA Article (12/21/2020) - [Congress Releases Bipartisan Year-End Spending Deal, FAFSA Simplification, COVID Relief, and Other Student Aid Provisions](#)

## HEERF II

- Institutions must spend supplemental funds within one year from the date of receipt.
- Students are not required to meet all of the Title IV eligibility requirements
  - DACA, undocumented, international, remain ineligible
  - Any unused CARES Act funds (HEERF) that an institution still holds are now subject to the allowable uses requirements of the HEERF II Funds.
- Student Funds: Students may use the grants toward any component of their cost of attendance and/or emergency costs that arise due to coronavirus, such as: tuition; food; housing; health care (including mental); child care
- Institutional Funds: Institutions may use the funds to: defray expenses associated with coronavirus including: lost revenue, reimbursement for expenses already incurred, technology costs associated with a transition to distance education, faculty and staff training, payroll, to carry out student support activities authorized by the HEA that address needs related to coronavirus.
  - Institutional funds may also be used to make additional financial aid grants to students
- NASFAA Resources:
  - NASFAA [HEERF II Reference Page](#)
  - NASFAA Article (3/19/21) - [ED Provides Additional Flexibilities to HEERF Grants](#)
  - NASFAA Article (3/1/21) - [Department of Education Provides Answers to Outstanding HEERF II Questions](#)
  - NASFAA Article (1/14/21) - [ED Announces Distribution Details for \\$21 Billion in Additional HEERF Aid](#)

## The Coronavirus Aid, Relief, and Economic Security (CARES) Act

- Signed on March 27, 2020, the CARES Act was the first significant bill aimed at providing relief amid the Coronavirus pandemic.
- Included flexibilities for institutions regarding verification, documentation requirements, R2T4, SULA and payment relief for federal loan borrowers.
- Allocated \$14 billion to create first funding stream of Higher Education Emergency Relief Funds (HEERF I)
  - Any unused CARES Act funds that an institution still holds are now subject to the allowable uses requirements of the HEERF II Funds.
  - HEERF I and HEERF II funds can be applied to student accounts with explicit permissions for charges prior to December 27, 2020
- **NASFAA Resources:**
  - NASFAA Article(3/25/20) - [Congress Strikes Deal for \\$2 Trillion COVID-19 Relief Package](#)
  - NASFAA [HEERF I Reference Page](#)
  - [CARES Act Higher Education Emergency Relief Fund \(HEERF\) Timeline](#)

## HEERF Reporting

- NASFAA [created a timeline for keeping track of reporting due dates](#) as well as the requirements for reporting each fund
- HEERF III funds will be reported in the same manner as CARES Act
- HEERF II reporting deadline extended to which is June 30, 2021
- HEERF Compliance Findings
  - ED OIG conducted an investigation on how well institutions who received CARES Act funds were

complying with the reporting requirements and how they were using their funds.

- Of 100 schools randomly sampled, OIG couldn't find quarterly reports on websites of 19 of them
- 22% of schools incorrectly used the "Other Uses" reporting field for how they spent HEERF \$\$
- NASFAA [HEERF Reporting Requirement Updates](#)

#### HEERF Comparison Chart

- NASFAA [HEERF Funds Comparison Chart](#)

#### Borrower Relief

- President Biden signed an Executive Order on his first day in office to further extend the deadline to September 30, 2021. This includes the federal student loan administrative forbearance period, the pause in interest accrual, and the suspension of collections activity.
- Non-payments will continue to count toward the number of payments required under IDR plans, loan rehabilitation agreements, and PSLF.
- NASFAA Resources:
  - [Memo Transitioning Borrowers to Repayment](#)

#### Additional COVID Updates

- Waivers
  - ED issued a Federal Register notice on December 11 extending the end dates of COVID-19-related waivers and modifications through the end of the payment period that begins **after the date** the COVID-19 national emergency is rescinded
- Professional Judgment
  - ED published a DCL in late January reminding FAAs about their authority to perform PJ adjustments
    - authority to adopt an across-the-board PJ policy to zero out the figures for income earned from work to ultimately recalculate the EFC
    - authority to zero out unemployment benefits received from income
  - ED noted that an increase in the use of PJ will not be a factor considered when selecting institutions for program reviews for the 2021-22 award year
  - NASFAA [Professional Judgment Survey Results](#)
    - Key Findings from the September 2020 survey include:
      - 59% of respondents reported a somewhat or great increase in PJ requests between March 1, 2020 and September 21, 2020 when compared to last year.
      - 58% of respondents anticipated that their PJ requests will somewhat or greatly increase between October 1 and December 31, compared to last year.
      - 23% of respondents reported that their office has been proactively reaching out to students to inform them about PJ.

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## HEA REAUTHORIZATION

### HEA Reauthorization

- Last reauthorization in 2008
  - Current version of HEA technically expired in 2013
- House
  - House Democrats: Introduced College Affordability Act during 116th Congress
- Senate
  - Despite cooperation between Senators Murray and Alexander, we didn't see a comprehensive HEA proposal introduced in the Senate during the 116th.
  - New dynamics on the HELP Committee, with Senator Murray taking over as chair and a new Republican leader.
- Prospects for 117th Congress
  - The Republican leader on the HELP Committee will be a major player in any HEA reauthorization efforts. That member's priorities, and willingness to engage in bipartisan negotiations, will likely be a determining factor.
  - The narrow Democratic margin in the House may also pose challenges. Any proposal would have to

satisfy almost all members of the progressive and moderate wings of the party to pass the chamber.

## **HEA Reauth Movement: 116th Congress**

### **HEA Issue Priorities**

#### **Building Blocks to HEA**

- Student Aid bucket and the “everything else bucket” which includes a wide variety of issues, everything from free college to quality/accountability proposals.

#### **Building Blocks: A Closer Look**

- There are a few issues areas that have gained a lot of traction over the last couple years, and we’ve seen a number of standalone bills introduced to address these topics.
- Student Loan Origination Fees
  - The Student Loan Tax Elimination Act is a bill to eliminate student loan origination Fees.
- Financial Aid Offers
  - The Financial Aid Communication and Transparency Act (FACT Act) is a bipartisan bill introduced September 2019 by Reps. Trahan and Smucker that NASFAA endorsed.
  - Would create standardized, consumer-tested terminologies, definitions, and specific elements to be included in aid offers, but not full standardization.

#### **Building Blocks: A Closer Look**

- The Consolidated Appropriations Act, 2021 that Congress passed in December 2020 delivered much-needed improvements related to FAFSA simplification, student eligibility, and need analysis, many of which NASFAA has long advocated for

#### **Student Aid Reference Desk**

- [Student Aid Reference Desk](#)

#### **Progress on FAFSA Simplification: Skinny HEA**

- The large majority of changes in this bill will not go into effect until the 2023–24 award year

#### **Skinny HEA Provisions**

- FAFSA Simplification
  - Fewer untaxed income items factored into FM formula
    - Child support received now reported with assets
    - Change to who is reported as parent in cases of divorce/separation
    - No asset questions for:
      - MTB recipients
      - AGI < \$60K and no lettered tax schedules
      - AGI < \$60K and only Schedule C, provided Schedule C gain/loss < \$10K
- Need Analysis/Pell Grant Eligibility
  - Expected Family Contribution (EFC) is now Student Aid Index (SAI)
  - SAI can be as low as -\$1,500
  - SAI determines eligibility for all Title IV aid except maximum and minimum Pell grant awards.
- Professional Judgment
  - Prohibits institutions from maintaining a policy of denying all professional judgment requests
  - Allows FAAs to offer a dependent student an unsubsidized loan without requiring the parents to fill out the FAFSA if the student does not qualify for, or does not choose to have a professional judgment review
- Cost of Attendance
  - Gives ED the authority to regulate all COA components except tuition and fees
- Drug/Selective Service
  - Eliminates the suspension of federal student aid eligibility for applicants with drug-related convictions
  - Removes Selective Service registration eligibility requirement and questions on drug convictions and Selective Service eligibility would be removed from the FAFSA
  - ED has the option for early implementation for this provision.
- SULA
  - Repeals the SULA requirement, which currently bars students from receiving subsidized Direct Loans for more than 150% of the published length of their program.
  - ED has the option for early implementation for this provision.
- Pell for Incarcerated

- Restores Pell Grant eligibility for incarcerated individuals who are currently prohibited from accessing Pell Grants
- ED has the option for early implementation for this provision.

#### **Progress on FAFSA Simplification: FUTURE Act**

- In December 2019, Congress passed and President Trump signed into law the FUTURE Act, which contained text from the FAFSA Act previously supported by NASFAA.
- The bill allows for direct cross-agency data sharing between IRS and ED, and will:
  - Transfer all items currently brought over from the DRT and applicants' filing status.
  - Eliminate up to 22 questions from the FAFSA.
  - Allow students currently unable to use the DRT, including both non-tax-filers and tax filers of all filing statuses, to experience a simpler FAFSA process.
  - Address verification burden
  - Permit sharing of taxpayer information between ED and IRS for the purpose of determining eligibility for income-driven repayment plans.

#### **Resources:**

- [Federal Methodology Student Aid Eligibility Determination \(Effective 2023-24 FAFSA\)](#)
- [Q&A on Changes to Federal Student Aid Policy Included in Consolidated Appropriations Act, 2021](#)

## FEDERAL BUDGET & FUNDING

### **Final FY 21 Appropriations**

- \$73.5 billion in discretionary funding appropriated for the Department of Education
  - \$785 million increase over FY2020
- \$150 increase to the maximum Pell Grant award
  - New maximum for 2021-22 award year will be \$6,495
- \$25 million increase for campus-based aid programs
  - FWS - \$1.19 billion (\$10 million increase)
  - FSEOG - \$880 million (\$15 million increase)

### **Biden Administration's FY22 Budget Request**

- Requests \$102.8 billion for the Department of Education in FY22. This is a 41% (\$29.8 billion) increase over FY21 enacted level, and the largest proposed increase to the department in history.
- Boosts maximum Pell grant for AY 22-23 to \$8,370
  - \$1875 increase over AY 21-22, including a \$400 increase in discretionary funding and the \$1,475 increase proposed in the American Families Plan.
  - Extends Pell eligibility to DACA recipients
  - Total increase represents a "significant first step" to deliver on the president's goal to double the grant.
- Maintains FY21 funding levels for campus-based aid programs.
  - Federal Work-Study - \$1.19 billion
  - Federal Supplemental Educational Opportunity Grant (FSEOG) - \$880 million
- Does not include a proposal to cancel student debt.
- Reiterates free community college proposal and MSI/HBCU investment included in American Families Plan.

### **What's Next: FY 22**

- Administrations typically release their budget proposals in late February or early March and the release kicks off the budgetary process that creates a baseline for the negotiating process.
- This year is a little different: when new administrations assume office, there is usually a delay in the release of the president's full budget request because the new administration is still working to staff up and flesh out their top spending priorities.
- New administrations often release a "skinny" budget early in the spring, which is much smaller and less detailed than their full budget request. That skinny budget will then be followed by a full budget proposal release later in the spring.

- The Biden administration released its “skinny” budget request in early April, followed by its full budget request on May 28.
- Sequestration
  - The sequester on mandatory spending has been extended through FY 2029; student loan origination fees, the Iraq-Afghanistan Service Grant (IASG), and TEACH Grants will continue to be impacted as in previous years.

**Resources:**

- [Biden's 2022 Budget Includes Historic Boost to ED, Expansion and Increase to Pell Grant](#)
  - [What the White House’s Fiscal Year 2022 Delayed Budget Proposal Means for Higher Ed](#)
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## THE DEPARTMENT OF EDUCATION

### **Secretary Cardona**

- Priorities
  - Rebuilding of America’s schools post pandemic
  - Expansion of Pell Grants
  - Federal loan forgiveness
  - Investment in HBCUs, HSIs, and tribal colleges
  - Investment in community colleges

### **FSA Updates**

- Next GEN PPO (Partner Participation and Oversight)
  - Overhaul of loan servicing processes
  - First phase will have two servicers responsible for all loan management
  - Includes real-time loan status for immediate information
- FSA Partner Connect
  - a new portal for FSA institutional and financial partners launched March 28, 2021
  - Easy access to all ED related portals; Knowledge Center, FSA Handbook, Help Center, COD System, FAA Access to CPS Online, NSLDS
  - Allows users to view a summary dashboard with snapshots of data related to their school or organization

### **ASLA**

- ED announced in early March that it would not require borrowers to complete the Annual Student Loan Acknowledgement (ASLA) for award year 21-22.
- Student and parent acknowledgement of how much they owe in federal loans prior to their first loan disbursement for an award year

### **2018-2019 rulemaking**

- Biden admin possible changes could be to Gainful Employment and Borrower Defense rules
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## NASFEE UPDATE

**Resources:**

- [State Advocacy Toolkit](#)
- [Advocacy Opportunities](#)
- [National Student Aid Profile](#)
- [NASFEE HEA Priorities](#)
- [2021 Conference](#)
- [Student Aid Reference Desk](#)