Federal Update

Stephen Payne
VASFAA
Agenda

• Washington Political Climate
• Federal Budget and Funding
• HEA Reauthorization
• Perkins Loan Program
• NASFAA and FSA
• NASFAA Research Update
• Advocacy & You!
Washington Political Climate
On the Hill

- New Speaker of the House interested in “regular order”
- 2016 Election
- Supreme Court Vacancy
- Gridlock with minor issues disrupting entire process
- Partisanship
- Deficit Reduction
Congressional Approval Numbers
Federal Budget & Funding Update
How the Process *Should* Work…

1. President Proposes Budget
2. Congress Passes Budget Resolutions
3. Appropriations Subcommittees Draft Spending Bills
4. Full Appropriations Committee Approves Draft Bills
5. Appropriations Bills Pass House and Senate
6. President Signs Appropriations Bills Into Law by October 1
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But...Congress rarely follows this process.
- Politics jam the gears, no punishment for not following order
- Instead, we more often than not see mechanisms that help to patch the inability to pass separate appropriations bills
  - Continuing Resolution (CR)
  - Omnibus

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Student Aid, Congress, & the Budget

- Funding for student aid falls into the Labor, Health, Human Services, and Education Appropriations Subcommittee (Labor-H), one of 12 subcommittees.
- The Labor-H bill is sometimes the most controversial and complex, which often makes it the last bill to see action.
  - Many important programs share the same pot of funds.
  - Several contentious programs land in the bill, including funding for Obamacare and certain labor programs.
- Most student aid funds are “forward funded” meaning they fund the following award year.
  - Ex: FY 2017 funds the 2017–18 award year.
Where did we end up for FY16?

- All 12 spending bills passed out of committee for first time since 2009
- House passed 6/12 bills; Senate passed 0/12
- Democrats blocked bills in the Senate to force negotiation on sequestration
- Confederate flag controversy halted bills in the House
- Because Congress could not agree on spending levels by Oct. 1, a Continuing Resolution (CR) was necessary.
- Congress negotiated a 2-year budget deal and passed an “omnibus” bill for FY16 funding in December.
October Budget Agreement

- 2-year deal that raises domestic spending caps imposed under sequestration
- Suspends debt ceiling until March 2017
- Without budget agreement, some student aid programs would likely see cuts
- Compromised top-level spending numbers cleared the way for negotiations over a FY16 funding bill
Public Attitude Toward Sequestration

Two-thirds want to protect education from sequester cuts

Source: CEF/FEI Poll, December 2012
FY16 Omnibus

- $1.1 trillion agreement
- Flat funds most student aid programs
- Increases for TRIO and GEAR UP
- Pell Grant maximum increases to $5,815, a $40 increase over FY15
- No $370 million cut to Pell discretionary fund, as proposed in original House Labor-H bill
- No cuts to FWS or FSEOG, as proposed in original Senate Labor-H bill
The Public Opposes Education Cuts

Would you approve or disapprove of reducing federal funding for education as a way to reduce the size of the national debt?

Source: Pew Research Center for the People & the Press, October, 2012
Where are we now for FY17?

• President Obama’s final Budget released in February.
• House Budget Resolution passed out of committee in March.
• Internal disagreement among Republicans about spending levels.
• Speaker Ryan intends to push all bills through House under “regular order”
Obama’s FY2017 (AY 17-18) Budget

• **Grants**
  – Maximum Pell Grant of $5,935 (+$120)
  – Year-Round Pell, a “Super Pell” ($150/semester bonus), and Second-Chance Pell
  – Continue to index Pell to inflation beyond FY17

• **Campus-Based Aid**
  – Level fund FSEOG and FWS (FY 2015 levels)
  – Revise allocation formula to direct dollars to schools that enroll and graduate high number of Pell Grant students
  – Expand/Reform the Perkins Loan Program
Obama’s FY2017 (AY 17-18) Budget

• Loans and Repayment
  – REPAYE would be only IDR option for all borrowers
  – PSLF cap at $57,500
  – Simplification of tax credits
  – Consolidation of teacher grant and forgiveness programs (including TEACH Grants) into a single loan forgiveness program with a cap of $25,000 beginning in 2021
Obama’s FY2017 (AY 17-18) Budget

• Access and Affordability Proposals
  – America’s College Promise ($60 billion/10 yrs)
  – College Opportunity Bonus Program ($5.7 billion/10 yrs)
    ➢ Rewards colleges that enroll and graduate low-income students

• Other Items of Note
  – “Student Aid Enforcement Unit”
  – Return to 85/15 ratio from current 90/10 Rule for proprietary schools
Education in Context

Education is Just Two Percent of President’s Total $4.2 Trillion in Federal Spending (FY 2017)

- Education Spending: $85 billion, 2%
- Everything Else: $4.2 Trillion, 98%

Source: CBO, National Priorities Project
gnationalpriorities.org
House Budget Resolution

- $6.5 trillion in spending cuts over 10 years
- Freeze Pell maximum for 10 years and eliminate mandatory inflation add-on
- Eliminate Administrative Cost Allowance (ACA)
- Switch to “fair value scoring” of federal student loans
- Eliminate in-school interest subsidy
- Phase out TEACH Grants
- Ultimately, House Republican leadership could not get the votes to pass
- Senate skips work on budget resolution
Senate Appropriations Bill

- Return of Year-Round Pell
- Use of Pell Surplus for other programs
- Flat funding for FWS, FSEOG, TRIO, GEAR UP
What’s Next?

- Appropriations process now underway in House and Senate
- House likely to consider a Labor-H bill in committee before July 4 recess
- Expectation that the process will grind to a halt at some point
- Most likely outcome? A continuing resolution (CR) until after the election
HEA Reauthorization Update
**Reauthorization**

- Theme: *Hurry Up and Wait!*
- Technically supposed to occur in 2014
- NASFAA's Reauthorization Task Force submitted recommendations to House and Senate Education Committees in 2013
- Movement beyond committee work unlikely in 2016 due to crammed legislative calendar and election
Reauthorization: Emerging Themes

**Broad Themes:** Simplification; Affordability; Accountability; Transparency

**Specific Proposals:**
- Year-Round Pell
- Simplification (Application & Repayment)
- Improvement of loan counseling
- Authority to limit loans
- One grant/one loan
Reauthorization: What’s Next?

• Will see some movement (new or amended bills) in 2016, but we will not see a final a reauthorization bill that clears both chambers of Congress before the end of this session of Congress in January 2017.

• There’s a potential for a small package of HEA amendments centered around areas of bipartisan agreement:
  – FAFSA simplification
  – year-round Pell
  – burdensome regulations
  – sexual assault/campus safety
NASFAA Influence
Perkins Loan Program Update
Perkins Update: Overview

• The bipartisan *Federal Perkins Loan Program Extension Act* cleared the House and Senate and was signed into law in December, almost 3 months after its expiration at the end of September.

• The new law makes several noteworthy programmatic changes to:
  – Packaging Order,
  – Grandfathering, and
  – Graduate Student Eligibility.

• Still awaiting guidance from ED.
Perkins Update: Disclosures

The new law added new elements to the annual disclosures that must be made to Perkins Loan borrowers. These new disclosures would have to:

• Explain that the Perkins program is ending and no additional loans will be available;
• Explain that repayment and forgiveness options for Direct Loans are not available for Perkins loans;
• Explain that borrowers may consolidate Perkins loans into a Direct Loan (and explain the benefits of doing so);
• Compare interest rates for Perkins to those for Direct Loans; and
• Inform a new undergraduate borrower that he or she has reached the maximum borrowing limit for subsidized and unsubsidized Direct Loans, or a current (continuing) borrower he or she has reached the maximum annual borrowing limit for subsidized Direct Loans.
NASFAA Updates
NASFAA and FSA

• In November, NASFAA testified in a hearing before both the House Oversight and Education Committees on the Department of Education’s Office of Federal Student Aid (FSA)
  – The hearing reviewed FSA’s status as a Performance-Based Organization (PBO)
  – NASFAA focused on complications in the GE reporting process, the strained relationship between FAAs and FSA, and the lack of accountability at FSA

• In April, NASFAA surveyed institutions about their operational experiences with FSA in response to a request from the House of Representatives.

• In May, NASFAA replied to the committee leaders with the results of the survey.
NASFAA and FSA: FSA Survey

- 789 respondents; representative of membership
- Looked at processing time, outstanding items, impact of processing time, and areas in which ED and FSA provide high level of service
- Included 5 recommendations
- Full report available on the NASFAAA website
NASFAA Research Update

• Administrative Burden Survey – Data Visualization
  – A new resource on the NASFAA website that offers members an opportunity to customize the results of selected questions from our 2015 Administrative Burden Survey
  – Filters include: NASFAA Region, Institutional Sector, and FTE

• 2016 NASFAA Benchmarking Report and Staffing and Salary Models
  – Report includes updated sections on staffing and salary, and (new for this version) Financial Aid Office Campus Relations, as well as trends over time across all categories, where possible
  – The Staffing and Salary Models allows users to enter a number of variables to generate a custom report measuring your institutions staffing level or an individual’s salary against others in similar circumstances
NASFAA Research Update (cont.)

• Study on Consumer Information and Law Student Indebtedness
  – Funded by a grant from Access Group to study graduate/professional students, with a specific focus on law students.
  – First report "Focusing Federal Student Aid Websites On Graduate And Professional Students" was released in March 2016.
  – Second report to be released in fall 2016 and will include the results of our consumer testing on law students and task force recommendations.

• Study on Federal Work Study (FWS)
  – Funded by a grant from the Bill & Melinda Gates Foundation to study promising practices and pain points of administering the FWS program.
  – Research has included a national survey and in-person focus groups.
  – Results will include a taxonomy of robust FWS program components by sector. Released in late Spring / early summer 2016.

• Study on College Presidents
  – NASFAA is conducting research to gain a better understanding of college presidents opinions on the financial aid office and it’s function on campus.
  – Online survey of college presidents conducted in May
NASFAA Research Update (cont.)

• Partnership to Assist Displaced Students
  – NASFAA will be renewing it’s partnership with Beyond 12 from Summer 2015.
  – Now through June, 2016 volunteers will be assisting students from certain Everest and Wyotech schools in determining eligibility and completing their application to obtain loan forgiveness based on borrower defense to repayment.
  – Those interested in volunteering may sign-up on the NASFAA website under our “Volunteer Opportunities” section.
Policy Task Forces

Past
- Reauthorization Task Force
- Reimagining Aid Design and Delivery (RADD) Task Force
- Task Force on Student Loan Indebtedness
- Task Force on Public Service Loan Forgiveness
- Task Force on Campus-Based Allocations
- Task Force on Consumer Information
- Task Force on Loan Servicing
- Task Force on R2T4
- Task Force on Innovative Learning Models
- Task Force on Benchmarking
- Dynamic Loan Limit Working Group

Existing
- One Grant/One Loan Task Force
- Task Force on Graduate Specific Financial Aid Data
- PPY Implementation Task Force
- Consumer Information and Law Student Indebtedness

Future
- Tuition- and Debt-Free College Proposals Task Force
Advocacy and You!

How can you get involved?

• Volunteer to join a task force or for the Advocacy Pipeline!

• Visit with or write to your member of Congress, either locally or in DC!

• Monitor new legislation with the NASFAA Legislative Tracker!