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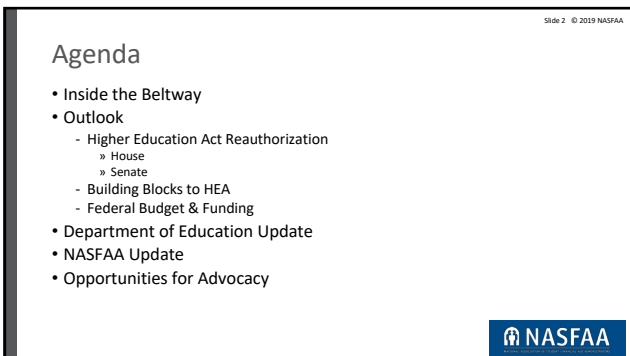
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### Dynamics in Washington

- 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~~ Labor
    - » 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 comprehensive, bipartisan HEA reauthorization remains unclear, but is starting to look unlikely.
- Impeachment inquiry
  - House democrats prepare to make a final decision on whether to vote to impeach the president



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### 2020 is Underway

The Democratic field is still crowded with 19 candidates, including six sitting United States Senators, two sitting U.S. Representatives, a handful of former members of Congress, and a former Cabinet Secretary and Vice President. Two 2020 hopefuls, Senators Elizabeth Warren (D-MA) and Bernie Sanders (D-VT) currently sit on the Senate Health, Education, Labor, and Pensions Committee.



Check out NASFAA's 2020 Presidential Tracker and stay up to date on the candidate's higher education proposals at [www.nasfaa.org/2020](http://www.nasfaa.org/2020)



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### HEA Reauthorization





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## 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 & College Affordability Act
    - » Aim Higher Act - Introduced July 2018 and Starting point for HEA conversations in the House in 2019
    - » College Affordability Act – Introduced October 2019
- **Senate**
  - No fully comprehensive bills from either side yet, but Sen. Alexander’s pending retirement adds a new dynamic.
  - Student Aid Improvement Act – Introduced September 2019

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## House Democrats – College Affordability Act

- Substantially increases federal investment in student aid
  - Pell Grant - Increases maximum award by \$500; extends the Pell Grant LEU to 14 semesters; allows students still within their LEU after graduation to use remaining funds for post-grad studies
  - Maintains all current programs, increases funding for many of them
- Includes positive attempts to streamline
  - FAFSA simplification, elimination of origination fees, streamlines repayment options
  - Creates one-time refinancing program for federal and private loans
- Maintains and strengthens accountability standards for certain institutions
  - Creates adjusted CDR; takes into account the % of students at the institutions who borrow
  - Changes 90/10 rule to 85/15

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## 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

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## Senate Republicans – SAI Act Overview

- Student Aid Improvement Act – “skinny” bill
- FAFSA simplification
  - “Pathways” for non-filers, means-tested benefits recipients
  - Improved data-sharing cooperation between federal agencies to auto-qualify applicants
- Changes to Pell Grant Amounts
  - Full grant if not require to file taxes; increases maximum
- Institutional Award Letters
  - Full standardization of financial aid offers
- Loan Repayment
  - Eliminates 10 year standard repayment cap on IBR

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## Senate Democrats - HEA Priorities

Affordability and student debt	Access and success	Accountability and transparency	Protecting student safety and rights
<ul style="list-style-type: none"> <li>• Addressing state disinvestment</li> <li>• Commitment to Pell</li> <li>• Debt relief/refinancing</li> <li>• Loan servicing</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthening campus-based aid</li> <li>• Serving underrepresented students</li> <li>• Policies for “today’s student”</li> </ul>	<ul style="list-style-type: none"> <li>• Outcomes and data</li> <li>• Accreditation reform</li> <li>• Increased accountability for for-profit schools</li> </ul>	<ul style="list-style-type: none"> <li>• Campus sexual assault</li> <li>• LGBTQ students</li> <li>• Students with disabilities</li> <li>• Hazing</li> </ul>

Source: “Senate Democratic Caucus HEA Reauthorization Principles” – Feb. 2018

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## 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	✓	✓		✓

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HEA Reauthorization: This Session Slide 13 © 2019 NASFAA

	Senate Student Aid Improvement Act	House College Affordability Act
1. Introduced in Committee	✓	✓
2. Committee mark-up		
3. Pass out of Committee		
4. Pass out of full House or Senate		
5. Conference House & Senate bills		
6. Both chambers pass final version		
7. President signs into law		



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Feasibility of HEA Reauthorization this Congress Slide 14 © 2019 NASFAA

- Political dynamics – unlikely
- Approaching 2020 election
- Resistance to stand alone legislation, with Senator Murray publicly saying she will continue to push for comprehensive reauthorization
- Possibility of a FAFSA simplification bill after the election as a nod to Senator Alexander before he retires at the end of 2020



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► Building Blocks to HEA Slide 15 © 2019 NASFAA





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## Financial Aid Offers

**NASFAA's Recommendations:**


1. Standardized terms and elements, similar to those included in NASFAA's Code of Conduct
2. Avoid requiring a standardized financial aid award notification to preserve the ability of colleges and universities to properly and clearly communicate the varying student aid options available at that institution.

**Understanding the True Cost of College Act**

- Bipartisan, bicameral legislation introduced Spring 2019 by Senator Chuck Grassley.
- Would create standardized financial aid offer forms by mandating the use of standard language and a standard format. **Differs from NASFAA's proposal.**

**Financial Aid Communication and Transparency Act**

- Bipartisan House bill introduced September 2019 by Reps. Trahan and Smucker.
- Would create standardized, consumer-tested terminologies, definitions, and specific elements to be included in aid offers, but not full standardization. **Closer to NASFAA's proposal.**



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## Student Loan Origination Fees

- Bipartisan legislation in both chambers that would remove federal student loan origination fees
- The **Student Loan Tax Elimination Act** was introduced in June 2019, followed by a companion bill in the house dubbed the **Eliminating the Hidden Student Loan Tax Act** (introduced in July 2019).
- NASFAA has long [advocated](#) for the removal of student loan origination fees
- \$1.7 billion in revenue in 2017-18, and \$8.3 billion over the past five years



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## Student Loan Disclosures

- Student Loan Disclosure Transparency Act of 2019
- Student Loan Disclosure Modernization Act
- Transparency in Student Lending Act
- Know Before You Owe Federal Student Loan Act
- PRO Students Act
- Christopher Bryski Student Loan Protection Act



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## NASFAA's Perspective: Loan Disclosures

- As interest in additional loan disclosures grows, NASFAA urges policymakers to ensure new disclosures:
  - Are developed through robust consumer testing
  - Include clear, pertinent information that is useful to students
  - Are timed to ensure maximum impact
  - Minimize burden on aid offices and financial aid administrators



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## Annual Counseling Provisions

- The Empowering Students Through Enhanced Financial Counseling Act
  - Passed the full House in September 2018 by a vote of 406-4. Bill was reintroduced in April 2019
  - Bipartisan support
  - 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



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## Annual Counseling Provisions

- Know Before You Owe Federal Student Loan Act
  - Introduced in March 2019
  - Would require entrance counseling, renamed "Pre-Loan Counseling," to be administered before the disbursement of each new loan in each award year
- A report from NASFAA's Loan Counseling Task Force will be released in coming months.



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## FAFSA Act

- Bipartisan Faster Access to Federal Student Aid (FAFSA) Act
  - Passed Senate, introduced in House
  - Allows for direct cross-agency sharing between IRS and ED
    - » All items currently brought over from the DRT
    - » Applicant's filing status, including non-filing status
  - Addresses burden associated with verification, including verification of non-filing
  - Permits sharing of taxpayer information between ED and IRS related to IDR and TPD



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## NASFAA's 2020 Candidate Higher Ed Tracker

	Full or Partial Loan Forgiveness Proposal	PSLF Reform/Expansion Proposal	Tuition-Free or Debt-Free College Proposal	Basic Needs/Food Insecurity Proposal	Quality/Accountability Proposal
Vice President Joe Biden		✓	✓		
Sen. Cory Booker		✓	✓		
Mayor Pete Buttigieg	✓	✓	✓		
Secretary Julian Castro	✓	✓	✓		✓
Sen. Kamala Harris	✓	✓	✓	✓	✓
Sen. Amy Klobuchar		✓	✓		
Rep. Beto O'Rourke		✓	✓		
Sen. Bernie Sanders	✓	✓	✓		
Sen. Elizabeth Warren	✓	✓	✓	✓	✓
Andrew Yang	✓				✓

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## Federal Budget & Funding





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### Bipartisan Budget Act of 2019

- Congress struck a two-year, \$2.7 trillion budget agreement that was signed into law by President Trump on August 2<sup>nd</sup>. The deal:
  - Suspends the debt ceiling until July 2021.
  - Increases defense and non-defense discretionary spending caps for fiscal years (FY) 2020 and 2021, which will impact funding for Title IV programs for award years 2020-21 and 2021-22.
  - Raises defense and non-defense discretionary spending levels \$320 billion above the spending caps that would have otherwise been enacted due to sequestration.



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### Is This the End of Sequestration?

- The Bipartisan Budget Act of 2019 ends the threat of discretionary sequestration by increasing spending limits through FY 2021, when the discretionary sequester is set to expire indefinitely.
- The sequester on mandatory spending has been extended through FY 2029.
- With the mandatory sequester still in place, student loan origination fees, the Iraq-Afghanistan Service Grant (IASG), and TEACH Grants will continue to be impacted as in previous years.



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### What's next for FY 2020?

- To avoid a government shutdown when FY20 began on October 1, Congress passed a short-term Continuing Resolution to extend current funding levels through November 21.
- NASFAA will continue to advocate with the community for robust investment in the federal student aid programs.



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### FY 2020 so far...

Trump Budget Proposal	House Appropriations Bill
Flat-lines Pell maximum award	Increases Pell maximum award \$150 to \$6,345
Eliminates FSEOG	\$188 million increase in FSEOG to \$1.028 billion – would be largest increase in program history
Cuts FWS by \$630 million to \$500 million	\$304 million increase in FWS to \$1.434 billion – would be largest increase in program history
Eliminates Public-Service Loan Forgiveness (PSLF)	Additional \$350 million for borrowers enrolled in ineligible PSLF plans
Eliminates Subsidized Loans	N/A
Increase of \$134 million to support NextGen	N/A

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- Slide 30 © 2019 NASFAA
- ### Department of Education Outlook
- **Next Generation Financial Services Environment**
    - Single loan portal for borrowers, still assigned to a now “brandless” servicer
    - Contract was awarded January 2019
      - » Contract included aggressive timeline involving services starting 6 months after contract was awarded
      - » Will include the migration of over 200 million borrower accounts
  - **The End Of Legal Battles**
    - Private Collection Agencies (PCAs) sued ED over the NextGen Contract
    - PCAs felt they were being barred from competing for default collection contract work
      - » ED won the case; will be allowed to combine loan servicing and default collection work
  - **“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
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### ED Outlook: FSA Payment Vehicle Pilot

- For release of Title IV credit balances to students
- Pilot scheduled to launch fall 2019
- See *Electronic Announcement 7/3/19* for details
- Participating schools: Purdue, Georgia, UC Riverside, Jackson State
- Financial servicers providers: First Data, Urban FT, Metabank



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### 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
- Accreditation Notice of Proposed Rulemaking (NPRM) was released for public comment, others still to come
- Master calendar: Final rules must be published by November 1, 2019 to be effective for the 2020-2021 award year



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### 2018-19 Rulemaking Status

	Accreditation & State Auth	TEACH Grant & Faith-Based	Distance Ed
<b>NPRM</b>	6/12/09	Late summer/early fall	December 2019
<b>Final Rules</b>	On or before 11/1/19	?	?
<b>Effective Date</b>	7/1/20 (if final rules released by 11/1/19)	?	No earlier than 7/1/21
<b>Early Implementation?</b>	Accreditation - ? State auth - likely	TEACH Grant – likely Faith-based - ?	?



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### Negotiated Rulemaking: Previous Rule Packages

- Gainful employment
  - Rescinded on 7/1/19
  - Effective date 7/1/20, but early implementation authorized
- State authorization
  - Final rules of 12/19/16 are in effect until new final rules are released and effective
- Borrower defense
  - 2016 final rules are in effect
  - Re-negotiated in 2017-18
  - New final rules released Sept. 2019, generally effective 7/1/20



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### New Federal Tax Returns

- New verification line items - see GEN-19-02
- New eligibility criteria for Simplified Needs Test and Auto Zero EFC
  - If filed Schedule 1 only for certain deductions/income, meets criterion for SNT and auto zero EFC eligibility

### Shopping Sheet/College Financing Plan

- Released beta version of the new 2019-20 College Financing Plan
  - Solicited input from institutions to inform the creation of the final version
  - NASFAA conducted consumer testing
- Final version released Sept. 2019



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### Confusion on Foreign Gift Reporting

- Over the summer, ED announced investigations into four institutions' compliance with the reporting of foreign gifts and contracts
- NASFAA sent a letter to Department requesting clarification
- In early September, Department published its proposed form for reporting foreign gifts and opened a 60-day comment period.
- NASFAA plans to submit comments - more to come!



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## Miscellaneous ED Issues

- **Combat pay**
  - Higher rates of incorrect reporting of combat pay on FAFSA
  - No system issues found
  - ED adjusting instructions in 20-21 FAFSA
- **Presidential memorandum on discharge of student loans of totally and permanently disabled veterans (8/21/19)**
  - Automatic discharge, without application to ED
  - Veterans Affairs and ED will implement



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## NASFAA Update





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## NASFAA's Updated HEA Priorities

- Updated August 2019
- **Priorities Include:**
  - Strengthening Need-Based Aid
  - Promoting Opportunity Through Education
  - Simplifying the Federal Financial Aid Application Process
  - Curbing Excessive Student Indebtedness
  - Reforming Student Loan Repayment
  - Improving Information for Students and Families
  - Enhancing Student Aid Delivery

**MAKING FINANCIAL AID WORK FOR ALL**  
NASFAA Higher Education Act Reauthorization Priorities



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## National Student Aid Profile: Overview of 2019 Federal Programs

Updated July 2019

**NATIONAL STUDENT AID PROFILE:  
OVERVIEW OF 2019  
FEDERAL PROGRAMS**



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## 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

**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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## Join us at the NASFAA 2020 Leadership & Legislative Conference

Washington, DC February 3-5, 2020.



**NASFAA LEADERSHIP & LEGISLATIVE CONFERENCE & EXPO**  
SERVING CURRENT AND FUTURE FINANCIAL AID LEADERS



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