Agenda

• Inside the Beltway
• Outlook
  - Higher Education Act Reauthorization
    - House
    - Senate
  - Building Blocks to HEA
  - Federal Budget & Funding
• Department of Education Update
• NASFAA Update
• Opportunities for Advocacy
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 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.

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 candidates’ higher education proposals at www.nasfaa.org/2020

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 & 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

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

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, PSIF, 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 – SAI Act Overview

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

Senate Democrats - HEA Priorities

<table>
<thead>
<tr>
<th>Affordability and student debt</th>
<th>Access and success</th>
<th>Accountability and transparency</th>
<th>Protecting student safety and rights</th>
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<tbody>
<tr>
<td>• Addressing state disinvestment</td>
<td>• Strengthening campus-based aid</td>
<td>• Outcomes and data</td>
<td>• Campus sexual assault</td>
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<td>• Commitment to Pell</td>
<td>• Serving underrepresented students</td>
<td>• Accreditation reform</td>
<td>• LGBTQ students</td>
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<td>• Debt relief/ refinancing</td>
<td>• Policies for &quot;today’s student&quot;</td>
<td>• Increased accountability for for-profit schools</td>
<td>• Students with disabilities</td>
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<td>• Loan servicing</td>
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<td>• Hazing</td>
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HEA Issue Priorities

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<tr>
<th>Issue</th>
<th>House Republicans</th>
<th>House Democrats</th>
<th>Senate Republicans</th>
<th>Senate Democrats</th>
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<tr>
<td>“One Grant, One Loan”</td>
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<td>FAFSA simplification</td>
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<td>Risk-sharing</td>
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<td>Pell Grant increases tied to affluence</td>
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<td>Pell Grant for shorter term programs</td>
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<td>Eliminate origination fees</td>
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<td>Loan refinancing</td>
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<td>Campus-based aid allocation formula changes</td>
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HEA Reauthorization: This Session

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<tr>
<th>Senate Student Aid Improvement Act</th>
<th>House College Affordability Act</th>
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<td>1. Introduced in Committee</td>
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<td>2. Committee mark-up</td>
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<tr>
<td>3. Pass out of Committee</td>
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</tr>
<tr>
<td>4. Pass out of House or Senate</td>
<td></td>
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<tr>
<td>5. Conference House &amp; Senate bill</td>
<td></td>
</tr>
<tr>
<td>6. Both chambers pass final version</td>
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<tr>
<td>7. President signs into law</td>
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Feasibility of HEA Reauthorization this Congress

- 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

Building Blocks to HEA
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
- 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.

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.

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

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
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

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

- 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.
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

NASFAA’s 2020 Candidate Higher Ed Tracker

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<tbody>
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<td>Full or Partial Loan Forgiveness Proposal</td>
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<tr>
<td>PSLF Reform/ Expansion Proposal</td>
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<td>Tuition-Free from Debt-Free College Proposal</td>
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<tr>
<td>Basic Needs/ Food Insecurity Proposal</td>
<td>✓</td>
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<tr>
<td>Quality/ Accountability Proposal</td>
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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 2nd. 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.

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.

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.
### FY 2020 so far...

<table>
<thead>
<tr>
<th>Trump Budget Proposal</th>
<th>House Appropriations Bill</th>
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</thead>
<tbody>
<tr>
<td>Part-time Pell maximum award</td>
<td>$258 to $26,845</td>
</tr>
<tr>
<td>Eliminates FSEOG</td>
<td>Increased Pell maximum award $150 to $6,345</td>
</tr>
<tr>
<td>Cuts FWS by $648 million to $500 million</td>
<td>$188 million increase in FSEOG to $1.028 billion</td>
</tr>
<tr>
<td>Eliminates Public-Service Loan Forgiveness (PSLF)</td>
<td>Additional $68 million for borrowers enrolled in ineligible PSLF plans</td>
</tr>
<tr>
<td>Eliminates Subsidized Loans</td>
<td>N/A</td>
</tr>
<tr>
<td>Increase of $338 million to support Pell Bears</td>
<td>N/A</td>
</tr>
</tbody>
</table>

### 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 facilitate 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
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

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

2018-19 Rulemaking Status

<table>
<thead>
<tr>
<th></th>
<th>Accreditation &amp; State Auth</th>
<th>TEACH Grant &amp; Faith-Based</th>
<th>Distance Ed</th>
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</thead>
<tbody>
<tr>
<td>NPRM</td>
<td>6/12/09</td>
<td>Late summer/early fall</td>
<td>December 2019</td>
</tr>
<tr>
<td>Final Rules</td>
<td>On or before 11/1/19</td>
<td>?</td>
<td>?</td>
</tr>
<tr>
<td>Effective Date</td>
<td>7/1/20 (if final rules released by 11/1/19)</td>
<td>?</td>
<td>No earlier than 7/1/21</td>
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</table>
Negotiated Rulemaking: Previous Rule Packages

• Gainful employment
  - Recinded 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

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

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!
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

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