



National Association of Student
Financial Aid Administrators

Federal Update

Karen McCarthy
AASFAA, April 2017

Agenda

1. New Dynamics in Washington
2. The Top Priorities
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 - Higher Education Act Reauthorization
 - Federal Budget & Funding
 - Department of Education
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New Dynamics in Washington



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



The Top Priorities

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



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The Top Priorities: Obamacare

- Republicans attempted to use a budget mechanism called “reconciliation” to get around the 60-vote threshold in the Senate.
- Fine balance between appeasing more conservative “Freedom Caucus” Republicans and not losing moderate Republicans in swing districts led to the demise of the House repeal bill.



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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 issues on the chopping block could include
 - charitable contributions
 - employee tuition benefits
 - endowments



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The Top Priorities: Other Issues

- Immigration
 - DACA Repeal?
- Obama-era Regulation Repeal
 - Congressional Review Act (CRA)
 - Teacher Preparation Program Accountability reg only higher education CRA measure passed
- Infrastructure Package?



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Our Key Players



Our Key Players



WHITE HOUSE / ED

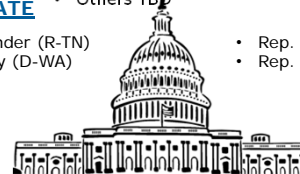
- Trump/Pence
- Betsy DeVos
- Others TBD

SENATE

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

HOUSE

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



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Key Players: Senate Education Comm.

Republicans (Majority)

- Alexander (TN), Chair
- Enzi (WY)
- Burr (NC)
- Isakson (GA)
- Paul (KY)
- Collins (ME)
- Cassidy (LA)
- **Young (IN)**
- Hatch (UT)
- Roberts (KS)
- Murkowski (AK)
- Scott (SC)

Democrats (Minority)

- Murray (WA), Ranking
- Sanders (VT)
- Casey (PA)
- Franken (MN)
- Bennet (CO)
- Whitehouse (RI)
- Baldwin (WI)
- Murphy (CT)
- Warren (MA)
- **Kaine (VA)**
- **Hassan (NH)**



Bold indicates new member of committee

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Key Players: House Education Comm.

Republicans (Majority)

- Rep. Virginia Foxx, North Carolina (Chair)
- Rep. Joe Wilson, South Carolina (Vice Chair)
- Rep. Duncan Hunter, California
- Rep. David P. Roe, Tennessee
- Rep. Glenn Thompson, Pennsylvania
- Rep. Tim Walberg, Michigan
- Rep. Brett Guthrie, Kentucky
- Rep. Todd Rokita, Indiana
- Rep. Lou Barletta, Pennsylvania
- Rep. Luke Messer, Indiana
- Rep. Bradley Byrne, Alabama
- Rep. Dave Brat, Virginia
- Rep. Mike D. Bishop, Michigan
- Rep. Glenn Grothman, Wisconsin
- Rep. Elise Stefanik, New York
- Rep. Rick Allen, Georgia
- Rep. Jason Lewis, Minnesota
- Rep. Francis Rooney, Florida
- Rep. Paul Mitchell, Michigan
- Rep. Tom Garrett, Virginia
- Rep. Lloyd Smucker, Pennsylvania
- Rep. Drew Ferguson, Georgia
- Vacancy

Democrats (Minority)

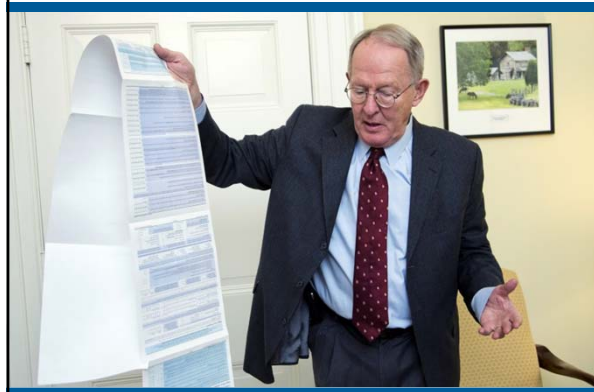
- Rep. Robert C. "Bobby" Scott (Ranking Member), Virginia
- Rep. Susan Davis, California
- Rep. Raul M. Grijalva, Arizona
- Rep. Joe Courtney, Connecticut
- Rep. Marcia Fudge, Ohio
- Rep. Jared Polis, Colorado
- Rep. Gregorio Sablan, Northern Mariana Islands
- Rep. Frederica S. Wilson, Florida
- Rep. Suzanne Bonamici, Oregon
- Rep. Mark Takano, California
- Rep. Alma S. Adams, North Carolina
- Rep. Mark DeSaulnier, California
- Rep. **Donald Norcross, New Jersey**
- Rep. **Lisa Blunt Rochester, Delaware**
- Rep. **Raja Krishnamoorthi, Illinois**
- Rep. **Carol Shea-Porter, New Hampshire**
- Rep. **Adriano Espaillat, New York**



Bold indicates new member of committee

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HEA Reauthorization Outlook



HEA Reauthorization Outlook

- Comprehensive HEA bills possible in later half of this year, 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.
- Perkins Loan Program extension unlikely.



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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

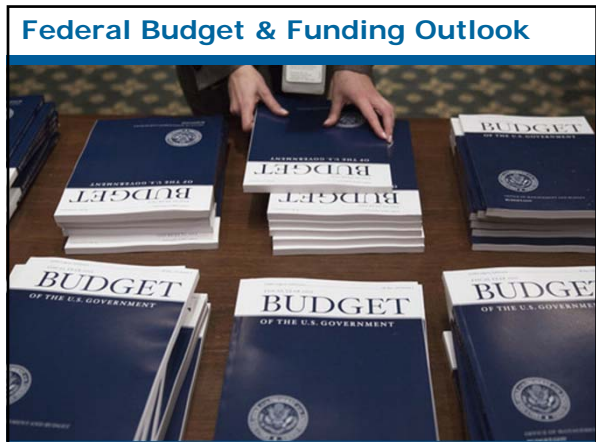


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NASFAA Influence




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Federal Budget & Funding Outlook


- Federal Government operating under a continuing resolution (CR) for FY2017 (award year 17-18) through April 28
- Return of the debt limit in the first half of the year
- Sequestration suspension expires for FY2018 (award year 18-19)



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Federal Budget & Funding Outlook


- Potentially drastic cuts to domestic spending could mean cuts to student aid programs
- House Budget Resolution for FY2017 could be a model for upcoming budget negotiations



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FY2017 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 (not conservative enough)



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FY2018 Trump “Skinny Budget”


- Light on details, but included...
 - \$3.9 billion cut to Pell Grant “surplus”
 - “Significant” cuts to Federal Work-Study
 - Revision of allocation formula
 - Elimination of FSEOG
 - ~\$200 million cut to TRIO and GEAR UP
- Full budget expected in May, including loan proposals



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Federal Budget & Funding Outlook

| PELL GRANTS: | FSEOG/FWS: | DIRECT LOANS: |
|---|--|---|
| <ul style="list-style-type: none"> • BEST CASE: Level funding with \$5,920 max (no further annual increase), year-round Pell • WORST CASE: Reduction of maximum award to \$4,860, rob program surplus for uses outside of education | <ul style="list-style-type: none"> • BEST CASE: Level funding • WORST CASE: Cuts/elimination, elimination of Administrative Cost Allowance (ACA) | <ul style="list-style-type: none"> • BEST CASE: Programs left untouched • WORST CASE: Elimination of in-school interest subsidy, fair-value scoring |



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Department of Education Update



Department of Education Outlook

- Direction of ED under Trump/DeVos unclear, but dramatically less focus on higher education compared to Obama administration expected
- Regulatory Relief a focus of Congress, so may also be a focus at ED
- Trump Department of Education can repeal or revise older regulations, but it would technically require negotiated rulemaking



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Regulatory Outlook

Eligible for review under the Congressional Review Act (CRA)
(Simple Majority to Overturn)

- Borrower Defense to Repayment
- **Teacher Preparation Program**
- State Authorization for Distance Education

Not Eligible under CRA, but could be targeted
(60 Votes in Senate to Overturn)

- Gainful Employment
- Credit Hour Definition
- Cash Management



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NASFAA Update



Fight for Financial Aid

- Following the release of the Trump budget and in anticipation of budget battles, NASFAA launched a new advocacy campaign, "Fight for Financial Aid."
- Like the page on Facebook: [facebook.com/Fight4FinAid](https://www.facebook.com/Fight4FinAid)



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NASFAA & FSA

- In November 2015, 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 2016, NASFAA surveyed institutions about their operational experiences with FSA in response to a request from the House of Representatives.
- In May 2016, NASFAA replied to the committee leaders with the results of the survey.
- NASFAA continues to consider recommendations to improve structure, transparency, and oversight at FSA.



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Policy Task Forces & Working Groups

Existing


- PPY Implementation
- Graduate/Professional Student Loan Limits
- Cost of Attendance Working Group
- Pre-requisite Working Group

Past

- HEA Reauthorization
- Reimagining Aid Design & Delivery (RADD)
- Student Indebtedness
- Public Service Loan Forgiveness
- Campus-Based 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


Upcoming

- Campus-Based Aid in One Grant, One Loan



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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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