



NASFAA POLICY

The following is a presentation prepared for:
MASFAA
Northport, ME 10/21/14

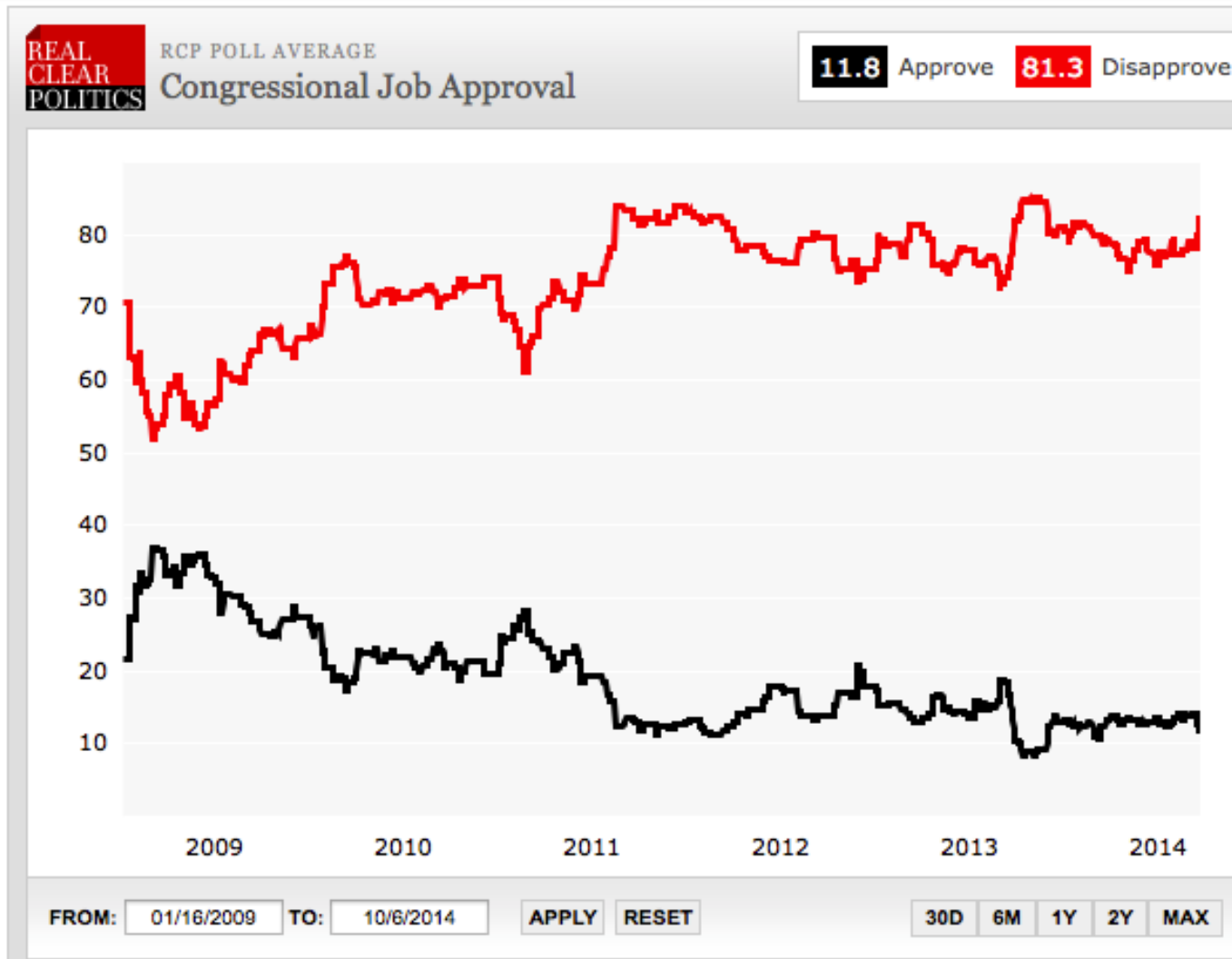
Agenda

- Washington Political Climate & Midterm Elections
- Federal Budget and Funding Update
- Reauthorization
- Regulatory Burden
- Questions?

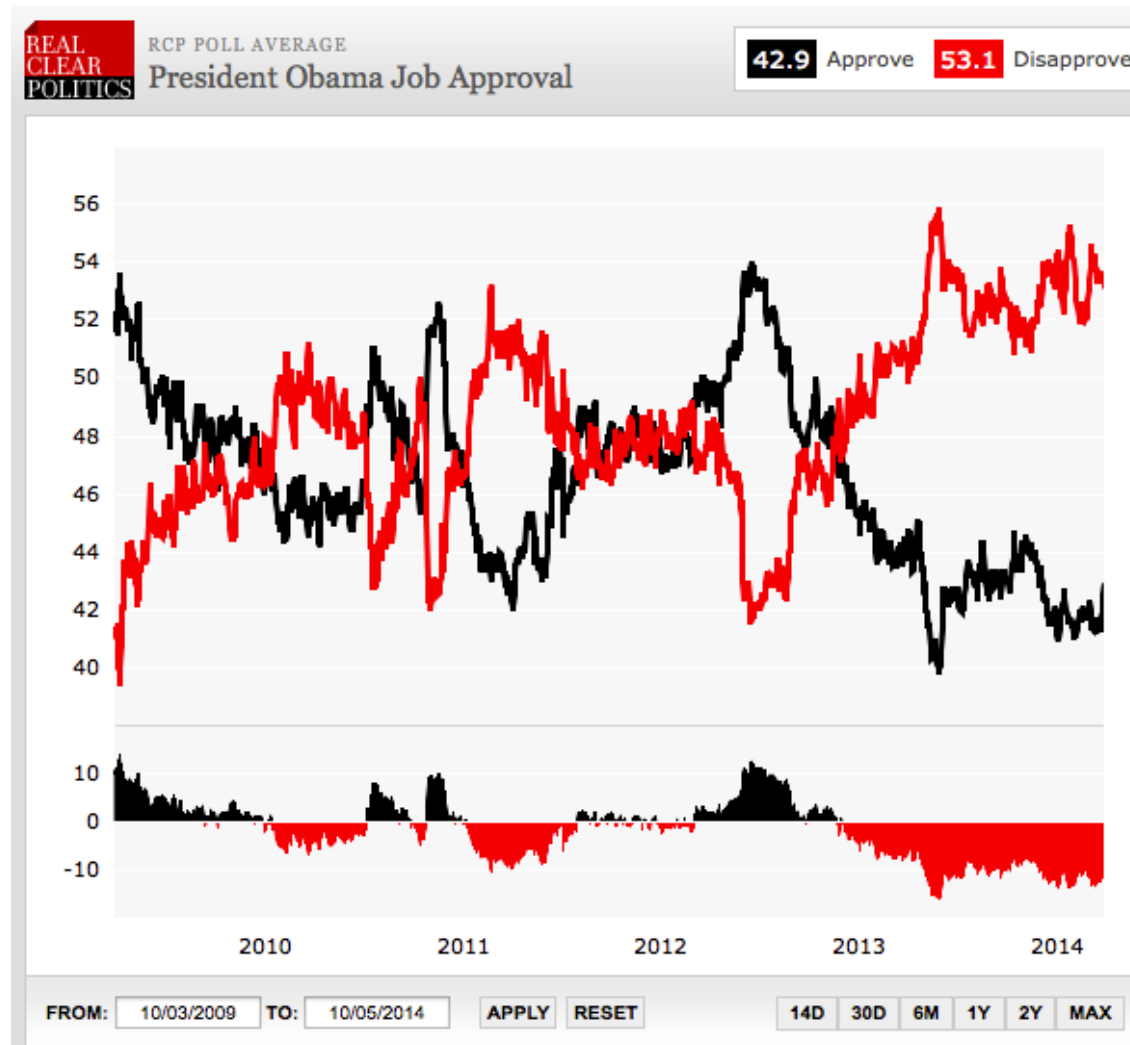
The 113th Congress

- Stand out Moments:
 - Suing the President
 - Sen. Rand Paul's out-of-the-blue [13-hour filibuster](#) on drones
 - Complete breakdowns in civility
 - Federal shut down
- Accomplishments:
 - First federal budget passed since 2009
- Outstanding Issues:
 - Spending, unemployment, entitlements, tax reform, the Affordable Care Act, immigration
- Summary: It's managed to live down to low expectations

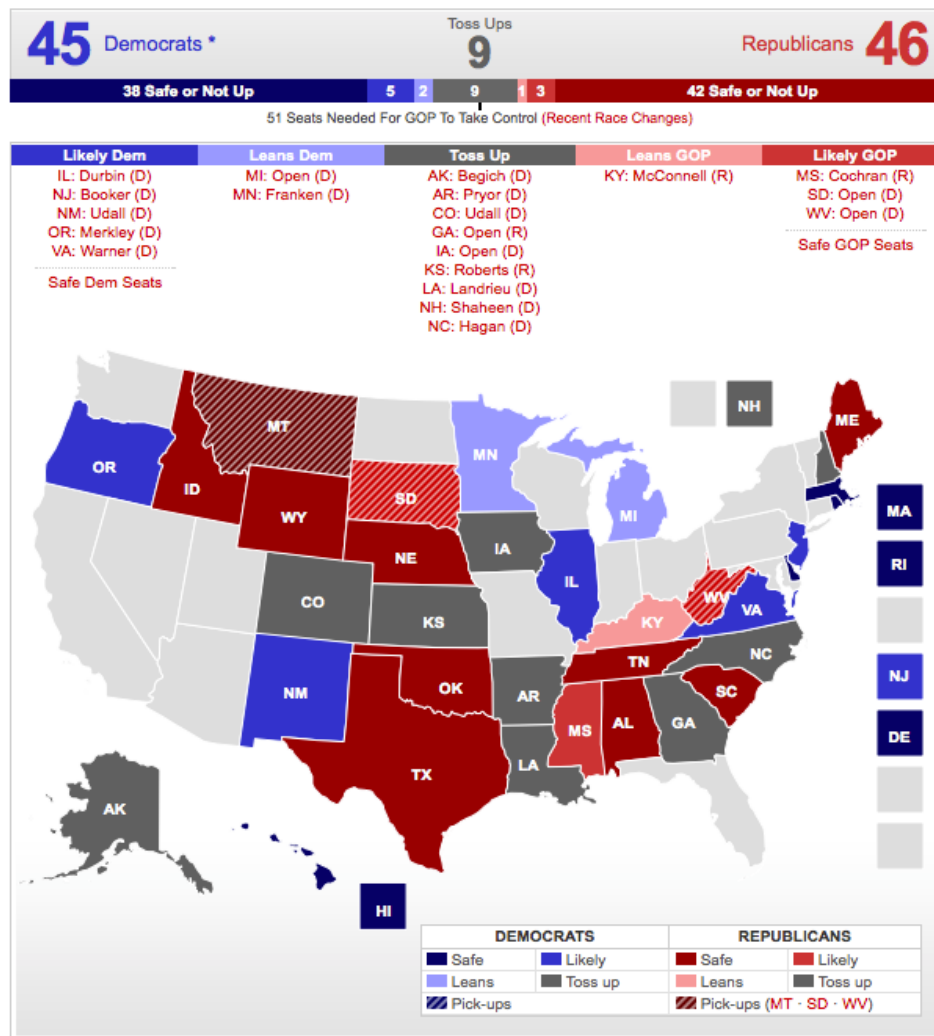
Congressional Approval Numbers



Presidential Approval Numbers



Battle for the Senate



* Sen. Bernard Sanders (I-VT) & Sen. Angus King (I-ME) currently caucus with the Democrats.

Higher Education Issues & The Election

- College Affordability & Ratings
- Consumer Information/Transparency
- Indebtedness and Repayment
- Innovative Learning Models (Prior Learning Assessment, Competency Based Learning, MOOCs)

Student Aid and the Budget

- Funding for student aid falls into the Labor, Health, Human Services, and Education Appropriations Subcommittee (Labor-H)
- This is always a very complex bill because so many important programs share the same pot of funds
- Most student aid funds are “forward funded” meaning they fund the following award year
 - Ex: FY 2014 funds the 2014–15 award year

Funding Update: FY 2014

- Bipartisan Budget Act, passed last December, provided \$65 billion in sequester relief for fiscal years 2014 and 2015
- Final FY 2014 spending bill:
 - Pell Grant is fully funded:
 - \$4,860 maximum discretionary
 - Mandatory funding addition of \$870
 - Expected max Pell Grant for 2014–15 = \$5,730
 - FSEOG/FWS received *almost all* of funding back from last year's sequestration cuts.
 - Exciting to see support for campus-based funds

Is Sequestration Still In Effect?

Sequestration is still in effect—it is a cutting mechanism meant to cut roughly \$1 trillion dollars over a decade

- In order for sequestration to be stopped, Congress must pass a bill to either repeal or replace the law
- Appetite is more toward replacement rather than repealing, but this is also the most difficult of options as it requires Congress to come to an agreement in other areas

Budget Update: FY 2015

- President Obama released his FY 2015 budget request back on March 5th
- House and Senate have allocated funds to the different appropriations subcommittees
 - Senate Labor-H has marked up a bill, but it seems unlikely the full committee will review it
 - House Labor-H is not expected to release a bill

Obama FY15 Budget Request

- Grants
 - Maximum Pell Grant of \$5,830
- Campus-Based Aid
 - Level fund FSEOG and FWS (FY 2014 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 FY15 Budget Request

- Tax Provisions
 - Permanently extend American Opportunity Tax Credit (AOTC)
 - Simplify tax credits for most Pell recipients by clarifying and simplifying the AOTC rules
 - Provide tax relief for student loan borrowers by exempting amounts of debt forgiven under income-dependent plans

Obama FY15 Budget Request

- Loans
 - Expand Paye As You Earn eligibility to all borrowers
- Access and Affordability Proposals
 - “Race to the Top” for Higher Ed
 - College Opportunity Bonus Program

House FY15 Budget Resolution

- Released April 1st: *The Path to Prosperity*
- Budget resolutions can be considered “blueprints” or “roadmaps” for each chamber
- Overall theme: austerity and deficit reduction

House FY15 Budget Resolution

Student Aid Provisions:

- Elimination of in-school interest subsidy
- Freeze maximum Pell Grant for next 10 years
- Eliminate Pell eligibility for less-than-halftime students
- Consider Pell Grant income cap
- Elimination of Pell and Campus-based Administrative Cost Allowance
- Elimination of mandatory funding portion of Pell Grant
- Further reduce discretionary sequestration caps

CBO Projections

- On July 14th the CBO released latest outlook on Pell and student loans
- Good news! Yet again, the CBO made the Pell funding cliff smaller and moved it further off
 - New cliff = \$3 billion shortfall in 2017
 - Doesn't mean we can relax - we still need stable funding for Pell
- Revised IBR expansion saves \$12 bil/10 yr.

Reauthorization



Reauthorization

- Higher Education Act reauthorization *should* occur in 2014; but that won't happen
 - The process has started, but there will not be a final bill
- NASFAA's Reauthorization Task Force submitted recommendations to House and Senate Ed Committees
- Predictions on timing
 - An automatic one-year extension will be granted at end of 2014
 - Initial legislation has been released in both House and Senate, but markups are unlikely
 - Recess in October and a lame duck Congress will slow progress
 - Maybe start to see real movement in spring of 2015

Steps to Higher Education Act Reauthorization

- ✓ Hearings
- ✓ Drafting Legislation
- ➡ Marking Up Legislation
- ➡ Passing Legislation
- ➡ Reconciling Legislation
- ➡ Signing Legislation

Influence on Legislation



Move to NASFAA Task Forces

1. They allow for a wider pool of volunteers who may otherwise be unable to commit to an entire year's worth of service;
2. They allow NASFAA to convene groups on an ongoing basis throughout the year to be more responsive to the exact needs of the membership or the association's public policy initiatives;
3. Task forces provide significantly more opportunities for more members to be involved in the vital work of the association.

<http://www.nasfaa.org/volunteer.aspx>

MEMBERS

- News Room
- Publications
- Training & Professional Development
- Professional Practice Tools
- Program Guidance
- Membership Center
 - Manage Your Membership
 - Connect with Colleagues
- Get Involved
 - Volunteer Opportunities
- Board of Directors
- Staff Directory
- Awards
- Get NASFAA Gear

Volunteer Opportunities

NASFAA offers many ways to get involved with your national association, including membership on our volunteer committees and task forces. These groups report to the National Chair and are established to help the Association meet its organizational goals. All committee/task force activities are subject to approval by the National Chair, Board of Directors, and/or President.

NASFAA's task force and committee structure varies from year-to-year, depending upon the needs of the association. Currently NASFAA offers Task Force and Board Committee volunteer opportunities.

Task Forces

The majority of volunteer opportunities open to the membership take the form of topical Task Forces. These groups are convened as needed, for the amount of time needed to accomplish a specific goal or goals, as outlined in the Task Force charter (see additional information about volunteering for NASFAA in the *Committee and Task Force Handbook*). Task Force opportunities are made available to members through *Today's News*. Opportunities currently open, currently filled, or planned for are as follows:

Group	Start Date	End Date	Status
Web Redevelopment Task Force	4/14	5/15	Task force currently at work
50th Anniversary Task Force	6/14	7/16	Task force currently at work
Servicing Issues Task Force	6/14	11/14	Task force currently at work
Grad/Professional Issues Caucus	6/14	1/15	Task force currently at work
Professional Diversity Caucus	6/14	1/15	Task force currently at work
Leadership Conference: Association Management Track	8/14	3/15	Task force currently at work
Leadership Conference: New & Aspiring Directors Track	8/14	3/15	Task force currently at work
National Conference Program Task Force	8/14	7/15	Task force currently at work
Management Benchmarking Task Force	10/14	2/15	Volunteer window closed, selection in progress
R2T4 Task Force	11/14	6/15	Currently seeking volunteers
Innovative Learning Models Task Force	11/14	6/15	Currently seeking volunteers
Policy Rapid Response Network Task Force	11/14	6/15	Currently seeking volunteers
Annual Training Task Force	1/15	6/15	Open to volunteers in fall
Local Arrangements Task Force	1/15	7/15	Open to volunteers in fall

Past, Existing, and Future ***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

Existing

- Task Force on Loan Servicing
- Task Force on Program Integrity Regulations

Immediate Future

- Task Force on R2T4 (Fall 2014)
- Innovative Learning Models (Fall 2014)

► **Research**

[illegible]

- Higher Education Affordability Act (HEAA)
- Financial Aid Simplification and Transparency (FAST) Act

- Simplifying the Application for Student Aid Act (H.R. 4982)
- Empowering Students Through Enhanced Financial Counseling Act (H.R. 4984)
- Strengthening Transparency in Higher Education Act (H.R. 4983)

NASFAA and its members have also been hard at work analyzing the HEA and potential new policies. [Please read the Preliminary Report of the NASFAA Reauthorization Task Force](#), which was approved in June 2013 by the Board of Directors. If you have suggestions for additional areas where legislative change is needed, please send your ideas to reauth@nasfaa.org.

NASFAA TASK FORCE REPORT



NASFAA TASK FORCE REPORT



PUBLIC SERVICE LOAN FORGIVENESS



THE CAMPUS- BASED FORMULA



NASFAA TASK FORCE REPORT



CONSUMER INFORMATION



NO CLEAR WINNER: CONSUMER TESTING OF FINANCIAL AID AWARD LETTERS

CONDUCTED BY JBL ASSOCIATES, INC. ON BEHALF OF
THE NATIONAL ASSOCIATION OF STUDENT FINANCIAL
AID ADMINISTRATORS (NASFAA) WASHINGTON, DC



HEA Reauthorization – Working Draft Overview

July 31, 2014

	SENATE DEMOCRATS LEGISLATION: HEAA*	SENATE BI-PARTISAN LEGISLATION: FAST ACT*	HOUSE OF REPRESENTATIVES LEGISLATION: VARIOUS*
Prior-prior year income in need analysis	<ul style="list-style-type: none"> Effective 180 days after enactment 	<ul style="list-style-type: none"> Prior-prior year data must be retrieved from IRS 	H.R. 4982 <ul style="list-style-type: none"> By second Jan 1 after enactment
Loan entrance counseling	<ul style="list-style-type: none"> Changes timing from prior to disbursement to prior to signing MPN Adds elements 	<ul style="list-style-type: none"> Requires ED to give student information about his/her loan eligibility including repayment data 	H.R. 4984 <ul style="list-style-type: none"> Elements for first-time borrower incorporated in new annual counseling requirement
Need analysis (EFC) formula	<ul style="list-style-type: none"> IPAs increased for student contribution calculations 	<ul style="list-style-type: none"> Pell based on family size and AGI Auto eligible based on means-tested benefits (but not necessarily for maximum Pell) 	
Year-round or flex Pell	<ul style="list-style-type: none"> Allowed for full-time students for purpose of acceleration, limited to 150% of maximum grant and overall 12 semester limit ED cannot dictate assignment of summer cross-over terms 	<ul style="list-style-type: none"> Allowed (within overall 12 semester limit) in two defined circumstances: <ul style="list-style-type: none"> Acceleration within award year Year-round attendance for catch up to finish on time, limited to 150% of maximum grant 	
Repayment plans	<ul style="list-style-type: none"> Eliminates income-sensitive and income contingent. Leaves standard 10-year, extended, graduated, and IBR. IBR required for defaulters IBR plan amended <ul style="list-style-type: none"> Partial financial hardship definition changed Changes treatment of married borrowers No capitalization of interest 	<ul style="list-style-type: none"> Only standard 10-year and IBR 	

Higher Education Affordability Act

- Senate Dems first draft of reauthorization
- HEAA introduced on June 25th
- Key provisions:
 - PPY
 - Year-round Pell
 - Eliminates student loan origination fees
 - Early notification of potential financial aid packages
 - Streamline repayment programs: a 10-yr plan, and an income-based plan
 - Borrowers more than 150 days delinquent auto-enrolled in IBR
 - Full certification of private loans
 - Private student loans can be discharged in bankruptcy

Alexander/Bennet FAST Act

- Financial Aid Simplification and Transparency (FAST) Act
- Introduced on June 19th
- Eliminates the FAFSA
 - Only asks for a student's family size and adjusted gross income from two years prior
- Implements a one grant/one loan system
- Streamlines the repayment process into two programs:
 - A standard 10-year repayment and an income-based repayment
- Introduces a “look-up” table that uses family size and PPY to find the Pell Grant award amount
 - Provides early information to students and families.
- Institutional authority to limit loans

House GOP Reauthorization

- Released four bills:
 - Simplifying the Application for Student Aid Act
 - Empowering Students Through Enhanced Financial Counseling Act (Passed)
 - Strengthening Transparency in Higher Education Act (Passed)
 - Advancing Competency Based Education Demonstration Project Act (Passed)
- These bills begin to address the committee's four guiding principles:
 - Empowering students and families to make informed decisions
 - Simplifying and improving student aid
 - Promoting innovation, access, and completion
 - Ensuring strong accountability and a limited federal role

House GOP Reauthorization

- Simplifying the Application for Student Aid Act
 - Mandates the use of PPY income in federal need analysis
 - Not yet marked up
- Strengthening Transparency in Higher Education Act
 - Replaces College Navigator with a new site called College Dashboard
 - ED would maintain the site, and it would have institutional level information related to basic facts about an institution, such as: sector, web address, enrollment, completion, costs, financial aid, and cohort default rates
 - Marked up on July 10th, passed full House

House GOP Reauthorization

- Empowering Students Through Enhanced Financial Counseling Act
 - Replaces one-time entrance counseling requirement with annual counseling that must be completed before student accepts the loan
 - Passive confirmation of loans would no longer be allowed
 - Exit counseling is expanded to include borrower-specific information Calls for annual counseling of Pell recipients
 - ED required to offer consumer-tested, on-line counseling
 - Requires Parent PLUS counseling
 - Marked up on July 10th, passed full House

Other Reauthorization Marker Bills

- What is a marker bill?
 - Legislation that gets introduced to promote an idea or set of ideas, but without the intent of immediate Congressional action
- Recent marker bills:
 - Pell Grant Protection Act (Sen. Hirono)
 - Student Loan Borrower Bill of Rights (Sen. Durbin)
 - Bank on Students Emergency Loan Refinancing Act (Sen. Warren)
 - CHANCE Act (Sen. Landrieu)
 - Simplifying Financial Aid for Students Act (Sen. Booker)
 - College Affordability & Innovation Act (Sens. Murphy & Schatz)
- It's clear that Congress is interested in student aid issues

President Obama Executive Memo

- On June 9th, the president issued a series of executive actions on student loans
- Extends PAYE to an additional 5 million borrowers
 - Would include those who borrowed before October 2007 or who have not borrowed since October 2011
 - The new regulations guiding this expansion need to be out by June 9, 2015
 - ED is directed to have the expansion in place by Dec. 2015

President Obama Executive Memo

- The memo also seeks to educate borrowers during tax filing:
 - By 9/30/2014, ED and Treasury initiate private sector partnerships to better education borrowers about income-based repayment plans
- Promote stronger collaboration to ensure informed borrowing decisions:
 - By 9/30/2014, ED and Treasury should develop a pilot project to test effectiveness of loan counseling
 - ED and Treasury should collaborate with organizations representing students, teachers, nurses, social workers, etc. to educate borrowers represented by those organizations about available repayment options

Negotiated Rulemaking Update

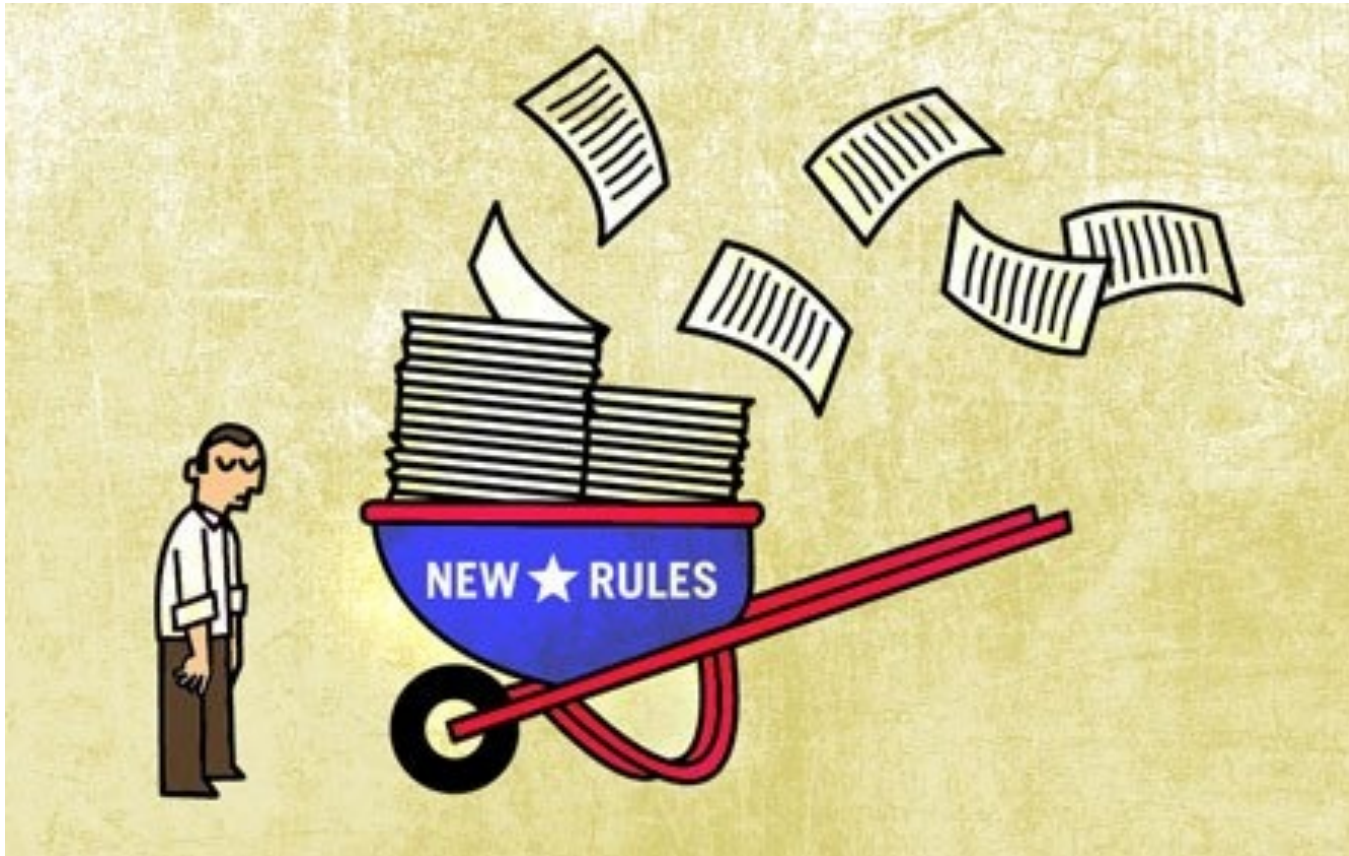
Program Integrity Neg Reg

- PLUS NPRM released, final expected by November 1, 2014
- Waiting on the following NRPMs:
 - Cash Management (congressional concern)
 - Clock to Credit Hour
 - Repeat Coursework
- Predictions?
- State authorization delayed

Negotiated Rulemaking Update

- Gainful Employment:
 - We submitted comments back in Spring, assuming final rule will be delivered before Nov. 1.
- Future Sessions: Exec Order for PAYE expansion will need to have negotiations and ideally have a final rule by Nov. 1, 2015 in order to meet administrations 12/2015 deadline

Regulatory Burden



Alexander/ACE Task Force

- Task Force on Government Regulation of Higher Education, announced in November
- Led by Sen. Alexander (R-TN)
- American Council on Education is managing the Task Force
 - NASFAA has been (and will continue to be) involved in an advisory capacity

NASFAA Paper on Burden Estimates

- NASFAA released a brief stressing that greater transparency is needed from the Department of Education
- Need to understand how administrative burden estimates are calculated with respect to federal regulations governing federal student financial aid

NASFAA Paper on Burden Estimates

Policy Recommendations:

- Conduct a detailed analysis on a sample of regulations to assess the difference between estimated burden and observed outcomes
- Create an advisory committee or leverage existing advisory resources to help the ED provide estimates that are more consistent with aid administrators' experiences
- Include burden estimates in the negotiated rulemaking process
- Have ED and/or Office of Management and Budget conduct follow-up with institutions, post-implementation, to evaluate the accuracy of burden estimates

Ethical Principles

- Advocate for students
- Manifest the highest level of integrity
- Support student access and success
- Comply with federal and state laws
- Strive for transparency and clarity
- Protect the privacy of aid applicants

Code of Conduct

- No action will be taken by financial aid staff that is for their personal benefit or could be perceived to be a conflict of interest
- Information provided by the financial aid office is accurate, unbiased, and does not reflect preference arising from actual or potential personal gain
- Institutional award notifications and/or other institutionally provided materials shall include certain specific requirements (see one-pager)
- All required consumer information is displayed in a prominent location on the institutional web site (s) and in any printed materials, easily identified and found, and labeled as “Consumer Information”
- Financial aid professionals will disclose to their institution any involvement, interest in, or potential conflict of interest with any entity with which the institution has a business relationship



NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS