

# Washington, DC Update

Sometimes You're the Locomotive,  
Sometimes You're the Caboose



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October 23-25, 2017  
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# What We'll Cover...

- Administration Update
- Status of Budget and Appropriations
- Budget Reconciliation?
- Reauthorization?
- What Else?

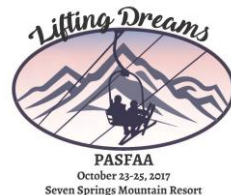


# Political Train Wreck in DC

- Republicans Like President Trump
- Democrats Don't Like President Trump
- President Trump has Record Low Approval Ratings
- Congressional Approval Ratings are Lower Than President Trump
- Republican Intraparty Feud Complicates Legislating and Will Complicate Upcoming Election Cycle
- Democrat Intraparty Feud Complicates Legislating and Will Complicate Upcoming Election Cycle

# The Engineer and the Crew

- Secretary of Education Betsy DeVos
- **Acting** Under Secretary Jim Manning
  - Leonard Haynes appointed as Senior Advisor to the Under Secretary
- **Acting** Assistant Secretary for Postsecondary Education Kathleen Smith
- Awaiting nominees for these posts
- Mick Zais, Former State Superintendent of Education in South Carolina, Nominated for Deputy Secretary



# The Engineer and the Crew

- FSA Chief Operating Officer A. Wayne Johnson
  - Did not need Senate approval
  - Broad vision for program modernization
  - Technology focused – FAFSA, loan servicing, COD
  - Reestablished communication with NASFAA
  - Targeting 3<sup>rd</sup> party debt relief companies



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# Administration's Higher Education Policy Still in the Station

- Reauthorization Framework Coming this Fall
- Some Clues in President's Budget
  - No love for Campus Based Programs
    - Cuts to SEOG and FWS
    - Let Perkins expire
    - Revise allocation formula
  - Support for year-round Pell



# Administration's Higher Education Policy Still in the Station

- Changes to Student Loans
  - Eliminating Subsidized Stafford Loans
  - Ending PSLF for new borrowers
  - Single IDR plan for new borrowers, with forgiveness after 15 years for undergraduates and 30 years for graduate students
  - Possible limits on PLUS and Grad PLUS
  - Support for private-sector involvement in student lending





# Congress Keeps Chug, Chug, Chugging Along

- Partisan Battles over Nominees
- Health Care Fight Fizzles, but Lingers
- Managed to Avoid a September 30<sup>th</sup> Showdown
  - Surprise deal kept government open through December 8<sup>th</sup> via Continuing Resolution
  - Delayed action on raising the debt ceiling, maybe until spring





# The Money Train

- Some Work Completed on Appropriations Bills
- House and Senate Committees Have Passed Labor/HHS/ED Funding Bills
  - Both generally reject program cuts proposed by Trump Administration
  - Senate proposes increase in Pell Grant maximum to \$6,020
  - Senate bill includes funding for year-round Pell
  - Final numbers will be included in an Omnibus Appropriations package



# Congress Has More Tickets to Punch

- Tax Reform
- Health Care
- DACA/Immigration Reform
- Iran Sanctions
- Infrastructure
- Disaster Relief
- Executive Branch, Judicial, and Ambassadorial Nominees



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# Switching Tracks...

- Will Congress Get Started on Budget Reconciliation?
  - Both Houses of Congress need to agree on a Budget Resolution
    - Senate passed its version late last week
    - House likely to act this week
  - The final Resolution likely to skip the need for Budget Reconciliation
    - House had included \$20 billion in savings over 10 years for the education-related Committees
    - Senate did not adopt savings for Education-related or most other Committees



# Tax Reform Will Hop on a Budget Reconciliation Train

- Budget Reconciliation Limits Items that Can be Considered
  - Must impact federal budget
  - Generally limited to mandatory spending and taxes
  - Senate Parliamentarian rules on whether items are germane
  - Cannot be filibustered in the Senate
  - Final, single vote on entire package
- House May Produce Tax Legislation Before Thanksgiving
  - Senate will be more challenging
  - Broad reform, saving popular tax deductions vs. goal of minimizing impact on deficit
  - Higher education tax credits/deductions in the mix

# Is Reauthorization Possible?

- Local Train
  - Hearings, extended discussion, community input
  - Unknown time schedule
- Broader range of issues, including
  - One loan-one grant
    - Campus Based program reform
    - Revisions to PLUS and GradPLUS
  - FAFSA simplification
  - Increased loan counseling requirements
  - Reforms to gainful employment & borrower defense rules
  - R2T4 reform
  - Institutional risk-sharing
  - Loan servicing direction
  - Standardized award letters

# Opposite Tracks



## Budget Savers

- Eliminate In-school Interest Subsidy
- Eliminate PSLF (for new borrowers)
- Loan Limits for Parent and Grad PLUS
- Restrict Borrower Defenses Against Repayment

## Budget Spenders

- Reduce Origination Fees
- Increase Unsub Loan Limits
- Rework Interest Rate Formula
- Simplify Repayment Plans – Shorter Term to Forgiveness
- FAFSA Simplification
- Reinstate Perkins Loans

# What's Coming Down the Track

- House Education and the Workforce Committee Republicans May Release a Draft Reauthorization Bill this Year
  - Working towards a comprehensive draft, rather than a series of smaller bills
- Senate HELP Committee Working on Reauthorization Bill
  - Simplification is a priority
- Diminishing Odds of Completing Reauthorization by 2018



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# Trying to Avoid the Oncoming Train

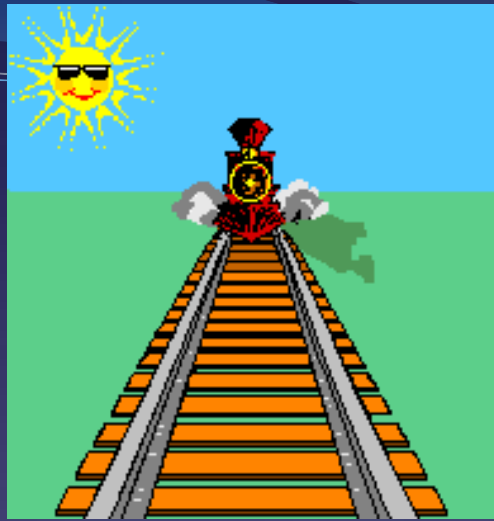
- December 8 Deadline for Finalizing Appropriations
  - Could mean a tense holiday season on Capitol Hill
  - Nothing dramatic likely for student aid programs
  - Details could depend on whether there is a larger budget deal
    - Could increase debt ceiling or take it off the table
    - Could combine with tax reform
    - Could be a multi-year deal



# Drive that Train...

- Don't Be Complacent
  - Re-emphasize value of student aid programs
  - Fewer members of Congress know the history
- Public Concerns Erode Support
  - High cost of postsecondary education
  - Student loan debt
- PASFAA and NASFAA Need to Continue to Advocate
  - PASFAA members need to stay engaged with the GRC





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