



# Pennsylvania Association of Financial Aid Administrators

## **Washington DC Update: *Building a New Political Reality***

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# What Is Changing?

- U.S. Department of Education Gets Organized
- 115<sup>th</sup> Congress Convenes
- Congressional Budget Process Begins
- Higher Education Act Reauthorization Looms

# The Changing Department of Education

- Secretary of Education Betsy DeVos
  - Contentious hearing
  - Historic confirmation vote
    - VP Pence broke Senate tie
  - Single issue focus in prior roles
- New Postsecondary Education Policy Team
  - Will assemble new agenda and agree on new priorities
  - Future of FSA to be determined

# Department of Education

- Federal-wide Focus on Regulatory Relief
  - President Trump says no new regulations, unless two regs are rescinded
  - Review of recently issued regulations and guidance
  - Every agency to form “Regulatory Reform Task Force”
  - Gainful Employment, State Authorization, Borrower Defense Against Repayment will all get scrutiny

# Department of Education

- PASFAA working to identify rulemaking and guidance that should be reviewed, e.g.:
  - R2T4
  - 150% rule
  - What else??
- Pace of Rulemaking and Guidance Could Slow for a While
- Jeff Baker retiring

# Higher Education Policy

- White House Higher Education Task Force
  - Jerry Falwell, Jr, President of Liberty University to lead
  - Focus on institutional issues
  - Falwell has cited “overregulation and micromanagement of higher education“
  - Senate Democrats express concern about potential conflicts of interest on Task Force
    - Worry about diluting federal mandates

# Meanwhile, at the U.S. Capitol...

- Virginia Foxx (R, NC) New Chair of House Committee on Education and the Workforce
  - Brett Guthrie (R, TN) Chair of Subcommittee on Higher Education and Workforce Development
  - 3 PA Members on Higher Education Subcommittee
    - Thompson, Barletta, Smucker

# And, in the Senate...

- Sen. Lamar Alexander (R, TN) remains as Chair of Health, Education, Labor, and Pensions Committee
  - Sen. Patty Murray (D, WA) remains as Ranking Member
  - Sen. Bob Casey (D, PA) remains on committee
- Republicans with Slim, Two-vote Majority in Senate
  - Lingering “ill-will” from DeVos confirmation?
  - Sen. Enzi request to audit all student loan data



# The Federal Budget

- FY 2017 Appropriations Still Unfinished
  - Continuing Resolution expires April 28
  - Negotiations still to come
  - Year-round Pell could be part of final package
- FY 2018 Budget
  - President releases “skinny” budget this week
  - “Top line” numbers, few details expected
    - \$54 billion increase in defense spending, with corresponding reduction in domestic discretionary spending
    - Elimination of “duplicative or non-performing” programs
    - Approximately \$20 billion in reductions expected to be proposed for the Labor, HHS, ED Appropriations Bill

# The Federal Budget

- Budget Reconciliation Could be Coming
  - FY 2017 – Affordable Care Act
  - FY 2018 – Tax Reform?
    - Longer-term budget agreement?
    - Broader budget cuts?
    - Entitlement reform?
    - Stealing thunder from reauthorization?

# Higher Education Act Reauthorization

- The Process Begins Again
  - House E&W Committee has held a hearing
    - Will likely work on smaller bills
    - Try to combine them into a full reauthorization
    - May start with non-controversial measures
  - Senate will take time to get started
    - More likely to assemble a comprehensive reauthorization bill
    - Can Senators Alexander and Murray reach agreement?
  - Will White House transmit recommendations?

# Key Reauthorization Issues

- Simplification
  - FAFSA simplification
  - One loan, one grant, one work
  - Fewer repayment options
    - Streamlined renewal for IDR
  - Combining federal data sources for students and families

# Key Reauthorization Issues

- Evaluating Program Effectiveness
- Legislated Regulatory Reform
- Enhanced Loan Counseling
  - FAA discretion to limit borrowing for certain students
- Role of Accreditors
- Future of Gainful Employment Rules
- Skin in the game
- Loan limits, interest rates
- Reconfiguring Pell Grants
- Promoting Retention

# Reauthorization

- Fiscal Constraints

- At risk:

- Subsidized loans
- Public Service Loan Forgiveness
- Grad PLUS
- Perkins Loans
- SEOG
- New initiatives

# Building Your Case

- Think Broadly
  - Rare time where both the legislative and regulatory sides are being reviewed
  - What are the big ideas?
  - What is getting in the way of implementing student aid policy?
- Work with PASFAA Leadership and the Government Relations Committee
- Be Part of Building a Bright Future