



WASHINGTON UPDATE

NO LIGHTS, NO ACTION, JUST CAMERAS



Scott E. Miller
PHEAA
smiller1@pheaa.org
October 16, 2013



WASHINGTON UPDATE

NO LIGHTS, NO ACTION, JUST CAMERAS



Scott E. Miller
PHEAA
smiller1@pheaa.org
October 15, 2013

IT'S A MAD MAD MAD MAD WORLD...

- One Flew Over the Budget Nest
- On the (Potomac) Waterfront
- Dances With Colleges
- Driving Miss Reauth



2013: A BUDGET ODYSSEY...

- Congress Has Not Finalized ANY Appropriations Bills for FY 2014
 - House passed 4 bills, Senate none
 - In the absence of Approps Bills, a Continuing Resolution (CR) is needed to keep the government funded
 - Mandatory (Entitlement) programs keep flowing (Social Security, Medicare, Direct Loans)
 - Education programs are “forward funded”

THE DAY THE EARTH STOOD STILL...

- Current Status of Federal Spending
 - Government shutdown on October 1, 2013
- Impact on Student Aid Programs
 - College Navigator site shut down
 - Other ED websites operating
 - 94% of ED employees furloughed
 - Negotiated Rulemaking delayed
 - Loans II regs package delayed?



BROADCAST NEWS...

➤ Senate Deal Taking Shape

- Open government through mid-January
 - ♦ Assume current sequestration level
 - ♦ Provide some flexibility if 2014 sequester takes effect
- Raise Debt Ceiling through February 7
 - ♦ Extraordinary measures could extend date
- Small “tweaks” on ACA
 - ♦ Income verification
 - ♦ Delay in “belly button” tax
- Engage in negotiations on long-term budget issues
 - ♦ Entitlement programs
 - ♦ Alternatives to sequestration
- Will House need Democrat votes to pass the deal?

CLOSE ENCOUNTERS OF THE DEBT CEILING KIND...

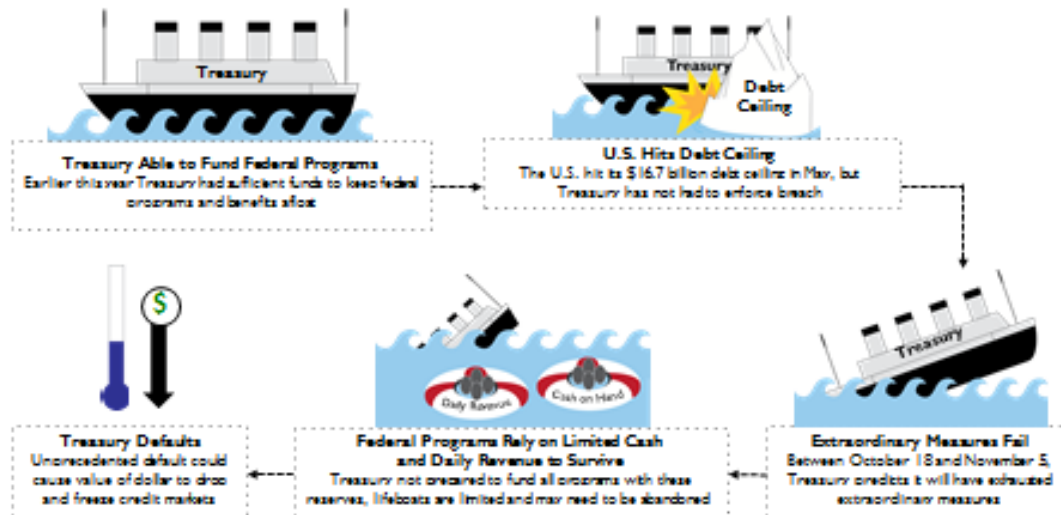
- Debt Ceiling Could Be Enforced Thursday
 - Government obligations will be greater than “cash on hand”
 - ◆ Enforcement of debt ceiling was delayed in January deal
 - Government will prioritize creditors
 - ◆ Greatest economic risk is if bondholders are not paid (likely not until end of October)
 - Credit rating downgrade
 - Interest rates for government borrowing will increase (and trickle down to business and consumer lending)
 - Stock market will react negatively
 - ◆ Mandatory payments could be halted, delayed, staggered (Social Security, Medicare, Direct Loans)
 - ◆ Student aid funds could dry up



A TITANIC ISSUE...

NationalJournalMembership

The Debt Ceiling Crisis, Directed by James Cameron



Takeaway

The 2013 debt ceiling crisis puts hundreds of federal programs and benefits in danger of delayed or discontinued funding and puts the U.S. at risk of a credit downgrade

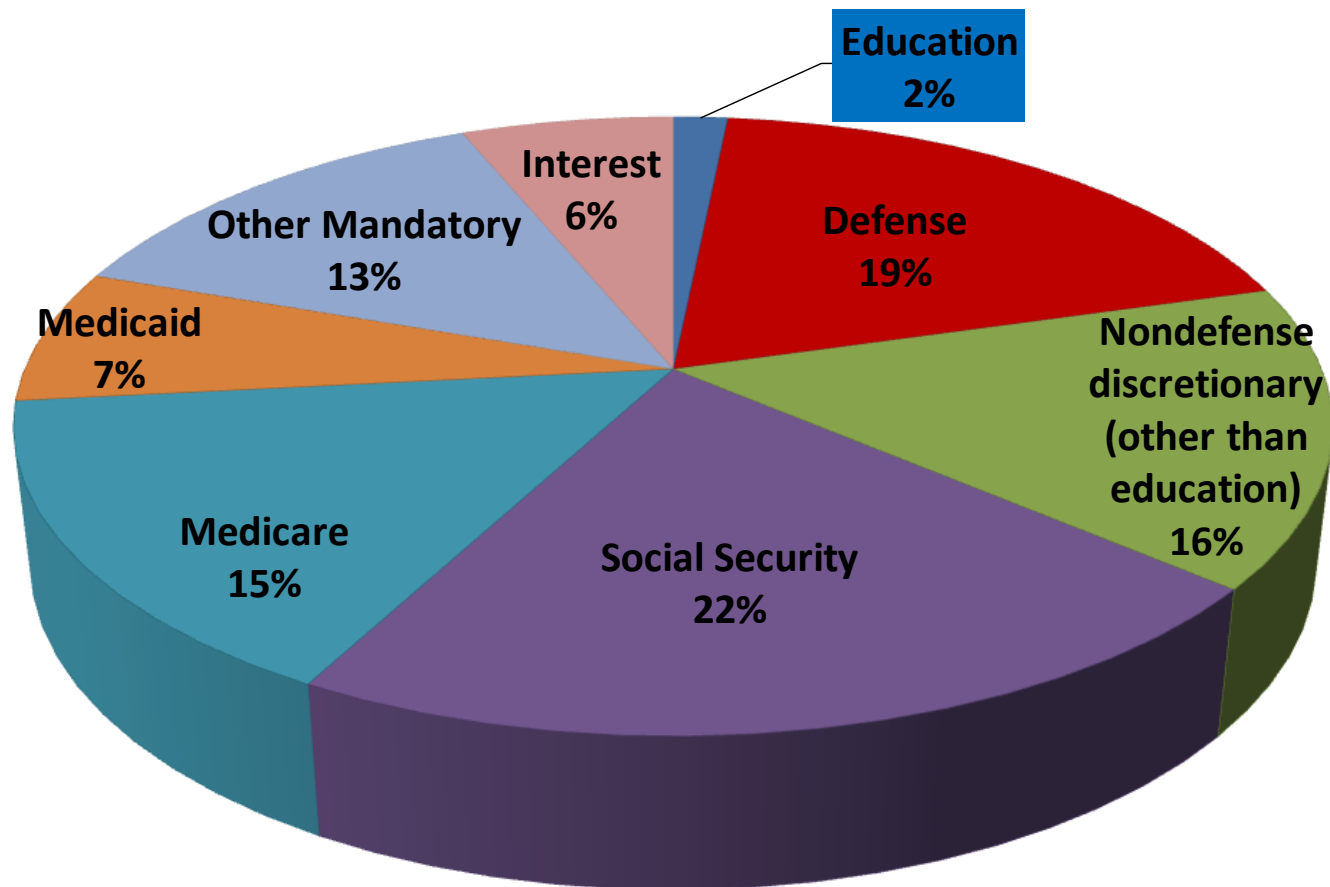
Sources: Congressional Research Service, 2013; Annie Lowrey, "Shutdown vs. Default: The Relative Impact," The New York Times, September 23, 2013; Jolie Sherman, "Jack Love Debt Limit No Later Than Oct. 17," Politico, September 25, 2013.



TAKE THE MONEY AND RUN...

- Future Course of Government Spending Still to Be Determined
 - Appropriations & mandatory funding deal(s) could include new cuts
 - Sequestration will reduce the amount of funding available for all domestic discretionary programs
 - Pell Grants could be on the block
 - ◆ Can maximum grant be sustained?
 - ◆ Will eligibility be cut again?
 - ◆ Short reprieve from a shortfall

THE LIFE OF PIE...



ATTACK OF THE KILLER TOMATOES...

- Why Can't Speaker Boehner Control His Caucus?
 - No earmarks to allocate or withhold in exchange for votes
 - Tea Party Members won their districts by an average margin of 34%
 - ◆ No risk of election or primary challenge
 - ◆ Moderate Members endangered by primary challenges
 - ◆ Redistricting creates homogenous districts
 - Members not dependent on Republican Party for campaign funds
 - ◆ 3rd party PACs usurp RNC role
 - ◆ No financial consequences for bucking the party
- Other Negative Factors
 - Sen. Reid: “Most partisan Senate Majority Leader”
 - President Obama: “No relationship with Congress”
 - ◆ (per Charlie Cook, National Journal)

AN INCONVENIENT TRUTH...

Do you approve or disapprove of the way Congress is handling its job?

Recent trend

■ % Approve



GALLUP®

Republican and Democratic Party Favorables, 1992-2013

Next, we'd like to get your overall opinion of some people in the news. ... Please say if you have a favorable or unfavorable opinion of ____.

■ The Democratic Party -- % Favorable ■ The Republican Party -- % Favorable



GALLUP®

Do you approve or disapprove of the way the representative from your Congressional district is handling his/her job?

Oct. 2013 May 2013

Yes	44%	46%
No	43%	41%
N/O	13%	13%

Source: Gallup Polls 10/4-6/2013

REAR WINDOW...

Who do you think is **more to blame for this shutdown** --
President Obama or the Republicans in Congress?

President Obama	31
Republicans in Congress	53
Both equal (VOL)	13
Not sure	3

Which of these is closer to your **own view of Congressional Republicans' actions** and positions during the current budget disagreement?

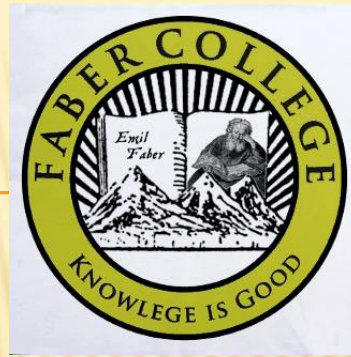
They are demonstrating strong leadership and standing up for what they believe in	27
They are putting their own political agenda ahead of what is good for the country	70
Both equal (VOL)	1
Not sure	2

ANIMAL HOUSE...



- President's New College Initiative
 - "...combat rising college costs and make college affordable for American families"
- Pay Students and Colleges for Performance
 - Implement college ratings system by 2015 and "base student aid on college value by 2018"
 - ◆ Access; e.g., proportion of students receiving Pell Grants
 - ◆ Affordability; e.g., average tuition, scholarships, and loan debt
 - ◆ Outcomes; e.g., graduation and transfer rates, post-graduation earnings, and advanced degrees
 - Pay a "Pell Bonus" for Schools that Graduate High Numbers of Pell Recipients
 - Strengthen Academic Progress Requirements

KNOWLEDGE IS GOOD....



➤ Promote Innovation and Competition

- Encourage competency based learning programs
- Encourage use of technology to promote efficiency
- Recognize prior learning and promote dual enrollment
- Enhance College Scorecard with earnings information (coming soon)
- Use “experimental sites” authority to promote high quality, low cost innovations (coming soon)

THE GRADUATE...

- Ensure Student Debt is Affordable
 - Make all borrowers eligible for Pay As You Earn (PAYE) repayment plan
 - Enrollment campaign for IDR sign-up
 - ◆ Targeting delinquent borrowers, borrowers in forbearance and deferment, and borrowers with high debt (coming soon)
 - ◆ Provide IDR information in conjunction with tax filing
 - ED “one stop shop” for loan repayment information (coming soon)

A SIMPLE PLAN...

➤ Improving the IBR Process

- Allow borrowers to sign up “permanently” for IRS data match for IBR application
 - ◆ Eliminates need for active renewal
- Provide servicers with ALL data needed when app is received
 - ◆ NSLDS data
- Block incomplete apps from being submitted

BACK TO THE FUTURE...

- Higher Education Act Reauthorization
 - House and Senate begin hearings and information gathering
 - House collected comprehensive recommendations
 - Senate collecting as it goes, by topic
 - ◆ Keeping college affordable
 - ◆ Examining ways to increase quality in higher education
 - ◆ Student access
 - ◆ Innovative approaches to improving student success
 - ◆ Student financial aid
 - ◆ Teacher preparation programs

TWELVE O'CLOCK HIGH...

➤ RADD Reports

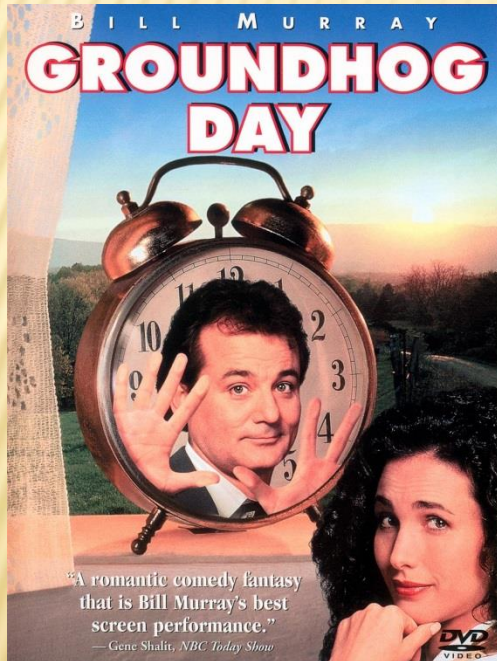
- Round I recommendations
 - ◆ Simplification
 - ◆ IBR
 - ◆ Consumer information
 - ◆ Pell Grant entitlement
 - ◆ Non-traditional students
 - ◆ Tie funds to school metrics

THE RIGHT STUFF....

➤ RADD II

- 18 groups, 5 consortia, 4 topics
 - ◆ Grants and work-study (2 groups)
 - ◆ Tax credits
 - ◆ Loans (includes NASFAA)
 - ◆ Simplification and transparency
- Reports Early Next Year?

GROUNDHOG YEAR...



➤ Reauthorization Timetable

- 2013:
 - ◆ Hearings, etc
- 2014:
 - ◆ More hearings, etc
 - ◆ House draft bill in Spring??
 - ◆ Sen. Harkin retires
- 2015:
 - ◆ New Congress
 - ◆ More hearings, more bills
 - ◆ Agreement???

THE USUAL SUSPECTS....



- Continue To Advise Members and Senators About the Value of Student Aid
 - Education funding is still at risk
 - Congress will be making tough choices
- Get Ready to Weigh in on Reauthorization
 - Help PASFAA provide feedback to DC
 - Identify issues of concern
 - Get a Member of Congress interested in your issue





WASHINGTON UPDATE

NO LIGHTS, NO ACTION, JUST CAMERAS



Scott E. Miller
PHEAA
smiller1@pheaa.org
October 15, 2013