

LEGISLATIVE AND REGULATORY UPDATES

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Training and Networking Workshops
2018

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The Pulse of Change

- ▣ In higher education, especially financial aid, change is CONSTANT.
 - Seems to be an oxymoron!
 - We must find a way to monitor changes
 - We would like to find a way to drive or influence the changes
- ▣ Can come up quickly or draaaggggggg on and on and on
- ▣ We will visit some pertinent issues today

State of our State

- ▣ Pennsylvania HB2124 – the “loan debt letter” bill
 - Passed the house unanimously
 - Currently in the Senate
 - Would require annual notification to our students
 - ▣ Total amounts borrowed
 - ▣ Calculated estimated repayment amount
 - ▣ Questions remain as to including private loans

State of our State

- ▣ HB2124
 - Is an unfunded mandate
 - Could be confusing
 - ▣ Combining sub and unsub and plus
 - ▣ Try to predict when payment begins
 - ▣ Can't know of future deferments, borrowing levels, consolidations, payment plan choice etc. etc.
 - ▣ Federal preemption

What's Not Changing

- ▣ Verification 😊
 - Woo! No changes for 2019-2020
 - ▣ Still V1, V4, and V5
 - ▣ Still the same required documentation
 - ▣ Recommended verbiage is still pending but we don't anticipate any changes there either

But.....

- ▣ We will still have the 400 and 401 comment codes
 - These are due to the functionality of the DRT
 - It places the onus on us to “verify” that the entered working wages are correct
 - To me it feels like another verification category
 - W2s are generally required
 - Sometimes SCH C
 - If changes are needed, that can jog a verification status

And.....

- ▣ We still can't reveal income information for DRT users
 - This is due to sneaky folks trying to use the FAFSA to commit tax fraud
 - Must find a way to validate who are speaking to
 - Can't just discuss changes any longer
 - Must protect the data

Higher Interest Rates

- ▣ When the economy gets better, the rates go up....

- ▣ Undergrad loans = 5.05%
- ▣ Graduate loans = 6.6%
- ▣ Plus loans = 7.6%

- First disbursed after July 1st 2018

Legislatively Speaking....

- ▣ Currently in a waiting pattern
- ▣ Nothing really new or any movement
- ▣ PROSPER ACT
 - Radical in nature
 - Reigns in the loan programs
 - ▣ Totally ends the graduate plus program
 - ▣ Ends all campus based except FWS
 - Ends the 90/10 rule
 - Modifies selective service criteria

Legislatively Speaking....

- ▣ PROSPER
 - Invokes the concept of the Pell bonus
 - Radically changes R2T4
 - ▣ All students who withdraw would have a balance due.
ALL OF THEM
 - Changes from CDR to repayment rate
 - Passed out of the House committee, but waiting to be considered on the floor

Legislatively Speaking....

- ▣ We haven't seen a Senate concept bill yet
 - Talks with the Senate Education committee indicate that they are right in line with every concept within PROSPER
- ▣ Appropriations bills and omnibus bills have been driving change lately
- ▣ Maybe more important than reauthorization???

Legislatively Speaking....

- ▣ The omnibus gave us:
 - Year round Pell – woo!
 - Increase in FSEOG
 - Increase in FWS

- That was change we didn't see coming! Flew in the face of Trump's call to eliminate the programs and reign in spending

Legislatively Speaking....

- ▣ We may need to wait for the mid-term elections before we see movement.
- ▣ A shift in power would be a dramatic influencer for HEA
- ▣ Keep eyes out for stand alone bills

Old News, New Again

- ▣ We rallied through the 2nd round of negotiated rulemaking on borrower defense and gainful employment
- ▣ Waiting for the NPRM
 - They were sort of promised in July.... Uh-huh
 - They need to be published by Nov 1 if they are going to take effect for 19-20.

Borrower Defense

- ▣ Create the regulatory framework for which students can have their loans discharged AS WELL AS how much of that money the school will be on the hook for!
- ▣ More letters of credit to be required?
- ▣ More school responsibility for discharge?
- ▣ Partial vs. full discharge?

- ▣ Remains to be determined, we eagerly wait

Gainful Employment

- ▣ We are all painfully aware of what this is
- ▣ Had to “re-do” it according to Betsy

- ▣ No consensus here either
- ▣ Will it apply to all schools and all programs?
- ▣ Will sanctions change?
- ▣ Will disclosures change?
- ▣ Maybe eliminated altogether?

Fiscal Responsibility Ratios

- ▣ Only applies to privates
- ▣ Calculation needs to change based on FASB definition and ratio changes
- ▣ Could be extremely detrimental to many schools
 - Especially those who use leases
- ▣ Expect changes in the borrower defense neg. reg.
- ▣ Little talked about topic but hugely important

Get Involved

- ▣ Track legislation
- ▣ Be in touch with your GRC
- ▣ Read your PASFAA post and NASFAA news
- ▣ Watch for NPRM
 - Comment! Its free 😊
- ▣ Change isn't going away so let's learn to live with it

Questions....

