Pending Legislation in Higher Education

Federal and State Initiatives

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Pending Legislation in Higher Education

- The Shutdown
- 116th Congress
- Federal Bills
  - Small explanation of HEA reauthorization
- State Bills
  - Focus on HB2124, now Act 121
- The future?
Back in Business!..... For now

- The Government shutdown DID have some impacts, even though the Department of Education was/is fully funded
  - No IRS tax transcripts - but relief was granted (woo!)
    - Signed copy of the 1040 just like in the old days 😊
  - SAR comment code 390 - painful bump in the road
    - When will these FAFSAs be reprocessed?
    - Will they happen again?
- Finally received our 2019-20 Pell tables
  - As expected, maximum Pell 6,195
Federal Roll Call - 116th US Congress

- House = Democratic Majority, led by Speaker Nancy Pelosi
- Senate = Republican Majority, with Majority Leader Mitch McConnell

- The Senate HELP Committee is still led by Lamar Alexander and Patty Murray
- The House, newly renamed (what is actually the original name😊) Education and Labor Committee is led by Bobby Scott and Virginia Foxx
Federal Legislation - HEA

- Higher Education Act Reauthorization is due... OVERDUE
  - Lovingly referred to as HEA
  - Primary Federal student aid law
  - Lyndon B. Johnson signed on 11/8/1965
  - “Strengthen the educational resources of our colleges and universities and to provide financial assistance for students in postsecondary and higher education.”
  - Financial assistance is covered in Title IV of the Higher Education Act.
Federal Legislation - HEA

- HEA has been “Reauthorized” or amended nine times:
  - 1968
  - 1972
  - 1976
  - 1980
  - 1986
  - 1992
  - 1998
  - 2008...Higher Education Opportunity Act (HEOA)
  - 2013...still hasn’t happened.

- Typically every 5 years
- Auto-extend for 1 year if not acted upon
Federal Legislation - HEA

- Begs the question of “is it as important as it once was?”
  - We have things like:
    - Program integrity guidelines
    - Omnibus spending bills
    - Continuing resolutions
    - Sequester legislation
    - Various other things like delays, repeals, new negotiated rulemaking, etc...
  - All of these things have brought vast and numerous changes
Current Federal Legislation

- Prosper Act “Promoting Real Opportunity, Success, and Prosperity through Education Reform Act”
  - Been around for a while, since 2017
  - Passed out of Committee but never sent to the floor
  - Largely a republican initiative, now in a democratic house
  - Most likely difficult for movement
  - Was the first full iteration of HEA reauthorization
PROSPER Act

- One grant, one loan, one work
- Pell bonus
- **Elimination of Grad Plus program**, and reigns in parent Plus.
- Expands the loan limits currently and introduces the ONE loan program
- Overhauls the R2T4 process
- Many other changes!
- Extremely innovative
  - A trend that is seen in other Federal initiatives
  - Radical change and deviation from long standing practices and ‘norms’
Aim Higher Act

- Focused on access, especially early access
  - Dreamers
  - Foster youth
  - Dual enrollment while in high school
- FAFSA simplification that looks like NASFA’s proposal with pathways
- Supports ALL grant programs, eliminating none - including Perkins
- House democratic bill
  - Will we see new momentum with the shift in power?
Aim Higher Act

- Also creates one loan program BUT doesn’t cut off access to either Plus loan program
- Adds ease of engagement points to the aid process
  - No selective service requirement
  - No drug questions for aid eligibility
  - Increases the way in which the FAFSA ‘talks’ with the IRS
- Like PROSPER - extremely innovative
Empowering Students Through Enhanced Financial Counseling Act

- Changes the current loan counseling rules
- Rather than just entrance and exit, would introduce annual counseling
- Provide a pulse point at each academic year
- Hopes to bring awareness to borrowing
- This piece is inherent in both of the previous bills
- Common ground with both parties
Empowering Students Through Enhanced Financial Counseling Act

- Adds a Pell counseling component
- Never had any grant counseling before
- Bring awareness to the six full time years’ of eligibility

- Passed by the House 9/5/18
- Waiting to see what this congress does with it
- Will most likely be a component of any reauthorization effort
Lamar Alexander’s latest crack at FAFSA simplification (yes, it is longer than 2 questions)
Introduced at the end of 2018
Has bi-partisan support (R and D support in both H and S)
Makes a TON of sense
Streamlines the FAFSA process as well as the follow up processes like verification as well as the repayment of loans
Tackles the most talked about problems
  - FAFSA confusion
  - Verification difficulties
  - Loan repayment
FAFSA Act

- Require better communication with IRS and FAFSA
  - Allow for two parents’ information to be shared
  - Skip the DRT process by allowing direct transfer
- Opens up the sharing of data for loan repayment as well
  - IRS can share data for income driven repayment
  - Eliminates the need for students to recertify annually
- Commonly thought that this effort would reduce error and make things easier... a nice ‘win-win’.
HB2124 of course! Now called Act 121

Sometimes called the loan debt letter bill/act

Intended to increase financial literacy with regard to one’s personal student loan debt

Unfunded mandate passed to both the PDE and institutions in Pennsylvania

Goes into effect September 2019 with letters mandated to have been sent by no later than July 1, 2020
HB2124 or Act 121

- Numerous amendments at the last minute make this much easier than originally written
- Essentially:
  - Must notify students once annually of
    - Their amount borrowed to date
    - Their estimated monthly payment
    - Their estimated total payoff
    - Where they can get more information including repayment calculators
HB2124 or Act 121

- Enforcer for compliance will be the PDE
- Applies even to institutions who DO NOT use title IV aid
- General consensus to try to use this to the best benefit possible to the student, i.e. financial literacy
- Currently undergoing a vetting process to create guidance that is mutually crafted with input from numerous stakeholders
- Plenty of time to implement
New Legislative Session Brings Same Ideas

- Pennsylvania Promise
  - Provide tuition and fees for state system schools or state related schools
  - Must have income of $110,000 or less
    - If income is $48,000 or less, then room and board provided too
  - Would be ‘last dollar’ - meaning covers what comes after Pell and PHEAA
  - Where would funding come from??
New Legislative Session Brings Same Ideas

- PA Dream Act
  - Continued education for undocumented youth
  - If finished final two years of secondary school in Pennsylvania
  - Receive in-state tuition rates at state supported schools
  - Be eligible for the PHEAA state grant program
New Legislative Session Brings Same Ideas

- Financial Literacy Education Requirements
  - Ensure that high school students receive financial literacy curriculum
  - Requirement for graduation
  - Covers kindergarten through grade 12
  - Focus on personal finance
  - Use of a capstone course as a requirement
  - Creates the Office of Financial Education with the PDE
New Session... New Ideas

- Introduce a PA tax credit for student loan interest paid
  - Up to $2500 credit
  - Individuals making $75,000 or less and couples earning $155,000 or less would qualify

- Education Assistance Program for community college students
  - Create an elevated PHEAA award for academically successful students
  - Easier to qualify for than ‘regular’ PHEAA
In Conclusion

- There is a lot going on with regard to higher education legislative initiatives.
- Much surrounds helping students and families navigate the complexities.
- When republicans dominated, there was a focus on institutional risk sharing and limiting aid programs.... Will this continue?
- Where will momentum be found?
- Can we balance access with responsible borrowing?
- Educate the legislators! Advocacy has never been more important.

- HEA reauthorization should pick up some attention now that we are back up and running... for now...
Questions?