

# Pending Legislation in Higher Education

Federal and State Initiatives

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# Pending Legislation in Higher Education

- ▶ The Shutdown
- ▶ 116<sup>th</sup> 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 - 116<sup>th</sup> 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

# FAFSA Act

- ▶ 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'.

# State Legislative Initiatives

- ▶ 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?

