What’s Blooming?

• Student Loan Interest Rates
• Budget and Appropriations Stuff
• President’s Budget Proposals
• Status of Reauthorization
Student Loan Interest Rates

- Bipartisan Student Loan Certainty Act of 2013
  - Interest Rate Determined Based on Final Auction of 10-year U.S. Treasury Bills Prior to June 1

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Rate Formula</th>
<th>Projected Rate (2014-15)*</th>
<th>Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stafford Undergrad Sub. and Unsub.</td>
<td>T + 2.05 percent</td>
<td>4.75 percent</td>
<td>8.25 percent</td>
</tr>
<tr>
<td>Stafford Graduate Unsub.</td>
<td>T + 3.60 percent</td>
<td>6.30 percent</td>
<td>9.50 percent</td>
</tr>
<tr>
<td>PLUS Loans (Grad and Parent)</td>
<td>T + 4.60 percent</td>
<td>7.30 percent</td>
<td>10.50 percent</td>
</tr>
</tbody>
</table>

*Assumption: 10-year T-Bill rate = 2.70 percent
Three Stage Budget Process

• Reopen the Federal Government and Agree to Negotiate
• Negotiate the Framework for a Budget Deal
  » Fund the restoration of some sequestration cuts
• Finalize Appropriations for FY 2014
Consolidated Appropriations Act of 2014

• Signed Into Law on January 17th

• FY 2014 Appropriations:
  » Maximum Pell Grant for AY 2014-15 = $5,730
    ◦ $85 increase
    ◦ Increase in recipients from 9.1 million to 9.3 million
  » SEOG: $733,130,000
    ◦ $36,955,000 increase
    ◦ $1.5 million below pre-sequester level
  » FWS: $974,728,000
    ◦ $49,133,000 increase
    ◦ $2 million below pre-sequester level
Consolidated Appropriations Act of 2014

• TRIO: $838,252,000
  » $42,254,000 increase
  » $1.7 million below pre-sequester level

• GEAR UP: $301,639,000
  » $15,204,000 million increase
  » $600,000 below pre-sequester level

• Direct Loan Origination Fee Increases Remain in Place
  » Loans First Disbursed on or After December 1, 2013:
    ◦ Stafford Loans: 1.072 percent
    ◦ PLUS Loans: 4.288 percent

• No Changes to Reductions in Iraq-Afghanistan Service Grants and TEACH Grants
President’s FY 2015 Budget

- $1.3 Billion Proposed for Education Programs
  - Increase of 1.9 percent
  - Would put discretionary education spending at its non-stimulus high water mark
• Proposal to Increase Maximum Pell Grant for 2015-16 Academic Year to $5,830
  » $100 increase
  » 143,000 additional recipients
  » $42 increase in average grant – to $3,826
• Proposed Changes:
  » Implement a new satisfactory academic progress requirement
  » Allow students who have not graduated high school, but are enrolled in a career pathway program, to receive Pell
    ◦ Students must be co-enrolled in a high school and postsecondary program
• Proposes Level Funding for Other Student Aid Programs
President’s Budget – Old Stuff

• Revise Perkins Loan Program and Convert Perkins Loans Terms to Direct Unsub Loan Terms
• Revise Campus Based Allocation Formula to Reward Cost Reduction and Success in Enrolling Graduating Pell Recipients
• Programs to Encourage Innovation and Cost Reduction
President’s Budget – New Stuff

- Pay As You Earn (PAYE) Repayment Plan
  - Proposal to make all FFELP and Direct Loan borrowers eligible
  - For new borrowers on or after 7/1/2015, PAYE would be the only income-driven repayment option
  - Modify PAYE formula to eliminate unintended benefits for high income, high balance borrowers

- Proposal to Limit Public Service Loan Forgiveness to $57,500 (aggregate limit for independent undergraduates)
  - “…protect against institutional practices that may further increase student indebtedness”
  - Establish 25-year forgiveness for amounts above $57,500
  - Counting only payments made via an income-driven repayment plan towards PSLF

- Proposal to Make All Loan Forgiveness Amounts Exempt from Taxation
President’s Budget – College Opportunity and Graduation Bonus

• Schools Could Receive an Annual “Bonus” Grant
  » Based on number of on-time Pell graduates
  » Other criteria for “bonuses” include:
    ◦ Adopting best practices to improve college access and success for low income students
    ◦ Improving outcomes while reducing costs
    ◦ Using technology to accelerate improvements
    ◦ Establishing accelerated learning opportunities
Reauthorizing the Higher Education Act

- Hearings Still Underway in House and Senate
- Senate Accepting Public Input on Current Hearing Topics
- Possible Release of Draft Bills This Year
- Legislative Action is Unlikely, but Not Impossible
  - Possibility House Education and the Workforce Committee could consider a bill
  - Process is complicated by pending retirements of Sen. Tom Harkin & Rep. George Miller
  - Rep. John Kline is technically term-limited
Potential Reauthorization Issues

• One Loan, One Grant
• FAFSA Simplification
  » Prior-prior year
  » Limited data elements
• Reducing Regulatory Burden
• Serving “Contemporary” Students
• Consumer Disclosures
• Income-based Repayment
  » Fewer options, simpler enrollment
  » Mandatory enrollment
• Expanding Experimental Sites
• Reducing Regulatory Burden
• Restoring Summer Pell
• Student Loan Servicing
• Institutional Risk Sharing on Student Loans
Other Issues

• Know Before You Owe Act
  » Require FAAs to certify private student loans
• Student Loan Borrower Bill of Rights
• Federal Loan Refinancing
• Shopping Sheet
• President’s College Rating System
Springing Into Action…

• Budget Battles Continue
  » Student loan funding continues to be at risk
  » Pell Grant will begin running a shortfall in the near future

• Breadth of Reauthorization Issues Expands

• Student Debt and College Costs Continue to Make Headlines

• Don’t Take Congressional Support for Granted

• PASFAA GRC Going to DC in May
Washington Update

Is It Really Spring???