Can We Get to ComPromise??

• Level of Trust in Government Institutions*
  » Supreme Court: 23%
  » Executive Branch: 11%
    ◦ 18% among Democrats
    ◦ 10% among Independents
    ◦ 3% among Republicans
  » Congress: 5%

• Party Favorability**
  » 39% Democrats
  » 37% Republicans

* NORC General Social Survey
** Gallup
I Promise To:

• Talk About What the White House is Promising
• Talk About What Congress is Promising to Do
• Talk About Key Student Aid Issues
• Talk About Whether Anyone Can Keep Their Promises
Who is Making Promises?

• White House
• U.S. Senate
  » Sen. Lamar Alexander (R, TN), Chair of Senate Health Education Labor and Pensions Committee (HELP)
  » Sen. Patty Murray (D, WA) Ranking Member of HELP Committee
• U.S. House of Representatives
  » Rep. John Kline (R, MN), Chair of Committee on Education and the Workforce (E&W)
  » Rep. Bobby Scott (D, VA) Ranking Member of E&W
The Vehicles

• **White House**
  » 2016 Budget Proposal
    ◦ Delivered February 2nd
  » Student Aid Bill of Rights
    ◦ Announced March 10th

• **U.S. Senate**
  » Financial Aid Simplification and Transparency (FAST) Act
  » Repay Act
  » Reauthorization
  » Budget and Appropriations bills

• **U.S. House of Representatives**
  » 2014 Higher Education bills
  » Reauthorization
  » Budget and Appropriations bills
America’s College Promise Program

• White House
  » Fund Cost of 2 Years of Community College Education for All Qualified, Responsible Students
    ◦ Students must maintain a 2.5 GPA and show progress
    ◦ States must fund 25% of cost and maintain current funding levels for higher education
    ◦ Community colleges must meet new standards regarding transfer of credits to four-year colleges
    ◦ Projected to cost $60.3 billion over 10 years

• House and Senate
  » “Mixed” reaction
Pell Grants

• White House
  » Increase maximum Pell grant to $5,915 for AY 2016-17
  » Continue guaranteed cost of living increases ($30 B)

• Senate FAST Act
  » Restore year-round Pell

• House
  » Budget Resolution freezes Pell maximum for 10 years
Need Analysis

• **White House**
  » Eliminate 30 questions from the FAFSA
    ◦ Remove items related to savings, investments, and net worth
    ◦ Eliminate questions on untaxed income and exclusions that are not reported to the IRS

• **Senate FAST Act**
  » Simplify need analysis
    ◦ 2 data elements – income and family size
  » Prior Prior year

• **House**
  » Unofficially supports Prior Prior year
Student Loan Repayment

• **White House**
  
  » Revise Pay As You Earn Repayment Plan
    ◦ Eliminate all other income-driven options for new borrowers
    ◦ Extend the time of forgiveness for borrowers with loan balances in excess of $57,500 who are enrolled in PAYE from 20 to 25 years
    ◦ Count income jointly if spouse files taxes separately
    ◦ Current Neg-Reg will create a new version of PAYE
  
  » Cap Forgiveness Under PSLF At $57,500
  
  » Student Aid Bill of Rights
    ◦ Single web portal for all servicers
    ◦ Increased disclosures
    ◦ Borrower complaint portal
    ◦ Simplify process for recertifying eligibility for income-driven payments
Student Loan Repayment

- Senate Repay Act
  - Consolidate loan repayment options
    - 10-year repayment plan
    - Income-driven plan – 15% of discretionary income
  - Limit loan forgiveness, especially for high-income, highly indebted borrowers
  - Establish tax exclusion for amounts forgiven due to Total and Permanent Disability

- House
  - Supports limiting loan repayment options
  - May support limits on loan forgiveness
  - Budget includes elimination of subsidized loans and elimination of PSLF
Perkins Loans

• **White House**
  » Wind down Perkins as we know it
  » Convert Perkins to Unsubsidized Direct Loan supplement
  » Revise Campus Based allocation formula to reward schools that keep costs down and have success with Pell Grant recipients

• **Senate**
  » No vocal support for Perkins
  » FAST Act – one loan program

• **House**
  » No vocal support for Perkins
Not So Promising…

• Continued Pressure on the Budget
  » Sequestration is still out there
    » Continued squeeze on domestic spending
  » House and Senate Republicans release “serious” Budget Resolution
  » Budget Reconciliation is possible
    ◦ Student loan cuts could happen
      – Limits on loan forgiveness in play
      – Subsidized loans at risk
  » Debate on increasing defense spending
  » Debt Ceiling has been reached (again)
    ◦ Action needed by November
The Promise of ComPromise

• Higher Education Act Reauthorization
  » Can Sen. Lamar Alexander make a deal?
    ◦ FAST Act & Repay Act have bipartisan sponsors
    ◦ Is Senator Murray willing to work with him?
  » House will likely act in partisan manner
    ◦ ESEA reauthorization highly partisan
    ◦ 3 HEA bills passed in 2014 were bi-partisan
  » Is there middle ground?
    » Will House follow Senate’s lead?
    » What will the White House do?
Timeline of Events

- **House and Senate Budget Resolutions In Play**
  - Can an agreement be reached?
  - Budget Reconciliation could follow

- **House and Senate Reauthorization Processes Begin**
  - Both holding hearings
  - Draft bills expected by summer
  - Need for ComPromise will slow process
    - Deal could come in 2016?
    - What will White House do?

- **Appropriations Process Will Commence at Some Point**
You Will Promise To:

• Help PASFAA Represent Your Views on Key Issues
• Keep Up to Date and Informed
• Express Your Views to Your House Members and Senators
Washington, DC Update

The PROMISE of ComPROMISE

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