



Pennsylvania Association of Financial Aid Administrators

Washington DC Update: *Building a New Political Reality*

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March 2017

What Is Changing?

- U.S. Department of Education Gets Organized
- 115th Congress Convened
- Congressional Budget Process Begins
- Higher Education Act Reauthorization Looms

The Changing Department of Education

- Secretary of Education Betsy DeVos
 - Contentious hearing
 - Historic confirmation vote
 - VP Pence broke Senate tie
 - Single issue focus in prior roles
- New Postsecondary Education Policy Team
 - Will assemble new agenda and agree on new priorities
 - Future of FSA to be determined

Department of Education

- Federal-wide Focus on Regulatory Relief
 - President Trump says no new regulations, unless two regs are rescinded
 - Review of recently issued regulations and guidance
 - Every agency to form “Regulatory Reform Task Force”
 - Gainful Employment, State Authorization, Borrower Defense Against Repayment will all get scrutiny

Department of Education

- PASFAA working to identify rulemaking and guidance that should be reviewed, e.g.:
 - R2T4
 - 150% rule
 - What else??
- Pace of Rulemaking and Guidance Could Slow for a While
- Jeff Baker retiring

Higher Education Policy

- White House Higher Education Task Force
 - Jerry Falwell, Jr, President of Liberty University to lead
 - Focus on institutional issues
 - Falwell has cited “overregulation and micromanagement of higher education“
 - Senate Democrats express concern about potential conflicts of interest on Task Force
 - Worry about diluting federal mandates

Meanwhile, at the U.S. Capitol...

- Virginia Foxx (R, NC) New Chair of House Committee on Education and the Workforce
 - Brett Guthrie (R, TN) Chair of Subcommittee on Higher Education and Workforce Development
 - 3 PA Members on Higher Education Subcommittee
 - Thompson, Barletta, Smucker
- Foxx More Partisan than Her Predecessor, John Kline (R, MN)

And, in the Senate...

- Sen. Lamar Alexander (R, TN) remains as Chair of Health, Education, Labor, and Pensions Committee
 - Sen. Patty Murray (D, WA) remains as Ranking Member
 - Sen. Bob Casey (D, PA) remains on committee
- Republicans with Slim, Two-vote Majority in Senate
 - Lingering “ill-will” from DeVos confirmation?
 - Sen. Enzi request to audit all student loan data

The Federal Budget

- FY 2017 Appropriations Still Unfinished
 - Continuing Resolution expires April 28
 - Negotiations still to come
 - Year-round Pell could be part of final package
- FY 2018 Budget
 - President releases “skinny” budget this week
 - “Top line” numbers, few details expected
 - \$54 billion increase in defense spending, with corresponding reduction in domestic discretionary spending
 - Elimination of “duplicative or non-performing” programs
 - Approximately \$20 billion in reductions expected to be proposed for the Labor, HHS, ED Appropriations Bill

The Federal Budget

- Budget Reconciliation Could be Coming
 - FY 2017 – Affordable Care Act
 - FY 2018 – Tax Reform?
 - Longer-term budget agreement?
 - Broader budget cuts?
 - Entitlement reform?
 - Stealing thunder from reauthorization?

Higher Education Act Reauthorization

- The Process Begins Again
 - House E&W Committee has held a hearing
 - Will likely work on smaller bills
 - Try to combine them into a full reauthorization
 - May start with non-controversial measures
 - Senate will take time to get started
 - More likely to assemble a comprehensive reauthorization bill
 - Can Senators Alexander and Murray reach agreement?
 - Will White House transmit recommendations?

Key Reauthorization Issues

- Simplification
 - FAFSA simplification
 - One loan, one grant, one work
 - Fewer repayment options
 - Streamlined renewal for IDR
 - Combining federal data sources for students and families

Key Reauthorization Issues

- Evaluating Program Effectiveness
- Legislated Regulatory Reform
- Enhanced Loan Counseling
 - FAA discretion to limit borrowing for certain students
- Role of Accreditors
- Future of Gainful Employment Rules
- Skin in the game
- Loan limits, interest rates
- Reconfiguring Pell Grants
- Promoting Retention

Reauthorization

- Fiscal Constraints
 - At risk:
 - Subsidized loans
 - Public Service Loan Forgiveness
 - Grad PLUS
 - Perkins Loans
 - SEOG
 - New initiatives

Building Your Case

- Think Broadly
 - Rare time where both the legislative and regulatory sides are being reviewed
 - What are the big ideas?
 - What is getting in the way of implementing student aid policy?
- Work with PASFAA Leadership and the Government Relations Committee
- Be Part of Building a Bright Future