

Federal Update

National Association of Student Financial Aid Administrators

Fall 2021

Speakers

- Justin Draeger
 - NASFAA President & CEO



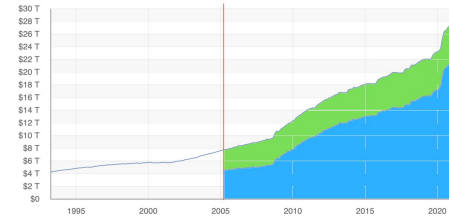
Agenda

- Inside The Beltway
- Higher Education Act Reauthorization
- Federal Budget & Funding
- Department Of Education Update
- COVID-19
- NASFAA Update

5 Dynamics in Washington

4

1993 - 2021 | Complete Table (as of March 2021)
Public Debt Intergovernmental Holdings



1. Federal debt and the debt ceiling

5



2. Federal spending

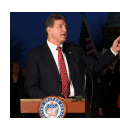
6



3. January 6th Insurrection and Investigations



4. 2021 and 2022 Elections



5. What is a Democrat, and what are their priorities?

What do all of these things have in common?

1. Our ability to advocate on our issues is marginal in the context of the larger debates.
2. Chaotic and unpredictable.

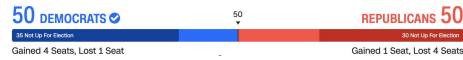
The Biden Administration

- High Level Priorities
 - Double Pell
 - Free College
 - Debt Cancellation
 - Repayment Simplification
 - Accountability



10

117th Congress: Senate



HELP Committee Leaders Sen. Murray & Sen. Burr

11

117th Congress: House



House Education & Labor Committee Leaders: Rep. Scott & Rep. Fox

12

Movement on “Build Back Better”

- Democrats hope to accomplish several of the higher ed priorities included in President Biden’s “Build Back Better” plan through the budget reconciliation process.
- The House Education & Labor Committee’s portion of the \$3.5 trillion reconciliation package would provide:
 - A \$500 increase to the maximum Pell grant
 - Title IV eligibility for DACA students
 - Tuition Assistance for Students at HBCUs, TCUs, and MSIs**
 - \$3.5 billion in institutional aid and research/development funding for MSIs
 - \$9 billion for completion/retention grants
 - Public Service Loan Forgiveness (PSLF) for Active Duty Deferment and Forbearance Periods
- The path forward for the package remain unclear, with moderate Democrats in the Senate and progressive Democrats in the House at odds over the topline spending number.

Free College Proposals Matrix

Free College Proposals Matrix
May 2021
Reconciliation bill: House version after the House vote on H.R. 1, H.R. 100 and passed in the House

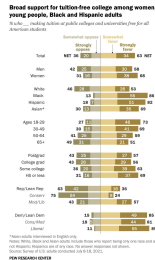
Issue	House Version (H.R. 1)	Senate Version (S. 1)	House Version (H.R. 100)	Senate Version (S. 1)
Eligibility	Students who are U.S. citizens or permanent residents and who are enrolled in a degree program at a public institution of higher education	Students who are U.S. citizens or permanent residents and who are enrolled in a degree program at a public institution of higher education	Students who are U.S. citizens or permanent residents and who are enrolled in a degree program at a public institution of higher education	Students who are U.S. citizens or permanent residents and who are enrolled in a degree program at a public institution of higher education
Eligible Institutions	Community colleges; Historically Black Colleges and Universities (HBCUs); Minority Serving Institutions (MSIs); Tribal colleges; and 2-year public colleges	Community colleges; Historically Black Colleges and Universities (HBCUs); Minority Serving Institutions (MSIs); Tribal colleges; and 2-year public colleges	Community colleges; Historically Black Colleges and Universities (HBCUs); Minority Serving Institutions (MSIs); Tribal colleges; and 2-year public colleges	Community colleges; Historically Black Colleges and Universities (HBCUs); Minority Serving Institutions (MSIs); Tribal colleges; and 2-year public colleges
Eligible Institutions	Community colleges; Historically Black Colleges and Universities (HBCUs); Minority Serving Institutions (MSIs); Tribal colleges; and 2-year public colleges	Community colleges; Historically Black Colleges and Universities (HBCUs); Minority Serving Institutions (MSIs); Tribal colleges; and 2-year public colleges	Community colleges; Historically Black Colleges and Universities (HBCUs); Minority Serving Institutions (MSIs); Tribal colleges; and 2-year public colleges	Community colleges; Historically Black Colleges and Universities (HBCUs); Minority Serving Institutions (MSIs); Tribal colleges; and 2-year public colleges

Free College Proposals Matrix

Issue	House Version (H.R. 1)	Senate Version (S. 1)	House Version (H.R. 100)	Senate Version (S. 1)
Eligible Institutions	Community colleges; Historically Black Colleges and Universities (HBCUs); Minority Serving Institutions (MSIs); Tribal colleges; and 2-year public colleges	Community colleges; Historically Black Colleges and Universities (HBCUs); Minority Serving Institutions (MSIs); Tribal colleges; and 2-year public colleges	Community colleges; Historically Black Colleges and Universities (HBCUs); Minority Serving Institutions (MSIs); Tribal colleges; and 2-year public colleges	Community colleges; Historically Black Colleges and Universities (HBCUs); Minority Serving Institutions (MSIs); Tribal colleges; and 2-year public colleges
Eligible Institutions	Community colleges; Historically Black Colleges and Universities (HBCUs); Minority Serving Institutions (MSIs); Tribal colleges; and 2-year public colleges	Community colleges; Historically Black Colleges and Universities (HBCUs); Minority Serving Institutions (MSIs); Tribal colleges; and 2-year public colleges	Community colleges; Historically Black Colleges and Universities (HBCUs); Minority Serving Institutions (MSIs); Tribal colleges; and 2-year public colleges	Community colleges; Historically Black Colleges and Universities (HBCUs); Minority Serving Institutions (MSIs); Tribal colleges; and 2-year public colleges
Eligible Institutions	Community colleges; Historically Black Colleges and Universities (HBCUs); Minority Serving Institutions (MSIs); Tribal colleges; and 2-year public colleges	Community colleges; Historically Black Colleges and Universities (HBCUs); Minority Serving Institutions (MSIs); Tribal colleges; and 2-year public colleges	Community colleges; Historically Black Colleges and Universities (HBCUs); Minority Serving Institutions (MSIs); Tribal colleges; and 2-year public colleges	Community colleges; Historically Black Colleges and Universities (HBCUs); Minority Serving Institutions (MSIs); Tribal colleges; and 2-year public colleges

Free College & Public Opinion

- Democrats overwhelmingly favor free college tuition (85%)
- Republicans are divided by age and education
- Large shares of Black (86%), Hispanic (82%) and Asian American (69%) adults favor making college free for all Americans
 - compared with 53% of White adults



16

NASFAA & The Biden Administration

NASFAA released a document detailing 5 key student aid priorities for the Biden administration and 117th Congress:

- Deliver additional COVID-19 relief to students and institutions
- Strengthen the Federal Pell Grant program
- Simplify the federal financial aid application process
- Curb student indebtedness and simplify repayment
- Enhance student aid delivery




17

Higher Education Act Reauthorization

18

HEA Reauthorization



- Last reauthorization in 2008
 - Current version of HEA technically expired in 2013
- **House**
 - House Democrats: Introduced College Affordability Act during 116th Congress
 - Will be starting point for House Dems in 117th Congress
- **Senate**
 - No comprehensive HEA proposal introduced in the Senate during the 116th.
 - Senator Murray taking over as chair and Senator Burr as Republican leader.
 - Bipartisan support needed to achieve comprehensive reauthorization this Congress.

19

HEA Reauthorization Movement: 116th Congress

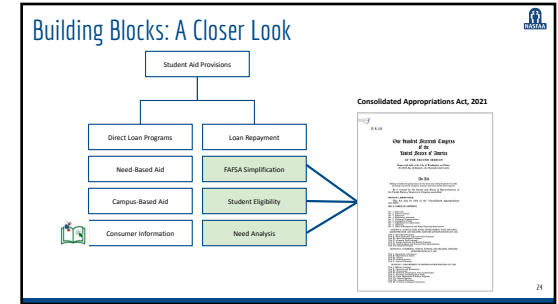
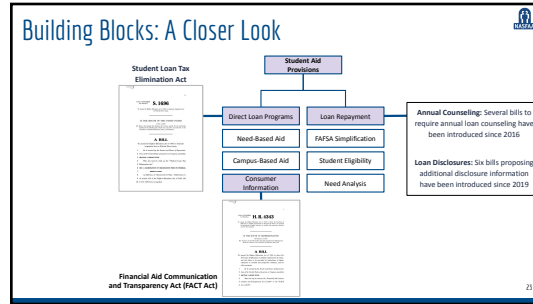
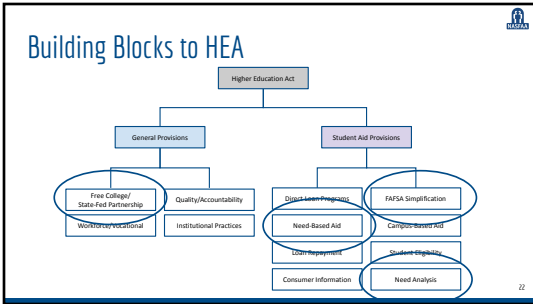
	Senate Student Aid Improvement Act	House College Affordability Act
1. Introduced in Committee	✓	✓
2. Committee Markup		✓
3. Pass out of Committee		✓
4. Pass out of full House or Senate		
5. Conference House & Senate bills		
6. Both chambers pass final version		
7. President signs into law		

20

HEA Issue Priorities

Issue	House Republicans	House Democrats	Senate Republicans	Senate Democrats
"One Grant, One Loan"	✓		✓	
FAFSA simplification	✓		✓	✓
Risk-sharing	✓	✓	✓	✓
Repayment simplification	✓		✓	✓
Free college for two years				✓
Pell Grant increases tied to inflation		✓		✓
Pell Grants for short-term programs	✓		✓	✓
Pell Grant "bonus" for increased credit load	✓			✓
Eliminate origination fees	✓			✓
Loan refinancing		✓		✓
Campus-based aid allocation formula changes	✓	✓		✓

21



[illegible]

-

- FAFSA Simplification
- Need Analysis/Pell Grant Eligibility
- Drug Convictions & Selective Service Registration
- SULA
- Pell for Incarcerated Students
- Professional Judgment
- Cost of Attendance

FAFSA Simplification



- Fewer untaxed income items factored into FM formula
 - Child support received now reported with assets
- Change to who is reported as parent in cases of divorce/separation
- No asset questions for:
 - Those eligible for maximum Pell
 - Means-tested benefits recipients
 - AGI < \$60K and no lettered tax schedules
 - AGI < \$60K and only Schedule C, provided Schedule C gain/loss < \$10K

28

Need Analysis & Pell Grant Eligibility



- Expected Family Contribution (EFC) will become the Student Aid Index (SAI)
- SAI can be as low as -\$1,500
- SAI determines eligibility for all Title IV aid except maximum and minimum Pell grant awards.
 - Student is considered for max Pell first
 - Based on # of parents in household and AGI vs. poverty
 - If no qualification for maximum Pell:
 - [Maximum Pell amount - SAI = Pell amount]
 - still rounded to nearest \$5
 - If no max Pell and no Pell award from the SAI calculation, student is considered for minimum Pell
 - Based on # of parents in household and AGI vs. poverty

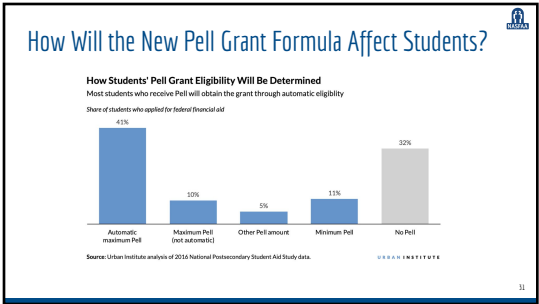
29

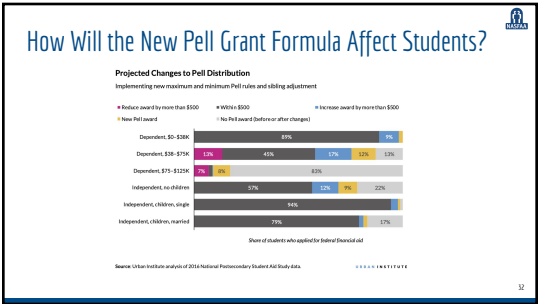
Maximum Pell Grant Eligibility



- **Non-Filers**
 - Independent student (and spouse, if applicable) tax non-filers
 - Dependent children of nonfiling parent(s)
- **Children of certain deceased veterans and public safety officers**
 - Students under age 33 whose parent died serving in the armed forces after Sept. 11, 2001
 - Students under age 33 whose parent died in the line of duty as a public safety officer
 - Have to be otherwise eligible for Pell
- **Low income students:**
 - Independent students who are single parents and whose student AGI is below 225% of the poverty level
 - Dependent children of a single parent whose parent AGI is below 225% of the poverty level
 - Independent students who are not single parents whose student AGI is below 175% of the poverty level
 - Dependent students with parents who are not single parents whose parent AGI is below 175% of the poverty level

30





Higher Ed Provisions

Drug Convictions & Selective Service

- Eliminates the suspension of federal student aid eligibility for applicants with drug-related convictions
- Removes Selective Service registration eligibility requirement
- Questions on drug convictions and Selective Service eligibility would be removed from the FAFSA.

Subsidized Usage Limit Applies (SULA)

- Repeals the SULA requirement, which currently bars students from receiving subsidized Direct Loans for more than 150% of the published length of their program.

Pell for Incarcerated Students

- Restores Pell Grant eligibility for incarcerated individuals who are currently prohibited from accessing Pell Grants
- Proprietary institutions would not be eligible to award or receive Pell Grants on behalf of incarcerated students

ED will repeal the SULA requirement for any borrower who receives a Direct Loan first disbursed on or after July 1, 2021.

ED has also instituted early implementation for the removal of the drug conviction and Selective Service eligibility criteria for the current 2021-22 award year.

(The questions will remain on the FAFSA until the 2023-24 FAFSA but will not cause packaging issues.)

33

Progress on FAFSA Simplification: Future Act

- In December 2019, Congress passed and President Trump signed into law the FUTURE Act, which contained text from the FAFSA Act previously supported by NASFAA.
- The bill allows for direct cross-agency data sharing between IRS and ED, and will:
 - Transfer all items currently brought over from the DRT and applicants' filing status.
 - Allow students currently unable to use the DRT, including both non-tax-filers and tax filers of all filing statuses, to experience a simpler FAFSA process.
 - Address verification burden
 - Permit sharing of taxpayer information between ED and IRS for the purpose of determining eligibility for income-driven repayment plans.



34

Federal Budget & Funding

35

Final Fiscal Year 2021 Appropriations

- \$73.5 billion in discretionary funding appropriated for the Department of Education
 - \$785 million increase over FY2020
- \$150 increase to the maximum Pell Grant award
 - New maximum for 2021-22 award year will be \$6,495
- \$25 million increase for campus-based aid programs
 - FWS - \$1.19 billion (\$10 million increase)
 - FSEOG - \$880 million (\$15 million increase)



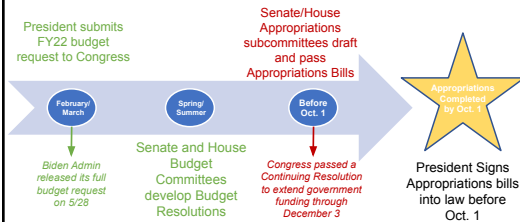
36

Biden Administration's FY 2022 Budget Request

- Requests \$102.8 billion for ED, a 41% (\$29.8 billion) increase over FY21 enacted level.
- Boosts maximum Pell grant for AY 22-23 to \$8,370
 - \$1875 increase over AY 21-22, including \$400 increase in discretionary funding and \$1,475 increase proposed in the American Families Plan.
 - Extends Pell eligibility to DACA recipients
 - Total increase represents a "significant first step" to deliver on the president's goal to double the grant.
- Maintains FY21 funding levels for campus-based aid programs.
 - Federal Work-Study - \$1.19 billion
 - Federal Supplemental Educational Opportunity Grant (FSEOG) - \$880 million
- Does not include a proposal to cancel student debt.
- Reiterates free community college proposal and MSI/HBCU investment included in American Families Plan.

17

What's Next: FY2022



18

The Department of Education

19

Secretary Cardona

Cardona's Higher Education Priorities

- Rebuilding of America's schools post pandemic
- Education Funding
 - Higher Education
 - Expansion of Pell Grants
 - Federal loan forgiveness
 - Investment in HBCUs, HSIs, and tribal colleges
 - Investment in community colleges



40

Under Secretary of Education James Kvaal

- Confirmed by Senate in September after a lengthy delay.
- Formerly served as president of The Institute for College Access & Success (TICAS) and Deputy Domestic Policy Advisory in Obama Administration.
- As ED's top postsecondary education official, the Under Secretary:
 - is responsible for executing the Biden Administration's higher education and student aid agenda.
 - Coordinates policies, programs, and activities related to postsecondary education, CTE/adult education, and federal student aid.



41

FSA Chief Operating Officer Richard Cordray



- Was the first director of the Consumer Financial Protection Bureau
- Served as Ohio attorney general prior to the CFPB
- Has track record of cracking down on consumer abuses related to:
 - Debt collection
 - Loan servicing
 - For-profit institutions

42

FSA Updates

- Next GEN PPO (Partner Participation and Oversight)
 - FSA originally planned to overhaul of the current loan servicing processes by moving to two servicers
 - Currently cancelled due to the new administration's ideas on how servicing should look
 - Some current servicer contracts that are due to expire this December have been renewed in the short term until ED figures out it's plan going forward
 - Three servicers, PHEAA, Granite State and Navient have decided to end their contracts at the end of the year
 - Together those three servicers hold nearly 16 million borrower accounts which will need to be transferred to remaining servicers
- FSA Partner Connect
 - A new portal for FSA institutional and financial partners
 - Launched March 28, 2021
 - Easy access to all ED related portals; Knowledge Center, FSA Handbook, Help Center, COD System, FAA Access to CPS Online, NSLDS
 - Allows users to view a summary dashboard with snapshots of data related to their school or organization
 - Partner metrics, important communications, notifications, news, and high-level operational data tailored to users based on their role

43

Public Service Loan Forgiveness Overhaul

- ED formally unveiled details as to how the agency plans to rework the PSLF program
- ED will:
- Temporarily offer "a limited PSLF waiver" to give borrowers credit for prior payments they made that would not otherwise count toward PSLF
 - Any prior payments made while working for a qualifying employer will count as a qualifying payment, regardless of loan type or repayment plan.
 - Simplify payment qualifications
 - Reduce barriers for military service members enrolled in the program
 - Review denied PSLF applications and correct processing errors
 - Regulatory changes for PSLF are anticipated to come through the ongoing negotiated rulemaking process in tandem with these plans

44

Verification Relief

- ED announced, effective July 13, 2021 and for the remainder of the 2021-22 FAFSA processing and verification cycle, that they are waiving verification requirements for most FAFSA information
- Verification still needs to be completed for tracking groups V4 and V5
 - Identity/statement of educational purpose and high school completion status
- Institutions may apply the waiver to any applicant selected for verification for whom verification is not yet completed
 - Institutions still must review all documents for conflicting information concerning a student's eligibility
- ED has released the 2022-23 verification items and acceptable documentation which did not include the current waiver.
 - ED has said through a DCL that they "continue to consider additional flexibilities to the verification process for the 2022-2023 award year to help institutions and applicants deal with the ongoing challenges resulting from the COVID-19 pandemic."

45

Annual Student Loan Acknowledgement

- ED announced in early March that it would not require borrowers to complete the Annual Student Loan Acknowledgement (ASLA) for award year 21-22.
- ED cited the need to reduce administrative burden during current COVID-19 disruptions as the reason for the delay.
 - Second delay of requirement; was supposed to get into effect for the 21-22 award year
- Student and parent acknowledgement of how much they owe in federal loans prior to their first loan disbursement for an award year
- The ASLA will still be available on studentaid.gov for voluntary completion

46

Negotiated Rulemaking

- Following public hearings in June 2021, ED published a solicitation for nominations for non-federal negotiators for negotiated rulemaking committees in Fall 2021.
- Session One will focus on *Affordability and Student Loans* and will tackle:
 - Total and Permanent Disability
 - Closed School Discharge
 - Eliminate Interest Capitalization
 - Improving Public Student Loan Forgiveness
 - Borrower Defense
 - Income Driven Repayment
- The 90/10 Rule is also slated for negotiated rulemaking, with public hearings starting late October
- Pell Grant eligibility for prison education programs will be discussed in a subcommittee.

Anything negotiated during this session cannot be effective until at least July 2023 per master calendar rules.

47

COVID-19

48

Higher Education Emergency Relief Funds

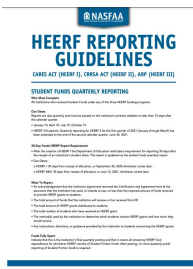
- Three funding tranches were created since the beginning of the pandemic
 - CARES Act, CRRSA, ARP
 - As of the creation of the ARP funding (HEERF III) all leftover HEERF I & II funds fall under HEERF III rules until spending deadline
- HEERF III Guidelines:
 - 50% of funds must be used on grants to students
 - Allows eligibility for all students regardless of Title IV status
 - Refugees, asylum seekers, Deferred Action for Childhood Arrival (DACA) recipients, other DREAMers, and similar undocumented students qualify for HEERF student grants
 - May not include funds on aid offers
 - Direct outreach requirement for possible PJ eligibility cannot be a "passive notification"
 - Institutions have one year from the date their most recent grant obligation was processed by ED to spend all of their HEERF funds



49

HEERF Reporting

- HEERF III & II grantees must adhere to the two quarterly reporting requirements originally implemented for HEERF I funding
- An annual report for HEERF III & II will be due early 2022
- Institutions will report on their uses of any remaining HEERF I and HEERF II in advance of the HEERF III annual reporting deadline



50

HEERF Comparison

Higher Education Emergency Relief Funds Comparison Chart
March 2021

	HEERF I (CARES Act)	HEERF II (CRRSA Act)	HEERF III (ARP Act)
Eligible Institutions	All institutions receiving federal financial aid	All institutions receiving federal financial aid	All institutions receiving federal financial aid
Eligible Students	All students	All students	All students
Reporting Requirements	Quarterly reporting for HEERF I funding	Quarterly reporting for HEERF II funding	Quarterly reporting for HEERF III funding
Reporting Deadlines	Quarterly reporting for HEERF I funding	Quarterly reporting for HEERF II funding	Quarterly reporting for HEERF III funding
Reporting Content	Quarterly reporting for HEERF I funding	Quarterly reporting for HEERF II funding	Quarterly reporting for HEERF III funding



51

Borrower Relief

- On August 6th, ED announced the last extension of federal student loan relief ending January 31, 2022.
- NASFAA is working with ED to ensure a smooth transition for borrowers back into repayment.
- This includes the federal student loan administrative forbearance period, the pause in interest accrual, and the suspension of collections activity
- ED announced that they would waive income documentation requirements for student loan borrowers with total and permanent disability (TPD) conditional discharges.
- ED also announced that they will halt collections and interest accumulation for privately-held FFEL borrowers who are currently in default



52

COVID Related Updates

- ED issued a Federal Register notice on December 11 extending the end dates of COVID-19-related waivers and modifications through the end of the payment period that begins **after the date** the COVID-19 national emergency is rescinded
- ED published a DCL in late January 2021 reminding FAAs about their authority to perform PJ adjustments

53

NASFAA Update

54

NASFAA State Advocacy Toolkit

NASFAA developed the State Advocacy Toolkit to provide resources and materials to support state-level advocacy for regions, states, institutions, and individuals interested in becoming more engaged in state-level student aid policy.




15

Advocacy Opportunities

VOLUNTEER

Advocacy Pipeline 

Policy Task Forces 

Get Students Involved! 

Read NASFAA's Today's News and Policy and Advocacy pages on nasfaa.org

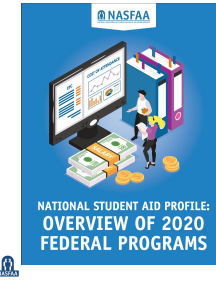
STAY
INFORMED!

INTERACT WITH CONGRESS

Share your advocacy efforts with NASFAA so we can support and assist you

Every two years in Congress means new states in the mix!

16



National Student Aid Profile

Overview of 2020 Federal Programs

17

NASFAA's HEA Priorities

In September 2021, NASFAA published its updated recommendations for HEA reauthorization, including an overview of NASFAA's top HEA priorities and a complete list of our HEA reauthorization positions.



18

Join Us For The 2022 Leadership Conference!



<https://www.nasfaa.org/leadership>

19



20