An Outlook on Politics & Policy in 2016 and What It Means for COHEAO

COHEAO Mid-Year Conference
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COHEAO Priorities

- Preserve and improve Perkins in the Higher Education Act Reauthorization
- Help schools cope with Perkins program changes
- Restore funding for Perkins Loan cancellations
- Work on improvements to the Telephone Consumer Protection Act (TCPA) and its regulations and enforcement
- Work with CFPB on campus-related issues and collections topics
- Respond to ED and CFPB calls for comments
- Assist with Perkins recall issues **IF** they arise

Perkins Extended

- H.R. 3594, as Amended, Passed December 2015, Extends Perkins Through 9/30/2017
- But Eligibility Limited
  - No Loans for new graduate students- 1 year grandfathering
  - Must disperse Stafford and unsub Stafford first to undergrads
  - Grandfathering eliminated
  - No appropriations
  - 5 New "disclosures" required to students
  - No automatic one-year "GEPA" extension after FY17
  - Concern over Excess Cash timing – COHEAO letter to ED

Higher Education Act Reauthorization

- Sen. Alexander: De-emphasizing Loan Simplification
  - Focused on FAFSA, Reducing Regs., Accreditation, Repayment plans, but simplification still a priority
- Senate Democrats: backing Perkins reauthorization
  - Skin in the game
- COHEAO Proposes One Campus-Based Program (Campus Flex)

Sen. Alexander's FAST Act, S. 108

Financial Aid Simplification and Transparency Act: Sponsored by Lamar Alexander (R-TN) and Michael Bennett (D-CO)

- Reduces FAFSA to two questions (Not enough)
- Three loan types: undergrad, graduate, undergrad parents (Grad students lose some loan funding)
- No SEOG or Perkins Loans (Wrong)
- Instead of Grad PLUS
  - Limits of $30,000 in annual Graduate Loans
  - Aggregate Limit - $150K not counting Undergrad Loans
- Eliminates in-school interest subsidies for Stafford
  - (Idea broadly popular with Hill, theorists, NOT higher ed)
- Undergrad limits to $8,000/year; $37,500 total

Additional Student Loan Bills

- Bank on Students Emergency Loan Refinancing Act, S. 793– Sen. Warren (D-Mass.), Rep. Courtney (D-Conn.)
  - Allows for refinancing of federal, private loans at 2013-14 federal interest rates
- In the Red Campaign: Democrats theme
  - Includes Warren refinancing bill, Sen. Hirono (D-HI) bill to index Pell Grants for inflation, Baldwin bill to make community college tuition-free (federal grants match state)
- Students wearing red squares of cloth

House Views

- Chairman John Kline (R-MN) of House Education and Workforce also says he wants simplification
  - Subcommittee Chairwoman Foxx(NC) open-minded – Next committee chair?
  - Five bi-partisan bills introduced, one adds many new counseling requirements
  - Ed &Workforce top Democrat is Bobby Scott of Virginia

“Small Ball” Bills Passed House

The Strengthening Transparency in Higher Education Act (H.R. 3178), by Higher Education and Workforce Training Subcommittee Chairwoman Virginia Foxx (R-NC) and Delegate Gregorio Sablan (D-Northern Mariana Islands), “will help students gain access to the facts they need to make an informed decision about where to pursue their education.”

The Empowering Students Through Enhanced Financial Counseling Act (H.R. 3179), by Reps. Brett Guthrie (R-KY) and Suzanne Bonamici (D-OR), will promote financial literacy by enhancing counseling for all recipients of federal financial aid.

The HBCU Capital Financing Improvement Act (H.R. 5530), Reps. Alma Adams (D-NC) and Bradley Byrne (R-AL), “will improve access to and oversight of an existing program that enables Historically Black Colleges and Universities to improve their campuses to better serve their students.”

The Simplifying the Application for Student Aid Act (H.R. 5528), by Reps. Joe Heck (R-NV) and Jared Polis (D-CO), “will reform the federal student aid process to help students make timely financial decisions about their education and better prepare for college. Among other measures, the bill will ensure students are able to use income data from two years’ prior when applying for aid and receive accurate aid information as soon as possible.” This “prior, prior year” bill has long been a high priority for NASFAA and was the centerpiece of the package of bills.

The Accessing Higher Education Opportunities Act (H.R. 5529), by Reps. Joe Heck and Ruben Hinojosa (D-TX), “will help students at Hispanic-Serving Institutions pursue a career as a physician, dentist, or other health care professional and enhance existing support for Hispanic students pursuing their education.”

How Perkins Fits Reform Ideas

- Campus Flex: COHEAO idea to merge campus-based programs, unify allocation formulas, broaden availability to more campuses
  - "Skin in the game" - Perkins is an long-established risk-sharing program
  - Eliminate base guaranty – new funds go where needed
  - Look for ways to expand funding
  - Cope with Congressional Budget Office Score

Campus Flex Proposal

- Single Appropriation for all three campus-based aid programs: Work Study, Supplemental Educational Opportunity Grants and Perkins Loans
- Characteristics for each maintained but simplified.
- Schools allocate funds between programs according to students' needs for each academic year.
- Appropriations transfers between programs allowed.
- Perkins Loans stay the same, except grace period of six months as with other federal loans.
- Consolidate cancellations and consider income threshold
- Adjust campus-based program allocation formulas to ensure fair distribution of appropriations.

Perkins Support

- 53 Senators, a majority, wrote to leaders 10/29/2015 with “strong support” for Perkins
- Letter calling for extension signed by 53 associations, 535 institutions of higher education
- 15 Senators made speeches in support of Perkins, some quoting COHEAO, all using main points about Perkins.
  - Letters from students, parents, college presidents put in the Congressional Record

Need to Restart Momentum in Higher Ed Community

- Extension fight brought support for Perkins
- NASFAA proposes Perkins Reauthorization
- Student Aid Alliance Twitter Campaign
- Big Ten Financial Aid Letter
- SUNY Student Assembly Resolution
- Pennsylvania FAA's Hill Visits
- Jesuit Universities Raising Issue
- College presidents weighed in
- COHEAO working to keep it going….

COHEAO Advocacy Page

- Visit COHEAO.org – Click on the link **"Join Our Perkins Advocacy Efforts"**
- Links for latest news, information
- Resources Available – statistics, sample letters, testimonials, talking points and one-page summaries on the status of the Program, disbursement guidance and COHEAO advocacy
- Follow us on Twitter: https://twitter.com/SavePerkins
- Like Us on Facebook: Save Perkins Now

Other Important Issues…

On Tap Now: Defense to Repayment

- Draft regulations published mid-June say student loan borrowers who were misled by institution can get federal loans forgiven by ED, including Perkins. Consolidation required however
- ED in turn gets money back from institution
  - 1994-2015: five cases
  - 2015-2016: 2,000 loans forgiven, 15,000 more cases pending due to Corinthian Colleges bankruptcy
- New rules will apply to all, be solely adjudicated by ED office.
- Deadline to comment 1 August

TCPA – Still A Major Issue

- Telephone Consumer Protection Act– should permit ethical use of predictive dialers for calling cell phones for non-marketing purposes
  - Notifications to students on important issues such as to complete class registration, emergencies, etc…
  - Collection of campus debt (A/R and institutional loans)
  - COHEAO commented on latest FCC action – rules on collection of federal debt
- Eventually the plaintiffs bar will go after schools

CFPB Update

Consumer Financial Protection Bureau:

- COHEAO is representing schools and vendors on issues related to A/R, disclosures and collections
- Big News: new rules on FDCPA about to be released
- Also, will soon be applied to first-party collections of some sort
  - Many organizations such as banks already in effect complying with FDCPA even though they don't have to.
- More to come on CFPB later…

HEA Reauthorization 2017

- HEA process continuing behind the scenes
- Themes:
  - Simplification
  - Skin in the Game
  - Focus on outcomes
  - More and more info to prospective students and students in school
  - “Free” or cheaper college
  - Expand Pell Grants

Some Contentious Issues

- What does “simplification mean?
- Funding levels/who pays?
- Subsidies – how much for who?
  - Grad students? Doctors?
- For-profit schools: love them or hate them?
  - 90-10 rule, defense to repayment/Gainful Emp.
- Reg relief for schools?

Themes…

- Certain themes in proposals:
  - Pressure schools and states to hold down tuition increases
  - Reduce debt – various levels, some income-based, some not
  - More disclosures, risk sharing (“skin in the game”) for schools
  - Refinance old loans
  - Democrats: Income based repayment expanded, income share liked by some

Real Estate Agents Weigh In

"National Association of Realtors®" is largest trade association in the USA – 1 million members

- Study says among non-homeowners, 71 percent believe their student loan debt has delayed them from buying a home.
- Among Older Millennials, 79 percent believe their student loan debt is delaying them from buying a home.
- Debt delaying potential home buyers is highest among those with more than $50,000 in student loan debt—about eight in ten believe it is delaying their ability to purchase a home.

Meaning?

- It's not a surprising finding, but politically the group is influential and is busy publicizing its report
- More pressure on Congress and President to "do something" about college costs
- HOWEVER, recent reports again note that most defaulted loans are low-balance
  - Bad outcome = likely default

Not Rocket Science

Breaking news:
Researchers learn
Borrowers who do poorly
Less likely to Repay

The 2016 Elections…

- Reducing student loan debt is a big topic for presidential and Congressional campaigns
- How to do it?
    1. Force colleges to charge less
    2. Force states to increase subsidies
    3. Expand federal government subsidies
    4. Reduce regulatory burden
    5. Make someone else pay

Democrat:
Hillary Clinton

- Tuition free community college, debt-free four-year public in-state for those making less than $125k.
- More money from states
- Colleges held more accountable – “risk sharing”
- Refinance federal debt at current rates, future rates same as federal cost of borrowing
- REPAYE for all (income-based repayment with forgiveness after 20 years)
- Tax increases for high-income to raise $350 billion

Donald Trump: Republican

Student debt solution:
Everyone gets a good job
No govt. loan profits

Education Department is Too Big

Chronicle's Comment…

- The plan is grand — and very likely dead on arrival in Washington. Although the notion of free college is popular among progressives and young people, conservatives — who will probably retain control of the House of Representatives and many state governments after November — have balked at the cost of the various free-college plans presented by Mrs. Clinton, Mr. Sanders, and President Obama. Even some left-leaning policy wonks have questioned whether the plan would drive up tuition, put new burdens on the tax system, or even undermine college access.

The 114th Congress

House

Republican Majority controls agenda; majority always rules unless it is divided

Senate

- 54 Republicans
- 46 Democrats
- Republicans set agenda but 60 votes needed to move legislation forward

Exec. Branch +
Divided Congress = More power

Final Question: Perkins Loans: Is There A Future?

- YES! COHEAO has a long-running grassroots campaign to reauthorize Perkins
  - Many powerful allies
- Congress much more supportive
- Administration supported the extension
- Go to advocacy tab on Coheao.com to find all you need: talking points, detailed statistics, sample letters, calls to action
- **TAKE ACTION!**

Questions…

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