WASHINGTON UPDATE
Or
HOW TO GET NOWHERE FAST

COHEAO Mid-year Conference
Harrison M. Wadsworth III
July 31, 2017

Agenda

- Perkins Loan extension bill update
- Status of Perkins
- COHEAO Advocacy & 2017 Grass Roots Campaign
- What in the world is happening in Washington?
- Q & A

Perkins Loan Data Nationwide

- **Perkins fund value approximately $8 Billion**
  - Annual expenditures of $1 Billion
  - 500,000 students awarded each year
  - Average award: $2,200
  - 1,432 participating schools
    - 58% Private; 36% Public;
      6% Proprietary
    - National cohort default rate
      11.5%

Patrick Hester

Senior Legislative Assistant

Representative Elise Stefanik

“Perkins Loans are an important resource for low income families in my district who are pursuing their higher education dreams,” **said Congresswoman Stefanik**.

“**As the first Member of my immediate family to graduate from college,** I know how critical a college degree is to succeeding in a 21st century economy.”

“**We must ensure that low income students have access to a quality education, and the Perkins Loan program is a critical tool to help them succeed.** I urge my colleagues to support this bipartisan legislation.”

Alicia Molt-West

Deputy Chief of Staff and Legislative Director

Representative Mark Pocan

"The Perkins Loan program helps students struggling to find a way to pay for college in Wisconsin and all across the country," **said Representative Mark Pocan.**

"Providing **a two year extension** of the program **is a commonsense step towards ensuring access to this vital tool** for making college more affordable. Without Perkins, many students and families would be left with few options to cover college expenses."

"Two years ago we passed a bipartisan extension of Perkins and **I will continue to work tirelessly with my colleagues to make sure it happens again this year."**

Perkins Extension Act of 2017

- Perkins is scheduled to expire on 9/30/17
  - Scheduled does not mean has to
- H.R. 2482 – Introduced on 5/17/17
  - 2-year extension as is through 9/30/19
  - Sponsored by **Elise Stefanik (R-NY)**
  - Original Cosponsors:
    - **Pocan (D-WI)** (lead co-sponsor)
    - Slaughter (D-NY), Ros-Lehtinen (R-FL),
    - DeSaulnier (D-CA), and Duncan (R-TN)
  - 76 Bipartisan Cosponsors as of July 29th
    - 58 Democrats; 18 Republicans
    - 28 States and one Territory represented
    - Additional Co-Sponsors are needed: goal is 100

Cosponsors By State

- California [13]
- New York [10]
- Pennsylvania [8]
- Illinois [5]
- Wisconsin [4]
- Florida [3]
- Maryland [3]
- Minnesota [3]
- Iowa [2]
- Massachusetts [2]
- Michigan [2]
- Nevada [2]
- New Jersey [2]
- Virginia [2]
- Arizona [1]
- Connecticut [1]
- District of Columbia [1]
- Georgia [1]
- Guam [1]
- Kentucky [1]
- Missouri [1]
- Nebraska [1]
- Ohio [1]
- Oklahoma [1]
- Oregon [1]
- Tennessee [1]
- Texas [1]
- Vermont [1]
- Washington [1]

Our Wonderful Cosponsors

- Rep. Bordallo, Madeleine Z. [D-GU-At Large]
- Rep. Boyle, Brendan F. [D-PA-13]
- Rep. Brady, Robert A. [D-PA-1]
- Rep. Brown, Anthony G. [D-MD-4]
- Rep. Bustos, Cheri [D-IL-17]
- Rep. Cartwright, Matt [D-PA-17]
- Rep. Chu, Judy [D-CA-27]
- Rep. Clark, Katherine M.[D-MA-5]
- Rep. Cleaver, Emanuel [D-MO-5]
- Rep. Courtney, Joe [D-CT-2]
- Rep. Crowley, Joseph [D-NY-14]
- Rep. DeFazio, Peter A. [D-OR-4]
- Rep. Delaney, John K. [D-MD-6]
- Rep. DeSaulnier, Mark [D-CA-11]*
- Rep. Dingell, Debbie [D-MI-12]
- Rep. Ellison, Keith [D-MN-5]
- Rep. Espaillat, Adriano [D-NY-13]
- Rep. Evans, Dwight [D-PA-2]
- Rep. Garamendi, John [D-CA-3]
- Rep. Gutierrez, Luis V. [D-IL-4]
- Rep. Kaptur, Marcy [D-OH-9]
- Rep. Kilmer, Derek [D-WA-6]
- Rep. Kind, Ron [D-WI-3]
- Rep. Krishnamoorthi, Raja [D-IL-8]
- Rep. Lawson, Al, Jr. [D-FL-5]
- Rep. Lee, Barbara [D-CA-13]
- Rep. Levin, Sander M. [D-MI-9]

Our Wonderful Cosponsors

- Rep. Lewis, John [D-GA-5]
- Rep. Loebsack, David [D-IA-2]
- Rep. Lofgren, Zoe [D-CA-19]
- Rep. Lowenthal, Alan S. [D-CA-47]
- Rep. Maloney, Sean Patrick [D-NY-18]
- Rep. McCollum, Betty [D-MN-4]
- Rep. McEachin, A. Donald [D-VA-4]
- Rep. McGovern, James P. [D-MA-2]
- Rep. McNerney, Jerry [D-CA-9]
- Rep. Moore, Gwen [D-WI-4]
- Rep. Nolan, Richard M. [D-MN-8]
- Rep. Norton, Eleanor Holmes [D-DC-At Large]
- Rep. O'Rourke, Beto [D-TX-16]
- Rep. Pallone, Frank, Jr. [D-NJ-6]
- Rep. Peters, Scott H. [D-CA-52]
- Rep. Pocan, Mark [D-WI-2]*
- Rep. Quigley, Mike [D-IL-5]
- Rep. Raskin, Jamie [D-MD-8]
- Rep. Rosen, Jacky [D-NV-3]
- Rep. Roybal-Allard, Lucille [D-CA-40]
- Rep. Sanchez, Linda T. [D-CA-38]
- Rep. Scott, Robert "Bobby“ [D-VA-3]
- Rep. Sinema, Kyrsten [D-AZ-9]
- Rep. Sires, Albio [D-NJ-8]
- Rep. Slaughter, Louise McIntosh [D-NY-25]*
- Rep. Suozzi, Thomas R. [D-NY-3]
- Rep. Swalwell, Eric [D-CA-15]
- Rep. Titus, Dina [D-NV-1]

Our Wonderful Cosponsors

- Rep. Welch, Peter [D-VT-At Large]
- Rep. Wilson, Frederica S. [D-FL-24]
- Rep. Yarmuth, John A. [D-KY-3]
- Republican Party— Alphabetical
- Rep. Bacon, Don [R-NE-2]
- Rep. Barletta, Lou [R-PA-11]
- Rep. Cole, Tom [R-OK-4]
- Rep. Cook, Paul [R-CA-8]
- Rep. Duncan, John J. Jr. [R-TN-2]*
- Rep. Faso, John J. [R-NY-19]
- Rep. Grothman, Glenn [R-WI-6]
- Rep. Hultgren, Randy [R-IL-14]
- Rep. Katko, John [R-NY-24]
- Rep. Kelly, Mike [R-PA-3]
- Rep. King, Peter T. [R-NY-2]
- Rep. MRep. Reed, Tom [R-NY-23]
- Rep. Ros-Lehtinen, Ileana [R-FL-27]*
- Rep. Tenney, Claudia [R-NY-22]
- Rep. Thompson, Glenn [R-PA-5]
- Rep. Valadao, David G. [R-CA-21]
- Rep. Young, David [R-IA-3]
- Meehan, Patrick [R-PA-7]

Latest Developments

- Higher education community pushing for support of extension
- ACE circulating letter, 130 organizations signed as of July 27 including most major associations
- Alliance for Student Aid supporting
- Spread the word! Deadline is Aug. 25. Automated sign-up link:

http://acenet.qualtrics.com/jfe/form/SV_bHm3aVAE3FlsB81

Current Status of Perkins

- If Perkins Expires on 9/30/17:
  - Loans for AY 2017-18 can still be disbursed through 6/30/18 if 1st disbursement is made by 9/30/17.
  - Have students complete loan documents early!
  - Schools will be able to service their loans - no information from the Department on process yet.
  - It can be revived: HEA Reauthorization or late extension can bring Perkins back. Remember December 2015!
- We hope not to wait that long this time

NOTE: Perkins Fate Not Decided

- Do not Liquidate your Perkins Fund
  - Worst action school can take
    - Students will lose access to low-cost loans
    - Schools lose all institutional funds (ICC) contributed to their Perkins fund on all loans outstanding
    - Schools lose the potential to recuperate the institutional share of cancelled loans owed by the Department of Education
- Awarding Perkins sends positive message to Congress and eliminates or reduces Excess Cash penalties

Possible Scenarios

- Perkins extension brought up as stand-alone in House, then in Senate – same as in 2015
  - Need a cost offset
- Perkins extension added as amendment to other legislation, like appropriations bill
- Perkins extension added to continuing resolution as an “anomaly”
- Perkins not extended – maybe revived later

If the Worst Happens…

- If program does expire and can't be resurrected, COHEAO will work to secure the institutional shares are correctly allocated, ED appropriates lost share of cancelled loans.
- A lot of money on the table so stay with us!

Perkins Advocacy

- Grassroots Advocacy is Critical at all levels
- Strong bipartisan support in Congress
- Allies in Higher Ed Community: NAICU, AAU, NASFAA, NACUBO, NASFAA, AASCU, AJCU & others, many colleges & universities
- Get Your Campus Involved
  - Government Relations
  - President's/Chancellor's Office
  - Students & Parents - Student Service Offices
  - Student Government - Alumni Affairs

- Collect Testimonials via COHEAO survey monkey
- State Legislatures Passing Perkins Resolutions: **South Dakota and Illinois** passed; Introduced in **Minnesota** and **Pennsylvania**
- COHEAO Actions:
  - Gaining cosponsors for the Extension Bill
  - Long-term reauthorization - Campus Flex Proposal

The 115th Congress

House

- 241 Republicans
- 194 Democrats
  - Previous: 247-188
- Majority controls agenda
  - Majority always rules unless it is divided
  - Which it probably will be

Senate

- 52 Republicans
- 48 Democrats
  - Previous: 54-46
- Majority sets agenda
  - 60 votes needed to move legislation forward
  - Major exception: **"Budget Reconciliation"**

Key People In 115th Congress

Senate HELP Committee

(Health, Education, Labor & Pensions)

Chairman
Lamar Alexander (R-TN)

Ranking Democrat
Patty Murray (D-WA)

Key HELPers:

- Collins (R-ME)
- Baldwin (D-WI)
- Burr (R-NC)
- Casey (D-PA)
- Isakson (R-GA)
- Bennet (D-CO)
- Enzi (R-WY)

New:

- Todd Young (R-IN)
- Maggie Hassan (D-NH)

Key People In 115th Congress

House Education & Workforce Committee

Chairwoman
Virginia Foxx (R-NC)

Ranking Member
Bobby Scott (D-VA)

Subcommittee on Higher Education and Workforce Training
Chairman: Brett Guthrie (R-KY)

22 R, 17 D
Some Key Members:

- J.T. Thompson (R-PA)
- Luke Messer (R-IN)
- Mike Bishop (R-MI)
- Phil Roe (R-TN)
- Susan Davis (D-CA)
- Jared Polis (D-CO)
- Alma Adams (D-NC)

New to Committee:
6 Republicans, 6 Democrats

Budgets Are Proposed

"A New Foundation for American Greatness": Administration Budget

- $3.6 trillion in federal spending cuts over the next 10 years in order to balance the budget

For Higher Education (Savings are according to OMB over 10 years):

- Multiple income-driven repayment plans replaced by one. Borrowers to pay 12.5% percent of their income for 15 years for undergraduate borrowers and 30 years for graduate students. Decreases costs for undergraduates, but increase costs for graduate borrowers. Saves $76.4 billion.
- Eliminate public service loan forgiveness for new borrowers. Saves $27.4 billion .
- Eliminate Subsidized Stafford Loans. Saves $38.8 billion.
- Eliminate monthly maintenance fee paid to guarantors on FFEL portfolio. Saves $443 million.
- Continue "year-round Pell." Additional cost covered by reallocating $3.1 billion in mandatory funding. However, the FY 17 omnibus spending bill already instituted year-round Pell, so it is unclear if this reallocation would go to the Treasury, back into Pell Grants, or another aid program.
- Perkins Loan Program expected to expire.

House Budget Resolution

- Calls for cuts of $203 billion from education over 10 years. Not specified where
- “Reconciliation instruction” to E&W $20 billion
  - Up to E&W to decide how to come up with that.
- First step in second reconciliation process
- Passed Committee 22-14, but not able to pass full House at this time
  - All Democrats opposed, Republicans split

Reconciliations

- Reconciliation 2017 (#1): allows some health care law changes to be made by simple majorities of House and Senate
- Reconciliation 2018 (#2): process started by budget resolution, sets stage for tax law changes

House Budget Resolution Policy

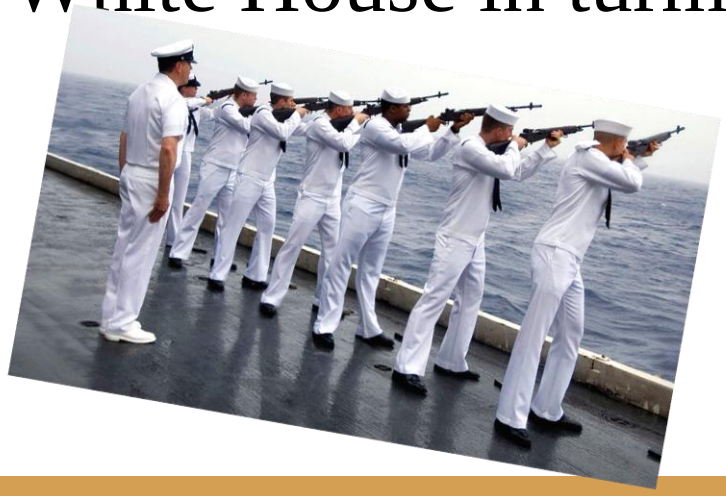
- (a) FINDINGS ON HIGHER EDUCATION.—The House finds the following:
- (1) A well-educated, high-skilled workforce is critical to economic, job, and wage growth.
- (2) Average published tuition and fees have increased consistently above the rate of inflation across all types of colleges and universities.
- With an outstanding student loan portfolio 19 of $1.3 trillion, the Federal Government is the largest education lender to undergraduate and graduate students, parents, and other guarantors.
- (4) Students who do not complete their college degree are at a greater risk of defaulting on their loans than those who complete their degree.
- (5) Participation in Federal income-driven repayment plans is rising, in terms of the percent of both borrowers and loan dollars, according to the Government Accountability Office. Because these plans offer loan balance forgiveness after a repayment period, this increased use portends higher projected costs to taxpayers.
- (b) POLICY ON HIGHER EDUCATION.—It is the policy of this concurrent resolution to promote college affordability, access, and success by—
- (1) reserving Federal financial aid for those most in need and streamlining grant and loan aid programs to help students and families more easily assess their options for financing postsecondary education; and
- (2) removing regulatory barriers to reduce costs, increase access, and allow for innovative teaching models.

A Few Things to Do in DC

- Affordable Care Act repeal/replace?
  - Reconciliation #1
- Debt Limit Increase
  - Needs to happen by Oct. 1 says Secty. Mnuchin
- Appropriations FY2018, which starts Oct. 1
  - Continuing resolution (CR) or Omnibus or Minibus
- Tax Reform/tax cuts (Reconciliation #2)
- Infrastructure – repairs, improvements

Will Congress Act?

- Russian interference investigation overhang
- Democrats on defense
- Republicans divided
- White House in turmoil



HEA Reauthorization

- Remember this? – A major focus when the process started in 2014 was FAFSA simplification. It still is.
- Other issues also getting attention such as: “risk sharing” and “simplification”
- Recent statements about action in 2017

- Work behind the scenes by staff continuing, not much in public
- HELP Committee – major focus was health legislation

- House Education and the Workforce Committee
  - New Chairs of Ed & WF Committee and HE Subcommittee
  - Many new members on the Committee
  - More hearings held
  - New models: Income share agreements

Education Dept. – Still In Transition

- Secretary DeVos hasn't previously worked in Higher Ed
- Thorough review of all regs taking place at ED
  - Deregulatory executive order: ED seeking proposals and ideas by Aug. 21
  - Re-do of defense to repayment, gainful employment metrics
- Discussion of moving management of $1 trillion student loan portfolio from ED to Treasury
- ED is slow to fill policy-making jobs
  - Acting Undersecretary Jim Manning (formerly at ED)
  - Acting Assistant Secretary for Postsecondary Ed Kathleen Smith (former Senate HELP Committee staff)
  - Assistant Secretary for Legislative Affairs nominee Peter Oppenheim coming from HELP (Alexander).
  - Deputy is Jenny Prescott, formerly higher ed staffer for House Ed and Workforce (Foxx)
  - Recent COO Appointment – Dr. A. Wayne Johnson (Founder, Chairman and former CEO of First Performance Corporation)

Congressional Agenda 2017

- Senate confirmation of cabinet, sub-cabinet appointments
- Senate confirmation of Supreme Court justice
- Repeal and replace Affordable Care Act
- Immigration and trade policy
- Eliminate Obama Administration regulations
- Finish FY 2017 appropriations
- Pass Tax Reform
- Infrastructure

COHEAO's Reauthorization Focus

Campus Flex Proposal: One Grant, One-Loan, One Campus-Based

- Achieves the goal of **Simplification**
  - One appropriation for the 3 campus-based programs (FWS, FSEOG and Perkins)
  - Schools decide where to spend funds based on students' needs and aid demographics
  - Eliminates the base-guarantee – new funds go where greatest need exists
- Achieves the goal of **Risk Sharing & Accountability**
  - Institutions are invested in the C.B. Programs - match Federal contributions
  - Institutions manage their Perkins portfolio and are responsible for the results
- Achieves the goal of **Reduced Borrowing & Student Loan Debt**
  - Institutions determine need
  - No interest accrues during enrollment, grace and deferment periods
  - Many options for loan forgiveness
- Provides **Institutional Flexibility & Local Control**: Schools decide how to award funds based on students' needs and aid demographics
- Allows for the **Expansion** of the Perkins Loan Program to more schools
- Reduces CB Underutilization Penalty – **More Aid for More Students**

Perkins & Reauthorization Themes

- Campus Flex: COHEAO idea to merge campus-based programs, unify allocation formulas, broaden availability to more campuses
- "Skin in the game": Perkins is a long-established risk-sharing program where campuses put up their own money
- Local Control of Funding: Campuses allocate loan funds to students with need on an individual basis according to the situation on the campus and with the student
- Local Responsibility for Management: Perkins is managed by campuses in every state
- Reduced Role for Washington: Campuses can manage Perkins portfolios without the need for large numbers of Department of Education staff involved

Campus Flex

- Best way to extend Perkins
- Need support from other associations
- Budget scoring issue:
  - Extending current program scored as cost by CBO
  - Not logical, but real -- $4-5 billion over 10 years
  - COHEAO working with Budget Committees on this problem, seeking solutions.

You Can Make a Difference

What You Can Do:

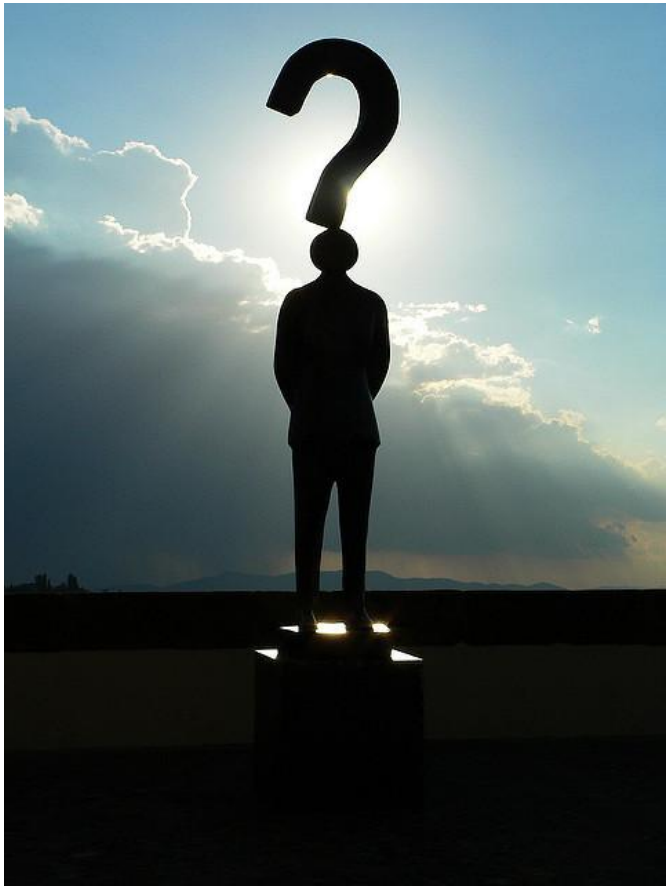
- First and Foremost - Award your Perkins Funds!
- Share Perkins info with colleagues: Upper Administration, Financial Aid/Student Accounts & Government Relations
- See COHEAO's Advocacy Page & Media Center (COHEAO.org)
  - Statistics
  - Top Ten Reasons Why the Perkins Loan Program is Good for Students and Families
  - Perkins Past, Present & Future
  - Campus-Flex Proposal
  - ACE Spotlight on Perkins (2014-15)
- Reach out to your regional and national higher education associations
- Engage your Perkins recipients and their families
- Reach out to your Congressional Members – gather impact Info
- Join COHEAO's efforts – visit our Advocacy Page – COHEAO.org

Contact Information

Harrison Wadsworth
Executive Director, COHEAO
Managing Partner, Washington Partners, LLC
202-289-3910
hwadsworth@wpllc.net

Wes Huffman
Associate Director, COHEAO
Washington Partners, LLC
202-289-3910
whuffman@wpllc.net

Hannah Allen
202-289-3910
hallen@wpllc.net

Greg Marak
202-289-3910
gmarak@wpllc.net

Questions…