



National Association of Student
Financial Aid Administrators

Federal Update

Agenda

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

Inside the Beltway



Dynamics in Washington

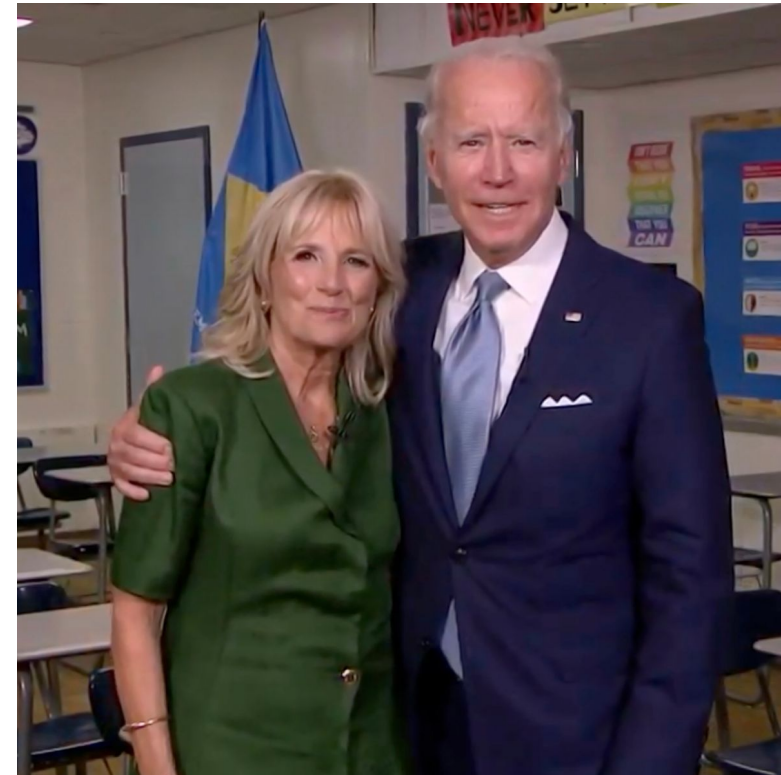
- Biden Presidential Transition
 - First 100 Days: COVID relief and controlling the pandemic
- Democrats control Congress:
 - Narrow margins in both chambers makes moderates very powerful.
 - Tension between moderate and progressive wing of party.
 - Budget reconciliation is on the table as a tool to pass major priorities.
- The COVID-19 Pandemic
 - The pandemic created a very narrow field of vision for lawmakers on the Hill as all conversation has turned to relief bills
- Tension following the 2020 Election
 - January 6th attack on Capitol
 - Impeachment 2.0
 - Legislative action is always slow and challenging during an election year

President Joe Biden

- President Joe Biden won 306 electoral votes, surpassing the 270 needed to win the presidency.
- President Biden and Vice President Kamala Harris took office on January 20, 2021.
- With First Lady Jill Biden as a long-time community college professor, the Biden administration is expected to be active in higher education policy issues.

President Joe Biden's Higher Education Proposals

- Make community college free
- Ensure PSLF is "fixed, simplified, and actually helps teachers."
- Federal student loan borrowers should not have to make payments until they are earning at least \$25,000
- Federal student loans should not accumulate interest before borrowers are earning at least \$25,000
- Reduce the percentage of income that borrowers repay in income-driven repayment plans from 10% to 5%
- Double the maximum Pell Grant award
- Automatically enroll borrowers into income-driven repayment plans
- Restructure PSLF to allow for borrowers to receive \$10,000 in debt relief "for every year of national or community service, up to five years"
- Forgive all student debt accrued at public colleges and universities, private HBCUs and private, underfunded minority-serving institutions for borrowers who make less than \$125,000

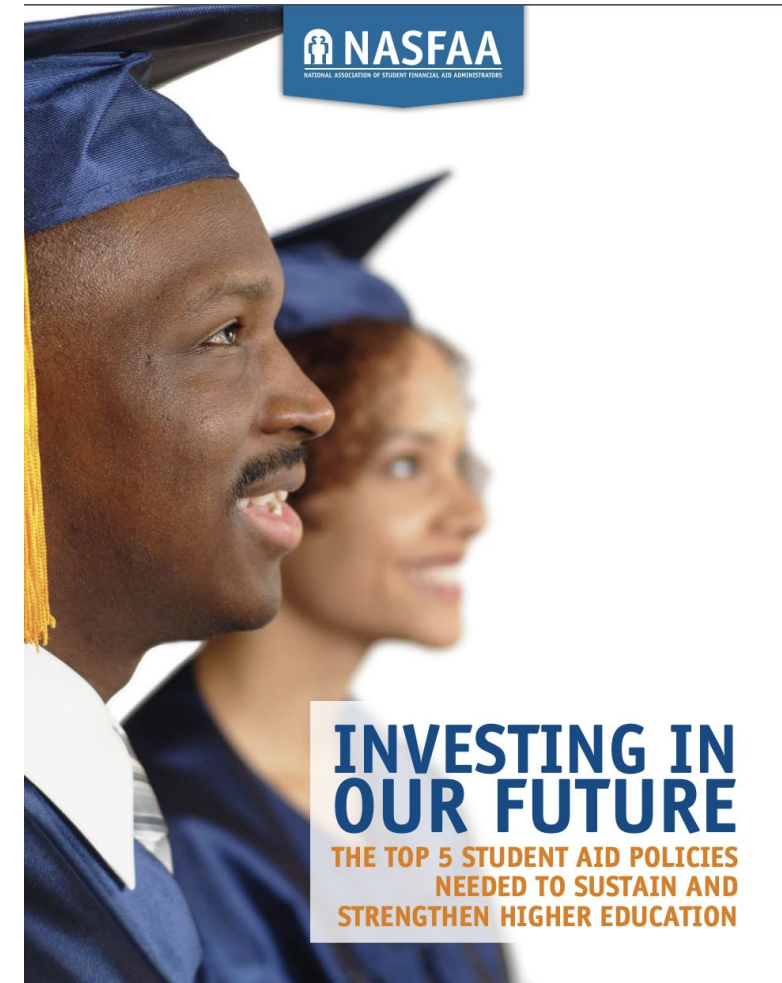


(photo from newyorkmagazine.com)

Priorities for 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



Debt Cancellation Takes Center Stage



Joe Biden ✓ @Joe... · Mar 22, 2020

Replying to @JoeBiden

No bill should pass without immediate, generous relief for workers who are losing jobs and hours, small businesses losing revenue, and communities facing emergency needs.



Joe Biden ✓
@JoeBiden

Additionally, we should forgive a minimum of \$10,000/person of federal student loans, as proposed by Senator Warren and colleagues. Young people and other student debt holders bore the brunt of the last crisis. It shouldn't happen again.

7:28 PM · Mar 22, 2020



Jen Psaki ✓
@PressSec

🇺🇸 US government account



The President continues to support the cancelling of student debt to bring relief to students and families. Our team is reviewing whether there are any steps he can take through executive action and he would welcome the opportunity to sign a bill sent to him by Congress.

1:41 PM · Feb 4, 2021 · Twitter Web App

NASFAA's Take

- In January NASFAA's Board of Directors looked at the pros and cons of widespread student loan forgiveness
 - not against student loan forgiveness but forgiveness in the absence of longer-term, systemic improvements to the loan program and front-end investments in grant programs is a short-sighted, poorly-targeted policy
- NASFAA Recommendations
 - Lower interest rates, and even set them to 0% as needed
 - Eliminate origination fees
 - Immediately stop all negative amortization
 - Halt all collections and stop putting borrowers into default
 - Improve the income-driven repayment system
 - Boost federal grants so that low-income students, disadvantaged students, and populations of color who are disproportionately impacted by regressive loan policies

Accountability Under the Biden Admin

- Unions and education policy groups are pushing for more accountability for institutions
- What could we expect to see?
 - focus on for-profit institutions
 - » restoration of Obama administration regulations that the Trump administration had rescinded
 - return of gainful employment
 - using borrower repayment rates as a quality metric
 - arguments over carrot vs stick approach to ensuring institutional improvements
 - » reward institutions performing well or punish institutions performing poorly?

117th Congress: Senate

- With Democrats winning both Georgia Senate seats in the January runoff, the 117th Senate will be split evenly between Republicans and Democrats (50 Rs, 48 Ds, & 2 Independents that vote alongside Ds).
- Vice President Kamala Harris will act as the President of the Senate and cast the tie-breaking vote
- Democrats have regained control of the chamber, which means:
 - Minority Leader Schumer → Majority Leader Schumer
 - Democrats will chair committees and control which bills get votes

50 DEMOCRATS ✓

35 Not Up For Election

Gained 4 Seats, Lost 1 Seat

Image Source: CNN Politics

50
▼

REPUBLICANS 50

30 Not Up For Election

Gained 1 Seat, Lost 4 Seats

117th Congress: House

- Democrats will retain control of the 117th House, although their margin has narrowed following the 2020 election where Republicans netted 10 seats.
 - 222 Democrats
 - 211 Republicans
 - 2 races remain uncalled

222 DEMOCRATS ✓

218 for Control of House

REPUBLICANS 211



Gained 3 Seats, Lost 12 Seats

Gained 13 Seats, Lost 3 Seats

Image Source: CNN Politics

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)

Additional Higher Education Provisions

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

Future Changes

- The omnibus passed on December 21st, incorporated elements of Sen. Alexander's previous FAFSA simplification legislation
- The large majority of changes in this bill will not go into effect until the 2023–24 award year

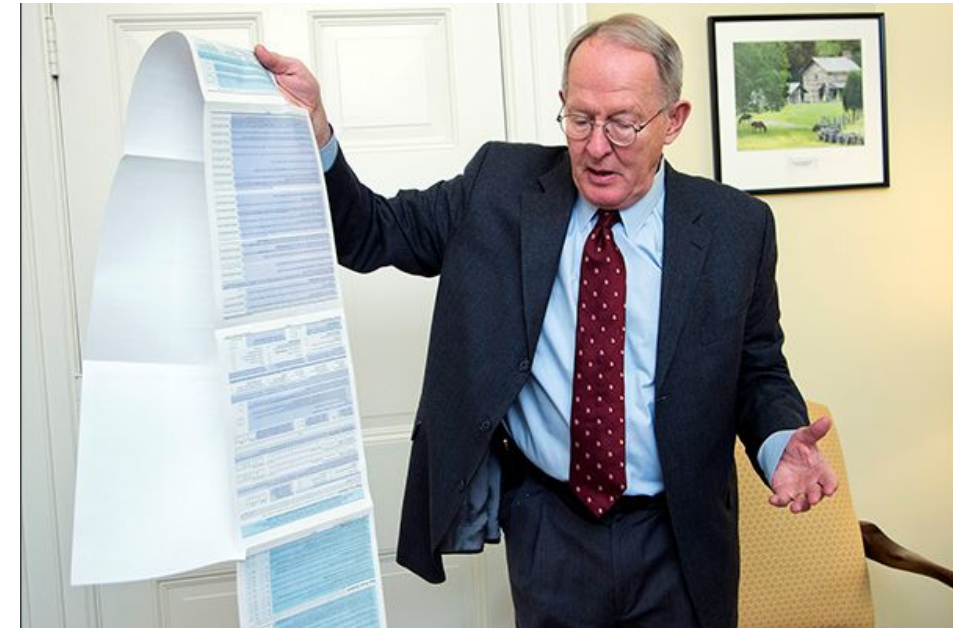


Photo Source: Education Week

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:
 - MTB recipients
 - AGI < \$60K and no lettered tax schedules
 - AGI < \$60K and only Schedule C, provided Schedule C gain/loss < \$10K

Need Analysis & Pell Grant Eligibility

- Expected Family Contribution (EFC) is now 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 hh and AGI vs. poverty
 - If no qualification for maximum Pell:
 - [Maximum Pell amount - SAI = Pell amount]
 - still rounded to nearest \$5
 - still subject to statutory minimum
 - If no max Pell and no Pell award from the SAI calculation, student is considered for minimum Pell
 - Based on # of parents in hh and AGI vs. poverty

Maximum Pell Grant Eligibility

- **Nonfilers**
 - Independent student (and spouse, if applicable) tax nonfilers
 - 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
- **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

Higher Education 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.
- Requires ED to implement the repeal by July 1, 2023 at the latest but allows for early implementation by ED.

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

Professional Judgement

- Prohibits institutions from maintaining a policy of denying all professional judgment requests
- Allows FAAs to offer a dependent student an unsubsidized loan without requiring the parents to fill out the FAFSA if the student does not qualify for, or does not choose to have a professional judgment review
 - FAA would have to determine that the parent(s) of the student ended support or would not fill out the form
- Allows FAAS during a qualifying emergency to use PJ to zero out income earned from work if the applicant can provide paper or electronic documentation of receipt of unemployment, or can provide proof that an application for unemployment benefits was submitted

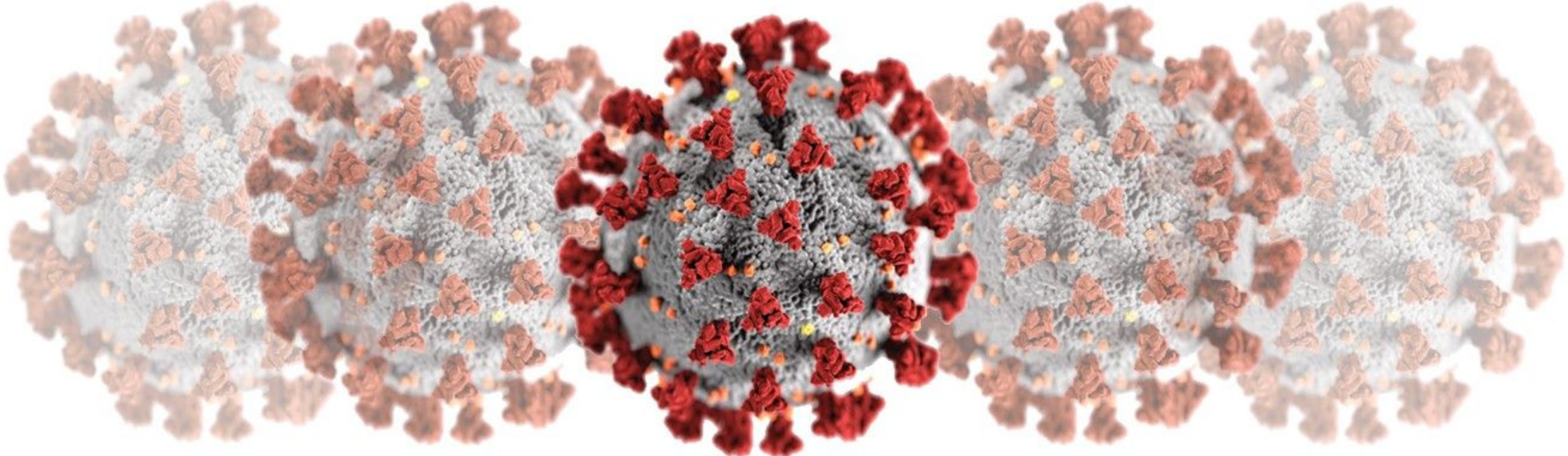
Provisional Independent Status

- Allows otherwise dependent students to complete the FAFSA as a “provisional” independent student if they believe they may qualify for independent student status due to unusual situations and would likely meet the criteria for a dependency override
- The student would receive an estimate of their federal Pell Grant award and other information based on an independent status after completing the FAFSA
- FAAs would be required to notify these students of the institution's process, requirements, and timeline for an adjustment to be completed under a PJ review

Cost of Attendance

- Gives ED the authority to regulate all COA components except tuition and fees
- Requires the COA food allowance for on-campus plans or off-campus meals to provide the equivalent of at least three meals per day
- Requires the inclusion of the one-time cost of obtaining the student's first professional licensure
- Institutions will be required to make publicly available a list of all the elements of the COA
 - Must also disclose those figures on any portion of the website describing tuition and fees

COVID-19



The American Rescue Plan

- \$1.9 trillion stimulus package called the *American Rescue Plan*
 - Stimulus checks, boost to unemployment aid, eviction moratorium, testing and vaccine funding
- \$170 billion to K-12 schools, colleges and universities to help them reopen and operate safely or to facilitate online learning
 - \$130 billion for K-12
 - \$40 billion for Higher Education
- The bill was signed into law on March 11th, 2021

HEERF III Broad Strokes

- Included in the American Rescue Plan is additional COVID-19 relief for institutions of higher education
- Creates a new \$40 billion pot of HEERF funding (HEERF III)
 - will be allocated based upon the number of full-time Pell Grant recipients they have, the same formula as in CARES and CRRSA using the same method of delivery.
 - 1% for for-profit institutions (down from 3% set aside in CRRSA)
 - \$91 million for student aid administration
- 50% of funds must be used on grants to students
- Nearly same allowable uses as the CRRSA Act HEERF II Funds
- Assumption that schools who received CARES HEERF I or CRRSA HEERF II funds will not need to apply to receive HEERF III funds.
 - was not stipulated in the bill text

HEERF Comparison Chart



Higher Education Emergency Relief Funds Comparison Chart March 2021

Any updates to this chart made after the initial publication on March 15, 2021 will appear in red text.

Item	HEERF I Funds The Coronavirus Aid, Relief, and Economic Security Act (CARES Act)	HEERF II Funds The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act)	HEERF III Funds The American Rescue Plan (ARP)
Total HEERF Funding Amount	\$14 billion	\$23 billion	\$40 billion
Required Student Spending	<ul style="list-style-type: none"> 50% of an institution's allotment must go to emergency financial aid grants to students 	<ul style="list-style-type: none"> Requires institutions to spend the same dollar amount on student grants as they were required to spend under the CARES Act For-profits must use 100% of their allotment on student grants 	<ul style="list-style-type: none"> At least 50% of an institution's total allotment must go to student grants For-profits must use 100% of their allotment on student grants
Allocation Formula	<ul style="list-style-type: none"> 75% on the enrollment of full-time equivalent (FTE) Pell Grant recipients 25% on enrollment of FTE non-Pell Grant recipients Students who were enrolled exclusively in online, distance education courses prior to the COVID-19 emergency were excluded from this calculation 	<ul style="list-style-type: none"> 37.5% on FTE enrollment of Pell Grant recipients who were not enrolled exclusively in distance education courses prior to the qualifying emergency 37.5% on headcount enrollment of Pell recipients who were not enrolled exclusively in distance education courses prior to the qualifying emergency 11.5% on FTE enrollment of non-Pell recipients who were not enrolled exclusively in distance education courses prior to the qualifying emergency 11.5% on headcount enrollment of non-Pell recipients who were not enrolled exclusively in distance education courses prior to the qualifying emergency 1% based on FTE enrollment of Pell recipients who were exclusively enrolled in distance education course prior to the qualifying emergency 1% based on headcount of Pell recipients who were exclusively enrolled in distance education courses prior to the qualifying emergency 	<ul style="list-style-type: none"> 37.5% on FTE enrollment of Pell Grant recipients who were not enrolled exclusively in distance education courses prior to the qualifying emergency 37.5% on headcount enrollment of Pell recipients who were not enrolled exclusively in distance education courses prior to the qualifying emergency 11.5% on FTE enrollment of non-Pell recipients who were not enrolled exclusively in distance education courses prior to the qualifying emergency 11.5% on headcount enrollment of non-Pell recipients who were not enrolled exclusively in distance education courses prior to the qualifying emergency 1% based on FTE enrollment of Pell recipients who were exclusively enrolled in distance education course prior to the qualifying emergency 1% based on headcount of Pell recipients who were exclusively enrolled in distance education courses prior to the qualifying emergency

Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act

- Part of Consolidated Appropriations Act that included coronavirus relief measures
- Included:
 - \$23 billion for institutions of higher education
 - \$20 billion went to public and private nonprofit institutions through existing HEERF. Allocation formula uses headcount and FTE.
 - ◆ Does not require that 50% of an institution's fund be sent on student grants
 - ◆ Institution must spend the same amount on student grant's that they were required to under the CARES Act
 - ◆ More flexible allowable uses for institutions and student grants
 - Additional \$1.7b for MSIs, \$113m for schools with unmet needs, and \$681m for proprietary institutions.

CRRSA Act

- **Did not** extend the federal student loan borrow relief provisions included in the CARES Act past ED's most recent extension of January 31, 2021.
- Extends provision allowing employers to contribute up to \$5,250 tax-free toward their employees' student loan debt to payments made before Jan. 1, 2026
- SNAP eligibility will not be limited for postsecondary students who are enrolled at least half-time and who are either eligible to participate in work-study or have a zero EFC.

HEERF II Guidance

- Institutions must spend supplemental funds within one year from the date of receipt.
- Institutions must spend at least the same dollar amount on student grants as they were required to with the CARES Act funding.
 - Allocation tables reflect the amount institutions must spend on student grants
- Students are not required to meet all of the Title IV eligibility requirements
 - DACA, undocumented, international, remain ineligible

Additional HEERF II Guidance

ED published additional HEERF II guidance on March 19 that does the following:

1. Clarifies that unspent CARES Act HEERF I grants and CRRSAA HEERF II grants may be used for institutional coronavirus-related costs and student expenses dating back to March 13, 2020.
2. Reiterates that qualified aliens are eligible to receive HEERF emergency grants from any of the three funding rounds.
3. Provides a non-exhaustive list of potential lost revenue sources that qualify as an allowable use of institutional funds.

HEERF II Guidance

Allowable Uses of Funds	
Student Funds	Institutional Funds
<p>Students may use the grants toward:</p> <ul style="list-style-type: none"> ● any component of their cost of attendance ● emergency costs that arise due to coronavirus <ul style="list-style-type: none"> ○ such as tuition ○ food ○ housing ○ health care (including mental) ○ child care 	<p>Institutions may use the funds to:</p> <ul style="list-style-type: none"> ● defray expenses associated with coronavirus <ul style="list-style-type: none"> ○ including lost revenue, reimbursement for expenses already incurred ○ technology costs associated with a transition to distance education ○ faculty and staff trainings ○ payroll ○ carry out student support activities authorized by the HEA that address needs related to coronavirus. <p style="text-align: center;">Institutional funds may also be used to make additional financial aid grants to students</p>

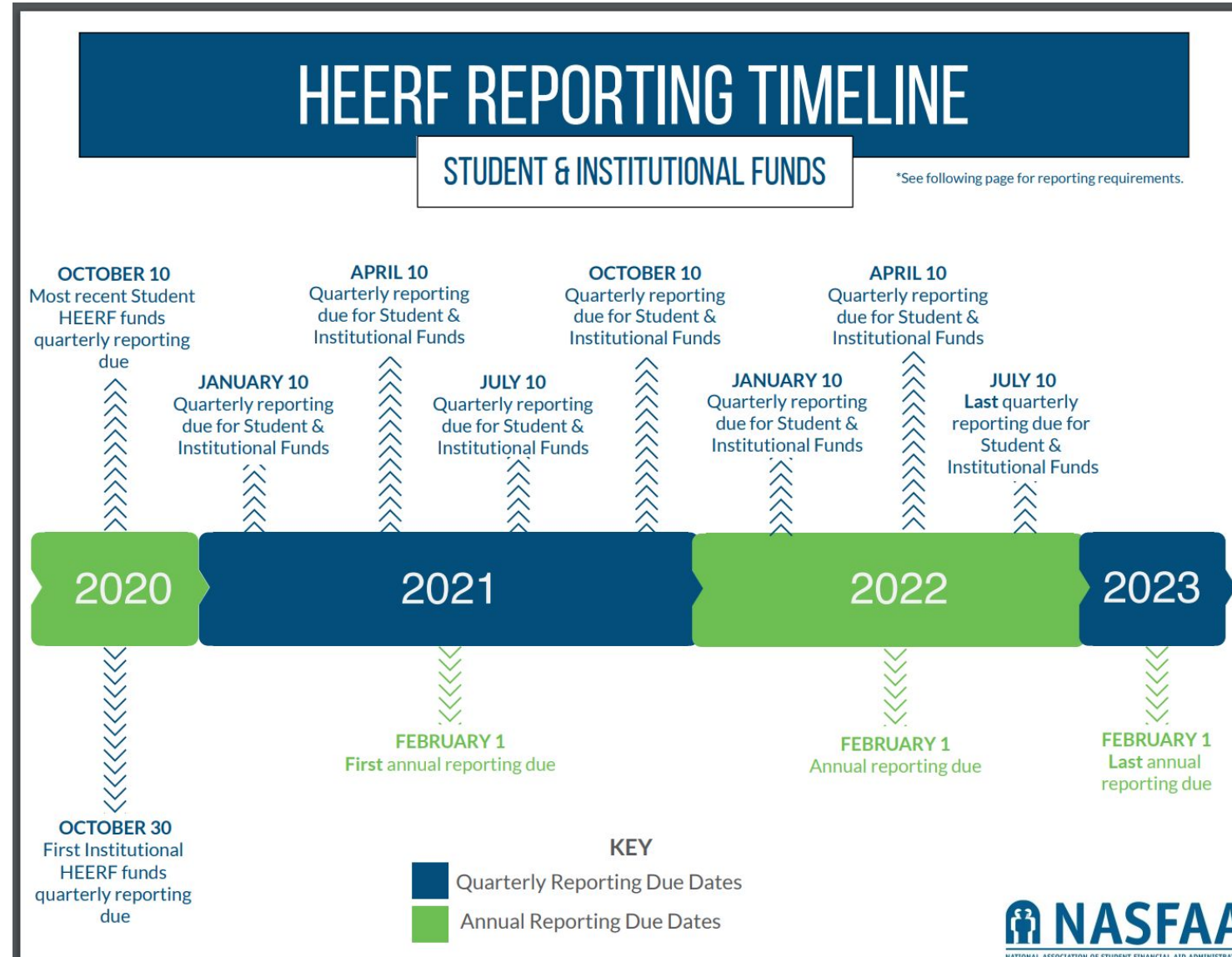
Any unused CARES Act funds that an institution still holds are now subject to the allowable uses requirements of the HEERF II Funds.

CARES Act Interim Final Rule

- On June 17, ED released an interim final rule (IFR) on the Higher Education Emergency Relief Fund (HEERF) student emergency grants
 - There are two main eligibility restrictions in the rule:
 - » students must be (or could be) Title IV-eligible
 - » international students, those in the Deferred Action for Childhood Arrivals (DACA) program, and those living in the country illegally are not eligible.
- The rule has faced several legal challenges and heavy criticism
- On August 21, a court filing made by the Trump administration showed that ED was considering making changes to its IFR
- NASFAA submitted comments that highlighted the havoc created for institutions and students by ED's changing positions on student eligibility

HEERF Fund Reporting

- NASFAA created a timeline for keeping track of reporting due dates as well as the requirements for reporting each fund
- Find it and more HEERF reporting resources at nasfaa.org/COVID19



HEERF Reporting Compliance Findings

- ED OIG conducted an investigation on how well institutions who received CARES Act funds were complying with the reporting requirements and how they were using their funds.
 - Of 100 schools randomly sampled, OIG couldn't find quarterly reports on websites of 19 of them
 - 22% of schools incorrectly used the "Other Uses" reporting field for how they spent their HEERF \$\$
 - Top 3 expenditure categories for (a)(1) funds were Campus Safety, Distance Learning Equipment, and Tuition Reimbursement
 - Smallest amounts of funding were spent on Additional Class Sections, Internet, Staff Training, and Subsidized Food Service

HEERF Survey Results

- On February 8, 2021, NASFAA distributed a survey to our Rapid Response Network about how they plan to distribute their HEERF II funds compared with how they distributed their HEERF I funds.

How did you establish that students demonstrated exceptional need?

(Multiple selections allowed)

Pell grant eligibility: 42%

EFC: 68%

Institutional need determination: 21%

Student self-certification of need: 37%

Don't know: 5%

Other: 16% (AGI; appeal letter content; loan debt)

Did you restrict emergency grant funds eligibility to students who had completed a FAFSA?

HEERF I: 88% YES

HEERF II: 57% YES (or will)

Borrower Relief Extended to September 30, 2021

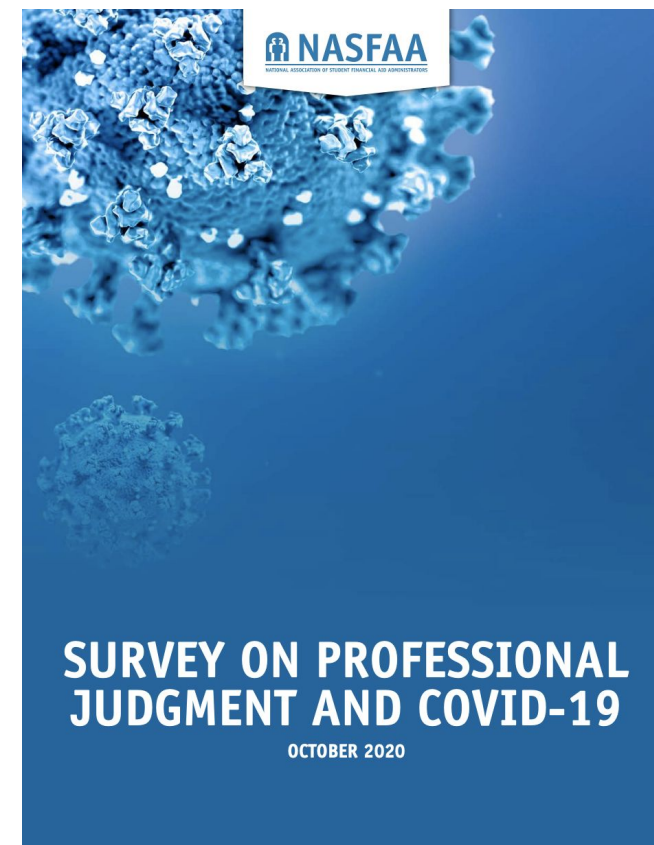
- ED announced on December 4 that the current borrower relief provisions would be extended through January 31, 2021.
- President Biden signed an Executive Order on his first day in office to further extend the deadline to September 30, 2021. This includes the federal student loan administrative forbearance period, the pause in interest accrual, and the suspension of collections activity.
- Non-payments will continue to count toward the number of payments required under IDR plans, loan rehabilitation agreements, and PSLF.

Extensions of Waivers Update

- ED issued a Federal Register notice on December 11 extending the end dates of COVID-19-related waivers and modifications
 - extended through the end of the payment period that begins **after the date** the COVID-19 national emergency is rescinded
- Introduced new waivers and flexibilities as well
 - Waiver of the requirement that Title IV disbursements by EFT be a direct deposit transaction
 - Institutions placed on Heightened Cash Monitoring 1 (HCM1) will be allowed to request funds prior to paying credit balances to those students for whom funds are being requested

September 2020 Professional Judgment Survey

- NASFAA surveyed a subset of its membership in September to learn more about how COVID-19 has impacted the number of PJ requests schools have received and gauge how institutions are handling the increases.
- These new survey results follow up on NASFAA's June 2020 survey in which members reported anticipating a large increase in requests for professional judgment.
- Respondents for the September 2020 survey consisted of individuals from financial aid offices at 212 public, private, community college, and proprietary institutions of higher education across the country.



September 2020 Professional Judgment Survey

Key Findings from the September 2020 survey include:

- 59% of respondents reported a somewhat or great increase in PJ requests between March 1, 2020 and September 21, 2020 when compared to last year.
- 58% of respondents anticipated that their PJ requests will somewhat or greatly increase between October 1 and December 31, compared to last year.
- 23% of respondents reported that their office has been proactively reaching out to students to inform them about PJ. An additional 15% are considering doing so and another 23% were already doing such outreach before the pandemic.
- While under 50% of respondents began zeroing out income and/or unemployment benefits during COVID-19 or are considering doing it, 80% of respondents said their office would do this if Congress and/or ED explicitly permitted it, as they did with the 2009 GEN-09-05 guidance in the wake of the Great Recession.

ED Professional Judgment Reminder

- ED published a DCL in late January reminding FAAs about their authority to perform PJ adjustments
 - authority to adopt an across-the-board PJ policy to zero out the figures for income earned from work to ultimately recalculate the EFC
 - authority to zero out unemployment benefits received from income
- *FAAs already have authority to perform both of these tasks during a PJ review under section 479A of the HEA*
- ED noted that an increase in the use of PJ will not be a factor considered when selecting institutions for program reviews for the 2021-22 award year
 - in addition to the 2019-20 and 2020-21 award years that ED had already announced in July of last year.

HEA Reauthorization



HEA Reauthorization

- Last reauthorization in 2008
 - Current version of HEA technically expired in 2013
- **House**
 - **House Democrats:** Introduced College Affordability Act during 116th Congress
 - » Comprehensive reauthorization bill
 - » Introduced and passed by House Ed & Labor Committee in October 2019
 - » Will be starting point for House Dems in 117th Congress
- **Senate**
 - Despite cooperation between Senators Murray and Alexander, we didn't see a comprehensive HEA proposal introduced in the Senate during the 116th.
 - New dynamics on the HELP Committee, with Senator Murray taking over as chair and a new Republican leader.
 - Democrats will still need support from some Republicans to get the 60 votes needed to achieve a comprehensive reauthorization this Congress.

House Democrats - College Affordability Act

Investment in Student Aid



Increases maximum Pell Grant award to \$6,820



Extends Pell Grant LEU to 14 semesters and allows students within LEU to use remaining funds for post-grad studies.



Allows graduate/professional students at public and nonprofit institutions to access subsidized federal student loans.

House Democrats - College Affordability Act

Investment in Student Aid



\$1.5 billion for FWS for 2021, increasing each successive year to \$2.5 billion in 2025.



Authorizes \$1.15 billion for the FSEOG program for 2021, increasing each successive year to \$1.75 billion in 2025, and phases out base guarantee over five years.



Authorizes \$2.4 billion annually towards new Federal Direct Perkins Loan program

House Democrats - College Affordability Act

Additional Provisions

Direct Loans

- One-time refinancing of federal & private student loans
- Eliminates loan origination fees
- Streamlines repayment options

FAFSA Simplification

- Simplifies FAFSA by placing applicants into one of three pathways based on income & family characteristics
- Removes selective service eligibility requirement

Accountability

- Creates adjusted CDR; takes into account the % of students at the institutions who borrow
- Changes 90/10 rule to 85/15 and includes veterans benefits in the Title IV aid revenue calculation for proprietary institutions

Senate Republicans - Student Aid Improvement Act

FAFSA Simplification

- “Pathways” for non-filers, means-tested benefits recipients
- Improved data-sharing between agencies to auto-qualify applicants

Pell Grants

- Full grant if not required to file taxes
- Increases maximum grant amount

Financial Aid Offers

- Full standardization of financial aid offers

Loan Repayment

- Eliminates 10-year standard repayment cap on IBR

HEA Reauthorization: Last Congress

	Senate Student Aid Improvement Act	House College Affordability Act
1. Introduced in Committee	✓	✓
2. Committee mark-up		✓
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		

HEA Issue Priorities

Issue	House Republican s	House Democrat s	Senate Republica ns	Senate Democra ts
“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	✓	✓		✓

Feasibility of HEA Reauthorization this Congress

- Prospects will be more clear once committee assignments and leadership positions are settled in the Senate.
 - ❖ The Republican leader on the HELP Committee will be a major player in any HEA reauthorization efforts. That member's priorities, and willingness to engage in bipartisan negotiations, will likely be a determining factor.
- A number of roadblocks from the 116th Congress will continue to post challenges:
 - ❖ Increasingly partisan political dynamics
 - ❖ COVID-19 pandemic
 - ❖ Impeachment 2.0
- The narrow Democratic margin in the House may also pose challenges. Any proposal would have to satisfy almost all members of the progressive and moderate wings of the party to pass the chamber.

► Building Blocks to HEA

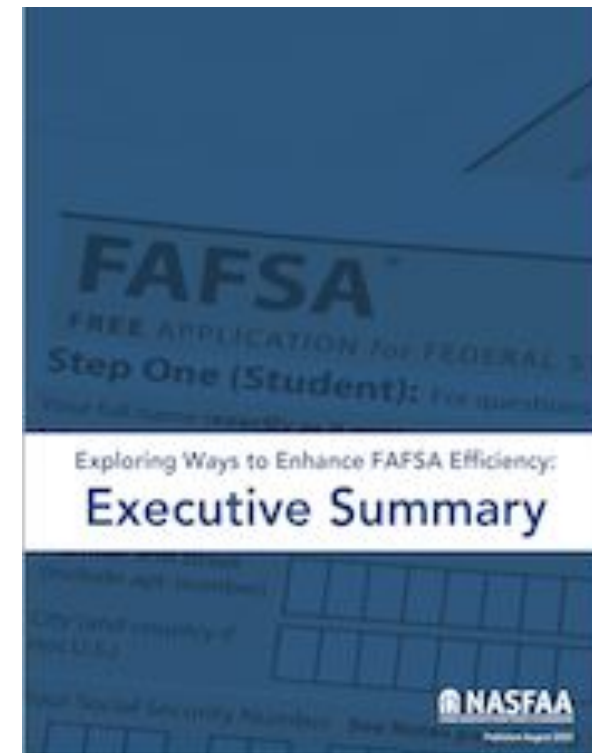


FAFSA Simplification – FUTURE Act

- 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.
- In addition to providing \$255 million in annual permanent funding for Historically Black Colleges and Universities and other Minority-Serving Institutions, 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.
 - » Eliminate up to 22 questions from the FAFSA.
 - » 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.

NASFAA's FAFSA Paper Series

- In summer 2019, NASFAA received grant funding to commission a 10-paper series exploring ways to make the FAFSA, and the overall federal student aid process, more efficient and streamlined for applicants and their families.
- NASFAA reviewed the recommendations and ideas presented in each of these papers to determine which to support and incorporate into its own official FAFSA recommendations, which were then approved by NASFAA's Board of Directors
- 3 recommendations were adopted from the NASFAA- authored paper, and 10 recommendations were adopted from the papers authored by financial aid community scholars.



Read the full report:
https://www.nasfaa.org/fafsa_series

NASFAA's FAFSA Paper Series

10 Recommendations Adopted by NASFAA from Papers Written by Financial Aid Scholars

- Eliminate the term “expected family contribution” (EFC) and replace it with a term that reflects an indexing of financial strength.
- ED should explain why verifying 22% of all FAFSA filers is the most appropriate percentage.
- ED should consider substantial changes to verification of financial information based on the implementation of the FUTURE Act.
- ED should select an even smaller proportion of auto-zero EFC applicants for verification.
- Include as part of the FAFSA on the Web (FOTW) a pop-up that explains three key details related to public benefits.
- Add the negative AGI back into income in the need analysis formula.
- Eliminate FAFSA questions not relevant to aid eligibility
- Make the formula used to define verification selection criteria more transparent.
- Allow independent students without dependents to be eligible for the auto-zero EFC.
- ED should explore calculating negative EFCs alongside the current EFC formula.

Financial Aid Offers

NASFAA's Recommendations:

1. Pass legislation that requires standardized terms and elements of the financial aid award notification, similar to those included in NASFAA's Code of Conduct, but which does not restrict institutions' ability to communicate financial aid eligibility to their students in the way that is most meaningful and relevant to them.
2. Avoid requiring a standardized financial aid award notification to preserve the ability of schools to properly and clearly communicate the varying student aid options available at that institution.

Financial Aid Communication and Transparency Act

Bipartisan House bill introduced September 2019 by Reps. Trahan and Smucker.

Would create standardized, consumer-tested terminologies, definitions, and specific elements to be included in aid offers, but not full standardization. Closer to NASFAA's proposal.

Understanding the True Cost of College Act

Bipartisan, bicameral legislation introduced Spring 2019 by Senator Chuck Grassley

Would create standardize financial aid offer forms by mandating the use of standard language and a standard format. Differs from NASFAA's proposal.

Additional Building Blocks

Loan Origination Fees

For the first time, there is now bipartisan legislation in both chambers that would remove federal student loan origination fees. NASFAA has long advocated for the elimination of these fees.

Loan Disclosures

There has been growing interest in providing students with additional disclosures about loans, with six bills proposing additional disclosures introduced since January 2019.

Annual Counseling

Several proposals to require annual loan counseling have been introduced in recent years, one of which passed the full House in September 2018. NASFAA's Enhanced Loan Counseling task force released its report in November 2019.

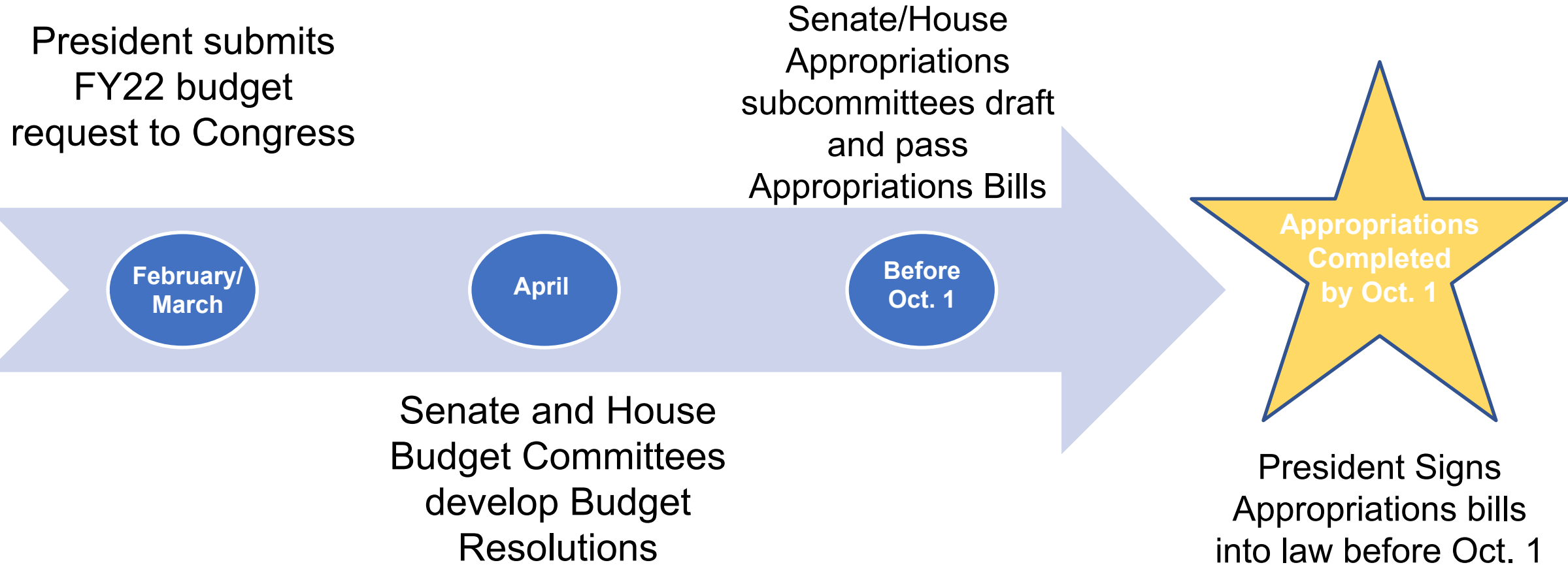
Federal Budget & Funding



Final FY21 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)

What's Next: FY2022



Is This the End of Sequestration?

- The Bipartisan Budget Act of 2019 ended the threat of discretionary sequestration by increasing spending limits through FY 2021, when the discretionary sequester is set to expire indefinitely.
- The sequester on mandatory spending has been extended through FY 2029.
- With the mandatory sequester still in place, student loan origination fees, the Iraq-Afghanistan Service Grant (IASG), and TEACH Grants will continue to be impacted as in previous years.

Department of Education



Department of Education Outlook

- NextGen Digital & Customer Care Program
 - Consolidated digital platform
 - » Final goal is for all borrowers to log-in to the same site to access their federal loans
 - Servicers will be “brandless”
- Annual Student Loan Acknowledgement
 - Personalized financial literacy content
 - » Overview of borrower’s current debt and if still enrolled, how much of their borrowing limits they have left
 - Aid Summary
 - » Provides personalized detailed loan and grant summaries such as total subsidized loan usage
 - Loan Simulator
 - » Allows personalized look at different repayment strategies available to the borrower based on personal goals

Department of Education Outlook

- ED introduced FSA site virtual assistant, Aidan
 - New chatbot used to answer routine questions from borrowers
- FSA ID Improvements
 - FSA ID password no longer expires after 18 months
 - » will only expire if there is a security issue
 - Easier password/password hint creation process
- Next GEN PPO (Partner Participation and Oversight)
 - First phase will have two vendors responsible for all loan management
 - » In the future, single portal for federal aid participating institutions
 - Includes real-time status for immediate information
 - Institutions will be able to report to one system to cut down on reiterating data in multiple reports

Annual Student Loan Acknowledgement (ASLA)

- 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
- Will require students and parents to acknowledge how much they owe in federal loans prior to their first loan disbursement
- The ASLA will still be available on studentaid.gov for voluntary completion

Verification Updates

- FSA at their annual conference announced that they used training data from both the 2018-19 and 2019-20 FAFSAs to conduct their cost-benefit analysis.
 - This is how FSA decides on the verification rate for each academic year
- FSA's analysis determined that the costs of verification exceed the benefits when more than 18% of FAFSA completers are verified.
- Consequently, as of October 1, 2020 FSA has been verifying only 18% of FAFSA filers.

2018-19 Rulemaking Status

	Accreditation & State Auth	TEACH Grant & Faith-Based	Distance Ed
NPRM*	6/12/19	12/11/19	December 2019
Final Rules	11/1/19	8/14/2020	9/2/2020
Effective Date	7/1/20	7/1/21	7/1/21
Optional Early Implementation?	State authorization Disclosures	TEACH Grant – yes Faith-based - yes	Yes

*Committee reached consensus on proposed regulatory language after the negotiated rulemaking process for all 4 topics.

Foreign Gift Reporting

- In June, ED published a new online portal for institutions to report foreign gifts and contracts valued at \$250,000 or higher. The new reporting system went into effect immediately and was intended to be used before the July 31 reporting deadline.
- ED published a report in October alleging billions of dollars in foreign gifts had gone unreported over several decades.
- ED published a Notice of Interpretation (NOI) on November 13 tying Section 117 reporting to Program Participation Agreements. The NOI includes a request for comments, and NASFAA plans to submit comments.

NASFAA Update



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.
- The toolkit features the following resources:
 - **User Guide** that includes advocacy tips, instructions on how to contact your state representatives, and more!
 - **Letter and email templates** that can be customized with your information before sending to your state lawmakers.
 - **Talking points** that outline and give examples of the importance of state financial aid programs.
 - **Student Advocacy Manual** that provides resources for students to support their advocacy efforts.
- Available at nasfaa.org/state_advocacy_toolkit



NASFAA's Updated HEA Priorities

- Updated August 2019
- Priorities Include:
 - Strengthening Need-Based Aid
 - Promoting Opportunity Through Education
 - Simplifying the Federal Financial Aid Application Process
 - Curbing Excessive Student Indebtedness
 - Reforming Student Loan Repayment
 - Improving Information for Students and Families
 - Enhancing Student Aid Delivery



**MAKING FINANCIAL
AID WORK FOR ALL**

NASFAA Higher Education Act Reauthorization Priorities



National Student Aid Profile: Overview of 2020 Federal Programs

**NATIONAL STUDENT AID PROFILE:
OVERVIEW OF 2020
FEDERAL PROGRAMS**

Advocacy Opportunities

▲ Volunteer!

Work with and support NASFAA's policy team:



Advocacy Pipeline



Policy Task Forces



Get Students Involved!

▲ Stay Informed

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

▲ Write and Visit Your Member of Congress

- Share your advocacy efforts with NASFAA, so we can support and assist you
- New education committee members mean new states in the mix!

Join us at the 2021 NASFAA National Conference!





NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

Issue Spotlight: Free College



A College Free For All

What Does “Free” Mean?



Tuition & Fees?



Housing?



Textbooks?

In almost all scenarios, “free” college refers to no tuition or fees.

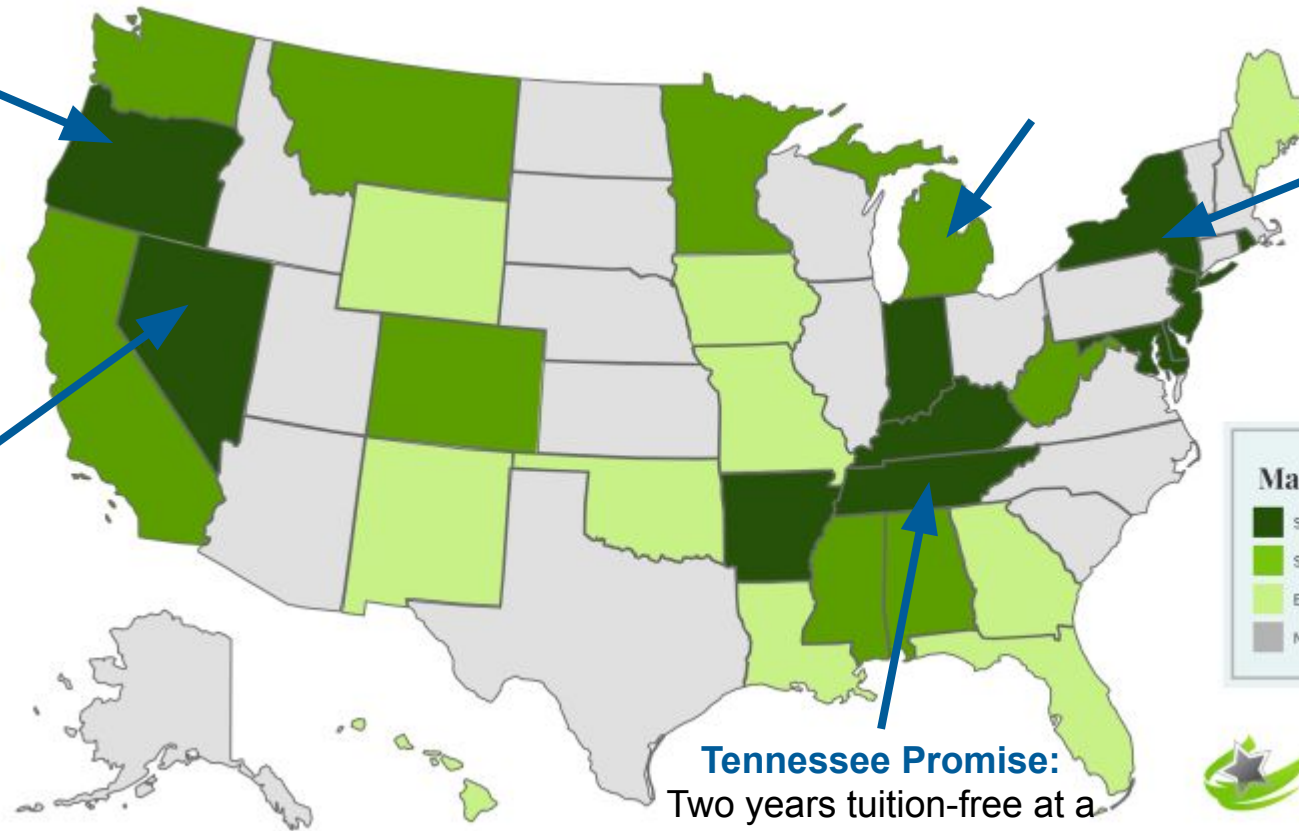
Examples of Free College

Oregon Promise:
Helps cover costs at any Oregon community college for eligible students (last-dollar)

Nevada Promise Scholarship:
Tuition-free community college (last-dollar)

New York Excelsior Scholarship:
Income eligible students can attend SUNY and CUNY schools tuition-free (last-dollar)

Tennessee Promise:
Two years tuition-free at a community or technical college (last-dollar)

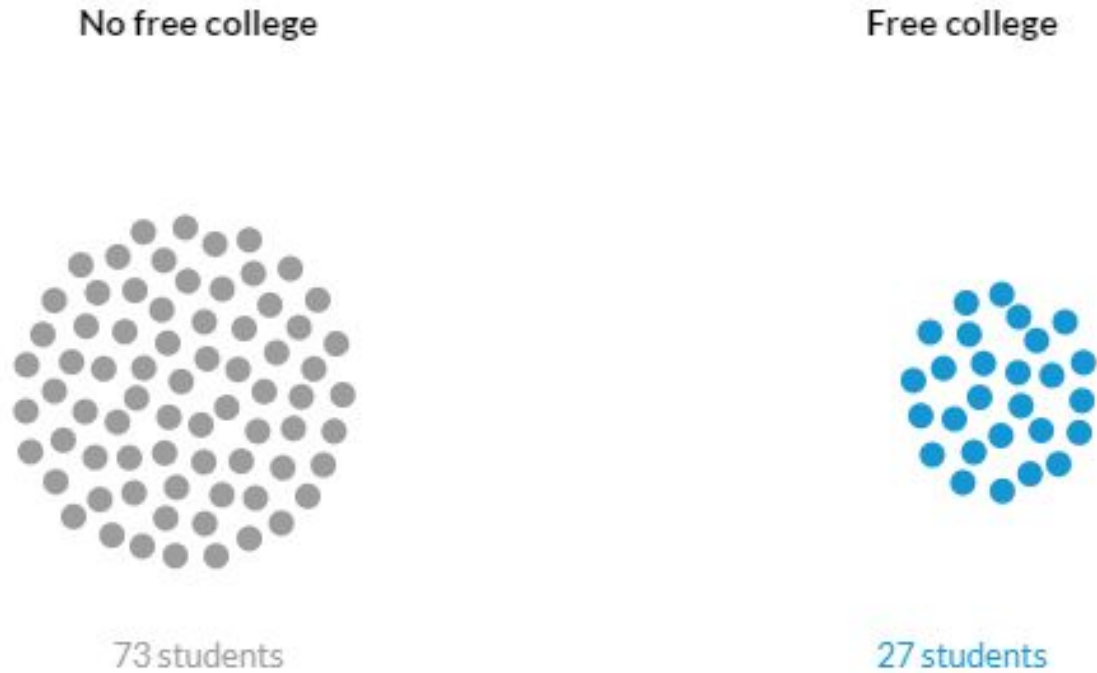


Map Legend

- Statewide promise program enacted
- Some state legislative activity
- Extensive scholarship programs in place
- No promise programs planned or in place



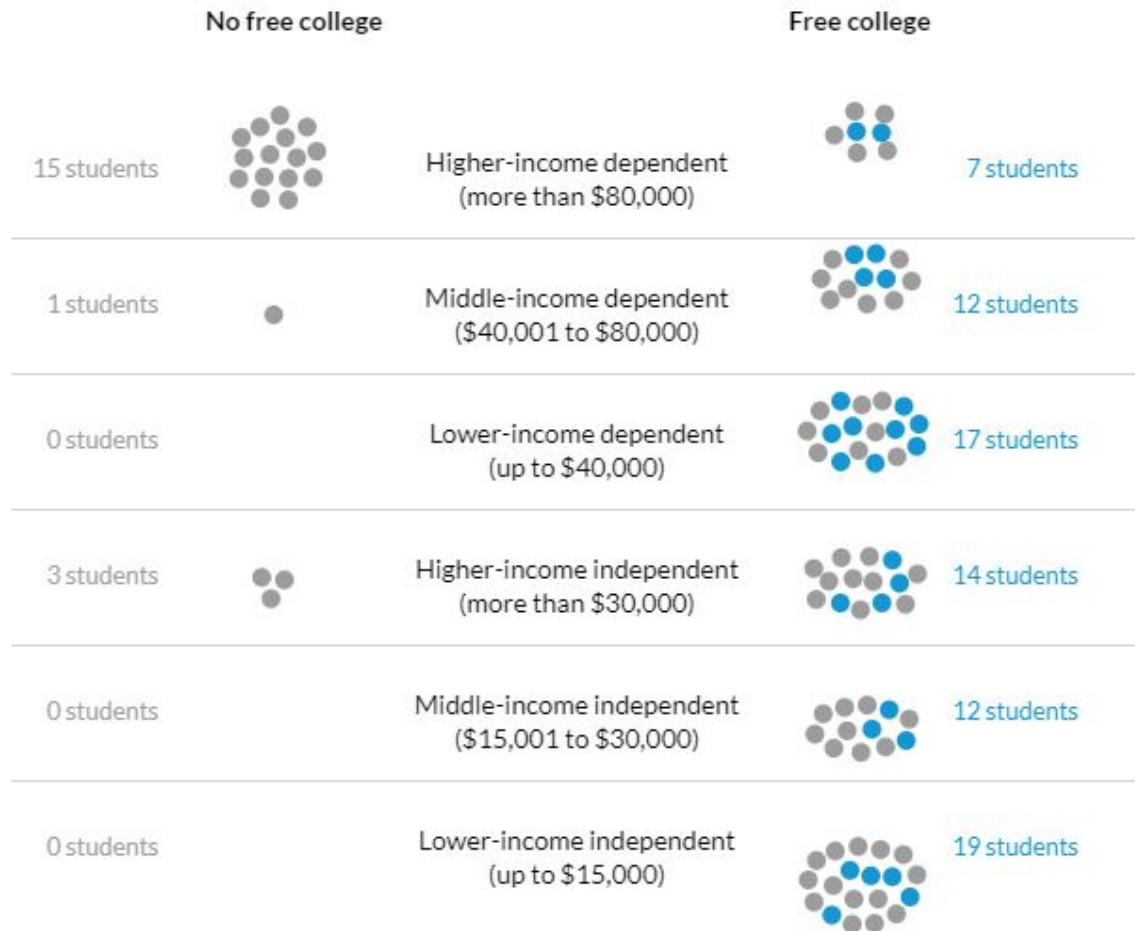
Who Has Free College Now?



Urban Institute, <https://apps.urban.org/features/free-college>, 2020

- In a study completed by the Urban Institute they found that as of February 2020 based on a 100-student sample population, 27% of students attending US colleges currently have free college.
- Free in these cases mean that they are receiving scholarships or merit-based grants, or need-based grants such as Pell that cover their tuition and fees.

Plan 1: Free tuition and fees with income caps



- Similar to plans created in Washington and New York, this is what a free college plan would look like spread over the United States if there were family income caps.
- 81% of students would receive free college under this plan up from the current 27%

Plan 2: Free tuition and fees at public institutions with income caps

Free tuition and fees, at public institutions and capped for family finances



- This plan would impose an income cap for students as well as only be available to students attending public institutions
- 65% of students would receive free college under this plan up from the current 27%

What Effects Could Free College Have?



Decreased personal & national debt burden



Increased attendance & graduation rates



Increased tax burden

Benefits of Free College

Front Loaded System:
Bolster grant programs

Could influence support for:

Back Loaded System:
Improve repayment and loan forgiveness programs

Public Perceptions

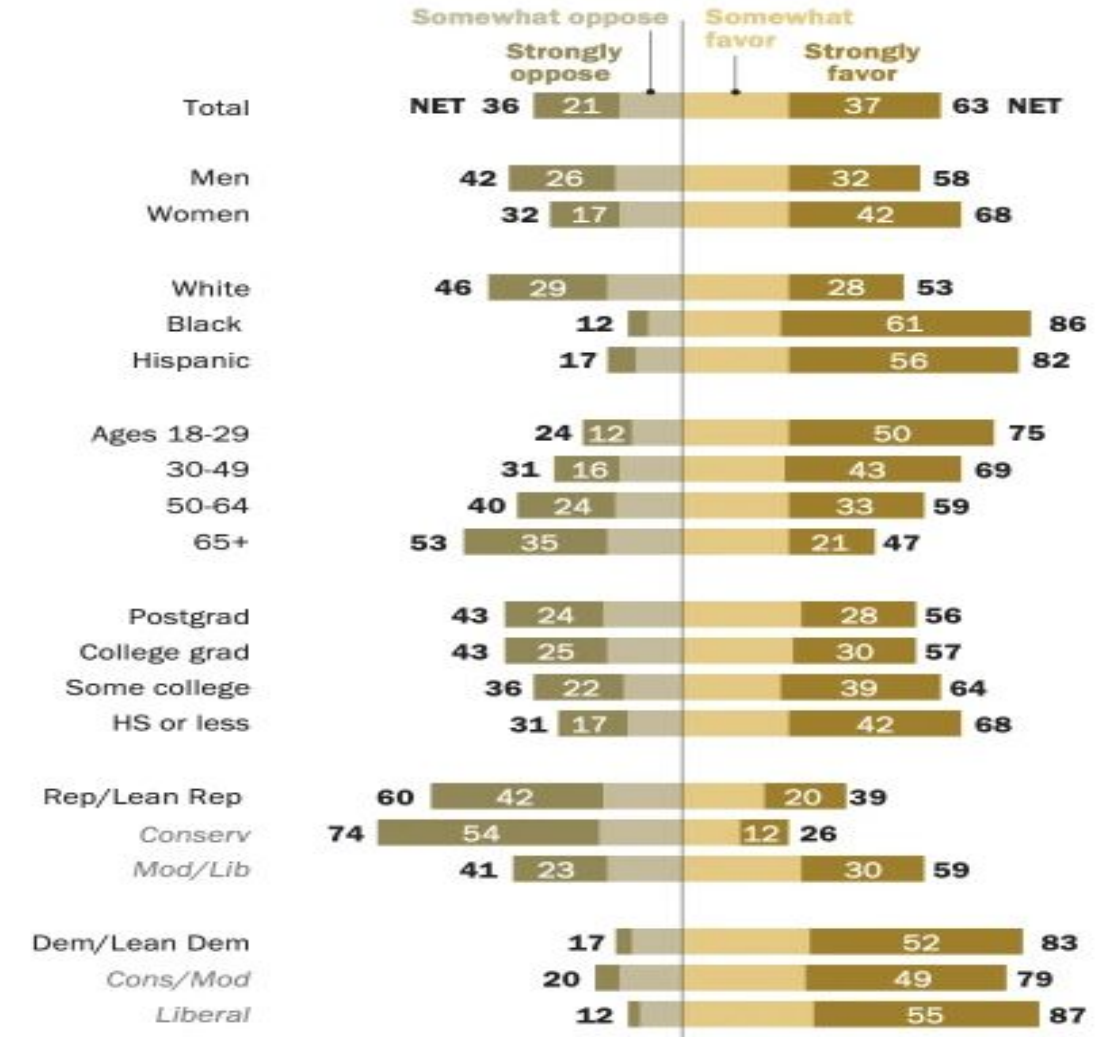
63%

of American adults favor making public college tuition-free. Of those 37 percent strongly favor it.

Source: Pew Research Center, 2020

Broad support for tuition-free college among women, young people, black and Hispanic adults

% who ___ making tuition at public colleges and universities free for all American students



Note: No answer responses not shown.
Source: Survey of U.S. adults conducted Jan. 6-19, 2020.