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%
“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.”
“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. Brady, Robert A. [D-PA-1]
- 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. Courtney, Joe [D-CT-2]
- Rep. Crowley, Joseph [D-NY-14]
- Rep. DeFazio, Peter A. [D-OR-4]
- Rep. DeSaulnier, Mark [D-CA-11]*
- Rep. Dingell, Debbie [D-MI-12]
- 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. 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. McNerney, Jerry [D-CA-9]
- Rep. Norton, Eleanor Holmes [D-DC-At Large]
- Rep. O'Rourke, Beto [D-TX-16]

- 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. Sanchez, Linda T. [D-CA-38]
- Rep. Scott, Robert "Bobby“ [D-VA-3]
- Rep. Sires, Albio [D-NJ-8]
- Rep. Slaughter, Louise McIntosh [D-NY-25]*
- Rep. Suozzi, Thomas R. [D-NY-3]
- Rep. Titus, Dina [D-NV-1]
Our Wonderful Cosponsors

- Rep. Welch, Peter [D-VT-At Large]
- Republican Party—Alphabetical
- Rep. Bacon, Don [R-NE-2]
- Rep. Cook, Paul [R-CA-8]
- Rep. Grothman, Glenn [R-WI-6]
- Rep. Hultgren, Randy [R-IL-14]
- Rep. Kelly, Mike [R-PA-3]
- Rep. King, Peter T. [R-NY-2]
- Rep. MRep. Reed, Tom [R-NY-23]
- 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](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)

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)

Chairman
Lamar Alexander (R-TN)

Ranking Democrat
Patty Murray (D-WA)
Key People In 115th Congress

House Education & Workforce Committee

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

Chairwoman
Virginia Foxx (R-NC)

Ranking Member
Bobby Scott (D-VA)

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

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Questions...