Washington Update: What Changed, What to Expect

COHEAO Annual Conference

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President Joe Biden
Vice President Kamala Harris

Lots of early executive action, busy days ahead!

The New 117th Congress

House

- 220 Democrats
- 211 Republicans
- 4 Vacancies
  - Majority always rules
  - Controls agenda including hearings
- Democrats lost seats

Senate

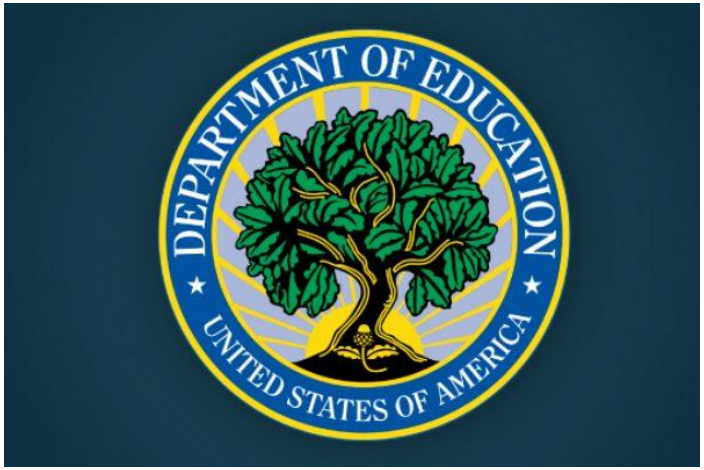
- 50 Republicans
- 50 Democrats
- 1 Vice President (Harris) who breaks ties
- Majority controls agenda, 60 votes needed to move most legislation
  - Judges, appointments need just 50

Senate Balancing Act

- Chuck Schumer (D-NY) Majority Leader; Mitch McConnell (R-KY) Minority Leader
- Committee party ratios 50-50
- Chairs picked by Democrats
- If tie in Committee, chair or ranking member can move bill to full Senate
- Majority leader decides what to bring up; minority leader can seek unan. consent
- Most bills need bi-partisan support, except “budget reconciliation: more later on that!

Department of Education Staffing Up

- Secretary of Education: Miguel Cardona, former state schools superintendent in Connecticut
  - Smooth Committee confirmation hearing, confirmation expected soon
  - Hearing focused on K-12 issues, not much on higher ed/student aid.
- Undersecretary not announced
  - Top Higher Education Leader
- About 12 Senate-confirmed posts to come



Department of Ed Staff

- Michelle Asha Cooper, Deputy Assist. Secretary, Office of Postsecondary Education, acting Assistant Secretary. (IHEP)-- Assistant Secretary not announced
- Julie Margetta Morgan, Senior Advisor, Office of the Under Secretary (Sen. Warren, Roosevelt Inst.)
- Melanie Muenzer, Chief of Staff, Office of the Under Secretary (UofOre, Obama ED)
- Nick Lee, Deputy Assistant Secretary, Office of Planning, Evaluation, and Policy Development
- Tariq Habash, Special Assistant, Office of Planning, Evaluation, and Policy Development (Student BPC)

Some Others to ED

Mostly Served in Obama Administration

- Donna Harris-Aikens, Senior Advisor for Policy and Planning, Office of the Secretary (from NEA, worked on COHEAO years ago)
- Ben Miller, Senior Advisor to the Chief of Staff (CAP)
- Rich Williams, Chief of Staff, Office of Postsecondary Education (House, Pew, CFPB, PIRG)
- Alex Payne, Special Assistant, Office of Legislation and Congressional Affairs (House)

Biden HE Priorities

- Reversing reg changes - Gainful employment, defense to repayment, campus assault
- "Free college"– but what?
  - Free Community College or free public four-year?
  - What about private colleges?
  - HBCU and MSIs in 1st plan
- For-profit colleges face Obama-era pushback
  - Lawsuit already on non-profit conversion
- Substantial Pell Increase – bi-partisan support
- Debt Forgiveness -- $10,000 pledged; more?
- HBCU/MSI Support

Consumer Financial Protection Bureau

- As expected, Director Kraninger out
- Rohit Chopra to be nominated
  - One of first CFPB hires, former Student Ombudsman and head of Office of Students – knows COHEAO
  - Now FTC Commissioner
  - Probably contentious confirmation
- Other staff are civil servants, hard to fire
- Some former Cordray staff could return
- Expect more lawsuits, other enforcement
- New collection regulation under review, may be changed before takes effect
- Reporting to credit bureaus an issue

Committees - House

Education & Labor Committee:

Bobby Scott (D-VA)
Chairman

Virginia Foxx (R-NC)
Ranking Member

Subcommittee on Higher Education and Workforce Training:

- Susan Bonamici (D-OR)?
- Glenn Grothman (R-WI) Ranking Member

- Will HEA Reauthorizaton be back?
- Different priorities with a Biden Administration

Committees - House

Appropriations Committee:

Closely contested race for Chair of the Committee

Kay Granger (R-TX)
Likely Ranking Member

Subcommittee on Labor, Health & Human Services, and Education:

- Rosa DeLauro (D-CT)
- Tom Cole (R-OK) likely to stay as Ranking Member
- Subcommittee membership will likely stay fairly similar

Committee Impacts - House

Financial Services Committee:

Maxine Waters (D-CA)
Chairwoman

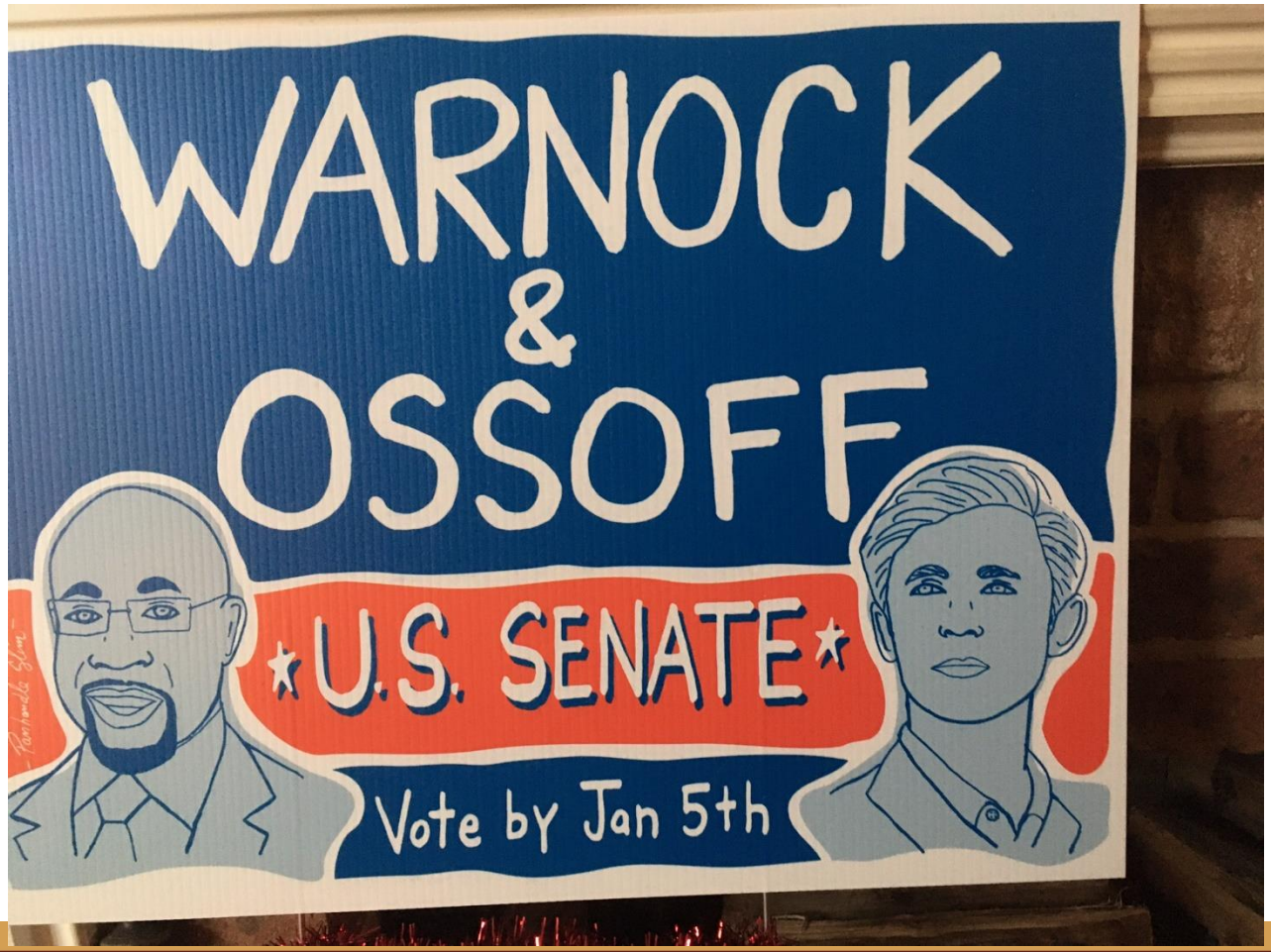
Patrick McHenry (R-NC)
Ranking Member

Committee on Financial Services:

- Maxine Waters is expected to remain the Chair
- Patrick McHenry is expected to remain Ranking Member
- Subcommittee Chairs will likely remain the same

- Committee Agenda
  - Continued focus on private student loans and servicing

A Peach State Surprise



Committee Impacts - Senate

Health, Education, Labor, & Pensions Committee:

Maybe Richard Burr (R-NC)
Ranking Member

Patty Murray (D-WA)
Chair

- **11 Rs and 11 Ds**

- Evenly split Senate means all committees are evenly split
- Democrats hold chairs
- If a vote is tied, either chair or ranking member can report measure to the full Senate
- HELP agenda is unclear, but HEA and Workforce Investment Act are two largest reauthorizations

New Senate HELP Committee

Majority Members (11)

Murray, Patty (WA), *Chairman*
Sanders, Bernard (VT)
Casey, Robert P. (PA)
Baldwin, Tammy (WI)
Murphy, Christopher (CT)
Kaine, Tim (VA)
Hassan, Margaret Wood (NH)
Smith, Tina (MN)
Rosen, Jacky (NV)
Lujan, Ben Ray (NM)
Hickenlooper, John W. (CO)

Minority Members (11)

Burr, Richard (NC), *Ranking Member*
Paul, Rand (KY)
Collins, Susan M. (ME)
Cassidy, Bill (LA)
Murkowski, Lisa (AK)
Braun, Mike (IN)
Marshall, Roger (KS)
Scott, Tim (SC)
Romney, Mitt (UT)
Tuberville, Tommy (AL)
Moran, Jerry (KS)

Student Loan Executive Actions

- Day 1- Jan 20th, interest-free pause in payments for federally held student loans extended to Sept. 30
  - Does not include school-held Perkins
- On the table now: massive forgiveness?
  - Sens. Warren, Schumer want $50K forgiven
  - Controversial legal opinion cited, HEA section there since 1994? allows Secretary to modify Direct Loans
  - Biden wants Congressional action, but pressured

117th Congress: 1st Action: Budget

- Budget Resolution leads to Massive COVID-19 relief bill using "budget reconciliation" process
  - Avoids filibuster in Senate, only 51 votes needed to pass legislation
  - Byrd Rule may limit what is added
  - Progressives want filibuster eliminated
- Vaccinations, Relief for businesses, PPE, state and local government aid, more for schools at all levels, but mainly K-12
- Total price may be $1.9 trillion over 10 years.

Budget Reconciliation Bill

- Bill being drafted by almost all committees in House and Senate in February
- Final passage by end of month, early March
  - House Democratic moderates, leftists each hold balance of power
  - Senate Democratic moderates key votes if all Republicans opposed due to cost
- Student aid provisions not clear; perhaps some loan forgiveness; free college?
- Second reconciliation bill possible, could have more dramatic student loan parts

COHEAO Agenda for 117th Congress

- **Perkins Access, Retention and Completion (ARC) Loans**
  - Introduced in House in late 2020 by Rep. Pocan; re-introduction sought; goal is creation of a new campus-based loan program in the next Higher Education Act reauthorization.
- **Help to Shape Policies on Financial Wellness**
  - Work with Congress on legislation as part of the Higher Education Act or other laws and work with Biden administration on financial wellness initiatives
- **Ensure a Replacement for the Administrative Cost Allowance**
  - At COHEAO's request, Congress gave the Department the authority to pay campuses for servicing of legacy Perkins loans, but ED didn't act, only had line added to FISAP to calculate costs. ED wouldn't tell Congress what it learned about costs, so more delay, but FY 2020 appropriations bill took stronger action to push ED to implement…

Perkins Servicing Costs

From the final FY2020 appropriations bill's Report:

Perkins Loan Program.-The agreement continues the authority for the Department to provide administrative cost allowances for IHEs servicing outstanding Perkins loans. The agreement is concerned that the Department has not utilized this authority. The agreement directs the Department to provide a report to the Committees outlining why this authority has not been used, the number of institutions eligible under this authority, and an assessment of the potential costs to the Student Aid Administration account should such authority be fully utilized.

Coming Issues for COHEAO

- **The Telephone Consumer Protection Act (TCPA)**
  - Expected new FCC Chair Rosenworcel strongly opposes calls to cell phones, equates calls from organizations with a business relationship to telemarketing "robocalls."
    - Epidemic of illegal scam calls may lead to aggressive FCC action
    - COHEAO participates in Chamber of Commerce-led coalition seeking reasonable enforcement of Telephone Consumer Protection Act, update of the 1990s law.
  - Need to explain to Congress and FCC the difference between illegal and unwanted telephone calls versus calls being made for legitimate purposes, such as from hospitals, pharmacies, colleges, collection agencies, student loan servicers.

Department of Education

- **Institutional Share of Cancelled Perkins Loans**
  - COHEAO wants to make sure Biden Administration continues current policy to compensate schools for their share of cancelled Perkins loans. So far, implementation seems good by ED; one or two more years left.
- **Continue discussions with Department on mandatory assignment of delinquent Perkins Loans**
  - Bruce Honer replaced Tamy Abernathy at FSA; working with COHEAO, speaking at Conference; Abernathy to OPE, still involved
  - Assignment action delayed by pandemic emergency, resuming
  - Policy remains to require assignment of loans in default more than two years, which is not long enough.
  - More to come on this topic

Some COHEAO Task Forces

Institutional Loans:

- Developed list of key considerations for schools to consider when creating/updating a loan program
- A list of topic specific subject matter experts (SME's)
- Detail on why schools should consider starting a loan program

Student Tuition and Accounts Receivables

- State legislative proposals inhibit recovery of outstanding accounts by prohibiting schools from withholding transcripts, grades, diplomas etc.
- Laws enacted in California, Washington, Minnesota; introduced in Louisiana, Ohio, probably elsewhere, more coming…