



# **COHEAO WASHINGTON UPDATE**

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# Washington Update Agenda



- 1. Review the Make-up of 117<sup>th</sup> Congress**
- 2. Reconciliation Update & the Build Back Better Act**
- 3. Fiscal Year 2023 Appropriations**
- 4. Perkins Access, Retention, & Completion (ARC) Act Update**
- 5. Administrative Actions & Updates to the Federal Loan Program**
- 6. Mandatory Assignment Policy Update**
- 7. State Legislative Updates**

# “No Margin for Error”



## Party Breakdown - House of Representatives

- 220 Democrats
- 212 Republicans
- 3 Vacancies

*-Democrats can only afford to lose 3 votes*

## Party Breakdown - Senate

- 50 Democrats
- 50 Republicans
- Vice President Harris breaks the ties

*-Democrats cannot afford to lose any votes*



# Reconciliation – All the Focus



- Infrastructure Investment & Jobs Act (IIJA) and the Build Back Better Act (BBBA) are linked. IIJA is bipartisan and BBBA will be only Democrats.
- \$3.5 trillion original topline number – House Education & Labor Committee invests \$111 billion to lower the costs of higher education:
  - Free Community College
  - \$500 Pell Grant Increase
  - New Programs for Retention & Completion
  - Targeted investments in Minority Serving Institutions
- Sens. Manchin (D-WV) & Sinema (D-AZ) want a smaller package – they “hold the cards” – and are engaged in ongoing negotiations between House & Senate Leadership, moderate & progressive caucuses, & the White House.
- Package will likely shrink to \$2 trillion and Democrats hope to have it passed ASAP.

# Always Problematic Annual Appropriations



- House has passed 12 appropriation bills and Senate has passed none.
- Biggest sticking point is whether defense spending should see a bigger or at least an equal increase to non-defense spending. House passed annual National Defense Authorization Act includes a \$24 billion increase for defense spending.
- House “LaborH” bill includes a 41% increase in the Department of Education budget and the Senate draft bill includes a 35% increase.
- Funding includes a \$400 increase in maximum Pell, increase in temporary support for Public Service Loan Forgiveness program, & other increases for discretionary higher education programs.
- Continuing Resolution passed until Dec. 3. Full year agreement may be impacted by agreement to raise the debt ceiling, which will also need to be settled by early December.

# What is the Perkins ARC Act?

## A 21<sup>st</sup> Century Perkins Loans Program – *Perkins Access, Retention, and Completion (ARC) Act*



- First introduced in December 2020 in the House by Rep. Mark Pocan
- COHEAO is currently working for bipartisan reintroduction in the House & introduction in Senate - Senate sponsor is likely Sen. Baldwin (D-WI). **This includes meetings with offices in the House & Senate to identify supporters and cosponsors.**
- In 2019, COHEAO made progress with a new Perkins program in the House introduced in the College Affordability Act (*House Higher Education Act Reauthorization*)
- **If you'd like to help with a virtual COHEAO hill meeting please email:**  
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# What's in the Perkins ARC Act?



## A one for one replacement of Legacy Perkins

- As outstanding loans are paid off, instead of being recycled back for new loans, that money is sent back to the Treasury. The bill calls for a six billion dollar appropriation to replace the old revolving fund when money was last appropriated.

## Maintains local control, risk sharing, in school interest deferral, and cancellation for public service

- Like the legacy loan program, schools would continue to maintain local control over whether their aid is used as a supplement or in an emergency for students who experience a shortfall. Schools are still required to put in an “institutional share” and the allocation formula is updated.
- Interest deferral and public service cancellation remain an important policy.

## Servicing remains school based

- Servicing will continue at the institutional level, offering personalized service and focus on default and delinquency prevention. This also benefits the Direct Loan Program as schools will be able to work with borrowers on all of their loan issues.

# Administration Activity



- Senator Warren placed hold on James Kvaal nomination to be Under Secretary
  - Department announced changes in policies
    - Borrower Defense to Repayment
    - Public Service Loan Forgiveness
    - Strengthening Accountability
    - Total and Permanent Disability
    - Negotiated Rulemaking
- Kvaal confirmed by Senate on September 14

# Administration Activity



- Negotiated Rulemaking
  - Held public hearings in June
  - Sessions: October 4-8, November 1-5, and December 6-10
  - Topics:
    - Public Service Loan Forgiveness
    - Borrower to Defense to Repayment
    - Income Drive Repayment
    - Closed School and False Certification Discharge
    - Second Chance Pell – subcommittee

# Federal Loans



- Payments will restart February 1, 2022
  - 90-day grace period
  - Easier to remain or enter IDR program
- Navient and PHEAA exiting
  - One difficult scenario – the other not so much
  - Granite State
- Contract extensions with new task orders around performance, transparency and accountability.
- Operation Fresh Start

# Mandatory Assignment Update



- Preview for 4:15 session this afternoon
- August 27<sup>th</sup>, Department announced that all Perkins Loans two or more years in default need to be assigned
- COHEAO sent questions to better understand policy
- COHEAO reviewing current law, regulations, and guidance to determine next steps

# State Legislative Update

- DC: Student Loan Borrower Bill of Rights Amendments Act – B-170
- NJ: A4395/S2358
- Require myriad of new disclosures on private education loans
- Require institutions who offer loans to register as lenders
- Creates a private right of action for borrowers

