



# Washington, DC Update

## The PROMISE of ComPROMISE

Scott E. Miller  
PHEAA

[smiller1@pheaa.org](mailto:smiller1@pheaa.org)

March/April 2015

# Can We Get to ComPromise??

- Level of Trust in Government Institutions\*
  - » Supreme Court: 23%
  - » Executive Branch: 11%
    - 18% among Democrats
    - 10% among Independents
    - 3% among Republicans
  - » Congress: 5%
- Party Favorability\*\*
  - » 39% Democrats
  - » 37% Republicans

\* NORC General Social Survey

\*\* Gallup

# I Promise To:

- Talk About What the White House is Promising
- Talk About What Congress is Promising to Do
- Talk About Key Student Aid Issues
- Talk About Whether Anyone Can Keep Their Promises



# Who is Making Promises?

- White House
- U.S. Senate
  - » Sen. Lamar Alexander (R, TN), Chair of Senate Health Education Labor and Pensions Committee (HELP)
  - » Sen. Patty Murray (D, WA) Ranking Member of HELP Committee
- U.S. House of Representatives
  - » Rep. John Kline (R, MN), Chair of Committee on Education and the Workforce (E&W)
  - » Rep. Bobby Scott (D, VA) Ranking Member of E&W

# The Vehicles

- White House
  - » 2016 Budget Proposal
    - Delivered February 2nd
  - » Student Aid Bill of Rights
    - Announced March 10th
- U.S. Senate
  - » Financial Aid Simplification and Transparency (FAST) Act
  - » Repay Act
  - » Reauthorization
  - » Budget and Appropriations bills
- U.S. House of Representatives
  - » 2014 Higher Education bills
  - » Reauthorization
  - » Budget and Appropriations bills

# America's College Promise Program

- White House
  - » Fund Cost of 2 Years of Community College Education for All Qualified, Responsible Students
    - Students must maintain a 2.5 GPA and show progress
    - States must fund 25% of cost and maintain current funding levels for higher education
    - Community colleges must meet new standards regarding transfer of credits to four-year colleges
    - Projected to cost \$60.3 billion over 10 years
- House and Senate
  - » “Mixed” reaction

# Pell Grants

- White House
  - » Increase maximum Pell grant to \$5,915 for AY 2016-17
  - » Continue guaranteed cost of living increases (\$30 B)
- Senate FAST Act
  - » Restore year-round Pell
- House
  - » Budget Resolution freezes Pell maximum for 10 years

# Need Analysis

- White House
  - » Eliminate 30 questions from the FAFSA
    - Remove items related to savings, investments, and net worth
    - Eliminate questions on untaxed income and exclusions that are not reported to the IRS
- Senate FAST Act
  - » Simplify need analysis
    - 2 data elements – income and family size
  - » Prior Prior year
- House
  - » Unofficially supports Prior Prior year



# Student Loan Repayment

- White House
  - » Revise Pay As You Earn Repayment Plan
    - Eliminate all other income-driven options for new borrowers
    - Extend the time of forgiveness for borrowers with loan balances in excess of \$57,500 who are enrolled in PAYE from 20 to 25 years
    - Count income jointly if spouse files taxes separately
    - Current Neg-Reg will create a new version of PAYE
  - » Cap Forgiveness Under PSLF At \$57,500
  - » Student Aid Bill of Rights
    - Single web portal for all servicers
    - Increased disclosures
    - Borrower complaint portal
    - Simplify process for recertifying eligibility for income-driven payments

# Student Loan Repayment

- Senate Repay Act
  - » Consolidate loan repayment options
    - 10-year repayment plan
    - Income-driven plan – 15% of discretionary income
  - » Limit loan forgiveness, especially for high-income, highly indebted borrowers
  - » Establish tax exclusion for amounts forgiven due to Total and Permanent Disability
- House
  - » Supports limiting loan repayment options
  - » May support limits on loan forgiveness
  - » Budget includes elimination of subsidized loans and elimination of PSLF

# Perkins Loans

- White House
  - » Wind down Perkins as we know it
  - » Convert Perkins to Unsubsidized Direct Loan supplement
  - » Revise Campus Based allocation formula to reward schools that keep costs down and have success with Pell Grant recipients
- Senate
  - » No vocal support for Perkins
  - » FAST Act – one loan program
- House
  - » No vocal support for Perkins

# Not So Promising...

- Continued Pressure on the Budget
  - » Sequestration is still out there
    - » Continued squeeze on domestic spending
  - » House and Senate Republicans release “serious” Budget Resolution
  - » Budget Reconciliation is possible
    - Student loan cuts could happen
      - Limits on loan forgiveness in play
      - Subsidized loans at risk
  - » Debate on increasing defense spending
  - » Debt Ceiling has been reached (again)
    - Action needed by November

# The Promise of ComPromise

- Higher Education Act Reauthorization
  - » Can Sen. Lamar Alexander make a deal?
    - FAST Act & Repay Act have bipartisan sponsors
    - Is Senator Murray willing to work with him?
  - » House will likely act in partisan manner
    - ESEA reauthorization highly partisan
    - 3 HEA bills passed in 2014 were bi-partisan
  - » Is there middle ground?
    - » Will House follow Senate's lead?
    - » What will the White House do?

# Timeline of Events

- House and Senate Budget Resolutions In Play
  - » Can an agreement be reached?
  - » Budget Reconciliation could follow
- House and Senate Reauthorization Processes Begin
  - » Both holding hearings
  - » Draft bills expected by summer
  - » Need for ComPromise will slow process
    - Deal could come in 2016?
    - What will White House do?
- Appropriations Process Will Commence at Some Point

# You Will Promise To:

- Help PASFAA Represent Your Views on Key Issues
- Keep Up to Date and Informed
- Express Your Views to Your House Members and Senators





# Washington, DC Update

## The PROMISE of ComPROMISE

Scott E. Miller  
PHEAA

[smiller1@pheaa.org](mailto:smiller1@pheaa.org)

March/April 2015