



COHEAO HEA Update

Wes Huffman
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Top News: Perkins Extension Bill



- Bipartisan, “clean” 2-year extension expected today.
- Sponsors: Rep. Elise Stefanik (R-NY) and Mark Pocan (D-WI)
 - Cosponsors include:
 - Mark DeSaulnier (D-CA)
 - Illena Ros-Lehtinen (R-FL)
 - Jeff Duncan (R-TN)
 - Louise Slaughter (D-NY)
- No budgetary offsets
- No return of graduate eligibility, etc.



The Future of Perkins Loans



- Goal - Reauthorization: Long-term Stability & Growth
- If Reauthorization of HEA is NOT completed by 9/30/17:
 - Perkins Champions are prepared to fight for another extension
 - Congressional Members in the House and Senate
 - Higher Education Groups – National & Regional
 - Schools & Students – Critical for Success
 - We must address the Cost issue for an Extension of Perkins
- If Perkins Expires on 9/30/17 (No Extension/No HEA):
 - Loans for AY 2017-18 can be disbursed through 6/30/18 (As long as 1st disbursement occurs by 9/30/17)
 - Schools will be able to service their loans at least for a limited time
 - It can be Revived - It's happened before!!

What You Can Do



- First and Foremost - Award your Perkins Funds!
- Share Perkins info with colleagues: Upper Administration, Financial Aid/Student Accounts & Government Relations
- 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
- See COHEAO’s Advocacy Page & Media Center (COHEAO.org)
 - Up to date info on bills, etc.
 - Statistics
 - Top 10 Why Perkins Loans Are Good for Students and Families
 - Perkins Past, Present & Future
 - Campus-Flex Proposal
- Join COHEAO’s efforts and become a member



Before We Dive In, Mea Culpa



- Many of you may have heard my election predictions last year...



The More Things Change...



...The More They Stay the Same



- Republicans continue to control Congress
- Perkins Loans again faces a September 30 deadline
- HEA reauthorization continues to drag
- COHEAO continues to work on “parallel tracks”
(Long term: HEA reauthorization & Campus Flex);
(Short term: Perkins extension)

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)



**Chairman
Lamar Alexander (R-TN)**



**Ranking Democrat
Patty Murray (D-WA)**

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)

Key People In 115th Congress



House Education & Workforce Committee



Chairwoman
Virginia Foxx (R-NC)



Ranking Member
Bobby Scott (D-VA)

22 R, 17 D

Some Key Members:

- Elise Stefanik (R-NY)
- G.T. Thompson (R-PA)
- Luke Messer (R-IN)
- Mike Bishop (R-MI)
- Jared Polis (D-CO)
- Alma Adams (D-NC)

New to Committee:

6 Republicans, 6 Democrats

Subcommittee on Higher Education and Workforce Training

Chairman: Brett Guthrie (R-KY)

Ranking Member: Susan Davis (D-CA)

Perkins Champions



House of Representatives:

- Rep. Elise Stefanik (R-NY)
- Rep. Mike Bishop (R-MI)
- Rep. G.T. Thompson (R-PA)
- Rep. Joe Crowley (D-NY)
- Rep. Jared Polis (D-CO)
- Rep. Joe Courtney (D-CT)
- Rep. Susan Davis (D-CA)
- Rep. Richard Hanna (R-NY)
- Rep. Mark Pocan (D-NY)
- Rep. Tom Reed (R-NY)
- Rep. Mark Pocan (D-WI)
- Rep. Louise Slaughter (D-NY)
- Rep. Bobby Scott (D-VA)
- Rep. Luke Messer (R-IN)
- Rep. Mike Quigley (D-IL)
- Rep. Lou Barletta (R-PA)

Perkins Champions



Senate:

15 Senators gave speeches on the Senate floor September – December 2015 in favor of extending Perkins – Unprecedented Support! 12 Remain in the Senate

- Senator Baldwin (D) – Wisconsin
- Senator Murray (D) - Washington
- Senator Portman (R) - Ohio
- Senator Casey (D) - Pennsylvania
- Senator Johnson (R) - Wisconsin
- Senator Collins (R) - Maine
- Senator Reed (D) - Rhode Island
- Senator Durbin (D) – Illinois
- Senator Boxer (D) - California
- Senator Blumenthal (D) – Connecticut
- Senator Thune (R) – South Dakota
- Senator Franken (D) – Minnesota

Note: Two Republican senators who spoke for Perkins were defeated for re-election: Senator Ayotte of New Hampshire and Senator Kirk of Illinois; Senator Reid, Nevada Democrat, retired.

Higher Education Act Rewrite



- Reauthorization on hold while confirmations proceed
 - Partisan fights over confirmations, ACA repeal make cooperation hard for a while
- Congress also wants to know Administration views in more detail and precision
- Bills and ideas will continue to come out from Congress members
- Piecemeal approach or comprehensive bill?
- When will it happen?

Perkins Points



- “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

Perkins Challenges



- Chairman Alexander
- Desire to simplify
- Budgetary issues
 - 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.
- Desire (among some) to eliminate federal programs



HEA Reauthorization: Campus Flex



- Campus Flex: COHEAO idea to merge campus-based programs, unify allocation formulas, broaden availability to more campuses
- Best way to extend Perkins
- Funding needed for graduate students
- Need support from other associations



Campus Flex Makes \$ense

Underutilization Penalties in CB Programs

YEAR	FWS	FSEOG	Total
2014-15	\$ 11,682,661	\$ 1,442,993	\$ 13,125,654
2015-16	\$ 4,779,486	\$ 1,093,915	\$ 5,873,401
2016-17	\$ 9,357,644	\$ 1,149,335	\$ 10,506,979
3-Year Totals	\$25,819,791	\$ 3,686,243	\$ 29,506,034

Shifting Gears from Perkins



Reconciliation: Means to an End



- “Budget reconciliation” process is used to avoid Senate filibusters
 - Reconciliation Bill can be brought up by leader when he wants, debate ends after 50 hours
 - Effectively means it takes 50 votes plus Vice President to pass a reconciliation bill, not 60 like normal
 - Republicans can pass bills with no Democratic votes
 - Key Senate restriction, Byrd Rule: only provisions that affect spending or revenues allowed. Three-fifths majority can waive that rule, but it seldom happens.

Budget Resolution(s)



- Congressional Budget Resolution: not a law, just rules; sets general spending levels; sets up reconciliation
- Two resolutions this year, for FY2017 and FY2018
- First: already passed, called for reconciliation to repeal ACA (aka “ObamaCare”)
- Second: ???

Student Loans & Reconciliation



- Potential for Direct Loan changes via budget reconciliation.
 - Exactly which reconciliation bill remains unclear
 - Potential reforms include PLUS caps or elimination; possible elimination of Subsidized Stafford Loans; and perhaps other proposals
 - As mandatory programs, Stafford and PLUS always potential targets in reconciliation bill

- Other HEA mandatory spending includes a portion of Pell, Challenge Grants, and Title III (MSIs)

Trump Campaign Higher Ed Ideas



- IBR - 12.5% of income per month, forgiven after 15 years
- No profit on student loans
- Colleges should use endowments for student aid or face taxes
- Federal government should not be in student loan business
- Better cost info to students and “free speech on campus”
- Eliminate regulations, burdens on colleges
- Eliminate or cut Dept. of Education

Trump “Skinny Budget” on Higher Ed



- No mention of Perkins Loans
 - SEOG eliminated
 - FWS faces significant cuts
 - References to “fairness” issues with allocation formula in Campus-Based
- Part of Pell surplus put toward deficit reduction
- Cuts for Trio and GEAR-UP
- No mention of mandatory programs, including Direct Loans
- Significant non-defense cuts generally
- Appropriators describe it as “DOA”

Department of Education Staffing



- Transition underway at Education Department: Secretary, Under Secretary, Deputy Secretary, Assistant Secretaries, Deputy Assistant Secretaries -- 150 political appointees
- Undersecretary will be responsible for higher education
 - James Manning currently serving in Acting Capacity. May have job on a permanent basis
- Career civil servant Lynn Mahaffie appointed acting undersecretary, acting assistant secretary for postsecondary education

Department of Education Issues



- Expect K-12 focus, but with permanent staff now on board, may be able to do more on higher education
- Regulatory Relief
 - General regulatory relief effort
 - Decisions on what to enforce (i.e. Gainful Employment, Defense to Repayment)
- Operational Issues
 - DRT
 - Direct Loan administration

Questions?



Contact Information



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