



Washington Update

So, What's the Deal?

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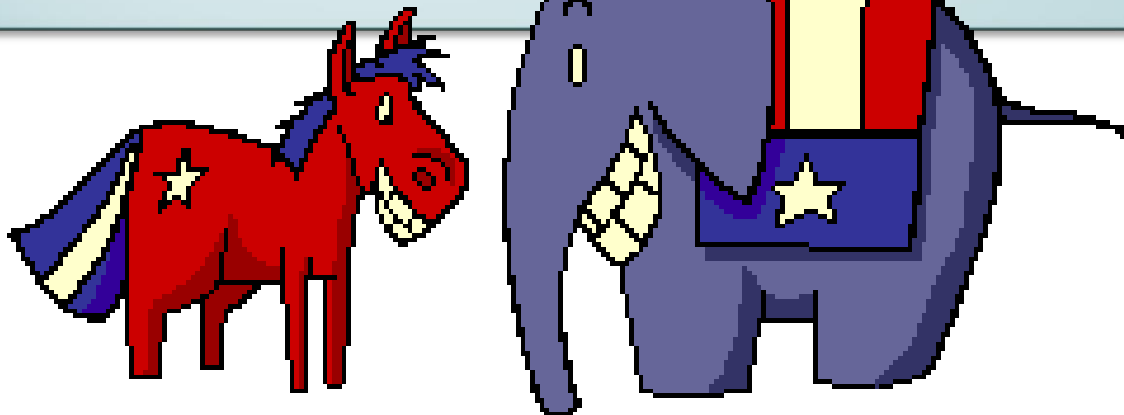
What's In the Cards?

- Election Wild Cards
- What's Congress Up To?
- Federal Funding Update
- Higher Ed Reauthorization
- Other Higher Ed Issues
- Looking Towards 2015



“Do you ever get the feeling that the only reason we have elections is to find out if the polls were right?”

Robert Orben, former speech writer for Pres. Ford



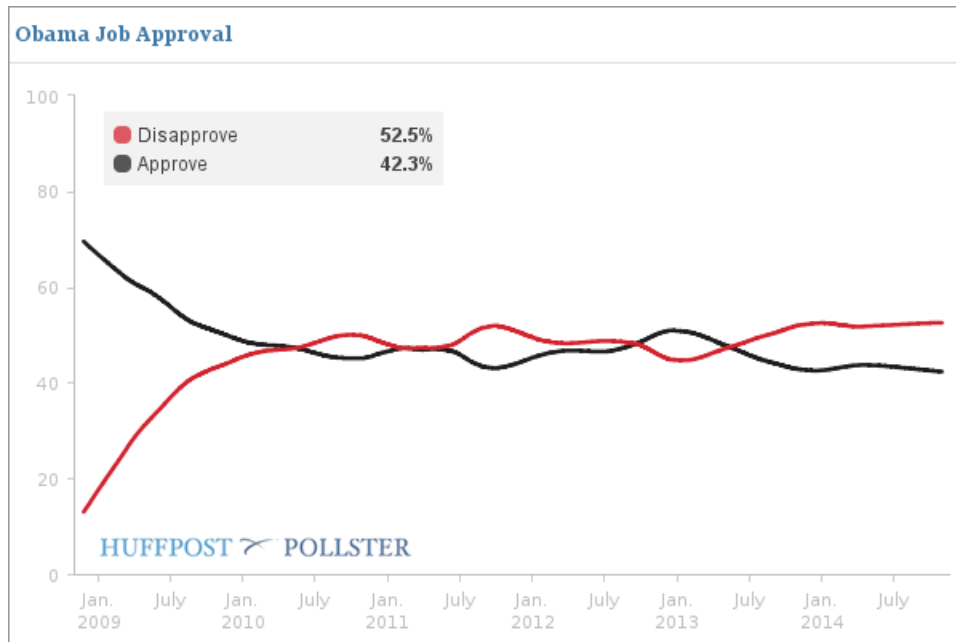
Why the Chips Fell...

- “Compared to previous Congressional elections, this year are you more enthusiastic about voting than usual, or less enthusiastic?”
 - More enthusiastic
 - Republicans: 48%
 - Democrats: 42%
 - Independents: 33%
- “Do you think most members of Congress have done a good enough job to deserve re-election, or do you think it's time to give new people a chance?”
 - Deserve re-election: 7%
 - Time for new people: 85%
- “Do you think the representative in Congress from your district has performed his or her job well enough to deserve re-election, or do you think it's time to give a new person a chance?”
 - Deserve re-election: 32%
 - Time for new people: 57%
- “Which will matter more to you when you vote this November – your state's local issues or national issues?”
 - State’s local issues: 37%
 - National issues: 51%

Those Second Term Blues...

- Barack Obama
 - Ebola
 - ISIS/Syria
 - Secret Service
 - **42% approval**
- George W. Bush
 - Hurricane Katrina
 - Iraq
 - **37% approval**
 - -30 in House, -6 in Senate
- Bill Clinton
 - Monica
 - Impeachment
 - **65% approval**
 - +5 in House, 0 in Senate
- Ronald Reagan
 - Iran/Contra
 - **64% approval**
 - -5 in House, -8 in Senate

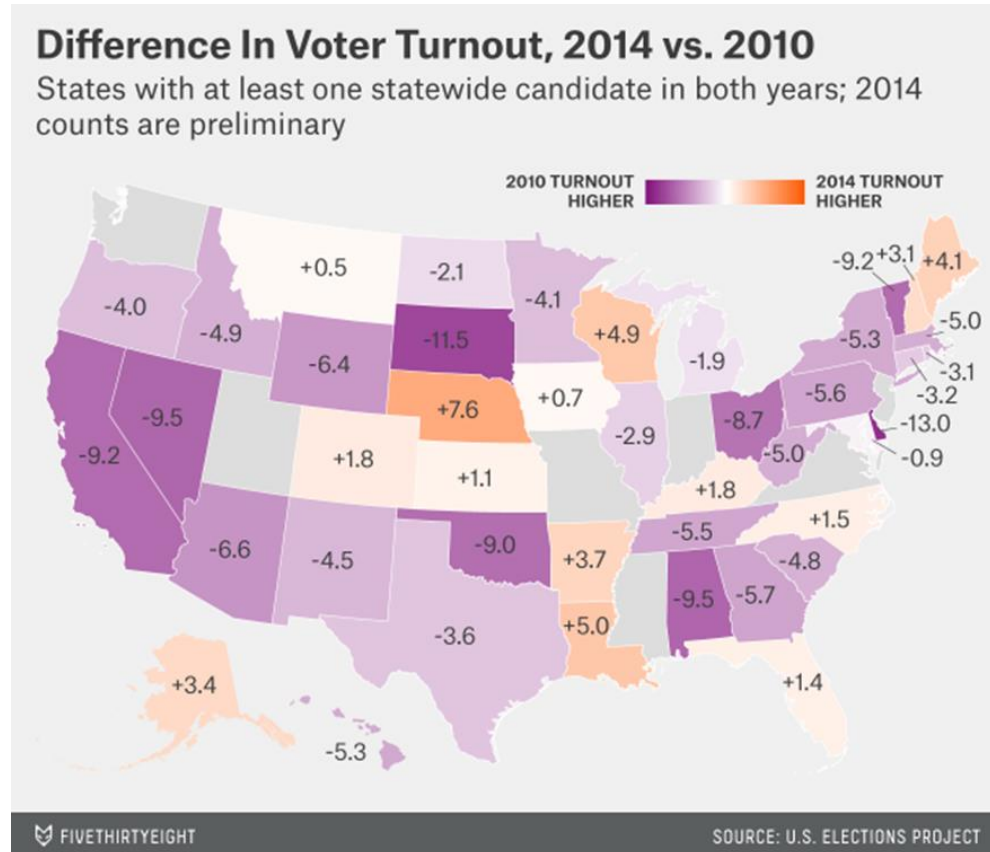
A Losing Hand for the President...



- 68% of electorate is “Angry” about the way things are going in the country (CNN/ORC)
- President’s disapproval among Independents is 60% (Pollster)
- 41% approve of President’s handling of the economy (Pollster)
- 36% approve of President’s handling of foreign policy (Pollster)

Not Playing With a Full Deck...

- Lower Motivation, Generalized Anger = Lower Turnout



Showing the Cards...

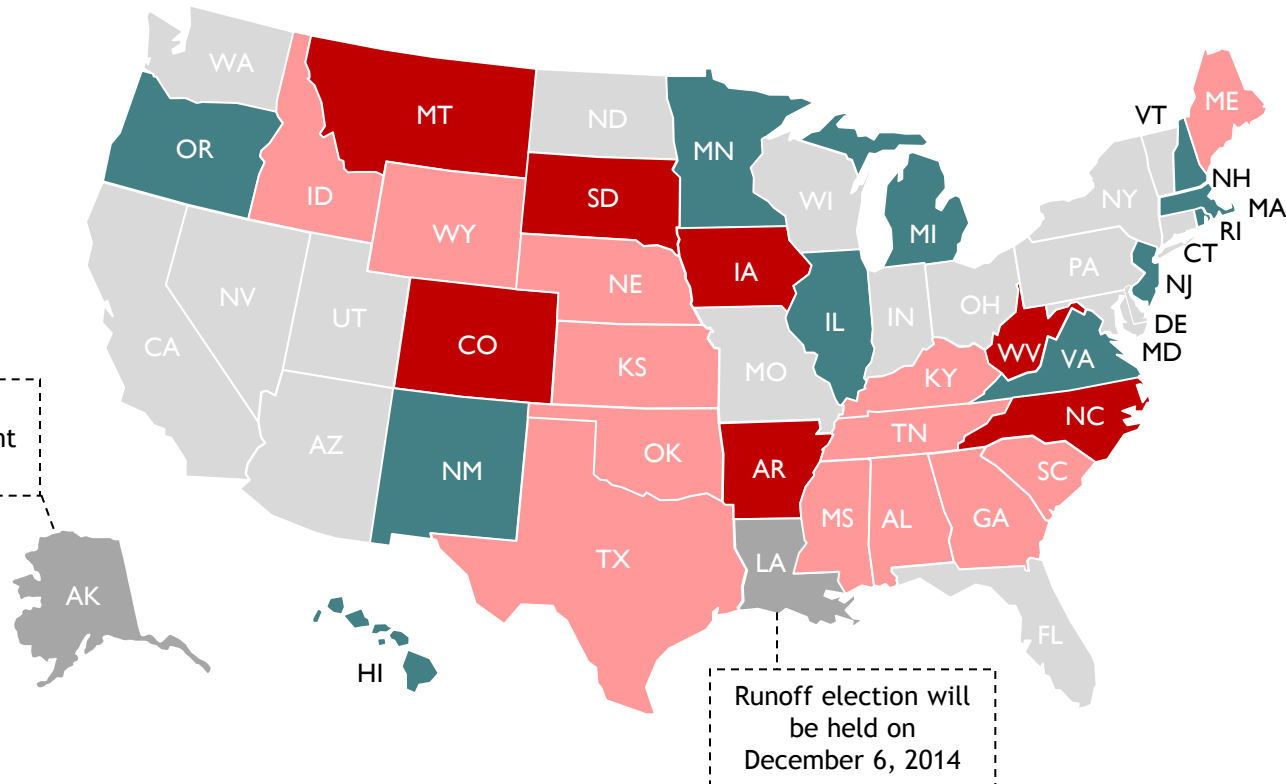
- Current House mix:
 - 244 Republicans (248?)
 - 180 Democrats (187)
 - Net gain of at 11- 15 seats
- Projected Senate count:
 - 54 Republicans
 - 46 Democrats
 - Louisiana TBD
 - Net gain of 9 seats likely



Republicans Dominate Competitive Races to Win Senate

Senate Seats Gained/Held in the 2014 Midterm Elections

- Democratic Gain
- Democratic Hold
- Republican Gain
- Republican Hold
- Independent Gain
- Undecided/Runoff
- No Election



Analysis

- Republicans won most of 2014's competitive Senate races, taking seats in Colorado, Arkansas, Georgia, Iowa, and—unexpectedly—North Carolina
- Republicans also won special elections this year in Oklahoma and South Carolina
- Louisiana will hold a December 6, 2014 runoff election, and Alaska could take until November 18, 2014 to count all remaining ballots, but Republicans have already secured enough seats to control the Senate regardless of these outcomes

Republicans Win Record Majority in House

Control of the 114th House (2015-2017)

- Democratic
- Republican
- Undecided*

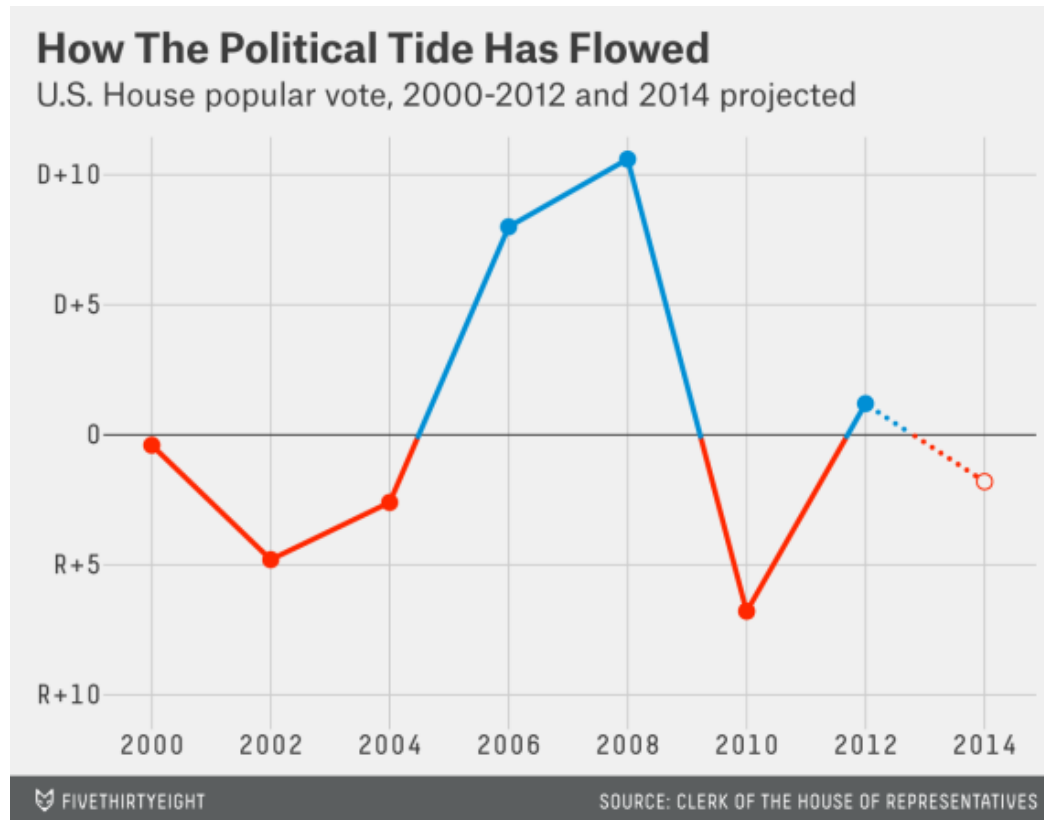


Analysis

- Republicans won a total of at least 243 seats in the House, their largest majority since 1928
- An expanded GOP majority in the House means that Speaker Boehner will have an easier time passing legislation in the House without Democratic support, and Republicans will also have an easier time holding on to their majority in future elections

* Races not called as of 11/6/2014; includes runoff elections to be held in LA-5 and LA-6

Pick A Card, Any Card...



Deal or No Deal?

- More Gridlock?
 - Republicans short of the “magic” 60 votes
 - Democrats become obstructionist party
 - President takes more executive actions
- Willingness to Bargain?
 - “Nixon goes to China” moment for the President?
 - ◆ Was Harry Reid the problem?
 - ◆ Is the President’s legacy at stake?
 - Republicans want to prove they can govern
 - ◆ House and Senate Republicans already talking
 - Crucial issue for 2016 Senate races – Republicans have more seats to defend, many in Blue states
 - Critical for 2016 Presidential election
 - Is there a governing coalition to be found?

The Current Status Report: Congress Gets Up From the Table

- Recess Began September 19th
- Scheduled To Return On November 12th
- Last Few Months Spent Trying to Avoid “Tough Votes”
 - No action on immigration reform
 - No authorization for military action against ISIS
- Things Are Calmer Than Last Year
 - But, bipartisanship remains elusive

Government Doesn't Fold

- 2015 Appropriations
 - No drama, no histrionics, no shutdown
 - Simple Continuing Resolution finalized on September 18th
 - ◆ Broad bipartisan majorities in House and Senate
 - ◆ Extends discretionary funding through December 11th, 2014
 - Small cut in funding – 0.554 percent
 - Built on 2013 Budget Agreement
 - Origination Fee increase left in place

Reauthorizing the Higher Education Act of 1965

- Regular Process to Assess and Evaluate HEA Programs
 - Occurs every 6 years, or so
 - 1972, 1976, 1980, 1986, 1992, 1998, 2008
 - Programs currently authorized through September 30, 2015
 - Significant changes can occur outside of reauthorization, especially during budget process
 - Reauthorization allows for a more thoughtful, comprehensive review
 - Changes to “mandatory” (entitlement) programs must be budget neutral or produce savings

Congress Deals a Few Cards Towards Reauthorization

- House Committee on Education and the Workforce and Senate Committee on Health, Education, Labor and Pensions (HELP)
 - Both held Hearings in 2013-14
 - ◆ Topics included simplifying student aid and loan repayment, accreditation, non-traditional (contemporary) students, research and data needs, student loan servicing, Pell Grants
 - ◆ Committees have also solicited input from the higher education community
- RADD Reports, Sponsored by Gates Foundation

Reauthorization Progress: House

- House E&W Committee and Full House Adopted Three Bills
 - H.R. 4983 - Strengthening Transparency In Higher Education Act
 - ◆ Create a consumer-tested College Dashboard that would display only key information for students
 - H.R. 4984 - Empowering Students Through Enhanced Financial Counseling Act
 - ◆ Provides student and parent borrowers with annual interactive counseling
 - ◆ Requires active consent for borrowing, annually
 - ◆ Requires annual counseling for Pell Grant recipients
 - H.R. 3136 - Advancing Competency-based Education Demonstration Project Act
- All Bills Passed the Committee and the House with Bi-partisan Support

Reauthorization Progress: Senate

- Democrats and Republicans Release Separate Draft Bills
- Democrat bill (Sen. Harkin) is more comprehensive
 - Require more extensive loan disclosures and increased counseling for Pell Grant recipients*
 - Require ED to conduct consumer testing on its student-facing tools*
 - Authorizes a demonstration project on competency based education*
 - Simplify loan repayment options
 - Reinstitute year-round Pell
 - Require schools to have a single point of contact for veterans
 - Require ED to institute a tracking system for student complaints
 - Require loan servicers to adopt certain uniform servicing practices for all types of student loans
 - Authorize increased oversight of proprietary institutions

* *Similar to House-passed bills*

Reauthorization Progress: Senate

- Republican Bill (Sen. Alexander) Hits Major Themes
 - Simplify need analysis
 - ◆ Compute eligibility based on AGI and family size
 - ◆ Move to prior-prior year
 - Simplify loan repayment
 - ◆ Income driven plan and standard plan
 - Reinstitute year-round Pell
 - Allow schools to limit maximum loan amounts for certain categories of students

Reauthorization Could Happen Next Year -- But, Don't Go All In On It...

- It Depends....
- 2015 is Possible, But Far From Probable
- Could Be Dependent on
 - Personalities of committee chairs
 - Tolerance for bipartisanship
 - Early agreement on key issues
 - Not an election year
 - IDEA and ESEA reauthorizations also overdue

Other Higher Ed Issues Thrown into the Kitty

- Bank on Students Emergency Loan Refinancing Act (Sen. Warren, D, MA)
 - Allows refinancing of Direct, FFELP, and private student loans at current Direct interest rates
 - Eligibility requirements based on a borrower's income or debt-to-income ratio with the goal of targeting refinancing on borrowers who have the greatest financial need
 - Senate has rejected consideration
- Loan Debt and Loan Servicing
 - Several hearings
 - CFPB reports
 - Focus on anecdotal stories
 - Letter from Democratic Senators to Secretary Duncan seeking information on DL servicing
 - Collection agencies also under fire
 - Sen. Durbin's (D, IL) Student Loan Borrower Bill of Rights
 - Other bills to reduce origination fees or revamp loan repayment

Shuffling the Deck in Congressional Education Leadership -- House

- Rep. George Miller (D, CA), Ranking Member of House Committee on Education and the Workforce, retiring
 - Rep. Bobby Scott (D, VA) could be ranking Democrat
- Rep. Kline (R, MN), Chair of House E&W, Term-limited
 - Waiver likely
- 150 Years of Collective Congressional Service Leaving E&W Committee
 - Reps. Petri, McKeon, Bishop, Tierney, Maloney, Holt

Shuffling the Deck in Congressional Education Leadership -- Senate

- Sen. Harkin (D, IA), Chair of Senate HELP Committee (and Labor/HHS/ED Subcommittee), retiring
 - Sen. Patty Murray (D, WA) could be new Chair or Ranking Democrat on HELP (and Ranking Member of Labor/HHS/ED Subcommittee)
- Sen. Lamar Alexander (R, TN), Ranking Republican Member of Senate HELP Committee, could face a challenge
 - Sen. Mike Enzi (R, WY) has seniority
 - Odds are with Sen. Alexander

Congress Tries to Wrap Up By Betting Only the Minimum

- **Lame Duck Congressional Session**
 - **Convenes November 12th and will be in session:**
 - ◆ November 12–20
 - ◆ December 1-4
 - ◆ December 9–12
 - **Elect new leadership**
 - **Extend Continuing Resolution or pass individual appropriations bills**
 - ◆ Fund government into early 2015 or through September 2015?
 - ◆ More cuts?
 - **President Asking for ISIS Authorization, Ebola Funding**

Switching Decks: Loan Servicing

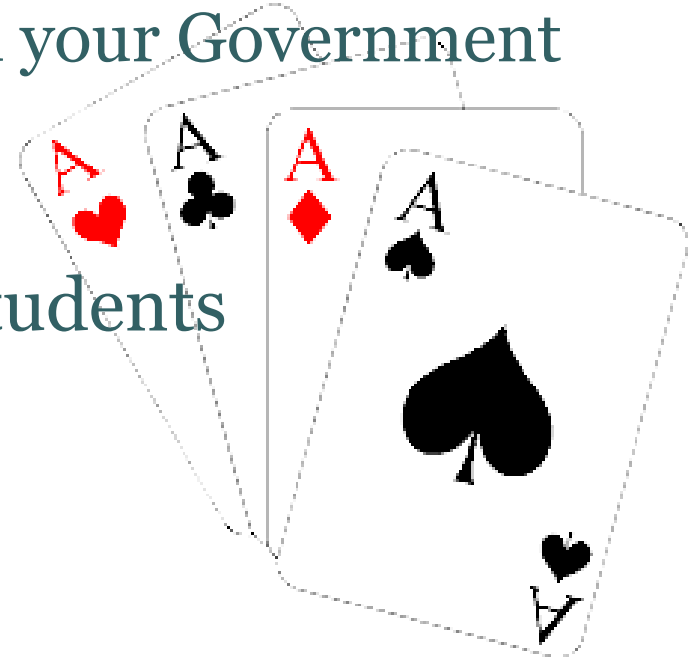
- FSA Revised Contract Pricing Incentives
 - Shifts focus to delinquency prevention vs default reduction
 - Eliminates school surveys
 - Servicers discouraged from using forbearance
 - Servicers encouraged to keep borrowers in repayment
 - ◆ More emphasis on Income-driven repayment (IDR) plans
 - ◆ Complexity of IDR process discourages borrowers
- FSA Commits to Multiple Servicers for Long Term
 - 4 TIVAS
 - 7 Not for Profit (NFP) servicers
 - Continued random assignment of loans to servicers

2015 Could Bring Aces for Higher Ed

- Key Higher Education Issues Could Be Decided
 - Revamping Need Analysis and loan repayment
 - Long-term funding for Pell
 - Future of Subsidized Stafford Loans
 - Revising Campus Based Programs and allocation formula
 - Future of Perkins Program

DE/DC/MD ASFAA Members: Show Your Cards, Make a Difference

- Help Develop Positions That Represent The Tristate Membership
 - Support your leadership and your Government Relations Committee
- Advocate for Issues that Are Important to You and Your Students
- Stay Involved!!





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