



Washington Update

March Madness, DC Style

Scott E. Miller
smiller1@pheaa.org
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The Starting Lineup

- What's Up With the Budget?
- What's the President Proposing?
- What's the CFPB Up To?
- What's on the Congressional Agenda?
- What's New in Public Service Loan Forgiveness?
- What's in Store in November?



Is the Budget Still the Selection Committee?

- Most Major Budget Decisions Will Be Pushed Back Until After the Election
 - » Next Debt Ceiling expiration is towards the end of 2012
 - » Agreement on extension of Tax Holiday, Unemployment Insurance, and Medicare “doc fix” lasts until end of 2012
 - » “Bush tax cuts” expire at end of 2012
 - » Appropriations will be in time-out until after election (i.e., end of 2012)
- Unexpected Issues or Events Could Force Congress to Address Budget-Related Issues

Where Will Student Aid Be Seeded?

- Academic Year 2013-14 Funding Amounts Will be Delayed
 - » Campus Based, TRIO, GearUp funding may not be known until early 2013
- Pell Maximum Stable at \$5,550 for 2012-13
 - » Program expected to run a small surplus in 2012-13
- Pell Maximum for 2013-14 Not Set In Stone
 - » \$7 billion shortfall expected for 2013-14
 - » Congress has been inclined to protect the maximum, but exact savings from other areas

Intentional Fouls

- Protecting the Maximum Pell Grant has Come At a Cost:
 - » Elimination of subsidized loans for graduate students
 - » Elimination of 1% origination fee discount
 - » Elimination of interest subsidy during grace period (for loans made between 7/1/12 and 6/30/14)
 - » Elimination of Ability to Benefit
 - » Elimination of the bump-up for minimum awards for families eligible for <10% of maximum Pell
 - » Reduction in auto-zero income level to \$23,000
 - » Reduction in Pell eligibility from 18 to 12 semesters
 - » Elimination of year-round Pell

President's Budget Proposal

- Increase Pell Maximum to \$5,635 for 2013-14 Academic Year
- One-Year Suspension of Stafford Loan Interest Rate Increase for Undergraduates (approx. \$7b)
- Increase FWS Funding for 2013-14 Academic Year by \$150 million
 - » Increasing the number of recipients to 793,000 from the current 683,000
- Increase Perkins Loan Lending from \$1b to \$8.5b
- Exempt Forgiveness Under ICR & IBR from Taxation
- Extend Higher Ed Tax Benefits



President's Budget: Paying for It

- Limit Borrower Eligibility for Subsidized Interest on Stafford Loans to 150% of the Length of the Borrower's Program
- New Perkins Loans Would Be Unsubsidized and Would Have a 6.8% Interest Rate
- Campus Based Allocation Formula Would be Revised
 - » Allocation formula would “reward” lower net price, success in educating low-income students
- Newly Enacted Aid Limitations Unchanged

President's College Cost Initiative

- Launched as Part of State of the Union
- \$1 Billion “Race to the Top” for Higher Education
 - » Grants to states improve affordability and increase outcomes at state colleges and universities
- \$55 Million “First in the World” Grant Program For Innovative Approaches to Boosting Success and Completion
- Revise the Campus Based Allocation Formula
 - » ED says current formula “rewards high tuition” and does not reflect financial need
 - » Reward schools by increasing allocations to schools setting “responsible tuition policies and successfully serving low-income students”



President's College Cost Initiative

- Financial Aid Shopping Sheet
 - » Joint project of U.S. Department of Education and Consumer Financial Protection Bureau (CFPB)
 - » Public hearing held & public comments solicited
 - » CFPB leaning towards mandating standard form
- College Scorecard
 - » To be added to ED's College Affordability and Transparency Center
 - » Draft Scorecard available on WhiteHouse.gov
 - » Draft includes data on graduation rates, student debt, loan repayment rates, earnings potential
 - » NASFAA raises significant issues regarding defining data elements, emphasis on loans, issues for non-traditional students, confusing terminology



CFPB: New Referee, New Rules

- Created as Part of Dodd/Frank Financial Services Reform Act
 - » Consumer-advocate and financial overseer
 - » Jurisdiction over non-bank lenders
- Charge Includes Oversight of Private Student Loans
 - » Private Student Loan Ombudsman
 - » Consumer complaint portal went live this month
 - CFPB.gov or 1-855-411-CFPB
 - Complaints will be forwarded to liaisons at private lenders or to ED ombudsman if complaint involves a federal loan
 - Lenders responsible for resolving complaints – CFPB can follow up at borrower's request
 - » Student Debt Repayment Assistant Tool



Congress Sits on the Bench

- Not Much Substantive Action
- House Passes Protecting Academic Freedom in Higher Education Act (H.R. 2117)
 - » Repeal new credit hour definition
 - » Repeal new requirement for state authorization
 - » Rare, bipartisan support in House
 - » No action expected in Senate
 - » Administration opposes and has threatened a veto
- Stafford Loan Interest Rate for Undergrads Could be Addressed
 - » Offsets will likely need to be identified
- Reauthorization is Scheduled for 2014



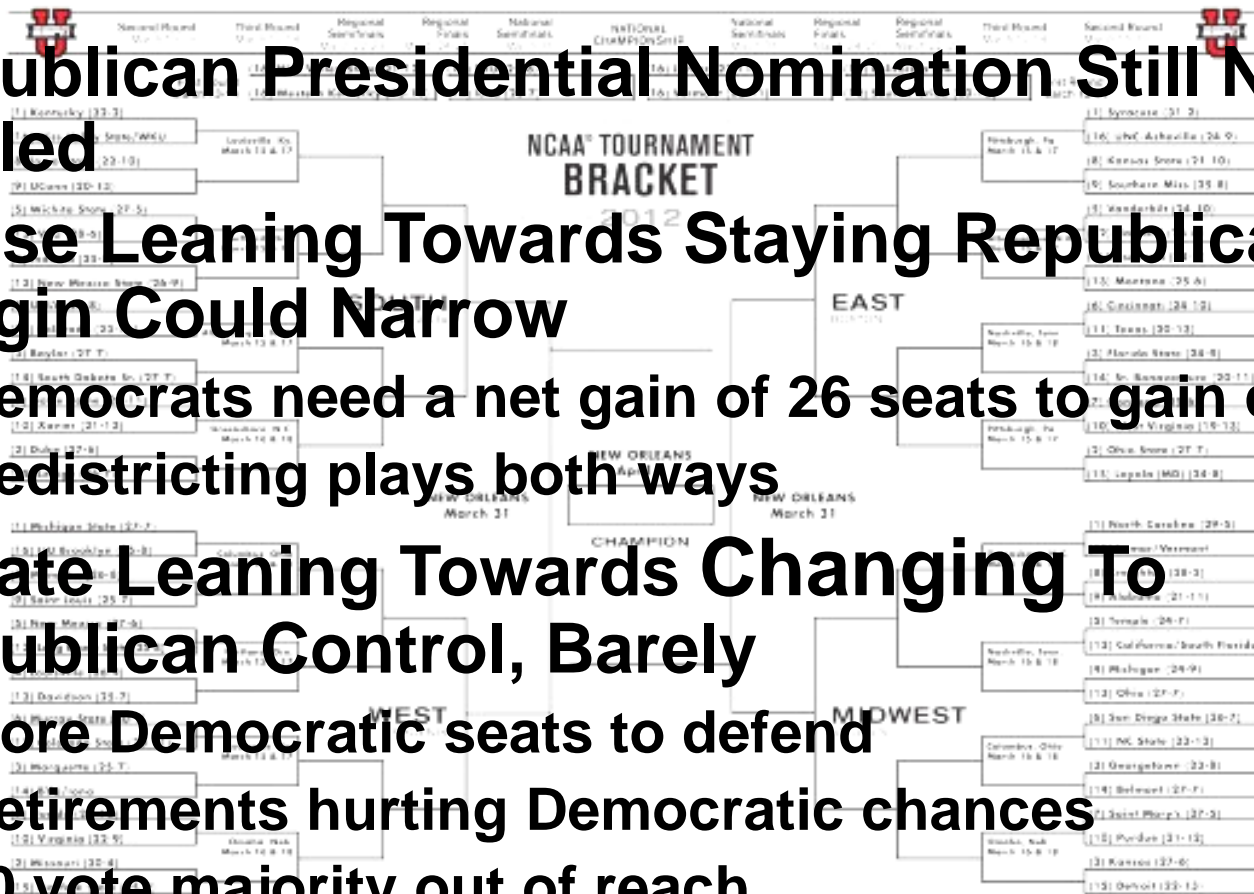
Public Service Loan Forgiveness

- Authorized in 2007
- Borrower Must Work for A Non-Profit or Government Organization for 10 Years
 - » Amount remaining on loan will be forgiven after 10 years of qualifying, on-time payments
 - » Only Direct Loans are eligible
 - » Must be on IBR, ICR, or standard repayment (or making payments equivalent to standard)
- FedLoan Servicing (PHEAA) Selected as Federal Servicer for PSLF
 - » Borrowers can start employer certification process at MyFedLoan.org/pslf
 - » Annual certification
 - » If employer is certified, all of the borrower's federally owned loans will transfer to FLS



Election Bracketology

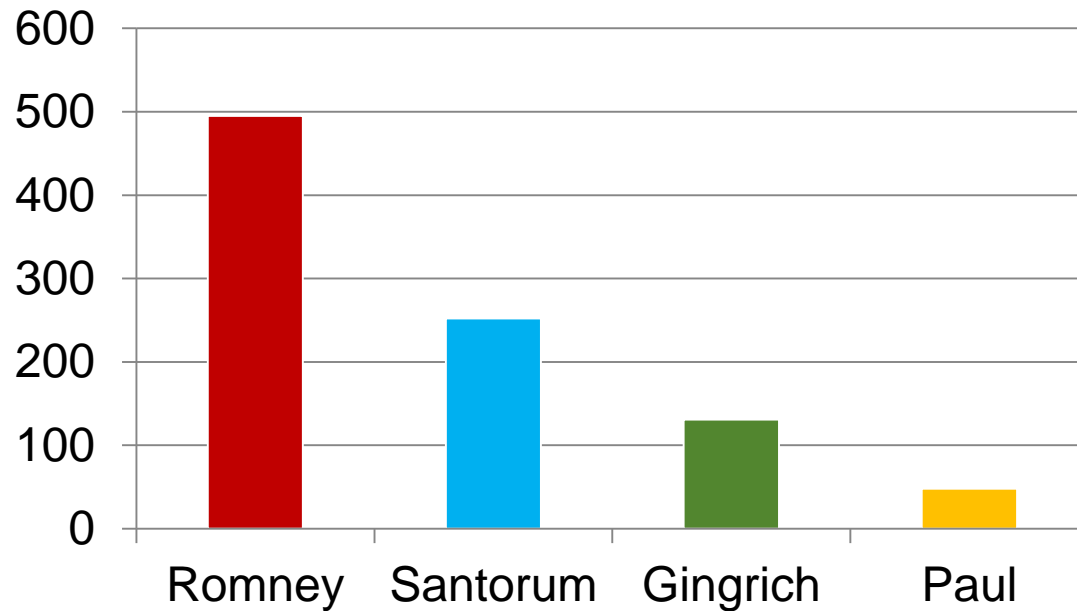
- **Republican Presidential Nomination Still Not Settled**
- **House Leaning Towards Staying Republican, But Margin Could Narrow**
 - » Democrats need a net gain of 26 seats to gain control
 - » Redistricting plays both ways
- **Senate Leaning Towards Changing To Republican Control, Barely**
 - » More Democratic seats to defend
 - » Retirements hurting Democratic chances
 - » 60 vote majority out of reach



The Final Four

- Delegate Counts (because delegates count!)

As of March 14, 2012



Magic Number:
1144

Source: New York Times

Upcoming Local Primaries: First Round Action

- **April 3rd: D.C. & Maryland**
 - **April 24th: Delaware**

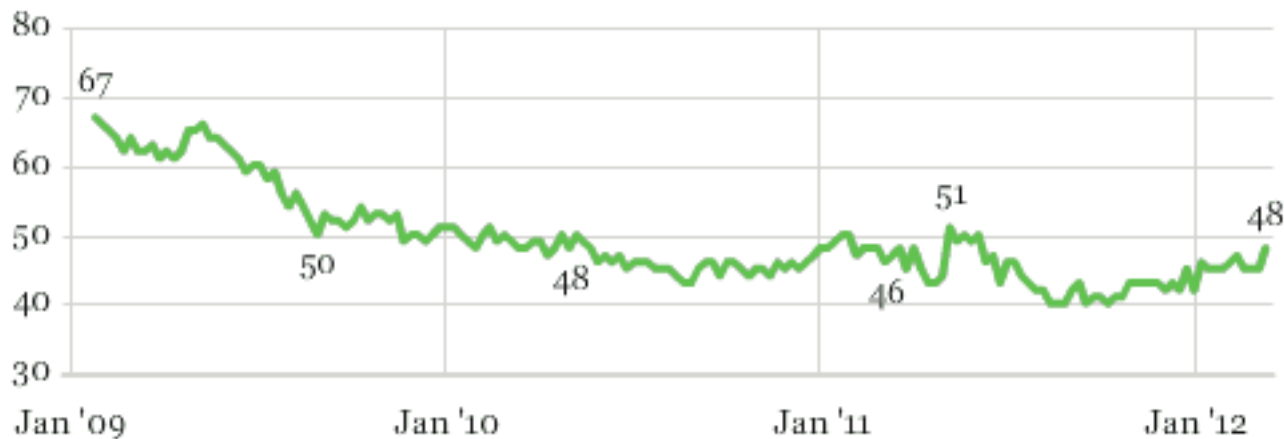


Obama Approval Rating

Barack Obama's Job Approval Averages -- Recent Trend

Weekly averages for weeks ending Jan. 25, 2009, through March 11, 2012

■ % Approve



Gallup Daily tracking

GALLUP®

NY Times/CBS News

Feb: 50%

March: 41%

ABC News/Wash. Post

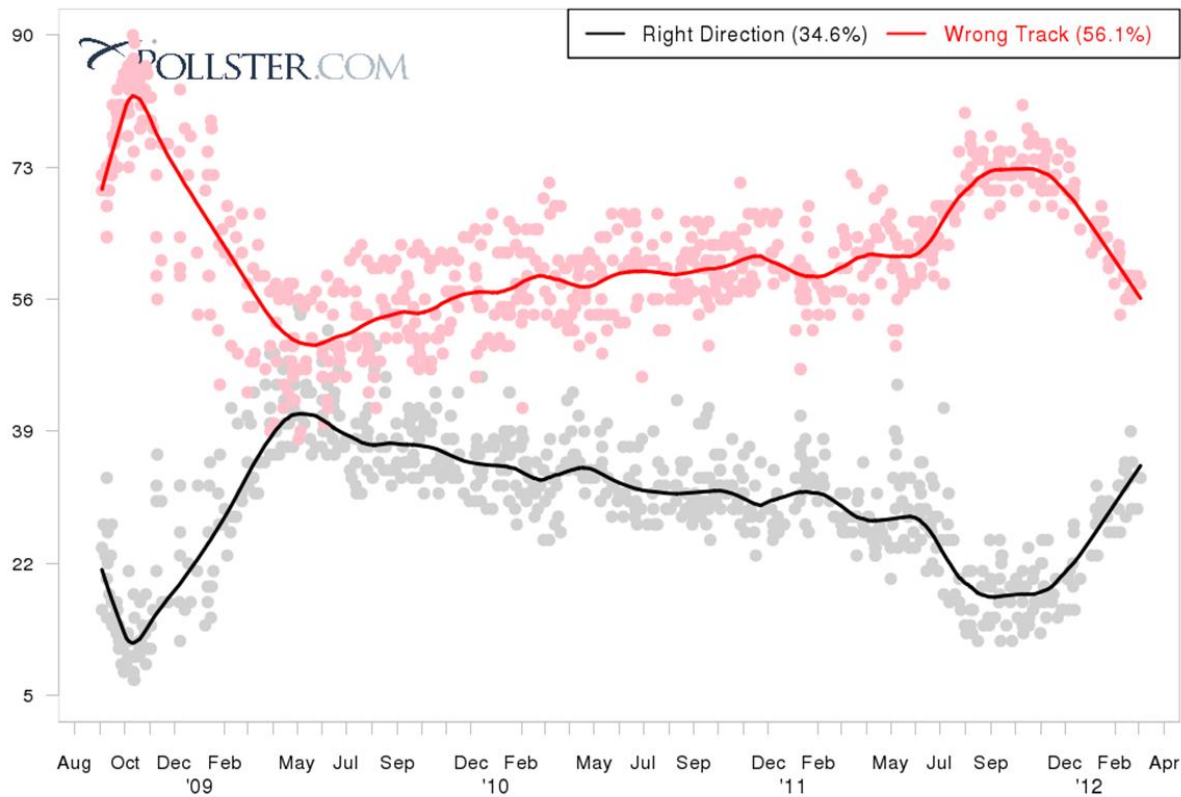
Feb: 50%

March: 46%



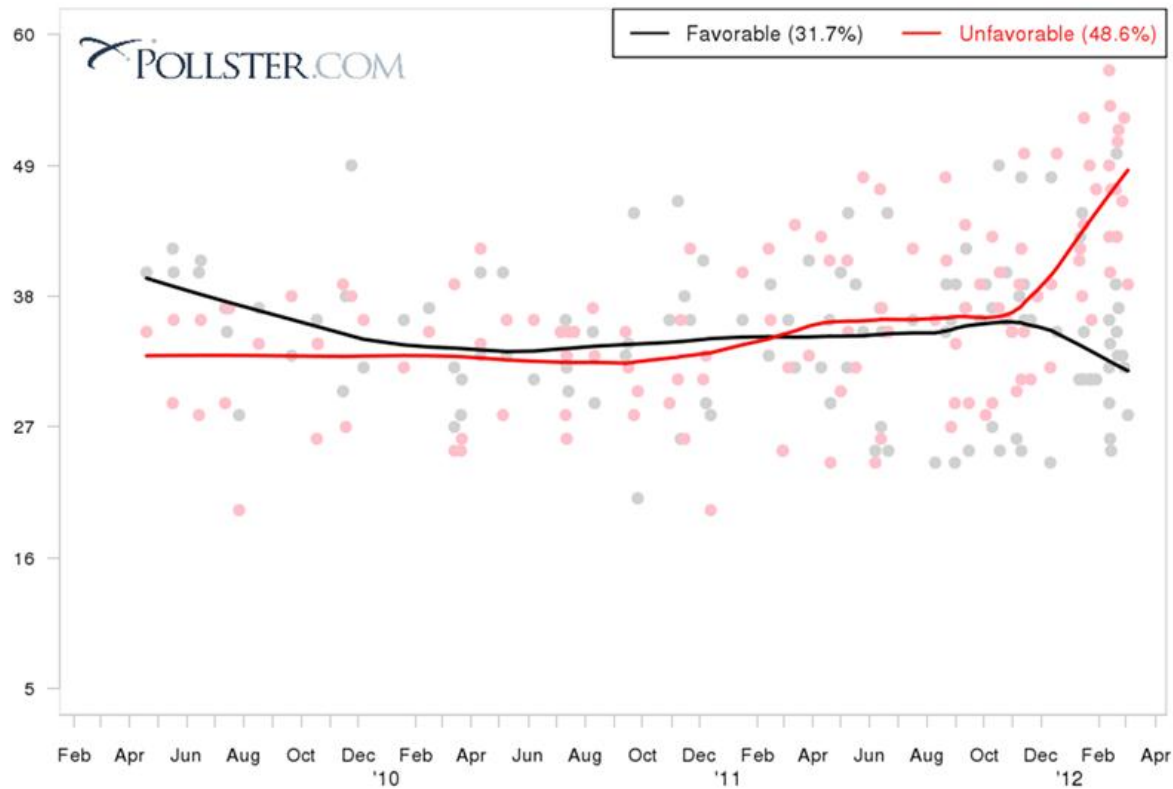
Right Track/Wrong Track

State of the Country: Right Direction / Wrong Track
Latest Poll: 03/03/2012



Romney Ratings

Mitt Romney Favorable/Unfavorable Rating
Latest Poll: 03/03/2012

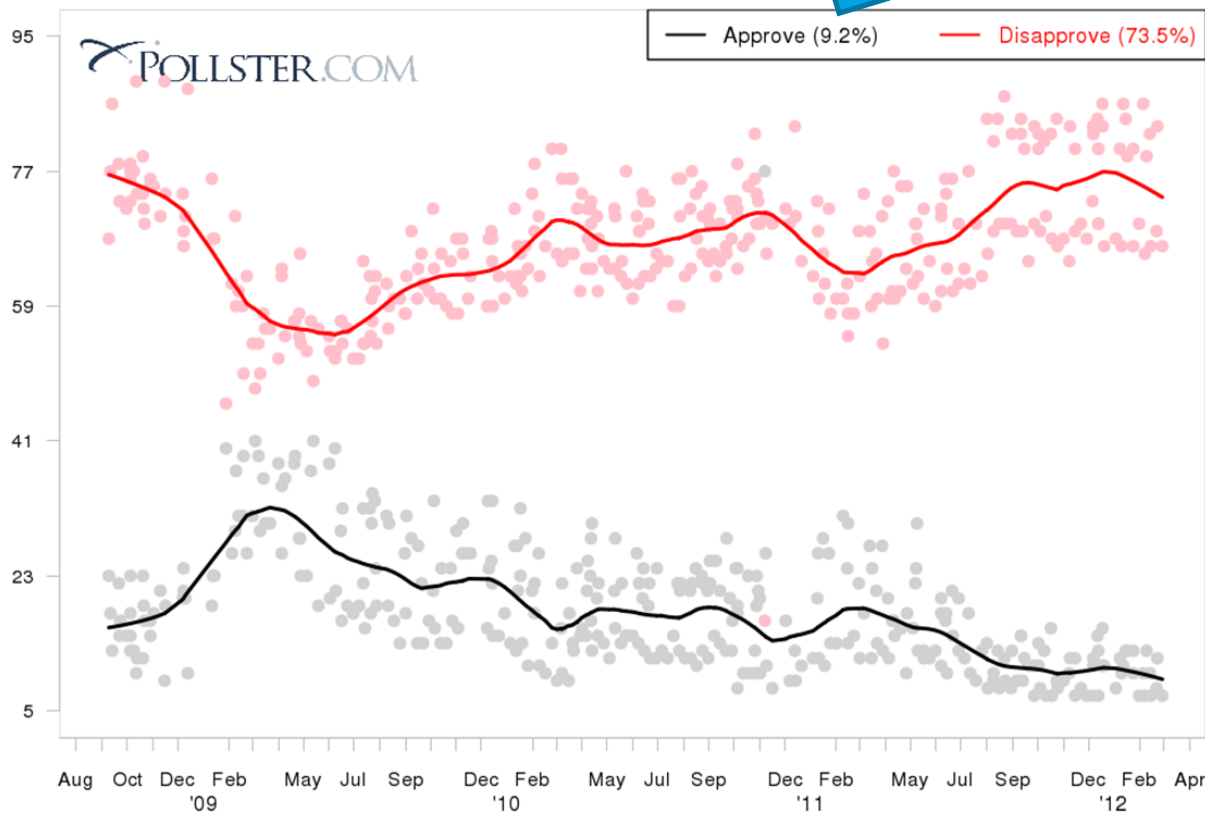


Obama vs. Romney: It Could Go to Overtime

<u>Pollster</u>	<u>Dates</u>	<u>Obama</u>	<u>Romney</u>
Rasmussen	3/9 - 3/11	43	46
ABC/Post	3/7 - 3/10	47	49
Rasmussen	3/6 - 3/8	45	47

Congressional DIS-Approval Rating

Congressional Job Approval
Latest Poll: 02/28/2012



What's The Championship Message?

- Key Issues for Capitol Hill
 - » Importance of Pell Funding
 - » Cost of Student Loans is Rising
 - » Eligibility & Allocation Changes Should Be Done Carefully
 - Not through budget process
 - Need to examine interaction & impact of changes
 - » Shopping Sheet & College Scorecard
 - Financial Aid Administrators must be consulted
- Crucial Moment for the Future of Student Aid





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