# Inside the Beltway

National Association of Student Financial Aid Administrators

Spring 2022

# Speakers

- Justin Draeger
  - NASFAA President & CEO

# Agenda

- Inside The Beltway
- Higher Education Act Reauthorization
- Federal Budget & Funding
- Department Of Education Update
- COVID-19
- NASFAA Update

# Inside The Beltway

# Dynamics In Washington

- Democrats control Congress
- The COVID-19 Pandemic
- Tension Following the 2020 Election

# The Biden Administration

- High Level Priorities
  - *Double Pell*
  - *Free College*
  - Debt Cancellation
  - Repayment Simplification
  - Accountability

# Movement on "Build Back Better"

- Democrats hope to accomplish several of the higher ed priorities included in President Biden's "Build Back Better" plan through the budget reconciliation process.
- The most recent iteration of the negotiated framework features $40 billion in higher education investment, including:
  - A $550 increase to the maximum Pell grant, for students at public & non-profit institutions
  - Title IV eligibility for DACA students
  - Elimination of Pell Grant taxability (for 4 years)
  - Automatic -1,500 SAI for means-test benefits recipients
  - $9 billion for HBCUs, TCUs, & MSIs, including $6 billion to award need-based financial aid to low-income students and $3 billion for research/development infrastructure.
  - $500 million for completion/retention grants
- The tuition-free community college program included in Democrats' previous proposals has been eliminated.
- On 11/19, the House passed the bill on a party-line vote. It is unclear when the Senate might act on the measure, and the framework may be modified as negotiations continue.

# Increasing Maximum Pell Grant Inherently Expands Eligibility

| Cost of Attendance | 5001 to 5100 | 5101 to 5200 | 5201 to 5300 | 5301 to 5400 | 5401 to 5500 | 5501 to 5600 | 5601 to 5700 | 5701 to 5800 | 5801 to 5900 | 5901 to 6000 | 6001 to 6100 | 6101 to 6200 | 6201 to 6300 | 6301 to 6400 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 5200-5299 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5300-5399 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5400-5499 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5500-5599 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5600-5699 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5700-5799 | 700 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5800-5899 | 800 | 700 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5900-5999 | 900 | 800 | 700 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6000-6099 | 1000 | 900 | 800 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6100-6199 | 1100 | 1000 | 900 | 800 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6200-6299 | 1200 | 1100 | 1000 | 900 | 800 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6300-6399 | 1300 | 1200 | 1100 | 1000 | 900 | 800 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6400-6499 | 1400 | 1300 | 1200 | 1100 | 1000 | 900 | 800 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6500-6599 | 1500 | 1400 | 1300 | 1200 | 1100 | 1000 | 900 | 800 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6600-6699 | 1600 | 1500 | 1400 | 1300 | 1200 | 1100 | 1000 | 900 | 800 | 0 | 0 | 0 | 0 | 0 |
| 6700-6799 | 1700 | 1600 | 1500 | 1400 | 1300 | 1200 | 1100 | 1000 | 900 | 800 | 0 | 0 | 0 | 0 |
| 6800-6899 | 1800 | 1700 | 1600 | 1500 | 1400 | 1300 | 1200 | 1100 | 1000 | 900 | 800 | 0 | 0 | 0 |
| 6900-6999 | 1900 | 1800 | 1700 | 1600 | 1500 | 1400 | 1300 | 1200 | 1100 | 1000 | 900 | 800 | 0 | 0 |
| 7000-7099 | 2000 | 1900 | 1800 | 1700 | 1600 | 1500 | 1400 | 1300 | 1200 | 1100 | 1000 | 900 | 800 | 0 |
| 7100-7199 | 2100 | 2000 | 1900 | 1800 | 1700 | 1600 | 1500 | 1400 | 1300 | 1200 | 1100 | 1000 | 900 | 800 |
| 7200-7299 | 2200 | 2100 | 2000 | 1900 | 1800 | 1700 | 1600 | 1500 | 1400 | 1300 | 1200 | 1100 | 1000 | 900 |

Shaded green: Current Pell Grant reipients receive an increase to their Pell Grant awards as a result of expanding the Pell table to include higher EFC applicants (amount shown is new Pell Grant award if maximum Pell Grant were increased by $1,400)

Shaded orange: New Pell eligibility for students previously not eligible, due to expansion of the Pell award table (amount shown is new Pell grant eligibility)

Shaded blue: Higher EFC ranges eligible for Pell Grant. Because Pell eligibility may be based on [max Pell award minus EFC midpoint] the only way to extend Pell eligibility into higher EFC ranges is by increasing the max Pell award

Shaded red: Higher COA ranges added to Pell tables. Because Pell eligibility may be based on [COA midpoint minus EFC midpoint] new COA ranges must also be added to the Pell tables in order to expand eligibility to higher EFC ranges.

# Free College Proposals Matrix

## Free College Proposals Matrix
### May 2021

**Any updates to this chart made after the initial publication on April 30, 2021 will appear in red text.**

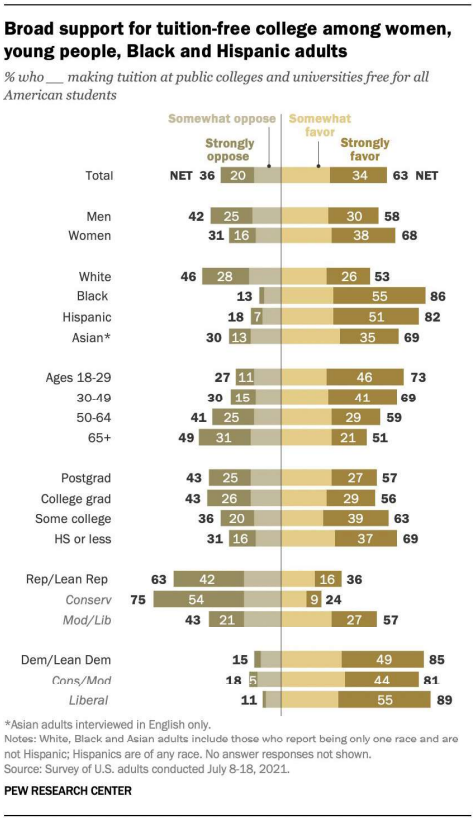
| Item | American Family Plan | America's College Promise Act | College For All Act | Debt-Free College Act |
|---|---|---|---|---|
| Estimated Cost | **$290 billion est.** ***(higher education related sections only)*** | **N/A** | **$700 billion (est.)** | **$95.4 billion (est.)** |
| Sponsors | President Joe Biden [D] | Sen. Tammy Baldwin [D-WI]<br>Rep. Andy Levin [D-MI] | Sen. Bernie Sanders [I-VT]<br>Rep. Pramila Jayapal [D-WA] | Sen. Brian Schatz [D-HI]<br>Rep. Mark Pocan [D-WI] |
| Cosponsors | N/A | Senate: 9 Democrats<br>House: 3 Democrats | Senate: 8 Democrats<br>House: 34 Democrats | Senate: 8 Democrats<br>House: 17 Democrats |
| Funding Model | Federal-State/Federal-Indian Tribe Partnership (details forthcoming) | Federal-State/Federal-Indian Tribe Partnership<br>Federal Share=75%<br>State/Indian Tribe Share=25% of the average cost of tuition and fees nationwide<br>2-Year Tribal colleges responsible for a maximum of 5% of the amount necessary to eliminate tuition and fees at those institutions; would receive a minimum federal grant equal to 95% of that amount. | Federal-State/Federal-Indian Tribe Partnership<br>Federal Share=75%<br>State/Indian Tribe Share=25% of the cost to eliminate tuition and fees and the state or Indian<br>Tribal colleges with majority low-income student populations would only be responsible for 5% of the amount necessary to eliminate tuition and fees at those institutions. | Federal-State Partnership with grants that would match state higher education appropriations |
| Eligible Institutions | Community Colleges<br>Historically Black College & Universities (HBCU), Tribal Colleges (TC), Minority Serving Institutions (MSIs) | Community Colleges & 2-Year Tribal Colleges<br>HBCUs, Tribal Colleges, MSIs | Community Colleges<br>4-Year Public Non-Profits<br>2 & 4-Year Tribal Colleges | All public institutions<br>Partnership meant to cover the unmet financial need for all students (COA-EFC+Federal, State Grant Aid) |

# Free College Proposals Matrix

| Item | American Family Plan | America's College Promise Act | College For All Act | Debt-Free College Act |
|---|---|---|---|---|
| **Eligible Students** | Community College: All students, no income restrictions, DREAMer students included<br><br>HBCU, Tribal Colleges, MSIs AGI <$125k | Community College: no income restrictions, must be enrolled in an eligible program at least half-time and eligible for in-state tuition<br><br>HBCUs, TCU, MSIs: financially eligible for Pell Grants (regardless of whether students meet other Pell eligibility criteria)<br><br>Undocumented students eligible for both | 4-Year Public: AGI < $125k<br><br>Community & Tribal Colleges: no income restrictions | Must complete a FAFSA or demonstrate eligibility for Pell<br><br>Enrolled at an eligible institution in the state they reside<br><br>Demonstrates satisfactory academic progress (SAP) |
| **Federal Pell Grant** | $80 billion investment in Pell Grants<br><br>DREAMer students would be eligible for Pell Grants | N/A | Would double the maximum Pell Grant to $12,990<br><br>100% Mandatory Pell funding<br><br>Extends length of eligibility to 15 semesters<br><br>DREAMer students would be eligible for Pell Grants<br><br>For-profit institutions and their students are not eligible for the increased Pell amount | DREAMer students would be eligible for Pell Grants |
| **Misc.** | Creates a grant program to improve completion and retention activities | Creates an additional grant program for private, non-profit HBCU & MSI institutions to encourage students to enroll in and complete a bachelor's degree; provide incentives to community college students to transfer to 4-year institutions to complete a bachelor's; and support institutions to improve student retention and outcomes | Creates an additional grant program for private, non-profit HBCU & MSI institutions to eliminate tuition for eligible students (must have AGI <$125k) | Creates an office within ED which will be responsible for administering the program and developing metrics |
| **Loan Forgiveness** | No | No | No | No |

# Free College & Public Opinion

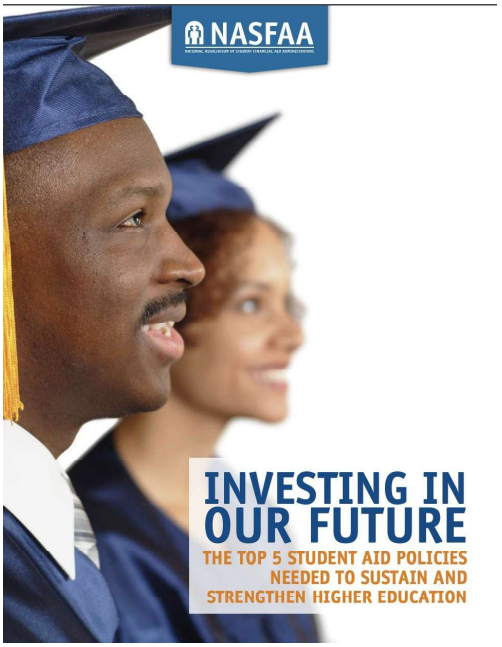
- Democrats overwhelmingly favor free college tuition (85%)
- Republicans are divided by age and education
- Large shares of Black (86%), Hispanic (82%) and Asian American (69%) adults favor making college free for all Americans
  - compared with 53% of White adults



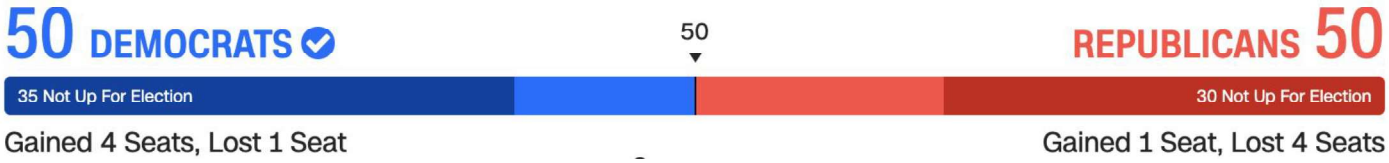
# NASFAA & The Biden Administration

NASFAA released a document detailing 5 key student aid priorities for the Biden administration and 117th Congress:

- Deliver additional COVID-19 relief to students and institutions
- Strengthen the Federal Pell Grant program
- Simplify the federal financial aid application process
- Curb student indebtedness and simplify repayment
- Enhance student aid delivery

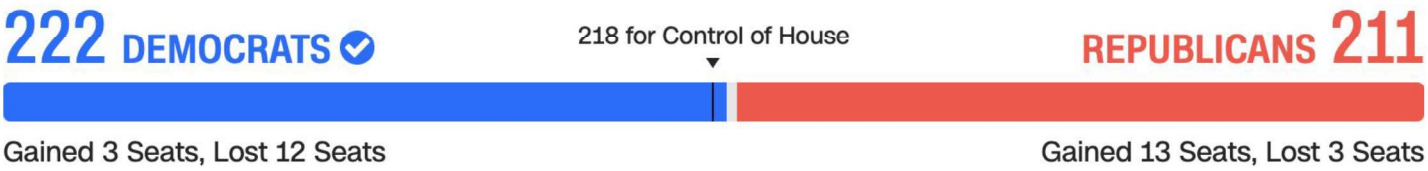


# 117th Congress: Senate



HELP Committee Leaders Sen. Murray & Sen. Burr

# 117th Congress: House



House Education & Labor Committee Leaders: Rep. Scott & Rep. Foxx

# Higher Education Act Reauthorization

# HEA Reauthorization

- Last reauthorization in 2008
  - Current version of HEA technically expired in 2013
- **House**
  - House Democrats: Introduced College Affordability Act during 116th Congress
    - Will be starting point for House Dems in 117th Congress
- **Senate**
  - No comprehensive HEA proposal introduced in the Senate during the 116th.
  - Senator Murray taking over as chair and Senator Burr as Republican leader.
  - Bipartisan support needed to achieve comprehensive reauthorization this Congress.

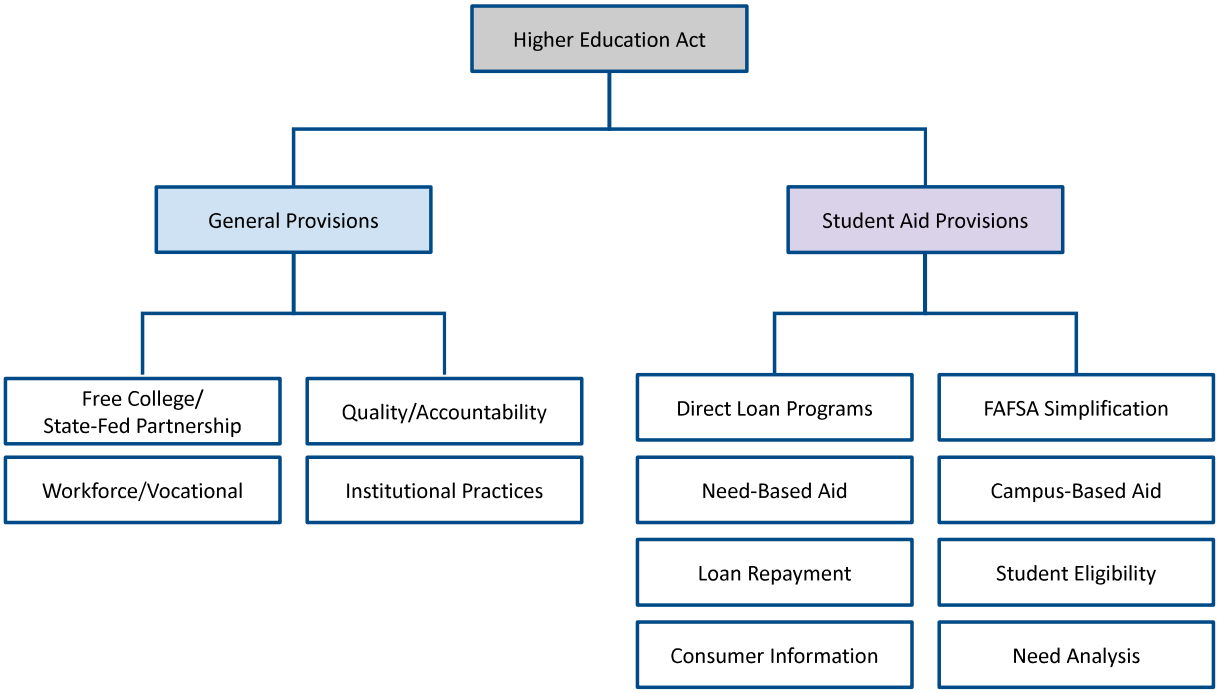
# HEA Reauthorization Movement: 116th Congress

| | Senate<br>Student Aid Improvement Act | House<br>College Affordability Act |
|---|---|---|
| 1. Introduced in Committee | ✓ | ✓ |
| 2. Committee Markup | | ✓ |
| 3. Pass out of Committee | | ✓ |
| 4. Pass out of full House or Senate | | |
| 5. Conference House & Senate bills | | |
| 6. Both chambers pass final version | | |
| 7. President signs into law | | |

# HEA Issue Priorities

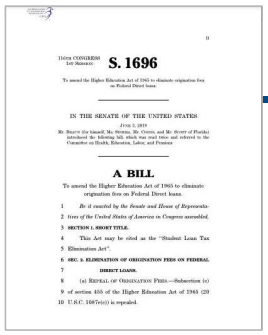
| Issue | House Republicans | House Democrats | Senate Republicans | Senate Democrats |
|---|---|---|---|---|
| "One Grant, One Loan" | ✓ | | ✓ | |
| Risk-sharing | ✓ | ✓ | ✓ | ✓ |
| Repayment simplification | ✓ | ✓ | ✓ | ✓ |
| Free college for two years | | ✓ | | ✓ |
| Pell Grant increases tied to inflation | | ✓ | | ✓ |
| Pell Grants for short-term programs | ✓ | ✓ | ✓ | ✓ |
| Pell Grant "bonus" for increased credit load | ✓ | | | ✓ |
| Eliminate origination fees | ✓ | ✓ | | ✓ |
| Loan refinancing | | ✓ | | ✓ |
| Campus-based aid allocation formula changes | ✓ | ✓ | | ✓ |

# Building Blocks to HEA



# Building Blocks: A Closer Look

**Student Loan Tax Elimination Act**



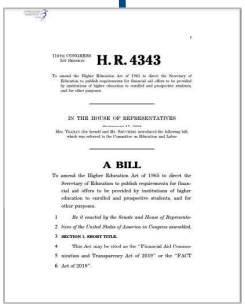
S. 1696

IN THE SENATE OF THE UNITED STATES

A BILL

To amend the Higher Education Act of 1965 to eliminate origination fees on Federal Direct loans.

**Financial Aid Communication and Transparency Act (FACT Act)**



H. R. 4343

IN THE HOUSE OF REPRESENTATIVES

A BILL

To amend the Higher Education Act of 1965 to direct the Secretary of Education to publish requirements for financial aid offers to be provided by institutions of higher education to enrolled and prospective students, and for other purposes.

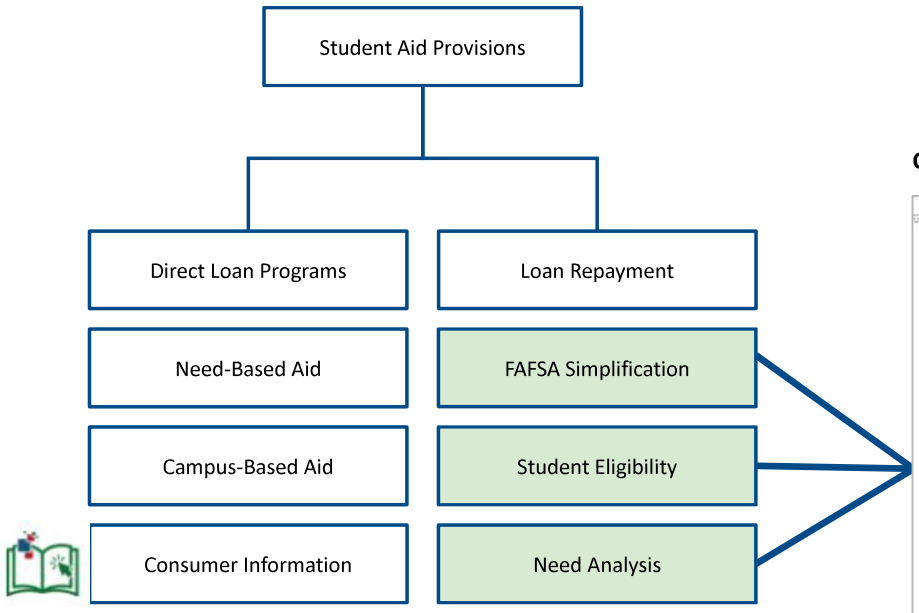
**Student Aid Provisions**

- Direct Loan Programs
  - Need-Based Aid
  - Campus-Based Aid
  - Consumer Information
- Loan Repayment
  - FAFSA Simplification
  - Student Eligibility
  - Need Analysis

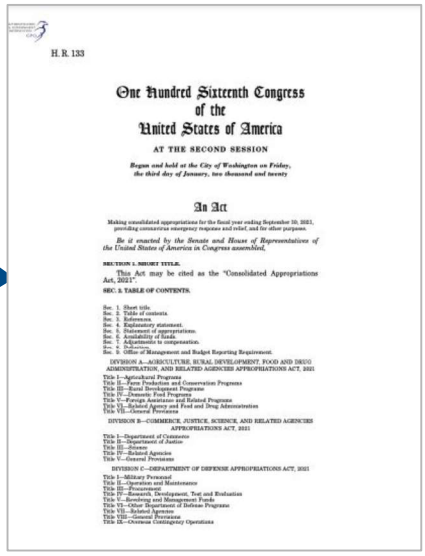
**Annual Counseling:** Several bills to require annual loan counseling have been introduced since 2016

**Loan Disclosures:** Six bills proposing additional disclosure information have been introduced since 2019

# Building Blocks: A Closer Look




**Consolidated Appropriations Act, 2021**



H. R. 133

One Hundred Sixteenth Congress
of the
United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Friday, the third day of January, two thousand and twenty*

An Act

Making consolidated appropriations for the fiscal year ending September 30, 2021, providing coronavirus emergency response and relief, and for other purposes.

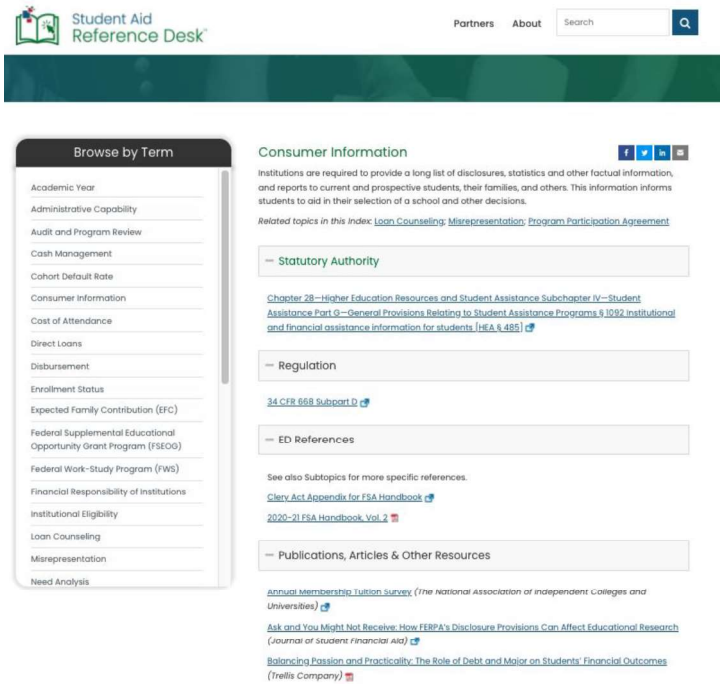
*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

SECTION 1. SHORT TITLE.

This Act may be cited as the "Consolidated Appropriations Act, 2021".

SEC. 2. TABLE OF CONTENTS.

# Student Aid Reference Desk



# Progress on FAFSA Simplification: Skinny HEA

- The omnibus passed on December 21st, incorporated elements of Sen. Alexander's previous FAFSA simplification legislation
- ED  will employ a delayed, phased implementation of the changes made to federal methodology and the FAFSA
- The statutory deadline for the changes is the 2023-24 award year but the delayed approach is now set to be completed by award year 2024-25, a year late.

# Skinny HEA Provisions

- FAFSA Simplification
- Need Analysis/Pell Grant Eligibility
- Drug Convictions & Selective Service Registration
- SULA
- Pell for Incarcerated Students
- Professional Judgment
- Cost of Attendance

# FAFSA Simplification

- Fewer untaxed income items factored into FM formula
  - Child support received now reported with assets
- Change to who is reported as parent in cases of divorce/separation
- No asset questions for:
  - Those eligible for maximum Pell
  - Means-tested benefits recipients
  - AGI < $60K and no lettered tax schedules
  - AGI < $60K and only Schedule C, provided Schedule C gain/loss < $10K

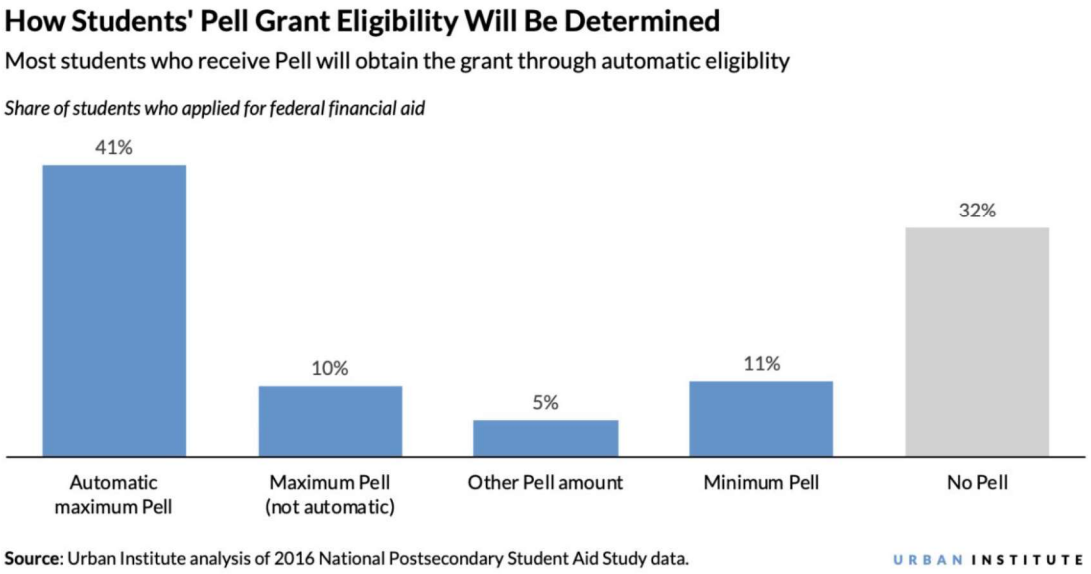
# Need Analysis & Pell Grant Eligibility

- Expected Family Contribution (EFC) will become the Student Aid Index (SAI)
- SAI can be as low as -$1,500
- SAI determines eligibility for all Title IV aid except maximum and minimum Pell grant awards.
  - Student is considered for max Pell first
    - Based on # of parents in household and AGI vs. poverty
  - If no qualification for maximum Pell:
    - [Maximum Pell amount - SAI = Pell amount]
      - still rounded to nearest $5
      - still subject to statutory minimum
  - If no max Pell and no Pell award from the SAI calculation, student is considered for minimum Pell
    - Based on # of parents in household and AGI vs. poverty

# Maximum Pell Grant Eligibility

- **Non-Filers**
  - Independent student (and spouse, if applicable) tax non-filers
  - Dependent children of nonfiling parent(s)
- **Children of certain deceased veterans and public safety officers**
  - Students under age 33 whose parent died serving in the armed forces after Sept. 11, 2001
  - Students under age 33 whose parent died in the line of duty as a public safety officer
    - Have to be otherwise eligible for Pell
- **Low income students:**
  - Independent students who are single parents and whose student AGI is below 225% of the poverty level
  - Dependent children of a single parent whose parent AGI is below 225% of the poverty level
  - Independent students who are not single parents whose student AGI is below 175% of the poverty level
  - Dependent students with parents who are not single parents whose parent AGI is below 175% of the poverty level

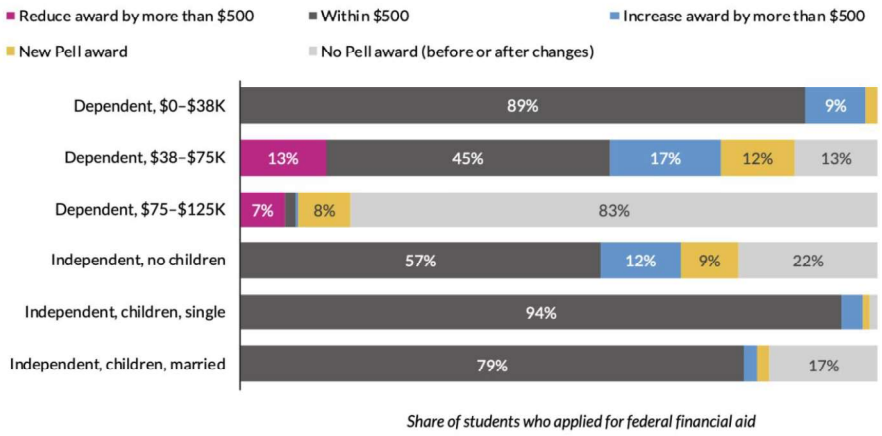
# How Will the New Pell Grant Formula Affect Students?



# How Will the New Pell Grant Formula Affect Students?

**Projected Changes to Pell Distribution**

Implementing new maximum and minimum Pell rules and sibling adjustment




*Share of students who applied for federal financial aid*

**Source**: Urban Institute analysis of 2016 National Postsecondary Student Aid Study data.

URBAN INSTITUTE

# Higher Ed Provisions

| Drug Convictions & Selective Service | Subsidized Usage Limit Applies (SULA) | Pell for Incarcerated Students |
|---|---|---|
| • Eliminates the suspension of federal student aid eligibility for applicants with drug-related convictions<br>• Removes Selective Service registration eligibility requirement<br>• Questions on drug convictions and Selective Service eligibility would be removed from the FAFSA. | • Repeals the SULA requirement, which currently bars students from receiving subsidized Direct Loans for more than 150% of the published length of their program. | • Restores Pell Grant eligibility for incarcerated individuals who are currently prohibited from accessing Pell Grants<br>• Proprietary institutions would not be eligible to award or receive Pell Grants on behalf of incarcerated students |

ED will repeal the SULA requirement for any borrower who receives a Direct Loan first disbursed on or after July 1, 2021.

ED has also instituted early implementation for the removal of the drug conviction and Selective Service eligibility criteria for the current 2021-22 award year.

*(The questions will remain on the FAFSA until the 2023-24 FAFSA but will not cause packaging issues.)*

# NASFAA's SAI Modeling Tool

- This tool allows institutions to model how the recent changes to the FM EFC formula — which has been renamed the Student Aid Index (SAI) and is expected to be fully implemented for the 2024-25 award year — will impact student need and institutional financial aid budgets
- The model will also estimate the student's Pell Grant award under the provisions of the FAFSA Simplification Act.

Available to NASFAA members: https://www.nasfaa.org/sai_modeling_tool

# Progress on FAFSA Simplification: Future Act

- In December 2019, Congress passed and President Trump signed into law the FUTURE Act, which contained text from the FAFSA Act previously supported by NASFAA.
- The bill allows for direct cross-agency data sharing between IRS and ED, and will:
  - Transfer all items currently brought over from the DRT and applicants' filing status.
  - Allow students currently unable to use the DRT, including both non-tax-filers and tax filers of all filing statuses, to experience a simpler FAFSA process.
  - Address verification burden
  - Permit sharing of taxpayer information between ED and IRS for the purpose of determining eligibility for income-driven repayment plans.

# Federal Budget & Funding

# Final Fiscal Year 2021 Appropriations

- $73.5 billion in discretionary funding appropriated for the Department of Education
  - $785 million increase over FY2020
- $150 increase to the maximum Pell Grant award
  - New maximum for 2021-22 award year is $6,495
- $25 million increase for campus-based aid programs
  - FWS - $1.19 billion ($10 million increase)
  - FSEOG - $880 million ($15 million increase)

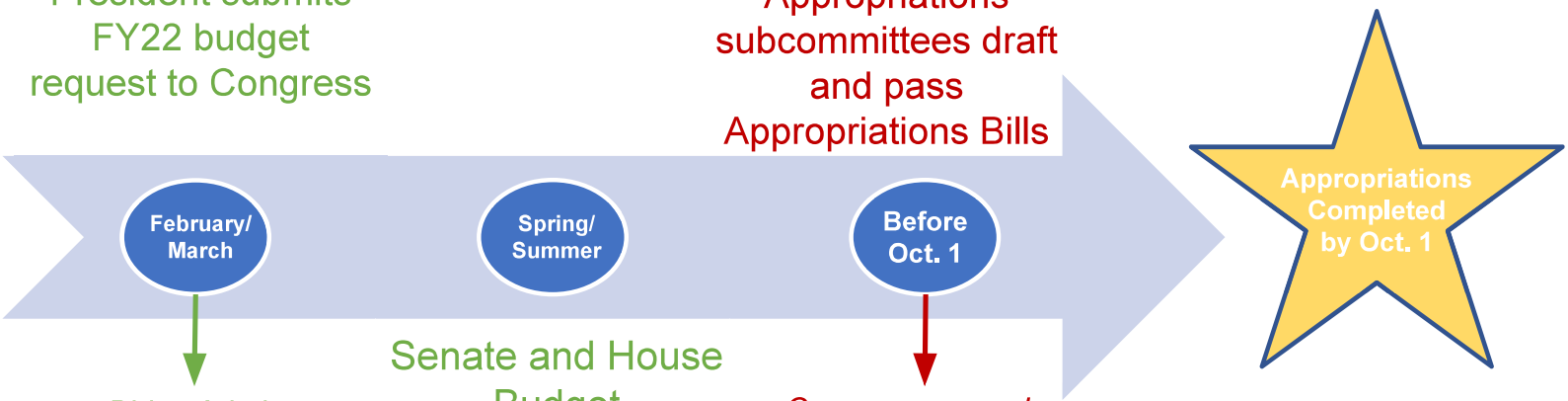
# Biden Administration's FY 2022 Budget Request

- Requests $102.8 billion for ED, a 41% ($29.8 billion) increase over FY21 enacted level.
- Boosts maximum Pell grant for AY 22-23 to $8,370
  - $1875 increase over AY 21-22, including $400 increase in discretionary funding and $1,475 increase proposed in the American Families Plan.
  - Extends Pell eligibility to DACA recipients
  - Total increase represents a "significant first step" to deliver on the president's goal to double the grant.
- Maintains FY21 funding levels for campus-based aid programs.
  - Federal Work-Study - $1.19 billion
  - Federal Supplemental Educational Opportunity Grant (FSEOG) - $880 million
- Does not include a proposal to cancel student debt.
- Reiterates free community college proposal and MSI/HBCU investment included in American Families Plan.

# What's Next: FY2022

President submits FY22 budget request to Congress

Senate/House Appropriations subcommittees draft and pass Appropriations Bills




*Biden Admin released its full budget request on 5/28*

Senate and House Budget Committees develop Budget Resolutions

*Congress passed a Continuing Resolution to extend government funding through February 18*

President Signs Appropriations bills into law before Oct. 1

# The Department of Education

# Secretary Cardona

Cardona's Higher Education Priorities

- Rebuilding of America's schools post pandemic
- Education Funding
  - Higher Education
    - Expansion of Pell Grants
    - Federal loan forgiveness
    - Investment in HBCUs, HSIs, and tribal colleges
    - Investment in community colleges

# Under Secretary of Education James Kvaal

- Confirmed by Senate in September after a lengthy delay.
- Formerly served as president of The Institute for College Access & Success (TICAS) and Deputy Domestic Policy Advisory in Obama Administration.
- As ED's top postsecondary education official, the Under Secretary:
  - Is responsible for executing the Biden Administration's higher education and student aid agenda.
  - Coordinates policies, programs, and activities related to postsecondary education, CTE/adult education, and federal student aid.

# FSA Chief Operating Officer Richard Cordray

- Was the first director of the Consumer Financial Protection Bureau
- Served as Ohio attorney general prior to the CFPB
- Has track record of cracking down on consumer abuses related to:
  - Debt collection
  - Loan servicing
  - For-profit institutions

# FSA Updates

## Federal Loan Borrowing Servicing Updates

- FSA originally planned to overhaul the current loan servicing process by moving to two servicers; referred to as NextGen
  - This program is currently cancelled due to the new administration's ideas on how servicing should look; signing of the CAA caused funding issues
- Three servicers, PHEAA, Granite State and Navient have decided to end their contracts with ED
  - Navient has extended their contact for 2 years and then will be transferring its Federal loan portfolio to a company called AidAdvantage
  - PHEAA has signed a one-year contract extension ahead of its original expiration date on Dec. 14, 2021: The contract will now end in December 2022
  - Together those three servicers hold nearly 16 million borrower accounts which will need to be transferred to remaining servicers
- MOHELA will be the new specialty loan servicer (PSLF, etc) replacing PHEAA
- ED has extended the remaining federal student loan servicer contracts for an additional two-year period

# Public Service Loan Forgiveness Overhaul

- ED formally unveiled details as to how the agency plans to rework the PSLF program

ED will:

- Temporarily offer “a limited PSLF waiver” to give borrowers credit for prior payments they made that would not otherwise count toward PSLF
  - Any prior payments made while working for a qualifying employer will count as a qualifying payment, regardless of loan type or repayment plan.
- Simplify payment qualifications
- Reduce barriers for military service members enrolled in the program
- Review denied PSLF applications and correct processing errors
- Regulatory changes for PSLF are anticipated to come through the ongoing negotiated rulemaking process in tandem with these plans

# Verification Relief

- ED announced, effective July 13, 2021 and for the remainder of the 2021-22 FAFSA processing and verification cycle, that they are waiving verification requirements for most FAFSA information
- Verification still needs to be completed for tracking groups V4 and V5
  - Identity/statement of educational purpose and high school completion status
- Institutions may apply the waiver to any applicant selected for verification for whom verification is not yet completed
  - Institutions still must review all documents for conflicting information concerning a student's eligibility
- ED has released the 2022-23 verification items and acceptable documentation which did not include the current waiver.
  - ED has said through a DCL that they "continue to consider additional flexibilities to the verification process for the 2022-2023 award year to help institutions and applicants deal with the ongoing challenges resulting from the COVID–19 pandemic."

# Annual Student Loan Acknowledgement

- Student and parent acknowledgement of how much they owe in federal loans prior to their first loan disbursement for an award year
- ED announced that it would not require borrowers to complete the Annual Student Loan Acknowledgement (ASLA) for award year 22-23 in addition to the current 21-22 award year.
- ED cited the need to reduce administrative burden during current COVID-19 disruptions as the reason for the delay.
  - Second delay of requirement; was supposed to get into effect for the 21-22 award year
- The ASLA will still be available on studentaid.gov for voluntary completion

# Negotiated Rulemaking

- Following public hearings in June 2021, ED published a solicitation for nominations for non-federal negotiators for negotiated rulemaking committees in Fall 2021.
- Sessions One, Two and Three focused on *Affordability and Student Loans* and tackled:
  - Total and Permanent Disability
  - Closed School Discharge
  - Eliminate Interest Capitalization
  - Improving Public Student Loan Forgiveness
  - Borrower Defense
  - Income Driven Repayment
- Negotiations concerning the 90/10 Rule, Gainful Employment, Administrative Capability and other issues began in January, 2022.
- Pell Grant eligibility for prison education programs was discussed in a subcommittee that took place in mid-October.

*Anything negotiated during these sessions cannot be effective until at least July 2023 per master calendar rules.*

# COVID-19

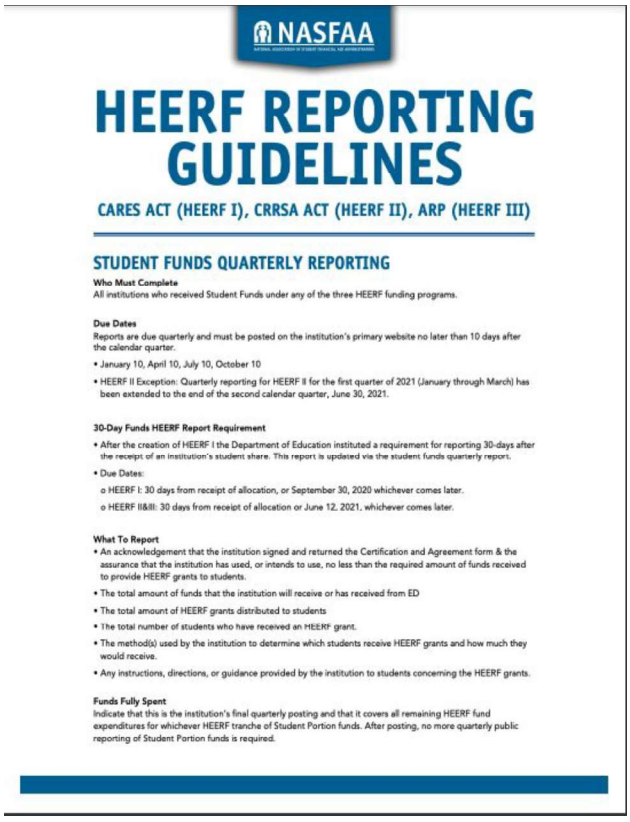
# Higher Education Emergency Relief Funds

- Three funding tranches were created since the beginning of the pandemic
  - CARES Act, CRRSA, ARP
  - As of the creation of the ARP funding (HEERF III) all leftover HEERF I & II funds fall under HEERF III rules until spending deadline

- HEERF III Guidelines:
- 50% of funds must be used on grants to students
- Allows eligibility for all students regardless of Title IV status
- Refugees, asylum seekers, Deferred Action for Childhood Arrival (DACA) recipients, other DREAMers, and similar undocumented students qualify for HEERF student grants
- May not include funds on aid offers
- Direct outreach requirement for possible PJ eligibility cannot be a “passive notification”
- Institutions have one year from the date their most recent grant obligation was processed by ED to spend all of their HEERF funds

# HEERF Reporting

- HEERF III & II grantees must adhere to the two quarterly reporting requirements originally implemented for HEERF I funding
- The 2021 annual reporting window for all HEERF funds will begin on April 11, 2022 and end on May 6, 2022.
  - Covers activities funded between January 1 through Dec. 31, 2021.



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HEERF REPORTING GUIDELINES

CARES ACT (HEERF I), CRRSA ACT (HEERF II), ARP (HEERF III)

STUDENT FUNDS QUARTERLY REPORTING

**Who Must Complete**
All institutions who received Student Funds under any of the three HEERF funding programs.

**Due Dates**
Reports are due quarterly and must be posted on the institution's primary website no later than 10 days after the calendar quarter.

- January 10, April 10, July 10, October 10
- HEERF II Exception: Quarterly reporting for HEERF II for the first quarter of 2021 (January through March) has been extended to the end of the second calendar quarter, June 30, 2021.

**30-Day Funds HEERF Report Requirement**

- After the creation of HEERF I the Department of Education instituted a requirement for reporting 30-days after the receipt of an institution's student share. This report is updated via the student funds quarterly report.
- Due Dates:
  - HEERF I: 30 days from receipt of allocation, or September 30, 2020 whichever comes later.
  - HEERF II&III: 30 days from receipt of allocation or June 12, 2021, whichever comes later.

**What To Report**

- An acknowledgement that the institution signed and returned the Certification and Agreement form & the assurance that the institution has used, or intends to use, no less than the required amount of funds received to provide HEERF grants to students.
- The total amount of funds that the institution will receive or has received from ED
- The total amount of HEERF grants distributed to students
- The total number of students who have received an HEERF grant.
- The method(s) used by the institution to determine which students receive HEERF grants and how much they would receive.
- Any instructions, directions, or guidance provided by the institution to students concerning the HEERF grants.

**Funds Fully Spent**
Indicate that this is the institution's final quarterly posting and that it covers all remaining HEERF fund expenditures for whichever HEERF tranche of Student Portion funds. After posting, no more quarterly public reporting of Student Portion funds is required.

# HEERF Comparison

## Higher Education Emergency Relief Funds Comparison Chart
### March 2021

Any updates to this chart made after the initial publication on March 15, 2021 will appear in red text.

| Item | HEERF I Funds<br>The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) | HEERF II Funds<br>The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) | HEERF III Funds<br>The American Rescue Plan (ARP) |
|---|---|---|---|
| Total HEERF Funding Amount | $14 billion | $23 billion | $40 billion |
| Required Student Spending | • 50% of an institution's allotment must go to emergency financial aid grants to students | • Requires institutions to spend the same dollar amount on student grants as they were required to spend under the CARES Act<br>• For-profits must use 100% of their allotment on student grants | • At least 50% of an institution's total allotment must go to student grants<br>• For-profits must use 100% of their allotment on student grants |
| Allocation Formula | • 75% on the enrollment of full-time equivalent (FTE) Pell Grant recipients<br>• 25% on enrollment of FTE non-Pell Grant recipients<br>• Students who were enrolled exclusively in online, distance education courses prior to the COVID-19 emergency were excluded from this calculation | • 37.5% on FTE enrollment of Pell Grant recipients who were not enrolled exclusively in distance education courses prior to the qualifying emergency<br>• 37.5% on headcount enrollment of Pell recipients who were not enrolled exclusively in distance education courses prior to the qualifying emergency<br>• 11.5% on FTE enrollment of non-Pell recipients who were not enrolled exclusively in distance education courses prior to the qualifying emergency<br>• 11.5% on headcount enrollment of non-Pell recipients who were not enrolled exclusively in distance education courses prior to the qualifying emergency<br>• 1% based on FTE enrollment of Pell recipients who were exclusively enrolled in distance education course prior to the qualifying emergency<br>• 1% based on headcount of Pell recipients who were exclusively enrolled in distance education courses prior to the qualifying emergency | • 37.5% on FTE enrollment of Pell Grant recipients who were not enrolled exclusively in distance education courses prior to the qualifying emergency<br>• 37.5% on headcount enrollment of Pell recipients who were not enrolled exclusively in distance education courses prior to the qualifying emergency<br>• 11.5% on FTE enrollment of non-Pell recipients who were not enrolled exclusively in distance education courses prior to the qualifying emergency<br>• 11.5% on headcount enrollment of non-Pell recipients who were not enrolled exclusively in distance education courses prior to the qualifying emergency<br>• 1% based on FTE enrollment of Pell recipients who were exclusively enrolled in distance education course prior to the qualifying emergency<br>• 1% based on headcount of Pell recipients who were exclusively enrolled in distance education courses prior to the qualifying emergency |

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# HEERF Supplemental Support under the American Rescue Plan Program (SSARP)

- $198 million grant program for public and private nonprofit institutions with the greatest unmet needs related to the coronavirus, including:
  - Institutions with large populations of graduate students (>90%)
  - Institutions that did not otherwise receive a HEERF allocation under the ARP for various reasons
  - Community colleges and rural institutions with >50% Pell-eligible students and >4.5% enrollment decline
- Five absolute priority categories of eligible institutions
- Application deadline: April 4, 2022
- Funds are expected to be awarded in late Spring 2022
- For more information, see February 3, 2022 *Federal Register*

# Borrower Relief

- On December 22nd, ED announced that the repayment pause would again be extended through May 1, 2022 as the pandemic continues to persist
  - This includes the federal student loan administrative forbearance period, the pause in interest accrual, and the suspension of collections activity
- ED announced that they would waive income documentation requirements for student loan borrowers with total and permanent disability (TPD) conditional discharges.
- ED also announced that they will halt collections and interest accumulation for privately-held FFEL borrowers who are currently in default

# COVID Related Updates

- ED issued a Federal Register notice on December 11 extending the end dates of COVID-19-related waivers and modifications through the end of the payment period that begins **after the date** the COVID-19 national emergency is rescinded
- ED published a DCL in late January 2021 reminding FAAs about their authority to perform PJ adjustments

# NASFAA Update

# NASFAA State Advocacy Toolkit

NASFAA developed the State Advocacy Toolkit to provide resources and materials to support state-level advocacy for regions, states, institutions, and individuals interested in becoming more engaged in state-level student aid policy.

# Advocacy Opportunities

## VOLUNTEER

Advocacy Pipeline

Policy Task Forces

Get Students Involved!

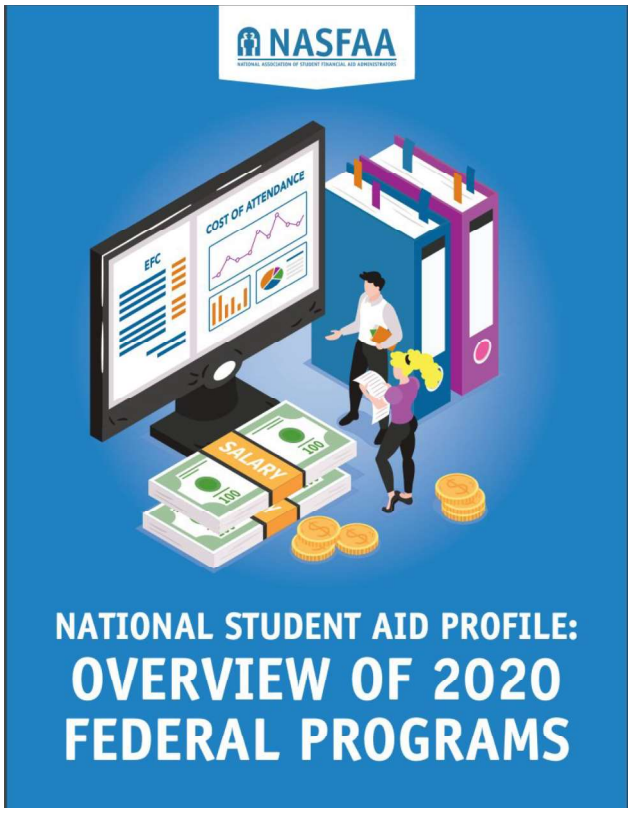
Read NASFAA's Today's News and Policy and Advocacy pages on nasfaa.org

## STAY INFORMED!

## INTERACT WITH CONGRESS

Share your advocacy efforts with NASFAA so we can support and assist you

Every two years in Congress means new states in the mix!

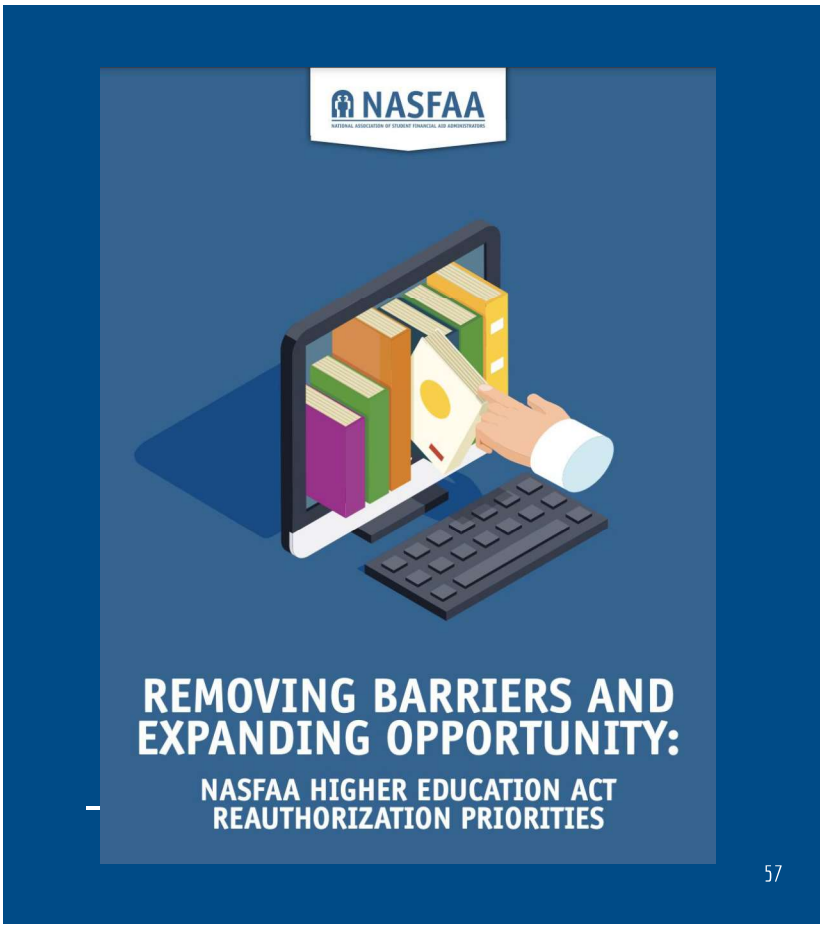



# National Student Aid Profile

## Overview of 2020 Federal Programs

# NASFAA's HEA Priorities

In September 2021, NASFAA published its updated recommendations for HEA reauthorization, including an overview of NASFAA's top HEA priorities and a complete list of our HEA reauthorization positions.



# NASFAA National Conference Registration is OPEN!

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# Professional Judgement

- Prohibits institutions from maintaining a policy of denying all professional judgment requests
- Allows FAAs to offer a dependent student an unsubsidized loan without requiring the parents to fill out the FAFSA if the student does not qualify for, or does not choose to have a professional judgment review
  - FAA would have to determine that the parent(s) of the student ended support or would not fill out the form
- Allows FAAS during a qualifying emergency to use PJ to zero out income earned from work if the applicant can provide paper or electronic documentation of receipt of unemployment, or can provide proof that an application for unemployment benefits was submitted

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# Provisional Independent Status

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- Allows otherwise dependent students to complete the FAFSA as a “provisional” independent student if they believe they may qualify for independent student status due to unusual situations and would likely meet the criteria for a dependency override
- The student would receive an estimate of their federal Pell Grant award and other information based on an independent status after completing the FAFSA
- FAAs would be required to notify these students of the institution's process, requirements, and timeline for an adjustment to be completed under a PJ review

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# Cost of Attendance

- Gives ED the authority to regulate all COA components except tuition and fees
- Requires the COA food allowance for on-campus plans or off-campus meals to provide the equivalent of at least three meals per day
- Requires the inclusion of the one-time cost of obtaining the student's first professional licensure
- Institutions will be required to make publicly available a list of all the elements of the COA
  - Must also disclose those figures on any portion of the website describing tuition and fees