VASFAA Midyear Government Relations Report – Federal

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• **House**
  Democrat 234 – Republican 199 (3 undecided / net change 39)

• **Senate**
  Republican* 53 – Democrat 47 (net change 3)
  *2 Independents caucus with Democrats

• **Governors**
  Republican 27 – Democratic 23 (net change 6)

**Notes**

- Democrats showed major gains in district elections, while state-wide elections resulted in a midterm split decision – only the 5th time since 1950
- Moderates in both parties suffer losses
- 2018 House winners will be difficult to defeat in 2020
- 2020 Presidential election campaigns start
Voter Priorities from 2018 Exit Polls

- Healthcare availability/affordability
- Immigration reform
- Economic growth
- Resolution of trade disagreements
- Strengthening infrastructure

Notes: While higher education access and affordability were campaign issues, they did not reach priority status in exit polls.
Bipartisan Faster Access to Federal Student Aid (FAFSA) Act, introduced in the Senate in November 2018

- Allows for direct cross-agency sharing between IRS and ED
  - All items currently brought over from the DRT
  - The applicant’s filing status
- Addresses burden associated with verification, including verification of non-filing
- Permits ED, with applicant’s consent, to share tax return information related to the application, award, and administration of aid with allowable entities (institutions of higher education, state grant agencies, etc.)
- Permits sharing of taxpayer information between ED and IRS related to IDR and TPD
- Reduce/eliminate Federal Student Aid overpayments
• Ability to pass—but not block—legislation
• Oversight hearings compete with legislative matters
• Compromise for common good
• Senate continues judicial confirmations
• Budget/Appropriations continue as primary legislative vehicles
• Increase of “Message” bills
• 2018 Midterms: Democrats gain control of the House, Republicans maintain control of the Senate

• Incoming committee leadership in the House:
  • Committee on Education and the Workforce
    • Chair: Representative Bobby Scott (D-VA)
    • Ranking Member: Representative Virginia Foxx (R-NC)
  • Committee on Appropriations
    • Chair: Representative Nita Lowey (D-NY)

• Democratic House majority will likely mean increased oversight of ED
• Feasibility of a bipartisan HEA reauthorization remains unclear
• Anticipated education committee oversight hearings
  • Gainful Employment
  • Borrower Defense
  • Improving Campus Safety/Title IX
• Aim Higher Act – foundation for House HEA deliberations
• Substantially increases federal investment in student aid
  • Pell Grant—Increases maximum award by $500; permanently indexes to inflation; increases mandatory funding share to 60%
  • Maintains all current programs, increases funding for many of them
• Includes positive attempts to streamline
  • FAFSA simplification, elimination of origination fees, streamlines repayment options
• Maintains and strengthens accountability standards for certain institutions
  • Maintains gainful employment provision
  • Changes 90/10 rule to 85/15
• Senate Health Committee on Health Education Labor Pensions
  • Chair: Senator Lamar Alexander (R-TN) – term limited
  • Ranking Member: Senator Patty Murray (D-WA)
• Committee Higher Education Legislative Priorities
• Higher Education Act
  • Simplification and streamlining process and programs
  • Affordability and student debt
  • Accountability and transparency
  • Access and success
  • Protecting student safety and rights
• Anticipated Committee Oversight Hearings
  • None at this time
• Empowerment of all federal agencies to advance administrative priorities
• Sub-regulatory guidance increases
• Set foundation for 2020 presidential election
• Agency leadership begin to depart in early 2019
• Topics for rulemaking sessions planned for early 2019:
  • Accreditation
  • State authorization
  • Definition of credit hour
  • Teach-outs
  • Barriers to innovation, competition, or completion, graduation, or employment
  • Direct assessment/Competency-based education
  • TEACH Grant
  • Faith-based entities
States
• Take lead on public policy development
• States become more important in national elections

Advocacy Groups
• All types of advocacy groups gain primary role as motivators of political bases
• There is never too much to spend on campaigns

Notes
• For third consecutive election cycle, healthcare turns out electorate
• Both party “middles” continue to erode; single-party rule proves ineffective
• Increased influence of interest groups and social media
- Increased risks resulting from differing regulations between states and the federal government
- Moody’s Analytics and Fitch Ratings issued negative outlook for the higher education sector
- Potential for differing regulatory frameworks
- Courts could become arbitrator in policy/regulatory disputes
- State policymakers gain prominence
- NASFAA, regional, and state financial aid associations become more important to help navigate uncertainties
• Continued Congressional Gridlock
• Increased ED Sub-Regulatory Guidance
• Greater School Accountability
Questions?