

April 27, 2017

TRUMP ADMINISTRATION RELEASES BUDGET OUTLINE

In March, the Trump Administration outlined spending priorities. There are no details on many of the changes proposed. The overall cuts to Labor, Education, Health and Human Services, and other agencies are intended to offset the large increases in funding to Defense, Homeland Security, and Veterans Affairs.

The Department of Education is targeted for a 14% cut (\$9.2 billion). For higher education, the Administration provided a few details:

- \$1.4 billion increase for public and private school choice programs.
- Federal work-study would be “significantly reduced.”
- The proposed budget includes nearly \$200 million in cuts for federal programs that help disadvantaged students make it into and through college. Those include an umbrella of eight outreach programs, called TRIO, that support the progress of low-income, first-generation, and disabled students, starting in middle school.
- The Federal Supplemental Educational Opportunity Grant, which is reserved for college students with the greatest need for financial aid, would be eliminated.
- No cut to Pell Grants, however the budget proposal would eliminate \$3.9 billion in carryover Pell funding. The Pell Grant program runs a surplus of more than \$10 billion due to a change in the eligibility requirements for students. President Trump’s proposal would reallocate the surplus to other parts of the government.

Overall, this budget is a request to Congress, subject to the input and votes of its members. However, it is an indication of the priorities of the Trump Administration.

IRS DATA RETRIEVAL TOOL TAKEN OFFLINE

In March, the federal Data Retrieval Tool was abruptly taken offline out of “security and fraud concerns”. The tool helps students complete FAFSA and apply for income driven repayment more easily by allowing students to import federal tax information into online applications. The loss of this tool means that completing these applications will be significantly more complicated for students, and more work for financial aid offices. The Department of Education is estimating the tool will not be available until next fall. In April, the Chancellor’s Office signed on to an AACC letter requesting the department find both interim and permanent solutions to minimize the impact of the loss of this tool to students. Since then the department has announced that institutions may accept a signed paper copy of a student's 2015 IRS tax return as official documentation. In addition, institutions will not be required to collect proof that an applicant or their spouse or parents did not file a 2015 tax return.

The new rules take effect immediately and apply to the years 2016 and 2017.



EDUCATION SECRETARY BETSY DEVOS CHANGES OBAMA-ERA STUDENT LOAN GUIDANCE

Last month, Secretary DeVos rescinded three memos that were issued under former- secretaries King and Mitchell governing student loan servicers. The memos outlined the types of activities and student protections that loan services must abide by in order to contract with the department to provide services. The memos were in response to evidence from the Consumer Financial Protection Bureau and others, that students were being provided incomplete, conflicting, and sometimes inaccurate information regarding their rights and options. There are concerns that some important student protections are no longer in place to guide eligible contractors.

HOUSE COMMITTEE ON EDUCATION AND WORKFORCE TO CONVENE HEARING ON ACCREDITATION

On April 27, the committee will convene a hearing to discuss ways to strengthen accountability in higher education by improving the accreditation system. This hearing provides an opportunity to discuss reforms that will help ensure the accreditation system focuses on a quality learning experience for students and allows for creating innovative programs that will improve efficiency.

BILLS OF INTEREST

S. 806 (Sanders, I-Vermont) College for All Act of 2017

S. 806 would make public universities free for families with incomes below \$125,000 per year and public community college free for everyone. It also includes provisions to reduce student debt by allowing loans to be re-financed at the lowest possible level. Under this bill, the federal government would cover 67% of the cost to eliminate tuition and fees while the states would be held accountable for the remaining 33%. States would also have to agree to requirements such as, employing full time faculty, maintaining spending on academic instruction, and on need-based financial aid. The estimated legislation cost of \$600 billion would be paid for by a separate bill to tax Wall Street speculation. According to proponents, imposing a Wall Street speculation tax of 0.5 % on stock trades, a 0.1 % fee on bonds and a 0.005% fee on derivatives, would raise at least \$600 billion over the next decade. While the chances of this becoming law are extremely low, its introduction has re-ignited the conversation, at the federal level, over the costs of higher education.

H.R. 496 (Coffman, D-Idaho) and S 218 (Graham, R-South Carolina) BRIDGE ACT

H.R. 496 and S 218 offer legal protection for undocumented immigrants brought into the country as children, to address the potential changes if President Obama's executive order is rescinded. These bills provide 3 years of "provisional protected status" to DACA recipients and allow undocumented immigrants who are DACA-eligible to apply for the temporary protected status if they pay a fee and undergo a background check.

H.R. 245 (Cook R-California) Veterans' Education Equity Act

H.R. 245 changes the way the Department of Veteran's Affairs calculates the basic allowance for housing (BAH) stipend provided by the Post-9/11 GI Bill. Currently, the amount is based on the zip code where the department certified the college. This is not always the same zip code that a student attends classes in; creating a discrepancy between what a student needs to pay for housing and what



they receive in their housing stipend. HR 245 changes the calculation to use the zip code where a student attends classes. Rep. Mark Takano (D-California) is a co-sponsor.

H.R. 813 (Linda Sanchez D-California) All-Year ACCESS Act

H.R. 813 amends title IV (Student Assistance) of the Higher Education Act of 1965 to increase the number of Pell Grants an eligible student may receive in a single award year from one to two (i.e., it restores year-round Pell Grants). A student's total amount of Pell Grants must not exceed 150% of the maximum Pell Grant for that award year. In addition, any period during which a student receives an additional Pell Grant counts toward that student's lifetime Pell Grant eligibility period.