nassgap

Yearend Washington DC Update

Federal Fiscal Year (FFY) 2016 and 2017 Budgets

The Bipartisan Budget Agreement of 2015 (BBA) sets overall funding levels for the 2016 and 2017 FFYs and raises the debt ceiling through March 15, 2017. The recently passed FFY16 Omnibus Appropriations Act (OAA) sets the stage for an increase in the maximum Pell grant amount to $5915 for the 2016-17 Academic Year (AY), an increase from $5775 in the current year. If your agency is also a FFELP guaranty agency, the OAA has good news (restores account maintenance fee, increases reinsurance to 100%); if you're also a Not-For-Profit FDLP servicer, the OAA potentially gives you better chance for more loan servicing volume. The OAA provides for level funding for the SEOG and College Work-Study Programs.

Additionally, the Perkins loan program was extended for two years, but the grandfathering provision was eliminated; students must now also exhaust their eligibility for Stafford loans prior to an award of a Perkins loan. The bottom line seems to be that ED will not be recalling the revolving fund (yet) and Perkins loans should be available for the 2016-17 AY for all students and in 2017-18 for undergraduate students. Effectively, this extension gives Congress time to consider the fate of the Perkins loan program as part of a comprehensive reauthorization of the Higher Education Act (HEA).

Finally, the American Opportunity Tax Credit was made permanent.

FAFSA Updates

For the 2016-17 Academic Year (AY), the changes are relatively minor, with institutions no longer receiving the list of schools the student provided on the FAFSA. If an institution asks that you share a student's FAFSA school list and/or the order in which a school was listed, you should decline that request. At our fall conference, ED indicated a Dear Colleague Letter on that matter was imminent, but it has yet to be released.

While state grant agencies will still get the school list in the student's order for the 2016-17 AY, ED has announced that state grant agencies will not receive that information in future years. NASSGAP is vigorously opposing this move; we will keep you updated on any new developments here. If your state uses the school list order, you may want to consider raising concerns about this issue to the Department of Education, your Governor's office and/or your Congressional delegation sooner rather than later. As you know, there are big changes coming for the 2017-18 AY FAFSA cycle, and state grant agencies will have their hands full implementing and monitoring lots of changes.

These changes include implementation of Prior-Prior Year (PPY) data on the FAFSA and opening the FAFSA application cycle for the 2017-18 AY cycle on October 1, 2016, three months earlier than usual. While the implementation of PPY will be somewhat transparent for states that simply accept the federal Expected Family Contribution calculation, states may need to update their verification processes. The early start to the FAFSA application process, however, and how that may affect state budget forecasts and/or allocation of aid in 'first-come, first-served' states, will present more significant challenges for many states.

Reauthorization

With passage of the Every Student Succeeds Act – effectively the reauthorization of the K-12 equivalent of the HEA, the decks are cleared for the authorizing committees to begin/continue drafting, marking up and enacting HEA reauthorization legislation. While the committees have made progress on reauthorization, it is not clear that Congress will find time to debate and pass comprehensive legislation in 2016.