nassgap

Spring Washington DC Update

Financial Aid for the 2016-17 Academic Year

While the FFY16 Omnibus Appropriations Act (OAA) set the stage for an increase in the maximum Pell grant amount to $5915 for the 2016-17 Academic Year (AY), low inflation (primarily due to lower gas prices) once again limited the increase to $5815 from $5775 in the current year. The OAA also provides for level funding for the SEOG and College Work-Study Programs. The Stafford and PLUS loan interest rates for the 2016-17 AY will be determined in May; throughout the winter, rates on 10 Year Treasury notes, on which the Stafford and PLUS rates are based, have been flirting with the lows of 2013 that set Stafford rates below 4%.

The Perkins loan program will be around for 2016-17; students must now also exhaust their eligibility for Stafford loans prior to an award of a Perkins loan.

FAFSA Updates

For the 2016-17 Academic Year (AY), the changes are relatively minor, except that students and parents will now be required to obtain a FSA ID to complete the e-FAFSA process with an e-signature. Last year, it was possible to complete the process prior to the FSA ID implementation. Many NASSGAP members are noting a decline in the number of ISIR's they've received for the current AY and multiple theories are circulating as to what is causing the drop off. Please share your thoughts on the NASSGAP listserve - and more importantly, share any solutions you've implemented to ensure all eligible students are completing the FAFSA – and state grant aid - process.

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; you can find correspondence on this issue on the NASSGAP website. 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.

NASSGAP leadership is participating on many task forces charged with implementing the transition to early FAFSA and PPY as smoothly and seamlessly as possible. Other participating organizations include NCAN, NASFAA, NACAC, AACRAO, the College Board and other organizations focused on pathways from high school to postsecondary education, as well as ED’s Office of Federal Student Aid (FSA). As part of the transition, FSA is preparing communications plans for helping train or educate guidance counselors, students, parents, college access groups and other organizations regarding the new timeline and the benefits of taking advantage of early filing.

One nuance on PPY that some members may not be aware of: if there is a change in marital status between December 31, 2015 and the date the 2017-18 FAFSA is filed, the PPY income data must be updated to reflect that change. For example, if the parents of a student filed taxes jointly in 2015 and divorced in summer 2016, only the custodial parent’s income is relevant for FAFSA purposes, so the filing parent could not use the IRS Data Retrieval tool. Similarly, if a formerly single parent got married, the new spouse’s 2015 income would need to be reflected on the FAFSA.

<u>Reauthorization</u>
Members of Congress continue to introduce bills to address various issues in the Higher Education Act, including FAFSA simplification, student loan refinancing, enhanced loan counseling, accreditation, reducing regulatory burden and ‘risk-sharing’ or accountability on student loans. None of these bills are likely to pass, however, unless there is sufficient bi-partisan support to attach the language to ‘must pass’ legislation – and there are very few such pieces of legislation pending in 2016. 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.

<u>Looking Ahead!</u>
Now that most of the nation is longing for warmer weather and spring, it’s not too early to start planning to attend NASSGAP’s Annual Fall Conference, where we will be celebrating our 50th Anniversary as an organization. The conference will be held October 18th through 21st in Fort Lauderdale, Florida. With the early FAFSA cycle under way, it should stimulate a great discussion of successes and lessons learned.