



WASFAA

Western Association of Student Financial Aid Administrators

The Western Association of Student Financial Aid Administrators (WASFAA) represents financial aid professionals in the states of Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, Washington and the Pacific Islands. As a professional association committed to the effective delivery of federal student aid to needy and eligible students, we are requesting your consideration of the following student financial aid issues that were included in the House PROSPER Higher Education Act (HEA).

“One Grant” to be the Pell Grant

- We support simplification, but we would hope the bill’s plan to eliminate all other federal grant programs will result in a savings that can be added to the Pell Grant program. Funds can be used to provide the proposed “Super Pell” for students that enroll in 15 or more credits per semester.
- We would like to see congressional support for indexing the maximum Pell Grant to inflation to prevent further eroding of the purchasing power of this cornerstone program of the Title IV aid.

Improvements to the FAFSA

- Recent changes to the use of prior-prior year (PPY) and the IRS Data Retrieval Tool (DRT) have made it easier for students and families to provide accurate information. Positive results should be able to continue by codifying the use of PPY. The IRS DRT would become more useful if additional data could be included, and by adding the ability to verify non-filing status.
- Streamlining is appreciated, from increasing the maximum adjusted gross income for Simplified Needs Test and removing the requirement that financial aid offices verify registration with the Selective Service. The FAFSA process could be simplified further by eliminating the questions and the link between drug convictions and financial aid eligibility.

“One Loan” to be the new Federal ONE Loan program

- We applaud the elimination of the long-term tax on student loans by the proposed cutting of origination fees. Still, we do feel interest subsidies should be retained for low-income students rather than eliminated altogether.
- As a default prevention tool, financial aid administrators have advocated for the ability to set different loan limits for certain categories of students, including part-time enrollment status. We are happy to see that this authority is proposed in the PROSPER Act.
- The higher annual and aggregate loan limits for the ONE loan program are welcomed to address the increased cost of education and the gap created by the end of the Perkins loan program. But even with the higher limits for certain health profession programs, these levels will not be sufficient for our neediest students in high cost programs. The Graduate PLUS loan with cost of attendance limits should be maintained for these programs.

- Though the “aid like a paycheck” idea of monthly or weekly disbursements sounds good, we would like this to be an option rather than a mandatory requirement. The method has worked for a few schools but would not make sense for many types of programs.

Changes to the Federal Work-Study (FWS) program

- We support refocusing this program on work-based learning and the elimination of the community service requirement. The elimination of the 25-percent cap on private sector employment will be welcomed by many institutions.
- We do not support restricting participation to undergraduate students only. Graduate students gain direct career experience through participation in FWS, and have virtually no other non-loan resources available to offset their educational costs.
- With the proposed increase of the institutional match from 25% to 50%, some institutions may be unable to shift resources quickly enough. This is especially true because of the short five-year phase-in period and the redirection to Pell-eligible schools and doubling of funding for FWS. WASFAA recommends maintaining the present match of 25%. If that is not possible, we recommend an extended 10-year phase-in of the increased institutional match.

Continue the Public Service Loan Forgiveness (PSLF) program

- We are discouraged that the PROSPER Act calls for the elimination of PSLF, though we appreciate that provisions have been made to allow borrowers already in PSLF to continue.
- WASFAA believes PSLF should continue to be available to borrowers to encourage work in the public sector, but understands that revisions to PSLF may be necessary for future borrowers.
- PSLF data should be reviewed and discussions made to improve and strengthen this program. Suggestions would be to provide a reasonable cap or limit on the forgiveness amount or targeting a borrower population.

“Skin in the game” through Return of Title IV Funds (R2T4)

- Conversation about reauthorization of the HEA has called for increasing the accountability of institutions utilizing the Federal financial aid programs. The PROSPER Act proposes a change to the complicated and burdensome R2T4 process, but we feel it is not the right solution.

The underlying assumption of using R2T4 as an accountability measure is that students withdraw from college during a term of enrollment due to factors the institution can control. This assumption is flawed; students who withdraw from all classes during a term of enrollment do so overwhelmingly due to circumstances beyond their control, such as severe health issues, family crises, and financial difficulties. R2T4 is the wrong approach to institutional accountability, and will instead harm institutions committed to open access for high-risk students who are more likely to withdraw, and by extension, the very students in need of help.

Instead of the present formula of earned aid based on number of days before 60% of the term has been completed, the proposed system would include the entire period and have students earn amounts through completed quarters. No aid would be earned until 25% of the enrolled period has passed and only 100% would be earned if the student completed the entire enrollment period. This system has the problem of “just missed by one” day affect that would change greatly the amount not earned and would be very punitive to the student.

- We do not support the proposed change to return funds from grant aid before loan aid, as this is not in students' best interest.
- Another big change would be that the school, not the student, would be required to return to ED the amount of grant or loan funds that was not earned. The proposed R2T4 policy would have a negative impact on both students and institutions, and could discourage schools from taking chances on risky populations.

Cohort Default Rate (CDR) to Loan Repayment Rate

- The CDR has been used for 20 years as a measure of an institution's effectiveness, but the PROSPER Act proposes to a new measure: a Loan Repayment Rate that would measure if students are making progress in repaying their loans instead of whether they have defaulted. We feel that a change this great should be tested and studied first to determine how different types of institutions will be affected and whether a loan repayment rate would indeed be a better measurement of institutional effectiveness for continued eligibility.

Summary

Though there are some good ideas in the PROSPER Act, there are many proposals that could have unintended consequences and need to be thought out before making changes to the HEA. We are here to work with the members of Congress to help forge the way to a reauthorized HEA that will improve the federal financial aid system.

For question or additional information, contact:

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