

**SPECIAL  
POINTS OF  
INTEREST:**

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- Proposed Federal Ratings
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- FSA PIN Changes
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# NJASFAA Government

## Relations Newsletter

FALL 2014

### Election May Impact Higher Education

by Gedalya Green, Beth Medrash Govoah of America

Unless you have been living under a rock, by now you know that the Republicans scored major victories in the mid-term elections. They increased their majority in the House and gained control of the Senate.

This shift in the balance of power will likely have an impact on higher education especially with the reauthorization of the Higher Education Act looming. So let's see what our crystal ball says.

Senator Lamar Alexander is now the presumptive chair of the Senate Health, Education, Labor and Pensions Committee. He has been quoted as saying, "my principal goal in Higher Edu-

cation is to deregulate it". Based on legislation that he has already



U.S. Senator Lamar Alexander

drafted we know a few things.

1. He would like to simplify the FAFSA. Remember, he has proposed asking only two questions, family size and income.

2. He would like to reduce the number of Student Aid programs by consolidating all grant programs and by consolidating all loan programs.

3. He would also like to limit loan repayment choices to two options, standard or some form of income based option.

4. He would also allow colleges to set lower borrowing limits for some students.

With the Republicans in control of Congress there will be more calls for "fiscal responsibility".

SEE **ELECTION**, PAGE 2



by Jennifer Ann Short, Ph.D., Director of Institutional Relations and Policy Analysis; Association of Independent Colleges and Universities in New Jersey (AICUNJ)

This Halloween, as well as last, something more frightening than ghosts and goblins has colleges and universities shaking in their boots. The proposed federal college ratings could po-

### Proposed Federal Ratings Continue to Scare Colleges this Halloween

tentially affect all institutions—public, private, nonprofit, for-profit, two-year, four-year, etc.—and campuses view this as more trick than treat.

President Obama first presented his plan to rate (not rank) institutions of higher education on August 22, 2013. The U.S. Department of Education was tasked with creating a Post-

secondary Institution Ratings System (PIRS) that would be tied to student financial aid.

SEE **RATINGS**, PAGE 3



## Election

(cont. from pg. 1)

The more austere budgeting conditions are not likely to bode well for funding. As Justin Draeger, the president of NASFAA, has said, “that advocates for student aid may find themselves in the position of having to stave off reductions or fight for at least flat funding”.

The Republicans are also likely to work on preventing some key components of President Obama’s vision for Higher Education. The Department of Education has been working on a college

rating system and has said that in the future it would like to link federal funding for student aid to it. Tying the rating system to federal funding would require Congressional approval. This approval was questionable with Democrats in charge but now it has an even smaller chance of occurring. There are Republicans who are questioning the Department of Education’s power to even make a rating system. A Republican controlled Congress is also going to oppose the administration’s attempts

to rein in the for-profit sector. Does this mean the end of “gainful employment”?

Of course President Obama said several times during a news conference that he is ready to work with Republicans to find common ground. §



## Federal Perkins Loan Program Extended to 2015

by Christine L. Willse, Rowan University



The Department of Education has extended the current Federal Perkins Loan program one year, to September 30, 2015, under section 422(a) of the General Education Provisions Act (GEPA). The extension is a result of Congress failing to extend or repeal the authorization of the program by September 30, 2014.

The future of the Perkins Loan program is in question. One proposal for the future of this program, according to the Department of Education’s *Student Loans Overview, Fiscal Year 2014 Budget Proposal*, is for the loan to be administered by the Department of Education in the same manner as the

William D. Ford Direct Loan program. The loan will be unsubsidized, and the interest rate will be determined by the same method as the Direct Unsubsidized Loan interest rate calculation: the current “prevailing 10-year Treasury Note plus an add-on of 293 basis points.” The interest subsidy will go away under the new program, to “increase loan availability” to students who otherwise would have not been considered for the loan because of the limited fund availability at individual institutions, according to the Budget Proposal. The Department of Education has requested \$9 million to support the new program.

The current Perkins Loan Program hasn’t received new funding in several years. Institutions have been recycling repaid funds to subsidize the program. The current annual maximum loan amounts

schools can offer are \$5,500 for undergraduate, and \$8,000 for graduate students. Maximum lifetime aggregate amounts are \$27,500 and \$60,000 respectively. In the Education Department’s proposal, the aggregate amounts may increase, and institutions will still have the flexibility to determine award amounts and student eligibility.

While there is still much uncertainty about the 15-16 awarding cycle, institutions may continue to award the Perkins Loan under the current program until September 15, 2015. §

References:

DCL GEN-11-02. <http://ifap.ed.gov/dpccletters/attachments/GEN1102.pdf>

<https://ifap.ed.gov/eannouncements/attachments/PerkinsLoanLiquidationProceduresApril2013.pdf>

Department of Education, *Student Loans Overview, Fiscal Year 2014 Budget Proposal*. <http://www2.ed.gov/about/overview/budget/budget14/justifications/s-loansoverview.pdf>

“The future of the Perkins Loan Program is in question.”

## Ratings

(cont. from pg. 1)

**“selecting an appropriate college has a lot to do with “fit”, which cannot quantitatively be measured.”**

During public listening sessions last fall, critics of the proposal spoke out immediately and vocally, expressing their concern that a “one-size-fits-all” rating system would not be appropriate for judging diverse colleges with diverse missions. While all of our institutions are passionate about college access and affordability, we fear that an inflexible federal rating system could do more harm than good.

Last winter, ED held the first of several symposia during which researchers were invited to Washington, DC, to discuss potential met-

rics that could be used to rate colleges. New Jersey’s own Robert Kelchen, Ph.D., Assistant Professor of Higher Education at Seton Hall University, was asked to present on these panels. During the course of his research on PIRS, Dr. Kelchen discovered that President Obama was not the first to devise a federal rating system; the federal “Bureau of Education” conducted a similar study in 1911.<sup>1</sup>

This past summer, legislators from both parties expressed their concerns about PIRS, echoing the statements made by many college officials. They worried about the ramifications of potentially rating colleges based on graduates’ incomes. Moreover, they

acknowledged that selecting an appropriate college has a lot to do with “fit,” which cannot quantitatively be measured.

These bipartisan concerns have slowed the progress of the ratings system; however, it could still be released as early as this winter. While we share the President’s passion for college access and affordability, we hope that these ratings incorporate metrics that take into account institutional diversity, our unique missions, and the needs of the diverse students whom we serve. §

References:

<sup>1</sup> <https://ia700504.us.archive.org/0/items/classificationof01unit/classificationof01unit.pdf>

## FSA Id to Replace Federal Student Aid Pin

by Lucy Candal-Fernandez, Montclair State University

On October 1<sup>st</sup>, The Department of Education announced that as of spring 2015 students, parents and borrowers will have a new method to access information to websites such as

FAFSA on the Web, NSLDS, StudentLoans.gov, StudentAid.gov and The TEACH Grant website. An FSA ID comprised of a self-selected username and password will replace the Student Aid Pin. The new login method will provide a single-sign on process for most systems and eliminate the need

to enter personal identifiers such as, name, Social Security number and date of birth.

Look for additional updates and information regarding the transition on the Information for Financial Aid Professional (IFAP) website. §

## NJ Legislative Sessions

by Drew Aromando, Rider University

The NJ Legislature currently has 178 higher education bills somewhere in the 11 step process that moves a bill from an idea to a law in New Jersey. Of the 178 bills, 105 are with the Assembly Higher Education Committee and 73 with the Senate Higher Education Committee. There are just under 70 bills that may impact institutional cost or financial aid. Some bills are further along in the process

while others may have been reintroduced year after year and do not progress any further along.

Although many of the bills may have little or no impact on financial aid directly, there are some you may be familiar with that have made the news recently. This includes Assemblyman Joseph Cryan’s bill that prohibits four-year public and independent institutions of higher education from increasing NJ resident

undergraduate tuition and fees for nine continuous semesters following a student’s initial enrollment.

NJASFAA’s Government Relations Committee and other organizations in NJ are keeping a close eye on bills sponsored by members of the budget and higher education committees, but we want to know the impact these bills may have at your institution.

Our mission is to serve our NJASFAA membership and work with our state organizations and NJ Legislators toward a clear understanding of the full impact each proposed bill would have across all sectors of higher education in New Jersey. §

# NJASFAA Government Relations Wants To Hear From You

The Government Relations committee is eager to hear your concerns, questions and comments!

Do you have any questions or comments about State or Federal rules? Do you have concerns about regulations that you would like your Association to address? Are there areas where you'd like to see us play more, or less, of a role? Are there any ideas you would like to share with us?

NJASFAA is made up of volunteers who want to serve you, our membership. So we would benefit from hearing more about the areas of concern you have.

At this year's Fall conference, November 12-14, 2014 at the Tropicana in Atlantic City, we will be handing out a questionnaire during Thursday's lunch and we'd like to ask for your feedback. Please let our committee know some areas you'd like to see us address. While we can't guarantee we can address all concerns, learning more from our membership could help us serve you better.

Please do not hesitate to contact a member of NJASFAA's Government Relations committee with questions, concerns or comments.

Also, did you know that NJASFAA has a Blog site? Stay connected and connect with other members through NJASFAA 411!

## NJASFAA 411

### Information Central & Blog

<http://njasfaa.org/bl>



**New Jersey Association of Student Financial Aid Administrators, Inc.**

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### **Federal & State Resources**

#### **NJ Legislature**

<http://www.njleg.state.nj.us/>

#### **U.S. Congress**

<https://www.congress.gov/>

#### **US House of Representatives**

<http://www.house.gov/>

#### **U.S. Senate**

<http://www.senate.gov/>

#### **Education & the Workforce Committee**

<http://edworkforce.house.gov/>