Changing Attitudes on Higher Education

• College cost and value
• Student debt burden
• Public or private good?
• Consumer protection
• Decreased state support
• Growth of for-profit higher education
Among the outlets beefing up education reporting are Politico, The Atlantic, BuzzFeed, and NPR.

NPR announced in December that it would expand its education coverage starting this spring. The multiplatform reporting work is being funded with a portion of a $17-million grant package from sponsors including the Wallace Foundation and the Bill & Melinda Gates Foundation.
Long-Term Budget Outlook

- Annual deficits persist
- Votes to lift the debt ceiling return
- Sequestration not gone for good

The Budget and Economic Outlook: 2015 to 2025, CBO, January 26, 2015
Politics & Gridlock

US Senate Seats Up for Re-Election

2016
- Republican: 10
- Democratic: 23

2018
- Republican: 23
- Independent: 2
- Democratic: 8
“By 2020, America will once again have the highest proportion of college graduates in the world... So tonight I ask every American to commit to at least one year or more of higher education or career training... every American will need to get more than a high school diploma.”

President Barack Obama
Address to Joint Session of Congress
February 24, 2009
Progress to Date

Source: The Chronicle of Higher Education, “6 Years in and 6 to Go, Only Modest Progress on Obama’s College-Completion Goal, “1/20/2015
Where should federal programs be targeted? How will we pay for them?
America’s College Promise

*To make two years of community college "as free and universal as high school"*

- Federal funding to cover 3/4 of average cost, provided states make certain commitments
- States expected to contribute 1/4 of the funds necessary to eliminate tuition for eligible students
- Students:
  - Must attend at least half-time, maintain a 2.5 GPA, and make steady progress toward completing their program
  - With an AGI of $200,000+ would not be eligible
Additional White House Proposals

• Increase maximum Pell Grant from $5,775 to $5,915 for 2016-17
  – Without providing specifics, also proposes, “strengthening academic progress requirements” in the Pell program

• Level fund SEOG and FWS

• Simplify FAFSA by eliminating 30 questions

• Increase the budget of Office for Civil Rights by 31%
  – To deal with more federal investigations of colleges accused of mishandling sexual assault cases
Perkins Loan Program

• Obama Administration has *proposed* overhaul

• Schools can continue disbursing loans to certain students on or after October 1, 2015
  – If first loan disbursement for 2015-16 award year was made prior to deadline, remaining disbursements allowed
  – New loans may be made for up to five years to enable those who received loans for award years that *ended* before October 1, 2015, to continue courses of study

• HEA extension would include Perkins, unless specifically excluded
HEA Reauthorization on the Horizon?

- Current authorization expires Sept. 30, 2015
- House and Senate leaders have made ESEA reauthorization a priority
- New party leadership in Senate
  - HELP Committee Chair Lamar Alexander (R-TN)
- Senate White Papers
- “CASA II”
Task Force on Federal Regulation of Higher Education

- Commissioned by Sen. Alexander
  - With Mikulski (D-MD), Burr (R-NC), and Bennet (D-CO)
- February 12: Report published
- February 24: Senate hearing
- Makes the case that regulations are:
  - Increasingly burdensome
  - Costly and complex
- Offers guidance, recommendations
College Ratings Plan

Access

Outcomes

Affordability
Possible Indicators

Access
- % of students receiving Pell
- EFC gap
- Family income quintiles
- First gen status

Affordability
- Average net price
- Net price by quintile

Outcomes
- Completion rates
- Transfer rates
- Labor market success
- Graduate school attendance
- Loan performance
Many Outstanding Questions

Consumer Information
- College Affordability and Transparency Center
- Financial Aid Shopping Sheet
- College Scorecard
- College Navigator

Accountability
- Federal Government
- States
- Accrediting Agencies

We mean business in higher education
Student Aid Bill of Rights

Presidential Memorandum

• State of the art complaint and feedback system

• Helping borrowers repay their loans and avoid default

• Fair treatment for struggling and distressed borrowers

Source: 11Alive, Gannett
Student Aid Bill of Rights

• Helping borrowers repay their loans
  – Enhanced disclosures to borrowers from federal loan servicers
  – Best practices in performance-based funding
  – Recommendations for changes needed
    • Borrower defense re “acts and omissions” by IHEs
    • Stronger servicing standards
    • Flexible repayment opportunities
    • Bankruptcy laws
Student Aid Bill of Rights

- Fair treatment for struggling and distressed borrowers
  - Raising standards for student loan debt collectors
  - Clarity on the rights of borrowers in bankruptcy (undue hardship factors)
  - Protect SSDI benefits
  - Pilot program to have Treasury Dept collect on defaulted federal loans
ED Rulemakings

• Expanding “Pay as You Earn” repayment plan
  – Negotiations underway
  – NPRM this summer; final rules by Nov 1
  – May include low-participation rate CDR appeals, warm transfer for rehabilitated loans

• Gainful employment rules take effect July 1

• PLUS loan adverse credit standards take effect March 29
Program Integrity & Improvement

- Cash management
- State authorization
  - Distance education
  - Foreign campuses/locations*
- Retaking coursework*
- Clock hour conversions*
- Adverse credit history for PLUS Loans ✓

*Tentative agreement reached at neg reg
State Authorization

ED’s draft as of May 2014 would:

• Require distance education programs to be authorized by state to provide Title IV aid if
  – 50% or more of a program is offered through distance education
  – Headcount enrollment > 30

• Require states to use active process
  – not based solely on accreditation, history, etc

• Require program to meet state certification or licensure requirements for graduates

• Allow for reciprocity agreements

We mean business in higher education
Cash Management

ED’s last draft would:

• Require insured bank account for Title IV funds
• Define sponsored account broadly
• For credit balance refunds, must
  – Present options in a fact-based, neutral manner
  – Offer student’s preexisting account as first option
  – Disclose features and fees for sponsored accounts
  – Ensure even-handed timing of deposits
  – Offer check or cash option
Cash Management

• Sponsored accounts
  – Cannot send a card to student in advance
  – Must belong to surcharge free ATM network
  – No cost to student for
    • Opening account
    • Maintaining account
    • Using in-network ATMs
    • Two out-of-network ATMs a month
  – All fees must be reasonable, commonly assessed
  – Best interest of students must be foremost
  – Contracts must be conspicuously disclosed
Safe Student Account Scorecard

• CFPB draft template for RFPs involving student banking
  – Fees
  – Communications
  – Transparency
  – Data
• Comments are due March 30
Not Again....
IRS Form 1098-T

• Fines for missing or incorrect TINs
  – IRS waived all 2011 fines
  – 2012 proposed fine notices began arriving in August

• NACUBO is asking IRS to
  – Provide a blanket waiver for 2012 fines
  – Revise the 1098-T filing process
  – Revise the §6050S regulations
IRS Form 1098-T

NACUBO Advisory Reports

• 2013-1, Responding to Penalty Notices for Missing or Incorrect TINS
• 2013-2, Recommendations for Completing Form 1098-T
• 2014-1, Collecting TINs for 1098-T Reporting
Box 1 versus Box 2

<table>
<thead>
<tr>
<th>FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number</th>
</tr>
</thead>
<tbody>
<tr>
<td>STUDENT'S social security number</td>
</tr>
<tr>
<td>STUDENT'S name</td>
</tr>
<tr>
<td>Street address (including apt. no.)</td>
</tr>
<tr>
<td>City or town, state or province, country, and ZIP or foreign postal code</td>
</tr>
<tr>
<td>Service Provider/Acct. No. (see instr.)</td>
</tr>
<tr>
<td>8 Check if at least half-time student</td>
</tr>
<tr>
<td>9 Checked if a graduate student</td>
</tr>
<tr>
<td>10 Ins. contract reimb./refund</td>
</tr>
<tr>
<td>Copy B For Student</td>
</tr>
<tr>
<td>Tuition Statement</td>
</tr>
<tr>
<td>Form 1098-T</td>
</tr>
<tr>
<td>(keep for your records)</td>
</tr>
<tr>
<td><a href="http://www.irs.gov/form1098t">www.irs.gov/form1098t</a></td>
</tr>
<tr>
<td>Department of the Treasury - Internal Revenue Service</td>
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</tbody>
</table>
Why Is Mandating Box 1 Reporting Unhelpful?

Unlike other information returns, such as the Form 1098 Mortgage Interest Statement, the 1098-T does not provide information that can be directly inserted onto a taxpayer’s return.

1. Amount reported in Box 1 will not necessarily match amounts the taxpayer actually paid for QTRE.

2. Reporting “amounts paid” (Box 1 on the form) will not better equip taxpayers to complete IRS Form 8863.

3. Unlikely to prove more useful to taxpayers.

4. Unlikely to be useful to IRS enforcement efforts.
NACUBO’s Alternative

Report on 1098-T

- Total paid (qualified + nonqualified)
- Amount billed for qualified expenses
- Grants and scholarships
• Education Incentives
• Charitable Contributions
• Tax Favored Bonds
• Tax-Exempt Entities
  – Employee Benefits, UBIT, Penalties, Excise Taxes
Recently Released

Advisory Report 2015-1
Best Practices for Financial Responsibility Agreements with Students

2014 SFS Benchmarking Report

SFS Policies and Procedures Report
2015 SFS Benchmarking

• Survey is open now and is scheduled to close April 29th.

• Link was emailed to designated contacts, or primary rep (usually CFO).

• Preview survey at http://www.nacubo.org/Research/NACUBO_Student_Financial_Services_Benchmarking_Study.html
Bursar-I is moving...
... to NACUBO
Any Questions?

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