



2013 Annual Legislative & Regulatory Report

2013 started off with sequestration and the never ending debt ceiling problem. In February, Congress had passed a temporary extension of the debt ceiling till Mid May, so the government could continue to borrow and pay their bills. Sequestration also went into effect in January 2013, with little notice or fanfare from both sides of the aisle.

Congress

In March, 2013 Congress passed a Continuing Resolution (CR) for remainder of FY2013. Like other agencies, the Department of Education was funded at FY2013 levels then cut as required under sequestration. With this CR, Perkins remained the same: no cancellation funding. As long as Congress and the President's office continue to just pass Continuing resolutions, it is very difficult to increase program funding.

In October, 2013 the Government had a shutdown due to the dispute between the Republican controlled House and the Democratic controlled Senate. About 3,983 employees were furloughed during that time, however the Department of Ed was able to continue running the Pell Grant, Perkins and Direct Loan Program. The Government was shut down for approximately 2 weeks, before Congress passed a Continuing resolution (CR) that kept programs running under Fiscal Year 2013 levels through January 15, 2014.

Budget & Appropriations

In April 2013, the President released his fiscal budget for 2014. Again, the President called for the elimination of the Perkins Loan Program, by replacing with an Unsubsidized Direct Loan. However, the plan calls for the Perkins Loan to remain in effect until it sunsets in September, 2015.

Funding for Perkins remains to be challenging. Without any cancellation funding, the schools loan fund is depleting and therefore less loans can be awarded to our higher need students.



Stafford Interest Rate

After much debate between the House and Senate, in July the Stafford Interest was finalized. The bill sets interest rates every academic year (July 1 through June 30) using the May auction of the 10 year treasury notes, as the index with various spreads for undergraduate and graduate students for Stafford and PLUS loans. The rates reset every July, but will fix during the academic year.

Higher Education Act Reauthorization

The process of reauthorizing HEA has been underway all year in the House. Staff has been running a series of hearings on various topics. It continues to be unclear as to when the actual process will get started.

On August 2, COHEAO submitted a new proposal in response to the House Committee's bi-partisan request for proposals, CAMPUS FLEX. COHEAO conducted Hill visits during the annual conference, promoting this new proposal and will continue to work hard in the upcoming months about promoting this new proposal.

The Perkins Task Force Committee will continue to be on top HEA, as to when the Reauthorization will begin.

Negotiated Rulemaking

Final regulations from last year's negotiated rule making finally went into effect on November 1, 2014. Maria Livolsi, COHEAO President and Bob Perrin, Past President for COHEAO participated in these negotiations. Most notably, final regulations in the NPRM included; cancellations that related to the Family Medical Leave Act (FMLA) in regards to the Perkins Loan Program.

In November, Department of Education was seeking Nominations for Negotiated Rulemaking on Debt Cards, PLUS Loans, State Authorization and other topics. Negotiating began in February, 2014, and COHEAO will have updates at these Negotiations progress.

Respectfully Submitted by: Jan Hnilica