

What's Up in Washington

Presented by:

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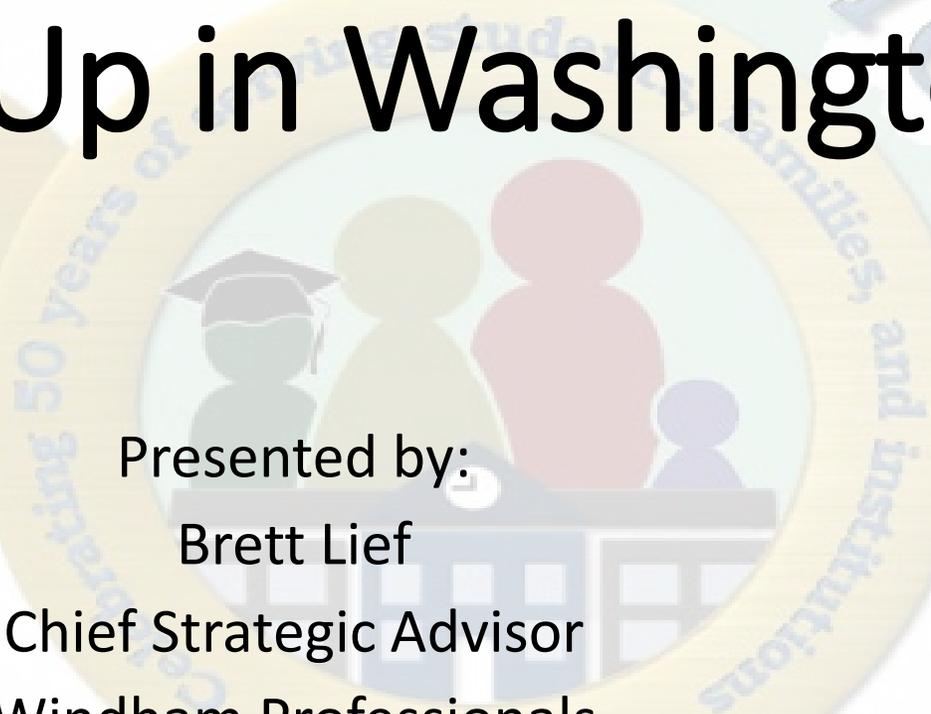
Chief Strategic Advisor

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Overview

- 2018 Premise
- A Look at the Higher Education Bills
- 2017 Through the Rearview Mirror
- 2018 Visibility
- 2019: The Year of Change? Or Will It Be 2020?
- A View for Cautious Optimism

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2018 Premise

Over the past few years higher education has and will continue to face change as first principles of **Access and Affordability** get crowded out by **Accountability and Austerity**.

This creates opportunities as colleges and universities will **need to shift strained resources** to meet new and enhanced responsibilities, thus outsourcing of some required administrative functions will gain in practice.



A Look at the Higher Education Bills



A Look at the House Higher Education Bill

Higher Education Act Changes to Accountability and Accreditation

| | CURRENT LAW | PROSPER ACT |
|---------------------------------|---|--|
| Loan repayment standards | ▶ To be eligible for Title IV funds, schools must keep their Cohort Default Rate below 40 percent in the most recent year, and below 30 percent in at least one of the last three years. | ▶ To be eligible for Title IV funds, schools must keep their Programmatic Loan Repayment Rate above 45 percent in at least one of the last three years. |
| | ▶ Default rates are calculated across the entire institution, and any sanctions apply to the entire institution. | ▶ Default rates are calculated across individual programs, and any sanctions apply to the specific underperforming programs. |
| | ▶ Sanctions for underperformance last three years. | ▶ Sanctions for underperformance last three years. |
| Gainful employment | <ul style="list-style-type: none"> ▶ For-profit and non-degree-granting institutions must prepare students for “gainful employment” in a recognized occupation. ▶ Obama administration regulations define “gainful employment” based on the earnings and debt loads of graduates. | ▶ The requirement is eliminated. |
| 90/10 rule | ▶ For-profit institutions cannot receive more than 90 percent of their revenue from federal financial aid sources. | ▶ The requirement is eliminated. |
| Credit hours | ▶ Obama administration regulations defined a “credit hour” for the purpose of determining full- and part-time enrollment. | ▶ The requirement is eliminated. The Education Department shall not create any further regulations relating to credit hours. |

A Look at the House Higher Education Bill

State authorization

▶ Schools with distance learning programs must receive authorization from each state in which their students reside.

▶ Schools with distance learning programs only need authorization from states in which they have physical facilities.

Accreditation

▶ Schools must be accredited by a non-governmental agency recognized by the Department of Education.

▶ Schools must be accredited by an agency recognized by the Department of Education.

▶ Accrediting agencies must evaluate schools according to ten standards: student achievement, curricula, faculty, facilities, fiscal capacity, student support, recruiting and admissions, program length, student complaints and the institution's record of compliance.

▶ Accrediting agencies only need to assess "student learning and educational outcomes" as defined by the agency or the school.

▶ Agencies must perform regular on-site visits to all accredited schools based on regulatory requirements.

▶ Agencies must develop a way to identify at-risk institutions, using loan default, loan repayment and graduation rates.

▶ Agencies can set different standards based on each institution's risk and perform fewer on-site visits to low-risk schools.

▶ Agencies must make a summary of recent actions publicly available.

▶ Adverse actions must be displayed on the agency's website.

▶ Schools must receive Education Department approval to switch to a different accrediting agency.

▶ Only schools that have recently faced an adverse action need Education Department approval to switch agencies.

▶ Agencies must have at least one public member of their board who represents the business community.

Senate Higher Education Act Principles

Democrats

- Affordability and student debt
- Reducing college costs
- Debt relief
- Simplify student loan repayment
- Accountability and transparency
- Access and success
- Protecting student safety and rights

Republicans

- Accountability requirements for Title IV participation
 - Cohort Default Rates
 - 90-10 Rule
- Return on investment to Taxpayers
- Program of study
- Taxpayer expense to federal student debt/default



2017 Through the Rearview Mirror



2017 Through the Rearview Mirror

Change in Administration and Slow Confirmation Process

- 7 positions confirmed
- Same time comparisons for the previous administrations (Bush: 11, Obama: 13)
- Revision of a number of initiatives adopted over the past 8 years (e.g., gainful employment, borrower defenses, etc.)

Shutdown of a Number of High-Profile and Long-Standing For-Profit Institutions

- National accreditor is reevaluated by ED
- Purdue acquisition of Kaplan seen as transformational

Accountability and Attainment Goals Gain Traction

- Approximately 40 states have codified expectations
- College Scorecard is fully implemented

2017 Through the Rearview Mirror

- States begin to cut-back from prior year funding levels
 - Moody's Analytics changes Higher Education rating outlook from positive to negative
 - "Free College" proposals gain traction at the state level
- Reauthorization of the Higher Education Act deliberations continue
- IRS data tool outage due to security concerns
- ED ends partnership with Consumer Financial Protection Bureau
- Loan Servicing and Collection Solicitations – start and restart
 - Approximately 2 million defaulted borrowers not contacted
- Increase of campus activism
- Enrollments level to slightly down as high school graduating class size and improved employment influence attendance
 - Increase in data breaches
 - Reputational risk – a higher priority



2018 Visibility

2018 Visibility

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Prior Year Unfinished Business

- Senate confirmations
- HEA deliberations
- Rulemaking
- Procurements
- Enrollment levels
- State funding

Institutional Metrics gain Prominence

- Six-year graduation rates for undergraduate students enrolled in the fall of 2009
- Sought Bachelor degrees is 59%
- Student debt levels are more closely watched as interest rates are forecast to rise

Increased College Efficiencies

- Closer collaboration between institutions to reduce academic redundancy
- Admissions practices begin shift to college budgeting toward serving fewer students “better”
- State systems and “like” institutions look toward cooperative purchase agreements
- Enhance academic and administrative efficiencies to meet new federal/state /accreditor requirements

2018 Federal Budget

- \$175 increase in Pell maximum award
- \$140 increase in Work Study
- \$107M increase in FSEOG
- With written consent, schools may share certain FAFSA information
- \$350M to allow borrowers mistakenly in extended or graduated repayment plans to qualify for PSLF

2018 Visibility

Improving the Student Experience

- Increased technology spending
- Move toward “Fed-Ex” model of self-service

Federal and State Governments Look Toward Regulatory Change with Increased Penalties

- Enhance institutional reputation and avoid making headlines
- Heighten efforts to protect data systems
- Support student activism without disruption

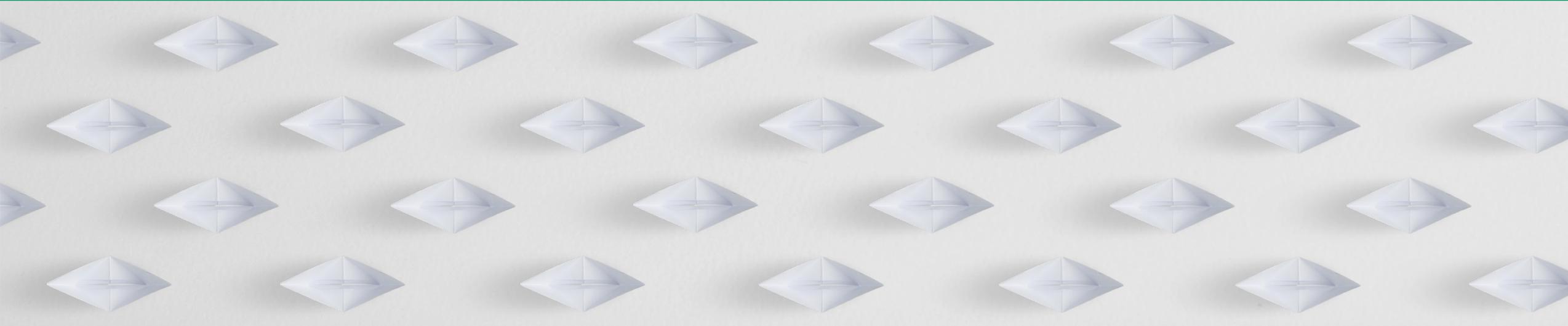
Emergence of New Regulators

- CFPB
- FCC
- FTC

Contributing Factors: *2018 mid-term elections shape federal and state higher education policy, including budget, appropriations, and funding levels.*



2019: The Year of Change?
Or Will It Be 2020?



2019: The Year of Change? Or Will It Be 2020?

- 2018 Hangover
 - Federal budget
 - Enrollment trends
 - State funding levels
 - Reauthorization of the Higher Education Act
 - Continuation of college collaboration model
- Mid-term election results determine policy development and sets-the-stage for the 2020 Presidential campaign
- State of the economy/employment a full year after the 2017 tax reform
- HEA deliberations continue

2019: The Year of Change? Or Will It Be 2020?

- Ability of colleges to collaborate with competing institutions to provide an enhanced student experience
- Adoption and acceptance of a student-based self-service model under (today's) current technology and adoption of (tomorrow's) emerging technology
 - This encompasses the FSA vision and the ability of institutions to secure solutions to enhance the student experience

Will the Purdue acquisition of Kaplan take hold for a generalizable platform of delivering on-campus and on-line course content that meets academic rigor and regulator and accreditor definitions of accountability?



A View for Cautious Optimism

A View for Cautious Optimism

For much of the past decade, probably longer, there has been much conversation about change to higher education as migration from long-held principles of “*access and affordability*” moved in the direction of “*accountability and austerity*”.

- The days of cohort default rates as a primary institutional evaluation criteria have been augmented – a new model is inching along in development. The college sectors will have to reach an agreement or face having a model imposed on them.
- Student success will determine institutional success.
 - Preserving institutional reputation.
- Solution bundling edge into the a la carte offering model.
- Institutions and organizations that are considered “big” will face increased completion from those that are “fast.”

About Windham Professionals

Built from 35 years of forward-thinking customer care and accounts receivable management experience, our student contact center solutions offer a collaborative and comprehensive way to address your student communications and A/R challenges.

We reduce costs, increase efficiencies, and improve the student experience to optimize financial performance across your entire lifecycle.

Questions?

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