To:             AASCU Presidents and Chancellors
From:        Ed Elmendorf, Sr. Vice President of Government Relations
                  Robert Moran, Director of Federal Relations
                  Makese Motley, Assistant Director of Federal Relations
Re:            Sequester, Immigration, Student Financial Products, Federal Legislation
Date:         February 8, 2013

\*\*\* ACTION ADVISORY \*\*\*

**Sequestration**

**AASCU is encouraging all presidents and chancellors to determine the funding impact that the sequester will have on your institution/system and inform your Members of Congress immediately.**

As AASCU reported in an earlier [advisory](http://congressweb.com/aascu/advisoryView.cfm?id=130811), the process of sequestration – across the board cuts in nearly all federal programs – was delayed to March 1 from January 2.  With the deadline fast approaching, President Obama this past week attempted to put pressure on Congress to resolve the situation once and for all.  The president suggested a combination of spending reductions and tax revenues as a solution.  Republicans on the Hill immediately rejected any discussion of tax revenue to resolve a spending issue.  While the rhetoric may be heating up, AASCU staff remain confident that the March 1 date will come with no solution.

Institution leaders should assess (if you have not already) the amount of federal funding flowing to the campus in order to determine the full impact sequestration will have.  It is being projected that defense funding will be reduced by approximately 8.5% and non-defense funding by approximately 5.3%.  Nearly all federal funding flowing to institutions will be impacted, including funding from the Departments of Defense, Energy, Health and Human Services, NIH, and Agriculture, to name a few, will be reduced.  In addition, federal work study and Supplemental Education Opportunity Grants will be affected for academic year 2013-2014. The Pell Grant is exempt from the sequester.

Should you have any further questions, please feel free to contact AASCU staff.

**Pell Grants**
Last week the Congressional Budget Office (CBO) released its Budget and Economic Outlook for Fiscal Years 2013 to 2023.  A day later, the CBO provided further documentation to the Outlook which included an assessment of the Pell Grant Program and its funding needs in the future.  While long term there is still concern for the need ofadditional dollars for the program; in the short term, the Pell grant program is projected to have enough funds available to sustain current policy through fiscal year 2014, assuming continued appropriations at the current funding level.  These funds would support financial aid for academic year 2014-2015.
**Immigration**
Recently, the President [spoke](http://www.whitehouse.gov/the-press-office/2013/01/29/remarks-president-comprehensive-immigration-reform) about immigration at an event in Las Vega, Nevada.  In addition, bipartisan groups in both the House and Senate are making considerable progress toward introducing legislation in the very near future.  While the Senate appears to be moving more rapidly than the House, AASCU believes that both chambers will be debating measures this spring.  Issues important to AASCU, the DREAM Act and various visa issues, are expected to be included in both versions.  Please be assured that future updates will keep you updated as developments unfold.

**Student Financial Products**
The Consumer Finance Protection Board (CFPB) released this week in the Federal Register a notice calling for information related to how student financial products are offered on campus. In a conference call with CFPB staff, it was noted that this is not an investigation but rather information gathering in order to provide future guidance to students and institutions. The notice issued by the CFPB can be found [here](http://www.consumerfinance.gov/students/whats-the-deal/request-for-information-regarding-financial-products-marketed-to-students-enrolled-in-institutions-of-higher-education/).  You may also be interested in seeing the CFPB’s information [page](http://www.consumerfinance.gov/students/) for prospective college students.

In addition to the CFPB inquiry, the National Association of College and University Business Officers (NACUBO) has issued a best practices document for institutions when making arrangements for student bank cards. The NACUBO release can be found [here](http://www.nacubo.org/Initiatives/Legislation_and_Congressional_Relations/Legislative_Updates/NACUBO_Offers_Debit_Card_Best_Practices.html).

**Federal Legislation**
Finally, the following is a list of legislation that has recently been introduced.  AASCU will keep you apprised of the progress of these measures as warranted:

Student Loan Bankruptcy – Senator Richard Durbin (D-IL) and Representative Steve Cohen (D-TN) have introduced bills that would make it easier for students to discharge student loans in bankruptcy.  This is a provision included in AASCU’s 2013 [Public Policy Agenda](http://www.aascu.org/policy/public-policy/). Here are links to both [Senator Durbin’s](http://www.gpo.gov/fdsys/pkg/BILLS-113s114is/pdf/BILLS-113s114is.pdf) and [Congressman’s Cohen’s](http://thomas.loc.gov/cgi-bin/bdquery/D?d113:3:./temp/%7EbdIRm5::%7C/bss/%7C) legislation, as well as Rep. Cohen’s [press release](http://cohen.house.gov/press-release/cohendavis-introduce-legislation-restore-fairness-student-lending).

Loan certification – Senator Durbin has also introduced the [Know Before You Owe Private Student Loan Act](http://www.gpo.gov/fdsys/pkg/BILLS-113s113is/pdf/BILLS-113s113is.pdf), S.113.  This measure will require that institutions certify the amount a student needs beyond their financial aid in order to receive a private student loan.

Post 9/11 GI Bill - Senator Durbin and Congressman Butterfield this week introduced the Veterans Education Equity Act of 2013.  This bill resolve an inequity in the Post 9/11 GI Bill that burdens Veterans with out of state tuition and fees when attending a public higher education institution.  The Post-9/11 GI-Bill caps the amount of education benefits for veterans enrolled in private colleges at $18,077.50 and limits the education benefit for veterans who attend public colleges to the amount charged for in-state tuition and fees.  For more than 20,000 veterans attending public schools at out-of-state tuition rates, that means paying out-of-pocket the sometimes dramatic difference between in-state tuition and out-of-state although they were promised full funding for their education.

A related [bill](http://www.gpo.gov/fdsys/pkg/BILLS-113hr357ih/pdf/BILLS-113hr357ih.pdf) was introduced by House Veterans Affairs Committee Chairman, Jeff Miller (R-FL), that would deny benefits to a veteran attending a public institution if they aren’t charged in-state tuition rates. In other words, a veteran attending a public institution would only be able to receive their GI Bill benefit if the institution charges them the in-state tuition and fee rate regardless of residency status.  H.R. 357 presents a number of concerns for AASCU institutions and these concerns have been conveyed to Chairman Miller’s staff.