AGENDA ITEM SUMMARY

AGENDA ITEM
Student Loan Program Update
Coordinating Board for Higher Education
June 8, 2017

DESCRIPTION
The purpose of this agenda item is to summarize recent events relating to the MDHE guaranty agency.

Federal Update
On May 5, 2017, President Trump signed the Consolidated Appropriations Act, 2017, which provides federal spending authority through September 2017. Of particular note is language in the budget agreement requiring the U.S. Department of Education to develop a plan to give credit to its loan service contractors for subcontracting with small businesses. For this purpose, the term small business includes state-based nonprofit or government organizations with expertise in assisting student loan borrowers, such as MDHE.

Student Loan Servicer Licensing Requirements
The legislatures of several states have introduced or passed laws requiring entities that service federal or private student loans to be licensed by that state. In some cases, these requirements may extend to Federal Family Education Loan Program guaranty agencies. MDHE is monitoring pending legislation and analyzing existing state laws in order to determine the best way to comply with any applicable licensing requirements.

Default Prevention
On May 12, 2017, MDHE held its sixth annual Default Prevention Day. Participants heard from MDHE staff about the CBHE *Blueprint for Higher Education,* 15 to Finish, the MDHE Default Prevention Grant, and Missouri legislative actions.

Proposals for 2018 MDHE Default Prevention Grants were due May 17, 2017. MDHE received proposals from 36 Missouri postsecondary institutions. MDHE will evaluate the proposals and anticipates announcing grant awards in late June.

STATUTORY REFERENCE
H.R. 244 – Consolidated Appropriations Act, 2017
34 CFR 682.401(e) – Guaranty agency financial literacy and debt management requirements

RECOMMENDED ACTION
This is an information item only.

ATTACHMENT(S)
None