



NACUBO Executive Summary Higher Education Reauthorization: Fall 2019

Last comprehensively reauthorized in 2008, the Higher Education Act of 1965 (HEA) establishes federal student aid programs, provides institutional aid and support, and includes general provisions pertaining to higher education on anti-discrimination, program integrity, and much more. Title IV of the HEA authorizes the programs that provide aid to students (e.g., Pell Grants, student loans, and Federal Work-Study).

In the House of Representatives

On October 31, 2019, the House Committee on Education and Labor passed H.R. 4674, the [College Affordability Act](#) (CAA). The CAA is the proposal put forth by House Democrats for HEA reauthorization. The bill cleared the committee along party lines by a 28-22 vote, but has not yet been scheduled for a vote by the full House of Representatives. CAA proponents state that it aims to lower the cost of college, improve the quality of higher education, and expand opportunities for students from all backgrounds.

CAA: Addressing the Cost of Higher Education

The most significant cost-focused measure in the CAA would establish the America's College Promise program, a federal-state partnership to provide tuition-free community college. Participating states would be required to waive all community college tuition and fees, agree to provide certain student services, and implement pathways between two- and four-year institutions. In return, the federal government would cover 75 percent of the average resident community college tuition and fees, adjusted annually by the lower of the Consumer Price Index or 3 percent. Because America's College Promise would be a "first-dollar" program, Pell Grants and other aid could be used for non-tuition expenses.

The CAA would also address college cost by increasing the maximum Pell Grant award by \$625, index future awards to inflation, and extend the eligibility window to 14 semesters. Additionally, the CAA would permit students to put unspent Pell dollars toward a graduate degree.

The CAA also aims to address college cost through greater financial education and disclosures. Some of these provisions include:

- Minimum standards and clarifications for institutions' net price calculators.
- Schools would be required to disclose to students and prospective students when non-instructional spending increases by more than 5 percent.
- Students would be provided with loan counseling at the start of their education and annually after that, where colleges and universities would disclose the expected amount borrowed and estimated monthly payments.

Changes to the campus-based aid programs include:

- The Perkins Loan Program would be restored, in a modified form.
- The Federal Supplemental Education Opportunity Grant's allocation formula would be based on unmet need and the percentage of low-income students at an institution.
- Federal Work-Study funds would be allocated based on the number of low-income students at an institution and unmet need.



CAA: Simplifying the Financial Aid and Loan Repayment Process

The CAA calls for a reduction in the number of questions on the Free Application for Federal Student Aid (FAFSA) by placing the applicant into one of three pathways based on the complexity of their finances, to make the process simpler for students and families to complete.

Repayment would also be simplified under the CAA. It proposes giving all borrowers two repayment plan options: a fixed plan and one income-based repayment (IBR) plan. The IBR plan would allow borrowers earning less than \$31,225 to repay \$0 per month until their earnings increased. The IBR plan would forgive any remaining debt after 20 years of repayment. Further, Parent PLUS Loans (and consolidated Parent PLUS Loans) would be eligible for the IBR plan.

The Public Service Loan Forgiveness Program (PSLF) would be also be expanded under the CAA to provide forgiveness to some individuals who may have been denied eligibility previously. Borrowers in the wrong repayment plan could count those monthly payments for PSLF once they opt in to the new IBR plan. Individuals who consolidate their loans after enactment of the CAA would be able to count qualifying payments prior to consolidation toward eventual loan forgiveness. Currently, if a borrower consolidates loans, he/she loses credit for qualified payments toward PSLF made prior to the consolidation.

Other student aid provisions include:

- The interest subsidy for federal loans for graduate students would be reinstated.
- TEACH Grant recipients would be protected from inadvertent grant-to-loan conversions.
- Loan origination fees would be eliminated.
- Student loan debt could be refinanced.

CAA: Accountability and Risk-Related Proposals

The CAA includes several accountability proposals, including expanding foreign gift reporting requirements, new reporting requirements related to accreditation, and new IPEDS reporting categories for institutional expenditures.

Risk-related proposals of interest to business officers include the creation of several new mandatory staff positions, an increase to Clery Act violation fines, and mandatory crime reporting requirements for study abroad programs.

The CAA would also establish a repayment metric that would measure the percentage of students paying at least 90 percent of their monthly payments over three years, and implement an additional repayment metric with the creation of an adjusted cohort default rate. Students with a zero balance, including those with a zero-dollar payment under IBR or those in certain types of forbearance and deferment, would be considered paid. Institutions that fail this metric could lose Title IV eligibility.

The CAA additionally proposes to eliminate the current ban on a student unit record system. This would allow ED to collect student-level data and develop a secure system to evaluate postsecondary outcomes including transfers, employment, and earnings.

Other accountability and risk-related measures include:

- Closing the loophole in the current 90-10 rule that governs the allowable percentage of revenue an institution can receive from federal financial aid, including active duty military and veterans' educational benefits, and changing the percentage to 85-15



- Implementation of rules similar to the 2014 gainful employment regulations that were recently rescinded by the current administration which establish a debt to earnings threshold.
- Codify a ban on pre-dispute arbitration.
- Amend the Family Education Rights and Privacy Act (FERPA) to allow for reverse transfer, enabling institutions to award students the degrees they have earned even after those students transfer to another institution.

CAA: Title IX Proposals

The bill would also prohibit the Department of Education from issuing or enforcing the Title IX rules proposed by the Trump administration in November 2018 regarding sexual assault and campus safety. Further, it would prohibit ED from issuing any rule or guidance substantially similar to the administration's 2018 proposed rules.

Additional sections of Title IX of the CAA would direct ED to:

- Add questions on food and housing insecurity to the annual National Postsecondary Student Aid Study.
- Create a Commission on Federal Student Loan Cancellation to examine the economic effect of loan forgiveness.
- Create a study on the feasibility of a single form for borrowers to electronically submit information for TEACH Grants, loan forgiveness, loan cancellation, and PSLF.

CAA: Expanding Opportunity Proposals

The CAA would increase and permanently reauthorize mandatory funding for historically black colleges and universities, tribally controlled colleges and universities, and other minority serving institutions.

The bill would repeal a prohibition banning incarcerated individuals from accessing Pell Grants and would allow for high-quality, short-term programs that partner with local industry to participate in the Pell Grant Program.

Other proposals in the legislation include:

- Investing in programs that advance access for students with disabilities, foster youth, students struggling with homelessness, and student veterans.
- Providing access to affordable on-campus childcare for students with children.
- Strengthening civil rights enforcement to prevent discrimination on campus.

In the Senate

On September 26, 2019, Sen. Lamar Alexander (R-TN), chairman of the Senate Health, Education, Labor, and Pensions Committee, introduced the Student Aid Improvement Act of 2019 ([S. 2557](#)), which addresses several items relating to HEA reauthorization. Alexander's legislation is not as comprehensive as the CAA and primarily focuses on student aid provisions.

Many of the components of Alexander's plan are similar to those included in the CAA: FAFSA simplification, Pell Grants for incarcerated individuals, and an increase to the maximum Pell Grant award—though by only \$20. While both bills call for Pell Grants to be used for high-quality, short-term programs that partner with local industry, his proposal would also allow programs at for-profit institutions to be eligible for Pell.

Alexander's proposal also calls for permanently reauthorizing mandatory funding for historically black colleges and universities, tribally controlled colleges and universities, and other minority serving institutions.



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While Alexander did not include a student unit record system in his legislative package, he did say on the Senate floor that such a system should be considered as the legislation moves forward.

NACUBO's Next Steps

Days before the House Education and Labor Committee passed the CAA, NACUBO and 32 other higher education associations signed a [community letter](#) addressing areas of support and concern, as well as topics that need to be improved or clarified.

NACUBO will continue to monitor HEA reauthorization progress and any additional proposals offered by Members of Congress. Stay informed by visiting www.nacubo.org/advocacy/issues .