

The Reauthorization of the Higher Education Act (HEA)

How will it affect your campus?
How can you help shape the outcome?

February 21, 2018



Timeline

- PROSPER Act introduced in U.S. House of Representatives on December 1, 2017
- PROSPER Act marked up and passed by Committee on Education & the Workforce on December 12, 2017
- Bill awaits action by full House; could be considered at any time
- Senate hearings are underway; staff are working a bipartisan bill which could be introduced by Easter

Agenda

- I. Economic Risks to Institutions
- II. Economic Risks to Students
- III. Accountability and Regulatory Provisions
- IV. Positives
- V. Useful Materials
- VI. Shaping the Outcome

I. Major-by-Major (program) Eligibility

- Proposal to limit federal student aid eligibility *by major*
- Under current law, it is the full institution which would lose Title IV access based on failing loan cohort default rate
- If student loan repayment rate < 45% for three consecutive years, *individual program* becomes ineligible

I. Risk-sharing Via R2T4

- R2T4 will apply for full semester
- Currently, if a student makes it 60% through the semester then the institution can keep all disbursed federal funds; otherwise calculated on day-by-day basis
- Risk-sharing proposal would introduce a sliding scale, requiring institution to reimburse the federal government based on completion of program quarters

I. Tuition Revenue – Program Eliminations

- Elimination of SEOG (funds into Federal Work-Study)
- Elimination of Perkins Loans
- Elimination of TEACH Grants
- TRIO cuts of at least \$50 million
- Redistribution of Federal Work-Study

I. Federal Work-Study Redistribution

- Distribution formula is recalculated to award FWS based on Pell Grant students enrolled and student need; old formula phases out over 5 years
- Graduate students eliminated from participation
- Institutions must match federal share at 1:1
 - The federal government currently provides 3:1 funding
- 7% community service participation requirement and 25% cap on private industry participation is eliminated

I. Tuition Revenue - Loan Limit Changes

Current undergraduate

- Dependent student:
 - Up to **\$31,000** over lifetime
- Independent student:
 - Up to **\$57,500** over lifetime

Proposed undergraduate

- Dependent student:
 - Up to **\$39,000** over lifetime
- Independent student:
 - Up to **\$62,500** over lifetime

I. Tuition Revenue - Loan Limit Changes

Current parent program

- Parent PLUS
 - Can borrow up to full cost of attendance
 - No lifetime limit

Proposed parent program

- Federal ONE Loan
 - Up to **\$12,500** annually for a dependent student
 - Up to **\$56,250 per student** over lifetime

I. Tuition Revenue - Loan Limit Changes

Current graduate

- Stafford and Grad PLUS:
 - Can borrow up to full cost of attendance
 - No lifetime limit

Proposed graduate

- Federal ONE Loan
 - Up to **\$28,500** annually
 - TOTAL: **\$150,000** over lifetime

II. Student Finances – Subsidized Loans

- In addition to loan limit changes and program eliminations, the legislation eliminates in-school interest subsidy for needy undergrads
- For low and middle income students, up to \$23,000 of their loans have an in-school interest subsidy
 - Interest does not accrue until student leaves school
 - Under current interest rates saves students nearly \$4,000

II. Student Finances – Loan Forgiveness

- Elimination of Public Service Loan Forgiveness
- Elimination of loan forgiveness under income-based repayment programs; although IBR is maintained

III. Free Speech and Sexual Assault

- Free Speech
 - Requires distribution of speech policies, if any
 - Discourages restrictive free speech zones
 - Establishes a new Education Department process allowing students to file complaints against institutions that fail to follow their own free speech policies
- Sexual Assault
 - Requires campus climate surveys and qualified sexual assault counselors
 - Amends Clery Act by:
 - Allowing institutions to delay investigations/discipline based on law enforcement request
 - Including good faith exemption for reporting inaccuracies
 - Requiring fairness to both parties
 - Allowing institutions to determine standard of evidence

III. Other Accountability & Regulatory Provisions

- Accreditation
 - Big focus on outcomes
 - Expands exemption for religious institutions
- Religious Discrimination
 - Prohibits discrimination against religious student organizations
 - Prohibits governmental entities from taking adverse action against institutions acting in accordance with their religious missions

III. Deregulation

- Repeals regulations on:
 - Credit hour
 - State authorization
 - State authorization of distance education

- Benefits for-profits by eliminating:
 - Separate definition of institutions
 - 90-10 rule
 - Gainful employment regulations
 - Borrower defense regulations

IV. Positives

- Would offer \$300 annual Pell Grant bonus beyond maximum to Pell Grant-eligible students taking 30 credits (or equivalent) per year
- Eliminates origination fees on student loans
- Proposes statutory changes to fix financial responsibility standards
- Maintains ban on federal student unit record system

IV. Positives – NAICU proposals

- Pell Plus
 - Rewards students on path to on-time graduation by offering access to full possible value of Pell Grant
- Anti-trust
 - Pursuing limited anti-trust exemption so that presidents of independent colleges and universities can discuss affordability

V. Useful Materials from NAICU

- [Summary](#) of PROSPER Act
- [Issue Brief](#) on HEA reauthorization
- [Full text](#) of PROSPER Act
- Loan limit [charts](#) – current vs. proposed
- Federal Student Aid [Data Sheets](#)
 - For individual institution, talk to financial aid administrator or email Marcia@naicu.edu
- Pell Plus [proposal](#)
- Anti-trust [proposal](#)
- Advocacy Resources [webpage](#) (requires login)

VI. Shaping the Outcome

- **You** and **your students** are the most effective advocates
- Use NAICU Federal Student Aid Data Sheets to tell your story
- Educate, educate, educate
- Build relationships with Members and staff, including invitation to visit
- Remember: the federal government is your **biggest donor**
- Take our survey and tell us what matters to your institution!

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