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Postsecondary Institutions Ratings System Release Pushed to Fall

Deputy Undersecretary Jamienne Studley, writing on the Department of Education’s Homeroom blog, provided an update on the progress related to the development of President Obama’s Postsecondary Institutions Ratings System (PIRS), and confirmed that the schedule for release has been pushed back.

“The scope of responses, complexity of the task, and importance of doing this thoughtfully and usefully led us to decide that it is worth taking more time before publishing a proposal for comment, interchange and improvement. In the meantime we are continuing conversations with educators, families, leaders and researchers,” Studley wrote in the blog.

Progress toward releasing the plan this spring has been slow. According to Studley, the Department is “on track to come out with a proposal by this fall” and have a final version of the ratings plan “in place for the 2015-2016 school year.”

For more information, contact Wendy Weiler, Wendy@naicu.edu

No Agreement on State Authorization and Debit Card Issues

The Program Integrity and Improvement Negotiated Rulemaking Committee concluded its work, reaching agreements on several key issues but failing to achieve consensus on proposed regulations dealing with state authorization of distance education programs and with cash management programs.

These were two of the six disparate issues the committee was formed to address. (See Washington Update, March 7, 2014.) The group was able to reach “tentative” agreement on issues related to PLUS Loans, state authorization of the foreign locations of U.S. institutions, clock to credit hour conversion, and retaking coursework.

Because the committee was not able to achieve consensus on all the issues before it, Education Department officials are not bound to any of the decisions of the group—even on those topics in which agreement was achieved. The next step in the process will be publication of proposed regulations for public comment.
NAICU will notify its members when the proposed regulations are published and whether they depart significantly from the final language offered by the Department. (It is expected the PLUS Loan regulations will be published separately from the other general provision issues.) We will encourage members to submit comments about the state authorization of distance education proposals, which are expected to reflect the Department’s current stance on this issue. There is broad agreement among institutions and others involved with distance education that the adoption of these proposals, as currently written, would increase costs for both institutions and states, raise endless compliance questions, and stifle innovation in distance education offerings.

Detailed information about the most recent versions of the proposals, including NAICU concerns, for state authorization of distance education, PLUS Loans, and cash management appears below.

**State Authorization of Distance Education**

**Complexity:** The Department’s final proposal is significantly more expansive that what was included in the original two-sentence regulation that was struck down in court in June 2012. (See Washington Update, June 12, 2012.)

In addition, the proposal introduces a completely new requirement (applicable to both distance and on-the-ground programs) that an institution assure that an occupation-related program meets all requirements for graduates to receive certification or sit for licensure or certification exams, unless the institution obtains written acknowledgement that a student understands the program will not fulfill the necessary requirements or that other requirements (if applicable) must be fulfilled to obtain certification or sit for exams.

**Regulation of States via Requirements on Institutions:** The original regulation was intended to assure that institutions were in compliance with applicable state laws with respect to distance education. The new proposal, on the other hand, would vastly expand the reach of the federal government in this area by requiring all states to establish an “active process” to examine an institution and its programs. Currently, approximately 45 states offer exemptions from regulation for certain institutions based on things such as accreditation or years in operation. They would no longer be able to offer this or any other exemption from regulation.

**Second-Guessing Complaint Resolution Decisions:** The proposal would also create difficulties for the State Authorization Reciprocity Agreement (SARA), in that procedures dealing with the handling of student complaints would need to be revised to reflect the proposed federal requirement that both the home state and the state in which a student is receiving on-line education would be responsible for resolving any complaints. Currently, SARA assigns responsibility for complaint resolution to the “home state” of the institution participating in the agreement.

**PLUS Loans**

**Definition of Adverse Credit:** The negotiators resolved differing points of view on access and “over-borrowing” to come to acceptable terms for regulating the “adverse credit” definition used to determine eligibility for PLUS Loans. Following the Department’s stricter interpretation of that term in late 2011, many borrowers were denied PLUS Loans, affecting enrollment at a number of private colleges, including Historically Black College and Universities. David Swinton, President of Benedict College, represented minority-serving institutions in the negotiations and supported the agreement, though he and UNCF are considering pursuing further changes to PLUS in the upcoming reauthorization of the Higher Education Act.

The tentative agreement on PLUS Loans eases some financial considerations but tightens others. The five-year time period in which very serious financial issues, such as bankruptcy discharge and foreclosure, are considered is maintained. However, the prior disqualification for “any debt of 90 or more days delinquent” now only applies to debts totaling an outstanding balance of $2,085, although
such debts that are “in collection or have been charged off” would be considered in that total. A borrower with an adverse credit history may be eligible for a PLUS Loan based on extenuating circumstances, such as making satisfactory payment arrangements for the debt in question, as long as the borrower completes PLUS Loan counseling offered by the Secretary of Education.

Cash Management

**Campus Debit Cards:** Despite initial give and take, the financial institutions and consumer advocates ultimately disagreed over what constituted a “sponsored account” between a college and a lender or third party servicer. The consumer groups wanted to place restrictions and limit fees on debit, prepaid, or ID cards that could function as debit cards even if they weren’t used for Title IV purposes. Such cards are used by some schools, but few NAICU members, to return Title IV credit balances to students.

*For more information on State Authorization of Distance Education, contact Susan Hattan at Susan@naicu.edu*

*For more information on PLUS Loans and Cash Management, contact Maureen Budetti at Maureen@naicu.edu*

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**IRS Goes Back to the Drawing Board**

After receiving over 150,000 comments from a broad array of interested parties, including NAICU, the IRS has decided to go back to the drawing board and rewrite draft regulations on what political activity nonprofit organizations can participate in under their 501(c)(4) status. While 501(c)(3) organizations were not proposed to be affected by the draft regulations, the IRS set off concerns by asking for public comment as to whether there should be greater political restrictions on their activities as well. When new draft regulations are issued, NAICU will review them and make comments as appropriate.

*For more information, contact Stephanie Giesecke, Stephanie@naicu.edu*

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**Teacher Quality Partnership Grant Competition Opens**

The U. S. Department of Education announced in the Federal Register that $35 million will be available for Teacher Quality Partnership Grants focused on STEM educator preparation. An estimated 20 grants will be awarded between $1 and $2 million each. There is a 100% match expected from the partnership.

According to the notice, the Department is looking for partnerships, made up of institutions of higher education and high-need local schools. The partnerships should seek to implement reforms in existing teacher preparation programs, or to create a teacher residency program for career-changers, or both, which emphasize promoting STEM education, and implementing internationally benchmarked college and career ready academic standards.

The process will take place over the summer, with applications due July 14, and intergovernmental review expected by September 10, 2014. Department technical assistance and webinars are scheduled to help institutions apply, but registration is not yet available.
Important Dates to Note:

- Applications Available: May 28, 2014
- Deadline for Notice of Intent to Apply: June 27, 2014
- Date of Pre-Application Webinars:
  - Tuesday, June 10, 2014 at 10:00 a.m. EDT
  - Thursday, June 12, 2014 at 2:00 p.m. EDT
- Deadline for Transmittal of Applications: July 14, 2014
- Deadline for Intergovernmental Review: September 10, 2014

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NAICU Washington Update (formerly Week in Review) is published by the National Association of Independent Colleges and Universities.

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Washington Update
National Association of Independent Colleges and Universities
1025 Connecticut Ave., N.W., Suite 700
Washington, DC 20036