

**Student Aid Funding**

The federal student aid programs work together to help low-income students get into, stay in, and complete college. NAICU supports and appreciates the increases proposed in the 2019 student aid funding bills under consideration in Congress. The Senate bill increases the Pell Grant maximum by \$100 to \$6,195, and maintains the 2018 increases in SEOG and Federal Work Study. The House bill maintains 2018 levels for Pell, SEOG, FWS, and increases TRIO and GEAR UP to ensure students are ready for college, and supported through completion.

**Tax Reform**

We greatly appreciate that the final tax reform bill preserved all of the student and family benefits, the charitable deduction, and the IRA charitable rollover. However, we remain concerned about the overall effects of the rate reduction and changes to the standard deduction on charitable giving. Also, the elimination of advance bond refinancing and the new UBI tax on parking and mass transit benefits will add significant costs to our institutions. Finally, we remain keenly opposed to the new excise tax on certain private college and university endowments. This is an unfair tax on charitable gifts, hurts a critical funding resource, and attacks only one sector of higher education (*see Endowments for more*).

**Endowments**

The final tax reform bill includes a new annual 1.4% excise tax on the endowment investment returns of about 30 private colleges. The requirement will redirect private charitable gifts to the government, target one sector of higher education, and discriminate against institutions with the nation's highest on-time completion rates. Low-income students at institutions with large endowments have among the lowest costs in U.S. higher education. Endowment spending is tightly restricted by both IRS and state laws regarding donor intent and the fiduciary responsibilities of nonprofit colleges. The stated intent of the provision is to line up fees for private colleges with private foundations. However, private foundations that perform charitable work such as education are *not* taxed. This provision has serious implications for the entire U.S. charitable tradition.

**The Importance of SEOG, Perkins Loans, and LEAP**

SEOG, Perkins Loans and LEAP programs require colleges or states to match federal student aid funds, so that they have "skin in the student aid game." The SEOG program has served needy students for nearly a half century. A

permanent extension of the Perkins Loan program, which reinstates graduate student funding, and restores financial aid packaging flexibility, is critical. Proposals to eliminate these programs in favor of one grant, one loan are pennywise and pound foolish, as they eliminate the matching funds from states and institutions.

**Federal Student Loans**

Federal Student Loans are a critical access tool for millions of Americans. While student debt is a growing concern, most students have manageable debt and repay their loans. Attempts to address the debt issue need to be focused on those borrowers who are struggling the most. Budget proposals to charge low-income students interest while they are in school would cost working class and Pell students thousands of dollars. The House HEA bill places too low a cap on graduate and parent loans.

**Institutional Risk Sharing**

At private, nonprofit colleges, 67% of all aid for students comes from a college's own resources. However, there is the perception among some elected officials that colleges and universities do not have enough "skin in the game" when it comes to educating students. Several different proposals have been floated to require additional institutional risk-sharing. Such measures could add significantly to the financial risk for institutions, affect their financial ratings and ratios, and drive up tuition because there would be no other revenue source for most institutions to make the required payments. Colleges already have "skin in the game" with low-income students and will continue to invest heavily in their students.

**Title IV Eligibility by Major**

Historically, Title IV eligibility has been available institution-wide to colleges that meet appropriate federal, state, and accreditation requirements. Now, Congress is considering basing eligibility on how well students in each major within an institution pay back their student loans shortly after graduating. This federal intrusion into academic decision making would create massive amounts of red tape, potentially shut off certain majors to students from low- or middle-income families, and stifle the development of new majors. Private, nonprofit colleges are deeply committed to ensuring students have the opportunity to choose the major that best fits their needs regardless of their wealth.

### **Accreditation**

The core function of accreditation is ensuring the quality of American higher education. We are concerned that accreditation is losing its independence and becoming an agent of federal compliance. We oppose the idea of allowing state governments to take over this private role. We strongly support the independence of higher education accreditation in order to protect the diversity and quality of higher education in the United States.

### **Veterans and Service Member Education**

We appreciate the federal investment in educational benefits for veteran and military students. Particularly important are the Post-9/11 GI Bill and its “Yellow Ribbon” program, which have opened educational opportunities for many veterans. We are committed to offering a supportive environment for veterans on our campuses.

### **Campus Sexual Assault**

Students attending college should expect to find a safe and supportive environment. Campus sexual assault is getting more national attention, and generating positive action towards changing campus culture. Legislative and regulatory initiatives to enhance campus safety must assure the safety and fair treatment of all students. They must also be flexible enough to be adapted to the particular circumstances of each institution.

### **Freedom of Speech**

Promoting the free and open exchange of ideas is a central tenet of higher education. In an era of increased protests on college campuses, Congress has considered various proposals to regulate how institutions handle freedom of speech. Any such proposals must consider an institution’s duty to balance free speech protections with other essential values, such as student safety, inclusion, respect, and institutional mission.

### **Deregulation**

We support the bipartisan effort from the last Congress to streamline higher education regulations that are stifling innovation or not serving their intended purpose. We are deeply appreciative of last year’s repeal of the teacher preparation regulations. We also appreciate the House HEA proposal to fix the problematic implementation of the Financial Responsibility Standards for nonprofit colleges, which have forced many institutions that are not at risk of precipitous closure to waste limited resources by buying unnecessary letters of credit. We also support eliminating the state authorization regulations (both the core regulations and those pertaining to distance education), and the federal definition of credit hour.

### **Deferred Action for Childhood Arrivals (DACA)**

While the program officially ended on March 5, court rulings have kept it temporarily in place. The turmoil has led many DACA students to be understandably nervous about their future status. Congress should take bi-partisan legislative action to protect DACA enrollees

### **Anti-Trust Exemption**

Private, nonprofit colleges are deeply aware of the growing college pricing strains on both families and institutions. For more than 20 years, federal anti-trust practices have prevented our colleges from engaging in full discussions of new business models. Congress should provide private, nonprofit colleges temporary (5 years) relief from anti-trust restrictions for the purpose of discussing affordability and efficiency. At a time when many are promoting the idea of a federal role in setting public college tuition at \$0, Congress should not prohibit nonprofit colleges (that compete directly with state colleges) from discussing their own pricing and aid structures.

### **College Completion**

There is an important and heightened conversation taking place regarding college completion. It is a long-time priority of independent colleges, which have the highest graduation rates of any sector. We support initiatives that could positively affect college completion, such as NAICU’s Pell Plus proposal.

### **Award & Transfer of Credit**

The awarding and defining of academic credit is central to an institution’s academic mission, and to the value and meaning of its diploma. In a rapidly changing environment of increased student mobility and new modes of course delivery, institutions are taking a careful look at their policies. However, federal mandates on the standards to be used are not only inappropriate, but also place at risk one of the most effective quality control mechanisms in higher education.

### **Free Public College**

Funding for public colleges to waive tuition at two- and four-year colleges is an emerging policy idea at the state and federal levels. Private, nonprofit, public four-year, and public two-year colleges all have a public mission and all enroll about the same percentage of Pell Grant students. We strongly support keeping the federal higher education investment focused on students first, wherever they choose to attend college, and not on institutions.