December 2, 2017

Key Provisions of the Re-Write of the Higher Education Act

Pell Grants
- Creates a $300 Pell Grant bonus for students who take 30 credits (or its equivalent) during an academic year.

Campus-Based Aid and LEAP
- Eliminates SEOG and puts the money into Federal Work-Study.
  - Graduate students would no longer be eligible.
  - 50 percent of the allocation for Federal Work Study would be based on unmet need (not to exceed $12,500) and 50 percent on an institution’s share of Pell dollars relative to the total national allocation.
  - Institutions (and other employers) would be required to make a dollar-for-dollar match. Currently the federal government provides 3:1 funding.
  - The hold-harmless provision that protects existing institutions’ baseline funding would phase out over five years.
  - The 7 percent requirement for community service and 25 percent limitation on for-profit employers would be removed.
- Repeals Perkins Loans and LEAP.

Student Loans
- Eliminates the in-school interest subsidy for middle- and low-income students, so interest on all loans would begin to accrue as soon as a student takes out a loan.
- Eliminates origination fees.
- Proposes new loan limits (Current and Proposed).
  - For dependent undergraduates: $39,000 aggregate limit
    - Year 1: $7,500
    - Year 2: $8,500
    - Year 3+: $9,500
  - For independent undergraduates: $60,250 aggregate limit
    - Year 1: $11,500
    - Year 2: $12,500
    - Year 3+: $14,500
  - For graduate students a new annual limit of $28,500 with an aggregate limit of $150,000. Current graduate students are grandfathered. Exception for HEAL programs up to $235,500. Currently graduate students can borrow up to the cost-of-attendance.
  - For parents a new annual limit of $12,500 per child, per year, with a total aggregate limit of $56,250 per child. Current PLUS borrowers are grandfathered for the current children for whom they are borrowing. Currently PLUS borrowers can borrow up to the full cost of attendance.
  - Would allow aid administrators to reduce loan limits for certain programs.
- Proposes changes to loan forgiveness/repayment programs.
Current loan forgiveness programs would be eliminated (this would not apply to existing loans).

There would be only two repayment plans: standard ten-year plan and one income-based repayment plan.

- The total amount to be repaid under the latter would be limited to the principal and interest that would be owed under the 10-year plan

- Income-based monthly payments are capped at 15 percent of discretionary income and could be as low as $25/month, with a hardship exception that is as low as $5/month.

Institutional Responsibility and Liability

- Replaces the cohort default rate with a program loan repayment rate that is based on the number of students in positive repayment status in each program.
  - Positive repayment status would include anyone who isn’t 90 days delinquent, so it would cover those in deferment or negative amortization.
  - Each program would need to have 45 percent of students in positive repayment status or the program would lose access to federal funds.

- Incorporates risk sharing by requiring institutions to be financially responsible to the government by refunding the Title IV funds for each student who did not complete the term (pro-rated by quintiles).
  - Institutions would be allowed to collect up to 10 percent of the required refund from students.
  - Institutions would be required to disburse loan and Pell Grant funds that go to students for living expenses in weekly or monthly payments, although funds going to upfront costs, such as tuition, are an exception.

- Requires increased financial counselling.

- Requires institutions to distribute free speech policies to students. Would include a sense of Congress discouraging the use of free speech zones or restrictive speech codes.

- Prohibits public institutions of higher education from discriminating against religious student organizations because of their religious beliefs.

- Prohibits governmental entities from taking adverse action against institutions of higher education that penalize the institution for actions taken in furtherance of its religious mission.

- Encourages institutions to enter into memoranda of understanding with law enforcement agencies regarding campus sexual assault. Also requires institutions to conduct campus climate surveys, retain the services of qualified sexual assault counselors, and develop and distribute a “know your rights” form.

- Proposes changes to Clery that would include provisions allowing institutions to delay or suspend investigations or disciplinary hearings based on requests from law enforcement, be exempted from penalties for reporting inaccuracies if the institution acted in good faith, require the investigation and disciplinary process to be fair to both parties, and allow institutions to determine the standard of evidence that will be used in disciplinary hearings.

Transparency

- Creates a new College Dashboard that would provide data on net price, average student loan debt, and median earnings of graduates of each program at each institution.
Deregulation
- Repeals regulations on credit hour, state authorization, and state authorization of distance education.
- Reframes the Financial Responsibility Standards for private colleges to provide more safe harbors and an enhanced review and appeals process.
- Adopts many recommendations made by the ACE Task Force on Federal Regulation of Higher Education, including reducing or eliminating multiple reporting requirements related to copyright policies, vaccination policies, drug prevention programs, fire safety, and missing students.
- Provides broad eligibility for competency based education and direct assessment programs.
- Allows institutions to partner with new providers, who would be allowed to provide up to 100 percent of a program if approved by the accreditor through a “substantive change.”
- Requires notice to institutions regarding upcoming program reviews.

Accreditation
- Eliminates the current ten standards required in law for accreditation and replaces it with a requirement that accreditation standards must assess “student learning and educational outcomes” as established by the accrediting agency or by the institution or program if the institution defines and measures expected student learning and educational outcomes.
- Limits the Secretary’s ability to regulate on accreditation.
- Allows any agency or association with voluntary membership and principal purpose of accreditation to apply to be an accrediting agency.
- Allows institutions to change accreditors, except under certain circumstances.
- Allows differentiated review.
- Allows the new Secretary to replace NACIQI members appointed by his/her predecessor. NACIQI would be limited to addressing only accreditation issues.

Student Eligibility and Need Analysis
- Raises the limit for simplified needs test to $100,000.
- Excludes 529 plans for income calculation.
- Restores the ability to benefit only for students who have successfully completed six academic credits.
- Restores the eligibility, at age 26, for students who did not register for the Selective Service.

For-profits
- Would eliminate the separate definition of for-profit institutions, creating a single definition for all institutions. This would effectively open up other grant programs to for-profit colleges and prevent further regulatory distinctions among sectors.
- Would eliminate the 90-10 rule, which required for-profit colleges to receive at least 10 percent of their tuition revenue from sources other than the Title IV student aid programs.
- Repeals gainful employment and borrower defense regulations.
  - Would maintain borrower defense statutory provisions, but would prohibit group claims and require students to submit loan relief applications. Students denied are limited to one appeal based on new information.
• Would reinstate Pell Grants for short-term programs less than 600 clock hours in length by imposing a new 300-hour minimum requirement.

Other programs
• Imposes new performance requirements on TRIO programs, and establishes a 10 percent funding set-aside for new grantees.
  o Requires a 20 percent institutional funding match.
• Requires a 25 percent graduation rate for MSIs and HSIs to remain eligible for Title III and Title V funding. Removes non-MSIs from eligibility for Title IIIA.
• Repeals TEACH grants, teacher Quality Partnership Grants, and all teacher preparation program reporting requirements.
• Repeals all international programs except Graduate and Undergraduate Language Area Centers. Requires programs to report on the teaching of diverse perspectives and a wide range of views.
• Maintains GAANN, but repeals Javits and Thurgood Marshall programs.