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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