



Policy Priorities HEA Reauthorization

Pell and Loan Flex

Replace the current system of hard annual grant and loan limits, which gives more federal aid to those who do not complete on-time, with a new system that rewards completion. Under such a system, every undergraduate of similar need, would have access to the same amount of federal Pell grants and loans, whether they take four, five or six years (or the equivalent) to complete.

Campus-Based Aid Programs

The campus-based aid programs (Federal Work-Study, SEOG, and Perkins Loans) are an important component of the federal student aid system. Each of these programs requires colleges to match federal student aid funds so that they have “skin in the student aid game.” Colleges augment these federal investments with billions of dollars from institutional sources. We support robust investments and program improvements in the campus-based aid programs to support colleges’ ability to attract and retain low-income students.

LEAP

The federal-state partnership for need-based aid is still relevant. LEAP was established to incentivize states to do their part in providing need-based grant aid to low-income students. However, since LEAP was defunded in 2011, four states have shut down their need-based grant programs, and others are actively considering the same. The Pell Grant program would have to invest billions of dollars in new money to make up this funding gap for students in these states, yet the savings to the federal government in defunding LEAP was only \$67 million annually. It would be penny-wise and pound-foolish for Congress to repeal LEAP.

In-School Interest Subsidy

Eliminating the in-school interest subsidy for undergraduate students will cost the average low-income graduates \$3700 in interest over the lifetime of their loan repayment. The federal student loan programs have never charged low-income students interest on their basic loan amounts since the programs began in 1958 and 1965. NAICU strongly supports the maintenance of the in-school interest subsidy.

FAFSA Simplification

NAICU supports the elimination of unnecessary or duplicative questions from the FAFSA. However, the oversimplification or outright elimination of the FAFSA could lead states and colleges to require students to submit fee-based, supplemental aid forms that will make access to student aid more complicated for families. We urge policymakers to strike a balance that will simplify the FAFSA without dismantling its core purpose.

Loan Risk-Sharing/Skin-in-the-Game

While federal support is imperative, private non-profit colleges already have a disproportionate amount of skin in the game with low-income students. Nearly two-thirds of all student aid awarded at private, nonprofit colleges comes directly from institutional resources. Efforts to require colleges to assume liabilities based on the amount of federal loans awarded to enrolled students are ill-advised and would likely harm the very students that the policy is intended to help as institutions with limited resources will be forced to increase tuition to finance the new fees. Such a policy would force colleges to reevaluate the decision to enroll low-income students. The policy would also negatively impact institutional balance sheets and the financial rating of colleges, including adding to the likely number of schools that fail the federal Financial Responsibility Standards.

Year-Round Pell Grants

NAICU supports year-round Pell Grants as a means to promote innovation, increase college access and improve time to degree.

Income Protection Allowances

Restore the parity that previously existed in which families of similar size received an equal allowance for basic necessities, such as food, housing and clothing. The families of non-traditional students are now allowed more than \$7,500 more for basic living allowances than traditional students from families of the same size.

Net Price Calculators

Net Price Calculators play a critical role in helping students and their families estimate the true cost of attending a particular college. Since tuition sticker prices and average net-price often differ significantly from the actual cost of attendance for an individual student, Net Price Calculators provide an important tool to help families assess actual affordability at their “best-fit” college. NAICU supports maintaining the current flexibility of Net Price Calculators.

Accreditation

The core function of accreditation is ensuring educational quality. NAICU is concerned that accreditation is losing its independence and becoming an agent of federal compliance. We strongly support the independence of higher education accreditation in order to maintain the diversity and success of American higher education via the “triad.”

Consolidate Information for Prospective Students

The federal government can play an important role in the facilitation and dissemination of reliable consumer data to help students find the “best fit” college. We support federal transparency initiatives to combat the inherent problems in any rating effort—private or governmental. However, efforts to rate colleges according to federal value metrics, instead of what each student values, will hurt, instead of help, students.

Campus Safety/Sexual Assault

Students attending college should expect to find a safe and supportive campus environment. Campus safety issues—particularly as they relate to incidents of sexual assault—are receiving heightened national attention, as they should. 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.

Financial Responsibility Standards

The federal metric for assessing the financial soundness of non-profit colleges is fatally flawed. Shortcomings in the Department of Education’s implementation of current regulations have forced many institutions that are not facing precipitous closure to waste precious resources on securing expensive letters of credit. NAICU urges Congress to revisit the standards to ensure proper safe harbors for institutions and the application of appropriate accounting practices by the Department of Education.

Regulatory Burden

Since the passage of the original Higher Education Act in 1965, more and more requirements have been heaped upon colleges and universities that have little to do with educating low-income students. NAICU supports the work of the Senate’s Task Force on Federal Regulation of Higher Education to identify and eliminate rules, regulations, and reporting requirements that are unrelated to oversight of federal student aid funds, student success or student safety.

Teacher Preparation

Congress should use the HEA reauthorization process to ensure that high-quality teacher preparation programs are assessed on proven, professionally acceptable standards. The Department of Education’s proposed regulations to create a federal teacher education performance ratings system are rigid and outdated. The federal government should enable cutting edge programs at colleges and within states, and not attempt to establish any profession’s quality standards.

Improve Post Graduate Employment and Earnings Information

Improve the Department of Labor's general information about employment and earnings prospects for particular occupations, and make it readily available. This could include earnings by region and required postsecondary education and training. Such an approach would provide more useful and appropriate information than current efforts to track earnings by major through the creation of a controversial and expensive student unit record system. While a college education does typically increase lifetime earnings, too many policy makers are confusing the essential purpose of a higher education and its multi-dimensional benefits for students with financial gain.

Antitrust

Congress should consider removing anti-trust restrictions for private, non-profit colleges for the purpose of promoting affordability. Private, nonprofit colleges want to do more to expand educational opportunities and lower costs. Anti-trust restrictions severely limit our sector's ability to explore innovative solutions in areas such as financial aid, price, and other related topics.

State Authorization

The Department of Education's misguided state authorization regulations should be repealed. The rules—originally intended to identify for-profit colleges operating with simple business licenses—have caused considerable problems for private, nonprofit colleges as they struggle to comply with unclear directions, shifting guidelines, and differing regulatory interpretations. The centuries old relationship between independent colleges and their states should not be restructured by the federal government.

Federal Definition of Credit Hour

Federal credit hour regulations inappropriately intrude into academic decisions that properly rest with each institution and its faculty and should be repealed. The federal definition also restricts the ability of colleges to explore innovative methods of teaching and learning.

Continue Careful Experimentation

Continue to recognize that different types of valid postsecondary education may receive different levels of federal support. Balance the desire to support new ideas against the need to protect against fraud and abuse. Use demonstration programs for controlled analysis before full-scale federal investments are made.

Make Common-Sense Distinctions on Preferred Lenders

Exclude beneficial state or non-profit student loan programs from the preferred lender requirements.

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