

The Reauthorization of the Higher Education Act

Intercollege Relations Commission Fall
Meeting

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History and Introduction

- In 1965 Congress created the Higher Education Act (HEA).
- Congress must reauthorize the Act every five years.
- The previous version of the legislation, passed in 1998, and authorized HEA until 2004.
- Currently, there is a continuing resolution (C.R.) which expires on January 1, 2006.

HEA Contains 7 Titles:

- **Title I** General Provisions (Transfer of Credit, Accreditation, etc..)
- **Title II** Teacher Quality Enhancement (Education of Teachers)
- **Title III** Institutional Aid (Grants to institutions, American Indian tribally controlled colleges and universities, Alaska Native and Hawaiian serving institutions, etc...)
- **Title IV** Student Assistance (Federal Student Aid, Campus Based Aid programs, Perkins, Pell, TRIO and GEAR UP)
- **Title V** Developing Institutions
- **Title VI** International Education Programs (National Resource Centers, Fulbright program, etc..)
- **Title VII** Graduate and Postsecondary Improvement Programs (GAANN, Javits, etc...)

The story so far.....

- Both the House and Senate have passed their bills out of Committee:
 - Committee for Education and Workforce in the House; H.R.609- College Access and Opportunity Act of 2005
 - Committee on Health, Education, Labor and Pensions (HELP) in the Senate; S.1614- The Higher Education Amendments Act of 2005
- Congress has passed a 3 month (continuing resolution) C.R. for programs included in the Higher Education Act.

Complications: How Budget Reconciliation affects HEA

- Budget Reconciliation- Congress has agreed to cut \$35 billion this year from mandatory federal funding, such as student aid, Medicare and Medicaid.
- The House is required to cut \$11 billion from Education programming in the House. The Senate is required to cut around \$14 billion from Education.

Good News in the Bills

- Both bills increase the amount for a maximum Pell Grant and provides for year-round Pell Grant.
- Both bills increase undergraduate student subsidized loan borrowing limits and unsubsidized graduate student borrowing limits.
- Senate Bill establishes a new and temporary Provisional Grant Assistance Program (ProGAP) that provides additional grants to Pell Grant eligible students.
- Senate Bill creates a new National SMART (Science and Mathematics Access to Retain Talent) Grant program- would provide grants of up to \$1,500 for Pell eligible students in the 3rd and 4th year of study who are majoring in math, science, engineering, or a foreign language critical to national security.

Title I- College Cost Control

House- College Cost Accountability Index

- Creates a College Affordability Index and requires institutions who surpass the index to report to the Secretary of Education an explanation, a management plan, and an action plan for reducing tuition increases
- Requires institutions that are in the highest 25% of the index to establish a Quality Efficiency Task Force. Task Forces will identify areas of the institution that are appropriate targets for cost reduction.

Senate- College Cost Reporting

- Requires the Dept. of Education to collect and provide public information about the costs of attending higher education institutions.

Title I- Protection of Student Speech and Association Rights

House Language- Sense of Congress

- Institutions within the context of their missions should facilitate the free and open exchange of ideas and that students should be treated equally and fairly.

Senate Language- Sense of Congress

- Students should not be denied the benefits of any education program, activity or division of the institution or be subjected to discrimination on the basis of protected association or speech.

Title I- Changes to Transfer of Credit

House and Senate Bills:

- Requires institutions to have a transfer of credit policy and to make it available publicly. Policy must include a statement that transfer of credit cannot be denied “solely on the basis of the agency or association that accredited such other eligible institution...”

Title I- Changes to Transfer of Credit

Senate bill:

- Requires a list of institutions be posted with which the institution has a transfer articulation agreement.
- Requires the accrediting agency to certify that an institution bases its transfer of credit policies on “criteria established in guidelines developed by the institution’s admissions committees.”
- Finally, requires that schools calculate “the percentage of students successfully transferring academic credit from another institution of higher education.”

New Reporting Requirements

House Bill:

- Requires the collection of additional information on colleges and universities by the Commissioner of Education Statistics and requires the Department of Education to revamp the College Opportunities On-Line (COOL) website to provide better and user-friendly consumer information.

Senate Bill:

- Requires the Department of Education to collect and provide public information on an institution by institution basis on the percentage of students that successfully transfer academic credit; employment placement of graduates; and graduates that enroll in graduate education.

Changes to Definitions

- 90/10 and 50% rule- enacted in 1992 to prevent institutions from fraudulently profiting from federal student aid.
- House- Repeals 90/10 and 50% rules, thereby expanding eligibility to participate in HEA programs and other federal funding sources (NSF, NIH, etc...).
- Senate- Maintains current law, but allows Secretary the ability to waive the 50% rule.

Title IV- Student Aid Programs

- House bill would create a “fair share” allocation process for Campus Based Aid, Senate bill would maintain current allocation formulas.
- House bill would allow for a variable interest rate, capped at 8.25%, for Federal Stafford Student Loans.
- Senate bill would convert interest rate for Federal Stafford Student Loans and consolidated loans to a fixed 6.8% interest rate.

Title IV- Origination Fees

- House bill- Phases down the borrower paid loan origination fee to 1% in both Direct Loan and FFELP, but raises Direct Loan origination fee to 3% in 2006 before phasing down to 1% by 2010.
- Senate bill- Maintains current law for FFELP of a 3% origination fee. Allows the Secretary of Education to set Direct Loan originations fees from 1-3%.

Title VI- International Programs

Title VI- funds international education programs, such as Fulbright and National Resource Centers.

House- Establishes a new International Education Advisory Board to oversee Title VI international and foreign language programs and activities.

Senate- Language would require that Title VI programs “reflect diverse and balanced perspectives.” Creates a new authority for the Secretary of Education to assess and ensure compliance and authorizes the Secretary to suspend future funding for Title VI programs pending the resolution of complaints filed with the Department about grantees.

What happens now?

Several ways HEA can play out:

1. Senate and House are able to conference their bills and pass HEA this year along with budget reconciliation.
2. Senate and House attach only Title VI programs and cuts to mandatory spending to a budget reconciliation bill which is passed this year.
3. Senate and House could pass a 5 year continuing resolution for HEA and not make any changes to the programs.
4. Next year, Budget Reconciliation could be expanded and HEA could pass as part of a larger budget reconciliation bill.

Helpful Resources

House Education and Workforce Website:

http://www.house.gov/ed_workforce/issues/109th/education/hea/hea.htm

Senate Health, Education, Labor, and Pensions (HELP) Website:

<http://help.senate.gov/index.html>