

The College Affordability Act of 2019 Short Summary

Overview

The College Affordability Act (CAA) of 2019 was introduced by House Education and Labor Committee Chairman Bobby Scott on October 15, 2019. The bill is a comprehensive reauthorization of the Higher Education Act.

Overall, the bill includes a number of provisions that institutions have historically supported and believe would be beneficial. In particular, the bill provides significant increases in student aid and institutional support, especially for institutions that have been historically under resourced.

The bill incorporates community proposals on matters such as the simplifying the application process for federal student aid; streamlining student loan repayment; enhancing student aid for graduate studies; strengthening Public Service Loan Forgiveness; and expanding support for Historically Black Colleges and Universities, Hispanic-Serving Institutions, Tribal Colleges and Universities and other Minority-Serving Institutions.

Unfortunately, the bill includes a number of provisions that would be problematic if implemented, as well as several proposals with significant consequences where the outcomes are unclear due to lack of reliable data for analysis or due to a lack of specificity in the legislative text. In particular, the bill relies on complicated and burdensome processes that will likely undermine many of the worthy goals of the legislation, including the benefits of increased federal support for students and institutions.

Summary

The CAA is a massive bill, comprising 1,165 pages as introduced, and it touches on a vast array of new and existing programs and their interactions with higher education. This summary is intended to provide a brief overview of key points on the legislation. Please refer to ACE's comprehensive summary of the bill for detailed information on the bill as a whole, as well as the additional materials on CAA and HEA reauthorization more broadly that are available on our website.

Federal Intrusion into Accreditation

The College Affordability Act would represent an unprecedented federal intrusion into the nature and structure of accreditation. A technical review panel would establish common definitions of terms and metrics to be used by all accrediting agencies. Accreditors would be required to differentiate institutions by assigning them to groups of comparable institutions and then determining which of the federally-defined metrics would be used to evaluate institutions in the areas of completion, progress toward completion, and workforce participation.

The legislation imposes requirements on accreditors to publicize information on websites regarding actions taken against institutions far beyond current measures to ensure the

transparency of accreditor actions. In addition, it reduces the reporting period for these actions from 30 to 10 days. It amends the prohibition on the Secretary to allow for regulations on student success and explicitly permits the Secretary to require accreditors to review and revise the standards or performance benchmarks set by accreditors if the Secretary deems them inappropriate for the selected group of comparable institutions, granting the Secretary ultimate approval over the standards. The Secretary would then produce public report cards with detailed information, evaluating accreditors' effectiveness as gatekeepers.

The legislation creates extensive new requirements on states to inform the Secretary about any adverse state action against an institution (including revocation of a license) and states must evaluate each institution and determine if it meets the professional licensure requirements in the state in which it is seeking authorization. Furthermore, policies are to be established to anticipate and respond to the closure of an institution, including extensive teach-out requirements.

Increased Funding for Programs

The College Affordability Act significantly increases federal student aid. The legislation, if passed, would add an immediate \$500 increase to the maximum Pell Grant award, and would index annual increases in the maximum award to the Consumer Price Index (CPI) going forward. The bill extends overall Pell eligibility to 14 semesters (from the current 12), would exempt remedial or noncredit courses from counting against that eligibility period, and allows for Pell Grant eligibility to be carried into post-baccalaureate studies, so long as a student has already received Pell as an undergraduate and has remaining eligibility.

Beyond the changes to Pell Grants, the CAA would provide additional supports to students and institutions. In addition to proposal mentioned above, these include:

- \$6 billion annually to restore the Perkins Loan program
- Increased annual allocations to the Federal Work-Study (FWS) and Supplemental Educational Opportunity Grant (SEOG) programs
- An emergency grant aid program through SEOG to support students with unexpected challenges
- \$250 million annually for community colleges to develop or support dual-enrollment programs
- \$1 billion annually for grants to community colleges to improve completion
- \$500 million annually awarded to institutions as bonus funding for graduating Pell recipients
- Elimination of origination fees on federal student loans

Overall, CAA is estimated to provide over \$400 billion in support for programs impacting college affordability and institutional support.

Changes to Federal Student Aid and Processes

The bill would make a number of changes to current law to simplify the process of applying for student aid and managing repayment. This bill identifies ways to simplify the Free Application for Student Aid (FAFSA), primarily by segmenting the application process into three pathways:

1. Applicants who received a means-tested Federal benefit within the previous 2 years. (Automatic zero EFC.)
2. Applicants who did not receive any means-tested Federal benefit within the previous 2 years, who have adjusted gross income equal to or less than \$60,000, and who were not required to file an income tax return or who filed an “uncomplicated” tax return, i.e. that did not include any of 10 specific Schedules. (Simplified needs test.)
3. All other applicants.

The bill also includes proposals to simplify repayment by consolidating the multiple existing repayment plans into two options; (1) a fixed monthly payment repayment plan, and (2) an income-based repayment plan. The legislation would also align the Public Service Loan Forgiveness program with these repayment plans, define eligible professions for forgiveness, then establish additional steps in the application process.

This legislation includes the option to allow “qualified” borrowers to refinance private student loans into federal plans. These loans would carry the same terms as a federal direct unsubsidized Stafford loan.

In addition, the institutional allocations for FWS and SEOG would be phased out of their current levels and to a new allocation based on an institution’s “fair share amount” which is calculated using several factors representing the financial need of an institution’s student body, a number of which would be calculated using data not currently reported. While for-profit institutions would be excluded from participation, a much larger pool of nonprofit institutions would be eligible to participate, making it difficult to estimate the impact on individual institutions.

Burdensome Reporting

The proposed bill would generally impose heavy reporting requirements across many programs. The bill includes expansive federal definitions of “hazing,” “harassment,” and “sexual harassment” and contains amendments to the Clery Act governing the reporting of crimes that would add new reporting categories for harassment and hazing incidents, with requirements for detailed information on hazing instances, despite the fact that these incidents do not align with the definitions of a crime under the UCR currently used for Clery reporting. These new reporting requirements would be coupled with an institutional obligation to provide students with an educational program on hazing prevention. Fines for violation of the Clery Act would increase to \$100,000 (from the current \$25,000).

Proposed changes also contain the addition of “sexual harassment” to the Violence Against Women Act (VAWA) categories that previously included sexual assault, domestic violence, dating violence, and stalking. The bill would also require institutions to conduct climate surveys regarding student experiences with sexual assault, sexual harassment, domestic violence, dating

violence, and stalking every two years using a “standardized online survey tool” developed by the Secretary.

In addition, an array of new crime statistics will be encompassed in mandatory reporting for every study abroad program that institutions award credit for, even in cases where the institution is not offering the program. With these new statistics in place, colleges and universities must conduct biennial reviews to determine the effectiveness of the program at protecting students from danger and crime as well as determine if there is a need for changes. Reports would need to include deaths, sexual assaults, accidents and illnesses requiring hospitalization, and incidents involving police.

The legislation would also restore in statute the gainful employment regulations that had been rescinded, and which required significant reporting burdens on institutions offering programs of training “that prepare students for gainful employment in a recognized occupation.” The Secretary would have to develop performance metrics to assess programmatic performance and subsequent eligibility for Title IV financial aid, including the use of a debt-to-earnings ratio.

Mandated Positions

The legislation would, in multiple instances, require institutions to hire staff to perform specific roles, as well as mandate that institutions create and/or staff specific offices on campus.

Examples include:

- Requiring institutions to designate a Title VI of the Civil Rights Act compliance officer and annually submit a report to include any acts of noncompliance.
- Institutions would need to designate a liaison for homeless and foster care youth.
- Institutions would need to create an “Office of Accessibility” independent of, or overlapping with, existing institutional disability support services offices.

America’s College Promise

The proposed legislation includes America’s College Promise Act (ACP) language to allocate roughly \$93 billion over ten years to create a two-year community college partnership with states that choose to apply. This would instruct the federal government to cover a 75 percent (95 percent for certain Indian tribes) match of the average resident community college tuition and fees, with funding adjusted annually by the lesser of CPI or 3 percent.

To participate, the state would need to commit to waive all community college tuition and fees, and agree to implement a series of changes which include the provision of a significant array of student services and supports, as well as state-wide requirements on degree pathways between two- and four-year institutions. States would likewise need to supplement, rather than supplant, existing state support for higher education.

Funds remaining after covering community college tuition and fees could then be used by states to expand the capacity and scope of skills training at community colleges, improve post-

secondary readiness, expand access to dual or concurrent enrollment programs, and improve four-year institution affordability. With a tiered list of alternatives for unallocated funds under ACP, funds could be used for “Pathways to Student Success,” unmet need for Pell grant recipients, unmet need for all students within a state, covering cost of tuition waivers for students at public institutions and then tuition waivers at private, non-profit institutions within a state, in that order.

Short-term Pell Grants

The legislation extends Pell eligibility to short-term job training programs. These grants would carry roughly the same terms and conditions as standard Pell awards, though students cannot be eligible for standard Pell and short-term Pell simultaneously. Programs at for-profit institutions are not eligible to participate.

For job training programs to be considered for eligibility they must:

- provide between 150-600 hours of instructional time of a period between 8-15 weeks;
- provide training aligned with the requirements of high-skilled, high-wage, or in-demand industry sectors or occupations in the State or local area in which the job training program is provided;
- provide a credential that is determined to meet the needs of employers and satisfies the requirements for licensing or certification;
- ensure the credits earned are acceptable for degree or certification program requirements;
- provide to the Department of Education (ED) the expected earnings of students after completion that must be higher than that of a high school graduate; and
- maintain a 70 percent completion rate and a 70 percent placement rate for students within six months of completing a program.

Accountability Provisions

Lastly, a complicated accountability system would be implemented under CAA that adjusts the current cohort default rates (CDR) to a new adjusted CDR (or aCDR), before adding an on-time repayment calculation as an additional measure, the terms of which would be determined by the Secretary through negotiated rulemaking. Institutions failing the on-time repayment metric would then be assessed on the basis of their instructional spending, and then on the basis of their marketing spending relative to their Title IV funding, with the possibility of using other categories of institutional spending for the purposes of appeal. The proposal outlined in the legislation is extremely complicated, and lacks sufficient detail to reasonably anticipate its likely impact and effectiveness.