COLLEGE COST REDUCTION ACT

Background

House Committee on Education and the Workforce Chairwoman Virginia Foxx (R-NC) introduced the College Cost Reduction Act (H.R. 6951) on January 11, 2024. According to Chairwoman Foxx, this bill is a response to the challenges impacting students who are pursuing their postsecondary degree, such as rising student loan debt levels and low completion rates, and seeks to increase college affordability and accountability.

While there will not be a comprehensive reauthorization of the Higher Education Act this session of Congress, this bill operates as a blueprint to the solutions proposed by Republican members on the committee. The bill is comprised of legislative proposals already introduced by Republican members of Congress such as the Pell Plus Act introduced by Reps. David Joyce (R-OH) and David Kilmer (D-WA), the Federal Assistance to Initiate Repayment (FAIR) Act introduced by Rep. Burgess Owens (R-UT), and the Responsible Borrowing Act of 2023 introduced by Rep. Glenn Grothman (R-WI).

This high-level summary outlines the major elements of the bill. The House Committee on Education and the Workforce also provided a fact sheet and a bill summary.

Title I – Transparency

This section of the bill seeks to address college costs and the financial value of the programs offered on campus. H.R. 6951 does the following:

- Adds a new definition of value-added earnings that looks at the annual earnings of students in a cohort that complete a program. The value-added earnings must be at least $22,590 for an undergraduate student and $45,180 for a graduate student. Geographic adjustments will be made to the value-added earnings.

- Measures the earnings of students who complete their program in the following timeframes:
  - One year after completion for certificate programs (undergrad, post baccalaureate, and graduate);
  - Two years after completion for graduates with an associate or master's degree; and
  - Four years after completion for graduates with bachelor's/doctoral/professional degrees (an exception is created to allow the Secretary of Education (Secretary) to extend the earnings measurement period no later than five years).

- Requires institutions of higher education to adhere to a standard format and terminology for financial aid award offer letters. While institutions are required to use the form, the form may be altered by deleting required items or disclosures if:
  - The student is ineligible for such aid;
  - The institution does not participate in the aid program;
  - The financial aid offer does not include the financial aid program; or
  - The cost of attendance item is not applicable to the student.

- Replaces the College Navigator site with a modified College Scorecard website.

- Creates a postsecondary student data system. The data in this system would be prohibited to be used to rank colleges and universities.

This bill summary was prepared by ACE's Division of Government Relations and National Engagement on January 16, 2024, and is subject to revision.

Title II – Access and Affordability

This section of the bill addresses financial need, financial aid, and student loan repayment. H.R. 6951 does the following:

Subtitle A—Financial Need

- Makes changes to the main need analysis formula to replace cost of attendance with "median cost of college of the program of study." For example, the current formula, utilizing the student aid index (SAI), in the *Higher Education Act* is (cost of attendance) – (SAI) – (other federal assistance) = need. The new proposed formula in this bill would be (median cost of college of the program of study for such student) – (SAI) – (other federal assistance) = need.

- Changes the definition of "cost of attendance" to focus on the program of study.

- Determines the median costs of college by looking at all programs across all institutions of higher education that offer the program.

Subtitle B—Financial Aid

- Doubles the Pell Grant during a student's third and fourth year of their program of study if the institution opts to participate in the Pell Plus program. Students eligible for Pell Plus cannot receive more than the median costs of college. An institution that participates in Pell Plus must provide to each student the maximum total price for the completion of the program and a guarantee that, for the minimum period that the student receives the Pell grant, the maximum total price for completion of the program will not exceed the value-added earnings. This information must also be available to prospective students.

- Prohibits funding for the Federal Supplemental Educational Opportunity Grant (SEOG) program and the Leveraging Educational Assistance Partnership (LEAP) Program.

- Replaces the LEAP program with the "Promoting Real Opportunities to Maximize Investments and Savings in Education (PROMISE)" program. This program seeks to increase college affordability, access, and economic mobility and ensure that students, institutions, and taxpayers receive a financial return for investments in postsecondary education. The funding that is awarded is performance-based beginning in award year 2026-2027. Institutions of higher education can opt into the program, with grants awarded every six years. Foreign institutions are ineligible to participate.

- Modifies the aggregate and annual loan limits for students.

    - Annual limit
        - For undergraduate students with subsidized loans: The difference of the median cost of college and the sum of the Federal Pell Grant and Federal Pell Plus Grant awarded to the student.
        - For undergraduate students with unsubsidized loans: The difference of the median cost of college and the sum of the Federal Direct Stafford loans awarded to the student for the academic year and Federal Pell Grant and Federal Pell Plus Grant awarded to the student.
        - For graduate students: The amount of the new median costs of college.

    - Aggregate limit
        - For undergraduate students: $50,000 for borrowers with unsubsidized loans and $23,000 for borrowers with subsidized loans. Undergraduate students can borrow up to $150,000 if they are enrolled in a qualifying undergraduate program (70 percent completion rate in six years, 70 percent job completion rate in 180 days, and meets proper certification requirements) with costs that exceed the aggregate limits for undergraduate students.
        - For graduate students: $100,000.
        - For professional students: $150,000.

- Allows the financial aid administrator at an institution of higher education to limit or prorate borrowing, as long as certain requirements are met. Loan amounts can be increased as well.

Subtitle C—Student Loan Repayment

- Creates a standard repayment plan and a repayment assistance plan beginning on July 1, 2024. The borrower can accelerate repayment on the loans. A borrower will be placed in the standard plan if they don't elect a plan. Distressed borrowers can be encouraged to enroll in the repayment assistance plan.

- Allows the Secretary to cancel the outstanding balance of any loans made to a borrower who
    - Is in the repayment assistance plan;
    - Has made their final monthly payment under the plan; and
    - Has repaid on the loans an amount equal to
        - The total amount of principal and interest that would have been repaid under a 10-year standard repayment plan; or
        - The total amount that was supposed to be repaid on a direct consolidation loan.

- Allows student loan borrowers to rehabilitate their loans twice, removes interest capitalization, and repeals origination fees.

Title III – Accountability and Student Success

This section of the bill focuses on institutional accountability, the accreditation process, and student success. H.R. 6951 does the following:

Subtitle A—Institutional Accountability

- Requires institutions of higher education to make annual risk-sharing payments based on the non-repayment balance of the student cohorts. Student cohorts are broken up into three types: completing, undergraduate non-completing, and graduate non-completing.

- Sets the annual risk-sharing payment for a student cohort equal to a risk-sharing percentage multiplied by the non-repayment loan balance for the cohort for the award year. The risk-sharing percentages vary based on the type of student cohorts.

- Requires the Department to notify institutions 30 days before risk-sharing payments are due in the first year. Institutions have to submit payments within 90 days after receiving such notification.

- As a penalty for not paying risk-sharing payments:
    - Requires interest on risk-sharing payments after a three-month delinquency;

    - Prohibits institutions from offering direct loans to students if they have not made a payment within 12 months of the risk-sharing payment notification;
    - Prevents an institution from offering direct loans or awarding Federal Pell grants if it has not made a risk-sharing payment in 18 months; and
    - Prohibits an institution from participating in Title IV funding for 10 years if it has not made a risk-sharing payment in 24 months.

- Fully, or mostly, repeals the following recent final regulations and Departmental guidance below. All prior regulations would be restored:

    - 90/10;
    - Financial value transparency and gainful employment;
    - Changes of ownership and change in control;
    - Financial responsibility;
    - Incentive compensation/third-party servicer;
    - Closed school discharge;
    - Borrower defense to repayment;
    - Pre-dispute arbitration agreements;
    - False certification;
    - Administrative capability;
    - Certification procedures;
    - Ability to benefit; and
    - Personal liability.

- Prohibits the Secretary from issuing draft or final regulations that add to the deficit.

- Includes federal preemption language to cover origination of loans, servicing of loans, collection of loans, and any other related activity.

Subtitle B—Accreditation Process

- Removes the reference to regional accreditors to align with recent efforts by the Department.

- Allows for an entity, such as an industry-specific quality assurance entity, to be approved and designated as an accreditor by a state.

- Emphasizes student achievement outcomes in relation to the institution's mission and to the programs the institution offers or the mission of a specific degree, certificate, or credential program, that would include

    - Standards for consideration of the median total price charged to students for a program of study in relation to the median value-added earnings of students who completed such program;
    - Standards for consideration of learning outcomes measures (such as competency attainment and licensing examination passage rates);
    - Standards for consideration of labor market outcomes measures (such as employer satisfaction surveys, employability measures, earnings gains, employment rates, or other similar approaches);
    - Standards for consideration of student success outcomes measures (such as completion rates, retention rates, and loan repayment rates);
    - A process to ensure that accreditors have a way to resolve student complaints; and
    - A record of compliance of the institution with value-added earnings and median total price.

- Creates additional policies for accrediting agencies designated by a state. Prohibits accreditors from determining overall accreditation status of institutions of higher education beyond the student achievement outcomes.

- Allows the Secretary to recognize the accreditation status of an institution if it is in the process of switching accreditors.

- Allows an accreditor to be recognized for more than five years, up to three additional years.

- Allows institutions of higher education to have dual accreditation.

- Allows institutions with a religious mission to file a complaint if they believe a negative action was taken against them by their accreditor because of their religious mission.

Subtitle C—Student Success

- Codifies the postsecondary student success grant program created in the Consolidated Appropriations Act of 2022.

- Allows for student records of coursework and credits to be sent back to an institution where the student was previously enrolled to apply such coursework and credit toward completion of a credential, as long as the student provides written consent prior to receiving such credential.

- Prohibits an institution of higher education from establishing a transfer of credit policy that denies credit earned at another institution based solely on the source of accreditation of such other institution.