

YOUNG INVINCIBLES

The College Affordability Act

House Education and Labor Committee Chairman Bobby Scott (D-VA) released the College Affordability Act (CAA) on October 15, 2019 as a proposal for comprehensive reauthorization of the Higher Education Act of 1965 (HEA). Although HEA is due for reauthorization every five years, Congress has not passed comprehensive reauthorization since 2008, making the current period the longest to date between updates to this civil rights era legislation. HEA establishes the framework for the federal government's involvement in higher education, including financial aid programs (e.g., Pell grants for low-income students and student loans), accreditation requirements, and civil rights protections. Key provisions of the bill include:

- **America's College Promise.** This program would establish a federal partnership with states to effectively cover the costs of tuition and fees at community colleges. Federal funds would cover at least 75 percent of the average in-state tuition for community colleges where states agreed to contribute 25 percent. States would make tuition \$0 for eligible students, making this a first-dollar tuition-free program, enabling students to use Pell grant funds toward other costs of living.
- **Pell Grants and Eligibility.** The CAA would increase the maximum Pell grant by \$625 and permanently tie Pell grant amounts to inflation to restore some of grant's lost purchasing power resulting from stark increases in the cost of college. The lifetime maximum number of Pell grants a student could receive for full-time semesters would increase from 12 to 14. The bill would also restore eligibility for students who are incarcerated to receive Pell grants and expand eligibility to students who are undocumented or in the U.S. under Temporary Protected Status.
- **Emergency Aid Fund.** The bill would establish a fund from which institutions could draw to provide emergency grants to students to address food or housing insecurity, or other expenses such as unexpected medical bills or transportation challenges. To participate, most institutions would need to provide a 50% match to federal funds. Priority for participation would be given to institutions where at least 30% of enrolled students are Pell-eligible.
- **Graduate Student Aid and Federal Work Study.** If passed, the CAA would enable students who have not used all of their (14) potential Pell grants in completing bachelor's degrees to apply remaining grants to terms of study in graduate school. The bill would continue to allow graduate students to participate in Federal Work Study programs.
- **Public Service Loan Forgiveness.** Borrowers in public service fields such as teaching, nonprofit work, and health care in underserved communities would have greater access to 10-year student loan forgiveness and a new income-based repayment plan. Previously denied applicants could also qualify. The bill would also open PSLF to farmers and people working in veteran service organizations. The CAA would require clearer information for applicants and that the U.S. Department of Education establish an appeals process for denied PSLF applicants.
- **Supporting Student Parents.** Recognizing nearly one-quarter of college students are also parents, the CAA would quadruple funding for the CCAMPIS program, which provides grants for institutions to provide on-campus child care services. The CAA would also apply higher quality

standards for these services and stronger requirements on institutions to provide information to parents and expectant parents about additional programs and protections available to them.

- **Short-Term Pell Grants.** Students could receive Pell funds to pursue training programs as short as eight weeks. The bill excludes for-profit program providers and establishes accountability measures in an effort to ensure program quality.
- **Streamlining FAFSA.** The federal financial aid application would be pared down to reduce burdens on applicants and their families, and students who received any public benefit (e.g., SNAP) in the previous two years would no longer need to submit an application to qualify for federal aid. Low-income students also would only be required to submit a FAFSA at the start of their college studies, with no need to re-apply in subsequent years.
- **Simplifying Loan Repayment.** To repay student loans, borrowers would choose from one of two plans: 1) a fixed plan that extended repayment times as debt levels increased, or 2) in income-driven repayment (IDR) plan that forgave debt after 20 years of payments. Borrowers struggling to repay their student loans would also have more generous options to avoid falling into delinquency or default. The IDR plan would exempt more income from what the government would consider discretionary income--10 percent of which would go toward loan repayment.
- **Strengthening Data Systems.** The CAA would rescind a prohibition put in place by the 2008 HEA reauthorization on the collection and use of student-level data. By incorporating language from the College Transparency Act, the bill would make more data available to help students understand their likelihood of completing postsecondary programs and securing living-wage jobs. The data would also enable researchers to examine and policymakers to tailor programs based on what works. Accreditors and government agencies would also have more data to hold low-performing institutions accountable. The bill includes safeguards for student privacy.
- **Responsibilities for Accreditors.** Under the bill, the set of accreditation agencies upon whom the federal government relies to uphold quality standards and determine eligibility to receive federal funds would have an enhanced set of requirements. Accreditors would be charged with setting standards for program completion, including measures by race and income. Accreditation agencies would also need to require agreements from colleges at risk of closure guaranteeing successful transfer for students and to different institutions to continue their studies.
- **Institutional Accountability and Student Protection.** The CAA addresses several longstanding concerns with institutional practices and performance. First, the bill would close a loophole that enables for-profit institutions not to count received veterans benefits against a requirement that at least 90 percent of revenues come from non-federal sources. That limit on federal funds as a revenue share would also be reduced to 85 percent. Second, gainful employment regulations would seek to protect students from entering programs that lead to burdensome debt levels with little prospect for entering careers fields paying wages high enough to pay off their loans. And third, borrower's defense measures would ease debt burdens and enable students to qualify for Pell grants after being subjected to fraud by unscrupulous institutions.
- **Formalized Support for Borrowers.** As an additional safeguard, the bill would establish the Office of the Borrower Advocate within the Office of Federal Student Aid. This office would be charged with assisting borrowers seeking to resolve disputes with lenders and upholding student interests in the servicing of student loans.

The House Education and Labor Committee passed the CAA on a party-line vote on October 31, 2019. As of this writing, the bill awaits a vote on the House floor. In the Senate, education committee Chairman Lamar Alexander (R-TN) has proposed a narrower set of reforms in the Student Aid Improvement Act. Senator Alexander is set to retire after the 2020 election.