

Factsheet – Higher Education Affordability Act

Title I – General Provisions

90/10 Rule - Changes the 90/10 rule to 85/15 for proprietary institutions, requiring proprietary institutions to derive more than 15 percent of their revenue from non-federal sources.

Financial Aid Award Letters - Calls for a mandatory format for financial aid award letters, including details on cost of attendance by category, net price, loans, grants, and disclosures regarding repayment.

Marketing and Recruiting - Bans federal funds from being used for institutional marketing and recruiting. Also bans institutions of higher education from entering into a revenue sharing arrangement with a financial institution in promotion of a consumer financial product or service.

Net Price Calculator - Requires that the Department of Education develop a universal net price calculator, as well as easy-to-locate placement on an institution's website.

College Scorecard - Authorizes the "College Scorecard" website which would include a number of institutional comparison categories, such as: net price; completion and transfer data; student debt; and loan type and repayment data.

In-State Tuition for Homeless Youth - Requires public institutions to charge in-state tuition and fees for qualified homeless youth and foster children regardless of state residency.

Complaint Tracking System - Calls for the Secretary of Education to create a new centralized complaint tracking system for students to lodge complaints or inquiries against postsecondary institutions. Institutions will have 60 days to respond once they are notified of a complaint under this system.

Proprietary Oversight Committee - Creates a new proprietary education oversight coordination committee to increase accountability, promote quality educational programs, and protect students from unfair and deceptive practices.

Title II – Improving Educator Preparation

Educator Quality Partnership Grants – Creates competitive grants to support partnerships between high need local education agencies and educator preparation programs at postsecondary institutions to create educator residency programs.

Educator Preparation Program Reform Grants – Authorizes competitive grants for states that implement a prescribed educator preparation program accountability and improvement system to track the outcomes of postsecondary teacher education programs, reward effective programs, and identify and reform low performing programs.

Program Report Cards - Title IV receiving institutions that conducts a traditional educator preparation program or alternative state certification program must conform with requirements established under new program report cards. Data points for the report cards include information regarding state assessments, completion rates, certifications, program information, and whether a program has been designated low-performing.

Title III and Title V – Institutional Aid and Developing Institutions

Title III (A) and Title V – Institutions receiving a grant under Title III (A), Strengthening Institutions or Title V, Developing Hispanic Serving Institutions will have to exhibit they are making adequate progress in the activities outlined in their grant application in order to receive funding for the fourth and fifth year of the grant cycle.

Data Requirements – All institutions receiving grants under Title III or Title V shall provide data on initial placement of undergraduate students upon entry to the institutions, including whether a student matriculates into a major field of study, as well as data on persistence and satisfactory academic progress.

Title IV – Student Assistance

Year-Round Pell – Reinstates access to year-round Pell for students who are enrolled full-time and have completed at least one full-time course load prior to receiving the additional Pell Grant award.

Extension of Pell Grant Maximum Inflation Adjustments – Extends the Pell Grant maximum inflation adjustments for the award maximum set to expire after academic year (AY) 2017 – 2018 till AY 2020 – 2021.

Early Awareness of College Financing Options – Establishes a demonstration project for students as early as 8th grade that explores the effectiveness of early notification of postsecondary financial aid options and the cost of postsecondary education.

American Dream Grants – Encourages states to increase access to higher education for low-income students, regardless of immigration status. This program would provide funding for need-based student financial aid to states that set equitable in-state tuition rates or offer state financial aid to undocumented students who graduate from American high schools.

Credit Reporting of Student Loans – Mandates the fair reporting of federal student loans payments and information to consumer reporting agencies by guarantee agencies, lenders, or loan servicers.

Cohort Default Rate Review – Institutions subject to default management plans must make those plans publicly available and “provide the summary to students at the institution.” In any case where the Secretary of Education has determined that the institution has engaged in default manipulation, the Secretary shall recalculate the cohort default rate.

Elimination of Loan Origination Fees – Eliminates origination fees within the federal Direct Loan program, and amends the terms and conditions of Direct Loans, including accrual of interest for members of the military.

Improvements to Loan Servicing – The Secretary shall prohibit contracts for private debt collectors that are not certified by the Department of Education. Additionally, contracts with private debt collectors may be terminated if they are found to be performing unfair, deceptive, or abusive acts. Also prohibits the servicer from marketing a financial product or service to a borrower while the borrower is enrolled in an institution of higher education. After the borrower is no longer enrolled in an institution of higher education, the servicer may only market a financial product or service to the borrower through an opt-in.

Studies and Reports on Loan Servicing - The Secretary of Education shall conduct a study to determine whether it is efficient and effective to contract with private entities for the collection of loans made or purchased that are in default, including the costs paid to private entities. Additionally, a report shall be conducted on the compensation and incentive structure for servicers of loans made, insured, or guaranteed under Title IV, and whether servicers adequately encourage repayment and use of alternative repayment options. The Secretary shall periodically issue a report about the challenges borrowers face in the servicing of their student loans, including impediments to the efficient and effective servicing of loans under Title IV.

Perkins Loans – Simplifies military deferment eligibility and loan forgiveness for military service members.

Increase to Income Protection Allowance – Revises the income protection allowance table, and increases income protection allowance for dependent students and independent students with and without dependents (other than a spouse).

Prior-Prior Year – Permits ‘prior-prior year,’ allowing students to use family income data from two years prior to the date of the FAFSA application. Under the traditional timeline for filing taxes and the FAFSA, most students are unable to utilize the FAFSA-IRS link to import income and financial data. Permitting students to use prior-prior year on their FAFSA form remedies this issue, and results in a much easier and more efficient process for students seeking financial aid.

Standard Notification for Delinquent Borrowers – The Secretary of Education, in consultation with the Director of the Consumer Financial Protection Bureau, shall develop a consumer tested standard format to be used to notify, by writing and by telephone, borrowers who are delinquent, or at risk of becoming delinquent of the borrower’s repayment options, including deferment, forbearance, income-based repayment, and loan forgiveness opportunities.

Standardized Financial Aid Award Letter – The Secretary of Education shall develop a mandatory standardized financial aid award letter which includes information on cost of attendance, financial aid broken down by type, disclosures regarding repayment, net price, information regarding the benefit of federal loans, deadlines, and academic period covered by the financial aid award letter.

Loan Repayment Rate and Speed-Based Repayment Rate – Each fiscal year, the Secretary shall determine the loan repayment rate for each institution of higher education that is participating in Title IV. Additionally, the Secretary will calculate the “speed-based” rate or the annual rate at which student borrowers at an institution of higher education are repaying their loans. This information would be published on the college navigator website and on the college scorecard, respectively.

Ability to Benefit – Partially restores Title IV eligibility for students enrolled in career pathway programs that lack a high school diploma or GED yet have proven their ability to benefit from a higher education program through either an approved test or successfully completing 6 credit hours of coursework.

Financial Information and Disclosures for Students – Expands financial assistance information provided to student borrowers by providing additional personalized details on repayment options, estimated monthly payments, repayment requirements, and resources for financial literacy. Additionally, institutions will be required to provide more transparency regarding the disclosure of their campus crime statistics and awareness of campus security and harassment policies.

Disclosure Requires Prior to Signing Master Promissory Note – Title IV participating institutions will have to provide first-time borrowers comprehensive information prior to the execution of a master promissory note. Information shall include, terms and conditions of the loan, an explanation that a student may refuse all or part of a loan, information on the institution’s cohort default rate (CDR), rate of borrowing, notation if the CDR exceeds the national average, disclosures regarding institutional eligibility if an institution’s CDR exceeds 30 percent, information on an institution’s speed-based repayment rate, and graduation rate at 100 and 150 percent time.

Notifications for Borrowers – Institutions shall provide annual notification of a student borrower’s loan balance and terms, including repayment options, loan eligibility, and Pell Grant eligibility.

Additional Loan Counseling Requirements for Certain Borrowers – Additional counseling requirements are mandated for borrowers who have transferred, and borrowers who are “at greater risk of defaulting on student loans.” This includes an additional loan counseling session on academic progress. Additionally, new counseling requirements are mandated for individuals taking out Parent PLUS loans.

Expansion of National Student Loan Data System – Integrates NSLDS with other federal data sources, including Pell Grant recipients, Departments of Defense and Veterans Affairs benefits, and Public Health Service loans. Also requires private educational loans to be included in NSLDS.

Competency Based Education – Creates a demonstration program to support competency-based educational models.

Income-Based Repayment – Streamlines existing income driven repayment plans into a single income-based repayment option that caps monthly payments at 10 percent of a borrower’s discretionary income, and provides loan forgiveness for eligible borrowers after 20 years. Borrowers of Direct Loans are still placed in 10-year standard repayment by default; however they may opt into income-based repayment. Additionally, borrowers who are 150 days delinquent on their loans will be placed into income-based repayment.

Disclosure of Cohort Default Rates – Requires the public disclosure of institutional cohort default rates annually that are disaggregated by repayment plan and deferment status. Also requires the calculation of a CDR for Parent PLUS loans.

Public Disclosure of Accreditation Documents – Increases transparency and public access to accreditation documents, including a centralized webpage to house the documents.

Program Reviews – Requires an annual mandatory program review for institutions that have a cohort default rate of 20 percent or higher and have a student participation rate of 15 percent or higher in the Direct Loan program. Disclosure of the mandatory review must be placed on the institution’s website. Violations will also be publically disclosed via the College Navigator website, and the institution’s website (until violations are rectified).

State-Federal College Affordability Partnerships – Creates a block grant available to eligible states aimed at reducing tuition costs and supporting enrollment of low-income students at public institutions of higher education.

Title VII and Title VIII – Postsecondary Improvement Programs and Additional Programs

First in the World – Codifies the existing First in the World competitive grant program which was funded at \$75 million in the FY 2014. Awards are aimed at supporting innovation and expanding research. This is defined by a number of priority areas aimed at supporting underrepresented and low-income students, including: increasing community college transfer rates; reducing time to completion; increasing enrollment and completion in STEM; increasing access and completion; and improving college affordability.

Dual Enrollment – These competitive state grants are for partnerships between high-need high schools or local education agencies and institutions of higher education (as well as additional approved partners) to support access and success for dual enrollment and early college high school programs.

MSI Innovation Fund – These grants are available for Minority Serving Institutions, including Historically Black Colleges and Universities, to increase access and completion for low-income students through “planning, developing, implementing, validating, and replicating innovations that provide solutions to persistent challenges.”

State Grants to Improve Higher Education Persistence and Completion – These state grants (which require matching funds) are aimed at incentivizing reforms and strategies that lead to increased alignment between elementary and secondary education, and postsecondary education and workforce systems, as well as decreasing the need for postsecondary remediation, and increasing postsecondary persistence and completion amongst traditionally underrepresented students.

Community College and Industry Partnerships Program – These competitive grants are designated for industry partnerships between employers and community colleges (also eligible are Tribal colleges and 4-year public institution of higher education that offers 2-year degrees). Funding is aimed at developing and implementing policies and programs to support job training partnerships that provide recognized postsecondary credentials in high-need fields.

Tyler Clementi Program – This program provides competitive grants to institutions of higher education to create or improve programs that prevent the harassment of students.

Title IX – Higher Education Opportunities for Students with Disabilities

National Data Center on Higher Education and Disability – Institutions of higher education that receive Title IV funds will have to submit data to the National Data Center that is disaggregated by categories of disability. Data includes documentation requirements, accommodations policies, accessible instructional materials, budget devoted to support of students with disabilities, and retention and graduation rates.

Transition Programs for Students With Intellectual Disabilities and Students who are Deaf-Blind – This program supports the successful transition of students with intellectual disabilities into higher education, and successful employment outcomes for such students in the integrated, competitive workforce. The bill also provides grants to support transitions for students who are deaf-blind.

Providing Accessible Instructional Materials to Students with Disabilities on College Campuses - The Access Board shall establish guidelines for the accessibility of all instructional materials for students attending Title IV receiving institutions, including electronic instructional materials and related information technologies.

Title X – Amendments to Other Laws

Mandatory Certifications – Amends the Truth in Lending Act to require an institution's certification prior to disbursement of private education loans. Creditors must also provide information annually regarding the number of private borrowers who have not exhausted their federal loans, as well as the number of borrowers who request loan amounts in excess of their cost of attendance.

Revenue Sharing and Disclosure of Affiliation – Requires financial institutions to submit a report annually containing the terms and conditions of all business, marketing, and promotional agreements that the financial institution has with any institution of higher education. Additionally, a financial

institution that offers a consumer financial product or service that is affiliated with an institution of higher education may not enter into a revenue sharing arrangement with the institution of higher education.

Servicing of Postsecondary Education Loans – Prevents a servicer from charging fees for responding to a qualified written request and restricts certain late fees; requires timely action be taken in addressing requests; requires the servicer to take reasonable steps to promote all possible alternative repayment in order to avoid student default; requires a single point of contact for certain borrowers; as well as instituting other consumer protections for borrowers.

Private Loan Discharge in Bankruptcy – Permits private loans to be discharged during bankruptcy proceedings.

Interest on Student Loans During and Immediately After Military Service - Makes it easier for members of the military and veterans to obtain interest-rate reductions, loan deferments, and other borrower benefits.

Title XI – Reports, Studies, and Miscellaneous Provisions

Consumer Protections for Recognized Occupations – Postsecondary institutions participating in Title IV must ensure that their academic programs meet standards that upon successful completion a student is able to attain certification and licensure when applicable.

Study of the Effectiveness of Student Loan Counseling – This longitudinal study shall include borrower information relative to student persistence and completion, degree attainment, successful entry into repayment, and borrowing levels.

Study of the Causes of Student Loan Default - This longitudinal study shall collect disaggregated information on borrowers under a number of categories, including: institutional type; educational attainment level; employment status; types of loans; debt level; and servicing difficulties.

Institutional Risk-Sharing Commission - The Commission shall complete a study and develop recommendations for implementation of a new risk-sharing system for institutions of higher education that participate in the Federal Direct Loan Program through which institutions would be held financially accountable for student outcomes.

American Dream Accounts – Encourages partnerships among schools, colleges, non-profits and businesses to develop secure, web-based student accounts that contain information about academic preparedness, financial literacy, and high-impact mentoring and would be tied to a college savings account. The bill would authorize the Department of Education to award competitive grants to support these partnerships.