December 11, 2017

The Honorable Virginia Foxx
U.S. House of Representatives
2262 Rayburn House Office Building
Washington, DC 20515

The Honorable Bobby Scott
U.S. House of Representatives
1201 Longworth House Office Building
Washington, DC 20515

Dear Chairwoman Foxx and Ranking Member Scott:

We write on behalf of the American Association of Community Colleges (AACC) and the Association of Community College Trustees (ACCT) on H.R. 4508, the Promoting Real Opportunity, Success, and Prosperity Through Education Reform Act. AACC represents the nation's community college chief executive officers, and ACCT represents their governing board members.

The Higher Education Act (HEA) is by far the most important single piece of federal legislation for community college students and institutions. In the more than nine years since the last HEA reauthorization, our colleges have changed dramatically, with a consistent focus on student success and more sophisticated strategies to meet the needs of business. Over that time, needed improvements to the student aid and other HEA programs have emerged. We therefore thank Chairwoman Foxx for proceeding with the HEA reauthorization. Our associations have submitted comprehensive recommendations for improving the HEA to the committee and we evaluate changes to the law through that lens.

H.R. 4508 contains many positive features, but other policies would negatively impact our colleges and students. Consequently, we cannot support the legislation as currently proposed. Also, we are disappointed by the short time frame between the introduction of the bill and the markup. Given the gravity and complexity of this legislation, the committee should provide more time for a thoughtful review of the bill's provisions and potential impact. We are particularly concerned about the impact some of these proposals will have on our small, rural institutions, many of which are particularly pressed for adequate resources.

Below we highlight some of most important aspects of the legislation for our students and institutions, though this is not an exhaustive list of items of interest to our sector. We hope that these comments will guide the committee as it refines the legislation.

Title IV Refunds/Risk Sharing/Student Aid Disbursements
We strongly oppose the bill's new Return of Title IV funds provisions. These provisions would create substantial institutional liabilities for the many instances in which students do not complete their period of enrollment. There has been no debate or analysis regarding the ultimate impact of this proposal, adding to our concerns. This proposal would likely have a disproportionate impact on our sector. Community colleges are open-access institutions and admitting students based on perceived risk is antithetical to our mission. Our institutions acknowledge their responsibility to promote student success

and have made fundamental reforms and dedicated substantial resources to this end. However, these changes would likely create tremendous budgetary difficulty for our thinly resourced institutions, and students would ultimately pay the price through higher tuition or reduced services.

Additionally, the impact of the requirement that student aid be delivered like a "paycheck" in equal increments is unclear, particularly given the fact that most students incur the bulk of their costs in the first portion of their period of enrollment. Test cases applying aid like a paycheck have produced mixed results[1] and a 2013 report by MDRC cautioned that aid like a paycheck should be "tested rigorously before widespread implementation to ensure that it is tailored to produce the maximum benefits for students."[2] This provision would place additional burden on financial aid offices that would require additional staff and resources to implement such a large number of disbursements.

Eliminating Financial Assistance for Institutions and Students

We strongly oppose the bill's elimination of the Title III-A Strengthening Institutions program, as well as the elimination of federal Supplemental Educational Opportunity Grants (SEOG) and in-school interest subsidies for low-income federal student loan recipients.

The elimination of the Strengthening Institutions programs is a tremendous setback for the many community colleges that have particularly low levels of resources and serve large percentages of low-income and minority students. Many of these institutions serve economically struggling rural areas. While programs supporting Minority-Serving Institutions (MSIs) are critically important, they are in no way a substitute for Strengthening Institutions, which is the most competitive of all institutional aid programs. We urge the committee to maintain this critical program.

The elimination of federal SEOG and subsidized loans will add an additional cost burden to millions of students and families. SEOG is a vital source of aid for many community college students, enabling the neediest students to receive extra federal support. There is inherent appeal in the "one grant, one loan, and one work program," but we do not believe that the availability of a second grant program outside of Pell Grants is unduly difficult for students and their families to navigate. Additionally, we believe the financial benefits of in-school interest subsidies are significant, and any complexity could be diminished via the counseling and consumer information proposed within H.R. 4508.

We also oppose the elimination of the Title VI Undergraduate International Studies and Foreign Language program. Though small in size, this program is instrumental in strengthening international education beyond the small number of elite institutions that host Title VI centers.

Federal Pell Grant Program

We commend the bill sponsors for establishing Title IV eligibility for programs that are 300 to 599 clock hours in length or its equivalent. Providing federal aid to students enrolled in shorter programs has been one of our top reauthorization priorities. If enacted, this will dramatically enhance the ability of students who are focused on specific workforce and related aptitudes to take advantage of program offerings. We also thank the bill sponsors for the wider reinstatement of eligibility for Ability-to-Benefit students proposed in this bill.

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[1] (Evan Weissman, Oscar Cerna, Can Cullinan, & Amanda Baldiga, "Aligning Aid With Enrollment", MDRC (2017). Available: https://www.mdrc.org/sites/default/files/ALAP_Interim_Report_2017.pdf

[2] (Michelle Ware, Evan Weissman, & Drew McDermott, "Aid Like A Paycheck Incremental Aid to Promote Student Success", MDRC (2013). Available: https://www.mdrc.org/sites/default/files/ALAP%20brief.pdf

Competency-Based Education (CBE)
The statutory language delineating CBE largely reflects current (and evolving) practice on our campuses and represents an important step forward in policy. As this represents a significant change in policy, Congress will need close oversight to ensure that accreditors are able to adequately discharge their related responsibilities.

Federal Student Loans
We strongly support giving student aid officers greater discretion to reduce loan maximums in specified circumstances for broad categories of students. The criteria set forth in the bill appear to give colleges most of the authority they have sought. This will go a long way to ensuring that borrowing is better tailored to students' needs and circumstances.

The use of program-level repayment rates improves upon the all-or-nothing institutional cohort default rates, but its full implications are not known. A course of study's value should not be tied solely to a federal student borrowing metric; particularly at community colleges, which have comparatively low borrowing rates. While information regarding programmatic repayment rates and earnings are useful, it should ultimately be at the discretion of the institution and its accreditor over which programs to offer. Despite our reservations about this new approach to Title IV eligibility, we commend the application of the participation rate index to this new repayment rate, but note that it too should be modified to accommodate current borrowing trends.

Measurements and Data
The absence of a student unit record data system as in the College Transparency Act (CTA) is one of the bill's major shortcomings. Such a system would reduce cost and provide better information, and can certainly be constructed to protect student privacy. The sponsor's decision not to update this critical aspect of the nation's higher education system stands in stark contrast to many of the bill's other features. Relying on colleges to provide these data is both time consuming and costly.

The College Dashboard and alignment of federal presentation of institutional and related data is a major positive feature of the PROSPER Act, as is the related elimination of many of the institutional disclosures in Section 485. We regret the absence of a six-year graduation rate (300% of the "normal time"), which is the standard used in the community college Voluntary Framework of Accountability (VFA). We urge the committee to add this measurement, which aligns with data already being collected by the Department of Education.

Minority-Serving Institutions (MSIs)
We oppose provisions creating a bright line completion rate standard for institutions to qualify for certain MSI grants. It is disconcerting that this provision is aimed at accredited institutions that serve a large number of minority students, while the bill creates new eligibility for providers with no demonstrated record of commitment to minority student success.

Defining Institutions of Higher Education and Proprietary Institutions
H.R. 4508 greatly enhances the role of for-profit colleges in the HEA. Despite some overlap in program offerings, for-profit colleges are fundamentally different from community colleges because they are not controlled, governed, or otherwise accountable to the public. At many for-profit colleges, virtually all of their funds come from federal sources such as student aid, veterans' educational benefits, and workforce training funds. To that extent, proprietary colleges are creatures of the federal government. Regulation of these institutions should be enhanced, not reduced. In particular, our associations oppose the elimination of the 90/10 rule. We also oppose establishment of a single definition of "Institution of Higher Education." The latter would enable proprietary institutions access to grants funds that were previously unavailable to them.

Federal Work-Study
We thank the sponsors for attempting to revise the current formula for determining institutional allocations for Federal Work-Study. A balanced approach is needed to ensure that institutions that serve large numbers of needy students have equitable access to this aid. Our associations have not endorsed a particular pathway for achieving this goal, but we do have some initial concerns with the formula in H.R. 4508. The new formula relies on a student's Expected Family Contribution (EFC) in determining need. Approximately 40% of community college students do not file a FAFSA. Many fail to file a FAFSA not because they don't have financial need, but because of the barriers they face in the application process. Hence it may be especially difficult to assess financial need among our student population via this formula. We oppose the increase in matching requirements which would create a significant barrier for many of our institutions.

Apprenticeships
The new apprenticeship program has great promise to continue momentum in this area, but some changes are needed. This includes lowering the 50% match, which will be too high for some colleges to meet, providing support for academic instruction, and ensuring that institutions take the lead on the grants. We are also concerned about the accountability standards and cost of creating a pathway for federal funds for non-accredited providers. Also, as valuable as this new authority may be, it does not compensate for the elimination of the Title III-A Strengthening Institutions program.

Regulations
H.R. 4508 reduces regulatory burden in many areas, including institutional reporting, state authorization, and credit hour. We thank the sponsors for adopting many of the recommendations of the *Recalibrating Regulation of Colleges and Universities* report issued by the ACE Task Force on Regulation.

TRIO and GEAR UP
Our associations have concerns regarding the new matching requirements for federal TRIO programs. Additionally, we request that the authorization matches at least current funding levels.

Thank you for your consideration of these views. Again, we commend the Committee for beginning concrete work on this key legislation. We look forward to working with you as this legislation advances.

Sincerely,

Walter G. Bumphus
AACC President and CEO

J. Noah Brown
ACCT President and CEO