

August 29, 2014

The Honorable Tom Harkin
Chairman
Senate Committee on Health, Education, Labor and Pensions
SD-430 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Harkin:

The American Association of Community Colleges (AACC) and the Association of Community College Trustees (ACCT) are pleased to provide comments on the discussion draft of the Higher Education Affordability Act (HEAA). No legislation is more important to community colleges and their students than the Higher Education Act, and we commend you for your introduction of this ambitious legislation.

AACC and ACCT represent the institutions and the trustees, respectively, of the nation's more than 1,100 community colleges. Community colleges enroll more than 8 million credit students each year and serve as essential engines of individual opportunity and economic growth. Our members represent the most affordable institutions of higher education. Even so, federal student aid is critical to maximizing access and success, especially for low- and moderate-income students. Attached to this letter are detailed comments on many of the provisions in the HEAA. Below is a condensed version of those comments that highlight our top priorities.

Federal Pell Grant Program

Pell Grants remain the single most important student financial aid program for community college students, reaching more than 3 million each year.

- The HEAA preserves Pell Grants without limiting eligibility. We commend this policy as well as the continuation of the annual CPI adjustment to the maximum grant.
- Re-establishing the year-round Pell Grant is essential. However, the year-round Pell Grant should be made available to *all* students, not just those enrolled full-time as in the HEAA. When financially needy students stay enrolled year-round they are more likely to persist in and ultimately complete their programs, regardless of enrollment intensity.
- We strongly support the legislation's restoration of Title IV eligibility to ability-to-benefit (ATB) students enrolled in career pathway programs. Ultimately we seek restoration of Title IV eligibility, particularly that for Pell Grants, to all ATB students.
- We support efforts to expand the ability of students, particularly those of low- and moderate-incomes, to learn about and apply for federal student aid, such as the Pell Grant. This includes allowing the use of prior-year income information on the FAFSA and receiving earlier notification of potential benefits.
- The current limitation on receiving Pell Grant support for 12 semesters or its equivalent is too restrictive to accommodate many hard-working college students, particularly those who require remedial coursework and/or transfer to another institution. This limit should be extended to 14

semesters, which strikes an equitable balance between individual opportunity and federal program accountability.

- The Pell Grant program needs to be altered to provide some funding both for students and programs that reflect the fundamental purposes of the program but do not meet current eligibility criteria. We believe that 2 percent of aggregate institutional Pell Grant funding should be applied for this purpose.

Federal Student Loan Programs

Fortunately, less than one fifth of all community college credit students take out federal student loans. However, an increasing number of students do rely on these loans. Community college officials are deeply concerned about the growing number of students in default, and therefore support appropriate measures of institutional accountability.

- Community colleges seek new measures to reduce over-borrowing that are not included in the draft HEAA: loans should be prorated according to enrollment intensity; aggregate loan maximums should be applied to students enrolled in associate degree programs or shorter certificate programs; and institutions should be given the authority to reduce loan amounts for categories of students who, in general, represent a greater risk of default.
- Statutory provisions that remove institutions from federal loan programs because of high CDRs should not also eliminate their eligibility for the Pell Grant program. It is unfair to deny needy students access to this critical grant assistance because of the behavior of student borrowers who have left the institution.
- We applaud the bill's establishment of a Student Default Risk Index (SDRI). However, this metric should replace rather than supplement the current CDR. As such, the SDRI would eliminate the need for formal Participation Rate Index (PRI) challenges and appeals. Absent the adoption of the SDRI in lieu of the CDR, the HEA statute should require the U.S. Department of Education to accept annual PRI challenges and appeals.
- We strongly support additional simplification and improvement of loan repayment options and loan servicing, including the consolidation of income-based repayment plans and enhanced consumer protections for borrowers.
- The PRI must be increased to reflect higher percentages of students borrowing at community colleges. This will ensure that sanctions are not inappropriately applied to institutions whose low cost requires relatively minimal reliance on loans.

Transparency and Accountability

Current federal measures of outcomes are both inaccurate and incomplete as they apply to community college students, leading to serious misconceptions of institutional performance. The HEAA needs to be changed to require better information for consumers and policymakers.

- We support the creation of a federal student unit record system for Title IV eligible institutions that would track students throughout their postsecondary education studies and provide earnings information for program completers. A unit record system would eliminate the need for some institutional IPEDS surveys.

- Items in the modified College Scorecard need alteration. First, the completion item does not count community college students who finish a program within 300 percent of the “normal time” for graduation, which is the timeframe necessary to capture substantial numbers of successful students. Second, the draft legislation improperly limits transfer reporting to students moving from 2-year institutions to a 4-year institution. Today, transfer is a common phenomenon in all sectors and needs to be recorded across higher education.
- The Scorecard should require that an institution’s tuition and fees be prominently displayed, since “net price” includes costs such as living expenses that lack a standard definition or measure and therefore can be confusing to potential community college students and lead to misleading institutional comparisons.
- We strongly oppose the HEAA’s vast expansion of program reviews. Any additional reviews need to be carefully targeted to institutions at which the administration of Title IV poses real risk to the government. Also, the purpose of program reviews is to ensure correct Title IV administration, not to inform the public on internal institutional operations.

Key Programs

The HEAA reauthorizes a wide array of programs that are of tremendous benefit to community colleges and their students, including TRIO, GEAR UP, Strengthening Institutions, Hispanic-Serving Institutions, Predominantly Black Institutions, Asian American and Native American Pacific Islander-Serving Institutions, and others. We strongly support their reauthorization.

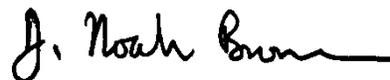
- We strongly support the state–federal college affordability partnership grant proposal to incentivize state funding for higher education and support affordability and access for students.
- For community colleges, the Dual Enrollment and Early College High School programs potentially provide significant assistance in programmatic innovation that has already had a huge national impact, but in which greater resources and focus are needed. However, the program as drafted is unrealistic in its expectations of grantees, be they state entities, community colleges, or secondary schools. Program requirements need modification to meet achievable goals.
- The Community College and Industry Partnerships Program will enhance community colleges’ ongoing work with employers. The program’s emphasis will help ensure that appropriate federal goals are met and we enthusiastically endorse this program.

We look forward to working with you on these and other issues as the reauthorization process continues. Thank you for your consideration of these comments.

Sincerely,



Walter G. Bumphus
AACC President and CEO



J. Noah Brown
ACCT President and CEO

COMMENTS ON THE HIGHER EDUCATION AFFORDABILITY ACT (HEAA)

TITLE I—GENERAL PROVISIONS

Sec. 101. 85-15 revenue source requirement for proprietary institutions. — Overall, for-profit institutions have significantly different revenues and expenditures from both public and private non-profit institutions. The establishment of the “90-10 rule” (initially 85-15, but altered in 1998) reflects these differences. In the HEA reauthorization process, it is appropriate for Congress to re-examine the 90-10 rule and consider returning it to 85-15, as a means of securing greater quality control in the HEA programs. No community college comes close to receiving 85 percent of its revenues from Title IV funds. This is because of the state and local support the institutions receive; and that support carries with it an inherent level of public accountability that the 90-10 rule seeks to apply.

Sec. 105. Restriction on marketing with federal educational assistance funds. — On average, community college marketing and recruitment expenditures barely exceed 2 percent of overall expenditures. While acknowledging the need for institutional discretion in the setting of priorities about expenditures, we are extremely uncomfortable with the massive use of federal funds for marketing by some institutions. This provision or something similar to it, while ensuring that its administration is not unduly complex, would check these practices.

Sec. 106. Minimum standards for net price calculators. — Improvements in net price calculators have helped play an increasingly positive role for prospective students and their families. However, these calculators and the very concept of “net price” can also prove confusing for community college students. This confusion is due to a number of factors. First, close to 80 percent of all community college students work while enrolled, therefore giving them an ongoing revenue source, in addition to student aid, to help them meet college expenses. Second, many students continue to live with their families as they pursue their studies, which can blur discrete living expenses. Finally, different institutions assume different living expenses for their students, which in turn can undermine the comparability of net price calculator results. Therefore, it remains essential that the tuition and fees charged by a college should be clearly provided in any place in which a net price calculator is presented or linked to. This basic information remains of great importance and relevance for community college students in their decision-making.

Sec. 108. Data improvements for College Navigator. — The data required here are so granular that they are unlikely to be of benefit to prospective students, and they can be difficult for community college students to interpret. It is unclear what purpose this additional reporting serves.

Sec. 109. College Scorecard. — The Scorecard needs significant changes if it is to provide potential community college students with relevant and accurate information, a concept we support. We applaud consumer testing to design a future version of the Scorecard, but are concerned with the expansion of data points before such testing can be completed.

We also have concerns with individual items. As stated above, “net price” can be misleading to students and therefore a college’s tuition and fees also should be prominently displayed. The Scorecard also requires both completion *and* transfer data. However, the manner in which these are currently calculated neglects to accurately measure success in either category and fails to capture the multiple missions of community colleges. A completion measure that omits hundreds of thousands of students who earn credentials is not acceptable. A completion metric that accounts for graduates through 300 percent of the “normal time” should be displayed—it is what community colleges themselves, in their Voluntary Framework of Accountability, have adopted. This timeframe is needed because many community college students often take that long to complete their studies due to work or familial responsibilities (or both)

and these part-time students represent a much larger percentage of overall enrollment than students in other sectors. Nonetheless, these students absolutely are successful completers and should be treated as such. In fact, many students take longer than 300 percent of the “normal time” to attain degrees, but this does not in any way imply an inattention to their college work or lack of institutional engagement. Title IV’s Standards of Satisfactory Academic Progress also ensure that students are appropriately applying themselves to their coursework. Furthermore, to capture the reality concerning transfers, which occur in all sectors, they should be reported by all institutions for all students and not limited to tracking of transfers from community colleges to 4-year institutions. The proposed HEAA policy also represents a step backward from the statutory requirement that *all* Title IV institutions provide transfer-out information. Transfer information will be more widely available and reliable with the adoption of a federal student unit record system. Finally, the Scorecard also assumes extension of the highest tuition and net price “watch lists” that have confused and misled the public and we urge their elimination.

Sec. 113. Establishment of complaint resolution and tracking system. — AACC and ACCT cannot support this provision as written because this language is overly broad. It allows for the registration of complaints about any and all “educational practices and services” and could lead to a cumbersome, expensive, and time-consuming process to respond to complaints that may not be legitimate. Specific complaints of this nature are better addressed at the state level or by accreditors, who currently are required to have established processes for responding to complaints. Another approach to meeting the goals of this section may be to require institutions to respond to specified complaints, and have that process subject to review by ED or accreditors.

TITLE III—INSTITUTIONAL AID

Sec. 302, 304, 306, 310. Strengthening Institutions, American Indian tribally controlled colleges and universities, Predominantly Black institutions, and Historically Black Colleges and Universities. — AACC and ACCT endorse the adjustment to matching requirements for endowment support for Minority Serving Institutions in this title.

Sec. 303. Duration of grant. — This section requires institutions receiving a grant under Title III (A) Strengthening Institutions to demonstrate to the secretary that they are making adequate progress on their grants in order to continue to receive the grant in the fourth and fifth years. This language is unnecessary because the statute currently gives the secretary this authority. It is unclear why this additional new language has been proposed only for Title III (A) and Title V.

Sec. 312. Applications for assistance. — The intent of the new required reporting of selected data is not clear. Subsection (A) assumes that students choose a major field of study upon entrance to an institution, which is often times not the case, particularly for community college students. Subsection (B) largely duplicates existing IPEDS reporting requirements. Subsection (C) is also misconceived because satisfactory progress standards are student-specific and not appropriate for broader disclosure purposes, and also because it is only used for Title IV students.

TITLE IV—STUDENT ASSISTANCE

Sec. 411. Year-Round Federal Pell Grants; extension of Federal Pell Grant inflation adjustments.

The Pell Grant program is of paramount importance to community college students. More than 3.2 million community college students received Pell Grants in the 2012–13 award year. Providing grants beyond the normal two semesters, or three quarters, would increase persistence and graduation rates by giving students the opportunity to stay enrolled year-round and to complete their degrees more rapidly. AACC and ACCT are encouraged by the HEAA’s reinstatement of the year-round Pell Grant, but dismayed by its limitation to full-time students. First, expecting all students—particularly the low- and moderate-income students who receive Pell Grants—to be able to attend full time during the summer is equally as unrealistic as the anachronism of a bygone agricultural era where students take “summers off.” Family and work obligations may be keeping students from attending full time, with about 73 percent of part-time community college students working while attending school. Campus officials strongly believe that denial of the year-round Pell Grant to part-time students, or to those who for some reason have not acquired a full-time course load prior to summer, will lower community college attainment. The majority of community college students (60 percent) attend part time. Students who mix full- and part-time status within an award year would be similarly ineligible. We support required flexibility for institutions to determine the appropriate award year to which the second grant should be assigned and, in concept, requiring institutions to notify Pell Grant recipients of their remaining eligibility.

In addition, we propose that Congress authorize institutions to use up to 2 percent of their recent annual Pell Grant expenditures for programs and students that are not currently eligible for Title IV, but which reflect the fundamental goals and many of the specific requirements of the program. In particular, this could apply to programs that are part of career pathways programs that are Title IV-eligible but consist of fewer than 600 hours, or financially disadvantaged students who have a B.A. degree but otherwise qualify for grants. At many community colleges, new programs such as new forms of remedial education, especially when it is delivered in a modular format, often do not mesh neatly with the Title IV structure and would be benefit by this approach.

Additionally, we urge the Pell Grant eligibility semester limit of 12 semesters be increased to a minimum of 14 semesters. While we believe that students receiving federal support to attend college have a responsibility to progress through their studies as a rapidly as possible, the reality is that some students need longer than 12 semesters of support to achieve a B.A. degree, given the realities of widespread remediation, credits lost in the transfer process, and the fact that some students change their course of studies while in college.

Sec. 413. Early awareness of college financing options. — Early notification of financial aid eligibility is an idea whose time has come. The results of recent research show that early notification of potential Pell Grant eligibility for 8th graders, specifically those receiving National School Lunch Program benefits, led to increased college attendance and retention. We appreciate the prudent approach in this provision of conducting further evaluation of similar early notification efforts prior to widespread implementation of such a policy. Therefore, AACC and ACCT support this section’s establishment of a demonstration program for early notification of financial aid options and college costs. We also support the prioritization of states with high levels of students with financial need, consumer testing of the initial form, rigorous evaluation of the program, and the identification of best practices.

Sec. 414. American dream grants. — Community colleges continue to press for enactment of the Development, Relief, and Education for Alien Minors (DREAM) Act to address the tremendous difficulties that undocumented individuals face in enrolling in or paying for college. While this provision is not equal to the necessary changes to immigration policy found in the original DREAM Act, its effort

to expand in-state tuition and financial aid to “Dreamer” students through state grant incentives is still tremendously beneficial. However, incentive grants should not be conditioned on the establishment of state longitudinal data systems which are fundamentally unrelated. Additionally, we suggest that grant allotments be determined by the proportion of *all* eligible Dreamer students currently enrolled in the state and not on the number of Dreamers enrolled *at least half-time*, given that many Dreamers take few courses principally because they are ineligible for in-state tuition or financial aid. States should retain their traditional control over the levels of state financial aid awards, such as those based on enrollment status.

Sec. 421, 422, 423. Simplification of income-based repayment options. — AACC and ACCT strongly support the consolidation of the four income-driven plans into one new, improved, and simplified income-based plan available for all borrowers, regardless of their debt or income level, whether the loans are Direct or FFEL, or the date of loan disbursement. For community college borrowers with a small amount of debt upon graduation, the standard 10-year repayment plan often helps minimize the amount of interest paid and the length of repayment. However, borrowers with lower incomes or higher debt burdens (or both) may find standard repayment unmanageable. One factor contributing to the low uptake rate of income-based plans is that as an optional repayment method it requires borrowers to take proactive and sometimes cumbersome steps to enroll. We propose that voluntarily enrollment in income-based payment be made easier, such as by further simplifying the IRS income retrieval tool for first-time enrollees. We also support changes in this section to automatically enroll students who are severely delinquent or in default into an income-based repayment (IBR) plan that provides an affordable repayment or loan rehabilitation option.

Sec. 424. Reasonable collection costs and rehabilitation payments. — AACC and ACCT support this worthy endeavor to ensure that loan collection costs and rehabilitation payments are reasonable and affordable for borrowers who are struggling financially.

Sec. 426. Improvements to credit reporting for federal student loans. — AACC and ACCT support this provision. All student loan borrowers deserve a fair and accurate account of their federal debt and repayment history on their credit reports.

Sec. 428. Improved determination of cohort default rates; publication of default prevention plan. — Community colleges are concerned about rising default rates, and many have adopted effective default and delinquency prevention and management strategies. AACC and ACCT do not believe that adding these default prevention plans to the exhaustive list of consumer information items already disclosed would benefit prospective or current students. By their very nature, default prevention plans are often highly technical, may involve complicated financial aid processes that would require further explanation, and generally do not directly pertain to individual student experience. Summaries of these documents would be difficult to produce. Students are likely to ignore such plans or misinterpret them as indicative of a pervasive default problem in the institution.

Sec. 429. Improved disability determinations. — Borrowers who are permanently and totally disabled should not be required to fight the federal government for the discharge of their loans, especially when federal data are easily accessible to make disability determinations. This is a valuable provision.

Sec. 451. Elimination of origination fees and other amendments to terms and conditions of loans. — Students deserve affordable federal loan options and a full disclosure of their costs. More importantly, we support the elimination of “origination fees,” which are often a hidden cost to borrowers. These fees are simply a tax on students and are particularly egregious given the profits that the federal government currently is making on student loans.

Sec. 452. Improved student loan servicing and debt collection practices. — AACC and ACCT support provisions to eliminate unwanted marketing to students of servicer products or services. However, this section does not go far enough. We propose complete servicer and contractor anonymity for loan servicing and a single repayment and contact portal for students. Under such a system all correspondence would appear to be from ED (see Sec. 1016) and the borrower would make all payments to the single source, regardless of who the servicer is or the number of servicers. We strongly support the creation of a special servicer to provide additional assistance to students with severely delinquent or defaulted loans, especially if such increased borrower outreach and support could reduce the overall incidence of default. We propose that this special servicer should also remain anonymous so as to reduce disruption to distressed borrowers who have their loans transferred to a new servicer.

Sec. 471—474. Increased income protection allowance — AACC and ACCT agree with the policy of updating Income Protection Allowances (IPAs) and linking them to the Consumer Price Index. These near-term increases to the IPAs will help many working students receive needed great amounts of financial aid, including Pell Grants. However, in recent years Congress has altered the IPAs without ample debate over their overall impact on the distribution of aid and the cost of the Title IV programs, particularly Pell Grants. Therefore, more thorough analysis and public debate of these changes and potential further changes is desirable.

Sec. 475. Prior-prior year; definition of independent student. — Community colleges strongly support simplification of federal student aid forms and requests. According to NPSAS, almost 40 percent of community college students do not fill out the Free Application for Federal Student Aid (FAFSA). Of those who do file the FAFSA, three quarters are unable to fully utilize the IRS Data Retrieval tool, mostly due to lack of coordination between tax filing periods and financial aid deadlines. Being able to use prior-prior year income data will greatly assist community college students applying for federal student aid with little variation on total financial aid awards. AACC and ACT strongly support this provision, and propose changing the effective date to the beginning of an academic year to ease implementation. Furthermore, we support provisions that would ease the determination process for unaccompanied and homeless youth to qualify for independent status.

Sec. 482. Standard notification format for delinquent borrowers; explanation of benefits of federal loans. — The information on repayment options that loan servicers currently provide to borrowers who are delinquent is often insufficient and unhelpful. AACC and ACCT support this provision requiring additional contact with delinquent borrowers and the use of consumer testing of these notices. We propose that the statutory definition of delinquent borrowers to include those who are “at risk of becoming delinquent.” AACC and ACCT also support additional efforts to notify prospective students of the benefits that are unique to federal student loans. However, as written, this section would improperly mandate this information be provided during entrance counseling, which occurs only after a student has already started the process to take out a federal loan including filling out the Master Promissory Note. We propose therefore that consumer testing be conducted to identify which elements of entrance counseling are necessary to encourage successful loan repayment.

Sec. 483. Institutional financial aid award letter. — AACC and ACCT believe that prospective students need to be able to effectively compare financial aid letters from different institutions. However, a universal, standardized financial award letter may not achieve its purpose due to the fact that financing options and student populations at different institutions vary tremendously. (We note that most community college students only consider attending their local institution, thus reducing the benefit of the “comparison shopping” that motivates this effort.) There are also far too many items required in the award letter, which may preclude prospective students from understanding the terms and conditions of the financial aid awards. As a practical matter, it would be impossible to include the delineated number of items in this section on the first page of the letter. Based on consumer testing of different versions of

financial award letters, the financial aid award should be dramatically trimmed rather than expanded. Alternatively, we propose a set of common terms, definitions, and basic requirements for all financial aid award letters, similar to the recommendations of the NASFAA task force on this issue.

Sec. 484. Consumer testing. — AACC and ACCT agree that establishing a consumer testing process is important to ensure that information imparted to prospective and current students and their families is understandable and useful. By its very nature, consumer testing involves trying different ways of stating and presenting information to determine which are the most effective. We are concerned therefore by the specific elements that are prescribed for the 10 items to be consumer tested. Instead, we propose that the final requirements for the 10 items be identified by the results of the consumer testing process.

Sec. 485. Loan repayment rate and speed-based repayment rate. — While loan repayment metrics are becoming useful in some respects, this section’s repayment metrics have serious shortcomings for community colleges. The measures are inherently unrepresentative at community colleges, where only 17 percent of the students take out federal loans. In addition, by relying on a calculation of total loan balance paid at a time of increasing reliance on IBR, the loan repayment rate measure, as calculated here, will often work against institutions that have high percentages of low-income borrowers who are making low payments. Furthermore, the complexity of this metric seriously undermines its usefulness as a consumer information tool. Speed-based repayment rates present many similar issues. We suggest exploring a metric based on the total number of students in active repayment, and continue to support the replacement of cohort default rates with a Student Default Risk Index (SDRI). The SDRI would more appropriately capture the likelihood of a prospective student ultimately defaulting on a student loan.

Sec. 486. Ability to benefit. — Restoration of Title IV eligibility for students qualified under Ability to Benefit (ATB) has been a top priority for community colleges. Many of our institutions are mandated to serve these students by law as well as their sponsoring agencies, boards of trustees, and other stakeholders. We greatly appreciate the inclusion of this section given the growing number of career pathways programs, which have proven to be a highly successful innovation for many community college students. However, in the context of HEA reauthorization the effort to restore ATB eligibility—particularly for Pell Grants—should be broader. Consequently, AACC and ACCT support expanding financial aid access to qualified students beyond those solely enrolled in career pathway programs to all students originally eligible under ATB.

Sec. 488. Improved disclosures, counseling, and financial assistance information for students. — AACC and ACCT strongly support improvements to the exit counseling process. Recent user-experience research has shown the existing online tool to be poorly understood, overly complex, and in urgent need of further consumer testing and subsequent redesign. We support the inclusion of personalized borrower information and efforts to improve the Master Promissory note in a similar manner. However, we propose that the cohort default rates (CDR) be removed as part of the entrance counseling process as it is not an accurate measure of student default risk. Moreover, entrance counseling is not an appropriate time to review at least six default and repayment rate metrics that are not related to an individual student’s personal responsibility to repay his or her loan(s). These metrics need significant revision and should remain part of the consumer information provided to enable students to choose an institution of higher education, prior to enrollment. Institutions should be able to require annual loan counseling requirements as a means to promote successful loan repayment. However, we disagree that such annual counseling requirements should be mandated for all institutions and their “at risk” borrowers, a group left undefined in this section. The burden of providing or verifying this counseling would be extremely difficult for under-resourced institutions to sustain.

Sec. 489. Improvements to National Student Loan Data System. — AACC and ACCT support both the integration of NSLDS with other federal data sources and the inclusion of private educational loans in a student’s loan history.

Sec. 490. Competency-based education demonstration program. — AACC and ACCT support this provision and additional efforts to expand innovative program offerings, including competency-based education and direct assessment by means of demonstration programs. However, because a variety of different approaches are being tested, many by community colleges, and the results are unclear, a demonstration project is the correct approach for now. We note that some of the required reporting and disclosures for program participants are simply overly ambitious in their scope and may deter institutions from applying for the demonstration programs.

Sec. 491. Program participation agreements. — Community colleges and their financial aid officers strongly support required institutional certification of private educational loans and believe this will reduce over-borrowing and increase student utilization of federal loans. It will also help institutions better counsel their students in debt management. However, we oppose new provisions for campuses serving 100 or more veteran students, more for the nature of the requirement than its content, as community colleges already endeavor to provide a range of services to veterans. Unfortunately, the proposed requirement is a highly prescriptive and inappropriate expansion of federal authority into campus procedures.

Sec. 493. Income-based repayment. — AACC and ACCT strongly support the consolidation of IBR programs and the increased availability of income verification for the purpose of IBR enrollment.

Sec. 495. Disbursement of credit balance. — AACC and ACCT support modernization in the disbursement of financial aid. The majority of community colleges offer electronic payment options to students. Those that do not are generally prohibited by their fiscal agent, such as the state or county, from doing so. The secretary should be empowered to make waivers under these requirements to ensure institutions are not penalized for fiscal decisions beyond their control.

Sec. 496. Disclosure of cohort rates based on repayment plan and deferment status. — Community colleges continue to have concerns about the value of default and repayment metrics when only 17 percent of their students take out federal loans. The disaggregation of data of an already small percentage of students as prescribed may compromise privacy in addition to being unrepresentative of the student population. Furthermore, borrowers choose repayment plans and any deferment or forbearance in consultation with their loan servicer, not the institution attended, which undermines the purpose of this provision.

Sec. 497. Public disclosure of accreditation documents; prohibition on pre-dispute arbitration mandates. — AACC and ACCT support this increased transparency and disclosure of documents and reports by accrediting agencies, which is appropriate given public and policymaker interest in the accreditation process. In practice, as public institutions, community colleges routinely make available to the community the information mandated in this section.

Sec. 498, 498A. Improved targeting of program reviews. — AACC and ACCT acknowledge the necessary role of program reviews by ED to ensure the proper administration of federal funds. However, we strongly oppose this provision as drafted. It would result in additional program reviews for hundreds of community colleges that are diligently working to properly administer complex student aid programs and that pose no particular risk to students or taxpayers. (Financial aid professionals at our institutions routinely report total staff effort of more than 300 hours for a complete program review.) The proposal would base institutional “risk” to students on a variety of metrics that have little or nothing to do with the

proper administration of aid. Furthermore, by requiring so many program reviews on an annual basis this section would create overlapping, simultaneous program reviews at many institutions and would further strain resources. We also object to this section because it would create a new purpose for program reviews for which they never were conceived and are ill-suited to meet, and that is providing information to the public about institutions. Program reviews are inherently private transactions between institutions and the government.

Sec. 499. State-federal college affordability partnership. — State support for public institutions of higher education is essential to maintaining affordable, high quality, and accessible programs. State disinvestment in higher education has greatly impacted community colleges, which are now spending less on a per-student basis than even just a few years ago, well after the last recession officially ended. Therefore, we greatly appreciate the aim of this section to incentivize states to maintain strong funding for public higher education. Additionally, while we appreciate the need to target funding at maintaining affordable tuition and fees, we hope that you will consider language to ensure that there is an equitable and appropriate distribution of block grant funding among public institutions for other important funding priorities beyond policies aimed at tuition and fees.

TITLE V—DEVELOPING INSTITUTIONS

Sec. 502. Authorized activities under part A of title V. — AACC and ACCT appreciate the attempt to broaden and streamline the use of funds authorized under this title. However, we oppose the elimination of authority to use funds for articulation agreements and student support programs designed to facilitate transfer from 2-year to 4-year institutions, unless otherwise approved by the secretary. Given that close to 200 Hispanic Serving Institutions are also community colleges, and that articulation is so fundamental to postsecondary success, this change runs contrary to the intent of Title V as well as the needs of higher education today. We endorse the adjustment to matching requirements for endowment support available under this section for eligible Hispanic Serving Institutions.

Sec. 503. Duration of grants under title V. — The secretary’s authority to terminate a grant under this title is not as strong as under Title III. However, rather than giving the secretary new authority to terminate grants to Hispanic Serving Institutions during the fourth and fifth year of their grant cycle, we recommend, as with Sec. 303, standardizing existing authority as it relates to terminating all institutional assistance grants.

Sec. 506. Waiver authority; reporting requirement; technical assistance. — As described in Sec. 312, the new data requirements under this section are confusing in their intent and somewhat duplicative of existing data collection. We urge their deletion.

TITLE VII—GRADUATE AND POSTSECONDARY IMPROVEMENT PROGRAMS

Sec. 702. First in the world competitive grant program. — We support the inclusion of the First in the World program in this reauthorization, as it represents an important investment in innovative approaches to higher education.

Sec. 703. Dual enrollment and early college high school programs. — AACC and ACCT have long supported a targeted federal role in enhancing dual or concurrent enrollment. Some variant of these programs is offered at almost all community colleges and they have proven to be both successful and

popular with students. In total, 71 percent of students taking dual enrollment courses nationwide are doing so through community colleges. However, access to these programs is highly differential, which is due in part to the diversity of program offerings, institutional settings, public support, charges levied on students, and other factors. Therefore, federal investments in dual enrollment, which will invariably represent a small portion of overall expenditures nationally, should be targeted to maximize impact on access to high quality programs that would not otherwise be available. This section largely achieves this essential goal. However, the program sets expectations about its impact that are in some instance too ambitious for its scope, particularly in regard to performance measures, some of which are not likely to be significantly impacted by the program. Refinements to the legislation, including perhaps broadening its general authority and reducing its prescriptiveness, are needed, but we strongly support the overall program.

Sec. 704. Minority-serving institutions innovation fund. — AACC and ACCT support this new authorization to provide additional resources for low-income students through best practices and innovative approaches to access and completion.

Sec. 705. State competitive grant program for reforms to improve higher education persistence and completion. — This program addresses some of the toughest challenges facing postsecondary education. Community colleges will be at the center of any grants that may ultimately be awarded to states, which obviously are critical to the success of postsecondary education in this country. That said, the program as drafted is inordinately ambitious and overly prescriptive. It is preferable for this program to be cast more broadly. States should have greater discretion in making proposals to the secretary that reflect their particular priorities and the secretary should have some latitude to determine if the proposal in fact sets appropriate goals and the means to attain them.

TITLE VIII—ADDITIONAL PROGRAMS

Sec. 802. Community college and industry partnerships program. — AACC and ACCT strongly support this program. Community colleges continue to align closely with business and industry, but programs oriented toward high-skills jobs are expensive and further support for these partnerships is essential to scaling up high-demand educational and career training programs. Studies continue to show that well-targeted training programs provide high yields both for individuals and local economies. Tuition-based support for these programs, either through the HEA student aid programs or via Workforce Investment Act Individual Training Accounts, are vital but insufficient sources of support, for they do not fully cover the cost of building and expanding these programs. For the last several years, the federal government has invested directly in expanding innovative education and training programs in community colleges, starting with the Community-Based Job Training Grants and subsequently through the Trade Adjustment Assistance Community College and Career Training (TAACCCT) grants. The final round of the TAACCCT grants is occurring this year, after which there will not be a continuation of this investment absent a program to fill this void.

Community colleges are in a key position to apply this type of innovative and practical approach, and have proven to be very nimble in creating new programs or adapting existing ones to meet the needs of industry; we recommend that funding under this section remain targeted at the efforts of our sector and partnerships therein.

TITLE IX—HIGHER EDUCATION OPPORTUNITIES AND SUPPORTS FOR STUDENTS WITH DISABILITIES

Sec. 901. Higher education opportunities and supports for students with disabilities. — AACC and ACCT appreciate that this reauthorization proposal recognizes the needs of individuals with disabilities as they transition into and persist through postsecondary education. Access to appropriate accommodations and support is essential, and we support the intent to create greater consistency for students across institutions. The ability to centrally identify best practices is beneficial and we also support increased student awareness about the accommodations and benefits available to them. However, while we understand and support the desire to provide persistence and completion data for student with disabilities, the requirement to collect and report disaggregated student data raises significant privacy concerns. As it would not be uncommon for an institution to have only one or two students representing a low-incidence disability category on campus, we suggest establishing appropriate privacy thresholds.

TITLE X—AMENDMENTS TO OTHER LAWS

Sec. 1012. Mandatory certification. — Community colleges strongly support the mandatory certification of private educational loans and all efforts to ensure that students have exhausted their federal loan availability before seeking costlier private loans. The lack of integration between private loans and other financing sources is a serious shortcoming in the student aid delivery system.

Sec. 1016. Improved consumer protections for student loan servicing. — AACC and ACCT endorse additional protections and supports for borrowers, as well as increased oversight of student loan servicers. We strongly support timely responses to borrower requests, the elimination of improper or exorbitant fees, and increased communication with borrowers involving changes to their account. However, we do not believe this section goes far enough to reform what is a broken and unnecessarily complex system of student loan servicing. Poor servicing and confusion over options, contact points, deadlines, and account status are all significant reasons why many community college students become delinquent or ultimately default on their student loans. As mentioned in Sec. 452, we strongly agree with the Direct Loan Coalition that: (1) individual servicers should be invisible agents of the federal government, with borrowers receiving correspondence that is clearly from the U.S. Department of Education; (2) servicers can continue to handle “back office” customer interaction and payment processing as contractors of the federal government; and (3) a single point of entry or online portal should be provided for all borrowers to contact their servicer and make payments on their loan(s).

We also make the following suggestions: (4) transfer of loans to new servicers should not only have increased protections and seamless transitions, but be minimized to avoid disruption to borrowers; (5) split servicing should be curtailed by assigning servicers based on any existing loans; (6) deceptive debt management companies and practices should receive increased oversight by the CFPB, (7) additional incentives should be provided for all servicers to prevent and address student delinquency and default and penalties applied to servicers that do not perform; (8) statutory and regulatory restrictions on eligibility for servicing contracts that have reduced market competition should be reduced; and (9) ED should be required to adopt procedures to prepare for the seamless transfer of borrower accounts between servicers in order to facilitate meaningful performance-based oversight and to ensure that no servicer becomes “too big to fail.”

Sec. 1022. Information sharing authority relating to income-based repayment. — AACC and ACCT support provisions necessary to furnish income information for the purpose of encouraging the use of, and enrolling students in, IBR programs.

Sec. 1031. Private loan discharge in bankruptcy. — AACC and ACCT strongly support allowing private educational loans to be discharged in bankruptcy. This protection is broadly available to other types of consumer loans, and it is inequitable that for so long it has not been extended to student borrowers.

TITLE XI—REPORTS, STUDIES, AND MISCELLANEOUS PROVISIONS

Sec. 1101. Consumer protections for students. — The overwhelming majority of community college vocational programs meet the requirements for licensure or certification upon a student completing a relevant program. However, in limited circumstances, independent providers of certification or licensure have other requirements that are beyond the control of the institution and are sometimes a condition of state law. Allowances for these unique circumstances should be included in this provision.

Sec. 1102. Longitudinal study of the effectiveness of student loan counseling. — Additional review and evaluation of student loan counseling resources is urgently needed and AACC and ACCT support this provision. It is for these reasons that we request that new and inappropriate requirements for counseling tools (such as those in Sec. 488 of HEAA) be removed, pending consumer testing and evaluation of existing resources.

Sec. 1103. Recommendations for student loan counseling. — AACC and ACCT support additional interagency cooperation on the issue of student loan counseling. However, as worded, we have concerns about whether the definition of “financial literacy counseling” is appropriately aligned with existing loan counseling.

Sec. 1106. Longitudinal study of the causes of student loan default. — AACC and ACCT support additional research on the risk factors for loan default, especially given that current default policies are based on the premise that institutions of higher education have control over many of these factors. We suggest adding to the study possible risk factors for *delinquency* as well, so that potential interventions stemming from the report could be expanded to target additional borrowers in need of assistance.

Sec. 1107. Institutional Risk-Sharing Commission. — AACC and ACCT strongly oppose a risk-sharing commission and the proposed study under this section. While we share great concern over student defaults, risk-sharing is the wrong approach to protect borrowers and extend institutional accountability for student outcomes, at least at our institutions. As a practical matter, it is unclear where community colleges would identify the funds for risk-sharing; ultimately, the result would be higher tuitions and/or reduced services. Some community colleges reportedly have left the federal loan programs over the potential loss of Pell Grant eligibility, and formal discussion of risk-sharing payments could further discourage participation. Instead of adopting this approach, Congress should adopt reforms to student loan policies and loan servicing procedures to encourage successful repayment.