Summary of H.R. 4674
The College Affordability Act (CAA)

Pell Grants

- Maximum Increase – The CAA increases the Pell Grant maximum award by $625 and includes annual increases to the maximum award tied to inflation.

- Short-Term Programs – The bill expands Pell Grant eligibility for short-term programs between 150 and 600 clock hours (and between 8 and 15 weeks) that lead to an industry recognized credential.
    - In order to be eligible, programs are required to be:
        - In-demand, high-skill, or high-wage;
        - Recognized by an industry or sector partnership;
        - Part of the WIOA eligible training provider list;
        - Approved by the triad (accreditor, state, and Department of Education);
        - Able to articulate credit earned to longer term programs;
    - There are additional eligibility provisions in the CAA differ from the ACCT supported JOBS Act (S. 839, H.R. 3497). These include:
        - Programs must demonstrate certain outcomes in the form of an earnings threshold and a completion rate threshold;
        - Programs are required to be part of an eligible career pathway;
        - Institutions that have been subject to adverse or negative actions by accrediting agencies or state or federal enforcement agencies within the past five years are not eligible;
    - For-profit institutions are not eligible to receive Pell Grants for shorter-term programs.

- Second Chance Pell Grants – The bill restores Pell Grant eligibility for incarcerated individuals.
    - There are several restrictions to program eligibility aimed at ensuring quality. These include: prohibiting proprietary institutions from offering Pell eligible programs; restrictions to distance education programs; restrictions from institutions that are in danger of losing accreditation; and certain disclosures for incarcerated individuals participating in eligible programs.

- Semester Limitation – The CAA raises the Pell Grant eligibility cap from 12 full-time semesters to 14 full-time semesters.

- Postbaccalaureate Pell Grants – The bill expands Pell Grant eligibility for postbaccalaureate students.
    - Postbaccalaureate students would have to be otherwise eligible, received a Pell Grant as an undergraduate student, and have still have eligibility remaining within the 14-semester cap limit.

Federal Work Study (FWS) and Supplemental Educational Opportunity Grants (SEOG)

- Increases the authorization levels for FWS and SEOG.
- Phases in a new distribution formula for SEOG and FWS that is equally based on an institution’s share of Pell Grant funds and the cumulative student need at an institution.
- FWS would have a set aside (of up to $150 million) to reward institutions based on students’ outcomes.
- Places into statute a waiver for the matching requirement for institutions that are eligible for assistance under Titles III and V.
- Places a greater emphasis on work-based learning under FWS.

Gainful Employment

- The CAA requires the Secretary of Education to promulgate new regulations defining gainful employment. These regulations would still follow a debt-to-earnings metric, to be determined by the administration. However, the debt-to-earnings threshold must be comparable to the eligibility thresholds established in the 2014 gainful employment final rule. Programs that fail the metric would eventually lose Title IV aid eligibility. However, under CAA the new regulations could include every student in a cohort rather than just completers.

Loans

- The CAA simplifies repayment play options: one fixed repayment plan and one income-based repayment plan.
    - The length of the single fixed repayment plan would be determined by how much a borrower owes – ranging from 10 to 25 years.
    - The income-based repayment plan is based on 10 percent of a borrowers' discretionary income with forgiveness after 20 years of on-time repayment.
- Removes origination fees for Direct loans.
- Gives the Secretary greater authority to enroll delinquent borrowers into an income-based repayment plan.
- Eases the income recertification process for borrowers in income-based repayment.
- Allows borrowers to refinance existing Direct, FFEL, and private loans.
- Provides access to subsidized loans to graduate and professional students.
- Removes the limitation that bars students from receiving a subsidized loan if they have been enrolled for more than 150 percent of the time necessary to complete an academic program.
- The CAA seeks to ease requirements that have prevented many borrowers from receiving Public Service Loan Forgiveness.

FAFSA, Need Analysis, and Eligibility for Dreamers

- The bill includes a simplified version of the form and access to a simplified needs test based on receipt of other federally means tested benefits (such as TANF, WIC, SNAP, or SSI).
- The CAA includes a one-time FAFSA provision. Instead of filing the FAFSA each year, students could annually certify that they have the same dependency status and indicate whether their financial need has changed.
- The income protection allowance formula is vastly increased under the bill.
- Increases the income threshold for zero Expected Family Contribution (EFC) from the current $26,000 to $37,000.
- Simplifies the financial aid process for homeless and foster youth, repeals the prohibition of financial aid for individuals with a drug offense, and removes the selective service requirement.
- Expands financial aid eligibility for students who are 'Dreamers' and individuals who would have been otherwise eligible under the Deferred Action for Parents of Americans and Lawful Permanent Residents (DAPA).

Accreditation

- Accreditation provisions have to a greater focus on outcomes. Accrediting agencies would establish measurements relative to completion, progress toward completion, and workforce participation.
- The bill would not mandate bright line outcomes standards but would allow accreditors to establish bright line standards.

- Accreditors would have to use the same benchmark (possibly a bright line standard) for each outcome measurement chosen, but the outcome measurements could differ based on type of institution. Additionally, applicable benchmarks could vary based on different types of credential (i.e. certificate, associates, baccalaureate).
- The Secretary would have the authority to review or revise standards set by accrediting agencies.

Student Unit Record

- The bill repeals the ban on the creation of a federal student unit record data system.
- It instructs the Commissioner of the National Center on Education Statistics to develop a postsecondary student data system to evaluate student-level data elements, including: enrollment; persistence; retention; transfer; and completion for all credential levels within and across institutions. The Commissioner must also make information available to consumers that includes institution-level data on access, progression, completion, cost, and post-collegiate outcomes.

Accountability

- The bill moves from the current measurement of cohort default rate (CDR) to an adjusted cohort default rate (aCDR). The aCDR would consider the current default rate measurement and factor in the institution's borrowing rate.
  - Students in forbearance would now count against an institution's default measurement.
  - aCDR would look at a 3-year, 6-year, and 8-year window, with a corresponding threshold rate of 20 percent, 15 percent, and 10 percent.
  - The Secretary may exempt the institutions from losing eligibility at the 6-year and 8-year windows if the Secretary determines that the institution has made adequate progress in meeting accreditor standards for student achievement during that time period.
- The CAA also includes a metric for on-time repayment.
  - The metric is based on the percentage of borrowers that paid at least 90 percent of their monthly loan payments during a 3-year repayment period.
    - Most borrowers in forbearance or deferment would not count as repaying on-time.
  - Future thresholds will be set by the Secretary.
  - Institutions not meeting standards would be exempted from sanctions if they invest at least one-third of tuition revenue into student instruction.
- The bill calls for a new campus climate survey for institutions to administer every two years. The Secretary would develop an online tool to survey students regarding domestic violence, sexual assault, sexual harassment, and stalking.
- The bill expands reporting requirements under the Clery Act to include hazing and sexual harassment.
- Closes loopholes under the 90/10 rule for for-profit colleges and moves the threshold to 85/15.

New Grant Programs

- <u>College Promise Program</u> – Federal-state partnership to support tuition-free community college for the first two years. The program would be first dollar; meaning that low-income students would still be able to receive their full Pell Grant award and other financial aid to cover the remaining cost of attendance. States would have to match $1 for each $3 spent by the federal government. States receiving a grant under this section must demonstrate plans to align secondary, two-year, and four-year postsecondary education systems.

- <u>Dual Enrollment Grant</u> – Deemed the 'Jumpstart to college' grant program, this new program would provide a multi-year competitive grants to states and institutions to support the creation and continuation of dual enrollment programs. It's authorized at $250 million, and grantees have matching requirements that range from 20 to 50 percent.

- Community College Student Success Grant – Modeled after the CUNY ASAP, this competitive grant would be available to institutions to provide greater support and financial assistance to community college students. It is a multi-year grant authorized at $1 billion with a matching requirement.

- Emergency Aid Grants – This competitive grant program would be available to institutions participating in SEOG that wish to establish or support an emergency aid grant program at their institution. Grants of up to $750 would be used to assist students facing emergency financial situations that would imminently prevent them from continuing their postsecondary coursework.

- Remedial Education Grants – This new grant program would award funds to eligible entities on a competitive basis to fund reforms and best practices in remedial education. Grantees would adopt policies that move away from only using testing to determine placement, and implement one of five approved models to develop or improve remedial education programs. This is a multi-year grant that is authorized at $162.5 million annually.

- Competency-Based Education Demonstration Project – The CAA creates a five-year competency-based education (CBE) demonstration project at institutions. The Secretary may select up to 100 institutions to participate. Institutions participating in the project are limited to enrolling no more than 3,000 in CBE programs.