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Update on Reauthorization of the Federal Higher Education Act

Higher Education Coordinating Board
October 27, 2005

What is "Reauthorization"?

It's the Higher Education Act of 1965, reconsidered every six years - already two years overdue.

- Four major activities:
  - Student financial aid (known as "Title IV")
  - Early awareness & outreach projects
  - Aid to institutions
  - Teacher training

What It Does

- Continues or drops old programs

- Creates new programs

- Assigns duties or restrictions to colleges and states as conditions for participating in federal student aid

Current Status

- Competing House & Senate bills

- Negotiations delayed – Katrina, etc.

- Deadline extended to Dec. 31, 2005

- May not happen until Spring 2006

Loans

- Raise annual borrowing limits
  - Increase of about $1,000 – $2,000 per year
  - Reduce fees for some students, increase fees for others
  - Still much debate about Direct Loans vs. Stafford Loans
  - Does not raise the cumulative limits

Issue:
If limits are raised – students will borrow more. If not raised, borrowing will be reduced for some, but others will turn to more expensive private sources.

Work

- Reauthorizes Federal Work Study

- Issue - Community service requirement

  - Earlier proposals to increase the amount of work-study devoted to community service placements would have placed substantial burdens on many schools.

  - Neither House nor Senate appear to have adopted the proposal.

Grants

- Pell Grant
  - Senate Proposal
    - ✓ Enhances basic award for math-science study.
    - ✓ Creates new program called "ProGAP," a temporary supplement to the annual award funded from savings in student loan allowances to lenders and guarantors.

Leveraging Education Assistance Program (LEAP)

- LEAP
  - Provides federal matching funds for state aid programs (currently about $1.8 million)
  - House continues unchanged, but
  - Senate reformulates a portion into "GAPs"

Grants for Access and Persistence (GAPs)

- Federally-mandated partnership
  - Between the State, Businesses, Philanthropies, & Colleges

- Promote outreach & early awareness activities

- Funds future scholarships to students

"Early Notification" - A GAPs Participation Requirement

Each year states will be required to provide a special notification to all low-income 7th-12th graders concerning:

- Non-binding estimate of state and federal aid eligibility and the amount that may be received

- Available outreach programs

- Information about GAPs

Other High Visibility Issues

- Oversight of college costs & price control
    - House – creates "watch list" of schools that consistently raise tuition above inflation rate

- Status of private career schools
    - Both proposals relax rules regarding participation in student aid
    - House permits private career schools to be considered "higher education institutions"
        - Substantially broadens access to federal funds that aid institutions

Other High Visibility Issues
(continued)

- House removes conditional guarantees for distribution of campus based aid
  - Mixed impact on Washington

- Treatment of GET benefits
  - Provides for favorable treatment of GET benefits for most families in the federal needs analysis

Advisory Committee
on Student Financial Assistance

- Will present at the next HECB meeting on their access and persistence agenda

- Created to advise Congress and the Secretary of Education

- Recent publications –

"The Student Aid Gauntlet" (2005)

"Empty Promises" (2002)

"Access Denied" (2001)

Advisory Committee on Student Financial Assistance

- Committee membership includes Sister Kathleen Ross, President of Heritage University

- Presenters are:
  - Nicole Barry, Deputy Director
  - Erin Renner, Assistant Director

Advisory Committee's Issues

- Key reauthorization recommendations:
  - Create a system of early financial aid information to low-income 7th-12th graders
  - Simplify the application
  - Create a national access and persistence partnership