# FEDERAL POTPOURRI:
# A VIEW FROM WASHINGTON

## Presented at the:

## NASASPS Annual Conference

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*April 28, 2008*

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**FEDERAL POTPOURRI – A VIEW FROM WASHINGTON**

***The Higher Education Act*** *Higher Education Amendment of 1998*

**September 30, 2003** ***Higher Education Amendments of 1998 (P.L. 105-244)*** **–**

**Second Extension of the *HEA*, H.R. 5185, the *Higher Education Extension Act of 2004*** *HEA*

**Third Extension of the *HEA*, H.R. 3784, the *Higher Education Extension Act of 2005* –** *HEA*

**Fourth Extension of the *HEA*, H.R. 4525, the *Second Higher Education Extension Act of 2005*** *HEA*

**Fifth Extension of the *HEA*, H.R. 4911, the *Higher Education Extension Act of 2006* –** *HEA*

**Sixth Extension of the *HEA*, H.R. 5603, the *Second Higher Education Extension Act of 2006* –** *HEA*

**Seventh Extension of the *HEA*, H.R. 6138, the *Third Higher Education Extension Act of 2006*** *HEA*

**Eighth Extension of the *HEA*, S. 2258** *Higher Education Extension Act of 2007* *HEA* *the College Cost Reduction and Access Act of 2007*

**Ninth Extension of the *HEA* S. 2733** *Higher Education Extension Act of 2008* *HEA*

*HEA*

*HEA* *College Cost Reduction and Access Act*

*Higher Education Reconciliation Act*
*Deficit Reduction Act of 2005*

*Higher Education Amendments of 2007*

*College Opportunity and Affordability Act of 2007*

*College Opportunity and Affordability Act of 2007.*

*Higher Education Act reauthorization*

*HIGHER EDUCATION RECONCILIATION ACT*

**P.L. 109-171**

*Higher Education Reconciliation Act of 2005 (HERA),*

***HERA* made the following changes to the *HEA:***

*HIGHER EDUCATION AMENDMENTS OF 2007*

**S. 1642**

*Higher Education Amendments of 2007, Higher Education Act.*

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***COLLEGE COST REDUCTION AND ACCESS ACT OF 2007***

**P.L. 110-84**

*College Cost Reduction and Access Act of 2007*

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*College Cost Reduction Act*

*Higher Education Act.*

**TECHNICAL AMENDMENTS MADE TO *THE COLLEGE COST REDUCTION AND ACCESS ACT***

**P.L. 110-153**

*College Cost Reduction and Access Act*
*College Cost Reduction and Access Act*

- *Higher Education Act*
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- *College Cost Reduction and Access Act*

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***THE COLLEGE OPPORTUNITY AND AFFORDABILITY ACT OF 2007***

**H.R. 4137**

*College Opportunity and Affordability Act of 2007*

*Higher Education Act*

*HEA*

*The College Opportunity and Affordability Act of 2007*

*The section on college costs that was in the earlier version was replaced with a new section. The amendment to the provision includes:*

- *The creation of a sort-able list of all institutions in the country to provide information on tuition and fees, average price after grant aid, recent price increases, and change in per-student spending.*
- *Renaming the "Higher Education Price Index" (HEPI) to the "Postsecondary Education Price Index" (PEPI).*

*The earlier House bill had a section on the Higher Education Watch List, which the Secretary would annually update and make public the full price of tuition and fees and the net price for institutions that increase their tuition and fees at a higher rate than HEPI. Institutions that increase tuition and fees at a rate less than or equal to HEPI would receive federal grants to be used for need-based grants. The version that passed the House rewrote the Higher Education Watch List section to create the Cost Affordability and Transparency lists. The bill requires the Secretary, effective July 1, 2011, to publish 3 transparency lists, by type of institution:*

1. *The 5% most expensive institutions in the country.*
2. *The 5% least expensive institutions in the country.*
3. *The 5% of institutions that had the largest percentage increase over the last three years.*

*The bill would require institutions with the largest percentage increases (the third list) to report to the Secretary on reasons for tuition increases. Further, the bill would require schools to create a Quality Efficiency Task Force, which would examine the institution's operating costs as compared to other similarly situated institutions and make recommendations on how the institution could create more efficiencies to help it hold down costs. Institutions would be exempt if their tuition is in the lowest quartile for their sector or if the dollar increase over the 3-year period was less than $500.*

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*The version which passed the House changes the date from August to March 1 as to when lenders are required to provide institutions of higher education information about the terms, conditions and benefits of the educational loans to be provided by the lender to the borrowers who are attending the institution. The House-passed version clarifies and expands the types of financial literacy activities that lenders, guaranty agencies, or servicers of educational loans may* *provide to institutions of higher education without violating the ban on gifts given to institutions.*

*The House-passed version also provides that, in addition to LS&T action against a lender, the Secretary may impose a civil penalty of $27,500 for violations of lender requirements relating to educational loans.*

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*The Committee-passed version modified the definition of cohort default rate by expanding the default window to an additional year. (Studies have shown that the cohort default rates of all institutions will increase by 60%.)*

*The House-passed version amended the provisions to increase the thresholds used to provide benefits to institutions that keep their cohort default rate down from 10% to 15%. (The benefits are schools do not have to delay the first disbursement of a loan to a first-time student and the school would not have to multiply disburse a loan if there is a remaining term that is less than an academic year.)*

*The thresholds related to the cohort default rate used to sanction institutions that meet or exceed the rate for three years in a row would be increased from 25% to 30%.*

*An appeal process would be instituted to ensure that institutions are provided technical assistance early on if they are in danger of exceeding the thresholds.*

*There would be a transition period and an effective date of 2012 for the new provisions to take effect.*

*Finally, the participation index is amended to determine which institutions are deemed "low loan volume" schools as it applies to the cohort default rate.*

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- he House-passed bill amended the 90/10 requirement for purposes of complying with the requirement that a proprietary institution of higher education have not less than 10 percent of its revenues from sources other than funds provided under Title IV. Such an institution may include institutional loans, calculated on the basis of the accrual method of accounting, rather than on a cash basis of accounting, in demonstrating compliance with the requirement for an institution's fiscal years 2009-2012. The institution may include "the principal amount of loans made by the institution, based on the expected interest earned less the estimated amount to account for future defaults and loan forgiveness accounted for on the accrual basis…if the loans are bona fide as evidenced by enforceable promissory notes, are issued at intervals related to the institution's enrollment periods, and are subject to regular loan repayments and collections."

*The House-passed version amends current law to clarify the role of accreditors, institutions and the Secretary. Accrediting agencies are expected to determine the success of its institutions "with respect to student achievement in relation to the institution's mission, which may include different standards for different institutions or programs, as established by the institution, including, as appropriate, consideration of*

*State licensing examinations, consideration of course completion, and job placement rates."*
*The House bill also specifies that nothing shall "restrict the authority of the accrediting agency or association to set, with the involvement of its members, and to apply accreditation standards to institutions or programs that seek review by the agency or association; or an institution to develop and use institutional standards to show its success with respect to student achievement, which shall be considered as part of any accreditation review."*

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**ACCREDITATION**

*Higher Education Reconciliation Act of 2005 ("HERA")*

*Higher Education Act ("HEA").* *HERA*
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*HEA.*

# REPORTING REQUIREMENTS

# COHORT DEFAULT RATES

**90/10**

*HEA* ______________________

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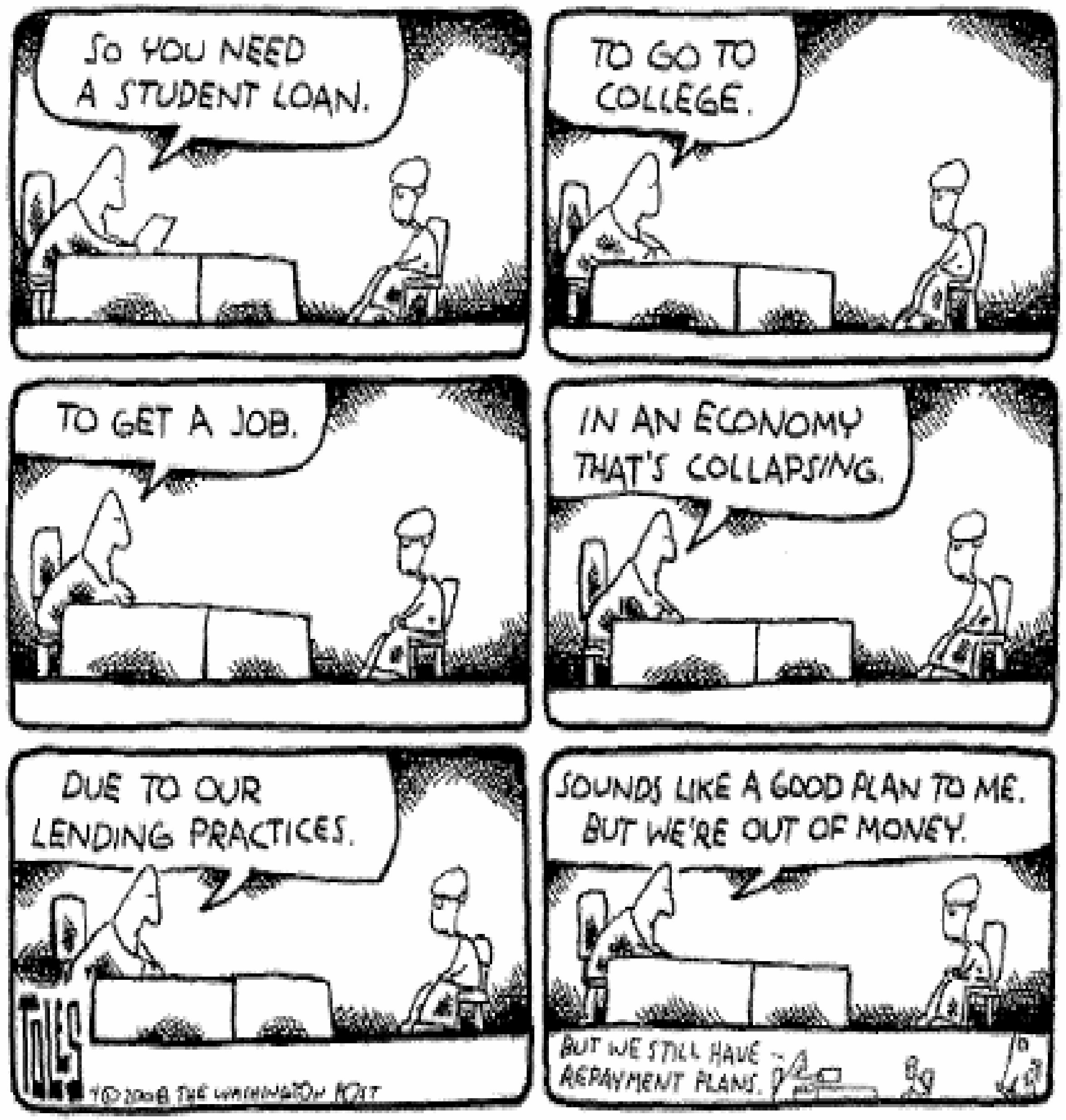


Reproduced from April 14, 2008 Washington Post.

**HOW DID WE GET INTO THIS STUDENT LOAN CRISIS?**

*HEA,*

*HEA's*

*quid pro quo*

*College Cost Reduction and Access Act of 2007*

*Chronicle of Higher Education*

*College Cost Reduction and Access Act (CCRAA)*

*Newsday*

*Emergency Student Loan Market Liquidity Act.*

*Emergency Student Loan Market Liquidity Act of 2008*

*Strengthening Student Aid for All Act of 2008,*

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*The Ensuring Continued Access to Student Loans Act of 2008,*

*Ensuring Continued Access to Student Loans Act of 2008.*

*Strengthening Student Aid for All Act of 2008*

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*HEA,*

*HEA,*

*HEA,*

*College Cost Reduction and Access Act of 2007*

*PLUS Loan Borrower Protection Act*

*Strengthening Student Aid for All Act of 2008*

*The Ensuring Continued Access to Student Loans Act of 2008.*

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*Last year, there was too much access and, this year, access is disappearing. What a difference a year makes!*

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