



777 6th Street NW  
Suite 500  
Washington DC 20001  
tel (202) 618-3900  
fax (202) 478-1804  
[www.pennhillgroup.com](http://www.pennhillgroup.com)

## MEMORANDUM

TO: Interested Parties  
FROM: Penn Hill Group  
DATE: October 22, 2019  
SUBJECT: Summary of the Introduced Version of the College Affordability Act

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This memorandum summarizes the main provisions of H.R. 4675, the College Affordability Act (CAA), introduced by Committee on Education and Labor Chairman Robert Scott (D-VA). This legislation is the House Democrats proposal to reauthorize the Higher Education Act (HEA). The text of the bill as introduced can be found [here](#).

### **Major Elements**

The College Affordability Act generally maintains the existing statutory structure of the HEA with teacher preparation and related issues covered under Title II, institutional aid covered under Titles III and V, Pell Grants, student loans and other student and institutional eligibility under Title IV. Major highlights of the bill include:

### **Institutional Requirements**

- Requires the U.S. Department of Education (ED) to establish requirements for Gainful Employment, including debt to earnings metrics.
- Includes new requirements that apply to for-profit institutions of higher education (IHEs) converting to nonprofit status.
- Requires that, if an IHE spends less than one-third of revenue from tuition and fees on instruction in any of the three most recent fiscal years, it is subject to limits on marketing recruitment, advertising and lobbying, with the consequence for violating these limits being the loss of Title IV participation for two years.
- Includes the text of the College Transparency Act and the Act's repeal of the student unit record ban.

### **Institutional and Grant Aid**

- Extends funding for Historically Black Colleges and Universities (HBCUs), Hispanic-Serving Institutions (HSIs) and other Minority-Serving Institutions (MSIs) permanently at \$300 million annually.
- Provides a bonus for high-Pell Grant enrollment IHEs that graduate Pell Grant recipients with bachelors degrees in "normal time."
- Includes "America's College Promise", which, in States that provide 25 percent of the total funding, would waive the cost of tuition and fees at community colleges, and subsidize the cost of two years of attendance at MSIs. It requires State maintenance of effort for participating States and has transfer of credit requirements for public IHEs in the State.
- Establishes a \$500 million a year Student Success Fund that is designed to fund promising and evidence-based institutional reforms and innovative practices to improve student outcomes.
- Increases the maximum Pell Grant by \$500 and indexes future Pell Grant increases to inflation.

- Increases the lifetime Pell Grant limit to 14 semesters (or equivalent), up from 12 semesters.
- Allows Pell Grants to be used for post-baccalaureate study at public/private nonprofit IHEs, if a student has remaining lifetime eligibility left.
- Allows short-term Pell Grants to be used for Secretarial-approved programs that are at least 150 clock hours at public/private nonprofit IHEs only. IHE and industry partnerships must agree upon academic content and programs must meet an earnings test (program completers must earn above the average high school/no college salary).
- Eliminates the ban on incarcerated individuals receiving Pell Grants (only at public/private nonprofit IHEs), with requirements for institutional disclosures and institutional renewal every five years.

### **Student Loans/Repayment/Refinancing of Student Loans**

- Eliminates origination fees on loans.
- Creates two sets of repayment plans – (1) a tiered standard repayment plan tied to an individual’s total debt amount; and (2) an income-based repayment (IBR) plan which provides for a zero payment when the borrower’s income is below 250 percent of the poverty line and allows for complete forgiveness after 20 years.
- Allows Parent Plus loans to be eligible for IBR.
- Automatically enrolls a borrower in IBR once they are 120 days past due on their student loan payments.
- Allows refinancing of previously consolidated Federal student loans and private student loans into the Direct Loan program.
- Adopts three pathways designed to simplify the Free Application for Federal Student Aid (FAFSA) for low- and moderate-income students.
- Includes provisions that clarify and standardize award offers.

### **Program Integrity**

- Requires accreditors to set-benchmarks on outcomes related to completion and workforce participation using federally defined measures and allows the Secretary to require such benchmarks to be revised if they are deemed to be too low.
- Expands the role of States to include: (1) evaluating IHEs on facilities equipment and supplies; (2) certifying that the State will accept student complaints, including from those who are residents but are attending IHEs not located in the State; and (3) establishing policies and procedures to anticipate and respond to closures of IHEs.
- Modifies current limitations on who may serve on accrediting commissions in order to satisfy separate and independent provisions.

### **Other Provisions**

- Establishes a Competency-Based Education Demonstration program.
- Broadens experimental site authority to include experiments related to improving student success.
- Bars ED from implementing the Administration’s proposed regulation on Title IX, released in November of last year, or a similar regulation.

### **Detailed Summary**

This section provides a more detailed summary of the provisions described above and other related provisions. The summary is organized by the HEA title.

## **Title I**

Definition of Nonprofit – The bill adds the concept of “controlled” to the definition of a nonprofit, requiring that any nonprofit be owned and “controlled” by a nonprofit corporation or association.

Definition of Federal Education Assistance – The bill includes a definition of “Federal education assistance” which includes any Federal funds disbursed or delivered to an IHE on behalf of or to a student. This definition is used in conjunction with 90/10 (or under this bill 85/15) requirement on for-profit IHEs.

Gainful Employment – The bill creates a statutory structure for gainful employment programs. The structure would require ED, within 18 months of the enactment of the CAA, to adopt performance metrics and eligibility thresholds for such metrics, and a disclosure template and verification process for such disclosures. At a minimum, ED would be required to establish a debt-to-earnings metric that utilizes median annual loan payments of Title IV and private loans and actual earnings for cohorts of students. ED would be required to develop a process to use alternative earnings and to establish a threshold rate that programs would be required to meet. ED is required to use the most “appropriate Federal data” to determine earnings – Social Security or other earnings data is not specifically required. IHEs offering such programs would be required to use the disclosure template to provide information annually to students and through their website. Two years after ED establishes the metrics and eligibility thresholds (and annually thereafter), ED will be required to calculate the debt-to-earnings rate of a program, make such information publicly available on its website and determine whether a program meets the thresholds and disclosure requirements, including whether a program is subject to loss of Title IV eligibility.

Eliminates the Termination Date of the National Advisory Committee on Institutional Quality and Integrity (NACIQI) – The bill strikes the provision in current law that establishes a termination date for NACIQI.

Foreign Gifts Reporting – The bill would eliminate the ability of institutions to file substantially similar reports on gifts if required by their State or a Federal agency other than ED. Currently, institutions can only submit these similar reports if they include all of the information required under the Act. The CAA also requires ED to make gift disclosure reports publicly available in electronic format through a searchable database within 30 days of receipt. Within 60 days of enactment of the CAA, ED must make all disclosure reports since January 2000 available in the same database (to the extent such reports exist). Lastly, CAA requires ED, within two years of enactment of the CAA, to issue regulations through negotiated rulemaking on these requirements. These amendments made by CAA apply to institutions two years from the date of enactment.

Alcohol and Substance Abuse Prevention – Under current law, each IHE must have a program to prevent use of illicit drugs and alcohol abuse by students and employees. The bill would change the focus of this requirement to be on evidence-based programs that prevent alcohol and substance abuse by students and employees. In addition, the bill would require ED to establish an interagency agreement with the U.S. Department of Health and Human Services to determine criteria for what constitutes an evidence-based program and a process of disseminating best practices.

Conversion of IHEs From For-Profit to Nonprofit – The bill would establish criteria necessary for ED to approve the conversion of a for-profit IHE to a nonprofit IHE. The converted institution would be required to meet the definition of nonprofit under the statute; ensure that no assets or

services acquired in the conversion had been acquired for more than their value; to ensure no member of the governing board or those that can appoint governing board members (or immediate family) receives any substantial direct or indirect economic benefit; and that none of the core functions of the IHE are under the control of an entity that is not a public IHE or nonprofit IHE. An approved converted IHE will be required to abide by any provision of the Act or regulations that pertain to for-profits for five years following conversion. An IHE cannot market itself as a nonprofit IHE unless the Secretary has given final approval of the conversion; an accrediting agency has approved the nonprofit status; the IHE's State has given approval of the nonprofit status, and the Internal Revenue Service (IRS) has approved the IHE as tax exempt.

Foster and Homeless Guidance – The bill requires ED to issue revised guidance within 120 days of the enactment of the CAA on serving homeless individuals and foster youth.

Limits on Influence and Lobbying – The bill prohibits Federal funds under the HEA from being used to pay for influence regarding the awarding and making of grants, contracts, loans or cooperative agreements. No Federal student aid funding may be used to hire a registered lobbyist or to secure an earmark.

Postsecondary Student Data System – The bill includes the provisions of the College Transparency Act (H.R. 1766/S. 800 – 116<sup>th</sup> Congress). Specifically, the bill would require the development and maintenance of a postsecondary student-level data system. The bill requires the establishment of a postsecondary student data advisory committee, which includes individuals from ED, other Federal agencies and outside stakeholders. Data elements required in the system include: Student-level data elements necessary for “student-related surveys” in the Integrated Postsecondary Education Data System (IPEDS) and student level data elements necessary to report enrollment, persistence, retention, transfer and completion for credentials including certificates, associate, bachelor and advanced degree levels. Data must be disaggregated by enrollment status as first time, transfer and non-first-time students, attendance intensity, credential seeking status, race/ethnicity, age, gender, program of study, military/veteran status, distance education and Federal loan/Pell recipient status. The Commissioner of the National Center for Education Statistics (NCES) may include other data elements after consultation with the Advisory committee and after public comment. Data elements shall be reviewed every three years. NCES must ensure data sharing agreements are in place with various Federal agencies for periodic data matching. NCES is required to make summary aggregate information available publicly through a website with an analytic tool. Data may not be used by ED or other Federal entities to establish ranking systems or summative ratings of IHEs. The bill repeals the existing statutory ban on student unit records.

Foster and Homeless In-State Tuition – The bill requires that States do not charge homeless and foster youth a tuition rate above that for residents of the State.

## **Title II – Teacher Preparation**

Overall the bill keeps the current structure of Title II, including its main grant program, the Teacher Quality Partnership (TQP), required reporting on preparation programs and identification of low performing preparation programs. Generally, the bill also provides for a greater emphasis on school leaders, in addition to teachers and other educators, in TQP and reporting authorities of the title.

Partnership Structure for TQP Grants – The bill modifies the definition of “eligible partnership.” The definition governs which group of entities are eligible to receive TQP grant funding. Under the bill, required elements of an eligible partnership are either:

- (1) A high-need Local Educational Agency (LEA); high-need school or consortium of such schools; an early childhood education program (as applicable), a partner institution; a school of education within such partner institution; and a school of arts and sciences within such partner institution, or;
- (2) A partner institution; a school of education at such partner institution; a school of arts and sciences at such partner institution; and a State Educational Agency (SEA).

Expanded Purpose Statement for TQP Grants – The bill would expand the purpose of TQP grants in the following manner:

- (1) Add to the purpose statement in current law: improving preparation and professional development for school leaders, teacher leaders and other educators in addition to maintaining a focus on teachers in the TQP program.
- (2) Including a focus on holding programs accountable for preparing teachers, principals and school leaders and other educators.
- (3) Recruiting individuals as profession-ready teachers with a focus on shortage areas.
- (4) Meeting staffing needs of high-need LEAs and schools through partnerships with schools of education.

TQP Grants – The application for funds in the bill requires a description of how the partnership will prepare educators to work with students with disabilities and English language learners (ELLs). Grants are required to be used for preparation of teachers; teacher or leader residency programs; a “grow your own” program; or a combination of such activities. Grants may be used for teacher leader development programs. The bill expands current language on teacher residencies to include a focus on principal and other school leader residencies. The bill creates a “grow your own” grant authority, with a focus on addressing subject or geographic areas of teacher or school leader shortages or to increase diversity of the teacher/leader workforce. An additional grant may be awarded during the five-year grant period if the grant is used to establish a residency program if a residency program was not established with the prior grant.

Teacher and School Leader Report Cards – The bill requires the following information to be included in report cards that are reported by preparation programs to the State and public:

- (1) Pass rates and scaled scores on teacher and school leader certification or licensure assessments.
- (2) Various information about the preparation program, including median grade point average for admitted students; number of students (disaggregated); number of hours and types of supervised clinical preparation required; number and percentage of completers of programs (disaggregated); number and percentage of completers who have been certified or licensed as teachers/leaders (disaggregated); and three and five year teacher/leader retention rates.
- (3) Whether the program is accredited by a specialized accrediting agency recognized by ED.
- (4) Which programs by entity have been designated as low-performing by State.

State Report Card to ED/Public – The bill modifies the reporting requirements of what a State is required to report to ED. States are not required to report on teachers/leaders that do not working in the State. This report card must now include the following information:

- (1) For each preparation program in the State: the program’s admission rate; median grade point average and range of grade point averages; number of students in the

program (disaggregated); number of hours and types of supervised clinical preparation required and whether a program has been identified as low-performing. School leader programs must also include the total number of completers who have been rated as effective.

- (2) For the State as a whole and for each preparation program: the number of teachers prepared by area of certification or licensure; route of certification; academic major; degree types; subject area; relationship of subject area and grade span; percentage of graduated teachers teaching in high-need schools; placement in school leadership position within six months of program completion; and rates of three and five year retention.

Identification of Low-Performing and At-Risk Programs – The bill maintains the current law’s requirement to identify low-performing and at-risk preparation programs. As part of this process, the State must provide a list to ED including any programs with such designation. The criteria by which a program is designated as low-performing or at-risk are determined by the State in consultation with stakeholders. States are required to establish a period of improvement and redesign for at-risk programs; provide programs technical assistance for not longer than three years; and identify at-risk programs as low performing if there is not sufficient improvement following such technical assistance.

Termination of Eligibility for Low-Performing Programs – The bill would subject programs that are projected to close, not later than one year after designation as low-performing, to a loss of eligibility for funding for professional development from ED, and would not allow such programs to provide new (Teacher Education Assistance for College and Higher Education (TEACH) Grants.

Other Title II programs – The bill also includes the following programs in Title II: Hawkins Centers of Excellence, Preparing Well-Rounded Teachers, Preparing Teachers for ELL Instruction, and Graduate Fellowship Grants for High-Need Areas.

### **Title III – Institutional Aid**

Use of Interest Proceeds from Endowments for Scholarships – The bill allows interest proceeds from endowments that were funded with Title III funds to be used for scholarships to attend the institution.

Native American Language Vitalization and Training Program – The bill creates a competitive grant program to promote the preservation, revitalization, relevancy and use of Native American languages authorized at \$20 million a year.

Mandatory Funds for MSIs – The bill would provide \$300 million in mandatory funding for MSIs each year on a permanent basis.

### **Title IV – Grants, Loans, Student and Institutional Eligibility**

Pell Grants – The bill permits the use of Pell Grants for postbaccalaureate studies if a recipient has remaining lifetime eligibility after the completion of a bachelors degree. The bill strikes the ban on individuals who are incarcerated in a Federal or State penal institution from receiving Pell Grants and adds several institutional quality requirements that an institution must meet to be able to participate in educating incarcerated individuals using Pell Grants. The bill would increase the maximum Pell Grant by \$500 for the 2021-2022 award year and indexes the maximum Pell Grant to inflation starting with the 2022-2023 award year. The bill extends lifetime

Pell Grant limits to 14 semesters (or the equivalent), up from 12 semesters. The bill also allows any period during which a student received a Pell Grant and their school closed, or if a student successfully asserted a borrower defense claim to not count toward such lifetime limits.

Short-term Pell Grants – Beginning with the 2021-2022 award year, students who have not attained a postbaccalaureate degree and are enrolled in an eligible job training program would be eligible to receive a “Job Training Federal Pell Grant”. Eligible job training programs are those at public and nonprofit IHEs and postsecondary vocational institutions that provide no less than 150 and no more than 600 clock hours of time over a period of not less than 8 weeks and not more than 15 weeks. The IHE administering the program and an industry or sector partner would be required to determine that the program has the academic content and instructional time necessary and that the program awards a recognized postsecondary credential that meets hiring requirements of potential employers and satisfies professional licensure and certification requirements. The annual earnings paid, as determined by an industry or sector partnership, must be greater than the average or median annual earnings paid to individuals with only a high school diploma based on Bureau of Labor Statistics (BLS) or Bureau of the Census data with respect to such State or local area or the nation as a whole (as selected by the program). This earnings data must be validated by ED.

The program must also be part of a career pathway that includes counseling for students. Gainful Employment requirements also apply to such programs. IHEs providing a short-term program must be accredited by an accreditor that includes accreditation for such programs in its scope, must be an eligible provider under the Workforce Innovation and Opportunity Act (WIOA), and during the preceding five years cannot have been subject to any adverse or negative actions by their accreditor, the State, a Federal enforcement agency, or ED. Lastly the State WIOA board must certify that the program meets these requirements. Three years after the approval of the program (and each subsequent three-year period), the Secretary has to reconfirm that a program meets these requirements. As part of this reconfirmation process, ED will determine whether actual wages paid are greater than the BLS/Census thresholds described above.

Iraq and Afghanistan Service Grants – The bill awards Pell Grants to dependents of Armed Forces Members who died performing military service in Iraq and Afghanistan. Dependents must have been less than 24 years old at the time of their parent’s death. Dependents cannot get an Iraq and Afghanistan Service Grant and a regular Pell Grant simultaneously.

Pell Grants for Incarcerated Individuals – The bill places certain conditions on IHEs that award Pell Grants to individuals who are incarcerated. IHEs must be approved by the Secretary to offer such grants, and must not have had their accreditation denied, withdrawn suspended or terminated in the preceding five years. For-profit institutions are banned from participating. IHEs must also: provide credits to incarcerated individuals that are equivalent to those provided to non-incarcerated students; ensure that their facility is accessible to incarcerated individuals (including those with disabilities); certify that distance education is not the primary course of study (with certain exceptions); provide for a process for incarcerated individuals to access transcripts and other records; ensure that opportunity for feedback on courses taken by incarcerated individuals is provided; agree that there can be no costs charged to incarcerated individuals for reasonable accommodations connected to a disability; and provide incarcerated individuals with information on the course of study in which they are seeking to enroll. ED must ensure an IHE continues to meet these requirements at least every five years.

Federal Supplemental Educational Opportunity Grant (SEOG) –The bill authorizes the SEOG program at \$1.15 billion for fiscal year 2021 with increasing specific amounts through 2025. The

bill also permanently authorizes the program and allocates \$12.5 million annually for grants to IHEs for emergency grant aid. For IHEs that are eligible to receive assistance under Titles III or V, there is no 25 percent match required. The bill also progressively increases the amount of funds a school receives under a fair share formula over the 2021 to 2025 period. Such fair share formula is based on an IHE's total Pell Grant funds and undergraduate student need. ED is not permitted to allocate funds to an IHE that has less than seven percent Pell grant enrollment during two years of any three-year period. The bill creates a separate grant program (with the \$12.5 million) for IHEs to provide emergency grant aid to students with a 50 percent match requirement (as stated above, there is no match requirement for Title III and V eligible IHEs). IHEs participating in the emergency grant aid program must make information available to students on means tested programs. An individual emergency grant cannot be more than \$750 and in total an individual student can get no more than \$2,000 in grant aid when considering just the federally funded portion of the grant.

Child Care Access Means Parents in School (CCAMPIS) – The bill would authorize ED to award a performance bonus to IHEs that meet or exceed their performance levels in any year in which the total appropriation is over \$140 million. Bonus payments to an IHE would be limited to 20 percent of their annual grant amount. The bill authorizes the program at \$200 million for fiscal year 2021 and the five succeeding fiscal years.

Jump Start to College Grants – The bill creates two grant authorities to primarily establish or support dual or concurrent enrollment or early college high schools. The bill authorizes these two grant programs at \$250 million for fiscal year 2021 and the five succeeding fiscal years. The bill creates an IHE and State grant for these purposes. The State grant program also allows for Advanced Placement (AP) test fee reimbursement for low-income students.

TEACH Grants - The bill would increase the amount of the TEACH grant from \$4,000 to \$8,000 for teacher candidates in their undergraduate junior and senior year and permits a \$4,000 grant for early childhood education teacher candidates who are enrolled in the second year of an associate degree program. The bill adds that teaching in a high-need early childhood education program fulfills a TEACH Grant recipient's agreement to serve. Under the bill, recipients will be notified of the date upon which the submission and certification of their employment is required and if they fail to submit such information. The bill prevents a grant from being classified as a loan if a recipient teaches at least one year not later than five years after completing their studies; two years not later than six years after completing their studies; three years not later than seven years after completing their studies; and four years after eight years after completing their studies.

Northern Mariana Islands and American Samoa College Access – The bill creates a program to facilitate college-bound residents of the Northern Mariana Islands and American Samoa by subsidizing tuition and fees charged to out-of-State students.

Community College Student Success Program – The bill authorizes a program to provide grants on a competitive basis to two-year public IHEs to plan and implement programs designed to increase graduation rates within 150 percent of normal time. IHEs can apply for planning or implementation grants. Planning grants are one year in length while implementation grants are for five-year periods. A community college success program must cover the cost of tuition and fees that are not covered by other Federal, State or IHE assistance; must require students to be enrolled full-time and to meet with a program advisor and on-campus career advisor at defined points; must provide free tutoring and career services; and must provide eligibility information on Federal means tested programs. The program is authorized at \$1 billion for each year of the authorization period (2021-2026).

Federal Pell Grant Bonus Program – The bill establishes a \$500 million annual mandatory appropriation for grants to IHEs with at least 25 percent of their total student enrollment over the most recent three award years receiving Pell Grants. Grant amounts would be awarded based on the number of bachelors degrees awarded by the IHE to Pell Grant recipients who graduated within normal time. The grants would be used by the IHE for financial aid and student supports services.

Repayment Plans – The bill establishes two repayment plans that would be available to borrowers after July 2021 – an income-based repayment (IBR) plan and a fixed repayment plan. Borrowers would be permitted to select into these plans after July 2021.

The IBR plan would limit payments to 10 percent of discretionary income. Discretionary income would be defined as income over 250 percent of the poverty line applicable to the borrower's family size, anything below that amount would result in a \$0 payment. The remaining balance of the loan would be forgiven after 20 years (as compared to 25 years under IBR in current law).

The fixed plan would provide fixed monthly payments with longer payment periods based on the amount of the loan balance a borrower has at the time the borrower enters repayment:

- (1) For loan balances equal to \$20,000 or less, the repayment period is 10 years.
- (2) For loan balances of more than \$20,000 and less than \$30,000 the repayment period is 15 years (unless the borrower elects a 10-year period).
- (3) For loan balances of \$30,000 and less than \$40,000, the repayment period is 20 years (unless the borrower elects a 10- or 15-year period).
- (4) For loan balances of \$40,000 or more, the repayment period is 25 years (unless the borrower elects a 10-, 15- or 20-year period).

Borrowers can confirm their selection of a repayment plan through written, electronic, or verbal means. The default plan for borrowers who do not select a plan is the fixed repayment plan.

For borrowers who are 60 days delinquent on a student loan, ED provides notice to the borrower of this delinquency and information on the repayment plans the borrower is eligible for, including monthly payment amounts under repayment plans. If a borrower is 120 days delinquent, or is completing loan rehabilitation, ED automatically provides the borrower with an IBR plan. The borrower maintains the right to opt-out of these actions by the Secretary.

No Interest Capitalization During Forbearance or Deferment After Passage of CAA – The bill prohibits the capitalization of interest during forbearance or deferment after the passage of the CAA.

Adjusted Cohort Default Rates – The bill establishes a new cohort default rate structure that must be met by institutions or they will face losing their Title IV eligibility for the fiscal year in which the determination is made and two succeeding fiscal years. Under this structure, an IHE would lose eligibility if their adjusted cohort default rate is greater than: (1) 20 percent for each of the three most recent fiscal years; (2) 15 percent for each fiscal year for each of the six most recent fiscal years (if the IHE has not made progress in meeting accreditor standards for student achievement); and (3) 10 percent for each of the eight most recent fiscal years (if the IHE has not made progress in meeting accreditor standards for student achievement). If an IHE loses eligibility under the six-year test above, an IHE may request an exception to loss of eligibility for certain programs at the institution if it can show the adjusted cohort rate for those programs would be less than 15 percent for the six-year period. An IHE's adjusted cohort default rate is calculated by taking an IHE's cohort default rate and counting students who have been in

forbearance for three or more years as in default, and counting students who are in forbearance for more than 18 months and less than 36 months as entering repayment in the first fiscal year for which the student is no longer in forbearance.

Federal Work-Study – The bill authorizes Federal Work-Study at \$1.5 billion for fiscal year 2021 with increasing amounts through fiscal year 2025. The bill permanently authorizes the Federal Work-Study program. As with SEOG, the bill would change the formula used to allocate funds to IHEs. Two years after the passage of CAA, the bill would allocate a portion of funds to institutions that are graduating Pell Grant recipients at higher rates compared to other institutions. In addition, the bill would, as done under SEOG, ramp up the amount allocated via a fair share formula from 2021 to 2025. Unlike the SEOG fair share formula, the Work-Study fair share formula would take into account both undergraduate and graduate student need. The bill requires IHEs receiving Work-Study funds to use 10 percent of such funds for compensation for work-based learning positions and unlike current law, makes the community service compensation requirements permissive. For IHEs that are eligible to receive assistance under Titles III or V, the Federal share of compensation provided can be 100 percent. The bill also creates a work-based learning opportunities pilot grant program with funding provided through a \$30 million reservation of the main Work-Study appropriation. ED is also required to develop a survey of students awarded work-study funds and employers of such students to measure, among other things, satisfaction with the program and the applicability of work-study employment to educational and career goals of students.

Repeal of Origination Fees – The bill eliminates the requirement to charge origination fees on all Federal student loans.

Automatic Recertification for IBR Plans – The bill requires ED within two years of passage of the CAA to obtain without further action by a borrower, income information of the borrower to determine a borrower's repayment obligation under an IBR plan. The procedures used to determine the borrower's income must include an ability for the borrower to update such information before a final repayment amount is set.

Public Service Loan Forgiveness (PSLF) – The bill requires the creation of an online portal to allow borrowers to determine whether they are employed in an eligible job; which of their loans are eligible for PSLF; the number of eligible payments made; and the number of payments remaining before loan cancellation. The online portal must also provide instructions on how to submit forms associated with loan cancellation and allow for a borrower to file a dispute with ED if their loans are not eligible for PSLF. Electronic signatures will be accepted from employers. The bill also makes veterans or military service organization employees eligible for PSLF.

Perkins Loans – The bill establishes a new version of the Perkins Loan program with terms and conditions similar to Direct Loans.

Common Manual for Loan Servicers – The bill requires ED, within one year of passage of the CAA, to develop a manual of common procedures and policies for entities that the agency contracts with for the origination, servicing and collection of student loans. The manual would be designed to standardize procedures and practices across these entities. The manual would be required to be updated as necessary, but not less frequently than every five years.

Refinancing of Federal and Private Student Loans – The bill allows existing student loans to be refinanced at interest rates used for the current (July 2019 through June 2020) award year. The bill also permits certain borrowers with private student loans who are not in default and have been current on payments six months before applying for such refinancing.

FAFSA Simplification – The bill makes a number of changes to the needs analysis and FAFSA requirements. Under the bill, students filling out the FAFSA would be grouped into one of three pathways, with pathway one applicants providing demographic information, pathway two applicants providing income information (including using the IRS data retrieval tool) and pathway three applicants answering income and asset questions.

Pathway One Applicant - An applicant who received (or whose parents received) a benefit from a Federal means-tested benefit program during the 24 months prior to the application.

Pathway Two Applicant – An applicant who did not have to file (or whose parents did not have to file) a Federal income tax return or certain schedules related to the IRS1040 tax form and whose adjusted gross income is less than \$60,000.

Pathway Three Applicant – All other filers not covered by the previous two applicant categories.

Questions pertaining to drug offenses and registration with the Selective Service would also be eliminated from the FAFSA.

One-time FAFSA Filing – Undergraduate Pell Grant recipients who initially submitted a FAFSA in their first award year would not be required to fill out the FAFSA each subsequent award year, so long as their dependency status does not change, and they fill out a certification form. The recipient's information on the previously filed FAFSA, along with information gathered as a result of the certification form would be used to determine aid eligibility.

FAFSA in Multiple Languages – ED would be required to translate the FAFSA into not fewer than 11 languages other than English, based on the languages most often spoken by English learner students and their parents.

Financial Aid Offers – Within 18 months of the passage of the CAA, the Secretary is required to publish requirements for financial aid offers. These requirements include:

- (1) A comparison tool to compare different forms of aid,
- (2) Establishing standardized terms and definitions,
- (3) Establishing formatting requirements, including a requirement that prohibits displaying loans in a manner that implies a reduction in the amount owed to the institution,
- (4) Consumer friendly information explaining the different types of aid,
- (5) Encouraging the use of Federal student loans before private loans,
- (6) Clarifying that students may decline a loan or accept a lesser loan amount, and
- (7) Providing information on additional loan amounts a student may borrow if offered a loan for less than the maximum amount.

Any financial aid offer must also have the following information: cost of attendance with an itemized list of direct costs and student expenses not covered by direct costs; Federal, State and institutional aid available to the student; other means of covering the cost of attendance (including Federal Parent PLUS loans); net price; and how to accept aid and the deadlines for doing so.

Dreamer Students – The bill makes “dreamer students” eligible for Federal grant, loan and work-study aid. A “dreamer student” is an individual who was younger than the age of 16 when they entered the U.S. and has earned a high school diploma (or its equivalent) or has served in

the Armed Forces for not less than four years. ED is also required to issue regulations to provide for a waiver process of the age requirement.

Information to Students on Eligibility for Nutrition Assistance – The bill adds the following to the list of information IHEs must provide enrolled and prospective students: eligibility guidance for the Supplemental Nutrition Assistance Program (SNAP) and the special supplemental nutrition program for woman, infants and children (WIC), and information on food pantries and other food assistance available to students at the IHE. ED also is required to put SNAP and WIC eligibility information on the College Navigator Website.

Clery Act Amendments – The bill would make a number of changes to Clery Act provisions. First the bill would require reporting of statistics related to harassment and hazing incidents that were reported to campus security or local police. Second, the bill would require reporting of each incident by an institution for the immediate three calendar years and note the student organizations which committed a violation related to hazing. Third, IHEs would be required to develop and distribute a statement of policy regarding harassment; a description of the IHE's programs to combat harassment; a description of the process a student must follow if harassment occurs; and a description of the process an IHE must follow once an incident of harassment has been reported.

Annual Loan Counseling – The bill would require that every IHE ensures that every student who receives a loan receives comprehensive information on the terms and conditions of each loan for each award year they receive a loan.

Expectant and Parenting Students Policies – IHEs must develop and make available a statement of policy pertaining to expectant and parenting students. Among other aspects, such policy must include: IHE policies regarding leaves of absence related to pregnancy and the birth/adoption of a child; information regarding lactation accommodations available to students; a description of how to request accommodations for expectant and parenting students; information on financial aid eligibility for expectant and parenting students; and information on available student support services, including child care, and food assistance.

Competency-Based Education Demonstration Projects – The bill would require the Secretary to carry out competency-based education demonstration projects. These projects would be five years in length and would receive waivers/flexibility to carry out such projects. Individual projects can enroll between 25 and 3,000 students (with the possibility to enroll up to 5,000 based on evaluations of the project). IHEs applying would be required to submit a letter from its accrediting agency that describes how the agency will enforce certain standards related to competency-based education. Within 12 months of the passage of CAA, ED will select not more than 100 demonstration projects. The Institute of Education Sciences (IES) will carry out an annual evaluation of each demonstration project. Lastly, the bill requires the creation of a Competency-Based Education Council. The duties of the council include conducting a study on competency-based education programs and developing recommendations for the authorization of competency-based education under the HEA.

Agreements Between IHEs and Title IV Ineligible Institutions/Organizations – The bill places constraints on written arrangements between Title IV eligible IHEs and ineligible IHEs or organizations under which the ineligible IHE/organization provides part of an education program. ED would recognize the program as eligible if the ineligible institution/organization has not had its Title IV eligibility terminated or been subject to termination; had its certification to participate in Title IV revoked; been subject to a show-cause order, suspension or similar action by the institution's state licensing agency, accrediting agency, guarantor, or ED. An ineligible

institution or organization cannot have any role in the admission of students into the program and must provide less than 25 percent of the program (or between 25 and 50 percent of the program under certain circumstances). The eligible institution must provide expenditure information on instruction, student service, marketing, recruitment, advertising and lobbying with respect to the portion of the program covered by the written agreement.

Program Participation Agreement – The bill makes several changes to program participation agreements:

- (1) The bill changes the 90/10 rule to require 15 percent non-Federal assistance (85/15), with all Federal assistance provided to students being considered Federal assistance (rather than just Title IV aid as under current law).
- (2) IHEs must designate one employee to coordinate compliance with Title VI of the Civil Rights Act, annually submit a report to ED and make the report public. The report must list all complaints, and students and employees of the IHE must receive contact information of the employee and be notified of the existence of the report.
- (3) IHEs must provide students with an educational program on hazing.
- (4) IHEs cannot prohibit a student from accessing their transcripts or other certifications and educational attainment because a student is in default on the repayment of a Federal student loan.
- (5) No agreement between an IHE and a student can prevent a student from pursuing a claim against an IHE in court.

Experimental Sites – The bill expands the scope of the existing experimental sites authority to include experiments that “aim to increase student success.” ED is required to give the House and Senate Education Committees 60 days notice before beginning an experimental site. The duration of a specific experimental site cannot be longer than four years but can be extended for more than two years on a case by case basis.

Negotiated Rulemaking – The bill maintains the negotiated rulemaking requirements from current law with the following changes:

- (1) The requirement that negotiators selected by ED include both representatives of groups from Washington, D.C. and industry participants is replaced with “representatives that are broadly representatives of constituencies in different sectors and geographic locations.”
- (2) ED is required to comply with requests from negotiation participants for data (to the extent practicable); make issue papers and proposed regulations available to the public in a timely manner; make video recordings of each rulemaking session publicly available through simultaneous transmission; archive video records for public viewing; and create publicly available the transcripts of each session.

Removal of Adverse Credit Action – The bill requires ED, a guaranty agency or another loan holder to request that a consumer reporting agency remove any adverse item from a borrower’s credit history upon the repayment of a defaulted loan in full.

Borrower Defense to Repayment (BDR) – Unlike current law, the bill would set up a specific statutory structure to allow for borrowers to assert a defense to repayment in the cases of substantial misrepresentation and other fraudulent situations. Under this structure, ED establishes procedures for consideration of BDR claims, including group claims. Any loan which is subject to a pending BDR claim would be placed in deferment status and adverse credit reporting and collection activity would be suspended. The Secretary would be required to provide full relief for claims of substantial misrepresentation and there would be a presumption

of full relief on other claims with ED further determining whether full relief is appropriate. Borrowers would be permitted to file appeals of denied claims to ED.

On-time Repayment Rates – The bill defines on-time repayment rate as when 30 or more current and former students at an institution have been in repayment for three years on loans used to attend that institution and have paid at least 90 percent of their monthly payment for such loans during such three-year period. If a student has multiple loans from multiple institutions, loans are attributed to each institution. A payment is considered paid if it is paid not more than 30 days after the payment is due; the monthly payment is equal to zero; the full amount of the loan has been repaid, or the loan has been discharged; the student is in a period of deferment due to economic hardship or unemployment; or the student is in medical, national service, military/national guard service, or teacher loan forgiveness forbearance. Institutions that do not spend at least one third of their revenue derived from tuition and fees on instruction and do not meet an ED determined threshold for a significant percentage of students, would be subject to loss of Title IV eligibility for the year in which the threshold is not met and two succeeding fiscal years. Institutions with less than a 20 percent participation rate (the percentage of the IHEs students who take out loans) would be exempt from any loss of title IV eligibility. As with the adjusted cohort default rate, institutions may request an exception to the loss of eligibility for certain programs which would have an on-time repayment rate that is greater than the required threshold. ED is required to prescribe regulations that would prevent an institution from evading the application of an on-time repayment rate determination.

Program Integrity – The bill makes numerous changes to accreditation and related provisions:

State Responsibilities - The bill would add to the responsibilities of a State to include:

- (1) Evaluating IHEs (in the State) on whether they meet applicable standards related to facilities, equipment supplies, program length and other factors.
- (2) Accepting student complaints from students attending IHEs in the State and from students who are residents of the State but attend IHEs located in other States through correspondence or distance education.
- (3) Reporting relevant student complaints and other complaints determined by ED as necessary to ED and accrediting bodies.
- (4) Establish policies and procedures to anticipate and respond to the closure of IHEs.

Accrediting Agency Recognition of Job Training Programs (Short-term Pell Grants) – The bill would require an accrediting agency that has or seeks to have the evaluation of IHEs participating in the Job Training Federal Pell grant program (see short-term Pell above) to meet certain requirements related to evaluating the capacity to offer the program and the academic content of the program.

Accrediting Agency Recognition of IHEs Providing Pell Grants to Incarcerated Individuals – The bill would require an accrediting agency that accredits or seeks to accredit IHEs that offer incarcerated individuals Federal Pell grants to meet certain requirements related to IHE capacity, faculty experience and credentials, academic credits, educational content and support, and advising services.

Technical Review Panel – The bill would require a technical review panel to be appointed by the Secretary to establish list of measures (and definitions) which accreditors must choose from when assessing institutional outcomes related to

completion, progress toward completion, and workforce participation. The Secretary would be prohibited from approving such list or definitions.

Rulemaking Regarding Accreditation – The bill would require ED to establish a negotiated rulemaking to:

- (1) Establish definitions for terms related to all sanctions as well as actions, including “accreditation” and “pre-accreditation”;
- (2) Establish notice and disclosure requirements related to any action taken with respect to an institution.

Accreditation Standards – The bill would require certain accreditation standards related to outcomes of completion, progress toward completion, and workforce participation. It would allow accreditors to assess institutions using different measures for different institutions. Accreditors would be required to establish and use a single performance benchmark for each measure (although benchmarks may differ for each category of programs – such as, all of the programs at an institution leading to an associates degree). With respect to public and private institutions, student achievement standards may include consideration of the institution’s “historical significance” and if such institution is the only physical location at which postsecondary education is provided in the geographic area. Accreditors would be required to establish student achievement outcomes, disaggregated by a multitude of factors. Accreditors would also be required to have standards related to credentials, including consideration of the non-monetary value accruing to students pursuing such credentials. The current standard related to fiscal and administrative capacity would also require standards on institutional governance.

Substantive Changes – The bill would require that any substantive change does not adversely affect the capacity of the institution to continue to meet the agency’s standards. The bill would also require institutions to obtain approval for a substantive change before making the change, require the accreditor to make such changes public and report substantive changes to ED along with the rationale of such decision.

Separate and Independent - The bill would modify current requirements related to who may not serve on a governing or decision-making body of an accreditor by prohibiting membership of individuals who exercise substantial control over an institution. This includes any one of several criteria, including failing to meet financial responsibility criteria; being on reimbursement payment; being under an emergency action or in which the Secretary is limiting, suspending or terminating the institution’s participation in any program; or being on probation or showing cause by an accreditor.

Secretary’s Independent Evaluation – The bill would require NACIQI to “regularly evaluate the effectiveness” of performance benchmarks established by accreditors and compare similarly situated accreditors based on their measures and benchmarks used. The bill would also require accreditors to review and revise benchmarks if they are deemed to be too low.

Restrictions on IHE Expenditures – Under the bill, if an IHE spends less than one third of its institutional revenue derived from tuition and fees on instruction during any of the three most recent fiscal years, the IHE is prohibited from spending more than the IHE’s non-Federal revenue on marketing, recruitment, advertising and lobbying. If an IHE fails to spend more than one third of its institutional revenue on instruction for two consecutive years, the IHE will be ineligible to participate in Title IV programs for not less than two institutional fiscal years.

America's College Promise/Federal-State Partnership – The bill includes several different authorities under an America's College Promise section:

State and Tribal program – The bill includes a program, which in States and Indian Tribes that provide 25 percent of the total funding (with Federal appropriations providing the remaining 75 percent), would waive the cost of tuition and fees at community colleges. The State and tribal program application requires a description of promising and evidence-based institutional reforms and innovative practices to improve student outcomes, and an assurance that participating community colleges will assist eligible students in obtaining information about accessing mean-tested Federal benefit programs. Participating states are also required to (1) align requirements for receiving a high school diploma with the requirements for entering credit-bearing coursework at a community college; (2) submit a plan to improve transfer pathways between IHEs in the State and; (3) meet a maintenance of effort requirement on State higher education funding.

Student Success Fund – States participating under the America's College Promise program are also eligible to receive a student success fund grant. Grant funds would be used to implement promising and evidence-based institutional reforms and innovative practices to improve student outcomes. This program is funded at \$500 million in mandatory funding on an annual basis.

Pathways to Success for HBCUs – The bill also includes a grant program for four-year HBCUs to subsidize the cost of two years of attendance at an HBCU. Eligible HBCUs must have at student body that is at least 35 percent low-income; commit to maintaining or adopting promising evidence-based institutional reforms and innovative practices to improve completion rates and other student outcomes; set performance goals for improving student outcomes; and if receiving a grant for transfer students, have articulation agreements with IHEs at the national, State or local level. During the first year of participation, HBCUs are prohibited from increasing tuition and fees at a rate greater than any annual increase over the previous five years.

Pathways to Success for Tribal Colleges and Universities – The bill includes a similar authority to the Pathways to Success for HBCUs program for a grant program to four-year Tribal Colleges and Universities to subsidize the cost of two years of attendance at such institutions.

Pathways to Student Success for Hispanic Serving Institutions (HSIs), Asian American and Native American Pacific Islander-Serving Institutions (AANAPISIs), Alaska Native, Native Hawaiian, Predominantly Black Institutions (PBIs) and Native American-Serving Non Tribal Institutions – The bill includes, similar to the authority in the Pathways to Success for HBCUs program, a pathways program providing grants to four-year MSIs to subsidize the cost of two years of attendance at such institutions.

Other Title IV programs – The bill also authorizes the following programs in Title IV:

- Additional College Affordability Grants (grant program that provides Pell Grant recipients with an additional grant in the amount of a student's unmet need).
- Tuition Waivers (grants to States and Tribes to waive tuition and fees for four-year public IHEs).
- Expansion for Private Institutions (grant program providing for unmet need for Pell Grant recipients at private non-profit IHEs).

Title V, Developing Institutions – In addition to changes to certain activities and uses of funds under the Title, the bill would also permit Title V grantees the same endowment scholarship authority provided to Title III grantees.

#### Other Provisions

Title IX regulations – The bill would prohibit ED from implementing, enforcing, or otherwise giving effect to proposed amendments or regulations issued in November 2018 related to Title IX of the Education Amendments of 1972, or propose or issue any rule or guidance that is similar in substance or effect.

Unique Numeric Identifier – Within 18 months of the passage of CAA, ED is required to assign a unique numeric identifier to each campus of each Title IV participating IHE to be used for reporting purposes, including IPEDS surveys.

Reverse Transfer – The bill creates a Family Educational Rights and Privacy Act (FERPA) exemption to allow educational records to be disclosed to an institution that was previously attended by a student for the purpose of awarding a credential/degree from the previous institution. The exemption requires a student to provide prior written consent to receive the degree/credential

Other Laws – The bill makes changes to the Education of the Deaf Act, the Tribally Controlled College and Universities Assistance Act, and reauthorizes the U.S. Institute of Peace.