August 22, 2014

The Honorable Tom Harkin
Chairman
U.S. Senate Committee on Health, Education, Labor and Pensions
428 Senate Dirksen Office Building
Washington, DC 20510

Dear Chairman Harkin:

The Association of Public and Land-grant Universities (APLU) greatly appreciates your interest in seeking the community's feedback on your June 25 legislative discussion draft, the *Higher Education and Affordability Act (HEAA)*. As such, we submit the following eight pages of comments and recommendations for your consideration.

The reauthorization of the Higher Education Act (HEA) provides a much-needed opportunity to effectively and efficiently strengthen the higher education enterprise. We hope as you proceed with reauthorization that any legislation ultimately offers better transparency for students, families, the general public, and policymakers and builds in better accountability. Also, it is important that the reauthorization reduce redundancies and inefficiencies in the law to best serve consumers of information and lessen the regulatory and reporting burden on higher education institutions.

We appreciate the opportunities that we have already had to work with you and your committee staff on the bill and look forward to working with you and your Senate and House colleagues as this important authorization moves forward. Please feel free to contact us with any questions.

Sincerely,

Peter McPherson
President
Association of Public and Land-grant Universities

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APLU Comments on HEAA Discussion Draft

APLU offers the following comments as high-level, priority suggestions and recommendations, but this is not an exhaustive list. We hope to continue working with you and your staff to make technical improvements as well as to strengthen and clarify definitions and language.

<u>Provisions in HEAA which APLU Supports</u>

- **Pell increases and year-round Pell eligibility**

We appreciate that Sec. 411 in the bill provides inflation adjusted increases in federal funding for the annual maximum Pell award and works to prevent any further erosion of related benefits. Further, APLU strongly supports the bill's restoration of year-round Pell grant eligibility for full-time students, which would provide grants to help cover summer attendance. Such action would encourage timely degree completion, decrease the student debt burden, and allow students to enter the labor force more quickly.

- **Prior-prior year income data use with FAFSA**

We appreciate the allowance of the use of "prior-prior year (PPY)" income tax data for the Free Application for Federal Student Aid (FAFSA) as outlined in Sec. 475. Allowing students and families to use their income tax data from the preceding year on the FAFSA would allow students to both complete their aid application earlier and receive notification about offered financial packages earlier. This would help students determine the scope of aid available sooner and assist in their higher education decision-making. Moving to PPY data and allowing students and families to file their FAFSAs earlier would alleviate this burden on families while also allowing campus aid administrators more time to counsel students on their financing options.

- **State-Federal College Affordability Partnership Grant Program**

Steep declines in state support are the driving force behind increases in tuition at public universities. A decade ago, state governments contributed about two-thirds of the per student cost of education at public universities. But since then, the revenue picture has flipped: the states now pay about one-third of the costs and students and families have assumed two-thirds of the costs. Further, public university tuition revenue increases, although a greater proportion of the total costs, have not offset the decline in state funding per student in many states. Public universities kept educational expenditures per student flat since 2006 and have made up part of the gap left by shrinking state support through administrative efficiencies and the strategic use of technology.

Given these disturbing trends, we strongly support the establishment of the State-Federal College Affordability Partnership Grant Program authorized in Sec. 499. This program would encourage states to reverse their disinvestment in public higher education.

- **85/15 revenue requirement and inclusion of military and veteran tuition assistance in federal funds calculations**

We support the legislative change to the revenue source requirement for proprietary institutions in Sec. 101 from the current 90/10 revenue rule to an 85/15 model. We also support the adjustment of the federal funds definition to include the suite of military and veterans' educational tuition benefits so it captures the full compilation of taxpayer funds supporting an institution. The 90/10 rule was developed to be a quality assurance indicator for an institution through its accountability to the market. This change would assist in protecting veterans and other students by offering a more comprehensive assertion of educational institutional quality.

- **Authorizing the College Scorecard**

In regards to authorizing the College Scorecard as noted in Sec. 109, we strongly support the inclusion of net prices by income and repayment rates on the Scorecard. We also suggest the Scorecard provide additional context for student loan debt information by including the "percent of students at the institution who have borrowed." However, we recommend that the Scorecard content and distribution be focused on undergraduate students given that many of the elements pertain solely to undergraduates.

Our work with the Voluntary System of Accountability College Portrait website has shown us that although there are potentially many data elements that could be of interest to student and families, it is best to keep the data simple and limited to a few crucial elements that focus on outcomes – too much data can be overwhelming and confusing. For example, we suggest the Committee reconsider the inclusion of information on institutions that have been on the Department's College Affordability and Transparency Lists as these lists are not among the core information requested by consumers and are of uncertain value and reliability. We appreciate and support the requirement for the Scorecard to undergo consumer testing.

In the absence of a federal student unit-record data system, the higher education community has developed a website, the Student Achievement Measure (SAM)[1], for students, families, and policymakers that offers a more comprehensive picture of undergraduate student success and completion that can be compared across institutions. As you know, the federal completion metric significantly underreports student achievement as it only accounts for students who enroll full-time and then start and finish at their first college or university. Nearly half of the new students on college campuses each year are either transfers or attend part-time. SAM enables institutions to publicly report progress and outcomes for these important student populations. The SAM website also enables the public to easily see what percentage of students remain enrolled and working toward a degree. This is in contrast to the current federal rate, which reports only graduation and gives the false impression of higher dropout rates.

Currently, over 530 institutions from two-year, four-year public and private institutions have joined the SAM project. SAM should be considered as the alternative model of what could be done to put more realistic and thorough information into the hands of students, parents, the general public, and policymakers. We encourage the inclusion of legislative language urging the Department to allow participating campuses to link to their SAM profile through the College Scorecard and/or other federal consumer transparency websites.

We appreciate the Committee's desire, through the College Scorecard, to provide useful and transparent information to consumers while limiting the burden and duplication of effort on institutions. We look forward to continuing the discussion and working through the technical and methodological details necessary to insure the institutional information provided will be meaningful, reliable, and valid.

[1] http://studentachievementmeasure.org

- **Elimination of loan origination fees**

We support the elimination of origination fees on Direct Loans as outlined in Sec. 451. It would lower the cost of borrowing for students leading them to incur less debt.

- **Allowing the discharge of private student loans in bankruptcy**

We support allowing private educational loans to be discharged in bankruptcy as outlined in Sec. 1031.

- **Authorization of the First in the World grant program**

There are impressive efforts taking place on campuses around the country to increase access, offer innovative new delivery methods and enhance persistence and completion. We support the authorization of the First in the World Competitive Grant competition, as included in Sec. 702, to develop best practices in access, persistence, and completion and allow institutions to develop and scale innovative programs.

- **Study by IES of financial aid policy change impacts on graduate students**

We strongly support the Department studying the impact that recent financial aid benefit changes have had on graduate students as included in Sec. 1110. We remain concerned with the unbalanced treatment of graduate student loan borrowers. Over the last few years, graduate loan rates and graduate education benefits have been reduced to shore up undergraduate programs and loans. In today's globally competitive economy, we believe it is unwise to place additional burdens on students pursuing graduate education.

- **Minority-Serving Institutions Innovation Fund**

We support the authorization of a minority-serving institutions innovation fund, framed in Sec. 704, to assist these campuses in developing and implementing innovations to enable disadvantaged students to enroll and persist in higher education.

- **Simplifying IBR and improving loan servicing**

We support the various provisions under Title IV aimed at simplification of the income contingent and income based repayment (IBR) options as well as the provisions aimed at assuring better operations by educational loan servicers. Ideally, we would like to see a single loan management portal for borrowers to view and manage all of their educational loans.

- **Public disclosure of accreditation documents**

While we support Sec. 497 and the public disclosure of accreditation documents and believe greater public accountability is reasonable, we find the list of available accreditation related documents and reports to be too expansive. It is common for first assessments and findings to contain errors, which often necessitate corrections. Early disclosure would not be helpful or informative. We hope the language can be limited to final accreditation review documents and reports.

APLU Concerns with the HEAA draft

- **Net price calculator**

We are concerned that the concept of a universal net price calculator, as outlined in Sec. 106, would either produce high-level, generic estimates that are unhelpful, even misleading, to students or result in significant data entry and burden for institutions and students. We feel a simple "look-up" table with income ranges, housing choices, and residency options for each school could provide just as meaningful an estimate on net price with much less burden than a universal calculator. We also advocate for the net price calculators to only apply to undergraduates since graduate students have highly individualized cost and aid packages that are typically determined by their area of study. A federal template would provide little information of value for those students.

- **National complaint resolution and tracking system**

While we understand the interest in Congress of having the Department set up a national complaint and tracking system as in Sec. 113, we are concerned that complaints defined under the umbrella of "educational practices and services" may result in an extremely broad and unwarranted assortment of complaints, to which an institution would have a very short window to respond. We hope this provision can be limited to prevent excessive, undue burden.

- **Financial aid award letters**

We recognize the concerns of student applicants and appreciate the congressional interest in institutions offering a single comparable format for financial aid award letters, as framed in Sec. 483. However, some of the information outlined in the section may result in confusion for graduate students as certain terms and elements would not apply to that subset of students. We hope the language can be updated to allow for multiple formats of aid letters depending on the student subgroup.

- **Accessible instructional materials**

While we are supportive of higher education institutions providing reasonable and effective accommodations in terms of instructional technologies to students with disabilities, we have concerns that this provision, as drafted in Sec. 931, could stifle innovation in instruction and possibly lead to a highly burdensome certification process between institutions and the Department. We hope to be able to work with the Committee to improve the language to most effectively serve disabled students while continuing to foster innovation in educational instruction.

- **In-state tuition mandate for homeless children and foster youth**

We suspect that much of what is proposed in Sec. 110 related to homeless and foster youth is already the policy on public campuses. However, we are concerned with a continued expansion in federal statute of the determination of eligibility for in-state tuition and the allocation of state resources by the federal government.

- **Improved disclosures, counseling, and financial assistance information for students**

We believe that Sec. 488 of the HEAA misses the opportunity of reducing redundant and unnecessary reporting requirements on institutions of higher education. As public entities, APLU institutions are accustomed to and in favor of transparency. However, reporting more information to students and families, in multiple formats, is not always better and can create confusion and uncertainty. Congress should strongly consider the recommendations that are expected later this year from the Senate-initiated Task Force on Government Regulation of Higher Education, which is being led by the American Council on Education.

In particular, in Sec. 488, we have concerns related to the increased burden on institutions with the inclusion of the counseling of parents who take out PLUS loans and the requirement of detailed reporting for institutions that have arrangements with hospitals and health facilities. Also, the addition of "harassment" may overlap with current Clery regulations and could create confusion. We strongly encourage you to review this further.

- **Program participation agreements**

Similarly to what is noted above on disclosures, there is a broad expansion of policies to which an institution must certify under Sec. 491 with the Program Participation Agreements. Again, we urge the Committee to consider reducing the reporting burden on institutions.

- **State competitive grant program for reforms to higher education persistence and completion**

APLU is supportive of innovations that will lead to improved persistence and completion and we agree in concept to offering states grants to plan and implement strategies to increase educational outcomes as outlined in Sec. 705. In fact, nearly 500 four-year public colleges and universities have pledged, as part of the APLU-AASCU Project Degree Completion[2], to boost college completion by 3.8 million students as public institutions' contribution to helping the nation reach the goal of 60 percent of adults possessing a college degree by 2025. However, we are concerned with some of the prescriptive requirements surrounding the grant program such as the transfer of credit agreements.

Areas Deserving Inclusion in an HEA Reauthorization

- **Authorize a student unit record data system**

We understand the Senate majority's interest in the development of a student unit record system and fully support the inclusion of such a system in the HEAA bill. To obtain the accurate picture of student progress and educational outcomes that policymakers, students and parents seek, Congress should endorse the development of a limited student unit record data system with appropriate privacy safeguards.

[2] http://www.aplu.org/projectdegreecompletion

During the last reauthorization, Congress rejected the idea of a unit record data system to track students. Given the experience in many states with student level data systems we believe many of the concerns from earlier reauthorizations have been addressed or nullified.

By their mission and nature, public universities are committed to being transparent and accountable to the public and current and prospective students. APLU believes that college and university leaders themselves need information on their own schools' education outcomes to strengthen their institutions. Policymakers also need better information to make more knowledgeable decisions.

Without a national student unit record data system, it is very difficult, if not impossible, to have a reliable and accurate picture of student progress, completion, and post-graduation outcomes that cross institutional and state boundaries.

We look forward to working with you and your committee staff to support such a system.

- **Strengthen institutional eligibility test for Title IV aid**

APLU strongly supports the legislation's goals of better serving students and having greater accountability in the higher education system; however, we believe an HEA reauthorization should include additional accountability measures. The current test for institutional eligibility to receive Title IV funds is remarkably lenient with an institution only losing eligibility if the cohort default rate (CDR) exceeds 30 percent for three successive years. In 2010, only five schools lost their eligibility out of almost 7,000 institutions, while the average default rate rose to 8.9 percent, far below 30 percent. With the draft legislation's shift to automatic income-based repayment upon delinquency, the use of cohort default rate for Title IV eligibility would be an insufficient metric for monitoring institutional accountability and quality outcomes.

Over the last year, APLU has been advocating for a strengthened institutional eligibility test in our alternative college ratings plan, "Providing Greater Value to Students and the Public through Enhanced Transparency & Accountability in Higher Education[3]."

Within the plan, APLU recommends that institutional performance be evaluated on a limited set of accurate performance metrics. These would include a comprehensive student progress and completion metric, such as the Student Achievement Measure, which captures the progress and success of transfer and part-time students. It should also include cohort-level loan default and repayment rates as well as post-collegiate outcomes, such as employment and the pursuit of advanced education. To allow for fair comparisons, institutions should be evaluated for these metrics after adjusting for the "readiness" of students served at each institution.

From those limited assessments, we would urge the very worst performers be subject initially to partial penalties or restrictions on Title IV aid, moving toward complete withdrawal of eligibility upon repeated poor performance. As noted above, the current system has led to a very limited number of schools being penalized. By creating a gradual penalty, we hope that enforcement would increase and poor performing institutions would be motivated to quickly improve. And to encourage campuses to continually work toward improvement, we advocate for rewarding institutions with additional funding for their access and completion efforts if they serve large low-income populations and do very well under these performance metrics.

[3] http://www.aplu.org/alternativeplan

We appreciate that the Committee has a similar interest in increasing accountability with the inclusion of targeted program reviews in Sec. 498. Unfortunately, we believe the program reviews would be too expansive by capturing thousands of institutions, potentially an unfeasible workload for the Department, and not sufficient for increasing institutional accountability.

- **Direct accreditors to offer a tiered or risk-based accreditation process**

The institutional accreditation process has become incredibly burdensome in terms of time and resources. Not all institutions pose the same level of risk in terms of academic quality and needed improvements. We concur with the concept outlined in the ACE Commission report, *Assuring Quality in the 21st Century: Self-Regulation in a New Era*[4], which calls for the consideration of differentiated levels of review based on the level of institutional risk. This could be achieved either through having differential procedures or a two-phased process where every institution would adhere to a first level of review and those institutions with a history of concern or with additional flags would require a second and more thorough level of review.

We urge the bill to include language that urges accreditors to design and implement such a multi-phased or risk-based system. Such an approach would allow accreditors to focus on institutions that present the greatest potential risk and decrease some of the current burden for institutions. Accreditors may already have more flexibility here than they are exercising and confirming the capacity and urging action would be appropriate.

- **Support the federal loan programs, increase loan limits, & allow flexibility to protect from over-borrowing**

We urge the bill to support the campus-based aid programs as they are an important element to the aid portfolio, providing flexibility to institutional financial aid officers and additional funds for the neediest students. We recognize various congressional proposals have advocated modifying, sometimes significantly, the campus-based programs. If Congress moves in that direction, we urge any proposal to expand the aid available to students and continue to offer campuses some administrative flexibility. We hope you will work with campus and association stakeholders in the process.

We also urge the bill to increase the maximum limits for federal undergraduate Stafford and graduate PLUS loans as they provide better options for students than private student loans. However, students should not over-borrow and unnecessarily increase their debt burden. We strongly support proposals to grant higher education institutions and their financial aid administrators the authority and the flexibility to set loan borrowing at lower limits based on academic and program factors as outlined by others such as National Association of Student Financial Aid Administrators (NASFAA).

- **Sustain the international education programs, support the Title VI centers, and authorize a study abroad grant program**

The Department's International Education and Foreign Language Studies programs are critical to ensuring our nation prepares students to enter a world that becomes more interconnected with each generation while also ensuring capacities of excellence in less commonly taught languages and culture.

[4] http://www.acenet.edu/news-room/Documents/Accreditation-TaskForce-revised-070512.pdf

We urge increased support for the essential Title VI programs, which are vital to connecting U.S. campuses and students to the world. The Title VI programs help accomplish the goals of global competencies for students while also ensuring capacities of excellence in less commonly taught languages and culture.

Along with the continued investment in the successful Title VI programs, it is also important to recognize that no international education experience is as transformative for students as study abroad. Consistent with the goals of the commission established by Congress, known as the Commission on the Abraham Lincoln Study Abroad Fellowship Program, an HEA reauthorization bill should authorize a grant program similar to the Simon Study Abroad Foundation legislation, preferably within the Department's Fund for the Improvement of Postsecondary Education (FIPSE) program. Such grants would help support those institutions of higher education that remove barriers to participation in study abroad, increase the diversity of study abroad participants, and promote non-traditional study abroad locations. This leveraging of resources would have a significant impact on the number of U.S. students studying abroad for a relatively low level of funding. We welcome the opportunity to work together to develop this section.

- **Strengthen graduate assistance programs and fellowships**

We urge you to sufficiently support the Javits Fellowships and Graduate Assistance in the Areas of National Need (GAANN) programs, the only graduate education programs funded by the Department, which provide much-needed support for important fields, such as STEM. As federal financial assistance for graduate students has eroded, it is crucial that these programs are reinvigorated to enable our nation's brightest graduate students to focus on their studies in critical areas of national and international need. Further, we urge you to continue authorizing Javits and GAANN as separate programs rather than as part of a consolidated GAANN program, which they have been since FY2012. The programs are distinct, as the Javits program is the only federal graduate education fellowship program that directly funds students in the arts and the humanities, while GAANN is awarded to institutions to administer.

- **Remove state-based loans programs from restrictions Under Preferred Lender Lists**

We urge you to include language exempting state-based loan programs, such as the Minnesota SELF Loans and Texas B-On-Time Loans, from the restrictions under the preferred lender list rules in HEA Sec. 487. The current regulations result in some institutions not recommending or promoting very generous state loan programs as options for students. Institutions should be allowed to alert their students to state loan programs that are equivalent to or more favorable than federal loan programs.

About APLU

The Association of Public and Land-grant Universities (APLU) is a research, policy, and advocacy organization representing 235 public research universities, land-grant institutions, state university systems, and affiliated organizations. Founded in 1887, APLU is North America's oldest higher education association with member institutions in all 50 U.S. states, the District of Columbia, four U.S. territories, Canada, and Mexico. Annually, APLU member campuses enroll 4.7 million undergraduates and 1.3 million graduate students, award 1.1 million degrees, employ 1.3 million faculty and staff, and conduct $41 billion in university-based research.