

Higher Education Opportunity Act

Jeff Baker
Federal Student Aid

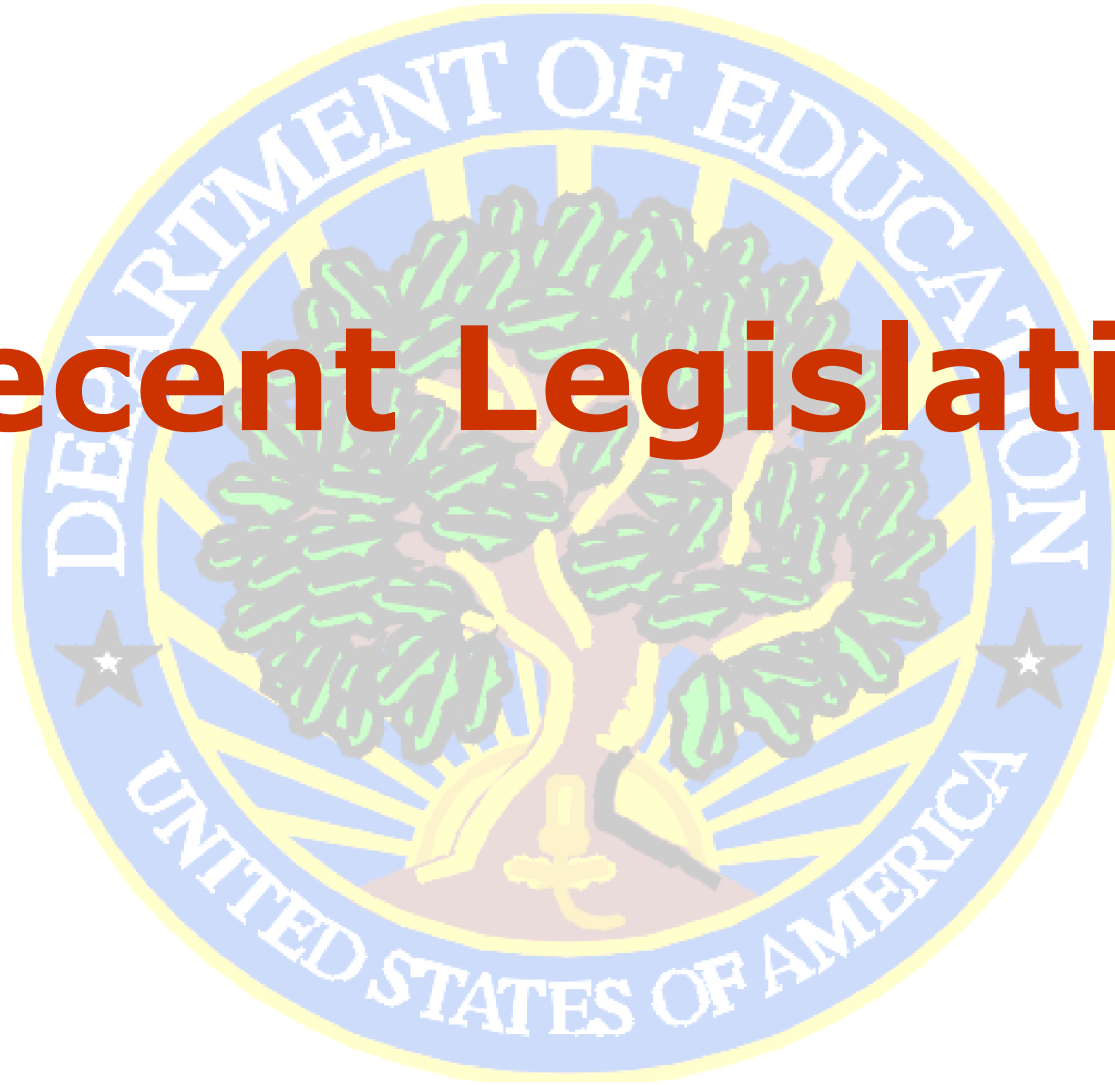
David Bergeron
Dan Madzellan
Office of Postsecondary Education

Background

Higher Education Opportunity Act (HEOA)

- Higher Education Act of 1965 expired in 2004
- Reauthorized HEA after 16 extensions
- Signed by the President on August 14, 2008
- Became Public Law 110-315
 - House Bill (H.R. 4137) passed 2/7/2008
 - Senate Bill (S. 1642) passed 7/24/2007
- Web site: <http://www.ed.gov/heoa>

Recent Legislation



- Higher Education Reconciliation Act (HERA) – February 8, 2006
- College Cost Reduction and Access Act (CCRAA) – September 7, 2007
- Ensuring Continued Access to Student Loans Act of 2008 (ECASLA) – May 7, 2008
 - Extended by HR 6899
- Higher Education Opportunity Act (Reauthorization) – August 14, 2008

Higher Education Reconciliation Act (Public Law 109-171)

- Reauthorized Student Loans Through 2012
- Created Academic Competitiveness and National SMART Grants
- Increased FFEL and DL Loan Limits
- Reduced Loan Origination Fees
- Provided for Consistent Repayment Plans

Higher Education Reconciliation Act (Public Law 109-171)

- Streamline FAFSA
- Need Analysis Formula
- Reduced Insurance
- PLUS Interest Rate
- “Negative SAP”
- College Access Initiative

College Cost Reduction and Access Act (Public Law 110-84)

- Reauthorized Pell Grants Through 2017
- Mandatory Increases for Pell and Upward Bound
- Reduced Interest Rates
- Need Analysis Formula
- Income-based Repayment
- Economic Hardship Deferment

College Cost Reduction and Access Act (Public Law 110-84)

- TEACH Grants
- Public Service Loan Forgiveness
- College Access Challenge Grants
- Reduced Lender Insurance
- Reduced SAP
- Parent PLUS Auction Pilot Program

Ensuring Continued Access to Student Loans Act (ECASLA)(P.L. 110-227)

- Extended by HR 6899 (Public Law 110-350)
- ECASLA Authorizes the Secretary
 - To purchase FFEL loans, at -
 - No net cost to the government
 - Under terms and conditions established by the Secretary in consultation with Treasury and OMB
- No statutory authority to provide advance funding

Higher Education Opportunity Act (Public Law 110-315)

- Consumer Information and Disclosures
- Application for Federal Student Aid
- Student Grant Programs
- Student Loan Programs
- Institutions and Institutional Grant Programs

Consumer Information and Disclosure

- Greater transparency in college costs
- ED required to develop & release:
 - Information relevant to college cost & net price by institution
 - College cost & net price watch lists
 - Internet-based calculators of the net price of college for consumers

Consumer Information and Disclosure

- Institutions must:
 - Disclose relationships with preferred lender arrangements
 - Adopt “codes of conduct” to govern their relationships with financial institutions
- Lenders must comply with the Truth in Lending Act for “private label” education loans

Consumer Information and Disclosure: Textbooks

- Publishers must inform faculty of price and editorial changes
- Institutions must:
 - To the maximum extent practical, post ISBN numbers and retail prices of required and recommended textbooks and supplemental materials

Consumer Information and Disclosure: Textbooks

- Institutions must provide its college bookstore with the course schedule, the list of required and recommended textbooks and supplemental materials, and the average and maximum enrollment in each course

Application for Federal Student Financial Aid (FAFSA)

- Simply the FAFSA
- Create an EZ FAFSA
- Continues limiting the Secretary's authority to modify the formula used to calculate the expected family contribution
- Requires ED to report to Congress on simplification
- Mandates a study by GAO to examine alternative methodologies for calculating an EFC

Application for Federal Student Financial Aid (FAFSA)

- Mandates an early application demonstration program to allow dependent students to apply for aid during their junior year in high school
- Authorizes the Secretary to use IRS data to prepopulate (with prior-prior year data) the FAFSA or verify income and other information on the FAFSA

Note: No change to Internal Revenue Code

Pell Grant Program

- Effective with the 2009-2010 award year
- “Year round” Pell Grant
- Lifetime limit - equivalent to 18 semesters
- Minimum grant equal to 10% of the appropriated maximum grant
- Maximum award for any Pell Grant eligible student whose parent or guardian was a member of the Armed Forces and died in Iraq or Afghanistan after September 11, 2001

ACG and National SMART Grants

- Beginning with 2009-2010 award year
- Extends eligibility to certain non-citizens
- Extends eligibility to at least half-time students
- Aligns grant awards and disbursements with Pell Grants
- Replaces academic year basis for awards with student's grade level

Academic Competitive Grants

- Requires appropriate State official to submit rigorous high school curriculum to ED
- Clarifies that rigorous curricula include those recognized by ED in current regulations

Academic Competitive Grants

- Authorizes awards for one- and two-year certificate programs if the student is attending a two- or four-year degree granting institution
- Amends the provision regarding previous enrollment for first-year grant eligibility by creating an exception for students whose previous enrollment in an undergraduate program was part of a secondary school program of study

National SMART Grants

- Authorizes grants to students attending institutions offering a single liberal arts curriculum leading to a baccalaureate degree in which students are not permitted by the institution to declare a major in a particular subject area
- Authorizes a fifth-year grant to students enrolled in the fifth year of a National SMART Grant-eligible program that requires five years to complete

TEACH Grant Program

- High need fields when agreement to serve was completed will remain valid even if field no longer approved
- Categories of extenuating circumstances under which a recipient of a TEACH Grant may be excused from fulfilling the service obligation can be established by regulations

Federal Work-Study Program

- Emphasizes employment in civic education
- Continue compensating disaster-affected students
- Creates new discretionary grant program for off-campus employment in community service
- Continues the existing “Work College” program

Perkins Loans

- Increases annual and aggregate loan limits –
 - Annual \$5,500 for undergrad
 - Annual \$8,000 for grad
 - Aggregate \$60,000 for grad
 - Aggregate \$27,500 for upper division undergrad
 - \$11,000 for all others

Perkins Loans

- Prescribes mandatory assignments
- Increases loan limits
- Prescribes additional eligibility criteria for total and permanent disabilities discharges
- Streamlines loan rehabilitation
- Expands loan forgiveness

Federal Family Education Loans (FFEL)

- Fails to provide a long-term solution to the current profitability, liquidity and capacity issues in the student loan programs
- Requires the Secretary to oversee private education loans made by FFELP lenders to students attending Title IV institutions

Federal Family Education Loans (FFEL)

- Addresses lender and guaranty agency inducements
- Provides for more consumer information from lenders, guaranty agencies, schools and ED

FFEL & Direct Loans

- Changes Cohort Default Rate Calculation
 - From two years to three years
 - Transition Period
 - 30% Penalty Threshold

FFEL & Direct Loans

- Increases “disbursement relief” CDR to 15%
 - Effective October 1, 2011
- Changes to Disability Discharge Requirements
- Waiver of interest for military in combat zones

FFEL & Direct Loans

- Removes VA Educational Benefits from Estimated Financial Assistance
 - Also from “Resources” for campus-based aid
 - Effective with the 2010-11 award year

FFEL & Direct Loans

- Dependent students eligible for unsubsidized without parental FAFSA information
 - Effective on enactment – August 14, 2008
 - Paper FAFSA or EDE Submission
 - Special process for Direct Loans

FFEL & Direct Loans

- Provides new loan forgiveness opportunities, if Congress appropriates funds, for:
 - EARLY CHILDHOOD EDUCATORS
 - NURSES
 - FOREIGN LANGUAGE SPECIALISTS
 - LIBRARIANS
 - HIGHLY QUALIFIED TEACHERS SERVING STUDENTS WHO ARE LIMITED ENGLISH PROFICIENT, LOW-INCOME COMMUNITIES, AND UNDERREPRESENTED POPULATIONS
 - CHILD WELFARE WORKERS
 - SPEECH-LANGUAGE PATHOLOGISTS AND AUDIOLOGISTS
 - SCHOOL COUNSELORS
 - PUBLIC SECTOR EMPLOYEES
 - MEDICAL SPECIALISTS
 - MENTAL HEALTH PROFESSIONALS
 - DENTISTS
 - STEM EMPLOYEES
 - PHYSICAL THERAPISTS
 - SUPERINTENDENTS, PRINCIPALS, AND OTHER ADMINISTRATORS
 - OCCUPATIONAL THERAPISTS
 - CIVIL LEGAL ASSISTANCE ATTORNEYS



Accreditation

- Abolishes NACIQI (Secretarial appointees)
- Creates a new committee appointed by Congress and the Secretary
 - No new appointments before February 1, 2009
- Secretary is prohibited from establishing criteria that specify, define, or prescribe the standards an accrediting agency uses to assess an institution's success with respect to student achievement

Institutional Grant Programs

- Authorizes 69 new programs
- Mandatory funding for three programs:
 - Promoting Post-baccalaureate Opportunities for Hispanic Americans
 - Masters Degree Programs at Historically Black Colleges and Universities (HBCUs)
 - Masters Degree Programs at Predominantly Black Institutions (PBIs)

Institutional Grant Programs

- Federal TRIO Programs:
 - Mandates an appeal process that could include a second peer review
 - Establishes clear program performance expectations for funded projects related to the awarding of prior experience points
 - Divides program activities into required and permissible activities and places greater emphasis on financial literacy as a permissible activity
 - Gives the Secretary authority to make a one-time synchronizing adjustment to grant periods

Institutional Grant Programs

- Graduate Fellowships
 - Javits Fellowships
 - Modifies requirements related to the Javits Fellowship Board
 - Graduate Assistance in Areas of National Need
 - Consult when determining areas of national need
 - Clarifies eligibility of master's degree-granting IHEs
- FIPSE
 - Shifts authority to make grants to the Secretary
 - Scholarships for family members of veterans or members of the military

Implementation



Regulations

- Public Hearings
 - Johnson C. Smith University
 - Cuyahoga Community College
 - Texas Christian University
 - University of Rhode Island, Providence Campus
 - Pepperdine University
 - U.S. Department of Education
- <http://www.ed.gov/heoa>

Regulations Subject to Negotiation

- Notice Announcing Formation of Committees and Solicitation of Nominations to Serve as Non-Federal Negotiators 12/08
- Negotiating Committees Established 1/09
- Negotiations End 4/09
- NPRM Published in the Federal Register 8/09
- Public Comment Period Ends 9/09
- Final Published in the Federal Register 11/1/09

All Other Regulations

- Draft NPRM Prepared Now--1/2009
- NPRM Submitted to OMB for Clearance 1/2009
- NPRM Published in the Federal Register 2/2009
- Public Comment Period Ends 3/2009
- Final Regulation Prepared 4/2009-5/2009
- Final Submitted to OMB for Clearance 6/2009
- Final Published in the Federal Register 7/2009