The Pundits’ Take on Reauthorization

WICHE Commission Meeting
November 10, 2014

Thomas L. Harnisch, Assistant Director of State Relations
American Association of State Colleges and Universities (AASCU)
Observations

• Expect continued debate over federal higher ed policy in 2015. HEA reauthorization, however, remains unlikely in the 114th Congress.
• HEA reauthorization will feature renewed attention to simplifying, streamlining federal higher education policy
• Differences remain on key issues (e.g. federal role in affordability, accountability)
Context

- Higher ed is growing policy & political issue
- HEA remains the main vehicle for federal policy change; calls to “go big”
- HEA expired in 2013, backlog of education bills likely to prevent HEA passage in the 114th Congress
- Shift in priorities with Senate power change
Calls for Reform

• Gates, Lumina, & others have called for systemic policy changes to reduce costs, increase access & improve student success

• Round 1 and 2 of “Reimagining Aid Design and Delivery” (RADD)
  • Array of small- and larger-scale policy changes
  • Themes: Simplify financial aid, end tax credits, reform loan repayment; align state-federal policy
HEA Reauthorization to Date

- Republican-led House: three small bills passed the House with near-universal support
  - Blocked Democratic efforts to refinance student debt at lower interest rates; include veterans’ benefits in 90-10; consumer info on loan repayment
- Democratic-led Senate: Holistic, sweeping discussion draft. Likely Democratic blueprint for next Congress
Policy Priorities-House Republicans

Ed & Workforce Committee (Rep. John Kline, R-Minnesota)

- **Informing choices**: Reform IPEDS, streamline transparency efforts, better financial counseling
- **Simplifying & Reforming Financial Aid**: One grant, loan & work-study; reduce repayment plans from 8 to 2 (one standard, one income-based), Flex-Pell (draw down over 6 years), scale back Pell eligibility
- **Innovation in Educational Delivery**: Encourage online, competency-based-based programs
- **Streamline, reduce federal imprint in higher ed**: deregulate program integrity rules, consolidate teacher prep programs
Policy Priorities-House Republicans (cont’d)
“The Path to Prosperity” Budget (Rep. Paul Ryan, R-Wisconsin)

• **Pell Grant:**
  • *Change needs analysis to cut program costs*
  • *Cut eligibility for less than ½ time attendance*
  • *Maximum income cap*
  • *Flat-line maximum award ($5,730) for 10 years*
  • *Change to discretionary spending*
  • *End in-school interest rate subsidy for undergrads*
Policy Priorities-House Republicans (cont’d)

“Expanding Opportunity in America” Anti-Poverty Discussion Draft

(Rep. Paul Ryan, R-Wisconsin)

- Simplify the FAFSA
- Eliminate SEOG, absorb into the Pell Grant
- Flex-Pell, report completion rates of Pell Grant students
- Limit loans to graduate students and parents
- Consider changes to TRIO, Work-Study programs
- Overhaul accreditation
  - Easier to acquire accreditation from ED
  - Give power to states
  - Certify courses as well as programs
  - Include non-academics in accreditation
Policy Priorities—Senate Republicans

Senate Health, Education, Labor & Pensions Committee (Sen. Lamar Alexander, R-Tennessee)

- *Simplifying & Reform Financial Aid:* (Alexander-Bennet)
  - Simplify the FAFSA (Postcard)
  - Combine and Consolidate Programs: Reduce six federal loan programs into one undergraduate, one graduate, and one parent loan program; combine two programs into one Pell Grant
  - Flexible, year-round Pell Grant
  - Loan caps
  - Reduce Loan Repayment into Two Plans, One Standard and One Income-Based
Policy Priorities-Senate Republicans (cont’d)

Senate Health, Education, Labor & Pensions Committee (Sen. Lamar Alexander, R-Tennessee)

- **Deregulate higher education (commission)**
  - Opposed to ratings systems and tighter regulations on for-profit colleges
  - Wants accreditors to be focused on quality, not regulatory compliance

- **Renewed attention to choice, competition**

- **Interest in a “grand swap” with states on Medicaid, higher education**
Policy Priorities-Senate Democrats

Senate Health, Education & Labor and Pensions (HELP) Committee (Sen. Harkin’s Draft)

• **Make College More Affordable**
  - State-Federal Partnership
  - Year-round Pell

• **Improve Student Debt Management**
  - Single income-based repayment plan
  - Discharge private student loans in bankruptcy

• **Increase Accountability Measures**
  - Tighter regulations on for-profit colleges
  - Unit record database
Key Areas of General Agreement/Disagreement

**Agreement**

- Student aid application too complex
- Pell Grant needs to be more flexible
- Too many loan repayment plans
- Improve financial literacy/better information

**Disagreement**

- Federal approaches to make college more affordable
- Accountability measures (esp. for-profit colleges)
Affordability: The “Unfinished Agenda”

“The unfinished agenda, however, is for the various partners — students, families, institutions, and state and federal governments — to work more in sync to ensure that their various strategies blend well and assure affordability in a world of limited resources.”

–David Longanecker, Testimony to the Senate HELP Committee, 9/13/2012
The Growing “Green Wall”

Public FTE Enrollment, Educational Appropriations and Total Educational Revenue per FTE,
United States -- Fiscal 1988-2013

Note: Constant 2013 dollars adjusted by SHEEO Higher Education Cost Adjustment. Educational Appropriations include ARRA funds. (HECA)
State-Federal College Affordability Partnership

- Annual Federal Block Grant to States to Incentivize Increase State Investment
- Precedent: Recent history of federal government’s efforts to incentivize state investment
- Not a “Maintenance of Effort”
- Rewards states based on current level of per FTE student state operating support
- 5-level funding tier, providing progressively higher matching award amount
- Tied to the maximum Pell award (50-150%)
- Dollar for dollar reduction in federal award amount for state funding cuts
State-Federal College Affordability Partnership

19 "(b) Federal Match Amount.—The Federal match amount will be determined in accordance with the following table:

<table>
<thead>
<tr>
<th>Net State Operating Support Per FTE student</th>
<th>Federal match amount per FTE student</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below $2865</td>
<td>No match</td>
</tr>
<tr>
<td>$2,865 to $4,388</td>
<td>20% of the excess over $2865</td>
</tr>
<tr>
<td>$4,389 to $5,443</td>
<td>$304.6, plus 30% of the excess over $4389</td>
</tr>
<tr>
<td>$5,444 to $6,303</td>
<td>$620.8, plus 40% of the excess over $5444</td>
</tr>
<tr>
<td>$6,304 to $7,449</td>
<td>$964.4, plus 50% of the excess over $6304</td>
</tr>
<tr>
<td>$7,450 to $8,595</td>
<td>$1,393.9, plus 60% of the excess over $7450</td>
</tr>
<tr>
<td>Above $8595</td>
<td>No match, above $1651.4</td>
</tr>
</tbody>
</table>
# State-Federal College Affordability Partnership

<table>
<thead>
<tr>
<th>State</th>
<th>Per-FTE Student State Operating Support FY 2013</th>
<th>Public Higher Education FTE Student Enrollment FY 2013</th>
<th>% of 2014-2015 Pell Maximum ($5,730)</th>
<th>Marginal Spending Above Quintile</th>
<th>Total Federal Block Grant Award</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colorado</td>
<td>$2,833</td>
<td>188,405</td>
<td>49%</td>
<td>-$32</td>
<td>NO AWARD</td>
</tr>
<tr>
<td>Arizona</td>
<td>$3,059</td>
<td>270,644</td>
<td>53%</td>
<td>$194</td>
<td>$10,507,648</td>
</tr>
<tr>
<td>Oregon</td>
<td>$3,195</td>
<td>165,564</td>
<td>56%</td>
<td>$330</td>
<td>$10,942,660</td>
</tr>
<tr>
<td>Washington</td>
<td>$4,225</td>
<td>248,273</td>
<td>74%</td>
<td>$1,360</td>
<td>$67,542,863</td>
</tr>
<tr>
<td>Montana</td>
<td>$4,917</td>
<td>40,169</td>
<td>86%</td>
<td>$528</td>
<td>$18,592,550</td>
</tr>
<tr>
<td>California</td>
<td>$5,415</td>
<td>1,478,928</td>
<td>94%</td>
<td>$1,026</td>
<td>$905,572,471</td>
</tr>
<tr>
<td>South Dakota</td>
<td>$5,822</td>
<td>32,945</td>
<td>102%</td>
<td>$378</td>
<td>$25,331,868</td>
</tr>
<tr>
<td>Utah</td>
<td>$5,913</td>
<td>123,851</td>
<td>103%</td>
<td>$469</td>
<td>$99,752,730</td>
</tr>
<tr>
<td>Idaho</td>
<td>$6,110</td>
<td>57,837</td>
<td>107%</td>
<td>$666</td>
<td>$51,148,767</td>
</tr>
<tr>
<td>Nevada</td>
<td>$7,166</td>
<td>65,917</td>
<td>125%</td>
<td>$862</td>
<td>$91,786,228</td>
</tr>
<tr>
<td>New Mexico</td>
<td>$7,701</td>
<td>101,239</td>
<td>134%</td>
<td>$251</td>
<td>$157,835,033</td>
</tr>
<tr>
<td>North Dakota</td>
<td>$8,947</td>
<td>37,108</td>
<td>156%</td>
<td>$1,145</td>
<td>$61,168,827</td>
</tr>
<tr>
<td>Hawaii</td>
<td>$12,391</td>
<td>41,088</td>
<td>216%</td>
<td>$1,145</td>
<td>$67,729,459</td>
</tr>
<tr>
<td>Wyoming</td>
<td>$13,740</td>
<td>25,669</td>
<td>240%</td>
<td>$1,145</td>
<td>$42,312,780</td>
</tr>
<tr>
<td>Alaska</td>
<td>$17,500</td>
<td>21,131</td>
<td>305%</td>
<td>$1,145</td>
<td>$34,832,340</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$1,645,056,224</td>
</tr>
</tbody>
</table>
Accountability

• Gainful employment regulations
• Unit record database
• Ratings system
Conclusion

• The HEA reauthorization presents an opportunity for change in higher ed, covers a vast array of policy issues

• What gets included—and does not get included—in the final HEA bill will have consequences for colleges in the West

• Get involved and help shape the discussion. Your voice matters!
Questions?

Contact Information

Thomas L. Harnisch
Asst. Director of State Relations and Policy Analysis, AASCU

harnischt@aascu.org
Twitter @aascupolicy