

HEA Reauthorization – Working Draft Overview

July 31, 2014

	SENATE DEMOCRATS LEGISLATION: HEAA*	SENATE BI-PARTISAN LEGISLATION: FAST ACT*	HOUSE OF REPRESENTATIVES LEGISLATION: VARIOUS*
Prior-prior year income in need analysis	<ul style="list-style-type: none"> Effective 180 days after enactment 	<ul style="list-style-type: none"> Prior-prior year data must be retrieved from IRS 	H.R. 4982 <ul style="list-style-type: none"> By second Jan 1 after enactment
Loan entrance counseling	<ul style="list-style-type: none"> Changes timing from prior to disbursement to prior to signing MPN Adds elements 	<ul style="list-style-type: none"> Requires ED to give student information about his/her loan eligibility including repayment data 	H.R. 4984 <ul style="list-style-type: none"> Elements for first-time borrower incorporated in new annual counseling requirement
Need analysis (EFC) formula	<ul style="list-style-type: none"> IPAs increased for student contribution calculations 	<ul style="list-style-type: none"> Pell based on family size and AGI Auto eligible based on means-tested benefits (but not necessarily for maximum Pell) 	
Year-round or flex Pell	<ul style="list-style-type: none"> Allowed for full-time students for purpose of acceleration, limited to 150% of maximum grant and overall 12 semester limit ED cannot dictate assignment of summer cross-over terms 	<ul style="list-style-type: none"> Allowed (within overall 12 semester limit) in two defined circumstances: <ul style="list-style-type: none"> Acceleration within award year Year-round attendance for catch up to finish on time, limited to 150% of maximum grant 	
Repayment plans	<ul style="list-style-type: none"> Eliminates income-sensitive and income contingent. Leaves standard 10-year, extended, graduated, and IBR. IBR required for defaulters IBR plan amended <ul style="list-style-type: none"> Partial financial hardship definition changed Changes treatment of married borrowers No capitalization of interest 	<ul style="list-style-type: none"> Only standard 10-year and IBR 	

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Loan exit counseling	<ul style="list-style-type: none"> • Personalizes loan information • Adds elements 		<p>H.R. 4984</p> <ul style="list-style-type: none"> • Includes personalized information based on student’s outstanding loans • Adds elements • Requires ED to maintain online tool and record of completion by borrower
Additional or annual loan disclosures and counseling	<ul style="list-style-type: none"> • Requires annual notifications, which can be combined with award notifications or other communications but require confirmation of receipt by student; includes loan balance and remaining eligibility for subsidy • Institutions with greater than average student default risk must provide the notifications during annual online or in-person interim counseling sessions • Requires additional counseling for transfer students and students at higher risk of default, coordinated jointly with student’s academic advisor 		<p>H.R. 4984</p> <ul style="list-style-type: none"> • Requires annual counseling that: <ul style="list-style-type: none"> – Replaces entrance counseling – Requires extra elements for first-time borrower; timing of counseling for first-time borrower unclear – Includes personalized information based on student’s outstanding loan balance – Includes information related to private education loans • Requires ED to maintain online tool and record of completion by borrower
Parent PLUS counseling	<ul style="list-style-type: none"> • Required prior to disbursement • Includes personalized information and monthly payments under each available repayment plan (with a specific caution that PLUS loans are not repayable under an income-based plan) 		<p>H.R. 4984</p> <ul style="list-style-type: none"> • Required each year that loan is received • Elements for first-time borrowers • Includes personalized information for subsequent counseling, including monthly payment under standard plan
Pell Grant counseling or notification	<ul style="list-style-type: none"> • School must disclose enrolled student’s remaining eligibility annually, or each semester or equivalent once student is within 2 years of exhausting eligibility • Included in required interim counseling 		<p>H.R. 4984</p> <ul style="list-style-type: none"> • Annual counseling includes student’s remaining eligibility • Includes terms, conditions, approved uses, and effect of transferring

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Public consumer information from ED (College Navigator, NCES, College Affordability and Transparency Center)	<ul style="list-style-type: none"> Keeps College Navigator but expands institutional information Adds section on College Scorecard and adjusts content Adjusts net price calculator NSLDS loan information expanded to include health program loans and private education loans Military service and veteran status added to NSLDS data 		<p>H.R. 4983</p> <ul style="list-style-type: none"> Replaces College Navigator with College Dashboard website: institutional data, rates, and measures, and method to compare data between institutions Strikes “first-time” from cohort of students used to establish cost and net price data Strikes affordability and transparency lists (highest/lowest costs, net price) Eliminates state higher education spending charts Eliminates multi-year tuition calculator
Consumer testing	<ul style="list-style-type: none"> Extensive requirements imposed on ED for regular consumer testing of various consumer tools and information 		<p>H.R. 4983</p> <ul style="list-style-type: none"> Requires testing for Dashboard
Competency-based education	<ul style="list-style-type: none"> Demonstration project 		<p>H.R. 3136</p> <ul style="list-style-type: none"> Demonstration programs
Application for student aid		<ul style="list-style-type: none"> Highly curtailed elements; postcard Requires use of IRS info where available 	<p>H.R. 3136</p> <ul style="list-style-type: none"> Study feasibility of using tax return as application
Active affirmation of loan amount			<p>H.R. 4984</p> <ul style="list-style-type: none"> MPN or written/electronic form
Pell Grant award amounts		<ul style="list-style-type: none"> Sets award amounts in chart form based on AGI and family size Continues mandatory add-on Prorated proportionately for part-time Professional judgment allowed with some limitations 	

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Authority to limit loans without invoking professional judgment (PJ)		<ul style="list-style-type: none"> • Specifically by program but might not rule out additional circumstances • PJ allowed to increase loan for individual student, up to statutory maximum 	
Loan limits		<ul style="list-style-type: none"> • \$8,000/yr (\$37,500 aggregate) for undergrad • \$30,000/yr or \$45,000 for high-cost program (\$150,000 aggregate) for grad • Prorated for part-time based on actual enrollment 	
One grant/one loan		<ul style="list-style-type: none"> • Pell and unsubsidized loans for students • Loans for parents • Consolidation also authorized • DL discontinued, although terms and conditions of the new loan program are the same as unsubsidized Stafford 	
Mandatory financial aid award letter	<ul style="list-style-type: none"> • Bill details content and format 		
Disbursement	<ul style="list-style-type: none"> • Electronic disbursement; prepaid cards; related provisions 		
Ability to benefit	<ul style="list-style-type: none"> • Reinstated but only within structure of career pathway program 		
Consumer/ safety disclosures	<ul style="list-style-type: none"> • Adds disclosures, statistics, policy requirements about harassment 		
Code of conduct	<ul style="list-style-type: none"> • Related to affiliated consumer financial products and services • Ban on certain activities 		

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Homeless and foster youth	<ul style="list-style-type: none"> • Single point of contact and proactive measures required • Independent status reinforced • Public schools prohibited from charging more than in-state rates 		
Veterans	<ul style="list-style-type: none"> • Single point of contact and proactive measures required 		
Psychiatric-related accommodations	<ul style="list-style-type: none"> • Policies for leave of absence, dismissal for psychiatric reasons, readmission 		
Incentive compensation	<ul style="list-style-type: none"> • Completely banned 		
Repayment rates	<ul style="list-style-type: none"> • General • Speed-based 		
Centralized complaint resolution and tracking	<ul style="list-style-type: none"> • Established and publicized by ED • Subject schools tracked on ED website 		
Marketing restrictions	<ul style="list-style-type: none"> • Concerning use of Title IV funds 		
Default measures	<ul style="list-style-type: none"> • Publication of default prevention plans • Student default risk measure • Default manipulation penalties 		
85/15 Rule for revenue derivation at proprietary institutions	<ul style="list-style-type: none"> • Tightened from 90/10 • 90% includes all federal funds, not just Title IV funds 		
Proprietary school oversight	<ul style="list-style-type: none"> • Committee membership specified in bill 		
Origination fees	<ul style="list-style-type: none"> • Eliminated 		

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Loan deferment	<ul style="list-style-type: none"> • Broadened for military service (DL and Perkins) 		
Loan forgiveness for military service	<ul style="list-style-type: none"> • Broadened 		
Loan forgiveness for teaching	<ul style="list-style-type: none"> • New forgiveness provision for American Indian educators 		
Disability discharge	<ul style="list-style-type: none"> • Broadens determination based on other agency actions (DoD and SSA added to VA) 		
Identify theft victims	<ul style="list-style-type: none"> • Alters requirement surrounding judicial determination of crime 		
Collection costs	<ul style="list-style-type: none"> • Limited to actually incurred bona fide costs 		
Credit reporting	<ul style="list-style-type: none"> • Reflect unique student loan attributes (fairer to borrower) 		
Military students	<ul style="list-style-type: none"> • Public schools prohibited from charging more than in-state rates 		
Loan servicing	<ul style="list-style-type: none"> • Eliminate duplication • Debt collection practices • Consumer protections 		
Mandatory program reviews	<ul style="list-style-type: none"> • Requires program reviews based on defined triggers and public disclosures 		
Private education loans	<ul style="list-style-type: none"> • School certification required • Public Health Service loans excluded 		

***Key to Legislation:**

HEAA

Higher Education Accountability Act, Sen. Harkin (Draft)

FAST Act

Financial Aid Simplification and Transparency Act, Sens. Alexander and Bennett (Draft)

House of Representatives

H.R. 3136 - Advancing Competency-Based Education Demonstration Project Act (Passed)

H.R. 4982 - Simplifying the Application for Student Aid Act (Introduced)

H.R. 4983 - Strengthening Transparency in Higher Education Act (Passed)

H.R. 4984 - Empowering Students through Enhanced Financial Counseling Act (Passed)