



October 28, 2019

Representative Bobby Scott
Chairman
Committee on Education and Labor
United States House of Representatives
2176 Rayburn House Office Building
Washington, DC 20515

Representative Virginia Foxx
Ranking Member
Committee on Education and Labor
United States House of Representatives
2102 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Scott and Ranking Member Foxx:

On behalf of the National Association of Student Financial Aid Administrators (NASFAA), I write to offer comments on the College Affordability Act (CAA) introduced by Chairman Scott. NASFAA represents more than 28,000 financial aid administrators at nearly 3,000 institutions nationwide. All told, our members serve nine out of 10 undergraduate students.

Acknowledging the tremendous investment that goes into any comprehensive Higher Education Act (HEA) reauthorization proposal, we applaud the time and effort the Committee has devoted to developing the College Affordability Act. We also express our gratitude for the Committee's willingness to engage with NASFAA, financial aid administrators, and the broader higher education community to ensure this legislation benefits and effectively serves students.

With a markup of the bill by the House Committee on Education and Labor scheduled this week, we write to outline our support and concerns regarding key provisions in the bill. While NASFAA supports an overwhelming majority of the bill's provisions, we call on the Committee to rethink some proposals that could hinder financial aid office operations and discretion as they work to serve students.

NASFAA Supports:

Improvements to the Pell Grant Program: NASFAA supports the increase in Pell Lifetime Eligibility Usage (LEU) from 12 semesters to 14 semesters, allowing today's students to complete their education at a pace that works best for them. In addition, we applaud allowing students who have leftover Pell LEU after completing a baccalaureate degree to use those funds towards postbaccalaureate studies, which may incentivize students

to complete their undergraduate degrees on time, as well as make postbaccalaureate programs more affordable and accessible for low-income students.

Consolidation of Repayment Plans: The federal student loan program provides numerous protections for struggling borrowers, including the ability to repay student loans based on income. But the process is too cumbersome and complex for too many borrowers. The proposal in the College Affordability Act to allow students to choose between either enrolling in an income-based repayment plan (IBR) or a fixed repayment plan will simplify this process.

Removal of the Student Unit Record Ban: A student unit record system could help students and families when making important enrollment decisions by giving them invaluable information – such as whether students in a particular program are able to repay their loans or the average amount of debt for a specific major – and can also be of use to states, postsecondary education systems, individual institutions, and even campus financial aid offices.

Removal of Selective Service Registration Requirement: The CAA improves accessibility by removing the requirement that eligible male financial aid applicants must register for selective service to receive any Title IV aid. NASFAA supports this, and other changes that would eliminate questions that do not assess a student's financial need.

Improving the TEACH Grant Program: NASFAA applauds the College Affordability Act in its effort to tackle some of the longstanding issues within the TEACH Grant program. The improvements of the TEACH Grant language would remove the possibility of a grant recipient having their grant inadvertently or prematurely converted into a loan, as well as giving recipients who did have their grants converted an appeal option, two steps that would improve the TEACH Grant and protect recipients. The CAA also gives new flexibility to schools to award the program funds as they feel will best support their student populations, including the option to reserve the grant for upperclassmen only.

Fixes to the Public Service Loan Forgiveness Program: The Public Service Loan Forgiveness Program, another federal program that has been scrutinized since its creation for its poor management and design, would be greatly improved under the CAA. NASFAA is supportive of the new language surrounding the program that would allow borrowers who were originally enrolled in the wrong repayment plan to switch to an eligible plan and reapply for PSLF. NASFAA also applauds the provisions in the CAA that change the qualifications for forgiveness under the program to be dependent on an applicant's occupation, and not necessarily their employer.

Elimination of Student Loan Origination Fees: NASFAA strongly supports the elimination of origination fees and applauds the provision to do so in the CAA. Origination fees act as a tax on students by withholding a portion of their loan proceeds. Loan fees mask both the true cost of a loan and the effective interest rate. Eliminating origination fees also simplifies the loan process by removing the confusion borrowers currently experience when they receive a net loan amount that is different from what they were offered.

FAFSA Simplification: The financial aid community is pleased to see the changes proposed to the application process for federal financial aid in the CAA. These simplification provisions contain several common-sense adjustments to the applicant process, allowing students, especially our nation's neediest students, an easier process to apply for student financial aid, without depriving institutions of crucial information needed to appropriately disburse billions of dollars of financial aid. We support provisions in the bill that call for strong consumer testing provisions, ensuring that the application forms are clearly understandable to prospective users.

NASFAA Area of Note:

Financial Aid Offer Improvements: NASFAA agrees that financial aid offers are the primary tool colleges and universities use to communicate eligibility for federal, state, and institutional financial aid programs to their prospective and current students. We support the CAA for including language that would mandate the use of consumer testing to determine standard terms, definitions, and clear grouping of aid types on aid offers, while also providing institutions with flexibility to capture nuances and variation in aid packages. Institutions have many reasons for displaying financial aid information in different formats in their aid notifications such as institutional mission, the characteristics of its aid applicants, the structure of its educational programs, or its financial aid management system and we believe that protecting flexibility for institutions in the design of their aid offers is important.

However, we note that the CAA does not contain the bipartisan "Financial Aid Communication and Transparency (FACT) Act of 2019 (H.R. 4343)" that was first introduced by Representatives Trahan and Smucker. While many of the changes between that bill and the CAA may appear nuanced, **NASFAA supports H.R. 4343 and urge the Committee to adopt the bipartisan bill.**

NASFAA Areas of Concern

Institutional Calculations for COA: Allowing the Department to actively regulate even a small portion of a school's cost of attendance is precedent-setting, and one that we

have significant concerns with without better understanding the intent of the proposal. Instead of allowing the Department of Education to get involved in institutional cost methodologies, **we instead urge Congress to more fully study the matter and consider language that calls for more transparency on how costs are calculated, how often it is updated, and how transparent it is made to students.**

Federal Student Aid (FSA) Oversight: We are concerned about the unstated and perhaps unintended change in the relationship between institutions and FSA with the statutory codification of the enforcement unit, and the expanded role of the “borrower advocate,” which would not only resolve issues related to indebtedness, but also allow students to appeal dependency status – in specific circumstances - to the Department of Education. This would mark a major change in policy and the title would not accurately reflect the full range of its scope. Until we can better understand the goals and concerns of the committee, **we urge members of the committee to eliminate this language.**

The College Affordability Act represents a necessary step toward improving and streamlining the financial aid process as well as ensuring protections for students. We look forward to working with you and other members of the Committee to identify opportunities to improve the College Affordability Act to ensure the nation’s financial aid system works for all.

Regards,



Justin Draeger, President & CEO

cc: Members of the House Committee on Education and Labor