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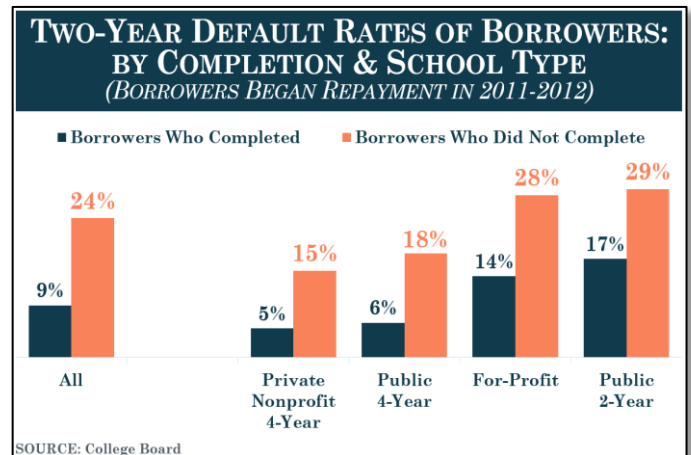
THE HIGHER EDUCATION ACT REAUTHORIZATION

The reauthorization of Federal higher education programs, introduced in the House last week, reflects some of the principles and concepts outlined in recent House budget resolutions. The measure covers a wide range of policies, including the administration and terms of Federal student loans, grants, and aid to schools; accreditation; and regulation. The Congressional Budget Office will produce a full cost estimate after the Committee on Education and the Workforce reports the bill. Meanwhile, the following discussion outlines selected provisions aimed at increasing college completion and access to new models of higher learning, and improving Federal financial aid programs.

Completion and Innovation. Because students who fail to complete their degrees are more likely to default on their loans, the reauthorization bill contains several policies creating incentives for students to finish their studies, graduate more quickly, and enter the workforce. One such policy is a \$300 Pell Grant bonus award for students who take 15 credit hours per semester over an award year. Another is a near-double funding authorization for the Federal Work-Study grant program, which also limits these grants to undergraduates. The bill updates statutory definitions, adding one for competency-based education, which uses a student's attainment of certain competencies – not hours in a classroom – to measure academic progress. It also makes Federal aid available for partnerships between such innovative education providers and traditional institutions of higher education.

New ONE Loan, New Borrowing Limits. The bill consolidates six Federal loans into a new Federal ONE loan, effective 1 July 2019, for all *new* undergraduate, graduate, and parent borrowers. The legislation sets higher annual and lifetime limits for undergraduate borrowing compared to current limits. It also sets limits on graduate and parent borrowing, which are currently constrained only by the cost of attendance (tuition and fees, books, living costs, and related expenses). Previous

House budget reports discussed the need for such limits, to discourage individuals from borrowing more than they can repay.



Loan Repayment Changes. The reauthorization bill also consolidates the many Federal loan repayment plans, replacing them with one standard, 10-year plan and one income-based repayment plan. The bill makes ONE loans ineligible for certain sector-based loan forgiveness, such as that in the Public Service Loan Forgiveness program. House budgets have proposed similar reforms to simplify and improve higher education financing.

Regulations Repealed. The bill repeals certain regulations – such as “borrower defense to repayment” and “gainful employment” – advanced by the previous administration. These broad regulations posed potentially huge, unbudgeted costs to taxpayers. The bill reasserts Congress’s authority to legislatively advance higher education priorities, such as protecting students from fraud and increasing institutional accountability.

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