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BACKGROUNDER

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Reauthorizing the Higher Education Act—Toward Policies that Increase Access and Lower Costs

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Abstract

In 2014, Congress will consider reauthorization of the Higher Education Act (HEA). Among other issues, the HEA governs federal student aid including all federal student loans and grants. The HEA was first signed into law in 1965 by President Lyndon Johnson as one of many programs of his Great Society initiative, and has been reauthorized nine times since then, most recently in 2008. The HEA historically has been updated roughly every five years, so Congress is likely to consider a 10th reauthorization by fall. The 432-page HEA touches nearly every aspect of federal higher education policy. Yet some of the law's titles and programs have outlived their purpose; others make it difficult to reform higher education financing. A guiding principal for reauthorization should be to streamline the HEA in a way that more closely mirrors its primary purpose of allocating federal student loans and grants to ease the cost of college. Heritage Foundation education policy fellow Lindsey Burke details which programs and titles of the HEA should be streamlined, and which should eliminated.

Congress will soon consider reauthorization of the Higher Education Act (HEA). Among other issues, the HEA governs federal student aid including all federal student loans and grants. The Higher Education Act was first signed into law in 1965 by President Lyndon Johnson as one of many programs comprising his Great Society initiative, and has been reauthorized nine times since then, most recently in 2008.[1] The HEA has historically been updated roughly every five years, which means that Congress is likely to consider a 10th reauthorization in the coming months.

Key Points

- Congress will soon consider reauthorization of the Higher Education Act (HEA), which governs federal student aid including all federal student loans and grants.
- Some of the law's titles and programs have outlived their purpose; others make it difficult to reform higher education financing in a way that would increase access for students and drive down college costs.
- A guiding principal for reauthorization should be to streamline the HEA in a way that more closely mirrors its primary purpose of allocating federal student loans and grants to ease the cost of college.
- That goal requires eliminating duplicative, unnecessary, or ineffective programs and titles that have accrued over the decades, and considering reforms that would ensure the HEA best serves students.
- In order to truly drive down college costs and improve access for students, policymakers should undertake major reforms to accreditation.

This paper, in its entirety, can be found at **http://report.heritage.org/bg2941**

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The 432-page HEA touches nearly every aspect of federal higher education policy. Yet some of the law's titles and programs have outlived their purpose; others make it difficult to reform higher education financing in a way that would increase access for students and drive down college costs. As a result, trade groups, professional organizations, accreditors, public policy foundations, and universities have voiced concerns and recommendations for the 11 titles comprising the law.

A guiding principle for reauthorization should be to streamline the HEA in a way that more closely mirrors its primary purpose of allocating federal student loans and grants to ease the cost of college—part of President Johnson's goal to keep "the doors to higher education open for all academically qualified students regardless of their financial circumstances."[2] That goal requires eliminating duplicative, unnecessary, or ineffective programs and titles that have accrued over the decades, and considering reforms that would ensure the HEA best serves students. Some major recommendations include better targeting Pell Grant funding to serve the needs of low-income students, eliminating the Parent PLUS loan which has burdened families with debt and likely contributed to rising college costs, and creating a more flexible and affordable higher education experience by decoupling federal financing from accreditation.

There is a consensus among policymakers that the Higher Education Act needs to be reformed to increase access and drive down costs of higher education. What follows is an overview of key titles and programs authorized in the HEA, and suggested reforms to reduce bureaucracy, improve access for students from all walks of life, and make the college experience more affordable and meaningful for those who attend.

Overview of the Higher Education Act

History and Primary Purposes. President Dwight D. Eisenhower laid the foundation for the Higher Education Act with the 1958 National Defense Education Act (NDEA). Title II of the NDEA established a federal student aid program, which, Eisenhower surmised, would "reduce the waste of talent" and aid national security.[3] Six years later, President Lyndon B. Johnson established a task force to study the role of the federal government in providing student aid. The 1964 task force believed that whether a student could afford to attend college should not be the determining factor in whether he did so.[4] One of the factors that drove the task force's work was a study showing that one in six high school students who took the National Merit Scholarship test did not attend college, many due to financial constraints. It was a finding that "in Johnson's eyes … reflected a loss of human capital."[5]

A year later, the task force's recommendations, most of which consisted of providing federal student loans and grants, took legislative form as the Higher Education Act. At just 52 pages, the HEA provided low-interest loans to students, offered grants to eligible students, and also provided authorization for programs for teacher training. The HEA's other titles were supplemental to the law's primary purpose—financial aid distributed through Title IV in the form of loans, grants, institutional aid, and work-study programs. Title IV "represented the first generally available aid program for postsecondary students."[6]

Throughout the decades, some nine reauthorizations of the law have brought a litany of new programs and spending, and changed borrowing limits and grant eligibility. In 1968, federal TRIO[7] programs were solidified, Pell Grants were created in 1972, and Pell eligibility was expanded in 1976. The Middle Income Student Assistance Act of 1978

1. "What You Need to Know about Reauthorization," *The Chronicle of Higher Education*, September 19, 2013, http://chronicle.com/article/What-You-Need-to-Know-About/141697/ (accessed July 21, 2014).
2. Angelica Cervantes et al., "Opening the Doors to Higher Education: Perspectives on the Higher Education Act 40 Years Later," TG Research and Analytical Services, November 2005, http://www.tgslc.org/pdf/hea_history.pdf (accessed July 21, 2014).
3. Ibid.
4. Ibid.
5. Philip W. Semas, "Release of Lyndon Johnson's Higher Education Papers Brings Long-Secret Task-Force Reports to Light," *The Chronicle of Higher Education*, Vol. 6 (1972), as found in ibid.
6. Cervantes et al., "Opening the Doors to Higher Education: Perspectives on the Higher Education Act 40 Years Later."
7. TRIO is not an acronym. It refers to the federal education programs (originally three, now eight) designed to increase access to higher education for low-income students.

expanded loan eligibility. The Parent PLUS loan program was established in 1980, which enabled parents to take out loans for their children's college expenses. Borrowing limits were further expanded in 1986, and the unsubsidized Stafford loan program was established in 1992. The maximum Pell Grant award was increased in 1998, and interest rates on federal student loans were lowered.[8] The most recent reauthorization in 2008 attempted to simplify the process for accessing federal student aid.

Today, the Higher Education Act, most recently reauthorized in 2008 as the Higher Education Opportunity Act, is divided into 11 titles. Notably, federal student aid authorized under Title IV of the act topped $169 billion in the 2013–2014 academic year—an increase of 105 percent over the past decade.[9] Ten other titles also allocate funding for various higher education programs and institutional grants, establish regulations, and define eligibility for access to federal student aid.

Title I–General Provisions. Title I of the HEA establishes general provisions of the law, and defines colleges as being degree-granting institutions. Title I also includes gainful employment regulations and reporting requirements for colleges and universities.

Gainful Employment. Title I stipulates that a university must provide a program that prepares students for "gainful employment." The U.S. Department of Education has been aggressive in promulgating rules on gainful employment during the Obama Administration. In 2010, for example, the Department of Education issued regulations creating a two-part test to determine whether a for-profit school or program is preparing students for gainful employment in a given field. The department noted that the two-part test would be used for "measuring the relationship between the debt students incur and their incomes after program completion; and measuring the rate at which all enrollees, regardless of completion, repay their loans on time."[10] The department stipulated that "if a program graduated a large share of students with excessive debt-to-earnings ratios, it would be required to clearly disclose debt burdens to current and prospective students. The program could also become ineligible to participate in federal student aid programs."[11]

In 2011, additional gainful employment regulations detailed criteria for vocational program participation in federal student aid programs, limiting access to aid to those programs that had sufficient loan-repayment rates among graduates, and approved debt-to-income ratios. The regulations are based on phrasing in the HEA, stating that vocational programs must prepare students for "gainful employment in a recognized occupation."[12]

In 2012, a federal judge struck down the Administration's gainful employment regulations pertaining to minimum loan-repayment rates, alleging that the metrics were arbitrarily set. In spring 2014, the Department of Education proposed new gainful employment regulations replacing the loan-repayment rate metrics with regulations pertaining to the cohort default rate of a given institution. If the regulations go into effect, for-profit institutions and vocational programs will be required to have a cohort default rate of less than 30 percent, and will be ineligible for federal student aid if graduates' average debt-to-earnings ratio is more than 12 percent of their income (or more than 30 percent of their discretionary income).[13] A final gainful employment regulation is set to be promulgated in 2014, and go into effect by July 2015.

8. Ibid.
9. College Board, "Trends in Student Aid 2013," College Board *Trends in Higher Education Series*, 2013, http://trends.collegeboard.org/sites/default/files/student-aid-2013-full-report.pdf (accessed July 23, 2014).
10. U.S. Department of Education, "Proposed Rule Links Federal Student Aid to Loan Repayment Rates and Debt-to-Earnings Levels for Career College Graduates," July 23, 2010, http://www.ed.gov/news/press-releases/proposed-rule-links-federal-student-aid-loan-repayment-rates-and-debt-earnings-l (accessed July 24, 2014).
11. Ibid.
12. Libby A. Nelson, "Trying Again on 'Gainful,'" Inside Higher Ed, April 16, 2013, http://www.insidehighered.com/news/2013/04/16/us-announces-rulemaking-gainful-employment-state-authorization-and-long-term-agenda#sthash.XHdybvrV.dpbs (accessed July 24, 2014).
13. Paul Fain, "Gainful Employment's Partial Unveiling," Inside Higher Ed, March 14, 2014, http://www.insidehighered.com/news/2014/03/14/details-gainful-employment-proposal-expected-friday#sthash.mZ6LIkuc.dpbs (accessed July 24, 2014).

The National Advisory Committee on Institutional Quality and Integrity. Title I of the HEA also establishes the National Advisory Committee on Institutional Quality and Integrity (NACIQI) to "assess the process of accreditation and the institutional eligibility and certification of institutions of higher education." As spelled out in the HEA, the 18 committee members are appointed by the U.S. Secretary of Education and bipartisan congressional leadership.[14] The NACIQI must meet at least twice per year.

The NACIQI wields significant power over college accreditation. The National Advisory Committee, along with the Department of Education, oversees an exhaustive review process for approving prospective accreditors. Applications to become an accrediting agency, for example, are reviewed by NACIQI and are placed on NACIQI's twice-yearly meeting agenda, and the NACIQI then recommends to the Department of Education whether to approve, limit, or deny a request to become an accreditor.[15]

College Navigator. Title I of the Higher Education Act details a litany of metrics that must be included on the U.S. Department of Education's "College Navigator website." These metrics include the cost of attendance at a given university;[16] the net price of attendance (the average yearly price minus federal, state, and institutional aid for in-state students); tuition and fees; the 5 percent of colleges with the highest tuition and fees; the 5 percent of colleges with the highest net price; the 5 percent of colleges that have the largest increase in tuition and fees over the most recent past 3 academic years; a list of the 5 percent of colleges that have the largest increase in net price over the most recent past 3 academic years; a list of the top 10 percent of universities that have the lowest tuition and fees; and a list of the 10 percent of institutions that have the lowest net price.

Any institutions that receive federal student aid could be included on the list if they meet the criteria outlined above. The lists are updated annually, and if a college is added to the College Navigator website list for having significant increases in costs, it must then provide to the Secretary of Education a description of the areas in the institution's budget that caused the cost increase, and their plans for reducing costs.

The College Navigator website must also include data on states' higher education spending, including comparisons of the percentage change in spending by state, the percentage change in tuition and fees by state, and the percentage change in the total amount of need-based and merit-based aid provided by the state to full-time students.[17] The navigator must also include a list of all institutions that receive federal Title IV funds, and include the tuition and fees for each institution, net price, the net price for students receiving federal student aid disaggregated by student (family) income, the average annual change in tuition and fees at the university, and the average change in net cost at the institution. The College Navigator website must also include a multiyear tuition calculator to help families plan for college costs.

Section 134(a) of Title I includes a prohibition on the creation of a database of student information. It prohibits the creation and maintenance of a federal database of personally identifiable student information.

14. Members appointed by the Secretary of Education serve for three years; members appointed by the Speaker of the House serve for four years; and members appointed by the President Pro Tempore of the Senate serve for six years.

15. Lindsey M. Burke and Stuart M. Butler, "Accreditation: Removing the Barrier to Higher Education Reform," Heritage Foundation *Backgrounder* No. 2728, September 21, 2012, http://www.heritage.org/research/reports/2012/09/accreditation-removing-the-barrier-to-higher-education-reform.

16. The cost of attendance as defined by the HEA includes tuition and fees, room and board, books, supplies, and transportation. See Higher Education Opportunity Act, Public Law 110–315, August 14, 2008.

17. The College Navigator site must also include: an institution's mission statement; total student enrollment; SAT and ACT scores for the middle 50 percent range of an institution's freshman class; a breakdown of full-time, part-time, and first-time students; the number of transfers; male and female enrollment by percentage; the percentage of in-state students, out-of-state students, and international students; the number of students disaggregated by race and ethnic background; the percentage of students with special needs; the percentage of students who graduate on time, within 150 percent of normal time, and within 200 percent of normal time to degree; the number of degrees conferred, by type; majors with the most degrees granted; the student–faculty ratio, the amount of full-time and part-time faculty; the number of graduate teaching assistants; the cost of attendance for students who live on campus and for those who live off campus; the average annual grant amount awarded (including all sources); the average amount of federal student aid; aggregate grant aid awarded by all sources; the percentage of students who receive aid; the number of students receiving Pell Grants; the college's cohort default rate; information on campus safety; student activities offered by the university; services for students with disabilities; career placement services; transfer and credit policies; and a link to Bureau of Labor Statistics starting salary data by occupation.

Title II–Teacher Quality Enhancement. Title II of the Higher Education Act pertains to teacher quality programs and regulations. It includes teacher partnership grants, some institutional aid, and specific graduate fellowship programs.

Teacher Quality Partnership Grants. Part A of Title II includes Teacher Quality Partnership grants. Teacher Quality Partnership grants are competitive grants offered to eligible entities in order to "prepare prospective and new teachers with strong teaching skills." Applicants for the grants must provide a description of how university faculty will work with highly qualified teachers in high needs schools to provide professional development and to strengthen the content knowledge of elementary and high school teachers. The grants are also used to enhance literacy programs in schools, fund pre-service programs for new teachers, and collect data on teacher retention in high needs areas. Grantees can use federal funds to "carry out a program for the pre-baccalaureate preparation of teachers ... a teaching residency program ... or a combination of such programs; and may use funds to carry out a leadership development program."

In addition to Teacher Quality Partnership grants, Title II also includes Honorable Augustus F. Hawkins Centers of Excellence, which provide grants to Hispanic-oriented institutions, tribal colleges, and other eligible institutions to improve teacher quality. The title includes Teach to Reach grants to improve the quality of teachers who teach children with special needs, and Adjunct Teacher Corps grants to institutions to attract and train individuals with content area expertise to teach mathematics, science, and critical foreign languages as adjunct content specialists.

Title II also includes federally funded graduate fellowship awards to colleges to prepare faculty in high-demand areas at colleges of education.

Title III–Institutional Aid. Title III of the Higher Education Act provides institutional aid to specific categories of colleges and universities.

Aid to Minority-Oriented Institutions. Title III, part I, is comprised of programs that provide funding to specific categories of institutions, including tribal colleges, historically black colleges and universities (HBCUs), and Hispanic-oriented institutions, among others.[18]

STEM Support. Subpart 2 funds programs in science, technology, engineering, and mathematics (STEM). It authorizes grants to institutions to increase engagement of low-income and minority youth in STEM fields through experiential projects in grades K–12.

Title IV–Student Assistance. Title IV of the HEA is the primary vehicle through which federal higher education subsidies are authorized. It encompasses federal student loans and grants including the Pell Grant program and the Direct Loan program. The federal student aid authorized in Title IV comprises the central purpose of the HEA, and "form[s] an interactive and interlocking tapestry designed to work together to help students enter and succeed in postsecondary education."[19]

Part A–Grants. Pell Grants. The federal Pell Grant program provides financial aid to low-income students. The grants, which do not have to be repaid by recipients, are intended to ease the cost of college for eligible students. Part A of Title IV authorizes maximum Pell Grant levels and stipulates that Pell Grants are available to students who attend school on at least a half-time basis, and are in a program of instruction that culminates in a baccalaureate degree or certificate. It restricts access to Pell funding to 18 semesters.

In 2014 the $33 billion Pell Grant program provided grants to nine million college students, making it the largest share of the federal education budget.[20] Congress grew the Pell Grant program in 2007 by expanding eligibility and funding, resulting in a doubling of the number of Pell recipients since 2008.

Additional Grant Aid. Part A also includes a host of other grants, programs, and institutional aid, including the Academic Competitiveness Grants, Gaining

18. These include: American Indian tribally controlled colleges and universities, Alaska Native–oriented and Native Hawaiian–oriented institutions, predominantly black institutions, Native American–oriented, nontribal institutions, and Assistance to Asian American and Native American Pacific Islander–Serving Institutions.

19. "Recommendations for 39 Higher Education Associations for the Reauthorization of the Higher Education Act," American Council on Education, August 2, 2013, http://www.acenet.edu/news-room/Documents/HEA-Reauthorization-Recs-080213.pdf (accessed July 23, 2014).

20. "Federal Education Budget Project: Federal Pell Grant Program," New America Foundation, April 24, 2014, http://febp.newamerica.net/background-analysis/federal-pell-grant-program (accessed July 23, 2014).

Early Awareness and Readiness for Undergraduate Programs (GEAR UP),[21] the Federal Supplemental Educational Opportunity Grants program, the Leveraging Educational Assistance Partnership program, the Grants for Access and Persistence program,[22] special programs for students whose families are engaged in migrant and seasonal farm work, the Robert C. Byrd Honors Scholarship Program, the Child Care Access Means Parents in School program, and Teach Grants.

Part A also authorizes federal TRIO programs and GEAR UP. The TRIO and GEAR UP programs are intended to increase access to and completion of college for low-income students. The programs provide college counseling, mentoring, and tutoring services.

Part B–Federal Family Education Loan (FFEL) Program. Part B of Title IV authorizes FFEL. The FFEL program consists of four loans: Stafford loans, unsubsidized Stafford loans, federal PLUS loans, and federal consolidation loans. As of 2009, no new loans were being made under the FFEL program, with all loans comprising FFEL now being made through the Direct Loan program. The Student Aid and Fiscal Responsibility Act of 2009 terminated the FFEL program, redirecting federal loans into a single Direct Loan program.

Federal PLUS Loans. Part B also authorizes federal PLUS loans, which are loans to graduate students and the parents of undergraduate students. A graduate student or the parents of an undergraduate student may borrow up to the cost of attendance at a given school, less any other aid received. During the 2011–2012 academic year, the nearly $21 billion PLUS loan program provided 879,000 parents of undergraduate students with an average of $12,575, and 360,000 graduate students with an average loan of $19,958.[23]

Additional Programs. Additional programs and spending authorized in Part B include Voluntary Flexible Agreements; Loan Forgiveness for Teachers Employed by Educational Service Agencies; loan forgiveness for service in areas of national need, which forgives up to $10,000 of a student's federal student loans for individuals working in an area of national need;[24] and loan repayment for civil legal assistant attorneys "to encourage qualified individuals to enter and continue employment as civil legal assistance attorneys." The loan repayment for civil legal assistant attorneys forgives up to $40,000 in federal student loans.

Part C–Work Study. Part C of Title IV authorizes the federal work-study program, which provides federal funding for part-time work for low-income students at participating institutions. Approximately 3,400 colleges and universities participate in the federal work-study program, which mandates that hourly wages not be set lower than the federal minimum wage.[25] The $925 million work-study program funded the part-time employment of 718,000 undergraduate students during the 2010–2011 academic year, and provided an average award of $1,860.[26]

Part D–Direct Loans. The largest federal loan program authorized under the Higher Education Act is in Title IV, part D—the federal Direct Loan program. The Direct Loan program includes subsidized and unsubsidized Stafford loans for undergraduate and graduate students, Parent PLUS and Grad PLUS loans (both as described above and previously housed under the FFEL program), and consolidation loans. During the 2013–2014 academic

21. Provides "financial assistance, academic support, additional counseling, mentoring, outreach, and supportive services to secondary school students, including students with disabilities, to reduce the risk of such students dropping out of school; or the need for remedial education for such students at the postsecondary level; and information to students and their families about the advantages of obtaining a postsecondary education and college financing options for the students and their families."
22. The grants "provide need-based grants for access and persistence to eligible low-income students."
23. National Association of Student Financial Aid Administrators, "National Student Aid Profile: Overview of 2013 Federal Programs," 2013, http://www.nasfaa.org/advocacy/profile/2013_National_Student_Profile.aspx (accessed July 23, 2014).
24. Includes: early childhood educators, nurses, foreign language specialists, librarians, highly qualified teachers serving students who are limited English proficient, low-income communities and underrepresented populations, speech language pathologists and audiologists, school counselors, certain public-sector employees, child welfare workers, medical specialists, mental health professionals, dentists, STEM employees, physical therapists, superintendents, principals and other administrators, and occupational therapists.
25. U.S. Department of Education, "Federal Work-Study (FWS) Program," April 17, 2014, http://www2.ed.gov/programs/fws/index.html (accessed July 23, 2014).
26. National Association of Student Financial Aid Administrators, "National Student Aid Profile: Overview of 2013 Federal Programs."

year, total loan volume in the Direct Loan program, including consolidation loans, was nearly $135.6 billion.[27] Approximately 24 million students received loans that averaged $5,560. Subsidized Stafford loans are available to low-income students, and interest does not accrue on the loan while the student is enrolled in school. For eligible students borrowing under the subsidized Stafford loan program, the aggregate loan amount is capped at $23,000.[28] Unsubsidized Stafford loans, on which interest does accrue while a student is in school, are available to students regardless of income. Unsubsidized Stafford loans are capped in the aggregate at $31,000 for dependent undergraduate students, and at $57,500 for independent undergraduate students.[29] Stafford loans are also available to graduate students, with aggregate borrowing capped at $138,500.[30]

Income-Based Repayment. Under the HEA, all Stafford loans and Grad PLUS loans originating under the FFEL program, as well as consolidation loans, are eligible for income-based repayment (IBR). IBR allows eligible students to cap their monthly loan payments according to income and family size. Parent PLUS loans are not eligible for IBR.[31] Under IBR, monthly loan payments for eligible students are capped at 15 percent of discretionary income. In addition to capping the payments for graduates, IBR also includes loan forgiveness after 25 years for eligible students, and after 10 years for graduates who enter public service.[32] Another IBR option for students is the Pay As You Earn (PAYE) plan, which works in a similar fashion, capping monthly payments for eligible students at 10 percent of discretionary income and forgiving any remaining loan balance after 20 years.

In June 2014, President Obama used executive action to extend PAYE to an additional 5 million borrowers. Prior to the executive action, PAYE was available only to students who took out loans after 2007. The executive action by the White House extends the option to borrowers who took out loans prior to 2007 who meet income eligibility.

The HEA also includes loan forgiveness for teachers who have taught for five consecutive years. The teacher provision forgives up to $5,000 of student loan debt for qualifying education employees.

Part E–Federal Perkins Loans. The federal Perkins Loan Program is authorized under Part E of Title IV, and provides low-interest loans to low-income students. Perkins Loans are capped at $5,500 for undergraduate students and $8,000 for graduate students, with aggregate caps of $27,500 and $60,000, respectively. Perkins is funded through three sources: federal appropriations, university matches, and past borrower repayments, but new federal funding for the Perkins Loan Program has not been appropriated since 2009.

Part F–Federal Need Analysis. To receive certain federal student aid, students must demonstrate financial eligibility in part by demonstrating their Expected Family Contribution (EFC). Part F establishes the EFC through the need analysis formula, which "financial aid administrators use … to determine which students will receive federal student aid authorized under Title IV of the HEA and the amounts they will receive from these programs. Students are eligible to receive need-based federal student aid only if the EFC is less than the total COA [Cost of Attendance]."[33]

Part G–General Provisions. Title IV also includes the definition of a credit hour for purposes of allocating federal higher education funding. As the Department of Education clarified in a letter concerning guidance on the credit hour, "a credit-hour is a proxy

27. U.S. Department of Education, "William D. Ford Federal Direct Loan Program," December 16, 2011, http://www2.ed.gov/programs/wdffdl/funding.html (accessed July 23, 2014).
28. U.S. Department of Education, Federal Student Aid, "The U.S. Department of Education Offers Low-Interest Loans to Eligible Students to Help Cover the Cost of College or Career School," https://studentaid.ed.gov/types/loans/subsidized-unsubsidized (accessed July 23, 2014).
29. Ibid.
30. Ibid.
31. Megan Slack, "Income-Based Repayment: Everything You Need to Know," The White House blog, June 7, 2012, http://www.ed.gov/blog/2012/06/income-based-repayment-everything-you-need-to-know/ (accessed July 23, 2014).
32. National Association of Student Financial Aid Administrators, "National Student Aid Profile: Overview of 2013 Federal Programs."
33. "Federal Student Financial Aid: 2011 National Profile of Programs in Title IV of the Higher Education Act," National Association of Student Financial Aid Administrators, July 2011, http://www.eou.edu/fao/files/2011/07/2011NationalFAProfile.pdf (accessed August 6, 2014).

measure of a quantity of student learning … for measuring eligibility for student funding."[34]

Part H–Program Integrity. Part H of Title IV concerns program integrity for purposes of receiving federal student aid, and establishes the parameters for recognizing accrediting agencies. Part H stipulates that in order for an accrediting agency to be recognized by the U.S. Department of Education, it must certify the quality of a school or program it accredits by using metrics that include, among other criteria, a school's curricula, program length, and student support services.

The 90/10 Rule. The so-called 90/10 rule (which was moved from Title I to Title IV of the HEA when it was reauthorized in 2008) stipulates that for-profit colleges must derive at least 10 percent of their revenues from sources other than federal student aid.

Title V–Developing Institutions. Title V authorizes funding for developing institutions and includes the Promoting Postbaccalaureate Opportunities for Hispanic Americans Program, which provides grants to institutions "to expand the postbaccalaureate academic offerings and enhance the program quality in the institutions of higher education that are educating the majority of Hispanic college students and helping large numbers of Hispanic and low-income students complete postsecondary degrees."[35]

Title VI–International Education Programs (Area Studies). Title VI of the HEA authorizes international education programs, also known as area studies, which are designed to develop an understanding of "specific geographic regions of critical scholarly and policy importance."[36] Title VI funds 125 National Resource Centers at universities across the country, which teach the culture of countries around the world, uncommon foreign languages, and the skills needed for aspiring diplomats and other experts.

Title VII–Graduate and Postsecondary Improvement Programs. Title VII of the Higher Education Act provides federal funding for graduate and postsecondary improvement programs, as well as programs for students with disabilities.

Graduate and Postsecondary Improvement Programs. Title VII authorizes funding for graduate and postsecondary improvement programs.[37] It also authorizes funding for the Center for Best Practices to Support Single Parent Students, which provides funding to an institution "to establish and maintain a center to study and develop best practices for institutions of higher education to support single parents who are also students attending such institutions."[38] Title VII authorizes the Scholarship Program for Family Members of Veterans or Members of the Military, which serves students who are children of active-duty military, or who are veterans themselves. Scholarships of up to $5,000 are awarded to eligible students with priority given to those who would also qualify for a Pell Grant.

Programs for Students with Disabilities. Part D of Title VII authorizes Programs to Provide Students with Disabilities with a Quality Higher Education. These programs include the Comprehensive Transition and Postsecondary Program for Students with Intellectual Disabilities, which is "designed to support students with intellectual disabilities who are seeking to continue academic, career and technical, and independent living instruction at an institution of higher education in order to prepare for gainful employment."[39] Part D also authorizes Demonstration Projects to Support Postsecondary Faculty, Staff, and Administrators in Educating Students with Disabilities,[40] and Transition

34. Eduardo M. Ochoa, "Guidance to Institutions and Accrediting Agencies Regarding a Credit Hour as Defined in the Final Regulations Published on October 29, 2010," U.S. Department of Education, Office of Postsecondary Education, March 18, 2011, https://ifap.ed.gov/dpcletters/GEN1106.html (accessed July 24, 2014).

35. Title V, Higher Education Act.

36. Anna Grzymala-Busse, "Area-Studies Centers Are Vital but Vulnerable," *The Chronicle of Higher Education*, September 30, 2013, http://www.chronicle.com/article/Area-Studies-Centers-Are-Vital/141939 (accessed July 23, 2014).

37. Includes the Jacob K. Javits Fellowship Program, the Graduate Assistance in Areas of National Need Program, the Thurgood Marshall Legal Educational Opportunity Program, the Masters Degree Programs at Historically Black Colleges and Universities and Predominantly Black Institutions Program, and the Fund for the Improvement of Postsecondary Education.

38. Title VII, Higher Education Act.

39. Ibid.

40. "It is the purpose of this subpart to support model demonstration projects to provide technical assistance or professional development for postsecondary faculty, staff, and administrators in institutions of higher education to enable such faculty, staff, and administrators to provide students with disabilities with a quality postsecondary education." Title VII, Higher Education Act.

Programs for Students with Intellectual Disabilities into Higher Education.

Part D authorizes funding for programs designed to provide materials to students with disabilities, including the Commission on Accessible Materials; Programs to Support Improved Access to Materials, which supports "model demonstration programs for the purpose of encouraging the development of systems to improve the quality of postsecondary instructional materials in specialized formats"; and the National Technical Assistance Center.

Maintenance of Effort Provisions in the HEA. Title VII also includes a maintenance-of-effort provision for states wishing to access the College Access Challenge Grant program, created with the 2008 reauthorization and designed to increase college access for low-income students. States must maintain a certain threshold of spending in order to be eligible for federal programs and funding.

Title VIII–Additional Programs. Title VIII authorizes additional federal higher education programs. These include the following (see footnote 41 for all programs authorized under Title VIII).[41]

Project GRAD. Title VIII authorizes a contract for the nonprofit Project GRAD USA to increase the number of low-income students who graduate high school and attend college.

Mathematics and Science Scholars Program. The Mathematics and Science Scholars Program authorizes competitive grants to states to encourage students to pursue science, technology, engineering, and mathematics (STEM) degrees.

Business Workforce Partnerships for Job-Skill Training in High-Growth Occupations or Industries. The Business Workforce Partnerships for Job-Skill Training in High-Growth Occupations or Industries Program provides grants to colleges and universities to work with employers to provide relevant job training in growing industries to non-traditional students.

Teach for America. Title VIII authorizes a $25 million grant to Teach for America (TFA), which provides an alternative route to the classroom for college graduates who commit to teaching for two years in low-income public elementary and secondary schools.

Improving College Enrollment by Secondary Schools. This program provides a single grant to a nonprofit institution "to identify not less than 50 urban local educational agencies and five States with significant rural populations, each serving a significant population of low-income students, and to carry out a comprehensive assessment in the agencies and States of the factors known to contribute to improved postsecondary education enrollment rates."

Student Safety and Campus Emergency Management. This program provides federal grants to institutions to develop emergency communications systems, procedures in the event of an emergency, security assessments, and security training of personnel, among other things.

Incentives and Rewards for Low Tuition. These are federal grants to institutions that have increases in

41. Capacity for Nursing Students and Faculty; grants to schools of nursing; American History for Freedom (grants to academic programs that support the teaching of history); Early Childhood Professional Development and Career Task Force (to improve the quality of the early childhood workforce through competitive grants); Improving Science, Technology, Engineering, and Mathematics Education with a Focus on Alaska Native and Native Hawaiian Students (grants to grow STEM programs for Alaska Native and Native Hawaiian students); pilot programs to increase college persistence and success (competitive grants to institutions to "develop programs to increase the persistence and success of low-income college students"); Cooperative Education (federal grants for coops, in which a student takes part in alternating periods of academic study and employment); Rural Development Grants for Rural-Serving Colleges and Universities (grants to "promote economic growth and development in rural-serving institutions of higher education, local educational agencies, and regional employers"); Jobs to Careers (competitive grants to "create workforce bridge programs between developmental courses and for-credit courses in occupational certificate programs that are articulated to degree programs"); Campus-based Digital Theft Prevention (grants to universities to "reduce and eliminate the illegal downloading and distribution of intellectual property"); Training for Realtime Writers (federal grants "to promote training and placement of individuals, including individuals who completed a court reporting training program, as realtime writers in order to meet the requirements for closed captioning of video"); Centers of Excellence for Veteran Student Success (grants to support students who are veterans by "coordinating services to address the academic, financial, physical, and social needs of veteran students"); Modeling and Simulation Programs (to encourage community programs that support at-risk young adults, including counseling); School of Veterinary Medicine Competitive Grant Program (to increase the number of veterinarians in the workforce); Early Federal Pell Grant Commitment Demonstration Program (demonstration project in which eighth-grade students receive a commitment to a federal Pell Grant); Henry Kuualoha Giugni Kupuna Memorial Archives (a federal grant to the University of Hawaii Academy for Creative Media); Masters and Postbaccalaureate Programs (creates a National Center for Research in Advanced Information and Digital Technologies); and establishment of a pilot program for course material rental.

tuition in the lowest 20 percent of increases at colleges across the country, among other requirements.

College Partnership Grants. The College Partnership Grants program provides federal grants for the development of policies that help expand opportunities for students to attain a bachelor's degree by "facilitating the transfer of academic credits … [and funding] programs to identify and remove barriers that inhibit student transfers, including technological and informational programs."[42]

University Sustainability Programs. Title VIII also authorizes University Sustainability Programs in which "the Secretary, in consultation with the Administrator of the Environmental Protection Agency, shall make grants to eligible entities to establish sustainability programs to design and implement sustainability practices, including in the areas of energy management, greenhouse gas emissions reductions, green building, waste management, purchasing, transportation, and toxics management, and other aspects of sustainability that integrate campus operations with multidisciplinary academic programs and are applicable to the private and government sectors."[43]

Title IX–Amendments to Other Laws. Title IX of the Higher Education Act authorizes federal funding for additional programs and entities, such as the United States Institute of Peace.

Part A–Programs to Assist Deaf Students. Part A of Title IX authorizes programs to assist students who are deaf, including the Education of the Deaf Act, and funding for the Laurent Clerc National Deaf Education Center at Gallaudet University and for the National Technical Institute for the Deaf. The title also authorizes funding for cultural-experiences grants and includes a federal endowment program for Gallaudet University.

Part B–United States Institute of Peace Act. Part B of Title IX authorizes funding for the United States Institute of Peace, which was created by President Ronald Reagan at the height of the Cold War. The United States Institute of Peace promotes international peace and non-violent resolutions to conflict. The institute conducts research and operates a training academy, among other activities, and works with nongovernmental agencies, universities, and government entities, such as the State Department.

Part C–Additional Programs. Part C of Title IX includes the Higher Education Amendments of 1998 and the Higher Education Amendments of 1992, and authorizes additional programs including grants to states for workplace and community transition training for incarcerated individuals and the Underground Railroad Educational and Cultural Program. It also authorizes the establishment of a Deputy Assistant Secretary for International and Foreign Language Education, who has responsibility for "encouraging and promoting the study of foreign languages and the study of the cultures of other countries at the elementary, secondary, and postsecondary levels."[44]

Part D–Tribally Controlled Colleges. Part D reauthorizes the Tribally Controlled College or University Assistance Act of 1978.

Title X–Private Student Loan Improvement. Title X of the Higher Education Act authorizes disclosure and other requirements for private lenders offering student loans. Title X amends the Truth in Lending Act with the goal of preventing deceptive lending. It includes "restrictions or prohibitions on gift giving, revenue sharing arrangements, co-branding, participation on advisory councils, and prepayment fees and penalties for institutions of higher education and private educational lenders."[45]

42. Title VIII, Higher Education Act.

43. Ibid.

44. Title IX, Higher Education Act.

45. News release, "Enzi Celebrates Final Passage of Higher Education Act Reauthorization, Says Bill Will Make College More Affordable, Hold Universities and Lenders Accountable," Office of Senator Mike Enzi, July 31, 2008, at http://www.help.senate.gov/old_site/Min_press/2008_07_31.pdf (accessed July 23, 2014).

Title XI – Studies and Reports. Title XI of the HEA requires that a number of studies and reports be conducted.[46]

Recommendations for Reauthorization

As Congress considers a reauthorization of the Higher Education Act, a guiding principle should be to streamline the HEA in a way that more closely mirrors its primary purpose of allocating federal student loans and grants to ease the cost of college. That goal requires broad reforms to federal student aid and accreditation, the elimination of duplicative, unnecessary, or ineffective programs and titles, and streamlining and reducing burdensome regulations and requirements.

Broad Reforms. Title IV of the HEA is the primary vehicle through which federal student aid is authorized. It encompasses federal student loans and grants including the Pell Grant program and the Direct Lending program. When tax credits and deductions are included, total federal higher education spending exceeded $238.5 billion during fiscal year 2013.[47]

Federal higher education subsidies have increased substantially over the past decade, and now represent 71 percent of all student aid.[48] According to the College Board, during the 2012–2013 academic year, 43 percent of all student aid was in the form of federal student loans.[49] Thirty-four percent of undergraduate students took out federal student loans that year, up from 24 percent during the 2002–2003 academic year. Over the past 10 years, the number of students borrowing through federal student loans increased by 69 percent, from 5.9 million students during the 2002–2003 academic year to 10 million in 2012–2013.[50]

Since 2008, grant aid per full-time enrolled student has increased over 30 percent. Between the 2007–2008 academic year and the 2012–2013 academic year, federal grant aid doubled in real terms, and state grant aid increased 11 percent.[51] Pell Grant funding, which is available to income-eligible students and does not have to be repaid, has more than doubled in real terms since the 2002–2003 academic year, increasing from $14.8 billion to $32.3 billion.[52] Increases in total Pell expenditures are due in large part to increases in the number of grant recipients, which has grown from 4 million during the 1992–1993 academic year to 8.8 million during the 2012–2013 academic year,[53] nearly doubling in the past decade.

There is a strong correlation between increases in student aid and growth in prices over the past several decades.[54] Increases in federal student aid

46. These include: a study on foreign graduate medical schools; a study on employment of postsecondary education graduates; a study on the Integrated Postsecondary Education Data System; a study on articulation agreements; a report on proprietary institutions of higher education; an analysis of federal regulations on institutions of higher education; an independent evaluation of distance education programs; a review of costs and benefits of environmental, health, and safety standards; a study of minority male achievement; a study on bias in standardized tests; an endowment report; a study of correctional postsecondary education; a study of aid to less-than-half-time students; a study on regional sensitivity in the needs analysis formula; study of the impact of student loan debt on public service; a study on teaching students with reading disabilities; report on income contingent repayment through the income tax withholding system; developing additional measures of degree completion; a study on the financial and compliance audits of the federal student loan program; a summit on sustainability; nursing school capacity; study and report on non-individual information; feasibility study for a student loan clearinghouse; and a study on Department of Education oversight of an incentive compensation ban.
47. College Board, "Trends in Student Aid 2013."
48. Ibid.
49. Ibid.
50. Ibid.
51. Ibid.
52. Ibid.
53. Ibid.
54. Arthur M. Hauptman, "Public Policies, Prices, and Productivity in American Higher Education," American Enterprise Institute, Stretching the Higher Education Dollar *Special Report* No. 3, April 2013, http://www.aei.org/files/2013/04/11/-public-policies-prices-and-productivity-in-american-higher-education_082108551799.pdf (accessed July 23, 2014).

have not eased the college cost burden.[55] Since 1980, tuition and fees at public and private universities have grown at least twice as fast as the rate of inflation.[56] The result has been that 60 percent of bachelor's degree holders leave school with more than $26,000 in student loan debt, with cumulative student loan debt now exceeding $1 trillion. Continuing to increase federal higher education subsidies will not solve the college cost problem, and any reauthorization of the HEA should avoid policies that would exacerbate it. Federal policymakers should:

- **Reform the Pell Grant program to better serve low-income students (Title IV).** Expanded eligibility has meant that Pell funding has increased to cover twice as many students as it did a decade ago, instead of allocating funding to the students who need it most. To better serve the low-income students whom the Pell program was designed to help, an income cap should be set on Pell Grant eligibility, and grants should only be made available to those students who attend college at least half time. The 12-semester limit on Pell awards (put into place in 2012) should be maintained, and the current maximum grant award of $5,730 should not be increased. Finally, Pell funding should be shifted from mandatory funding to discretionary funding, enabling Congress to have more oversight of program funding from year to year.

- **Decrease loan burdens by eliminating Parent PLUS loans (Title IV).** Parent PLUS loans are available to parents of undergraduate students; they are able to borrow up to the cost of attendance at a given college. There is no limit (either in number of years or aggregate dollars) on how much a parent can borrow, and the loans are available in addition to federal loans that are already available to the students themselves. The availability of Parent PLUS loans, created in 1980, has resulted in families incurring substantial debt, while failing to ease the cost of college over time. The Parent PLUS loan should be terminated, or at the very least, should be reformed to include an aggregate cap on borrowing. Similarly, the Graduate PLUS loan program, open to graduate students who elect to take out loans to finance graduate school, enables students to borrow up to the full cost of attendance. An aggregate borrowing cap should be placed on the Graduate PLUS loan program.

- **Relieve taxpayers and disincentivize colleges from raising tuition by eliminating programs that cap repayment (Title IV).** Income-based repayment (IBR) caps eligible borrowers' monthly payments at 15 percent of discretionary income, with any remaining balance being forgiven after 25 years. If a student goes into "public service," including government jobs, upon graduation, loan forgiveness kicks in after just 10 years. Pay As You Earn caps eligible borrowers' monthly payments at 10 percent of discretionary income, with the remaining loan balance forgiven after 20 years. Pay As You Earn also includes 10-year forgiveness for working in public service. Income-contingent repayment calculates payments based on adjusted gross income and family size, and sets payments on Direct Loans accordingly, with any remaining balance forgiven after 25 years. Income-sensitive repayment establishes borrowers' monthly payments based on annual income. Repayment caps such as those offered through IBR and other policies put no downward pressure on college prices, and spread the cost of attending college to taxpayers, the vast majority of whom do not hold bachelor's degrees. IBR is also problematic because it makes students less sensitive to increases in college costs, and likely encourages students to attend college who may have been better served by entering the workforce sooner or pursuing vocational education.

- **Create a more flexible higher education experience and reduce costs by decoupling federal financing from accreditation (Title IV).** Currently, accreditation is a de facto federal enterprise, with federally sanctioned regional

55. Although it has been debated in recent years, former Education Secretary William J. Bennett posited, "If anything, increases in financial aid in recent years have enabled colleges and universities blithely to raise their tuitions, confident that Federal loan subsidies would help cushion the increase." William J. Bennett, "Our Greedy Colleges," *The New York Times*, February 18, 1987, http://www.nytimes.com/1987/02/18/opinion/our-greedy-colleges.html (accessed July 23, 2014).

56. Hauptman, "Public Policies, Prices, and Productivity in American Higher Education."

and national accrediting agencies being the sole purveyors of accreditation. The result has been a system that has created barriers to entry for innovative start-ups by insulating traditional brick-and-mortar schools from market forces that could reduce costs. The existing accreditation regime has also made it difficult for students to customize their higher education experience to fully reach their earnings and career potential. And because entire institutions are accredited instead of individual courses, accreditation is a poor measure of course quality and a poor indicator of the skills acquired by students. As former Senator Hank Brown (R–CO) notes, "The accountability metrics crucial to protecting students and taxpayers would be much more effectively and efficiently handled outside the accreditation process. Institutions, meanwhile, would enjoy a greater level of autonomy and freedom to innovate when freed from the obligation to satisfy the accreditor's idiosyncratic positions on matters of governance and policy best left to the boards of trustees or regents that govern colleges and universities."[57]

Senator Mike Lee (R–UT), and Representative Ron DeSantis (R–FL) have each introduced bills to decouple federal financing from accreditation. Their proposals would allow states to establish flexible accreditation models that would infuse a level of customization in higher education that is currently impossible under the existing accreditation system. The Higher Education Reform and Opportunity Act would empower states to allow any entity to credential courses and pave the way for a more flexible college experience for students and make possible a dramatic reduction in college costs.

Although these proposals have been introduced as stand-alone measures, decoupling federal financing from accreditation could be achieved by amending Title IV of the HEA to enable states to determine who can accredit colleges, programs, and individual courses, and allowing federal student aid to follow students under the new state-based accreditation system to any college or course provider that has state approval.

- **Understand the true costs of federal higher education subsidies by stipulating the use of fair-value accounting (Title IV).** Finally, Title IV should be amended to require the Department of Education to use fair-value accounting. The Congressional Budget Office (CBO) explains the utility of using a fair-value accounting model to fully understand the cost of federal lending, noting, "The government is exposed to market risk when the economy is weak because borrowers default on their debt obligations more frequently and recoveries from borrowers are lower."[58] Fair-value estimates take this market risk into account, and as a result, are a more accurate reflection of the cost of federal student loans.

  Any loan program should use a non-subsidizing interest rate, that is, the rate at which the program breaks even. Absent fair-value accounting, it is impossible to determine the extent to which the student loan programs are providing a subsidy to borrowers. Specifically, Congress should require the Department of Education to use fair-value accounting estimates calculated by the CBO, and adjust loan rates accordingly going forward, on an annual basis. This would help determine whether the loan programs are costing money for taxpayers, and where to set interest rates to ensure the programs break even.

Program Elimination. In order to better target resources and streamline the HEA to fulfill its primary purpose of allocating federal financial aid, Congress should:

- **Limit federal intervention in teacher development programs by eliminating Title II.** Title II includes Teacher Quality Partnership grants, which are designed to enable university faculty to

57. Hank Brown, "Protecting Students and Taxpayers: The Federal Government's Failed Regulatory Approach and Steps for Reform," The American Enterprise Institute Center on Higher Education Reform, September 2013, http://www.aei.org/files/2013/09/27/-protecting-students-and-taxpayers_164758132385.pdf (accessed July 23, 2014).

58. Ibid.

work with highly qualified teachers in high needs schools to provide professional development and to strengthen the content knowledge of elementary and high school teachers. Title II also includes a handful of other teacher preparation–related grants. Such worthwhile local partnerships can take place more effectively and efficiently without federal involvement. Teacher development programs should be funded at the state level, not by federal taxpayers. Eliminating the programs that fall under Title II of the HEA provides an opportunity to reduce spending and limit federal intervention in higher education policy.

- **Better target resources by repealing the authorizations of the GEAR UP and TRIO programs (Title IV).** The HEA also authorizes the GEAR UP and TRIO programs, which provide college counseling, mentoring, and tutoring services. These programs add to already high levels of higher education spending, and there is little evidence they have met their goals of increasing college readiness for disadvantaged students. As such, they should be eliminated and instead handled at the state and local level.

- **Eliminate Title VI.** Title VI of the HEA authorizes 10 international-education programs, including area-studies centers, which are designed to develop an understanding of "specific geographic regions of critical scholarly and policy importance."[59] While it is critical for American national security to have a network of individuals who have expertise in specific regions and languages, Congress should pursue this goal by eliminating Title VI, repealing its authorization, and redirecting Title VI funding to the National Security Education Program (NSEP). The NSEP funds studies in languages and regions critical to national security and is administered by the Department of Defense.

- **Eliminate Title VIII–Additional Programs.** Title VIII authorizes more than two dozen additional programs. In order to control higher education spending, Title VIII should be eliminated.

- **Remove authorization for funding for the United States Institute of Peace (USIP) from the HEA (Title IX).** Title IX authorizes the U.S. Institute of Peace (USIP), which promotes international peace and non-violent resolutions to conflict. As two Members of Congress noted in the Wall Street Journal, the USIP began during the Cold War as a $4 million institute.[60] If the federal government continues to fund the Institute for Peace, it makes more sense to authorize USIP through the Foreign Relations Committee since its work focuses on promoting international conflict resolution, which helps the U.S. meet its foreign policy objectives.

Streamline Titles and Reduce the Regulatory Burden. In order to reduce regulation and enable a competitive higher education marketplace to flourish, Congress should:

- **Maintain market-based college rankings by amending Title I to prohibit any type of federal college scorecard or rating system being used to determine access to federal student loans and grants.** The Obama Administration has championed the creation of a federal college rating system tied to access to federal student aid in order to make "college more affordable, tackle rising costs, and improve value for students and their families."[61] Such a federal scorecard, designed to measure graduation rates, graduate earnings, and affordability, among other outcomes, is problematic for three reasons. First, it would inevitably reflect what the federal government values (not necessarily what parents and students seek) in a college. Second, output measures of success would likely be defined by the

59. Grzymala-Busse, "Area-Studies Centers Are Vital but Vulnerable."

60. Jason Chaffetz and Anthony Weiner, "Small Budget Cuts Add Up: Why Has Congress Spent $720 Million on a Think Tank over the Past 25 Years?" *The Wall Street Journal*, February 16, 2011.

61. David Jackson, "Obama Promotes Plan to Cut College Costs," *USA Today*, August 20, 2013, http://archive.jconline.com/usatoday/article/2678395 (accessed July 23, 2014).

existing institutions that are comfortable with the current protectionist accreditation system. Third, it would be duplicative of much of the information already required by the College Navigator website authorized in Title I.

- **Enable private for-profit and vocational colleges to continue to serve students who have been historically underserved by traditional universities, by blocking publication of forthcoming gainful-employment regulations.** Title I also stipulates that a university must provide a program of gainful employment—a stipulation that the Department of Education has tried to leverage to curtail the growth of for-profit higher education and vocational schools. A letter signed by 36 Members of Congress detailed concerns about the impact of gainful-employment regulations proposed by the Department of Education in 2014:

> The gainful employment regulation includes several provisions we fear will increase costs and federal overreach in the higher education system, reduce data transparency, and limit postsecondary options for low-income students.... [T]he gainful employment regulation will levy new federal burdens on institutions by requiring schools to meet two overly-complicated metrics in order to be eligible for Title IV federal student aid programs: a debt-to-earnings measure and a programmatic student loan cohort default rate.[62]

The signatories noted that the proposed regulations are duplicative of what postsecondary institutions are already required to report on the College Navigator website (such as graduation rates and tuition costs), and that the regulations "will severely limit some students' ability to use federal student aid at the college of their choice, a distinguishing tenet of the American higher education system.... In both the 112th and 113th Congresses, members launched a bipartisan effort to prohibit the Department of Education from implementing the gainful employment regulation. Additionally, in 2012 the U.S. District Court for the District of Columbia struck down a majority of the regulation, citing its 'arbitrary and capricious' nature," they write.[63]

The letter's authors propose including a provision in the 2015 appropriations for the Departments of Labor, Health and Human Services, and Education to block the publication of the proposed gainful-employment regulation; a similar approach could be taken with HEA reauthorization.

- **Better target resources by streamlining Titles III and VII.** Title III provides federal funding for minority-serving institutions such as historically black colleges and universities (HBCUs). It also includes additional federal funding for STEM education, specifically to support K–12 STEM projects. Funding for HBCUs and other similar institutions should be student-centered rather than institutional, and Congress should limit the additional federal funding (beyond student loans and grants) awarded through Title III to these institutions.

Subpart 2 of Title III provides additional federal funding to encourage STEM education. According to Michael Teitelbaum, senior research associate at Harvard Law School, the U.S. has a surplus of individuals with STEM degrees. America, he writes, "produces far more science and engineering graduates annually than there are S&E job openings—the only disagreement is whether it is 100 percent or 200 percent more."[64] If there is a need to increase the number of STEM degrees conferred, efforts should begin at the state and local level. In K–12 education, states and local school districts can advance STEM education by expanding online learning options to plug the leaky pipeline that creates challenges for students who want to pursue STEM fields in college. Subpart 2 of Title III should be eliminated entirely.

62. Letter from Committee on Education and the Workforce Chairman John Kline and 35 other Members of Congress to Appropriations Committee Chairman Harold Rogers, Representative Nita Lowey, Chairman Jack Kingston, and Representative Rosa DeLauro, May 22, 2014.

63. Ibid.

64. George Leef, "True or False: America Desperately Needs More STEM Workers," *Forbes*, June 6, 2014, http://www.forbes.com/sites/georgeleef/2014/06/06/true-or-false-america-desperately-needs-more-stem-workers/ (accessed July 23, 2014).

Title VII authorizes funding for graduate and postsecondary improvement programs. It also authorizes funding for the Center for Best Practices to Support Single Parent Students, which provides funding to an institution "to establish and maintain a center to study and develop best practices for institutions of higher education to support single parents who are also students attending such institutions."[65] This section also includes the College Access Challenge Grant (CACG) program, created with the 2008 reauthorization and designed to increase college access for low-income students. Title VII authorizes the Scholarship Program for Family Members of Veterans or Members of the Military, which serves students who are children of active-duty military, or who are veterans themselves, as well as programs for students with disabilities. Title VII should be streamlined by eliminating graduate and postsecondary improvement programs, as well as the College Access Challenge Grant program. The title's more critical purposes—providing grants to veterans and support for student with disabilities, should be maintained and be student-centered.

Title VII also includes a maintenance-of-effort provision for states wishing to access the College Access Challenge Grant program. While the CACG program represents a relatively small proportion of overall spending authorized in the HEA, maintenance-of-effort provisions, such as the one required in the CACG program, effectively require states to maintain high levels of spending in order to access federal student aid. Unlike "supplement, not supplant" requirements that hold that a state must not supplant state funds with federal dollars, maintenance-of-effort requirements simply result in elevated levels of spending on the part of states and the federal government. Any HEA reauthorization should remove maintenance-of-effort requirements.

- **Resist expansion of current Title X provisions on private student loan improvement.** Title X of the Higher Education Act authorizes disclosure and other requirements for private lenders offering student loans. Title X should not be expanded to include any additional regulations on private lenders.

- **Relieve burdens on colleges by limiting the number of surveys and studies required under Title XI.** Title XI of the HEA requires a number of studies and reports to be conducted by the federal government, ranging from a study on nursing school capacity to a summit on sustainability. In addition to reducing the roughly two dozen studies mandated under Title XI, the HEA should also be reformed to limit the number of surveys (there will be 14 this year) that the Department of Education requires colleges and universities to complete as a part of the Integrated Postsecondary Education Data System (IPEDS).

Conclusion

Higher education in the United States has a long and celebrated history, pre-dating federal spending and the numerous programs and requirements under the Higher Education Act. In order to increase access and affordability of higher education, policymakers should limit federal intervention, programs, and spending. America's leadership in higher education depends on it.

At the same time, Congress should make existing law function more efficiently and effectively by reforming the HEA. President Johnson, the chief architect of the HEA, envisioned a law that would keep "the doors to higher education open for all academically qualified students regardless of their financial circumstances."[66] Policymakers should reform the Higher Education Act in a manner that more closely aligns the law with its main purpose of allocating federal student loans and grants to ease the cost of higher education, and should eliminate the numerous programs that have accumulated over the years that have failed to help low-income students pay for college.

In order to truly drive down college costs and improve access for students, policymakers should undertake major reforms to accreditation. College costs are at an all-time high even as access to knowl-

65. Title VII, Higher Education Act.

66. Cervantes et al., "Opening the Doors to Higher Education: Perspectives on the Higher Education Act 40 Years Later."

edge is cheaper than at any other point in human history. Online learning and competences-based options that favor knowledge and skill acquisition over seat time have laid the groundwork to significantly lower college costs and increase access for students. In order to harness the potential of new learning modes, policymakers must free higher education from the ossified accreditation system.[67]

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67. For more information on reforming accreditation, see Burke and Butler, "Accreditation: Removing the Barrier to Higher Education Reform.".