Updates on the Higher Education Act Amendments, Stimulus Act, and Selected Federal Regulations

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National Conference on Law and Higher Education

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Student Aid and Fiscal Responsibility Act

Increase Pell Grants

• Entitlement
• Index to CPI +1%

Move to one loan program—Direct Loans

• Use federal capital
• Existing disbursement systems
• Competition among private servicers
Student Aid and Fiscal Responsibility Act

Modernize Perkins Loan program
- Increased funding and participation
- Awarded at campus level, serviced at national
- In-school interest

New grant programs
- College Access and Completion grants to states
- Community college modernization

Senate
- Committee draft not yet introduced
Recovery Act

Reporting requirements
• January 10 deadline
• Work-Study Guidance

Davis Bacon

Buy America

Higher Education Opportunity Act

Title I
• College cost
• Textbook provisions
• Private loans

Title IV
• Student aid
• Security
• Peer-to-peer file sharing
• Disclosures

Title X
• Truth-in-Lending Act
Transparency in College Tuition

- Set of lists to be posted on College Navigator website by institution type

- 4-yr public
- 4-yr nonprofit
- 4-yr for-profit
- 2-yr public
- 2-yr nonprofit
- 2-yr for-profit
- <2-yr public
- <2-yr nonprofit
- <2-yr for-profit

College Affordability Lists

- Five percent with highest
  - Tuition and fees for most recent year
  - Net price for most recent year

- Five percent with largest increase
  - Tuition and fees over last 3 years
  - Net price over last 3 years

- Ten percent with lowest
  - Tuition and fees for most recent year
  - Net price for most recent year
Institutions on list for largest increase over three years, must submit report to ED

- Identify areas of greatest cost increases
- Explain increases
- Describe steps it will take to reduce costs

Exception: if amount of increase over three years less than $600

States

- State spending chart (over five years)
- Maintenance of effort

Web-Based Calculators

- Multi-year tuition calculator
- Net price calculator - institutions must post ED’s calculator, or their own, on Web by August 2011
**Textbook Information**

**Publishers to provide information to faculty**
- Price to bookstore of textbooks
- Copyright dates of three previous editions and what significant revisions were made
- If other formats are available (and price)
- Unbundled price

**Institutions to disclose on course schedule**
- ISBN and retail price of each required or recommended book
- If information not available, state “to be determined”

**Institutions to provide bookstores**
- Course schedules
- Information required above
- # students enrolled, max enrollment for each course

**Compliance deadline July 1, 2010**

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**Campus Safety**

**Clery Act crime reporting**
- Authority of campus security
- Relationships with state and local agencies
- More detailed hate crime statistics
  - Additional offenses
  - By category of prejudice

**Emergency response policies**
- Immediate emergency response and evacuation procedures, including use of electronic or cellular communication
- Immediately notify campus community upon the confirmation of an immediate threat
- Publicize and test procedures annually
**Student Housing Only**

### Fire safety standards
- Statistics for calendar year
- Log of fires
- Fire safety and sprinkler systems
- Fire drills and evacuation procedures
- Policies and rules
- Education, training, plans for improvement

### Missing persons
- Inform students of option to identify contact person
- Requires campus security dept to notify contact or police if student determined to be missing more than 24 hours

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**Preferred Lenders**

Annually compile and make available a list of specific lenders for Title IV loans or private education loans that the inst recommends, promotes, or endorses

- Detailed information about terms & conditions
- Method, criteria used & why picked
- At least 3 unaffiliated lenders for FFEL
- At least 2 unaffiliated lenders for private loan

Disclose on Web and in all informational materials for prospective students, students, or families that discuss financial aid

- Information on federal aid available
- Info on model disclosure form for each type of loan under preferred lender arrangement
Preferred Lenders

Disclose, for each type of FFEL loan
- TILA disclosures
- Average amt borrowed from that lender by students who graduated, with same type of loan in preceding year
- Amount borrower may pay in interest based on average of previous year graduates (broken out by three categories) who used that lender

Disclose, for private education loans
- TILA disclosures
- May qualify for federal loans or grants
- Federal loans may have more favorable terms
- Ensure that info on private education loans is distinct from info on Title IV loans

All Title IV Loan Programs

Institutions that participate in any Title IV loan program must develop a Code of Conduct
- Prohibit conflicts of interest for officers, employees, agents with respect to such loans
- Published prominently on website
- Administered and enforced, including informing all covered individuals annually of provisions
- Affiliated organizations w/ preferred lenders lists need to comply also
Code of Conduct

- Ban on revenue sharing
- Gift ban
- Prohibit contracting arrangements
- Cannot assign lender to first-time borrower
- Cannot refuse or delay certification due to choice of lender
- No “opportunity” funds for private loans
- Ban on staffing assistance
- No compensation for advisory board service

Must include, at a minimum

FFEL and Direct Loans

Cohort Default Rates

- New formula adds an additional year
- Defaults of borrowers who entered repayment and defaulted by end of 3rd year now included
- Penalty level raised from 25% to 30%
- Waiver eligibility set at 15% (Oct 2011)
- 2012 implementation
Pell Grants

Year-Round Pell Grant

- Students may receive up to two Pell Grant awards during a single award year
- To accelerate student’s progress toward a degree or certificate
- Must be enrolled on at least a half-time basis for more than one academic year or more than two semesters (or equivalent) during a single award year

Minimum grant set at 10% of maximum

Campus-Based Programs

Federal Work Study

- Civic education and participation
- Emergency response
- Flexibility for disaster-affected students
- Conform to cash management rules (in proposed regulations)

Perkins Loans

- Eliminates mandatory assignment authority
- Expands disability cancellations (for FFEL, DL too)
- Increases loan limits
Campus-Based Programs

Transfers
• Up to 25% of FWS allotment to Perkins
• Up to 25% of FSEOG allotment to FWS

Consumer Information

Student body diversity
• Gender
• Race / ethnicity
• Pell eligibility

Retention
• First-time, full-time undergraduates
**Outcome Statistics**

**Graduation Rates**
- Gender
- Race / ethnicity
- Receipt of Pell grant
- Receipt of subsidized FFEL or Direct Loan (but not Pell)
- No Pell or subsidized loans received
- Does not apply to 2-year institutions until 2011-12

**Job Placement**
- Placement in employment of graduates
- Types of employment
- Gathered from alumni surveys, student satisfaction surveys, state data systems, other sources

**Graduate Education**
- Types of graduate and professional education in which graduates enrolled
- Gathered from alumni surveys, student satisfaction surveys, state data systems, other sources

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**Consumer Information**

**Transfer of credit policies**
- Established criteria
- List of institutions with articulation agreements

**Copyright infringement**
- Annual notice re civil and criminal liabilities for unauthorized distribution, including P2P
- Summary of penalties
- Description of institution's policies

**Vaccination policies**
Peer-to-Peer File Sharing

Institution must certify that it:

• Has developed plans to *effectively combat* the unauthorized distribution of copyrighted material
• Use of at least one technology-based deterrent
• Will offer alternatives, to the extent practicable

ARRA Background Information

Historic, One-time Investment
• Over $100 billion education investment
• Historic opportunity to stimulate economy and improve education
• Success depends on leadership, judgment, coordination, and communication
Guiding Principles

- Spend Quickly to Save and Create Jobs
- Ensure Transparency and Accountability
- Thoughtfully Invest One-time Funds
- Advance Effective Reforms

American Recovery and Reinvestment Act

- Helping Students and Families
- Research Funding
- Infrastructure
- Job Training
- State Fiscal Relief
- Borrowing
Helping Students and Families

• Increase Pell Grants
  – $5,350 in 2009
  – $5,550 in 2010

• 7 million recipients

Helping Students and Families

• Increase Work-Study
  – $200 million over two years

• FY2008 = $980 million

• Implementation challenge
Helping Students and Families

• American Opportunity Tax Credit
  – Temporarily replace Hope Tax Credit
    $2,500 credit for four years
  – Covers tuition & fees, books, and course materials
  – Partially refundable

Research Funding: NIH

• National Institutes of Health: $10.4 billion
  – $8.2 billion for research
  – $1.3 billion for extramural facilities
  – $500 million for NIH campus
  – $400 million for comparative effectiveness research

• $9.5 billion to colleges and universities
Research Funding: NSF

- National Science Foundation (NSF)
  - $3 billion
- $2 billion research grants
- $900 million for infrastructure
- $100 million for education

Research Funding: Other Agencies

- Department of Energy
  - $2 billion
- NASA
  - $550 million
Infrastructure

Academic research facilities:

- NIH: $1.3 billion
- NSF: $900 million
- NIST: $180 million

State Fiscal Stabilization Fund

- Formula:
  - Governors: $48.5 billion
- Competitive:
  - The Secretary: $6 billion
  - Public Elementary, Secondary, and Institutions of Higher Education: $1.9% ($39.8 billion)
  - Education, School Modernization, Public Safety, and other Government Services: 18.2% ($6.8 billion)
  - Route to the Top: $4.3 billion
  - What Works and Innovation: $650 million
State Fiscal Stabilization Fund for Education (1)

- 81.8%; $39.8 billion
- First phase: 67% to States within two weeks of approvable application and in severe economic emergency, up to 90% available
- Application included:
  - Assurances that the State is committed to advancing education reform in four specific areas
  - Baseline data that demonstrate the State’s current status in each of the four education reform areas
  - A description of how the State intends to use its Stabilization allocation

State Fiscal Stabilization Fund for Education (2)

- Second phase: 33%
- Application included:
  - The State's plan detailing its strategies for addressing the education reform objectives described in the assurances
  - A description of how the State is implementing the record-keeping and reporting requirements of ARRA
  - A description of how SFSF and other funding will be used in a fiscally prudent way that substantially improves teaching and learning
State Fiscal Stabilization Fund for Education: Uses for IHEs

- IHEs may use education funds for:
  - education and general expenditures
  - mitigating tuition and fee increases for in-State students
  - modernization, renovation, and repair of facilities used for instruction, research, student housing

Borrowing

Three provisions that directly impact higher education borrowing:
- Smaller Issue Exemption
- De Minimis Rule
- Build America Bonds
Build America Bonds

- Direct Payment BAB rebate appears to offer a very attractive alternative:
  - Taxable 30-year bond rate 6.500%
  - Less 35% subsidy 2.275%
  - Net funding cost 4.225%
  - Versus 30-year “AAA” 5.100%
  - Savings estimate .875%