



HIGHER EDUCATION ACT REAUTHORIZATION PRINCIPLES

Overview

Americans owe nearly \$1.4 trillion in Federal student loans, an amount that exceeds credit card debt, auto loans, or home equity loans. This overwhelming debt, borne by tens of millions of borrowers, wreaks havoc on families across the country and threatens our Nation's economic stability. It is therefore the policy of the President of the United States to encourage colleges, universities, and other educational institutions to offer every student an accessible, affordable, and innovative education tailored to their needs that prepares them for lifelong learning and success.

As reauthorization of the Higher Education Act (HEA) moves forward, the Congress should create a framework for reforming America's higher education law that:

- (1) Helps students and parents make informed financial decisions when making educational choices;
- (2) Encourages colleges and universities to deliver more affordable and accessible education to traditional and non-traditional students;
- (3) Protects taxpayers from the Federal Government's substantial exposure for student loans;
- (4) Promotes innovation in education; and
- (5) Protects academic freedom and promotes the exercise of free speech on college campuses for faculty and students.

Congressional adoption of these reforms through legislation will increase flexibility for colleges and universities so they can more efficiently educate their students, hold institutions accountable for delivering a high-quality education, and provide students and families more thorough information about their options.

HEA Principles

1. **Expand Pell Grant Eligibility for Short-Term Programs** – Students face many educational options in paving their way to a successful career. Federal law should facilitate, not impede, students exploring and accessing those options. Congress should therefore expand Pell Grant recipients' eligibility to include high-quality short-term, summer, and certificate programs.
2. **Reform Federal Student Loan and Repayment Options** – The current student loan system burdens students with debt and taxpayers with uncertainty. Congress should therefore consider reforming, limiting, or consolidating certain existing student loan programs to better serve students and protect taxpayer investment. Under current law, many students have difficulty understanding and selecting the best repayment plan for their financial situation. Congress should streamline repayment plans, including those plans based on a borrower's income. As proposed in the President's FY 2018 budget request to Congress, we can streamline

repayment plans by consolidating the five existing income-driven repayment options into one simple plan that caps monthly payment at 12.5 percent of a borrower's discretionary income. This would maintain generous loan forgiveness for *all* undergraduate students (after 180 months of repayment). In addition, the President's FY 2018 budget request supports *all* American students – pursuing any career – by eliminating the “Public Service Loan Forgiveness” program.

3. **Recalibrate the Grant Allocation Process** – The Department of Education must ensure more transparency, fairness, and clarity in its grant-making process. Congress can help by eliminating duplication and by giving authority and flexibility back to States to address the needs of institutions of higher education.
4. **Ensure Institutional Accountability** – Congress should require colleges and universities to share a portion of the financial risk associated with student loans, in consideration of the actual loan repayment rate. Sharing financial risk will align the institutions' interests with the interests of borrowers and taxpayers. Congress should require financial accountability from all schools, while also considering the unique challenges of those institutions serving large populations of disadvantaged students who rely on student loans. Holding institutions financially accountable will help reduce incentives to the escalating costs of tuition and protect taxpayers from the risks associated with the rapidly growing Federal student loan portfolio.
5. **Reduce Regulatory Burdens** – The Department of Education is revising regulatory burdens imposed on postsecondary institutions and removing unnecessary and unlawful requirements, including confusing and duplicative reporting mandates. Congress should provide additional regulatory relief for institutions by revising the HEA to streamline, modernize, or eliminate ineffective, harmful, and costly provisions. This will allow colleges and universities to innovate and to direct resources toward educational, rather than administrative, functions.
6. **Improve Transparency** – Although much of the data schools are currently mandated to disclose by the HEA is useful, the amount of information provided to students is vast and overwhelming. Congress should improve transparency by rationalizing the content, type, and number of disclosures that it requires schools to provide to students, prospective students, and their families. This will help ensure that students receive concise, clear, and easily understandable information that allows for informed decisions.
7. **Offer Administrative Updates and Financial Flexibility** – Congress should provide financial aid administrators the authority to help students manage their student loan borrowing and require more regular, effective financial aid counseling.
8. **Promote Free Speech on College Campuses** – Our higher education institutions should foster an environment that promotes spirited, intellectually engaging, and diverse debate. Congress should therefore require institutions of higher education receiving Federal funds to provide prospective and current students with a free speech policy disclosure.