

Congress Moves to Update the Higher Education Act

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Congress is currently debating the reauthorization of a landmark law, the U.S. Higher Education Act originally enacted in 1965 as part of President Johnson's War on Poverty. This law governs federal aid programs for college students – including Pell Grants and Stafford Loans – and it aims to ensure all Americans access to an affordable college education as a path to the middle class. Yet as the law is renewed, key provisions need to be updated to meet new challenges and opportunities for the 21st century.

New Realities for Higher Education

Higher education in the United States is at a crossroads. As increasing numbers of students have headed to college in recent years, more low-income and minority Americans and students older than the traditional age are enrolled. Technological advances have enabled the advent of online learning with a potential to widen access, yet there are many pitfalls in practice. At the same time, too many students are struggling to cover college costs and complete their studies while trying to balance classes, work, and family responsibilities. The price of college attendance has shot up, as the states are investing less in public colleges and universities. Too many enrollees leave college with debts but no degrees, while others graduate with degrees that do not ensure the jobs and earning power they need to repay their student loans. After they leave college, the majority of borrowers meet their loan payments, perhaps with difficulty, but many former students end up defaulting – particularly those who have attended for-profit colleges.

Senate and House Deliberations

Despite partisan polarization and gridlock, Congress is moving ahead on reauthorization and revisions of the Higher Education Act. Committees in the House of Representatives and the Senate have conducted hearings about problems and solutions, and both Republicans and Democrats have offered proposals, with similarities as well as differences.

Over the past year, the **Senate Health, Education, Labor, and Pensions Committee** has held ten hearings to hear testimony from many experts (including SSN members Judith Scott-Clayton and Sara Goldrick-Rab); and at the end of June 2014, committee leaders from both sides of the aisle revealed specific proposals they want to include in a broad reform of the Higher Education Act. Chairman Tom Harkin of Iowa, the lead Democrat on the committee who is retiring at the end of 2014, unveiled his discussion draft for a reauthorization that includes specific reforms such as cracking down on for-profit colleges with large numbers of students who use federal loans but do not graduate; improving consumer protections for student borrowers; allowing student loans to be discharged in bankruptcy; and creating new incentives for the states to invest in higher education.

Senator Lamar Alexander, the Republican Ranking Member of the Senate committee, has not offered his own comprehensive reform proposal, but instead favors simplifying and deregulating federal student aid. He is the sponsor of a bipartisan bill to consolidate various federal student loan programs and cut the burdensome application form for federal aid from more a hundred questions to just two on a single postcard. This legislation was inspired and supported by the research of two SSN scholars, Judith Scott-Clayton and Susan Dynarski.

In contrast to the Senate's movement toward comprehensive reauthorization, **the Republican-led House of Representatives is taking a piecemeal approach**, embodied in several small bills tackling various reforms in how the U.S. federal government supports higher education.

- A bill called the "Advancing Competency-Based Education Demonstration Project Act" would support both online learning experiments and blends of online and classroom learning that use a new educational model. To determine when students are ready to advance, and graduate, the focus would

be on mastery of academic content, not time spent in classrooms.

- A bill called the “Strengthening Transparency in Higher Education Act” would help prospective students and their families make better-informed decisions in choosing a college. It would establish a new “College Dashboard” with detailed information about each college – including data on how many students complete degrees, the net cost of attendance, average student loan debt and repayment rates, and the proportion of instruction from adjunct instructors.
- A bill called the “Empowering Students through Enhanced Financial Counseling Act” aims to improve financial counseling for students with loan debt by informing them how much they owe and explaining alternative repayment options.

These bills passed the House with bipartisan support, but House Democrats still want a comprehensive reauthorization to enhance college affordability and accessibility, while House Republicans prefer an approach centered in deregulating and simplifying federal student aid and blocking new college ratings proposed by the Obama administration.

Proposals to use revenues from a new tax on millionaires to refinance federal student loans at reduced interest rates have also been put forward, so far unsuccessfully, by several Democrats – including Senator Elizabeth Warren, Representative John Tierney, and Representative George Miller, Ranking Member of the House Education and Workforce Committee.

The Congressional Bottom Line So Far

Party differences are not surprising, with the Republicans pushing piecemeal steps focused on deregulation and reduced federal involvement, while Democrats want a comprehensive overhaul to enable the federal government to make states and universities more accountable and improve consumer protections and transparency for students. Prospects for both Congressional parties and chambers to shape a full reauthorization of the Higher Education Act will clarify after the November 2014 elections, but it is already apparent that legislators are seriously looking for solutions to problems that cannot be ignored in the new landscape of U.S. higher education.

Research and data for this brief were drawn from the National Center for Education Statistics; “Taking Action: Higher Education and Student Debt,” The Domestic Policy Council and The Council of Economic Advisors, June 2014; and “Strengthening America’s Higher Education System,” House Committee on Education and the Workforce, 2014.