

MEMORANDUM

TO: ASAHP Members
FROM: Kristen Truong
DATE: October 30, 2019
RE: House Committee on Education & Labor Full Committee Markup on “H.R. 4674, College Affordability Act” (CAA)

October 30, 2019, 10:15 AM, 2175 Rayburn
[\[HEARING LINK\]](#)

UPDATE: H.R. 4674, College Affordability Act passed on October 31, 2019, with vote count 28-22.

Overview:

The House Committee on Education & Labor Full Committee held a markup on “H.R. 4674, College Affordability Act” (CAA). The Committee recessed until October 31, 2019, at 9am for roll call votes on amendments and final passage.

<u>Amendments Passed</u>		
Amendment Description	Introduced by	Vote Count
Conduct GAO study on revocation or suspension of a license as penalty for student loan default	Rep. Shalala offered alongside Rep. Walker	45 Yea – 0 Nays
Require CAA federal-state partnership to focus on CTE Amendment to amendment to further align CTE with career and degree pathways	Rep. Thompson Rep. Stevens	Passed by Voice Vote
Require institutions to disclose when budget expenditures increase by more than 5%	Rep. Murphy	47 Yeas – 0 Nays
Allow Title III funds to be used for career oriented programs that create pathways to a job Amendment to the amendment to remove the Pay for Success language and ensure alignment of programs and career pathways	Rep. Byrne Vice Chair Levin	Passed by Voice Vote

<u>Amendments Failed</u>		
Amendment Description	Introduced by	Vote Count
Permit all institutions to participate in short-term Pell grants	Rep. Thompson	20 Yea – 25 Nays
Remove CAA requirement for universities to notify students about eligible public/private benefits	Rep. Grothman	21 Yeas – 26 Nays
Restructure PSLF and allow states to determine eligible occupations for borrowers to qualify and for borrowers to receive an annual credit against their loan balance	Rep. Stefanik	22 Yeas – 26 Nays

Require accreditation boards to have at least one member representing the business sector	Rep. Johnson	23 Yeas – 25 Nays
Remove CAA’s reinstatement of the gainful employment rule	Rep. Fulcher	22 Yeas – 25 Nays
Hold institutional programs accountable for student outcomes	Rep. Cline	22 Yeas – 24 Nays
Strike CAA’s proposal for accreditors to adopt bright line student achievement standards	Rep. Watkins	22 Yeas – 26 Nays
Allow third-party providers to receive student aid	Rep. Keller	22 Yeas – 26 Nays
Waive the Pell Grant administrative cost allowance	Rep. Murphy	Rejected by Voice Vote

AMENDMENTS

Amendment to conduct GAO study on revocation or suspension of a license as penalty for student loan default introduced by Rep. Shalala

Amendment passed by voice vote

Rep. Donna Shalala (D-FL): My amendment offered alongside Rep. Walker would require the Comptroller General to conduct a GAO study on the practices related to the denial, suspension, or revocation of an individual’s professional or driver’s license as a penalty for student loan default. Today, 14 states can suspend or revoke an individual’s professional or driver’s license. It would assess the short term and long term professional consequences due to the revocation or suspension of a license. This amendment also requires potential recommendations on actions that could lead to better outcomes to borrowers who have fallen victim.

Rep. Mark Walker (R-NC): It seems irresponsible to prevent workers from earning a living while American taxpayers are on the hook for losses occurred from student loans. Our amendment is the first step in addressing the outdated practices from states. Earlier this year, Rep. Shalala and I introduced the [Protecting JOBS Act](#) to prevent states from carrying out laws to suspend workers’ licenses.

Amendment to require CAA federal-state partnership to focus on CTE

Amended by Rep. Stevens and passed by voice vote

Rep. Glenn Thompson (R-PA): This amendment would require the capacity building activities of the CAA federal state partnership to focus on CTE. Last year, [H.R.2353, Strengthening Career and Technical Education for the 21st Century Act](#) was signed into law with bipartisan support. By requiring capacity building efforts to include a focus on CTE, we can continue to build on what we already knows works.

Amendment to Rep. Thompson’s amendment to further align CTE with career pathways and degree pathways introduced by Rep. Stevens

Passed by voice vote

Rep. Haley Stevens (D-MI): My amendment ensures stronger alignment with HR 2353 and also ensures CTE programs of study are included with career pathways and degree pathways as supported strategies that improve student outcomes. One of the many goals of the Perkins CTE reauthorization was to increase access and adoption of CTE, and this evidence-based strategy helps students better understand their education and career goals.

Rep. Glenn Thompson (R-PA): I certainly support her secondary amendment and it helps achieve the primary amendment better.

Ranking Member Virginia Foxx (R-NC): Yesterday, I focused a lot on the fact that we need to pay more attention to the skills gap. I was concerned the underlying bill pushed people into a four year degree. I'm glad our colleagues are giving more focus to CTE.

Amendment to permit all institutions to participate in short-term Pell grants introduced by Rep. Thompson
Failed by voice vote

Rep. Glenn Thompson (R-PA): This amendment permits all institutions that can meet all the metrics to participate in short term Pell grants. The bill before us falls short because it doesn't allow all institutions to participate in the short term Pell proposal. It has 6 pages of requirements that institutions must meet to be eligible to participate. If a for-profit met those requirements, it could not participate because it's simply for-profit.

Higher Education and Workforce Investment Subcommittee Chairwoman Susan Davis (D-CA): This amendment would gut the vital protections that are embedded in the new job training federal Pell grant program. We need to ensure everybody is playing by the rules. The amendment would allow for-profits to participate in the program despite the fact that the average student who completes a certificate at for-profits experience a net loss of \$1,000 in monthly income.

Ranking Member Virginia Foxx (R-NC): I wish what my colleague from California said was true. We don't gut the program. We keep the regulations in effect. I want strong accountability from all programs. Everyone should be held to the same standard. We just add one segment which is doing a hell of a lot more to help some people in this country than the publics and the not-for-profits are doing.

Chairman Bobby Scott (D-VA): This would allow for-profits to participate in the new job training federal Pell grant program. We have vital protections that the money is going to high quality short term programs. The present Pell grant limitation is that you have to be participating in degree granting programs and if it doesn't lead to an academic degree, you can't just be in the program. Our community colleges in VA have some of these short term programs (10 or 12 weeks) and have been very successful in increasing income. It only works with high quality programs.

Amendment to remove CAA requirement for universities to notify students about eligible public/private benefits

Failed by voice vote

Rep. Glenn Grothman (R-WI): This bill requires the universities to step in and let individuals know what public and private benefits are available. This amendment is to remove the requirement that universities have to tell students about benefits.

Chairman Bobby Scott (D-VA): This would strike from the CAA requirement embedded throughout the bill to make available info about SNAP and WIC. This is to connect students to benefits in which they are available. Food insecurity is a problem and it'd be nice for students to know about some of the solutions.

Amendment to restructure PSLF and allow states to determine eligible occupations for borrowers to receive an annual credit against their loan balance

Failed by voice vote

Rep. Elise Stefanik (R-NY): PSLF provides little for the average borrower by offering unlimited loan forgiveness after 10 years. The average amount of debt forgiven per borrower under PSLF is \$59,000. The average student only takes out \$28,000 and will receive minimal forgiveness. PSLF also describes public service broadly. My amendment would modernize this program and would create a state workforce incentive program shifting PSLF to a state led alternative that will truly benefit borrowers while providing states their workers and strengthening the local economy. Borrowers would earn an annual credit against their loan balance each year they work in a state determined occupation and if they make their student loan payments. My proposal ends the federal requirements on eligible employment, instead leaving it up to the states. My proposal levels the playing field providing an immediate benefit regardless of how much they borrowed. The loan relief is means tested and capped. My proposal fits with the modern worker who may have multiple

careers and shorter stints. Current borrowers would retain access to the current PSLF program but may also receive benefit from the state program.

Rep. Joe Courtney (D-CT): There are changes in the base bill that I think are in alignment. We've extended to include folks who work in the veterans service organizations and nonprofit world. The DoED has been playing a game that telling people who made their payments for 10 years that "sorry you're working with the wrong servicer or we won't recognize your income based repayments". That's what's the problem. This bill fixes that. Cutting off the program and not addressing the structural problems for the legacy folks is not a solution.

Ranking Member Virginia Foxx (R-NC): We had a PSLF hearing and my recollection is we asked the question many times "is the Secretary being arbitrary or abiding by the law?" My recollection is that the Secretary was abiding by the law and that the law is poorly written and needs to be rewritten. I don't understand why our colleagues don't want to do means-testing. This amendment addresses the skills gap and lets the states decide where their skills gaps are. We provide an annual credit so people don't have to wait 10 years and figure out whether they're in trouble, like in the current PSLF.

Chairman Bobby Scott (D-VA): I like the annual credit so people don't find out that the Administration is denying 99% of those who thought they fulfilled their responsibilities. This would require states to opt in. If states don't accept PSLF, those students in those states cannot benefit from this. There would be inconsistencies across state lines.

Amendment to require accreditation boards to have at least one member representing the business sector

Failed by voice vote

Rep. Dusty Johnson (R-SD): This amendment mandates that at least one member on the accreditation board must represent business.

Rep. Mark Takano (D-CA): I'm not sure why this is needed. A public member can already represent an industry representative. This amendment fails to define what business means.

Amendment to remove CAA's reinstatement of the gainful employment rule

Failed by voice vote

Rep. Russ Fulcher (R-ID): Reinstatement of gainful employment rule moves money from classroom to administration. Access to CTE programs is hindered. This amendment strikes the requirement that the Secretary reinstate gainful employment rule on certain college programs. Reinstatement of the gainful employment rule will further limit access to education at a time when community colleges have reached their capacity and are turning students away.

Civil Rights and Human Services Subcommittee Chairwoman Suzanne Bonamici (D-OR): Students attend CTE programs with the expectation that they will receive a quality hands on training experience that will lead them to a well-paying job. Too often when students graduate or during the program, they find out that they are unable to secure a job that pays well enough to pay off their student loan debt.

Chairman Bobby Scott (D-VA): If you have promised a job, you ought to be able to show that it's worthwhile to go to that program. The gainful employment law is from the HEA in 1965. There is a provision in our bill that the Secretary of Education should have a compliance standard which is how you are going to measure whether programs are conforming with the law. It does disproportionately affect the for-profit sector but all programs, regardless of for-profit or public or not-for-profit, should be held accountable. If you remove gainful employment, something should be put in its place.

Amendment to hold institutional programs accountable for student outcomes

Failed by voice vote

Rep. Ben Cline (R-VA): This amendment would increase accountability across the board by implementing a skin in the game program for institutions with high default rates and require institutions to repay 10% of the student default amount. That will encourage them to ensure their graduates are in well-paying jobs.

Accountability at the program level would allow federal aid to go to specific programs that demonstrate successful outcomes.

Chairman Bobby Scott (D-VA): Cohort default rate currently measure the percentage of borrowers defaulting in their loans. We made improvements on that by closing the forbearance loophole. This amendment aims at programs rather than institutions and that can be hard to decipher. 25% of community college students who are not making progress on their loan payments never declared a major or were not in a degree program when they dropped out.

Amendment to strike CAA's proposal for accreditors to adopt bright line student achievement standards

Failed by voice vote

Rep. Steven Watkins (R-KS): My amendment would strike the bill's proposed expansion of federal control in academic decision making. The bill before us seeks to force accreditors to adopt bright line student achievement standards that are subject to the whims of the Secretary of Education and uniformly enforced across all colleges that an agency accredits.

Chairman Bobby Scott (D-VA): We've established oversight for institutions of higher education and rely on a triad of state, federal, and the accreditors. This strengthens the accreditation process and encourage accreditors to incorporate outcomes in their existing reviews in a reasonable and consistent manner.

Amendment to allow third-party providers to receive student aid

Failed by voice vote

Rep. Fred Keller (R-PA): This amendment allows third-party providers of postsecondary education to partner with more traditional colleges and universities therefore making them eligible to receive student aid. We need to incentivize the private sector to help students and education institutions provide skills for the economy.

Chairman Bobby Scott (D-VA): This amendment would allow an institution participating in Title IV funds to outsource the entirety of their educational programs to entities that are ineligible to receive those funds. CAA codifies and builds on protections that are currently enforced through regulation to ensure that institutions do not engage in a game by enrolling students under their name but then outsourcing their education to third party providers.

Amendment to require institutions to disclose when budget expenditures increase by more than 5%

Amendment passed by voice vote

Rep. Gregory Murphy (R-NC): My amendment seeks to increase transparency to encourage colleges and universities to address the exploding cost of college. Any time a college increases non-instructional expenditures in its budget by more than 5%, the institution would have to disclose that increase to students and prospective students along with an analysis of the impact of that increase on tuition.

Chairman Bobby Scott (D-VA): I think students have a right to know what their tuition dollars are being spent on and what factors are driving up college costs. I urge my colleagues to support it.

Amendment to waive the Pell Grant administrative cost allowance

Failed by voice vote

Rep. Gregory Murphy (R-NC): In the last FY, the federal government allocated close to \$30 billion, mostly in discretionary spending in the Pell grant assistance program, to 7 million recipients. There's a stipulation called the administrative cost allowance that requires the government to pay the institution an additional \$5 to accept each Pell grant. This is a \$35 million waste including those not applying or benefitting from Pell Grants. My amendment would waive this fee.

Chairman Bobby Scott (D-VA): I oppose the amendment. The administrative cost allowance helps institutions comply with the federal financial aid program requirements and hire the compliance staff.

Amendment to allow Title III funds for career oriented programs that create pathway to a job

Amendment as amended passed by voice vote

Rep. Bradley Byrne (R-AL): This amendment allows institutions to use Title III funds for the development of career oriented programs and community outreach programs and for dual or concurrent enrollment and early college high school programs/career center programs that lead directly a job and Pay for Success initiatives. This amendment gets to affordability and success for students at HBCUs and MSIs. It places a higher priority on workforce development.

Amendment of Rep. Byrne's amendment – remove the Pay for Success language and ensure alignment of programs and career pathways

Amendment on Rep. Bryne's amendment passed by voice vote

Vice Chair Levin (D-MI): The mission of the Strengthening Institutions Program is to improve the capacity of under-resourced institutions. Pay for Success is not a strengthening expenditure. These models present untested models and experiment to see what works. My amendment removes the Pay for Success language and clarifies that postsecondary and CTE programs are coordinated, aligned, and integrated into pathways to bachelor's degrees and beyond. This amendment also supports students at elementary and secondary level to develop their academic skills and understand the wide variety of postsecondary education options.

Recessed at 7:53pm until October 31, 2019, at 9am for votes and final passage.