February 23, 2018

The Honorable Lamar Alexander
Chair
Committee on Health, Education, Labor, and Pensions
United States Senate
428 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Patty Murray
Ranking Member
Committee on Health, Education, Labor and and Pensions
United States Senate
428 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Alexander and Ranking Member Murray:

On behalf of the American Association of Community Colleges (AACC) and the Association of Community College Trustees (ACCT), we thank you for the opportunity to provide views on the reauthorization of the Higher Education Act. AACC and ACCT represent the CEOs and trustees, respectively, of the nation's more than 1,100 community colleges.

No federal legislation is more important to community colleges and their students than the Higher Education Act (HEA). Community colleges would look very different, and some would not exist, were it not for the investments made through the HEA. The reauthorization process gives Congress the opportunity to modernize essential student financial assistance and institutional aid programs, while improving student access and success and enhancing institutional accountability.

Our associations' priorities on the HEA reauthorization are outlined below.

Pell Grant Program

- Extend the Pell Grant program and increase the maximum grant annually by inflation.
- Extend Pell Grant eligibility to short-term workforce development and innovative programs.
- Examine raising Income Protection Allowances to reduce the "work penalty" for working students.
- Increase the lifetime limit on Pell Grant eligibility to 14 semesters (FTE).
- Restore Title IV eligibility for all ability-to-benefit (ATB) students.
- Allow eligible incarcerated students to qualify for Pell Grants, enabling them to pursue postsecondary education and enhance employment prospects once released.

More than 2.3 million community college students received Pell Grants in the 2016-17 award year, with an average award of $3,498. The average community college annual full-time, full-year tuition is just $3,570, but the overall annual cost of attendance is more than $17,000. Increasing the purchasing power of the Pell Grant will help offset these costs and reduce student borrowing. Therefore, we urge Congress to index the Pell Grant maximum award to inflation, using mandatory funds to do so. Additionally, Congress should reexamine the current thresholds for the Income Protection Allowance to help reduce the current ”work penalty” that many students experience.

Community colleges offer numerous high-quality, short-term, workforce-oriented programs that do not currently qualify for Pell Grants and other Title IV programs. Eligibility for these programs should be established to help promote upward mobility and economic growth. Also, competency-based educational programs should receive Title IV eligibility in defined circumstances.

In 2012, Congress eliminated Title IV eligibility for students who did not hold a high school diploma or its equivalent yet who demonstrated their ability-to-benefit (ATB) from postsecondary education via completed coursework or testing. We encourage Congress to fully reinstate ATB Title IV eligibility for students who complete the necessary coursework to qualify. Many community college students (some former) who maintain satisfactory academic progress struggle to complete their studies within 12 semesters. They should be given 14 semesters to earn a credential.

Federal Loan Programs

- Preserve the in-school interest subsidy for federal student loans.
- Reject risk-sharing proposals.
- Allow institutions to lower loan maximums in defined circumstances.
- Tie loan amounts to enrollment intensity.
- Consolidate and simplify income-driven repayment plans.
- Lower the minimum payment for 10-year standard repayment plan.
- Authorize annual loan counseling for students.
- Improve student loan servicing.
- Ensure that loan default and/or loan repayment rates do not unfairly limit community college student aid eligibility.
- Establish a Student Default Risk Index (SDRI).
- Increase the Participation Rate Index (PRI).
- Eliminate the 150% restriction on subsidized loans.

Community colleges strongly oppose risk sharing, including changes to Return of Title IV that levy additional financial costs on institutions. As public institutions, community colleges already have significant “skin in the game”—state and local government funding of the colleges and their students accounts for 51% of annual revenues. Community colleges are open access, and the lowest-cost sector of higher education. Implementation of risk sharing would inevitably result in either increased costs to or reduced educational services for community college students.

Community college students continue to default at unacceptably high rates, caused in part by unnecessary complexities in retiring debt. The HEA reauthorization can facilitate improved student loan repayment rates through a variety of common-sense changes. Congress should consolidate the current income driven repayment (IDR) plans, while examining barriers to repayment for low-debt borrowers. We encourage consideration of lowering the minimum payment of $50 required under a standard 10-year repayment plan for low-debt borrowers. Additionally, annual loan counseling and stronger requirements for loan servicers would assist borrowers in navigating the repayment process.

Loan limits should be tailored to the different circumstances facing borrowers—one size simply does not fit more than 11 million students. Institutions need to be given flexibility to reduce student borrowing in specified circumstances. The current PRI should be revised to one-third, and measurements of default or repayment should be modified to reflect the rate of borrowing at an institution. This could occur via the implementation of a Student Default Risk Index that would more accurately communicate the overall likelihood of default risk for students at a given institution.

Any savings in mandatory funds generated by changes to the federal student loan program should be applied to the Pell Grant program to further expand access and aid.

Campus-Based Aid: Federal Work-Study and Federal Supplemental Educational Opportunity Grants

- Continue to authorize Federal Work-Study (FWS) and Federal Supplemental Educational Opportunity Grants (FSEOG).
- Revise the current formula to create more equitable distribution.

FSEOG and FWS should both be retained, as they provide necessary funding for students and, in the case of FWS, relevant work experience. However, Congress should reexamine the formula used to allocate funds to institutions. Institutions that serve large numbers of needy students should have equitable access to these funds, which is not the case at present.

Institutional Assistance and Support Programs

- Continue the primary institutional aid programs under Titles III and V that augment federal student aid programs.
- Extend the TRIO, GEAR UP, and CCAMPIS programs.

Community colleges serve large percentages of low-income and minority students, and often do so with limited resources. The Strengthening Institutions program, Minority-Serving Institutions programs, and programs supporting Historically Black Colleges and Universities and Tribal Colleges enable institutions that serve a large portion of low-income students to apply for grants to help improve student success. These include academic support, improvement of facilities, faculty development, student counseling, and endowment building. AACC and ACCT urge the continued authorization of these programs under Titles III and V, as well as TRIO, GEAR UP, and the Child Care Access Means Parents in School programs. Community colleges request that Congress reject proposals that would limit access to these essential funds, such as imposition of graduation standards aimed solely at Minority-Serving Institutions as in the PROSPER Act, H.R. 4508.

Data Collection and Consumer Information

- Establish a federal unit record data system.
- Establish a six-year, 300% of “normal time” graduation rate for community colleges, inclusive of students that transfer-out.
- Release program-specific earnings data.
- Create a debt-to-earnings metric for all programs.

The reauthorized HEA must include a modern data collection system that captures essential information about institutional performance. The extensive current piecemeal data collection efforts continue to poorly serve students and taxpayers. The fulcrum for an effective accountability and transparency system is one that follows students into and through postsecondary institutions, includes transfers, and generates earnings data about program completers. Community colleges support the repeal of the ban on the creation of a federal student unit record system and strongly support the bipartisan College Transparency Act. Student privacy certainly can be and must be protected in such a system.

Programmatic earnings data linked to debt levels will help students optimize their educational choices, and earnings data by program should be linked to debt levels. Finally, federal statutory graduation rate measures must follow students sufficiently to adequately reflect student success and the education-career continuum of today's students, as is being done administratively through the federal Outcomes Measures.

Enhancing Institutional Performance

- Dramatically reduce the Title IV compliance burden.
- Establish strong provisions on state maintenance of effort for postsecondary education.
- Enable accreditation to continue its primary focus on student learning and achievement.
- Help maximize campus security, curbing sexual harassment and violence, taking into account the unique characteristics of community colleges.
- Create a state-based grant program for dual enrollment.

In its role to promote equity and opportunity for students through student financial assistance and institutional aid programs, the federal government performs a number of regulatory and other functions.

The reauthorization must focus on significantly reducing the federal regulatory burden on colleges so that institutional resources can be better deployed. This applies to accreditation as well, where, for federal purposes, an enhanced focus on student learning and achievement is desirable, while preserving the essential nature of peer review.

The federal government has a necessary role in promoting campus safety, ensuring against sexual assault and violence, and guaranteeing equal access to programs as is required by Title IX. These must dovetail with current college security and disciplinary processes as well as relationships with law enforcement agencies. Policymakers should keep in mind that, in terms of promoting security, community college campuses have important features that often differentiate them from other types of institutions.

Understanding and Accessing Federal Assistance for Students

- Simplify the FAFSA.
- Inform FAFSA filers of non-Title IV support options.
- Establish Pell early notification systems for low-income students.
- Maintain 12 credit hours as full-time status.

Many community college students experience great financial hardship, even while working to support themselves and their families. Expenses often lead students to work or attend school part time to make ends meet, and attending part time reduces the likelihood of completing their program of study. Students' financial barriers can be significantly ameliorated through accessing existing public benefits, tax credits, financial advising, and other support services. Students who submit a FAFSA should be made aware of public benefits for which they may be eligible upon completion of the form.

Community colleges oppose raising the minimum number of credits needed for students to be considered full time. For community college students, undertaking additional coursework can present both academic and logistical challenges. Given our student demographics, many would likely drop to part-time status under this scenario, thereby reducing their grant aid and delaying completion. Additionally, many community college programs would have to be restructured to accommodate the new credit requirements, as simply adding a course each semester would not fit into the existing framework.

We also have serious reservations regarding the ASPIRE Act, S. 2201. While we agree that institutions that serve a large proportion of low-income students should receive additional assistance, S. 2201 does not provide the necessary investments. We encourage Congress to focus on significantly increased investments in the Pell Grant program.

Safeguarding Students and Institutional Definitions

- Strengthen the 90/10 rule by including federal student assistance from veterans and military benefits, as well as training funds under the Workforce Innovation and Opportunity Act (WIOA).
- Maintain a separate designation for proprietary institutions under Title I of the HEA.
- Maintain HEA requirements for distance education programs qualifying for Title IV.

The 90/10 rule has served as a limited check on for-profit institutions. Community colleges encourage Congress to close the loophole on the 90/10 rule and include additional federal sources of funding, including military and veteran's benefits, and Workforce Innovation and Opportunity Act training funds. In addition to requiring some direct financial commitment from students, the 90/10 rule also recognizes that for-profit colleges lack oversight similar to that which community colleges are subject through their state and local sponsors. In fact, for-profit institutions' incentive structures are so dramatically unlike those of institutions defined in Section 101 of the HEA that they should remain separately defined, as under current law.

We thank you for your consideration of these views and stand ready to work with you on this endeavor that is so important to millions of Americans.

Sincerely,

Walter G. Bumphus	J. Noah Brown
AACC President and CEO	ACCT President and CEO