AACC Summary of H.R. 5363, the Fostering Undergraduate Talent by Unlocking Resources for Education Act (FUTURE Act)

The FUTURE Act was passed overwhelmingly on December 10 by the House and Senate and President Trump has stated that he will sign the legislation. The bill has two main components: 1) improving the student aid application process and 2) restoring lapsed "mandatory" funding for Historically Black Colleges and Universities (HBCUs) and Minority Serving Institutions (MSIs).

H.R. 5363 will facilitate the Free Application for Federal Student Aid (FAFSA) process by allowing the U.S. Department of Education (ED) to receive information directly from the Internal Revenue Service (IRS), thereby allowing the removal of 22 of the 108 questions on the FAFSA. It also will simplify and enhance borrower access to income-driven student loan repayment. According to the Congressional Budget Office, the FAFSA Act produces budgetary savings of $2.8 billion over 10 years. These savings are being used to offset $255 million in continued annual funding of HBCUs and MSIs.

FAFSA Act Data-Sharing provisions:

- **FAFSA Simplification** - Both the Higher Education Act (HEA) and the Internal Revenue Code are altered to allow cross-agency data sharing. This change would allow for the replacement of the current IRS Data Retrieval Tool (DRT) used in completing the FAFSA, which only allows the applicant to import tax return information into the FAFSA. The National Association of Student Financial Aid Administrators (NASFAA) called this "a clunky two-step process, requiring the applicant to obtain their own tax information from the IRS, and then import that information into the FAFSA." The new provision would permit ED to receive data directly from the IRS. According to NASFAA, this would be "an improvement over the current applicant-initiated IRS DRT." The streamlined process would be not only a "less burdensome process for students and families" but would "create a more secure data-sharing experience, reduce applicant errors in reported income, and reduce improper payments."
- **Verification Relief** –Around 30 percent of all FAFSA filers are selected for further review, which requires validating information submitted in the aid application. This process is called verification. NASFAA says that "while verification is an important step in maintaining the integrity of federal aid programs, it imposes significant burden on student and families who are most in financial need" as well as aid administrators. All applications are subject to verification. The DRT, while helpful to some applicants with respect to verification, it is not available to all applicants, including non-tax filers, who must prove their non-filing status through a process of Verification of Non-filing (VONF), which NASFAA calls a burdensome process. By allowing data sharing between ED and IRS, not only will ED have the information currently imported through the DRT, but it will also receive the filing status of the taxpayer. According to

NASFAA, the data sharing would reduce the odds of being selected for verification "as it would decrease the need for applicants to enter income information manually into the FAFSA, reducing the amount of time to complete the form, as well as resulting in fewer mistakes because of human error."

- **Repayment Simplification** – Data-sharing makes requesting or renewing income-driven loan repayment plans easier in several ways. The required re-approval of income-based repayment, with attendant data submission, has creates obstacles for many students. Under the new legislation, the applicant's income is automatically verified through the transfer of tax information from IRS to ED, obviating the need for the completion and processing of paperwork, including recertification. In so doing, it prevents drastic changes in monthly payments as well as added interest charges or delays in loan forgiveness, and, according to NASFAA, this aids in "income verification for the three-year monitoring period for borrowers who have received a discharge for total and permanent disability."

HBCU and Minority-Serving Institutions Provisions

The FUTURE Act restores $255 million annually for Historically Black Colleges and Universities (HBCUs) and other Minority-Serving institutions (MSIs). These funds will enable eligible institutions to strengthen STEM programs, provide academic counseling, renovate laboratories, and purchase needed equipment to expand educational opportunities for an "increasingly diverse student population."

Institutions must meet certain statutory and regulatory criteria to be designated as MSIs. Community colleges represent a significant portion of MSIs, including Hispanic-serving institutions, Predominantly Black institutions, and other MSIs eligible to receive these funds.

Criteria for designation as an MSI include:

- Predominantly Black Institutions (PBIs) are primarily urban and rural 2-year colleges that have an undergraduate enrollment that is at least 40% African American and that serve at least 50% low-income or first-generation students.
- Asian American and Native American Pacific Islander-Serving Institutions (AANAPISIs) have enrollments of at least 10% Asian American and Native American Pacific Islander.
- Native American-Serving Nontribal Institutions (NASNTIs) have enrollments of at least 10 percent Native American students and serve at least 50% low-income students.

Nearly half of Hispanic-Serving Institutions (HSIs) are community colleges. Defined by Title V of the Higher Education Act as degree-granting institutions with full-time equivalent undergraduate enrollments of at least 25% Hispanic. In 2017, there were 523 HSIs in the U.S. with 222 of these two-year public institutions, and each new, more institutions qualify as HSIs. Of the 328 Emerging HSIs (institutions with enrollments of at least 15% Hispanic) in 2017, 99 were 2-year public institutions.

Since 2008, Congress has provided annual mandatory funds as well as discretionary funding for MSIs. However, the mandatory funding authority expired in 2019. The FUTURE Act would continue providing annual mandatory funding apportioned as follows:

- Tribally Controlled Colleges and Universities (TCCUs) $30 million
- Historically Black Colleges and Universities (HBCUs) $85 million
- Predominantly Black Institutions (PBIs) $15 million
- Alaska Native and Native Hawaiian-Serving Institutions (ANNHs) $15 million
- Asian American and Native American Pacific Islander-Serving Institutions (AANAPISIs) $5 million
- Native American-Serving, Non-tribal Institutions (NASNTIs) $5 million
- Hispanic-Serving Institutions (HSIs) $100 million

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