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The Higher Education Act: Reauthorization Status and Issues

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Summary

The funding authorizations in the Higher Education Act (HEA) have expired. This legislation, administered by the U.S. Department of Education (ED), authorized the federal government's major student aid programs, as well as other significant initiatives. P.L. 108-366 (H.R. 5185), signed into law on October 25, 2004, temporarily extends HEA authorities through FY2005. In the 108th Congress, legislative action to reauthorize the HEA included House passage of a series of bills amending and extending several individual titles of the HEA. It is anticipated that the 109th Congress will consider reauthorizing this legislation.

Postsecondary education is a complex, decentralized enterprise, made up of a wide array of institutions enrolling a large and diverse student body. In academic year 2002-2003, approximately 6,400 degree- and non-degree-granting postsecondary education institutions were eligible to participate in the HEA's student aid programs. These institutions enrolled an estimated 17.3 million students in the fall of 2002.

HEA programs and activities fall primarily into four main categories: (1) student financial aid, (2) services to help students complete high school and enter and succeed in college, (3) aid to institutions, and (4) aid to improve K-12 teacher training at postsecondary institutions.

ED's FY2005 appropriation legislation included over \$16 billion for HEA discretionary authorities. A majority of these discretionary funds are expected to be awarded to students in the form of Pell Grants; some \$12.4 billion is appropriated for these grants. The discretionary total *excludes* mandatory federal expenditures for the Federal Family Education Loan (FFEL) and Direct Loan (DL) programs through which students and parents will borrow an estimated \$58 billion in FY2005.

During the reauthorization process, the Congress has considered a wide variety of issues. Among these are the following:

- college prices and the appropriate federal role in addressing increases
- effectiveness of the HEA programs in increasing postsecondary access;
- measures to hold institutions accountable for educational outcomes;
- the process of determining students' need for financial aid; and
- impact of the growth in postsecondary distance education.

The Congress also has considered issues specific to individual HEA programs, including the HEA's major sources of postsecondary education support (Pell Grants and FFELs/DLs). Among Pell Grant issues is the shortfall in funding. Issues for FFELs/DLs include whether current loan limits should be raised, and whether the current framework of FFELs and DLs should be modified. This report will be updated as legislative activity warrants.

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The Higher Education Act: Reauthorization Status and Issues

On July 22, 2005, the House Committee on Education and the Workforce approved and ordered reported, H.R. 609, the College Access and Opportunity Act of 2005, which would reauthorize the Higher Education Act (HEA). On October 25, 2004, the President signed H.R. 5185 into law (P.L. 108-366). This legislation temporarily extends the HEA authorities through FY2005.

Introduction

The funding authorizations in the HEA have expired. P.L. 108-366, signed into law on October 25, 2004, temporarily extends the programs and activities of the HEA through FY2005 (that is, through September 30, 2005). The HEA legislation, whose programs are administered by the U.S. Department of Education (ED), includes the federal government's major student aid programs, as well as other significant programs such as those providing aid to special groups of higher education institutions and support services to enable disadvantaged students to complete secondary school and enter and complete college. Although important support from outside of the HEA flows to postsecondary education institutions through multiple federal agencies for activities such as research and development, the federal presence in postsecondary education is shaped to a significant degree by the HEA. For example, HEA student aid programs supported some 62% of all federal, state, and institutional aid awarded to postsecondary education students in 2003-2004 (excluding education tax benefits).¹ The HEA was last reauthorized by the Higher Education Amendments of 1998 (P.L. 105-244).

This report provides the following: an overview of postsecondary education (institutions and students), an overview of the HEA with a focus on its most significant programs and provisions, and a discussion of major issues that have been, or may be, of interest to the Congress during the HEA reauthorization process.

Postsecondary Education Overview

Postsecondary education is a complex, decentralized enterprise, made up of a wide array of different kinds of institutions enrolling a large and diverse student body.

¹ The College Board, *Trends in Student Aid 2004*.

In academic year 2002-2003, there were about 6,400 degree- and non-degree-granting postsecondary education institutions that participated in the HEA's student aid programs. These institutions were divided roughly evenly among the public sector (32%), private nonprofit sector (31%), and private for-profit (proprietary) sector (37%). An estimated 17.3 million students were enrolled overall in undergraduate and graduate programs in those institutions in the fall of 2002. In contrast to the roughly even split in *institutions* by sector, a substantial majority of all *students* were enrolled in public institutions (75%), a fifth (20%) attended private nonprofit institutions, and a small percentage (5%) were enrolled in proprietary institutions. The differences between the distributions of institutions and students are the result of substantially smaller average enrollments in private nonprofit and private proprietary institutions (estimated 1,750 and 380, respectively) compared to public institutions (estimated 6,270).²

Since the enactment of the HEA in 1965, important characteristics of postsecondary students have changed substantially. There is greater racial and ethnic diversity in the student population. In 1965, 94% of students were white; by 2000, that percentage had fallen to 78%. Gender distribution has shifted markedly as well. In 1965, 38% of all students were women; by 2000, that share had risen to 55%.³

Summary of the HEA

The programs and activities of the HEA fall primarily into one of four main categories: student financial aid, support services to help students complete high school and enter and succeed in postsecondary education, aid to strengthen institutions, and aid to improve K-12 teacher training at postsecondary institutions. ED's FY2005 appropriation legislation includes about \$16.4 billion for HEA discretionary authorities. This total *excludes* mandatory federal expenditures for the Federal Family Education Loans (FFELs) and Direct Loans (DLs). Students and their parents were estimated to have secured over \$58 billion in new loans in FY2005 (these new loans exclude consolidation loans issued to consolidate existing loans).

There are seven titles in the HEA:

- Title I — General Provisions
- Title II — Teacher Quality Enhancement Grants
- Title III — Institutional Aid
- Title IV — Student Assistance

² These data are derived from the U.S. Department of Education's Integrated Postsecondary Education Data System. These enrollment figures differ from those derived from other sources including the Bureau of the Census's Current Population Survey and the Department of Education's National Postsecondary Student Aid Study. In particular, data from the latter source will be higher because they measure enrollment throughout the academic year, not just at a point in time.

³ These data are from the Current Population Survey. For further analysis of these data, see CRS Report RL31441, *The Postsecondary Education Student Population*, by Jeffrey Kuenzi.

- Title V — Developing Institutions
- Title VI — International Education Programs
- Title VII — Graduate and Postsecondary Improvement Programs

Student Aid

At the heart of the HEA are the student aid programs included in Title IV that provide grant aid (which does not have to be repaid), loans, and work-study assistance. These programs seek to expand educational opportunity and for FY2005 are estimated to support nearly \$73 billion in student assistance. This cumulative total amount of student aid includes directly appropriated federal funds, student loan volume in the FFEL/DL programs, and institutional matching funds required under several of the federal student aid programs. This cumulative total excludes Stafford Loan consolidations.⁴

The largest Title IV student aid programs are the Pell Grant program, and the FFEL and DL programs. Under each, students receive funds to attend the postsecondary education institutions of their choice. Pell Grants are need-based aid for undergraduate students. These grants are estimated to assist 5.3 million students with \$12.9 billion for FY2005. The annual appropriations of \$12.4 billion for FY2005 is less than estimated program costs just cited (Pell Grant shortfalls are discussed briefly below). FFELs are made by private lenders and are available to undergraduate and graduate students, and their parents. Some kinds of FFELs are need-based, others are not. For FY2005, the amount borrowed is estimated to be \$43 billion in 10.3 million new loans (consolidation loans are excluded from these totals). The DL program provides the same kinds of loans as the FFEL program, but the loan capital is provided directly by the federal government; participating postsecondary institutions or contractors act as loan originators on behalf of the federal government. For FY2005, an estimated \$13.9 billion in 3.1 million new DLs will have been borrowed (consolidation loans are excluded).

Three smaller Title IV student aid programs — Federal Supplemental Educational Opportunity Grants (FSEOG), Federal Work-Study (FWS), and Federal Perkins Loans — are collectively known as the **campus-based programs** because their funds are allocated to postsecondary institutions for award to students. Institutions must match a portion of their allocation under each of these programs. Undergraduates can participate in each of these programs, while graduate students are eligible for Work-Study and Perkins Loans. The FY2005 appropriations levels for these programs are: \$778.7 million for FSEOGs, \$990.3 million for FWS, and \$166.1 million for Perkins Loans. Total aid available to students under these programs for FY2005 is estimated at \$986 million in FSEOG assistance (1.3 million students), \$1.2 billion in FWS earnings (819,000 students), and \$1.1 billion in Perkins Loans (567,000 students). It should be noted that for the Perkins program, in addition to institutional matching funds, repayments on loans generate additional

⁴ This data and data on total spending and numbers of students aided under HEA Title IV student aid programs are primarily drawn from the U.S. Department of Education's *FY2006 Budget Summary*, available at [<http://www.ed.gov/about/overview/budget/budget06/summary/index.html>].

resources that are lent under the program (the FY2005 appropriation supports loan cancellation costs only, no new funds are provided to revolving loan funds).

Among other Title IV student aid programs is the Leveraging Educational Assistance Partnership (LEAP) program which provides matching funds to states to encourage them to provide need-based state grant programs. An FY2005 appropriation of \$65.6 million for this program is estimated to support \$167 million in total aid (167,000 recipients). This total reflects just the amounts supported through state matching requirements. The FY2005 appropriation is \$65.6 million.

The relative balance among the various kinds of federal student aid has shifted over time from grants and work to loans. Although the change in this balance is more dramatic the further back one looks, even in the past decade there is evidence of a continuing shift toward loans. According to estimates from The College Board, the aggregate annual amount borrowed under the FFEL, DL, and Perkins programs (DLs were first made in the 1994-1995 academic year) rose by some 156% from academic year 1993-1994 to academic year 2003-2004, while the combined grant aid from the Pell Grant, FSEOG, and LEAP programs grew by about 114% and Work-Study earnings by 58%. In 1993-1994, of the aggregate aid available from these grant, loan, and work programs, 76% came in the form of loans, 22% as grants, and 3% as earnings. By 2003-2004, the relative balance was 79% loans, 19% grants, and 2% earnings.⁵

Student Support Services

The HEA's primary programs for student services are the federal TRIO programs and the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP), both included in HEA Title IV. In general, these programs provide disadvantaged students with support services to help them complete high school, and enter and persist in college. The TRIO programs (so called because there were once just three of them) include Talent Search, Upward Bound, Student Support Services, Educational Opportunity Centers, McNair Postbaccalaureate, and Staff Training. The FY2005 appropriation is \$836.5 million. For FY2005 an estimated 872,000 individuals participated in the various TRIO programs which received \$802.5 million in that year. For GEAR UP, the FY2005 appropriation is \$306.5 million. The program is estimated to have served about 609,000 students with its FY2005 funding.

Institutional Aid

The primary institutional assistance programs are those in Title III and V. Both titles award grants to higher education institutions to strengthen their academic, administrative, and financial capacities. Title III includes provisions for financial assistance to select groups of institutions, including tribal colleges, Alaska Native- and Native Hawaiian-Serving institutions, and historically black colleges and universities (HBCUs). It also directs support for capital financing of HBCUs, and improvement of science and engineering programs at predominantly minority

⁵ See The College Board, *Trends in Student Aid 2004*.

institutions. The total FY2005 appropriation for Title III is \$421.7 million. Title V authorizes financial support for Hispanic-Serving institutions. Its FY2005 appropriation level is \$95.1 million.

Preservice Teacher Training

HEA Title II is the source of grants for improving teacher education programs, strengthening teacher recruitment efforts, and training prospective teachers to utilize technology (this last activity is no longer being funded). This title also establishes reporting requirements for states and higher education institutions regarding the quality of teacher education programs. The FY2005 appropriation for the Teacher Quality Enhancement grants is \$68.3 million.

Legislative Action in the 109th Congress

This part of the report summarizes the major features of reauthorization bills upon which the 109th Congress has taken action. Background on selected issues affecting the HEA, including those being addressed by the reauthorization legislation, is provided later, in a concluding part of this report.

Status of HEA Reauthorization Legislation

On July 22, 2005, H.R. 609, the College Access and Opportunity Act of 2005, was approved and ordered reported by the House Committee on Education and the Workforce. H.R. 609 would reauthorize and amend the Higher Education Act. The summary below outlines the major ways in which H.R. 609 amends the HEA.

Institutional Eligibility

H.R. 609 would make several changes to institutional eligibility requirements for participation in HEA Title IV programs. Among these changes, the most significant focus on the definition of an IHE, the 90/10 rule, 50% rules, and transfer of credit and accreditation policies. H.R. 609 would:

- Eliminate the two definitions of IHEs currently used for Title IV and non-Title IV purposes, creating a single definition of an IHE. This would enable proprietary (for-profit institutions) to participate in non-Title IV programs, but would continue to exclude them from participating in Titles III and V.⁶
- Move the 90/10 rule requiring proprietary institutions to earn at least 10% of their revenue from non-Title IV sources as a condition of institutional eligibility for Title IV programs to the Program

⁶ Another amendment to H.R. 609 would prevent references in other statutes to the definition of an IHE under Section 101 from automatically granting eligibility to participate in non-HEA programs to proprietary institutions. Proprietary institutions could participate in programs outside of the HEA only if the committees of jurisdiction elected to include proprietary institutions.

Participation Agreement⁷ and apply it to all institutions, including public and not-for-profit institutions. This could lessen the penalties for failing to meet the 90/10 rule.⁸ In addition, H.R. 609 would modify the revenue sources that could be used to meet the 10% non-Title IV revenue requirement.

- Eliminate the 50% rules governing distance education that currently limit the percentage of courses offered by telecommunications or the percentage of students that may participate in telecommunications courses.⁹
- Prohibit institutions from denying the transfer of credit on the basis of the accreditation of the institution at which the credits were earned.
- Include additional requirements for accrediting agencies or associations that accredit distance education programs.
- Require accrediting agencies and associations to consider the stated missions of IHEs in applying and enforcing standards.

College Costs and Prices

H.R. 609 would include the creation of a college affordability index. The index would be an indicator of how much tuition and fees are rising relative to increases in the Consumer Price Index over the same time period. An institution with an affordability index that exceeds 2.0 would be subject to reporting requirements. Failure to implement an action and management plan to reduce college prices would result in the institution being placed on an “affordability alert status.”

Teacher Quality Enhancements

H.R. 609 would amend the Teacher Quality Enhancement Grant program in a series of ways. It would allow additional activities; require a new evaluation system for teacher preparation programs; add new eligible partners; and require additional reporting on graduation rates and teacher supervision. H.R. 609 would also require additional measures to recruit minority teachers; those in high-demand industries including math, science, and technology; and in inner city and rural secondary schools.

⁷ All institutions participating in Title IV federal student aid programs are required to sign a Program Participation Agreement that governs their participation in the programs (Section 487).

⁸ By making this change, the penalties for violating the 90/10 rule would be the same as those imposed for violating any provision of the PPA (e.g., fine, suspension, termination); however, institutions may also be placed on provisional certification status and be subject to increased cash monitoring for a violation of the 90/10 rule.

⁹ The 50% rules would continue to apply to courses offered by correspondence.

Minority Serving Institutions

Programs funded under Title III of the HEA would experience a series of changes under the provisions of H.R. 609. The allotment of funds to tribally controlled colleges and universities (TCCUs) would change to a formula driven system based on the number of Pell Grant recipients and the number of degrees or certificates awarded in a specific year. H.R. 609 would implement a minimum grant of \$400,000 for TCCUs. H.R. 609 would authorize Alaska Native and Native Hawaiian-serving institutions to use grant funds to establish or increase their endowments. HBCUs would have the minimum grant increased from \$500,000 to \$750,000 — if the amount appropriated for any fiscal year is sufficient to cover the amount that each institution received in the previous fiscal year. In addition, Alabama State University, Coppin State, Prairie View A&M, and Delaware State University would be added to the list of eligible graduate and professional institutions under Title III, Part B, Section 326.

The structure of Title V would significantly change under the provisions of H.R. 609. Eligible Title V grantees would no longer be required to enroll at least 50% low-income Hispanic students, and the two-year wait-out period would be eliminated as well. In addition, H.R. 609 would establish a separate program for graduate and professional schools, comparable to the existing programs for HBCUs.

Pell Grants

H.R. 609 would make a series of changes to Pell Grants. H.R. 609 would increase the authorized maximum Pell Grant award from \$5,800 to \$6,000 until award year 2012-2013. It would also eliminate the tuition sensitivity provision that prohibits low-income students who attend low cost institutions from receiving the maximum Pell Grant award. H.R. 609 would also limit receipt of a Pell Grant to either 18 semesters or 27 quarters; and it would prohibit individuals who are confined to civil commitment centers from receiving a Pell Grant. It would provide year-round Pell Grant awards for students who are enrolled full-time in an associates or baccalaureate degree program, at an eligible four-year or two-year institution, if the student attends for 12 months rather than nine months.¹⁰ H.R. 609 would also establish a Pell Grant Plus for State Scholars program.

Federal Family Education Loan and Direct Loan Programs

Under the provisions of H.R. 609 a planned switch from variable to fixed interest rates would be averted. Under current law, Stafford loans made on or after July 1, 2006 will have a 6.8% fixed interest rate and PLUS loans made on or after July 1, 2006 will have a 7.9% fixed interest rate. Under the provisions of H.R. 609, these fixed rates would not take effect. Instead, Stafford and PLUS loans made on or

¹⁰ Eligible baccalaureate institutions must have at least a 30% graduate rate, as reported in the Integrated Postsecondary Education Data System (IPEDS) for the four preceding years. Two-year institutions must have a graduation rate in IPEDS (in at least one of the last three years for which data are available) that is above the average for the type and control of the institution.

after July 1, 2006 would be variable rate loans, with rates that adjust annually, and their rates would be established by the rate-setting formulas that are currently used to establish rates for Stafford and PLUS loans.

Loan limits would be increased for undergraduate and graduate students. For first year undergraduates Stafford Subsidized loan limits would increase from \$2,625 to \$3,500; for second year undergraduates from \$3,500 to \$4,500. The Unsubsidized Stafford annual loan limit for graduate students would be increased from \$10,000 to \$12,000. The new annual limits would be applicable to loans made on or after 7/1/06.

Borrower fees would be reduced over a series of years. Currently, the federal government collects a 3% origination fee on all Stafford loans (subsidized and unsubsidized). In addition, in the FFEL program, in some instances, the federal government receives a 1% insurance premium from borrowers. Under H.R. 609, Stafford loan borrower fees would be phased down in the following manner: borrower fees would be 3% for new loans made July 1, 2006 through June 30, 2007; 2.5% for new loans made July 1, 2007 through June 30, 2008; 2% for new loans made July 1, 2008 through June 30, 2009; 1.5% for new loans made July 1, 2009 through June 30, 2010; and 1% thereafter. As of July 1, 2006, the Secretary would be prohibited from waiving any amount of the Direct Loan (DL) loan fees and from providing any repayment incentives before the borrower enters repayment. No parallel prohibition is included for FFEL lenders with regard to origination fees.

FFEL and DL borrower repayment plans would be altered in a series of ways. H.R. 609 introduces a new FFEL and DL program repayment option, "delayed repayment," allowing a borrower to repay only interest due or \$300 (whichever is greater) for the first two years, and then begin a regular repayment plan. H.R. 609 would make several additional changes to DL repayment plans to make them the same as those offered in FFEL. Most notably, DL extended repayment would now only be available to borrowers with \$30,000 or more in loans and those with no outstanding loans from periods prior to October 1, 1998, and would feature a maximum repayment term of 25 years. Currently these restrictions apply in FFEL but not DL and the maximum DL repayment term is 30 years. Additionally the DL graduated repayment maximum term would be reduced to 10 years. Currently, it offers repayment terms linked to debt levels, ranging from 10 to 30 years. H.R. 609 also specifies that the Secretary may not restrict ratios or proportions under FFEL graduated repayment plans.

A new loan deferment benefit for military service is established. All FFEL and DL borrowers serving on active duty during a war, other military operation, or national emergency would be able to defer loan payments for up to three years. Currently this benefit is available only to borrowers who had outstanding loans prior to July 1, 1993.

Under the provisions of H.R. 609 the interest rate formula currently used to establish fixed interest rates on consolidation loans would be phased out. Consolidation Loan interest rates would be determined using the existing fixed rate formula only through June 30, 2006. After that date, borrowers could elect to receive a variable or fixed rate. The variable rate option would feature the rate-setting

formula used to establish rates for Stafford loans in repayment. The fixed rate would be determined based upon the bond equivalent rate of the 91-day Treasury Bill from the final auction held prior to each June 1 plus 3.3%; capped at 8.25%. Borrowers electing the fixed rate option would also be assessed a 0.5% offset fee. Consolidation Loans, made on or after July 1, 2006, comprised exclusively of underlying PLUS loans would have rates determined by alternate rate setting formulas, featuring higher add-ons.

A series of additional features of consolidation loans would be changed.

- H.R. 609 would eliminate differences between FFEL and DL consolidation loans by stating that the DL consolidation loans shall have parallel terms and conditions to those available under FFEL.
- In school consolidation would be eliminated.
- Spousal consolidation loans would be eliminated.
- The single holder rule would be eliminated. H.R. 609 would install a requirement that single holder borrowers notify the holder of intent to consolidate, but would remove the requirement that such borrowers consolidate with their loan holder.
- More disclosure information would be required to educate borrowers about the costs of a consolidation loan and its effect on benefits.

The loan rehabilitation period is redefined. A defaulted loan is considered rehabilitated after nine payments made within 20 days of being due during 10 consecutive months instead of the current requirement of 12 repayments made within 12 months.

Expanded loan forgiveness. Under the provisions of H.R. 609, the expanded loan forgiveness (up to \$17,500) authorized by P.L. 108-409 would be made permanent, and it would be extended to credentialed reading teachers who serve in high poverty schools. This expanded loan forgiveness is currently available for highly qualified teachers of mathematics and science in secondary schools, and for special education and related specialists (certified by the chief administrative officer of their school) in elementary and secondary schools, after five years of consecutive service in high poverty schools. H.R. 609 also includes a new provision that would cancel the student loan indebtedness for survivors of victims of the September 11, 2001 attacks.

In addition, H.R. 609 would authorize loan forgiveness of up to \$5,000, subject to appropriations, for service in areas of national need. This loan forgiveness would be available for: early childhood educators, librarians, highly qualified teachers of bilingual education, first responders (firefighters, police officers, emergency medical technicians) serving in low income communities; nurses serving in clinical settings or as a teacher in an accredited school of nursing; specified foreign language specialists; speech-language pathologists with a graduate degree serving in eligible schools; and child welfare workers with a degree in social work or a related field with a focus on serving children and families. The Secretary of Education would be granted the authority to designate additional individuals (who have completed a baccalaureate or advanced degree in the relevant area) as serving in areas of national need.

New excess interest provisions would be adopted to capture lenders' floor income. A new formula would be in effect for new loans made on or after July 1, 2006, which would annually calculate the amount a borrower rate was above the Special Allowance Payment (SAP) rate, and the difference will be credited to the federal government.

Limitations would be introduced to prevent lenders from making new 9.5% loans. Certain loans, made or purchased with funds obtained by holders from tax-exempt obligations originally issued on or after October 1, 1980 and prior to October 1, 1993, receive a minimum of 9.5% in interest income. As of October 1, 2005 these limitations would eliminate the prospect of additional loans qualifying for this rate guaranty.

Loan insurance rates would be reduced and exceptional performer requirements are revised. H.R. 609 would reduce the loan insurance percentage paid to lenders on default claims from 98% to 96% for new loans made on or after July 1, 2006. In addition, the insurance percentage paid to lenders and servicers receiving "exceptional performer" designations would be reduced from 100% to 98%. Several new eligibility criteria would be established for those lenders and servicers seeking exceptional performer designations — including requirements that they perform at or above 95% of the industry and show regular improvement on a series of performance measures (pertaining to default and delinquency rates, and rates at which delinquent loans are restored to good standing). In addition, exceptional performer designations can only be offered if they are cost neutral to the federal government. Current, eligibility criteria are based on lenders' and servicers' compliance with regulatory due diligence in servicing requirements.

Schools as lenders would be subject to additional requirements. H.R. 609 clarifies that "school as lender" schools can only make loans to graduate students and schools can only lend Stafford (subsidized and unsubsidized) loans. The maximum cohort default rate an institution may have in order to be eligible to be a FFEL program lender is reduced from 15% to 10%. H.R. 609 would require schools acting as lenders to make loans that carry an origination fee and/or an interest rate that is less than the fee or rate authorized under Title IV. Currently school lenders are required to use proceeds from special allowance payments and borrower interest payments to make need based grants; H.R. 609 adds a requirement that proceeds from loan sales be used in the same manner.

New provisions would alter guaranty agency compensation for the consolidation of defaulted loans. H.R. 609 specifies that a guarantor may charge a borrower collection costs of up to 18.5% of outstanding principal and interest of a loan that is paid off through consolidation by the borrower. The guarantor would be required to remit an amount equal to 8.5% of the outstanding principal and interest to the federal government, and could retain the remainder. Currently, guarantor compensation for the consolidation of defaulted loans is not addressed in statutory provisions. In accordance with regulatory guidance, borrower collection costs of up to 18.5% are charged for consolidation, and the full amount is retained by the guarantor. Additionally, H.R. 609 specifies that for any fiscal year beginning on or after October 1, 2009, the proceeds from the consolidation of defaulted loans that exceed 45% of the guaranty agency's total collections on defaulted loans cannot be

retained by the guarantor. These “excess consolidation proceeds” would be remitted to the federal government.

Borrower collection fee amounts that guaranty agencies may charge for loans rehabilitated out of default are specified in statute. H.R. 609 specifies that a guarantor may charge a borrower and retain collection costs of up to 18.5% of the outstanding principal and interest at the time of the sale of a rehabilitated loan. Currently, the fee level is specified in regulations but not statute.

Guaranty agency reinsurance percentages would be reduced and guarantors would no longer qualify for exceptional performer status. For loans made on or after July 1, 2006, guarantors would receive 93% reinsurance from the federal government, 83% if the guarantor has more than 5% of the loan amount it insures in default, and 73% if the guarantor has more than 9% of the loan amount it insures in default. These rates would be reduced from 95%, 85%, and 75% respectively. In addition, guarantors would no longer be eligible for exceptional performer status (and the accompanying 100% reinsurance rate).

Guarantor reporting requirements would be expanded. H.R. 609 includes a new requirement that a guaranty agency provide all three major credit agencies with borrower information. Currently they are required to enter into reporting agreements with credit agencies, but not with all three.

H.R. 609 sets new authorized funding levels for Section 458 administration activities. New authorization levels for fiscal years 2006-2010 for mandatory appropriations range from \$820 million to \$894 million. The amount of the appropriated funds that support guaranty agency Account Maintenance Fees cannot exceed a cap that goes from \$220 million in 2006 to \$294 million in 2010. The current authorized appropriation level for Section 458 administration activities is \$795 million, of which \$195 million support account maintenance fees.

Campus-Based Financial Aid Programs

Institutional base guarantees would be phased out. Under current law, the majority of federal funding for the campus-based programs (FSEOG, FWS, and Perkins Loan federal capital contributions) is allocated to IHEs on the basis of institutional base guarantees, with the remainder being allocated according to institutions’ proportionate amount — or fair share — of aggregate student financial need. Under the provisions of H.R. 609, the procedures used for allocating funds to IHEs would be amended to incrementally phase out the practice of allocating base guarantee funding. Beginning in FY2008, funding for base guarantees would be reduced by 20 percentage points every two years until being completely phased out by FY2016.

Allocation procedures based on graduation rates for Pell Grant recipients would be altered. Under current law, in the FSEOG and Federal Work-Study (FWS) programs, a portion of program funding in excess of specified amounts may be allocated to IHEs from which 50% or more of Pell Grant recipients either graduate from or transfer to four-year institutions. H.R. 609 would amend the allocation procedures for the FSEOG and FWS programs to permit 10% of program funding in

excess of \$700 million to be allocated to two-year and four-year institutions at which at least 10% of students receive Pell Grants and which have graduation rates for Pell Grant recipients that exceed the median rate for their class of institution.

Perkins Loan limits would be increased. H.R. 609 would increase annual loan limits for Perkins Loans from \$4,000 to \$5,500 for undergraduate students; and from \$6,000 to \$8,000 for graduate and professional students. It would also increase aggregate loan limits from \$20,000 to \$27,500 for undergraduate students who have completed two years of undergraduate education, but who have not yet earned a bachelor's degree; from \$40,000 to \$60,000 for graduate and professional students; and from \$8,000 to \$11,000 for any other students.

Need Analysis

H.R. 609 would make a series of changes related to the simplification of need analysis and the financial aid application process. H.R. 609 would further simplify many of the requirements for applicants who are eligible for simplified needs test (SNT) and automatic-zero expected family contribution (auto-zero EFC). For example, receipt of benefits under a federal means-tested benefit program would establish eligibility for SNT and auto-zero EFC.¹¹ H.R. 609 would also permit students to apply for federal financial aid in the years prior to enrolling in college to receive an estimate of the expected family contribution. Further, the Secretary would be required to develop a paper financial form known as the "EZ-FAFSA," and a simplified electronic form, for SNT and auto-zero EFC applicants, that requires only those data elements that are used to determine eligibility for SNT and auto-zero EFC. The Secretary would be required to encourage States to utilize these simplified forms for issuance of state need-based aid as well. States that do not permit their residents to use one of the simplified forms for need-based aid must provide the reason(s) for not allowing the use of the form and an estimate of how much it would cost to allow their residents to use a simplified form.¹²

Expanded circumstances under which income and assets may be excluded from consideration. H.R. 609 would add adoption after the age of 13 to the list of special circumstances that a financial aid administrator may consider to make adjustments to a student's financial aid package. It would also allow the assets from a family-owned, small business (defined as 100 or fewer employees) to be excluded from consideration in need analysis. In addition, assistance received by a student from the state to offset the cost of attendance would be excluded from the estimated financial assistance and the cost of attendance.

¹¹ Qualified federal means-tested benefits are defined as: Supplemental Security Income Food Stamps, free or reduced lunch, Women, Infants and Children benefits, Temporary Assistance for Needy Families (TANF), and any other programs the Secretary of Education may identify.

¹² If a state fails to respond to this requirement, the Secretary is to allow residents of that state to complete a simplified form and not complete any state-specific information.

Trio and GEAR UP

H.R. 609 would make a series of changes to the Trio and GEAR UP programs. It would extend the duration and eligibility for certain grants; set a higher minimum grant award and synchronize award cycles; prioritize “novice applicants”; and allow for multiple grants to multi-campus IHEs. Section 403 would amend GEAR UP programs to allow service provision to continue through the first year in college.

International Education Programs

H.R. 609 would make a limited number of changes to the International Education Programs, the Business and International Education Programs, and the Institute for International Public Policy which support study abroad, area studies, and foreign language training. The bill would establish an International Higher Education Advisory Board; charge the Board with conducting a study to identify foreign language heritage communities in the United States; and give government recruiters access to students enrolled in recipient IHEs for prospective employment.

Background on Selected Reauthorization Issues

The 108th Congress considered legislation to reauthorize the HEA but did not complete the process. As noted, a one-year extension was enacted. The reauthorization of the HEA is an issue before the 109th Congress. The bills on which there has been legislative action by the 109th Congress or the 108th Congress (at least committee markup) are described briefly in the separate Legislation section below. This present section briefly discusses some of the major topics and issues within those topics that have been, or may be, debated in the reauthorization process in general. These include:

- access to postsecondary education,
- college costs and prices,
- federal tax benefits,
- standards and accountability,
- need analysis,
- distance education,
- teacher quality and quantity,
- student loans, and
- Pell Grants.

Interwoven through many of these subjects are issues relating to the enrollment in substantial numbers of *non-traditional* students, i.e., older students and those not enrolled on a full-time basis, as well as the relative balance in available HEA student aid among loans, grants, and work.

Access to Postsecondary Education

At issue is whether the HEA’s array of student aid programs, student support service programs, and institutional aid programs are effective at increasing access to

postsecondary education, particularly for low-income and minority students. Increasing access to postsecondary education is a primary objective of the HEA.

Despite substantial gains in overall participation in postsecondary education over the past three decades, individuals from low-income families (bottom 20% of all family incomes) and several minority groups remain significantly less likely to participate in postsecondary education than other individuals. In 2000, the rate at which high school graduates from high-income families (top 20% of all family incomes) enrolled in college in the fall following their graduation was about 27 percentage points greater than that for low-income individuals (77% compared to 50%). In that same year, the participation rate of whites was 11 percentage points higher than that for blacks (66% compared to 55%) and 13 percentage points higher than that for Hispanics (66% compared to 53%). (These are ED estimates based on census data — *Condition of Education 2002*. The Hispanic data should be used with caution given small sample sizes in the census data.)

Of interest to the Congress is whether the current HEA programs adequately promote the traditional HEA goal of expanding access to postsecondary education for disadvantaged individuals. The Congress has considered, among other questions:

- whether the federal investment in student aid may have had an adverse impact on access by leading to increases in college prices (see separate issue on college costs and prices below);
- whether the predominance of loans in the available HEA student aid has adverse consequences for access, particularly for low-income students who may not wish to incur large levels of debt;
- whether the process of applying for current student aid programs is unreasonably complicated and should be simplified to encourage needy students to pursue aid;
- whether the current student support services programs — TRIO and GEAR UP — are adequate to their task and whether they may be excessively and inefficiently duplicative of each other;
- whether the federal government's growing support of non-need-based aid (such as Hope Scholarships) has come at the expense of need-based resources and what consequences this may have had on access; and
- whether HEA programs are sufficiently attentive to the access issue for the population of non-traditional students that make up a sizeable portion of student enrollment.

College Costs and Prices

Increases in college prices (what students and their families have to pay) that exceed the growth in inflation and in family income have fueled interest in college affordability for low- and middle-income families. Further, there is increasing

concern that state budget constraints are leading to reductions in funding for public higher education and, potentially, increases in tuition and fees.¹³

The Higher Education Amendments of 1998 sought to improve the quality of information reported by ED regarding postsecondary education prices (what students and their families are charged and what they pay) and costs (the costs incurred by institutions to operate and provide instruction). The Department was also required to undertake a study and issue a final report by September 30, 2002, on expenditures at higher education institutions, including analysis of the relationship between certain expenditures and college prices. The Department has issued a series of reports on college costs and financing, including *Study of College Costs and Prices, 1988-1989 to 1997-1998* (December 2001), and *What Students Pay for College: Changes in Net Price of College Attendance Between 1992-93 and 1999-2000* (September 2002). In addition, the Bureau of Labor Statistics was to develop a higher education “market basket” that identifies the items that make up college costs (the market basket has not been developed).

The Congress has debated what new steps might be appropriate and necessary to address concerns about affordability. It has considered such issues as:

- whether current data are adequate to delineate the actual extent and causes of an affordability problem;
- whether the federal government should take a direct role in limiting institutions’ price increases or in rewarding institutions that limit increases; and
- whether the state funding role and its consequences for public tuition levels should be addressed in some fashion.

Federal Tax Benefits

In recent years, new federal income tax benefits have been created to help students and their families meet postsecondary education expenses. These have provided tax credits or deductions for expenses already incurred — the Hope Scholarship tax credits, the Lifetime Learning tax credit, and a tax deduction for postsecondary education expenses. Taxpayers are also able to receive federal income tax benefits for savings for college through Coverdell education savings accounts, qualified tuition programs, and education savings bonds. These tax provisions are a significant source of support for students and their families. Preliminary data from the Internal Revenue Service for 2002 show that in that tax year 6.5 million returns claimed \$4.9 billion in education tax credits. These benefits are not need-based and appear to primarily aid middle- and upper-middle income families.

With the introduction of these tax benefits, substantial amounts of federal financial assistance for postsecondary education are available from two parallel

¹³ Background and data on college costs and prices are provided in CRS Report RL32100, *College Costs and Prices: Background and Issues for Reauthorization of the Higher Education Act*, by David Smole.

systems — the federal income tax system; and the traditional student aid delivery system which provides aid such as grants, loans, or work opportunities.

The Congress has shown interest in various issues that arise from providing resources through two systems and from the intersection of these resources in the need analysis process. Among these issues are:

- whether the increasing federal investment in tax-based benefits disproportionately assists middle- and upper middle-income students and families at the expense of investment in traditional student aid targeting low-income students and families;
- how the need analysis process should reflect the availability of tax resources in its determination of students' eligibility for traditional student aid and the level of such aid;
- whether providing substantial amounts of assistance through two systems (traditional student aid and tax system) has made the process of financing postsecondary education expenses unduly complicated;
- whether the targeting and levels of HEA student aid should be modified given the expansion of non-need-based aid through the federal income tax system; and
- whether the tax benefits are more or less likely to contribute to increases in college prices than are traditional student aid programs, particularly those that are need-based.

Standards and Accountability

For much of the history of the HEA, standard-setting and accountability efforts have focused primarily on ensuring that participating institutions are acting properly in their administration of HEA institutional and student aid funds. Among the indicators followed closely have been incidents of fraud and abuse by postsecondary institutions and, more recently, default rates by student loan borrowers. Continued participation in Title IV student aid programs is contingent upon institutions' default rates. Although concern about mismanagement of HEA funds remains substantial, there is increasing interest in the Congress in holding higher education institutions that are benefitting from billions of dollars in federal funding accountable for the educational outcomes of their students.

One question is whether default rates are a reasonable and effective measure to hold institutions accountable for educational outcomes. It may be argued that default rates will rise at institutions that fail to educate their students because such students will not be able to enter successfully the world of work and repay their student loan obligations. Nevertheless, it may also be asserted that this is at best an indirect measure of the success of institutions in educating their students, and that it may have a particularly negative impact on institutions serving disadvantaged student populations.

In lieu of, or in addition to, default rates, there has been interest in the use of alternative accountability measures more directly tied to educational outcomes. These include the rates at which students complete their programs of study, or the

rates at which program graduates secure professional licensing or certification. The HEA already embraces pass rates on professional licensing exams as an accountability measure for teacher education programs at higher education institutions (see discussion below of Teacher Quality and Quantity).

The appropriateness of different accountability measures may be affected by changes in the demographics of postsecondary education students. For example, are the relevant outcomes measures different for non-traditional students than they are for traditional students, given potential differences in such areas as educational objectives between these two groups of students?

In addition, the Congress has debated the roles being played by states, accrediting agencies, and ED in determining eligibility for HEA program funds. The Congress may debate how effective these various entities have been in addressing issues of educational quality and whether changes should be made.

Need Analysis

The federal need analysis system delineated in HEA Title IV is the basis upon which students' eligibility for, and level of, Title IV student aid is determined. The key element in the system is the determination of a student's expected family contribution (EFC), that is, how much the student and his or her family is expected to contribute from income and other resources toward the price of postsecondary education. In past reauthorizations, elements of the need analysis system, particularly the determination of the EFC, have been subject to debate and amendment.

During this reauthorization the Congress has considered whether the need analysis system appropriately and adequately gauges students' ability to contribute toward their education. This may be particularly important given the recent growth in federal tax-based support to meet college expenses. These include tax provisions to reimburse families for college expenditures (e.g., federal Hope and Lifetime Learning tax credits) and to promote college savings (e.g., federal tax incentives for Qualified Tuition Plans). One of the key questions is how the need analysis system should take these tax-based resources into account in determining what families can be expected to contribute toward college expenses.

As noted earlier, there is concern about the complexity of the financial aid application process. As part of an effort to simplify the process, attention is being paid to changes in how the financial contribution from students and their families toward postsecondary expenses is calculated.

There is an ongoing debate about recent efforts by ED to update state and other tax tables used in EFC calculations. This issue may be considered as part of the reauthorization of the HEA. There is concern among some observers that the updating of the state and other tax tables will adversely affect some applicants' eligibility for need-based federal student aid. Although the HEA charges the Secretary with annually updating various EFC allowances and tables, the state and other tax tables specifically have not been updated for a decade. In May 2003, the Secretary published a notice in the *Federal Register* revising the state and other tax tables to be used to determine an applicant's EFC during the 2004-2005 award year.

The Consolidated Appropriations Act, 2004 (P.L. 108-199) barred ED from using those revised tax tables until the end of FY2004 (September 30, 2004). The Consolidated Appropriations Act, 2005 (P.L. 108-447) does not include language barring the implementation of revised tax tables. In the absence of specific legislation prohibiting the usage of revised state tax tables, it is possible that ED will revise the state and other tax tables for EFC calculations for the 2005-2006 award year.

Another issue is how well the premises and process of federal need analysis serve non-traditional students. For example, some of these students may be seeking assistance for sporadic course-taking to bolster their economic opportunities, and may not enroll in degree- or certificate-granting programs, making them ineligible for any Title IV student aid, or they may enroll on less than a half-time basis, making them ineligible for Title IV loans.

Related to the process of determining eligibility and need for federal student aid is the packaging of federal and non-federal aid that is the purview of financial aid officers on postsecondary campuses across the country. Packaging policies have been at issue for several federal programs, including the GEAR UP program, which attempt to provide “last dollar” aid to students. These dollars are intended to be awarded to eligible students in addition to all other federal and non-federal aid for which they are eligible. Institutions have raised concern that federal efforts in this area inappropriately intrude on their discretion to package their institutions’ own aid as well as other aid that may be designated as “last dollar” aid. The packaging interaction of veterans’ education benefits and educational benefits provided for community service through AmeriCorps, for example, with HEA Title IV aid may also be at issue during the reauthorization process.

Distance Education

Postsecondary education institutions are increasingly delivering instruction using telecommunications technology that links learners and teachers in different locations and at different times. In 2000-2001, over half (56%) of two- and four-year postsecondary institutions offered courses using distance education. A significant portion (about 12%) of all postsecondary institutions were planning to begin to do so over the next three years.¹⁴

This growing use of distance education has raised substantial issues for HEA Title IV student aid programs. It is bringing into question the application of provisions previously enacted to address abuses of student aid by various correspondence schools. It is also challenging traditional definitions of what constitutes a student, a program, and the measures of student engagement in postsecondary instructions.

The federally established Web-based Education Commission reported in December 2000, that certain HEA provisions unduly restricted the legitimate growth

¹⁴ U.S. Department of Education, *Distance Education at Postsecondary Education Institutions: 2000-2001*.

of distance learning, limiting access to postsecondary education. The Commission recommended that the U.S. Congress consider several relatively technical changes to the HEA intended to remove limits on the extent to which postsecondary institutions can engage in distance learning and remain eligible for Title IV student aid programs. It also proposed regulatory changes in how a week of instructional time in Title IV-eligible nontraditional terms is defined because this definition is difficult for distance education enrollees to meet. In the 107th Congress, legislation to address these issues (H.R. 1992) was passed by the House but not the Senate.¹⁵ ED has made a regulatory change to address the week of instructional time issue.¹⁶

The Higher Education Amendments of 1998 authorized the Secretary of Education to choose a group of institutions at which various student aid statutory and regulatory provisions could be waived to promote the expansion of distance learning at those institutions. Annual evaluation reports are required from the Secretary.

Results from these evaluations and the demonstration sites are likely to be considered by the Congress as it debates what HEA statutory changes may be appropriate to accommodate the delivery of instruction through telecommunications while safeguarding federal student aid dollars.

Teacher Quality and Quantity

As amended in 1998, the HEA authorizes several programs intended to improve the quality of training and preparation that prospective K-12 teachers receive from teacher education programs at the postsecondary level. The Congress acted out of concern that the quality of the K-12 teaching force was a critical element in the successful implementation of federal initiatives to raise the academic performance of K-12 students.

A significant step taken by the 1998 amendments was to require states and higher education institutions to report on various attributes of teacher preparation programs, including the rates at which recent graduates passed initial teacher licensing exams. The amendments also required states to implement a process that identifies teacher education programs as low-performing. If a state's designation of a program as low-performing leads to the withdrawal of state approval or termination of state funding, then the HEA provisions trigger a loss of the institution's federal funds for professional development and the ineligibility of teacher education students for Title IV student aid at that institution.

The Congress is revisiting these provisions during the reauthorization process. Among the issues before it are the following:

- what impact, if any, these provisions may have had;
- whether any assessment of the merits of these provisions is premature;

¹⁵ See CRS Congressional Distribution Memorandum, *H.R. 1992/S. 1445, Internet Equity and Education Act*, by Margot A. Schenet, Jan. 29, 2002. (Available from Adam Stoll.)

¹⁶ *Federal Register*, Nov. 1, 2002.

- whether the emphasis on pass rates is appropriate and likely to prompt institutions and states to strengthen their teacher preparation programs or whether pass rates are an inadequate gauge of quality and potentially a deleterious one raising barriers for programs that prepare minority students for teaching; and
- whether federal requirements should be strengthened to improve the quality of data reported, increase comparability across institutions and states, and raise the consequences for poor performance.

Student Loans

As already delineated, the HEA student loan programs are responsible for a substantial portion of the federally supported aid currently available to postsecondary students. The 107th Congress approved legislation to modify the HEA by extending the existing student loan interest rate structure through June 2006, and installing fixed rates for borrowers thereafter.

Issues being considered during the reauthorization process touch on myriad aspects of the loan programs. The Congress is debating whether to continue or to modify the current framework of providing federally subsidized loans whose principal is non-federal capital (FFELs) while concurrently lending federal funds directly (Direct Loans). It is also addressing such issues as:

- whether the levels of debt being incurred by students through the federal programs are having negative effects on access to postsecondary education, persistence, and career choices;
- whether current annual and cumulative limits on what individual students can borrow from these programs should be raised to reflect rising college prices and help students avoid utilizing more expensive non-federal loans, or whether such action will fuel price increases and burden students with too much debt;
- whether federal loans are too expensive and various costs, such as loan origination fees, should be adjusted; and
- whether a desirable balance is being struck between loans and gift aid (grants and tax benefits) for various groups of borrowers.

Pell Grants

The Pell Grant program is the foundation of the student aid provided by the HEA. During the reauthorization process, the Congress has considered a variety of Pell Grant-related issues. Of immediate interest to the Congress is the issue of shortfalls in the program. For example, the FY2005 appropriation of \$12.4 billion for the program is intended to support a \$4,050 maximum grant, but program costs for FY2005 are estimated to be \$12.8 billion. Further, annual appropriations in recent years have fallen short of program costs. The result is an estimated shortfall for FY2005 of \$4.0 billion. The shortfall situation may influence action taken during the upcoming reauthorization. The HEA no longer has statutory provisions allowing the Secretary of Education to reduce awards in order to address shortfalls; such language was deleted from the HEA by the Higher Education Amendments of 1992.

Some may propose making these grants into entitlements as a way of addressing the recurrent shortfalls.

Among other issues attracting attention during the reauthorization is whether the program would more successfully promote access if its assistance were targeted to the first two years of enrollment, covering a more substantial portion of college expenses (so-called *front loading* with Pell Grants), thereby reducing reliance on loans in these early years of enrollment. Also, the Congress may debate the relative balance among the various forms of federal student assistance awarded under the HEA and the tax system. As noted earlier, the share of HEA Title IV aid provided in the form of grants is markedly less than the loan volume and, overall, has declined since the early 1990s.

Legislation

This section identifies and briefly describes legislation proposing reauthorization of the HEA or major components of the HEA on which there has been legislative action (at least markup at the subcommittee level) by the 109th Congress. Descriptions of legislation passed by the 108th Congress are also provided below.

H.R. 609 (Boehner)

College Access and Opportunity Act of 2005. Reauthorizes and amends the Higher Education Act. Approved and ordered reported by the House Committee on Education and the Workforce July 22, 2005.

H.Con.Res. 95

The FY2006 Budget Resolution. The annual concurrent resolution on the budget sets forth the Congressional budget. The FY2006 budget resolution instructs authorizing committees to report legislation to reduce mandatory spending for the period FY2006-FY2010. Subsequently, these proposals would be combined in a single reconciliation bill by the budget committees. The House Committee on Education and the Workforce is responsible for a reduction of \$1.0 billion for FY2006 and \$12.7 billion for FY2006 through FY2010; the Senate Committee on Health, Education, Labor, and Pensions is responsible for \$1.2 billion for FY2006 and \$13.7 billion for FY2006 through FY2010. Agreed to April 28, 2005.

H.R. 509 (Tiberi)

International Studies in Higher Education Act of 2005. Amends and extends, through FY2011, various programs under HEA Title VI supporting international education. Among the programs reauthorized are the International and Foreign Language Studies programs, Business and International Education programs, and programs administered by the Institute for International Public Policy. Among amendments to this title, the bill would add an International Higher Education Advisory Board, an independent entity in the Department of Education, to provide advice and make recommendations to the U.S. Congress and the Department on international higher education issues. Among other amendments, the bill would add language requiring any higher education institution receiving funds under this title

to provide recruiters from agencies of the federal government reasonable access to its campus for recruiting purposes. Subcommittee consideration and markup held by the House Education and the Workforce Committee, Subcommittee on Select Education on June 16, 2005. Approved for full committee consideration.

H.R. 510 (Tiberi)

Graduate Opportunities in Higher Education Act of 2005. Amends and extends, through FY2011, various programs under HEA Title VII supporting graduate education as well as projects to improve postsecondary education. The programs reauthorized included the Javits Fellowship program, the Graduate Assistance in Areas of National Need program, the Thurgood Marshall Legal Educational Opportunity program, the Fund for the Improvement of Postsecondary Education, and the Demonstration Projects to Ensure Students with Disabilities Receive a Quality Higher Education. Among changes made to these programs are the addition of a priority under the Graduate Assistance in Areas of National Need program for preparing faculty who can train students to be highly qualified math, science, and special education K-12 teachers as well as teachers of limited English proficient students. Subcommittee consideration and markup held by the House Education and the Workforce Committee, Subcommittee on Select Education on June 16, 2005. Approved for full committee consideration.

P.L. 108-409 (H.R. 5186 — Boehner)

Taxpayer-Teacher Protection Act of 2004. Amends the HEA to reduce temporarily special allowance payments for certain loans under the Stafford Loan program. Amends HEA Title IV provisions regarding forgiveness of Stafford Loans for K-12 teachers in low-income schools to expand the amount that can be forgiven to \$17,500 for math, science, and special education teachers. Expanded amounts are available only for those who were new borrowers between October 1, 1998 and October 1, 2005. Passed the House under suspension on October 7, 2004. Passed Senate without amendment on October 9, 2004. Signed into law on October 30, 2004.

P.L. 108-366 (H.R. 5185 — Boehner)

Higher Education Extension Act of 2004. Extends the programs in the HEA through FY2005. Among other provisions, also extends required or permitted activities under the HEA, as well as, advisory committees and other entities. Passed the House under suspension on October 6, 2004. Passed Senate without amendment on October 9, 2004. Signed into law on October 25, 2004.

P.L. 108-309 (H.J.Res. 107 — Young, FL)

Legislation making continuing appropriations for FY2005 and for other purposes. This legislation funds federal programs through November 20, 2004. It includes language specifying that the programs, activities, eligibility requirements, and advisory committees in the HEA authorized through FY2004 will continue through the duration of this continuing resolution. Passed by the House and Senate on September 29, 2004. Signed into law on September 30, 2004.

For Additional Reading

Prior Reauthorization

CRS Report RL30063, *The Higher Education Act: Reauthorization by the 105th Congress*, coordinated by James B. Stedman. (Archived, available from Adam Stoll.)

Postsecondary Student Population

CRS Report RL31441, *The Postsecondary Education Student Population*, by Jeffrey J. Kuenzi.

CRS Report RS21435, *High School Completion and Postsecondary Enrollment Among First Generation and Low-Income Students*, by Jeffrey J. Kuenzi and Charmaine Jackson.

Cost of College

CRS Report RL32100, *College Costs and Prices: Background and Issues for Reauthorization of the Higher Education Act*, by Rebecca R. Skinner.

Student Aid

CRS Report RL32083, *Federal Student Aid Need Analysis: Background and Selected Simplification Issues*, by Adam Stoll and James B. Stedman.

CRS Report RL30048, *Federal Student Loans: Program Data and Default Statistics*, by Adam Stoll.

CRS Report RL30655, *Federal Student Loans: Terms and Conditions for Borrowers*, by Adam Stoll.

CRS Report RL30880, *The Role the Federal Student Loan Programs Play in Supporting Postsecondary Students*, by Adam Stoll.

CRS Report RL30656, *The Administration of Federal Student Loan Programs: Background and Provisions*, by Adam Stoll.

CRS Report RL31575, *Consolidation Loan Provisions in the Federal Family Education Loan and Direct Loan Programs*, by Adam Stoll.

CRS Report RL31668, *Federal Pell Grant Program of the Higher Education Act: Background and Reauthorization*, by Charmaine Mercer.

CRS Report RL31618, *Campus-Based Student Financial Aid Programs Under the Higher Education Act*, by David P. Smole.

CRS Report RS21824, *Student Eligibility: Drug Convictions and Federal Financial Aid*, by Charmaine Mercer and Laura Monagle.

CRS Report RS21785, *Federal Pell Grants for Prisoners*, by Charmaine Mercer.

Student Support Services

CRS Report RL31622, *Trio and GEAR UP Programs: Status and Issues*, by Jeffrey J. Kuenzi.

Minority Institutions

CRS Report RL31647, *Title III and Title V of the Higher Education Act: Background and Reauthorization Issues*, by Charmaine Mercer.

CRS Report RS21760, *Student Loan Cohort Default Rates: Exemptions for Certain Minority Serving Institutions*, by Charmaine Jackson.

CRS Report RL32396, *Federal Funding of Programs for Minority-Serving Institutions of Higher Education*, by Charmaine Mercer.

Teacher Quality and Quantity

CRS Report RL31254, *Pass Rates as an Accountability Measure for Teacher Education Programs*, by James B. Stedman and Bonnie F. Mangan.

CRS Report RL31882, *Teacher Quality Enhancement Grants (Title II, Part A of the Higher Education Act): Overview and Reauthorization Issues*, by James B. Stedman, Jeffrey J. Kuenzi, and Bonnie F. Mangan.

CRS Report RL32050, *Teacher Recruitment and Retention: Federal, State, and Local Programs*, by Jeffrey J. Kuenzi.

Institutional Participation in the HEA

CRS Report RL31926, *Institutional Eligibility for Participation in Title IV Student Aid Programs Under the Higher Education Act: Background and Issues*, by Rebecca R. Skinner.

CRS Congressional Distribution Memorandum, *Reporting Requirements Applicable to Institutions of Higher Education Under the Higher Education Act*, by David P. Smole, et al.

Other HEA Programs and Provisions

CRS Report RS21436, *Graduate Fellowship Programs Under Title VII of the Higher Education Act (HEA): Background and Reauthorization*, by Bonnie Mangan.

CRS Report RL31625, *Foreign Language and International Studies: Federal Aid Under Title VI of the Higher Education Act*, by Jeffrey J. Kuenzi and Wayne C. Riddle.

CRS Report RL32098, *The Office of Federal Student Aid: The Federal Government's First Performance-Based Organization*, by Charmaine Mercer.

CRS Report RS21653, *Fund for the Improvement of Postsecondary Education: Background and Funding*, by Bonnie F. Mangan.

Federal Tax Benefits for Postsecondary Education

CRS Report RL31484, *Higher Education Tax Credits: Targeting, Value, and Interaction with Other Federal Student Aid*, by Adam Stoll and James B. Stedman.

CRS Report RL31129, *Higher Education Tax Credits and Deduction: An Overview of the Benefits and Their Relationship to Traditional Student Aid*, by Adam Stoll and Linda Levine.

CRS Report RL31214, *Saving for College Through Qualified Tuition (Section 529) Programs*, by Linda Levine.

CRS Report RL32155, *Tax-Favored Higher Education Savings Benefits and Their Relationship to Traditional Federal Student Aid*, by Linda Levine and James B. Stedman.