The Republican-controlled U.S. House of Representatives this week will propose sweeping legislation that aims to change where Americans go to college, how they pay for it, what they study, and how their success—or failure—affects the institutions they attend.

The most dramatic and far-reaching element of the plan is a radical revamp of the $1.34 trillion federal student loan program. It would put caps on borrowing and eliminate some loan forgiveness programs.

The ambitious package—a summary of which was reviewed by The Wall Street Journal—would be the biggest overhaul of education policy in
decades. The rising expense of higher education is deeply troubling to many Americans and many increasingly question its value. Despite a steady rise in the share of high-school graduates heading to college, a skills gap has left more than 6 million jobs unfilled, a significant drag on the economy.

The Republican policy proposals, which would make up the new Higher Education Act, are aimed at filling that gap by both deregulating parts of the sector and laying the conditions for shorter, faster pathways to the workforce. The act focuses on ensuring students don’t just enroll in school, but actually graduate with skills that the labor market is seeking.

The opening House GOP gambit will likely take more than a year to wind through Congress and could undergo substantial revisions before passing into law. The Higher Education Act of 1965 was last reauthorized in 2008. It was set to expire in 2013 but was extended to allow legislators more time to work on a new version. The Congressional Budget Office is expected to score the bill this week.

Although elements of the bill, titled The Promoting Real Opportunity, Success and Prosperity Through Education Reform (PROSPER) Act, could gain bipartisan support, many universities are likely to oppose the limits on federal student loans and greater competition as the bill proposes new paths to the workforce that could exclude them.

Still, the bill offers a detailed look at how Republicans envision a higher education system that would better align with the needs of the economy. It makes changes to funding for historically black and minority-serving
colleges and touches on hot-button cultural issues including freedom of speech and sexual assault on campus.

The act would create winners and losers. Some student borrowers endure increased burdens and many established universities will face new competition and additional layers of accountability. On the other hand, community colleges will get more funding to team with the private sector and create apprenticeships and the for-profit college sector could get many changes it has lobbied for, including equal footing with nonprofit schools when it comes to limits on federal aid and measurements of graduate success.

Rep. Virginia Foxx (R., N.C.), chairwoman of the House Committee on Education and the Workforce which drafted the proposal, lamented that so much of higher education was considered “irrelevant” by employers. She hopes to better harness technology by pushing accreditors to lean on schools to accept more creative alternatives to higher education.

“Since the last bill came out, we had a big recession and tremendous technological changes,” she said. “We have a shortage of 6 million skilled workers. What we want to do is help colleges provide students with the skills they need to succeed in the workplace.”

The plan aims to expand apprenticeships and competency-based education along with more “learn and earn” opportunities, said Rep. Foxx, a former community college president.

The changes align with a call by Education Secretary Betsy DeVos for a
“Students should be able to pursue their education where, when and how it works for them and their schedules,” Mrs. DeVos said in a speech on Tuesday. “Financial aid should not be withheld simply because they pursue a nontraditional path. Politicians and bureaucrats should not dictate to students when and how they can learn.”

Photo: Ted S. Warren/Associated Press

The higher education establishment is likely to balk at many of the changes, said Judith Eaton, president of the Council for Higher Education Accreditation, which oversees the regional accreditors that serve as gatekeepers to federal student aid. “You will get nontraditional actors like companies that provide coursework for apprenticeships.”
As part of its plan to rein in student loans, graduate students and parents of undergraduates would face so far unspecified caps on how much they could borrow for tuition and living expenses—instead of borrowing whatever schools charge.

The change could cut into enrollment and potentially siphon off billions of dollars a year from universities.

The bill would also end loan-forgiveness programs for public-service employees, who currently can make 10 years of payments and then have their remaining debt forgiven, tax-free. It would also eliminate a program that ties monthly payments to income levels for private-sector workers. Current participants in both programs would be grandfathered in.

Congressional Democrats have argued that the best way to help students is to provide more direct subsidies, including grants, to students and letting them pay off what they can afford for a set time, then forgive the balances. Many Republicans and conservatives believe student aid programs have become too generous and have enabled schools to charge higher prices, ultimately at taxpayers’ expense.

One of the biggest winners in the new higher education legislation is the for-profit college industry, which faced a major crackdown under the Obama administration, amid concerns about students who failed to finish programs and were left saddled with major debt and no way to pay for it.

The rollback of those regulations has been under way since President Donald Trump took office. The reauthorization proposal goes a step further
as the gainful employment regulation, which ties access to federal student aid to whether career programs lead to decent-paying jobs.

Steve Gunderson, CEO and president of Career Education Colleges and Universities, said he is eager to eliminate the gainful employment rule, because it scrutinizes graduate outcomes almost exclusively at for-profit colleges.

“If we can replace those two words with a common set of outcomes metrics for everybody, I think we’re all better off,” he said.

The bill also touches on regulations that online programs view as burdensome, eases restrictions on paying student recruiters and more issues with an outsize effect on for-profit institutions.

“It sounds to me as if they’re including pretty much everything the for-profit schools want,” said Bob Shireman, a deputy Education Department undersecretary in the Education Department in Obama administration and now a senior fellow at the left-leaning Century Foundation.

While the bill eases up on for-profits, it purports to move toward greater accountability of all schools by revamping the dashboard of information available to prospective students and by mandating that schools would have to pay back some portion of federal loans if the student didn’t. This so-called skin-in-the-game proposal has been long fought by the powerful higher education lobby.

“Institutions need to recognize they have a role to play in this process, and
for success academically and financially,” Dr. Foxx said. “Under the committee’s proposal, if an institution’s program or repayment system doesn’t set up a student for success, then it cannot be eligible for student aid.”

—Michelle Hackman contributed to this article

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### Public Service Loan Forgiveness Employment Certification Forms (ECFs)

*Source: FedLoan Servicing*

Through September 30, 2017

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Total Approved ECFs</th>
<th>Total Denied ECFs</th>
<th>Cumulative PSLF Borrowers</th>
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<tr>
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<td>28,788</td>
<td>14,643</td>
<td>25,683</td>
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<tr>
<td>2013</td>
<td>71,083</td>
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<tr>
<td>2014</td>
<td>147,172</td>
<td>58,963</td>
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<tr>
<td>2015</td>
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<tr>
<td>Q1</td>
<td>44,202</td>
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<td>Q4</td>
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<td>Q3</td>
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<td><strong>633,447</strong></td>
<td><strong>739,719</strong></td>
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</tbody>
</table>

**Notes:**

This report includes information only about those borrowers who have self-identified themselves as interested in PSLF based on their submission of an ECF. Although no borrower will be eligible for forgiveness under this program until October 2017, the Department introduced a voluntary Employment Certification Form in January 2012 to help borrowers track their progress toward meeting PSLF requirements. Borrowers are encouraged, but not required, to submit an ECF annually or whenever they change jobs to help track their progress toward meeting the PSLF eligibility requirements. Some borrowers may choose to wait until they are eligible for forgiveness before submitting documentation about their employment. Cumulative PSLF borrowers are borrowers who have one or more approved ECFs.
The coming Public Service Loan Forgiveness bonanza

Executive Summary

The federal government is making more data available about the performance of the Public Service Loan Forgiveness (PSLF) program for federal student loans. Many policymakers are not aware of this program, but the new data reveal PSLF is growing rapidly and is larger than most observers expected. Budget agencies recently revised the projected cost of the program upward by a staggering amount, and the U.S. Department of Education reports that many PSLF enrollees borrowed over $100,000 to finance graduate degrees. Recent research suggests that borrowers in certain professions stand to have their entire graduate and professional educations paid for through loan forgiveness under PSLF. In light of these developments, reforms that limit the most excessive features of PSLF are warranted, although repealing PSLF altogether and letting the federal Income-Based Repayment program (IBR) accomplish the goal of PSLF is an even better course of action.

Introduction

This campaign season, candidates on both sides of the political aisle have said the federal government should help public service workers repay their student loans. During his failed bid for the Republican presidential nomination, Governor John Kasich said, "I think we can seriously look at an idea of where you can...pay off some of that debt through the public service that you do." Outlining his student loan plan in the Washington Post last year, erstwhile presidential candidate Governor Martin O'Malley wrote, "we should cap the monthly payments on students' loans, so students whose passion is teaching or policing or national service can pursue their dreams without worrying about debt or default;" Democratic nominee Hillary Clinton has expressed her intent to "forgive [student] loans for people who do public service jobs after a period of time." Presidential candidates and other policymakers may be surprised to learn that the federal government already offers a broad and generous loan repayment program for public service workers. But the latest statistics suggest that the government does too much to help borrowers in public service jobs repay their loans, not too little. Recent figures on budget costs, enrollment, and projected loan forgiveness all point to a public service loan forgiveness bonanza on the horizon—one that will significantly distort incentives and pricing in higher education and disproportionately benefit borrowers with graduate and professional degrees.

Policymakers can be forgiven for missing these trends. Key information about the Public Service Loan Forgiveness program is hard to come by. What is available is scattered across obscure government PowerPoint presentations and spreadsheets. Pulling that information together just might convince Hillary Clinton and other lawmakers that the government already provides a large public service loan forgiveness program, and that the more apt proposal would be to rein it in, not expand it.

What are Income-Based Repayment and Public Service Loan Forgiveness?

First, let's review how these programs work. Anyone with a federal student loan who works in public service can currently cap his monthly payments at a fixed share of his income and the government will forgive all remaining debt after 10 years. Two distinct programs are at work here: Income-Based Repayment (IBR) and Public Service Loan Forgiveness (PSLF).

Both were enacted in 2007, but the Obama administration enacted policies to make them significantly more generous in 2010, 2012, and again in 2015. Income-Based Repayment. Through IBR, any borrower can cap payments on his loans at 10 percent of a portion of his income, which is calculated by deducting 150 percent of the poverty line for his household size ($17,655 for a single person without dependents) from the adjusted gross income stated on his federal tax return. Adjusted gross income usually reflects less than a borrower's total income because it excludes the income a borrower contributes to a long list of common pre-tax benefits, such as health insurance premiums, retirement savings, and even employee parking and transit expenses. It also excludes a borrower's payments on student loan interest, creating a double benefit.

IBR also goes by two other names, Pay As You Earn (PAYE) and Revised Pay As You Earn (REPAYE), but the benefits are nearly identical across all three. For simplicity, this piece will collectively refer to the programs as IBR. Note that borrowers may use IBR regardless of the type of job they have. It is not limited to public service employees.

To understand how IBR works, consider a hypothetical individual with an adjusted gross income of $45,000—total earnings of $50,000—and a student loan balance of $50,000. IBR has him pay $227 per month on his loan instead of the $530 he would pay on the traditional 10-year repayment plan. After 20 years of payments, the federal government forgives all remaining unpaid interest and principal. Prior to the Obama administration's changes, payments were 15 percent of income, which in that example would result in a $340 monthly payment, or 50 percent more than what borrowers now pay under IBR. Loan forgiveness also kicked in not after 20 years but 25.

Public Service Loan Forgiveness. Under the separate PSLF program, borrowers employed full-time in a public service occupation who use IBR receive loan forgiveness much sooner—after only 10 years of payments (technically 120 cumulative monthly payments). When the Obama administration reduced the monthly payments borrowers make in IBR, it also increased the benefit of PSLF by a substantial amount. Had the administration left the original IBR program in place, borrowers would have paid 50 percent more before having their remaining debt forgiven under PSLF.

Unlike other loan forgiveness programs targeted at certain professions, PSLF defines public service broadly enough to encompass a quarter of the U.S. workforce. Eligible employment includes any position at a federal, state, or local government entity, or non-profit organization with a 501(c)(3) designation, or another non-profit organization that does not have 501(c)(3) status but provides emergency management, public safety, or law enforcement services; health services; education or library services; school-based services; public interest law services; early childhood education; or public services for individuals with disabilities and the elderly.

PSLF costs are skyrocketing

Many observers initially dismissed PSLF as a program that few borrowers would use. It was hard for them to see how the terms of repayment translated into substantial benefits for borrowers. Now that new information about how the program is working is coming in, some people are rethinking their first impressions.
The Obama administration understands that spending on PSLF needs to be reined in. The administration’s proposals do not go nearly far enough, as I argue and document subsequently, and they have not obtained traction on the Hill. Nevertheless, the proposed reforms give us a window into the runaway costs of the program as scored by the non-partisan Congressional Budget Office (CBO). In 2014, the CBO estimated that the Obama administration’s proposal to cap the amount that could be forgiven under PSLF at $57,500 would save $265 million over 10 years (2015 to 2024). The agency recently revised that figure to $6.7 billion.

The CBO revised its estimates by a similar magnitude for a related change to PSLF proposed by the Obama administration. Borrowers make payments based on their income only up to a certain point in IBR. Once a borrower’s income reaches a level where his loan payment would be higher than under a traditional 10-year repayment term for his original loan balance, the program by default has him pay the lower of the two amounts. The Obama administration proposed eliminating this cap, which would thus require some borrowers to pay more and therefore have less forgiven under PSLF. The CBO originally estimated the proposal would save $135 million, which stems from reducing the amount of loan forgiveness borrowers get under either PSLF or IBR’s 20-year forgiveness benefit. In 2016, the CBO raised that estimate to $5.4 billion.

In other words, as indicated in the table below, the CBO estimates that just two features of IBR and PSLF that favor those with the largest loans and incomes will cost the taxpayer over $12 billion in forgiven loan repayments over the next 10 years.

### 10-year budget savings from Obama administration’s proposed changes to Public Service Loan Forgiveness (in billions)

<table>
<thead>
<tr>
<th>Feature</th>
<th>2014 estimate</th>
<th>2016 estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cap loan forgiveness at $57,500</td>
<td>$0.265</td>
<td>$6.685</td>
</tr>
<tr>
<td>Remove 10-yr plan repayment cap*</td>
<td>$0.155</td>
<td>$5.365</td>
</tr>
</tbody>
</table>

*Only a portion of savings are related to PSLF.

Source: Congressional Budget Office.

**Enrollment in PSLF and IBR is booming**

One reason why government agencies like the CBO are changing their outlook on PSLF is that enrollment is growing rapidly. To be sure, gauging enrollment in PSLF is tricky because borrowers can retroactively claim benefits for work and payments as far back as 2007. They can work in a qualified job, make the requisite number of payments for 10 years, and then submit all the paperwork to the Department of Education to have their remaining debt forgiven. However, the Department developed an optional certification process in 2012 so that borrowers and the government have more clarity and certainty about who qualifies and is enrolling in PSLF. Borrowers may (but are not required to) submit a form to the Department documenting their qualifying loan payments, and the Department will determine whether they qualify for PSLF. Borrowers can thus have their accumulated credit toward PSLF certified as they work and make payments.

These certifications provide a sense of how many borrowers are "enrolled" in PSLF, although many more who opt not to submit a verification form will qualify retroactively. The latest data show that there are 431,853 borrowers enrolled in PSLF, a number that has been growing rapidly. Around 38 percent of these borrowers are employed at non-profit organizations, and the majority are employed at a government entity. Most enrollees are in their first few years of payments, suggesting that older cohorts of qualified borrowers are unaware of the certification process or are opting not to use it. Indeed, the Government Accountability Office (GAO) finds that many eligible borrowers are not aware of PSLF and the enrollment growth comes despite little effort from the Department of Education to promote the program or further simplify the verification process. In all, the GAO says that 25 percent of the workforce is employed in a job that qualifies for PSLF, although it is unclear how many have federal student loans, are enrolled in IBR, or even know about PSLF.

Another indicator of the potential size and scope of PSLF is enrollment in IBR. There, too, the growth has exceeded almost everyone’s expectations, now totaling over 20 percent of borrowers and 36.5 percent of the outstanding federal student debt in repayment. Although many borrowers will use IBR as a repayment tool without any plans to use PSLF, all borrowers who receive PSLF must use IBR for part of their repayment term to receive any loan forgiveness.
PSLF borrowers have unusually high loan balances

Those who thought PSLF would be a small-scale program likely did not foresee that borrowers enrolled in PSLF would have some of the highest loan balances in the federal student loan program. The median debt load of those enrolled in PSLF exceeds $60,000, and nearly 30 percent of PSLF enrollees borrowed over $100,000.

The high loan balances among enrollees helps to expose that PSLF is really a de facto loan forgiveness program for graduate students, who can borrow without limit. Dependent undergraduates may borrow no more than $31,000 in federal loans spread out over five years of education ($57,500 in the case of independent students). Yet 80 percent of borrowers in PSLF borrowed more than that, meaning the program is dominated by students who attended graduate and professional school.

Distorting incentives for graduate school

The disproportionate share of graduate and professional students using PSLF should be a wake-up call for policymakers. In fact, PSLF provides a big incentive to borrow more for graduate school. Here is how one journalist who has a favorable view of PSLF describes the perverse incentives a graduate student faces:

When Camille Schenkkan had to take out thousands of dollars in student loans to pay for Claremont School of Management’s graduate program, she told herself not to worry. She had learned from colleagues also entering the field of arts education about a U.S. government program that would reward her if she spent 10 years making loan payments while working in a nonprofit. Which was exactly the field she wanted to enter anyway.
In a 2014 paper, my former colleague Alexander Holt and I modeled the incentives students like Camille face under PSLF when they consider graduate school. We used U.S. Census data on earnings for PSLF-eligible professions and a loan repayment calculator to identify at what level of debt borrowers could take on additional loans without having to pay any of the incremental debt. We found that for many PSLF-eligible professions, the debt levels at which this occurs are quite low relative to the amount graduate students borrow and the total cost of attendance for their degrees.

For example, we found that a student who pursues a Master of Education or a Master of Social Work, who accumulated a loan balance of $28,000 during his undergraduate studies, is likely to have all of the money he borrows for his graduate education forgiven under PSLF. Graduate school would be free for him, financed entirely through loan forgiveness, so long as he borrows to pay the full cost of his education and works in qualifying job. This example is not an outlier. In fact, it will be a common scenario for those professions and many others with similar earnings profiles.

How does PSLF make that possible? Based on a 10-year projection of his future income, the length of time he would repay before qualifying for loan forgiveness, the borrower in this scenario will earn enough only to repay $28,000. His payments are capped as a share of his income in IBR, and given his income, the payments exceed $28,000 in total over those 10 years. And since he had already borrowed that amount when he entered graduate school, his loan payments are therefore capped at an amount sufficient only to repay his undergraduate debt. That leaves all of the debt he borrowed for graduate school untouched and thus forgiven at the end of 10 years. Put another way, his maximum future loan payments are based on his income, which can be estimated for his profession and therefore reveal the amount of debt where an additional dollar of borrowing does not translate into additional payments.

Imagine how students' and schools' incentives are influenced when armed with such information. Students who might balk at the high price of a graduate degree that is not likely to lead to a large increase in their earnings now face much lower effective prices for the degree—even a price of zero. That is bound to allow schools to set prices higher than they otherwise would and offer degrees with questionable value in the labor market. And the effect goes beyond tuition. Thanks to PSLF, a student like the hypothetical one above who is faced with the choice of borrowing $10,000 to live frugally while enrolled in graduate school or $20,000 to support a more comfortable lifestyle is probably more inclined to choose the latter. If he is likely to have the first $10,000 forgiven, then he is even more likely to have the next $10,000 forgiven.

The case for curtailing PSLF

Admant supporters of loan forgiveness for public service will likely see the evidence discussed here as signs of success rather than cause for concern. But for policymakers who see a well-intentioned loan program spiraling out of control and distorting the graduate school marketplace, there are a number of sensible reforms that they can enact. If they are concerned that recent borrowers should be held harmless from the changes, they can apply these reforms to new cohorts of students only.

Setting a cap on forgiveness and eliminating the non-Income-Based Repayment cap. The Obama administration has already suggested a very limited set of reforms for PSLF, capping loan forgiveness at $57,500 for all students (the maximum that an independent undergraduate can borrow in federal loans) and eliminating the non-Income-Based Repayment cap. Those proposals have failed to get traction in Congress even though they seem to be relatively low-hanging fruit. The reforms address the most excessive features of PSLF but leave much of the program intact.

Lawmakers should know that even with a cap of $57,500, PSLF would still provide a relatively large amount of loan forgiveness. That is more than what Congress has provided for nearly all other student loan forgiveness programs, such as those targeted at K-12 teachers. It is also a high mark compared with the amount of grant aid the federal government provides to low-income undergraduates through the Pell Grant program. The most a student can receive through the Pell program is $34,890 over six years of enrollment. In fact, that amount might serve as a better limit for PSLF, on the grounds that the government shouldn't provide those who attended graduate school—the students who are most likely to have the full $57,500 forgiven—with a larger benefit than low-income students pursuing an undergraduate education. Scarse student aid dollars should be devoted to helping students earn undergraduate degrees, not graduate degrees. And under any cap, borrowers would always have the option to continue with IBR after receiving the limited loan forgiveness. They would also qualify for complete loan forgiveness under IBR after an additional 10 years of income-based payments.

Narrowing eligibility for public service. PSLF should use a much stricter definition of public service. In its current form, the program encompasses an overly broad cross-section of the workforce. Ironically, the current definition of public service is so broad that it treats identically situated borrowers very differently.

Take, for example, two hypothetical education journalists, each with a master's degree and $60,000 in debt, who earn $50,000 a year, one at National Public Radio and the other at the Washington Post. These two individuals have the same job, the same income, same credentials, and the same debt levels. They work just a mile apart in the same city. But only one can have his loans forgiven under PSLF—the journalist working at NPR—because NPR is a not-for-profit organization, while the Washington Post is for-profit. Thus, according to the PSLF program's eligibility requirements, everyone employed at the former is engaged in public service, while those at the latter are not.

This scenario plays out across many professions: Two nurses living in the same city with the same earnings and debt levels, one working at a for-profit hospital and the other at a nonprofit hospital; two IT professionals working across the street from one another, each with the same income and debt levels, one working at a small non-profit, the other working at a small business. These individuals receive very different levels of government support for arbitrary reasons, because of how PSLF defines "public," but not because they are engaged in different types of work. A clearer and stricter definition of public service would prevent such scenarios, treat similarly situated borrowers the same, and better target incentives to fill shortages in specific fields.

The case for eliminating PSLF

While the above changes would address many of the flaws in PSLF, a strong case remains for eliminating it altogether and letting a standalone IBR program do what PSLF is meant to accomplish. Time and time again, policymakers make the claim that the purpose of PSLF is to ensure borrowers are not constrained in their career choices by unaffordable student loan payments. Yet IBR does much to further that goal because it sets a borrower's payments to an affordable and fixed share of his income—and it provides loan forgiveness.

Imagine a borrower who wants to work for a non-profit organization but feels he cannot cover his $880 monthly payment on a traditional student loan plan with the $35,000 salary the job offers. IBR changes that equation for him. It sets his monthly payment at $110, so he need not worry about whether he can afford his loan payment in deciding to pursue the non-profit job. He would also be eligible for loan forgiveness after 20 years of payments. Assume this borrower worked in the public service job for 10 years and then moved into a position in the for-profit sector that doubled his pay. In that scenario, his payments under IBR would still be far below what would be required to repay the loan. In fact, the payments would only cover the accruing interest and he would have all of the principal forgiven after 20 years.
To be sure, this borrower would pay more in total than he would under PSLF, but his payments under IBR are not unaffordable and he pays far less on his loan than if he had to repay the full amount. In short, the IBR program provides large subsidies to borrowers with lower incomes and high debt balances, the very borrowers PSLF is meant to target. That makes PSLF redundant at best and excessively generous at worst.

Conclusion

Policymakers appear to know little about the Income-Based Repayment program and the Public Service Loan Forgiveness benefit for federal student loans. That lack of awareness is troubling, as these programs are a major force in how students are financing their educations. It is fair to wonder then whether lawmakers really intended for PSLF to be an open-ended loan forgiveness program for a quarter of the jobs in the economy.


Borrowers who have loans through the now defunct guaranteed student loan program (the Federal Family Education Loan Program) do not qualify for PSLF. Only borrowers with Direct Loans can qualify for PSLF. However, borrowers with guaranteed loans may convert their loans to Direct Loans to qualify for PSLF. No new guaranteed loans have been issued since 2010. All new loans since then are issued as Direct Loans.


Based on a 5 percent fixed interest rate on the loan balance.

The original IBR program enacted in 2007 set payments at 15 percent of income after the exemption and provided loan forgiveness after 25 years of payments. In 2010, after President Obama recommended it in his budget request, Congress changed the payment calculation from 15 percent to 10 percent of a borrower’s income and made borrowers eligible for loan forgiveness after 20 years of payments instead of 25 years. The 2010 law left all other parts of the original IBR intact, including public service loan forgiveness at 10 years of repayment. The 2010 law also made only new borrowers on or after July 1, 2011 eligible to repay using this new formula. However, in 2012, the Obama administration took executive action to make all borrowers who took out federal loans after 2008, not July 2014, eligible for the more generous IBR terms. In 2015, the Obama administration expanded the terms again to include borrowers with loans from any point in time.


The documents that the CBO provided to staff can be obtained by contacting the author. The CBO did not publish these estimates, however, they are official and were provided to congressional staff.

The benefit works in the following manner. A borrower who has a low income for the first years of repayment, but a high income in the latter five, will have his payments capped in those later years not by his income, but by his original monthly payment based on a fixed 10-year repayment plan. This ultimately increases the amount of debt he has forgiven under PSLF because his payments are lower than they would be had he made payments based on his income for the duration of his repayment term. The Obama administration wants to end that feature so that borrowers in IBR always make payments based on their incomes.

Only a portion of that sum results from reductions in loan forgiveness for PSLF and the rest results from reductions in loan forgiveness under the 20-year loan forgiveness benefit for IBR. The exact breakdown is not publicly available.


Ibid.


Ibid.

Hoblitzell, Foss, and Weigle, "Public Service Loan Forgiveness."


We used earnings data for teachers and social workers with master’s degrees at the 75th percentile in that example, meaning the scenario applies to borrowers earning less than 75 percent of their social worker or K-12 teacher peers. In this example, we used U.S. Census Bureau data to estimate a starting income at age 27 for a borrower working as a social worker with a master’s degree. Income in the first year of repayment is $40,605 (in 2016 dollars); in year five it is $60,527; in year 10 it is $78,537. A debt level of $28,000 is not rare for these students to accumulate given what we now know about how much PSLF enrollees borrow and how much they are able to borrow for graduate school in the federal loan program. For more details, see Jason Delisle and Alexander Holt, Zero Marginal Cost.

Based on average tuition, fees and living expenses, students pursuing master’s of education or master’s of social work degrees can borrow about $32,000 per year of enrollment. The average tuition is $14,000 per year and living expenses are another $18,000. See U.S. Department of Education, National Center for Education Statistics, "National Postsecondary Student Aid Study 2011-12: Graduate Students: Tuition and Fees Paid, Student Budget (Attendance Adjusted), by Attendance Intensity (Half-Time) and Graduate Degree Programs,” https://nces.ed.gov/datalab/index.aspx?ps_x=bmhbgc88.

This example assumes his adjusted gross income is $31,000 with an annual raise of 4 percent throughout repayment period. His income also doubles between year 10 and 11 of the repayment term, such that his adjusted gross income is $88,245 in year 11. It assumes a household size of one throughout repayment period, an initial debt balance of $80,000 with fixed interest rate of 5.75 percent, a likely rate for a borrower with that balance. To access the calculator for this example, see: New America, "Income-Based Repayment Calculator,” February 2015, https://dev-edcentral.pantheon.io/wp-content/uploads/2015/02/Example-for-Op-Ed.xlsx.
What You Need to Know About the House Higher Education Act Bill

By the CAP Postsecondary Education Team | Posted on December 7, 2017, 1:33 pm

Last week, the House Committee on Education and the Workforce unveiled its proposal for rewriting the Higher Education Act, the nation’s main law governing postsecondary education. The Promoting Real Opportunity, Success, and Prosperity through Education Reform (PROSPER) Act is the beginning of an important conversation about what the future of learning beyond high school should look like in this country going forward.

Unfortunately, the bill’s vision of higher education is an emboldened industry at the expense of students. In a one-two punch, the bill would first eliminate key requirements that shield students from being taken advantage of while they’re in school, and then follow up by undercuts the safety net that prevents debt from ruining the lives of low-income borrowers. Similarly, the bill limits state efforts to oversee schools and loan servicers, and ties the U.S. Department of Education’s hands in conducting oversight work.

Though the bill has some positive elements, its net result would shift even more responsibility on to students and off of institutions. Just as striking, the bill does not make any serious attempt to solve the real problems with the American higher education system. It would do little to put a dent in unacceptable gaps in access and completion by race and income. And it would not tackle the damaging effects of the declining state role in higher education over the last several decades.

While the CAP Postsecondary Education Team will continue analyzing parts of the bill over the coming days and weeks, below are short summaries of key provisions.

Accountability

The PROSPER Act upends the accountability system in three key ways. One is unequivocally worrisome, another has unknown effects. The third reveals a troubling shift in mentality.

Eliminating safeguards

The bill eliminates every key consumer protection established by the Obama administration, as well as some requirements that have been in federal law since the 1990s. The repealed requirements include:

- **Gainful employment**, which holds career training programs accountable if they produce graduates with unafforded debt
- **The 90/10 rule**, which requires private for-profit colleges to show there is enough market interest in their schools to attract one-tenth of their revenue from sources other than the Education Department
- **State authorization**, which requires online schools to get approval to operate from any state where they enroll students
Many of these requirements play a key role in giving private-for-profit colleges an incentive to do a better job serving students. For instance, gainful employment forced schools to reevaluate the quality of their offerings and either lower prices or eliminate programs where graduates could not find jobs—such as criminal justice.

**A shift on outcomes measures with unknown consequences**

Other accountability changes have effects that are less clear. The most consequential is the removal of the longstanding requirement that colleges keep their student loan default rates below certain thresholds. Instead, the bill replaces this requirement with a new measure of active repayment that is assessed at the program level. To maintain access to federal financial aid, postsecondary programs would have to ensure that at least 45 percent of their borrowers did not default and were fewer than 90 days delinquent at the end of the third fiscal year in repayment.

It’s good to see the PROSPER Act shift the conversation toward recognizing the worrisome problem of borrowers who are unable to repay their loans. And replacing the cohort default rate with another measure is not a huge loss, as this indicator threatens financial aid eligibility for only about 10 schools every year. Unfortunately, there’s no data to model the effects of PROSPER’s proposal, so it’s hard to say whether or not the measure is a good gauge of repayment or what types of programs would fail.

The impacts of the bill’s new accountability requirement for under-resourced public and private nonprofit colleges is also unclear. The legislation adds a new requirement that funds issued under Titles III and V of the Higher Education Act—which support minority-serving and other low-resourced institutions—can only go to schools with a combined completion and transfer rate of 25 percent or more. This provision does not apply to funds for tribal colleges or historically black colleges and universities. On the one hand, it’s important that federal accountability start including measures of completion. On the other, it’s concerning to see this requirement applied only to grants designed to help underfunded schools with lots of high-need students while walking back from accountability elsewhere.

**Troubling mentality**

Outside of specific regulations and metrics, the bill more broadly signals greater deference to institutions on every aspect of oversight. It hampers the Department of Education, making it more difficult for the secretary to ask colleges to provide a letter of credit or some other type of monetary guarantee when the department deems the school to be at risk financially. Similarly, the bill forces Education Department reviews of schools to provide initial findings within 90 days. Given that these reviews need to be better focused on big picture issues, rushing the findings will make it more likely that institutional problems will go unnoticed. The bill also sets new rules for issuing Education Department regulations, requiring the agency to reach out to industry representatives in Washington, D.C., giving lobbyists greater input on the final outcome.

Sadly, the mentality of industry ahead of oversight even translates to the state level. The bill limits the authority of states to oversee online colleges that enroll students in their state. It also prevents ongoing state efforts to hold student loan servicers accountable. This is an important mechanism for preventing poor repayment outcomes, especially since the Trump administration withdrew planned borrower protections earlier this year.

**Affordability**

In the almost decade since the last Higher Education Act reauthorization, the price of undergraduate tuition has gone up 20 percent in real terms. It’s unlikely that much in this bill will do anything to change the trajectory of undergraduate college prices.

This bill’s affordability provisions have four general elements: consolidating grants and loans, eating away at the repayment safety net, changing loan limits, and letting the Education Secretary sell federal loans.

**Consolidating financial aid programs**

The bill proposes significant consolidation within the federal aid programs. It eliminates the Federal Supplemental Education Opportunity Grant, which provides $732 million in aid to 1.6 million students each year. It also ends subsidized Stafford Loans, which do not accumulate interest while the borrower is in school. This change affects 6 million borrowers and would cost students $27 billion over the next decade.

While simplification is not inherently bad, the real concern is what happens with the money saved from these changes.

The answer appears to be that only a fraction goes back to students. On the positive front, the bill provides an additional $300 in the form of a bonus for Pell Grant students who take more courses each term. (Students who get additional Pell grants to attend classes in the summer appear to be ineligible for the bonus.) It proposes paring the current system down to only one loan program, which would make it easier for students to differentiate between grants and loans. It also eliminates the origination fees that range from around 1 to 4 percent depending on the type of borrower. The legislation also signals an interest in spending more on the Federal Work-Study program, which subsidizes student employment, and better targeting its antiquated formula. While it’s not yet clear exactly how much these provisions would cost, they are unlikely to add up to the billions saved from cutting subsidized loans and making student loan debt more expensive during repayment.

**Weakening the repayment safety net**

The bill also makes substantial changes to repayment plans that tie monthly payments to a student’s income. Existing income-driven repayment (IDR) plans set payments at 10 to 15 percent of a borrower’s income after adjusting for core expenses. They then forgive any remaining balances after 20 or 25 years of payments, with a shorter forgiveness window of 10 years for those engaged in public service. These programs promise students that they will never pay more than a set share of their income, and that they will remain in repayment for a finite amount of time.

The new IDR plan offers neither of those assurances. It requires borrowers to pay 15 percent of their discretionary income, but all borrowers must pay at least $25 a month. This is a change from existing plans that allow for $0 payments. Borrowers on the new IDR plan would only receive forgiveness once they paid an amount equal to what they would have on the standard plan, which retires a loan in equal installments over 10 years. For some low-income borrowers, this likely means that they will never see forgiveness. The bill also appears to end the ability for new borrowers engaged in public service to get forgiveness after 10 years of payments.

CAP’s postsecondary education team will have a longer analysis of what this repayment change means in the coming days, but the implications for low-income borrowers are significant. Forcing borrowers to pay back an amount equal to the total bill for the standard plan, CAP has found, would force persistently low-income borrowers to repay for decades upon decades.
Loan limit changes

The new loan options created by the PROSPER Act also change borrowing limits for students and parents. Undergraduate students would be able to borrow up to $2,000 more each year. For dependent undergraduate students—those who the federal system assumes receive support from their parents—annual limits would now range from $7,500 to $9,500, with a lifetime limit of $39,000. Independent undergraduate students—those who the federal system assumes are on their own financially—would be able to borrow between $11,500 and $14,500 a year, for a lifetime cap of $60,250.

Graduate and parent borrowers, meanwhile, would face new caps on borrowing. Graduate students would be able to borrow up to $28,500 a year, with a lifetime limit of $150,000, though borrowers in certain types of medical programs could take out more. Parent borrowers, meanwhile, could take out $12,500 per student, for a total of $56,250 per student. This is a change from current law, which allows graduate students and parents to borrow up to the total price of college through the PLUS loan programs. The practical effect, however, is less clear. In the 2011-12 academic year, just 16 percent of graduate students in programs with these lower limits took out more than $12,500. The effect would be larger for parent borrowers, 39 percent of whom borrowed more than $12,500. This includes a slight majority of parent borrowers at private nonprofit schools.*

Establishing loan limits for parent and graduate borrowing is a reasonable step. It is also a better approach to concerns about graduate debt than many of the ideas for reforming income-driven repayment. Whether these limits are set in the right place remains to be seen. The cost of this switch, however, is a significant worry. Graduate and parent loans make substantial profits for the government. If curtailing costs money, then cuts to subsidized loans and other student benefits may be paying for further restrictions in borrowing.

Selling federal loans

A provision in the PROSPER Act also raises questions about who will be receiving payments on federal loans in the future. The bill allows the Education Secretary to sell federal student loans, presumably to private investors. While this cannot come at a net cost to the government, selling off some portion of the $1.1 trillion in federal loans held by the Education Department could open the door to an unwanted return of private industry in the loan programs.

Quality assurance

Higher education must not only be affordable, but also offer high-quality programs of study that impart useful knowledge and skills. Most of the quality oversight in today's higher education system is provided by a set of nonprofit accreditation agencies. These organizations conduct detailed reviews of schools to ensure they meet certain standards.

The PROSPER Act makes some improvements to the existing quality assurance system, but also authorizes a waiver program that provides no accountability or oversight should the experiments it allows prove harmful to students.

On the positive front, the bill encourages accreditation agencies to conduct differentiated reviews of colleges. This allows accreditors to spend more time focusing on struggling schools and devote fewer resources to successful ones. The only potential downside is there will be minimal oversight into how these differentiated structures get set up, which could let some colleges slide by on minimal standards.

The bill also makes it somewhat tougher for institutions to switch accreditors if they are facing serious actions. This has been a problem in the past, such as when institutions switched to the Accrediting Council for Independent Colleges and Schools (ACICS) after facing sanctions from other agencies. The bill does not completely ban troubled schools from switching, but it does require them to justify the move to the secretary.

Other changes slim down the number of features accreditors are required to consider when reviewing a college to place a greater emphasis on student outcomes. Pushing accreditors to focus more on educational results is a good idea. However, among the areas of investigation eliminated are requirements to review a school's marketing and recruitment practices. Removing that area raises concerns that predatory behavior might go unnoticed. The language also gives institutions too much latitude to set their own standards for what are acceptable outcomes, opening the door for colleges to set low bars of success. The end result could well be little change in the actual focus on outcomes.

Sadly, these positive changes are swamped by a broad waiver authority granted to accreditors. The legislation allows accreditors to request a waiver of any requirements they face in the name of encouraging innovation or reducing burden. While those are admirable goals, this waiver process contains no guardrails if this innovation goes awry, such as ensuring loan forgiveness for students whose institutions serve them poorly. Nor does the provision contain any requirement to rigorously evaluate the waivers to see if they achieved their goals. While flexibility can be beneficial, the PROSPER Act goes too far, putting students at risk.

Changing how the Education Department operates

In addition to the programmatic changes, the PROSPER Act also alters two key structural elements of how the Education Department handles higher education reform: the setup of the Office of Federal Student Aid (FSA) and the regulatory process.

Changing FSA

FSA would get some additional oversight under the PROSPER Act. The office is a performance-based organization, a somewhat unique structure designed to encourage the better delivery of federal services by waiving rules on hiring and procurement and generally providing greater autonomy. The bill keeps the performance-based structure but adds a seven-person advisory board. The board would oversee FSA leadership to ensure it fulfills the mission of the organization, hires the right people, and issues proper bonuses. More external oversight of FSA is a good idea, but the emphasis in all the changes is only around the office's role in handing out federal aid and managing the loan portfolio. There's no recognition that FSA is also a major regulator that must oversee thousands of institutions and play an active role in rooting out waste, fraud, and abuse. This is a particular concern in light of efforts to undermine the Consumer Financial Protection Bureau—the other major regulator in the higher education space.

Congressional overreach into rulemaking

The inability of Congress to regularly pass legislation has led to an increase in regulatory efforts. As a reaction, this bill overreaches into Education Department actions. It strictly limits the ability of the Secretary to issue new regulations. It also builds in mandated periods of Congressional comment before the agency can issue regulations. This raises serious issues around the role of public comment. Congressional
offices already can comment on rules. Prioritizing their voice ahead of the public when they have the ability to address issues through legislation unfairly advantages them and skews influential comments toward industry, not students.

Trading teacher training for apprenticeships

The largest text change in the bill is the wholesale elimination of Title II, which currently addresses teacher preparation programs. In its place, the PROSPER Act inserts a new section on apprenticeships.

Eliminating the current Title II means cutting resources that can help teachers be more successful in the classroom. For example, Title II funds the Teacher Quality Partnership (TQP) Grant Program, which provides funding for teacher residencies and other clinically-focused teacher preparation. Dropping Title II means deleting all reporting requirements for teacher prep programs. Existing reporting requirements are a bare minimum for quality assurance and transparency. Without them, prospective teachers would be in the dark again—not even knowing whether program graduates are able to pass the licensure and certification exams required to begin teaching careers.

Instead of teacher preparation, the new Title II is called "Expanding Access to In-Demand Apprenticeships." It would establish a grant program aimed at creating new industry-led so-called earn-and-learn programs that bring together higher education and employers. While it is encouraging that the bill expresses support for work-based strategies, the legislation conflates this concept with Registered Apprenticeships, which have a very specific meaning. Registered Apprenticeships meet certain standards set by the U.S. Department of Labor concerning employer involvement, wages, the structure of the training provided, and apprentices are awarded a nationally-recognized, nationally-portable credential upon completion. Establishing a new program that is called an apprenticeship but does not adhere to these standards risks creating confusion among employers and workers, and could compromise the quality of apprenticeship programs.

Conclusion

The House legislation starts a crucial conversation about how to make higher education a more effective vehicle for this nation's goals. Unfortunately, this proposal's vision for moving postsecondary education forward is far afield from where our system of learning beyond high school needs to go. Continued cuts and greater burdens on students will not correct for decades of declining state support, unacceptable equity problems, and a host of other issues that hold back our system of colleges and universities—and the students they educate—from reaching their full potential. Hopefully Congress will do a better job addressing these issues as the HEA discussion continues.

*Authors' note: The source for the statistics in this paragraph can be found in Table fpbhbfe and Table fpbhd1c, available here.

Lisette Partelow and Angela Hanks also contributed to this piece.
The tuition, fees, and charges posted to your billing statement or account are estimates based on currently approved amounts. These figures may not be final. Actual tuition, fees, and charges are subject to change by the Regents of the University of California and could be affected by increases or reductions in State funding, or other developments. Accordingly, final approved levels (and thus your final balance due) may differ from the amounts shown.

posted 18 July 2017

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*First year Law students (matriculating prior to September), any returning students not enrolled in the previous spring semester, and transfer students will also pay a prorated GSHIP premium of $431.00 in addition to the fall premium; total 2017 fall semester GSHIP premium is $2,397.00.

**AB 540 students enrolled in a professional degree program shall be charged at the program's resident professional degree fee level, pursuant to Regents' policy and consistent with State law.

†The non-refundable eTech Fee is required of students of the School of Law only when they are enrolled in undergraduate courses offered on the general UCI campus during the Fall, Winter, and Spring quarters. The eTech fee is listed separately as the charged amount varies based on the amount of undergraduate units the student is enrolled in and is assessed later in the term than the other fees listed. The fee is $4 per unit of undergraduate lecture course, up to a maximum amount of $60 (or 15 units) per quarter. It will be assessed after the third week of instruction. The fee is used to support the maintenance and improvement of existing education technology, and new services and capabilities.

Campus-based fees are NOT optional; these include Associated Student Fee, Student Center Fee, Bren Events Center Fee, Recreation Center Fee, Campus Spirit Fee, Measure S, TGIF Fee, Anteater Express Fee, Measure U, Club Sports Fee, SOAR Fee, and Food Pantry. To obtain a fee waiver for Graduate Student Health Insurance, students must submit an application and demonstrate equivalent, or better, insurance. Graduate students should visit the Graduate Student Health Insurance web site for details. Note: Student Health Insurance fees are refundable only when the Withdrawal process is initiated and the actual date of withdrawal is before the quarter begins. Student Health Insurance Fees are subject to change.

Return to 2017-18 Fees
GoP Begins Rewrite of Federal Aid Law

The GoP's rewrite of the Higher Education Act (HEA) aims to streamline federal aid programs and make college costs more transparent. The bill would also introduce new accountability measures for colleges and universities, including a focus on reducing loan defaults and increasing the number of students who graduate.

Representative Virginia Foxx, chairwoman of the House education committee, introduced the bill, which seeks to make the HEA more efficient and effective.

The bill would include:

- Setting caps on loan amounts for both undergraduate and graduate students.
- Linking graduation rates to federal grants for minority-serving institutions.
- Allowing for loan forgiveness options for borrowers who work for government agencies and nonprofit organizations.
- Reducing regulations for for-profit colleges.

The GoP's bill is expected to be considered by Congress in the coming months, with hearings and floor votes anticipated in the House and Senate.

While the bill is still in its early stages, it is clear that the GoP is determined to make significant changes to the current federal aid system and ensure that students have access to affordable education.
In another shift, Foxx and her colleagues want to disburse federal grant and loan aid on a weekly or monthly basis, similar to a paycheck. And they will seek to prevent Pell Grant fraud by yanking aid for Pell recipients who have received the grant money for at least three payment periods but have yet to complete any college credits. (In a budget proposal [https://www.insidehighered.com/news/2017/03/16/trump-seeks-deep-cuts-education-and-science-programs], last spring, the Trump administration proposed eliminating federal Supplemental Educational Opportunity Grants, which go to low-income college students.)

The Journal also reported that the bill would simplify the Free Application for Federal Student Aid. Such a move, which has broad bipartisan support, follows news this week [https://www.insidehighered.com/news/2017/11/29/education-department-unveils-new-mobile-fafsa-application] that the administration will create a mobile application for the FAFSA. The bill would require that the form be available on such a mobile platform and make it easier for applicants to import income data from the Internal Revenue Service.

**Repayment Plans**

The bill would eliminate the department's [public-service loan forgiveness program](https://studentaid.ed.gov/sa/repayment-forgiveness-cancellation/public-service/), which allows borrowers who work for nonprofits or government agencies to have their remaining loan balances dropped after they make 10 years of payments. Likewise, the committee plans to “scale back” benefits of income-based repayment plans, the Journal reported. A summary document said the bill would create one standard, 10-year loan repayment plan and a single income-based repayment program.

However, participants in both the current public-service and income-based programs would be grandfathered in and not lose those benefits after a reauthorized law is passed.

**Regulation of For-Profits and Vocational Training**

Under the bill, for-profit colleges would enjoy a broad rollback of laws and regulations aimed at the sector, with proposals that will infuriate consumer groups and veterans of the Obama administration. Yet it’s unclear that the proposed deregulation, which [regards on moves already made](https://www.insidehighered.com/news/2017/06/15/education-department-hit-pause-two-primary-obama-regulations, armed-profits) by the Trump administration, would help cure serious enrollment and revenue woes afflicting most for-profits. And some of the larger for-profit chains recently [have moved](https://www.insidehighered.com/quicktakes/2017/11/02/devry-parent-company-makes-pledges-students) to voluntarily [as beyond](https://www.insidehighered.com/quicktakes/2017/11/07/apollo-makes-pledges-students) some of the federal requirements they currently face.

The committee plans to drop the so-called 90-10 rule, which requires that for-profits get at least 10 percent of their revenue from sources other than federal aid (not including Post-9/11 GI Bill and military tuition benefit funds, which Democrats call a loophole in the current rule).

Even a right-leaning expert on Wednesday [expressed reservations](https://twitter.com/PrestonCooper93/status/935880802549796864) about allowing colleges to get all of their funding from the federal government.

The bill also would repeal federal gainful-employment regulations, which set a threshold for borrowers’ ability to pay off loans for profit programs and for vocational ones at community colleges and other public and private institutions. Betsy DeVos, the education secretary, already [has hinted](https://www.insidehighered.com/news/2017/07/03/education-department-announces-new-delays-gainful-employment) that the department’s implementation of the Obama-era rules, with a plan to revisit it in a negotiated rule-making process.

The Journal reported that the committee would seek to ban the department from trying to create gainful-employment regulations in the future. Federal courts [have ruled](https://www.insidehighered.com/news/2018/06/28/federal-courts-profits-colleges420180629-challenge-14258%3B%3Bgainful-employment420180629-rules) that the department had the legal power to create the rule.

Likewise, a summary document said the proposed legislation [would limit](http://www.insidehighered.com/news/2005/07/15/reauthorizaton) Washington’s role in higher education by “repealing unfair requirements that limit low-income students’ access to career-focused institutions and treating all institutions the same.” It also said the bill would hold the secretary of education accountable by “explicitly prohibiting her from exceeding her authority, defining any terms inconsistent with the law or adding any requirements on institutions and states that are not explicitly authorized by law.”

**Accountability and Performance Funding**

Some of the proposals hinted at Wednesday would tighten the screws on colleges and programs, even in some cases by tying federal money to graduation rates or other metrics. The bill would seek to improve consumer information from the federal government on the performance of colleges and academic programs, using data on enrollment, completion rates, cost and financial aid. But it would keep in place a ban on the feds collecting student-level data that could be used to track employment and wages across state lines. Some committee members from both parties have backed a bill that would drop the ban. But Foxx, who championed the ban’s passage in 2008, appears not to have budged.

However, the plan would create a form of institutional risk sharing, meaning that colleges would be on the hook for portions of federal loans that students do not repay. Likewise, it would move to a program-level repayment rate to help the department target aid to programs that generate a return on students’ investment. And the bill would require program-level disclosure of the average debt of student borrowers at graduation as well as the average salary of borrowers five and 10 years after graduation.

“Institutions need to recognize they have a role to play in this process, and they need to have skin in the game when it comes to preparing students for success academically and financially,” Foxx told the Journal.
One of the most noteworthy, and probably controversial, of the bill’s ideas is to add completion-oriented performance-funding elements to federal grants for colleges that enroll large numbers of minority students. This would be the first time that the federal government tied funding to graduation rates, a move that has become increasingly popular in state capitol.

The Journal reported that the bill would require historically black and Hispanic-serving institutions that receive targeted federal grants under Title III and Title IV of the Higher Education Act to graduate at least one-quarter of their students to remain eligible for the grant programs.

The committee also wants to encourage these minority-serving institutions to use grant money for “completion-focused initiatives such as pay for success, dual enrollment and the development of career-centered programs.”

**Work-Study and Work-Force Development**

The bill would change the federal work-study program by ensuring that the money goes to institutions based on student need. The current system is weighted toward private colleges and, to some extent, to wealthier students. The committee also plans to double federal spending on work-study while eliminating a cap on students working at private-sector companies.

Summaries of the pending bill also described an emphasis on nontraditional academic programs that seek close ties with employers.

For example, it would allow unaccredited and new education providers to partner with traditional institutions for the entirety of a student’s academic program -- dropping a federal rule that less than half of aid-eligible academic instruction can be outsourced to noncollege providers.

The proposed legislation also would seek to expand competency-based education, with clearer pathways to federal aid, and would encourage “industry-led earn-and-learn programs that lead to high-wage, high-skill and high-demand careers.”

To that end, the Journal reported that the bill would steer $183 million toward apprenticeships. The bill would steer $183 million toward apprenticeships that last two years or less. Most federally registered apprenticeships last at least two years and include instruction in traditional college settings.

In addition, the bill would repeal the “antiquated and rigid definition of distance education,” a summary document said. Such a move would be designed to help encourage innovation. It would also eliminate a snag that Western Governors University, the largest of competency-based providers, is facing due to a critical audit from the department’s inspector general. That, in turn, might encourage more colleges to develop their own competency-based programs.

**Campus Sexual Assault and Free Speech**

The first crack at reauthorizing the Higher Education Act includes a proposed mandate that colleges disclose policies that are designed to protect free speech on campus by limiting where and when speech may occur, the Journal reported. The goal of the proposal is to push back on restricted-speech zones, which the committee said conflict with the First Amendment.

On sexual assault, the Journal reported that the bill seeks to encourage more due process in how colleges treat both accusers and the accused. It apparently aligns with DeVos’s recently rollback of Obama-era guidelines on investigating and adjudicating sexual assault cases.

The bill also would tweak the Clery Act, a federal law that governs how colleges report campus crimes. And it would allow colleges to suspend judiciary proceedings while criminal investigations are ongoing, the newspaper reported, while also letting colleges establish their own standards of evidence.