

American Association of State Colleges and Universities

Summary of Public Law 110-315 Higher Education Opportunity Act

Title I: General Provisions

Section 111: Transparency in College Tuition for Consumers.

- Creates education price indices that reflect annual changes in tuition and fees for undergraduate students.
- Creates six “College Affordability and Transparency Lists” by category of institution¹:
 - Top 5 percent of institutions with the highest tuition increases.
 - Top 5 percent of institutions with the highest net price².
 - Top 5 percent of institutions with the highest percentage increase over three years.
 - Top 5 percent of institutions with the largest percentage increase in net price over three years.
 - Top 10 percent of institutions that have the lowest tuition and fees.
 - Top 10 percent of institutions that have the lowest net price.
- Requires institutions on the lists of the greatest percentage increases in net price or in tuition to submit a report to the Secretary describing a number of factors related to tuition costs.³
- Develops a net price calculator for use by students with a disclaimer that the estimate is not an actual award of financial aid, nor is it a binding agreement.
- Requires the Secretary to post data elements on the College Navigator website.⁴
- Requires the Secretary to post a sortable and searchable higher education pricing summary page on the College Navigator website, including information on net price by income category for students receiving financial aid.
- Requires the Secretary to develop a multi-year tuition calculator to provide estimates of annual tuition and fees and the total amount of tuition a student may pay during the duration of their degree program.
- Amends section 132(i)(1)(J)(iii) of the HEA to add a category to report the percentage of first-time, full-time undergraduates who complete the program in

¹ The Secretary is directed to develop a method for accurately representing the percentage change in tuition and fees and net price for students attending institutions offering guaranteed tuition plans.

² Net Price is defined as the average yearly price charged to full-time, first time undergraduate students receiving student aid, calculated by subtracting average grant aid from federal, state, and institutional sources from the cost of attendance (average annual cost of tuition and fees, room and board, books and supplies, and transportation for first time, full-time degree or certificate-seeking students—data that are already reported by institutions to the Secretary).

³ Institutions with total dollar increases in tuition and fees or net price less than \$600 over a three-year period are exempt.

⁴ See list of data elements starting on page 26 of the conference report at http://help.senate.gov/Hearings/2008_07_29_E/KOS08400_xml.pdf

200 percent of the normal timeframe for completion or graduation of the program. This is in addition to the 100 percent and 150 percent timeframes already in existence.

Section 112: Textbook Information

- Includes new requirements to provide more information on the cost of course textbooks.
- Requires publishers to provide to faculty wholesale prices and retail prices of books.
- Requires publishers to “unbundle” college textbooks from supplemental materials, with each unbundled item separately priced.
- Requires institutions, to the maximum extent possible, to include textbook information on its Internet course schedule.

Section 113: Database of Student Information Prohibited

- Prohibits the development, implementation, or maintenance of a federal database of personally identifiable information, but does not prevent states from doing so.

Section 114: In-State Tuition Rates for Armed Forces Members, Spouses, and Dependent Children

- Prohibits public institutions from charging armed force members and their dependents whose domicile or permanent duty station is in the same state more than in-state tuition rates effective “the first period of enrollment at such (public) institution that begins after July 1, 2009.”

Section 115: State Higher Education Information System Pilot Program

- Provides competitive grants for development of state-level postsecondary student data systems in up to five states to improve comparable data, to minimize institutional reporting burden, and to improve information reported by institutions.

Section 116: State Commitment to Affordable College Education - “Maintenance of Effort”

- In order for states to receive funds under the College Access Challenge Grant program, states must maintain a certain level of funding of public institutions and of student financial aid for students attending private colleges.

Part E: Institution Reporting and Disclosure Requirements, and Responsibilities Related to Education Loans

- After consultation with the Federal Reserve and the higher education community, the Department of Education will determine the minimum information that lenders, covered institutions, and institution-affiliated organizations must make available regarding education loans that are offered to students and their families. This includes private education loans as well as FFEL and Direct Loans.

- Institutions or institution-affiliated organizations that enter into a preferred lender arrangement for private loans are not allowed to agree to the lender's use of the name, emblem, mascot, or logo of such institution or organization.
- A covered institution that enters into an educational lender arrangement is required to disclose the name of the lender in documentation related to the loan.
- Institutions and institution-affiliated organizations must submit an annual report to the Department of Education, with an explanation of why the covered institution or institution-affiliated organization entered into a preferred lender arrangement, including why the terms, conditions, and provisions of each type of loan for students are beneficial to students or their families.
- Institutions must inform students or their parents of their eligibility for federal student aid, including loans under Title IV; they must describe the terms and conditions of private educational loans that may be less favorable than the terms and conditions of Title IV student loans for which they are eligible; and clearly distinguish between private educational loans and Title IV loans.
- Institutions participating in the Direct Loan program must inform their students or their parents of the same information that is provided to students in FFEL institutions.

Title II- Teacher Quality Enhancement

The new HEA law completely replaces Title II in current law with more prescriptive requirements and accountability measures for teacher education programs.

Section 202: Part A - Teacher Quality Partnership Grants

- The law has new application requirements:
 - Needs assessment of partners in regards to preparation, ongoing training, professional development, and retention of general education and special education teachers, principals and as applicable early childhood educators.
 - Extent to which program will prepare prospective and new teachers.
 - Description of how program will prepare teachers to use research and data to improve classroom instruction.
 - Description of coordination activities with other federal teacher education programs and how activities will be consistent with state education reform activities.
 - Description of resources available to partnership.
 - Description of various other activities including how partnership will prepare general education teachers to teach students with disabilities and students who are limited English proficient.
- Partnerships are required to establish an evaluation plan that includes strong and measurable performance objectives and measures.

Section 205: Accountability for Programs that Prepare Teachers and Section 206: Teacher Development

- All institutions that receive federal assistance under HEA must report to the public and the state a Report Card that includes a variety of information, such as

- the percentage of students who have completed 100 percent of non-clinical course work and passed the assessment.
- All institutions that receive federal assistance under HEA are required to set their own annual quantifiable goals in relation to teacher development in teacher shortage areas and linking training and needs of schools, among other areas.
 - This section does not require a teacher education program to create new areas of concentration or require the adoption of specific curriculum.

Title III- Institutional Aid

- Creates a new designation for “Predominately Black Institutions.”
- Expands the list of eligible graduate and professional schools and programs that are eligible for historically black graduate institutions to include Alabama State University, Bowie State University, Delaware State University, Langston University, Prairie View A&M University, and the University of the District of Columbia Law School.

Title IV- Student Assistance

Part A - Grants to Students in Attendance at Institutions of Higher Education

Section 401 - Pell Grants

- The authorized maximum for awards is increased to \$6,000 for the 2009-10 academic year and is increased by \$400 per year and reaches \$8,000 for the 2014-15 academic year.
- The minimum award is set at 10 percent of the maximum award rather than the current \$400. Similar to the current provision in which a student eligible for a \$200 award receives the minimum award of \$400, a student who is eligible for an award amount less than 10 percent but greater than or equal to 5 percent will receive a minimum award of 10 percent of the maximum award.
- Authority is provided to give students up to two full Pell Grants a year for enrollment on at least a half-time basis longer than two semesters or the equivalent to facilitate acceleration of student progress toward a degree or certificate.
- The receipt of Pell Grant funds for students receiving a Pell Grant for the first time July 1, 2008 or later is constrained to the payment of the equivalent of full-time awards for 18 semesters.

Section 402 - Academic Competitiveness Grants

- The provisions to permit part-time students and eligible non-citizens to receive ACG and SMART awards are effective July 1, 2009 rather than January 1, 2009.
- In addition, the authority for the Secretary to recognize rigorous secondary school programs is reinstated through June 30, 2009 and beginning on July 1, 2009 the authority of the Secretary to establish additional definitions of rigorous curricula recognized by regulations effective May 6, 2008 is continued.

Part B: Federal Family Education Loan Program

Institutions are required to give the following information to FFEL borrowers:

- As part of exit counseling, repayment benefits at the time of repayment, including different features of each plan and sample information showing average anticipated monthly payments, and the difference in interest paid and total payments, under each plan.
- Debt management strategies designed to facilitate repayment by the borrower.
- Explanation that the borrower has options to prepay each loan, pay each loan on a shorter schedule, and change repayment plans.
- General description of the full or partial loan forgiveness programs or cancellation of the principal and interest programs
- General description of forbearance programs that allow the borrower to defer payment of principal or interest to be granted forbearance.
- Consequences of defaulting on a loan, including adverse credit reports, delinquent debt collection under federal law, and litigation
- Effects of a consolidation loan on the discharge of the borrower's loans including: total interest to be paid, fees to be paid, length of repayment, grace periods, loan forgiveness, cancellation, deferment opportunities, option to prepay the loan or change repayment plans, benefit plans that may vary among different lenders.
- Tax benefits available to borrowers.

Part C - Federal Work Study

- The allowance for books and supplies in the formula for determining the institutional allocation for FWS funds is increased from \$450 to \$600.
- The limit for expenditures from the institutional allocation for Job Location and Development activities is increased to \$75,000, from \$50,000, but is still limited to no more than 10 percent of the institutional allocation.

Part D - Federal Direct Student Loans

- Permits, beginning July 1, 2009, borrowers to use the income based repayment plan as a repayment option.
- Eligible active duty military borrowers can have accrual of interest on loans suspended for up to 60 months for loans disbursed on or after October 1, 2008.

Part E - Federal Perkins Loans

- The allowance for books and supplies in the formula for determining the institutional allocation for Perkins federal capital contribution funds is increased from \$450 to \$600.
- Annual loan limits are increased to \$5,500 for undergraduate students and to \$8,000 for graduate and professional students. Aggregate limits on borrowing are increased to \$11,000 for students who have not yet completed two years of undergraduate study, \$27,500 for undergraduate students who have completed at least two years of study, and \$60,000 for graduate and professional students.
- Expands the eligibility for cancellation of loans for public service to include service as a teacher at an educational service agency, service in a pre-kindergarten or child care program, as a full-time firefighter, as a full-time faculty member at a tribal college or university, as a librarian with a master's degree in library science at a low-income school or public library serving low-income schools, and as a

full-time speech pathologist with a master's degree employed for work exclusively at low-income schools.

Part G - General Provisions

Section 485 – Student Eligibility

- A provision is added to include students who have satisfactorily completed six credit hours applicable toward a degree or certificate offered by the institution to have the ability to benefit for purposes of Title IV student financial aid eligibility.
- Students with certain intellectual disabilities are permitted to receive Pell Grants, FSEOG, and Federal Work Study under certain circumstances to be determined by the Secretary through promulgation of regulations and waivers of statutory provisions.

Section 488 - Institutional and Financial Assistance Information for Students

- Graduation Rates are to be presented in a disaggregated form by financial aid recipient categories – Pell Grant recipients, Stafford, subsidized or unsubsidized, student loan recipients who are not Pell Grant recipients, and non-recipients of Pell grants or Stafford loans. These categories are intended to be rough proxies for low income, middle income and upper income families and will permit some finer differentiation regarding graduation rates for institutions with different missions.
- Exit Counseling requirements are expanded to include information on available repayment plans, debt management strategies, prepayment options, options to change repayment plans, loan cancellation and forgiveness provisions, forbearance provisions and conditions, consequences of default, effects of loan consolidation, tax benefits, and the use of NSLDS.
- Institutions are required to publicly disclose transfer of credit policies including at least the criteria used to evaluate and accept credits earned at another institution and a list of institutions with articulation agreements with the institution.
- Entrance Counseling requirements are to include information about the effect of the loan on eligibility for other types of financial aid, the use of the master promissory note, the accrual and capitalization of interest, options to pay interest during the in-school period, the consequences of not maintaining appropriate enrollment, sample repayment amounts related to the loan and possible indebtedness, the obligation to repay the loan, the consequences of default, the necessity to contact and remain in contact with the appropriate school officials in case of withdrawal, the use of NSLDS, and contact information for the student to use.

Section 493 – Program Participation Agreements

- In order to participate in the federal student assistance programs, institutions must execute a program participation agreement (PPA) with the U.S. Department of Education, agreeing to the terms and provisions in the agreement.
- There are several new provisions in the PPA that will require explicit action by the institution. These include the development, implementation, and publication

of a code of conduct relative to the administration of Title IV student loans and behavior of the institution and employees, full disclosure on the selection of lenders for a preferred lender list, and compliance with requirements of providing information to applicants for private loans.

Section 494A – Transfer of Allotments

- Expands current authority to transfer up to 25 percent of FWS to FSEOG to also include similar authority to transfer FSEOG to FWS and FWS to Perkins.

Section 494B – Purpose of Administrative Payments

- Modifies the purpose of the administrative payments for Federal Pell Grants and the campus-based programs and the immigration verification system to explicitly require the funds to be used to administer those programs.

Additional Changes to Student Loans

- Institutes new requirements for both institutions and lenders in relation to FFEL (sometimes referred to as guaranteed loans) and Direct Loans:

FFEL

- Requires higher education institutions with preferred lender arrangements to include disclosure of the relationship between the institution and the lender, and an explanation of why the institution entered into the preferred lender arrangement, including information about the differences between the terms and conditions of both the federal and private education loans, and how federal loans may be more favorable to students.
- Requires higher education institutions to counsel students in the FFEL program before they leave school about the repayment plans available to the borrower, prepayment options, loan forgiveness programs, consequences of default, and tax benefits available to borrowers.
- Requires institutions to maintain a program participation agreement (PPA) with the Department of Education and meet a set of other requirements, including ensuring that students and parents know that they do not have to select a lender from the list. The PPA also mandates that institutions establish a code of conduct for officers, employees, or agents of institutions, prohibiting these personnel from soliciting or accepting gifts from lenders, guarantors, and education loan servicers.
- Lenders are required to make many disclosures to FFEL borrowers, before loan disbursement, at the time the borrower enters repayment, and at the time a borrower receives a deferment. Several of these requirements relate to informing the borrower about how interest is capitalized on unsubsidized loans. Lenders are also required to again make further disclosures to borrowers having difficulty making payments on repayment options and how to avoid defaulting on the loan(s).
- Adds new requirements to the Truth in Lending Act (TILA) to prevent unfair and deceptive private educational lending practices and conflicts of interest. In addition, the Secretary of Education, in consultation with the

Federal Reserve, shall develop a self-certification form which institutions are required to make available to students, for their submission to the lender, containing disclosures regarding other forms of federal, state, and institutional aid, cost of attendance at the institution, the applicant's expected family contribution, and the difference between these two amounts.

Direct Loan Information Required by Lenders

- Before loan disbursement, in simple understandable terms, including amount of principal, interest rate, fees, borrower's right to pay interest on an unsubsidized loan while a student, or capitalize the interest, including how often interest will be capitalized, repayment terms for the various repayment plans, consequences of default.
- At the time of loan repayment, description of repayment plans.
- At the time a borrower receives a deferment, the impact that capitalization of interest will have on unsubsidized Stafford loans.
- At the time the lender provides a consolidation loan application to the borrower, information on consolidation loans, including whether the consolidation loan would result in a loss of loan benefits, including benefits in the Direct Loan program, and the Perkins Loan program.
- During repayment, information on the amount of the loan, current balance, interest rate and amount paid, repayment options.
- To borrowers having difficulty making payments, information on available repayment plans, requirements of forbearance, options to avoid default.
- To borrowers who are 60 days delinquent, the date on which the loan will default, options available to avoid default, additional resources such as advocates and counselors where the borrower can receive advice on loan repayment.
- Increases the annual loan limit on additional unsubsidized loans for students pursuing coursework necessary to enroll in an undergraduate degree or certificate program from \$4,000 to \$6,000.
- Amends the cohort default rate threshold at which an institution becomes ineligible to participate in Title IV programs beginning in 2012. Schools with a default rate of more than 30 percent for two consecutive fiscal years may have their eligibility for Title IV aid revoked. The current threshold standard is one year at 25 percent.
- Expands the list of inducements to institutions that would disqualify a lender from participation in the FFEL program, which now includes payments for referrals and for processing of finder fees, stock and other securities, travel and entertainment expenses, tuition payment or reimbursement, provision of IT equipment at below-market value and additional student aid funds.
- Increases annual Perkins Loan limits from \$4,000 to \$5,500 for undergraduate students and from \$6,000 to \$8,000 for graduate and professional students.
- Increases aggregate Perkins Loan limits from \$20,000 to \$27,500 for undergraduate students who have completed two years of study, from \$40,000 to

\$60,000 for graduate and professional students, and from \$8,000 to \$11,000 for all other students.

Section 412: TEACH Grants

- Includes technical amendments to the new TEACH Grant program.
- Requires that applications for grants include information about the teacher service agreement and consequences for failure to meet the agreement.
- Clarifies some of the terms of the service agreement and establishes waiver authority for the Secretary in extenuating circumstances.
- Requires evaluation of the TEACH Grant program.

Title VII: Graduate and Postsecondary Improvement Programs

Section 703: Graduate Assistance in Areas of National Need

- Clarifies that a GAANN fellowship recipient may receive funds if the student is pursuing the highest possible degree in their field that is offered by the institution of higher education.

Section 706: Master's Degrees Programs at Historically Black Colleges and Universities and Other Minority Serving Institutions

- Creates a new program for Historically Black Colleges and Universities under Section 723 and a program for Predominantly Black Institutions under Section 724 and authorizes appropriations for both programs under section 725 to provide fellowships to students in specified STEM and health fields.

Title VIII: New Programs

- Authorizes several new programs, including:
 - Rural Development Grants for Rural Colleges and Universities
 - Authorizes competitive grant awards to rural colleges and universities to work in partnership with other agencies to encourage increased college enrollment rates in rural areas, economic development activities, and student participation in academic programs that lead to high-need careers in rural areas.
 - Model Programs for Centers of Excellence for Veteran Student Success
 - Authorizes competitive grants for colleges to create model programs to support veteran student success.

Title X: Private Student Loan Improvement

- Amends the Truth in Lending Act (TILA) to prevent unfair and deceptive private educational lending practices and conflicts of interest, including prohibition of certain gifts and revenue sharing, prohibition on co-branding, limits on advisory board compensation, prohibition of loan prepayment or repayment fees or penalty, required disclosures of reimbursements for service on advisory boards. Regulations to implement these provisions will be issued by the Federal Reserve.
- The Secretary of Education, in consultation with the Federal Reserve, shall develop a self-certification form, which institutions are required to make available on request of the applicant. It will contain disclosures that the applicants may

- qualify for other forms of federal, state, and institutional aid, and that private education loans may affect applicant eligibility for these other forms of aid. The form will include a place for the applicant's cost of attendance at the institution as determined by Part F of Title IV, the applicant's expected family contribution, and the difference between these two amounts. This section shall not be construed to create a private right of action against an institution.
- Requires lender to give borrowers up to 30 days to accept the terms of the private educational loan. The borrower may cancel the loan without penalty at any time within 3 business days from when the loan was consummated and the lender is prohibited to disburse before the end of the 3-day period. The lender shall notify the relevant institution of the amount of the loan and the student on whose behalf it would be made before the date on which the private education lender issues any funds.

Title XI: Studies and Reports

- The new law requires several studies and reports, including several of interest to AASCU member institutions:
 - Study of the Integrated Postsecondary Education Data System (IPEDS) to report on the feasibility of collection of additional information from colleges.
 - Study of the amount, uses, and public purposes of college endowments.
 - Study of the impact of student loan debt on public service.

Expanded Benefits for Military Service Members and Veterans

The new law expands benefits for military service members and veterans. Many of these benefits were included in AASCU's Public Policy Agenda. Examples of legislative changes that were supported by AASCU policies and advocated by staff are:

- Beginning July 1, 2010 all veterans educational benefits will be excluded from being counted in income or assets portion of the formula that is used to determine the effective family contribution for federal aid; Additionally, under Section. 471 of the Act, "Cost of Attendance", the value of military housing or a military housing allowance will be excluded from being counted as untaxed income or benefits in the needs analysis formula used to determine the amount of aid a service person may be eligible to receive;
- A new Section 484C was added to the Act that requires that enrolled students who had their attendance interrupted by a call to active duty and are current or retired members of the Armed Forces will be allowed to re-enroll in the institution with the same academic standing as long as the documented cumulative length of all such absences from that institution does not exceed five years, with certain exceptions;
- States are prohibited from charging members of the Armed Forces on active duty for more than thirty days or the dependents of members, whose domicile or permanent duty station is in the same state, more than in-state tuition rates;

- Active duty service members serving in a area of hostilities during a war time or other national emergency on will have no accrual or capitalization of interest on a direct loan made on or after October 12, 2008 in the event that a borrower chooses to obtain a consolidation loan
- Borrower interest rates are capped at six percent on all types of debt for active duty service members;
- Borrowers who have federal student loans and who receive a permanent disability rating from the Secretary of Veterans Affairs due to a service-connected condition will be considered permanently and totally disabled and will have their federal loans discharged.