

2018 Higher Education Act (HEA) Reauthorization Recommendations

To ensure military-connected students and other nontraditional students can successfully accomplish post-secondary goals, transition smoothly into the workforce, and guarantee taxpayer money is responsibly spent, it is imperative that certain student protections are included in the HEA Reauthorization.

In addition to student protections, minimum quality standards are essential. Both Republicans and Democrats have called for evidence-based, data-driven allocation of federal funds. Data on student outcomes is readily available and should be included in Title IV criteria to ensure quality and a return on investment for taxpayers and students.

What Veterans Would Like to See in the Senate Reauthorization Bill

1. **Data sharing between the Department of Defense and ED** to automatically put loans of servicemembers who are being deployed on interest-free forbearance without the servicemember having to go through unnecessary.
2. Data sharing between VA and ED for automatic discharge of student loans for veterans who receive a 100% disability rating.
3. **Protect Veterans, Servicemembers, Military-Connected Students, and Taxpayers:** Thirty six leading veteran and military service organizations wrote a [letter](#) urging no weakening of various student protections, including Gainful Employment, 90/10, and Borrower Defense to Repayment.
 - Preserve the **Gainful Employment** rule – Holding career training programs accountable if they consistently produce graduates unable to earn incomes that permit them to pay off their loans will help prevent the waste of taxpayer resources and ensure students are adequately prepared for their chosen careers. (See fact sheet on [Why Veterans Care About Gainful Employment](#))
 - Preserve the **market viability test in 90/10** and include military benefits as part of the 90 percent – The market viability test in 90/10 must be preserved to ensure failing colleges are not artificially propped up by taxpayers. The loophole should be closed: Servicemembers and veterans are targeted because military benefits like the GI Bill do not count as federal financial aid and thus are not counted as part of the 90 percent. In addition, enforcement must be strengthened to prevent schools from evading compliance by manipulating their data.
 - **Preserve Borrower Defense to Repayment** for deceived students and require the typical civil proceeding evidentiary standard of preponderance of the evidence. (See fact sheet on [Why Veterans Care About Borrower Defense](#))
 - **Preserve the ban on incentive compensation** – Recruiters should not be compensated based on the number of students they recruit, because such a system incentivizes recruiters to deceive students.
 - **Preserve state authorization** so that colleges are licensed and overseen by each state.
4. **Reform the Financial Aid Application and Process:**
 - **Protect Military Connected Students from Unnecessary Loans:** Many military-connected students allege loans were taken out in their names without their authorization. Given the generosity of the GI Bill, veterans have less need to take on debt; thus, the **high number of military-connected students reporting loans they never authorized is concerning.**
 - **Rename the “Master Promissory Note” to “Student Loan Contract”** so students are aware that they are signing a loan document; Include a clear warning: “Only sign this form if you want loans. You must pay these loans back.”
 - Require schools to make the Master Promissory Note/Student Loan Contract an **annual process** rather than good for 10 years, at least for military-connected students who should not need loans.
 - Require schools to obtain **active consent** and original signatures for every loan, at least for military-connected students.
 - Require pre-loan **counseling**, at least for military-connected student borrowers, include a borrower’s estimated debt-to-income ratio at graduation, what the ratio means in terms of repayment, and explanation of the importance of on-time graduation
 - Reform the financial aid award letter process so that the **full cost of attendance** (direct and indirect costs) is communicated and explained in consistent and clearly defined terminology.
 - **Preserve subsidized loans** as an option for students – While the entire financial aid process needs to be simplified, such simplification must not occur at the expense of students. Eliminating the opportunity for students to obtain these loans that do not accumulate interest while a borrower is in school could impact 6 million borrowers and their ability to successfully attain post-secondary educational goals.
 - **Preserve Public Service Loan Forgiveness (PSLF)** – PSLF helps both active duty servicemembers and veteran service workers with their student loan debt. A recent government [report](#) revealed more than 200,000 active duty servicemembers collectively owe more than \$2.9 billion in student loans. Redefine PSLF to explicitly include veterans service organizations and military service organizations that are granted non-profit status under 501(c)(19), 501(c)(23), and other 501(c) codes.
 - Require loan servicers to make **income-based repayment** options known to students, including where to find the application, where to submit the application, and the protocol for annual recertification.

5. **Student-Focused Accountability/Emphasis on Retention and Completion:** Taxpayers and students expect the Department of Education's approval of a school for Title IV funds means quality. The Departments of Defense and Veterans Affairs **rely on the Education Department's stamp of approval to mean colleges are worthy of GI Bill and Tuition Assistance benefits.**
- Implement **minimum quality** standards for receipt of Title IV funding with an emphasis on outcome metrics, including:
 - **Return on Investment (ROI):** A college fails taxpayers and students if it consistently produces students who earn less than high school graduates.
 - For Apprenticeships and Career programs, require an ROI or evidence-based "**pay for performance**" by adopting the quality control measures used in *Forever GI Bill* (holding back half of tuition until the apprenticeship or career program successfully places the student in a job in the field of study).
 - **Loan repayment standards:** A college fails taxpayers and students if most of its students cannot pay at least \$1 of their debt within some years of leaving the school.
 - **Satisfaction:** We recommend requiring at least a 50 percent student satisfaction rating measured by a third-party verified survey.
 - Ensure **money is spent on education:** Taxpayers and students expect that federal student aid will be spent on education. Require at least half of federal student aid to be spent on instruction, academic support, and student services; forbid the use of taxpayer funds for advertising, marketing, and recruiting expenses.
 - Implement **minimum quality standards for accreditors:** Americans associate accreditation with quality, so accreditors must meet minimum outcome measures.
 - Establish quality assurance protocol on the front end with criteria to determine whether an institution and its individual programs are legitimate.
 - Institute a back-end gatekeeping check that incorporates job placement and earnings metrics.
 - Implement a more robust accreditor oversight process.
 - Establish conflict-of-interest protocols for accreditors and the colleges they accredit.
6. **Risk Sharing:** Colleges should be held accountable for some portion of their students' loan default if they consistently produce defaults. Colleges should also own some of their students' loan debt if their graduates consistently earn less than high school graduates. Implement a risk-sharing provision that holds all institutions accountable for measurable bad outcomes, including high student loan default rates at the institutional and programmatic levels and poor post-graduation numbers.
7. **Transparency:** Understanding the progress, successes, and hindrances facing all types of students is essential, and access to comprehensive and digestible data is the first step. Coordinate data sharing among and across agencies, including the Departments of Education, Defense, Labor, and Veterans Affairs and the Internal Revenue Service (IRS). We strongly support the bipartisan bill, the College Transparency Act, that has been introduced by Senators Hatch, Warren, Cassidy, and Whitehouse.