



MARKUP SUMMARY
Higher Education Act

HOUSE EDUCATION AND LABOR COMMITTEE MARKUP OF THE COLLEGE AFFORDABILITY ACT

Prepared by:

Harrison Wadsworth (hwadsworth@bosepublicaffairs.com)

Della Cronin (dcronin@bosepublicaffairs.com)

Greg Marak (gmarak@bosepublicaffairs.com)

Jenna Douglas (jdouglas@bosepublicaffairs.com)

Caitlyn Duff (cduff@bosepublicaffairs.com)

Taylor Fennell (tfennell@bosepublicaffairs.com)

October 31, 2019

The House Education and Labor Committee on October 31st completed its review and amendment (markup) of the 1,212-page bill, H.R. 4674, introduced by Chairman Bobby Scott (D-VA) to revise the Higher Education Act (HEA). After a mark up proceeding that was spread across three days, the Committee voted to send the [College Affordability Act](#) (CAA) to the full House of Representatives in a purely party-line vote of 28-22, with all Democrats voting for the bill and all Republicans voting against it. The Committee considered 43 amendments to the legislation, which itself was modified at the beginning of the mark-up process via a substitute amendment from Higher Education and Workforce Investments Subcommittee Chair Susan Davis (D-CA). About three-fourths of the amendments offered came from Republicans, and all but a few were defeated in party line votes. None of the adopted amendments made major changes to the underlying legislation. (A title-by-title summary of the bill, prepared by Majority staff, can be found [here](#).)

This week's proceedings followed the pattern Republicans set when then-Chairwoman Virginia Foxx (R-NC) introduced a far different revision of the HEA, called the [PROSPER Act](#), in December 2017. That legislation passed the committee—also via a party-line vote—but was never considered in the full House of Representatives nor in the Senate. Scott's bill seems likely to fare better and pass the House, probably this year, since only Democratic support is needed, and it makes much less dramatic changes to the HEA than Foxx proposed. Scott's bill is highly unlikely to pass the Republican-controlled Senate unless it is significantly revised, however.

The legislation in general increases student aid, increases aid to colleges, creates a program that would make community college free in participating states, imposes important new restrictions on for-profit schools, expands reporting requirements on all schools and allows for refinancing of federal and private student loans. The legislation is estimated to cost at least \$400 billion over the next 10 years, although

the exact amount hasn't been calculated by the Congressional Budget Office. That calculation is expected in the next few weeks.

In the end, Democrats on the Committee all supported the bill, characterizing it as a down payment on reducing the debt burden on America's college students and making schools more accountable. Republicans all opposed the bill because of its cost, because it doesn't restructure the federal aid programs like the *PROSPER Act* did, because of objections to new restrictions on for-profit schools and the new administrative burdens imposed on all schools.

The bill does not change caps on Stafford loans, nor does it create caps for PLUS loans, nor does it change interest rates on new loans. It does eliminate origination fees on all loans and includes a one-time refinancing option for outstanding Direct and FFELP loans as well as private loans that have been in good standing for the previous six months. The federal loans would be financed at the current academic year's interest rates, depending on the type of loan being refinanced. (PLUS loans can be refinanced at the current PLUS rate.)

Private loans would be refinanced at the unsubsidized Stafford rate, with all outstanding principal, interest and late fees payable to the loan holder by the government. The bill only permits refinancing of loans made before July 1, 2020, and it gives borrowers a limited amount of time to elect to do so. Bankruptcy law is not proposed for change. The bill includes improved federal loan disclosure requirements, although rather vague and generally up to the secretary.

The higher education associations in general have mixed opinions on the proposal, expressing gratitude for increases in aid to minority serving institutions and reduced costs to students, but strongly objecting to measures that would impose increased costs on institutions, including requirements that additional administrative staff be hired.

The proposal includes the basic proposal House Democrats made in 2018 for a new Direct Perkins loan program, where the loans would have the same terms and conditions as unsubsidized Direct Stafford loans, but with a 5 percent fixed interest rate and the legacy Perkins limits. Campuses would have to apply to participate in the new program then would divide up \$2.4 billion per year in lending authority based on the need of their students and other factors, with servicing and collection done under the soon-to-be-redone federal loan servicing contracts. COHEAO is continuing to advocate for the program to include campus-based servicing and will work for an amendment to that effect to be offered if the bill is brought up before the whole House of Representatives. Separate stand-alone legislation that would create the similar Perkins ARC Program, with campus-based servicing, is pending introduction in Congress. Perkins was not addressed in the amendments, except for the Republican substitute.

Republicans offered a revised, but quite similar version of their *PROSPER Act* legislation as a substitute bill at the beginning of the mark-up. That legislation calls for consolidation of all federal loan programs into a single program (with caps on borrowing), elimination of supplemental educational opportunity grants, elimination of subsidized Stafford loans, and elimination of restrictions that apply solely to for-profit schools. The cost or savings of the amendment offered this week wasn't calculated, but the *PROSPER Act* was scored to save (cut spending by) \$15 billion in the 115th Congress, a fact Democrats brought up in attacking the proposal. As expected, the Republican substitute was defeated on a party line vote.

Most of the debate over the amendments proceeded with the usual vigor focused on the policies involved, although a few times some of the statements devolved into more personal attacks on the other party. Further, there were amendments that were arguably structured to raise very specific issues, such as women’s reproductive rights, immigration, the status of DACA recipients and the ability of international schools to weigh in on US foreign policies. (A complete list of the amendments, including a brief summary of each and their disposition is available [here](#).) As it happened, the final vote on the bill took place during the debate in the full House over the resolution on the impeachment investigation.

Members came and went during the three-day proceeding, and the dais was rarely crowded, but every Member of the Committee appeared at the proceeding at some point. (A list of Education and Labor Committee Members is [here](#).)

CONCLUSION

Education and Labor Committee Chairman Bobby Scott has been committed to developing a comprehensive bill to reauthorize HEA since the start of the 116th Congress. The markup, amendments and rhetoric were familiar to most in the education advocacy community, but the proceeding’s partisan nature seemed heightened, which is arguably not surprising. While Chairman Scott works to get the CAA to the floor of the House, Senate action on higher education is seemingly stalled. Senate Health, Education, Labor and Pensions Committee Chairman Lamar Alexander (R-TN) has cobbled together a “mini” reauthorization bill that includes a number of proposals around student aid simplification and transparency, among other issues. His counterpart, Ranking Member Patty Murray (D-WA), opposes any consideration of a bill that isn’t comprehensive and wants to continue working toward a larger package, even though negotiations have reportedly hit an impasse. With impeachment and election year politics quickly seeping into all legislative matters, the prospects for the completion of and HEA reauthorization before the end of the 116th Congress seem dim, although Senator Alexander’s impending retirement could spur some activity in 2020.

RESOURCES

[BPAG-prepared summary of amendments offered and their disposition](#)

[House Education and Labor Committee membership](#)

[Text of the College Affordability Act](#)

[Information on the CAA markup, including amendment text and roll call vote tallies](#)

[A recording of the Committee markup](#)