

FAFSA and Regulatory Overload

The Department of Education's six months-long delay in implementing the new FAFSA is continuing to have a profound impact on students and institutions, threatening to affect long-term educational opportunities for students and the financial health of institutions, particularly those that serve a large portion of low-income students. Meanwhile, higher education and the students we serve have still not recovered from the pandemic. Among our biggest challenges are learning loss, mental health needs, and economic loss.

These fundamental challenges are exacerbated by an avalanche of massive new regulations that institutions must implement between July 1 and August 1, 2024, including new Title IX regulations and rules to increase overtime pay. They also include extensive new requirements for financial value transparency, which not only set up complicated new reporting requirements but also impact everything from career services to transcript withholding to how we collect information on boards of trustees and donors. Many of the institutional responsibilities under these regulations are still not defined by the Department. At the very least, Congress should delay the two sets of financial value transparency and related regulatory packages for one year to give financial aid and compliance officers time to clean up the FAFSA mess.

Keeping Student Aid at the Center of Federal Policy

The federal student aid programs have changed the face of American higher education, opening pathways to college for low-income, adult, and working students. It is critical that the federal government keeps its core focus on supporting these successful programs, which also promote access and choice for students.

NAICU supports annual increases in the federal student aid programs, anchored by our request to double the Pell Grant maximum to \$13,000. The Pell Grant serves as the cornerstone of federal student aid and works with SEOG, FWS, and student loans to help low- and middle-income students get into, stay in, and complete college.

The Value of Private, Nonprofit Higher Education

A major focus of our institutions is job and career preparation via multiple pathways, including certificate programs and associate, bachelors, graduate, and professional degrees, and partnerships with local industry. We are also job creators, workforce developers, and economic engines in our communities. And we deliver these results to our students and our communities without the state funding that our public counterparts receive. The independent sector of higher education directly employs 1.2 million people and supports and sustains 3.4 million jobs, all of which generate \$99

billion in local, state, and federal tax revenue and \$652 billion in economic impact.

Accountability

An appropriate model of accountability should balance the responsibilities of institutions to taxpayers and students with the need to maintain the diversity of institutions in American higher education, which is a core strength that benefits the nation and our students. We support reasonable efforts to hold institutions accountable and to provide students with appropriate information about the institutions they choose to attend. We are concerned, however, that recent efforts, such as the new regulations on financial value transparency, could reduce the measure of value to only a handful of economic indicators that may not provide students, particularly those who are first generation, with the full picture of the benefits of higher education.

Affordability

Many factors have affected college affordability, including greater numbers of low-income students attending, more middle-income families with limited funds, decreased state support for all sectors of higher education, inflation, and an economy and educational system that continues to recover from the pandemic. We recognize the affordability crisis and are taking action, including exploring ways to reduce tuition, providing institutional aid, increasing access for low-income students, reducing time to degree, and creating partnerships with employers for post-graduate employment. Currently, private, nonprofit colleges and universities give six times the amount of grant aid to our students as they receive from the federal government.

Cost Sharing's Impact on Our Sector

While we appreciate Congress' interest in holding colleges accountable for federal student aid dollars, some of the HEA proposals found in bills such as the College Cost Reduction Act (H.R. 6951) will devastate the independent college sector. This proposal includes cuts to long standing student aid programs, institutional cost-sharing for federal student aid programs, and caps that limit the amount of federal student aid to the median cost of attendance for a student's program, inclusive of the public sector. The cost-sharing formula itself is structured in a way that disproportionately penalizes the independent sector and redistributes those penalties in the form of awards to other sectors. It is also unfair to make colleges help pay for the interest on student loans the federal government charges borrowers, which is often excessive.

Federal Student Loans and Student Loan Debt

Federal student loans are a critical access tool for millions of Americans. While most students have manageable debt and repay their loans, it is still a growing concern. Any effort to address the student loan debt crisis should: 1) involve a comprehensive review of federal student loan repayment plans; and 2) include ways to reduce the harmful impact of negative amortization while centering the needs of student loan borrowers and their obligations for responsible loan repayment. NAICU supports reasonable federal loan limits for borrowers; however, we do not support a dramatic lowering of loan limits for parents and graduate students. Such a move would force many borrowers, including those who may not be qualified, to turn to the more expensive private market for loans.

Tax Policy

We remain steadfastly opposed to the private college endowment/net investment tax, signed into law in 2017. This tax should be repealed, and certainly not expanded. It is punitive—unfairly targeted at the sector of higher education that has the least support from the states—and does nothing to help our institutions or the students we serve. Congress should strengthen and expand the current student and family benefits and charitable giving incentives, including allowing employers to offer more annual tax-free education and student loan repayment assistance under Sec. 127 of the tax code. The annual amount of tax-free assistance available under Sec. 127 hasn't increased in almost 40 years.

Veterans and Service Member Education

The federal investment in educational benefits for veteran and military students has opened significant educational opportunities. Particularly important are the Post-9/11 GI Bill and its Yellow Ribbon program. We appreciate that Congress has worked collaboratively with colleges and universities to ensure veterans can continue to have access to a wide variety of high-quality postsecondary programs.

HEA Institutional Aid Programs

The private, nonprofit sector consists of Historically Black Colleges and Universities, Tribal Colleges and Universities, Minority-Serving Institutions, and institutions eligible for the Strengthening Institutions Program. These institutions benefit from institutional aid programs in Titles III and V of the Higher Education Act. We believe that greater flexibility should be granted to these institutions in how these funds are used, current programs should be updated to better serve these

institutions, and funding should be increased to allow them to better support their students.

Campus Safety

Colleges and universities are committed to ensuring that their students experience a safe and supportive environment that is both free from discrimination and that fosters free expression of a wide array of viewpoints. Federal initiatives to enhance campus safety, including Title IX regulations and guidance on national origin discrimination under Title VI, should ensure the wellbeing and fair treatment of all students while remaining cognizant of freedom of speech considerations.

Accreditation

The core function of accreditation is ensuring the quality of American higher education, while acknowledging its diversity. We are concerned about proposals that would reduce the independence of accreditors and turn them into agents of federal compliance. Quality and diversity are accomplished through the peer-review process and by an institution's autonomy to establish its own mission and academic standards.

SNAP for College Students

The ability of college students facing food insecurity to afford and have access to nutritious food has been exacerbated since the pandemic. Students who were temporarily granted eligibility for Supplemental Nutrition Assistance Program (SNAP) benefits no longer have that eligibility. College campuses nationwide provide foodbanks and swipe exchanges to help students access food, but it is not enough, especially when colleges close for breaks or students do not regularly stay on campus outside of class time. We support the reinstatement of college student eligibility in the SNAP program and streamlining the application process for need-based student aid recipients.

Deferred Action for Childhood Arrivals (DACA)

The federal halt on processing new DACA applications after a Texas court ruling that the program is illegal puts enormous pressure on Congress to formally enact a pathway to citizenship for these program participants and others who were brought to the U.S. as children. NAICU supports legislative action, like passage of the Dream Act, to ensure these individuals have a permanent and certain path forward.