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January 4, 2016

The Honorable Lamar Alexander
Chairman
Committee on Health, Education,
Labor and Pensions
United States Senate
Washington, D.C. 20500

The Honorable Patty Murray
Ranking Member
Committee on Health, Education,
Labor and Pensions
United States Senate
Washington, D.C. 20500

Dear Chairman Alexander and Ranking Member Murray:

Congratulations on the passage of the Every Student Succeeds Act. Your bipartisan leadership led the way for Congress to pass meaningful educational reform legislation for America's elementary and secondary schools.

The reauthorization of the Higher Education Act of 1965 (HEA) offers a similar opportunity to strengthen and improve the programs and policies that are the foundation of the federal government's investment in higher education. These programs are critical to ensuring access, accountability, transparency, and quality at post-secondary institutions across the country.

I look forward to working with you on this important legislation, and I pledge the University's assistance to you and your staff in working through the HEA reauthorization process. UC staff will review specific legislative proposals as they are introduced and offer informed analysis about how provisions will work or how they might be improved to be most effective. I am confident that we share the same goal for this legislation--ensure that all students have access to exceptional, accessible, and affordable higher education.

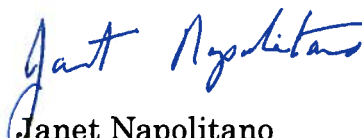
UC has been engaged in discussions with colleagues in the higher education community and evaluated proposals that have been presented in recent months, with a particular focus on provisions that might have an impact on large public research institutions and their students. Attached is an initial list of priorities UC would like to have addressed in the reauthorization of the HEA. UC developed this list as a starting point, and as the process advances and as legislative proposals are introduced and debated, UC will provide additional comments and recommendations.

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UC's priorities focus on ways the law can expand opportunities for educational success, more effectively target federal aid dollars to where they will have the most positive effects, increase student aid benefits to help finance college costs, help borrowers manage and repay their student loan debt, streamline federal rules and student aid policies where feasible, and increase accountability for all institutions where students receive federal aid.

We ask that you review and consider UC's current working priorities for HEA reauthorization. If you have any questions about these topics, please do not hesitate to be in touch with Carolyn Henrich in the UC Office of Federal Governmental Relations. She can be reached at (202) 974-6308 or by email at Carolyn.Henrich@ucdc.edu.

Yours very truly,


Janet Napolitano
President

Attachment

cc: Provost Dorr
Senior Vice President Peacock
Associate Vice President Falle
Director Heinrich

UNIVERSITY OF CALIFORNIA PRIORITIES FOR REAUTHORIZATION OF THE HIGHER EDUCATION ACT

Title IV of the Higher Education Act (HEA) provides the foundation of the federal government's financial investment in higher education, and the current reauthorization process is an opportunity to strengthen and improve the law. The federal government has a responsibility to assure that its funds are invested in students who are most in need and who are striving to obtain quality educational credentials at institutions that share responsibility for their students' success and are concerned about the integrity of the federal student aid programs.

Below are priorities UC would like to see addressed in the reauthorization of the HEA. As legislation and proposals are further developed, UC will provide additional comments and recommendations.

Free Application for Federal Student Aid (FAFSA) Simplification

UC supports proposals that would improve the federal need-analysis system, simplify the process for students and their families, eliminate the need for costly supplemental forms for state and institutional use, and improve the integrity of federal student aid.

Pell Grants

UC supports strong and sustained funding for the Pell Grant program, that would maintain and increase the maximum award, and provide certainty from year-to-year that Pell Grants will be available to those who are eligible.

UC supports providing incentives to institutions that enroll large numbers of low-income students, offer significant institutional aid, and graduate Pell students at rates similar to all students, in order to help them further improve their outreach and success.

UC supports year-round Pell Grants for eligible students who are accelerating their time-to-degree, as well as appropriate adjustments to other federal student aid programs to accommodate year-round attendance as well. Existing limits on Pell Grant eligibility and Satisfactory Academic Progress requirements will assure the integrity of federal student aid programs.

Federal Student Loan Programs

UC supports a number of specific changes to the federal student loan programs that will enhance student benefits and improve how student loans are administered, disbursed, serviced and repaid. For example, UC would like to see:

- Simplified repayment plans;
- Payroll deduction and IRS tax filing for loan collections to eliminate loan processing and contractor obligations;
- In-school interest subsidy maintained for undergraduate loans and restored during a post-graduation grace period;
- Restoration of the in-school interest subsidy for graduate student borrowers;

- Increased transparency for borrowers including more information about how interest accrues while in school, and annual counseling before students add to their existing student debt;
- Refinancing of higher interest loans;
- Elimination of loan origination fees charged to students;
- Standard and uniform interface between borrowers and servicers to assure excellent treatment and customer service; and,
- Increased availability of loan forgiveness programs and efforts to promote awareness of these programs.

In addition, UC recommends that annual loan limits be raised in the federal student loan programs. Annual loan limits for undergraduate students have not been increased in more than a decade and the caps set for freshman and sophomore student borrowers are unrealistically low. The current limits force many students to take loans from non-federal sources, which is likely to cost student borrowers more over the course of their education.

Regulatory Reduction

UC supports removing administrative rules that have no impact on the targeting of aid to low-income students. For example, institutions that have long histories of successfully and efficiently administering federal aid to students might be relieved of rules that are not necessary, given their excellent records of academic success and loan repayment, while other institutions that have less favorable completion and default rates might be subject to enhanced oversight to protect the integrity of the federal aid programs. UC will offer specific examples of improvements that can be made in this area, such as simplifying the “Return to Title IV” rules for withdrawals and coordinating the many very similar current limitations on eligibility for financial aid programs.

Federal Perkins Loan Program

UC supports reinstating the Federal Perkins Loan Program. For more than 50 years, institutions have been managing this program, with no financial contribution from the federal government in for more than 10 years. The Perkins Loan Program demonstrates strong institutional buy-in and accountability and provides important support and generous benefits to very needy students who would have no means to make up for the loss of these loans. At a minimum, institutions should be allowed to continue to make loans from their revolving funds, using their institutional contributions and cancellation money that is owed to them.

Program Integrity

UC supports efforts to strengthen the integrity of the federal student aid programs, which will increase institutional accountability for the money their students receive, assure that limited federal dollars are helping students most in need, and target funds to institutions that do a good job in successfully moving students from enrollment to completion.

The federal government must take responsibility and restrict federal funds from flowing to institutions where students take on unreasonable levels of student debt and do not earn credentials that prepare them for higher degrees or employment opportunities sufficient to allow them to repay their loans.

Changes to the HEA could include:

- Setting timelines for program reviews of institutions with high default rates or large numbers of student complaints;
- Creating an index of student-default risk based on loan-repayment rates at individual institutions;
- Creating minimal metrics for linking Pell eligibility to institutional performance, much like California uses for Cal Grants;
- Limiting students in two-year schools to half their aggregate Pell eligibility;
- Strengthening consumer protection of borrowers who secure private loans, particularly when they are marketed as “educational loans”;
- Changing the 90-10 rule to at least 85-15, and counting military tuition-assistance and veterans’ benefits as federal aid, toward the 85-percent limit; and,
- Creating an interagency task force to coordinate federal oversight of for-profit colleges and publishing “warning lists” of for-profit institutions for parents and prospective students.

Renew and Strengthen HEA Programs That Address National Concerns

In addition to the programs in Title IV of the HEA, there are a number of current programs that assist students and higher education institutions in the areas of professional development and teacher recruitment, education technology, graduate education, and international studies that must be reviewed and renewed.

HEA provides an opportunity to showcase successful and cost-effective state and institutional initiatives that can be modeled and replicated throughout the country, and to create new programs that address emerging needs in higher education, such as combatting sexual violence and sexual assault on campus, and the growing need for mental health care and services.

HEA should provide new incentives for institutional efforts to reach out to populations traditionally underserved by colleges and universities, for the supports these students need to be successful in their postsecondary studies.