

Top 10 Ways the College Affordability Act Puts Students First

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At its core, the *Higher Education Act* (HEA) is a civil rights bill designed to open the doors of higher education to all students. But as increasing tuition rates, middling graduation rates, and poor loan outcomes indicate, current federal law falls short when it comes to putting the needs of students ahead of the bottom lines of institutions. Luckily, the House Education and Labor Committee's rewrite of the law, the *College Affordability Act* (CAA), takes big steps to shift the focus of the law toward improving student outcomes. As the bill moves to the floor in the coming months, here are ten ways the CAA puts students first:



1. It Unlocks Better Data to Help Students and Families Make More Informed Decisions

The CAA fully integrates language from the bipartisan College Transparency Act (CTA) to remove the federal ban on student-level data and make it easier for students and their families to see whether schools are delivering a real return on investment—helping them to navigate one of the most important financial decisions of their lives with the same level of information they could get if they were buying a refrigerator or a car.



2. It Streamlines Federal Financial Aid to Make it Easier for Students to Access Higher Education

The CAA simplifies federal financial aid to make it easier for students to both apply to and pay back federal grants and loans. It streamlines the Free Application for Federal Student Aid (FAFSA), eliminates hidden loan fees, and simplifies current complex repayment plans into one income-based repayment plan.



3. It Boosts Funding to Make College More Affordable for Students

The CAA makes the largest one-time investment in the Pell Grant since its creation by increasing the maximum amount a low-income student can receive to \$6,970 in 2021 and indexes it to inflation in order to restore its purchasing power. This, along with a Federal-State partnership and other grant aid, will allow students to cover a larger share of the cost of college, including tuition, food, and housing, with their Pell Grant so that they have greater financial security to make it to graduation day—and fewer loans to pay back later.



4. It Commits to Increase Graduation and Transfer Rates for Community College Students

The CAA would create a new community college student success grant to implement evidence-based methods that have been proven to increase both graduation and transfer rates. Currently, 41% of all undergraduates are enrolled at community colleges but only around 25% graduate and only 30% transfer to another institution. Community colleges can use this grant to improve these dismal outcomes.



5. It Asks Accreditors to Focus More on Student Outcomes

The CAA strengthens college accreditation by beginning to shift its focus from inputs to outcomes. It instructs a working group to create a glossary of definitions for commonly discussed student outcomes like completion rate or post-enrollment earnings, allowing for more apples-to-apples comparisons of how federally funded institutions are performing. And, it asks accreditors to choose a handful of outcomes by which they plan to evaluate whether the schools they approve are delivering for students.



6. It Holds Institutions More Accountable for Student Loan Outcomes

The CAA makes significant improvements to the Cohort Default Rate (CDR)—the main metric the federal government uses to identify and hold institutions accountable for bad outcomes on taxpayer-funded student loans. It makes it harder for institutions to game the system and helps students avoid schools that could leave them worse off than when they enrolled. It also creates a new outcomes indicator that considers a school's on-time repayment rates to detect earlier whether institutions are truly providing value to their students.



7. It Establishes a Definition of Gainful Employment to Hold Programs Accountable for their Return on Investment

Federal law already says that to gain access to federal student aid, certain career programs must lead to “gainful employment”—but the CAA would define that phrase for the first time in federal law. It would also spur a new rulemaking process to determine how much debt is reasonable for an average student to take out compared to the average earnings they could expect upon completion of the program, to make sure students can earn enough money with that credential to pay back their loans.



8. It Closes the 90-10 Loophole to Protect Student Veterans

Federal law already includes a rule that for-profit colleges can't get more than 90% of their revenue from the taxpayers, but an unintended loophole allows those schools to count funds from the GI Bill as a non-federal source. The CAA closes that loophole and reverts the ratio back to 85-15 from prior law, meaning that these colleges can't receive more than 85% of their revenue from federal financial aid. This change will help protect veterans and servicemembers who have been specifically targeted by predatory institutions and help ensure they get the real educational benefit they've earned.



9. It Allows Incarcerated Students to Access the Pell Grant

The CAA expands access to the Pell Grant by repealing the ban on its use by incarcerated students. This change recognizes that earning a degree while incarcerated will help these students re-enter society, contribute to their communities, and care for their families—which will benefit those individuals and taxpayers alike.



10. It Allows Defrauded Students to Discharge their Loans

The CAA establishes a process for borrower defense to repayment, allowing students who have been defrauded by predatory institutions to discharge their loans and restore their eligibility for Pell Grants. This provision will give students whose colleges illegally lied to them to get them to enroll another chance to pursue their education without the added burden of paying back loans that they only hold because they were victims of fraud.



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