



February 23, 2018

The Honorable Lamar Alexander
Chair, Senate Health, Education, Labor and Pensions
Committee
455 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Patty Murray
Ranking Member, Senate Health, Education, Labor
and Pensions Committee
154 Russell Senate Office Building
Washington, DC 20510

Dear Chairman Alexander and Ranking Member Murray:

Thank you for soliciting stakeholder views as the Senate HELP Committee prepares to reauthorize the Higher Education Act (HEA). I write on behalf of the Association of American Universities (AAU), an association of 60 leading U.S. public and private research universities, to offer the following principles and priority issues to help guide the reauthorization process.

AAU is committed to the fundamental guiding principle that a student's financial status should not be a barrier to higher education. At the same time, we believe that access should be coupled with completing a high-quality education program. Simply enrolling students – especially at institutions that provide little or no educational benefits – should not be the objective of the federal government. As federal resources have grown scarce over the last several years, legitimate concerns about fraud and abuse in the federal student aid program have increased. We urge Congress to take concrete steps to address fraud and abuse to help ensure the integrity of these programs, so that aid can be maintained for those students with the highest need. In the context of the HEA, we hope that Congress will promote policies that lead to greater levels of access and student success.

College Affordability

College costs today are on the minds of many students, parents, policymakers, and university administrators themselves. However, tuition price increases are driven by many cost factors. The causes include: massive disinvestment by states in public colleges and universities; increased health care and other employee benefit costs; rising costs of complying with federal, state, and local regulatory requirements; increased energy costs; the need for up-to-date information technology; and student and family demands for increased services and amenities.

Recognizing these many factors that affect college prices, AAU universities have shown commitment to a high quality, affordable education possible through a range of cost-saving measures, substantial institutional financial aid programs for low-and middle-income students, and creative use of technology.

On average, AAU private institutions provide a 58 percent discount on tuition and fees and public institutions provide a 43 percent discount on tuition and fees. In the last year, AAU universities provided students with over \$1.7 billion in institutional aid. For those students taking out federal loans, only 2.3 percent defaulted, considerably lower than the national average of 7 percent for nonprofit institutions. Fifty percent of 2015 graduates from AAU universities graduated without any debt.

In addition to the vast aid our institutions provide, universities continue innovating to reduce operating costs, increase productivity, and minimize tuition increases, although there is no magic bullet to dramatically reduce the cost of a high-quality education. Universities use best practices for controlling operating costs. For example, through consolidated purchasing arrangements within a university – and increasingly with other institutions – universities are lowering their costs for supplies, energy, insurance, and information technology. At the same time, they are investing in environmentally friendly, cost-saving buildings and systems that reduce energy and water costs. AAU universities are also deploying new information technology systems to improve administrative efficiency.

We hope Congress will recognize the steps AAU and its member universities are taking to provide institutional aid to students. We believe that any federal policies pertaining to college affordability should consider the appropriate federal and state roles and acknowledge the steps institutions have already taken. We recognize the federal government alone cannot address all challenges facing higher education. It is regrettable that many states have backed away from their commitment to support public higher education, especially in the past decade. States should be incentivized to recommit financial resources if higher education access and affordability is to be ensured in the future.

Access to Higher Education—Federal Grants, Work-Study, and Student Loans

While AAU institutions provide significant financial support for their students, our universities do this in partnership with the federal government. As shown through our support of our students, we believe that investment in key federal student aid programs, particularly those that serve low-income students, is essential to ensuring a skilled 21st century workforce, promoting innovation and economic growth, and enhancing our nation’s global competitiveness. Any effort to simplify federal student aid programs should focus on meeting the needs of students through grants, work-study, and student loans.

We ask Congress to consider the following in any legislation regarding student financial aid.

Maintain Pell Grant Aid for Those with the Highest Need

For over 40 years, the Pell Grant program has served as the cornerstone upon which the federal financial aid system has been built. We support maintaining mandatory and discretionary funding for the Pell Grant, including the year-round Pell Grant. We also support restoring the inflationary increases to the Pell Grant maximum grant.

Support of SEOG and Federal Work Study

In addition to Pell, two campus-based programs – the Supplemental Education Opportunity Grants (SEOG) and Federal Work-Study, are also designed to increase access to higher education. Both programs require campus contributions or “skin-in-the-game” to supplement federal dollars. Research shows that these programs positively impact a student’s ability to afford college and improve their chances of graduating. With respect to Federal Work-Study, we support preserving meaningful opportunities to expose both undergraduate and graduate students to community-serving careers through placements with community-based organizations.

Undergraduate Student Loans

Federal student loans are an important form of aid that helps low- and middle-income students to access and complete higher education. We strongly support maintaining subsidized loans for undergraduate students. Eliminating subsidized loans would increase the cost of college by thousands of dollars many of the six million

undergraduates who receive those loans each year. Subsidized Stafford loans aid those with the highest need. For example, 82 percent of independent students (and almost half of dependent students) currently receiving subsidized loans have a family income of less than \$40,000 per year. Additionally, these loans provide students with significant savings. Estimates show that without subsidized loans, students would pay \$39 billion over the next 10 years, which is equivalent to them paying 20 percent more each month.

Financial Support for Graduate Students

Graduate and professional education is a vital element of the nation's higher education and innovation ecosystems. As an association comprised of research universities, federal support for graduate students is of particular importance to AAU.

We encourage Congress to maintain graduate student loan options, strong repayment terms, and loan forgiveness benefits that put graduate and professional studies within reach for all interested students. Specifically, we support reauthorization of GRADPLUS loans and to allow borrowing up to the cost of attendance. We also support maintaining graduate and professional students' eligibility for unsubsidized Stafford loans. Under current loan terms, graduate student borrowing generates revenue for the federal government and these students repay their loans at significantly higher rates than other borrowers.

We also support strong loan forgiveness plans, particularly for graduate and professional students who are most at-risk. Reducing income-based repayment plans would have adverse effects on the lowest earning graduates as more than 70 percent of those enrolled in these plans earn below \$20,000 per year.

Additionally, we view the Public Service Loan Forgiveness (PSLF) program as an important incentive for students to pursue vital service careers such as educators, firefighters, nurses, military service, and public defenders. Reducing PSLF benefits would disproportionately impact rural, urban, and tribal communities that are underserved. Over half a million people have enrolled in PSLF in the last decade. They are relying on this benefit as they reach 10 years of repayment.

Useful Consumer Information

Access to higher education is not determined by financial resources alone. AAU believes that access to *useful* and *helpful* information about individual colleges and universities can provide valuable assistance to students, families, and policymakers in their decision-making processes.

Since enactment of the disclosure and reporting requirements contained in the Higher Education Opportunity Act of 2008, many AAU institutions have established sophisticated internal processes designed to collect, interpret, analyze, and provide to the Department of Education a myriad of data, much of which may not be used effectively.

Before creating and launching new data collection efforts, Congress should ensure that any new information collected will be useful to consumers and policymakers. We want students and their parents to have accurate information about the choices available to them. Consumer tools must accurately present certain key factors, particularly with respect to affordability, otherwise low- and middle-income students could end up with incomplete or faulty information that leads them to make suboptimal choices about which schools to attend.

Student Progress and Degree Completion

While we re-emphasize our support for providing access to higher education as a fundamental objective of federal higher education policy, the nation cannot and should not be satisfied with access alone. We must also ensure that students are obtaining degrees which will serve them well into the future.

The goal of the HEA is to provide access to an opportunity to pursue a quality higher education, leading to a degree or a certificate. AAU institutions take this attainment seriously; the federal six-year graduation rate of AAU institutions is 83 percent (for first-time, full-time students). AAU also believes that no single model or approach to increasing graduation or progress rates is appropriate for all institutions. We agree with the broader higher education community that federal policy should recognize and support institutional efforts already underway and to encourage new ideas and practices to increase persistence and completion.

Accreditation

In recent years, accreditation—its purpose, the players involved in the process, and the actual process of accrediting institutions—has become a significant point of contention among those within and outside of higher education. AAU believes that the accreditation process performs an integral and critical role in U.S. higher education. A hallmark of the U.S. higher education system has been its use of and reliance on an independent accreditation system, a vital leg in the “triad” of federal, state, and higher education mechanisms responsible for ensuring integrity in our higher education enterprise. We reaffirm our continued support for a non-federal tool for determining quality, one that allows for flexibility and informed academic judgment.

Student Achievement

AAU endorses an accreditation system that promotes effective assessment of student achievement in the context of the missions of individual institutions, provides flexibility for institutions with a record of stability and successful performance, and focuses attention on substandard institutions. It is important to note that federal law requires institutions to provide evidence of “success with respect to student achievement in relation to an institution’s mission.”

We support a system in which all institutions, working with their institutional accreditors, should be expected to provide evidence of student success in three areas: student learning experience, student academic performance, and post-graduation outcomes. The areas are drawn from a statement on effective assessment of student achievement endorsed by all seven regional accrediting commissions and the six major national presidential higher education associations. A copy of the statement, “[Principles for Effective Assessment of Student Achievement](#),” is attached.

Risk-Based Review

We strongly support implementing risk-based accreditation views. As stated in [AAU’s HEA Reauthorization Recommendations of July 2013](#) – as well as by NACIQI in its report [Higher Education Accreditation Reauthorization Policy Recommendations](#), and the ACE Commission report [Assuring Quality in the 21st Century: Self- Regulation in a New Era](#), accreditors should develop and implement risk-based review procedures for institutions with a record of stability and successful performance. As discussed in the [Report of the Task Force on Federal Regulation of Higher Education](#), issued by a Senate-appointed Task Force chaired by Chancellors William E. Kirwan, University of

Maryland system, and Nicholas S. Zeppos, Vanderbilt University, the authority of accreditors to conduct “differentiated reviews” needs to be clarified. We believe accreditors have the legal authority under the HEA to allow institutions with records of exceptional quality and performance to undergo a less arduous set of procedures and processes. To that end, we request Congress include a provision in the HEA that would go beyond providing unequivocal authority and flexibility to accreditors to design and implement a system of risk-based review and require it. Additionally, institutions should be allowed to change accreditors, without first seeking approval from the Secretary of Education, if there are not existing sanctions on the institution.

It is critical that the accreditation system respond differentially to the varying degrees of risk that different institutions present. Risk-adjusted scrutiny is a standard and indispensable regulatory practice. For example, when institutions perform biological research, the safety standards appropriate to the different laboratories vary with the kind of research that is conducted there. Both low- and high-risk biological research may be valuable to society. The regulatory variations recognize that safety investments must be tailored to the kinds of dangers they are likely to represent.

A risk-adjusted approach would allow accreditors to focus on institutions that present the greatest potential risk. Most importantly, such a system would serve the interests of students because the accreditors would be addressing real risks to educational quality.

Title VI/International Education Programs

The HEA authorizes another suite of programs which AAU believes deserves continued support. We see the interconnected nature of our global society every day. In so many instances, occurrences on the other side of the world are felt almost instantaneously. Global competency, international awareness, and the nation’s ability to develop expertise in the issues and area studies surrounding these developments are acutely needed.

The array of programs supported by Title VI of the HEA addresses critical national needs in foreign language expertise as well as cultural and historical understanding and contemporary analyses of different world regions. As the main federal program for training in languages and cultures, Title VI plays a strategic role in ensuring that our nation can maintain deep expertise and analytic capacities in less commonly taught languages and culture. For example, the National Resource Centers (NRC) program, the nation’s premier source of expertise for research, language, and cultural training in regions identified as being of vital importance for economic and security reasons, improves the understanding of such regions. Many AAU institutions have leveraged federal funds to generate additional non-federal resource for the various Title VI programs, thereby increasing effectiveness and impact.

We ask Congress to reaffirm its historical support for this group of programs that educate, train and develop the language and culture experts our country desperately needs.

Promoting Innovation

To meet the increasing demand for higher education and the changing needs of students, the higher education community is experimenting with and offering new delivery models and technologies, including the development of massive open online courses, or Massive Open Online Courses (MOOC). In many instances, AAU institutions have led the way in the development of this movement. While the ultimate long-term outcomes of such ventures

are yet unknown, we believe these new models could be helpful in addressing a number of issues, such as student retention and completion and reduction of cost. Institutions offering and adopting such creative options should be given the opportunity to test and explore them.

AAU believes that the FIPSE and experimental site programs could assist institutions in developing creative programs of quality. At the same time, we encourage Congress to be cautious when considering whether to expand federal student aid eligibility to such efforts. We believe that these and other innovative activities should demonstrate their quality before Congress opens up eligibility for the student aid program.

De-Regulation

Finding the right balance between appropriate levels of accountability and creating unnecessary regulatory burdens touches on a number of issues. AAU member institutions take their responsibility as stewards of federal resources seriously. Regulations not only affect innovation but the finances of institutions and students. AAU supports regulations necessary to protect tax-payer investments and root out fraud and abuse. At the same time, we believe that more regulations that add to the compliance burden but provide no added accountability are a waste of government and university resources. Unwarranted, duplicative, and sometimes conflicting federal regulations cause significant and costly compliance problems. This is especially true for research universities, whose involvement with the federal government is much more expansive than the requirements outlined in the HEA.

In 2009, the National Research Council of the National Academies issued a report, [*Research Universities and the Future of America: Ten Breakthrough Actions Vital to Our Nation's Prosperity and Security*](#). The report recommends, in part, that the federal government “reduce or eliminate regulations that increase administrative costs, impede [research] productivity, and deflect creative energy without substantially improving the [research] environment.” In 2013, a bipartisan group of Senators, including Lamar Alexander (R-TN), Barbara Mikulski (D-MD), Michael Bennet (D-CO) and Richard Burr (R-NC), appointed a task force of 16 leaders to examine federal oversight of higher education. We support the [recommendations](#) released in 2015 by this task force.

We encourage Congress to implement the recommendations of both de-regulation reports. We also recommend that Congress require the Department to ensure that regulations are meeting their goals in terms of performance rather than simply in terms of process. We believe that a regulatory approach that is based on performance-based standards offers institutions greater flexibility to achieve the regulatory goals and would result in a more rational and cost-effective regulatory structure.

Again, we appreciate the opportunity to provide comments on the reauthorization of the HEA. If you would like to discuss our comments, please do not hesitate to contact us. We look forward to a continuing dialogue with you on this important set of issues.

Sincerely,



Mary Sue Coleman
President