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HOUSE EDUCATION AND LABOR COMMITTEE PASSES HR 3221, THE “STUDENT AID AND FISCAL RESPONSIBILITY ACT OF 2009,” WHICH ALSO INCLUDES EARLY LEARNING CHALLENGE FUND, ONLINE COURSE DEVELOPMENT, AND PUBLIC SCHOOL FACILITIES GRANTS

- The House Committee on Education and the Labor passed the “**Student Aid and Fiscal Responsibility Act of 2009**” on Tuesday, July 21, 2009, by a vote of 30 to 17.
- HR 3221 converts various education proposals made by President Barack Obama, or included in his FY 2010 Budget Request, into actual legislation, which, when passed by the full House and Senate, would become federal law - moving his ideas and concepts into actual programs, policies and initiatives.

Direct Student Loan Program

- Central to the purpose of this bill is to make attending college more affordable for millions of students (and their families). The legislation adopts President Obama’s higher education priorities to “**originate all new federal student loans through the Direct Loan Program starting**” on July 1, 2010, “instead of through lenders subsidized by taxpayers in the federally guaranteed student loan program.” The FFEL student loan program will end.
- Currently, there are approximately 1700 colleges that participate in the Direct Loan program. That number includes 500 higher education institutions which have switched to the Direct Loan program from the FFEL federally guaranteed student loan program, over the past year. Under HR 3221, there are about 4500 colleges that will need to change to Direct Loans, but institutions that have made the switch since the credit crunch began in 2008, “report that it was a fairly easy and inexpensive process.”
- By taking this step toward use of only the Direct Loan program, the Congressional Budget Office (CBO) estimates that \$87 billion will be generated over the next 10 year period (until 2019), in savings to the Federal Treasury.
- According to House Education Committee Chairman George Miller (D-CA), “the Direct Loan program is entirely insulated from market swings and can therefore guarantee students access to affordable college loans, at the same low interest rates, terms and conditions, no matter what happens in the economy.”
- A new public-private partnership would permit both private lenders and non-profit lenders “to compete for contracts to service” the Direct Loans, thus preserving jobs in local communities.

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- With the \$87 billion in federal government savings or lowered costs, the new legislation includes language and plans for how that money would be invested, in diverse federal programs services, and in paying down the federal deficit, with no additional costs to American taxpayers over 10 years.

Selected Other HR 3221 Provisions

- Among HR 3221 provisions are the following:
 1. **Invests \$40 billion to increase the maximum yearly Pell Grant** college student financial aid scholarship, to \$5550 in 2010, and up to \$6900 by 2019. Pell Grants would be “linked to match rising costs-of-living, by indexing it to the Consumer Price Index plus 1 percentage point.”
 2. **Invests \$3 billion to boost College Access and Completion through establishment of a College Access and Completion Innovation Fund over five years.** Competitive State Innovation Completion Grants would be awarded to States “to promote student persistence in, and completion of, postsecondary education.” Funds would also help States to **develop longitudinal data systems**, reporting systems and “common metrics.”

The Secretary of Education also may award Innovation In College Access and Completion Competitive Grants to States, higher education institutions, non-profit and philanthropic groups, to advance knowledge, policies and practices that **increase the number of persons with postsecondary degrees or certificates.**

3. **Strengthens the Perkins Loan program**, which offers low-cost federal student loans.
4. **Maintains low interest rates on need-based and/or subsidized federal student loans through making their interest rates variable**, starting in 2012. Presently these interest rates are on a path to rise from 3.4% to 6.8% in 2012.
5. **Simplifies the federal college student financial aid application (FAFSA)** to make the process of applying for assistance easier.
6. **Provides loan forgiveness to military service members “who are called up to duty** in the middle of” an academic year.
7. **Invests \$4 billion for pre-K-12 local school district school facilities modernization, renovation and repair projects, including those that transition to clean energy and “green” buildings. States would each be allocated an amount based upon the total ESEA Title I, Part A funds received by local school districts in each State. Each school district would be funded in an amount based upon their ESEA Title I, Part A allocation** received in the previous year.

A broad range of uses of these school facilities funds is allowed including to “reduce class size,” to “improve teachers’ ability to teach and students’ ability to learn;” ensuring student and staff health and safety, improving energy efficiency, creating greenhouses and gardens, recreational facilities including physical education facilities; environmental remediation; facility compliance with the Americans With Disabilities Act; “installation or upgrading of educational technology infrastructure;” compliance with seismic codes, asbestos abatement, roofs, electrical wiring, water supply and plumbing; HVAC systems, windows/ceilings/floors and numerous other uses.

8. **Invests \$2.55 billion in Historically Black Colleges and Universities and in Minority-Serving Institutions**, to provide students with support to remain in and graduate from institutions of higher education.
9. **Provides \$2.5 billion to help community colleges renovate and repair facilities** used primarily for instruction, research or student housing, and to launch capital fund-raising campaigns at community colleges for facilities modernization.
10. **Provides \$500 million** to the U.S. Department of Education **for competitive grants or contracts** to colleges, workforce programs, philanthropic organizations, and other “appropriate entities **to develop, evaluate and disseminate free high-quality online training, high school courses, and postsecondary education courses**” thus expanding access to Internet-based courses to more schools and students across the U.S.
11. **Invests \$730 million for each of fiscal years 2010 through 2013, and \$680 million for fiscal years 2014 through 2019 for a Community College Initiative for competitive grants** to community or junior colleges, area career/technical education schools, public four-year institutions, states, consortia/partnerships to **establish Innovative Programs or programs of demonstrated effectiveness** based on evaluations of similar programs, **and that lead to completion of a postsecondary degree, certificate, industry-recognized credential that leads to a “skilled occupation in a high-demand industry.”** Partnership may be with businesses, philanthropic or research organizations.

Among the many uses of these funds are development and implementation of policies, academic programs, training programs (job-skill and worksite learning), integrating basic skills and occupational training advancing career pathways, building linkages between secondary education or adult education programs (including Carl D. Perkins Career/Technical Education Act and Workforce Investment Act programs) and those entities eligible to receive grants (states, community colleges, four-year colleges, etc.). **The development of dual enrollment programs and early college high schools are eligible uses** of these community college reform grant funds.

12. **Returns \$10 billion back to the U.S. Treasury to help reduce the federal deficit.**
13. **Invests \$1 billion per year over eight years to support comprehensive, effective early learning programs for children from birth to five years of age** - a priority of President Obama. Early education pays off in closing achievement gaps and ensuring school readiness.

Currently there is a patchwork system of child care and early learning opportunities especially for low-income families. Higher standards and better quality are needed. Since by age 4, low-income children are 18 months behind most other four-year olds.

HR 3221 establishes an Early Learning Challenge Fund to provide competitive grants to states “to build a comprehensive, high equality early learning system for children from birth to age 5, which would include:

- “Early learning standards reform
- Evidence-based program quality standards
- Enhanced program review and monitoring of program quality
- Comprehensive professional development

- Coordinated system for facilitating screenings for disability, health, and mental health needs
- Improved support to parents
- Process for assessing children's school readiness
- Using data to improve child outcomes.”

Changes in early learning programs, state standards and practices are expected as a result.

- Next, HR 3221 has been referred to the House Budget Committee, to keep options open for use of the Reconciliation process included in the House Budget Resolution passed earlier this year.
- The text of the bill HR 3221 is available online at

<http://edlabor.house.gov/documents/111/pdf/legislation/StudentAidandFiscalResponsibility.Act.pdf>

A summary of HR 3221 is available on the House Education and Labor Committee website online at

<http://edlabor.house.gov/blog/2009/07/student-aid-and-fiscal-respons.shtml>