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# **The Federal Update for February 2, 2024**

From: Michael Brustein, Julia Martin, Steven Spillan, Kelly Christiansen

Re: Federal Update

Date: February 2, 2024

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## Legislation and Guidance

### College Cost Bill Passes House Committee

Republicans on the House Committee on Education and the Workforce approved legislation Wednesday targeted at reducing the cost of college. The bill, known as the College Cost Reduction Act (H.R. 6951), would cap the total amount of federal student aid that a student can receive annually at the “median cost of college” as determined by the U.S. Department of Education (ED) on the theory that colleges would stop increasing costs if loans availability – and thus student ability to pay – was capped. It would also terminate the Grad PLUS and Parent PLUS loan programs and strike regulations on college quality including the 90/10 rule, borrower defense regulations, and gainful employment rules. While the original language of the bill would have eliminated the Supplemental Educational Opportunity Grant, a substitute amendment struck that language based on feedback from institutions and other stakeholders.

Colleges would also be responsible for paying back student debt if students cannot afford to repay it after graduation under the proposal, known as a “risk-sharing payment requirement.” This would be measured under a new metric called “value-added earnings,” which sets a threshold for post-graduation earnings expressed as a percentage of the federal poverty level – for example, undergraduate students should be earning at least 150 percent of the federal poverty level. If students do not reach those metrics after program completion, their colleges could face a penalty. College advocates say they have concerns about this metric in large part because institutions cannot control the types of jobs that are available, or that students take, after graduation, and because pay can hinge on factors like a student’s location, age, and gender.

Framing the legislation as an alternative to the President’s student loan forgiveness initiative, the legislation would prohibit ED from implementing any new student loan repayment programs or modifying existing programs. The current loan repayment options would be replaced with two options – a 10-year forgiveness plan or a simplified income-based repayment program.

House Democrats opposed the legislation as a whole but expressed support for some parts, including the proposal to create a standardized financial aid offer form, add a universal net price calculator to the College Scorecard, and eliminate interest capitalization and origination fees on student loans. While many expressed support for the concept of ensuring colleges are invested in their students’ future, they were concerned that the way this legislation was structured would encourage colleges to cut programs that prepare students for lower-paying professions like teaching and social work. Instead, Democrats on the Committee released a six-bill package which it says would reduce college costs, improve access, and support students on the path to graduation.

The legislation now goes to the House floor for a vote.

Author: JCM

## News

### ED Delays FAFSA Processing as Issues Persist

This week, the U.S. Department of Education (ED) announced that the processing of Free Application for Federal Student Aid (FAFSA) forms would be delayed by an additional two months as the agency continues to face challenges with rolling out an updated version of the application.

The updated version of the FAFSA was soft launched in December with many technical issues and did not become fully available to applicants until the beginning of January – months later than the FAFSA is typically open for students. The new FAFSA arrived three years after Congress mandated changes to simplify the process to apply for federal financial aid.

The Chairwoman of the House Committee on Education and the Workforce, Virginia Foxx (R-NC), and the Chairman of the subcommittee responsible for higher education issues, Burgess Owens (R-UT), sent a letter to Secretary Cardona this week criticizing the FAFSA rollout. “The Department should have focused on expeditiously doing the work necessary for a successful and timely launch for the simplified FAFSA to be ready for students, families, and institutions of higher education (IHEs),” the lawmakers said in their letter. Foxx and Owens also request a list of documentation from ED related to the FAFSA rollout, including the plan for implementation and written communications to stakeholders regarding the issues and delayed launch. In addition, following a request from Senate Republicans last week, the Government Accountability Office has reportedly agreed to open an investigation into the FAFSA rollout and related challenges.

Although ED intended to begin processing applications in late January, it announced this week that processing would likely not begin until the first half of March, meaning colleges will not receive FAFSA data for students and students will not be able to make adjustments to their previously filed applications until that time. The delay will result in an even longer wait for students to receive financial aid offers from their colleges. In response to the delays and pushback from stakeholders and Congressional members, ED said in a statement that “[w]e are continuing to test several vendor-built systems and we will provide regular progress updates to schools and stakeholders as we move forward.” ED has also noted that the updates being made to the backend technology for the FAFSA are “unprecedented,” which has led to the ongoing challenges in the rollout. ED is making changes to the financial aid formula as well, to adjust it for inflation, which has been another contributing factor to the delays but will make additional funding available for students for the upcoming year.

[The Foxx/Owens letter to Secretary Cardona is available here](https://edworkforce.house.gov/uploadedfiles/foxx_owens_fafsa.pdf).

Resources:

Michael Stratford, “Education Department further delays FAFSA processing by about two months,” *Politico*, January 30, 2024.

Author: KSC

## Reports

### GAO Publishes Report on School Improvement Oversight

This week, the U.S. Government Accountability Office (GAO) published an audit report that analyzed school improvement activities. In its audit, GAO reviewed the performance of activities from January 2022 to January 2024.

Under Title I, Part A of the Elementary and Secondary Education Act (ESEA), States must identify schools that need comprehensive support and improvement (CSI). Those schools are the lowest performing Title I schools in the State, have low graduation rates, and have previously been identified as needing additional targeted support and improvement but have not improved. After being identified, districts are required to develop CSI plans with stakeholders, including parents, teachers, and school administration. CSI plans must meet these three requirements: (1) be based on a needs assessment for the school, (2) determine and address resource inequities, and (3) identify evidence-based interventions. The State, which is required under ESEA to set aside at least seven percent of their Title I funding to support CSI schools, reviews and approves the CSI plans. The U.S. Department of Education (ED) then monitors the State’s compliance with CSI requirements.

The GAO audit compared the aspects of CSI schools and other public schools, reviewed CSI plan samples, interviewed school leaders from a sample of CSI schools, and interviewed officials from ED. GAO reviewed the characteristics of schools identified for CSI, determined whether CSI plans effectively addressed the requirements under ESEA, and analyzed ED’s monitoring of State oversight.

In its review, GAO found that schools identified as CSI schools performed among the lowest schools in the nation and that they often served students who are Black and low-income. Additionally, in comparison to other public schools, CSI schools had higher percentages of students who are not proficient in reading and math and higher student to teacher ratios. In the review of CSI plans, GAO found that only 42 percent of the plans addressed all three ESEA requirements. Further, plans were not consistent in how they addressed resource inequities, with some focusing on the personal inequities of students and families (ex. homelessness), while others focused on school resource inequities such as teachers and funding.

Regarding ED monitoring of States, GAO found that ED was not able to fully identify compliance issues related to CSI plans. In its monitoring from February 2020 to July 2023, ED monitored nine States and determined that five of those States failed to ensure that CSI plans included all three required elements. This failure, the report noted, was because ED did not specifically select CSI plans to review. Instead, States and Districts determined which plans are monitored. In the report, GAO recommends that ED update its monitoring protocol to require ED staff to independently select CSI plans for monitoring. ED agreed with the recommendation and plans to implement this beginning in the spring of 2024.

[The full audit report can be found here.](https://www.gao.gov/products/gao-24-105648?utm_campaign=usgao_email&utm_content=topic_education&utm_medium=email&utm_source=govdelivery)

Author: BNT

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Posted by the California Department of Education, February 2024