

Higher Education Act Renewed

By Carina Zaragoza



The Higher Education Act of 1965 was overwhelmingly approved on Thursday, February 7, 2008. The House of Representatives voted 354-58 to approve the reauthorization of the bill (H.R. 4137).

The key legislation, known as the College Opportunity and Affordability Act, would toughen the regulation of the student loan industry as well as simplify the financial aid award process. The legislation also puts pressure on colleges and universities to contain the rising cost of attendance.

While the House approved the HEA by a wide margin, the Bush administration issued a statement in which it announced it found fault with nearly every major provision of the bill. Among the criticisms, the administration believes the bill creates four new “costly and duplicative federal programs” and restricts the Department of Education’s authority to regulate higher education accreditation, allowing more freedom for colleges to measure student learning outcomes. Education Secretary Margaret Spellings opposes this provision as well. However, the administration stopped short of stating it would veto the bill.

Prior to the reauthorization, an attempt was made by Representative Danny Davis (D-IL) to amend the bankruptcy code to allow the discharge of private education loans. Davis and other advocates for students argued that because private education loans have become a major source of funding due to lack of alternative options (federal and otherwise) and because of the high cost of borrowing private education loans, this type of debt should be considered consumer debt. The amendment appeared to have passed in a voice vote, but later it was discovered that it was defeated by a 236-179 vote (19 members did not vote). Had the amendment passed, students would have been able to discharge their private education loans after five years in bankruptcy.

Last renewed in 1998, the Higher Education Act bill addresses many issues:

- The Department of Education will have more authority to regulate private education loans. This provision comes out of the investigations into lenders’ practices of drawing business by enticing schools.
- Students will be allowed to receive the Pell Grant year-round rather than only during the traditional school year.
- Changes will be made to the Academic Competitiveness Grant Program that will make the grants available to part-time students as well as students earning certificates rather than degrees. The program benefits low-income students but until now has not been effective in assisting students with funding their education.

- The Department of Education will develop a list of accredited institutions and a list of accrediting schools. The purpose of the lists is to crack down on diploma mills.

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