

# CRS Report for Congress

## A Primer on the Higher Education Act (HEA)

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**Prepared for Members and  
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## Summary

The Higher Education Act of 1965 (HEA) as amended, authorizes the federal government's major federal student aid programs (Title IV), as well as other programs which provide institutional aid and support (Titles II, III and V). In addition, the HEA authorizes services and support to less-advantaged students (select Title IV programs), and to students pursuing international education and certain graduate and professional degrees (Titles VI and VII). The programs authorized by the HEA are administered by the U.S. Department of Education (ED), and made available an estimated 70% (\$94 billion) of all federal, state, and institutional aid awarded to postsecondary students in 2005-2006 (excluding tax benefits).

The principal objective of the HEA is to expand postsecondary education opportunity, particularly for low-income individuals, and to increase affordability for moderate income families as well. The heart of the legislation is its student aid programs authorized under Title IV, which provide student aid in the form of grants, loans, and work-study assistance. There are seven titles of the HEA that authorize numerous programs and provisions designed to provide assistance to postsecondary students and institutions.

This report provides a brief overview of major provisions of the HEA. It is organized by title and part of the act. This report will not be updated.

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# A Primer on the Higher Education Act (HEA)

## Introduction

The Higher Education Act of 1965 (HEA) as amended, authorizes the federal government's major federal student aid programs (Title IV), as well as other programs which provide institutional aid and support (Titles II, III and V). In addition, the HEA authorizes services and support to less-advantaged students (select Title IV programs), and to students pursuing international education and certain graduate and professional degrees (Titles VI and VII). The programs authorized by the HEA are administered by the U.S. Department of Education (ED), and made available an estimated 70% (\$94 billion) of all federal, state, and institutional aid awarded to postsecondary students in 2005-2006 (excluding tax benefits).<sup>1</sup>

The HEA was last comprehensively reauthorized by the Higher Education Amendments of 1998 (P.L. 105-244), which expired September 30, 2003. Since the initial expiration of the authorization, there have been several temporary extensions.<sup>2</sup> Most recently, the HEA was extended by the Second Higher Education Extension Act of 2007 (P.L. 110-51), which authorizes the programs and activities of the HEA through October 31, 2007.

This report provides a brief overview of major provisions of the HEA. It is organized by title and part of the act. Other CRS reports provide much more detailed discussions and analyses of major HEA provisions.<sup>3</sup> This report will not be updated.

## Overview

The HEA was initially authorized in 1965 (P.L. 89-329). Since that time, comprehensive amendment and reauthorization of the HEA has occurred seven additional times.<sup>4</sup> The principal objective of the HEA is to expand postsecondary

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<sup>1</sup> The College Board, *Trends in Student Aid 2006*.

<sup>2</sup> The original termination date for most of the provisions of the HEA was September 30, 2003, which was the original date enacted by the Higher Education Amendments of 1998. This termination date was extended through FY2004 by the General Education Provisions Act (GEPA). A series of subsequent measures — P.L. 108-366, P.L. 109-81, P.L. 109-150, P.L. 109-212, P.L. 109-238, P.L. 109-292, P.L. 110-44 — have temporarily extended the HEA program and provision authority through October 31, 2007.

<sup>3</sup> For a list of the key CRS products on Higher Education issues and programs, see: [[http://apps.crs.gov/cli/cli.aspx?PRDS\\_CLI\\_ITEM\\_ID=479&from=3&fromId=5](http://apps.crs.gov/cli/cli.aspx?PRDS_CLI_ITEM_ID=479&from=3&fromId=5)].

<sup>4</sup> The Higher Education Amendments of 1968 (P.L. 90-575), Higher Education Amendments (continued...)

education opportunity, particularly for low-income individuals, and to increase affordability for moderate income families as well. The heart of the legislation is its student aid programs authorized under Title IV, which provide student aid in the form of grants, loans, and work-study assistance.

There are seven titles of the HEA that authorize numerous programs and provisions designed to provide assistance to postsecondary students and institutions. The seven titles of the HEA are:

- Title I — General Provisions
- Title II — Teacher Quality Enhancement
- Title III — Institutional Aid
- Title IV — Student Assistance
- Title V — Developing Institutions
- Title VI — International Education Programs; and
- Title VII — Graduate and Postsecondary Improvement Programs

Each of these titles and the major programs under each are discussed in greater detail.

## **Title I: General Provisions**

Title I of the HEA includes four parts, which establish the general provisions for the remainder of the HEA. Many of the provisions affect institutions' participation in the Title IV student aid programs.

### **Part A: Definitions**

Title I, Part A of the HEA includes two definitions of an institution of higher education (IHE). The first definition, contained in Section 101, applies to institutional participation in non-Title IV programs. The second definition, contained in Section 102, applies only to institutions participating in Title IV programs. The Section 102 definition includes all institutions recognized as IHEs under Section 101 and expands the definition of IHEs for Title IV purposes to include for-profit (proprietary) institutions, postsecondary vocational institutions, and institutions outside of the United States (i.e., foreign institutions). While Section 102 includes requirements specific to proprietary institutions, postsecondary vocational institutions, and foreign institutions, it also includes requirements that all Title IV eligible institutions must meet regarding the course of study offered, student enrollment, and institutional management. Finally, Section 103 contains other definitions relevant to the HEA.

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<sup>4</sup> (...continued)

of 1972 (P.L. 92-318), Higher Education Amendments of 1976 (P.L. 94-482), Higher Education Amendments of 1980 (P.L. 96-374), Higher Education Amendments of 1986 (P.L. 99-498), Higher Education Amendments of 1992 (P.L. 102-325), and Higher Education Amendments of 1998 (P.L. 105-244).

## Part B: General Provisions

Title I, Part B of the HEA contains several general provisions that address issues such as anti-discrimination, student speech, recognition of accrediting agencies, and drug and alcohol abuse on college campuses. More specifically, IHEs receiving federal funds may not use the funds to conduct a study or project in which the terms of the contract prohibit an individual from performing the study or project based on the individual's race, religion, sex, or national origin. Part B also includes a Sense of Congress regarding the protection of student speech and association rights. It also provides the Secretary of Education (Secretary) with waiver authority related to program eligibility criteria and the circumstances of the outlying areas.<sup>5</sup> Part B authorizes the National Advisory Committee on Institutional Quality and Integrity (NACIQI), which advises the Secretary on decisions related to recognition of accrediting agencies. Provisions are also included related to the disclosure of foreign gifts received by IHEs.

The “Collegiate Initiative to Reduce Binge Drinking and Illegal Alcohol Consumption” is also included in Part B. The initiative, expressed in the form of a Sense of the Congress, is intended to change the culture of alcohol consumption on collegiate campuses. Also included in Part B is a requirement that an IHE must certify to ED that it has adopted and implemented a program to prevent the use of illicit drugs and alcohol abuse by students. An institution failing to provide this certification is not eligible to receive funds or any other form of financial assistance under any federal program. Part B also authorizes Alcohol and Drug Abuse Prevention Grants. Finally, Part B includes various provisions to meet long-term obligations related to previously funded programs supporting the construction of college housing and academic facilities.

## Part C: Cost of Higher Education

Title I, Part C includes provisions focused on collecting data on college costs and prices. It requires the redesign of postsecondary education data systems to improve the usefulness and timeliness of the data collected, standard definitions to be developed for various postsecondary education data elements, a national study of expenditures at IHEs, and the development of a higher education market basket that includes items related to the costs of higher education. Part C also authorizes the National Postsecondary Student Aid Study (NPSAS).<sup>6</sup>

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<sup>5</sup> The term outlying areas includes Guam, the Virgin Islands, American Samoa, the Commonwealth of the Northern Marianas Islands, the freely associated states of the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

<sup>6</sup> The National Postsecondary Student Aid Study (NPSAS) is a comprehensive nationwide study designed to determine how students and their families pay for postsecondary education, and to describe some demographic and other characteristics of those enrolled. The study is based on a nationally representative sample of students in postsecondary education institutions, including undergraduate, graduate, and first-professional students.



## **Part D: Administrative Provisions for Delivery of Student Financial Assistance**

Title I, Part D authorizes a performance-based organization (PBO) responsible for managing the information processing and delivery systems for the student assistance programs authorized under HEA Title IV.<sup>7</sup> The PBO is known as the Office of Federal Student Aid.

## **Title II: Teacher Quality Enhancement**

Title II authorizes grants for improving teacher education programs, strengthening teacher recruitment efforts, and training prospective teachers. This title also includes the reporting requirements for states and IHEs regarding the quality of teacher education programs.

### **Part A: Teacher Quality Enhancement Grants for States and Partnerships**

Title II, Part A authorizes three competitive grants to improve the quality of K-12 teacher education — State, Partnership, and Recruitment grants. The authorization of appropriations provides that appropriated funds be divided as follows: 45% to State grants; 45% to Partnership grants; and 10% to Recruitment grants. These grants provide funding to states or to partnerships involving high-need school districts, higher education schools of education, and higher education schools of arts and sciences. Competitively awarded state grants support reform of teacher licensing, strengthening of accountability for high quality teacher preparation, and recruitment of high quality teachers for high-need schools. Partnership grants, also awarded competitively, are used to reform teacher preparation programs so they prepare high quality teachers, provide sustained pre-service clinical experiences to prospective teachers, and enhance the opportunities for professional development activities for current teachers. Further, states and partnerships are eligible for separate competitive grants that support teacher recruitment activities. These grants may be used for scholarships enabling students to complete teacher training programs, support services needed to complete postsecondary education, and support services during the initial three years of teaching.

**TEACH Grants.** Students preparing for a career in teaching and who agree to teach for at least four years in a high-poverty school may receive a TEACH Grant of \$4,000 for each year of study (prospective mathematics and science teachers may also receive Bonus TEACH Grants of \$500 for each year of study). Recipients who

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<sup>7</sup> For additional information about the PBO see CRS Report RL32098, *The Office of Federal Student Aid: The Federal Government's First Performance-Based Organization*, by Charmaine Mercer.

do not complete their service requirement would be required to repay the amount of the TEACH Grant as a loan under HEA, Title IV, Part D.<sup>8</sup>

## **Part B: Preparing Tomorrow's Teachers to Use Technology**

The Preparing Tomorrow's Teachers to Use Technology grant program has not been funded since FY2003 and therefore will not be discussed.

## **Title III: Institutional Aid**

Title III is intended to provide support for less-advantaged institutions serving students from low-income or racial minority backgrounds. There are six parts authorizing programs for IHEs that serve select groups of students, including historically black colleges and universities (HBCUs), Alaska Native and Native Hawaiian-serving institutions, and tribally controlled colleges and universities (TCCUs). Additionally, Title III, Part A authorizes funding for less-advantaged institutions and those serving low-income students.

### **Part A: Strengthening Institutions**

Title III, Part A authorizes development and planning grants for institutions that serve "needy" students. The grants are intended to assist eligible institutions with improving their academic quality, institutional management, and fiscal stability. In order for an institution to be eligible for a Part A grant, at least 50% of the enrolled degree seeking students must be recipients of need-based financial assistance under Title IV of the HEA (Federal Perkins Loan, Federal Work Study, Federal Pell Grant, or Federal Supplemental Educational Opportunity Grant), or the institution's Pell Grant recipients must exceed the median percentage for similar institutions receiving Pell Grants. In addition to serving needy students, the institution's average educational and general expenditures must be low in comparison with other comparable institutions.<sup>9</sup> Further, Section 312(b) requires that the institution also be legally authorized by its state to award baccalaureate degrees or be a junior or community college (or be the College of the Marshall Islands, the College of Micronesia/Federated States of Micronesia, and Palau Community College); and be accredited or pre-accredited by a nationally recognized accreditation association or agency.

Development grant recipients are authorized to utilize funds for the acquisition of scientific or laboratory equipment; construction or improvement of instructional

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<sup>8</sup> The TEACH Grants program was newly added to the HEA by the College Cost Reduction and Access Act of 2007 (P.L. 110-84).

<sup>9</sup> Average educational and general expenditures for 2004-2005 (most recent data available for comparison purposes) were as follows: \$9,320 for two-year public institutions, \$20,782 for two-year private institutions, \$23,553 for four-year public institutions, and \$37,105 for four-year private institutions. Data were retrieved from [<http://www.ed.gov/legislation/FedRegister/announcements/2007-1/010807c.pdf>].

facilities, including the integration of computer technology into institutional facilities to create smart buildings; faculty exchange and development, and faculty fellowships for attaining advanced degrees; and establishment or improvement of an endowment fund (the grant recipient must match the federal share of funds and up to 20% of a recipient's grant funds can be utilized for an endowment fund), among other things.

**American Indian Tribally Controlled Colleges and Universities.** Part A authorizes competitive grants for colleges and universities that are identified by Section 2 of the Tribally Controlled College or University Assistance Act of 1978 (25 U.S.C. § 1801) or are included in the Equity in Educational Land Grant Status Act of 1994 (7 U.S.C. § 301). TCCUs must satisfy the general eligibility requirements in Section 312(b) however, the grants are intended to provide and expand opportunities for Native American students.

TCCUs are permitted to carry out similar activities to those authorized for Part A recipients. However, there are some additional allowable activities specifically designed for Native American students such as: academic instruction in disciplines in which the group is underrepresented; establishment or enhancement of a teacher education program that is designed to prepare individuals to teach in elementary and secondary schools; and community outreach programs that encourage Native American students to pursue postsecondary education.

**Alaska Native and Native Hawaiian-Serving Institutions.** Part A authorizes grants and assistance to Alaska Native and Native Hawaiian-serving institutions to enable them to improve and expand higher education opportunities afforded to these two groups. In addition to the general eligibility requirements of being accredited/pre-accredited and awarded baccalaureate degrees or being a community college, an institution is eligible for a grant under this section if at least 20% of the undergraduate students are Alaska Native or 10% are Native Hawaiian. In addition to the percentage requirement, these institutions must also satisfy the eligibility requirements set forth in Section 312(b) of Title III.

Similar to TCCUs, Alaska Native and Native Hawaiian institutions are permitted to undertake some of the activities that are authorized for Part A institutions, and they are authorized to develop activities that specifically address the needs of Alaska Native and Native Hawaiian students. The delineated activities are more limited than those identified for Part A institutions, focusing on equipment acquisition, facilities' improvement, faculty development, curriculum and instruction, funds and administrative management, and student support services. Additionally, Alaska Native and Native Hawaiian institutions cannot utilize any of the grant money for the establishment of, or to increase, their institutional endowment.

## Part B: Strengthening Historically Black Colleges and Universities

Title III, Part B is the only program in Title III that distributes funds according to a formula rather than the competitive process.<sup>10</sup> These formula grants are for eligible historically black colleges and universities (HBCUs). To qualify as an HBCU the institution must have been established prior to 1964 and have as its principal mission the education of African Americans. HBCUs are not required to meet many of the eligibility requirements delineated for Part A institutions, except they must meet the general requirements of being authorized by their state to provide baccalaureate degrees or be a junior or community college and be either pre-accredited or accredited by an authorized agency or association.

HBCUs are permitted to carry out activities similar to Part A institutions, however, there are some authorized activities specifically for African American students such as academic instruction in disciplines in which the group is underrepresented. Similar to TCCUs, HBCUs are permitted to establish or enhance a teacher education program and community outreach programs, however, the programs and activities do not have to specifically address African Americans.

**Historically Black Graduate and Professional Institutions.** Part B also authorizes grants to 18 graduate and professional institutions that significantly contribute to the number of blacks in the legal, medical, dental, veterinary, math, engineering and the physical and natural science fields. The federal government provides each institution \$1 million in unmatched funds. Any funds in excess of the \$1 million must be matched on a dollar for dollar basis by the institution. For example, if an institution requests \$1.5 million, it must demonstrate that it is able to match \$250,000 of the federal award with non-federal funds.<sup>11</sup>

Under this section, institutions are authorized to provide activities similar to those of undergraduate HBCUs, however, they are also able to provide scholarships and fellowships to assist students with the enrollment and completion of postbaccalaureate and professional degrees in the aforementioned disciplines. It is the sole discretion of the chancellor or president of each institution to determine

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<sup>10</sup> The formula allocates funds to each institution as follows: 50% of the funds are based upon the grantees' number of Pell Grant recipients compared with the number of Pell Grant recipients at all Part B institutions. Twenty-five percent of the funds are based upon the number of graduates at the respective institution as a proportion of all graduates from Part B institutions. The remaining 25% is contingent upon the percentage of the institution's graduates who enroll in a graduate or professional degree program in a discipline in which blacks are underrepresented, compared with the percentage at all Part B institutions. No institution can receive less than \$500,000.

<sup>11</sup> Annually, the first \$26.6 million appropriated for Section 326 is reserved for 16 of these institutions (those in the program prior to the 1998 amendments); the next \$2 million is reserved for two institutions added by the 1998 amendments. Any annually appropriated funds in excess of \$28.6 million are awarded among the 18 institutions based on a formula developed by the Secretary of Education using certain specified factors. (For specific factors regarding the formula, see HEA, Title III, Section 326(f)(3)).

which professional or graduate school(s) or program(s) at the institution receives the funds appropriated under this section.

### **Part C: Endowment Challenge Grant**

Endowment Challenge grants have not been funded since FY1995 and therefore will not be discussed.

### **Part D: HBCU Capital Financing**

Title III, Part D authorizes the HBCU Capital Financing program which provides federal insurance for bonds issued to support capital financing projects at HBCUs generally for the repair, renovation, and, in exceptional circumstances, the construction or acquisition of facilities used for instruction, research, or housing. A designated bonding authority is charged with raising funds in the bond market; in turn, these funds are lent to HBCUs. Repayments on these loans are used to make principal and interest payments on outstanding bonds. Borrowers deposit a portion of their loans into an escrow account to cover principal and interest payments on outstanding bonds in the event borrowers are delinquent in repaying their loans. Federal insurance is provided if this escrow account cannot cover all principal and interest payments due on outstanding bonds. The total outstanding principal and unpaid accrued interest on these loans cannot exceed \$375 million (of this amount, \$250 million is for private HBCUs and \$125 million is for public HBCUs).

### **Part E: Minority Science and Engineering Improvement Program**

Title III, Part E authorizes the Minority Science and Engineering Improvement Program which provides grants to predominantly minority institutions<sup>12</sup> to improve science and engineering education and to increase the number of minorities and women in science and technology. Priority is given to institutions that have not previously received a grant under this section, prior grantees successful in increasing the number of women and minorities in science and technology, or projects that provide balance in one of the following ways: geographical, academic discipline or project type.

### **Part F: General Provisions**

Title III, Part F contains the general provisions, including waiver authorities that apply to the administration of these programs, and specifies the various authorization funding levels for the Title III programs.

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<sup>12</sup> An institution is deemed a minority higher education institution if its enrollment of one group of minorities or combination of minorities exceeds 50% of its total enrollment.

## Title IV: Student Assistance

Title IV of the HEA contains eight parts which authorize a broad range of programs and provisions. As the most notable title of the HEA, the programs authorized under Title IV are the primary sources of federal aid to support postsecondary education.

### Part A: Grants to Students in Attendance at Institutions of Higher Education

Title IV, Part A authorizes numerous grant programs — funds that do not have to be repaid — for students who attend eligible Title IV participating institutions. The largest of these programs is the federal Pell Grant program.

**Subpart 1: Federal Pell Grants.** The Federal Pell Grant program (Pell Grants) is the single largest source of grant aid for postsecondary education attendance funded by the federal government. The Pell Grant program provides grants to low-income, undergraduate students. The program is often defined as a *quasi-entitlement* program because in any year, federal funding is available to ensure that all eligible students attending eligible institutions receive Pell Grants. To receive a Pell Grant a student must satisfy the general eligibility criteria for all federal student aid programs,<sup>13</sup> and the individual must be enrolled at an eligible IHE for the purpose of earning a degree or certificate. Generally, the recipient must also be enrolled in an undergraduate program.<sup>14</sup> A recipients who attends less than full-time is eligible for a Pell Grant. However, the grant amount is adjusted in accordance with the recipient's enrollment status.

Pell Grants are portable, that is, the grant aid follows students to the eligible postsecondary education institutions in which they enroll. The size of the grant is primarily based on the financial resources that students and their families are expected to contribute toward postsecondary education expenses, and the appropriated maximum grant award.<sup>15</sup> The Pell Grant award is considered to be the foundation of the student aid package because all other federal aid (e.g., federal work study, student loans) is calculated after the amount of the Pell award has been determined.

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<sup>13</sup> For information about the basic federal student aid eligibility criteria and the specific criteria for the Pell program, see CRS Report RL31668.

<sup>14</sup> Students enrolled on at least a half-time basis in a postbaccalaureate program required by a state for K-12 teacher certification or licensure are also eligible. Such a program cannot lead to a graduate degree, and the enrolling IHE must not offer baccalaureate degrees in education.

<sup>15</sup> Although the authorizing statute (HEA, Title IV, Section 401(b)(2)) sets the authorized maximum Pell award for each year, this authorized maximum is overridden by the appropriations process, which sets the appropriated maximum award. This latter amount is the one applied in awarding funds to recipients.

***Academic Competitiveness and National Science and Mathematics Access to Retain Talent Grants.*** Subpart 1 also authorizes the Academic Competitiveness grant (AC) and National Science and Mathematics Access to Retain Talent grant (SMART) programs. Both programs provide grants to Pell Grant-eligible students who are enrolled full time, at either a two-year or four-year degree-granting IHE. However, unlike Pell, to be eligible a student must be a U.S. citizen. AC grants are limited to students who are in either their first year or second year of undergraduate education, and have a completed a rigorous secondary program. SMART grants are for third and fourth year undergraduate students, who major in certain technical fields or foreign languages.<sup>16</sup>

**Subpart 2: Federal Early Outreach and Student Services Programs.** Subpart 2 of Part A contains the authorization for the five TRIO programs<sup>17</sup> and the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP). Under each of these programs, discretionary grants are awarded to postsecondary institutions and other eligible agencies to encourage and assist low-income, first-generation college students, individuals with disabilities, and select minorities, who have demonstrated potential to complete their secondary education and pursue postsecondary and postbaccalaureate education.

***Federal TRIO Programs.*** Part A authorizes five separate discretionary grant programs — Talent Search, Upward Bound, Student Support Services, Education Opportunity Centers, and McNair Postbaccalaureate Achievement — collectively known as the TRIO programs. These programs are designed to assist qualified individuals from disadvantaged backgrounds with preparing for and completing secondary and postsecondary education. In addition to these programs, funding for TRIO also authorizes staff development activities and expenses for information dissemination and program evaluation.

***Talent Search.*** The Talent Search program encourages youth with college potential to complete high school and enter postsecondary education, and also encourages dropouts to reenter high school. To accomplish this, Talent Search programs disseminate information about available postsecondary student assistance, offer tutoring, and other support services. At least two-thirds of each project's participants must be low-income individual and potential first-generation college students. Participants must have also completed a minimum of five years of elementary education, and be between the ages of 11 and 27.

***Upward Bound.*** Upward Bound (UB) provides pre-college students and veterans with the skills and motivation needed to succeed in postsecondary education. UB programs offer services such as: counseling and workshops; tutoring;

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<sup>16</sup> For additional information about the AC and SMART grant programs see CRS Report RL33457, *Academic Competitiveness Grants: Background, Description and Selected Issues*, by Charmaine Mercer.

<sup>17</sup> Originally, in 1965, there were three programs — Upward Bound, Student Support Services, and Talent Search — that provided a wide range of student support services, thus the name TRIO. Subsequent legislation authorized new programs with a similar purpose, however the name TRIO remains.

and exposure to cultural events. Most UB projects also provide six-week summer programs on college campuses. Participants may receive monthly stipends of up to \$60 during the summer (work-study students may receive monthly stipends of \$300 in the summer) and \$40 during the rest of the year. ED also funds Upward Bound Math and Science Centers providing intensive instruction in math and science. At least two-thirds of each project's participants must be low-income, first-generation college goers; the remainder must be either low-income or a prospective first-generation college goer. Participants also must have completed at least eight years of elementary education, and be 13 to 19 years of age.

***Student Support Services.*** Student Support Services (SSS) projects are intended to improve retention and graduation rates, and improve the transfer rates of students from two-year to four-year colleges, by offering a broad range of support services such as academic counseling and guidance. SSS projects may provide such services as: instruction in reading, writing, study skills, math, and other subjects; academic counseling; exposure to cultural events; assistance in the graduate admission and financial aid processes; assistance in transferring from two-year to four-year colleges; and mentoring. At least two-thirds of SSS participants must be disabled *or* low-income and first-generation. The remaining participants must be either low-income, first-generation, or disabled. Not less than one-third of the disabled participants must also be low-income.

***McNair Postbaccalaureate Achievement Program.*** The McNair Postbaccalaureate Achievement Program prepares low-income and first-generation undergraduate students for doctoral study. Among the services that McNair programs may provide are: research opportunities, seminars, and other activities preparing students for doctoral study; summer internships; academic counseling; assistance in securing graduate admission and financial aid; mentoring; and exposure to cultural events and academic programs. Research participants may receive an annual award providing a stipend of up to \$2,800; the award may cover the costs of summer tuition, room and board, and transportation as well. At least two-thirds of the participants must be low-income and first-generation undergraduates; the remainder must be from a group underrepresented in graduate education.

***Education Opportunity Centers.*** The Education Opportunity Centers (EOC) program is intended to provide information to prospective postsecondary students regarding available financial aid and academic assistance, and help them apply for college admission and financial aid. EOCs may provide information to communities about postsecondary education and training opportunities, assistance in completing admission and financial aid applications, assistance preparing for college entrance exams, and guidance on reentering secondary school, or entering a GED program or other program for high school dropouts. At least two-thirds of the participants must be low-income and would be first-generation college goers. The participants must also be at least 19 years old.

***Gaining Early Awareness and Readiness for Undergraduate Programs.*** Part A also authorizes the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP), which provides grants to states and partnerships to support early college preparation and awareness activities at the state and local levels, to ensure low-income elementary and secondary school students are



prepared for and pursue postsecondary education. GEAR UP grantees serve an entire cohort of students beginning no later than the seventh grade and follow the cohort through high school. GEAR UP has two major components: (1) eligible projects provide early intervention services such as mentoring, career counseling, and college visits; and (2) college scholarships to eligible participating students.

**Subpart 3: Federal Supplemental Educational Opportunity Grants.**

The Federal Supplemental Educational Opportunity Grants (FSEOG) is one of the three programs collectively referred to as the campus-based programs — Federal Work Study (FWS) and Perkins Loans are the other two — because their funds are allocated to postsecondary institutions to administer and award to students. In addition to institutions administering the funds for these programs the participating institution must match a portion of their allocation under each program. Institutions are required to award FSEOGs to students with exceptional financial need, with priority going to students receiving Pell Grants.

The federal share of funds for FSEOG is allocated to IHEs according to a statutorily prescribed formula that is largely driven by the institution's initial year of participation in the program. Institutions first are allocated funds in proportion to the amount they received in previous years, with priority going to institutions that participated in the program in FY1999 or earlier. Funds are then allocated to those institutions that began participating after FY1999, but which are not first- or second-time participants. Following this, funds are allocated to institutions that are first- or second-year participants.<sup>18</sup>

**Subpart 4: Leveraging Educational Assistance Partnership Program.** The Leveraging Educational Assistance Partnership (LEAP) program provides matching federal funds to states to encourage and assist them in providing eligible postsecondary students with need-based grants and work-study aid.

**Subpart 5: Special Programs for Students Whose Families are Engaged in Migrant and Seasonal Farmwork.** There are two programs authorized under Subpart 5: the High School Equivalency Program (HEP) and the College Assistance Migrant Program (CAMP). HEP helps persons 16 years of age or older who are not currently enrolled in school to obtain the equivalent of a secondary school diploma and subsequently to gain employment or to begin postsecondary education or training. CAMP assists students enrolled in the first undergraduate year at an institution of higher education to complete their programs of study for that year.

**Subpart 6: Robert C. Byrd Honors Scholarship Program.** The Robert C. Byrd Honors Scholarship program is a federally funded, state-administered scholarship program, designed to recognize exceptionally able high school seniors who show promise for continued excellence in postsecondary education. ED awards

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<sup>18</sup> For additional information regarding the FSEOG formula see CRS Report RL31618, *Campus-Based Student Financial Aid Programs Under the Higher Education Act*, by David P. Smole.

funds to state education agencies, which make scholarship awards to eligible applicants.

**Subpart 7: Child Care Access Means Parents in School.** The Child Care Access Means Parents in School program is designed to support the participation of low-income parents in postsecondary education through campus-based child care services. The program awards competitive grants to IHEs to establish or support a campus-based child care program.

## **Part B: Federal Family Education Loan**

The Federal Family Education Loan program (FFEL) is authorized under Title IV, Part B. Under the FFEL program, loan capital is provided by private lenders, and the federal government guarantees lenders against loss through borrower default, death, permanent disability, or in limited instances, bankruptcy. FFEL program loans are originated by private lenders. Private lenders also are responsible for billing borrowers and collecting loan payments. State and nonprofit guaranty agencies receive federal funds to play the lead role in administering the federal loan insurance and for providing other FFEL program administrative services.

FFEL loans are an entitlement, meaning the funding for the program is mandatory and therefore not subject to the annual appropriations process. The following types of federally sponsored student loans are available through the FFEL program to support postsecondary student expenses: Stafford loans, subsidized or unsubsidized; PLUS loans; and Consolidation loans. Loan Limits, repayment plans, deferment and forbearance benefits, interest rates and other terms and conditions are determined by statutory provisions.<sup>19</sup>

**Subsidized Stafford loans.** Subsidized Stafford loans are available to undergraduate and graduate students. The federal government “subsidizes” these loans by paying the interest on the loans while the student is enrolled in school on at least a half-time basis and during grace periods and deferment periods. To qualify for a subsidized Stafford loan a student must have financial need.

**Unsubsidized Stafford loans.** Unsubsidized Stafford loans are available to undergraduate and graduate students. The federal government does not pay the interest on these loans while the student is in school or during deferment and grace periods. Students can qualify for unsubsidized Stafford loans regardless of financial need.

**PLUS loans.** PLUS loans are available to parents of dependent undergraduate students and to graduate students. The federal government does not pay the interest on PLUS loans while students are in school or during deferment or grace periods. Borrowers can qualify for PLUS loans regardless of financial need.

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<sup>19</sup> For additional information regarding loan terms and conditions see CRS Report RL33675, *Federal Family Education Loan Program and William D. Ford Direct Loan Program Student Loans: Terms and Conditions for Borrowers*, by Adam Stoll.

**Consolidation loans.** Consolidation loans allow borrowers with existing federal student loans to combine their obligations and possibly extend their repayment period.

## **Part C: Federal Work-Study Programs**

Title IV, Part C authorizes the Federal Work-Study Programs (FWS), one of the three campus-based programs previously described. The purpose of FWS is to provide part-time employment to undergraduate, graduate, and professional students in need of earnings to pursue their course of study; and to encourage student participation in community service activities. Students receive their awards as compensation for the hours they have worked. Unlike the FSEOG where aid is required to be awarded first to students with exceptional financial need, FWS aid may be provided to any student demonstrating financial need. Awards typically are based on factors such as each student's financial need, the availability of FWS funds, and whether a student requests FWS employment and is willing to work.

## **Part D: William D. Ford Federal Direct Loan Program**

The William D. Ford Federal Direct Student Loan program (DL), authorized under Title IV, Part D, was intended to streamline the student loan delivery system and achieve cost savings. The DL program provides the same set of loans as the FFEL program, but uses a different administrative structure and draws on a different source of capital. Under the DL program, the federal government essentially serves as the banker — the federal government provides the loans to students and their families, using federal capital (i.e., funds from the U.S. Treasury), and owns the loans. Under the DL program, schools may serve as direct loan originators or the loans may be originated by contractors working for ED. Similar to FFEL, DL loans include subsidized, unsubsidized, PLUS loans and consolidation loans.

## **Part E: Federal Perkins Loans**

The final campus-based program, Federal Perkins loans, authorizes the allocation of federal funds to IHEs to assist them in capitalizing revolving loan funds for the purpose of making low-interest loans to students with exceptional financial need. Institutions capitalize revolving loan funds with a combination of federal and institutional capital contributions. IHEs apply to ED for funds which are allocated according to procedures similar to those previously discussed for the FSEOG program.

Institutions are required to establish written selection procedures for awarding Perkins Loans to eligible students. Loans must be made reasonably available to all eligible students, to the extent that funds are available, and priority must be given to students with exceptional financial need. Undergraduate students and graduate and professional students are eligible to borrow under the Perkins Loan program. Interest on Perkins Loans is fixed at a rate of 5% per year; however, no interest accrues prior to a student beginning repayment.

## **Part F: Need Analysis**

Title IV, Part F authorizes the federal need analysis system, which is used to allocate billions of dollars of federal student aid under Title IV of the HEA, and by states and many IHEs as well. The need analysis process entails gathering financial data, which are provided by the student via the free application for federal student aid (FAFSA); calculating the expected family contribution (EFC); and packaging of the applicant's financial aid award by the postsecondary institution's financial aid administrator.

The EFC is the amount that the need analysis system determines a family has available to contribute toward postsecondary education expenses. In calculating the EFC, consideration is given to available income (a combination of taxable and untaxed income and benefits), and for some families, available assets. In addition, living expenses, retirement needs, and federal and state tax liability are considered. The income contribution is calculated by determining the total income of a student and his or her family (where applicable), and determining available income by subtracting a series of allowances from total income; a percentage of that available income is considered as an income contribution toward postsecondary education costs. A contribution from assets is similarly calculated. The combination of the available income and asset contribution divided by the number of individuals in the family enrolled in college constitutes the EFC.

The calculation of the EFC varies depending upon the applicant's dependency status. There are three separate dependency classifications for individual applicants: dependent student, independent student with dependents, and independent student without dependents.<sup>20</sup> These distinctions are important because parental financial information is not considered if the applicant meets the statutory definition of an independent student.

## **Part G: General Provisions Relating to Student Assistance Programs**

Title IV, Part G establishes institutional requirements for Title IV participation and related provisions. It includes definitions of terms such as "academic year" and "eligible program" that affect an institution's participation in the federal student aid programs. Part G establishes a master calendar related to federal student aid programs that the Secretary is required to follow, and includes requirements related to forms and regulations, including the FAFSA. This part also contains student eligibility requirements to receive federal student aid, including the types of institutions and programs in which students must enroll, ability-to-benefit requirements for students who are not high school graduates, and penalties related to

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<sup>20</sup> According to the Higher Education Act, Title IV, Section 480(d), an applicant must meet one of the following conditions to be classified as independent: 24 years of age or older, married, enrolled in a graduate or professional program, have a dependent other than a spouse, orphan or ward of the court (or was up until age 18), or a military veteran or active duty service member. Students who do not meet any of the aforementioned conditions are considered to be dependent for the purposes of Title IV student aid.

drug-related offenses. Provisions are also included that prescribe how Title IV funds will be returned to the federal government by IHEs and students in the event that a student withdraws from the institution.

Part G also contains numerous requirements regarding institutional information dissemination activities for prospective and enrolled students. For example, IHEs are required to provide information related to available student financial assistance programs, exit counseling to borrowers, and data on athletically related student aid, campus security policies, and campus crime statistics.

Additionally, Part G authorizes combined payment plans for borrowers, the National Student Loan Data System, loan simplification, the College Access Initiative, the Distance Education Demonstration Program, regulatory relief and improvement (e.g., Quality Assurance Program and streamlining experiments), wage garnishment requirements, administrative expenses, criminal penalties, administrative subpoenas, the Advisory Committee on Student Financial Assistance, and regional meetings and negotiated rulemaking.

Finally, Part G includes the Program Participation Agreement (PPA), which all institutions must sign to participate in Title IV programs, and authorizes the Secretary to issue regulations regarding audits, financial responsibility, and penalties for IHEs failing to meet requirements.

## **Part H: Program Integrity**

Title IV, Part H includes three subparts that specify the roles and responsibilities for the three aspects of the program integrity triad: state authorization, accreditation by an accrediting organization recognized by the Secretary, and eligibility and certification by ED.

**Subpart 1: State Role.** Subpart 1 requires states to provide the Secretary with various information about the licensing and authorization process used by the state, if the state has revoked the authority of an IHE to operate, and if the state has evidence that an IHE has committed fraud related to Title IV programs or substantially violated a Title IV provision.

**Subpart 2: Accrediting Agency Recognition.** Subpart 2 delineates the criteria the Secretary utilizes to recognize an accrediting agency as a reliable authority for determining the quality of education or training offered by an IHE for the purposes of participating in the federal student aid programs (Title IV) and other federal purposes. These criteria include, for example, requirements related to the structure of the accrediting agency, the agency's operating procedures (e.g., institutional review process), and due process requirements.

**Subpart 3: Eligibility and Certification Procedures.** Subpart 3 includes the eligibility and certification procedures administered by ED. In this capacity, ED is responsible for verifying the institution's legal authority to operate in a state and its accreditation status, and for evaluating its administrative capability and financial responsibility.

## **Part I: Competitive Loan Auction Pilot Program**

Title IV, Part I authorizes the Secretary of Education to implement a student loan auction program for parent PLUS loans in the FFEL program to begin on July 1, 2009.<sup>21</sup> Prior to implementation the Secretary would hold an auction in each state where lenders would bid on the minimum amount of subsidization they would accept to have exclusive rights to originate parent PLUS loans in that state.

## **Part J: Strengthening Historically Black Colleges and Universities and Other Minority-Serving Institutions**

Title IV, Part J allocates funding for Hispanic-serving institutions, historically black colleges and universities, tribal colleges and universities, and Alaska Native and Native Hawaiian-serving institutions. It also authorizes new programs and allocates funding for Predominantly Black Institutions, Asian American and Pacific Islander-serving institutions and Native American Non-Tribal-serving institutions.<sup>22</sup>

## **Title V: Developing Institutions**

In 1998 Congress authorized the inclusion of grants to Hispanic-Serving Institutions (HSIs) under Title V of the HEA. Prior to 1998, the HSI program was a section of Title III, Part A. Title V of the HEA is solely dedicated to authorizing grants for HSIs.

### **Part A: Hispanic-Serving Institutions**

Title V, Part A authorizes grants to institutions that provide and increase the number of educational opportunities available to Hispanic and other low-income students. To qualify as an Hispanic-serving institution (HSI) for the purposes of Title V, an institution must have a minimum 25% full-time, Hispanic undergraduate student enrollment. In addition, HSIs must also satisfy requirements similar to those for Title III, Part A institutions, including the following: they must serve needy students and have low general and education expenditures in comparison with other similar institutions.

HSIs are authorized to use their funds for specific activities that parallel those delineated under Title III Part A. Additionally, HSIs can use their funds to establish or enhance teacher education programs; establish community outreach programs to provide elementary and secondary school students with the interest and skills to pursue postsecondary education; and expand courses and institutional resources in

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<sup>21</sup> The Competitive Loan Auction program was newly added to the HEA by the College Cost Reduction and Access Act of 2007 (P.L. 110-84).

<sup>22</sup> The Strengthening Historically Black Colleges and Universities and Other Minority-Serving Institutions was newly added to the HEA by the College Cost Reduction Act of 2007 (P.L. 110-84).

order to increase the number of Hispanic and other underrepresented graduate or professional students that the institution can serve.

## **Part B: General Provisions**

Title V, Part B contains the general provisions, including waiver authorities that apply to the administration of these programs, and specifies the various authorization funding levels for the Title V programs.

## **Title VI: International Education Programs**

Title VI contains four parts that authorize an array of international and foreign language studies programs and business and international education programs to strengthen domestic IHEs in foreign languages and in area and international studies.

### **Part A: International and Foreign Language Studies**

Title VI, Part A authorizes a series of programs, centers, and fellowships related to international and foreign language studies.

- *The National Language and Area Centers and Programs* provide grants to IHEs to establish, strengthen, and operate (1) comprehensive foreign language and area or international studies centers and programs (National Resource Centers), (2) a network of undergraduate foreign language and area or international studies centers and programs (Undergraduate International Studies and Foreign Language Program).
- *The Graduate Fellowships for Foreign Language and Area or International Studies* program provides grants to IHEs to enable them to pay stipends to individuals participating in advanced training in the aforementioned centers and programs.
- *Language Resource Centers*, authorized by Part A, provides grants to IHEs to establish, strengthen, and operate national language resource and training centers and award grants to IHEs to establish, strengthen, and implement programs to improve undergraduate instruction in international studies and foreign languages.
- *International Research and Studies Projects* are grants or contracts to conduct research and studies focused on instruction and national needs in foreign languages and area or international studies.
- *Technological Innovation and Cooperation for Foreign Information Access* program authorizes grants to develop innovative techniques or programs using new electronic technologies to collect, organize, preserve, and disseminate information on world regions and countries that address U.S. teaching and research needs in foreign languages and international studies.
- Finally, the *American Overseas Research Centers* program makes grants to consortia of IHEs to enable the centers to promote postgraduate research, exchanges, and area studies.

## **Part B: Business and International Education Programs**

Title VI, Part B authorizes grants to IHEs to pay the federal share of the cost of planning, establishing, and operating centers for international business education which will be national resources for the teaching of international business, provide instruction in critical foreign languages and international fields, and provide research and training in the international aspects of trade, commerce, and related areas (Centers for International Business Education). It also authorizes grants to IHEs to promote linkages between IHEs and the American business community engaged in international economic activity (Business and International Education Projects).

## **Part C: Institute for International Public Policy**

Title VI, Part C authorizes the *Institute for International Public Policy* program. This program supports activities to increase the representation of African Americans and other underrepresented minorities in international service.

## **Part D: General Provisions**

Title VI, Part D contains definitions relevant to Title VI.

## **Title VII: Graduate and Postsecondary Improvement Programs**

Title VII authorizes several graduate education programs, as well as a grant program designed to support innovation and improvement in postsecondary education. It also authorizes grants for urban community service and demonstration programs to enable IHEs to better serve disabled students.

### **Part A: Graduate Education Programs**

Title VII, Part A authorizes several graduate education programs. The *Jacob K. Javits Fellowships* program provides financial support to students of "superior ability" in the arts, humanities, and social sciences. The *Graduate Assistance in Areas of National Need* (GAAN) provides competitive grants to postbaccalaureate students in areas of national need. The *Thurgood Marshall Legal Educational Opportunity* program authorizes a grant or contract to the Council on Legal Education Opportunity for services and activities to help low-income, minority, or disadvantaged college students prepare for, gain access to, and complete law school. Part A also includes general provisions that affect the administration and evaluation of these programs and the provision of continuation awards.

### **Part B: Fund for the Improvement of Postsecondary Education**

Title VII, Part B authorizes the Fund for the Improvement of Postsecondary Education (FIPSE) awards to IHEs and other nonprofit entities for projects that



model innovative reform and improvement of postsecondary education. Also included are provisions establishing the National Board of the Fund for the Improvement of Postsecondary Education, which provides guidance on priorities for the improvement of postsecondary education. Part B also includes administrative provisions and the authority to make grants for special projects in areas of national need.

### **Part C: Urban Community Service**

The Urban Community Service program has not been funded since FY1999 and therefore will not be discussed.

### **Part D: Demonstration Projects to Ensure Students with Disabilities Receive a Quality Higher Education**

Title VII, Part D authorizes demonstration projects that support technical assistance and professional development for faculty and administrators at IHEs to enable them to better serve postsecondary education students with disabilities.

### **Part E: College Access Challenge Program**

Title VII, Part E authorizes the College Access Challenge Grant Program, which makes funds available to states and philanthropic organizations to provide students and families with information about the benefits of college, outreach activities, career preparation and need-based grant aid among other things.<sup>23</sup>

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<sup>23</sup> The College Access Challenge Grant Program was newly added to the HEA by the College Cost Reduction and Access Act of 2007 (P.L. 110-84).