NCSL EDUCATION COMMITTEE:
FEDERAL UPDATE

Tuesday, August 9, 2011
Lee Posey, Sr. Committee Director
Recent NCSL Lobbying Highlights

• Comments on the Department of Education’s regulatory review plan
• Letter on Early Learning Challenge grant competition
• Conference call with the Department of Education on waivers

YOU ARE OUR BEST LOBBYISTS!
Federal Education Budget

• The FY 2011 budget deal
  – Current year spending cut by about $39 billion (mandatory, discretionary)
  – Included $12 billion already cut in previous stopgap measures
  – Across the board cuts
  – Education reform measures funded—2nd round of Race to the Top

• The FY 2012 education budget
  – Labor, Health and Human Services and Education bill traditionally late in process
  – Hearing postponed in Senate 7/26
  – Complex process this fiscal year
Early Learning Challenge Fund

• Now Race to the Top (RTTT) dollars, $500 million
• 36 states and DC reportedly planning to apply
• Award caps from $50 million to $100 million (population); consideration for rural areas
• Application structure similar to RTTT
• Preconditions for applying
Rules apply to programs eligible to participate in federal student aid programs authorized by Title IV of the HEA. Such programs are offered by public and private not-for-profit institutions of higher education and postsecondary vocational institutions, and by for-profit, proprietary institutions of higher education.
### Regulation Timeline

<table>
<thead>
<tr>
<th>Program Integrity Rules</th>
<th>Rules establishing performance measures related to gainful employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed Rules issued 6/18/10</td>
<td>Proposed Rules issued 7/26/10</td>
</tr>
<tr>
<td>Effective 7/1/2011  First report: no later than 10/1/2011</td>
<td>Effective 7/1/2012</td>
</tr>
</tbody>
</table>
Program Integrity Rules

• **Credit hour definition**
  – Creates a standard definition of a credit hour for federal program purposes and distribution of financial aid (Institutions may continue to set their own standards for their own academic purposes.)

• **State authorization**
  – Clarifies rules regarding state approval and monitoring of postsecondary institutions, including schools that offer distance education
  – The Higher Education Act (HEA) requires state authorization of postsecondary institutions for programs to be eligible to participate in federal student aid
Court Ruling 7/12

• U.S. District Court for the District of Columbia rules on lawsuit filed by the Association of Private Colleges and Universities

• Voided application of state approval rule to on-line programs

• Upheld recruiter incentive compensation bar

• Upheld provision holding colleges accountable for misrepresenting programs and results
Gainful Employment Rules: Minimum Performance Standards for Institutions Receiving Federal Funding

• Loan Repayment Ratio
• Debt to Earnings Ratio
• Program becomes ineligible after failing to meet the minimum standards for three out of the last four most recently completed FYs
  – NPRM had programs ineligible immediately
Gainful Employment Rules: Repayment Rate

• Single 35% threshold for eligibility
  • NPRM had a restricted zone at least 35% but < 45%
• Repayment rate based on borrowers 3-4 years into repayment (2-YP)
• For a program whose students have to complete a medical or dental internship or residency, the two-year period is six and seven years (2YP-A)
Congressional Reaction to Department’s Rulemaking

• Early efforts
• H.R. 2117
  – The Protecting Academic Freedom in Higher Education Act
  – Repeal credit hour and state authorization of programs of earlier regulations
House Ed & Workforce Committee: reform bill by bill

• H.R. 1891, the Setting New Priorities in Education Spending Act
  – Passed out of committee May 25 23-16
  – Eliminates 42 programs U.S. Dept. of Education

• H.R. 2218, the Empowering Parents Through Quality Charter Schools Act
  – Passed out of committee on June 22 34-5
  – Allows support for replication of successful charter schools through the federal charter school program
  – Requirements for states
House Ed & Workforce Committee: Reform Bill by Bill

• H.R. 2445, the State and Local Funding Flexibility Act
  – passed out of Committee on 7/13  23-17
  – states and districts can rededicate Elementary and Secondary Education Act and the EdJobs Fund dollars for programs they consider beneficial to their students
  – includes Title 1 funds
  – Preserves existing ESEA monitoring, reporting, and accountability requirements
Continuing Interest in Regulatory Reform

• House Ed and Workforce Chair letter to GAO July 22
  – Asks Comptroller General to report on federal requirements on states and LEAs
  – Cites Dept. of Ed figure (2008) of 8 million hours to meet Title 1 reporting requirements
ESEA: Secretary Duncan’s Plan B: “...relief in exchange for reform”

- Possible waivers
  - 100% proficiency
  - restrictions on spending federal $s

- Department’s priorities for reform
  - Charter schools, teacher evaluation tied to student test scores, turn around low-performing schools
More States Defiant on NCLB Compliance
Education Week, July 6, 2011

A Looming Showdown Over NCLB
Time, June 16, 2011

Why Duncan Waiver Proposal Isn’t Breaking NCLB Logjam
Huffington Post, June 15, 2011
Promise Neighborhoods

• Cradle-to-career services to improve educational and developmental outcomes for students in distressed urban and rural neighborhoods
• FY 2011 competition $30 million
• Deadline for applying is Sept. 6

REMINDER:
TOUR OF SAN ANTONIO PROMISE NEIGHBORHOOD PROJECT
TOMORROW AT 10:00!
Federal Affairs Staff

• Lee Posey, Committee Director
  lee.posey@ncsl.org
  (202) 624-8196

• Michael Reed, Policy Associate
  michael.reed@ncsl.org
  (202) 624-8187