Education Federal Update

House Passes ESEA Reauthorization

On July 19, the U.S. House of Representatives passed legislation reauthorizing the Elementary and Secondary Education Act, H.R. 5, known as the Student Success Act, by a vote of 221-207. All House Democrats voted against the bill. H.R. 5 eliminates the current Adequate Yearly Progress (AYP) accountability structure, which requires all students to be proficient in reading and math by 2014. It also consolidates several K-12 education programs into a new Local Academic Flexible Grants to allow states and schools districts to support their own priorities. The bill assumes sequester levels of funding throughout the reauthorization period. H.R. 5 has drawn an administration veto threat.

A total of 26 amendments were offered during debate on the House floor. Several amendments adopted emphasized that states and LEAs control curriculum and assessments. Other successful amendments made teacher evaluation requirements in the bill permissive, and added a state option to allow Title I money to follow students in public and public charter schools. Those changes make the bill even more congruent with a Senate Republican substitute unsuccessfully offered when the Senate HELP Committee passed its version of reauthorization legislation on June 12.

Congress Finishes Work on Student Loan Interest Rate Fix

On July 24, the Senate passed a bipartisan compromise on federal student loan interest rates. Interest rates on student loans, currently set in statute, doubled to 6.8 percent on July 1. The Senate bill is an amended version of H.R. 1911, passed by the House in May. The Senate’s version of H.R. 1911, renamed the “Bipartisan Student Loan Certainty Act,” moves the loan program to a market-based rate, as supported by President Obama and the House GOP. The bill would:

- Base interest rates on the subsidized and unsubsidized portions of undergraduate Stafford loans on 10-year Treasury notes plus 2.05 percent;
- Base interest rates on graduate Stafford loans on 10-year Treasury notes plus 3.6 percent;
- Base interest rates on Parent Loans for Undergraduate Student (PLUS) loans on 10-year Treasury notes plus 4.6 percent;
- Lock in interest rates for the life of the loan; and
- Cap interest rates on undergraduate Stafford loans at 8.25 percent, on graduate Stafford loans at 9.5 percent, and on PLUS loans at 10.5 percent.

The final vote on the bill was 81-18. Sixteen Democrats voted against the bill, preferring an extension of the lower rate. The amended measure was swiftly passed in the House on July 31 by a vote of 392-31. It is expected to be signed by the President. H.R. 1911 applies to loans issued on or after July 1, 2013.
Other Legislation

- On July 24, the House Education and Workforce Committee advanced a measure (H.R. 2637) to halt or rescind federal higher education regulations that Republican members argue restrict opportunities for students and stifle innovation in higher education institutions. Specifically, H.R. 2637 delays the ability of the secretary of education to implement “gainful employment” and “state authorization” regulations until the reauthorization of the Higher Education Act, and permanently forbids the secretary from issuing regulations concerning the definition of a credit hour. “Gainful employment” regulations are intended to cut off federal aid to vocational programs whose graduates are not repaying their students loans or end up with excessive debt compared to their salaries. “State authorization” regulations deal with granting college or university permission to provide online course offerings within a state.

- The Senate Veterans Affairs Committee approved a bill (S. 944) that would require public universities participating in Veteran’s Affairs Department educational programs to charge veterans in-state tuition rates regardless of their state of residence. It was approved as part of an en bloc voice vote on several bills under consideration by the committee on July 24.

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