

THE MURPHY-SCHATZ COLLEGE AFFORDABILITY AND INNOVATION ACT OF 2014 OVERVIEW

Too many families are worried about being able to afford college for their kids, even as they pay off their own crushing student loan debt. And while the federal government distributed over \$140 billion in student financial aid last year, college costs continue to balloon, increasing 300 percent in inflation-adjusted dollars over the past 30 years. It is time to reset the foundation of federal higher education policy—not just student loan policy—around two simple concepts: innovation and accountability. The College Affordability and Innovation Act will make college more affordable by promoting much-needed innovation and holding institutions accountable to students and taxpayers.

Pilot Program to Promote Innovation in Higher Education

- The bill creates a new evidence-based grant competition program at \$260 million for the first year of the program to promote greater experimentation in delivering higher education to middle and low-income students.
- The grants will go to innovative programs designed to reduce the amount of classroom time and decrease the costs of completing higher education degrees, such as competency-based courses, online education, and dual enrollment or fast-track programs. Priority will be given to programs that simultaneously address income-related inequalities in academic preparation, college access, and persistence rates.
- The Department of Education will have the authority to waive certain requirements for Title IV Student Financial Aid eligibility for these programs, as they relate to seat time, credit hours, and other rules that hinder innovative programs.
- Programs will be subject to periodic evaluation to ensure that they are effective for students. Programs that are not meeting their goals or do not meet quality standards set by the Secretary will no longer receive funding under the grant program.

Higher Education Accountability

- The bill creates an independent commission of stakeholders, including students and faculty, and education experts to develop minimum accountability standards for making college more affordable, providing better access for middle- and low-income students, and providing value to students.
- The Secretary of Education will reward schools that meet or exceed the standards by giving them competitive grants, paid for with the penalties paid by consistently underperforming schools. Schools will use the extra funding to help the neediest students who already receive Pell grants.
- The bill incentivizes schools that consistently underperform to improve by requiring them to come up with a plan to meet the standards within five years, and by requiring them to pay an amount equal to a percentage of the Title IV funding they receive if they fail to improve. If a school is unable to achieve its plan of meeting the minimum standards within five years, the school will be ineligible for Title IV funding until it can demonstrate compliance.