Republican Leaders Look to Advance Bipartisan Tax Incentives for Education; Administration Launches College Scorecard and Changes to FAFSA

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Legislative Branch Activity

Education Tax Breaks

Republican tax leaders in Congress are looking to advance a number of bipartisan tax incentives for education in the coming months, while still working to find common ground with the Administration on several education tax breaks. Republican lawmakers in the Senate have indicated they would like to move forward with legislation expanding 529 plans; however, leadership has not laid out a plan for whether it will move as a stand-alone measure or combined with something larger. Despite some pushback from the Administration, it looks as though Department of Education Secretary Arne Duncan has begun to show some support for the 529 legislation giving Republican lawmakers hope for a number of other education-related tax proposals. Last Thursday, the House Ways and Means Committee reported legislation to permanently renew five expired tax breaks, including a deduction for teachers who purchase school supplies out of pocket. Democrats remain opposed to passing indefinite tax breaks without offsets, as they fear this is an attempt by Republicans to reduce funding for other Democratic spending priorities.

Executive Branch Activity

Last week, President Obama outlined the launch of two major projects in higher education – the new College Scorecard and changes to the Free Application for Federal Student Aid (FAFSA) process – as he, Secretary of Education Arne Duncan, and other Administration officials continue their annual back to school bus tour, “Ready for Success.”

College Scorecard Launch

The new College Scorecard allows students to compare institutions based on a range of student data collected by the Departments of Education, Treasury and the General Service Administration. Specifically, students are able to use data for comparing (1) students’ earnings; (2) graduates’ student debt; and (3) borrowers’ repayment rates at each institution, as well as organize institutions into more general rankings, such as those with excellent outcomes and those that offer financial value. This newly released version of the College Scorecard differs greatly from the Administration’s initial plan proposed in 2013 to establish a Postsecondary Institution Ratings System. Department of Education Under Secretary Ted Mitchell noted the main reason for the scaled-back version of the scorecard was due to limitations surrounding data on student earnings and completion rates, which ultimately pushed the Department to not be supportive of asserting clear and direct ratings of institutions.

This new tool also is meant to be utilized as a data source for other organizations to launch new projects.
platforms for information sharing. The Department plans to update the College Scorecard through future iterations that would include data from the Student Achievement Measure (SAM) – the preferred source of many stakeholders for graduation rate data – as well as data on student outcomes by subgroups (i.e., low-income and first-generation students). The Department also plans to utilize the College Scorecard as a database to flag public institutions that are on the most serious level of “heightened cash monitoring.”

**FAFSA Changes**

Last Monday, President Obama announced two major changes to the FAFSA process, allowing students to 1) apply for federal financial aid three months earlier and 2) use prior-prior year (PPY) tax data. The policy, initially announced in a White House [press release](http://www.natlawreview.com/article/republican-leaders-look-to-advance-bipartisan-tax-incentives-education), is expected to cost about $400 million in the first year, due to 50,000 additional students accessing federal aid and enrolling in college. The changes will affect the 2017-2018 FAFSA, enabling students to file a FAFSA beginning on October 1, 2016 using their 2015 tax returns with reliable information retrieved electronically from the IRS.

Members from both sides of the aisle have voiced support for using PPY tax data to reform FAFSA. Senate HELP Committee Chairman Lamar Alexander (R-TN) and Committee Member Michael Bennet (D-CO) include the concept in their Financial Aid Simplification and Transparency (FAST) Act (S. 108), but Chairman Alexander contends the change should take place as part of the HEA reauthorization process. Many colleges and universities are expected to adjust their financial aid processes to align with prior-prior year before the 2017-18 academic year.

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