



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 30, 2013

H.R. 2637

Supporting Academic Freedom through Regulatory Relief Act

*As ordered reported by the House Committee on Education and the Workforce
on July 24, 2013*

H.R. 2637 would repeal three regulations previously published by the Department of Education and prohibit future rulemaking in those areas. It also would amend the Higher Education Act of 1965 (HEA) to permit institutions of higher education to make certain payments to third parties for student recruiting services. CBO estimates that enacting H.R. 2637 would not have any significant impact on the federal budget.

The bill would repeal regulations that require institutions of higher education to be authorized by the state or states in which they offer a curriculum. It also would repeal regulations that require certain institutions of higher education to meet benchmarks related to the repayment of student loans and debt-to-income ratios of former students in order to be eligible to participate in the federal student aid programs (this rule is commonly referred to as “gainful employment”). The bill would prohibit the department from defining or enforcing rulemaking related to these terms until the Congress extends the authorizations in the HEA for at least two years.

A federal court invalidated portions of both of the rules described above, and the Department of Education has announced that it is restarting the negotiated rulemaking process to develop new rules. Thus, CBO assumes that neither rule is currently in effect and that repealing the rulemaking would have no impact. Finally, the bill would repeal a rule that defines the term “credit hour” and would prohibit the department from defining or enforcing rulemaking related to this term any time after the date of enactment of H.R. 2637.

Enacting the bill could affect discretionary spending for Pell grants and direct spending for student loans and Pell grants; therefore, pay-as-you-go procedures apply. However, CBO estimates that the effects on both direct spending and discretionary spending would be insignificant for each year and over the 2013-2023 period. Enacting the bill would have no impact on revenues.

H.R. 2637 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Justin Humphrey. This estimate was approved by Peter H. Fontaine, Assistant Director for Budget Analysis.