

110TH CONGRESS
1ST SESSION

H. R. 2690

To address rising college tuition by strengthening the compact between the States, the Federal Government, and institutions of higher education to make college more affordable.

IN THE HOUSE OF REPRESENTATIVES

JUNE 12, 2007

Mr. TIERNEY (for himself, Mr. GEORGE MILLER of California, Mr. HINOJOSA, Ms. MCCOLLUM of Minnesota, Mr. BISHOP of New York, Ms. CLARKE, Mr. CLEAVER, Mr. COHEN, Mr. CONYERS, Mr. CUMMINGS, Mr. DAVIS of Illinois, Mr. ELLISON, Mr. EMANUEL, Mr. GONZALEZ, Mr. AL GREEN of Texas, Mr. GRIJALVA, Mr. GUTIERREZ, Ms. HIRONO, Mr. HOLT, Mr. JEFFERSON, Mr. KUCINICH, Ms. LEE, Mr. LEWIS of Georgia, Mrs. MALONEY of New York, Mrs. MCCARTHY of New York, Mr. MCGOVERN, Mr. NADLER, Mr. OBERSTAR, Mr. ORTIZ, Mr. PAYNE, Ms. SCHAKOWSKY, Ms. SLAUGHTER, Mr. STARK, Ms. WATSON, Mr. WEXLER, and Ms. WOOLSEY) introduced the following bill; which was referred to the Committee on Education and Labor

A BILL

To address rising college tuition by strengthening the compact between the States, the Federal Government, and institutions of higher education to make college more affordable.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) **SHORT TITLE.**—This Act may be cited as the
3 “College Affordability and Accountability Act”.

4 (b) **TABLE OF CONTENTS.**—

Sec. 1. Short title; table of contents.

Sec. 2. References; effective date.

Sec. 3. Findings.

Sec. 4. State commitment to affordable college education.

“Sec. 132. State commitment to affordable college education.

Sec. 5. Cost containment strategies.

“Sec. 133. Cost containment strategies.

Sec. 6. Pell Plus.

“Sec. 401A. Incentives and rewards: Pell Plus.

Sec. 7. Cooperative education rewards for institutions that restrain tuition in-
creases.

“TITLE VIII—COOPERATIVE EDUCATION REWARDS FOR
INSTITUTIONS THAT RESTRAIN TUITION INCREASES

“Sec. 801. Statement of purpose; eligible institutions.

“Sec. 802. Authorization of appropriations; reservations.

“Sec. 803. Grants for cooperative education.

“Sec. 804. Demonstration and innovation projects; training and resource
centers; and research.

Sec. 8. Study.

Sec. 9. Articulation agreement demonstration program.

“Sec. 486A. Articulation agreement demonstration program.

Sec. 10. Advisory Committee on Student Financial Assistance.

5 **SEC. 2. REFERENCES; EFFECTIVE DATE.**

6 (a) **REFERENCE.**—Whenever in this Act an amend-
7 ment or repeal is expressed in terms of an amendment
8 to, or repeal of, a section or other provision, the reference
9 shall be considered to be made to a section or other provi-
10 sion of the Higher Education Act of 1965 (20 U.S.C. 1001
11 et seq.).

12 (b) **EFFECTIVE DATE.**—Except as otherwise provided
13 in this Act, the amendments made by this Act shall take
14 effect on the date of enactment of this Act.

1 **SEC. 3. FINDINGS.**

2 The Congress finds the following:

3 (1) A quality college degree is the cornerstone
4 of the American dream, opening the door to job op-
5 portunity and professional fulfillment, while increas-
6 ing earning power by more than a million dollars
7 over a lifetime; therefore, States and the Federal
8 Government should do more to make it affordable
9 and accessible to all qualified students because—

10 (A) recent shifts in the economy have in-
11 creased the demand for college-educated work-
12 ers and increased the wage gap between college-
13 educated workers and those without a degree:
14 in 2005, male college graduates earned 63 per-
15 cent more than male high school graduates and
16 female college graduates had earnings that were
17 70 percent higher than their counterparts with
18 high school diplomas;

19 (B) the country is projected to have a
20 shortage of college-educated workers in the
21 coming years, which may reach as high as 12
22 million workers by 2020;

23 (C) low-income students have an annual
24 unmet need for student financial assistance of
25 \$4,689 in college expenses at public colleges—

1 expenses not covered by grants, loans, work, or
2 family savings; and

3 (D) 50 percent of students work more than
4 20 hours a week, while research shows that
5 working less than 15 hours per week improves
6 academic achievement and retention in college.

7 (2) The proportion of State spending used on
8 higher education has decreased dramatically over
9 time, and as a result, students and their families,
10 particularly working class and middle class families,
11 have to pay a larger portion of college costs:

12 (A) From the 2001–2002 to the 2006–
13 2007 school year, tuition rose by 35 percent at
14 four-year public institutions, 23 percent at pub-
15 lic two year institutions and 11 percent at pri-
16 vate four-year institutions.

17 (B) Even after receiving financial aid,
18 Americans find it increasingly difficult to pay
19 for college. The percentage of a family’s income
20 needed to pay for college after financial aid has
21 increased for all families, but particularly for
22 low-income families. Compared to 1992, low in-
23 come families needed to use an additional 16
24 percent of their income to pay for an education
25 at a four year public college, middle class fami-

1 lies an additional 5 percent, while wealthy fami-
2 lies needed to use an additional 1 percent in
3 2005.

4 (3) Federal student aid is too focused on loans
5 instead of grant aid because—

6 (A) loans represented 52 percent of all fi-
7 nancial aid to undergraduate students in the
8 2005–2006 school year, the highest proportion
9 in recent years;

10 (B) the share of the average cost at a pub-
11 lic four-year institution, which could be met by
12 a Pell Grant, declined from 42 percent to 33
13 percent from the 2001–2002 to 2005–2006
14 school year;

15 (C) in constant 2005 dollars, the value of
16 the maximum Pell Grant declined by \$298 be-
17 tween the 2002–2003 and 2005–2006 school
18 year; and

19 (D) average student indebtedness is
20 \$17,500 and up to a quarter of students use
21 credit cards to pay for their education.

22 **SEC. 4. STATE COMMITMENT TO AFFORDABLE COLLEGE**
23 **EDUCATION.**

24 Title I is amended by inserting after section 131 (20
25 U.S.C. 1015) the following new section:

1 **“SEC. 132. STATE COMMITMENT TO AFFORDABLE COLLEGE**
2 **EDUCATION.**

3 “(a) MAINTENANCE OF EFFORT REQUIRED.—No
4 State shall reduce the total amount provided by the State
5 for public institutions of higher education in such State
6 for any academic year beginning on or after July 1, 2007,
7 to an amount which is less than the average amount pro-
8 vided by such State to such institutions of higher edu-
9 cation during the academic years between July 1, 2002,
10 and July 1, 2007.

11 “(b) WITHHOLDING OF ALL EDUCATION ADMINIS-
12 TRATIVE FUNDS FOR VIOLATIONS.—Notwithstanding any
13 other provision of law, the Secretary of Education shall
14 withhold from any State that violates subsection (a) any
15 amount that would otherwise be available to the State for
16 administrative expenses and costs under any Federal edu-
17 cation program until such State has corrected such viola-
18 tion.”.

19 **SEC. 5. COST CONTAINMENT STRATEGIES.**

20 Title I is further amended by inserting after section
21 132 (as added by section 4) the following new section:

22 **“SEC. 133. COST CONTAINMENT STRATEGIES.**

23 “(a) REQUIREMENTS.—Each institution of higher
24 education shall in accordance with the requirements of this
25 section engage in, and report upon, cost containment

1 strategies. Such strategies may include (but are not lim-
2 ited to) the following activities:

- 3 “(1) bulk purchasing;
4 “(2) joint faculty appointments;
5 “(3) streamlining administration;
6 “(4) energy conservation and savings;
7 “(5) technological innovations; and
8 “(6) joint degree offerings.

9 “(b) FIVE-YEAR PLANS.—Within 2 years after the
10 enactment of the Act, each institution of higher education
11 shall submit a 5-year plan on their cost containment strat-
12 egies and any progress made to date to the Secretary of
13 Education.

14 “(c) RESEARCH INTO COST CONTAINMENT METH-
15 ODS.—

16 “(1) RESEARCH AUTHORIZED.—From the
17 funds appropriated under paragraph (2), the Sec-
18 retary is authorized—

19 “(A) to conduct or provide for the conduct
20 of research to identify methods of cost contain-
21 ment currently utilized by institutions of higher
22 education and systems of such institutions, and
23 research into other possible methods of cost
24 containment;

25 “(B) to disseminate—

1 “(i) the information obtained by such
2 research to such institutions and systems;
3 and

4 “(ii) other research that has identified
5 successful methods of cost containment;

6 “(C) to publicly recognize institutions of
7 higher education that are doing an effective job
8 at cost containment; and

9 “(D) to work together with such institu-
10 tions and systems to implement these methods.

11 “(2) AUTHORIZATION OF APPROPRIATIONS.—

12 There are authorized to be appropriated to carry out
13 this subsection \$1,000,000 for fiscal year 2008 and
14 such sums as may be necessary for each of the 4
15 succeeding fiscal years.

16 “(d) CONSUMER INFORMATION.—

17 “(1) ANNUAL REPORT REQUIRED.—

18 “(A) CONTENTS OF REPORT.—The Sec-
19 retary shall annually prepare and publish a re-
20 port on college affordability in America. The
21 college affordability report shall provide, at a
22 minimum, comprehensive information on—

23 “(i) the sticker price, total price of at-
24 tendance, net tuition price, and net access
25 price for every institution of higher edu-

1 cation that participates in the Federal stu-
2 dent aid programs under title IV of this
3 Act;

4 “(ii) the percentage change in the list-
5 ed sticker price, total price of attendance,
6 net tuition price, and net access price over
7 a 3-, 5-, and 10-year time period for each
8 such institution; and

9 “(iii) the level of Federal and State
10 support for higher education per capita
11 and per pupil.

12 “(B) ADVISORY GROUP.—To ensure that
13 the annual college affordability in America re-
14 port provides consumer-friendly information,
15 the Secretary shall convene an advisory group
16 of students, parents, and college officials to
17 help determine the information that shall be in-
18 cluded in the report.

19 “(2) DATA DISSEMINATION.—The Secretary
20 shall make publicly available the data collected pur-
21 suant to this section, including an institution’s net
22 price tuition index as calculated in accordance with
23 subsection (e). Such data shall be made available in
24 a manner that permits the review and comparison of
25 data submissions of individual institutions of higher

1 education. Such data shall be presented in a form
2 that is easily accessible and understandable and al-
3 lows parents and students to make informed deci-
4 sions based on the average prices for full-time un-
5 dergraduate students and the institution's rate of in-
6 crease in the sticker price, total price of attendance,
7 net tuition price, and net access price.

8 “(3) WEBSITE ENHANCEMENT.—

9 “(A) WEBSITE INFORMATION.—In order to
10 further enhance public knowledge and under-
11 standing of college affordability, the Secretary
12 shall modify the college opportunities on line
13 (COOL) web site. The goal of such changes
14 shall be to make the website the single best
15 source of information about applying to and
16 paying for a postsecondary education. Such
17 changes shall make the website more user
18 friendly and facilitate the comparison of mul-
19 tiple institutions at the same time. Such website
20 shall provide detailed tuition and student aid
21 data for each institution (including data from
22 the annual college affordability in America re-
23 port). As part of improving the website, the
24 Secretary shall establish an advisory board of
25 students and parents to guide the redesign. The

1 college price calculator required by paragraph
2 (4) shall be included on the COOL website.

3 “(B) AVAILABILITY IN OTHER FORM.—In
4 addition, the Secretary shall publish all of the
5 institutional information found on the COOL
6 website, minus the college price calculator, and
7 instruct all local educational agencies to notify
8 all their secondary schools of the publication of
9 the COOL web site, both on-line and in-print,
10 and of the steps necessary to procure such in-
11 formation both on-line and in-print.

12 “(4) COLLEGE PRICE CALCULATOR.—

13 “(A) ESTABLISHMENT.—The Secretary
14 shall establish a system for reporting to pro-
15 spective students and families on the net tuition
16 price of institutions of higher education. Using
17 the most recent data available, the Secretary
18 shall make available the amount of aid typically
19 granted for students based on family income
20 and college attended. Such information shall be
21 made available in the form of a web site price
22 calculator that permits students to be able to
23 enter an institution of higher education and
24 their family income and be presented the sticker
25 price, net tuition price, and net access price for

1 students in their income bracket in order to de-
2 termine the approximate cost of attending such
3 a school. The calculator shall include a clear
4 disclaimer that financial aid decisions are made
5 on a case-by-case basis and that the included
6 calculations are based on previous years' data
7 and can therefore serve only as general guide-
8 lines for the financial aid that a student may
9 expect to receive.

10 “(B) INFORMATION DISTRIBUTION BY IN-
11 STITUTIONS.—Each institution of higher edu-
12 cation shall make available its sticker price,
13 total price of attendance, net tuition price, and
14 net access price and list examples of what fami-
15 lies in each of the quartile income brackets
16 might be expected to pay in the net tuition
17 price for the most recent academic year. This
18 information shall be provided in written form
19 and distributed to all students and applicants
20 and made widely available to the public.

21 “(e) NET TUITION PRICE INDEX.—

22 “(1) IN GENERAL.—The Secretary shall, on the
23 basis of the data submitted under subsection (a),
24 calculate a net tuition price index for each institu-
25 tion of higher education submitting such data and

1 shall make the index available in accordance with
2 subsection (b) as soon as operationally possible on
3 the Department’s college opportunity on line
4 (COOL) website.

5 “(2) CALCULATION OF INDEX.—The net tuition
6 price index shall be equal to the percentage increase
7 in the net tuition price charged for a first-time, full-
8 time, full-year undergraduate student between a pre-
9 ceding academic year and the most recent academic
10 year for which satisfactory data are available.

11 “(f) DEFINITIONS.—For the purposes of this section:

12 “(1) NET ACCESS PRICE.—The term ‘net access
13 price’ means the average total price of attendance
14 for full-time undergraduate students, minus the av-
15 erage grants, loans, and work-study provided to such
16 students, for any academic year.

17 “(2) NET TUITION PRICE.—The term ‘net tui-
18 tion price’ means the average tuition and fees
19 charged to full-time undergraduate students, minus
20 the average grants provided to such students, for
21 any academic year.

22 “(3) STICKER PRICE.—The term ‘sticker price’
23 means the average tuition and fees charged to full-
24 time undergraduate students by an institution of
25 higher education for any academic year.

1 “(4) TOTAL PRICE OF ATTENDANCE.—The
2 term ‘total price of attendance’ means the average
3 tuition and fees charged to full-time undergraduate
4 students, as well as the average of the other ex-
5 penses of such students related to obtaining a higher
6 education, including housing (room and board if the
7 student lives on campus, or rent or related housing
8 costs if the student does not live on campus), books,
9 transportation, for any academic year.

10 “(5) TUITION.—The term ‘tuition’ means the
11 average price of or payment for actual instruction of
12 full-time undergraduate students at an institution of
13 higher education, for any academic year.”.

14 **SEC. 6. PELL PLUS.**

15 Subpart 1 of part A of title IV is amended by insert-
16 ing after section 401A (20 U.S.C. 1070a-1) the following
17 new section:

18 **“SEC. 401B. INCENTIVES AND REWARDS: PELL PLUS.**

19 “(a) REWARDS FOR LOW TUITION.—For any institu-
20 tion of higher education that, for academic year 2008–
21 2009 or any succeeding academic year, such institution’s
22 annual net tuition price increase (expressed as a percent-
23 age) for the most recent academic year for which satisfac-
24 tory data is available is equal to or less than the percent-
25 age change in the higher education price index for such

1 academic year, the Secretary shall, notwithstanding any
2 other provision of the law, provide such institution an
3 amount sufficient to provide a 25 percent increase under
4 subpart 1 of part A of title IV to each Pell Grant recipient
5 attending such institution for the next award year begin-
6 ning after the date of such determination. Each such insti-
7 tution shall distribute any amounts received under this
8 subsection among such Pell Grant recipients by increasing
9 the amount of their Pell Grant awards by 25 percent.

10 “(b) REWARDS FOR GUARANTEED TUITION.—

11 “(1) BONUS.—For each institution of higher
12 education that the Secretary of Education deter-
13 mines complies with the requirements of paragraph
14 (2) or paragraph (3) of this subsection, the Sec-
15 retary shall, notwithstanding any other provision of
16 the law, provide such institution an amount suffi-
17 cient to provide a 10 percent increase under subpart
18 1 of part A of title IV to each Pell Grant recipient
19 attending such institution for the next award year
20 beginning after the date of such determination. Each
21 such institution shall distribute any amounts re-
22 ceived under this subsection among such Pell Grant
23 recipients by increasing the amount of their Pell
24 Grant awards by 10 percent.

1 “(2) 4-YEAR INSTITUTIONS.—An institution of
2 higher education that provides a program of instruc-
3 tion for which it awards a bachelor’s degree complies
4 with the requirements of this paragraph if such in-
5 stitution guarantees that for any academic year be-
6 ginning on or after July 1, 2008, and for each of the
7 4 succeeding continuous academic years, the net tui-
8 tion price charged to an undergraduate student will
9 not exceed—

10 “(A) the amount that the student was
11 charged for an academic year at the time he or
12 she first enrolled in the institution of higher
13 education, plus

14 “(B) the product of the percentage in-
15 crease in the higher education price index for
16 the prior academic year, or the most recent
17 prior academic year for which data is available,
18 multiplied by the amount determined under
19 subparagraph (A).

20 “(3) LESS-THAN 4-YEAR INSTITUTIONS.—An
21 institution of higher education that does not provide
22 a program of instruction for which it awards a bach-
23 elor’s degree complies with the requirements of this
24 paragraph if such institution guarantees that for
25 any academic year (or the equivalent) beginning on

1 or after July 1, 2008, and for each of the 1.5 suc-
2 ceeding continuous academic years, the net tuition
3 price charged to an undergraduate student will not
4 exceed—

5 “(A) the amount that the student was
6 charged for an academic year at the time he or
7 she first enrolled in the institution of higher
8 education, plus

9 “(B) the product of the percentage in-
10 crease in the higher education price index for
11 the prior academic year, or the most recent
12 prior academic year for which data is available,
13 multiplied by the amount determined under
14 subparagraph (A).

15 “(c) MAINTAINING AFFORDABLE TUITION.—For any
16 institution of higher education whose increase in the an-
17 nual net tuition price (expressed as a percentage), for the
18 most recent academic year for which satisfactory data is
19 available, is greater than the percentage increase in the
20 higher education price index for such academic year, the
21 Secretary shall require such institution to submit to the
22 Secretary the following information, within 6 months of
23 such determination:

1 “(1) a detailed report on the exact causes for
2 the net tuition price increase that outlines revenues
3 and expenditures; and

4 “(2) cost containment strategies to lower net
5 tuition prices.

6 “(d) DEFINITIONS.—

7 “(1) NET TUITION PRICE.—The term ‘net tui-
8 tion price’ has the same meaning as provided in sec-
9 tion 133(f).

10 “(2) HIGHER EDUCATION PRICE INDEX.—The
11 term ‘higher education price index’ means a statis-
12 tical measure of change over time in the prices of a
13 fixed market basket of goods and services purchased
14 by colleges and universities through current fund
15 educational and general expenditures (excluding ex-
16 penditures for research), as developed by the Bureau
17 of Labor Statistics pursuant to section 131(c)(4).”.

18 **SEC. 7. COOPERATIVE EDUCATION REWARDS FOR INSTITU-**
19 **TIONS THAT RESTRAIN TUITION INCREASES.**

20 The Higher Education Act of 1965 (20 U.S.C. 1101
21 et seq.) is amended by adding at the end the following
22 title:

1 **“TITLE VIII—COOPERATIVE EDU-**
2 **CATION REWARDS FOR INSTI-**
3 **TUTIONS THAT RESTRAIN**
4 **TUITION INCREASES**

5 **“SEC. 801. STATEMENT OF PURPOSE; ELIGIBLE INSTITU-**
6 **TIONS.**

7 “(a) PURPOSE.—It is the purpose of this title to
8 award grants to institutions of higher education or com-
9 binations of such institutions that have restrained their
10 net tuition price increases in order to encourage such insti-
11 tutions to develop and make available to as many of their
12 students as possible work experience that will aid such stu-
13 dents in future careers and will enable such students to
14 support themselves financially while in school.

15 “(b) ELIGIBLE INSTITUTIONS.—An institution of
16 higher education shall be eligible to apply for a grant
17 under this title if such institution, and a combination of
18 such institutions shall be eligible to apply for such a grant
19 if each institution in such combination—

20 “(1) for the academic year for which the insti-
21 tution is applying, keeps such institution’s annual
22 net tuition price increase (expressed as a percent-
23 age) for the most recent academic year for which
24 satisfactory data is available equal to or less than

1 the percentage change in the higher education price
2 index for such year; and

3 “(2) for such academic year, provides the guar-
4 antee required by paragraph (2) or (3) of section
5 401A(b).

6 “(c) DEFINITIONS.—

7 “(1) COOPERATIVE EDUCATION.—For the pur-
8 pose of this title the term ‘cooperative education’
9 means the provision of alternating or parallel periods
10 of academic study and public or private employment
11 in order to give students work experiences related to
12 their academic or occupational objectives and an op-
13 portunity to earn the funds necessary for continuing
14 and completing their education.

15 “(2) HIGHER EDUCATION PRICE INDEX AND
16 NET TUITION PRICE.—The terms ‘higher education
17 price index’ and ‘net tuition price’ have the same
18 meaning as provided in section 133(f).

19 **“SEC. 802. AUTHORIZATION OF APPROPRIATIONS; RES-**
20 **ERVATIONS.**

21 “(a) APPROPRIATIONS AUTHORIZED.—There are au-
22 thorized to be appropriated to carry out this title
23 \$30,000,000 for fiscal year 2008 and such sums as may
24 be necessary for each of the 5 succeeding fiscal years.

1 “(b) RESERVATIONS.—Of the amount appropriated
2 in each fiscal year—

3 “(1) not less than 50 percent shall be available
4 for carrying out grants to institutions of higher edu-
5 cation and combinations of such institutions de-
6 scribed in section 803(a)(1)(A) for cooperative edu-
7 cation under section 803;

8 “(2) not less than 25 percent shall be available
9 for carrying out grants to institutions of higher edu-
10 cation described in section 803(a)(1)(B) for coopera-
11 tive education under section 803;

12 “(3) not to exceed 11 percent shall be available
13 for demonstration projects under paragraph (1) of
14 section 804(a);

15 “(4) not to exceed 11 percent shall be available
16 for training and resource centers under paragraph
17 (2) of section 804(a); and

18 “(5) not to exceed 3 percent shall be available
19 for research under paragraph (3) of section 804(a).

20 “(c) AVAILABILITY OF APPROPRIATIONS.—Appro-
21 priations under this title shall not be available for the pay-
22 ment of compensation of students for employment by em-
23 ployers under arrangements pursuant to this title.

24 **“SEC. 803. GRANTS FOR COOPERATIVE EDUCATION.**

25 “(a) GRANTS AUTHORIZED.—

1 “(1) IN GENERAL.—The Secretary is author-
2 ized—

3 “(A) from the amount available under sec-
4 tion 802(b)(1) in each fiscal year and in accord-
5 ance with the provisions of this title, to make
6 grants to institutions of higher education or
7 combinations of such institutions that have not
8 received a grant under this paragraph in the
9 10-year period preceding the date for which a
10 grant under this section is requested to pay the
11 Federal share of the cost of planning, estab-
12 lishing, expanding, or carrying out programs of
13 cooperative education by such institutions or
14 combinations of institutions; and

15 “(B) from the amount available under sec-
16 tion 802(b)(2) in each fiscal year and in accord-
17 ance with the provisions of this title, to make
18 grants to institutions of higher education that
19 are operating an existing cooperative education
20 program as determined by the Secretary to pay
21 the cost of planning, establishing, expanding, or
22 carrying out programs of cooperative education
23 by such institutions.

24 “(2) PROGRAM REQUIREMENT.—Cooperative
25 education programs assisted under this section shall

1 provide alternating or parallel periods of academic
2 study and of public or private employment, giving
3 students work experience related to their academic
4 or occupational objectives and the opportunity to
5 earn the funds necessary for continuing and com-
6 pleting their education.

7 “(3) AMOUNT OF GRANTS.—

8 “(A) The amount of each grant awarded
9 pursuant to paragraph (1)(A) to any institution
10 of higher education or combination of such in-
11 stitutions in any fiscal year shall not exceed
12 \$500,000.

13 “(B)(i) Except as provided in clauses (ii)
14 and (iii), the Secretary shall award grants in
15 each fiscal year to each institution of higher
16 education described in paragraph (1)(B) that
17 has an application approved under subsection
18 (b) in an amount which bears the same ratio to
19 the amount reserved pursuant to section
20 802(b)(2) for such fiscal year as the number of
21 unduplicated students placed in cooperative
22 education jobs during the preceding fiscal year
23 (other than cooperative education jobs under
24 section 804 and as determined by the Sec-
25 retary) by such institution of higher education

1 bears to the total number of all such students
2 placed in such jobs during the preceding fiscal
3 year by all such institutions.

4 “(ii) No institution of higher education
5 shall receive a grant pursuant to paragraph
6 (1)(B) in any fiscal year in an amount which
7 exceeds 25 percent of such institution’s cooper-
8 ative education program’s personnel and oper-
9 ating budget for the preceding fiscal year.

10 “(iii) The minimum annual grant amount
11 which an institution of higher education is eligi-
12 ble to receive under paragraph (1)(B) is \$1,000
13 and the maximum annual grant amount is
14 \$75,000.

15 “(4) LIMITATION.—The Secretary shall not
16 award grants pursuant to paragraphs (1)(A) and
17 (1)(B) to the same institution of higher education or
18 combination of such institution in any one fiscal
19 year.

20 “(5) USES.—Grants under paragraph (1)(B)
21 shall be used exclusively—

22 “(A) to expand the quality and participa-
23 tion of a cooperative education program;

24 “(B) for outreach in new curricular areas;
25 and

1 “(C) for outreach to potential participants
2 including underrepresented and nontraditional
3 populations.

4 “(b) APPLICATIONS.—Each institution of higher edu-
5 cation or combination of such institutions desiring to re-
6 ceive a grant under this section shall submit an application
7 to the Secretary at such time and in such manner as the
8 Secretary shall prescribe. Each such application shall—

9 “(1) set forth the program or activities for
10 which a grant is authorized under this section;

11 “(2) specify each portion of such program or
12 activities which will be performed by a nonprofit or-
13 ganization or institution other than the applicant
14 and the compensation to be paid for such perform-
15 ance;

16 “(3) provide that the applicant will expend dur-
17 ing such fiscal year for the purpose of such program
18 or activities not less than the amount expended for
19 such purpose during the previous fiscal year;

20 “(4) describe the plans which the applicant will
21 carry out to assure, and contain a formal statement
22 of the institution’s commitment which assures, that
23 the applicant will continue the cooperative education
24 program beyond the 5-year period of Federal assist-
25 ance described in subsection (c)(1) at a level which

1 is not less than the total amount expended for such
2 program during the first year such program was as-
3 sisted under this section;

4 “(5) provide that, in the case of an institution
5 of higher education that provides a 2-year program
6 which is acceptable for full credit toward a bach-
7 elor’s degree, the cooperative education program will
8 be available to students who are certificate or asso-
9 ciate degree candidates and who carry at least one-
10 half the normal full-time academic workload;

11 “(6) provide that the applicant will—

12 “(A) make such reports as may be essen-
13 tial to ensure that the applicant is complying
14 with the provisions of this section, including the
15 reports for the second and each succeeding fis-
16 cal year for which the applicant receives a grant
17 with respect to the impact of the cooperative
18 education program in the previous fiscal year,
19 including—

20 “(i) the number of unduplicated stu-
21 dent applicants in the cooperative edu-
22 cation program;

23 “(ii) the number of unduplicated stu-
24 dents placed in cooperative education jobs;

1 “(iii) the number of employers who
2 have hired cooperative education students;

3 “(iv) the income for students derived
4 from working in cooperative education
5 jobs; and

6 “(v) the increase or decrease in the
7 number of unduplicated students placed in
8 cooperative education jobs in each fiscal
9 year compared to the previous fiscal year;
10 and

11 “(B) keep such records as are essential to
12 ensure that the applicant is complying with the
13 provisions of this title, including the notation of
14 cooperative education employment on the stu-
15 dent’s transcript;

16 “(7) describe the extent to which programs in
17 the academic discipline for which the application is
18 made have had a favorable reception by public and
19 private sector employers;

20 “(8) describe the extent to which the institution
21 is committed to extending cooperative education on
22 an institution-wide basis for all students who can
23 benefit;

1 “(9) describe the plans that the applicant will
2 carry out to evaluate the applicant’s cooperative edu-
3 cation program at the end of the grant period;

4 “(10) provide for such fiscal control and fund
5 accounting procedures as may be necessary to assure
6 proper disbursement of, and accounting for, Federal
7 funds paid to the applicant under this title;

8 “(11) demonstrate a commitment to serving all
9 underserved populations; and

10 “(12) include such other information as is es-
11 sential to carry out the provisions of this title.

12 “(c) DURATION OF GRANTS; FEDERAL SHARE.—

13 “(1) DURATION OF GRANTS.—No individual in-
14 stitution of higher education may receive, individ-
15 ually or as a participant in a combination of such in-
16 stitutions—

17 “(A) a grant pursuant to subsection
18 (a)(1)(A) for more than 5 fiscal years; or

19 “(B) a grant pursuant to subsection
20 (a)(1)(B) for more than 5 fiscal years.

21 “(2) FEDERAL SHARE.—The Federal share of a
22 grant under section 803(a)(1)(A) may not exceed—

23 “(A) 85 percent of the cost of carrying out
24 the program or activities described in the appli-

1 cation in the first year the applicant receives a
2 grant under this section;

3 “(B) 70 percent of such cost in the second
4 such year;

5 “(C) 55 percent of such cost in the third
6 such year;

7 “(D) 40 percent of such cost in the fourth
8 such year; and

9 “(E) 25 percent of such cost in the fifth
10 such year.

11 “(3) SPECIAL RULE.—Any provision of law to
12 the contrary notwithstanding, the Secretary shall not
13 waive the provisions of this subsection.

14 “(d) MAINTENANCE OF EFFORT.—If the Secretary
15 determines that a recipient of funds under this section has
16 failed to maintain the fiscal effort described in subsection
17 (b)(3), then the Secretary may elect not to make grant
18 payments under this section to such recipient.

19 “(e) FACTORS FOR SPECIAL CONSIDERATION OF AP-
20 PPLICATIONS.—

21 “(1) IN GENERAL.—In approving applications
22 under this section, the Secretary shall give special
23 consideration to applications from institutions of
24 higher education or combinations of such institu-

1 tions for programs which show the greatest promise
2 of success because of—

3 “(A) the extent to which programs in the
4 academic discipline with respect to which the
5 application is made have had a favorable recep-
6 tion by public and private sector employers;

7 “(B) the strength of the commitment of
8 the institution of higher education or combina-
9 tion of such institutions to cooperative edu-
10 cation as demonstrated by the plans and for-
11 malized institutional commitment statement
12 which such institution or combination has made
13 to continue the program after the termination
14 of Federal financial assistance,

15 “(C) the extent to which the institution or
16 combination is committed to extending coopera-
17 tive education for all students who can benefit,
18 and

19 “(D) such other factors as are consistent
20 with the purposes of this section.

21 “(2) ADDITIONAL SPECIAL CONSIDERATION.—

22 The Secretary shall also give special consideration to
23 applications from institutions of higher education or
24 combinations of such institutions which demonstrate

1 a commitment to serving all underserved popu-
2 lations.

3 **“SEC. 804. DEMONSTRATION AND INNOVATION PROJECTS;**
4 **TRAINING AND RESOURCE CENTERS; AND RE-**
5 **SEARCH.**

6 “(a) AUTHORIZATION.—The Secretary is authorized,
7 in accordance with the provisions of this section, to make
8 grants and enter into contracts for—

9 “(1) the conduct of demonstration projects de-
10 signed to demonstrate or determine the feasibility or
11 value of innovative methods of cooperative education
12 from the amounts available in each fiscal year under
13 section 802(b)(3);

14 “(2) the conduct of training and resource cen-
15 ters designed to—

16 “(A) train personnel in the field of cooper-
17 ative education;

18 “(B) improve materials used in cooperative
19 education programs if such improvement is con-
20 ducted in conjunction with other activities de-
21 scribed in this paragraph;

22 “(C) furnish technical assistance to institu-
23 tions of higher education to increase the poten-
24 tial of the institution to continue to conduct a

1 cooperative education program without Federal
2 assistance;

3 “(D) encourage model cooperative edu-
4 cation programs which furnish education and
5 training in occupations in which there is a na-
6 tional need;

7 “(E) support partnerships under which an
8 institution carrying out a comprehensive cooper-
9 ative education program joins with one or more
10 institutions of higher education in order to (i)
11 assist the institution other than the comprehen-
12 sive cooperative education institution to develop
13 and expand an existing program of cooperative
14 education, or (ii) establish and improve or ex-
15 pand comprehensive cooperative education pro-
16 grams; and

17 “(F) encourage model cooperative edu-
18 cation programs in the fields of science and
19 mathematics for women and minorities who are
20 underrepresented in such fields

21 from the amounts available in each fiscal year under
22 section 802(b)(4); and

23 “(3) the conduct of research relating to cooper-
24 ative education, from the amounts available in each
25 fiscal year under section 802(b)(5).

1 “(b) ADMINISTRATIVE PROVISION.—

2 “(1) IN GENERAL.—To carry out this section,
3 the Secretary may—

4 “(A) make grants to or contracts with in-
5 stitutions of higher education, or combinations
6 of such institutions; and

7 “(B) make grants to or contracts with
8 other public or private nonprofit agencies or or-
9 ganizations, whenever such grants or contracts
10 will make an especially significant contribution
11 to attaining the objectives of this section.

12 “(2) LIMITATION.—

13 “(A) The Secretary may not use more than
14 3 percent of the amount appropriated to carry
15 out this section in each fiscal year to enter into
16 contracts described in paragraph (1)(A).

17 “(B) The Secretary may use not more
18 than 3 percent of the amount appropriated to
19 carry out this section in each fiscal year to
20 enter into contracts described in paragraph
21 (1)(B).

22 “(c) SUPPLEMENT NOT SUPPLANT.—A recipient of
23 a grant or contract under this section may use the funds
24 provided only so as to supplement and, to the extent pos-
25 sible, increase the level of funds that would, in the absence

1 of such funds, be made available from non-Federal sources
2 to carry out the activities supported by such grant or con-
3 tract, and in no case to supplant such funds from non-
4 Federal sources.”.

5 **SEC. 8. STUDY.**

6 (a) IN GENERAL.—The Secretary of Education shall
7 commission the National Research Council to conduct a
8 national study to determine the viability of developing and
9 implementing standards in environmental, health, and
10 safety areas to provide for differential regulation of indus-
11 trial laboratories and facilities, on the one hand, and re-
12 search and teaching laboratories on the other. The Na-
13 tional Research Council shall make specific recommenda-
14 tions for statutory and regulatory changes that are needed
15 to develop such a differential approach.

16 (b) REPORT.—The Secretary of Education shall sub-
17 mit the list of those regulations that impose the greatest
18 compliance costs on institutions of higher education and
19 make recommendations for statutory changes to ease the
20 compliance burden to the Committee on Health, Edu-
21 cation, Labor, and Pensions of the Senate and the Com-
22 mittee on Education and the Workforce of the House of
23 Representatives.

1 **SEC. 9. ARTICULATION AGREEMENT DEMONSTRATION**
2 **PROGRAM.**

3 Part G of title IV is amended by inserting after sec-
4 tion 486 (20 U.S.C. 1093) the following new section:

5 **“SEC. 486A. ARTICULATION AGREEMENT DEMONSTRATION**
6 **PROGRAM.**

7 “(a) PURPOSE; DEFINITION.—

8 “(1) PURPOSE.—It is the purpose of this sec-
9 tion to allow demonstration programs that are mon-
10 itored by the Department of Education to encourage
11 institutions of higher education to enter into articu-
12 lation agreements or consortia groups, as a means to
13 lower tuition prices to students.

14 “(2) DEFINITION.—For the purposes of this
15 section, the term ‘articulation agreement’ means an
16 agreement between institutions of higher education
17 that specifies the acceptability of courses in transfer
18 toward meeting specific degree requirements.

19 “(b) DEMONSTRATION PROGRAMS AUTHORIZED.—

20 “(1) IN GENERAL.—The Secretary is authorized
21 to select institutions of higher education, systems of
22 such institutions, or consortia of such institutions
23 for voluntary participation in an articulation agree-
24 ment demonstration program.

25 “(2) ELIGIBLE APPLICANTS.—

1 “(A) ELIGIBLE INSTITUTIONS.—Except as
2 provided in subparagraphs (B), (C), and (D),
3 only an institution of higher education that is
4 eligible to participate in programs under this
5 title shall be eligible to participate in the articu-
6 lation program authorized under this section.

7 “(B) PROHIBITION.—An institution of
8 higher education described in section
9 102(a)(1)(C) shall not be eligible to participate
10 in the articulation program authorized under
11 this section.

12 “(C) SPECIAL RULE.—Subject to subpara-
13 graph (B), an institution of higher education
14 that meets the requirements of subsection (a) of
15 section 102, other than the requirement of
16 paragraph (3)(A) or (3)(B) of such subsection,
17 and that provides a 2-year or 4-year program of
18 instruction for which the institution awards an
19 associate or baccalaureate degree, shall be eligi-
20 ble to participate in the demonstration program
21 authorized under this section.

22 “(c) APPLICATION.—

23 “(1) IN GENERAL.—Each institution, system,
24 or consortium of institutions desiring to participate
25 in a demonstration program under this section shall

1 submit an application to the Secretary at such time
2 and in such manner as the Secretary may require.

3 “(2) CONTENTS.—Each application shall in-
4 clude—

5 “(A) a description of the institution, sys-
6 tem, or consortium’s consultation with a recog-
7 nized accrediting agency or association with re-
8 spect to quality assurances for the articulation
9 programs to be offered;

10 “(B) a description of the articulation pro-
11 gram to be offered;

12 “(C) a description of the students to whom
13 the articulation programs will be offered;

14 “(D) an assurance that the institution,
15 system, or consortium will offer full cooperation
16 with the ongoing evaluations of the demonstra-
17 tion program provided for in this section; and

18 “(E) such other information as the Sec-
19 retary may require.

20 “(d) SELECTION.—

21 “(1) IN GENERAL.—For the first year of the
22 demonstration program authorized under this sec-
23 tion, the Secretary is authorized to select for partici-
24 pation in the program not more than 100 institu-
25 tions, systems of institutions, or consortia of institu-

1 tions. For the third year of the demonstration pro-
2 gram authorized under this section, the Secretary
3 may select not more than 250 institutions, systems,
4 or consortia, in addition to the institutions, systems,
5 or consortia selected pursuant to the preceding sen-
6 tence, to participate in the demonstration program if
7 the Secretary determines that such expansion is war-
8 ranted based on the evaluations conducted in accord-
9 ance with subsections (f) and (g).

10 “(2) CONSIDERATIONS.—In selecting institu-
11 tions to participate in the articulation program in
12 the first or succeeding years of the program, the
13 Secretary shall take into account—

14 “(A) the number and quality of applica-
15 tions received;

16 “(B) the Department’s capacity to oversee
17 and monitor each institution’s participation;

18 “(C) an applicant’s—

19 “(i) financial responsibility;

20 “(ii) administrative capability; and

21 “(D) the need to ensure the participation
22 of a diverse group of institutions with respect to
23 size, mission, and geographic distribution.

24 “(3) PRIORITY.—In selecting institutions to
25 participate in the articulation program in the first or

1 succeeding years of the program, the Secretary shall
2 give priority to applicants that involve a large num-
3 ber of schools; public and private agreements; inno-
4 vative technology to help reduce costs; and, multi-
5 state projects.

6 “(4) NOTIFICATION.—The Secretary shall make
7 available to the public and to the Committee on
8 Health, Education, Labor, and Pensions of the Sen-
9 ate and the Committee on Education and the Work-
10 force of the House of Representatives a list of insti-
11 tutions, systems or consortia selected to participate
12 in the articulation program authorized by this sec-
13 tion.

14 “(e) EVALUATIONS AND REPORTS.—

15 “(1) EVALUATION.—The Secretary shall evalu-
16 ate the demonstration programs authorized under
17 this section on an annual basis. Such evaluations
18 specifically shall review—

19 “(A) the extent to which the institution,
20 system or consortium has met the goals set
21 forth in its application to the Secretary;

22 “(B) the number and types of institutions
23 participating in the programs offered;

24 “(C) the cost containment strategies pur-
25 sued and the success of such strategies; and

1 “(D) the effective use of technologies to
2 keep college prices low, while maintaining qual-
3 ity.

4 “(2) REPORTS.—

5 “(A) IN GENERAL.—Within 18 months of
6 the initiation of the demonstration program, the
7 Secretary shall report to the Committee on
8 Health, Education, Labor, and Pensions of the
9 Senate and the Committee on Education and
10 the Workforce of the House of Representatives
11 with respect to the evaluations of the dem-
12 onstration programs authorized under this sec-
13 tion.

14 “(B) ADDITIONAL REPORTS.—The Sec-
15 retary shall provide additional reports to the
16 Committee on Health, Education, Labor, and
17 Pensions of the Senate and the Committee on
18 Education and the Workforce of the House of
19 Representatives on an annual basis regarding—

20 “(i) the demonstration programs au-
21 thorized under this section; and

22 “(ii) best practices to contain college
23 costs.”.

1 **SEC. 10. ADVISORY COMMITTEE ON STUDENT FINANCIAL**
2 **ASSISTANCE.**

3 Section 491(j) (20 U.S.C. 1098(j)) is amended

4 (1) by striking “and” at the end of paragraph
5 (4);

6 (2) by striking the period at the end of para-
7 graph (5) and inserting “; and”; and

8 (3) by adding at the end the following new
9 paragraph:

10 “(6) convene a task force of experts, to be rep-
11 resentative of the key constituents in higher edu-
12 cation—

13 “(A) to determine the best methods to fi-
14 nance higher education in the long-term;

15 “(B) to help public institutions utilize
16 long-term budgeting to plan for the future;

17 “(C) to review the trends of financing of
18 higher education; and

19 “(D) to define the role played by the
20 States, the Federal government, families, and
21 outside entities in financing higher education,
22 and determine the best methods to strengthen
23 this partnership.”.

○