I

110TH CONGRESS
1ST SESSION

H. R. 472

To amend the Higher Education Act of 1965 to address the issues of college affordability and transparency.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 16, 2007

Mr. MCKEON (for himself, Mr. KELLER of Florida, Mr. CASTLE, and Mr. BAKER) introduced the following bill; which was referred to the Committee on Education and Labor

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A BILL

To amend the Higher Education Act of 1965 to address the issues of college affordability and transparency.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''College Affordability and Transparency Act of 2007''.

SEC. 2. CONSUMER INFORMATION AND PUBLIC ACCOUNTABILITY IN HIGHER EDUCATION.

Section 131 of the Higher Education Act of 1965 (20 U.S.C. 1015) is amended to read as follows:

"SEC. 131. CONSUMER INFORMATION AND PUBLIC ACCOUNTABILITY IN HIGHER EDUCATION.

''(a) PURPOSE.—It is the purpose of this section to—

''(1) provide students and families with an easy-to-use, comprehensive web-based tool for researching and comparing institutions of higher education;

''(2) increase the transparency of college cost, price, and financial aid; and

''(3) raise public awareness of information available about postsecondary education, particularly among low-income families, non-traditional student populations, and first-generation college students.

''(b) COLLEGE OPPORTUNITY ON-LINE (COOL) WEBSITE RE-DESIGN PROCESS.—In carrying out this section, the Commissioner of Education Statistics—

''(1) shall identify the data elements that are of greatest importance to prospective students, enrolled students, and their families, paying particular attention to low-income, non-traditional student populations, and first-generation college students;

''(2) shall convene a group of individuals with expertise in the collection and reporting of data related to institutions of higher education to—

"(A) determine the relevance of particular data elements to prospective students, enrolled students, and families;

"(B) assess the cost-effectiveness of various ways in which institutions of higher education might produce relevant data;

"(C) determine the general comparability of the data across institutions of higher education;

"(D) make recommendations regarding the inclusion of specific data items and the most effective and least burdensome methods of collecting and reporting useful data from institutions of higher education; and

"(3) shall ensure that the redesigned COOL website—

"(A) uses, to the extent practicable, data elements currently provided by institutions of higher education to the Secretary;

"(B) includes clear and uniform information determined to be relevant to prospective students, enrolled students, and families;

"(C) provides comparable information, by ensuring that data are based on accepted criteria and common definitions;

"(D) includes a sorting function that permits users to customize their search for and comparison of institutions of higher education based on the information identified through the process as prescribed in paragraph (1) as being of greatest relevance to choosing an institution of higher education.

"(c) DATA COLLECTION.—

"(1) DATA SYSTEM.—The Commissioner of Education Statistics shall continue to redesign the relevant parts of the Integrated Postsecondary Education Data System to include additional data as required by this section and to continue to improve the usefulness and timeliness of data collected by such systems in order to inform consumers about institutions of higher education.

"(2) COLLEGE CONSUMER PROFILE.—The Secretary shall continue to publish on the COOL website, for each academic year and in accordance with standard definitions developed by the Commissioner of Education Statistics (including definitions developed under section 131(a)(3)(A) as in effect on the day before the date of enactment of the College Affordability and Transparency Act of 2007), from at least all institutions of higher education participating in programs under title IV the following information:

"(A) The tuition and fees charged for a first-time, full-time, full-year undergraduate student.

"(B) The room and board charges for a first-time, full-time, full-year undergraduate student.

"(C) The price of attendance for a first-time, full-time, full-year undergraduate student, consistent with the provisions of section 472.

"(D) The average amount of financial assistance received by a first-year, full-time, full-year undergraduate student, including—

"(i) each type of assistance or benefits described in 428(a)(2)(C)(ii);

"(ii) institutional and other assistance; and

"(iii) Federal loans under parts B, D, and E of title IV.

"(E) The number of first-time, full-time, full-year undergraduate students receiving financial assistance described in each clause of subparagraph (D).

"(F) The institutional instructional expenditure per full-time equivalent student.

"(G) Student enrollment information, including information on the number and percentage of full-time and part-time students, the number and percentage of resident and nonresident students.

"(H) Faculty-to-student ratios.

"(I) Faculty information, including the total number of faculty and the percentage of faculty who are full-time employees of the institution and the percentage who are part-time.

"(J) Completion and graduation rates of undergraduate students, identifying whether the completion or graduation rates are from a 2-year or 4-year program of instruction and, in the case of a 2-year program of instruction, the percentage of students who transfer to 4-year institutions prior or subsequent to completion or graduation.

"(K) A link to the institution of higher education with information of interest to students including mission, accreditation, student services (including services for students with disabilities), transfer of credit policies and, if appropriate, placement rates and other measures of success in preparing students for entry into or advancement in the workforce.

"(L) The college affordability information elements specified in subsection (d).

"(M) Any additional information that the Secretary may require.

"(d) College Affordability Information Elements.—The college affordability information elements required by subsection (c)(2)(L) shall include, for each institution submitting data—

"(1) the sticker price of the institution for the 3 most recent academic years;

"(2) the net tuition price of the institution for the 3 most recent academic years;

"(3) the percentage change in both the sticker price and the net tuition price over the 3-year time period that is being reported;

"(4) the percentage change in the CPI over the same time period; and

"(5) whether the institution has been placed on affordability alert status as required by subsection (e)(3).

"(e) Outcomes and Actions.—

"(1) RESPONSE FROM INSTITUTION.—Effective on June 30, 2008, an institution that increases its sticker price at a percentage rate for any 3-year interval ending on or after that date that exceeds two times the rate of change in the CPI over the same time period shall provide a report to the Secretary, in such a form, at such time, and containing such information as the Secretary may require. Such report shall be published by the Secretary on the COOL website, and shall include—

"(A) a description of the factors contributing to the increase in the institution's costs and in the tuition and fees charged to students; and

"(B) if determinations of tuition and fee increases are not within the exclusive control of the institution, a description of the agency or instrumentality of State government or other entity that participates in such determinations and the authority exercised by such agency, instrumentality, or entity.

"(2) QUALITY-EFFICIENCY TASK FORCES.—

"(A) REQUIRED.—Each institution subject to paragraph (1) that has a percentage change in its sticker price that is in the highest 5 percent of all institutions subject to paragraph (1) shall establish a quality-efficiency task force to review the operations of such institution.

"(B) MEMBERSHIP.—Such task force shall include administrators, business and civic leaders, and faculty, and may include students, trustees, parents of students, and alumni of such institution.

"(C) FUNCTIONS.—Such task force shall analyze institutional operating costs in comparison with such costs at other institutions within the class of institutions. Such analysis should identify areas where, in comparison with other institutions in such class, the institution operates more expensively to produce a similar result. Any identified areas should then be targeted for in-depth analysis for cost reduction opportunities.

"(D) REPORT.—The results of the analysis by a quality-efficiency task force under this paragraph shall be made available to the public on the COOL website.

"(3) CONSEQUENCES FOR 2-YEAR CONTINUATION OF FAILURE.—If the Secretary determines that an institution that is subject to paragraph (1)) has failed to reduce the subsequent increase in sticker price below two times the rate of change in the CPI for 2 consecutive academic years subsequent to the 3-year interval used under paragraph (1), the Secretary shall place the institution on affordability alert status.

"(4) EXEMPTIONS.—Notwithstanding paragraph (3), an institution shall not be placed on affordability alert status if, for any 3-year interval for which sticker prices are computed under paragraph (1)—

"(A) with respect the the class of institutions described in paragraph (6) to which the institution belongs, the sticker price of the institution is in the lowest quartile of institutions within such class, as determined by the Secretary, during the last year of such 3-year interval; or

"(B) the institution has a percentage change in its sticker price computed under paragraph (1) that exceeds two times the rate of change in the CPI over the same time period, but the dollar amount of the sticker price increase is less than $500.

"(5) INFORMATION TO STATE AGENCIES.—Any institution that reports under paragraph (1)(B) that an agency or instrumentality of State government or other entity participates in the determinations of tuition and fee increases shall, prior to submitting any information to the Secretary under this subsection, submit such information to, and request the comments and input of, such agency, instrumentality, or entity. With respect to any such institution, the Secretary shall provide a copy of any communication by the Secretary with that institution to such agency, instrumentality, or entity.

"(6) CLASSES OF INSTITUTIONS.—For purposes of this subsection, the classes of institutions shall be those sectors used by the Integrated Postsecondary Education Data System, based on whether the institution is public, nonprofit private, or for-profit private, and whether the institution has a 4-year, 2-year, or less than 2-year program of instruction.

"(7) DATA REJECTION.—Nothing in this subsection shall be construed as allowing the Secretary to reject the data submitted by an individual institution of higher education.

"(f) INFORMATION TO THE PUBLIC.—The Secretary shall work with public and private entities to promote broad public awareness, particularly among middle and high school students and their families, of the information made available under this section, including by distribution to students who participate in or receive benefits from means-tested federally funded education programs and other Federal programs determined by the Secretary.

"(g) FINES.—In addition to actions authorized in section 487(c), the Secretary may impose a fine in an amount not to exceed $25,000 on an institution of higher education for failing to provide the information required by this section in a timely and accurate manner, or for failing to otherwise cooperate with the National Center for Education Statistics regarding efforts to obtain data under subsections (c) and (j) and pursuant to the program participation agreement entered into under section 487.

"(h) GAO STUDY AND REPORT.—

"(1) GAO STUDY.—The Comptroller General shall conduct a study of the policies and procedures implemented by institutions in increasing the affordability of postsecondary education. Such study shall include information with respect to—

"(A) a list of those institutions that—

"(i) have reduced their sticker prices; or “(ii) are within the least costly quartile of institutions within each class described in subsection (e)(6);

“(B) policies implemented to stem the increase in tuition and fees and institutional costs;

“(C) the extent to which room and board costs and prices changed;

“(D) the extent to which other services were altered to affect tuition and fees;

“(E) the extent to which the institution’s policies affected student body demographics and time to completion;

“(F) what, if any, operational factors played a role in reducing tuition and fees;

“(G) the extent to which academic quality was affected, and how;

“(H) if the institution is a public institution, the relationship between State and local appropriations and the institution’s tuition and fees;

“(I) the extent to which policies and practices reducing costs and prices may be replicated from one institution to another; and

“(J) other information as necessary to determine best practices in increasing the affordability of postsecondary education.

“(2) INTERIM AND FINAL REPORTS.— The Comptroller General shall submit an interim and a final report regarding the findings of the study required by paragraph (1) to the appropriate authorizing committees of Congress. The interim report shall be submitted not later than July 31, 2011, and the final report shall be submitted not later than July 31, 2013.

“(i) STUDENT AID RECIPIENT SURVEY.—

“(1) SURVEY REQUIRED.—The Secretary shall conduct a survey of student aid recipients under title IV on a regular cycle and State-by-State basis, but not less than once every 4 years—

“(A) to identify the population of students receiving Federal student aid;

“(B) to describe the income distribution and other socioeconomic characteristics of federally aided students;

“(C) to describe the combinations of aid from State, Federal, and private sources received by students from all income groups;

"(D) to describe the debt burden of educational loan recipients and their capacity to repay their education debts, and the impact of such debt burden on career choices;

"(E) to describe the role played by the price of postsecondary education in the determination by students of what institution to attend; and

"(F) to describe how the increased costs of textbooks and other instructional materials affects the costs of postsecondary education to students.

"(2) SURVEY DESIGN.—The survey shall be representative of full-time and part-time, undergraduate, graduate, and professional and current and former students in all types of institutions, and designed and administered in consultation with the Congress and the postsecondary education community.

"(3) DISSEMINATION.—The Commissioner of Education Statistics shall disseminate the information resulting from the survey in both printed and electronic form.

"(j) REGULATIONS.—The Secretary is authorized to issue such regulations as may be necessary to carry out the provisions of this section.

"(k) DEFINITIONS.—For the purposes of this section:

"(1) NET TUITION PRICE.—The term 'net tuition price' means the average tuition and fees charged to a first-time, full-time, full-year undergraduate student, minus the average grants provided to such students, for any academic year.

"(2) STICKER PRICE.—The term 'sticker price' means the average tuition and fees charged to a first-time, full-time, full-year undergraduate student by an institution of higher education for any academic year.

"(3) CPI.—The term 'CPI' means the Consumer Price Index-All Urban Consumers (Current Series).".

SEC. 3. COLLEGE AFFORDABILITY DEMONSTRATION PROJECT.

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

"SEC. 486A. COLLEGE AFFORDABILITY DEMONSTRATION PROJECT.

"(a) PURPOSE.—It is the purpose of this section—

“(1) to provide, through a college affordability demonstration project, for increased innovation in the delivery of higher education and student financial aid in a manner resulting in reduced costs for students as well as the institution by employing one or more strategies including accelerating degree or program completion, increasing availability of, and access to, distance components of education delivery, engaging in collaborative arrangements with other institutions and organizations, and other alternative methodologies; and

“(2) to help determine—

“(A) the most effective means of delivering student financial aid as well as quality education;

“(B) the specific statutory and regulatory requirements that should be altered to provide for more efficient and effective delivery of student financial aid, as well as access to high quality distance education programs, resulting in a student more efficiently completing postsecondary education; and

“(C) the most effective methods of obtaining and managing institutional resources.

“(b) DEMONSTRATION PROJECT AUTHORIZED.—

"(1) IN GENERAL.—In accordance with the purposes described in subsection (a) and the provisions of subsection (d), the Secretary is authorized to select not more than 100 institutions of higher education, including those applying as part of systems or consortia of such institutions, for voluntary participation in the College Affordability Demonstration Project in order to enable participating institutions to carry out such purposes by providing programs of postsecondary education, and making available student financial assistance under this title to students enrolled in those programs, in a manner that would not otherwise meet the requirements of this title.

"(2) WAIVERS.—The Secretary is authorized to waive for any institutions of higher education, or any system or consortia of institutions of higher education, selected for participation in the College Affordability Demonstration Project, any requirements of this Act or the regulations thereunder as deemed necessary by the Secretary to meet the purpose described in subsection (a)(1), and shall make a determination that the waiver can reasonably be expected to result in reduced costs to students or institutions without an increase in Federal program costs. The Secretary may not waive under this paragraph the maximum award amounts for an academic year or loan period.

"(3) ELIGIBLE APPLICANTS.—

"(A) ELIGIBLE INSTITUTIONS.—Except as provided in subparagraph (B), only an institution of higher education that is eligible to participate in programs under this title shall be eligible to participate in the demonstration project authorized under this section.

"(B) PROHIBITION.—An institution of higher education described in section 102(a)(1)(C) shall not be eligible to participate in the demonstration project authorized under this section.

"(c) APPLICATION.—

"(1) IN GENERAL.—Each institution or system of institutions desiring to participate in the demonstration project under this section shall submit an application to the Secretary at such time and in such manner as the Secretary may require.

"(2) CONTENTS OF APPLICATIONS.—Each application for the college affordability demonstration project shall include at least the following:

"(A) a description of the institution or system or consortium of institutions and what quality assurance mechanisms are in place to ensure the integrity of the Federal financial aid programs;

"(B) a description of the innovation or innovations being proposed and the affected programs and students, including—

"(i) a description of any collaborative arrangements with other institutions or organizations to reduce costs;

"(ii) a description of any expected economic impact of participation in the project within the community in which the institution is located; and

"(iii) a description of any means the institution will employ to reduce the costs of instructional materials, such as textbooks;

"(C) a description of each regulatory or statutory requirement for which waivers are sought, with a reason for each waiver;

"(D) a description of the expected outcomes of the program changes proposed, including the estimated reductions in costs both for the institution and for students;

"(E) an assurance from each institution in a system or consortium of a commitment to fulfill its role as described in the application;

"(F) an assurance that the participating institution or system of institutions will offer full cooperation with the ongoing evaluations of the demonstration project provided for in this section; and

"(G) any other information or assurances the Secretary may require.

"(d) SELECTION.—In selecting institutions to participate in the demonstration project under this section, the Secretary shall take into account—

"(1) the number and quality of applications received, determined on the basis of the contents required by subsection (c)(2);

"(2) the Department's capacity to oversee and monitor each institution's participation;

"(3) an institution's—

"(A) financial responsibility;

"(B) administrative capability;

"(C) program or programs being offered via distance education, if applicable;

''(D) student completion rates; and

''(E) student loan default rates; and

''(4) the participation of a diverse group of institutions with respect to size, mission, and geographic distribution.

''(e) NOTIFICATION.—The Secretary shall make available to the public and to the authorizing committees a list of institutions selected to participate in the demonstration project authorized by this section. Such notice shall include a listing of the specific statutory and regulatory requirements being waived for each institution and a description of the innovations being demonstrated.

''(f) EVALUATIONS AND REPORTS.—

''(1) EVALUATION.—The Secretary shall evaluate the demonstration project authorized under this section on a biennial basis. Such evaluations specifically shall review—

''(A) the extent to which expected outcomes, including the estimated reductions in cost, were achieved;

''(B) the number and types of students participating in the programs offered, including the progress of participating students toward recognized certificates or degrees and the extent to which participation in such programs increased;

"(C) issues related to student financial assistance associated with the innovations undertaken;

"(D) effective technologies and alternative methodologies for delivering student financial assistance;

"(E) the extent of the cost savings to the institution, the student, and the Federal Government resulting from the waivers provided, and an estimate as to future cost savings for the duration of the demonstration project;

"(F) the extent to which students saved money by completing their postsecondary education sooner;

"(G) the extent to which the institution reduced its tuition and fees and its costs by participating in the demonstration project

"(H) the extent to which any collaborative arrangements with other institutions or organizations have reduced the participating institution's costs; and

"(I) the extent to which statutory or regulatory requirements not waived under the demonstration project present difficulties for students or institutions.

"(2) POLICY ANALYSIS.—The Secretary shall review current policies and identify those policies that present impediments to the implementation of innovations that result in cost savings and in expanding access to education.

"(3) REPORTS.—The Secretary shall provide a report to the authorizing committees on a biennial basis regarding—

"(A) the demonstration project authorized under this section;

"(B) the results of the evaluations conducted under paragraph (1);

"(C) the cost savings to the Federal Government by the demonstration project authorized by this section; and

"(D) recommendations for changes to increase the efficiency and effective delivery of financial aid.

"(g) OVERSIGHT.—In conducting the demonstration project authorized under this section, the Secretary shall, on a continuing basis—

"(1) ensure compliance of institutions or systems of institutions with the requirements of this title (other than the sections and regulations that are waived under subsection (b)(2));

"(2) provide technical assistance to institutions in their application to and participation in the demonstration project;

"(3) monitor fluctuations in the student population enrolled in the participating institutions or systems of institutions;

"(4) monitor changes in financial assistance provided at the institution; and

"(5) consult with appropriate accrediting agencies or associations and appropriate State regulatory authorities.

"(h) TERMINATION OF AUTHORITY.—The authority of the Secretary under this section shall cease to be effective on October 1, 2012.".

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