Summary of Select Provisions in H.R. 4283
"The College Access and Opportunity Act of 2004"
to Reauthorize the Higher Education Act of 1965

Student Aid

Pell Grants

- Freezes the *authorized* maximum Pell Grant award at the current *authorization* level of $5,800 through Academic Year 2011. The current appropriated maximum Pell Grant award is $4,050.

- Provides for year-round Pell Grant support by creating second award.

- Repeals the tuition sensitivity requirement in the Pell Grant program.

- Creates Pell Grant Plus program that would provide an additional $1,000 Pell Grant in each of the first two years of college to students who have completed a high school curriculum through the State Scholars Program. Students must maintain a B average during their first year of college to receive award. This proposal mirrors the one President Bush offered in the FY2005 budget request.

- Incorporates H.R. 3613, the Student Aid Streamlined Disclosure Act, which requires the federal government to verify information submitted on the FAFSA with IRS income tax data in order to improve the verification process for Pell Grants and other student aid.

Student Loans

- Makes interest rates on all student loans variable, including consolidation loans.

- Phases down student loan origination fees from current 3 percent to 1 percent over the life of the bill.

- Increases subsidized freshman loan limits from $2,625 to $3,500 and increases sophomore subsidized loan limits from $3,500 to $4,500.

- Increases the annual graduate *unsubsidized* loan limit from $10,000 to $12,000.

- Retains the cumulative subsidized undergraduate loan limit of $23,000 and retains the cumulative subsidized graduate loan limit of $65,500.

- Creates a two-year interest-only repayment plan for low-income borrowers.

- Reinstates provision pertaining to student loan disbursement for institutions with low student loan default rates to allow students to receive loan funds faster. Institutions with default rates under 10 percent for three consecutive years will be permitted to waive the rule requiring them to wait 30 days before providing loans to first-time borrowers who are first-year students.
• Increases maximum student loan forgiveness from $5,000 to $17,500 for highly qualified math, science, and special education teachers who commit to teaching in high-need K-12 schools for five years.

• Eliminates the so-called "single lender rule", which requires borrowers who have all of their loans held by a single lender to consolidate with that lender.

**Campus-Based Aid Programs**

• Phases out the base guarantee for campus allocations over 10 years. Beginning in FY2007, campus allocation base guarantees would be decreased in increments 20 percent every two years until they reach zero in 2015.

• Authorizes Supplemental Educational Opportunity Grants (SEOG) at $770.5 million in FY2005 and such sums as may be necessary for the five succeeding fiscal years. Note: SEOG received $770 million in FY2004.

• Freezes the authorization level for Federal Work-Study at $1 billion and such sums as may be necessary for the five succeeding fiscal years.

• Modifies the community service provision related to the Federal Work-Study program to permit childcare services for university/college affiliated individuals only, as well as childcare services accessible to the public.

• Increases the annual and cumulative borrowing limits in Perkins. For undergraduates, the annual loan limit is increased from $4,000 to $5,500 and the cumulative limit is increased from $20,000 to $27,500. For graduate/professional students, the annual loan limit is increased from $6,000 to $8,000 and the cumulative limit is increased from $40,000 to $60,000.

**TRIO and GEAR UP**

• Creates a 10 percent reserve account for novice and quality applicants to help encourage new participants in the programs.

• Clarifies that GEAR UP grants are provided for six years in order to help ensure services for students are not cut short and allow funds to be used to help students make the transition from high school to college.

**Accountability**

**Intellectual Diversity**

• Includes a modified version of Rep. Kingston's "Academic Bill of Rights" H. Con. Res. 318 in the form of a non-binding Sense of Congress resolution that states that universities and colleges "should ensure" that their students are:
"(A) evaluated solely on the basis of their reasoned answers and knowledge of the subjects and
disciplines they study and without regard to their political, ideological, or religious beliefs;

(B) assured that the selection of speakers and allocation of funds for speakers, programs, and
other student activities will utilize methods that promote intellectual pluralism and include
diverse viewpoints;

(C) presented diverse approaches and dissenting sources and viewpoints within the instructional
setting; and

(D) not excluded from participation in, denied the benefits of, or subjected to discrimination or
official sanction on the basis of their political or ideological beliefs under any education
program, activity, or division of the institution directly or indirectly receiving financial assistance
under this Act, whether or not such program, activity, or division is sponsored or officially
sanctioned by the institution."

College Costs

- Includes all of the college cost provisions of Rep. McKeon's Affordability in Higher Education Act,
  H.R. 3311, except that it removes the price control sanctions. This includes the creation of an
  "affordability index," which targets rate of increase in tuition and fees.

- Mandates new and modifies existing data reporting requirements of institutions on tuition, fees,
  room and board, cost of attendance, average amount of financial aid received by students, the
  number of students receiving aid, the average net price students pay, and the institutional
  instructional expenditure rate per FTE student. Also, requires additional data dissemination to
  public.

- Requires an institution with tuition increases that exceed the twice the rate of the Consumer Price
  Index for any 3 year period to submit: "an explanation of the factors contributing to the increase";
  "a management plan stating specific steps the institution is and will be taking to reduce its costs"; and
  "an action plan, including a schedule, by which institution will reduce increases in or stabilize such
  costs, and tuition and fees." If an institution continues to exceed the index, the Secretary of
  Education:
    o will make available to the public a report provide by the institution on all costs and
      expenditures, and on all tuition and fees charged to students;
    o will place the institution on an "affordability alert status";
    o will notify the institution's accrediting agency; and
    o may require an audit by the Inspector General of the Department of Education.

- Authorizes a General Accounting Office (GAO) study on the policies and procedures implemented
  by institutions in increasing the afford ability of postsecondary education.

- See "College Consumer Profile" item in Accreditation section below.
Transfer of Credit

- Requires universities and colleges to have a transfer of academic credit policy and to disclose it publicly.

- Prohibits institutions from denying credit transfers based solely on the agency that accredited the sending institution.

- Requires that transfer of credit policies must also indicate that credit transfers must be based on whether the student reached the receiving institution's level of proficiency for such course.

- Requires accreditors to review transfer of credit policies and to not adopt or apply standards, policies, or practices that restrict or deny the transfer of credit based solely on the agency that accredited the sending institution.

- Requires the production and publication of “statistics concerning the annual, as well as a 3-year rolling average, rate of the percentage of credits accepted in transfer and fully counted toward the degree or certificate completion requirements of undergraduate students. Such data shall be disaggregated to report on the following categories of institutions from which credits were accepted in transfer from: 1) nationally accredited; 2) regionally accredited in the same State; 3) regionally accredited in the same region; and 4) regionally accredited in a different region."

Accreditation

- Requires accreditors to review institutional transfer of credit policies and practices, confirm that they are consistent, and monitor their inclusion in institutional public reports. Prohibits accreditors from adopting or applying standards, policies, or practices that restrict or deny the transfer of credit based solely on the agency that accredited the sending institution.

- Requires accreditors to produce a public summary of their actions and findings when accreditation status is granted or renewed.

- Modifies the criteria for recognition of an accrediting agency so that the criteria shall require that the accreditors' standards for accreditation of an institution must assess not only the institutional fiscal and administrative capacity, but also its governance capacity.

- Modifies the criteria for recognition of an accrediting agency so that the criteria shall require that the accreditors standards for accreditation of an institution must assess "success with respect to student achievement in relation to the institution’s mission, including, as appropriate, consideration of student academic achievement as determined by the institution (in accordance with standards of the accrediting agency or association) related to each institution’s articulation of desired learning outcomes, retention, course and program completion, State licensing examinations, and job placement rates; and other student performance data selected by the institution, particularly data used by the institution to evaluate or strengthen its educational programs, and including thresholds for course completion and job placement rates if the institution offers certificate-granting vocation or technical programs."
• Requires accreditors to evaluate the capacity of institutions to deliver distance learning at a level of quality comparable to classroom settings. Requires accreditors to evaluate how institutions ensure the integrity of their distance learning programs, as well as monitor their growth.

• Allows states to become accreditors.

• Requires the creation of a "College Consumer Profile" that must be made publicly available in a uniform and comprehensible manner and must include information about an institution’s:
  o mission;
  o student demographics;
  o accreditation;
  o faculty/student ratios;
  o faculty qualifications, including the number of faculty with terminal degrees;
  o tuition, fees, and other costs of attending the institution;
  o student services, including services for students with disabilities;
  o policies and procedures for evaluating and accepting credits earned by students transferring from other institutions and the percentage of such credits accepted;
  o completion and graduation rates; and
  o placement rates and other measures of success in preparing students for entry into or advancement in the workforce.

• Authorizes a study of the best practices of states in assessing undergraduate learning outcomes, including an examination of the viability of a test of general undergraduate education.

**Other Provisions of Interest**

• Modifies key "gatekeeping" provisions by: creating a single-definition of an institution of higher education that applies to both non-profit and for profit institutions; eliminating the existing rule that at least 10 percent of a for-profit institution's revenue must come from a source other than federal student aid funds; and eliminating the 50 percent limitation on the number of courses an institution can offer through distance education.

• Expands the Simple Needs Test for low-income families.

• Provides for equitable Need Analysis treatment for college savings and pre-paid tuition programs.

• Increases amount of income dependent students can earn, from $2,200 to $3,000, without reducing their federal student aid awards.

• Clarifies the current restriction on distributing student aid funds to drug offenders to make it applicable only to those students whose drug offences that are committed while enrolled in college and receiving student aid.

• Reauthorizes through 2011 the National Advisory Committee on Institutional Quality and Integrity.