Background and Overview Analysis

In advance of House floor consideration of the College Opportunity and Affordability Act (H.R. 4137), leaders of the Education and Labor Committee released revised college cost provisions affecting Section 109 of the bill. The college cost provisions in other parts of the bill, such as Section 108 and Title VIII of the bill are NOT affected by the changes in the Manager’s amendment. Rep. John Tierney (D-MA) championed the Title VIII college cost provisions and these provisions will reportedly not be modified by the Manager's amendment.

The revised cost provisions in the Manager’s amendment reflect some of the criticism AAU and the higher education community expressed about the Committee-approved cost provisions. The revised provisions make steps toward addressing AAU and the higher education community’s concerns. However, significant concerns remain with the Title VIII college cost provisions, which are unaffected by the Manager's amendment. Because of the differences between the House and Senate HEA bills' college cost provisions, there likely will be significant negotiations in the conference committee.

Description of Floor Manager’s Amendment Cost Provisions

- **Net Price Definition**: “[T]he average yearly tuition and fees actually charged to a full-time undergraduate student receiving student aid at an institution of higher education, after deduction of any discounts and Federal and State aid, and any other institutional aid, that reduce the full price of tuition and fees at the institution, as determined in accordance with regulations prescribed by the Secretary.”

  Note: In Title VIII of the bill, net price is defined differently. It is defined as the average tuition and fees charged to a full-time undergraduate student by an institution of higher education for an academic year, minus the average grant amount received by such a student for such an academic year.

- **College Affordability and Transparency Lists**: These lists would replace the “Higher Education Price Increase Watch Lists.” The bill would require the Department of Education, effective July 2010, to publish on the Department’s College Navigator Web site three types of lists that are sortable by state:

  1) A list of the top five percent of institutions in each category of higher education institutions with the highest tuition and fees. The categories of higher education institution are defined by the nine categories used by the Integrated Postsecondary Education Data System (IPEDS), including 4-year public; 4-year private nonprofit; 4-year for-profit; 2-year public; 2-year private nonprofit; 2-year for-profit; less than 2-year public; less than 2-year private nonprofit; and less than 2-year for-profit. Additionally, a list of the top five percent of all institutions with the highest tuition and fees would be published.

  2) A list of the top five percent of institutions in each sector with the lowest tuition and fees. Additionally, a list of the top five percent of all institutions with the lowest tuition and fees would be published.

  3) A list of the top five percent of institutions in each sector with the largest percentage increase in their tuition and fees over the most recent three-year period. Additionally, a list of the top five
percent of all institutions with the largest percentage increase in their tuition and fees over the most recent three-year period.

Exemptions: An institution would not be placed on the third list if either: 1) the computed price of the institution is in the lowest quartile of institutions within each sector during the last year of such a three-year period; or 2) the cumulative dollar amount of the institution’s price increase is less than $500 for the three-year period.

- **Consequences for the Top Five Percent of Institutions with Increases in Tuition and Fees Over Three years**: If an institution is on the third list, it would have to:

  1) Submit to the Department of Education a description of the factors that contributed to the increases and "an identification of the major areas in the institution’s budget with the greatest cost increases;"

  2) For institutions that do not exclusively control or determine their own tuition and fee increases, submit to the Department of Education "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;" and

  3) Establish a "Quality-Efficiency Task Force." The task force would "review the operations" of the institution; "analyze institutional operating costs in comparison with such costs at other institutions within the same category of institutions;" and "identify areas where, in comparison with other institutions in such category, the institution operates more expensively to produce a similar result;" "conduct an in-depth analysis of such identified areas for cost reduction opportunities;" and "submit a report to the Secretary and the institution on the results of the review and analysis conducted under this subsection."

All of the aforementioned reports that would be provided to the Department of Education would be summarized in an annual report to Congress and would be published on the Department’s College Navigator Web site.

- **State Higher Education Appropriations Charts**: The amendment requires the Department of Education to report annually on the College Navigator Web site in chart form for each State a comparison of the percentage change in State appropriations per full-time equivalent student in public institutions for each of the five preceding academic years to the percentage change in tuition and fees for each public institution over that same time period. Also, the Secretary would have to report in chart form the total amount of need-based and merit-based aid provided by the State to students enrolled in a public institution of higher education in the State.

- **Net Price Calculator**: The amendment requires the Department to develop, in consultation with higher education institutions, a net price calculator that institutions must use on their Web sites. Institutions must adopt and use the net price calculator within three years of enactment of the bill.

This revised provision differs from the original provision in the bill which would have required the Department to develop model net price calculators that institutions could choose to use on their Web sites; or adopt and use a net price calculator of their own or one of the model calculators developed by the Department within three years of enactment of the Act.

- **Postsecondary Education Price Index**: The amendment changes the name of the "Higher Education Price Index," or HEPI, to the Postsecondary Education Price Index (PEPI). It would require the Department and the Bureau of Labor Statistics to develop postsecondary education price indices that accurately reflect the annual change in tuition and fees for undergraduate students for the
IPEDS categories of higher education institutions. Indices would be updated annually. The PEPI would be used only for purposes of reporting the difference between the percentage change in an institution’s tuition and fees of the three preceding years and the PEPI as part of the Higher Education Pricing Summary Page described below. The indices would NOT measure the costs of services and items institutions purchased and would NOT measure inflation.

- **Information from Institutions**: The amendment would drop the name for information collection provisions previously entitled the "University and College Accountability Network (UCAN)," and would require the Department to post on the College Navigator Web site the following information about each institution of higher education within one year after date of enactment:
  - A statement of the institution’s missions and specialties;
  - Total number of students who applied, were admitted, and enrolled as undergraduates;
  - Reading, writing, math, and combined SAT score for the middle 50-percent range of the freshman class;
  - Enrollment of full-time, part-time, and transfer students at the institution, for undergraduate and graduate levels;
  - Percentage of male and female undergraduates at the institution;
  - Percentage of enrolled undergraduates from the State in which the institution is located, from other states, and from other countries;
  - Percentage of enrolled undergraduates at the institution by race and ethnic background;
  - Percentage of enrolled undergraduates with disabilities;
  - Retention rates for full-time and part-time, first-time, first-year enrolled undergraduates;
  - Average time to degree for first-time, first-year enrolled undergraduates;
  - Percentage of enrolled undergraduates who graduate within four, five, and six years, including by income category (see "income categories" below);
  - Number of students who obtained bachelors, masters, or doctoral degrees at the institution;
  - Undergraduate major areas of study with the highest number of degrees awarded;
  - The student-faculty ratio, and number of full-time, part-time, and adjunct faculty, and graduate teaching and research assistants with instructional responsibilities;
  - Percentage of faculty at the institution with the highest degree in their field;
  - Percentage change in total price in tuition and fees and the net price for an undergraduate in each of the three preceding academic years;
  - Total average cost of attendance, including tuition and fees, room and board, books, and other related costs for full-time students living on campus, living off-campus, and in-state and out-of-state students at public institutions living on and off campus;
  - Average annual grant aid including federal, state, and institutional by income categories defined in the bill (see below);
  - Average annual amount of federal student loans and other student loans provided to undergraduates;
  - Total annual grant aid available to undergraduates from federal, state, institutional, and other sources;
  - Percentage of undergraduates receiving federal, state, and institutional grants, student loans, and any other type of student financial aid, such as Federal work-study;
  - Number of students receiving Pell Grants;
  - Average net price for each income category for each of the three preceding years;
  - Percentage of first-year undergraduates living on and off campus;
  - The institution's cohort default rate;
  - The institution's transfer of academic credit policies;
  - Campus safety information;
  - Links to sections of the institution’s Web site that provide information on student activities, such as sports, student organizations, study abroad, intramural sports, volunteer opportunities, and more; and
- Links to internship opportunities and career and placement services offered to students during and after college.

The Department would also be required to continue to redesign the relevant parts of IPEDS to include "additional data as required by this subsection and to continue to improve the usefulness and timeliness of data collected."

- **Higher Education Pricing Summary Page:** The amendment creates a new "Higher Education Pricing Summary Page" to be made available on the College Navigator Web site. Information to be included for each institution includes:
  - Undergraduate tuition and fees for the upcoming academic year;
  - Average net price by income quintile for the three preceding years (see "income categories" below);
  - Average percentage and dollar change in tuition and fees for the three preceding years;
  - Average percentage and dollar change in per student instructional spending for the three preceding years;
  - The difference between the percentage change in an institution’s tuition and fees over the three preceding years compared to the change reflected in the applicable postsecondary education price index (PEPI); and
  - A link to the institution’s information on the College Navigator Web site.

- **Income Categories:** The amendment creates new income categories by quintiles of $35,000 increments that would be adjusted annually for inflation. The quintiles would be:
  - $0-35,000
  - $35,001-70,000
  - $70,001-105,000
  - $105,001-140,000
  - $140,000 and up

The bill provides for an "impracticable reporting exemption" from reporting institutional aid by income categories if that reporting would be “impractical or impossible” because income information is not collected from these recipients.

- **Student Aid Recipient Survey:** The amendment requires the Department to conduct a survey of federal student aid recipients on a state-by-state basis not less than once every four years. The survey would seek to: identify the population of students receiving federal student aid; describe the income distribution and other socioeconomic characteristics of federal aid recipients; describe combinations of aid from federal, state and private sources by students from all income groups; describe the debt burden of loan recipients, their capacity to repay the loans, and the impact of debt burden on career choices; describe the role played by the price of postsecondary education in the determination by students of what institution to attend; and describe how the increased costs of textbooks and other instructional materials affects the cost of education to students.

- **Sense of Congress Regarding Consumer Information About Institutions of Higher Education:** The amendment also includes “sense of Congress” language encouraging institutions of higher education to participate in efforts to provide concise, easily-accessible on-line consumer information to prospective students and families.