

105TH CONGRESS
1ST SESSION

H. R. 855

To amend the Higher Education Act of 1965 to provide administrative support and information to States for the establishment and operation of prepaid tuition programs, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 26, 1997

Ms. WOOLSEY introduced the following bill; which was referred to the Committee on Education and the Workforce

A BILL

To amend the Higher Education Act of 1965 to provide administrative support and information to States for the establishment and operation of prepaid tuition programs, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Access to College Edu-
5 cation (ACE) Act of 1997”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

1 (1) During the past 15 years, tuition at 4-year
2 public colleges and universities rose 234 percent.

3 (2) In contrast, during this same time, median
4 household income rose only 82 percent.

5 (3) The cost of consumer goods, as measured
6 by the Consumer Price Index, rose only 74 percent
7 during this time.

8 (4) During the past 15 years, the share of
9 schools' revenues provided by tuition rose from 16
10 percent to 23 percent.

11 (5) The future of America depends on a well
12 educated work force.

13 (6) High-tech, high-wage jobs require post-
14 secondary education.

15 (7) Parents need information and assistance to
16 save for their children's higher education.

17 (8) Prepaid college tuition programs are one
18 way parents can make sure they will be able to af-
19 ford the cost of their children's college.

20 **SEC. 3. ESTABLISHMENT OF PROGRAM.**

21 Title X of the Higher Education Act of 1965 is
22 amended by inserting after part E (20 U.S.C. 1135g) the
23 following new part:

1 **“PART F—ADMINISTRATIVE SUPPORT FOR STATE**
2 **PREPAID TUITION PROGRAMS.**

3 **“SEC. 1096. GRANT PROGRAM AUTHORIZED.**

4 “(a) GENERAL AUTHORITY.—The Secretary shall es-
5 tablish a program in accordance with the requirements of
6 this section to provide grants to States to support tempo-
7 rarily the establishment and operation of State prepaid
8 tuition programs. No State shall be eligible to receive more
9 than a single grant under this section.

10 “(b) APPLICATION REQUIREMENTS.—

11 “(1) IN GENERAL.—Any State desiring to ob-
12 tain a grant under this section shall submit to the
13 Secretary an application at such time, in such form,
14 and containing such information or assurances as
15 the Secretary may require by regulation.

16 “(2) STATE PLAN.—An application under this
17 section shall include a State plan for the establish-
18 ment and operation of a program to offer parents
19 the opportunity to prepay tuition at State post-
20 secondary institutions. The State plan shall include
21 a description of—

22 “(A) the type of prepaid tuition plan the
23 State offers or plans to offer, such as by con-
24 tract, tuition credit, or certificate, and the insti-
25 tutions at which prepaid tuition funds will be
26 available for use;

1 “(B) the tuition and other expenses to
2 which the prepayment will be applied;

3 “(C) the method by which the future cost
4 of such tuition and expenses is or will be cal-
5 culated;

6 “(D) the options the parents have or will
7 have to make the prepayment;

8 “(E) the methods by which prepaid tuition
9 funds will be invested;

10 “(F) the methods by which the funds will
11 be disbursed;

12 “(G) the methods by which prepaid tuition
13 funds will be taken into account in the calcula-
14 tion of State student aid eligibility;

15 “(H) the methods by which the State will
16 inform the public on a regular basis of the actu-
17 arial projections for the cost of tuition; and

18 “(I) the methods by which the State will
19 inform the public on a regular basis of the in-
20 vestment of these funds.

21 “(3) DISCLOSURE OBLIGATION.—An application
22 under this section shall include an agreement by the
23 State to provide regular periodic disclosures of the
24 actuarial projections for the cost of tuition at State

1 postsecondary institutions and the investment of
2 prepaid tuition funds.

3 “(c) USE OF FUNDS.—A State that obtains a grant
4 from funds provided under this section may use such
5 funds—

6 “(1) to hire a chief administrative officer;

7 “(2) to obtain office space for the program’s
8 administration;

9 “(3) to acquire or improve office equipment
10 necessary for a prepaid college tuition program;

11 “(4) to pay expenses necessary for the public
12 disclosure required by this section;

13 “(5) to advertise the existence of this program
14 throughout the State; and

15 “(6) to conduct activities which educate the
16 public about the necessity of early savings for higher
17 education.

18 “(d) INFORMATION.—In order to assist other States
19 in establishing and improving prepaid tuition programs,
20 any State that receives a grant under this section shall
21 provide to the Secretary such information as the Secretary
22 may request concerning the development of its program.
23 The Secretary shall—

24 “(1) collect information from existing prepaid
25 tuition programs;

1 “(2) correlate such information with significant
2 variables such as—

3 “(A) population of State;

4 “(B) number of State postsecondary insti-
5 tutions;

6 “(C) average cost of State postsecondary
7 institutions; and

8 “(D) number of participants currently in
9 program;

10 “(3) collect studies of prepaid college tuition
11 programs; and

12 “(4) disseminate to States applying for grants
13 under this section the information and studies col-
14 lected for the purposes of providing such States with
15 information on successful practices to administer
16 prepaid college tuition programs.

17 “(e) AUTHORIZATION OF APPROPRIATIONS.—There
18 are authorized to be appropriated to make grants under
19 this section \$20,000,000 for fiscal year 1998 and such
20 sums as may be necessary for each of the 3 succeeding
21 fiscal years.”.

○