

109TH CONGRESS  
1ST SESSION

# H. R. 2739

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

MAY 26, 2005

Mr. TIERNEY (for himself, Ms. MCCOLLUM of Minnesota, Mr. GEORGE MILLER of California, Mr. KILDEE, Mr. EMANUEL, Mr. BISHOP of New York, Mr. PAYNE, Ms. WOOLSEY, Mrs. McCARTHY, Mr. WU, Mr. DAVIS of Illinois, Mr. GRIJALVA, Mr. MEEHAN, Mr. BECERRA, Mr. REYES, Mr. GONZALEZ, Ms. LINDA T. SÁNCHEZ of California, Mr. McGOVERN, Ms. DELAURO, Mr. OWENS, Mr. HINOJOSA, Mr. KUCINICH, Mr. HOLT, Mr. CASE, Mr. VAN HOLLEN, Mr. ORTIZ, Mr. GUTIERREZ, Mr. CARDOZA, Mrs. JONES of Ohio, Ms. BALDWIN, Mr. WEXLER, Mr. BARROW, Mr. JEFFERSON, Mr. RYAN of Ohio, Ms. SOLIS, Ms. VELÁZQUEZ, and Ms. SCHAKOWSKY) introduced the following bill; which was referred to the Committee on Education and the Workforce

---

## 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 increases.

**“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 amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

12 (b) EFFECTIVE DATE.—Except as otherwise provided in this Act, the amendments made by this Act shall take 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 (workers with a bachelor's degree earn 75 per-  
15 cent more than workers with just a high school  
16 diploma);17 (B) jobs requiring some postsecondary  
18 education are expected to account for about 42  
19 percent of total job growth from 2000 through  
20 2010;21 (C) low-income, college-qualified high  
22 school graduates have an annual unmet need  
23 for student financial assistance of \$3,800 in  
24 college expenses, expenses not covered by  
25 grants, loans, work, or family savings;

1 (D) 46 percent of all students who work in  
2 addition to being full-time students report 25  
3 hours or more a week of employment; and

4 (E) 50 percent of those employed more  
5 than 25 hours a week report that working hurts  
6 their grades and retention in college, and stu-  
7 dents who work more than 35 hours a week are  
8 considerably less likely to complete a year of  
9 college than those who work less than 15 hours  
10 a week.

16 (A) In 2003–2004, tuition and fees in-  
17 creased at colleges and universities across the  
18 country. Tuition increased by 14.1 percent at  
19 four-year public institutions, 13.8 percent at  
20 two-year public institutions, and 6.0 percent at  
21 four-year private institutions.

22 (B) While 70 percent of all students pay  
23 \$8,000 or less in tuition each year, low-income  
24 students continue to fall far behind in accessing  
25 a college education.

(C) The ratio of a low-income family's earnings used to pay for tuition increased to 71 percent, while this ratio held steady for middle-income families at 17 percent and 6 percent for those with the highest incomes.

16 (B) the purchasing power of the maximum  
17 Pell Grant has declined, as Pell Grants now  
18 cover only about 40 percent of average fixed  
19 costs at 4-year public colleges, about half of  
20 what they covered 25 years ago; and

(C) average student indebtedness is  
\$17,000, and reaches over \$120,000 for profes-  
sional school graduates.

1 **SEC. 4. STATE COMMITMENT TO AFFORDABLE COLLEGE**

2 **EDUCATION.**

3 Title I is amended by inserting after section 131 (20

4 U.S.C. 1015) the following new section:

5 **“SEC. 132. STATE COMMITMENT TO AFFORDABLE COLLEGE**

6 **EDUCATION.**

7 **“(a) MAINTENANCE OF EFFORT REQUIRED.—**No

8 State shall reduce the total amount provided by the State

9 for public institutions of higher education in such State

10 for any academic year beginning on or after July 1, 2005,

11 to an amount which is less than the average amount pro-

12 vided by such State to such institutions of higher edu-

13 cation during the academic years between July 1, 1998,

14 and July 1, 2003.

15 **“(b) WITHHOLDING OF ALL EDUCATION ADMINIS-**

16 **TRATIVE FUNDS FOR VIOLATIONS.—**Notwithstanding any

17 other provision of law, the Secretary of Education shall

18 withhold from any State that violates subsection (a) any

19 amount that would otherwise be available to the State for

20 administrative expenses and costs under any Federal edu-

21 cation program until such State has corrected such viola-

22 tion.”.

23 **SEC. 5. COST CONTAINMENT STRATEGIES.**

24 Title I is further amended by inserting after section

25 132 (as added by section 4) the following new section:

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

2           “(a) REQUIREMENTS.—Each institution of higher  
3 education shall in accordance with the requirements of this  
4 section engage in, and report upon, cost containment  
5 strategies. Such strategies may include (but are not lim-  
6 ited to) the following activities:

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

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

18           “(c) RESEARCH INTO COST CONTAINMENT METH-  
19 ODS.—

20           “(1) RESEARCH AUTHORIZED.—From the  
21 funds appropriated under paragraph (2), the Sec-  
22 retary is authorized—

23           “(A) to conduct or provide for the conduct  
24 of research to identify methods of cost contain-  
25 ment currently utilized by institutions of higher  
26 education and systems of such institutions, and

1           research into other possible methods of cost  
2           containment;

3           “(B) to disseminate—

4               “(i) the information obtained by such  
5           research to such institutions and systems;  
6           and

7               “(ii) other research that has identified  
8           successful methods of cost containment;

9           “(C) to publicly recognize institutions of  
10          higher education that are doing an effective job  
11          at cost containment; and

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

14           “(2) AUTHORIZATION OF APPROPRIATIONS.—

15          There are authorized to be appropriated to carry out  
16          this subsection \$1,000,000 for fiscal year 2006 and  
17          such sums as may be necessary for each of the 4  
18          succeeding fiscal years.

19           “(d) CONSUMER INFORMATION.—

20           “(1) ANNUAL REPORT REQUIRED.—

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

1                             “(i) the sticker price, total price of at-  
2                             tendance, net tuition price, and net access  
3                             price for every institution of higher edu-  
4                             cation that participates in the Federal stu-  
5                             dent aid programs under title IV of this  
6                             Act;

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

12                            “(iii) the level of Federal and State  
13                             support for higher education per capita  
14                             and per pupil.

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

22                            “(2) DATA DISSEMINATION.—The Secretary  
23                             shall make publicly available the data collected pur-  
24                             suant to this section, including an institution’s net  
25                             price tuition index as calculated in accordance with

1 subsection (e). Such data shall be made available in  
2 a manner that permits the review and comparison of  
3 data submissions of individual institutions of higher  
4 education. Such data shall be presented in a form  
5 that is easily accessible and understandable and al-  
6 lows parents and students to make informed deci-  
7 sions based on the average prices for full-time un-  
8 dergraduate students and the institution's rate of in-  
9 crease in the sticker price, total price of attendance,  
10 net tuition price, and net access price.

11 “(3) WEBSITE ENHANCEMENT.—

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

port). As part of improving the website, the Secretary shall establish an advisory board of students and parents to guide the redesign. The college price calculator required by paragraph (4) shall be included on the COOL website.

15                   “(4) COLLEGE PRICE CALCULATOR.—

1       enter an institution of higher education and  
2       their family income and be presented the sticker  
3       price, net tuition price, and net access price for  
4       students in their income bracket in order to de-  
5       termine the approximate cost of attending such  
6       a school. The calculator shall include a clear  
7       disclaimer that financial aid decisions are made  
8       on a case-by-case basis and that the included  
9       calculations are based on previous years' data  
10       and can therefore serve only as general guide-  
11       lines for the financial aid that a student may  
12       expect to receive.

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

24               “(e) NET TUITION PRICE INDEX.—

1                 “(1) IN GENERAL.—The Secretary shall, on the  
2 basis of the data submitted under subsection (a),  
3 calculate a net tuition price index for each institu-  
4 tion of higher education submitting such data and  
5 shall make the index available in accordance with  
6 subsection (b) as soon as operationally possible on  
7 the Department’s college opportunity on line  
8 (COOL) website.

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

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

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

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

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

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

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

18 **SEC. 6. PELL PLUS.**

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

22 **“SEC. 401A. INCENTIVES AND REWARDS: PELL PLUS.**

23           “(a) REWARDS FOR LOW TUITION.—For any institu-  
24      tion of higher education that, for academic year 2003–  
25      2004 or any succeeding academic year, such institution’s

1 annual net tuition price increase (expressed as a percent-  
2 age) for the most recent academic year for which satisfac-  
3 tory data is available is equal to or less than the percent-  
4 age change in the higher education price index for such  
5 academic year, the Secretary shall, notwithstanding any  
6 other provision of the law, provide such institution an  
7 amount sufficient to provide a 25 percent increase under  
8 subpart 1 of part A of title IV to each Pell Grant recipient  
9 attending such institution for the next award year begin-  
10 ning after the date of such determination. Each such insti-  
11 tution shall distribute any amounts received under this  
12 subsection among such Pell Grant recipients by increasing  
13 the amount of their Pell Grant awards by 25 percent.

14       **“(b) REWARDS FOR GUARANTEED TUITION.—**

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

1       ceived under this subsection among such Pell Grant  
2       recipients by increasing the amount of their Pell  
3       Grant awards by 10 percent.

4           “(2) 4-YEAR INSTITUTIONS.—An institution of  
5       higher education that provides a program of instruc-  
6       tion for which it awards a bachelor’s degree complies  
7       with the requirements of this paragraph if such in-  
8       stitution guarantees that for any academic year be-  
9       ginning on or after July 1, 2005, and for each of the  
10       4 succeeding continuous academic years, the net tui-  
11       tion price charged to an undergraduate student will  
12       not exceed—

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

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

23           “(3) LESS-THAN 4-YEAR INSTITUTIONS.—An  
24       institution of higher education that does not provide  
25       a program of instruction for which it awards a bach-

1       elor's degree complies with the requirements of this  
2       paragraph if such institution guarantees that for  
3       any academic year (or the equivalent) beginning on  
4       or after July 1, 2005, and for each of the 1.5 suc-  
5       ceeding continuous academic years, the net tuition  
6       price charged to an undergraduate student will not  
7       exceed—

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

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

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

1 Secretary the following information, within 6 months of  
2 such determination:

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

6           “(2) cost containment strategies to lower net  
7 tuition prices.

8       “(d) DEFINITIONS.—

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

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

20 **SEC. 7. COOPERATIVE EDUCATION REWARDS FOR INSTITU-**  
21 **TIONS THAT RESTRAIN TUITION INCREASES.**

22       The Higher Education Act of 1965 (20 U.S.C. 1101  
23 et seq.) is amended by adding at the end the following  
24 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 2006 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 PLICATIONS.—

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 eval-  
16       uate 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”; and8 (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;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.”.

○