

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 amend-
7 ment or repeal is expressed in terms of an amendment
8 to, or repeal of, a section or other provision, the reference
9 shall be considered to be made to a section or other provi-
10 sion of the Higher Education Act of 1965 (20 U.S.C. 1001
11 et seq.).

12 (b) EFFECTIVE DATE.—Except as otherwise provided
13 in this Act, the amendments made by this Act shall take
14 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.

11 (2) State spending on higher education has de-
12 creased dramatically over time, and as a result, stu-
13 dents and their families, particularly working class
14 and middle class families, have to pay a larger por-
15 tion of college costs:

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.

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

6 (3) Federal student aid is too focused on loans
7 instead of grant aid because—

8 (A) although approximately
9 \$55,000,000,000 is made available annually in
10 direct and indirect Federal aid to postsecondary
11 education students and their families, in 2002,
12 60 percent of such Federal student aid was in
13 the form of loans while only 40 percent was in
14 the form of grants, a reversal of the distribu-
15 tion 20 years ago;

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

21 (C) average student indebtedness is
22 \$17,000, and reaches over \$120,000 for profes-
23 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-

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

6 “(B) AVAILABILITY IN OTHER FORM.—In
7 addition, the Secretary shall publish all of the
8 institutional information found on the COOL
9 website, minus the college price calculator, and
10 instruct all local educational agencies to notify
11 all their secondary schools of the publication of
12 the COOL web site, both on-line and in-print,
13 and of the steps necessary to procure such in-
14 formation both on-line and in-print.

15 “(4) COLLEGE PRICE CALCULATOR.—

16 “(A) ESTABLISHMENT.—The Secretary
17 shall establish a system for reporting to pro-
18 spective students and families on the net tuition
19 price of institutions of higher education. Using
20 the most recent data available, the Secretary
21 shall make available the amount of aid typically
22 granted for students based on family income
23 and college attended. Such information shall be
24 made available in the form of a web site price
25 calculator that permits students to be able to

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 PPLICATIONS.—

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-

tions. For the third year of the demonstration program authorized under this section, the Secretary may select not more than 250 institutions, systems, or consortia, in addition to the institutions, systems, or consortia selected pursuant to the preceding sentence, to participate in the demonstration program if the Secretary determines that such expansion is warranted based on the evaluations conducted in accordance with subsections (f) and (g).

“(2) CONSIDERATIONS.—In selecting institutions to participate in the articulation program in the first or succeeding years of the program, the Secretary shall take into account—

“(A) the number and quality of applications received;

“(B) the Department’s capacity to oversee and monitor each institution’s participation;

“(C) an applicant’s—

“(i) financial responsibility;

“(ii) administrative capability; and

“(D) the need to ensure the participation of a diverse group of institutions with respect to size, mission, and geographic distribution.

“(3) PRIORITY.—In selecting institutions to 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 evalu-
16 ate 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”; and

8 (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.”.

○