



SENATE REPUBLICAN

POLICY COMMITTEE

## Conference Report Highlights

July 31, 2008

# Highlights of the Conference Report to Accompany H.R. 4137, the Higher Education Reauthorization and College Opportunity Act of 2008

*The Conference Report, S. Rept. 110-803, was filed on July 30, 2008.*

### Noteworthy

- The conference report to accompany H.R. 4137 seeks to address the rising cost of college by improving higher education affordability, access, and accountability. It renews most of the Higher Education Act programs until FY2014; establishes new requirements for greater transparency in college costs; requires new reporting and disclosure requirements for institutions and student loan lenders; increases the maximum authorization for Pell Grants; and establishes dozens of new grant programs.
- S. 1642, the Higher Education Amendments of 2007, was introduced by Senator Kennedy on June 18, 2007; approved by the HELP Committee on July 10, 2007 (S. Rept. 110-231); and passed the Senate on July 24, 2007 by a vote of 95-0 (Roll Call Vote Number 275).
- In the House, H.R. 4137, the College Opportunity and Affordability Act of 2007, was introduced on November 9, 2007. It was approved by the Education and Labor Committee on November 15, 2007 (H. Rept. 110-500), and passed by the House on February 7, 2008 by a vote of 354-58 (Roll Call Vote Number 40).
- Conferees were appointed by the Senate and a meeting of the conferees was held on July 29. Senate conferees agreed 18-3 to approve the conference report. Senators Alexander, Isakson and Coburn voted against the report. House conferees voted 22-1 to adopt the report, with Representative Foxx (R-NC) voting against the report.
- It is anticipated that the House will take up the conference report this afternoon. Senator Reid indicated on the floor that the Senate will likely consider the conference report later today.

---

## **Highlights**

---

The cost of a college education has risen dramatically, exceeding the cost of inflation. According to The College Board, over the past decade, published tuition and fees at private four-year colleges rose at an average rate of 2.9 percent *per year* after inflation. At public four-year institutions, published tuitions and fees rose 4.4 percent *per year*, and 1.5 percent *per year* at public two-year colleges.<sup>1</sup> At the same time, the need for a college education is greater than ever.

The conference report to accompany H.R. 4137 seeks to address the rising cost of college by improving higher education affordability, access, and accountability. Whereas the College Cost Reduction and Access Act of 2007 (P.L. 110-84; done through the budget reconciliation process) addressed mandatory higher education provisions, the conference report speaks to the discretionary side of higher education. The conference report renews most of the Higher Education Act programs until FY2014; establishes new requirements for greater transparency in college costs; requires new reporting and disclosure requirements for institutions and student loan lenders; increases the maximum authorization for Pell Grants; and establishes dozens of new grant programs. Key highlights of the conference report are included below. A more detailed summary of the conference report can be found in the Joint Explanatory Statement from the Conference Committee, at [http://help.senate.gov/Hearings/2008\\_07\\_29\\_E/Statement\\_of\\_Managers.pdf](http://help.senate.gov/Hearings/2008_07_29_E/Statement_of_Managers.pdf).

### **Title I – General Provisions**

#### **Sec. 102. Definition of Institution of Higher Education for Purposes of Title IV Programs.**

The conference report addresses an issue of debate regarding foreign medical and nursing schools. It ensures that a for-profit, foreign medical school does not lose its Title IV student loan eligibility when it moves its clinical training from one state to another as long as the new program is approved by the state. It increases the pass rate on the U.S. Medical Licensing Exam required of foreign medical schools from 60 to 75 percent, beginning July 1, 2010. Additionally, the conference report requires the National Committee on Foreign Medical Education and Accreditation to recommend to the Secretary of Education and Congress what criteria need be met by new foreign medical schools that wish to participate in the student loan program.

Speaking to foreign nursing schools, the conference report permits foreign nursing schools to gain eligibility to Title IV student loans if the nursing school has an agreement with a hospital in the U.S. or an accredited nursing school in the U.S. that requires students to complete their training at such hospital or school; has an agreement with a U.S. nursing school that requires the students graduating from the foreign nursing school to also receive a degree from the U.S. nursing school; agrees to reimburse the Secretary for the cost of any loan defaults for current and former students included in the institution's cohort default rate; and has not less than 75 percent of graduates who took out student loans and who took the National Council Licensure Examination for Registered Nurses and received a passing score on the exam.

---

<sup>1</sup> The College Board, *Trends in Pricing*. Washington, D.C., 2006.

## Section 111. Transparency in College Tuition for Consumers

The conference report includes several measures intended to address the rising cost of college costs, including requiring the Secretary of Education, beginning in 2011 and annually thereafter, to publish college affordability and transparency lists by type of institution in six different variations. An institution that appears on the list of institutions with the greatest percentage increases is to submit to the Secretary of Education an explanation of cost increases, and a description of steps it will take to reduce costs in those major areas.

The conference report requires the Secretary of Education to report annually on state higher education appropriations, including percentage changes in spending per student, tuition and fees, and need-and merit-based aid.

It requires institutions to publish their average net price of aided students by income category and requires institutions to post a net price calculator on their websites.

The conference report requires the Department of Education website to provide information on each participating institution, including the cost of attendance; percentage of students receiving different types of financial assistance; availability of alternate tuition plans; percentages of undergraduate students who graduate within the normal time for completion; student-faculty ratios; and a link to the institution's website.

The conference report requires the Secretary to publish annually a searchable list of all institutions that participate in the Title IV aid programs. The list must provide information on tuition and fees, average price after grant aid by income category, and recent price increases.

It requires the Secretary to develop a calculator to help students and families estimate what the total tuition and fees will be for the student's period of attendance.

## Section 112. Textbook Information

Addressing the cost of textbooks was an issue of debate for the conferees. In an effort to decrease the cost of textbooks for students, the conference report includes a compromise on a proposal included in the House-passed bill to require publishers to provide faculty members with information on price, copyright dates of the three previous editions, any substantial revisions between the current edition and the previous and whether the textbook is available in any other format and at what price. It requires publishers to sell their bundled textbooks in bundled and unbundled formats. The conference report requires institutions to disclose the International Standard Book Number (ISBN) and retail price information of textbooks on the institution's course schedule. The conference report prohibits the Secretary of Education from regulating on the provisions but may develop non-regulatory guidance. Provisions are effective on July 1, 2010.

### Section 114. In-State Tuition Rates for Armed Forces Members, Spouses, and Dependent Children

The conference report requires states to provide in-state tuition to members of the military and their dependents that have lived in a state for more than 30 days.

### Section 137. State Commitment to Affordable College Education (required maintenance of effort)

One issue of debate for the conference involved a state required maintenance of effort contained in the House but not the Senate-passed bill.

The House bill established a “maintenance of effort” (MOE) requirement that, after July 1, 2008, states must meet to receive funding under the House-proposed “Grants for Access and Persistence” (GAP) program, which replaces the existing Special Leveraging Educational Assistance Partnership program. It required state funding for public institutions (for non-capital and non-research and development expenses or costs) to be not be less than the average amount provided during the five most recent preceding academic years, and to provide funding for student financial aid for students attending private institutions in the state in an amount not less than the average amount provided during the five most recent preceding academic years. If a state does not meet the MOE requirements, funds that would be available to the state for the GAP program would be withheld until the state has made significant efforts to meet those requirements.

As part of the conference agreement, states are required to meet the MOE in order to receive an initial grant under the new College Access Challenge Grant program instead of the new GAP program.

### Section 152. Responsibilities of Covered Institutions, Institution-Affiliated Organizations, and Lenders

The conference report adds new reporting and disclosure requirements on the relationships between institutions and lenders. Covered institutions and institutions-affiliated organizations that enter into a preferred lender arrangement with a lender regarding private education loans are required to ensure that the name of the lender is displayed in all information and documentation related to the loan.

Additionally, each Federal Family Education Loan (FFEL) program lender is required to report on an annual basis any reasonable expenses paid or given in certain circumstances to any agent of a covered institution who is employed in the financial aid office of a covered institution, or otherwise has responsibilities related to education loans. FFEL program lenders are also required to report any similar expenses paid or provided to any agent of an institution-affiliated organization of a covered institution who is engaged in the practice of recommending education loans.

### Section 153. Loan Information to be Disclosed and Model Disclosure Form for Covered Institutions, Institution-Affiliated Organizations, and Lenders Participating in Preferred Lender Arrangements

The conference report requires institutions to provide the information contained in a model form to the Secretary of Education annually for each lender on the institution's preferred lender list. In addition to disclosing required information, the institutions must also tell borrowers that the institution is required to process any loan application from any lender selected by the student or family. An institution that provides information about private education loans to students must inform the student about his or her eligibility for Title IV aid, and the terms and conditions of private loans. The institution must ensure that the information presented about the private loan is done in a way that is separate from the information about Title IV loans and provide information contained in the model form developed by the Federal Reserve. This provision is designed to prevent lenders from making private loans using the institution's name or logo in marketing the loan.

## **Title II – Teacher Quality Enhancements**

Title II of the conference report creates three new grant programs: Preparing Teachers for Digital Age Learners; Teach to Reach; and Adjunct Teacher Corps.

The conference report continues the prohibition in current law protecting private and home schools, and prohibiting a national teacher certification system. It also includes a rule of construction against anything in the title being construed as affecting collective bargaining agreements.

## **Title III – Institutional Aid**

### Section 305. Predominantly Black Institutions

The conference report authorizes a program for institutions that serve a student population composed of at least 40 percent African American students and whose students are also low-income. The program is authorized at \$75 million for FY 2009 and such sums for each of the succeeding five years.

### Section 311. Professional or Graduate Institutions

The conference report adds six institutions to the list of institutions eligible to receive funds under this section, including: Alabama State University; Prairie View A&M University; Delaware State University; Langston University; Bowie State University; and the University of the District of Columbia David A. Clarke School of Law.

## **Title IV – Student Assistance**

### Section 401. Federal Pell Grants

The conference report increases the authorization of the maximum Pell grant by \$400 per year, raising the maximum Pell grant from \$6,000 to \$8,000 over six years. The maximum is \$6,000 for 2009-10; \$6,400 for 2010-11; \$6,800 for 2011-12; \$7,200 for 2012-13; \$7,600 for 2012-13; and \$8,000 for 2014-15.

The conference report authorizes year-round Pell grants. It also adjusts the minimum Pell grant a student can receive to 10 percent of the maximum amount as long as the person is at least eligible for an amount greater than five percent of the maximum appropriated amount.

It establishes a zero expected family contribution for dependent children of military members killed while performing military services in Iraq or Afghanistan, thus permitting students to receive the maximum Pell grant.

### Section 409. Byrd Scholarship Program

The conference report amends the Byrd Scholarship Program to ensure that home school students are eligible to receive a scholarship under the program.

### Section 430. Loan Forgiveness for Service in Areas of National Need

The conference report authorizes loan forgiveness of qualified loan amounts of a borrower who is employed full time in an area of national need, and not in default on the loan for which they are seeking forgiveness. The program permits loan forgiveness of up to \$2,000 for each school year or calendar year of full time employment in area of national need, up to \$10,000 per borrower.

Areas of national need include: early childhood educators; foreign language specialists; librarians; highly-qualified teachers serving students who are limited English proficient, low-income and underrepresented populations; child welfare workers; speech-language pathologists and audiologists; school counselors; public sector employees; nutrition professionals; medical specialists; mental health professionals; dentists; applied sciences, technology, engineering or mathematics (STEM) employees; physical therapists; superintendents, principals, and other administrators; and occupational therapists.

### Section 431. Loan Repayment for Civil Legal Assistance Attorneys

The conference report authorizes a program to repay the student loan of a borrower who is employed as a civil legal assistance attorney, is not in default on the loan for which the borrower seeks repayment, and agrees to remain employed as a civil legal assistance attorney for at least three years. The program authorizes up to \$6,000 per borrower in any calendar year, up to \$40,000 in total.

## **Title V – Developing Institutions**

### Section 502. Postbaccalaureate Opportunities for Hispanic Americans

The conference report authorizes a new grant program to expand postbaccalaureate educational opportunities for Hispanic students at Hispanic-serving institutions.

## **Title VII – Graduate and Postsecondary Improvement Programs**

### Sec. 724. Masters Degree Programs at Predominantly Black Institutions

The conference report authorizes a new grant program at specified Historically Black Colleges and Universities (HBCUs) and Predominantly Black Institutions (PBIs) for qualifying master’s degree programs in “mathematics, engineering, the physical or natural sciences, computer science, information technology, nursing, allied health, or other scientific disciplines for Black Americans.”

## **Title VIII – Additional Programs**

This title creates an additional 29 new grant programs, for a total of approximately 65 new programs in total. Most of the newly-created programs are authorized at such sums, except as noted below. Created in Title VIII are the following:

- Part A- Project GRAD
- Part B- Mathematics and Science Scholars Program
- Part C- Business Workforce Partnerships for Job Skills Training in High-Growth Occupations or Industries
- Part D- Capacity for Nursing Students and Faculty
- Part E- American History for Freedom
- Part F- Teach for America (authorized at \$20 million for FY 2009, \$25 million for FY 2010, and such sums for each of the four succeeding years)
- Part G- Patsy T. Mink Fellowship Program
- Part H- Improving College Enrollment by Secondary Schools
- Part I- Early Childhood Education Professional Development and Career Task Force
- Part J- Improving Science, Technology, Engineering, and Mathematics Education with a Focus on Alaska Native and Native Hawaiian Students
- Part K- Pilot Programs to Increase College Persistence and Success
- Part L- Student Safety and Campus Emergency Management
- Part M- Low Tuition
- Part N- Cooperative Education
- Part O- College Partnership Grants
- Part P- Jobs to Careers
- Part Q- Rural Development Grants for Rural-Serving Colleges and Universities

- Part R- Campus-Based Digital Theft Prevention
- Part S- Training for Realtime Writers
- Part T- Centers of Excellence for Veteran Student Success
- Part U- University Sustainability Programs
- Part V- Modeling and Simulation Programs
- Part W- Path to Success
- Part X- School of Veterinary Medicine Competitive Grant Program
- Part Y- Early Federal Pell Grant Commitment Demonstration Program
- Part Z- Henry Kuualoha Giugni Kupuna Memorial Archives
- Part AA- Master's and Postbaccalaureate Programs (provides \$11.5 million in mandatory funds for FY 2009 and each of the five succeeding fiscal years for (1) institutions that are eligible for grants under the Master's Degree Programs for HBCUs and PBIs, and (2) for the institutions eligible for funds under the Hispanic-serving graduate institutions program)
- National Center for Research in Advanced Information and Digital Technologies
- Pilot Program for Course Material Rental

## **Title IX – Amendments to Other Laws**

### Sec. 952. Loan Repayment for Prosecutors And Defenders

In addition to the Loan Repayment for Civil Legal Assistance Attorneys program in Section 431, the conference report also provides for loan repayment for prosecutors and public defenders (section 952). This provision authorizes the Attorney General to repay up to \$10,000 per year, or an aggregate total of \$60,000, on behalf of borrowers employed as a prosecutor or public defender for not less than three years, and who is not in default on his or her loan.

---

## **Background**

---

S. 1642, the Higher Education Amendments of 2007, was introduced by Senator Kennedy on June 18, 2007, and approved by the HELP Committee on July 10, 2007 (S. Rept. 110-231). The bill passed the Senate on July 24, 2007 by a vote of 95-0 (Roll Call Vote Number 275).

In the House, H.R. 4137, the College Opportunity and Affordability Act of 2007, was introduced on November 9, 2007. It was approved by the Education and Labor Committee on November 15, 2007 (H. Rept. 110-500), and passed by the House on February 7, 2008 by a vote of 354-58 (Roll Call Vote Number 40). Conferees were appointed by the Senate and a meeting of the conferees was held on July 29.

Like in the 109<sup>th</sup> Congress, efforts in the 110<sup>th</sup> Congress to reauthorize the Higher Education Act (HEA) were entwined with the budget reconciliation process. Both the House and Senate education committees reported reconciliation recommendations that made numerous changes to



programs and provisions in the HEA.<sup>2</sup> The College Cost Reduction and Access Act (P.L. 110-84) was enacted September 27, 2007. This bill addressed student loan entitlements programs, such as Federal Family Education Loan Program, the William D. Ford Direct Loan program, and the Pell Grant program. The programs in this bill are discretionary and authorized as “such sums,” except in a few instances.

HEA, as amended, authorizes the federal government’s major student aid programs (Title IV), programs to provide institutional aid and support (Titles II, III and V), services and support to less-advantaged students (Title IV) and students pursuing international education, and certain graduate and professional degrees (Titles VI and VII).<sup>3</sup> The HEA was last reauthorized by the Higher Education Amendments of 1998 (P.L. 105-244). Its authorization expired September 30, 2003. Since its expiration there have been a series of temporary extensions. The most recent temporary extension was passed this week, authorizing the HEA through August 15.

---

## **Administration Position**

---

A Statement of Administration Policy has been not been issued for the conference report to accompany H.R. 4137 as of the release of this notice.

---

## **Cost**

---

According to an estimate by the Congressional Budget Office, the conference report to accompany H.R. 4137 will decrease spending by \$114 million in FY 2009. Over the year five-year period of FY 2008-2013 it will decrease spending by \$60 million, and decrease spending by \$65 million over the eleven-year period FY 2008-2018. The CBO estimate speaks to direct spending only, and does not address authorization levels.

---

<sup>2</sup> Congressional Research Service (CRS), “Higher Education Act Reauthorization in the 110<sup>th</sup> Congress: A Comparison of Major Proposals,” CRS Report for Congress RL34283, March 25, 2008.

<sup>3</sup> CRS.