

**COST PROVISIONS
BRIEF COMPARISON OF SENATE, HOUSE, & CONFERENCE PROPOSALS**

Issue	Senate Bill (S. 1642)	House Bill (H.R. 4137)	Conference Proposal (7-25-08)
INSTITUTIONAL LISTS	<p>The Secretary of Education will annually prepare a national list and a list for each State ranking all institutions according to their change in tuition and fees over the preceding 2 years. Separate lists will be prepared to reflect percentage changes and dollar changes.</p> <p>In addition, the lists will be broken down by the 9 educational sector categories used by the Integrated Postsecondary Education Data System (IPEDS).</p>	<p>It creates 3 types of lists, collectively known as “College Affordability and Transparency Lists.”</p> <p>These lists include—</p> <ol style="list-style-type: none"> (1) The top 5% most expensive institutions, nationally and by education sector; (2) The top 5% least expensive institutions, nationally and by education sector; (3) The 5% with the largest percentage increase in their tuition and fees over a three-year period. 	<p>It creates 6 “College Affordability and Transparency Lists.” There are no national lists; all lists are broken down by the 9 IPEDS education sector categories. The lists include—</p> <ol style="list-style-type: none"> (1) The top 5% most expensive institutions in terms of tuition & fees in the most recent preceding academic year for which data is available.* (2) The top 5% most expensive institutions in terms of net tuition in the previous academic year. (3) The top 5% of institutions with the largest percentage change in tuition and fees over the 3 previous academic years. (4) The top 5% of institutions with the largest percentage change in net price over the 3 previous academic years. (5) The 10% of institutions with the lowest tuition and fees in the previous academic year. (6) The 10% of institutions with the lowest net price in the previous academic year. <p><i>* Note: “for which data is available” qualifies all academic year references in this section.”</i></p>

<p>INSTITUTIONAL LISTS (cont.)</p>	<p>Consequences of Being Listed</p> <p>Institutions whose tuition and fees exceed the Higher Education Price Index will be placed on national and state “Higher Education Price Increase Watch Lists.”</p> <p>The watch lists will also include information regarding the full price of tuition and fees, the net price, and (where applicable) average room and board of institutions on the lists.</p> <p>This information will be compiled by the Secretary in a public document to be widely disseminated.</p>	<p>Consequences of Being Listed</p> <p>Every institution on the third list will be required to report to the Secretary about the reasons its prices increased and to establish a “quality-efficiency task force,” whose findings will be published on the College Navigator website. In addition, one of the duties of the task force is to develop annual benchmarks for reducing costs. If an institution does not meet these benchmarks, it must also submit to the Secretary of Education an explanation for its failure</p> <p>This information will be summarized in an annual report to Congress and published on the Department of Education’s College Navigator Website.</p>	<p>Consequences of Being Listed</p> <p>Every institution on lists #3 and #4 [the top 5% of institutions with the largest increases in tuition & fees (list #3) and net price (list #4) over the three most recent academic years for which data are available] will be required to report to the Secretary:</p> <ol style="list-style-type: none"> (1) A description of the areas in the institution’s budget with the greatest cost increases; (2) An explanation for the cost increases identified in (1); and (3) A description of the steps the institution will take toward the goal of reducing costs in these areas. <p>Further Consequences</p> <p>Any institution which is on lists #3 or #4 for 2 or more consecutive years must also submit a report describing its progress on the cost reduction steps described in (3) above.</p> <p>This information will be summarized in an annual report to Congress and published on the Department of Education’s College Navigator Website.</p>
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INSTITUTIONAL LISTS (cont.)	Exemptions from List None.	Exemptions from List An institution will not be placed on the third list if— (1) it is in the lowest quartile of institutions in its educational sector in terms of tuition and fees during the last year of the three-year period; or (2) if the dollar amount of its tuition increase is less than \$500 for the three-year period.	Exemptions from List This issue is not yet resolved. The proposal currently under consideration would exempt an institution from being included on lists #3 or #4 if the dollar amount of its increase in tuition & fees or in net price is less than \$600 for the applicable three-year period. This dollar amount would be adjusted every 3 years for inflation increases—beginning in 2014.
	Effective Date The watch lists will be reported after Higher Education Price Indices are developed for each higher educational sector.	Effective Date July 1, 2011	Effective Date July 1, 2011
PRICE INDICES	Calls on the Bureau of Labor Statistics to create a Higher Education Price Index (HEPI) that measures the annual change in tuition and fees for undergraduate students in each of 6 categories of institutions, plus a national index.	Calls on the Bureau of Labor Statistics to create a Postsecondary Education Price Index (PEPI) that measures the annual change in tuition and fees for undergraduate students in each of 9 categories of institutions, plus a national index.	No provision for price indices in the draft agreement.
“TRUTH IN TUITION”	No provision	Each institution must provide each admitted student with either a multi-year tuition and fee schedule or a single-year tuition and fee schedule—along with a non-binding, multi-year estimate of net costs. The multi-year estimate must also include the average deviation between previous year estimates and actual net costs for students.	Provides for the development of a “multi-year tuition calculator” within 1 year of enactment. The calculator is to allow consumers to estimate the amount of tuition a student would pay at a particular institution. Calculations would be based on the institution’s previous rate of change—with an option for a consumer to use an alternative rate of change. Each calculation is to carry several disclaimers.

<p>PRICE INFORMATION</p>	<p>No provision.</p>	<p>The Secretary is to include a “Higher Education Pricing Summary Page” for each institution on the College Navigator website. Each institution will have to provide the following information for inclusion on the summary page:</p> <ul style="list-style-type: none"> (1) undergraduate tuition and fees for the upcoming year; (2) average net price by income category** for the 3 preceding academic years; (3) average annual percentage and dollar change in tuition and fees and in per-student instructional spending over the 3 preceding academic years; (4) the difference between tuition and fee changes and the PEPI over the 3 preceding academic years; and (5) a link to the institution’s information on College Navigator. 	<p>The Secretary is to include a “Higher Education Pricing Summary Page” for each institution on the College Navigator website. Each institution will have to provide the following information for inclusion on the summary page:</p> <ul style="list-style-type: none"> (1) average undergraduate tuition and fees for the 3 most recent academic years for which data are available; (2) average net price for the 3 most recent academic years for which data are available; (3) beginning in the period between July 1, 2010, and June 30, 2013, the average net price disaggregated by 5 income categories for students who received Federal financial aid; (4) beginning July 1, 2013, the average net price disaggregated by 5 income categories** for Federally aided students during the 3 most recent academic years; (5) average annual percentage and average annual dollar change in tuition and fees over the 3 most recent academic years; (6) average annual percentage and dollar change in net price over the 3 most recent academic years; and (7) a link to the institution’s information on College Navigator.
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<p>PRICE INFORMATION (cont.)</p>		<p>** The five income categories are: (1) \$0 – 35,000; (2) \$35,001-70,000; (3) \$70,001-105,000; (4) \$105,001-140,000; and (5) \$140,000 and up.</p> <p>The Secretary will make annual inflation adjustments based on CPI.</p>	<p>** The five income categories are: (1) \$0 – 30,000; (2) \$30,001-48,000; (3) \$48,001-75,000; (4) \$75,001-110,000; and (5) \$110,000 and more.</p> <p>The Secretary will make annual inflation adjustments based on CPI.</p>
<p>NET PRICE</p>	<p>Definition:</p> <p>Defines net price as the average tuition and fees for full-time undergraduates after discounts and grants have been subtracted.</p>	<p>Definition:</p> <p>Defines net price as the average tuition and fees for <u>aided</u> full-time undergraduates after discounts and grants have been subtracted. <i>(emphasis added)</i></p>	<p>Definitions:</p> <p>Defines net price as the average tuition and fees for <u>aided</u> full-time, first-time undergraduates after grants have been subtracted from the cost of attendance at the institution.</p> <p>For public institutions, the net price, tuition & fees, and cost of attendance will be based on in-state rates.</p> <p>Defines cost of attendance as the average annual cost of tuition and fees, room and board, books, supplies, and transportation for a full time, first time undergraduate at an institution. [NOTE: This means there will be two separate and different definitions of “cost of attendance” in the Act.]</p>
	<p>Calculator:</p> <p>Requires the Secretary to develop several model net price calculators. Within 3 years, each institution must make a net price calculator available (either one developed by the Secretary or one developed by the institution).</p>	<p>Calculator:</p> <p>Requires the Secretary to develop a single net price calculator which must be adopted by all institutions within 3 years.</p>	<p>Calculator:</p> <p>Requires the Secretary to develop an individual net price calculator. Within 3 years, each institution must make a net price calculator available on its website (either the one developed by the Secretary or a comparable one developed by the institution).</p>

<p>NET PRICE (cont.)</p>	<p>Publication of Net Price Information:</p> <p>Requires institutions to include with its admission application materials information about the net price of the institutions for the 2 preceding academic years, broken down by income quartile.</p>	<p>Publication of Net Price Information:</p> <p>Does not require this information to be provided with application materials, but does require institutions to report net price information, broken down by 5 income categories, as part of the new “Higher Education Pricing Summary Page” that will be posted on the College Navigator site.</p>	<p>Publication of Net Price Information:</p> <p>Does not require this information to be provided with application materials, but does require institutions to report net price information, broken down by 5 income categories, as part of the new “Higher Education Pricing Summary Page” that will be posted on the College Navigator site.</p>
	<p>Penalties based on Changes in Net Price:</p> <p>No provision</p>	<p>Penalties based on Changes in Net Price:</p> <p>Any institution whose net tuition exceeds the Postsecondary Education Price Index (PEPI) in any year must submit a report to the Secretary that: describes the factors contributing to the increase in prices; includes the institution’s 3 most recent Form 990s; describes the major areas of expenditures in the institution’s budget; and provides information about actions being taken by the institution to reduce net tuition.</p>	<p>Penalties based on Changes in Net Price:</p> <p>As described in the “INSTITUTIONAL LISTS” section, institutions in the 5% percent of institutions in each education sector with the largest percentage change in net price over 3 academic years will be required to prepare a report for the Secretary. Institutions remaining on this list for 2 consecutive years will have to submit an additional report—describing progress in their steps to contain costs.</p> <p>NOTE: These House provisions were included in Title VIII. It appears that this particular provision has been folded into the Title I costs provisions. However, this language continues to appear—in brackets—in the draft conference bill.</p>
<p>STATE MAINTENANCE OF EFFORT</p>	<p>No provision.</p>	<p>Withholds Special LEAP funds (but not regular LEAP funds) from states that do not maintain funding for their public institutions of higher education.</p>	<p>No resolution of this issue. The conferees are deeply divided. This matter will be decided by the members of the conference when they meet.</p>

REWARDS FOR LOW TUITION	No provisions.	Authorizes bonus funds for institutions that have annual net tuition increases equal to or below the PEPI and for institutions that offer net tuition guarantees to entering students. (These funds are not guaranteed; Congress would need to make separate appropriations for any of these bonus funds to be provided.)	Incentives and rewards for low tuition are authorized in Title VIII (Part M). Institutions with the lowest 20% of tuition & fees increases in their category; public institutions with tuition and fees in the lowest quartile; public institutions with tuition and fee increases of less than \$600; and institutions with guaranteed tuition plans would qualify for the bonus funds. (As in the House bill, these funds are not guaranteed. Congress would need to make separate appropriations for any of these bonus funds to be provided.)
TEXTBOOKS	No provisions.	Among the new textbook provisions included in H.R. 4137 are requirements for the disclosure of ISBN, retail price information for textbooks and related material, and class schedules (“to the maximum extent practicable”). The institution must also provide (as soon as practicable) information on course schedules upon the request of a college bookstore.	The conference agreement includes textbook provisions—including those described in the column to the left. The ISBN, retail price information, and class schedule disclosure apply only to the institution’s Internet course schedule—not to written course schedules.

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