

**Attention: Information No Longer Current
(Alert archived November 2011)**

Alert #19

Title: H.R.3311 - The "Affordability in Higher Education Act of 2003"

Prepared: November 12, 2003

Type: Policy Watch (introduced legislation)

Summary

On October 16, 2003, Rep. Howard P. "Buck" McKeon (R-CA) introduced H.R. 3311, the "Affordability in Higher Education Act of 2003," as part of the reauthorization of the Higher Education Act (HEA). The bill creates a "College Affordability Index" (CAI) and imposes sanctions upon institutions whose tuition and fees exceed the index limit for three consecutive years. Such institutions could be removed from participation in certain Title IV HEA student financial assistance programs. The bill also mandates a federal study of institutions that have been the most successful in holding down costs, and it establishes a "College Affordability Demonstration Program."

In addition, the bill establishes new guidelines restricting Title IV-eligible institutions from excluding acceptance of transfer credit "solely on the basis of the agency or association that accredited" the credit-providing institution. It mandates that institutions provide a new annual public report on the percentage of transfer credit accepted and counted for full credit toward degree or certificate requirements.

Finally, although HR 3311 requires extensive new reporting guidelines, it presents a "sense of Congress" that "reducing administrative and regulatory burdens within the federal student financial assistance programs will improve efficiency and reduce the costs" of such programs and increase the affordability of postsecondary education. It suggests that states and the Department of Education (ED) consider the burden and costs placed on institutions and students before implementing regulations and reporting requirements.

Current Status

10/16/2003: Introductory remarks on measure. ([CR E2057](#))

10/16/2003: Referred to the House Committee on Education and the Workforce. For current status, visit <http://thomas.loc.gov/cgi-bin/bdquery/z?d108:h.r.03311>:

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Key Characteristics of the Bill:

- **Consumer Information:** The bill requires the NCES to continue to collect and disseminate information about tuition and fees, room and board charges, other charges, and financial aid received by undergraduate students. The NCES would also be required to disseminate the "institutional instructional expenditure per full-time equivalent student" and each institution's college affordability index. (See: [AIR Alert #18](#) for information about an NCES proposal regarding the calculation of instructional expenditures per FTE.)
- **Public Accountability:** The "College Affordability Index" would be equal to the percentage increase in tuition and fees over a three-year period divided by the percentage increase in the Consumer Price Index (CPI) over the same period.
- **Standards and Consequences for Exceeding the CAI limit:**
 - Above the CAI limit: Effective June 30, 2008, an institution that has a college affordability index that exceeds 2.0 must provide a report to ED that includes an explanation of the increase in its costs and in its tuition and fees; a management plan to reduce the index; an action plan for stabilizing or reducing increases in costs and in tuition and fees; and a description of any state government or other entity that has control over the institution's tuition and fee increases. ED must make this report public.
 - Continuing above the CAI limit for two years: If an institution fails to reduce its CAI below 2.0 for the two years following the submission of its management plan, the institution will be placed on an "affordability alert status," the Secretary of Education will make a detailed report available to the public about the institution's "costs and expenditures," and it will notify the institution's accrediting agency. An institution may be required to "submit to a review and audit...to determine the cause of the institution's failure."

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- Continuing above the CAI limit for three years: An institution that still fails to reduce its CAI below 2.0 for three academic years after submission of the management plan will be given notice by the Secretary of Education that it will be removed from participation in Title IV student aid programs except student loans and Pell Grants. This would, in effect, prevent participation in Supplemental Educational Opportunity Grants (SEOG), Work-Study, Perkins Loans, Leveraging Educational Assistance Partnership (LEAP), Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP), and TRIO funding programs.
- Timing of sanctions: According to Rep. McKeon, institutions would face the first consequences of the CAI in 2008, but the first possibility of losing eligibility for federal aid would not occur until 2014.
- Exemptions: Exemptions are provided for institutions in the "least costly quartile" of their IPEDS sector (defined by level of program and control) and for institutions with increases that exceed the CAI limit by less than \$500. These institutions would not be required to submit management or action plans and would not be subject to removal from Title IV programs.
- Fines for failure to submit reports: The bill also continues to authorize fines of up to \$25,000 for institutions that fail to meet NCES reporting requirements in a timely manner.

• **Other Provisions:**

- Mandated Federal Study: The General Accounting Office is directed to produce a list of institutions that have successfully reduced their affordability indexes or that remain in the least costly quartile of their institutional sector. A study reviewing

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the policies and procedures that helped increase the affordability of education at these institutions is to be made available to Congress no later than July 2010.

- College Affordability Demonstration Program: Title II of the bill establishes a "College Affordability Demonstration Program," with up to 100 institutions participating. The purpose is (1) to provide "increased innovation in the delivery of higher education and student financial aid in a manner resulting in reduced costs for students as well as the institution by accelerating degree or program completion, increasing availability of, and access to, distance components of education delivery, and other alternative methodologies; and (2) to help determine (A) the most effective means of delivering student financial aid as well as quality education; (B) the specific statutory and regulatory requirements that should be altered to provide for more efficient and effective delivery of student financial aid, as well as access to high quality distance education programs, resulting in a student more efficiently completing postsecondary education; and (C) the most effective methods of obtaining and managing institutional resources." The Education Department (ED) may waive any statutory or regulatory requirements of the HEA as deemed necessary for the described purpose.
- Transfer Credit Acceptance and Reporting: Title III of the bill requires that an "institution will not exclude the transfer of credits earned by a student completing courses or programs at other eligible institutions of higher education solely on the basis of the agency or association that accredited such other eligible institution" if the agency or association is recognized by the ED. It does not require colleges and universities to accept all transfer credit, but requires that institutions make "decisions on whether to accept such credits on the basis of whether (i) the courses or programs are equivalent in content to the courses or programs offered by the institution, and (ii) the student completed such courses or programs at the institution's required level of proficiency." Furthermore, the bill mandates that institutions provide a public report "on an annual as well as a three-year rolling average basis" showing the percentage of transfer credits accepted and fully counted toward degree or certificate completion requirements. The data are to be disaggregated by the "categories of institutions from which credits were accepted in transfer: (i) nationally accredited; (ii) regionally accredited in the same State; (iii) regionally accredited in the same region; and (iv) regionally accredited in a

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different region." The bill also places new requirements regarding transfer of credit on accrediting agencies.

- Reducing Administrative and Regulatory Burdens: Title IV of the bill provides the "sense of Congress" that additional regulations contribute to higher costs and that states and the ED should actively study and consider the costs of new regulations before they are implemented.

Implications for Institutions

Several national organizations, including the American Council on Education (ACE), the National Association of Independent Colleges and Universities (NAICU), and the American Association of State Colleges and Universities (AASCU) have issued statements or alerts to members expressing concerns about the legislation. The legislation has just been introduced and may or may not progress far in Congress. However, the implications if the bill becomes law are significant, and institutions may wish to monitor its progress and/or send comments to Congress concerning its provisions.

If the bill were enacted, all institutions participating in Title IV HEA student financial aid programs would face increased reporting requirements. The public dissemination requirements in the bill could lead to recruiting and public relations challenges.

Failure to comply with the affordability provisions could lead to removal from participation in Title IV programs other than Pell Grants and the student loan programs. Because the transfer of credit provisions amend the Program Participation Agreement, noncompliance with the transfer of credit policy or reporting requirements could lead to the loss of eligibility for all Title IV programs.

Timeline

September 4, 2003 - Republican members of the Committee on Education and the Workforce issue "The College Costs Crisis" report.

October 16, 2003 - The "Affordability in Higher Education Act of 2003" is introduced.

Additional Resources

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Text of Legislation:

Text of H.R. 3311: <http://thomas.loc.gov/cgi-bin/query/z?c108:H.R.3311>:

Perspectives from House Republicans:

- The House Committee on Education and the Workforce's legislation updated Web page, which posts updates on the status of the bill:
<http://edworkforce.house.gov/legislation/legislation.htm>
- Press release from Rep. "Buck" McKeon's office announcing the introduction of the bill:
<http://mckeon.house.gov/News/DocumentSingle.aspx?DocumentID=1657>
- Committee on Education and the Workforce, U.S. House of Representatives, "The College Costs Crisis" report (Sept. 4, 2003), a report authored by Rep. Buck McKeon and by other House Republicans: <http://edworkforce.house.gov/issues/108th/education/highereducation/CollegeCostCrisisReport.pdf>
- "College Costs Central: A Resource for Parents, Students, & Taxpayers Fed Up With the High Cost of Higher Education," a Web page posted by Republican members of the Committee on Education and the Workforce:
<http://edworkforce.house.gov/issues/108th/education/highereducation/collegecostcentral.htm>

Perspectives from Congressional Democrats:

- On October 28, 2003, Sen. Kennedy introduced S. 1793, "The College Quality, Affordability, and Diversity Improvement Act of 2003": (<http://thomas.loc.gov/cgi-bin/query/z?c108:S.1793>;) Among other things, the bill would increase limits on Pell and SEOG, double HOPE tax credits, and introduce student loan reforms. States that cut education funding by more than 10% in a year would lose new funding increases for a year.

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- Rep. Dale E. Kildee (D-MI) Urges McKeon to Withdraw Tuition Price Control Proposal:
http://www.house.gov/apps/list/press/mi05_kildee/pr_101603legislation.html
- Rep. George Miller (D-CA) Statement on McKeon Bill:
<http://edworkforce.house.gov/democrats/releases/rel101603.html>

Other Resources:

- American Association of State Colleges and Universities (AASCU). "Proposed College Affordability in Higher Education Act of 2003," which summarizes AASCU's reasons for opposing the bill: http://www.aascu.org/policy/special_report/affordability.htm
- American Council on Education (ACE): Higher Education Act Reauthorization resources: <http://www.acenet.edu/washington/#HEA>
- National Association of College and University Business Officers (NACUBO) "Costs and Prices Resource Page", with resources about the McKeon bill, various college costs resources, and links related to reauthorization:
http://www.nacubo.org/public_policy/cost_price/
- National Association of Independent Colleges and Universities (NAICU) resource page on "McKeon Affordability Bill," with background materials, resources, and tools for college presidents, an action alert on the bill, and collected comments by other legislators and educational administrators: <http://www.naicu.edu/updates/McKeonBill.shtml>
- College Board's Trends in College Pricing:
http://www.collegeboard.com/prod_downloads/press/cost03/cb_trends_pricing_2003.pdf

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- College Board's Trends in Student Aid:
http://www.collegeboard.com/prod_downloads/press/cost03/cb_trends_aid_2003.pdf
- [AIR Alert #18](#), Proposed Inclusion of "Instructional Expenses per FTE Student" on IPEDS COOL.

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Coordinated by the Higher Education Data Policy Committee. All opinions expressed herein do not necessarily reflect the official position of the Association for Institutional Research.

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