



Feb. 8

House, Focusing on Cost, Approves Higher Education Act

The House of Representatives on Thursday overwhelmingly approved legislation to renew the Higher Education Act that would toughen regulation of the student loan industry and simplify the process of applying for federal financial aid, among many other things. But while the legislation touches on an enormously broad range of issues and programs, the debate and discussion surrounding the measure focused heavily on the rising prices of college and the increasing difficulty students and families have paying for a higher education.

The House bill (H.R. 4137), known as [the College Opportunity and Affordability Act](#), represents Congress's most aggressive efforts yet to pressure colleges to contain both their own internal costs and what they charge to students. In drafting the bill, Democratic leaders cast their lot with Republicans who have been pressing the issue for a decade, greatly increasing what colleges would have to report on their finances and agreeing to create lists designed to embarrass colleges that increase their tuitions significantly.

Under the legislation, the 5 percent of institutions in each sector (public, private, for-profit, two-year, four-year, etc.) that raise their tuitions by the highest percentage over a three-year period would have to create "quality efficiency task forces" to analyze why the colleges are raising prices more than their peers. Institutions on the list would also be required to report to the education secretary on the factors contributing to the price increases.

On top of those provisions, Thursday's debate over the Higher Education Act legislation was dominated by the bipartisan embrace of several amendments — opposed by college leaders — designed to intensify the scrutiny of college spending and prices. Lawmakers, for example, approved amendments Thursday that would require colleges to (1) give prospective students information about what their tuitions are likely to be over multiple years and (2) report to the Education Department annually about how much of their endowments they spend on "reducing the costs of instruction offered by such institution, including the specific amounts expended for grants and other aid to reduce the amounts charged for tuition, fees, textbooks, meals, room and board." An amendment that would have gone further — requiring a minimum payout from all college endowments — was [withdrawn by](#) _____ Rep. Peter Welch (D-Vt.), on Wednesday.

"Last year, by enacting a \$20 billion increase in federal student aid — the largest increase since the G.I. Bill of 1944 — this Congress took an historic step to help American families pay for college," said Rep. George Miller (D-Calif.), chairman of the House Education and Labor Committee. "Now we are redoubling our commitment to college students and parents by reining in skyrocketing tuition prices and making our whole system of higher education far more consumer-friendly."

"Despite the considerable federal investment — or perhaps, in part, because of it — colleges and universities

have increased tuition and fees year in and year out,” said Rep. Howard P. (Buck) McKeon of California, senior Republican and Miller’s counterpart on the House education panel. “The increases have come in good economic times and in bad, with steady enrollments and surging enrollments. It seems the only thing consistent about college costs is that they’re going up, and fast. With this bill, we hope to change that.”

The overarching agreement between leaders of the two parties over the centrality of the cost issue reflected the general consensus with which the key piece of legislation, which governs most federal higher education programs, was both drafted in recent weeks and discussed on Thursday. The day’s debate was largely devoid of drama — the final margin of the vote was 354-58 — and the only real moments of contention came at the very start, when Republicans balked that the Democratic-controlled Rules Committee had declared most of the potentially controversial amendments (most of which came from Republicans) to be “out of order” Wednesday night.

Only 4 of [the 27 amendments cleared for consideration](#) on the House floor Thursday came from Republicans, with the Rules Committee blocking votes on such core GOP issues as restricting aid for undocumented/illegal immigrants and endorsing David Horowitz’s Academic Bill of Rights, as well as McKeon’s plea to have the Education Department explore the damage being done to the student loan industry by last fall’s Congressionally mandated subsidy cuts and the current credit crunch.

Those moves prompted Republicans to bemoan what they characterized as a disruption of the bipartisan approach the committee’s leaders had used in crafting the underlying bill. “Why are Republicans being shut out of a bipartisan bill” by a “heavy-handed majority?” McKeon asked on the House floor, as he complained about the Democratic majority’s rejection of one of his amendments and those from several of his colleagues. McKeon said that the strict limits on amendments “taints the bipartisanship of the underlying bill.”

Once that unpleasantness was done, very little else disturbed the general geniality and accord of Thursday’s discussion. Even the few contested votes on amendments generated little in the way of discord from lawmakers across the aisle that separates the two parties. The only major disagreement came on an amendment that would have allowed borrowers to discharge private student loans after five years in bankruptcy.

Advocates for students supported [the provision, which was proposed by Rep. Danny Davis \(D-Ill.\)](#), because they say expensive and private student loans have become a major source of financial turmoil for borrowers and should be treated like many other forms of consumer loans, which can be discharged in bankruptcy.

But opponents said such a change could serve to drive up the cost of private loans for all borrowers because such loans would become riskier for lenders and therefore made at higher interest rates. “This would help a small number of people, but hurt a larger number,” said Rep. Ric Keller (R-Fla.), who heads the House’s postsecondary education committee. Although the bankruptcy provision appeared to win approval in an early-afternoon voice vote, it failed by [a margin of 236 to 179](#) when lawmakers had to put their votes on the record.

“We are disappointed that the House chose to stand with big banks instead of students who fall victim to predatory private student loans,” said Luke Swarthout, higher education advocate for the U.S. Public Interest Research Group.

Other amendments approved on the House floor Thursday would direct the Education Department to study the pros and cons of allowing federal aid to flow to students who attend college less than half time, and urge the U.S. Education Department and the Internal Revenue to collaborate so that information that citizens submit on their tax returns can be used when they apply for federal financial aid. “I hope that both of the bureaucracies involved will really heed this,” Rep. John Doggett (D-Tex.) said of the latter amendment, which he sponsored.

The Underlying Bill

The Higher Education Act bill, which gives most federal college programs the authority to operate for five years and was last renewed (because of repeated false starts since then) in 1998, touches on an enormously wide range of issues. Among many other things, the legislation would:

- Give the Education Department significantly more authority to regulate private student loans, as part of a broad set of provisions — prompted by last year’s investigations into illegal inducements given to colleges by lenders — aimed at cracking down on the behavior of lenders and college officials in making loans to students.
- Dictate that colleges craft plans for giving their students legal ways to download movies and music, and that institutions explore technologies to stop illegal peer to peer file sharing. This provision had been strongly opposed by several college groups, especially since those promoting it based their arguments largely on data about campus downloading that have since been shown to be seriously flawed.
- Bar the U.S. Education Department from issuing regulations governing higher education accreditation, designed to ensure that colleges are measuring student learning outcomes. Education Secretary Margaret Spellings vehemently opposes the provision ([leading the White House to “strongly oppose” the bill](#)) and will try to alter it when House and Senate negotiators meet to craft a compromise version of the Higher Ed Act legislation in coming weeks. The legislation would also create a new federal position, an “ombudsman,” to intervene in disputes related to accreditation.
- Extend to three years from two the period the federal government uses to calculate the rate at which student loan borrowers default, but delay implementation of the change until 2012 and raise some of the rates at which penalties against institutions with high rates kick in.
- Set a ceiling on the maximum Pell Grant of \$9,000, and allow for students to receive Pell Grant funds year-round, instead of just during the traditional academic year.
- Require states to maintain their financial support of higher education and allow the Education Department to withhold some funds to states that cut their college appropriations — an idea endorsed by some college officials but strongly opposed by many state legislators.
- Make some much-sought changes in the Academic Competitiveness Grant Program, including making the much-maligned grants for low-income students available to part-time students and those seeking certificates as well as degrees, and taking the education secretary out of the business of deciding whether high school programs are of sufficient academic rigor to qualify students for the grants, leaving that decision instead up to state officials.
- Mandate that textbook publishers expand the information they provide to faculty members about pricing and changes from past editions, and that colleges put information about required books in their course schedules to help students shop for books more cost effectively, among other provisions aimed at easing textbook prices.
- Crack down on diploma mills by directing the Education Department to publish lists of accredited institutions and accreditation agencies, among other things.
- Make several changes designed to make it easier for students to get information about their financial aid awards and to generally simplify the process by which students — particularly those from low-income families — can qualify for federal financial aid.
- Establish a loan fund to help colleges and universities damaged or otherwise impaired by natural disasters such as the 2005 hurricanes in the Gulf Coast.
- Toughen standards for teacher education programs.

Leaders in the Senate and the House both said they hoped lawmakers from the two chambers could meet soon to work out differences between their respective versions of the Higher Education Act legislation and get a compromise version to President Bush, who has expressed concerns about both versions but not threatened to veto either one.

— [Doug Lederman](#)

The original story and user comments can be viewed online at <http://insidehighered.com/news/2008/02/08/hea>.

© Copyright 2008 *Inside Higher Ed*