



**Capsule Summary of
College Cost Provisions in the House HEA Reauthorization Bill
Introduced November 9, 2007**

1. Withholds Special LEAP funds (but not regular LEAP funds) from states that don't maintain funding for their public institutions of higher education.
2. Calls for the creation of a Higher Education Price Index (HEPI), but specifies that the Secretary is to use a comparable measure until the HEPI is developed.
3. Picks up the provisions in the Senate reauthorization bill (S. 1642) dealing with national and state level lists (by education sector) ranking schools by dollar and percentage change in prices, and specifying that the information be made available in an electronic, sortable format.
4. Creates a "Higher Education Price Increase Watch List" listing, in rank order, institutions whose price increases exceed the HEPI – nationally and by state.
5. Requires all institutions on the "watch list" to establish quality-efficiency task forces to review their operating expenses relative to other institutions in their "class."
6. Picks up the Senate provisions requiring institutions to develop and use net price calculators within three years.
7. Requires institutions to include in their admissions materials net price information, broken down by income quartiles, for the previous two academic years.
8. Includes several provisions relating to textbooks – including a requirement for unbundling of textbooks and supplement materials; and for disclosure of ISBN, retail price information for textbooks and related material, and class schedules (to the extent practicable).
9. Provides for rewards for low tuition. Institutions with annual net tuition increases equal to or below the HEPI may compete for grant funds to be used for need-based aid to their students. Students receiving this aid must be eligible for Pell Grants.
10. Authorizes bonus funds for institutions offering net tuition guarantees to entering students. These funds also are to be used for need-based aid to Pell-eligible students.
11. Includes requirements (beyond those already mentioned) for institutions that increase net tuition at a rate above the HEPI. The institution would be required to submit a report to the Secretary that: (1) describes the factors contributing to the increase in prices; (2) includes the institution's three most recent Form 990s; (3) describes the major areas of expenditures in the institution's budget; and (4) provides information about actions being taken by the institution to reduce net tuition.