

From: Meihua Zhai <mzhai@gmu.edu>
Subject: [e-AIR] Alert #19 (Update 1) - New College Affordability Index May
Lead to Future Sanctions
To: E-AIR <e-air@airweb2.org>

* Special Issue - AIR Alert #19 (Update 1) *
* *
* New College Affordability Index May Lead to Future Sanctions *
* *
* *
* The Electronic Newsletter *
* of the Association for Institutional Research (AIR) *
* Serving Institutional Research Professionals *
* and Those Engaged in Mgt. Research, Policy Analysis & Planning *
* *
* 8/26/05. Volume 26, Number 19 *
* *
* Editor: Meihua Zhai, George Mason University *
* (mailto:mzhai@gmu.edu) *
* Associate Editor: Marne Einarson, Cornell University *
* (mailto:mke3@cornell.edu) *
* Jobs Editor: Gail Fishman, AIR *
* (mailto:gfishman@mailers.fsu.edu) *
*Subscription Mgt.: Norm Gravelle, Assoc. for Institutional Research *
* (mailto:air@mailers.fsu.edu) *
* Suggestion: Easier to Read Using a Monospace Font Such as Courier *
* Get Back Issues at: <http://www.airweb.org/page.asp?page=173> *

* Current Subscribers = 6316 *
* Next Issue Target Publication Date: 8/27/05 *
* Next Issue Copy Deadline: 8/25/05 *

<http://www.airweb.org/page.asp?page=187>

TITLE: New College Affordability Index May Lead to Future Sanctions

PREPARED: August, 2005

TYPE: Informational

SUMMARY:

On July 22, 2005, the House education committee passed H.R. 609, the "College Access and Opportunity Act of 2005" to reauthorize the Higher

Education Act (HEA)

(<http://edworkforce.house.gov/markups/109th/fc/hr609/720main.htm>).

Section 131 of the bill, “Consumer Information and Public Accountability in Higher Education,” creates a “college affordability index” (CAI) and requires reporting and other actions by institutions whose tuition and fees exceed the index limit. An institution can determine whether its most recent tuition increases would exceed the index limit by looking up its CAI in the Integrated Postsecondary Education Data System (IPEDS) Peer Analysis System (PAS) (<http://nces.ed.gov/ipeds/pas/>).

CURRENT STATUS

The proposed CAI is the percentage increase in the institution’s tuition and fees charged for a first-time, full-time, full-year undergraduate over the three most recent preceding academic years divided by the percentage increase in the Consumer Price Index (CPI) over the same period.

If enacted into law, this bill would require that, effective June 30, 2009, any institution with a CAI greater than 2.0 must provide the Department of Education (ED) with a report that includes the following:

- * an explanation for 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
- * 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.

Each institution in the highest 25 percent of institutions with a CAI over 2.0 must also include in its report to ED the results of an analysis conducted by a “quality-efficiency” task force. The task force must include administrators, and business and civic leaders, and may include faculty, students, trustees, parents of students, and alumni. The task force is to analyze areas where the institution operates more expensively than other institutions in its sector to find cost reduction opportunities (see amendment by Mr. Platts).

If an institution fails to comply with its management and action

plans, and fails to reduce its CAI below 2.0 for the two years following the submission of its management plan, the institution would be placed on an "affordability alert status," the Secretary of Education would make a detailed report available to the public about the institution's "costs and expenditures," and ED would notify the institution's accrediting agency. An institution may be required to "submit to a review and audit by the Inspector General of the Department of Education to determine the cause of the institution's failure." The provision reported in AIR Alert #19 that would have removed these institutions from participation in certain Title IV HEA student financial aid programs is no longer in the bill.

Institutions with CAIs above 2.0 that meet either of two exemptions would be required to explain the increase in their costs and tuition and fees, and, if applicable, establish a quality-efficiency task force, but would not be subject to the other proposed sanctions:

- * Relative price exemption. An institution's tuition and fees are in the "least costly quartile" of institutions in its IPEDS sector
- * Dollar increase exemption. An institution's CAI exceeds 2.0 by less than \$500

The NCES used tuition and fee data for academic years 2002-03 and 2004-05, and the CPI for July 2002-July 2004 to calculate CAIs for institutions that report full-time, first-time, undergraduate students. Institutions "at risk" had CAIs above 2.0 and did not meet either of the exemptions. The \$500 dollar increase exemption was determined by subtracting \$500 from the increase in tuition and fees between 2002-03 and 2004-05 and then re-calculating the CAI and comparing it to 2.0. The 2004-05 tuition and fees were used to compute the least costly quartile for the relative price exemption. The data show 1263 institutions in the "at risk" range and 4329 not "at risk."

How to Find Your CAI

Login to the PAS (<http://nces.ed.gov/ipeds/pas/>) at the Institution Level using your institutional IPEDS UNITID for username and password, select your institution as a "linchpin," select at least 3 institutions for a comparison group, and then choose Institutions Data from the Reports and Stats menu. The CAI and a College Affordability Risk Indicator is found under Frequently Used/Derived Variables. The CAI Risk Indicator shows whether the institution is at risk (1) or not at risk (0).

Other Consumer Information Provisions in the Bill

The legislation also calls for re-design of the IPEDS College Opportunity On-Line (COOL) website to provide a “comprehensive” tool for researching and comparing institutions, and publication by ED of a “college consumer profile” for each institution. The profile is to include information on price of attendance, financial aid, average net price, instructional expenditures per full-time equivalent student, enrollment, faculty/student ratios, percentages of full-time and part-time faculty, completion and graduation rates (including transfers from two-year programs), and a link to institutional information regarding mission, accreditation, student services, transfer of credit policies, and, “if appropriate”, placement rates and other measures of success in preparing students for entry into or advancement in the workforce, and “any additional information that [ED] may require.”

Implications for Institutions

The information in the PAS makes it possible to determine which institutions would be subject to the proposed sanctions if the provisions in the bill were currently in place. Institutions should determine their own CAI and whether they would be at risk. If this provision of the bill is enacted into law, they will want to monitor the index over the next few years. Although the possible sanctions are not as severe as originally proposed, they still would be significant. Institutions may wish to monitor the progress of this bill and/or send comments to Congress regarding its provisions. The full House is expected to take up the bill in September.

TIMELINE

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

October 16, 2003 - The "Affordability in Higher Education Act of 2003" (H.R. 3311) was introduced.

February 8, 2005 - “College Access and Opportunity Act of 2005” (H.R. 609) was introduced.

July 22, 2005 - “College Access and Opportunity Act of 2005” was passed by the House Education and the Workforce Committee.

ADDITIONAL RESOURCES

The IPEDS Peer Analysis System: <http://nces.ed.gov/ipeds/pas/>

H.R. 609 as marked up by House Education and the Workforce Committee:
<http://edworkforce.house.gov/markups/109th/fc/hr609/720main.htm> (for provisions related to Section 131, see "Amendment in the Nature of a Substitute (pdf) Offered by Mr. Boehner", and the amendments by Mr. Platts and Mrs. McCarthy)

The text of H.R. 609 will be available later at <http://thomas.loc.gov>

Comprehensive information about IPEDS is available at <http://nces.ed.gov/ipeds>.

The IPEDS College Opportunity On-Line website is available at: <http://nces.ed.gov/ipeds/cool>

RELATED AIR ALERTS

AIR Alert #19, "H.R. 3311 - The Affordability in Higher Education Act of 2003," November 2003: <http://www.airweb.org/page.asp?page=485>

AIR Alert #27, "NCES Seeks Comments on Proposal for Derived and Calculated Variables," November 2004:
<http://www.airweb.org/page.asp?page=695>

+-----+
|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. |
+-----+

* If you wish to subscribe, change your e-mail address, or request a *
* subscription for someone else, send it to Norm Gravelle, AIR Exec- *
* utive Office (air@mailer.fsu.edu) [Florida State University]. *

* ----- *
* If you have AIR news, send it to Meihua Zhai, Editor, at: *
* (mzhai@gmu.edu) [George Mason University]. *
* (Please limit submissions to 72 characters or fewer per line and *
* use mixed case, NOT ALL CAPS--NO NEED TO SHOUT.) *

* ----- *
* If you have news for the SCUP electronic newsletter, send it to *
* Terry Calhoun, SCUP Communications Director (tcalhoun@scup.org). *

* ----- *
* For further information regarding individual or organizational *
* membership in the Association for Institutional Research, contact *
* Terrence Russell, Executive Director, AIR, 222 Stone Bldg., *
* Florida State University, Tallahassee, FL 32306-4462; *
* Telephone: (850) 644-4470 or on Internet: (air@mailer.fsu.edu). *
* AIR WebPage: <http://airweb.org> *
