

104TH CONGRESS
2D SESSION

H. R. 3919

To provide financial aid grants for college and technical school education.

IN THE HOUSE OF REPRESENTATIVES

JULY 30, 1996

Mr. OBEY (for himself, Mr. CLAY, Mr. MILLER of California, Mr. YATES, Mr. BROWN of California, Mr. FROST, Mr. LIPINSKI, Ms. DELAURO, and Mr. HINCHEY) introduced the following bill; which was referred to the Committee on Economic and Educational Opportunities

A BILL

To provide financial aid grants for college and technical school education.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “American Opportunity
5 Grant Act”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

8 (1) An educated citizenry is fundamental both
9 for a democratic society and for a productive econ-
10 omy.

1 (2) In today's world a high school education is
2 only the foundation of the lifelong learning process
3 which will permit individuals and nations to prosper
4 in the highly changing international economy of the
5 21st century. A college education remains an excel-
6 lent investment both for students and for America.

7 (3) The right of every American to a free, pub-
8 licly financed education through high school and the
9 responsibility of State and local governments to pro-
10 vide this education is recognized by the basic laws
11 of every State and Commonwealth within the United
12 States. Approximately, 90 percent of all Americans
13 receive their basic education through the locally gov-
14 erned and managed public schools.

15 (4) Postsecondary education, in contrast, is de-
16 livered through a diverse system of public and pri-
17 vate institutions. Students, families, the Federal
18 Government, States, and the private sector provide
19 the funds for this education through a system which
20 is neither rational nor adequate. A new partnership
21 is necessary which redefines and makes more ration-
22 al the respective roles of students, families, govern-
23 ment, nonprofit, and the private sector in ensuring
24 financial access to the high quality educational op-

1 portunities which students are academically prepared
2 to undertake.

3 (5) At the same time that the need for post-
4 secondary education is becoming universal, the cost
5 of this education has increased, causing financial
6 strain for all but the most affluent American fami-
7 lies to afford.

8 (6) The interstate mobility of the modern
9 workforce and the integrated nature of the American
10 economy make it appropriate for the national gov-
11 ernment to expand its contribution to the financing
12 of postsecondary education so that it is a more equal
13 partner with State governments and families in fi-
14 nancing postsecondary education.

15 (7) It is therefore important that adequate fi-
16 nancial resources are available to assure that every
17 high school graduate has access to the postsecondary
18 training which his or her efforts have qualified them
19 for academically.

20 (8) As the Federal contribution increases, how-
21 ever, it will be necessary to ensure that future in-
22 creases in the cost of attendance for students, in-
23 cluding tuition charges, is constrained so that Fed-
24 eral assistance is directed to the students rather
25 than to the institutions or to State governments.

1 The principle must be that additional Federal sup-
2 port is intended to supplement public resources for
3 education not to substitute Federal dollars for exist-
4 ing State expenditures.

5 (9) It is appropriate that the Federal Govern-
6 ment in exchange for the financial assistance pro-
7 vided, require that students meet appropriate aca-
8 demic standards both for initial eligibility and for
9 continuing support.

10 **SEC. 3. AMERICAN OPPORTUNITY GRANTS.**

11 (a) DESIGNATION OF PROGRAM; ELIGIBLE INSTITU-
12 TIONS.—Section 401(a) of the Higher Education Act of
13 1965 (20 U.S.C. 1070a(a)) is amended by striking para-
14 graph (3) and inserting the following:

15 “(3) Basic grants made under this subpart shall be
16 known as ‘American Opportunity Grants’.

17 “(4) Notwithstanding section 481, for purposes of
18 this section the terms ‘eligible institution’ and ‘institution
19 of higher education’ have the meaning given the term ‘in-
20 stitution of higher education’ by section 1201 of this
21 Act.”.

22 (b) REVISION OF GRANT PROGRAM.—Section 401(b)
23 of the Higher Education Act of 1965 (20 U.S.C.
24 1070a(b)) is amended by striking paragraphs (2) through
25 (5) and inserting the following:

1 “(2) DETERMINATION OF AMOUNT OF
 2 GRANT.—The amount of the basic grant for a stu-
 3 dent eligible under this part for academic year
 4 1998–1999 is determined on the basis of the ad-
 5 justed income of the student’s family and is equal to
 6 the sum of the basic award, the ‘B’ average merit
 7 award, and the public service award as determined
 8 under the following table:

If the adjusted income is—	The basic award is—	The “B” average merit award is—	The public service award is—
Less than \$10,000	\$3,000	\$1,000	\$1,000
10,001 to 15,000	2,950	900	1,000
15,001 to 20,000	2,900	800	1,000
20,001 to 25,000	2,850	800	1,000
25,001 to 30,000	2,800	700	1,000
30,001 to 35,000	2,750	600	1,000
35,001 to 40,000	2,700	500	1,000
40,001 to 45,000	2,650	500	1,000
45,001 to 50,000	2,600	500	1,000
50,001 to 55,000	2,550	500	1,000
55,001 to 60,000	2,450	500	1,000
60,001 to 65,000	2,200	500	1,000
65,001 to 70,000	1,700	500	1,000
70,001 to 75,000	1,000	500	1,000
75,001 to 80,000	500	500	1,000
80,001 to 90,000	0	500	1,000
More than 90,000	0	0	0

9 “(3) LIMITATIONS ON CALCULATIONS.—

10 “(A) COST OF ATTENDANCE LIMITATIONS
 11 ON CALCULATIONS.—Notwithstanding para-
 12 graph (2)—

13 “(i) the basic award determined under
 14 the table contained in such paragraph shall

1 not exceed 50 percent of the cost of at-
2 tendance for the eligible student; and

3 “(ii) the ‘B’ average merit award de-
4 termined under such table shall not exceed
5 15 percent of such cost of attendance.

6 “(B) GRADE RECOGNITION.—A student is
7 eligible for a ‘B’ average merit award for any
8 academic year immediately following an aca-
9 demic year for which the student has main-
10 tained a grade average of ‘B’ or better (or the
11 equivalent of such a grade as determined in ac-
12 cordance with regulations prescribed by the
13 Secretary), except that no institution may grant
14 such a merit award to more than one-half of its
15 students for any academic year.

16 “(C) SERVICE RECOGNITION.—A student
17 is eligible for a public service award for any
18 academic year immediately following an aca-
19 demic year in which the student has performed
20 195 or more hours of qualifying public service
21 (as determined in accordance with regulations
22 prescribed by the Secretary).

23 “(D) DETERMINATION OF ADJUSTED IN-
24 COME.—For purposes of subparagraph (A), a

1 family's adjusted income is equal to the sum
2 of—

3 “(i) the family's adjusted gross in-
4 come; and

5 “(ii) a contribution from assets deter-
6 mined by—

7 “(I) determining net worth in the
8 manner required by sections
9 475(d)(2), 476(c)(2), and 477(c)(2);

10 “(II) subtracting any portion of
11 such net worth that is attributable to
12 farm assets, a tax-deferred retirement
13 savings account or plan (as defined by
14 the Secretary by regulation); and

15 “(III) subtracting \$50,000;
16 except that such contribution from assets
17 shall not be less than zero.

18 “(3) BASELINE EXPENDITURE AND REVENUE
19 LIMITATIONS.—

20 “(A) IN GENERAL.—In order to be an eli-
21 gible institution under the American Oppor-
22 tunity Grant program, the governing authority
23 of the institution of higher education shall cer-
24 tify to the Secretary that—

25 “(i) the institution has maintained—

1 “(I) an average annual expendi-
2 ture for the applicable academic year
3 that is at least equal to the average
4 annual expenditure per full-time
5 equivalent student for the 3 preceding
6 academic years; or

7 “(II) an annual education and
8 general expenses expenditure for the
9 applicable academic year that is at
10 least equal to the average annual edu-
11 cation and general expenses expendi-
12 ture for the 3 preceding academic
13 years; and

14 “(ii) the tuition increase (if any) for
15 the applicable academic year does not ex-
16 ceed 120 percent the average annual tui-
17 tion increase for all similar institutions for
18 the 3 preceding academic years, as deter-
19 mined in accordance with regulations pre-
20 scribed by the Secretary.

21 “(B) REVIEW OF CERTIFICATION.—The
22 review of such certification by the Secretary
23 shall be limited to such criteria which the Sec-
24 retary believes necessary to assure that en-

1 hanced Federal assistance has not been used to
2 supplant existing funding by the institution.

3 “(C) WAIVERS.—The Secretary may waive
4 the requirements of this paragraph if the review
5 conducted under subparagraph (B) dem-
6 onstrates that the failure to comply was caused
7 by extraordinary and compelling circumstances.

8 “(4) PART-TIME STUDY.—In any case where a
9 student attends an institution of higher education on
10 less than a full-time basis (excluding a student who
11 attends an institution of higher education on less
12 than a half-time basis) during any academic year,
13 the amount of the basic grant to which that student
14 is entitled shall be reduced in proportion to the de-
15 gree to which that student is not so attending on a
16 full-time basis, in accordance with a schedule of re-
17 ductions established by the Secretary for the pur-
18 poses of this division, computed in accordance with
19 this subpart. Such schedule of reductions shall be es-
20 tablished by regulation and published in the Federal
21 Register in accordance with section 482 of this Act.

22 (c) PERIOD OF ELIGIBILITY.—Section 401(c) of the
23 Higher Education Act of 1965 (20 U.S.C. 1070a(c)) is
24 amended to read as follows:

25 “(c) PERIOD OF ELIGIBILITY.—

1 “(1) BACCALAUREATE DEGREE STUDENTS.—
2 An undergraduate student enrolled full-time in a
3 program leading to a baccalaureate degree shall be
4 entitled to 4 academic years of support, if the stu-
5 dent is certified prior to the beginning of each aca-
6 demic term as making satisfactory progress toward
7 such degree. The Secretary shall promulgate regula-
8 tions for providing an equivalent period of support
9 for less than full-time students.

10 “(2) NONBACCALAUREATE DEGREE STU-
11 DENTS.—An undergraduate student who is not en-
12 rolled full-time in a program leading to a bacca-
13 laureate degree shall be entitled to up to 2 terms of
14 support, each of which may not exceed 1 year in
15 length. The Secretary shall promulgate regulations
16 for providing an equivalent period of support for less
17 than full-time students.

18 “(3) SINGLE GRANT.—No student is entitled to
19 receive a basic grant concurrently from more than 1
20 institution for any academic year.

21 (d) EFFECTIVE DATES.—Except as provided in sec-
22 tion 4, the amendments made by this section shall be ef-
23 fective with respect to grants to students for academic
24 years beginning on or after July 1, 1998.

1 **SEC. 4. PRESERVATION OF PELL GRANTS FOR PROPRI-**
2 **ETARY SCHOOL STUDENTS.**

3 (a) **IN GENERAL.**—Notwithstanding the amendments
4 made by section 3 of this Act, students attending propri-
5 etary institutions of higher education or postsecondary vo-
6 cational institutions (as such terms are defined in section
7 481 of the Higher Education Act of 1965 (20 U.S.C.
8 1088)) shall continue to be eligible to receive Pell grants
9 in accordance with section 401 of such Act as in effect
10 on the day before the date of enactment of this Act, except
11 that the maximum grant under subsection (b)(2)(A) of
12 such section 401 shall be \$2,500.

13 (b) **GAO EVALUATION.**—Within 18 months after
14 such date of enactment, the Comptroller General shall
15 submit a report to the Economic and Educational Oppor-
16 tunities Committee of the House of Representatives and
17 the Labor and Human Resources Committee of the Senate
18 a report evaluating the financial aid needs of students at-
19 tending the institutions described in subsection (a), and
20 containing such alternatives and recommendations as the
21 Comptroller General considers appropriate to address
22 those financial aid needs.

23 **SEC. 5. EVALUATION.**

24 Section 491 of the Higher Education Act of 1965 (20
25 U.S.C. 1098) is amended by adding at the end the follow-
26 ing new subsection:

1 “(m) AMERICAN OPPORTUNITY GRANT STUDY.—The
2 Advisory Committee shall conduct a study of the baseline
3 expenditure and revenue limitations contained in section
4 401(b)(3) of this Act and the need for any modifications
5 to such limitations. Such report shall include recommenda-
6 tions to restrain the annual rate of tuition increases and
7 increases in the cost of attendance. The Advisory Commit-
8 tee shall submit a report on the results of such study to
9 the Congress not later than December 31, 1998.”.

10 **SEC. 6. COMMISSION ON CORPORATE WELFARE.**

11 (a) PURPOSE.—It is the purpose of this section to
12 establish a Commission on Corporate Welfare.

13 (b) ESTABLISHMENT.—There is hereby established
14 an independent agency in the executive branch a commis-
15 sion to be known as the Commission on Corporate Welfare
16 (hereafter in this section to be referred to as the “Commis-
17 sion”).

18 (c) MEMBERSHIP.—The Commission shall be com-
19 posed of 7 members, 3 whom shall be appointed by the
20 President from the business community, one of whom shall
21 be appointed by the Speaker of the House of Representa-
22 tives, 1 of whom shall be appointed by the minority leader
23 of the House of Representatives, one of whom shall be ap-
24 pointed by the majority leader of the Senate, and 1 of
25 whom shall be appointed by the minority leader of the

1 Senate. The members of the Commission shall be ap-
2 pointed not later than 30 days after enactment of this Act.
3 Members of the Commission shall be appointed for the life
4 of the Commission and any vacancy shall be filled in the
5 manner of the original appointment. The Commission
6 shall select a chairperson from among its members.

7 (d) MEETINGS.—The Commission shall meet at the
8 call of the chair, and 5 members shall constitute a
9 quorum, but a lesser number may hold hearings.

10 (e) DUTIES.—The Commission shall recommend
11 changes in existing law relating to Federal expenditures
12 and revenues that would reduce direct or indirect subsidies
13 to corporations that in total produce a net savings that
14 would fully offset the expenditures resulting from section
15 3 of this Act, as determined by the Congressional Budget
16 Office.

17 (f) REPORT AND RECOMMENDATIONS.—The Com-
18 mission shall submit a final report to the President and
19 the Congress on the Commission's recommendations with-
20 in 6 months of the date of enactment of this Act.

21 (g) POWERS OF THE COMMISSION.—

22 (1) HEARINGS.—The Commission may hold
23 hearings, sit and act at such times and places, take
24 such testimony, and receive such evidence as the

1 Commission considers advisable to carry out the
2 purposes of this part.

3 (2) INFORMATION FROM FEDERAL AGENCIES.—

4 The Commission may secure directly from any Fed-
5 eral department or agency such information as the
6 Commission considers necessary to carry out the
7 provisions of this section.

8 (h) AUTHORIZATION OF APPROPRIATIONS.—There
9 are hereby authorized to be appropriated \$1,000,000 to
10 carry out this section for fiscal year 1997. Amounts avail-
11 able under this section are authorized to remain available
12 until expended.

13 (i) STAFF AND EXPENSES.—The Chairperson of the
14 Commission may without regard to the civil service laws
15 and regulations, appoint and terminate an executive direc-
16 tor and 6 staff members to enable the Commission to per-
17 form its duties. The employment of the executive director
18 shall be subject to confirmation by the Commission. The
19 Chairperson of the Commission shall fix the compensation
20 of the executive director and staff members without regard
21 to the provisions of chapter 51 and subchapter III of chap-
22 ter 53 of title 5, United States Code, relating to classifica-
23 tion of positions and General Schedule pay rates, except
24 that the rate of pay for the executive director and such
25 staff shall not exceed the rate payable for level 15 of the

1 General Schedule classified under section 5107 of such
2 title.

3 (j) TERMINATION.—The Commission shall terminate
4 30 days after the completion of the final report.

○