

## [S. 1482, Need Based Educational Aid Act of 2015](#)

### FLOOR SITUATION

On Monday, July 27, 2015, the House will consider [S. 1482](#), *the Need Based Educational Aid Act of 2015*, under suspension of the rules. S. 1482 was introduced on June 2, 2015, by Senator Charles Grassley (R-IA) and passed the Senate by unanimous consent on July 14, 2015. The House Committee on the Judiciary ordered an identical bill (H.R. 2604) to be reported by voice vote on July 8, 2015.

### SUMMARY

S. 1482 modifies and extends for 7 years an expiring antitrust exemption that permits colleges and universities to collaborate on certain financial aid practices. The existing antitrust exemption, which has been extended on four separate occasions, expires on September 30, 2015. S. 1482 narrows the existing exemption and extends its expiration until September 30, 2022.

### BACKGROUND

Beginning in the 1950s, some private colleges and universities “agreed to award institutional financial aid (i.e., aid from the school’s own funds) solely on the basis of demonstrated financial need.”<sup>1</sup> In 1991, the Department of Justice’s (DOJ) Antitrust Division brought suit against nine institutions to prohibit the practice. All nine institutions eventually entered into consent decrees with the DOJ to resolve the dispute.

In 1992, Congress passed a temporary antitrust exemption “authorizing schools to agree to award financial aid on a need-blind basis and to use common principles of need analysis when determining private financial aid awards.”<sup>2</sup> Congress passed another extension in 1994 and expanded it to allow “the use of a common aid application form and the exchange of the student’s financial information through a third party.”<sup>3</sup> The exemption was subsequently extended three times.

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<sup>1</sup> [House Report 114-224](#) at 2.

<sup>2</sup> Id.

<sup>3</sup> Id.

Under the existing antitrust exemption, which expires on September 30, 2015, colleges and universities can engage in the following joint practices: (1) agreeing to award financial aid only on the basis of demonstrated financial need; (2) using common principles of analysis for determining financial need; (3) using a common aid application form; and (4) exchanging, through an independent third party, financial information submitted by students and their families.<sup>4</sup> Schools and universities are not required to participate jointly in these activities, and those that do are not bound by common principles reached by participating schools. A select number of schools utilize the existing exemption.<sup>5</sup>

S. 1482 extends for 7 years the antitrust exemption but allows the provision that permits schools to exchange financial information submitted by students and their families through an independent third party to expire because schools have not utilized that component.

### **COST**

The Congressional Budget Office (CBO) [estimates](#) that implementing S. 1482 would not have a significant effect on the federal budget. S. 1482 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

### **STAFF CONTACT**

For questions or further information please contact [Jerry White](#) with the House Republican Policy Committee by email or at 5-0190.

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<sup>4</sup> Id.

<sup>5</sup> Amherst College; Boston College; Claremont McKenna College; College of the Holy Cross; Columbia University; Cornell University; Dartmouth College; Davidson College; Duke University; Georgetown University; Grinnell College; Haverford College; Massachusetts Institute of Technology; Middlebury College; Northwestern University; Pomona College; St. John's College; Swarthmore College; University of Notre Dame; University of Pennsylvania; Vanderbilt University; Wellesley College; and, Williams College.