



H.R. 1777 – NEED-BASED EDUCATIONAL AID ACT OF 2007

FLOOR SITUATION

H.R. 1777 is being considered on the floor under suspension of the rules and will require a two-thirds majority vote for passage. This legislation was introduced by Representative William Delahunt (D-MA) on March 29, 2007. The House Committee on the Judiciary ordered the bill to be reported by voice vote on April 2, 2008.

H.R. 1777 is expected to be considered on the floor of the House on April 30, 2008.

SUMMARY

H.R. 1777 makes permanent the antitrust exemption that allows higher educational institutions to collaborate and award financial aid to students applying on a need-blind basis. Current law granting this exemption is set to expire on September 30, 2008.

BACKGROUND

A 1989 antitrust lawsuit sought to end the practice of higher educational institutions collaborating to award need-blind financial aid to students. Schools argued that without the antitrust exemption they would be forced to compete for the top students with awards of financial aid, leaving little to no financial aid money available to other qualified applicants demonstrating similar or greater need. The Higher Education Amendments Act of 1992 (P.L. 102-325) created a temporary antitrust exemption that allowed schools to collaborate and award financial aid to admitted students on a need blind basis, and to use common principles when analyzing need. This temporary exemption was set to expire September 30, 1994, but was extended by the Improving America's Schools Act of 1994 (P.L. 103-382) until September 20, 1997. The 1994 legislation closely reflected the provisions included in the 1992 exemption, but allowed schools to use a common financial aid application form and to exchange a student's financial information through a third party.

The provisions of the 1994 Act have twice been extended by the Need-Based Educational Aid Antitrust Protection act of 1997 (P.L. 105-43) and the Need-Based Educational Aid Act of 2001 (P.L. 107-72). The 2001 extension included a provision that directed the Government Accountability Office (GAO) to conduct a study to determine the effects of these exemptions on institutional financial aid, and to report to Congress by September 30, 2006. The 2001 extension of the antitrust exemption are set to expire on September 30, 2008.

COST

The Congressional Budget Office "estimates that implementing the bill would have no significant effect on the federal budget."

[CBO cost estimate for H.R. 1777](#)

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