To strengthen parental, local, and State control of education in the United States by eliminating the Department of Education and redefining the Federal role in education.
for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL
To strengthen parental, local, and State control of education in the United States by eliminating the Department of Education and redefining the Federal role in education.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.
This Act may be cited as the “Back to Basics Education Reform Act”.

SEC. 2. TABLE OF CONTENTS.
The table of contents for this Act is as follows:
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Sec. 222. Amendment to the Federal Credit Reform Act.
Sec. 223. Sale of FDSL loan portfolios.
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SEC. 3. FINDINGS.

The Congress finds the following:

(1) Principles of federalism embodied in the Constitution of the United States entrust authority over issues of educational policy to the States and the people and a Federal Department of Education is inconsistent with such principles.

(2) Tradition and experience dictate that the governance and management of schools in the United States are best performed by parents, teachers and communities.

(3) The intrusion by the Department of Education into education policy has not benefited the quality of education in this nation.

(4) The Department of Education has weakened the ability of parents to make essential decisions about their children’s education and has undermined the capacity of communities to govern their schools.
(5) In the 15 years of its existence, the Department of Education has grown from 130 programs and a budget of $14 billion to over 240 separately authorized programs which cost almost $32 billion annually. Meanwhile, education performance has stagnated or deteriorated.

(6) Since 1980, the year the Federal role in education was elevated to department status, the graduation rate has dropped 1.3 percent. Only 71.2 percent of students who enroll in the ninth grade now graduate from high school.

(7) The Department of Education has fostered over-regulation, standardization, bureaucratization, and litigation in United States education.

(8) The Department of Education expends large amounts of money on its own maintenance and overhead. As an organization, it is inefficient, ill-managed, and wasteful.

(9) Recent tests reflect poor results in mathematics and reading for American students compared with students from other nations.

(10) Only through initiatives led by parents and local communities with the power to act can the United States elevate educational performance toward an acceptable level.
The Department of Education has been hostile to many promising reform ideas.

SEC. 4. PURPOSES.

The purposes of this Act are—

(1) to improve the quality of elementary and secondary and higher education programs in the Nation;

(2) to return the responsibility and authority for education to parents, teachers, communities, students, and States, and provide them greater control over education spending;

(3) to ensure that the Federal Government does not overregulate and interfere in the decisionmaking of parents, local communities, teachers, and students regarding education; and

(4) to ensure that Americans are able to compete in the global economy of the 21st century.

TITLE I—ABOLITION OF DEPARTMENT OF EDUCATION

SEC. 101. ABOLITION OF DEPARTMENT.

The Department of Education is abolished.
SEC. 102. ESTABLISHMENT AND SUNSET OF OFFICE OF ECONOMIC OPPORTUNITIES IN THE DEPARTMENT OF HEALTH AND HUMAN SERVICES, AND TRANSFER OF FUNCTIONS.

(a) Establishment of Office.—There is established in the Department of Health and Human Services the Office of Economic Opportunities.

(b) Director.—

(1) In General.—There shall be at the head of the Office a Director for Economic Opportunities, who shall be appointed by the President and confirmed with the advice and consent of the Senate. The Office shall be administered under the supervision and direction of the Assistant Secretary for the Administration for Families and Children. The Director for Economic Opportunities shall receive compensation at the rate prescribed for level V of the Executive Schedule under section 5315 of title 5, United States Code.

(2) Initial Appointment of Administrator.—Notwithstanding any other provision of this Act or any other law, the President may, at any time after the date of the enactment of this Act, appoint an individual to serve as Director of Economic Opportunities, as such position is established under paragraph (1). An appointment under this para-
graph may not be construed to affect the position of Secretary of Education or the authority of the Secretary before the effective date specified in section 109(a).

(c) **DUTIES.**—The Director shall be responsible for—

(1) the administration of all functions of the Office pursuant to section 102 and other provisions of law;

(2) the administration and wind-up of any outstanding obligations of the Federal Government under any programs terminated or repealed by this Act; and

(3) taking such other actions as may be necessary to wind up any outstanding affairs of the Department of Education and the Office.

(d) **TRANSFER OF FUNCTIONS.**—Except as otherwise provided in this Act, the Director shall perform all functions that, immediately before the effective date of this section under section 109(a), were functions of the Department of Education (or any office of the Department) or were performed by the Secretary of Education or any other officer or employee of the Department in the capacity as such officer or employee.

(e) **ABOLITION OF OFFICE.**—The Office and all of its functions are abolished effective upon the expiration
of the authorization for the programs under its jurisdiction.

SEC. 103. PRINCIPAL OFFICERS.

(a) DIRECTORS.—There shall be in the Office—

(1) an Assistant Director of Childhood Schooling; and

(2) an Assistant Director of Advanced Schooling.

(b) APPOINTMENT.—Each of the Assistant Directors in the Office of Economic Opportunities shall be appointed by the Secretary of Health and Human Services.

SEC. 104. CONTINUATION OF SERVICE OF DEPARTMENT OFFICER.

(a) CONTINUATION OF SERVICE OF SECRETARY.—The individual serving as the Secretary of Education on the effective date of this title may serve as Director until the date an individual is appointed under this title to the position of Director, or until the end of the 120-day period provided for in section 3348 of title 5, United States Code (relating to limitations on the period of time a vacancy may be filled temporarily), whichever is earlier.

(b) COMPENSATION FOR CONTINUED SERVICE.—Any individual who acts as the Director under subsection (a) after the effective date of this title and before the first appointment of a person to such position after such date
shall be compensated pursuant to section 102(b)(1) for so
serving or acting.

SEC. 105. REORGANIZATION.

The Secretary of Health and Human Services may
allocate or reallocate any function of the Office pursuant
to this Act among the officers of the Office, and may, in
accordance with the transfer of functions by this Act, con-
solidate, alter, or discontinue in the Office any organiza-
tional entities that were entities of the Department of
Education, as the Secretary of Health and Human Serv-
ices considers necessary or appropriate. Notwithstanding
any other provision of law, the Secretary of Health and
Human Services may not transfer any function or person-
nel of the Office to any agency outside of the Office.

SEC. 106. PLAN FOR WINDING UP AFFAIRS.

Not later than 180 days after the date of the enact-
ment of this Act, the President shall submit to the Con-
gress a plan for winding up the affairs of the Department
of Education in accordance with this Act.

SEC. 107. GAO REPORT.

Not later than 180 days after the date of enactment
of this Act, the Comptroller General of the United States
shall submit to the Congress a report which shall include
recommendations for the most efficient means of achiev-
ing, in accordance with this Act—
(1) the complete abolition of the Department of Education; and

(2) the termination or transfer or other continuation of functions of the Department of Education.

SEC. 108. CONFORMING AMENDMENTS.

(a) PRESIDENTIAL SUCCESSION.—Section 19(d)(1) of title 3, United States Code, is amended by striking "Secretary of Education,''.

(b) EXECUTIVE DEPARTMENTS.—Section 101 of title 5, United States Code, is amended by striking the following item:

"The Department of Education.''.

(c) SECRETARY'S COMPENSATION.—Section 5312 of title 5, United States Code, is amended by striking the following item:

"Secretary of Education.''.

(d) COMPENSATION FOR POSITIONS AT LEVEL II.—Section 5313 of title 5, United States Code, is amended by striking the following item:

"Deputy Secretary of Education.''.

(e) COMPENSATION FOR POSITIONS AT LEVEL III.—Section 5314 of title 5, United States Code, is amended by striking the following item:

"Under Secretary of Education.'';
(f) Compensation for Positions at Level IV.—

Section 5315 of title 5, United States Code, is amended—

(1) by striking the following items:

“Assistant Secretaries of Education (10).

“General Counsel, Department of Education.

“Inspector General, Department of Education.”;

(2) by striking the following item:

“Chief Financial Officer, Department of Education.”; and

(3) by striking the following item:

“Liaison for Community and Junior Colleges, Department of Education.”.

(g) Compensation for Positions at Level V.—

Section 5316 of title 5, United States Code, is amended by striking the following item:

“Additional officers, Department of Education (4).”.


(1) in section 9(a)(1), by striking subparagraph (D);

(2) in section 11(1), by striking “Education,”; and
(3) in section 11(2), by striking “Education,”.

SEC. 109. EFFECTIVE DATE.

Except as otherwise provided, this title shall take effect on the date that is one year after the date of enactment of this Act.

SEC. 110. LIMITATION ON EXPENDITURES.

The amount expended by the United States each fiscal year for the administration of a function transferred by this Act shall not exceed 70 percent of the total amount expended for the administration of that function during fiscal year 1995.

TITLE II—EDUCATION PROGRAMS

Subtitle A—Elementary and Secondary Education

CHAPTER 1—ELEMENTARY AND SECONDARY EDUCATION BLOCK GRANT

SEC. 201. GOALS OF ELEMENTARY AND SECONDARY EDUCATION BLOCK GRANT PROGRAM.

The Director of the Office of Economic Opportunities under the Administration for Children and Families in the Department of Health and Human Services is authorized to provide the Governor of each State that complies with the requirements of section 203 a grant in an amount determined under section 205.
SEC. 202. PROGRAM AUTHORIZED.

Each State shall, subject to the requirements of this Act and appropriations Acts, receive a grant under this subtitle in each fiscal year to carry out the purposes of this subtitle.

SEC. 203. STATE ELIGIBILITY.

(a) In General.—To be eligible to receive a grant under this subtitle, a State shall submit an application to the Director of Economic Opportunities which contains the assurances required by this title. Such application must be submitted at such time, in such form and manner as the Director may reasonably require.

(b) Assurances.—Such application shall include the following assurances:

1. Improve Education.—The Governor shall use funds received to improve education.

2. Distribution.—The Governor shall establish a procedure to distribute funds to local educational entities or to provide services to children attending local educational entities.

3. Assurances from Local Educational Entities.—The Governor shall require a local educational entity that seeks funds under this title to provide assurances that—

   (A) funds will be used to improve education;
(B) parents, members of the community, and community leaders will be involved in decisionmaking at the local level; and
(C) such entity that receives funds under this title will comply with Federal civil rights laws.

SEC. 204. GENERAL STATE REQUIREMENTS.

(a) FUNDS FOR LOCAL USE.—
(1) IN GENERAL.—Not less than 98 percent of the amount of funds received by a State under this title shall be made available to local educational entities.

(2) LOCAL DISCRETION.—A local educational entity that receives funds from a State will have the discretion to spend funds received from the State to develop programs that improve education.

(b) ADMINISTRATIVE COSTS.—Not more than 2 percent of funds received under this title may be used by a State or a local educational entity for administrative purposes.

SEC. 205. AMOUNT OF STATE ALLOTMENT.

(a) IN GENERAL.—Except as provided in subsections (b) and (c), there shall be allotted to each State, which for purposes of this section shall not include the territories, an amount which bears the same ratio to the
amount of funds appropriated for this title in any fiscal year as the population of children, aged 5 through 17 years of age, of such State bears to the population of such children of all the States.

(b) State Minimum.—Of the total amount appropriated to carry out this subtitle in any fiscal year each State shall receive not less than one quarter of one percent of such amounts.

(c) Set-Aside for Territories.—Of the amount allotted under subsection (a), the Director shall allot not more than one quarter of one percent among Puerto Rico, the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, and the Virgin Islands.

SEC. 206. LOCAL FISCAL ACCOUNTABILITY.

A local educational entity that receives funds from a State under this subtitle in any fiscal year shall be required to make reasonably available—

(1) a proposed budget regarding how such funds shall be used;

(2) an accounting of the actual use of such funds at the end of such entity’s fiscal year.

SEC. 207. PARTICIPATION OF CHILDREN ENROLLED IN PRIVATE SCHOOLS.

(a) Secular, Neutral, Nonideological.—Any educational services or other benefits, including materials
and equipment, provided to children enrolled in private schools shall be secular, neutral, and nonideological.

(b) Bypass.—

(1) In general.—If under law a State is prohibited from providing for the participation under this chapter of eligible children enrolled in private elementary and secondary schools, the Office of Economic Opportunities, at the request of the Governor, shall arrange for services for such children to the extent consistent with the number of eligible children identified under section 205 in a local educational agency who are enrolled in private elementary and secondary schools.

(2) Equitable services.—Services provided under this section shall be equitable in comparison to services and other benefits provided for public school children participating in programs under this chapter.

(3) Reduction.—The amount of funds appropriated to the State pursuant to section 205 shall be reduced by the amount necessary to carry out this section.

SEC. 208. DEFINITIONS.

Except as otherwise provided, for the purposes of this subtitle, the following terms have the following meanings:
(1) Director.—The term “Director” means the Director of Economic Opportunities under the Administration for Children and Families in the Department of Health and Human Services.

(2) Local educational entity.—The term “local educational entity” means a local educational agency or a public or private elementary or secondary school.

(3) State.—The term “State” means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands.

SEC. 209. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $9,000,000,000 for each of the fiscal years 1998 through 2000 to carry out the programs authorized under this subtitle.

CHAPTER 2—OTHER ELEMENTARY AND SECONDARY EDUCATION PROGRAMS

SEC. 210. AMENDMENTS AND REPEALS OF CERTAIN EDUCATION PROVISIONS.

(a) Elementary and Secondary Education Act of 1965.—

(2) IMPACT AID.—(A) Section 8003 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7703) is amended by striking subsection (e) of such section.

(B) Except as provided under subparagraph (A), the programs provided under title VIII of the Elementary and Secondary Education Act of 1965 shall be administered by the Department of Defense through the Assistant Secretary for Force Management Policy.

(3) INDIAN EDUCATION.—Part A of title IX of the Elementary and Secondary Education Act of 1965 shall be administered by the Department of the Interior through the Assistant Secretary for Indian Affairs.

(b) GOALS 2000: EDUCATE AMERICA ACT.—Goals 2000: Educate America Act is repealed.

(c) SCHOOL-TO-WORK OPPORTUNITIES ACT.—The School-to-Work Opportunities Act is repealed.

(d) GENERAL EDUCATION PROVISIONS ACT.—Parts D and F, sections 422, 424, 425, 427, 428, 429, 433,
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1 439, and 443, and paragraph (3) of section 431(a) of the
2 General Education Provisions Act are repealed.
3 (e) National Education Statistics Act of
4 1994.—The National Education Statistics Act of 1994 is
5 repealed.
6 (f) Effective Date.—The repeals and transfers
7 made by subsections (a), (b), (c), (d), and (e) shall take
8 effect on the date that is one year after the date of enact-
9 ment of this Act.

Subtitle B—Conforming Amendments to the Individuals with
Disabilities Education Act

Sec. 211. Amendments to Provisions Referencing
Secretary of Education and Department of Education.

(a) Transfer of Authority From Secretary of
Education to Secretary of Health and Human
Services.—The Individuals with Disabilities Education
Act (20 U.S.C. 1400 et seq.) is amended in sections
602(a)(14), 611(f), and 684(b)(5) by striking “Secretary
of Education” each place such term appears and inserting
“Secretary of Health and Human Services”.

(b) Transfer of Authority From Department
of Education to Department of Health and
Human Services.—The Individuals with Disabilities
Education Act (20 U.S.C. 1400 et seq.) is amended in sections 610 and 621(a)(3) by striking “Department of Education” each place such term appears and inserting “Department of Health and Human Services”.

SEC. 212. AMENDMENTS TO DEFINITIONS.

(a) Definition of Excess Costs.—Subparagraph (A) of section 602(a)(21) of the Individuals with Disabilities Education Act (20 U.S.C. 1401(a)(21)(A)) is amended to read as follows:

“(A) amounts received—

“(i) under this part, or

“(ii) under subtitle A of title II of the Back to Basics Education Act, and”.

(b) Definition of Native Language.—Paragraph (22) of section 602(a) of the Individuals with Disabilities Education Act (20 U.S.C. 1401(a)(22)) is amended to read as follows:

“(22) The term ‘native language’, when used with reference to an individual of limited-English proficiency, means the language normally used by the individual, or in the case of an individual aged 3 through 21, the language normally used by the parents of the individual.”.
SEC. 213. TRANSFER OF ADMINISTERING AUTHORITY TO OFFICE OF ECONOMIC OPPORTUNITIES.

The Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.) is amended—

(1) by striking section 603 and inserting the following:

"OFFICE OF ECONOMIC OPPORTUNITIES

"SEC. 603. The Secretary of Health and Human Services, acting through the Director for Economic Opportunities, shall administer and carry out this Act. The Office of Economic Opportunities shall be the principal agency in the Department of Health and Human Services for administering and carrying out programs and activities concerning the education and training of individuals with disabilities."

(2) in section 621(f)(1), by striking "Office of Special Education Programs" and inserting "Office of Economic Opportunities"; and

(3) in section 685(b)(1), by striking "Office of Special Education Programs;" and inserting "Office of Economic Opportunities;".

SEC. 214. OUTREACH SERVICES FOR CERTAIN INSTITUTIONS OF HIGHER EDUCATION.

Subclause (II) of section 610(j)(2)(C)(ii) of the Individuals with Disabilities Education Act (20 U.S.C. 1409(j)(2)(C)(ii)(II)) is amended to read as follows:
“(II) institutions of higher education which have an enrollment which includes a substantial percentage of needy students (as determined by the Director) and the average educational and general expenditures of which are low, per full-time equivalent undergraduate student, in comparison with the average educational and general expenditures per full-time equivalent undergraduate student of institutions that offer similar instruction;”.

Subtitle C—Higher Education Programs

CHAPTER 1—ELIMINATION AND REDUCTION OF PROGRAMS

SEC. 221. REPEAL OF HIGHER EDUCATION LAWS.

(a) IN GENERAL.—Except as provided in subsection (b) and (c), the Higher Education Act of 1965 (20 U.S.C. 1001) is repealed effective one year after the date of the enactment of this Act.

(b) EXCEPTIONS.—Subsection (a) shall not apply to the following:

(1) The first section, containing the short title of such Act.

(2) Subpart 1 of part A of title IV, relating to Pell Grants.
(3) Part B of such title, relating to the Federal Family Education Loan Program.

(4) Part E of such title, relating to Perkins Loans.

(5) Parts F, G, and H of such title, relating to needs analysis, general provisions, and the program integrity triad.

(6) Section 1201, relating to definitions.

(c) Continuing Authority To Collect Loans.—Subsection (a) shall not affect the authority of the United States to collect any loan made under any provision repealed by such subsection.

(d) Perkins Loans.—Section 461(b) of the Higher Education Act of 1965 is amended to read as follows:

``(b) Contributions Discontinued.—No funds are authorized to be appropriated for fiscal year 1997 or any succeeding year for the purpose of making contributions to student loan funds established under this part.’’.

(e) Limitation on Funds for Howard University.—Section 8 of the Act of March 2, 1867 is amended—

(1) by inserting ‘‘(a)’’ after ‘‘Sec. 8.’’; and

(2) by adding at the end the following new subsection:
“(b) Notwithstanding subsection (a) and any provision of the Howard University Endowment Act, the total amount that is authorized to be appropriated pursuant to this section and such Endowment Act shall not exceed the total amount appropriated pursuant to this section and such Endowment Act for fiscal year 1995, and of such total amount—

“(1) not less than 30 percent of the amount appropriated for fiscal year 1998 shall be appropriated for purposes of such Endowment Act;

“(2) not less than 60 percent of the amount appropriated for fiscal year 1999 shall be appropriated for purposes of such Endowment Act; and

“(3) not less than 100 percent of the amount appropriated for fiscal year 2000 shall be appropriated for purposes of such Endowment Act.

Notwithstanding subsection (a) and any provision of the Howard University Endowment Act, no funds are authorized to be appropriated pursuant to this section or such Endowment Act for fiscal year 2001 or any succeeding fiscal year.”.

SEC. 222. AMENDMENT TO THE FEDERAL CREDIT REFORM ACT.

(a) Amendment.—Section 502(5)(B) of the Congressional Budget Act is amended to read as follows:
“(B) The cost of a direct loan shall be the net present value, at the time when the direct loan is disbursed, of the following cash flows for the estimated life of the loan—

“(i) loan disbursements;

“(ii) repayments of principal;

“(iii) payments of interest and other payments by or to the Government over the life of the loan after adjusting for estimated defaults, prepayments, fees, penalties and other recoveries; and

“(iv) in the case of a direct loan made pursuant to a program for which the Office of Management and Budget estimates that for the coming fiscal year (or for any prior fiscal year) loan commitments will equal or exceed $5,000,000,000, direct expenses, including but not limited to the following: expenses arising from activities related to credit extension; loan origination; loan servicing; technical assistance; training; program promotion; payments to contractors, other government entities, and program participants; collection of delinquent
loans; and write-off and close-out of loans.”

(b) Effective Date.—The amendment made by subsection (a) shall apply to all fiscal years beginning on or after October 1, 1995, and to statutory changes made on or after the date of enactment of this Act.

SEC. 223. SALE OF FDSL LOAN PORTFOLIOS.

The Higher Education Act of 1965 Act (20 U.S.C. 1087h) is amended by inserting after section 458 the following new section:

"SEC. 459. SALE OF FEDERAL DIRECT STUDENT LOAN PORTFOLIOS.

"“(a) Auction Sales of Loan Portfolios.—The Secretary shall conduct auctions to sell the outstanding portfolio of loans made pursuant to this part. Such auctions shall consist of sales of portfolios representative of the overall characteristics of the direct loans held by the Secretary. Auctions shall be held for portfolios of not less than $40,000,000 of loans per sale. The first sale of loans shall take place not later than 120 days after the date of enactment of this section, and shall not include Federal guarantees or reinsurance against the contingency of borrower default, death, or disability.

“(b) Loan Terms Subject to Promissory Note.—Such loans shall be subject to the terms and con-
ditions as specified in the borrower promissory note, and shall not be subject to further Federal regulations pursuant to this Act.

“(c) Disposition of Proceeds.—All proceeds received as a result of the auctions conducted pursuant to this part shall be returned to the United States Department of the Treasury after deduction of expenses incurred by the Department of Education in connection with the auctions required pursuant to this section.”.

SEC. 224. STUDENT LOAN PROGRAM; STATEMENT OF POLICY.

The Congress finds that the Federal student loan programs should be reviewed to evaluate whether reforms need to be made to the programs based on the principles of risk sharing, market-based orientation, privatization, and deregulation.

SEC. 225. ELIMINATION OF IN-SCHOOL INTEREST SUBSIDIES.

(a) Guaranteed Loans.—Section 428(a) of the Higher Education Act of 1965 (20 U.S.C. 1078(a)) is amended by adding at the end the following new paragraph:

“(8) Termination of interest subsidies.—Notwithstanding paragraph (3), no portion of the interest shall be paid by the Secretary under this sub-
section on any loan made on or after October 1, 1995. Interest on the unpaid principal amount of any such loan—

“(A) which accrues prior to the beginning of the repayment period of the loan, or

“(B) which accrues during a period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in subsection (b)(1)(M) of this section or in section 427(a)(2)(C), shall, at the option of the borrower—

“(i) be paid monthly or quarterly, or

“(ii) be added by the lender to the principal amount of the loan at the commencement of the repayment period.”.

CHAPTER 2—HIGHER EDUCATION BLOCK GRANT

SEC. 231. PURPOSE.

It is the purpose of this part to authorize block grants to States to assist institutions of higher education in order to improve access to higher education and to improve the quality of educational programs.

SEC. 232. DISTRIBUTION OF FUNDS.

(a) IN GENERAL.—From the funds appropriated under section 236, the Director shall allocate to the Gov-
error of each State that has submitted the assurances required by section 233 an amount that bears the same ratio to the amount so appropriated as the number of students enrolled in institutions of higher education in such State bears to the total number of students so enrolled in all the States.

(b) EXCEPTION FOR SMALL STATES.—Notwithstanding subsection (a), no State shall be allocated less than 0.25 percent of the funds appropriated under section 236.

(c) DETERMINATION OF NUMBER OF STUDENTS.—The Director shall determine the number of students in each State on the basis of a certification from the Governor of each State.

SEC. 233. STATE ASSURANCES.

Any State seeking to obtain an allocation under section 232 shall submit to the Director an application that contains the following assurances:

(1) The Governor of such State will establish a procedure for the distribution of funds to participating institutions of higher education.

(2) The Governor will use the funds obtained under this part only for the improvement of higher education.

(3) The Governor will require each participating institution to submit assurances to the State that
they will use funds obtained under this part only for
the improvement of higher education.

(4) The Governor will require each participating
institution to submit assurances that the institution
will comply with Federal civil rights laws.

SEC. 234. USE OF FUNDS.

(a) IN GENERAL.—Any funds obtained by a partici-
pat ing institution under this part may, subject to the pro-
visions of this part, be used for any existing or new pro-
gram.

(b) LIMITATION ON ADMINISTRATIVE COSTS.—Not
more than 2 percent of the funds allocated to any State
or institution under this chapter may be used for adminis-
trative costs.

SEC. 235. PUBLIC DISCLOSURE.

Institutions receiving funding under this chapter
shall make reasonably available to the community, par-
ents, and students a listing of the uses of such funds.

SEC. 236. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out
this subtitle $2,000,000,000 for each of fiscal years 1998
through 2000.

SEC. 237. DEFINITIONS.

As used in this subtitle—
(1) unless otherwise provided, the terms used in this part that are defined in section 1201 of the Higher Education Act of 1965 have the meanings provided in such section;

(2) the term “State” means the several States and the District of Columbia; and

(3) the term “Director” means the Director of Economic Opportunities in the Department of Health and Human Services.

Subtitle D—Miscellaneous Provisions

SEC. 241. CONSTRUCTION.

Notwithstanding the provisions of this Act, nothing in this Act shall be construed to affect continued funding for Galludet University, the American Printing House for the Blind, or the National Institute for the Deaf at fiscal year 1995 levels through fiscal year 2000.

SEC. 242. REGULATIONS.

For purposes of this title, the Secretary of Health and Human Services shall consult with Congress before issuing regulations regarding the grants provided under chapter 1 of subtitle A and chapter 2 of subtitle C of this title and shall only issue regulations that are necessary for the timely distribution of funds to the States.
SEC. 243. CONSOLIDATED APPLICATION.

The Secretary of Health and Human Services shall provide for a consolidated application for grants provided under chapter 1 of subtitle A and chapter 2 of subtitle C of this title. Consolidated applications also shall be permitted at the local level.

SEC. 244. APPROPRIATIONS.

The amount that is authorized to be appropriated for programs under chapter 2 of subtitle A, subtitle B, and chapter 1 of subtitle C shall not exceed the amount appropriated for such programs for fiscal year 1995. Such programs shall be authorized through fiscal year 2000.

SEC. 245. FEDERAL CIVIL RIGHTS.

(a) IN GENERAL.—

(1) APPLICABILITY.—Nothing in this title shall be construed to affect the applicability of civil rights laws relating to any program established, transferred, or consolidated under this Act.

(2) DUTIES.—The Secretary of Health and Human Services shall be responsible for carrying out any other civil rights functions performed by the Secretary of Education as such functions were performed on the day before the date of the enactment of this Act.

(b) HEALTH AND HUMAN SERVICES.—The Director of the Office of Civil Rights of the Department of Health
and Human Services shall submit a report annually to the Secretary of Health and Human Services, the President, and the appropriate committees of Congress summarizing the compliance and enforcement activities of the Office of Civil Rights as such activities pertain to the Office of Economic Opportunities. The report shall identify significant civil rights or compliance problems for which the Office of Civil Rights has made a recommendation for corrective action and which, in the judgment of the Director of the Office of Civil Rights, adequate progress is not being made.

(c) Department of Justice.—The Assistant Attorney General in charge of the Civil Rights Division of the Department of Justice shall submit annually a report to the Attorney General, the President, and the appropriate committees of Congress summarizing the activities of the Civil Rights Division as such activities pertain to the grantees of programs authorized by this Act.

TITLE III—GENERAL PROVISIONS

SEC. 301. REFERENCES.

Any reference in any other Federal law, Executive order, rule, regulation, or delegation of authority, or any document of or pertaining to an office from which a function is transferred by this Act—
(1) to the Secretary of Education or an officer of the Department of Education, is deemed to refer to the head of the department or office to which such function is transferred; or

(2) to the Department of Education is deemed to refer to the department or office to which such function is transferred.

SEC. 302. EXERCISE OF AUTHORITIES.

Except as otherwise provided by law, a Federal official to whom a function is transferred by this Act may, for purposes of performing the function, exercise all authorities under any other provision of law that were available with respect to the performance of that function to the official responsible for the performance of the function immediately before the transfer of the function under this Act.

SEC. 303. SAVINGS PROVISIONS.

(a) LEGAL DOCUMENTS.—All orders, determinations, rules, regulations, permits, grants, loans, contracts, agreements, certificates, licenses, and privileges—

(1) that have been issued, made, granted, or allowed to become effective by the President, the Secretary of Education, any officer or employee of any office transferred by this Act, or any other Government official, or by a court of competent jurisdiction—
tion, in the performance of any function that is transferred by this Act, and

(2) that are in effect on the date of such transfer (or become effective after such date pursuant to their terms as in effect on the date of such transfer), shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked in accordance with law by the President, any other authorized official, a court of competent jurisdiction, or operation of law.

(b) PROCEEDINGS.—This Act shall not affect any proceedings or any application for any benefits, service, license, permit, certificate, or financial assistance pending on the effective date of this title with respect to a function transferred by this Act, but such proceedings and applications shall be continued. Orders shall be issued in such proceedings, appeals shall be taken therefrom, and payments shall be made pursuant to such orders, as if this Act had not been enacted, and orders issued in any such proceeding shall continue in effect until modified, terminated, superseded, or revoked by a duly authorized official, by a court of competent jurisdiction, or by operation of law. Nothing in this subsection shall be considered to prohibit the discontinuance or modification of any such proceeding under the same terms and conditions and to the
same extent that such proceeding could have been discontinued or modified if this Act had not been enacted.

(c) Suits.—This Act shall not affect suits commenced before the effective date of this title and in all such suits, proceeding shall be had, appeals taken, and judgments rendered in the same manner and with the same effect as if this Act had not been enacted.

(d) Nonabatement of Actions.—No suit, action, or other proceeding commenced by or against the Department of Education or the Secretary of Education, or by or against any individual in the official capacity of such individual as an officer or employee of an office transferred by this Act, shall abate by reason of the enactment of this Act.

(e) Continuance of Suits.—If, before the effective date of this title, any officer of the Department of Education in the official capacity of such officer is party to a suit with respect to a function of the officer, and under this Act such function is transferred to any other officer or office, then such suit shall be continued with the other officer or the head of such other office, as applicable, substituted or added as a party.

SEC. 304. TRANSFER OF ASSETS.

Except as otherwise provided in this Act, so much of the personnel, property, records, and unexpended bal-
ances of appropriations, allocations, and other funds emp-
ployed, used, held, available, or to be made available in
connection with a function transferred to an official by
this Act shall be available to the official at such time or
times as the President directs for use in connection with
the functions transferred.

SEC. 305. DELEGATION AND ASSIGNMENT.

Except as otherwise expressly prohibited by law or
otherwise provided in this Act, an official to whom func-
tions are transferred under this Act (including the head
of any office to which functions are transferred under this
Act) may delegate any of the functions so transferred to
such officers and employees of the office of the official as
the official may designate, and may authorize successive
redelegations of such functions as may be necessary or ap-
propriate. No delegation of functions under this section
or under any other provision of this Act shall relieve the
official to whom a function is transferred under this Act
of responsibility for the administration of the function.

SEC. 306. AUTHORITY OF OFFICE OF MANAGEMENT AND
BUDGET WITH RESPECT TO FUNCTIONS
TRANSFERRED.

(a) Determinations.—If necessary, the Director of
the Office of Management and Budget shall make any de-
termination of the functions that are transferred under this Act.

(b) INCIDENTAL TRANSFERS.—The Director of the Office of Management and Budget, at such time or times as the Director shall provide, may make such determinations as may be necessary with regard to the functions transferred by this Act, and to make such additional incidental dispositions of personnel, assets, liabilities, grants, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to, or to be made available in connection with such functions, as may be necessary to carry out the provisions of this Act. The Director of the Office of Management and Budget shall provide for the termination of the affairs of all entities terminated by this Act and for such further measures and dispositions as may be necessary to effectuate the purposes of this Act.

SEC. 307. PROPOSED CHANGES IN LAW.

Not later than 90 days before the effective date specified in section 109, the Director of the Office of Management and Budget shall submit to the Congress a description of any changes in Federal law necessary to reflect abolishments, transfers, terminations, and disposals under this Act.
SEC. 308. DEFINITION OF TRANSFER.

For purposes of this title, the vesting of a function in a department or office pursuant to reestablishment of an office shall be considered to be the transfer of the function.

SEC. 309. DEFINITIONS.

For purposes of this title, the following definitions shall apply:

(1) Director.—The term “Director” means the Director for Economic Opportunities in the Administration for Families and Children in the Department of Health and Human Services, established under section 102(a).

(2) Function.—The term “function” includes any duty, obligation, power, authority, responsibility, right, privilege, activity, or program.

(3) Office.—The term “Office” means the Office of Economic Opportunities in the Department of Health and Human Services, established under section 102(a).

TITLE IV—STATEMENTS OF POLICY

SEC. 401. STATEMENT OF POLICY REGARDING FEDERAL EDUCATION FUNDING.

Congress finds that there should be a review and evaluation as to the feasibility of further enhancing the ability
of States and local communities to fund education by re-
ducing the Federal tax burden and commensurately elimi-
nating Federal Government involvement in providing
grants for education programs.

SEC. 402. STATEMENT OF POLICY REGARDING JOB TRAIN-
ING PROGRAMS.

The Congress finds that all job training programs
under the jurisdiction of the Department of Education—
(1) should be reviewed and transferred to the
Department of Labor; and
(2) should be consolidated into one or more
block grants.

SEC. 403. STATEMENT OF POLICY REGARDING INDIAN EDU-
CATION.

Congress finds that any program transferred as a re-
sult of this Act to the Department of the Interior should
be reviewed by Congress to ensure that such programs
benefit Native American children that live on reservations.